

**PUBLIC ACCOUNTS COMMITTEE
(1977-78)**

(SIXTH LOK SABHA)

FORTY-FIRST REPORT

**EMERGENCY AGRICULTURAL PRODUCTION
PROGRAMME**

**MINISTRY OF AGRICULTURE & IRRIGATION
(DEPARTMENT OF AGRICULTURE)**

**[Action taken by Government on the recommen-
dations of the Public Accounts Committee contained
in their 181st Report (Fifth Lok Sabha)]**



Presented in Lok Sabha on 22nd December, 1977

Laid in Rajya Sabha on 22nd December, 1977

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NEW DELHI**

December, 1977/Agrahayana, 1899 (S)

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PUBLIC ACCOUNTS COMMITTEE(1977-78)

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(1977-78)

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*Elected w.e.f. 23 November, 1977 *vice* S/Shri Sheo Narain and Jagdambi Prasad Yadav
ceased to be Members of the Committee on their appointment as Ministers of State.

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Forty-First Report on the action taken by Government on the recommendations of the Public Accounts Committee contained in their One Hundred and Eighty First Report (5th Lok Sabha) on Emergency Agricultural Production Programme.

2. On 10 August, 1977 an 'Action Taken Sub-Committee' consisting of the following Members was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports.

1. Shri C. M. Stephen—*Chairman*.
 2. Shri Asoke Krishna Dutt—*Convener*.
 3. Shri Gauri Shankar Rai
 4. Shri Tulsidas Dasappa
 5. Shri Kanwar Lal Gupta
 6. Shri Zawar Hussain
 7. Shri Vasant Sathe
- } *Members.*

3. The Action Taken Sub-Committee of the Public Accounts Committee (1977-78) considered and adopted the Report at their sitting held on 29 November, 1977. The Report was finally adopted by the Public Accounts Committee (1977-78) on 19 December, 1977.

4. For facility of reference the conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions/recommendations of the Committee have also been appended to the Report in a consolidated form.

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

NEW DELHI ;
December 20, 1977.

Agrahayana 29, 1899 (S).

C. M. STEPHEN
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the Committee's recommendations/observations contained in their 181st Report (Fifth Lok Sabha) on Emergency Agricultural Production Programme, which was presented to the Lok Sabha on 7 January, 1976.

1.2. Advance replies (not vetted by Audit) to the 32 recommendations/observations contained in the 181st Report of the Committee were furnished by Government in batches on 6 July, 1976, 29 September, 1976 and 6 October, 1976.

Vetted replies to 23 recommendations/observations were received from Government on 7 December, 1976. Out of the remaining nine recommendations/observations the Government have furnished final replies in respect of only 2 recommendations and in respect of other seven recommendations/observations they have furnished Audit comments and their further observations to the Committee on 24th October, 1977.

1.3. The Committee regret that even though the Ministry of Agriculture & Irrigation (Department of Agriculture) had furnished their advance (unvetted) replies to the recommendations/observations contained in their 181st Report (Fifth Lok Sabha) by the 6th October 1976, they have not so far been able to send their final vetted replies to seven of the recommendations/observations.

1.4. Action Taken Notes in respect of the 32 recommendations/observations contained in the 181st Report have been categorised by the Committee as follows :—

(i) *Recommendations/observations that have been accepted by Government :*

S. Nos. 3, 4, 9, 16, 20*, 21*, 22*, 23, 24*, 26, 27, 28, 30*, 31 & 32 (Chapter II)

(ii) *Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government :*

S. Nos. 5, 7, 8, 11, 12, 13, 15*, 18, 19, and 29 (Chapter III)

(iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration :*

S. Nos. 1, 2, 6, 10, 14 and 17 (Chapter IV)

(iv) *Recommendation/observation in respect of which Government have furnished interim reply :*

S. No. 25* (Chapter V)

*Not Vetted in Audit.

1.5. The recommendations/observations of the Committee, alongwith the replies furnished by the Government, have been reproduced in the subsequent chapters of this Report as indicated in para 1.4 above. On the replies to some of the recommendations/observations included in Chapters II, III, and IV, the Committee have made some further comments.

1.6. The Committee would like to make a specific mention of the fact that in furnishing their action taken replies, the Ministry have broadly accepted the observations of the Committee about the whole Emergency Agricultural Production Programme being patently over-optimistic and unrealistic.

1.7. The Committee will now deal with the action taken by Government on some of their recommendations/observations.

Hasty decision in formulation of E.A.P.P. (Paragraphs 7.5 and 7.8—S. No. 5 and 8).

1.8. Observing that the EAPP was formulated in haste by Government without adequate examination of the basic issues involved, the Committee in paragraphs 7.5 and 7.8 of the Report had recommended :

“7.5. The Committee, thus, are of the view that the emergency programme, involving outlay of about Rs. 250 crores, had been somewhat hastily decided on by Government, without adequate examination of the issues involved. The Committee are surprised that the technical advisers to the Ministry of Agriculture appear to have inflated the possible benefits of the programme on the basis of some simple arithmetical calculations which were hypothetical and perhaps even inherently incorrect. The Committee are not unprepared to concede that the advisers, given a rush job, were working under pressure. Besides, it is not unlikely that basic decisions about targets having already been made by superior authority, they found themselves obligated to offer commensurate projections and hope for the best in so far as execution was concerned. The Committee, however cannot just leave it at that, when on Government’s own admission the programme was neither “well thought out nor well investigated.” The Committee desire that lapses, if any, on the part of technical advisers should be fairly ascertained and suitable action taken”.

“7.8. The Committee feel that it was the responsibility of the concerned officers to offer well-founded advice and to point out, among other things that (a) the estimates of the losses in kharif production were premature and not quite reliable and (b) the objectives and benefits contemplated under the special emergency programme were unrealistic and almost illusory. The Committee desire that a detailed investigation should be undertaken into the role in this regard of the officers in the Ministry of Agriculture and elsewhere who had been entrusted with the formulation of the programme

and who had apparently failed to render proper and complete advice expected of them. In case such advice had been given by the official concerned and disregarded, the Committee would like to be informed why and by whom it was done."

1.9. In their Action Taken Note dated 24 November, 1976, the Ministry of Agriculture and Irrigation have replied :

"In any emergency programme which has to be completed within a short period of time, officers have to work under pressure. This was true of the EAPP also. Within the constraint of time, the officers did their best in implementing the Government decisions concerning the programme. There was no lapse on the part of the officers in regard to the projections of benefits, except perhaps that they might have taken an optimistic view in conditions of an uncertain future. Also, all major decisions were taken in joint deliberations after detailed consideration."

As submitted earlier in written notes, the estimates of likely losses and benefits were re-assessed by the concerned officers from time to time and were revised as more reliable information became available. Through out the period, the officers gave advice on the basis of their best appreciation of the situation obtaining at different points of time."

1.10. The Committee are not satisfied with the general observation of the Ministry that "In any emergency programme ... officers have to work under pressure. This was true of the E.A.P.P. also."

1.11. In view of the Government's own admission earlier that the programme was neither "well thought out nor well investigated", the Committee expected the Government to admit the lapses, administrative or otherwise. Instead of following this straight course, the Government have chosen to take the stand that "there was no lapse on the part of officers in regard to the projections of benefits, except perhaps that they might have taken an optimistic view in conditions of an uncertain future." The Committee do not desire to press the matter further. They would however, like to observe that in matters like this, the Ministry should exercise greater circumspection to obviate any criticisms for hasty decisions.

Exclusion of the Finance Ministry from the deliberations leading to the formulation of the E.A.P.P. (Paragraph 7-10 Sl. No. 10)

1.12 Expressing their displeasure over the way in which the Ministry of Finance were excluded from the deliberations leading to the formulation

of this programme, the Committee, in paragraph 7.10 of the Report, had observed :

“It is also a matter of great concern to the Committee that the Finance Ministry was excluded from the deliberations leading to the formulation of the programme and from exercising its legitimate functions of overseeing disbursement proposed for individual schemes. It will be strange indeed if it was done, as it appears from the evidence under orders from higher echelons of Government. In view of the failure to pursue the programme properly and in view of the instances of diversion of funds that have come to their notice, the Committee feel that the association of the Ministry of Finance with its formulation and implementation would have improved matters. Its exclusion perhaps meant the elimination of the care and prudence which could have been exercised in the sanctioning and authorisation of expenditure. The Committee are distressed to note that the guidelines issued by the Ministry of Finance for regulating the sanction and release of funds for schemes under the EAPP were honoured more in the breach than in their observance. It is also significant that a very abnormal procedure of obtaining Government approval before obtaining financial concurrence had been adopted for the EAPP, on the ground that an abnormal situation existed when the EAPP was conceived.”

1.13. Dealing with this observation/recommendation of the Committee, the Ministry of Agriculture and Irrigation, in their Action Taken Note dated 24 October, 1977, have stated :

“Although the Ministry of Finance could not be associated at the formulation stage of the programme to avoid delay, the Government decision to launch the programme was taken in consultation with the concerned Ministries, including Finance. The Ministry of Finance provided guidelines for the effective spending of the funds allocated to the State Government under the programme. The Finance Ministry were also closely associated, through various in-built arrangements devised for reviewing the progress of expenditure on individual schemes sanctioned under the EAPP. Delegation of special authority to the Ministry of Agriculture to issue administrative approvals for individual schemes without approaching the Ministry of Finance was a conscious decision taken by the Government with the commence of the Ministry of Finance to facilitate expeditious implementation.”

1.14. The Committee cannot accept the plea of the Ministry that the “Ministry of Finance could not be associated at the formulation stage of the programme to avoid delay.” This plea makes a mockery of financial control. The Committee also are surprised that a deliberate decision was taken to authorise the Ministry of Agriculture to issue administrative sanctions without the approval of the Ministry of Finance. The Committee consider it imperative in the interest of stricter budgetary and financial control, that the Ministry of Finance should be actively associated at each stage of the implementation of a scheme of the dimensions of the E.A.P.P.

Shifting of responsibility of co-ordinating and monitoring in fullfilment of an "action-oriented" programme (Paragraph 7.14 Sl. No. 14)

1.15. Commenting on the decision of the representatives of the State Governments for drawing up an 'action oriented' district and block-wise plans and vesting the responsibility for the achievement of specific targets in different functionaries, the Committee had observed :

"7.14. The Committee have been informed of a decision by State Government's representative that district and block-wise plans, intended to be "action-oriented" would be drawn up and that responsibility for the achievement of specific targets would vest in different functionaries. The Committee are keen to know how far and in what manner this decision was implemented. It would be intriguing if the Ministry of Agriculture had thus washed its hands off any specific responsibility for the accomplishment of EAPP targets. Doubtless, the EAPP had to be implemented through the State Government machinery. Yet, the Committee are of the view that the Central Government should not, and could not, have absolved itself as it appears to have done, of the obligation of coordinating and actively monitoring the fulfilment of an "action-oriented" programme of vital national importance."

1.16. In their Action Taken Note dated 24 November, 1976, the Ministry of Agriculture and Irrigation have replied :

"The State decided to draw up district and block-wise plans in order to make them more realistic and to facilitate implementation and fulfilment of the targets. Reports received from a few States so far indicate that the extent of implementation of the decision and the degree of planning at different levels varied from State to State. So far as the Centre is concerned, it could discharge its responsibility of coordination and monitoring of the implementation of the EAPP by the States through the mechanism of periodical reports and reviews and general over-all supervision."

1.17. The Committee note that the Central Government have accepted the responsibility of "co-ordination and monitoring of the implementation of the E.A.P.P. by the States through the mechanism of periodical reports and reviews and general over-all supervision." In spite of this, it is amazing that so far they have received reports only 'from a few States', and there is no indication in the Ministry's reply as to the steps taken or proposed to be taken to obtain reports from the remaining States as well. The Committee cannot overstress the need for a proper vigil on the part of the Central Government in this regard, which is imperative even for the discharge of their limited function of 'co-ordination and monitoring.'

Inadequate measures to supply essential pre-requisites for increased production. (Paragraph 7.17-Sl. No. 17)

1.18. As no detailed study of the requirements of various inputs had been undertaken before the Programme was launched, the Committee in paragraph 7.17 of the Report, had recommended :

"Considering that very large increases in the production of foodgrains were envisaged within one season, it is obvious that all essential

pre-requisites for increased production, namely, irrigation, fertilisers, seeds, pesticides etc. had to be made available simultaneously and there was no scope for delay on any one account, since time was of the essence of the programme. The Committee, however, observe that the measures taken to ensure that all these items were available and, in fact, reached the cultivator in good time proved to be inadequate. Apparently no detailed study of the requirements of various inputs had been undertaken before the Programme was launched. By the time such a study was made, the EAPP was already in progress at full speed and Government could do little to retrieve the situation. It is also distressing that the extent to which other scarce inputs like steel, cement, drilling rigs, etc. would be required had not even been estimated when the EAPP was formulated."

1.19. The Ministry of Agriculture and Irrigation in their Action Taken Note dated 24 November, 1976 have stated :

"The EAPP had to be implemented on an emergent basis and could not, therefore, wait for lengthy and detailed studies of the requirements of various inputs. However, all possible efforts were made to assess the requirements of various inputs and ensure their availability to the cultivators in time."

1.20. The Committee regret to have to put on record that there is no evidence in the material placed before them to accept the assertion of Government that 'all possible efforts were made to assess the requirements of various inputs and ensure their availability to the cultivators in time.' As already pointed out by the Committee in their original recommendation, not even a detailed study of the requirements of various inputs had been undertaken before the programme was launched.

Diversion of funds to purposes other than E.A.P.P. and delay in refunding the unspent balances. (Paragraphs 7.24, 7.26 and 7.27, Sl. Nos. 24, 26 and 27).

1.21. Commenting on the transfer of E.A.P.P. funds to other State Government Organisations like Electricity Boards, State Apex-Co-operative Institutions, Agricultural Marketing Federations etc. in contravention of the terms of sanctions issued for schemes under the E.A.P.P. the Committee, in paragraphs 7.24, 7.26 and 7.27 of the Report had recommended :

"7.24 The terms of sanctions issued for schemes under the EAPP did not allow the mere transfer of moneys or deposits with other State Government Organisations like Electricity Boards, State Apex Co-operative institutions, Agricultural Marketing Federations, etc., to be treated as expenditure under the EAPP. The Committee however, find from the Audit Report that, in a number of States, considerable amounts sanctioned for the EAPP and deposited with or transferred to such bodies had remained unutilised on EAPP schemes upto 31st March, 1973. In Orissa, for instance, Rs. 147 lakhs had been deposited with the State Electricity Board. In Punjab similarly, Rs. 36.90 lakhs had been given to the State Marketing Federation for the purchase of

diesel engines and the advance had remained-unadjusted. Again, in Assam Rs. 70 lakhs had been advanced to the Assam Agro-Industries Development Corporation for the purchase of diesel and electric pump sets etc. The Committee are amazed to learn that information regarding the amounts remaining unutilised out of the funds deposited with other organisations for the execution of EAPP schemes are not even yet available with the Central Government.

7.26 The Committee would like to be informed whether all such amounts remaining unutilised with the State Governments or amounts which had been diverted for purposes other than the EAPP have been identified and recovered or adjusted in full from the State Governments concerned. In case this has not been done so far, the Committee desire that necessary action in this regard should be initiated forthwith under advice to them.

7.27 In this connection, the Committee are distressed to observe an attitude of what can only be termed indifference on the part of the Ministry of Agriculture. It is surprising that the Ministry should have merely remained content with informing the Committee that the Accountants General of the States concerned would recover unspent balances and certify the observance of the prescribed conditions by the State Governments. Recovery is not an Audit function. As the Audit Report has pointed out a number of deviations from the prescribed guidelines and other irregularities detected during test-check, it is not unlikely that there may be more such instances. The Committee desire that all such instances should be investigated in detail and a complete assessment made of moneys provided but not spent for the purpose envisaged under the EAPP, in accordance with the guidelines laid down by the Ministry of Finance. Such moneys should be recovered or adjusted immediately."

1.22. In their Action Taken Note dated 24 November, 1976, the Ministry of Agriculture and Irrigation have stated :

"Out of total medium-term loan assistance of about Rs. 148 crores made available for minor irrigation schemes, the State Governments were asked to report the unutilised amounts and the funds diverted to purposes other than the EAPP. Such information has so far been received from 13 States. Five out of these 13 States, viz., Madhya Pradesh, Rajasthan, Punjab, Nagaland and Tripura which have reported unspent balances, have been requested to refund a total amount of Rs. 433.656 lakhs. Information from the remaining States is still awaited. Necessary action for refund of unspent balances, if any, will be taken as soon as the required information is available."

1.23. The Committee cannot but express their unhappiness over the delay in the collection of information from all State Governments in respect of the unutilised amounts and the funds diverted to purpose other than the E.A.P.P.

1.24. In regard to refund of unspent balances, the casual reply of Government that 'necessary action will be taken as soon as the required information is available' is indicative of the fact that adequate attention is not being paid to the matter.

1.25. The Committee desire that the matter should be attended to with expedition in order to ensure that not only complete information is obtained from all the States but refund of all unspent balances is obtained from them without further delay.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The increases in foodgrain production during the rabi and summer seasons envisaged at the time of programme was evolved were also patently over-optimistic and had no relation whatsoever to realities. The Committee are surprised that in a short period of one rabi and one summer season, Government sought to achieve under the emergency programme what could not be achieved in any of the previous years. The exaggerated nature of the projections made under the programme would be evident from the fact that during the three years prior to the formulation of the programme, production of wheat in the country had increased only by 7.7 per cent, 18.6 per cent and 10.8 per cent respectively, while the emergency programme sought to increase wheat production by as much as 37 per cent. Again, the production of summer rice was to be increased by 114 per cent, over the previous year's production. Similarly, it was envisaged that production of gram would be increased by about 40 per cent over the level of 1971-72 when, in fact, production of pulses had not increased at all over the last decade. In respect of rabi jowar, the increase anticipated was over 46 per cent and involved the doubling of the yield per hectare. It is also of interest to note that 25 per cent of the total increase in the production of foodgrains had been envisaged in Andhra Pradesh, Karnataka, Maharashtra and Rajasthan, despite the prevalence of drought conditions in these four States. It is incomprehensible how Government could have, without adequate preparation, considered feasible such an over-ambitious task, particularly in view of the severity of the constraints involved.

[S.No. 3(para 7.3) of Appendix 'M' of 18 1st Report (5th Lok Sabha)]

Action Taken

The observations made by the Committee have been noted.

The position in this regard has already been explained in the written notes submitted earlier to the Committee as well as during oral evidence. In the overall, EAPP reflected the anxiety of the Government to make up, to the maximum possible extent, the loss in production, the main focus of the programme being on initiating and implementing measures which would not only increase the production during the year but also enlarge the potential. Even in the four States, mentioned above, whatever was possible was done to increase the production of foodgrains.

[Deptt. of Agriculture O.M. No. 1-24/75- Budget dt. 6/7 December, 1976]

Recommendation

That the Emergency Agricultural Production Programme, howsoever desirable in its context, was drawn up unrealistically is also seen in the following facts:

- (a) The power supply constraints, which were already manifest when the programme was conceived 'were not appreciated and taken into account', even though the success of as much as 75 per cent of the programme was dependent on the availability of an uninterrupted and regular power supply;
- (b) the likelihood of fertilisers required for the programme being in short supply had not been assessed properly, nor were adequate arrangements made for their procurement and distribution, it has also been stated by the Secretary, Department of Agriculture, that the fertiliser supply constraint came 'as a bit of surprise' and that while there was no difficulty in getting fertilisers in July-August, 1972, the position changed 'dramatically and suddenly' by November 1972;
- (c) no arrangements had been made for the supply of high-yielding variety seeds by the Central Government except to make available to the State Governments 1,35,000 tonnes of wheat from the stocks of the Food Corporation of India and while doing so, a facile assumption had been made that the wheat procured by the Food Corporation of India could be used as so-called high yielding variety seeds; what was supplied as seeds was only, as stated by the Secretary, Department of Agriculture 'Wheat produced from high-yielding variety seeds and not high-yielding variety seeds';
- (d) no special arrangements had been made by the Central Government for the supply of pesticides;
- (e) in contemplating that the yield of rabi jowar would be doubled in the States where drought conditions existed, the formulators of the programme had equated the ideal to the average and mechanically transposed the yield per hectare recommended or estimated in the ICAR monograph in their programme, even though it was apparent that the conditions stipulated in the monograph did not exist in the concerned areas; and
- (f) a number of irrigation projects had been sanctioned, under the programme, involving *Inter-alia*, the purchase of pump-sets, drilling rigs, diesel engines, etc. which were to be installed, after the completion of the necessary civil works, within a period of just a few weeks.

[S.No. 4 (para 7.4) of Appendix 'M' of the 181st Report (Fifth Lok Sabha)]

Action Taken

The observation made by the Committee has been noted.

In a situation of acute drought which had gripped the country, the shortage of power was anticipated and all possible measures were taken to overcome the situation.

As already submitted, there was, by and large, no constraint on the supply of seeds and pesticides. As regards the availability of fertilisers,

during the later half of 1972, some internal and external constraints developed. Power shortage, technical problems etc. affected indigenous production and import quantities did not materialise even to the extent contracted. However, the next best alternative, such as, drawing up of a plan to make the best use of the available fertilisers, moving surplus stocks into needy areas, etc. was resorted to well in time in the rabi season.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 6/7 December, 1976].

Recommendation

It is also surprising that Government should have embarked upon a venture of such a large magnitude on the basis, as it was said in evidence, of 'public clamour'. While it is essential for Government to be responsive to public opinion, the Committee would like to impress upon Government that no such programme, especially when it involves large financial outlays, should be undertaken without a thorough and detailed examination of its realism and feasibility. The Committee are of the opinion that a less ambitious programme based on available resources and a closely directed effort might have achieved better results.

[S. No. 9 (para 7.9) of Appendix 'M' of 181st Report (5th Lok Sabha)].

Action Taken

The above observation has been noted for future guidance.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 6/7 December, 1976]

Recommendation

The final picture of the co-ordinating arrangements that emerges from the foregoing paragraphs is, therefore, far from complimentary. Notwithstanding the fact that the programme had to be implemented on an emergent basis and could not, therefore, wait for lengthy planning or investigation, the Committee feel that the Central Government should have evolved a more foolproof and comprehensive scheme for monitoring the programme. It appears that Government relied instead on the seven Area Officers of the Ministry who, in any case, could not devote their undivided attention to the implementation of the programme and on the reports, if and when received from the different States.

[S. No. 16 (Para 7.16) of Appendix 'M' of 181st Report (5th Lok Sabha)].

Action Taken

Noted for future guidance.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 6/7 December, 1976].

Recommendation

Quick implementation of the minor irrigation programme, capable of augmenting irrigation facilities for the benefit of the ensuing rabi and summer crops, had formed the major plank of the Government's strategy. The Committee are, however, distressed to find that a number of minor irrigation schemes, which obviously were either unlikely to be completed in the short time available so as to be of use during the rabi season or which, inherently, could not be put into operation at all, had been approved for execution under the EAPP. Some typical instances are enumerated below:

- (i) In West Bengal, establishment of 656 lift irrigation stations, involving an outlay of Rs. 4.25 crores, had been sanctioned by the State Government under the EAPP. Against 515 such schemes reported completed upto 24th March, 1973 and which had been planned to benefit an area of 14,000 hectares, test check of 195 disclosed, in October, 1973, that only 32 were actually supplying water by 31st March, 1973 to 586 hectares. Pump sets had been installed at 30 sites where the water available was not even sufficient for testing the pumps.
- (ii) None of the 18 lift irrigation schemes sanctioned in Himachal Pradesh had been completed till January, 1974.
- (iii) Only 30 of the 558 lift irrigation projects taken up in Orissa were completed in time for the rabi season and against a target of 13,000 hectares, 5,038 hectares of irrigation potential had been reported to have been created of which only 607 hectares could be utilised for the rabi crop.
- (iv) Only 1 out of the 71 new lift irrigation schemes approved in Karnataka had been completed till March 1973.
- (v) Schemes for lifting water from canals and streams in Andhra Pradesh and for the extension of major projects like Nagarjunasagar, Tungabhadra and the Guntur Canal had been approved even when no water was likely to be available during the particular period. Besides, none of the 22 schemes in the State, which were test-checked by Audit, had been completed by the end of March, 1973 or even by 31st May, 1973.
- (vi) Even though field channels were constructed in eight districts of Maharashtra, under the EAPP, for a command area of 1.34 lakh hectares, only 0.19 lakh hectares were actually irrigated, mainly because of shortage of water.
- (vii) Similarly, of 190 works taken up in 8 districts of Maharashtra, test-checked by audit, for extensions of and improvements to the existing irrigation system, only 97 works were completed by March, 1973 and the irrigation potential of 2173 hectares created, against the target of 8506 hectares, was utilised only to the extent of 963 hectares. The rest was not utilised either because all works were not complete or because of lack of water.
- (viii) In Bihar, 500 new State tubewells were to be constructed under the EAPP at a cost of Rs. 547 lakhs. While the State Government had reported completion of 654 tubewells by 31st March, 1973,

the progress report prepared by the State Tubewells Organisation, however, showed that only drilling was completed of 654 tubewells. By 31st March, 1973 only 368 tubewells were developed and had pumps installed and 464 by 31st May, 1975. The Committee find it difficult to understand how the cost of one tubewell had been computed at more than Rs. 1 lakh and would like to be satisfied that no extravagant estimates had been prepared by the State Government.

- (ix) Energisation of pumpsets also formed one of the major components of the Programme, but shortage of power in the northern region, in Uttar Pradesh and Tamil Nadu nullified greatly the benefits of the additional irrigation capacity.

The instances given above are not exhaustive, but only illustrative. In fact, the Report of the Comptroller and Auditor General of India abounds in such instances.

7.21. The Committee are unable to appreciate how such infructuous activity and such patently haphazard schemes came to be approved. Obviously adequate care was not taken by the Ministry of Agriculture. Since the Central and State Governments were engaged in a joint national task, there should be no difficulty in meeting the Committee's desire that these and other specific instances of default in the scrutiny of schemes should be investigated and responsibility for it fixed by the Ministry and the Committee informed.

[S. Nos. 20 and 21 (paras 7.20 and 7.21) of Appendix 'M' of the 181st Report (Fifth Lok Sabha)]

***Action Taken**

In the selection of minor irrigation schemes to be taken up under the EAPP, the State Governments were expected to take up only such schemes as could be executed quickly. Even where the schemes could not be completed in time, they did create, on completion, durable assets which benefited agriculture in the subsequent years. There has, therefore, been no infructuous activity. The defaults in the execution of schemes or irregularities, wherever they took place, have been pointed out by the Audit and would be looked into by the State Governments for appropriate necessary action. Necessary instructions have been issued to the State Governments.

[Deptt. of Agriculture O.M. No. 1-24,75-Budget dt. 29-9-1976].

Recommendation

The Committee are surprised that the reports by State Governments of achievements in the execution of minor irrigation schemes were not always supported by detailed reports from investigating agencies involved. The Committee would take a serious view of this default and like Government to evolve, in consultation with the State Governments, a suitable mechanism for the foolproof reporting of ground level results and achievements, particularly in the field of agricultural production and all schemes associated with it.

[S. No. 22 (Para 7.22) of Appendix 'M' of the 181st Report (Fifth Lok Sabha)].

*Action Taken

For appreciation of the achievements in the execution of various schemes, the Central Government, in the absence of any reporting agency of their own, have to necessarily depend on the reports furnished by the State Governments. Inaccuracies in reporting, wherever detected, were brought to the notice of the State Governments for suitable action. However, having regard to the observations of the Committee, instructions have been issued to the State Governments to ensure proper reporting of the progress of agricultural production programmes in future.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 29-9-1976]

Recommendation

The Committee are perturbed to find from the report of the Comptroller and Auditor General of India that a number of State Governments had not utilised the short-term loans made available to them by the Central Government under the EAPP, for the purchase and distribution of inputs. For instance, the Government of Rajasthan had informed the Central Government, in January, 1973, that it was not in a position to utilise the short-term assistance to the extent of Rs. 100 lakhs. Government of Orissa had refunded Rs. 1 crore out of Rs. 2 crores sanctioned. Rs. 248 lakhs out of Rs. 1250 lakhs allotted to the Uttar Pradesh Agriculture Department had remained undistributed. Similarly, Rs. 485 lakhs out of Rs. 1000 lakhs sanctioned in Andhra Pradesh had not been utilised. The Committee are gravely concerned to note that the Government of Maharashtra had diverted Rs. 253 lakhs from the short-term loans of Rs. 1600 lakhs for drought relief measures instead without the consent of the Government of India. Fertilizers worth Rs. 422 lakhs had also remained undistributed at the end of March 1973.

[S. No. 23, (para 7.23) of Appendix 'M' of 181st Report (5th Lok Sabha.)]

Action Taken

It has been ascertained from the State Accountants-General that the entire amount of Rs. 99.92 crores sanctioned as short-term loan assistance has been repaid by the State Governments, along with the interest thereon, to the Central Government on the due dates.

The Government fully share the anxiety of the Committee that funds for short-term loan assistance should not be diverted to purposes other than those for which these were sanctioned. Instructions have now been issued to the State Governments that in future funds for short-term loan assistance should be utilised only for the purchase and distribution of agricultural inputs and not be diverted for any other purpose without the prior approval of the Government of India.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 6/7 December, 1976].

Recommendations

The terms of sanctions issued for schemes under the EAPP did not allow the mere transfer of moneys or deposits with other State Government organisations like Electricity Boards, State Apex Cooperative institutions, Agricultural Marketing Federations, etc., to be treated as expenditure

under the EAPP. The Committee, however, find from the Audit Report that, in a number of States, considerable amounts sanctioned for the EAPP and deposited with or transferred to such bodies had remained unutilised on EAPP schemes up to 31st March, 1973. In Orissa, for instance, Rs. 147 lakhs had been deposited with the State Electricity Board. In Punjab, similarly, Rs. 36.90 lakhs had been given to the State Marketing Federation for the purchase of diesel engines and the advance had remained unadjusted. Again, in Assam Rs. 70 lakhs had been advanced to the Assam Agro-Industries Development Corporation for the purchase of diesel and electric pumps. etc. The Committee are amazed to learn that information regarding the amounts remaining unutilised out of the funds deposited with other organisations for the execution of EAPP schemes are not even yet available with the Central Government.

The Committee would like to be informed whether all such amounts remaining unutilised with the State Governments or amounts which had been diverted for purposes other than the EAPP have been identified and recovered or adjusted in full from the State Governments concerned. In case this has not been done so far, the Committee desire that necessary action in this regard should be initiated forthwith under advice to them.

In this connection, the Committee¹ are² distressed to observe an attitude of what can only be termed indifference on the part of the Ministry of Agriculture. It is surprising that the Ministry should have merely remained content with informing the Committee that the Accountants-General of the States concerned would recover unspent balances and certify the observance of the prescribed conditions by the State Governments. Recovery is not an Audit function. As the Audit Report has pointed out a number of deviations from the prescribed guidelines and other irregularities detected during test-check, it is not unlikely that there may be more such instances. The Committee desire that all such instances should be investigated in detail and a complete assessment made of moneys provided but not spent for the purpose envisaged under the EAPP, in accordance with the guidelines laid down by the Ministry of Finance. Such moneys should be recovered or adjusted immediately.

[S. Nos. 24, 26 & 27 (Paras 7.24, 7.26 & 7.27) of Appendix 'M' of 181st Report (5th Lok Sabha)]

Action Taken

Out of the total medium-term loan assistance of about Rs. 148 crores made available for minor irrigation schemes, the State Governments were asked to report the unutilised amounts and the funds diverted to purposes other than the EAPP. Such information has so far been received from 13 States. Five out of these 13 States, *viz.*, Madhya Pradesh, Rajasthan, Punjab, Nagaland and Tripura which have reported unspent balances, have been requested to refund a total amount of Rs. 433.656 lakhs. Information from the remaining States is still awaited. Necessary action for refund of unspent balances, if any, will be taken as soon as the required information is available.

[Deptt. of Agriculture O. M .No. 1-24/75-Budget dt. 6/7 December, 76].

Recommendation

The Committee are perturbed to note that in the matter of purchase also, the urgency with which the entire programme had to be implemented resulted in rules, which would otherwise be inescapable in normal purchase procedures, being relaxed or by-passed or even ignored. However, even despite relaxations in procedures, much of the equipment, machinery or material was not received in time or, if received, could not be utilised to serve the purpose of the EAPP. The Committee find that the cost of certain items e.g. cars, jeeps, etc., not intended to be debited to the EAPP had, in fact, been so debited. It is shocking that even though the Audit Report has highlighted a number of what were deemed irregularities in purchases, the Ministry of Agriculture have not so far received, to the Committee's knowledge any report from the State Governments regarding such alleged irregularities. The Committee desire that the Central Govt. should at once institute, in consultation with the State Governments, enquiries into these specific cases where lapses are apparent. As instances pointed out by Audit were noticed by them as a result of test check of records and accounts at random in States, it is not unlikely that there may be similar instances in other States, when Government should investigate likewise and take appropriate action. The Committee would await a detailed report in this regard.

[S. No. 28, (Para 7.28) of Appendix 'M' of 181st Report (5th Lok Sabha)]

Action Taken

The Government fully share the anxiety of the Committee that the purchases should be made according to the rules on the subject. The programme was implemented by the State Governments and they will, no doubt, take suitable action in respect of irregularities committed by the various State agencies, as pointed out by the Audit in their State audit reports. Instructions have also been issued to the State Governments to take special notice of these irregularities and take suitable action against the defaulting officers.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 6/7 December 1976].

Recommendation

Another feature of the Emergency Agricultural Production Programme which causes serious concern to the Committee is that a number of State Governments had, on the evidence, made wrong and incorrect statements about areas, production, productivity, etc. What is even more distressing is the fact that lapses and irregularities in the execution of the programme had been noticed to a greater or lesser extent in practically all the States, probably with only two or three exceptions.

[S.No. 30, (Para 7.30) of Appendix 'M' of 181st Report (Fifth Lok Sabha)]

*Action Taken

As mentioned in the Action Taken Note on para 7.22, the State Governments have been requested to ensure proper reporting of the progress of Agricultural Production Programmes, including area, production and productivity of different crops.

[Deptt. of Agriculture O.M. No. 1-24/75—Budget dt. 29-9-76]

*Not vetted in Audit.

Recommendation

The Committee must express their grave displeasure over the manner in which financial control over the EAPP had been exercised. It is reprehensible that instead of remedying the deficiencies that had periodically come to notice, moneys should have been liberally released irrespective of the fact whether the State Governments were truly carrying out the objectives of the EAPP or not. The Committee feel that the Government of India should, as the authority for providing finances ostensibly intended for vital and specified purposes, devise immediately, in consultation, of course, with the State Governments, some machinery by which the accountability of the Central Government to Parliament and to the people for moneys made available for specific schemes by the Centre, can be properly ensured.

[S. No. 31, (para 7.31) of Appendix 'M' of 181st Report (5th Lok Sabha)]

Action Taken

Since the recommendation involved evolving of procedures for exercising better financial control over the use of funds made available for specific schemes by the Government of India to the State Governments, it has been referred to the Department of Expenditure in the Ministry of Finance for processing. The final Action Taken Note would be submitted as soon as the examination is over.

Final Action Taken Note

The Ministry of Finance (Department of Expenditure) to whom the above recommendation had been referred for processing, have now issued the following instructions :

“In pursuance of the recommendation of the Public Accounts Committee, it has been decided that the administrative Ministries/Departments concerned with the specific Schemes for which Central assistance is provided to the State should take steps to monitor the progress of the Schemes and evaluate their performance etc. so that it is known to them how far the objectives of the schemes have been achieved. The mechanism of implementation of the Scheme would differ from Ministry to Ministry and Department to Department. It is, therefore, not possible to have a uniform reporting system. Each Ministry/Department concerned with the matter may kindly devise, in consultation with their Financial Adviser and the Controller of Accounts and also the State Government(s) concerned, suitable reporting system to enable them to monitor the progress of expenditure as also keep a watch over the implementation of Schemes.”

[Deptt. of Agriculture O.M. No. 1-24/75—Budget dt. 24-10-1977.]

Recommendation

The Emergency Agricultural Production Programme was launched with great expectation of its success. By and large, unfortunately, such expectations have been belied. This, the Committee note sadly, has had

● demoralising effect on the country. There can be no doubt that the huge expenditure of Rs. 250 crores, which had not derived commensurate results, has contributed to accelerating the deplorable inflationary trends. In the Committee's view, the Emergency Agricultural Production Programme has been an example of how a programme should not be hastily formulated and then patchily implemented. The Committee can only hope that its lessons have been learnt and that Government will tread more warily and purposefully in future.

[S.No. 32 (Para, 7.32) of Appendix 'M' of 181st Report (5th Lok Sabha)]

Action Taken

Noted for future guidance.

[Deptt. of Agriculture O.M. No. 1-24/75—Budget dt. 6/7 December, 76].

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES OF GOVERNMENT

Recommendation

The Committee, thus, are of the view that the emergency programme, involving outlay of about Rs. 250 crores, had been somewhat hastily decided on by Government, without adequate examination of the issues involved. The Committee are surprised that the technical advisers to the Ministry of Agriculture appear to have inflated the possible benefits of the programme on the basis of some simple arithmetical calculations which were hypothetical and perhaps even inherently incorrect. The Committee are not unprepared to concede that the advisers, given a rush job, were working under pressure. Besides, it is not unlikely that basic decisions about targets having already been made by superior authority, they found themselves obligated to offer commensurate projections and hope for the best in so far as execution was concerned. The Committee, however, cannot just leave it at that when on Government's own admission the programme was neither "well thought out nor well investigated". The Committee desire that lapses, if any on the part of technical advisers should be fairly ascertained and suitable action taken.

[S.No. 5 (para 7.5) of Appendix 'M' of 181st Report (5th Lok Sabha)]

Action Taken

In any emergency programme which has to be completed within a short period of time, officers have to work under pressure. This was true of the EAPP also. Within the constraint of time, the officers did their best in implementing the Government decisions concerning the programme. There was no lapse on the part of the officers in regard to the projections of benefits, except perhaps that they might have taken an optimistic view in conditions of an uncertain future. Also, all major decisions were taken in joint deliberations after detailed consideration.

[Deptt. of Agriculture O.M. No. 1-24/75—Budget dt. 6/7 December, 1976].

Recommendation

The Committee are unable to understand how the Ministry could come to the conclusion that, even though rains had recommenced early in August and it was known that the rainfall upto the end of September had, to some extent, made up the earlier anticipated deficit in kharif production, the overall deficit in the kharif crop of 1972 would increase from the earlier estimates rather than decrease. The Committee can only conclude that Government was incorrectly advised as to the real situation obtaining.

[S.No. 7 (para 7.7) of Appendix 'M' of 181st Report (5th Lok Sabha)]

Action Taken

As explained during the evidence, the assessment of loss of foodgrains production could be undertaken on the basis of the information received from the States from time to time. According to the prescribed schedule, the Final Estimates of production of kharif foodgrains were due from the States only in February, but even on the basis of the earlier assessments of the States, the situation had not materially improved.

[Deptt. of Agriculture O.M. No. 1-24/75—Budget dt. 6/7 December, 1976].

Recommendation

The Committee feel that it was the responsibility of the concerned officers to offer well-founded advice and to point out, among other things that (a) the estimates of the lossess in kharif production were premature and not quite reliable and (b) the objectives and benefits contemplated under the special emergency programme were unrealistic and almost illusory. The Committee desire that a detailed investigation should be undertaken into the role in this regard of the officers in the Ministry of Agriculture and elsewhere who had been entrusted with the formulation of the programme and who had apparently failed to render proper and complete advice expected of them. In case such advice had been given by the official concerned and disregarded, the Committee would like to be informed why and by whom it was done.

[S.No. 8 (para 7.8) of Appendix 'M' of 181st Report (5th Lok Sabha)]

Action Taken

As submitted earlier in written notes, the estimates of likely losses and benefits were re-assessed by the concerned officers from time to time and were revised as more reliable information became available. Throughout the period, the officers gave advice on the basis of their best appreciation of the situation obtaininag at different points of time.

[Deptt. of Agriculture O.M. No. 1-24/75—Budget dt. 6/7 December, 76].

Recommendation

The arrangements made by the Central Government for monitoring the programme also merit mention. The Committee note that seven senior officers of the Ministry of Agriculture had been designated as Area Officers and placed in charge of specific groups of States. The Area Officers were to visit the States allocated to them, examine schemes proposed for the EAPP, make financial allocations on the spot and maintain a close watch over the implementation of the schemes. In addition, a Review Committee of Joint Secretaries had also been established in the Ministry of Agriculture to review the progress of the various schemes and keep the Committee of Secretaries and the Cabinet Secretariat informed.

In spite of these apparently elaborate monitoring arrangements, the Committee find that the control machinery did not function often and there were failures at all levels. For instance, even when it was known that certain States were not making an effort to increase production during the

rabi season or had fallen behind significantly in completing minor irrigation and other works which would yield the desired results, there appeared to have been no attempt at remedying the deficiencies. The seven Area Officers entrusted with the responsibility of overseeing the programme had not properly performed their duties and had not realised the challenging nature of an important assignment in the national interest. Admittedly, the Area Officers attended to these duties in addition to their other, normal responsibilities in the Ministry and on account of prior engagements, most area officers were not in a position even to visit the respective States in their charge. The checks and controls they could exercise in the field were, therefore, in the very nature of things, insignificant. The Committee also find that the refinement and precautions claimed to have been introduced, to the extent possible, at different stages of the programme proved to be woefully inadequate.

[S.Nos. 11 & 12 (Paras 7.11 & 7.12) Appendix 'M' of 181st Report
(5th Lok Sabha)]

Action Taken

As submitted earlier, all possible arrangements were made for the monitoring of the EAPP and to keep a close and continuous watch on the implementation of the programme in the States through periodical reviews. The Area Officers were entrusted with the task of overseeing the programme in their respective States in addition to their normal responsibilities in the Ministry ; nevertheless they performed their duties to the best of their ability and visited their respective States from time to time. The associated Technical Officers also alongside visited the States frequently.

[Deptt. of Agriculture O.M. No. 1-24 75—Budget dt. 6/7 December, 76]

Recommendation

The Committee note that numerous examples have been cited in the Audit Report of 'additionality' not having been achieved in actual practice in respect of minor irrigation schemes approved and taken up for execution even though this was expressly enjoined. In many States, individual minor irrigation schemes taken up ostensibly under the emergency programme were only substitutes for the States' own Plan schemes in that year and in a few instances, money was also spent on continuing projects. Evidently, there was a failure of scrutiny by the Area Officers concerned. It is inconceivable that the Area Officers could have satisfied themselves that the schemes cleared by them in the course of barely two weeks were in fact realistic. The Committee would like Government to examine in detail the scrutiny, if any, exercised by each of the Area Officers and determined how far these checks were really effective. The Committee would like to be satisfied that the Area Officers did everything possible to ensure successful implementation of the programme.

[S.No. 13(Para 7.13) of Appendix 'M' of the 181st Report (5th Lok
Sabha)]

Action Taken

State Governments who were responsible for implementing the programme, were expected to follow the guidelines including additionality,

laid down by the Government of India while sanctioning loans for the various schemes under the EAPP. The Area Officers were assigned the task of general supervision and the arrangements laid down were not intended to be a substitute for the responsibilities devolving upon the States for the proper implementation of the programme. As already submitted in the Action Taken Note on para 7.5, within the constraint of time, the Area Officers did their best in implementing the Government decisions.

[Deptt. of Agriculture M.No. 1-24/75—Budget dt. 24-10-1977].

Recommendation

The Committee are also surprised to find that while the Central Government had planned for an increase of wheat production in Punjab by 8 lakh tonnes and made finance available to that State Government accordingly, the Punjab Government had planned for only an increase of 2 lakh tonnes. Similarly, while the Punjab and Gujarat Governments had made no plans to increase gram production, the Central Government had planned an increase in this regard of 1.08 lakh tonnes and 0.10 lakh tonnes respectively in these two States. Against the additional production of 0.46 lakh tonnes of rabi jowar targetted by the Centre in Gujarat no plans had been made by the State Government, as according to them, the sowing season of jowar had already ended. There may be other such instances of lapse, and the Committee would like to be informed as to how the Area Officers concerned had discharged their functions in these two States.

S. No. 115(Para 7.15) of Appendix 'M' of the 181st Report (5th Lok Sabha)]

***Action Taken**

Funds under the EAPP were provided for minor irrigation schemes and agricultural inputs. The targets of additional foodgrains production, on the other hand, were sought to be achieved through increase in crop area, greater use of inputs like water, fertilisers, high yielding seeds, pesticides, etc., and adoption of better agronomic practices.

The targets of additional foodgrains production, mentioned in this paragraph, are those to which the Governments of Punjab and Gujarat had committed themselves during the conference of State Agricultural Production Commissioners, held in September 1972. So far as wheat is concerned the target of additional production had to be progressively reduced to 2 lakh tonnes by the Punjab Government on account of the constraints of fertilisers and power which developed later. Widespread attack of rust was another factor leading to the decline in production. All through this period the Government continued to receive from the concerned Area Officers their appreciation of the crop situation as it developed during the crop season,

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 29-9-1976].

*Not vetted in Audit.

Recommendation

The Committee are surprised to note that while shortages of fertilizers were reported from most States, some of them like Maharashtra and Assam, had fertilisers in excess of actual requirements, and most of this quantity had also remained unutilised. It is not clear to the Committee why no arrangements had been made to divert surplus fertilisers available in some States to the deficit States, when the shortage of fertilizers became known in November, 1972, thus vitiating proper distribution and optimum utilisation of a vital commodity.

[S. No. 18(Para 7.18 of Appendix 'M' of 181st Report) (5th Lok Sabha)].

Action Taken

Fertiliser supplies made to Assam and Maharashtra were barely adequate to meet their requirements which were assessed in advance of the season. However, owing to continued drought conditions, the demand fell below these estimates and small quantities were left over at the end of the season. By this time it was too late to move these quantities to other areas for use during the season.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 6/7 December, 1976].

Recommendation

The Committee are concerned to note that while embarking on the EAPP, adequate crop protection measures had also not been undertaken. The Committee have been informed that one of the reasons for the non-fulfilment of the EAPP targets was the attack of rust disease on Kalyan Sona wheat in 1972-73. The Committee find that Kalyan Sona wheat had been earlier in July-August 1971, heavily infested with rust in the Lahaul Valley in Himachal Pradesh (the place where summer nurseries for wheat are raised). In view of the fact that the inoculum in the hills was likely to spread to the plains during the subsequent seasons and attack the crops there and the susceptibility of Kalyan Sona to rust had been established, the Committee feel that the possibility of an outbreak of rust should have been foreseen by the Ministry of Agriculture and adequate preventive measures taken instead of waiting till the large scale attack of rust became evident.

[S. No. 19 (Para 7.19 of Appendix 'M' of 181st Report) (5th Lok Sabha)].

Action Taken

The mere presence of inoculum of a pathogen is no indication of its causing an epidemic. An epidemic is caused by the interaction of host and parasite under the most suitable environmental conditions which may not occur every year. The variety Kalyan Sona is in cultivation over vast areas in the wheat belt even now, but no epidemic of rust, as in 1972-73 has occurred since then.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 6/7 December, 1976].

Recommendation

The control exercised by the Ministry of Agriculture over the release of funds also deserves mention. Even though the last instalment of 25 per cent of the loans to the States was to be released subject to a review of the normal Plan expenditure and the progress of the emergency programme, the Committee find that this stipulation was not observed scrupulously and the scrutiny that was made proved to be only cursory and inadequate. The Committee are concerned to note that, in January-February 1973, when it was already known that many of the minor irrigation schemes had not made much headway and the shortages of fertilisers etc. had also necessitated a revision of the original food production targets, additional funds were sought to be given for certain minor irrigation schemes. It is also of significance that the Review Committee of Joint Secretaries had felt, in February 1973, that the Ministry of Agriculture was making releases of funds to the 'States on a rather liberal basis' and that, in some cases the additional funds released were not justified by the physical progress of work.

[S. No. 29 (Para 7.29 of Appendix 'M' of the 181st Report (5th Lok Sabha)]

Action Taken

Close scrutiny of the physical as well as financial progress of the various schemes included in the EAPP was exercised by the Centre before releasing funds to the State Governments. For releasing the last instalment of funds to the States, senior officers of the State Governments were called to New Delhi with the relevant records and detailed discussions were held with them by the Area Officers and other concerned officers of the Ministry. The statements of scheme-wise expenditure already incurred and likely to be incurred upto the end of March 1973, brought by each State, were closely scrutinised by the Area Officers before deciding upon the amounts to be released.

The observation ascribed to the Review Committee of Joint Secretaries in February 1973, was, as the record would show, made only by some of the members, but the representative of the Ministry of Agriculture, present in the meeting, had clarified that in the majority of cases releases of funds were made after having made sure, on the basis of the reports of the State Governments and the concerned Area Officers, that the amounts released earlier had been fully or nearly spent, the over-riding consideration being not to allow the schemes taken up under the EAPP to suffer or get slowed down for want of funds.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dt. 24-9-76].

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

From a study of the Report of the Comptroller & Auditor General of India on the Emergency Agricultural Production Programme and an analysis of the evidence tendered before the Committee, there emerges a clear conclusion that the entire programme was largely unrealistic and its implementation sadly defective. There was justification, no doubt, for the Central Government's anxiety to improve rapidly the performance of Indian agriculture which continues to be the sheet-anchor of our economy. But it saddens the Committee to find that the programme was formulated in haste, on the basis of incomplete and sometimes incorrect estimates and a number of wish-fulfilling assumptions which proved to be exaggerated and impractical. Some of the more conspicuous short-comings of the programme, which reflect badly on our whole system of planning, have been discussed in the following paragraphs.

The Committee fear that the emergency programme was launched in August 1972 almost as "a panic measure", reflecting something like a loss of nerve at the widespread failure of rains during the last fortnight of July and the first four days of August 1972 and continued drought in several parts of the country. Thus a 'crash' programme had to be hurriedly implemented that is, in about eight months during the 1972-73 rabi and 1973 summer seasons to recoup the anticipated loss in the production of foodgrains during the kharif season, which was estimated initially at 10 to 12 million tonnes. These estimates of the loss in kharif production were based on no better than some 'scrappy' reports received from the States and generally incomplete information. The reappraisals made subsequently, however, disclosed that the estimates made earlier were unduly pessimistic.

[S. Nos. 1 & 2 (Paras 7.1 & 7.2) of Appendix 'M' of 181st Report
(5th Lok Sabha)]

Action Taken

As Government have submitted earlier, the EAPP had to be launched to deal with a national crisis created by an unprecedented drought and as time was the essence, the planning for increased food production under the programme had to be done in a hurry.

The estimated loss was based on the reports received from the States from time to time which reflected their appreciation of the rainfall and crop situation.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dated 6/7 December, 76]

Recommendation

The Committee concede that in August 1972 or earlier, there was justification for framing this programme as a measure dealing urgently with a crisis situation. Even so, the Committee find that by September or October, the Central Government were aware that the situation was not as bad as feared earlier. Further, they should have known that the State Governments had not till then made much headway on the works sanctioned. For instance, orders were placed for different items of minor irrigation equipments, at different stages, right through March and it should have been possible to stop further expenditure keeping in mind the possible utilisation of such items. Similarly, where minor irrigation and other works had not even started by October or November, it should have been possible to assess that some of these works would not be of any real benefit to even the summer crop. In the drought-affected States which are watered mainly by the South-West monsoon, it should have also been possible to assess the relevance of schemes which used surface water. The Committee cannot, therefore, appreciate why the opportunity of reviewing the position and making the programme less ambitious, which was open to Government till October, 1972, was not availed of. In the Committee's view, such review, if properly made, would have revealed that while the behaviour of the rainfall had been erratic and floods and drought afflicted parts of the country, the shortfall in kharif production was not likely to be as heavy as had been feared, and that on account of shortage of necessary inputs and also the lack of time for effective execution of schemes involved, the programme was likely to be largely infructuous. The Committee apprehend that Government had virtually ceased to apply its mind to an initially public-spirited project launched with some fanfare but left largely to routine bureaucratic devices.

[S. No. 6 (Para 76) of Appendix 'M' of 18th Report (Fifth Lok Sabha)]

Action Taken

As the Committee have also observed, a programme of this dimension was justified on the basis of the situation prevailing in August, 1972 or earlier; the subsequent curtailment of the programme could not be undertaken without considerable infructuous expenditure and would not have been without risk, particularly when the appreciation of the situation by the States continued to cause concern.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dated 6/7 December, 1976]

Recommendation

It is also a matter of great concern to the Committee that the Finance Ministry was excluded from the deliberations leading to the formulation of the programme and from exercising its legitimate functions of overseeing disbursements proposed for individual schemes. It will be strange indeed if it was done, as it appears from the evidence, under orders from higher echelons of Government. In view of the failure to pursue the programme properly and in view of the instances of diversion of funds that have come to their notice, the Committee feel that the association of the

Ministry of Finance with its formulation and implementation would have improved matters. Its exclusion perhaps meant the elimination of the care and prudence which could have been exercised in the sanctioning and authorisation of expenditure. The Committee are distressed to note that the guidelines issued by the Ministry of Finance for regulating the sanction and release of funds for schemes under the EAPP were honoured more in the breach than in their observance. It is also significant that a very abnormal procedure of obtaining Government approval before obtaining financial concurrence had been adopted for the EAPP, on the ground that an abnormal situation existed when the EAPP was conceived.

[S. No. 10 (para 7. 10) of Appendix 'M' of the 181st Report of (Fifth Lok Sabha)]

Action Taken

Although the Ministry of Finance could not be associated at the formulation stage of the programme to avoid delay, the Government decision to launch the programme was taken in consultation with the concerned Ministries including Finance. The Ministry of Finance provided guidelines for the effective standing of the funds allocated to the State Governments under the programme. The Finance Ministry were also closely associated through various in-built arrangements devised for reviewing the progress of expenditure on individual schemes sanctioned under the EAPP. Delegation of special authority to the Ministry of Agriculture to issue administrative approvals for individual schemes without approaching the Ministry of Finance was a conscious decision taken by the Government with the concurrence of the Ministry of Finance to facilitate expeditious implementation.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dated 24-10-1977]

Recommendation

The Committee have been informed of a decision by State Government's representatives that district and block-wise plans, intended to be "action-oriented" would be drawn up and that responsibility for the achievement of specific targets would vest in different functionaries. The Committee are keen to know how far and in what manner this decision was implemented. It would be intriguing if the Ministry of Agriculture had thus washed its hands off any specific responsibility for the accomplishment of EAPP targets. Doubtless the EAPP had to be implemented through the State Government machinery. Yet, the Committee are of the view that the Central Government should not, and could not, have absolved itself, as it appears to have done, of the obligation of coordinating and actively monitoring the fulfilment of an "action oriented" programme of vital national importance.

[S. N. 14 (para 7.14) of Appendix 'M' of 181st Report (5th Lok Sabha)]

Action Taken

The States decided to draw up district and block-wise plans in order to make them more realistic and to facilitate implementation and fulfilment of the targets. Reports received from a few States so far indicate that the extent of implementation of the decision and the degree of planning at different levels varied from State to States. So far as the Centre is concerned, it could discharge its responsibility of coordination and monitoring of the implementation of the EAPP by the States through the mechanism of periodical reports and reviews and general over-all supervision.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dated 6/7 December, 1976].

Recommendation

Considering that very large increases in the production of foodgrains were envisaged within one season, it is obvious that all essential pre-requisites for increased production, namely irrigation, fertilisers, seeds, pesticides, etc. had to be made available simultaneously and there was no scope for delay on any one account, since time was of the essence of the Programme. The Committee however, observe that the measures taken to ensure that all these items were available and, infact, reached the cultivator in good time proved to be inadequate. Apparently no detailed study of the requirements of various inputs had been undertaken before the Programme was launched. By the time such a study was made, the EAPP was already in progress at full speed and Government could do little to retrieve the situation. It is also distressing that the extent to which other scarce inputs like steel, cement, drilling rigs, etc. would be required had not even been estimated when the EAPP was formulated.

[S. No. 17 (Para 7·17) of Appendix 'M' of 181st Report (5th Lok Sabha)]

Action Taken

The EAPP had to be implemented on an emergent basis and could not, therefore, wait for lengthy and detailed studies of the requirements of various inputs. However, as already explained under Para No. 7·4 above, all possible efforts were made to assess the requirements of various inputs and ensure their availability to the cultivators in time.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dated 6/7 December, 1976].

CHAPTER V
RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF
WHICH GOVERNMENT HAVE FURNISHED
INTERIM REPLIES

Recommendation

Two other glaring instances of violation of the objectives of the EAPP are; (a) the diversion of Rs. 100 lakhs in Uttar Pradesh to the U.P. Cooperative Cane Unions Federation for distribution to members of sugarcane cooperative unions, and (b) the sanctioning of 25 lift irrigation schemes estimated to cost Rs. 427.35 lakhs in Sangli district of Maharashtra for providing irrigation to the lands of the shareholders of a cooperative sugar factory. The Committee consider this to be an entirely unwarranted proceeding, irrelevant to the wider public interest and irresponsibly pursued. The Committee are of the view that diversion of funds meant for the EAPP to sugarcane, when the very objective of the programme was to increase the output of foodgrains, is inexplicable. In the opinion of the Committee a peculiar and perverse situation was allowed to develop whereby the State Governments could depart from the prime objectives of the EAPP and find large sums from the Centre for projects which were not directly contributory to the aims of EAPP, namely an immediate growth in the production of foodgrains within a stipulated period.

[S. No. 25 (para 7.25) of Appendix 'M' of the 181st Report (Fifth Lok Sabha)]

Action Taken

- (a) The amount of Rs. 100 lakhs, together with interest thereon, has already been recovered from the Government of U.P. Instructions have also been issued to the State Government not to utilise the short term loan assistance for purposes other than those for which it is provided.
- (b) As regards Sangli, the Government of Maharashtra have reported as under :

“Due to scarcity then prevailing in the State, the Crash Programme was to be taken up immediately. All such schemes of which plans and estimates were ready at that time, were decided to be taken up for execution. Plans and estimates for 35 Lift Irrigation Schemes prepared by the Sugar Factories in Sangli district were ready and immediately available and water was also available for these schemes. On scrutiny of these 35 schemes, only 25 schemes were found feasible and as such these 25 schemes were included in the crash programme. Money was not at all made available to the Sugar Factories. But, on the contrary, the schemes were taken up for execution by the State Governments as Government schemes and were later on handed over

*Not vetted in Audit.

to the Irrigation Development Corporation of Maharashtra Limited, founded in November, 1973 for completion and management. No aid to any sugar factory is contemplated in undertaking these schemes. Regular water charges will be recovered from the beneficiaries of these schemes on the line on which such charges are recovered from other State-owned Lift Irrigation Schemes in this State. It may further be added that Sangli District is a scarcity area, and taking up of Lift Irrigation Schemes in this area was in keeping with the Government policy of providing irrigation facilities in scarcity areas. A small percentage of sugarcane is generally allowed in the Lift Irrigation Schemes in this State to make them attractive to the farmers and also to make them economically feasible. Wherever perennial water is available, about 15 per cent of the area is assumed to be under such perennial crops. Since water from Koyna storage will be available for these schemes, 10 per cent sugarcane is included in the sanctioned crop pattern. However, basically they are designed to cater to 90 per cent area under food crops only”.

[Deptt. of Agriculture O.M. No. 1-24/75-Budget dated 29-9-1976].

NEW DELHI;
December 20, 1977
Agrahayana 29, 1889 (S)

C. M. Stephen,
Chairman,
Public Accounts Committee.

APPENDIX

Conclusions/Recommendations

Sl. No.	Para No.	Ministry Concerned	Conclusion/recommendation
1	2	3	4
1.	1·3	Ministry of Agriculture & Irrigation (Department of Agriculture)	The Committee regret that even though the Ministry of Agriculture & Irrigation (Department of Agriculture) had furnished their advance (unvetted) replies to the recommendations/observations contained in their 181st Report (5th Lok Sabha) by the 6th October, 1976, they have not so far been able to send their final vetted replies to seven of the recommendations/observations.
2.	1·6	—Do—	The Committee would like to make a specific mention of the fact that in furnishing their action taken replies, the Ministry have broadly accepted the observations of the Committee about the whole Emergency Agricultural Production Programme being patently over-optimistic and unrealistic.
3.	1·10	—Do—	The Committee are not satisfied with the general observation of the Ministry that "In any emergency programme ——— officers have to work under pressure. This was true of the E.A.P.P. also."
4.	1·11	—Do—	In view of the Government's own admission earlier that the programme was neither "well thought out nor well investigated", the Committee expected the Government to admit the lapses, administrative or otherwise. Instead of following this straight course, the Government have chosen to take the stand that "there was no lapse on the part of officers in regard

- to the projections of benefits, except perhaps that they might have taken an optimistic view in conditions of an uncertain future." The Committee do not desire to press the matter further. They would however, like to observe that in matters like this, the Ministry should exercise greater circumspection to obviate any criticisms for hasty decisions.
5. 1-14 Ministry of Agriculture & Irrigation (Department of Agriculture)
- The Committee cannot accept the plea of the Ministry that the "Ministry of Finance could not be associated at the formulation stage of the programme to avoid delay". This plea makes a mockery of financial control. The Committee also are surprised that a deliberate decision was taken to authorise the Ministry of Agriculture to issue administrative sanctions without the approval of the Ministry of Finance. The Committee consider it imperative the interest of stricter budgetary and financial control, that the Ministry of Finance should be actively associated at each stage of the implementation of a scheme of the dimensions of the E.A.P.P.
6. 1-17 -Do-
- The Committee note that the Central Government have accepted the responsibility of "co-ordination and monitoring of the implementation of the E.A.P.P. by the States through the mechanism of periodical reports and reviews and general overall supervision". In spite of this, it is amazing that so far they have received reports only 'from a few States', and there is no indication in the Ministry's reply as to the steps taken or proposed to be taken to obtain reports from the remaining States as well. The Committee cannot overstress the need for a proper vigil on the part of the Central Government in this regard, which is imperative even for the discharge of their limited function of 'co-ordination and monitoring.'
7. 1-20 -Do-
- The Committee regret to have to put on record that there is no evidence in the material placed before them to accept the assertion of Government that 'all possible efforts were made to assess the requirements of various

inputs and ensure their availability to the cultivators in time.' As already pointed out by the Committee in their original recommendation, not even a detailed study of the requirements of various inputs had been undertaken before the programme was launched.

8. 1·23 -Do- The Committee cannot but express their unhappiness over the delay in the collection of information from all State Governments in respect of the unutilised amounts and the funds diverted to purpose other than the E.A.P.P.
9. 1·24 -Do- In regard to refund of unspent balances, the casual reply of Government that 'necessary action will be taken as soon as the required information is available' is indicative of the fact that adequate attention is not being paid to the matter.
10. 1·25 -Do- The Committee desire that the matter should be attended to with expedition in order to ensure that not only complete information is obtained from all the States but refund of all unspent balances is obtained from them without further delay.
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