

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

STARRED QUESTION NO:264  
ANSWERED ON:29.11.2010  
TRANSPORT SUBSIDY SCHEME  
Deka Shri Ramen

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) the funds released and utilized under the Transport Subsidy Scheme to the various States including Assam during the last three years and the current year, State-wise and year-wise;
- (b) whether instances of mis-appropriation/ diversion/ irregularities/ corruption have been reported during the above period;
- (c) if so, the details thereof;
- (d) whether any mechanism exists to ensure proper use of the said fund;and
- (e) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 264 FOR ANSWER ON MONDAY, THE 29TH NOVEMBER, 2010 REGARDING TRANSPORT SUBSIDY SCHEME.

(a): The information is furnished in the Annexure – A.

(b)&(c): Yes, Madam. Complaints have been received regarding irregularities/misuse of funds/fictitious claims in the Transport Subsidy Scheme in respect of some of the States, particularly Nagaland. The Performance Audit Report of the Comptroller & Auditor General (C&AG) has also pointed out cases of suspected fraudulent /fictitious/doubtful claims; and other procedural irregularities such as payment of transport subsidy beyond eligible period of five years; payment for period prior to the date of registration, payment of time-barred claims, payment for non-manufacturing activities, illegal wood-based activities, inadmissible raw material, by-products etc. and incorrect calculation of claims.

(d)&(e): Yes, Madam. Detailed guidelines exist for compliance by the State Governments/UT Administrations concerned for scrutiny and processing of claims relating to Transport Subsidy Scheme. Under the guidelines, the Directorates of Industries are required to lay down a system of pre-registration of all industrial units eligible for the subsidy, to ensure regular inflow of information regarding movement of raw material and finished goods to and from the industrial units, and to have periodical checks conducted by the District Industries Centres (DICs) so as to ensure that the subsidy released is actually utilized for the purpose. In compliance of these guidelines, all claims are initially scrutinized by DICs and then referred to a State Level Committee (SLC). Claims recommended by SLCs are further subjected to test-check by the nodal agency concerned before disbursement of the subsidy. In the case of the North East Region, test-check by the nodal agency is done after all the claims have been cleared in pre-audit by the Department of Industrial Policy and Promotion.