

REVIEW OF GRANT NO. 1 — DEPARTMENT OF AGRICULTURE AND COOPERATION

[Action Taken by the Government on the Observations/Recommendations of the
Committee contained in their Fifty-sixth Report (15th Lok Sabha)]

MINISTRY OF AGRICULTURE

(DEPARTMENT OF AGRICULTURE AND COOPERATION)

**PUBLIC ACCOUNTS COMMITTEE
(2012-2013)**

EIGHTY-SIXTH REPORT

FIFTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

EIGHTY-SIXTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2012-13)

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(DEPARTMENT OF AGRICULTURE AND COOPERATION)

Presented to Lok Sabha on 30.04.2013

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LOK SABHA SECRETARIAT
NEW DELHI

April, 2013/Vaisakha, 1935 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2012-2013)

Dr. Murlı Manohar Joshi — *Chairman*

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22. Prof. Saif-ud-Din Soz

SECRETARIAT

- | | | |
|------------------------|---|-------------------------|
| 1. Shri Devender Singh | — | <i>Joint Secretary</i> |
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| 3. Smt. A. Jyothirmayi | — | <i>Deputy Secretary</i> |
| 4. Smt. Anju Kukreja | — | <i>Under Secretary</i> |

* Elected *w.e.f.* 6th December, 2012 *vice* Shri Sarvey Sathyanarayana appointed as Minister on 28th October, 2012.

† Elected *w.e.f.* 6th December, 2012 *vice* Dr. Shashi Tharoor appointed as Minister on 28th October, 2012.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2012-13), having been authorised by the Committee, do present this Eighty-sixth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-sixth Report (Fifteenth Lok Sabha) on 'Review of Grant No. 1—Department of Agriculture and Cooperation'.

2. The Fifty-sixth Report was presented to Lok Sabha/laid in Rajya Sabha on 27th April, 2012. Replies of the Government to the Observations/Recommendations contained in the Report were received from the Ministry of Agriculture (Department of Agriculture and Cooperation). The Public Accounts Committee considered and adopted Eighty-sixth Report at their sitting held on 29th April, 2013. Minutes of the sitting are given at *Appendix-I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type 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 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 Fifty-sixth Report (Fifteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
29 April, 2013

9 Vaisakha, 1935 (Saka)

DR. MURLIMANO HAR JOSHI
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Fifty-sixth Report (15th Lok Sabha) on '**Review of Grant No. 1—Department of Agriculture and Cooperation**' based on C&AG Report No. 1 of 2010-11, Union Government, Accounts of the Union Government (Paras 8.1 to 8.12 of Chapter-VIII), relating to the Ministry of Agriculture.

2. The Fifty-sixth Report (15th Lok Sabha) was presented to the Lok Sabha/laid in Rajya Sabha on 27th April, 2012. It contained 9 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Agriculture (Department of Agriculture and Cooperation) and these have been categorized as under:—

- (i) Observations/Recommendations of the Committee which have been accepted by the Government:

Paragraph Nos. 1, 3, 4, 6, 7, 8 and 9

Total: 07
Chapter II

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

—NIL—

Total: NIL
Chapter III

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

Paragraph No. 2

Total: 01
Chapter IV

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

Paragraph No. 5

Total: 01
Chapter V

3. During the course of examination of the subject, the Committee had found various deficiencies and shortcomings in the utilization of Financial resources allocated to the Ministry of Agriculture. Broadly, these deficiencies included unrealistic and defective budgeting leading to entire and/or large portion of funds being unspent; faulty and poor anticipation of disbursement leading to unnecessary Supplementary Grants; improper and indiscriminate use of delegated powers of re-appropriation of funds thereby diluting the process and procedure and parliamentary authorization; non-receipt/delayed receipt of utilization certificates; incredible internal audit mechanism etc. The Committee had accordingly given their Observations/Recommendations in the Fifty-sixth Report (15th Lok Sabha).

4. The Action Taken Notes furnished by the Ministry of Agriculture (Department of Agriculture and Cooperation) to each of the Observations/Recommendations of the Committee contained in their Fifty-sixth Report have been reproduced in the relevant chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the action taken by the Government on some of their Observations/Recommendations.

5. The Committee desire that Government should furnish final/conclusive action taken replies to the Recommendations for which interim replies have been furnished.

A. Surrender of unspent provisions

Recommendation (Para No. 2)

6. In their 56th Report (15th Lok Sabha), the Committee had observed that the Department of Agriculture and Cooperation had surrendered a large part of its unspent provisions under revenue and capital sections of Grant No. 1 on the last day of all the financial years from 2007 to 2010. The Ministry attributed the delay to the States who had informed the Department about the savings only in the latter part of the financial year. Expressing their grave displeasure over the failure on the part of the Department in surrendering unspent provisions as and when noticed under revenue and capital sections, the Committee had recommended that the release of funds and pace of expenditure be strictly monitored by the Department so as to overcome the situation of underspending or delays in their surrender.

7. The Ministry of Agriculture (Department of Agriculture and Cooperation) in its Action Taken Note has stated as under:—

“Although total savings required to be surrendered are known on the basis of revised estimates approved by Ministry of Finance (intimation regarding approved RE is generally received from Ministry of Finance in December end/January); the particular schemes and object-heads under which savings are available are known only towards the end of the financial year. This is due to the fact that funds sought under Supplementary Demands for Grants (last batch) becomes available after these are passed by Parliament and re-appropriation proposals are approved by Ministry of

Finance which is generally in the fag end of the financial year. However, taking note of the observations of Committee during oral evidence, Department of Agriculture and Cooperation have surrendered funds in two batches during 2011-12.

The Department regularly reviews release of funds in the weekly Senior Officers Meeting and the pace of expenditure is kept within the Monthly Expenditure Plan/Quarterly Expenditure Allocation as appended to Detailed Demands for Grants”.

8. The Committee find the reply of the Ministry of Agriculture far from satisfactory as no tangible measures have been instituted to obviate situations leading to unspent provisions. Since the Ministry has apportioned the blame partly to the Ministry of Finance regarding delayed release of Revised Estimates, the Committee would like to have the considered views of the Ministry of Finance as well in the matter so that effective measures are instituted and corrective measures taken conjointly to ward off situations like underspending and delayed surrender of unspent provisions. Further, the mechanism of quarterly review of release of funds and their utilization may be done vigorously to achieve the intended objectives.

B. Unspent Provisions

Recommendation (Para No. 4)

9. In their 56th Report (15th Lok Sabha), the Committee had found that large re-appropriation of funds were made by the Department between the different primary units of appropriation. During the year 2009-10, a total of 135 re-appropriation order were issued by the Department in the Grant No. 1—Department of Agriculture and cooperating involving ₹ 3, 875.48 crore thereby distorting the authorization approved by the Parliament. Taking cognizance of large scale re-appropriation of funds, the Committee had desired that re-appropriations be overcome with streamlining the Budget allocation process and reorienting the priorities given to different schemes based on ground realities and the ability of the implementing agencies to deliver within the given timelines. The Committee had also opined that there is a need to convince the Planning Commission and the Ministry of Finance with regard to the number of Central Schemes and the flexibility needed by the Department for their successful implementation.

10. The Ministry of Agriculture (Department of Agriculture and Cooperation) in its Action Taken Note to the above-said recommendation has stated as under:—

“As observed by PAC, a total number of 135 re-appropriation for ₹ 3875.48 crore were issued during 2009-2010. Of this, 102 re-appropriation orders for ₹ 2018.27 crore were for transferring of funds from different sub-heads, while 33 re-appropriation orders were for transferring of ₹ 1857.21 crore to different sub-heads. This includes re-appropriation of funds for the benefit of NES out of provision kept under Major Head 2552/4552 as per extant

instructions of Ministry of Finance. Re-appropriation of funds for enhancement of provisions under some schemes had to be resorted to during this period in order to meet requirement due to countrywide drought viz. National Agriculture Insurance Scheme (₹ 716.90 crore), Reimbursement of losses of NAFED (₹ 425 crore), Diesel Subsidy (₹ 22.94 crore), Integrated Oilseeds, Oilpalm, Pulses and Maize Development (₹ 145.53 crore), etc.

It is informed that weekly monitoring of crop condition, reservoir position, weather, supply of inputs, pests/diseases and related aspects is done by Crop & Weather Watch Group in the Department of Agriculture & Cooperation. National Crop Forecasting Centre (NCFC) of the Department is also involved in crop forecasting through assimilation of the information generated by different organizations such as IMD, Medium Range Weather Forecasting of Department of Science and Technology, Department of Space (DOS), Central Statistical Organization (CSO), Indian Agriculture Statistics Research Institute (IASRI), Field Operations Division of the National Sample Survey Organisation (NSSO) and the State Agriculture Statistics Authorities (SASAs), State Agriculture Departments etc. Forecasting of Agriculture outputs through Satellite, Agro Meteorology and Land based observations (FASAL) is also funded by Ministry of Agriculture & Cooperation and executed by DOS.

Regarding number of schemes, it may be stated that the Department is already in the process of restructuring the various plan schemes to be implemented during 12th Five Year Plan in consultation with Planning Commission and other stakeholders.”

11. The Committee note that the reply of the Ministry merely explains the circumstances leading to reappropriation. The Committee expect a firm assurance that there would be no injudicious reappropriation in future and that where the situation so warrants, they would follow the prescribed procedure and seek prior approval of competent authority for reappropriations. Further, the Committee find that pursuant to their recommendation, the Department has initiated the process of restructuring the various plan schemes to be implemented during 12th Five Year Plan in consultation with Planning Commission and other stakeholders. The Committee urge the Government to expedite all the activities for restructuring of various plan schemes and apprise them of the progress at the earliest.

C. Unspent Provisions

Recommendation (Para No. 6)

12. In their Fifty-sixth Report, the Committee had noted that Department of Agriculture could not spend funds to the tune ₹1313.80 crore under various sub-heads of Grant No. 1—Agriculture, during the years 2007—10. The Committee had also found that the Ministry had shifted the responsibility on the beneficiaries for these unspent provisions and absolved itself of the responsibility of monitoring

and overseeing the implementation *vis-a-vis* utilization of earmarked funds. The Committee had, therefore, desired that the Ministry remove all infirmities and bottlenecks that slowed the pace of expenditure so that funds approved by Parliament are spent on the approved schemes and within the given financial year.

13. The Ministry of Agriculture (Department of Agriculture and Cooperation) in its Action Taken Note has stated as under:—

“Keeping note of the observations of PAC, this Department has initiated the following steps in addition to already available monitoring mechanisms in the Department in the following schemes:—

Horticulture

1. The frequency of meeting of Empowered Committee of National Horticulture Mission has been increased to clear project based proposals. Besides, the State Horticulture Missions are being impressed upon to pre-position inputs in advance for season based activities. They have also been advised to get State share released during the first quarter of the financial year.
2. State have been sensitized to submit proposals for release, provisional Utilisation Certificates for the previous year and Audited Utilisation Certificates for the year previous to previous year well in time.
3. Steps have been taken to delegate more powers at the State level to approve projects based activities so that expenditure on such activities could be accelerated.
4. National Horticulture Mission Scheme was revised *w.e.f.* 2010-11 wherein pattern of assistance was revised and the requirement of credit linkage was removed from some of the Post Harvest Management components.

Crops (National Food Security Mission)

NFSM Division has been in constant dialogue with the States and based on the feedback from the States various modifications in the guidelines of the scale have been made to simplify the procedures by removing bottlenecks in implementation.

The physical and financial expenditure incurred by the States is captured regularly through MIS and monthly progress reports submitted by the States. Implementation at ground level is monitored through field visits of Project Management Teams, National Level Monitoring Teams (NALMOT) and officers of Crop Development Directorates of Department of Agriculture and Cooperation. The apex Committee of NFSM, General Council (NFSMGC) under the Chairmanship of Hon'ble AM and Executive

Committee (NFSMEC) under the Chairmanship of Secretary (A&C) also meet at regular intervals to monitor the progress of the program. Third party mid-term evaluation of the programme has also been carried out recently.

Macro Management of Agriculture (MMA)

In the year 2008-09, Macro Management of Agriculture Scheme was revised to improve its efficacy in supplementing/complementing the efforts of the States towards enhancement of agricultural production and productivity. From the table below it may be seen that the utilization of funds under this scheme during 2007-08 to 2009-10 is above 94% *w.r.t.* Re:—

(₹ in crore)

Year	Budget Estimates	Revised Estimates	Release	% age w.r.t. BE	% age w.r.t. RE
2007-08	1100.00	1047.55	1001.07	91.00	95.56
2008-09	950.00	981.00	922.69	97.13	94.06
2009-10	950.00	930.00	921.49	96.99	99.08

Rashtriya Krishi Vikas Yojana (RKVY)

RKVY has put into place a web-based monitoring mechanism in which the States are required to enter the project details of all the approved projects in the RKVY Databased & Management Information System (RDMIS) from time to time."

14. **The Committee note that in pursuance of their recommendation, the Ministry of Agriculture (Department of Agriculture and Cooperation) has initiated several measures to streamline their budget estimation process such as increasing the frequency of meetings of the Empowered Committee of National Horticulture Mission to clear project based proposals, releasing of State share during the first quarter of the Financial Year, sensitizing the States to submit proposal of release of provisional Utilization Certificates well in time, delegation of more power to States to approve project based activities so as to accelerate the expenditure, etc. The Committee desire that the measures so initiated be constantly reviewed in order to ensure that the under/non-utilisation of funds particularly under the capital-heads of the Grant does not recur. The Committee also urge the Ministry to ensure receipt of the monthly progress statements of expenditure from the States which would facilitate realistic Budget Estimation and effective monitoring.**

D. Outstanding Utilisation Certificates

Recommendation (Para No. 7)

15. In the Fifty-sixth Report (15th Lok Sabha), the Committee had expressed serious concern over the outstanding 373 Utilisation Certificates (UCs) involving

an amount of ₹1757.70 crore. The Committee had observed that this was an indication of the Department's failure to devise any mechanism to tackle the phenomenon of non-submission of UCs by the organization that were receiving grants. The Committee had also noted that Department's procedure that was in vogue about releasing the second instalment of funds only on receipt of provisional UCs was not being strictly followed. Turning down the Ministry's request to do away with the requirement of submission of UCs on the ground that it would lead to financial indiscipline, the Committee had underlined the need for simplification of procedure, strict adherence to the prescribed financial procedure and greater reliance on e-governance so as to bring transparency and efficiency. In respect of the problem faced by the Ministry in obtaining audited UCs from agencies which had taken one time grant-in-aid, the Committee had recommended that all these cases be enquired into to ascertain whether there was any misappropriation.

16. In its Action Taken Note the Ministry of Agriculture (Department of Agriculture and Cooperation) has stated as under:—

“The following steps have been taken for liquidation of outstanding Utilisation Certificates:—

1. PAOs have been directed not to make any payment for grants where UCs are pending.
2. Special Audit Team has been created in Pr. Accounts Office to physically monitor the target and outcome of the grants utilized and the settlement of the UCs by the grantee institution by visiting the States where schemes are being implemented. The audit of UCs is already under process.
3. The special audit of UCs for the States of Haryana, Bihar, Delhi, Andhra Pradesh and Maharashtra has already been taken up.
4. All States have been provided with detailed references in respect of the UCs pending with them as per CCA's record. Similarly all Programme Divisions have been provided State-wise UC pending details for a reconciliation drive. This is expected to bring down the pending figure substantially. This exercise is proposed to be repeated every six months.”

17. The Committee are pleased to note that the Department has initiated several measures for liquidation of outstanding Utilization Certificates (UCs) and that the special Audit of UCs for the States of Haryana, Bihar, Delhi, Andhra Pradesh and Maharashtra has already been taken up. However, the Ministry's reply is silent about the outcome of these Audits. The Committee would like to be specifically apprised of the findings of the Special Audit of these States, observations made by them and Action Taken thereon by the State Governments/Ministry. They would also like to be informed about the Audit of the remaining States and the proposed

time by which the same would be completed. Regarding the direction of the Ministry to Pr. Account Offices (PAOs) not to make any payment for Grants where UCs are pending, the Committee call upon the Ministry to ensure that these directions are scrupulously followed by all the PAOs. Further, the Committee would like to be apprised about the reconciliation drive undertaken by the Ministry and its effectiveness within three months of the presentation of this report.

E. Field Visits

Recommendation (Para No. 8)

18. Deploring the oversight mechanism prevalent in the Ministry to ensure accountability with regard to financial management and appropriate use of Public funds, the Committee had desired that the progress of expenditure be reviewed more meticulously whereby the scope for defective internal budgeting is eliminated or drastically reduced. Regarding progress of implementation of schemes, the Committee had asked the Ministry to instruct 'inspecting teams to visit the farmers' field across the country in different climatic zones and submit their comprehensive findings to the Government.

19. The Ministry of Agriculture (Department of Agriculture and Cooperation) in its Action Taken Notes stated as under:—

“The Monitoring mechanism available in the various Plan Schemes of Department of Agriculture and Cooperation is given below:—

(i) **Horticulture Mission for North East and Himalayan States (HMNEH)**

Horticulture Mission for North East and Himalayan States (HMNEH) is being implemented in all the 8 NE States and 3 Himalayan States namely Jammu & Kashmir, Himachal Pradesh and Uttarakhand. At National Level implementation of HMNEH is being regularly reviewed by Central Steering Committee under the Chairmanship of Secretary (A&C), besides monitoring of Mini Mission wise programmes by concerned Chairman of Steering Committees viz. DIG, ICAR for Mini Mission-IV. In addition, State Level Steering Committee headed by Chief Secretary of concerned State regularly monitors the programmes at the State level. Apart from this, senior officers of the Department also make field visit to the HMNEH States for assessment of the implementation of MHNEH. About 45 visits were undertaken by the senior officers of DAC/Chief Consultant (HMNEH) during the last two years. The outcomes of the report of the visits have been communicated to the concerned States for effective implementation of the programmes in a time bound manner.

During the year 2011-12, complete review of the mission including assessment of availability of quality planting material under area expansion was carried out for all the beneficiary States. As a follow up

of these visits, Secretary, DAC had written to the Chief Secretaries of the beneficiary States to take suitable action as suggested in the Tour Reports. Second round of review visits for actual implementation of actionable points has been completed in Arunachal Pradesh, Assam, Meghalaya, Tripura, Nagaland, Uttarakhand, Himachal Pradesh, Jammu & Kashmir and Mizoram.

(ii) **National Horticulture Mission (NHM)**

DAC (Hort. Division) has constituted Joint Inspection Teams (JITs) for all States having members from State Government Horticulture Department, State Agriculture Universities (SAUs), ICAR institutions, Precision Farming Development Centres (PFDCs), Directorate of Cashew and Cocoa Development and Directorate of Arecanut and Spices Development and concerned States under the Chairmanship of senior officers of the Division. Regular JITs visits are organized and JIT reports are being shared with the State Governments.

Year-wise monitoring visits undertaken are as under:—

Name of the State	No. of visits		
	2009-10	2010-11	2011-12
Andhra Pradesh	1	3	3
Bihar	4	2	1
Chhattisgarh	3	2	3
Goa	—	—	2
Gujarat	1	—	2
Haryana	3	2	2
Jharkhand	—	4	2
Karnataka	2	5	3
Kerala	2	3	5
Madhya Pradesh	1	1	2
Maharashtra	3	4	3
Odisha	2	2	3
Punjab	—	—	3
Rajasthan	—	5	1
Tamil Nadu	—	1	2
Uttar Pradesh	3	4	6
West Bengal	4	1	3
Andaman & Nicobar Islands	1	1	1
Puducherry	—	1	—
Total	30	41	47

JIT reports from the year 2010-11 onwards are uploaded on NHM's website (www.nhm.nic.in).

Other than JIT, visits are made to States for inspection, monitoring and interaction with State officials periodically by the DAC officers.

Apart from reviewing the progress while considering the Annual Action Plans, regular meetings are held with individual/group of States to review the component-wise progress. A few meetings are arranged for sanctioning of horticulture infrastructure/Post Harvest Management projects in which physical and financial progress is also discussed.

(iii) **Macro Management of Agriculture (MMA)**

The Monitoring Mechanism is as under:

- The performance under the MMA Scheme is reviewed during the Work Plan discussions held under the Chairmanship of the Joint Secretary with the Officers of the State Government.
- A regular review of the Programme is taken to assess the preparedness of States for undertaking Rabi and Kharif operations along with a stock-taking of all the development initiative including utilization of funds.
- Crop Directorates of the Department of Agriculture & Cooperation dealing with various crops guide the State Governments in formulation, implementation and monitoring of production programmes as also the implementation of scheme by the States.

(iv) **Rashtriya Krishi Vikas Yojana (RKVY)**

National Institute of Rural Development (NIRD) was appointed as national consultant upto 2010-11 for close monitoring & evaluation of implementation of RKVY in the States. The monitoring reports submitted by NIRD were sent to the State Government concerned to take corrective measures.

DAC has also put in place a web-based Management Information System (MIS) for RKVY in order to identify and collect essential information and data related to each RKVY project and also to collect the progress and completion details during the project life cycle. Details of projects, including their progress, and targets, expected outputs and outcomes, along with actual achievements are entered online by the States in the RKVY website www.rkvy.nic.in. This website is in public domain and implementation and progress status of each of RKVY projects can be seen by all concerned at this website".

20. The Committee had desired that the Ministry instruct inspecting teams to visit the farmers' fields in different climatic zones across the country as against luxuries visits confined to campuses, and submit their comprehensive findings to the Government. However, the Action Taken Note furnished by the Ministry does not find any mention regarding the steps taken to ensure that senior level officials visit farmers' fields. The Committee reiterate that senior officials entrusted with the task of monitoring and appraisal of programmes visit different climatic zones across the country so as to take stock of the programme implementation and the difficulties faced by the farmers.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation/Recommendation (Para No. 1)

The Department of Agriculture and Cooperation under the Ministry of Agriculture is responsible for formulating and implementing national policies and programmes aimed at achieving rapid agricultural growth and development through optimum utilization of India's land, water, soil and plant resources. The Department essential supplements and complements the efforts being made by the State Governments to promote agricultural production and productivity as well as to raise farmers' income. It also directly intervenes in matters connected with trade, price policy, credit etc.

While examining the Grant No. 1 of Chapter 8 'Review of Selected Grants' of Audit Report No. 1 of 2010-11, the Committee found various deficiencies viz, unrealistic and defective budgeting leading to entire/large amounts being saved; unnecessary supplementary grants which were entirely unspent; indiscriminate use of delegated powers of re-appropriation of funds, diluting the process of Parliamentary authorization; non-receipt of utilization certificates in time, weak internal audit control mechanism and so on. The Committee's examination of these deficiencies and their findings have been dealt with in detail in the succeeding paragraphs.

[Sl. No. 1 of Part-II, Para 1 of 56th Report of PAC (15th Lok Sabha)]

Action taken by the Ministry of Agriculture (D/o Agriculture and Cooperation)

No Comments.

Sd/-

(Raghav Chandra)
Additional Secretary
& FA (A&C)

[Ministry of Agriculture/Deptt. of Agriculture & Cooperation,
O.M. No. 1-6/2012-Budget, dated 5th December, 2012]

Observation/Recommendation (Para No. 3)

The Committee in their earlier Report (88th Report—10th Lok Sabha) had specifically recommended that supplementary grants be obtained in emergent cases only. Further, it was also recommended that supplementary demands were to be restricted and confined to genuine unforeseen expenditure which could not be

envisaged at the time of preparation of annual budget. The Committee are perturbed to note that despite the instructions of the Ministry of Finance to that effect, the Ministry of Agriculture sought supplementary grants under sub-heads in anticipation of higher disbursement but a large portion of the grant remained unutilized at the end of the financial year. The Committee are appalled to note the cavalier approach of the Ministry while seeking supplementary grants as the entire supplementary grant of Rs. 4 crore was surrendered during 2007-08 and Rs. 3.64 crore was surrendered as against the supplementary grant of Rs. 1.05 crore during 2008-09. The Committee wish to reiterate that the supplementary grants be obtained in exceptional circumstances and justify the same by appropriating the grants within required time and for approved purposes. Further, it is necessary that the Ministry project requirement of funds on realistic assumptions at the estimate stage itself which could thus prevent supplementary grants being sought.

[Sl. No. 3 of Part -II, Para 3 of 56th Report of PAC (15th Lok Sabha)]

**Action Taken by the Ministry of Agriculture
(D/o Agriculture and Cooperation)**

Supplementary Grant is proposed in emergent cases and is restricted to genuine unforeseen expenditure which cannot be envisaged at the time of preparation of budget or to meet the requirements on account of post budget decisions of the Government. As far as instances pointed out by the Committee, position is clarified as under:—

2007-08

Launch of Additional Central Assistance Scheme to State Plan for Agriculture (Rashtriya Krishi Vikas Yojana) in August, 2007 was a post budget decision. Entire provision of Rs. 1000 crore kept under RE 2007-08 was met through supplementary demands for grants and re-appropriations. Rs. 4 crore provided under sub head 2401.00.800.35, under various object-heads, through Supplementary Demands for Grants remained unutilized as none of the UTs. (without Legislature) could utilize RKVY allocation during 2007-08. It may, however, be stated that during 2007-10 to 2009-10 utilization of funds under the scheme was about 99% of the allocation with reference to R.E.

2008-09

Supplementary Grant (1st batch) for Rs. 1.05 crore was obtained for payment of arrears of salaries on account of recommendations of 6th C.P.C. under sub head 2401.00.105.18—National Project on Promotion of Organic Farming. However, this amount could not be fully utilized and Rs. 40 lakh was surrendered as some of the officers on deputation in the organization were relieved. Total amount of Rs. 3.64 crore, under various object-heads, was surrendered from this sub-head owing to change in the mandate of the scheme under which direct intervention for funding projects for Promotion of Organic Farming was suspended. Both these savings could not be anticipated at the time of proposal for Supplementary Demands for Grants (1st batch).

However, as observed by the Committee, the department will be more vigilant, in future, while framing proposals for Supplementary Demands for Grants.

Sd/-
(Raghav Chandra)
Additional Secretary
& FA (A&C)

[Ministry of Agriculture/Deptt. of Agriculture & Cooperation, O.M. No. 1-6/
2012-Budget, dated 5th December, 2012]

Observation/Recommendation (Para No. 4)

The Committee deplore that during the year 2009-10, a total of 135 re-appropriation orders involving Rs. 3875.48 crore were issued between the different primary units of appropriations issued by the Department which had the effect of distorting the authorization approved by the Parliament. Reasons for such large scale re-appropriations of funds by the Department were attributed to the vagaries of nature, straitjacketing of schemes and the procedure hurdles in dealing with the States. Taking cognizance of the reasons advanced by the Department, the Committee are sanguine that these hurdles can certainly be overcome if proper scientific studies of weather conditions are done with regular coordination with the Department of Agriculture Research and Education (DARE), National Remote Sensing Agency (NRSA) and the Department of Meteorology. Taking note of such large scale re-appropriations, the Committee hardly need to stress that there is an imperative need to streamline the budget allocation process and to reorient the priorities given to different schemes based on ground realities and the ability of the implementing agencies to deliver within the given timelines. Further, based on the requirements, the Department need to convince the Planning Commission and the Ministry of Finance with regard to the number of Central Schemes and the flexibility needed by the Department for their successful implementation.

[Sl. No. 4 of Part - II, Para 4 of 56th Report of PAC (15th Lok Sabha)]

**Action Taken by the Ministry of Agriculture
(D/o Agriculture and Cooperation)**

As observed by PAC, a total number of 135 re-appropriation for ₹ 3875.48 crore were issued during 2009-2010. Of this, 102 re-appropriation orders for ₹ 2018.27 crore were for transferring of funds from different sub-heads, while 33 re-appropriation orders were for transferring of ₹ 1857.21 crore to different sub-heads. This includes re-appropriation of funds for the benefit of NES out of provision kept under Major Head 2552/4552 as per extant instructions of Ministry of Finance. Re-appropriation of funds for enhancement of provisions under some schemes had to be resorted to during this period in order to meet requirement due to country wide drought viz. National Agricultural Insurance Scheme (₹ 716.90 crore), Reimbursement of losses of NAFED (₹ 425 crore), Diesel Subsidy (₹ 22.94 crore), Integrated Oilseed, Oilpalm, Pulses and Maize Development (Rs. 145.53 crore), etc.

It is informed that weekly monitoring of crop condition, reservoir position, weather, supply of inputs, pests/diseases and related aspects is done by Crop & Weather Watch Group in the Department of Agriculture & Cooperation. National Crop Forecasting Centre (NCFC) of the department is also involved in crop forecasting through assimilation of the information generated by different organizations such as IMD, Medium Range Weather Forecasting of Department of Science & Technology, Department of Space (DOS), Central Statistical Organization (CSO), Indian Agricultural Statistics Research Institute (IASRI), Field Operations Division of the National Sample Survey Organisation (NSSO) and the State Agriculture Statistics Authorities (SASAs), State Agriculture Departments etc. Forecasting of Agriculture outputs through Satellite, Agro Meteorology and Land based observations (FASAL) is also funded by Ministry of Agriculture and Cooperation and executed by DOS.

Regarding number of schemes, it may be stated that the Department is already in the process of restructuring the various plan schemes to be implemented during 12th Five Year Plan in consultation with Planning Commission and other stakeholders.

Sd/-
(Raghav Chandra)
Additional Secretary
& FA (A&C)

[Ministry of Agriculture/Deptt. of Agriculture & Cooperation,
O.M. No. 1-6/2012-Budget, dated 5th December, 2012]

Observation/Recommendation (Para No. 6)

Mindful of the crunch of resources and the competing claims of various Departments for allocation of resources, the Committee are perturbed to note that the Department of Agriculture could not spend funds to the tune of Rs. 1313.80 crore under various sub-heads during 2007-10 thereby affecting adversely the implementation of the Schemes/Projects. The Committee are not inclined to accept the reasons advanced by the Department as there are always causes and reasons having their effect on the implementation of the Scheme. In their considered view the Department need to adopt a deterministic approach based on causes and effects to avoid situations of underspending/overspending/re-appropriation. The Committee also find that the Ministry has shifted the responsibility on the beneficiaries for Savings that were noticed during 2007-2010, and absolved itself of the responsibility of monitoring and overseeing the implementation *vis-a-vis* utilization of earmarked funds. The Committee, therefore, consider it incumbent upon the Ministry to remove all infirmities and bottlenecks that slow down the pace of expenditure so that funds approved by Parliament are spent on the approved schemes and within the given financial year based on strict monitoring of the physical outcome.

[Sl. No. 6 of Part-II, Para 6 of 56th Report of PAC (15th Lok Sabha)]

**Action Taken by the Ministry of Agriculture
(D/o Agriculture and Cooperation)**

Keeping note of the observations of PAC, this Department has initiated the following steps in addition to already available monitoring mechanisms in the Deptt. in the following schemes:—

Horticulture

1. The frequency of meeting of Empowered Committee of National Horticulture Mission has been increased to clear project based proposals. Besides, the State Horticulture Missions are being impressed upon to pre-position inputs in advance for season based activities. They have also been advised to get State share released during the first quarter of the financial year.
2. States have been sensitized to submit proposals for release, provisional UC for the previous year and Audited UC for the year previous to previous year well in time.
3. Steps have been taken to delegate more powers at the State level to approve projects based activities so that expenditure on such activities could be accelerated.
4. National Horticulture Mission Scheme was revised *w.e.f.* 2010-11, wherein pattern of assistance was revised and the requirement of credit linkage was removed from some of the Post Harvest Management components.

Crops (National Food Security Mission)

NFSM Division has been in constant dialogue with the states and based on the feedback from the states various modifications in the guidelines of the scale have been made to simplify the procedures by removing bottlenecks in implementation.

The physical and financial expenditure incurred by the states is captured regularly through MIS and monthly progress reports submitted by the States. Implementation at ground level is monitored through field visits of Project Management Teams, National Level Monitoring Teams (NALMOT) and officers of Crop Development Directorates of DAC. The apex committees of NFSM, General Council (NFSMGC) under the Chairmanship of Hon'ble AM and Executive Committee (NFSMEC) under the chairmanship of Secretary (A&C) also meet at regular intervals to monitor the progress of the program. Third party midterm evaluation of the program has also been carried out recently.

Macro Management of Agriculture (MMA)

In the year 2008-09, Macro Management of Agriculture Scheme was revised to improve its efficacy in supplementing/complementing the efforts of the States

towards enhancement of agricultural production and productivity. From the table given below it may be seen that the utilization of funds under this scheme during 2007-08 to 2009-10 is above 94% w.r.t. RE:—

(₹ in crore)

Year	Budget Estimates	Revised Estimates	Release	% age w.r.t. BE	% age w.r.t. RE
2007-08	1100.00	1047.55	1001.07	91.00	95.56
2008-09	950.00	981.00	922.68	97.13	94.06
2009-10	950.00	930.00	921.49	96.99	99.08

Rashtriya Krishi Vikas Yojana (RKVY)

RKVY has put into place a web-based monitoring mechanism in which the States are required to enter the project details of all the approved projects in the RKVY Database & Management Information System (RDMIS) from time to time.

Sd/-

(Raghav Chandra)

Additional Secretary & FA (A&C)

[Ministry of Agriculture/Deptt. of Agriculture & Cooperation,
O.M. No. 1-6/2012-Budget, dated 5th December, 2012]

Observation/Recommendation (Para No. 7)

The Committee's examination of submission of Utilisation Certificates in respect of grants-in-aid released by the Department (upto 31.03.2009) revealed that 373 UCs involving Rs. 1757.70 crore were still outstanding. This clearly indicated that the Department had failed to devise any mechanism to tackle the phenomenon of non-submission of UCs by the Organizations that were receiving grants. Though the Ministry has stated that State Governments and Implementing Agencies were being regularly reminded to submit pending UCs, the Committee find the reply rather routine without any assurance whether the grants disbursed by the Department were being utilized for the purposes for which they were meant. Further, the Committee also note that the Department's procedure in vogue about releasing the second installment of funds only on receipt of provisional UCs is not being strictly followed. The plea of the Ministry to do away with the requirement of submission of UCs on the ground that the grants given to State governments are audited by CAG is not acceptable, as the CAG conducts only test check. The Committee are apprehensive that doing away with utilization certificates would lead to financial indiscipline. The Committee therefore underline the need for simplification of procedure, strict adherence of the prescribed financial procedure and greater reliance on e-governance so as to bring transparency and efficiency. In respect of the problem faced by the Ministry in obtaining audited UCs from agencies which had taken one time grant-in-aid, the Committee recommend that all these cases be enquired into to ascertain whether there was any misappropriation. Appreciating the Ministry's efforts with regard to setting up of a Special Audit Team to audit defaulting units, the Committee would like to be apprised about the outcome of this measure.

[Sl. No. 7 of Part-II, Para 7 of 56th Report of PAC (15th Lok Sabha)]

**Action Taken by the Ministry of Agriculture
(D/o Agriculture and Cooperation)**

The following steps have been taken for liquidation of outstanding utilization certificates:—

1. PAOs have been directed not to make any payment for grants where UCs are pending.
2. Special Audit Team has been created in Pr. Accounts Office to physically monitor the target and outcome of the grants utilized and the settlement of the UCs by the grantee institution by visiting the states where schemes are being implemented. The audit of UCs is already under process.
3. The special audit of UCs for the states of Haryana, Bihar, Delhi, Andhra Pradesh & Maharashtra has already been taken up.
4. All States have been provided with detailed references in respect of the UCs pending with them as per CCA's record. Similarly all Programme Divisions have been provided state-wise UC pending details for a reconciliation drive. This is expected to bring down the pending figure substantially. This exercise is proposed to be repeated every six months.

Sd/-

(Raghav Chandra)

Additional Secretary & FA (A&C)

[Ministry of Agriculture/Deptt. of Agriculture & Cooperation,
O.M. No. 1-6/2012-Budget, dated 5th December, 2012]

Observation/Recommendation (Para No. 8)

Detailing the oversight mechanism that was prevalent in the Ministry in order to ensure accountability with regard to financial management and appropriate use of public funds, the Ministry apprised the Committee that expenditure was being reviewed through weekly Senior Officer's meetings chaired by Secretary of the Department. The Committee were apprised that each and every proposal for release of plan expenditure was thoroughly scrutinized by Internal Finance Wing headed by the Financial Adviser. About the progress of expenditure, the Committee find that regular monitoring at the level of AS&FA/Secretary was being carried out along with weekly audio-visual conferences held with States for reviewing crop situation, availability of inputs and so on. In spite of all this, the Committee find that there are systemic deficiencies which have remained unaddressed for long. The Committee desire that the Ministry review the progress of expenditure more meticulously whereby the scope for defective internal budgeting is eliminated or drastically reduced. About implementation of Schemes, the Ministry informed the Committee that it organized field visits to monitor the progress. Asked to share the details of field visits, the representative of the Department conceded that most of these visits were confined to Universities rather than to farmers' fields. The Committee would like the Ministry to desist from such 'luxury visits' and instead the

inspecting teams be directed to visit the farmers' fields across the country in different climatic zones and submit their detailed findings to the Government. The Committee would also like to be apprised of the names of officers who undertook field visits during the last three years, the fields they visited and the report they submitted to the Department and the follow up action taken thereon.

[Sl. No. 8 of Part-II, Para 8 of 56th Report of PAC (15th Lok Sabha)]

**Action Taken by the Ministry of Agriculture
(D/o Agriculture and Cooperation)**

The Monitoring mechanism available in the various Plan Schemes of DAC is given below:—

(i) **Horticulture Mission for North East and Himalayan States (HMNEH)**

Horticulture Mission for North East and Himalayan States (HMNEH) is being implemented in all the 8 NE States and 3 Himalayan States namely J&K, HP and Uttarakhand. At National Level implementation of HMNEH is being regularly reviewed by Central Steering Committee under the Chairmanship of Secretary (A&C), besides monitoring of Mini Mission-wise programmes by concerned Chairman of Steering Committees viz. DIG, ICAR for Mini Mission-IV. In addition, State Level Steering Committee headed by Chief Secretary of concerned State regularly monitors the programmes at the State level. Apart from this, senior officers of the Department also make field visit to the HMNEH states for assessment of the implementation of HMNEH. About 45 visits were undertaken by the senior offices of DAC/Chief Consultant (HMNEH) during the last two years. The outcomes of the report of the visits have been communicated to the concerned States for effective implementation of the programmes in a time bound manner.

During the year 2011-12, complete review of the mission including assessment of availability of quality planting material under area expansion was carried out for all the beneficiary States. As a follow up of these visits, Secretary, DAC had written to the Chief Secretaries of the beneficiary States to take suitable action as suggested in the Tour Reports. Second round of review for actual implementation of actionable points has been completed in Arunachal Pradesh, Assam, Meghalaya, Tripura, Nagaland, Uttarakhand, Himachal Pradesh, Jammu & Kashmir and Mizoram.

(ii) **National Horticulture Mission (NHM)**

DAC (Hort. Division) has constituted Joint Inspection Teams (JITs) for all States having members from State Government Horticulture Development, State Agriculture Universities (SAUs), ICAR institutions, Precision Farming Development Centers (PFDCs), Directorate of Cashew and Cocoa Development and Directorate of Arecanut and Spices Development and concerned States under the Chairmanship of senior officers of the Division. Regular JITs visits are organized and JIT reports are being shared with the State Government.

Year-wise monitoring visits undertaken are as under:—

Name of the State	No. of visits		
	2009-10	2010-11	2011-12
Andhra Pradesh	1	3	3
Bihar	4	2	1
Chhattisgarh	3	2	3
Goa	-	-	2
Gujarat	1	-	2
Haryana	3	2	2
Jharkhand	-	4	2
Karnataka	2	5	3
Kerala	2	3	5
Madhya Pradesh	1	1	2
Maharashtra	3	4	3
Odisha	2	2	3
Punjab	-	-	3
Rajasthan	-	5	1
Tamil Nadu	-	1	2
Uttar Pradesh	3	4	6
West Bengal	4	1	3
Andaman & Nicobar Islands	1	1	1
Puducherry	-	1	-
Total	30	41	47

JIT reports from the year 2010-11 onwards are uploaded on NHM's website (www.nhm.nic.in).

Other than JIT, visits are made to States for inspection, monitoring and interaction with State officials periodically by the DAC officers.

Apart from reviewing the progress while considering the Annual Action Plans, regular meetings are held with individual/group of States to review the component-wise progress. A few meetings are arranged for sanctioning

of horticulture infrastructure/Post Harvest Management projects in which physical and financial progress is also discussed.

(iii) **Macro Management of Agriculture**

The Monitoring Mechanism is as under:—

- The performance under the MMA Scheme is reviewed during the Work Plan discussions held under the Chairmanship of the Joint Secretary with the Officers of the State Government.
- A regular review of the Programme is taken to assess the preparedness of States for undertaking Rabi and Kharif operations along with a stock-taking of all the development initiatives including utilization of funds.
- Crop Directorates of the Department of Agriculture & Cooperation dealing with various crops guide the State Governments in formulation, implementation and monitoring of production programmes as also the implementation of scheme by the States.

(iv) **RKVY**

National Institute of Rural Development (NIRD) was appointed as national consultant upto 2010-11 for close monitoring & evaluation of implementation of RKVY in the States. The monitoring reports submitted by NIRD were sent to the State Government concerned to take corrective measures.

DAC has also put in place a web-based Management Information System (MIS) for RKVY in order to identify and collect essential information and data related to each RKVY project and also to collect the progress and completion details during the project life cycle. Details of projects, including their progress, and targets, expected outputs and outcomes, along with actual achievements are entered online by the States in the RKVY website www.rkvy.nic.in. This website is in public domain and implementation and progress status of each of RKVY projects can be seen by all concerned at this website.

Sd/-

(Raghav Chandra)

Additional Secretary & FA (A&C)

[Ministry of Agriculture/Deptt. of Agriculture & Cooperation,
O.M. No.1-6/2012-Budget, dated 5th December, 2012]

Observation/Recommendation (Para No. 9)

The Committee observe that agriculture has been a way of life in India over eons and continues to be the single most important source of livelihood of the masses. Notwithstanding the declining contribution to GDP, agriculture continues to be a critical component from the perspective of income distribution as it accounts for about 58 per cent employment in the country according to 2001 census. Given the enormity of the challenge of feeding the 1.2 billion plus people and their nutritional requirements, the Committee recommend that priority be accorded to agriculture as food security has implications for macro-economic stability, the national security and India's Standing in the comity of nations. The nation can ill afford to be oblivious of the 'ship to mouth' food crisis and the hard fact that food exports can be used to advance geostrategic aims by the supplier nations(s). Considering the implications of food security and the multiplier effects of agriculture sector on the economy, the Committee are of the considered view that comprehensive and coordinated strategies need to be evolved to enhance agriculture production and productivity with right admixture of traditional and modern farming practices with greater focus on sustainable agriculture. The Committee would like to be apprised of the action taken and the strategies evolved in this behalf.

[Sl. No. 9 of Part-II, Para 9 of 56th Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Agriculture (D/o Agriculture and Cooperation)

In recent years, Government has initiated measures including reorientation of agriculture policy with objective of improving productivity, profitability and economic viability of farming and also creating employment opportunities in rural non-farm sector. The important comprehensive measures *inter-alia*, include the following:—

- (i) **Stepping up public investment in Agriculture:** Keeping in mind the low growth rates in Agriculture sector during the 10th Five Year Plan, Government had made conscious efforts in stepping up the allocation to Agriculture & Allied sectors during Eleventh Five Year Plan by way of higher allocations and also incentivizing the State Governments to enhance public investment in these sectors to sustain and maintain capital formation and agriculture infrastructure. Towards this end, two new schemes were launched in 2007-08, *viz.* Rashtriya Krishi Vikas Yojana (RKVY) and National Food Security Mission (NFSM) with outlays of Rs. 25,000 crore and Rs. 4882.48 crore, respectively.

The Plan outlay on various schemes of this Department has increased substantially from Rs. 6927.94 crore in 2007-08 (RE) to Rs. 16515.05 crore in 2011-12 (RE), the terminal year of Eleventh Five Year Plan. For the current financial year (2012-13), which is also the first year of the Twelfth Five Year Plan, the Budget Estimate (BE) is Rs. 20208.00, signifying an increase of 22.36% over the previous year's Revised Estimate (RE). The tentative allocation for 12th Plan outlay for Department of Agriculture and Cooperation is Rs. 134746.00 crore (including Rs. 63246 crore for RKVY).

- (ii) **Bridging Yield Gaps & Food Security:** National Food Security Mission (NFSM) which was started in 2007 with an outlay of ₹ 4882 crore, could accomplish the targeted additional production of 20 million tonnes within 4 years of its implementation. As per the 4th Advance Estimate of 2011-12, an all-time record total foodgrains production of 257.44 million tonnes is achieved against the pre-NFSM production of 217.28 million tonnes *i.e.* additional production of 39.84 million tonnes achieved against the target of 20 million tonnes. As per 1st Advance Estimate 2012-13 production of rice is estimated at 85.59 million tonnes, though lowered as compared to last year's record kharif production, is higher than the last five year's average production of 83.17 million tonnes.
- (iii) **Enhancing Farm Income:** Horticulture is being promoted by Government in mission mode through National Horticulture Mission (NHM) and Horticulture Mission for North East and Hilly States (HMNEH) for improving farm income and livelihood security and enhancing employment generation.
- (iv) The Minimum Support Prices (MSPs) of various agricultural commodities have been substantially increased over the last few years to ensure remunerative prices to farmers.
- (v) **New Schemes:** Many new initiatives like Bringing Green Revolution to Eastern Regional, Integrated Development of 60,000 pulses villages in rainfed areas, Promotion of Oil Palm, Initiative on Vegetable Clusters, Initiative for Nutritional Security through Intensive Millets Promotion, National Mission for Protein Supplements, and Accelerated Fodder Development Programme, Vidarbha Intensive Irrigation Development Programme etc. have been announced in Union Budgets 2010-11, 2011-12 and 2012-13.
- (vi) (a) **Increased Availability of Agricultural Credit at Reduced Interest Rates:** Since 2003-04, loan to farmers increased from ₹ 86,981 crores to ₹ 4,68,291 crores in 2011-12 while the interest rates came down from 9-12% to 4% (for timely repayment) during this period. The target for the current year has been fixed at ₹ 5,75,000 crore, an increase of ₹ 1,00,000 crore over the target for 2011-12.
 - (b) To facilitate flow of credit to farmers and increase financial inclusion, Government is providing Kisan Credit Card (KCC) to all eligible and willing farmers in time bound manner. State Governments have accordingly been advised to launch intensive branch/village level campaign. Up to October, 2011, 10.78 crore KCC have been issued.
 - (c) Reserve Bank of India has also issued comprehensive guidelines to banks for providing debt relief to farmers affected by natural calamities including floods, droughts etc., which, *inter-alia*, include restructuring of loans by way of conversion/rescheduling, provision of fresh crop loans for affected farmers, treatment of converted/rescheduled agriculture

loans as 'current dues' and not charging penal interest in respect of current dues in default, relaxed security and margin norms etc.

- (vii) **Rehabilitation Package for distressed farmers:** Government of India approved a rehabilitation package of ₹ 16978.69 crore for 31 suicide prone Districts in the four States of Andhra Pradesh, Maharashtra, Karnataka and Kerala, in 2006. An amount of ₹ 19910.70 crore has been released under this package till 30th June, 2011. After implementation of the Rehabilitation Package, there has been a declining trend in farmers' suicides.
- (viii) **National Mission for Sustainable Agriculture (NMSA):** NMSA was launched to transform agriculture into an ecologically sustainable climate resilient production system and also exploiting its fullest potential and thereby ensuring food security, equitable access to food resources, enhancing livelihood opportunities and contributing to national economic stability.

Sd/-

(Raghav Chandra)
Additional Secretary & FA (A&C)

[Ministry of Agriculture/Deptt. of Agriculture & Cooperation,
O.M. No.1-6/2012-Budget, dated 5th December, 2012]

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE
DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES
RECEIVED FROM THE GOVERNMENT

—NIL—

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Observation/Recommendation (Para No. 2)

The Committee observe that the Department surrendered a large part of its unspent provisions under revenue and capital sections on the last day of the financial years in all the three years. *i.e.* during 2007-2010. As per Rule 56(2) of the General Financial Rules, unspent provisions in a grant or appropriation are required to be surrendered to the Government as soon as these are foreseen, without waiting for the end of the financial year. Asked to explain why the financial rule was defied, the representative of the Department while conceding the delay in surrender of unspent provision, attributed the delay to the States who informed the Department regarding savings only in the latter part of the financial year. The plea of the Department is unacceptable being violative of the General Financial Rules. The Committee, therefore, recommend that the Department strictly monitor the release of funds and pace of expenditure so as to overcome situation of under spending of delays in surrender of unspent provisions.

[Sl. No. 2 of Part-II, Para 2 of 56th Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Agriculture (D/o Agriculture and Cooperation)

Although total savings required to be surrendered are known on the basis of revised estimates approved by Ministry of Finance (intimation regarding approved RE is generally received from Ministry of Finance in December end/January), the particular schemes and object-heads under which savings are available are known only towards the end of the financial year. This is due to the fact that funds sought under Supplementary Demands for Grants (last batch) becomes available after these are passed by Parliament and re-appropriation proposals are approved by Ministry of Finance which is generally in the fag end of the financial year. However, taking note of the observations of Committee during oral evidence, DAC have surrendered funds in two batches during 2011-12.

The Department regularly reviews release of funds in the weekly Senior Officers Meeting and the pace of expenditure is kept within the Monthly Expenditure Plan/

Quarterly expenditure Allocation as appended to Detailed Demands for Grants.

Sd/-

(Raghav Chandra)
Additional Secretary
& FA (A&C)

[Ministry of Agriculture/Deptt. of Agriculture & Cooperation,
O.M. No. 1-6/20-12-Budget, dated 5th December, 2012]

CHAPTER V

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

Observation/Recommendation (Para No. 5)

While examining the issue of unrealistic budgeting, the Committee observe that excessive provisions under various sub-heads had resulted in ₹ 233.96 crore remaining unutilized during the year 2007-2010. Strangely, the Ministry informed the Committee that non-utilisation of funds under some schemes such as Rainfed Area Development Programme was due to the non-approval of the scheme. The Committee find that the Planning Commission accorded approval to the scheme only after 3 years of budgetary provision for the same being approved by Parliament in 2007-08. Asked to explain the anomaly, the Secretary, Ministry of Agriculture admitted that it was pathetic that three years had been lost in getting a Scheme sanctioned. The Committee deplore that such an important scheme approved by Parliament was delayed in implementation. The Committee wish to caution the Government not to rush to Parliament for launching a new Scheme without necessary inter-departmental consultation and concurrence and ensure that once funds are approved for a Scheme by Parliament, the Scheme must be implemented without delay. The Committee note with serious concern the delay on the part of the Planning Commission in approving the RADP Scheme and the unusually long time it took to merge the various watershed development programmes into one Centrally Sponsored Scheme, being implemented by different Departments. Further, the Secretary, Ministry of Agriculture while deposing before the Committee suggested that there had to be flexibility in the Budget and Budget releases should be in two tranches which would match with the 'Rabi' and 'Kharif' crop patterns. Considering the merit of the observation, the Committee, recommend that the matter be taken up with the Ministry of Finance for feasibility of passing the budget during July-August so that money is released by October thereby coinciding with the 'Rabi' season and the second allocation may be released in March-April coinciding with the 'Kharif' season.

[Sl. No. 5 of Part-II, Para 5 of 56th Report of PAC (15th Lok Sabha)]

Action Taken by the Ministry of Agriculture (D/o Agriculture and Cooperation)

The process of obtaining approval of Competent authority to RADP Scheme was always in currency. Provisions were, therefore, made for this scheme in each financial year. However, due to non-approval of the scheme in the circumstances already intimated to the Committee, provision could not be utilized.

In this respect it is also added that the Group of Ministers while considering the proposal of Integrated Watershed Management Programme (IWMP) of Deptt. of Land Resources, recommended for merger of all watershed programmes and converging schemes of identical nature. Department of Economic Affairs and Planning Commission also advised to restructure Rainfed Area Development Programme (RADP) to benefit from such convergence with IWMP. Accordingly it was restructured into a farmer centric-farming system based programme and was introduced on pilot basis in ten major rainfed States of the country through window of RKVY. Rs. 250 crore was released during 2011-12 and for 2012-13, Rs. 150 crore has been provided for implementation of the programme.

The concern of the Committee with regard to passing the budget during July-August has been communicated to Ministry of Finance and Planning Commission and their response is still awaited.

Sd/-
(Raghav Chandra)
Additional Secretary
& FA (A&C)

[Ministry of Agriculture/Deptt. of Agriculture & Cooperation,
O.M. NO. 1-6/2012-Budget, dated 5th December, 2012]

NEW DELHI;
29 April, 2013
9 Vaisakha, 1935 (Saka)

DR. MURLIMANO HAR JOSHI
Chairman,
Public Accounts Committee.

APPENDIX I

**MINUTES OF THE TWENTY-NINTH SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE (2012-13) HELD ON 29TH APRIL, 2013**

The Committee sat on Monday, the 29th April, 2013 from 1500 hrs. to 1600 hrs. in Room No. '51', (Chairman's Chamber) Parliament House, New Delhi.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. M. Thambidurai
4. Shri Bhartruhari Mahtab
5. Shri Abhijit Mukherjee

Rajya Sabha

6. Shri Prasanta Chatterjee
7. Shri Prakash Javadekar
8. Shri Sukhendu Sekhar Roy
9. Shri J.D. Seelam
10. Shri N.K. Singh

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Shri D.R. Mohanty — *Deputy Secretary*
4. Smt. A. Jyothirmayi — *Deputy Secretary*
5. Ms. Miranda Ingudam — *Under Secretary*
6. Shri A.K. Yadav — *Under Secretary*
7. Smt. Anju Kukreja — *Under Secretary*

**Representatives of the Office of the Comptroller and
Auditor General of India**

1. Ms. Divya Malhotra — *Director General*
2. Shri Jayant Sinha — *Principal Director*
3. Ms. Athoorva Sinha — *Director*
4. Shri Likhariya — *Director*

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the C&AG of India to the last sitting of the Committee (2012-13). Giving an overview of the performance of the Committee in the year 2012-13 as well as in the 15th Lok Sabha, the Chairman observed that the years have been very productive due to the hard work of the C&AG and his team, the PAC Secretariat led by the Joint Secretary and above all the cooperation and active participation of the Members in the deliberations.

The Committee unanimously endorsed the views of the Chairman.

3. The Chairman, then, apprised that the meeting had been convened to consider the following Draft Reports of the Committee:

- | | | | |
|-------|-----|-----|-----|
| (i) | *** | *** | *** |
| (ii) | *** | *** | *** |
| (iii) | *** | *** | *** |
| (iv) | *** | *** | *** |
| (v) | *** | *** | *** |
| (vi) | *** | *** | *** |

- (vii) Action taken by the Government on the Observations/Recommendations of the Committee contained in the Fifty-sixth Report (15th Lok Sabha) on **‘Review of Grant No. 1—Department of Agriculture and Cooperation’**.

4. Giving an overview of the issues contained in the Draft Reports and the comments of the Committee thereupon, the Chairman solicited the views/suggestions of the Members.

5. After some discussions, the Committee adopted the above mentioned Draft Reports. The Committee, then, authorized the Chairman to finalize the Reports in the light of the factual verifications, if any, made by the Audit and present them to Parliament on a convenient date.

6. The Chairman thanked the Members for their active participation in the consideration and adoption of the Draft Reports. The Members also conveyed their thanks to the Chair for his able leadership in conducting the meeting of the Committee in a probing and educative manner.

The Committee then adjourned.

APPENDIX II

(Vide para 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC
ACCOUNTS COMMITTEE CONTAINED IN THEIR
FIFTY-SIXTH REPORT
(FIFTEENTH LOK SABHA)

(i) The No. of Observations/Recommendations	09
(ii) Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1,3,4,6,7,8 and 9	Total: 07 Percentage—77.78%
(iii) Observations/Recommendations which the Committee do not desire the pursue in view of the replies received form the Government: -NIL-	Total: 0 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. 2	Total: 1 Percentage-11.11%
(v) Observations/Recommendations in respect of which Government have furnished interim replies: Para No. 5	Total: 1 Percentage 11.11