

**IMPLEMENTATION OF AGRICULTURAL  
DEBT WAIVER AND DEBT RELIEF  
SCHEME, 2008**

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

**MINISTRY OF FINANCE  
(DEPARTMENT OF FINANCIAL SERVICES)**

**PUBLIC ACCOUNTS  
COMMITTEE  
2014-2015**

**SIXTEENTH REPORT**

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**SIXTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

# SIXTEENTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (2014-2015)

(SIXTEENTH LOK SABHA)

### IMPLEMENTATION OF AGRICULTURAL DEBT WAIVER AND DEBT RELIEF SCHEME, 2008

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

MINISTRY OF FINANCE  
(DEPARTMENT OF FINANCIAL SERVICES)

*Presented to Lok Sabha on 29.4.2015*

*Laid in Rajya Sabha on 29.4.2015*



सत्यमेव जयते

LOK SABHA SECRETARIAT  
NEW DELHI  
*April, 2015/Vaisakha, 1937 (Saka)*

**PAC No. 2047**

*Price: ₹ 43.00*

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifteenth Edition) and Printed by the General Manager, Government of India Press, Minto Road, New Delhi-110 002.

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2014-2015)

Prof. K.V. Thomas — *Chairperson*

MEMBERS

*Lok Sabha*

2. Shri S.S. Ahluwalia
3. Shri Sudip Bandyopadhyay
4. Shri Ranjit Singh Brahmputra
5. Shri Nishikant Dubey
6. Shri Gajanan Kirtikar
7. Shri Bhartruhari Mahtab
8. Shri Ramesh Pokhriyal “Nishank”
9. Shri Neiphiu Rio
- \*10. Shri Dushyant Singh
11. Shri Janardan Singh Sigriwal
- \*\*12. Shri Shiv Kumar Udasi
13. Dr. Kirit Somaiya
14. Shri Anurag Thakur
- \*\*\*15. Dr. P. Venugopal

*Rajya Sabha*

16. Shri Satyavrat Chaturvedi
17. Shri Vijay Goel
18. Dr. Satyanarayan Jatiya
19. Shri Bhubaneswar Kalita
20. Shri Shantaram Naik
21. Shri Sukhendu Sekhar Roy
22. Shri Ramchandra Prasad Singh

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\* Elected *w.e.f.* 3rd December, 2014 *vice* Shri Rajiv Pratap Rudy who has been appointed as Minister *w.e.f.* 9th November, 2014.

\*\* Elected *w.e.f.* 3rd December, 2014 *vice* Shri Jayant Sinha who has been appointed as Minister *w.e.f.* 9th November, 2014.

\*\*\* Elected *w.e.f.* 3rd December, 2014 *vice* Dr. M. Thambidurai who has been chosen as Hon'ble Deputy Speaker, Lok Sabha and has since resigned from the membership of the Committee.

SECRETARIAT

1. Shri A.K. Singh — *Joint Secretary*
2. Smt. Anita B. Panda — *Director*
3. Shri Jayakumar T. — *Additional Director*
4. Smt. Anju Kukreja — *Under Secretary*

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2014-15) having been authorised by the Committee, do present this Sixteenth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Ninety-fifth Report (Fifteenth Lok Sabha) on 'Implementation of Agricultural Debt Waiver and Debt Relief Scheme, 2008' relating to the Ministry of Finance (Department of Financial Services).

2. The Ninety-fifth Report (Fifteenth Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 6th February, 2014. Replies of the Government to the Observations/Recommendations contained in the Report were received on 8th October, 2013. The Public Accounts Committee considered and adopted the Sixteenth Report at their sitting held on 3rd March, 2015. 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 Ninety-fifth Report (Fifteenth Lok Sabha) is given at **Appendix-II**.

NEW DELHI;  
26 April, 2015  

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7 Vaisakha, 1937 (Saka)

PROF. K.V. THOMAS  
*Chairperson,*  
*Public Accounts Committee.*

**CHAPTER I**  
**REPORT**

**Introductory**

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Ninety-fifth Report (15th Lok Sabha) on "Implementation of Agricultural Debt Waiver and Debt Relief Scheme, 2008" based on C&AG Report No. 3 of 2013 (Performance Audit) relating to the Ministry of Finance (Department of Financial Services).

2. The Ninety-fifth Report (15th Lok Sabha), which was presented to Lok Sabha/laid in Rajya Sabha on 6th February, 2014, contained 12 Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from the Ministry of Finance (Department of Financial Services) and are broadly categorized as under:—

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

Para Nos. 1-12

Total: 12

Chapter-II

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

Para No. 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:

Para No. Nil

Total: Nil

Chapter-IV

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

Para No. Nil

Total: Nil  
Chapter-V



3. Government of India announced an Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS) for farmers in February, 2008 to provide relief to the farmers by declogging the line of credit, to catalyze flow of credit to agriculture and to enhance agricultural production and productivity. The debt waiver was to be completed by 30 June, 2008 while the debt relief was extended upto 30 June, 2010. 3.69 crore small/medium farmers accounts and 0.60 crore other farmers accounts were to be covered under the scheme with a cash outgo of Rs. 60.416 crore and Rs. 7,960 crore for the respective categories, totalling Rs. 68,376 crore. In-depth examination of the subject by the Committee had revealed the following irregularities in the implementation of the Scheme:—

- (i) Out of 9,334 accounts test checked across nine States, 1,257 accounts (13.46 per cent) were those which were found in audit to be eligible for benefit under the Scheme, but were not considered by the lending institutions while preparing the list of eligible farmers.
- (ii) Out of 80,299 accounts granted debt waiver or debt relief, in 8.5 per cent of cases, the beneficiaries were not eligible for either the debt waiver or the debt relief. A proportion of such claims, amounting to Rs. 20.50 crore, was on account of claims being admitted for ineligible purposes or claims pertaining to periods not eligible for Scheme benefits.
- (iii) A Private Scheduled Commercial Bank had received reimbursement for loans, amounting to Rs. 1164.60 crore extended to Micro Finance Institutions (MFIs) in violation of the guidelines.
- (iv) In 2,824 cases, with claims amounting to Rs. 8.64 crore, there was *prima facie* evidence of tampering, over-writing and alteration of records.
- (v) In 4,826 accounts, farmers were not extended the benefits according to entitlements. In 3,262 cases, undue benefit totalling Rs. 13.35 crore was extended. On the other hand, in the remaining 1,564 cases, farmers were deprived of their rightful benefits of Rs. 1.91 crore.
- (vi) In violation of the guidelines, lending institutions claimed amounts related to interest/charges which was not allowed under the Scheme. In 6,392 cases across 22 States, although the lending institutions had not borne interest/charges of Rs. 5.33 crore themselves, they were still reimbursed these amounts by the GoI.
- (vii) DFS accepted the reimbursement claims of RBI in respect of Urban Cooperative Banks amounting to Rs. 335.62 crores despite the fact that even the total number of beneficiaries' accounts was not indicated.
- (viii) Debt waiver/relief certificates were not issued in many cases to eligible beneficiaries. In 21,182 accounts (out of 61,793 test checked accounts), *i.e.* 34.28 per cent, there was no acknowledgement from farmers or any other proof of issue of debt waiver or debt relief certificates to the beneficiaries. Such certificates entitle the farmers to fresh loans.

- (ix) The monitoring of the Scheme was also found to be deficient. The Department of Financial Services (DFS) was completely dependent upon the nodal agencies for monitoring the compliance of its instruction issued from time to time in implementation of the Scheme. But, the nodal agencies themselves were relying on certificates and data of lending institutions without conducting independent verification of such data and certificates to confirm the veracity of claims.

4. The Committee had accordingly given their Observations/Recommendations in their Ninety-fifth Report (15th Lok Sabha). The gist of important observations/recommendations as contained in the Report are given as under:—

- (i) The Ministry of Finance (Department of Financial Services) should take prompt remedial action to fix responsibility for violating the guidelines.
- (ii) The Committee deplored, that despite laudable intension the perfunctory manner in which the scheme conceived and the shoddy manner in which it implemented was unfortunate.
- (iii) The recoveries of the amounts given to the ineligible beneficiaries be expedited and benefits extended to the eligible beneficiaries.
- (iv) The irregularities should be seriously and conclusively pursued and stringent penal action taken against those responsible for the grave irregularities.
- (v) The inadmissible charges by the lending Banks should be thoroughly scrutinized and the inadmissible overpayments made to the lending Banks recovered expeditiously.
- (vi) The Department of Financial Services reflect seriously and find the reasons for the scheme failure and also to remedy the wrongs done.

5. The Action Taken Notes furnished by the Ministry of Finance (Department of Financial Services) have been reproduced in the relevant chapters of this Report. The Committee will now deal with action taken by the Government on their Observations/Recommendations which either need reiteration or merit comments.

#### **Irregularities in implementation of ADWDRS, 2008**

6. The Committee in their Ninety-fifth Report had found that ADWDRS, 2008 did not achieve the intended goals due to various reasons which include, *inter-alia*, errors of inclusion and exclusion at the beneficiary level, poor and inadequate documentation, reimbursement of loan to Micro Finance Institutions in violation of guidelines, tampering/overwriting/alteration of records, funds lying idle with lending institutions, non-extension of benefit to entitled farmers, non-issuing of debt waiver/relief certificates and most importantly ineffective monitoring of Scheme. While taking a serious view of such flagrant display of financial and administrative indiscipline by the Department of Financial Services/Nodal Agencies/Implementing institutions in the implementation of such a Welfare Scheme, the Committee

recommended that the Department of Financial Services reflect seriously and find the reasons for the Scheme failure and also to remedy the wrongs done.

7. In response to the above said Recommendations of the Committee, the Ministry of Finance (Department of Financial Services) in their Action Taken Note submitted as follows:—

"The recommendations of Hon'ble Committee have been noted for diligent compliance. The observations of CAG have also been noted for keeping the deficiencies pointed out in view while formulating any such Scheme in future. However, as regards remedial action in the instant Scheme, the Banks have completed the re-verification exercise, except in few cases where it could not be completed due to court cases etc. The status of the re-verification as on May, 2014 is as follows:—

- In 1,59,545 cases amounting to Rs. 204.3 crore where benefits were granted to ineligible persons, in 1,01,286 cases an amount of Rs. 136.59 crore has been recovered.
- In 48,007 cases amounting to Rs. 73.8 crore where excess benefits were extended to the beneficiaries, in 27,964 cases an amount of Rs. 36.42 crore has been recovered.
- In 78,640 cases amounting to Rs. 19.43 crore where inadmissible charges/ interest were claimed by the lending institutions, in 66,528 cases Rs. 13.2 crore has been refunded.
- In 78,129 cases amounting to Rs. 40.86 crore where less benefits were extended to the beneficiaries, in 1353 cases amounting to Rs. 3.4 crore the benefits have been released by the lending institutions.
- In 32,748 cases amounting to Rs. 68.28 crore where benefits were not given to eligible persons, in 458 cases Rs. 0.8 crore has been released by the lending institutions.
- In 5411 cases disciplinary action has been initiated/taken against the staff by the lending institutions.
- In 575 cases the responsibilities of auditors have been fixed by the lending institutions and in 4030 cases of tampering of records 22 FIRs have been filed.
- Rs. 164.60 crore has been recovered from ICICI Bank along with penal interest of Rs. 54.80 crore effecting a total recovery of Rs. 219.40 crore.
- The Government has also recovered Rs. 149.79 crore from NABARD on the ground that the interest for the first instalment was outside the purview of the ADWDRS, 2008.
- All the lending institutions were advised to deposit the entire amount to the Government forthwith without waiting for actual recoveries. So far, a total recovery from lending institutions has been to the extent of Rs. 627.68 crore against Rs. 666.72 crore."

8. While vetting the said ATNs, the Audit made the following comments:—

"The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may be shown to PAC. The details of action taken against the erring staff of lending Institutions/Banks may also be shown to PAC."

9. In their further comments to the above said audit observation, the Ministry stated as under:—

"The Government has by and large accepted almost all the observations of CAG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from CAG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired."

**10. The Committee note that the Ministry of Finance (Department of Financial Services) have accepted all the recommendations as contained in their 95th Report (15th Lok Sabha) and noted the same for diligent compliance. They further note that the Ministry have also accepted the observations of CAG regarding the scheme and noted the same for keeping the identified deficiencies in view while formulating any such scheme in future. As regards the remedial action taken by the Ministry in the instant scheme, the Committee express satisfaction that the Banks have completed the re-verification of the cases where benefits were granted to ineligible persons, excess benefits were extended to the beneficiaries, inadmissible charges/ interest were claimed by the lending institutions, less benefits were extended to the beneficiaries and benefits were not given to eligible persons and took suitable actions such as making recoveries from ineligible persons and releasing benefits to left-out beneficiaries or those who got less benefits. Further, disciplinary action has also reportedly been initiated/taken against the erring staff by the lending institutions, responsibilities of auditors has been fixed, FIRs have been filed for tampering of records and recoveries have been made with penal interest from**

ICICI Bank as well as NABARD. All the lending institutions were also advised by the Government to deposit the entire amount to them forthwith, without waiting for actual recoveries. The Committee have been informed that a total recovery from lending institutions has been to the extent of Rs. 627.68 crore against Rs. 666.72 crore.

11. However, from the Action Taken reply furnished by the Ministry of Finance (Department of Financial Services) the Committee are perturbed to find that while the recovery process was itself initiated on 11.01.2013 after the lapse of three years since the closing of the Scheme and that too after being pointed out by the Audit, full amount has since not been recovered in several cases. For instance, out of Rs. 204.3 crore, which were granted to ineligible persons, an amount of Rs. 136.59 crore only has been recovered. Further, out of Rs. 73.8 crore where excess benefits were extended to the beneficiaries, only Rs. 36.42 crore could be recovered. The Committee are dismayed to note that whereas less entitled benefits were extended to the beneficiaries, in 78,129 cases amounting to Rs. 40.86 crore, benefits have been released by the lending institutions to the tune of Rs. 3.4 crore only in 1353 cases. Moreover, in 32,748 cases amounting to Rs. 68.28 crore, where benefits were not given to eligible persons, only in 458 cases Rs. 0.8 crore has been released by the lending institutions. The Committee, therefore, cannot but express their dissatisfaction over the fact that despite several levels of checking by the internal auditor of bank, Central Statutory Auditor at HQ level, Concurrent Auditor, Senior officials from Head Office of Central Cooperative Banks (CCB)/ State Cooperative Banks (SCB) and finally at level of National Level Monitoring Committee, the identification of beneficiaries and granting of benefits remained faulty, and desire that those found responsible must be penalized in a time bound manner. Though action has been reportedly taken in 757 cases concerning auditors and in 5411 cases against erring staff, the Committee desire to know details of the same. They also feel that the cases of tampering of records is a clear attempt towards embezzlement of public money and feel that strict penal action must be completed in all 4030 reported cases early. Overall the Committee expect that urgent and time bound steps would be taken to expeditiously recover the pending amount from the ineligible beneficiaries and extend benefits to the eligible beneficiaries. The Committee would like to be apprised of the present status of the same within three months of the presentation of this Report to Parliament. The Committee also desire that the records of the re-verification cases of Rs. 10 lakh and above by the lending Institutions/Banks and the details of the beneficiaries affected alongwith the amount paid as well as recoveries made therein, be submitted to them.

## CHAPTER II

### OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Observation/Recommendation of the Committee

##### 1. Salient features of the Scheme

The Committee note that the Government of India, announced a debt waiver and relief package for farmers, through Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS) in February 2008. The underlying purpose and thrust of the Scheme was to provide relief to the farmers by de-clogging the line of credit and thereby catalyzing flow of credit to agriculture in order to enhance agricultural production and productivity in the country. The Scheme in respect of debt waiver was to be completed by 30 June 2008 while the date for debt relief was extended upto 30 June, 2010. The farmers who had taken short term production loans or investment loans and qualified for the Scheme were categorized according to the following parameters:—

- (a) Marginal farmer: A farmer cultivating (as owner or tenant or share cropper) agricultural land upto 1 hectare (2.5 acres)
- (b) Small farmer: A farmer cultivating (as owner or tenant or share cropper) agricultural land more than 1 hectare and upto 2 hectares (5 acres)
- (c) Other farmer: A farmer cultivating (as owner or tenant or share cropper) agricultural land more than 2 hectares (more than 5 acres).

Further, the debt waiver in the case of marginal and small farmers essentially signified 100 percent waiver of the 'eligible amount' while debt relief signified waiver of 25 percent of the 'eligible amount' under a One-Time Settlement (OTS) Scheme.

The Ministry of Finance (Department of Financial Services) was the apex authority for the overall implementation of the Scheme. In their note to the Cabinet in May 2008, Department of Financial Services (DFS) had estimated that about Rs. 3.69 crore Small/Marginal farmers accounts and about Rs. 0.60 crore other farmers accounts would be covered under the Scheme. In the same note, the cash outgo from Government of India towards reimbursement of the amount of waiver/relief to the lending institutions was estimated at around Rs. 60,416 crore for Small/Marginal farmers and Rs. 7,960 crore for other farmers.

In-depth examination of the subject by the Committee has revealed a large number of irregularities and deficiencies in the implementation of the scheme which have been discussed in the succeeding paragraphs.

[Sl. No. 1; Para 1 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

### **Action Taken**

The Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS) was announced in the Union Budget 2008-09. Thereafter, based on the consultations with various stakeholders and their suggestions, the detailed Guidelines for ADWDRS, 2008 were issued on 28.5.2008.

Reserve Bank of India (RBI) was designated the nodal agency for the implementation of the Scheme for the Scheduled Commercial Banks, Urban Cooperative Banks and Local Area Banks, while National Bank for Agriculture and Rural Development (NABARD) was the nodal agency for Regional Rural Banks (RRBs) and Cooperative Credit Institutions.

The guidelines issued by the Government for the implementation of the Scheme, *inter alia*, prescribed procedure for preparation of lists of beneficiaries, responsibility of the lending institutions for correctness of the details of eligible beneficiaries, establishment of grievance redressal mechanism and statutory, concurrent or special audit of claims as may be directed by RBI/NABARD.

All direct agricultural loans disbursed to farmers between 31.3.1997 and 31.3.2007, overdue as on 31.12.2007 and remained unpaid until 29.2.2008, were covered under the Scheme. Farmers cultivating agricultural land upto 1 hectare were classified as marginal farmers and those between 1 to 2 hectares as 'small farmers'. Farmers cultivating agricultural land in excess of 2 hectares were classified as 'other farmers'. Full debt waiver of the eligible amount was given to 'small and marginal farmers' and one-time settlement rebate of 25% was extended to 'other farmers' against payment of balance 75% in not more than three instalments.

The Scheme benefited 3.73 crore farmers to the extent of Rs. 52,259.86 crore. The Performance Audit of the Scheme was carried out by the Comptroller & Auditor General of India (C&AG) from April, 2011 to March, 2012 which reported various errors of inclusion and exclusion at the beneficiary level. Based on the feedback during Exit Conference with CAG on 7.12.2012, the Government on 11.1.2013 directed all institutions to take immediate corrective action and re-verify all the claims under the Scheme. NABARD and RBI had issued directions to the lending institutions on 11.1.2013 and 14.1.2013 respectively to examine the cases of any irregularities and take corrective steps, including recovery of such amounts from ineligible beneficiaries, recovery of any excess payment and fixing responsibility of the bank staff in appropriate cases.

The Banks have completed the re-verification exercise, except in few cases where it could not be completed due to court cases etc. The status of the re-verification as on May, 2014 is as follows:—

- in 1,59,545 cases amounting to Rs. 204.3 crore where benefits were granted to ineligible persons, in 1,01,286 cases an amount of Rs. 136.59 crore has been recovered.

- In 48,007 cases amounting to Rs. 73.8 crore where excess benefits were extended to the beneficiaries, in 27,964 cases, an amount of Rs. 36.42 crore has been recovered.
- In 78,640 cases amounting to Rs. 19.43 crore where inadmissible charges/ interest were claimed by the lending institutions, in 66,528 cases Rs.13.2 crore has been refunded.
- In 78,129 cases amounting to Rs. 40.86 crore where less benefits were extended to the beneficiaries, in 1353 cases amounting to Rs. 3.4 crore the benefits have been released by the lending institutions.
- In 32, 748 cases amounting to Rs. 68.28 crore where benefits were not given to eligible persons, in 458 cases Rs. 0.8 crore has been released by the lending institutions.
- In 5411 cases disciplinary action has been initiated/taken against the staff by the lending institutions.
- In 757 cases the responsibilities of auditors has been fixed by the lending institutions and in 4030 cases of tampering of records 22 FIRs have been filed.
- Rs. 164.60 crore has been recovered from ICICI Bank along with penal interest of Rs. 54.80 crore effecting a total recovery of Rs. 219.40 crore.
- The Government has also recovered Rs. 149.79 crore from NABARD on the ground that the interest for the first instalment was outside the purview of the ADWDRS, 2008.
- All the lending institutions were advised to deposit the entire amount to the Government forthwith without waiting for actual recoveries. So far, a total recovery from lending institutions has been to the extent of Rs. 627.68 crore against Rs. 666.72 crore.

#### **Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending Institutions/Banks may also please be shown to PAC.

#### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of CAG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from CAG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the amount not due and have refunded the same to the Government. Under the Scheme, as many as



3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC  
dated 8 October, 2014]

### **Observation/Recommendation of the Committee**

#### **2. Guidelines for implementation of the Scheme**

The Government had on the 28th May, 2008 issued detailed guidelines for the implementation of the Scheme. These guidelines envisaged, *inter alia*, that every branch of scheduled commercial bank, regional rural bank, cooperative credit institution, urban cooperative bank and local area bank covered under this Scheme should prepare two lists, one consisting of 'small and marginal farmers' who are eligible for debt waiver and the second, consisting of the other farmers who are eligible for debt relief under the Scheme. These lists were required to include particulars of the land holding, the eligible amount and the amount of debt waiver or debt relief proposed to be granted in each case. These lists were also required to be displayed on the Notice Board of the branch of the bank/society on or before June 30, 2008. Reserve Bank of India and NABARD were the nodal agencies to monitor the implementation of the Scheme in respect of the respective banks under their due control. Both RBI and NABARD in their regulatory roles were required to exercise checks on the lending institutions. Audit was to be conducted by the concurrent auditors, statutory auditors or special auditors as directed by RBI/NABARD. The Central Government, if satisfied and felt necessary, might direct a special Audit in the case of any lending institution or one or more branches of such lending institution. The Committee note that the elementary lists required to include particulars of the land holding, the eligible amount and the amount of debt waiver or debt relief proposed to be granted in each case were to be finalized by the respective branches of the banks and that too within a short period of one month. **The Committee deprecate the myopic approach on the part of the Government in conceiving and implementing a Scheme involving estimated financial concessions to the tune of more than Rs. 68,000 crore. Apparently, vital lists of intended**

**beneficiaries were prepared in a cavalier manner as these were replete with mistakes, leading to serious financial lapses. It appears that the DFS, the apex authority responsible for administration and implementation of the Scheme turned a mute bystander after issuing the guidelines of the Scheme in May 2008.**

[Sl. No. 2; Para 2 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

According to the ADWDRS, 2008, books of accounts of every lending institution that granted debt waiver or debt relief, including the books of accounts maintained at the branches, were subject to audit as per the process to be prescribed by RBI/NABARD. The audit could be conducted by concurrent auditors, statutory auditors or special auditors, as may be directed by RBI/NABARD.

The RBI guidelines issued on 30th May, 2008 also envisaged that banks were required to prepare claims duly audited by internal auditor at branch level. Thereafter, claims were to be forwarded to controlling offices along with the certificate issued by internal auditor. After consolidating claims at Head Office level, the claims were required to be checked by Central Statutory Auditor, who was entrusted with this as a special assignment by the banks. For this purpose, the Statutory Auditor had to cover at least 20% of branches and accounts to verify correctness of claims. Finally, the consolidated claims for the bank as a whole duly certified by the Central Statutory Auditors were to be submitted for re-imburement.

However, the detailed guidelines issued by NABARD on 2nd July, 2008 envisaged that even before such claims are filed, the list of eligible borrowers were to be 100% checked by the concurrent Auditors/Senior Officials from the Head Office of the CCB/SCB. Further, before sending claims to NABARD, they were required to conduct sample audit of account identified for waiver/relief. The banks were to identify at least 25 percent societies under their justification and at least 50% eligible accounts of societies/Branches for examining the books to verify that the eligible borrowers had been categorized as SF/MF and OF correctly, as per norms prescribed in the Scheme.

Implementing agencies were primarily responsible for inspection and monitoring. Moreover, a National Level Monitoring Committee was also constituted in the Department of Financial Services, Ministry of Finance. Under the ADWDRS, 2008, 3.73 crore farmers were benefitted to the extent of Rs. 52,259.86 crore.

However, the time available for implementation of the Scheme was quite short and many lending institutions were not on Core Banking System (CBS) when the Scheme was implemented resulting in manual processing of the claims, resulting in errors of exclusions and inclusions.

#### **Vetted Comments of Audit**

No comments.

### Further Comments of the Ministry

No comment.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC  
dated 8 October, 2014]

### Observation/Recommendation of the Committee

#### 3. Release of funds

According to provisional estimates (March 2010), the Scheme was likely to cost the Government approximately Rs. 65,318 crore and benefit Rs. 3.69 crore farmers. (Refer Table in para 6 of Part-I of this Report). With a view to ensure that banks had ample liquidity for disbursing credit to farmers who became eligible for fresh credit after benefiting under the Scheme, the Government of India created a Farmers Debt Relief Fund (FDRF) with an initial corpus of Rs. 10,000 crore in March, 2008. Upto 31st March, 2012, Department of Financial Services had released Rs. 52,516 crore to RBI/NABARD between 2008-09 and 2011-12. Since ADWDRS involved a huge amount, the objective of performance Audit conducted by the Comptroller and Auditor General of India was to ascertain whether the management of claims for debt waiver and relief under the Scheme was inconsonance with relevant guidelines and requirements. The review was carried out from April 2011 to March 2012 and covered 25 States involving field audit of total 90,576 beneficiaries/farmers accounts in 715 Branches of lending institutions located in 92 districts. The sample included 80, 299 accounts of such farmers, who were extended benefit under the Scheme, 9,334 accounts of such farmers who were not selected as beneficiaries even though they had received agricultural loans between 1 April, 1997 to 31 March, 2007, and 943 cases where complaints were received. Detailed examination revealed errors of inclusion and exclusion at the beneficiary level, reimbursement of loans to microfinance institutions in violation of guidelines, tampering, over-writing and alteration of records, non-extension of benefits to entitled farmers and deficient monitoring of the Scheme. The Secretary, DFS, in fact, conceded that the issues largely raised by the C&AG were correct and the DFS had no intention of disputing the veracity of the kind of points raised by the Audit. The Committee, therefore, urge the Ministry to take prompt remedial action, fix responsibility for violating the guidelines and apprise the Committee within six months of the presentation of the Report.

[Sl. No. 3; Para 3 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### Action Taken

Based on the feedback during Exit Conference with CAG on 7.12.2012, the Government on 11.1.2013 directed all institutions to take immediate corrective action and re-verify all the claims under the Scheme. NABARD and RBI had issued

directions to the lending institutions on 11.1.2013 and 14.1.2013 respectively to examine the cases of any irregularities and take corrective steps, including recovery of such amounts from ineligible beneficiaries, recovery of any excess payment and fixing responsibility of the bank staff in appropriate cases.

The banks have completed the re-verification exercise, except in few cases where it could not be completed due to court cases etc. The status of the re-verification as on May, 2014 is as follows:—

- In 1,59,545 cases amounting to Rs. 204.3 crore where benefits were granted to ineligible persons, in 1,01,286 cases, an amount of Rs. 136.59 crore has been recovered.
- In 48,007 cases amounting to Rs. 73.8 crore where excess benefits were extended to the beneficiaries, in 27,964 cases an amount of Rs. 36.42 crore has been recovered.
- In 78,640 cases amounting to Rs. 19.43 crore where inadmissible charges/ interest were claimed by the lending institutions, in 66,528 cases Rs. 13.2 crore has been refunded.
- In 78,129 cases amounting to Rs. 40.86 crore where less benefits were extended to the beneficiaries, in 1,353 cases amounting to Rs. 3.4 crore the benefits have been released by the lending institutions.
- In 32,748 cases amounting to Rs. 68.28 crore where benefits were not given to eligible persons, in 458 cases Rs. 0.8 crore has been released by the lending institutions.
- In 5,411 cases, disciplinary action has been initiated/taken against the staff by the lending institutions.
- In 757 cases, the responsibilities of auditors has been fixed by the lending institutions and in 4,030 cases of tampering of records, 22 FIRs have been filed.
- Rs. 164.60 crore has been recovered from ICICI Bank along with penal interest of Rs. 54.80 crore effecting a total recovery of Rs. 219.40 crore.
- The Government has also recovered Rs. 149.79 crore from NABARD on the ground that the interest for the first instalment was outside the purview of the ADWDRS, 2008.
- All the lending institutions were advised to deposit the entire amount to the Government forthwith without waiting for actual recoveries. So far, a total recovery from lending institutions has been to the extent of Rs. 627.68 crore against Rs. 666.72 crore.

#### **Vetted Comments of Audit**

The records of the re-verification of the cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well

recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending Institutions/Banks may also please be shown to PAC.

#### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of C&AG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from C&AG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the under amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD, an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5,411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4,030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC  
dated 8 October, 2014]

#### **Observation/Recommendation of the Committee**

##### **4. Time frame for implementation**

The Committee note that the Scheme set an unrealistic and ambitious target of achieving debt waiver/debt relief for an estimated Rs. 4.29 crore farmer accounts in an unrealistically short span of one month. The Scheme, which was circulated to banks on 28 May, 2008 set a stringent deadline of 30 June, 2008 for finalizing and displaying beneficiary lists by the lending institutions. Apart from the involvement of a huge number of branches of the scheduled Commercial Banks, the Scheme was also to be implemented by around one lakh Primary Agricultural Cooperative Societies (PACS), District Central Cooperative Banks (DCCBs) and Regional Rural Banks (RRBs) and other branches situated in remote corners of the country. From the number and nature of serious deficiencies and irregularities subsequently detected, it is amply clear that the lending institutions did not correctly and diligently prepare these fundamental and basic lists of beneficiaries, which is highly regrettable. The shortsightedness of the Government in this regard is further corroborated during

the State-level Exit Conference in Punjab, where the banks explicitly expressed that the time allowed for the implementation of the Scheme was a major constraint, which resulted in some of the irregularities detected in the performance Audit. ICICI Bank, Canara Bank and Land Development Bank, Uttar Pradesh also held similar views. The vital fact that the capacities of implementing agencies were varied and many lacked adequate infrastructural facilities such as not even having one core Banking platform, was also lost sight of. The Committee deplore, that despite laudable intension, the perfunctory manner in which the Scheme was conceived and the shoddy manner in which it was implemented. This is unfortunate, to say the least.

[Sl. No. 4; Para 4 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

It appears true that the lending institutions did not undertake the exercise in its true spirit as is evidenced by the irregularities and discrepancies observed by C&AG due to the short time given for implementation of the Scheme. However, remedial action has been taken by the Department of Financial Services and the nodal banks *i.e.* RBI and NABARD to get complete re-verification and recover the undue benefits extended to the beneficiaries.

#### **Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending Institutions/Banks may also please be shown to PAC.

#### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of C&AG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from C&AG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5,411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 lases the responsibilities of auditors were fixed by the lending institutions and in 4,030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies

for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC  
dated 8 October, 2014]

### **Observation/Recommendation of the Committee**

#### **5. Exclusion and inclusion of beneficiaries**

The Committee note that out of a total of 9334 accounts test checked by audit across nine states, 1,257 accounts (13.46 percent) were those which were found to be eligible for benefit of Rs. 3.58 crore under the Scheme, but were not considered by the lending institutions while preparing the list of eligible farmers. This was the figure when the Audit had examined only 25 cases of individual loan accounts in each branch visited by them where no benefit was given to the eligible farmers. In reality it could be that alarmingly large number of eligible farmers, might have been eventually deprived of benefits of the Scheme due to such perfunctory approach on the part of the lending branches in preparing the lists of beneficiaries. Further, Audit scrutiny detected another 183 accounts, which were denied benefits to the tune of Rs. 21.30 lakh under the Scheme though their names appeared in the list of beneficiaries. For instance, in Punjab, debt relief of Rs. 17.87 lakh was claimed in 176 cases by three branches of Primary Co-operative Agricultural Development Bank Ltd. from Government, but instead of crediting the same into the accounts of beneficiaries, the amount was irregularly kept in the sundry accounts thereby denying benefit to the concerned beneficiaries. It was also seen that in 6823 accounts out of the total 80,299 accounts test checked *i.e.* 8.5 per cent of the cases amounting to Rs. 2050 crore, the beneficiaries were not eligible for either the debt waiver or the debt relief. According to the Department of Financial Services multiple levels of checks and balances and also elaborate auditing mechanism were well ingrained into the guidelines. However, the examination of the matter reveals that these have merely remained on paper. The Committee were apprised that in pursuance of audit scrutiny, Government has initiated action to recover the amounts given to the ineligible beneficiaries. Action is also stated to have been initiated to extend benefits to the eligible beneficiaries who were deprived earlier the Committee would like the recoveries expedited and to extend benefits to the eligible beneficiaries within six months of the presentation of this report and be apprised.

[Sl. No. 5; Para 5 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

### **Action Taken**

The Banks have completed the re-verification exercise, except in few cases where it could not be completed due to court cases etc. The status of the re-verification as on May, 2014 is as follows:—

- In 1,59,545 cases amounting to Rs. 204.3 crore where benefits were granted to ineligible persons, in 1,01,286 cases an amount of Rs. 136.59 crore has been recovered.
- In 48,007 cases amounting to Rs. 73.8 crore where excess benefits were extended to the beneficiaries, in 27,964 cases, an amount of Rs. 36.42 crore has been recovered.
- In 78,640 cases amounting to Rs. 19.43 crore where inadmissible charges/ interest were claimed by the lending institutions, in 66,528 cases Rs. 13.2 crore has been refunded.
- In 78,129 cases amounting to Rs. 40.86 crore where less benefits were extended to the beneficiaries, in 1353 cases amounting to Rs. 3.4 crore the benefits have been released by the lending institutions.
- In 32,748 cases amounting to Rs. 68.28 crore where benefits were not given to eligible persons, in 458 cases Rs. 0.8 crore has been released by the lending institutions.
- In 5411 cases disciplinary action has been initiated/taken against the staff by the lending institution.
- In 757 cases the responsibilities of auditors has been fixed by the lending institutions and in 4030 cases of tampering of records 22 FIRs have been filed.
- Rs. 164.60 crore has been recovered from ICICI Bank along with penal interest of Rs. 54.80 crore effecting a total recovery of Rs. 219.40 crore.
- The Government has also recovered Rs. 149.79 crore from NABARD on the ground that the interest for the first instalment was outside the purview of the ADWDRS, 2008.
- All the lending institutions were advised to deposit the entire amount to the Government forthwith without waiting for actual recoveries. So far, a total recovery from lending institution has been to the extent of Rs. 627.68 crore against Rs. 666.72 crore.

### **Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending Institutions/Bank's may also please be shown to PAC.



### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of C&AG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from C&AG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC  
dated 8 October, 2014]

### **Observation/Recommendation of the Committee**

#### **6. Action against erring Bank officials**

The Committee are further informed by the DFS that in respect of cases of irregularities pointed out by C&AG relating to Public Sector Banks, disciplinary action against the staff of concerned Banks has been initiated in 1520 cases and responsibility of auditors fixed in 153 cases. Further, in the cases identified out of re-verification by Public Sector Banks (other than that pointed out by audit) disciplinary action against the concerned staff has been initiated in 904 cases. Similar action has also been initiated against the staff of RRBs and the Cooperative Banks. FIRs have also been filed in 5 cases of tampering of records. The Committee recommend that the irregularities pointed out by Audit and further detected should be seriously and conclusively pursued and stringent penal action taken against those responsible for the grave irregularities to obviate the recurrence of such instances in future.

[Sl. No. 6; Para 6 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

Besides recovery of undue benefits extended to the beneficiaries, in 5411 cases disciplinary action has been initiated/taken against the staff by the lending

institutions. In 757 cases the responsibilities of auditors has been fixed by the lending institutions and in 4030 cases of tampering of records 22 FIRs have been filed. As the Scheme has since been closed, the observations of the Hon'ble Committee are being noted for future reference.

#### **Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the earring staff of lending Institutions/Banks may also please be shown to PAC.

#### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of C&AG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from C&AG during Exit. Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC dated 8 October, 2014]

#### **Observation/Recommendation of the Committee**

##### **7. Disbursal of loans through Micro Finance Institutions**

The Committee note that a private scheduled commercial Bank (ICICI Bank) had received reimbursement for loans amounting to Rs. 164.60 crore extended to Micro Finance Institutions in violation of the guidelines. The claim was initially assessed and settled by the RBI. As per the Scheme guidelines, only agricultural loans disbursed to farmers were eligible for reimbursement. The matter was taken up with the RBI, who subsequently advised that these loans by ICICI Bank through service providers/MFIs

do go beyond the scope of direct agricultural loans and as such these loans were ineligible for waiver/relief as per the provisions of the Scheme. The DFS confirmed that the RBI had since recovered ₹164.60 crore from ICICI Bank and remitted the amount to the Government. The Committee were apprised that the quantum of interest to be charged was being considered together with the regulatory action proposed to be taken against the Bank. The Committee would also like to know the basis for initial acceptance of the reimbursement of the irregular claims of Rs. 164.60 crore and also recommend that suitable action be taken against the erring officials. The Committee also urge the DFS to check and ensure that no such irregularities have taken place with respect to the other beneficiaries.

[Sl. No. 7; Para 7 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

Rs. 164.60 crore has been recovered from ICICI Bank along with penal interest of Rs. 54.80 crore effecting a total recovery of Rs. 219.40 crore. The matter was also taken up with RBI to ascertain as to how the claim of ICICI Bank was allowed. The RBI has reported that no such irregularities have taken place with respect to other beneficiaries.

#### **Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending Institutions/Banks may also please be shown to PAC.

#### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of CAG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from CAG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

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Joint Secretary to the Government of India

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dated 8 October, 2014]

### **Observation/Recommendation of the Committee**

#### **8. Deficiencies in documentation**

The Committee note that the Audit scrutiny had also detected that in as many as 2824 cases with claims amounting to Rs. 8.64 crore, there was *prima facie* evidence of tampering, over-writing and alteration of records. The implementing authorities have confirmed that FIRs have been filed in five such cases. The Committee note yet another serious irregularity detected as a result of performance audit. The total amount by which a farmer would be benefited would depend upon his classification based on landholding, the type and amount of loan taken and finally the amount outstanding as on the prescribed dates. Audit scrutiny of test checked cases revealed that the classification of farmers or calculation of the eligible amount was not done correctly in terms of the Scheme guidelines. Consequently, 4826 accounts, out of the 80299 test checked accounts of farmers, were not extended the correct benefits. It was found that 1564 accounts were extended less benefit of Rs. 1.91 crore. Similarly, in 3262 accounts, undue benefits to the tune of Rs.13.35 crore was extended. In 2300 accounts, debt waiver was extended instead of debt relief resulting in excess benefit of Rs. 11.05 crore in 962 accounts. Farmers were given excess benefit of Rs. 2.30 crore because the lending institutions claimed the entire amount of the loan despite only a part amount of the loan being eligible under the Scheme. The Committee take a serious view of these financial infringements and desire that the said cases should be pursued conclusively, responsibilities fixed and the Committee apprised.

[Sl. No. 8; Para 8 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

In 3,84,685 accounts involving an amount of Rs. 371.56 crore out of which Rs. 258.49 crore had already been recovered. In 5411 cases disciplinary action had been initiated/taken against the staff by the lending institutions. In 757 cases, responsibilities of Auditors had been fixed by the lending institutions. In 4030 cases of tampering of records, 22 FIRs had been filed. In 78,129 cases amounting to Rs. 40.86 crore where less benefits were extended to the beneficiaries, in 1353 cases amounting to Rs. 3.4 crore the benefits have been released by the lending institutions. In 48,007 cases amount to Rs. 73.8 crore where excess benefits were extended to the beneficiaries, in 27,964 cases, an amount of Rs. 36.42 crore has been recovered. In 32,748 cases amount to Rs. 68.28 crore where benefits were not given to eligible persons, in 458 cases Rs. 0.8 crore has been released by the lending institutions. Further, Rs. 164.60 crore had been recovered from ICICI Bank along with penal interest of Rs. 54.80 crore affecting a total recovery of Rs. 219.40 crore. All the lending institutions were advised to deposit the entire amount to the Government forthwith without waiting for actual recoveries. So far, a total recovery from lending institutions has been to the extent of Rs. 627.68 crore against Rs. 666.72 crore.

### **Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending Institutions/Banks may also please be shown to PAC.

### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of CAG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from CAG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC  
dated 8 October, 2014]

### **Observation/Recommendation of the Committee**

#### **9. Irregularities in implementation**

The Committee find that inadmissible charges to the tune of Rs. 5.33 crore on account of interest on the principal amount were claimed by the lending institutions from the Government. According to the guidelines, it was specified that all types of such interest charges were to be borne by the lending institutions themselves. This huge amount related to the test checked scrutiny of 80,299 beneficiaries' accounts which revealed that in as many as 6,392 cases the lending institutions claimed the inadmissible charges. Given such high incidences of irregularities and the amount involved therein, the Committee are apprehensive that total errors in inclusion of inadmissible charges may

be alarmingly large. As per information received upto June 2013, Rs. 2.70 crore had already been refunded by the lending institutions. In yet another cases, ICICI Bank made a claim for reimbursement amounting to Rs. 60.26 lakh, which was in excess by Rs. 16.13 lakh of the benefits extended by them. This amount continued to be retained by the Bank.

The Committee further note that the Department of Financial Services had released funds amounting to Rs. 1,934 crore to the nodal agencies *i.e.* Rs. 1,612 crore to RBI and Rs. 322 crore to NABARD on account of interest on reimbursable claims under the Scheme. The Department simply provided bank-wise interest payments amounting to Rs. 1,612 crore without giving the details of calculations of interest reimbursed to the lending institutions, as a result of which the veracity or otherwise of these huge payments could not be cross-checked in audit. The Department glibly responded by stating that the computation of interest on account of reimbursable claims has been made by Reserve Bank of India.

The Committee also found violation of guidelines regarding debt waiver and debt relief certificates issued by the lending institutions which was made imperative as per ADWDRS guidelines. The Committee found that during Audit scrutiny it was revealed that in as many as 21,182 accounts, out of 61,793 test checked accounts (*i.e.* 34.28 per cent) there was no acknowledgement from farmers or any other proof of either issue or receipt of debt waiver or debt relief certificates to or by the beneficiaries. Similarly, it was also seen that in 12 states no records relating to requests for fresh loan, by the beneficiaries were maintained. Further, in a State the Regional Office of NABARD, had claimed that fresh loans amounting to Rs. 8.25 crore had been advanced to 1,001 farmers by the Cooperatives and Regional Rural Banks in the State. The Committee are appalled to find that there were no records to indicate the number of ADWDRS beneficiaries who had availed benefits under the Scheme had also received the benefit of fresh loans. The Committee deplores sheer lack of scrutiny leading to claim of inadmissible charges by the lending Banks. Inadmissible charges by the lending Banks should be thoroughly scrutinized and the inadmissible overpayments made to the lending Banks recovered expeditiously and the Committee apprised of the corrective action taken to address the irregularities pointed above.

[Sl. No. 9; Para 9 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

Upon re-verification lending institutions identified 78,640 cases amounting to Rs. 19.43 crore in which such claims were paid out of it. In 66,528 cases an amount of Rs. 13.2 crore has already been refunded. Government has already advised the lending institutions to refund such identified amount forthwith to the Government.

### **Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending Institutions/Banks may also please be shown to PAC.

### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of CAG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from CAG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC dated 8 October, 2014]

### **Observation/Recommendation of the Committee**

#### **10. Monitoring of the Scheme**

The Committee are deeply anguished to note the lack of proper monitoring in such a laudable Scheme meant for eradicating and mitigating the financial distress of farmers, who form the backbone of India's agricultural growth projectory. As per the guidelines issued by the Government, a National Level Monitoring Committee (NLMC) was required to be constituted with Secretary, DFS as its Chairman to monitor the implementation of the Scheme. The Committee held meeting on 17.06.2008 and 13.08.2008 to review the implementation of the Scheme, but the Department failed to even furnish the agenda or minutes of these meetings. Further, Reserve Bank of India and NABARD were made the nodal agencies for monitoring the implementation of the Scheme but

their monitoring was also found to be miserably inadequate. The Scheme design was based on extensive delegation of authority to the lending institutions, who were made sole implementing agencies. The lending institutions prepared the lists of beneficiaries. The Committee are deeply concerned to find that even these lists were not scrutinized independently by the nodal agencies for their accuracy in a systematic and responsible manner. The nodal agencies merely understood their role to be restricted to issuing guidelines and instructions and transferring funds. They simply compiled and consolidated data and issued certificates in respect of the claims made. There were glaring instances of reprehensible violation of guidelines by the lending institutions and the nodal agencies had not devised any mechanism for ensuring strict compliance of the guidelines and instructions. The Committee do not accept the reply of the Department of Finance Services that regular reports, returns, etc. were not required since the scheme was for a short span of time and for a specific purpose. The contention of the Department is not tenable as the scheme was officially in operation from 28 May, 2008 to 30 June, 2010 *i.e.* for more than two years and needed constant and vigorous monitoring. The Committee deprecate the casual monitoring approach of both the Department of Financial Services and the nodal agencies *viz.*, Reserve Bank of India and NABARD which resulted in serious acts of financial omissions and commissions.

[Sl. No. 10; Para 10 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

As per the guidelines issued by DFS, the onus of ensuring the correctness of the list of eligible beneficiaries who are extended the benefit of waiver/relief, rested with the lending institutions. Further, the instructions issued by RBI/NABARD on behalf of DFS relating to audit and submission of the claims had clearly laid down details procedure for checking/auditing at various levels. However, as the reimbursement of claims were primarily book-adjustments in the accounts of the lending institutions and in view of exhaustive check and balances well-ingrained in the guidelines of the scheme, there appeared little scope for errors. Still, as many banks were not on Core Banking System and the time available for implementation of Debt Waiver part was very limited, there remained errors or exclusion and inclusion.

However, based on the observations of CAG, the complete re-verification exercise was carried out by the lending institutions and in 3,84,685 accounts involving an amount of Rs. 371.56 crore out of which Rs. 258.49 crore had already been recovered. In 5411 cases disciplinary action had been initiated/taken against the staff by the lending institutions. In 757 cases, responsibilities of Auditors had been fixed by the lending institutions. In 4030 cases of tampering of records, 22 FIRs had been filed. Further, Rs. 164.60 crore had been recovered from ICICI Bank along with penal interest of Rs. 54.80 crore affecting a total recovery of Rs. 219.40 crore. All the lending institutions



were advised to deposit the entire amount to the Government forthwith without waiting for actual recoveries. So far, a total recovery from lending institutions has been to the extent of Rs. 627.68 crore against Rs. 666.72 crore.

#### **Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending the erring staff of lending Institutions/Banks may also please be shown to PAC.

#### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of CAG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from CAG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD on amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individuals records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC  
dated 8 October, 2014]

#### **Observation/Recommendation of the Committee**

##### **11. Remedial action taken by the Government**

As regards the action taken on the Audit findings the Committee have been apprised by the Department of Financial Services that the irregularities had been observed in 336,516 accounts involving an amount of Rs. 230.67 crore out of which Rs. 70.08 crore had already been recovered. In 3679 cases disciplinary action had been initiated/taken against the staff by the lending institutions. In 449 cases, responsibilities had been fixed by the lending institutions. In 301 cases of tampering of records, 5 FIRs had been

filed. Further, 164.60 crore had been recovered from ICICI Bank and the RBI had been advised to recover the penal interest due from the Bank. Besides, NABARD and RBI had issued directions on 11th January 2013 and 14th January 2013 respectively to all Scheduled Commercial Banks, Local Area Banks, RRBs and Cooperative Credit Institutions to take necessary remedial action. The Committee are perturbed to note that out of Rs. 230.67 crore that was pointed out by Audit only Rs. 70.08 crore had been recovered as on 3rd September, 2013. The Committee, therefore, desire that the recovery process be expedited and recoveries with penal interest from the defaulter institutions only be made at the earliest. The Committee be apprised by the DFS about the latest position of recovery within six months of the presentation of this Report.

[Sl. No. 1; Para 11 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

The Banks have completed the re-verification exercise, except in few cases where it could not be completed due to court cases etc. The status of the re-verification as on May, 2014 is as follows:—

- In 1,59,545 cases amounting to Rs. 204.3 crore where benefits were granted to ineligible persons, in 1,01,286 cases an amount of Rs. 136.59 crore has been recovered.
- In 48,007 cases amounting to Rs. 73.8 crore where excess benefits were extended to the beneficiaries, in 27,964 cases, an amount of Rs. 36.42 crore has been recovered.
- In 78,640 cases amounting to Rs. 19.43 crore where inadmissible charges/interest were claimed by the lending institutions, in 66,528 cases Rs. 13.2 crore has been refunded.
- In 78,129 cases amounting to Rs. 40.86 crore where less benefits were extended to the beneficiaries, in 1353 cases amounting to Rs. 3.4 crore the benefits have been released by the lending institutions.
- In 32,748 cases amounting to Rs. 68.28 crore where benefits were not given to eligible persons, in 458 cases Rs. 0.8 crore has been released by the lending institutions.
- In 5411 cases disciplinary action has been initiated/taken against the staff by the lending institutions.
- In 757 cases the responsibilities of auditors has been fixed by the lending institutions and in 4030 cases of tampering of records 22 FIRs have been filed.
- Rs. 164.60 crore has been recovered from ICICI Bank along with penal interest of Rs. 54.80 crore effecting a total recovery of Rs. 219.40 crore.
- The Government has also recovered Rs. 149.79 crore from NABARD on the ground that the interest for the first instalment was outside the purview of the ADWDRS, 2008.

- All the lending institutions were advised to deposit the entire amount to the Government forthwith without waiting for actual recoveries. So far, a total recovery from lending institutions has been to the extent of Rs. 627.68 crore against Rs. 666.72 crore.

#### **Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending Institutions/Banks may also please be shown to PAC.

#### **Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of C&AG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from C&AG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.68 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC dated 8 October, 2014]

#### **Observation/Recommendation of the Committee**

### **12. Conclusion**

The foregoing paragraphs reveal that the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 did not achieve the intended goals due to various reasons which include, *inter-alia*, errors of inclusion and exclusion at the beneficiary level, poor and inadequate documentation, reimbursement of loan to Micro Finance Institutions in violation of guidelines, tampering/overwriting/alteration of records, funds lying idle with lending institutions, non-extension of benefit to entitled farmers, non-issuing of debt waiver/relief certificates and most importantly ineffective monitoring of Scheme. While taking a serious view of such a flagrant display of financial and administrative indiscipline by the Department of Financial Services/Nodal Agencies/ implementing institutions in the implementation of such a Welfare Scheme, the Committee recommend that the Department of Financial Services reflect seriously and find the

reasons for the Scheme failure and also to remedy the wrongs done as recommended in the preceding paragraphs.

[Sl. No. 12; Para 12 of Part II of the Report of the Public Accounts Committee  
(15th Lok Sabha)]

#### **Action Taken**

The recommendations of Hon'ble Committee have been noted for diligent compliance. The observations of C&AG have also been noted for keeping the deficiencies pointed out in view while formulating any such Scheme in the future. However, as regards remedial action in the instant Scheme, the Banks have completed the re-verification exercise, except in few cases where it could not be completed due to court cases etc. The status of the re-verification as on May, 2014 is as follows:—

- In 1,59,545 cases amounting to Rs. 204.3 crore where benefits were granted to ineligible persons, in 1,01,286 cases an amount of Rs. 136.59 crore has been recovered.
- In 48,007 cases amounting to Rs. 73.8 crore where excess benefits were extended to the beneficiaries, in 27,964 cases, an amount of Rs. 36.42 crore has been recovered.
- In 78,640 cases amounting to Rs. 19.43 crore where inadmissible charges/interest were claimed by the lending institutions, in 66,528 cases Rs. 13.2 crore has been refunded.
- In 78,129 cases amounting to Rs. 40.86 crore where less benefits were extended to the beneficiaries, in 1353 cases amounting to Rs. 3.4 crore the benefits have been released by the lending institutions.
- In 32,748 cases amounting to Rs. 68.28 crore where benefits were not given to eligible persons, in 458 cases Rs. 0.8 crore has been released by the lending institutions.
- In 5411 cases disciplinary action has been taken initiated/taken against the staff by the lending institutions.
- In 757 cases the responsibilities of auditors has been fixed by the lending institutions and in 4030 cases of tampering of records 22 FIRs have been filed.
- Rs. 164.60 crore has been recovered from ICICI Bank along with penal interest of Rs. 54.80 crore effecting a total recovery of Rs. 219.40 crore.
- The Government has also recovered Rs. 149.79 crore from NABARD on the ground that the interest for the first instalment was outside the purview of the ADWDRS, 2008.
- All the lending institutions were advised to deposit the entire amount to the Government forthwith without waiting for actual recoveries. So far, a total recovery from lending institutions has been to the extent of Rs. 627.68 crore against Rs. 666.72 crore.

**Vetted Comments of Audit**

The records of the re-verification of cases by the lending Institutions/Banks and the details of the beneficiaries affected along with the amount paid as well as recoveries made may please be shown to PAC. The details of action taken against the erring staff of lending Institutions/Banks may also please be shown to PAC.

**Further Comments of the Ministry**

The Government has by and large accepted almost all the observations of C&AG in its Performance Audit Report on ADWDRS, 2008 and swiftly acted for re-verification of all the claims immediately on receipt of feedback received from C&AG during Exit Conference on 7.12.2012. The lending institutions, on their part, have carried out re-verification of all the claims and have recovered the undue amount and have refunded the same to the Government. Under the Scheme, as many as 3.73 crore farmers were covered. Based on the information furnished by the nodal agencies *i.e.* RBI and NABARD an amount of Rs. 627.6 crore has been recovered against Rs. 666.72 crore. In 5411 cases, disciplinary action was taken against the staff by the lending institutions and in 757 cases the responsibilities of auditors were fixed by the lending institutions and in 4030 cases of tampering of records, 22 FIRs were filed. However, as the branches of the lending institutions are spread across the country, the Hon'ble Committee would appreciate that recalling all the individual records pertaining to 3.73 crore farmers by the nodal respective agencies for placing before the Hon'ble PAC would be a gigantic task. The Hon'ble Committee may consider waiving such a requirement. However, the same would be collected and produced before the Hon'ble Committee, if so desired.

Sd/-

(Anurag Jain)

Joint Secretary to the Government of India

[Ministry of Finance, Department of Financial Services OM No. 4/7/2014-AC  
dated 8 October, 2014]

**CHAPTER III**

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

—NIL—

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

—NIL—

NEW DELHI;  
26 April, 2015  
07 Vaisakha, 1937 (Saka)

PROF. K.V. THOMAS  
*Chairperson,*  
*Public Accounts Committee.*



## APPENDIX I

### MINUTES OF THE EIGHTEENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2014-15) HELD ON 27TH MARCH, 2015

The Committee sat on Friday, the 27th March, 2015 from 1130 hrs. to 1415 hrs. in Room No. 53, Parliament House, New Delhi.

#### PRESENT

Prof. K.V. Thomas — *Chairperson*

#### MEMBERS

##### *Lok Sabha*

2. Shri S.S. Ahluwalia
3. Shri Nishikant Dubey
4. Shri Gajanan Kirtikar
5. Shri Bhartruhari Mahtab
6. Shri Dushyant Singh
7. Shri Janardan Singh Sigriwal
8. Shri Shiv Kumar Udasi
9. Dr. Kirit Somaiya
10. Dr. P. Venugopal

##### *Rajya Sabha*

11. Shri Vijay Goel
12. Shri Bhubaneswar Kalita
13. Shri Shantaram Naik
14. Shri Sukhendu Sekhar Roy

#### SECRETARIAT

- |                      |   |                            |
|----------------------|---|----------------------------|
| 1. Shri A.K. Singh   | — | <i>Joint Secretary</i>     |
| 2. Shri Jayakumar T. | — | <i>Additional Director</i> |
| 3. Shri P. Haokip    | — | <i>Deputy Secretary</i>    |

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

- |                       |   |  |
|-----------------------|---|--|
| 1. Shri A.K. Singh    | — | Deputy C&AG (RC)                       |
| 2. Shri Satish Loomba | — | Director-General (Central Expenditure) |

3. Shri L.S. Singh — Principal Director (PAC)  
 4. Shri Atoorva Sinha — Director  
 5. Shri K. Mani — Director (O/o DGCE)

**Representatives of the Ministry of Culture**

1. Shri Ravindra Singh — Secretary  
 2. Shri K.K. Mittal — Additional Secretary

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5. The witnesses then withdrew.

6. The Committee thereafter took the following draft reports for consideration:—

- (i) Draft report on 'Integrated Child Development Services (ICDS) Scheme' based on C&AG Report No. 22 of 2012-13.
- (ii) Draft report on the subject 'Railways Finances' based on C&AG Report No. 12 of 2013.
- (iii) Draft report on action taken by the Government on the observations/recommendations contained in the Ninety-Fifth Report (Fifteenth Lok Sabha) on 'Implementation of Agricultural Debt Waiver and Debt Relief Scheme, 2008'.

7. However, one of the members desired that he had certain suggestions for the draft report on Railways Finances which Hon'ble Chairperson may consider for inclusion. Hon'ble Chairperson asked the member to give his suggestion in writing and assured for giving due consideration to the same.

8. After discussions, the Committee adopted the three draft reports with minor modifications as suggested by the Members. The Committee then authorized the Chairperson to finalize the reports in the light of factual verifications, if any, made by the Audit and present them to Parliament on a convenient date.

A copy of the verbatim proceedings was kept on record.

*The Committee then adjourned.*

## APPENDIX II

(Vide Paragraph 5 of Introduction)

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

- |  |   |                               |
|--|---|-------------------------------|
| (i) Total Number of Observations/Recommendations   | — | 12                            |
| (ii) Observations/Recommendations of the Committee which have been accepted by the Government:   | — | Total: 12<br>Percentage: 100% |
| Para Nos. 1 to 12  |   |                               |
| (iii) Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:                                 | — | Total: 0<br>Percentage: 0     |
| Nil  |   |                               |
| (iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: | — | Total: 0<br>Percentage: 0     |
| Nil  |   |                               |
| (v) Observations/Recommendations in respect of which the Government have furnished interim replies:  | — | Total: 0<br>Percentage: 0     |
| Nil  |   |                               |