

**FORTY-SECOND REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(2001-2002)**

**(THIRTEENTH LOK SABHA)**

**CALAMITY RELIEF FUND**

[Action Taken on Twenty-Eighth Report of  
Public Accounts Committee (13th Lok Sabha)]

**MINISTRY OF AGRICULTURE**  
**(DEPARTMENT OF AGRICULTURE**  
**AND COOPERATION)**



*Presented to Lok Sabha on 18-12-2002*  
*Laid in Rajya Sabha on 18-12-2002*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*December, 2002/Agrahayana, 1924 (Saka)*

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COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE  
(2002-2003)

Sardar Buta Singh — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Haribhai Chaudhary
3. Shri M.O.H. Farook
4. Dr. Madan Prasad Jaiswal
5. Shri Bhartruhari Mahtab
6. Dr. K. Malaisamy
7. Dr. M.V.V.S. Murthi
8. Shri Rupchand Pal
9. Shri Prakash Paranjpe
10. Shri Ramsagar Rawat
11. Shri N. Janardhana Reddy
12. Shri Chhatrapal Singh
13. Shri Kirit Somaiya
14. Shri Chinmayanand Swami
15. Shri Brij Bhushan Sharan Singh

*Rajya Sabha*

16. Shri S. Agniraj
17. Shri Santosh Bagrodia
18. Shri Prasanta Chatterjee
19. Shri K. Rahman Khan
20. Shri Bachani Lekhraj
21. Dr. Alladi P. Rajkumar
22. Prof. Ram Gopal Yadav

LOK SABHA SECRETARIAT

- |                          |                             |
|--------------------------|-----------------------------|
| 1. Shri P.D.T. Achary    | <i>Additional Secretary</i> |
| 2. Shri K.V. Rao         | <i>Joint Secretary</i>      |
| 3. Shri Devender Singh   | <i>Deputy Secretary</i>     |
| 4. Shri B.S. Dahiya      | <i>Under Secretary</i>      |
| 5. Shri Krishendra Kumar | <i>Reporting Officer</i>    |

## INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee, do present on their behalf, this Forty-Second Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 28th Report (13th Lok Sabha) on "Calamity Relief Fund".

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 17 December 2002. Minutes of the sitting form Part-II of the Report.

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 and have also been reproduced in a consolidated form in Appendix to 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.

NEW DELHI;  
17 December, 2002  
26 Agrahayana, 1924 (Saka)

SARDAR BUTA SINGH,  
Chairman,  
Public Accounts Committee.

## CHAPTER I

This Report of the Committee deals with the Action Taken by the Government on the Observations /Recommendations of the Public Accounts Committee (13th Lok Sabha) contained in their 28th Report on Chapter-I of the Report of the Comptroller and Auditor General of India for the year ended 31 March, 1998, No. 3 of 1999, Union Government (Civil—Performance Appraisals) relating to "Calamity Relief Fund".

1.2 The Report was presented to Lok Sabha on 18 December, 2001. It contained 9 Observations/Recommendations. The Action Taken Notes have been received in respect of all observations/recommendations and have been categorised as follows:

- (i) Observations/Recommendations that have been accepted by the Government:  
Sl. Nos. 1, 2, 4, 5, 7 and 8
- (ii) Observations/Recommendations which the Committee do not desire to pursue in the light of the replies received from the Government:  
NIL
- (iii) Observations/Recommendations replies which have not been accepted by the Committee and requires reiteration:  
NIL
- (iv) Observations/Recommendations in respect of which the Government have furnished interim replies:  
Sl. No. 3, 6 and 9.

1.3 The Committee hope that the final action taken replies to the recommendations contained in Sl. No. 3, 6 and 9 to which only interim replies have been furnished will be submitted to them expeditiously.

### Calamity Relief fund

1.4 The Calamity Relief Fund and National Fund for Calamity Relief (NFCR) were constituted as per recommendations of Ninth and Tenth Finance Commission respectively. The scrutiny of expenditure and investments out of Calamity Relief Fund during 1992—98 incurred by the Ministries of Agriculture and Finance, the concerned departments and implementing agencies in 22 States revealed that the fund had not met the intended objectives of providing relief during natural calamities. It was mandatory for each State to set up a Calamity Relief Fund for the purpose of financing natural Calamity relief assistance. The Scheme stipulated investment of the accretion of the fund together with income earned therefrom in proportionate percentage in security bonds, treasury bills and as deposited in Public Sector Banks and State Cooperative Banks. Test check disclosed that many States had not set up separate CRF as envisaged under the scheme and continued with the practice of incurring expenditure on calamity relief from general revenues. Funds received by some of the States were either booked as State receipts or were parked in revenue deposits, personal ledger Account, Civil Deposit, Bank etc. The Ministry continued to release funds to these States without enforcing the pre-condition of setting up of separate CRF. Investment norms stipulated in the Scheme were violated as States did not invest, if

invested, invested partially or there were instances where the States invested in violation of norms. In 9 States excess expenditure of Rs. 84.10 crore towards provision for relief assistance was incurred beyond the prescribed norms and in some States excess payment was made without damage assessment and in some other States double payments were made. The role of Ministry of Finance was limited to automatic disbursement of grants without overseeing the quality of expenditure. State Governments diverted Rs. 519.54 crore on activities not connected with relief measures. During 1992—1998 the implementing agencies in some States had delayed relief assistance to the victims of calamity by one to 80 months. NFCR was set up in April 1995 with the corpus of Rs. 700 crore with the objective of providing relief to the States in case of calamity of rare severity if the States are unable to cope with the situation with their own CRF. Sample checks disclosed that assistance out of NFCR was released after a delay ranging from three to thirteen months. Despite the prescribed format issued by the Ministry for monitoring the financial and fiscal aspects of utilization of CRF the submission of the Reports by most of the State Governments was tardy and in some cases there was lack of relevant information.

1.5 On the examination of the Scheme evolved by the Ministry of Finance/Agriculture to provide prompt calamity relief and prevent any misuse or diversion through its merger with general revenues the Committee had *inter-alia* recommended:—

- (i) making suitable amendments in the scheme to avoid implicit automatic transfer of resources and also to ensure that the guidelines regarding release of funds are scrupulously adhered to having inbuilt provisions in the scheme so that the States which have failed to constitute a separate CRF are impelled to set up the same;
- (ii) asking the States to follow the norms scrupulously as it would go a long way in tackling the aftermath of a calamity swiftly and decisively;
- (iii) a foolproof system to be evolved and put in place to enforce financial accountability;
- (iv) evolving effective financial control mechanism following the recommendations of the 11th Finance Committee (EFC) and making it incumbent upon the States to follow the guidelines scrupulously for best possible results;
- (v) dealing firmly with any case of diversion or misuse of funds meant for CRF so that there is no deviation from the guidelines and enquiry into all cases of misappropriation and embezzlement of funds pointed out by Audit and appropriate and conclusive action initiated to effect recovery of such funds and to bring the guilty officials to book;
- (vi) suitable provisions be made in the revised scheme to ensure that prompt supply of material assistance really becomes the essence of the scheme as envisaged;
- (vii) simplification and addressing threadbare again the procedure for sending assistance from NFCR so that the very objective of creation of NFCR to ensure expeditious relief to the victims of calamities within the barest possible time is realized;

- (viii) framing of a comprehensive scheme with the objective of ensuring that the relief reaches the victims of natural calamity within a reasonable time frame; the scheme is effectively monitored and the chances of possible misuse/diversion are avoided in the light of the recommendations of the 11th Finance Commission.

1.6 The observations/recommendations made by the Committee and action taken notes furnished by the Ministry of Agriculture (Department of Agriculture and Cooperation) thereon have been reproduced in the relevant chapters of this Report. However, the Committee deal with the action taken by Government on some of their observations and recommendations in the succeeding paragraphs.

**Expenditure in excess of norms  
(Paragraph No. 56)**

1.7 Highlighting the delay on behalf of Committee of experts constituted to review the list of items approved for incurring expenditure from the CRF, the committee had made the following recommendations:

"following the recommendation of 10th Finance Commission, the Government had set up a Committee of experts which had identified the list of items and norms of assistance. The list was communicated to all the States in June, 1995. According to Audit, in 9 States excess expenditure of Rs. 84.10 crore towards provision for relief assistance was incurred beyond the prescribed norms and in some states excess payment was made without damage assessment and in some other states, double payments were made. According to Ministry, the items of expenditure permissible under CRF/NFCR and the norms of assistance from these funds were prescribed in respect of 26 items and, depending upon local conditions the State Governments were permitted to make exception for special requirements of local conditions. The Committee are constrained to observe that the Committee of Experts constituted to review the list of items approved for incurring expenditure from the CRF and also for drawing state specific lists on the basis of the recommendations of EFC has not yet finalized its recommendations even after a lapse of one year. Considering the fact that the Ministry of Agriculture has been ineffective in ensuring financial accountability, they recommend that a foolproof system be evolved and put in place to enforce financial accountability."

1.8 In their action taken note furnished to the Committee, the Ministry of Agriculture (Department of Agriculture & Cooperation) have stated as under:

"the recommendations of the Committee of Experts has since been accepted by the Government and the revised items of expenditure from the CRF/NFCR along with the scale thereof has been notified."

**1.9 The Committee are happy to note that the recommendations/observations of the Committee of Experts constituted to review the list of items for incurring expenditure from the CRF and also for drawing state specific lists on the basis of the recommendations of EFC have been accepted by the Government and the revised list of items of expenditure from the CRF/NFCR alongwith the scale thereof has been notified.**

**The Committee hope that the Ministry would keep a constant watch on the disbursement of money for providing calamity relief effectively.**

**Delayed response  
(Paragraph No. 59)**

1.10 Commenting upon the delay caused by the implementing agencies in some states in providing relief assistance to the victims of calamity the Committee observed that:

"One of the essential requirement in case of a calamity is the necessity of supplying relief that brooks no delay. According to Audit, during 1992—98, the implementing agencies in some States had delayed relief assistance to the victims of calamity by one to 80 months. Responding to Committee's query, the Ministry stated that under the scheme it is incumbent on the SLC to ensure that relief is immediately dispatched to the affected people through its own machinery. The Ministry further stated that the primary responsibility of providing relief and rehabilitation to the people in the State is that of the State Government and they have been advised to be more alert and prompt in this regard. The Committee cannot condone with an enormous and unconscionable delay ranging upto 80 months in reaching out relief to the victims of the calamity which in their considered view, reflects inherent structural defects in the scheme and an attitude of callousness on the part of all concerned in responding to the immediate relief and rehabilitation needs of the victim of calamity. The Committee, therefore, recommend that suitable provisions be made in the revised scheme to ensure that prompt supply of material assistance really becomes the essence of the scheme as envisaged".

1.11 The Ministry of Agriculture (Department of Agriculture & Cooperation) *vide* there action taken note have stated that:

"Although the PAC has only recommended that State Governments should be asked to furnish the statement of expenditure and the subsequent installment be released on that basis, this Department is of the view that this laudable objective can be achieved by effecting, certain amendments in the CRF scheme. Therefore, the Department in pursuance of the observation of the Committee has requested the Ministry of Finance, Department of expenditure to effect certain amendments in the CRF Scheme so that a reasonably detailed break-up of expenditure is available to facilitate a fair degree of monitoring of such expenditure. With the amendment in the Government of India (Allocation of Business) Rules, it is hoped that the matter will be pursued by Ministry of Home Affairs, and amendments are carried out by the Ministry of Finance to effectuate the recommendations of the Committee Attention of the State Government to cases of dismension and misuse of funds has been drawn. Further action will be taken and intimated to the PAC upon receipt of response."

1.12 **The Committee take note of the need for effecting certain amendments in the CRF scheme. They would like the Ministry of Finance and Agriculutre to work out the modalities of amendments expeditiously to facilitate effective expenditure monitoring. The Committee are optimistic that the Ministry of Agriculture would make concerted efforts to ensure that relief and rehabilitations reach the victims of the calamity timely and in accordance with the spirit of the scheme.**



## CHAPTER II

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

India, being a country of vast geographical dimension and climatic diversity, has been enduring the onslaughts of natural calamities quite frequently. During 1992—98, various natural calamities affected an estimated population of 31.93 crore, damaged 3575 lakh hectare of crop area and resulted in the death of 21796 persons. The Committee note that the Ninth Finance Commission constituted in 1990, had recommended that creation of a corpus for a CRF in each State. The Ministry of Finance, Department of Expenditure, notified in January 1991 the 'Scheme for Constitution and Administration of Calamity Relief Fund and Investment thereof' for each State. The Tenth Finance Commission recommended continuation of CRF with certain modifications. The amount of CRF that worked out for all States for the period 1 April, 1995 to 31 March, 2000 was determined as Rs. 6304.27 crore, to which the Centre's contribution was Rs. 4728.19 crore and States share Rs. 1576.08 crore. The Ministry notified a revised 'Scheme for Constitution and Administration of Calamity Relief Fund and Investments thereof' in July, 1995, which was deemed to have come into effect from 1 April, 1995. In the light of experience gained during the operation of the Scheme, the Committee observe that the Eleventh Finance Commission (EFC) have recommended certain changes in the modalities of the Scheme. The Committee were informed that on the basis of the accepted recommendations of the EFC, a revised scheme of CRF, in super session of the 1995 Scheme, is under consideration by the Ministry of Finance.

Sl. No. I Appendix Para 53 of 8th Report of PAC (Thirteenth Lok Sabha)

#### Action Taken

The revised Scheme based on the recommendations of the Eleventh Finance Commission has since been framed and implemented. A copy of the Scheme notified by the Ministry of Finance is at Annexure-I.

Sd/-

(Naved Masood)

Joint Secretary of the Govt. of India.

[Ministry of Agriculture. (Deptt. of Agri. & Coopn.) O.M. No. 31-1/2002-NDM dated 22nd April, 2002.]

No. 43 (1)PF. 1/2000  
Government of India  
Ministry of Finance  
Department of Expenditure  
Plan Finance 1. Division

New Delhi, the 24th November, 2000

To

The Chief Secretary  
Government of \_\_\_\_\_

**Subject:** *"Scheme for Constitution and Administration of the Calamity Relief Fund and Investments therefrom" based on the recommendations of the Eleventh Finance Commission in its Report relating to calamity relief for 2000-05.*

Sir,

I am directed to state that the scheme for Constitution and Administration of the Calamity Relief Fund and Investments therefrom circulated *vide* this Ministry's letter No. 43(1) PF.1/95 dated 27th July, 1995 was valied for the period 1995—2000. The Eleventh Finance Commission (EFC) was required to review this scheme of Calamity Relief Fund (CRF) and to make appropriate recommendations thereon. The EFC accordingly, reviewed the existing scheme of CRF keeping in view the suggestions made by the State Governments, Ministry of Agriculture and this Ministry and has recommended for the continuation of the scheme of CRF with certain modifications. The recommendations of the EFC in this regard were accepted by the Government of India.

2. In accordance with the recommendations of the EFC and after consultation with the State Governments, Reserve Bank of India, Controller General of Accounts, Comptroller and Auditor General of India and Ministry of Agriculture, a revised "Scheme for Constitution and Administration of the Calamity Relief Fund and Investments therefrom" has been prepared. A copy of the same is enclosed for necessary action. The Scheme is deemed to have come into force *w.e.f.* 1st April, 2000.

3. The balance of Centre's share of CRF for the current year (2000-01) will be released to the State Government only after fulfillment of the conditions laid down in para 6 of the Scheme. You are, therefore, requested to kindly take necessary action in the matter immediately so that release of Centre's share of CRF could be considered by this Ministry.

4. A copy of the Hindi version of the scheme is also enclosed.

5. The receipt of this letter may kindly be acknowledged.

Sd/-  
(R. Bannerji)

Joint Secretary to the Government of India.

Copy to:

1. Finance Secretary, Government of \_\_\_\_\_ (2 copies)
2. Account General \_\_\_\_\_
3. Reserve Bank of India, Central Office, Mumbai.
4. Comptroller & Auditor General of India, New Delhi.
5. Controller General of Accounts, Lok Nayak Bhawan, New Delhi.
6. Controller of Accounts, Department of Expenditure/Economic Affairs, N.D.
7. Prime Minister Office.
8. Cabinet Secretariat.
9. Member Secretary, Planning Commission, New Delhi.
10. Ministries/Departments:—
  - (i) Ministry of Agriculture (NDM Division) (5 copies)
  - (ii) Ministry of Water Resources.
  - (iii) Ministry of Urban Development.
  - (iv) Ministry of Health & Family Welfare.
  - (v) Ministry of Transport.
  - (vi) Department of Rural Development.
  - (vii) Department of Drinking Water Supply.
  - (viii) Department of Economic Affairs, (Budget Division).
11. Finance Commission Division, Deptt. of Expenditure.

Sd/-

(R. Bannerji)

Joint Secretary to the Government of India.

**Scheme for Constitution and Administration of the Calamity Relief Fund and Investments therefrom**

<b>Title of the Scheme</b>	1. The scheme shall be called Calamity Relief Fund Scheme.
<b>Period of Operation</b>	2. It shall come into force with effect from the financial year 2000-01 and will be operative till the end of the financial year 2004-05.
<b>Calamities covered under the Scheme.</b>	3. The CRF should be used for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood and hailstorm.
<b>Constitution of Calamity Relief Fund</b>	4. A "Calamity Relief Fund" (hereinafter referred to as the Fund) will be constituted by each State (if not already constituted) for the purpose of financing natural calamity relief assistance. The Fund would be constituted in the Public Account and classified under the head "8235—General and Other Reserve Funds-III Calamity Relief Fund" in the accounts of the Government concerned. However, if for some reason it is not possible to invest the fund in a manner prescribed in para 9 of the scheme, it should be classified under the head "8121—General and Other Reserve Funds" in the interest bearing section of the Public Account, under a distinct minor head.

**Contributions  
to the Fund**

5.1 The amount of annual contribution to the Calamity Relief Fund of each State for each of the financial years 2000-01 to 2004-05 would be as indicated in Annexure-I to this scheme. Of the total contribution indicated, Government of India will contribute 75% of the total yearly allocation in the form of a non-plan grant and the balance amount will be contributed by the State Government concerned. The yearly share of the Government of India and the State Governments are shown in the Annexures-II and III respectively. In respect of successor States of Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Uttar Pradesh, and Uttaranchal the information is as shown in Annexure-IV.

5.2 The share of the Government of India to the Fund shall be paid to the State Government as Grants-in-aid and accounted in the Government of India accounts under the head "3601-Grants-in-aid to State Governments-01 Nonplan grants-109 Grants towards contribution to Calamity Relief Fund". The State Governments shall take these as receipts in their budget and accounts under the head "1601-Grants-in-aid from Central Government-01 Non-plan Grants 109 Grants towards contribution to Calamity Relief Fund."

5.3 In order to enable transfer of the total amount of contribution, to the Fund (including the State's share of contribution), the State Governments would make suitable Budget provision on the expenditure side of their budget under the head "2245-Relief on Account of Natural Calamities-05 Calamity Relief Fund-101 Transfer to Reserve Fund and Deposit Accounts-Calamity Relief Fund."

5.4 The share of the Central Government shall be remitted to the State Government in two instalments on 1st May, and 1st November in each Financial year. Likewise, the State Governments shall also transfer the total contribution (including State's share) to the Fund in two instalments in may and November of the same year. The arrears of first instalment for the financial year 2000-01 will be paid/transferred by the Governments concerned immediately. Wherever the contribution has already been released/transferred by the Central/ State Government, suitable accounting adjustments may be carried out in accordance with the provisions of this scheme.

**Release of  
Central  
Contribution  
to the Fund**

6. The share of the Government of India to the Fund due in a year shall be released to the State Governments subject to the following conditions:

(i) A 'Calamity Relief Fund' has been duly constituted by the State Government in the manner prescribed in para 4 above. The creation of the Fund duly certified by the Accountant General (A&E) of the State be furnished by the State Government to the Ministry of Finance.

(ii) Before an instalment is released, the State Government shall furnish a certificate to the Ministry of Finance indicating that the amount received earlier has been credited to the Fund along with the State's share of contribution, accompanied by a statement giving the up-to-date expenditure and the balance amount available in the CRF. This statement itself shall be treated as utilisation certificate.

(iii) Centre's contribution due on 1st November, shall be released only after the 'Annual Report on Natural Calamities' as indicated in para 11.2 of the scheme is received by the Ministry of Agriculture who in turn will communicate the same to Ministry of Finance.

(iv) The release of both the instalments shall be made by Ministry of Finance subject to the above conditions being satisfied unless advised by Ministry of Agriculture for withholding of release to any State.

(v) The State shall be able to draw 25% of the funds due to the State in the following year from the Centre to be adjusted against the dues of the subsequent year.

**Relationship of Fund with General Revenues/ Public Account**

7. The periodic contributions to the Fund as well as the other income of the Fund shall be kept outside the Public Accounts of the States and invested in the manner prescribed in the scheme. However if for some reason it is not possible to invest in the manner prescribed in the scheme, it should be kept in the Public Account on which the State Government should pay interest to the Fund at one and half times the rate applicable to overdrafts under Overdraft Regulation Scheme of the RBI. The interest will be credited on a half yearly basis.

**State Level Committee**

8.1 A State-level Committee (hereinafter referred to as 'the Committee') shall be constituted by the State Government to administer the Fund, by issue of a suitable notification in this behalf.

**Composition of State Level Committees**

8.2 The Chief Secretary of the State shall be the *ex-officio* Chairman of the Committee. The Committee would consist of officials who are normally connected with relief work and experts in various fields in the State affected by natural calamities. The Committee will be nominated by the State Government.

**Sub-Committee**

8.3 The State Government and/or the State level Committees may constitute subcommittees as may be considered necessary by them in connection with the work of the Committee.

**Functions of the State Level Committee**

8.4 The Committee will decide on all matters connected with the financing of the relief expenditure.

8.5 The Committee will arrange to obtain the contributions from the concerned Governments, administer the Fund and invest the accretions to the Fund as per the norms approved by the Government of India from time to time. The norms of investment are indicated in para 9.3.

8.6 The Committee shall also be responsible to ensure that the money drawn from the Calamity Relief Fund is applied for the purposes for which the Fund has been set up and only on items of expenditure and as per norms contained in the guidelines issued by Ministry of Agriculture.

8.7 The accretions to the Fund together with the income earned on the investments of the Fund will be used by the Committee to meet items of expenditure covered by the norms contained in the guidelines issued by the Ministry of Agriculture. No further financial assistance (beyond the Central Government's yearly contribution to the Fund) will ordinarily be available for the purpose.

**Expenditure  
of  
Committee**

8.8 All administrative and miscellaneous expenses of the Committee shall be borne by the State Government under its normal budgetary provisions and not from the CRF.

**Administration  
of the Fund**

9.1 As stated in paragraph 8.1 above, the responsibility for the administration of the Fund will rest with the Committee.

9.2 On receipt of the amounts of contributions from the Government, the Committee would take action for investment of the funds as per the prescribed norms. The investment of the funds shall be carried out by the branch of the Reserve Bank of India (having Banking Department) at headquarters of the State. In the case of States in which there is no such branch of the Reserve Bank of India at the State headquarters, the investments shall be carried out by the bank designated by RBI. In the case of Government of Jammu & Kashmir and Sikkim these functions shall be carried out by their bankers.

**Pattern of  
Investment  
from the  
Fund**

9.3 The accretions to the Fund together with the income earned on the investment of the Fund shall, till contrary instructions are issued by Government of India under para 8.5, be invested in one or more of the following instruments:

- (a) Central Government dated Securities
- (b) Auctioned Treasure Bills
- (c) Interest earning deposits and certificates of deposits with Scheduled Commercial Banks;
- (d) Interest earning deposits in Co-operative Banks.

**Account of  
Investment  
Transactions**

9.4 The Committee will, from time to time, issue instructions to the concerned local bankers indicated in para 9.2 above to invest specified amount(s) from the Fund in the securities specified in clauses (a) to (d) under paragraph 9.3. Such instructions will be issued by the Chairman and any one of the members of the Committee. The banks will immediately arrange to make the necessary

investment locally or through their branches/correspondent banks/ RBI at Bombay or other metropolitan centres. The banks would scroll to the Government the debit on account of the investment and other incidental charges like brokerage, Commission etc. in the usual course. However, in order to ensure that the investment transactions of the Fund do not get mixed up with other transactions these may be indicated distinctly in separate scrolls.

On receipt of the scrolls the investment transactions would be accounted for under the head "8235-General and other Reserve Fund-112 Calamity Relief Fund Investment Account." However, the incidental charges like brokerage, Commission etc. shall be accounted for as a charge on the Fund.

9.5 As far as practicable, the investment in the dated securities of the Central Government should be made in their new issues, that is to say, at the time when they are offered for subscription to the public.

9.6 The bank will arrange to collect interest on these securities/ bonds and credit the same to the account of the Government on the due date. These receipts shall form a part of the receipts of the Fund and would be accounted for as such. Further, these would require to be invested by the Committee as in the case of the contributions by the Government i.e. in accordance with the investment norms prescribed in para 9.3 above. On maturity of the securities, the proceeds will be collected and credited to the account of the Government or reinvested on the basis of instructions received from the Committee. As in the case of the debit scrolls the banks shall use separate scrolls for the receipts.

9.7 On receipt of instructions from the Committee, the concerned bank will arrange to sell the securities at the ruling price through its branches/correspondent banks/RBI at Bombay or any other metropolitan Centre and credit the amount realised, less incidental charges, to the account of the Government.

9.8 The receipts on account of maturity or sale of the securities would be taken to the account of the "Calamity Relief fund Investment Account". The incidental charges on sale would be charged on the Fund.

9.9 The auctioned Treasury Bills may be purchased by the bank either at the Treasury Bill auctions on the basis of a non-competitive bid or in the market.

9.10 The Committee will assess the requirements of assistance from the Fund for financing relief expenditure. The provision for expenditure on relief will be made in the budget of the State

Government under the relevant heads. the extent of relief expenditure to be financed from the Fund as decided/authorised shall be withdrawn from the Fund by the Committee after disposal of the investment holdings in the manner prescribed in para 9.11 and credited to the CRF Investment Account. However, only the actual amount of relief expenditure shall be brought to account under the head "2245—Relief on account of Natural Calamities—05 Calamity Relief Fund—901 Deduct amount met from Calamity Relief Fund", which will appear as a recovery below the line in the Demands for Grants of the State Government.

9.11 To meet liability on account of the claims sanctioned for relief, the Committee will first dispose of its holdings of auctioned Treasury Bills to the extent required, the oldest lot of bills being sold first and so on. If the amount obtained by the sale of auctioned Treasury Bills is not sufficient to meet the liability towards relief sanctioned, the Committee may encash the deposits with the local branches of the scheduled commercial banks and the co-operative banks. The Central Government dated securities may be sold only if the amount realised by the sale of treasury bills and encashment of the deposits is not adequate.

9.12 The concerned State Government will pay to the RBI/SBI other banks a commission at the rate determined by RBI in consultation with the concerned State Government. These charges shall also be borne by the Fund as in the case of the charges indicated in paras 9.4 and 9.8. The loss or gain on the sale of securities shall also be taken to the account of the Fund.

**Items and  
Norms of  
Expenditure.**

10.1 The expenditure on restoration of damaged capital works should ordinarily be met from the normal budgetary heads, except when it is to be incurred as part of providing immediate relief such as restoration of drinking water sources or provision of shelters etc. or restoration of communication links for facilitating relief operations. A Committee of experts and representatives of States set up by the Ministry of Agriculture shall review the list of items of expenditure which alone will be chargeable to the Fund. A State-specific list shall also be finalised in consultation with the representatives of the concerned State Government after taking into consideration the State specific needs and practices.

10.2 The norms for the amounts to be incurred on each approved item of expenditure shall be prescribed by the State level Committees. The norms so fixed shall be communicated to the Union Ministry of Agriculture which may modify them only when they are significantly high. In case any State Government exceeds the amount prescribed the excess expenditure should be borne from the normal budget of the State Government and not from CRF.



10.3 Expenditure on training of the core multi-disciplinary group created in the State as per the guidelines of the Ministry of Agriculture, shall be met from CRF.

**Monitoring  
by the  
Ministry of  
Agriculture.**

11.1 The Ministry of Agriculture will be nodal Ministry for overseeing the operation of CRF. They shall monitor the scheme of CRF and may advise State Level Committee from time to time in this regard to ensure proper functioning of the scheme. Further, Ministry of Agriculture shall recommend for adjustment/withholding of release of any instalment to the States in the event of any deficiency/shortcoming in the implementation of the scheme by the States.

11.2 The State Governments shall furnish every year an Annual Report on Natural Calamities in the format prescribed by Ministry of Agriculture. This report shall be sent by every State Government to the Ministry of Agriculture positively by 30th September, every year, even if the report is nil.

11.3 The National Centre for Calamity Management (NCCM) to be established by the Ministry of Agriculture shall, *inter-alia*, undertake evaluation of the expenditure incurred out of CRF.

**Unspent  
Balance in  
the Fund.**

12. The unspent Balance in the Fund as at the end of the Financial year 2000-05 will be available to the State Government for being used as a resource for the next plan.

**Accounts.**

13. The Accounts of the Fund and the investment shall be maintained by the Accountant General incharge of accounts of the State in the normal course. The Committee will, however, maintain subsidiary accounts in such manner & details as may be considered necessary by the State Government in consultation with the Accountant General.

**Savings.**

14. The Central Government shall issue instructions relating to the provisions of the scheme as may be considered from time to time to enable smooth functioning of the scheme. The Central Government may also alter/modify the scheme if considered necessary subsequently. In case of any difficulty in the operation of any provisions of this scheme, the Central Government, if satisfied, may relax the provisions.

#### **MINISTRY OF AGRICULTURE DEPARTMENT OF AGRICULTURE & COOPERATION**

##### **Recommendation**

The Committee note that the scheme explicitly provides that a Calamity Relief Fund (CRF) will be constituted by each State for the purpose of financing natural calamity relief assistance. Test Check conducted by Audit disclosed that many States had not set up a separate CRF as envisaged under the scheme and continued with the practice of incurring expenditure on calamity relief from general revenues. Funds received by

some of the States were either booked as State receipts or were parked in Revenue Deposits, Personal Ledger Account (PLA), Civil Deposit, Bank etc. The Ministry continued to release funds to these States without enforcing the pre-condition of setting up of a separate CRF. According to the Ministry, the 10th Finance Commission had recommended that before releasing the amount due in any year, the Ministry of Finance should ensure that the Central contributions released in early years have been credited to the account of CRF. The Secretary (Agriculture) conceded during evidence that some State Governments have created a distinct CRF and some have operated the CRF under separate budget heads despite the guidelines stipulating setting up of a separate Calamity Relief Fund. The Ministry of Agriculture have informed the Committee that all States except Bihar, Manipur and Maharashtra have credited the Central and State share for the period 1995-96 to 1998-99 to the account of CRF. The Committee observe that the provision of implicit automatic resource transfer by the Ministry of Finance every quarter was an inherent flaw in the design of CRF which led to several aberrations in its implementation. The Committee hope that, the Ministry will make suitable amendments in the scheme to avoid implicit automatic transfer of resources and also ensure that the guidelines regarding release of funds are scrupulously adhered to. The Committee desire that the Ministry of Agriculture should also make some inbuilt provisions in the schemes states which have failed to constitute a separate CRF are impelled to set up the CRF.

(Sl. No. 2 Appendix)  
Para 54 of 28th Report of PAC  
(Thirteenth Lok Sabha)

#### **Action Taken**

In keeping with the recommendations of the Eleventh Finance Commission, Ministry of Finance has already made 'in-build' provisions in the Scheme (Annexure-I) which ensure that there is no automatic resource transfer. The relevant provision is that every State must furnish a certificate to the Ministry of Finance that the earlier Central and State shares have been duly credited to the CRF. Fresh instalments are to be released after this certificate is furnished. Both the Department of Agriculture and Cooperation and Ministry of Finance are scrupulously adhering to this arrangement, and the earlier state of affairs now does not prevail.

Sd.  
(Naved Masood)  
Joint Secretary to the Govt. of India

(Ministry of Agriculture, (Deptt. of Agri. & Coop.) O.M. No. 51-1\2002-NDM dated 22nd April 2002.

## Calamity Relief Fund during 2000—2005

(Rs. in Lakhs)

S. No.	STATE	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	TOTAL 2000—2005
1		2	3	4	5	6	7
1.	Andhra Pradesh	19806	20796	21836	22928	24074	109440
2.	Arunchal Pradesh	1202	1262	1325	1392	1461	6643
3.	Assam	10149	10657	11189	11749	12336	56081
4.	Bihar*	12366	12984	13633	14315	15030	68328
5.	Goa	124	130	137	144	151	685
6.	Gujarat	16140	16947	17794	18684	19618	89184
7.	Haryana	8130	8537	8964	9412	9883	44926
8.	Himachal Pradesh	4349	4566	4794	5034	5286	24029
9.	Jammu & Kashmir	3490	3665	3848	4040	4242	19285
10.	Karnataka	7457	7830	8221	8632	9064	41204
	Kerala	6724	7061	7414	7784	8173	37156
12.	Madhya Pradesh*	9010	9461	9934	10430	10952	49786
13.	Maharashtra	15720	16506	17332	18198	19108	86864
14.	Manipur	287	301	316	332	349	1586
15.	Meghalaya	394	414	434	456	479	2177
16.	Mizoram	297	312	328	344	361	1642
17.	Nagaland	196	206	216	227	238	
18.	Orissa	10947	11494	12069	12672	13306	60488
19.	Punjab	12272	12885	13530	14206	14917	67810
20.	Rajasthan	20700	21735	22822	23963	25161	14381
21.	Sikkim	691	725	762	800	840	
22.	Tamil Nadu	10264	10777	11316	11882	12476	56714
23.	Tripura	520	546	573	602	632	
24.	Uttar Pradesh*	17864	18757	19695	20680	21714	
25.	West Bengal	10110	10616	11147	11704	12289	
	<b>Total</b>	<b>199210</b>	<b>209170</b>	<b>219629</b>	<b>230610</b>	<b>242141</b>	<b>1100759</b>

\*Prior to re-organisation.

In respect of successor States of Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Uttaranchal the information is as shown in Annexure-IV.

**MINISTRY OF AGRICULTURE  
DEPARTMENT OF AGRICULTURE & COOPERATION**

**Recommendation**

The Committee note that following the recommendation of 10th Finance Commission, the Government had set up a committee of experts which had identified the list of items and norms of assistance. The list was communicated to all the States in June 1995. According to Audit, in 9 States excess expenditure of Rs. 84.10 crore towards provision for relief assistance was incurred beyond the prescribed norms and in some states excess payment was made without damage assessment and in some other States, double payments were made. According to Ministry, the items of expenditure permissible under CRF/NFCR and the norms of assistance from these funds were prescribed in respect of 26 items and, depending upon local conditions the State Governments were permitted to make exception for special requirements of local conditions. The Committee are constrained to observe that the Committee of experts constituted to review the list of items approved for incurring expenditure from the CRF and also for drawing State specific lists on the basis of the recommendations of EFC has not yet finalised its recommendations even after a lapse of one year. Considering the fact that the Ministry of Agriculture has been ineffective in ensuring financial accountability, they recommend that a foolproof system be evolved and put in place to enforce financial accountability.

(Sl. No. 4 Appendix)  
Para 56 of 28th Report of PAC  
(Thirteenth Lok Sabha)

**Action Taken**

The recommendations of the Committee of Experts has since been accepted by the Government and the revised items of expenditure from the CRF/NCCF along with the scale thereof has been notified (Annexure-IV).

(Naved Masood)  
Joint Secretary to the Govt. of India

[Ministry of Agriculture, (Deptt. of Agri. & Coopn.) O.M. No. 31. 2002-NDM dated 22nd April, 2002].

**Shares of New States of Jharkhand, Chhattisgarh and  
Uttaranchal in CRF for 2000—05**

(Rs. in Lakh)

States		2000- 01	2001- 02	2002- 03	2003- 04	2004- 05	Total (2000—05)
		2	3	4	5	6	7
<b>BIHAR</b>							
Erstwhile Bihar	Centre's share (75%)	9274	9738	10225	10736	11273	51246
	State share (25%)	3091	3246	3408	3579	3758	17082
	<b>Total</b>	<b>12365</b>	<b>12984</b>	<b>13633</b>	<b>14315</b>	<b>15031</b>	<b>68328</b>
Successor Bihar	Centre's share (75%)	5022	5273	5537	5814	6102	27751
	State share (25%)	1674	1758	1845	1938	2035	9250
	<b>Total</b>	<b>6696</b>	<b>7031</b>	<b>7382</b>	<b>7752</b>	<b>8140</b>	<b>37001</b>
Jharkhand	Centre's share (75%)	4252	4465	4688	4922	5168	23495
	State share (25%)	1417	1488	1563	1641	1723	7832
	<b>Total</b>	<b>5669</b>	<b>5953</b>	<b>6251</b>	<b>6553</b>	<b>6891</b>	<b>31327</b>
<b>MADHYA PRADESH</b>							
Erstwhile M.P.	Centre's share (75%)	6758	7095	7450	7823	8214	37340
	State share (25%)	2253	2365	2483	2608	2738	12447
	<b>Total</b>	<b>9011</b>	<b>9460</b>	<b>9933</b>	<b>10431</b>	<b>10952</b>	<b>49786</b>
Successor M.P.	Centre's share (75%)	4698	4932	5178	5439	5710	25957
	State share (25%)	1566	1644	1726	1812	1903	86541
	<b>Total</b>	<b>6264</b>	<b>5676</b>	<b>6904</b>	<b>7251</b>	<b>7613</b>	<b>34608</b>
Chhattisgarh	Centre's share (75%)	2060	2163	2272	2385	2503	11383
	State share (25%)	687	721	757	795	835	3795
	<b>Total</b>	<b>2747</b>	<b>2884</b>	<b>3029</b>	<b>3180</b>	<b>3338</b>	<b>15178</b>
<b>UTTAR PRADESH</b>							
Erstwhile U.P.	Centre's share (75%)	13398	14068	14771	15510	16286	74033
	State share (25%)	4466	4689	4924	5170	5429	24678
	<b>Total</b>	<b>17864</b>	<b>18757</b>	<b>19695</b>	<b>20680</b>	<b>21715</b>	<b>98711</b>
U.P.	Centre's share (75%)	10970	11519	12095	2700	13336	60620
	State share (25%)	3657	3840	4032	4233	4445	20207
	<b>Total</b>	<b>14627</b>	<b>15359</b>	<b>16127</b>	<b>16933</b>	<b>17781</b>	<b>80827</b>
Uttaranchal	Centre's share (75%)	2428	2549	2676	2810	2950	
	State share (25%)	809	849	892	937	984	
	<b>Total</b>	<b>3237</b>	<b>3398</b>	<b>3568</b>	<b>3747</b>	<b>3934</b>	<b>17884</b>

**F. No. 3-9/2000-NDM**  
**Department of Agriculture & Cooperation**  
**NDM Division**

<b>REVISED LIST OF ITEMS AND NORMS OF EXPENDITURE FOR ASSISTANCE FROM CALAMITY RELIEF FUND (CRF) AND NATIONAL CALAMITY CONTINGENCY FUND (NCCF) FOR THE PERIOD 2000-2005</b>		
Sl. No.	Items	Norms of expenditure for assistance from CRF and NCCF
2		3
1.	<b>Gratuitous Relief</b>	
	(a) <i>Ex-Gratia</i> payment to families of deceased persons.	Rs. 50,000/- per deceased
	(b) <i>Ex-Gratia</i> payment for loss of a limb or eyes.	Rs. 25,000/- per person (The Gratuitous relief for loss of limb etc., should be extended only when the disability is more than 40% and certified by a Govt. doctor or doctors from panel approved by the Govt.)
	(c) Grievous injury requiring hospitalisation for more than a week.	Rs. 5,000/- per person
	(d) Relief for the old, infirm and destitute children	Rs. 20/- per adult, Rs. 10/- per child per day
	(e) Clothing and utensils for families whose house have been washed away	Rs. 500/- for clothing and Rs. 500/- for utensils per family
2.	<b>Supplementary Nutrition.</b>	Rs. 1.05 per day per head as per ICDS norms
3.	<b>Assistance to small and marginal farmers for:—</b>	
	(a) Desilting etc.	25% and 33-1/3% to small farmers and Marginal farmers respectively on the basis of NABARD pattern subject to ceiling of Rs. 5,000/- per hectare.
	(b) Removal of debris in hill areas, and	
	(c) Desilting/Restoration/Repair of fish farms	
	(d) Agriculture input subsidy where crop loss was 50% and above.	

2	3
(I) For agriculture crops, horticulture crops and annual plantation crops	—Rainfed areas Rs. 1000/- per hectare —Rs. 2500/- per hectare in area with assured irrigation
(II) Perennial Crops	Rs. 4,000 per hectare.
(e) Loss or substantial portion of land caused by landslide, avalanche, change of course of rivers.	Rs. 10,000/- per hectare.
4. Employment Generation (Only to meet additional requirements after taking into account, funds available under Plan Schemes viz. JRY, IJRY, EAS, etc.)	As per Jawahar Gram Samridhi Yojana norms.
5. Animal Husbandry Assistance to small and marginal farmers/agricultural labourers:—	
(a) For replacement of draught animals, milch animals or animals for haulage or for livelihood	As per pattern of subsidy under Swarnajayanti Gram Swarozgar Yojana for small and marginal farmers.
(b) For provision of fodder/fodder concentrate	Large animals—Rs. 12,00 per day Small animals—Rs. 6,00 per day
(c) Procurement, storage and movement of fodder	To be assessed by NCCM
(d) Movement of useful cattle to other areas	To be assessed by the NCCM for NCCF/by State Level Committee for CRF
6. Assistance to Fishermen:	
(a) For repair/replacement of boats, nets and damaged or lost	Subsidy will be provided other equipment subject to ceilings on subsidy per family as per SGSY pattern
— Boat	The cost of boats will also be determined with reference to approved cost under SGSY
— Dugout-Canoe	
— Catamaran	
— Nets	
(b) Input subsidy for fish seed farm	Rs. 2,000/- per hectare.

2	3
<b>7. Assistance to artisans in handicrafts sector by way of subsidy for repair/ replacement of damaged equipments.</b>	
<b>(a) Traditional Crafts</b>	
(i) For damaged equipments	Rs. 1,000/- per person
(ii) For raw material	Rs. 1,000/- per person
<b>(b) For Handloom Weavers</b>	
(i) Repairs/replacement of loom equipments and accessories	Rs. 1,000/- per loom
(ii) Purchase of yarn and other materials	Rs. 1,000/- per loom
<b>8. Assistance for repair/restoration damaged houses</b>	
<b>(a) Fully damaged houses</b>	
(i) Pucca House	Rs. 10,000/- per house
(ii) Kuchcha House	Rs. 6,000/- per house
<b>(b) Severely damaged houses</b>	
(i) Pucca House	Rs. 2,000/- per house
(ii) Kuchcha House	Rs. 1,200/- per house
<b>(c) Marginally Damaged Houses</b>	Rs. 800/- per house
<b>9. Emergency supply of drinking water including transportation of drinking water in urban areas</b>	To be assessed by NCCM Team for NCCF/by State Level Committee for CRF
<b>10. Provision of medicines, disinfectants insecticides for prevention of outbreak of epidemics</b>	
<b>11. Medical care for cattle and poultry against epidemics</b>	-do-
<b>12. Evacuation of people affected/likely to be affected</b>	
<b>13. Hiring of boats for carrying immediate relief &amp; saving life</b>	-do-
<b>14. Provision for temporary accommodation, food, clothing, medical care etc. of people affected/evacuated</b>	-do-



1	2	3
15.	Air dropping of essential supplies	-do-
16.	Repair/restoration of immediate nature of the damaged infrastructure relating to communication, power, public health, drinking water supply, primary education and community owned assets in the social sector	-do-
17.	Replacement of damaged medical equipments and lost medicines of Govt. hospitals/health centres	-do-
18.	Operational cost (of POL only) for Ambulance Service, Mobile Medical Teams and temporary dispensaries	-do-
19.	Cost of clearane of debris	-do-
20.	Draining off flood water in affected areas	-do-
21.	Cost of search and rescue measures	-do-
22.	Disposal of dead bodies/carcasses	-do-
23.	Training to core multi-disciplinary groups of the State Officers drawn from different cadres—expenditure to be met from CRF	

NCCM — National Centre for Calamity Management

NCCF — National Calamity Contingency Fund

POL — Petrol, Oil and Lubriccants

**MINISTRY OF AGRICULTURE  
DEPARTMENT OF AGRICULTURE & COOPERATION**

**Recommendation**

Yet another deficiency noticed by the Committee in absence of accountability and weak institutional arrangement for monitoring the quality and propriety of expenditure. The Committee note that the role of the Ministry of Finance was limited to automatic disbursement of grants without overseeing the quality of expenditure. The Committee, after going through the material before them, endorse the Audit observation that the assigned role for monitoring the utilisation of expenditure by the Ministry of Agriculture without financial control, obviously contributed to inefficacy of expenditure in many States and lack of accountability among States. Surprisingly, the State level Committees functioned in a perfunctory manner and were powerless to prevent several irregularities and fix accountability. Taking note of non-existence of any efficacious mechanism for sound administration of the scheme, the Committee recommend that the Ministry of Agriculture should evolve effective financial control mechanism following the recommendations of the 11th Finance Committee (EFC) and make it incumbent upon the States to follow the guidelines scrupulously for best possible results. They would also like to be apprised of the action taken in the matter in due course.

(Sl. No. 5 Appendix)  
Para 57 of 28th Report of PAC  
(Thirteenth Lok Sabha)

**Action Taken**

The Administrative Staff College of India (ASCI), Hyderabad have submitted a proposal to study these aspects (Annexure-V). The matter will have to be gone into by the Ministry of Home Affairs to whom the subject matter of management of disasters other than drought has been transferred. The Department of Agriculture & Cooperation will, however, recommend commissioning of such study. It will be pertinent to reiterate here that the CRF Scheme constitutes a *sui generis* arrangement where special arrangement of monitoring need to be devised. There is special role of Audit in facilitating meaningful monitoring. This Department is of the view that the contents of the Scheme lend themselves to frequent audit examination. A reference has already been in the matter (Annexure-VI). It is felt that with frequent inputs from audit to the office of the Comptroller & Auditor General of India, it should be possible for the Ministry of Home Affairs (MHA) to carry out more efficient monitoring of out-goes from the CRF. The out-comes of these initiatives will be brought to the attention of the PAC in due course.

Sd/-  
(Naved Masood)  
Joint Secretary to the Govt. of India

[Ministry of Agriculture, (Deptt. of Agri. & Coopn.) O.M. No. 31-1/2002-NDM, dated 22nd April, 2002]

**PROPOSAL FOR THE STUDY OF OPERATION OF THE CALAMITY RELIEF  
FUND**

**Introduction:**

The amount disbursed from CRF for all States during the period 1995-2000 was determined at Rs. 6,304 crores with the Centre's contribution at about Rs. 4,728 crores. This indicates the magnitude of funds devoted to relief of calamities. The recent observations of the XXVIII PAC Report of the XIII Lok Sabha and in the latest C&AG Report seem to indicate the necessity for re-examination of the operations, mechanisms, guidelines and evaluation of the CRF disbursement.

**Methodology:**

It is proposed to examine broadly the operations of the CRF over the last five years both at aggregate level and for each State. It is also felt necessary that we examine the operation of the CRF from several standpoints including financing, delivery systems and response mechanism every level from different agencies. Information available from the PAC's as well as the C&AG as well as from State levels and other sources will be used to assist in making inferences and formulating policy options.

We also expect to consult with the Central Government PAC & C&AG as well as with State Government and the concerned NGOs and academic bodies to assist in determining the nature of problems encountered in providing relief to the victims. The Proposal also envisages, apart from visits to State Governments. Workshops of Seminars to discuss tentative conclusions and also the final draft report. Participation in these Workshops will be decided in consultation with the Ministry of Agriculture, Government of India.

**Terms of Reference**

The following suggested Terms of Reference are offered for the Ministry's consideration and approval.

1. Evaluate the operation of CRF in the light of the observations made by the C&AG from time to time and PAC in the 28th Report of the 13th Lok Sabha.
2. Review in consultation with the States the relief programmes funded under CRF during the last five years and assess their impact in terms of the effectiveness of delivery of relief to the calamity affected households and the capacity developed in the States for dealing with similar calamities in the future categorize calamities in terms of their severity and their adverse consequences and the kind of relief that is required.
3. Assess the respective strengths and weaknesses of the different States in terms of their ability to respond to calamities of different types in relation to the resources and the institutional strengths they possess.

4. Suggest the institutional improvements that are needed at different levels to enhance the capacity of the Centre and the States to respond to calamities of different types in relation to the resources and the institutional strengths posses.
5. Reccomend the data and information systems needed to facilitate a scientific basis for anticipating calamities wherever possible and for planning cost effective and sustainable calamity relief programmes.
6. Suggest, if necessary, a restructuring of the Calamity Relief Fund operations with a view to ensure that calamity relief programmes become more effective, transparent, cost effective, transparent, cost effective and sustainable and there is greater accountability in their implementation.
7. Make such other recommendations that may be relevant for enhancing the effectiveness of all government agencies at different levels in responding to calamities in a timely and cost efficient manner.

#### **TEAM**

- (1) Dr. E A S Sarma (Advisor)
- (2) Dr. Amrita Rangasami (Consultant)
- (3) Dr. Gautam Pingle (Team Leader)
- (4) Dr. S Chatterjee (Faculty)
- (5) Dr. Prabhati Pati (Senior Faculty)
- (6) Dr. Lalit Dandona (Director, Health Policy)
- (7) Dr. M V K Sivamohan (Senior Faculty)
- (8) Dr. K Purnachander Rao (Senior Faculty)

	(Rs. in Lakhs)
Professional Fees	35.00
2. Workshops/Seminar etc. (Excluding travel of Participants but including Board & Lodging)	5.00
3. Travel etc.	20.00
4. Computer Time/Database etc.	8.00
5. Research Associates etc.	5.00
6. Communication (Fax/Telephone etc.)	5.00
7. Stationery & Printing	2.00
8. Publications & Books	1.00
9. Overheads	8.00
Total Rs.	<u>89.00</u>

ANNEXURE VI

भारत सरकार

कृषि मंत्रालय

**BINOO SEN**  
**SPECIAL SECRETARY**

(कृषि एवं सहकारिता विभाग)  
कृषि भवन, नई दिल्ली-110001

GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE  
(DEPARTMENT OF AGRICULTURE & COOPERATION)  
KRISHI BHAWAN, NEW DELHI-110001

D.O. No. 31-1/2002-NDM

February 11, 2002

Dear Shri Mathur,

You may recall that the Public Accounts Committee of the Thirteenth Lok Sabha in its 28th Report has examined at length the operation of the Calamity Relief Fund (CRF) Scheme during the period 1st April, 1995 to 31st March, 2000 and made many observations and recommendations in the matter. This Department is currently examining the matter closely and is also in the process of preparing an 'Action Taken Note'.

Among the issues which arise on reading the report as a whole is the desirability of a more intensive and concurrent audit of CRF transactions in the States specially in view of the extraordinary nature of the Scheme's operation outside Government accounts and the considerable flexibility in its approval processes. It is our view that closer monitoring of the Scheme which is a major recommendation of the PAC will be greatly facilitated by more frequent and incisive inputs from the audit.

We would, accordingly, recommend that a well defined procedure of frequent examination of CRF transactions by the State Accountants General is evolved so that a closer watch is kept on its operation. It will be desirable if a system of sending report of such examinations to the nodal Ministry is also introduced so that details which may otherwise not be available at the monitoring end can be duly taken note of.

With regards,

Yours sincerely,

Sd/-  
(BINOO SEN)

Shri J.S. Mathur,  
Deputy Comptroller & Auditor General of India, C. & A.G's Office,  
Bahadurshah Zafar Marg,  
New Delhi.

**MINISTRY OF AGRICULTURE  
DEPARTMENT OF AGRICULTURE & COOPERATION**

**Recommendations**

The Committee note that one of the essential requirement in case of a calamity is the necessity of supplying relief that brooks no delay. According to Audit, during 1992-98, the implementing agencies in some states had delayed relief assistance to the victims of calamity by one to 80 months. Responding to Committee's query, the Ministry stated that under the scheme it is incumbent on the SLC to ensure that relief is immediately dispatched to the affected people through its own machinery. The Ministry further stated that the primary responsibility of providing relief and rehabilitation to the people in the State is that of the State Government and they have been advised to be more alert and prompt in this regard. The Committee cannot condone such an enormous and unconscionable delay ranging upto 80 months in reaching out relief to the victims of the calamity which in their considered view, reflects inherent structural defects in the scheme and an attitude of callousness on the part of all concerned in responding to the immediate relief and rehabilitational needs of the victims of calamity. The Committee, therefore, recommend that suitable provisions be made in the revised scheme to ensure that prompt supply of material assistance really becomes the essence of the scheme as envisaged.

(Sl. No 7 Appendix)  
Para 59 of 28th Report of PAC  
(Thirteenth Lok Sabha)

**Action Taken**

As mentioned earlier, the recommendations and observations of the Committee have been brought to the notice of all the State Government (Annexure-III)

Sd/-  
(Naved Masood)  
Joint Secretary to the Government of India

(Ministry of Agriculture, (Deptt. of Agri. Coopn.) O.M. No. 31-1/2002-NDM dated 22nd April 2002.

## Calamity Relief Fund during 2000-2005

(States Share)

(Rs. in Lakhs)

Sl. No.	State	2000-01	2001-02	2002-03	2003-04	2004-05	Total 2000-2005
1.	Andhra Pradesh	4951	5199	5459	5732	6019	27360
2.	Arunchal Pradesh	301	316	331	348	365	1661
3.	Assam	2537	2664	2797	2937	3084	14020
4.	Bihar*	3091	3246	3408	3579	3758	17082
5.	Goa	31	33	34	36	38	171
6.	Gujarat	4035	4237	4449	4671	4905	22296
7.	Haryana	2033	2134	2241	2353	2471	11231
8.	Himachal Pradesh	1087	1141	1199	1258	1321	6007
9.	Jammu & Kashmir	873	916	962	1010	1061	4821
10.	Karnataka	1864	1957	2055	2158	2266	10301
11.	Kerala	1681	1765	1853	1946	2043	9289
12.	Madhya Pradesh*	2253	2365	2483	2608	2738	12447
13.	Maharashtra	3930	4127	4333	4550	4777	21716
14.	Manipur	72	75	79	83	87	396
15.	Meghalaya	98	103	109	114	120	544
16.	Mizoram	74	78	82	86	90	411
17.	Nagaland	49	51	54	57	60	271
18.	Orissa	2737	2874	3017	3168	3326	15122
19.	Punjab	3068	3221	3382	3552	3729	16952
20.	Rajasthan	5175	5434	5705	5991	6290	28595
21.	Sikkim	173	181	190	200	210	954
22.	Tamil Nadu	2566	2694	2829	2970	3119	14179
23.	Tripura	130	137	143	150	158	718
24.	Uttar Pradesh*	4466	4689	4924	5170	5429	24678
25.	West Bengal	2528	2654	2787	2926	3072	13967
<b>Total</b>		<b>49802</b>	<b>52293</b>	<b>54907</b>	<b>57653</b>	<b>60535</b>	<b>275190</b>

\* Prior to re-organisation.

In respect of successor States of Bihar Jharkhand, Mahya Pradesh, Chhattisgarh, Uttar Pradesh and Uttaranchal the information is a shown in Annexure-IV.





**J. N. L. SRIVASTAVA**  
सचिव, भारत सरकार  
Secretary  
Government of India  
D.O. No. 31-1/2002-NDM

भारत सरकार  
कृषि मंत्रालय  
कृषि एवं सहकारिता विभाग  
कृषि भवन, नई दिल्ली-110001  
Government of India  
Ministry of Agriculture  
Department of Agriculture & Cooperation  
Krishi Bhawan, New Delhi-110001  
दूरभाष/Phone 3382651, 3388444  
फैक्स सं/Fax No. 3386004  
March 13, 2002

Dear,

I enclose a copy of the recommendations of the 28th Report of the Public Accounts Committee (PAC) of the 13th Lok Sabha of "Calamity Relief Fund" (CRF), the contents of which are self explicit. In particular, I would like to draw your attention to Para 58 of the Report which makes a categorical recommendation that cases of diversion of misuse of funds reported in your State from the CRF should be dealt with firmly and that cases of misappropriation and embezzlement of funds pointed out by the Audit must be taken to their logical conclusion including effecting recoveries etc.

You will appreciate that the CRF scheme is a "*sui generis*" arrangement which makes it difficult to treat it exactly at par with other Plan or Non-Plan Schemes. While substantial financial contribution is made by the Central Government which also lays down the pattern of expenditure therefrom, the responsibility for administration of CRF rests squarely with the State Level Committee under the Chairmanship of the Chief Secretary concerned. Further, administration of relief is the direct responsibility of the State Government concerned and CRF scheme is but a small, though critical, part of this process. Keeping in view this critical consideration, you will appreciate that the administration of CRF and consequent resolution of problems arising in the matter rest very substantially with the Chief Secretaries. As the subject of relief impinges on the life of common people during periods of distress, this responsibility is of a particularly onerous nature.

I would accordingly urge you to kindly see to it that your State Level Committee meets regularly not only to authorize sanction but also to take stock of the administration of the scheme. For this purpose, it would be desirable to enlist support of the State Accountant General also. We on our part, have requested the Indian Audit and Accounts Department to evolve a well defined procedure of frequent examination of CRF transactions by the State AGs. I would also like to emphasize that instances of irregularities in financial transactions arising from the CRF be dealt with special vigour. It will be also very helpful if a mechanism of

**regular monitoring of the progress of investigation of cases of alleged irregularities in matters concerning relief and CRF from your office is also put in place.**

**We are apprising the Committee about these recommendations being made to you.**

**Yours sincerely,**

**Sd/-  
(J.N.L. Srivastava)**

**To  
All Chief Secretaries of States**

**Encl: as above.**

**TELEPHONE LIST OF CHIEF SECRETARIES**

(Updated as on December, 2001)

<b>NAME &amp; ADDRESS</b>	<b>STD CODE</b>	<b>OFFICE</b>	<b>RESI.</b>	<b>FAX</b>	
Shri P.V. Rao Chief Secretary Government of Andhra Pradesh Secretariat <b>HYDERABAD-500 022</b> (ANDHRA PRADESH)	040	3452620	3548132	3453700	3387089 3384016 3384306-R
Shri Lalit Sharma Chief Secretary Government of Arunachal Pradesh Secretariat <b>ITANAGAR-791111</b> (ARUNACHAL PRADESH)	0360	212595		212446 212444	3014136 6492365-R 6495096-R
Shri P.K. Bora Chief Secretary Government of Assam Secretariat <b>DISPUR-781 001</b> (ASSAM)	0361	261120 262224 262258	652020	260900	6116444 6877111 3384699-R
Shri S.N. Biswas Chief Secretary Government of Bihar Secretariat <b>PATNA-800 015</b> (BIHAR)	0612	222085 223804	221023 225880	223983	3014945 6886262-R
Shri Arun Kumar Chief Secretary Government of Chhattisgarh Secretariat, D.K. Bhavan <b>RAIPUR-492 001</b> (CHHATTISGARH)	0771	221207 221208	331011 331070	221206	6873651 6117326 -Xtn. 203 (Res.)
Shri Baleshwar Rai Chief Secretary Government of Goa Secretariat <b>PANAJI-403 001</b> (GOA)	0832	223168	224908	225254	4629967 4629968 3936211-R
Shri G. Subba Rao Chief Secretary Government of Gujarat Secretariat <b>GANDHINAGAR-382010</b> (GUJARAT)	07932	20372	(079) 6445275	50305 43330	3343147 3742413 3383064-R

NAME & ADDRESS	STD CODE	OFFICE	RESI.	FAX	R.C.
Shri L.M. Goyal Chief Secretary Government of Haryana Civil Secretariat <b>CHANDIGARH-160001</b> (HARYANA)	0172	740118	549862	740317	3384354 3386131-421 91303010-R
Shri Harsh Gupta Chief Secretary Government of Himachal Pradesh Secretariat, Ellerslie <b>SHIMLA-171001</b> (HIMACHAL PRADESH)	0177	221022	203075	221813	3716574 3716124 4674955-R
Shri Ashok Jaitley Chief Secretary Government of Jammu & Kashmir Secretariat <b>SRINAGAR-190 001</b> (J&K)	Srinagar: 0194	452257 455353	452252 452703	452356	4611506 6881338-R 6116455-R
	Jammu: 0191	546773 544338	546319 542934	546188	
Shri V.S. Dubey Chief Secretary Government of Jharkhand Secretariat <b>RANCHI-884 001</b> (JHARKHAND)	0651	403240	252616	403255	6109936 6493080-R
Mrs. Terasa Bhattacharya Chief Secretary Government of Karnataka Secretariat Dr. Ambedkar Road <b>BANGALORE-560001</b> (KARNATAKA)	080	2252442	5543634	2258913	6889814 4601693-R
Shri V. Krishnamurthy Chief Secretary Government of Kerala Secretariat <b>THIRUVANANTHAPURAM-695001</b> (KERALA)	0471	327376 333147 337176	446054	327176	3368806 3368581 4643243-R
Shri Aditya Vijai Singh Chief Secretary Government of Madhya Pradesh Secretariat <b>BHOPAL-462004</b> (MADHYA PRADESH)	0755	551848 551370	558387	551751	3019899 3015544 6873568-R

NAME & ADDRESS	STD CODE	OFFICE	RESI.	FAX	R.C.
Shri V. Ranganathan Chief Secretary Government of Maharashtra Mantralaya MUMBAI-400032 (MAHARASHTRA)	022	2028762 2025042	2045120	2028594 2822626	3388075 3386712 4622103-R 4634074-R
Shri Rakesh Chief Secretary Government of Manipur Secretariat IMPHAL-705 001 (MANIPUR)	0385	221144 220064	221155	222629	6114151 6873009 6873311-R
Shri Juwing Tayesng Chief Secretary Government of Meghalaya Secretariat SHILLONG-793 001 (MEGHALAYA)	0364	224201 224801	223083	225978	3015503 6513364-R
Shri H.V. Lalringa Chief Secretary Government of Mizoram Secretariat AIZWAL-796001 (MIZORAM)	0389	322411 322745	322412	322745	3016408 3015951 3010548-R
Shri R.S. Pandey Chief Secretary Government of Nagaland Secretariat KOHIMA-797001 (NAGALAND)	0370	270082	222168 222946	270057 222410	3012296 3384281-R
Shri D.P. Bagchi Chief Secretary Government of Orissa Secretariat BHUBANESHWAR-751001 (ORISSA)	0674	402300 400300	430400 434400	400244	3019771 3018498 3070227-R
Shri Y.S. Ratra Chief Secretary Government of Punjab Civil Secretariat CHANDIGARH-160001 (PUNJAB)	0172	740156 740860 740649	794245	742488	3385431-39 6889260-R
Shri Indrajit Khanna Chief Secretary Government of Rajasthan Secretariat JAIPUR-302 005 (RAJASTHAN)	0141	380254 380114	561324	380114	3073747 3382330-R

NAME & ADDRESS	STD CODE	OFFICE	RESI.	FAX	R.C.
Shri S.W. Tenzing Chief Secretary Government of Sikkim Secretariat <b>GANGTOK-737101</b> <b>(SIKKIM)</b>	03592	22315 24323	22712 37222 37444	22851	6883026 6113747 4672743-R
Shri P. Shankar Chief Secretary Government of Tamil Nadu Secretariat, Fort. St. George <b>CHENNAI-600 009</b> <b>(TAMIL NADU)</b>	044	5361555	8211818	5367128 5362595	3011087 3015480 6239166-R
Shri V. Thulasi Das Chief Secretary Government of Tripura Secretariat <b>AGARTALA-799 001</b> <b>(TRIPURA)</b>	0381	323200 324392	323360 324915	324013	3012693 3015157 6872226-R
Shri A.P. Varma Chief Secretary Government of Uttar Pradesh Secretariat <b>LUCKNOW-226 001</b> <b>(UTTAR PRADESH)</b>	0522	221599 238212	227282	221204 239283	3310408 3362335-R
Shri Madhukar Gupta Chief Secretary Government of Uttaranchal Uttaranchal Secretariat, Rajur Road <b>DEHRADUN-248 006</b> <b>(UTTRANCHAL)</b>	0135	712100 712200	733477	712500	3738498 4610164-R
Shri S.N. Rao Chief Secretary Government of West Bengal Writers Building, Secretariat <b>CALCUTTA-700 001</b> <b>(WEST BENGAL)</b>	033	2145858	4407755	2144328	3742695 3747203 4678815-R
Dr. R. Padmanabhan Chief Secretary Andaman & Nicobar Islands Administration P.O. Chatham <b>PORT BLAIR-744 101</b>	03192	33110	33200 33227	32656	6119590 6416187-R

NAME & ADDRESS	STD CODE	OFFICE	RESI.	FAX	R.C.
Ms. Neeru Nanda Adviser to Administrator Office of the Administrator U.T. Administration of Chandigarh <b>CHANDIGARH-160 001</b>	0172	742001 742006	549003 549004	742007	3353359
Shri O.P. Kelkar Administrator Dadra & Nagar Haveli Administration Circuit House <b>SILVASSA-396230</b>	0260	642777	50702 50146	642702	3385761 3385369 5017169-R
Shri O.P. Kelkar Administrator Daman & Diu Administration Circuit House <b>MOTI-DAMAN 396 220</b>	0260	254700 254770	250702 251046	254775	-do-
Shri K.S. Mehra Administrator Lakshadweep Administration Government House, P.O. Kavaratti <b>LAKSHADWEEP-682 555</b>	04896	62255 62184	62344 62388	72140 62184	3386807 3386807-R
Shri T.T. Joseph Chief Secretary Government of Pondicherry Secretariat <b>PONDICHERRY-605 001</b>	0413	334145 335512	372912 372258	337575	6118204 6118195 6490188-R

**MINISTRY OF AGRICULTURE  
DEPARTMENT OF AGRICULTURE & COOPERATION**

**Recommendation**

The Committee note that the NFCR was set up in April, 1995 with the corpus of Rs. 700 crore with the objective to provide relief to the State in case of calamity of rare severity if the States are unable to cope with the situation with their own CRF. According to Audit, funds amounting to Rs. 767.14 crore were released to 19 States in respect of 33 calamities out of the NFCR as of March, 1998. Sample checks disclosed that assistance out of NFCR was released after a delay ranging from three to thirteen months. Asked to explain, the Ministry of Agriculture stated in January, 1999 that on an average it took two months between receipt of memorandum and release of funds from NFCR. In the opinion of the Committee such delays are bound to occur inevitably in the operation of NFCR as the Inter-Ministerial Group (IMG) met several months after occurrence of calamity and in some cases IMG did not meet regularly causing delay in timely assistance from NFCR. Obviously, delay in releases from NFCR failed to respond to the urgent needs of the persons affected by calamities of rare severity. Taking note of the inevitable delays in the matter, the Committee recommend that the procedure for sending assistance from NFCR needs to be addressed threadbare again and simplified so that the very objective of creation of NFCR to ensure expeditious relief to the victims of calamities within the barest possible time is realised.

(Sl. No. 8 Appendix )  
Para 60 of 28th Report of PAC  
(Thirteenth Lok Sabha)

**Action Taken**

The NFCR Scheme has since been replaced by a new arrangement entitled, "National Calamity Contingency Fund" (NCCF) in pursuance of the recommendations of the Eleventh Finance Commission. In order to ensure that the inquiry and approval processes under this Scheme do not impede the pace of provision of relief in severe calamities a system of release of *ad hoc* advance assistance from the Fund has been introduced. Such releases were made to facilitate relief operations for the Gujarat earthquake of January, 2001 and the Orissa floods on July & August of the same year. A copy of the National Calamity Contingency Fund (NCCF) scheme is enclosed as Annexure-XI.

(Naved Masood)  
Joint Secretary to the Govt. of India

[Ministry of Agriculture, (Deptt. of Agri. & Coopn.) O.M. No. 31-1/2002-NDM dated 22nd April, 2002.]



No. 43(11)PF.1/2000  
Government of India  
Ministry of Finance, Department of Expenditure  
Plan Finance I. Division

\*\*\*

New Delhi, the 15th December, 2000

To

The Chief Secretary  
Government of \_\_\_\_\_

**Subject:** *Scheme for Constitution and Administration of National Calamity Contingency Fund (NCCF) based on recommendations of the Eleventh Finance Commission in its Report relating to calamity relief for 2000-05.*

Sir,

I am directed to state that the Eleventh Finance Commission, in chapter IX of its report has recommended for constitution of a National Calamity Contingency Fund to deal with the calamities of rare severity. This recommendation has been accepted by the Government of India.

2. In accordance with the recommendations of the Eleventh Finance Commission, a Scheme for Constitution and Administration of National Calamity Contingency Fund (NCCF) has been prepared. A copy of the scheme is enclosed for necessary action. This scheme is deemed to have come into force *w.e.f.* 01.04.2000.

3. Hindi version of the scheme will follow.

4. The receipt of this letter may kindly be acknowledged.

Sd/-

(R. Bannerji)

Joint Secretary to the Government of India

Copy to:—

1. Finance Secretary, Government of------(2 copies)
2. Revenue Secretary, Government of-----
3. Accountant General-----
4. Reserve Bank of India, Central Office, Mumbai.
5. Comptroller & Auditor General of India, New Delhi.
6. Controller General of Accounts, Lok Nayak Bhawan, New Delhi.
7. Controller of Accounts, Department of Expenditure/Economic Affairs, N.D.

8. Prime Minister Office.
9. Cabinet Secretariat.
10. Member Secretary, Planning Commission, New Delhi.
11. Ministries/Departments:—
  - (i) Ministry of Agriculture (NDM Division) (5 copies).
  - (ii) Ministry of Water Resources.
  - (iii) Ministry of Urban Development.
  - (iv) Ministry of Health & Family Welfare.
  - (v) Ministry of Transport.
  - (vi) Department of Rural Development.
  - (vii) Department of Drinking Water Supply.
  - (viii) Department of Economic Affairs, (Budget Division).
12. Finance Commission Division, Deptt. of Expenditure.

Sd/-

(R. Bannerji)

Joint Secretary to the Government of India

## **Scheme for Constitution and Administration of National Calamity Contingency Fund (NCCF)**

<b>Title of the scheme</b>	1. The Scheme shall be called 'National Calamity Contingency Fund (NCCF) Scheme'.
<b>Period of operation</b>	2. It shall come into force with effect from the financial year 2000-01 and will be operative till the end of the financial year 2004-05.
<b>Calamities covered under the scheme</b>	3. Natural calamities of cyclone, drought, earthquake, fire, flood and hailstorm considered to be of severe nature requiring expenditure by the State Government in excess of the balances available in its own Calamity Relief Fund by the National Centre for Calamity Management (NCCM) will qualify for relief assistance under the Scheme.
<b>Constitution of National Calamity Contingency Fund</b>	4. A 'National Calamity Contingency Fund', (hereinafter referred to as 'the National Fund') will be constituted by the Govt. of India for the purpose of dealing with the above mentioned calamities of severe nature. The National Fund would be classified in the Public Account of the Govt. of India under the major head 8235- 'General and other Reserve Funds' in the sub-section 'Reserve Funds not bearing interest'.
<b>Contribution to the National Fund</b>	5.1 The initial corpus of the National Fund shall be Rs. 500 crore to be provided by the Government of India. 5.2 Transfers to National Fund will be made under the minor head—797—Transfer to the 'Reserve Funds and Deposit Account'—Transfer to National Calamity Contingency Fund under the major head '2245—Relief on account of natural calamities—80—General. 5.3 An amount of Rs. 500 crore being initial corpus shall be transferred to the National Fund under a new minor head 'National Calamity Contingency Fund' under major head 8235—General and other Reserve Funds by per contra debit to major head '2245'. 5.4 The debits to the major head '2245' for transfer of initial corpus as well as subsequent accretions by levy of surcharge shall be covered by budget provision to be made in the Grant "Transfers to State and UT Governments" (under Non-Plan).
<b>National Centre for Calamity Management</b>	6.1 A National Centre for Calamity Management (NCCM) (hereinafter referred to as 'the National Centre') shall be constituted by the Ministry of Agriculture. The Centre will monitor the occurrences of natural calamities relating to cyclone, drought, earthquake, fire, flood and hailstorm on a regular basis and assess their impact on area and population.

The Centre will also assess whether the State will be in a position to provide relief in a specific case of calamity of severe nature from the CRF and its own resources. It shall then make a recommendation to the Central Government (Ministry of Agriculture) on its own on the following:

- (i) whether the calamity is of a severe nature and, therefore, eligible for assistance from the Central Government and other State Governments;
- (ii) How much of the expenditure on immediate relief and rehabilitation should be met from the National Fund and how much from the State's Calamity Relief Fund.

6.2 The Ministry of Agriculture shall oversee that the money drawn from the National Fund is applied by the State Governments for the purpose for which the National Fund has been set up.

6.3 All administrative and miscellaneous expenses of the National Centre shall be borne by the Ministry of Agriculture under its normal budgetary provisions.

7.1 The recommendations of the NCCM for release of assistance to States shall be considered by High Level Committee on Calamity Relief to be constituted by the Ministry of Agriculture. The said Committee shall decide the manner and extent of assistance required to be provided to the States. Pending the constitution of the High Level Committee and NCCM, an interim committee consisting of Agriculture Minister, Finance Minister and Deputy Chairman, Planning Commission shall assume the role of the High Power Committee in deciding the manner and extent of assistance required to be provided to the States. The assistance from NCCF will be only for immediate relief and rehabilitation. Any reconstruction of assets or restoration of damage should be financed through re-allocation of Plan funds.

7.2 The releases to the State Governments shall be made as per the decision of the High Level Committee on Calamity Relief.

7.3 Suitable budget provision for release of assistance to States from National Calamity Contingency Fund shall be made under the head '2245—Relief on account of Natural Calamities—80—General—Assistance to States from National Calamity Contingency Fund (a new minor head to be opened for this purpose)' with an equivalent amount shown as recovered from the Fund maintained in the Public Account, below the head '2245—Relief on account of Natural Calamities—80—General—Transfer from Reserve Funds and Deposit Accounts—National Calamity Contingency Fund' thereunder.

7.4 On receipt of assistance from the National Fund, the State Government shall treat them as receipts along with the receipts of Central/States shares of Calamity Relief Fund under the major head "1601"—Grants-in-aid from Central Govt.—01 Non-Plan Grants—Grants from National Calamity Contingency Fund (new minor head). In order to enable transfer of the amount received as assistance from NCCF, the State Government would make suitable budget provision on the expenditure side of their budget under the relevant minor heads under the major head "2245—Relief on Account of Natural Calamities". The State's CRF account should distinctly show the receipt of assistance from NCCF apart from the remaining four sources of receipts into the fund; namely (i) Centre's share of Calamity Relief Fund, (ii) State's share of Calamity Relief Fund, (iii) Return on investments and (iv) redemption of investments.

7.5 The Pay and Accounts office, Ministry of Finance (DEA) on the basis of the sanction orders issued by the Ministry of Finance shall release payments to the State Governments. The detailed account of the Fund shall be maintained by the Controller General of Accounts through the Chief Controller of Accounts, Ministry of Finance.

**Functions of the State Level Committee**

8. The State Level Committee constituted by the State Govt. to administer the Calamity Relief Fund shall be responsible to ensure that expenditure incurred out of the funds received under the NCCF is as per the items and norms of expenditure as decided for in respect of the Calamity Relief Fund.

**Special Surcharge on the Central Taxes**

9. Any assistance provided by the Centre to the States from the National Fund shall be financed by levy of a special surcharge on the Central taxes for a limited period. Collection from such surcharge shall be initially credited to the Consolidated Fund and thereafter transferred to the National Fund. Any drawal from the Fund for providing assistance to states shall be accompanied by imposition of the special surcharge so that it is immediately recouped.

**Monitoring**

10. The Ministry of Agriculture shall monitor the scheme of NCCF.

**Unspent balances in the National Fund**

11. The unspent balance in the National Fund at the end of the financial year 2004-05 will be available to the Central Government for being used as a resource for the next Plan.

**Accounts & Audit**

12. The accounts of the National Fund shall be maintained by the Chief Controller of Accounts, Ministry of Finance. The Controller General of Accounts (CGA) may prescribe detailed accounting procedure for the purpose as required. The Ministry

of Finance will, however, maintain subsidiary accounts in such manner and detail as may be considered necessary by the Central Government (Controller General of Accounts) in constitution with the Comptroller and auditor General of India. The accounts of the National Fund shall be audited annually by Controller & Auditor General.

**Savings**

13. The Central Government may issue instructions relating to the provisions of the scheme as may be considered necessary from time to time to enable smooth functioning of the scheme. The Central Government may also alter/modify the scheme if considered necessary subsequently. In case of any difficulty in the operation of any provision of this scheme, the Central Government, if satisfied, may relax the provisions.

### **CHAPTER-III**

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

**-NIL-**

**CHAPTER-IV**

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

**—NIL—**



## CHAPTER-V

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

The violation of investment norms was yet another irregularity brought to the notice of the Committee. The scheme stipulated investment of the accretion to the fund together with income earned therefrom in prescribed percentage in securities/bonds, treasury bills and as deposits in public sector banks and State Cooperative banks. According to Audit in 14 States, funds were either not invested or invested partially, in 7 States for which the figures could be worked out there was a loss of interest of Rs. 138.78 crore due to their failure in investment or partial investment of fund in the prescribed investments under the scheme. Five states, namely Arunachal Pradesh, Rajasthan, Nagaland, Punjab and Haryana invested Rs. 1576.88 crore in violation of prescribed norms. In Nagaland and Punjab Rs. 13.11 crore were invested in non-scheduled and private Banks. In Rajasthan and Arunachal Pradesh, funds were kept in Personal Deposit Accounts, Fixed Deposit/Saving Bank Account, Post Offices etc. contrary to investment norms. The Government of Punjab did not maintain records of investment for Rs. 84.65 crore for the period 1991—97. The Secretary (A&C) conceded during evidence that most of the State Governments have not separately invested those amounts. The Secretary also deposed that there were clear instructions to the State Governments to put the CRF in a separate fund and to follow the prescribed investment pattern. According to the Ministry of Agriculture, the SLCs were required to make the investment in the prescribed form as per the scheme of the Ministry of Finance of 27 July, 1995. The EFC had also recommended that the CRF should be kept out of the public Accounts of the State and should be invested in a manner prescribed by the Ministry of Finance. The committee observe that no action has been taken by the Ministry of Agriculture against the States who violated the investment norms except that now the centres' contribution to the CRF of a State due on 1 November will be released only on receipt of report from the concerned States. The Committee hope that following the recommendations of the EFC, the Ministry of Agriculture will now ask the States to follow the norms scrupulously as it would go a long way in tackling the aftermath of a calamity swiftly and decisively.

(Sl. No. 3 Appendix)  
Para 55 of 28th Report of PAC  
(Thirteenth Lok Sabha)

#### Action Taken

While the Committee's observations that there were many instances where investment norms prescribed by the Tenth Finance Commission were not adhered to, are well founded, it must be pointed out that these were rather rigid formulations and the investment guide-lines as laid down by the Eleventh Finance Commission are simpler ensuring better compliance.

Government of Arunachal Pradesh, Rajasthan, Nagaland, Punjab and Haryana have

been asked to look into specific acts of omission and commission observed by the Committee (Annexure-II). Final replies from these States will be brought to the attention of the PAC in due course.

All the Chief Secretaries have been apprised of the recommendations of the Committee. It has also been made clear to Chief Secretaries that having regard to the distinctive features of the Scheme a special responsibility devolves on them personally to ensure that there is proper monitoring of the administration of CRF Scheme and in particular any irregularity in the process (Annexure-III). It may be recalled here that the State Chief Secretaries heard the State Level Committees which are empowered to authorize expenditure from the Fund and have the specific responsibility of ensuring that the Fund is administered in accordance with the provisions of the Scheme.

Sd/-

(Naved Masood)

Joint Secretary to the Govt. of India.

[Ministry of Agriculture, (Deptt. of Agri. & Coopn.) O.M. No. 31-1/2002-NDM, dated 22nd April, 2002.]

## ANNEXURE-II

Calamity Relief Fund during 2000—05  
(Centre's Share)

(Rs. in lakhs)

Sl. No.	STATE	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	TOTAL 2000-2005
		4	4	6	6	8	8
1.	Andhra Pradesh	14854	15597	16377		18056	82080
2.	Arunachal Pradesh	902	947	994		1096	4983
3.	Assam	7612	7992	8392		9252	42060
4.	Bihar*	9274	9738	10225		11273	51246
5.	Goa	93	98	103		113	515
6.	Gujarat	12105	12710	13346		14714	66888
7.	Haryana	6098	6403	6723		7412	33695
8.	Himachal Pradesh	3261	3424	3596		3964	18020
9.	Jammu & Kashmir	2618	2748	2886		3182	14464
10.	Karnataka	5593	5872	6166		6798	30903
11.	Kerala	5043	5295	5560		6130	27866
12.	Madhya Pradesh*	6758	7095	7450		8214	37340
13.	Maharashtra	11790	12380	12999		14331	65149
14.	Manipur	215	226	237		262	1189
15.	Meghalaya	295	310	326		359	1632
16.	Mizoram	223	234	246		271	1232
17.	Nagaland	147	154	162		179	812
18.	Orissa	8210	8621	9052		9979	45366
19.	Punjab	9204	9664	10147		11187	50857
20.	Rajasthan	15525	16301	17116		18871	85785
21.	Sikkim	518	544	571		630	2863
22.	Tamil Nadu	7698	8083	8487		9357	42536
23.	Tripura	390	410	430		474	2155
24.	Uttar Pradesh*	13398	14068	14771		16286	74033
25.	West Bengal	7583	7962	8360		9217	41900
	<b>Total</b>	<b>156876</b>	<b>164722</b>	<b>172957</b>	<b>181607</b>	<b>825569</b>	

\*Prior to re-organisation.

In respect of successor States of Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Uttar Pradesh and Uttaranchal the information is as shown in Annexure-IV.

BINOO SEN

D.O. No. 31-1/2002-NDM

March 8, 2002

Dear

The Public Accounts Committee (PAC) of 13th Lok Sabha in its 28th Report on "Calamity Relief Fund" (CRF) has adversely commented on the operation of this fund in your State for the period 1992—98.

It has been observed that in your State, investments from the funds were in violation of the prescribed norms and that funds were kept in personal deposit accounts, fixed deposits and Saving Bank Accounts while CRF Scheme envisaged a prescribed pattern of investment such as Government Securities, Treasury Bills, PSU Bonds/Units etc.

You will appreciate that the responsibility for administration of the funds, including investment therefrom and sanction of expenditure on eligible items of relief expenditure rests squarely with State level Committee under your Chairmanship. It is all the more imperative, therefore, that instances of such departure from the norms, alongwith their reasons and fixing of responsibility in the matter are looked into under your guidance. As despite, certain changes in the CRF Scheme during the period 2000-01 to 2004-05 the arrangements still continue, it is equally necessary that norms now prescribed are seriously adhered to.

I shall be grateful if you kindly look into the matter personally and ensure that the lapses pointed out by the Committee are examined carefully and corrective action, including wherever necessary punitive steps, are taken under intimation to the nodal Ministry.

With regards,

Yours sincerely,

(BINOO SEN)

Shri Lalit Sharma,  
Chief Secretary,  
Government of Arunachal Pradesh,  
Itanagar

Encls. *As above.*

**BINOO SEN**

**D.O. No. 31-1/2002-NDM  
March 8, 2002**

**Dear**

**The Public Accounts Committee (PAC) of 13th Lok Sabha in its 28th Report on "Calamity Relief Fund" (CRF) has adversely commented on the operation of this fund in your State for the period 1992—98.**

**It has been observed that in your State, investments from the funds were in violation of the prescribed norms and that funds were kept in personal deposit accounts, fixed deposits and Saving Bank Accounts while CRF Scheme envisaged a prescribed pattern of investment such as Government Securities, Treasury Bills, PSU Bonds/Units etc.**

**You will appreciate that the responsibility for administration of the funds, including investment therefrom and sanction of expenditure on eligible items of relief expenditure rests squarely with State level Committee under your Chairmanship. It is all the more imperative, therefore, that instances of such departure from the norms, alongwith their reasons and fixing of responsibility in the matter are looked into under your guidance. As despite, certain changes in the CRF Scheme during the period 2000-01 to 2004-05 the arrangements still continue, it is equally necessary that norms now prescribed are seriously adhered to.**

**I shall be grateful if you kindly look into the matter personally and ensure that the lapses pointed out by the Committee are examined carefully and corrective action, including wherever necessary punitive steps, are taken under intimation to the nodal Ministry.**

**With regards,**

**Yours sincerely,**

**(BINOO SEN)**

**Shri Inderjeet Khanna,  
Chief Secretary,  
Government of Rajasthan,  
Jaipur.**

BINOO SEN

D.O. No. 31-1/2002-NDM  
March 8, 2002

Dear

The Public Accounts Committee (PAC) of 13th Lok Sabha in its 28th Report on "Calamity Relief Fund" (CRF) has adversely commented on the operation of this fund in your State for the period 1992—98.

In case of Nagaland the Committee has adversely commented on the fact that funds were invested in non-Scheduled and Private Banks whereas the Scheme clearly envisaged.

You will appreciate that the responsibility for administration of the funds, including investment therefrom and sanction of expenditure on eligible items of relief expenditure rests squarely with State level Committee under your Chairmanship. It is all the more imperative therefore that instances of such departure from the norms, alongwith their reasons and fixing of responsibility in the matter are looked into under your guidance. As despite, certain changes in the CRF Scheme during the period 2000-01 to 2004-05 the arrangements still continue. It is equally necessary that norms now prescribed are seriously adhered to.

I shall be grateful if you kindly look into the matter personally and ensure that the lapses pointed out by the Committee are examined carefully and corrective action, including wherever necessary punitive steps, are taken under intimation to the nodal Ministry.

With regards,

Yours sincerely,

(BINOO SEN)

Shri R.S. Pandey,  
Chief Secretary,  
Government of Nagaland,  
Kohima.

BINOO SEN

D.O. No. 31-1/2002-NDM  
March 8, 2002

Dear

The Public Accounts Committee (PAC) of 13th Lok Sabha in its 28th Report on "Calamity Relief Fund" (CRF) has adversely commented on the operation of this fund in your State for the period 1992—98.

The Report points out that in Punjab investment were made in non-Scheduled and Private Banks as against the prescribed pattern which permitted deposits only with Public Sector and State Cooperative Banks. What is even more serious is that up to the Year 1997, records of investment of Rs. 84.65 crores are not maintained. This you will agree is a grave lapse and calls for a thorough probe.

You will appreciate that the responsibility for administration of the funds, including investment therefrom and sanction of expenditure on eligible items of relief expenditure rests squarely with State level committee under your Chairmanship. It is all the more imperative therefore that instances of such departure from the norms, alongwith their reasons and fixing of responsibility in the matter are looked into under your guidance. As despite, certain changes in the CRF Scheme during the period 2000-01 to 2004-05 the arrangements still continue. It is equally necessary that norms now prescribed are seriously adhered to.

I shall be grateful if you kindly look into the matter personally and ensure that the lapses pointed out by the Committee are examined carefully and corrective action, including wherever necessary punitive steps, are taken under intimation to the nodal Ministry.

With regards,

Yours sincerely,

(BINOO SEN)

Shri Y.S. Ratra  
Chief Secretary,  
Government of Punjab  
Chandigarh

BINOO SEN

D.O. No. 31-1/2002-NDM  
March 8, 2002

Dear

The Public Accounts Committee (PAC) of 13th Lok Sabha in its 28th Report on "Calamity Relief Fund" (CRF) has adversely commented on the operation of this fund in your State for the period 1992—98.

It has been observed that in your State investments from the funds were in violation of the prescribed norms and that funds were kept in personal deposit accounts, fixed deposits and Saving Banks Accounts while CRF Scheme envisaged a prescribed pattern of investment such as Government Securities, Treasury Bills, PSU Bonds/ Units etc.

You will appreciate that the responsibility for administration of the funds, including investment therefrom and sanction of expenditure on eligible items of relief expenditure rests squarely with State Level Committee under your Chairmanship. It is all the more imperative therefore that instances of such departure from the norms, alongwith their reasons and fixing of responsibility in the matter are looked into under your guidance. As despite, certain changes in the CRF Scheme during the period 2000-01 to 2204-05 the arrangements still continue. It is equally necessary that norms now prescribed are seriously adhered to.

I shall be grateful if you kindly look into the matter personally and ensure that the lapses pointed out by the Committee are examined carefully and corrective action, including wherever necessary punitive steps, are taken under intimation to the nodal Ministry.

With regards,

Yours sincerely,

(BINOO SEN)

Shri L.M. Goyal,  
Chief Secretary,  
Government of Haryana,  
Chandigarh



**MINISTRY OF AGRICULTURE  
DEPARTMENT OF AGRICULTURE & COOPERATION**

**Recommendation**

Audit Scrutiny has disclosed that the State Governments diverted Rs. 519.54 crore on activities not connected with relief measures. Asked to explain, the Ministry stated that though guidelines for utilization of the funds have been framed and notified to all the State Governments and the accountants of the States advised to book only the eligible items of expenditure under CRF, and to furnish information about the expenditure incurred on the natural calamities from CRF in a prescribed format, it was not possible for them to find out any diversion/misuse of CRF in the absence of information from the States. The plea of the Ministry that the State Government did not provide the desired information regularly in the absence of which it was not possible to find out the cases of diversion is wholly untenable. The Committee desire that the State Governments be asked to furnish the statement of expenditure from the CRF in the prescribed format and the release of the second instalment be made only after the receipt of report from the concerned State. The Committee recommend that any case of diversion or misuse of funds meant for CRF should be dealt with firmly so that there is no deviation from the guidelines. The Committee also recommend that all cases of misappropriation and embezzlement of funds pointed out by Audit be enquired into and appropriate and conclusive action initiated to effect recovery of such funds and to bring the guilty officials to book.

(Sl. No. 6 Appendix)  
Para 58 of 28th Report of PAC  
(Thirteenth Lok Sabha)

**Action Taken**

Although the PAC has only recommended that State Governments should be asked to furnish the statement of expenditure and the subsequent instalment be released on that basis, this Department is of the view that this laudable objective can be achieved by effecting certain amendments in the CRF scheme. Therefore, the Department in pursuance of the observations of the Committee has requested the Ministry of Finance, Department of Expenditure to effect certain amendments in the CRF Scheme so that a reasonably detailed break-up of expenditure is available to facilitate a fair degree of monitoring of such expenditure. Copies of the relevant correspondence are placed from Annexures VII to X, from which it would be seen that Ministry of Finance have certain reservations in the matter. With the amendment in the Government of India (Allocation of Business) Rules, it is hoped that the matter will be pursued by Ministry of Home Affairs, and amendments are carried out by the Ministry of Finance to effectuate the recommendations of the Committee.

Attention of the State Governments to cases of dimension and misuse of funds has been drawn *vide* Annexure-III. Further action will be taken and intimated to the PAC upon receipt of response.

Sd/-  
(Naved Masood)  
Joint Secretary to the Govt. of India

[Ministry of Agriculture, (Deptt. of Agri. & Coopn.) O.M. No. 31-1/2002-NDM dated 22nd April 2002]



NAVED MASOOD  
T.No. 3381176(O)

संयुक्त सचिव  
भारत सरकार  
कृषि मंत्रालय  
कृषि एवं सहकारिता विभाग  
कृषि भवन, नई दिल्ली-110001  
JOINT SECRETARY  
GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE  
(DEPARTMENT OF  
AGRICULTURE & COOPERATION)  
KRISHI BHAWAN  
NEW DELHI-110001  
D. No. 31-1/2002-NDM  
January 7, 2002

Dear Dr. Bannerji,

I write this in continuation of D.O. letter of even number and date regarding the 28th Report of the Public Accounts Committee of the 13th Lok Sabha on "Calamity Relief Fund" and to draw your attention to the undernoted observation made in Para 58 thereof :

"The Committee desire that the State Governments be asked to furnish the Statement of expenditure from the CRF in the prescribed format and the release of the second instalment be made only after the receipt of the Report from the concerned State."

It is seen that the recommendation would involve amendment in Para 6(iii) of the CRF Scheme by incorporating the above recommendation. The Annual Report on Natural Calamity relates to the previous year, while by 1st November, considerable expenditure would have been incurred during the current financial year also. As such, the information on expenditure incurred as revealed from the Annual Report of Calamities will be rather out of date and it will not facilitate effective monitoring of the expenditure which the PAC has recommended. Such monitoring would be possible with regard to more recent expenditure.

Keeping in view the above, this Department would recommend the following:

(i) Para 6 (iii) be amended with the amended para reading as under:

"(iii) Centre's contribution due on 1st November shall be released only after the Annual Report on Natural Calamities as indicated in para 11.2 of the Scheme and a **statement of expenditure incurred from the Fund under the prescribed Heads of meeting such expenditure** is received by Ministry of Agriculture who in turn will communicate the same to Ministry of Finance".

(ii) An "explanation" may be inserted below para 6(iii) as under:—

Explanation:

The prescribed Heads of expenditure mean the items of expenditure *vide* Department of Agriculture and Cooperation as annexure to their letter No. 3-9/2002-NDM dated the 21st August, 2001.

(iii) Department of Expenditure may modify the proforma prescribed for receiving proposals from the State Governments for release of Central shares to their CRF by including the above item-wise expenditure within the proforma.

As the Action Taken Note to the above recommendation has to be prepared at an early date, I shall be grateful for a very urgent response in the matter.

With regards.

Yours sincerely,

Sd/-

(NAVED MASOOD)

Dr. Ranjit Bannerji,  
Joint Secretary (PF-I),  
Department of Expenditure,  
North Block,  
New Delhi-110001

D.O. No. 43(1) PF-1/95-Part.



**R. BANNERJI**  
Joint Secretary (PF-1)  
Tel. 3014811

भारत सरकार  
वित्त मंत्रालय  
व्यय विभाग

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE  
नई दिल्ली/New Delhi, the 22-1-2002

Dear Shri Masood,

Please refer to your D.O. letter No, regarding observations made in para 58 of the Report of the PAC of the 13th Lok Sabha on Calamity Relief Fund conveying the recommendation of the Department of Agriculture & Cooperation thereon.

This Ministry has been seeking information from the States regarding crediting of the amounts received earlier as Centre's share of CRF along with the States' share, up-to-date expenditure and balance available in the CRF, before release of further instalment of Centre's share to the States. This is in keeping with the recommendation of the EFC and as prescribed in para 6(ii) of the scheme. Details of expenditure incurred by States and adherence by them to the norms and items of expenditure prescribed by DoAC is not called for by this Ministry as the **monitoring of the scheme rests with the MoA**. However, it is observed from para 58 of the PAC Report that the Ministry of Agriculture have been seeking information from States about expenditure incurred on natural calamities from CRF. You may therefore like to make your format more comprehensive to include information relating to expenditure incurred from fund under the prescribed items of expenditure issued by MoA. Rather than making changes to the scheme itself, MoA may therefore issue their guidelines on items of expenditure with reference to para 8.7 of the scheme.

Further, it is felt that para 6(iii) of the CRF scheme need not be amended since para 6(iv) already provides that MoA can recommend withholding of release to any State and para 11. (i) provides that MoA shall recommend for adjustment/withholding of release of any instalment to the States in the event of any deficiency/shortcoming in implementation of the scheme by States. Therefore, it may be desirable that MoA may make their recommendations to MoF prior to the due dates for release of instalments. **The release of Centre's share of CRF would therefore, be consequent upon fulfilment of para 6(iv) of the scheme and the specific recommendations of the MoA.**

Regards,

Yours sincerely,  
Sd/-  
(R. Bannerji)

Shri Naved Masood,  
Joint Secretary (NDM),  
Department of Agriculture & Cooperation,  
Krishi Bhavan,  
New Delhi.



ANNEXURE-IX

NAVED MASOOD  
संयुक्त सचिव  
भारत सरकार  
कृषि मंत्रालय  
(कृषि एवं सहकारिता विभाग)  
कृषि भवन, नई दिल्ली-110001  
JOINT SECRETARY  
GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE  
(DEPARTMENT OF  
AGRICULTURE & COOPERATION)  
KRISHI BHAWAN, NEW DELHI-110001  
D.O. No. 31-1/2002-NDM  
February 11, 2002.

Dear Bannerjee Mushai,

Please refer to your D.O. No. 43(1) PF-I/95 part regarding recommendations of this Department to effect certain amendments in the CRF Scheme pursuant to the recommendations of the PAC of 13th Lok Sabha in its 28th Report.

We would like to respond as under—

- (i) The Eleventh Finance Commission has not recommended detailed modalities of monitoring expenditure — this aspect has been right left to be dealt with under the CRF Scheme.
- (ii) Although the report of the PAC relates to the period when CRF operated in terms of the recommendations of the Tenth Finance Commission, the deficiency noticed by the PAC persists.
- (iii) Para 6(ii) of CRF Schemes as it now stands does not adequate cover the aspect of expenditure from the Fund — State Governments have been furnishing a consolidated figure of expenditure which makes it impossible for this Department to carry out any meaningful monitoring of expenditure.
- (iv) No, doubt, the responsibility of monitoring the Scheme rests with this Department — it is precisely for this reason that we feel that the provisions of this Scheme must be reasonably detailed and comprehensive—if we insist on additional details of expenditure which are *prime facie* outside the purview of para 6 (ii), we will be accused of transgressing the limits set by the Scheme and both the Ministry of Finance and this Department might be involved in avoidable controversies.

PAC has identified certain areas of systemic improvements, and we do feel that refinement in CRF Scheme is a continuous process which should be undertaken in the over-all interests of Relief administration and to ensure that the spirit of the substantive

recommendations of the Eleventh Finance Commission gets fully reflected in the schematic operation.

Keeping in view the above, this Department would again recommend amendments in the scheme suggested *vide* D.O. of even number dated 7th January, 2002. We propose to incorporate this recommendation in the Action Taken Note to be furnished to the PAC/Audit.

Warm regards.

Yours sincerely,  
(NAVED MASOOD)

Dr. Ranjit Bannerji,  
Joint Secretary (PF-I),  
Ministry of Finance,  
Department of Expenditure,  
New Delhi.

ANNEXURE-X



R. Bannerji  
Joint Secretary (PF-I)  
Tel. 3014811

D.O. No. 43(1) PF-1/95-Part.  
भारत सरकार  
वित्त मंत्रालय  
व्यय विभाग

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE  
नई दिल्ली/New Delhi, the 19-2-2002

Dear Shri Masood,

Please refer to your D.O. letter No. 31-1/2002-NDM dated 11.02.2002 regarding amendments in the CRF scheme pursuant to the recommendations of the PAC of 13th Lok Sabha in its 28th Report.

The Scheme of CRF was issued in accordance with the recommendations of the Eleventh Finance Commission (EFC) and after consultation with the State Governments, RBI, CGA, C&AG of India and the Ministry of Agriculture. The scheme had the approval of Finance Minister and Agriculture Minister. Amendment in the CRF scheme will entail a similar procedure which would be time consuming. As you are aware, para 6(iv) and para 11.1 of the Scheme provides that, Ministry of Agriculture can recommend withholding of release of funds to the State Governments, if the requisite information, as desired by your Ministry for proper monitoring, is not received from the State Governments.

The proforma devised by this Ministry, in keeping with the recommendations of the EFC, is only for obtaining broad details, of the credits and debits in the states' Calamity Relief Fund account. MOA may under the above cited provisions of the scheme, seek detailed information from States, for effective monitoring of expenditure under the Scheme. As this Ministry would be guided by the recommendations of MOA regarding release of instalments of Centre's share of CRF amendments to the Scheme may not be necessary.

Regards and best wishes.

Yours sincerely,

Sd/-

R. Bannerji

Shri Naved Masood  
Joint Secretary (NDM)  
Department of Agriculture & Cooperation  
Krishi Bhawan  
New Delhi.



**MINISTRY OF AGRICULTURE  
DEPARTMENT OF AGRICULTURE & COOPERATION**

**Recommendation**

Lack of effective monitoring of the scheme is the most glaring shortcoming that emerges from the Committee's scrutiny. The Committee hardly need to reiterate the significance of effective monitoring of relief operations in ensuring that the necessary relief reaches the victims of calamities within time. The Committee note that despite the prescribed format issued by the Ministry for monitoring the financial and fiscal aspects of utilization of CRF, the submission of the reports by most of the State governments was tardy and in some cases there was lack of relevant information. The audit conclusion that the Ministry had merely confined itself to a supporting role by extending financial assistance as per provisions of the recommendations of the Finance Commission and had not involved itself with oversight functions to ensure that intended objectives are achieved stands reinforced by the Committee's scrutiny. The Committee are concerned to note that the Ministry has not, so far, conducted any appraisal or evaluation as to the impact of the funds released for various schemes for mitigations of sufferings of the victims of calamities on the specious plea that the State Governments have been given the responsibility of the operation and management of CRF. The Committee observe that there is total lack of monitoring mechanism to ensure that the relief actually reaches the affected people. On scrutiny of material evidence obtained by the Committee from the Ministry, the Committee come to the inescapable conclusion that the on ground implementation of the CRF and NFCR is extremely ineffective in meeting the objectives of the schemes. The Committee hope that in the light of the recommendations of the 11th Finance Commission and their concerns the Government would come out with a comprehensive scheme with the objectives of ensuring that the relief reaches the victims of natural calamity within a reasonable time frame, the scheme is effectively monitored and the chances of possible misuse/diversion are avoided.

(Sl. No. 9 Appendix)  
Para 61 of 28th Report of PAC  
(Thirteenth Lok Sabha)

**Action Taken**

These observations have set in motion a number of initiatives described earlier. These may be briefly recapitulated again.

- (i) Proposal to amend CRF Scheme to ensure details expenditure statement;
- (ii) Recommendation to the audit to introduce a special procedure for examination of CRF transactions;
- (iii) A proposal to have a qualitative study of relief expenditure conducted; and
- (iv) Communication of specific and general observations of the Committee to all the State Government.

As earlier explained, the subject-matter of the present report has been transferred to the Ministry of Home Affairs and this Department will apprise the transferee Department of the unfinished initiatives pursuant to this report so that the matter is taken to its logical conclusion. PAC will be apprised of further out-come in the matter.

Sd/-  
(Naved Masood)  
Joint Secretary to the Govt. of India

[Ministry of Agriculture, (Deptt. of Agri, & Coopn.) O.M. No. 31-1/2002-NDM dated 22nd April, 2002].

New Delhi;  
December, 2002  
Agrahayana 1924 (Saka)

SARDAR BUTA SINGH,  
*Chairman,*  
*Public Accounts Committee.*

MINUTES OF THE FOURTEENTH SITTING OF THE PUBLIC ACCOUNTS  
COMMITTEE (2002-2003) HELD ON 17 DECEMBER, 2002

*The Committee sat from 1500 hrs. to 1700 hrs. on 17 December, 2002 in Committee Room "B", Parliament House, New Delhi.*

PRESENT

Sardar Butta Singh—*Chairman*

MEMBERS

*Lok Sabha*

2. Shri Haribhai Chaudhary
3. Shri M.O.H. Farook
4. Shri Bhartruhari Mahtab
5. Shri Chatrapal Singh
6. Shri Brij Bhushan Sharan Singh

*Rajya Sabha*

7. Shri Santosh Bagrodia
8. Shri Prasanta Chatterjee
9. Shri K. Rahman Khan
10. Shri Bachani Lekhraj

LOK SABHA SECRETARIAT

1. Shri K.V. Rao — *Joint Secretary*
2. Shri Devender Singh — *Deputy Secretary*
3. Shri R.C. Kakkar — *Under Secretary*

OFFICERS OF THE OFFICE OF C&AG OF INDIA

1. Shri S. Satyamoorthy — *Add. Dy CAG of India*
2. Shri S.K. Bahri — *Pr. Director of Audit (INDT)*
3. Shri P. Sesh Kumar — *Pr. Director of Audit (DT)*

REPRESENTATIVES OF THE MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE), RBI AND DGFT

1. Shri C.S. Rao — *Secretary (Revenue)*
2. Shri M.K. Zutshi — *Chairman, CBEC*
3. Dr. U.K. Sen — *Member, Customs & Export Promotion*
4. Shri S. S. Renjhen — *Joint Secretary, Drawback*
5. Shri L. Mansingh — *DGFT*
6. Shri R.D. Mishra — *Addl. DGFT*
7. Dr. Anup K. Pujari — *Add. DGFT*
8. Smt. K.J. Udeshi — *Executive Director, RBI*

2. At the outset, the Chairman, PAC welcomed the Memebrs of the Committee.

3. A copy of the verbatim proceedings of the sitting has been kept on record.

4. After the withdrawl of the witnesses, the Committee took up for consideration and adoption the following three draft reports:

(i) \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*

(ii) \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*

(iii) Action Taken on the recommendations contained in 28th Report of PAC (13th Lok Sabha) relating to "Calamity Relief Fund".

5. The Committee adopted the reports without any modification/amendment.

6. The Committee authorised the Chairman to finalise the draft report in the light of changes arising out of the factual verification by Audit, if any, and also to present these reports to Parliament.

**The Committee then adjourned.**

APPENDIX

STATEMENT OF CONCLUSIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Department	Conclusions and Recommendations
2	3	3	4
	1.3	Agriculture (Deptt. of Agriculture and co-operation)	The Committee hope that the final action taken replies to the recommendations contained in Sl. Nos. 3, 6, and 9 to which only interim replies have been furnished will be submitted to them expeditiously.
2.	1.9	-do-	The Committee are happy to note that the recommendation/observations of the Committee of Experts constituted to review the list of items for incurring expenditure from the CRF and also for drawing State specific lists on the basis of the recommendations of EFC have been accepted by the Government and the revised list of items of expenditure from the CRF/NFCR alongwith the scale thereof has been notified. The Committee hope that the Ministry would keep a constant watch on the disbursement of money for providing calamity relief effectively.
3.	1.2	-do-	The Committee take note of the need for effecting certain amendments in the CRF scheme. They would like the Ministry of Finance and Agriculture to work out the modalities of amendments expeditiously to facilitate effective expenditure monitoring. The Committee are optimistic that the Ministry of Agriculture would make concerted efforts to ensure that relief and rehabilitations reach the victims of the calamity timely and in accordance with the spirit of the scheme.