PUBLIC ACCOUNTS COMMITTEE
(2001-2002)

TWENTY-EIGHTH REPORT

(THIRTEENTH LOK SABHA)

CALAMITY RELIEF FUND

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE & COOPERATION)

-

Presented to Lok Sabha on: 18-12-2001
Presented to Rajya Sabha on: 18-12-2001

L O K S A B H A S E C R E T A R I A T
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**** Elected w.e.f. 29 November, 2001 vice Shri Vijay Goel and Shri Annasaheb M.K. Patil ceased to be Members of Committee consequent upon their becoming Ministers on 01.09.2001.***

INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee, do present on their behalf, this Twenty-Eighth Report (13th Lok Sabha) on Chapter-1 of the Report of 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".

2. 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) was laid on the Table of the House on 10th December, 1999.

3. The Committee examined various dimensions of the subject on the basis of the observations of Audit as contained in the C&AG Report No.3 of 1999 and the information furnished by the Ministry thereon. The Committee also took oral evidence of the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation) on 5 September, 2000. The Committee (2000-2001) considered, finalised and adopted this Report at their sitting held on 28th November, 2001. Minutes of the sitting form Part-II of the Report.

4. 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-II to the Report

5. The Committee would like to express their thanks to the Public Accounts Committee (2000-2001) for taking evidence on the Audit Chapter-1 and obtaining information thereon.

6. The Committee would like to express their thanks to the Officers of the Ministry of Agriculture (Department of Agriculture and Cooperation) for the cooperation extended by them in furnishing information and tendering evidence before the Committee.

7. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of Comptroller & Auditor General of India.

NARAYAN DATT TIWARI,
CHAIRMAN,
PUBLIC ACCOUNTS COMMITTEE

New Delhi;
06 December, 2001
15 Agrahayana, 1923 (Saka)

REPORT

INTRODUCTORY

Natural calamities have been a recurring phenomenon in India. During 1992-98, calamities resulted in death of 21796 persons affected an estimated population of 31.93 crore, and damaged 3575 lakh hectare of crop area.

2. The Calamity Relief Fund (CRF) and the National Fund for Calamity Relief (NFCR) were constituted as per recommendations of the Ninth and the Tenth Finance Commissions respectively.

3. The Ninth Finance Commission constituted in 1990, had recommended the creation of a Corpus for a CRF in each state on the basis of average of actual expenditure for the last 10 years of all states taken together, to which the Central and the State Governments were to jointly contribute in the ratio of 3:1. The Commission had further recommended that funds equivalent to the Corpus should be earmarked annually to the states for tackling calamities of all kinds. 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.

4. The Tenth Finance Commission recommended continuation of CRF with certain modifications, such as, the quantum of CRF to be based on average of actual expenditure under natural calamities and not on ceilings of expenditure approved by Ministry of Finance hitherto. 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.

5. In addition, the Ministry of Finance also set up a National Fund for Calamity Relief (NFCR) in April, 1995 for meeting the expenditure on relief measures provided to people affected by calamities of rare severity[1]. A National Calamity Relief Committee (NCRC) headed by the Union Agriculture Minister manages NFCR at the national level. The size of NFCR was envisaged to be Rs.700 crore to be built over the period 1995-2000 with an initial corpus of Rs.200 crore and Rs.100 crore annually for each of the five years 1995-2000, to which the Central Government and State Government were to contribute in the proportion of 3:1.

6. In view of the pressing demands from a number of States, based on the approval by the Cabinet, the corpus of Rs.700 crore was enhanced by Rs.120 crore in January, 1998. However, as against the enhanced corpus of

Rs.820 crore, based on the approvals by the NCRC from time to time, total assistance amounting to Rs.2555.28 crore was released during 1995-96 to 1999-2000.

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1. Para 1.1.6 of C&AG's Report No.3 of 1999.

enth Finance Commission (EFC) have recommended certain changes in the modalities. On the basis of the accepted recommendations of the EFC, a revised scheme of CRF, in supersession of the 1995 Scheme is under consideration by the Ministry of Finance.

AUDIT REVIEW

8. The present Report is based on Chapter 1 of the Report of the C&AG of India for the year ended March 1998, No.3 of 1999, [Union Government (Civil)- Performance Appraisals] relating to "Calamity Relief Fund". The appraisal sought to review the expenditure and investments out of CRF during the period 1992-98 with a view to examine the effectiveness of CRF in ensuring timely assistance and also to evaluate the adequacy of financial, administrative and monitoring arrangements in achieving the objective of securing relief during natural calamities. The various aspects arising out of the examination of the Audit Paragraph, exhaustive written information obtained from the Ministry of Agriculture and the oral evidence of the representatives of Ministry taken on 5 September, 2000 by the Committee are dealt with in the succeeding paragraphs.

A. Administration of Calamity Relief Fund (CRF):

9. Test checks conducted in 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 several States were either booked as State receipts or were parked in Revenue Deposits, Personal Ledger Account (PLA), Civil Deposit, Bank etc. The Ministry of Agriculture, however, continued to release funds to such States without enforcing the pre-condition of setting up of separate CRF.

10. During the evidence, the Secretary (Agriculture), clarifying the position of setting up of separate CRF, stated:

> *"Some State Governments have created a distinct CRF and some have operated the CRF under different Budget heads. Only last month, I took a meeting again with the representatives of the State Governments telling them that whichever states have not opened CRF separately should immediately do so".*

11. The Committee desired to know whether the setting up of a separate CRF was mandatory in terms of the recommendations of the Finance Commission/Instructions of the Finance Ministry and if so, why funds were released to these states year after year without insisting on the precondition of setting up of separate CRF. The Ministry of Agriculture in their reply *inter-alia* stated:

> *"In Para 4 of the scheme, it is explicitly stated, A Calamity Relief Fund (hereinafter referred to as "the Fund") will be constituted by each State for the purpose of financing natural calamity relief assistance. The funding pattern of the scheme provides for automatic release of funds to the States on quarterly basis. The Ninth Finance Commission had not prescribed any pre-condition for release of Centre's share of CRF for the period 1990-95. However, the Tenth Finance Commission (TFC) had recommended that before*

releasing the amount due in any year, Ministry of Finance should ensure that the Central contributions released in early years have been credited to the account of CRF. Funds were released in good faith to the State Governments on the basis of statements furnished by them and in recognition of the fact that money should be readily available to the State Government in times of natural calamity".

12. The Committee wanted to know as to whether any directions have been issued by the Ministry to the State Governments to ensure that the funds meant for CRF were not treated as state receipt nor parked in Revenue Deposits etc. The Ministry in their reply *inter-alia* stated:

> *"The CRF scheme stipulates the creation of a Calamity Relief Fund, wherein periodic contributions to the Fund as well as other income of the Fund shall be kept outside the General-Revenues of the States by withdrawal of amounts and making suitable investment in the manner prescribed in the scheme. Letters have been addressed to the State Governments, the most recent being a letter dated 21st August, 2000 from Secretary (Expenditure) to the Chief Secretaries of all the State Governments to ensure that a separate Calamity Relief Fund is set up in adherence to the guidelines issued by Ministry of Finance and that Centre as well as State share for the period 1995-2000 are credited into the accounts of the CRF. The sanction letters issued by this Ministry for release of Centre's share of CRF clearly stipulate that the funds should be credited into the accounts of CRF before utilising the amounts released under the sanction."*

13. In reply to a question of the Committee as to whether the amounts transferred to General revenues and to deposits/PLA etc. have since been credited back to the CRF by the respective State Governments and what action has been taken to remedy the situation, the Ministry of Agriculture stated:

> *"Confirmation from the State Governments is awaited in this regard. The States have been reminded. The recommendations of the EFC regarding releases from the CRF are in a modified form and envisage that the release of the funds from the Centre's share to the CRF of State Governments may be done in two instalments viz. On 1st of May and 1st of September each year. The instalment due on 1st May, should be released only after receiving from the State Government a certificate indicating that the amount received during the preceding financial year has been credited to CRF accompanied by a statement giving the updated expenditure and the balance amount available in the CRF. The statement itself should be treated as utilisation certification. It is expected that the new procedure will bring better results".*

14. The Committee desired to know the present status of setting up of separate CRF in each state. The Ministry of Agriculture stated that as per the information received by the Ministry of Finance from the states as on 31.03.2000, all states except three, namely Bihar, Maharashtra and Manipur had credited Central and State share for the period 1995-96 to 1998-99 to the account of CRF.

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B. <u>Violation of Investment and expenditure norms</u>

15. The scheme stipulated the 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 co-operative banks in the following manner.

Pattern of investment

(In per cent)

	Item	**1990-95**	**1995-2000**
1.	Government of India Securities	15	10
2.	State Government Securities	10	10
3.	Treasury Bills	25	25

4.	Public Sector Bonds/Units	10	10
5.	Deposits with Public Sector Banks	25	30
6.	Deposits in State Cooperative Banks	15	15

16. Test checks conducted in Audit disclosed that in 14 States funds were either not invested or invested partially. In seven states for which the figures could be worked out there was a loss of interest of Rs.138.78 crore due to their failure to invest or partial investment of fund in the prescribed instruments under the scheme. Five states (Arunachal Pradesh, Rajasthan, Nagaland, Punjab and Haryana) invested Rs.1576.88 crore in violation of prescribed norms. In two States (Nagaland and Punjab) Rs.13.11 crore were invested in non-scheduled and private Banks. In two States (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 of 1991-97.

17. On being asked to comment on the violation of investment and expenditure norms, the Secretary, Ministry of Agriculture deposed during evidence:

> *"As far as the investment pattern is concerned it is quite right, as is recorded by the Audit, that most of the State Governments have not separately invested these amounts".*

18 The Committee wanted to know as to what were the instructions in this regard? The Secretary (Agriculture) stated during evidence:

> *"The funds were to be set up distinctly and separately. About that, there is no dispute".*

19. In reply to a related question of the Committee, the Secretary (Agriculture) stated during evidence:

> *"The instructions are very clear to put it in a separate fund and the investment pattern was also given that so much money was to be invested in Central Government Securities, so much in bond and so on"*

20. The Committee inquired whether any condition was prescribed about the pattern of investment while releasing the funds to the State Governments under CRF and whether any returns/reports were obtained on investments made from CRF by the respective State Governments. In their reply the Ministry of Agriculture stated:

> *"As per the scheme of constitution and administration of CRF and investment therefrom issued by the Ministry of Finance of 27th July, 1995, a pattern of investment from the Fund was prescribed. The procedure was that the SLC would make the investments as prescribed. However, the States found the investment pattern cumbersome as it did not provide ready availability of funds in the wake of calamities.*
>
> *The Eleventh Finance Commission took into consideration the view points of the Ministry of Finance and the States and has now recommended a simpler method of investment of CRF of a State as detailed below:*
>
> *The CRF should be kept out of the Public Account of the State and should be invested in a manner approved by the Ministry of Finance. If for some reasons, it is not possible to keep the Fund in a nationalized bank or invest in a manner approved by the Ministry of Finance, it may be kept in the Public Account of the State, on which interest should be payable by the State Government at a rate which is not less than the market rate of interest as indicated by the Reserve Bank of India.*

The proposed new Scheme will provide flexibility to States to invest the CRF in nationalized banks for easy operation."

21. In reply to the question of the Committee whether any action has been taken by the Ministry against the State, who violated the investment norms, the Ministry of Agriculture *inter-alia* stated:

> *"There is also a provision recommended by the EFC that every state should prepare an Annual Report on natural calamities relating to the preceding financial year, and submit it to the Union Ministry of Agriculture by 30th September, every year. The Centre's contributions to the CRF of a State, due on 1st November, will be released only after the report has been received. This gives an opportunity to the Union Government to make the States follow the guidelines.*
>
> The flexibility recommended by the Eleventh Finance Commission is expected to help the States to follow norms."

22. The Committee observed that a large number of state Governments credited the receipts under the CRF to their General Revenues and/or as deposit in non-interest bearing public accounts. They enquired whether the Union Government had made attempt to assess the extent to which CRF has been depleted on account of loss of interest and whether the Ministry have asked the concerned State Governments to make good the loss. The Ministry of Agriculture in their reply stated:

> *"As per the scheme, the unspent balance in the fund as at the end of the financial year 1999-2000 will be available to the State Government for being used as resource for the next plan implying thereby that the fund for the period 2000-01 to 2004-05 as recommended by EFC would start with a zero balance."*

C. Expenditure in excess of norms

23. According to Audit, pursuant to the recommendations of the Tenth finance Commission, the Ministry of Agriculture had constituted a Committee of Experts which had identified the list of items and norms of assistance. This list was communicated to all the States in June 1995. Guidelines governing CRF had also made exceptions for special requirements of local conditions and deviation from the prescribed norms by the state governments up to 50 per cent of norms in respect of provision for gratuitous relief, supplementary nutrition, higher cost of transportation in hilly areas, etc. was allowed. These items and norms remained same for NFCR and became applicable from March 1997. Test-checks by Audit revealed excess expenditure of Rs.84.10 crore towards provision for relief assistance in nine states beyond the prescribed norms. In Kerala, excess payment of Rs.44.03 lakh was made without damage assessment and in Madhya Pradesh, excess payment of Rs.36.20 lakh was made on doubtful grounds and in some cases double payments were made.

24. The Committee desired to know the salient features of the guidelines on items of expenditure and norms of assistance financed by the Committee of Experts constituted by the Ministry of Agriculture in 1995 and how often these guidelines on the items of expenditure and norms are revised? In their reply the Ministry of Agriculture stated:

> *"Items of expenditure permissible under CRF/NFCR and the norms of assistance from these funds were prescribed in respect of 26 items covering gratuitous relief, supplementary nutrition, assistance of fishermen, assistance to artisans in handicraft sectors, assistance for repair/restoration of damaged houses,*

procurement/storage and movement of fodder, movement of useful cattle, provision of medicines, medical care for cattle, evacuation of people, air dropping of food and medicines etc.

In order to meet the special requirement of local conditions, the State Governments were permitted to make deviations in the above norms wherever necessary subject to the following guidelines:

i) In respect of gratuitous relief, the State norms may exceed the NFCR norms by not more than 25% only, except in the case of relief to old, infirm and destitute children where increase upto 50% of the NFCR norms is permissible. It is suggested that exgratia payment to families of deceased may be kept at a minimum of Rs.20,000 plus variation of 25% as per the NFCR norms.
ii) In the case of supplementary nutrition, the State norm may exceed the NFCR norm by not more than 50%.
iii) Keeping in view the higher cost of transportation and handling in the hilly States (Jammu & Kashmir, Himachal Pradesh, hill areas of Uttar Pradesh, Sikkim, hill areas of West Bengal and the seven North-Eastern States) a variation of not more than 50% (i.e. Upto Rs.750 per ha.) is permitted for agriculture input subsidy. For other States a variation of not more than 25% only is permitted, over and above Rs.500/- per ha. Which is the NFCR norm.
iv) In respect of other items of assistance variation from the NFCR norms may be kept at not more than 25%.

The Accountants General of states were sent a copy of the guidelines for ensuring that only expenditure in accordance with the guidelines is booked to the Head 2245 - Natural Calamities.

The guidelines were framed on the basis of the recommendations of the Tenth Finance Commission (TFC) and were reviewed in 1997 by another Committee of Experts on the basis of the recommendations made by the committee of Secretaries (COS) which inter-alia recommended adoption of scientific method of assessing damage as well as finalized its recommendations on which the State Governments are being consulted.

The Eleventh Finance Commission had also recommended the setting up of a Committee of Experts to review the list of items approved for incurring expenditure from the CRF and also for drawing State specific lists. Such a Committee has been constituted in the Ministry of Agriculture, Department of Agriculture & Cooperation on 1.11.2000 an it has held first meeting on 1.12.2000."

25. In reply to the query of the Committee as to how the Ministry ensured that the prescribed guidelines on items of expenditure and norms are invariably followed by the State Governments, Ministry of Agriculture in their reply stated:

"The Department of Agriculture & Cooperation has issued guidelines to the State Governments and Accountants General of the States advising them to follow the prescribed guidelines.

The Ministry of Agriculture as the nodal Ministry has been assisting the States in providing relief to the people affected by the natural calamities. Meetings with the Relief Commissioners of the States are held regularly and the issues relating to calamity relief operations are deliberated upon. In these meetings, the Relief Commissioner are requested to follow the guidelines for ground level relief expenditure and activities. The observations of C&AG were also brought to the notice of the State Governments concerned for taking corrective action and for reconciling the position. In the Relief Commissioners' Conference held on 26--27th May, 2000, the need for adhering to the guidelines incurring expenditure for relief was emphasized. Secretary (Agriculture & Cooperation) has, thereafter, taken a meeting with the representative of the State Governments on 8th August, 2000 in this regard.

States have been advised to take corrective measures and inform the Ministry of Agriculture about the same."

26. In reply to a question of the Committee regarding the steps contemplated to discourage instances of deviations from the prescribed norms by the State Governments, the Ministry of Agriculture stated:

"The State Governments are part of the federal structure of the Union of India and enjoy their separate entity. The Scheme of CRF issued by the Ministry of Finance, Government of India has made the State

Level Committees of the State Governments responsible for the administration and operation of CRF. It was expected that the State Governments would follow the guidelines scrupulously. The States are also subject to audit through the State and Central agencies.

The EFC had recommended that a Committee of Experts should be constituted to review the list of items approved for incurring expenditure from the CRF, drawn up by the earlier Committee. According to EFC, the Committee should have representatives from the State Governments, apart from the general list of items applicable to all States. State specific lists may also be drawn up in consultation with the representative of the concerned State Governments: a representative of the State Government, not already represented in the Committee, may be co-opted for the limited purpose: the existing arrangement for fixing the norms of expenditure on each approved item may continue: in case the norm is exceeded, the additional expenditure may be met from the budget of the State Government and not from the CRF."

D. <u>Weak institutional arrangement and absence of accountability</u>

27. The Audit has pointed out that under the scheme, the role of the Ministry of Finance was limited to automatic disbursement of grants without overseeing the quality of expenditure. Similarly, the assigned role for monitoring the utilisation of expenditure by the Ministry of Agriculture sans financial control had contributed to inefficiency in expenditure and lack of accountability among States. Financial administration of CRF was mismanaged and suffered from control weakness. In this context, it is stated by the Audit that instead of achieving cohesive and efficient coordination in relief activities, the all-embracing role of the State Level Committee (SLC) as a single window for all activities relating to calamity relief was ineffective in ensuring financial accountability. The SLC was powerless to prevent several irregularities and fix accountability. Sample checks revealed perfunctory functioning of the SLCs in many States.

28. During evidence the Committee enquired as to how can the State Government alone can bear this responsibility and should not the Relief Commissioner at the centre bear and share the responsibility alongwith the State, the Secretary, Ministry of Agriculture stated:

"Sir, I cannot disagree with that view. But I must respectfully wish to point out that the state level Committees have the responsibility and authority to incur expenditure. In fact, the State Level Committee was given the liberty to fix the norms of expenditure. But when they do not do it, the Central Government norms would have to be applied. Now, what happens in each nook and corner of state is perhaps not within the ambit of the Central Government or the Central Relief Commissioner."

29. The Committee asked the Ministry as to how cohesion in objective and administration is achieved among the Ministries of Finance, Agriculture and State Level Committees. The Ministry explained as under:

"no evaluation/appraisal could be made in the absence of quarterly reports from the State Governments. The State level Committee has been made responsible under the Scheme of CRF to administer and manage the CRF under the Chairmanship of the Chief Secretary of the State. The primary responsibility of taking relief and rehabilitation measures in the wake of natural calamities is that of the State Government. The Ministry of Finance provided the necessary funds from CRF and formerly NFCR. The Department of Agriculture and Cooperation coordinated with different Central Ministries/Departments in the wake of natural calamity whenever the State Governments requested for Central assistance. The Ministry of Finance had also been releasing the instalments of CRF in advance to enable the State Governments whenever the State Governments felt that there was shortage of funds with them for relief works. As per the recommendations of Tenth Finance Commission and Eleventh Finance Commission, Department of Agriculture and Cooperation performs its function of monitoring the calamity relief by assisting and advising the states whenever necessary. The States are given full guidance about calamity relief related

matters in the annual conference of the Relief Commissioners held under the Chairmanship of Secretary (Agriculture and Cooperation)."

30. The Committee asked the Ministry as to whether the Union Government have examined and appraised the effectiveness of the existing administrative and financial arrangements and identified bottlenecks in efficiency. The Ministry in their reply stated:

> *"the Union Government has from time to time placed its point of view/suggestions before the finance Commissions appointed by the Central Government to formulate the management of calamity relief work and providing financial assistance to the States. The position has changed following review of the Scheme by the Eleventh Finance commission (EFC). In their Report EFC has recommended continuance of the Scheme of CRF and have also recommended certain changes in the modalities. Funds are now to be released to the States in two instalments during the year instead of earlier release in four quarterly instalments. The first instalment of the Centre's contribution is to be released only after receiving from the State Government a certificate indicating the credit of the amount received during the preceding financial year to the CRF along with a statement showing the updated expenditure and the balance amount available in the CRF. This statement is to be treated as a Utilization Certificate. It has further been recommended that every State should also prepare Annual Report on natural Calamities relating to the preceding financial year and submit it to the Union Ministry of Agriculture by 30th September every year. The second instalment of Centre's contribution to the CRF will be released only after this Report has been received. The Ministry of Agriculture has already requested the States to send the Annual Report in the prescribed proforma for the purpose."*

31. The Committee asked the Ministry to explain whether any internal evaluation on effectiveness of performance of SLCs has been conducted? The Ministry of Agriculture stated:

> *"So far, no such evaluation has been made since as per the provisions of the scheme of CRF of 27th July, 1995, the SLCs under the chairmanship of Chief Secretaries of the States have a separate entity in a federal structure of our country where States have their own sphere of work and responsibilities. Apart from the Scheme of CRF, the Ministry of Agriculture has issued guidelines for incurring expenditure from CRF on specified items and according to specified norms."*

E. <u>Diversion of funds</u>

32. Audit para highlights that the diversion of fund from CRF was endemic. Sample checks disclosed that the state governments diverted Rs.519.54 crore on activities not in connection with relief measures. In several states Rs.224.80 crore were spent on activities covered under other centrally sponsored schemes such as JRY and EAS. Some other states spent Rs.20.95 crore on construction, maintenance and renovation work not envisaged for execution under CRF. Rs.41 crore were spent by others on state schemes and works of capital nature unrelated to the mandate of the CRF. Many states advanced Rs.34.45 crore of CRF as loans or for creating revolving fund, Rs.132.96 crore were spent in areas which were not identified as calamity affected and where no calamity had occurred, Rs.16.25 crore were spent on miscellaneous items like payment against time barred claims, contingent expenditure, payment of honorarium, refreshment charges, printing of visiting cards, advertising departmental achievements, expenditure on relief camps, etc., Rs.52.24 crore were released/spent without proper assessment,

Rs.55.08 crore were released without demand and Rs.43.18 crore were spent without approval of the competent authority.

33. Asked by the Committee to indicate the steps initiated to evolve proper accountability procedures for misuse/diversion of funds and action taken by them in cases of diversion, misuse, improprieties etc. highlighted by the Audit, the Ministry stated in their note that the guidelines for the utilisation of the Fund have been framed and notified by the Union Ministry of Agriculture to all the State Governments. The Accountants of the States had been advised by the Ministry of Agriculture to book only the eligible items of expenditure under CRF and the States are taking follow up action.

34. The Committee wanted to know whether the Ministry have any system of obtaining information or carrying out inspection to detect cases of diversion/misuse of funds meant for calamity relief? In their reply, the Ministry of Agriculture stated:

> *"Under the Scheme of CRF, the States were requested to furnish information about the expenditure incurred on the natural calamities from CRF in a prescribed format. The State, however, did not provide the desired information regularly in the absence of which it was not possible to find out whether there was any diversion/misuse of funds meant for calamity relief".*

NEXT