

"Examination of Accounts of ICAR" "Non Achievement of Stated Objective" and "Blocking of Funds of Coconut Development Board"

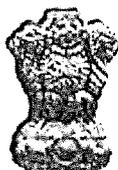
[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their One Hundred and Tenth Report (16th Lok Sabha)]

MINISTRY OF AGRICULTURE AND FARMERS WELFARE
(DEPARTMENTS OF AGRICULTURAL RESEARCH & EDUCATION AND AGRICULTURE, COOPERATION & FARMERS WELFARE)

PUBLIC ACCOUNTS COMMITTEE
(2020-21)

TWENTY-SECOND REPORT

SEVENTEENTH LOK SABHA



सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

PAC NO. 2202

TWENTY-SECOND REPORT

PUBLIC ACCOUNTS COMMITTEE
(2020-21)

SEVENTEENTH LOK SABHA

**"Examination of Accounts of ICAR" "Non
Achievement of Stated Objective" and
"Blocking of Funds of Coconut Development
Board"**

[Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their One Hundred and Tenth Report (16th Lok Sabha)]

MINISTRY OF AGRICULTURE AND FARMERS WELFARE
(DEPARTMENTS OF AGRICULTURAL RESEARCH & EDUCATION AND AGRICULTURE,
COOPERATION & FARMERS WELFARE)



Presented to Lok Sabha on: 02.02.2021

Laid in Rajya Sabha on: 02.02.2021

LOK SABHA SECRETARIAT
NEW DELHI

February, 2020/ Magha, 1942 (Saka)

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2020-21)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Rajeev Chandrasekhar
17. Shri Naresh Gujral
18. Shri C. M. Ramesh
19. Shri Sukhendu Sekhar Ray
20. Shri Bhupender Yadav
21. Vacant
22. Vacant

SECRETARIAT

1. Shri T. G. Chandrasekhar - Joint Secretary
2. Smt. M.L.K. Raja - Director
3. Shri Alok Mani Tripathi - Deputy Secretary

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* Not included to the cyclostyled copy of the Report

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2020-21), having been authorised by the Committee, present this 22nd Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their One Hundred and Tenth Report (Sixteenth Lok Sabha) on '**Examination of Accounts of ICAR, Non Achievement of Stated Objective and Blocking of Funds of Coconut Development Board**' relating to the Ministry of Agriculture and Farmers Welfare (Department of Agricultural Research & Education and Agriculture, Cooperation & Farmers Welfare).

2. The One Hundred and Tenth Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on 9 August, 2018. Replies of the Government to the Observations/ Recommendations contained in the Report were received on 22 May, 2019. The Committee considered the draft Report on the subject and thereafter adopted the Report at their sitting held on 1 December, 2020. Minutes of the sitting form appendix to the Report.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the office of the Comptroller and Auditor General of India.

5. An analysis of the Action Taken by the Government on the Observations/Recommendations contained in the One Hundred and Tenth Report (Sixteenth Lok Sabha) is given at Appendix-II.

NEW DELHI;
February, 2021
Magha, 1942 (Saka)

Adhir Ranjan Chowdhury
Chairperson
Public Accounts Committee

CHAPTER - I REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundred and Tenth Report (16th Lok Sabha) on "Examination of Accounts of ICAR, Non Achievement of Stated Objective and Blocking of Funds of Coconut Development Board" based on three audit paragraphs on "Significant observations on the account of Individual Central Autonomous Bodies, Non-achievement of Stated Objectives and Blocking of Funds". Out of these, the first and third Audit Paragraphs/Subjects fall within the purview of Department of Agricultural Research and Education and the second paragraph falls within the purview of Department of Agriculture, Cooperation & Farmers' Welfare, Ministry of Agriculture & Farmers Welfare. Accordingly, the Committees examination has proceeded in that sequence..

2. The One Hundred and Tenth Report (16th Lok Sabha) was presented to Lok Sabha on 9th August, 2018. It contained 07 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Agriculture and are broadly categorized as under:

i. Observations/Recommendations which have been accepted by the Government:

Para Nos. 1, 3, 5, 6 and 7

Total: 05
Chapter – II

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

NIL

Total: NIL
Chapter – III

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

Para Nos. 2 and 4

Total: 02
Chapter – IV

iv. Observations/Recommendations in respect of which Government have furnished interim replies/no replies:

NIL

Total: NIL
Chapter -V

3. Action Taken Notes (ATNs) in respect of all the Observations/Recommendations, were to be submitted by the concerned Ministry i.e. Ministry of Agriculture and Farmers' Welfare within six months of presentation/laying of the One Hundred and Tenth Report to the Parliament i.e. by February 2019. The ATNs were received on 06.02.2019.

4. The Action Taken Notes furnished by the Ministry of Agriculture and Farmers' Welfare on the Observations/Recommendations of the Committee contained in their One Hundred and Tenth Report (16th Lok Sabha) have been reproduced in the relevant Chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the Action Taken by the Government on some of their Observations/Recommendations which either need reiteration or merit comments.

A. Significant observations on the Accounts of Individual Central Autonomous Bodies
(Recommendation No. 2)

5. On gleaning through the oral evidence tendered before the Committee and the material/information supplied, they are perturbed to note that the test checked five units/Institutes of ICAR were not depicting the value of land (free hold and lease hold) in their schedule of assets in contravention of the Significant Accounting Policies (SAP) developed as early as in the year 2003-04. The Committee, are, also astonished to note that the Department of Agricultural Research instructed five units/institutions to depict the value of land in their schedule of assets only after the audit observation and the same have been reflected in their annual accounts from 2016-17 only. The Committee find that the Ministry have assured that all types of lands have now been digitalized and brought on record, so all concerted efforts would be made for reconciliation/depiction of such assets by the units in the annual accounts of the year 2017-18. It is evident that such an assurance is primarily consequent to the audit findings and subsequently the Committee's intervention. The Committee, therefore, in no uncertain words, at this stage, can only aver that such concerted efforts should bring fruits and the annual accounts of not only the year 2017-18 but for the coming years also invariably depict a true reconciled picture of lands and put in place a system for integrated data of assets.

6. The Ministry of Agriculture and Farmers' Welfare in their Action Taken Note have submitted as follows:

"It is submitted for the kind perusal of the Committee that all concerted efforts are continuously made to ensure that the land as well as other assets are depicted by all of the ICAR units as per the Significant Accounting Policies of the ICAR. Further, on the basis of observation of the Committee, it has been specifically instructed in the notes to accounts to all ICAR units to mandatorily depict the value of land in the Annual Accounts which would also be an essential requirement for acceptance of annual accounts of each unit. Every ICAR unit has also been instructed to show the value of land at a nominal value of Rs 1/- in case of freehold/gifted and details of all such type of land to be specified separately in their notes to accounts."

7. While vetting the above ATNs, the Audit made the following comments:-

"Department has not replied on the recommendation of the PAC regarding putting in place a system for integrated data of assets. The same may be furnished to PAC."

8. In their further comments to the above said Audit observation, the Ministry stated as under:-

"The Council has already adopted ERP based FMS-MIS system and made efforts to computerize its accounting records including assets but the process is not yet complete as it has confronted many challenges in the process of its implementation. The Council has more than 110 units across India and each unit has to ascertain/reconcile its assets as the error free data only could be fed in the system to get accuracy in the reports and that only will pave the way for a robust system for integrated data of assets to be in place. Being a very voluminous and uphill task due to number of technical functional and operational requirements of the software, it has been taking time also with continuous exploration and evaluation of all aspects in the direction of integration of assets. Thus, steps for a strong system for integrated data of assets of all ICAR units spread across the country have already been taken. Accordingly, the information made available to the PAC about putting in place a sound system for integrated data of assets has been compiled with by ICAR. With concerted efforts during the financial year 2019-20, a robust system for integrated idea of assets could be expected to be in place in the next financial year 2020-21."

9. The Committee note that the Ministry of Agriculture and Farmers' Welfare, in their action taken reply furnished at first have assured that all types of lands have been digitized and brought on record. It has also been assured that all

concerted efforts would be made for reconciliation/depiction of such assets by the units in the annual accounts of the year 2017-18. The Committee further note that as observed by the Audit too, the reply furnished by the Ministry initially is incomplete as there has been no response on the Committee's recommendation for putting in place a system for integrated data of assets. They further note that in the subsequent response, the Ministry of Agriculture and Farmers Welfare have assured that with concerted efforts during the financial year 2019-20, a robust system for integrated data of assets could be expected to be put in place in the next financial year 2020-21.

The Committee find the reply of the Ministry to be more in the nature of an assurance that a robust system for integrated data of assets could be expected to be put in place in the financial year 2020-21. While seen in the context of the reply furnished initially informing *inter-alia* that all types of lands have been digitized, the instant reply of the Government does not indicate that the matter has been taken with due seriousness. The Committee also find that no concrete and specific steps have been detailed in the reply for achieving the objective of building an integrated data of assets in a time bound manner. The Committee while taking note of the reply of the Ministry stating that the task of building an integrated data of assets of all ICAR units spread across the country is a voluminous, and uphill task due to a number of technical, functional and operational requirements of software etc. are of the opinion that for any organization, a comprehensive data base i.e. a clear compilation of its assets should be readily available. The benefits of such an integrated data far outweigh the efforts and challenges building the data may pose. They, therefore, desire that the Ministry make concerted efforts to put the integrated data of assets in place and apprise the Committee thereof at the earliest.

B. MISSTATEMENTS IN THE ACCOUNTS
(Recommendation No. 4)

10. Upon examining the subject, the Committee are further perturbed to note that there are errors and mis-statements in the estimation of accrued interest on bank

deposits, bonds and other investments in the ICAR GPF accounts. The Department while admitting the above observation submitted that necessary changes have been made in the ICAR GPF accounts during 2011-12 and the officers concerned have been advised to be vigilant in calculating accrued interest from the investments/instruments. However, the Committee are not satisfied with the mere issue of an advisory in this regard and desire the Department/ICAR to fix responsibility for the lapse/errors in the estimation of accrued interest of ICAR GPF accounts and also to devise a foolproof mechanism to avoid recurrences of this nature in future.

11. The Ministry of Agriculture and Farmers' Welfare in their Action Taken Note have submitted as follows:

"The error in estimation of accrued interest was analyzed and foolproof mechanism has now been adopted wherein accrued interest were crosschecked from the institutions issuing securities and tallied with their certificate of accrued interest. Separate annexure for different types of maturing instruments and related accrued interest are also being shown and annexed with Annual Accounts depicting the exact accrued interest value thereof and now there is foolproof mechanism to cross check the accrued interest by involving the issuing institutions to provide the figure. It is reiterated that this error in estimation of accrued of such mechanism which was a systematic shortcoming and not an individual failure. The Hon'ble Member of Parliament is requested to appreciate the effort made by the organization and consider to rest the issue as such, in view of corrective measures adopted by the organization."

12. While vetting the above ATNs, the Audit made the following comments:-

"No observation on errors and mis-statements in the estimation of accrued interest on bank deposits, bonds and other investment in ICAR has been made in the SAR on the accounts of ICAR since 2011-12. Hence, no further comments."

13. The Committee note that the ICAR has admitted to the audit observations regarding errors and mis-statement in the estimation of accrued interest on bank deposits, bonds and other investments in the ICAR GPF accounts. The Committee had desired that ICAR fix responsibility for the lapse/error in the estimation of accrued interest of ICAR GPF accounts and had recommended devising a foolproof mechanism to avoid recurrence of lapses of such nature in the future. The Committee also note the reply of the Government that the error in estimation of accrued interest occurred due to the absence of a proper

mechanism in place, which by ICARs own admission, is a systematic shortcoming. The Committee, while acknowledging the request of the Government to consider putting the issue to rest, are surprised to note that the Ministry has chosen to attribute the cause of errors in the estimation of accrued interests on bank deposits etc. as a systematic shortcoming without caring to identify the causes for the same. The Committee would, therefore, like to reiterate their recommendation that the Government should enquire into and identify the causes of the lapse and fix responsibility, apart from ensuring that the shortcoming is effectively addressed, so that such errors do not recur.

APPENDIX-II

(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR ONE HUNDRED AND TENTH REPORT (SIXTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	-	7
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1, 3, 5, 6 and 7	-	Total : 5 Percentage: 72%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:	-	Total : 0 Percentage: 0%
			-Nil-
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para Nos. 2 and 4	-	Total : 2 Percentage: 28%
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies/no replies:	-	Total : 0 Percentage: 0%

-Nil-

CHAPTER V

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

-Nil-

NEW DELHI;
February, 2021
Magha, 1942 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

MINUTES OF THE EIGHTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE
(2020-21) HELD ON 1ST DECEMBER, 2020.

The Committee sat on Tuesday the 1st December 2020 from 1100 hrs. to 1415 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Adhir Ranjan Chowdhury - **Chairperson**

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Jagdambika Pal
8. Shri Jayant Sinha
9. Shri Balashowry Vallabhaneni

RAJYA SABHA

10. Shri Rajeev Chandrasekhar
11. Shri C.M. Ramesh
12. Shri Bhupender Yadav

LOK SABHA SECRETARIAT

1. Shri T.G Chandrashekhar - Joint Secretary
2. Shri M.L.K. Raja - Director
3. Smt. Bharti S. Tuteja - Additional Director

REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA

REPRESENTATIVES OF INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(ICAI)

REPRESENTATIVES OF CONFEDERATION OF INDIAN INDUSTRY (CII)

REPRESENTATIVES OF FEDERATION OF INDIAN CHAMBERS OF COMMERCE &
INDUSTRY (FICCI)

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|-----|-------|-------|-------|
| 2. | ***** | ***** | ***** |
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| 14. | ***** | ***** | ***** |

- 15. *****
- 16. *****
- 17. *****
- 18. *****
- 19. *****
- 20. *****
- *****

21. Then, the Committee took up the following reports of the Committee for consideration:

- a) *****
- b) Action taken by the Government on the Recommendations/Observations of the Committee contained in their 110th Report (16th Lok Sabha) on "Examination of Accounts of ICAR" "Non Achievement of Stated Objective" and "Blocking of Funds of Coconut Development Board"; and
- c) *****

22. The first two Draft reports mentioned at (a) and (b) above, were adopted by the Committee without any modifications. Minor changes were suggested in the last line of Para 30 in the third report mentioned at (c).

- 23. *****

24. The Committee also authorized the Chairperson to finalise the aforesaid reports on the basis of factual verification, suggestions of the Members and present the same to the Hon'ble Speaker/ Parliament.

25. The Committee also proposed that three Sub-Committees viz. Sub-Committee 1 to 3 (2020-2021) may be re-constituted after the Reports on the subjects allocated to them were finalized.

26. The Chairperson thanked the officials of the C&AG for assisting the Committee in their deliberations.

The Committee, then, adjourned.