



सत्यमेव जयते

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

Government of Maharashtra

FOR THE YEAR ENDED 31 MARCH 2007

(CIVIL)

**Performance audit of
FARMERS' PACKAGES**

**Revenue and Forests Department
(Relief and Rehabilitation Wing)**

TABLE OF CONTENTS

Chapter	Subject	Page
	Preface	v
	Overview	vii
1	Introduction	1 - 4
1.1	<i>The Packages</i>	1
1.2	<i>Organisational set-up</i>	2
1.3	<i>Audit objectives</i>	2
1.4	<i>Audit criteria</i>	2
1.5	<i>Scope and methodology of audit</i>	3
1.6	<i>Acknowledgement</i>	4
2	Conceptualisation of packages	5 - 10
2.1	<i>Funding</i>	5
2.2	<i>Components found deficient / uncovered areas</i>	5
2.3	<i>Base line data not used for package implementation</i>	7
2.4	<i>Incorrect accounting of expenditure</i>	7
2.5	<i>Contradiction of norms of GOM and GOI</i>	9
2.6	<i>Programmes not consistent with local needs</i>	9
2.7	<i>Conclusion</i>	9
2.8	<i>Recommendations</i>	10
3	Immediate Relief Measures	11 - 20
3.1	<i>Debt relief to farmers</i>	11
3.2	<i>Refund of Capital Formation Fund</i>	12
3.3	<i>Ban on illegal money lending</i>	14
3.4	<i>Compensation to cotton growers</i>	15
3.5	<i>Grant of immediate relief in suicide cases</i>	17
3.6	<i>Community marriages</i>	19
3.7	<i>Conclusion</i>	20
3.8	<i>Recommendations</i>	20
4	Long Term Measures	21 - 30
4.1	<i>Assistance to farmers for increase in production</i>	21
4.2	<i>Agricultural allied activities for supplementary income</i>	23

Chapter	Subject	Page
4.3	<i>Micro irrigation</i>	24
4.4	<i>Assured irrigation</i>	25
4.5	<i>Seed replacement and cropping intensity.</i>	26
4.6	<i>Agriculture Insurance Scheme</i>	27
4.7	<i>Vidarbha Panlot Mission</i>	28
4.8	<i>Other Components of the packages</i>	29
4.9	<i>Conclusion</i>	30
4.10	<i>Recommendations</i>	30
5	Monitoring and Evaluation	31 - 32
5.1	<i>Weak reporting mechanism</i>	31
5.2	<i>VNSSM not effective</i>	31
5.3	<i>Evaluation of impact on agrarian distress</i>	31
5.4	<i>Conclusion</i>	32
5.5	<i>Recommendations</i>	32

APPENDICES AND GLOSSARY

Appendix	Subject	Page
I	<i>Components under the packages declared by GOM and GOI</i>	33
II	<i>Implementing Departments</i>	34
III	<i>Special Package (GOM)</i>	35
IV	<i>Details of Expenditure covered under audit</i>	36
V	<i>Sampling Plan for Beneficiary survey conducted by ERA</i>	37
VI	<i>Summary of the results of Beneficiary survey</i>	38
VII	<i>Special Rehabilitation Package (GOI)</i>	41
VIII	<i>Excess area under cotton cultivation</i>	42
IX	<i>Excess payment of subsidy</i>	43
	<i>Glossary</i>	44

PREFACE

1. This Report of the Comptroller and Auditor General of India containing performance audit on "Farmers' Packages" has been prepared for submission to the Governor of Maharashtra under Article 151 of the Constitution.
2. The audit was conducted through test check of records (March-June 2007) of the Relief and Rehabilitation Wing of Revenue and Forests Department, other line departments and agencies involved in implementation of the farmers' packages declared by Government of India and Government of Maharashtra to alleviate agrarian distress in Vidarbha Region of Maharashtra, covering a period upto March 2007. Matters relating to the period subsequent to 2006-07 have also been included wherever necessary.
3. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

REVENUE AND FORESTS DEPARTMENT **(Relief and Rehabilitation Wing)**

Farmers' Packages

OVERVIEW

Maharashtra has the highest area under cotton cultivation in India. In the State cotton crop failed more than once in the last four years. This along with other causes of agrarian distress contributed to suicides of farmers in the Region and six districts were worst affected. For alleviating agrarian distress and preventing farmers' suicides in the six suicide-prone districts, Government of Maharashtra declared a comprehensive package of Rs 1075 crore in December 2005, comprised of long term and short term measures. Government of India (GOI) also declared a special rehabilitation package of Rs 3750 crore in July 2006.

In June 2006, a survey of all farmers in the area was carried out by the Revenue Department, declaring 13.48 lakh farmers (out of total 17.64 lakh) under distress. However, the information was not shared with other line departments for identification of beneficiaries while implementing the packages.

Seven components included in the packages were also available beyond the six suicide prone districts. Some of the components had design deficiencies / uncovered areas which adversely impacted their effectiveness. GOI Package declared was overstated to the extent of Rs 239 crore. The reliability of data was doubtful.

Implementation of short term measures, aimed at providing immediate relief to the farmers in distress, was saddled with delays in payment of the assistance. While reimbursing banks for interest waived on loans, sanction of fresh loans was not ensured. In suicide cases, instances of delayed ex-gratia payments were noticed. Government declared that the farmers who obtained loans from illegal money lenders have to treat themselves free from loans. This did not materialise and the farmers could not get the benefit consequent on passing of hon'ble High Court decision.

Amount allotted to the components for long term direct benefits was meager. As a result, large a number of farmers in distress were not covered by these components. Components implemented by the line departments suffered due to late release of funds, change in the implementing agency, submission of proposals of non-feasible projects, etc. Creating irrigation potential of 1.60 lakh hectares as envisaged appears difficult. Despite availability of funds there was short supply of seeds to farmers due to incorrect estimation.

No evaluation of the implementation of the packages, in terms of reduction in agrarian distress, was made.

Out of 14 components of GOM package (Rs 1075 crore) four components involving allocation of Rs 564 crore were not specific for the six suicide prone districts and were being implemented in all the districts of the State. There was incorrect accounting of expenditure.

(Paragraphs 2.1 and 2.4)

GOI package was overstated by Rs 239 crore. Some of the components had design deficiencies.

(Paragraphs 2.1 and 2.2)

Base line data obtained by door to door survey conducted by the Revenue Department to ascertain level of distress amongst the farmers was not shared with other departments/ implementing agencies for identification of beneficiaries under various components.

(Paragraph 2.3)

Though interest waiver was claimed by the banks in 9.29 lakh cases, in 4.45 lakh cases (48 *per cent*) fresh loans were not given. Nationalised banks and Co-operative banks wrongly waived interest of Rs 28.95 crore.

(Paragraphs 3.1 and 3.1.2)

No expenditure was incurred on 'Ban on illegal money lending'. ERA survey showed that 75 *per cent* respondents (farmers) were unaware of the relief extended under the component. Farmers did not get this benefit consequent on Hon'ble High Court decision and restraining authorities concerned from passing any orders.

(Paragraphs 3.3 and 3.3.1)

Total area reported by Collectors for payment of compensation was in excess of the area cultivated as estimated by Maharashtra Remote Sensing Application Centre and indicated in crop cultivation report. Excess payment made due to variations in the area was Rs 9.56 crore.

(Paragraph 3.4)

There were delays ranging from 10 to 323 days in payment of immediate relief assistance in suicide cases.

(Paragraph 3.5.1)

Taluka Agriculture Officer (TAO), Karanja made payment to 349 farmers through cheques for purchase of bullocks against the targets of 110 beneficiaries. Nine cheques were dishonoured for want of sufficient balance in the bank.

(Paragraph 4.1.2)

Interest of Rs 14.52 lakh earned on the deposits was not accounted for in the accounts as of March 2007 by MLDB. Assistance was extended to 105 Self Help Groups in excess of the admissible norms, resulting in excess payment of Rs 1.07 crore.

(Paragraphs 4.2 and 4.2.1)

Proposals for 185 minor irrigation projects were rejected by NABARD on the ground of being technically unfeasible and economically unviable. But the same were being taken up for execution through State funds which would amount to risking investment with potential failures.

(Paragraph 4.4.2)

Due to incorrect estimation of requirement of seeds, there was short supply of 53,000 quintals (63 *per cent*) during 2006-07 and requirement of major seeds for the year 2008-09 was not even projected.

(Paragraph 4.5.2)

Out of Rs 97 crore released by GOM for Vidarbha Panlot Mission between February 2006 and February 2007, an amount of Rs 17.04 crore only was spent as of March 2007.

(Paragraph 4.7)

No reliable data relating to expenditure under different components of the packages was available. No evaluation of the implementation of the packages, in terms of reduction in agrarian distress, was made.

(Paragraphs 5.1 to 5.3)

CHAPTER I: INTRODUCTION

1.1 The Packages

The sharp increase in the number of suicides in six districts of the Vidarbha Region from 146 in 2003-04 to 455 in 2004-05 led the Government of Maharashtra (GOM) to announce a package called 'Special Package for Farmers' earmarking Rs 1075 crore in December 2005. The suicides, however, continued unabated and the number increased to 1414 during 2006-07.



(Courtesy: Dainik Bhaskar, a Nagpur daily)

Government of India (GOI) also declared (July 2006) a package called 'Special Rehabilitation Package' to mitigate the distress of farmers in 31 districts in four States, of which six districts were in the Vidarbha Region of Maharashtra. The package involved Rs 3750 crore, to be spent over three years. The packages included long term and short term relief measures for alleviating rural distress and preventing farmers' suicides in the six most suicide prone districts of Vidarbha viz. Amravati, Akola, Buldana, Wardha, Washim and Yavatmal.

These packages consist of various components like rescheduling of loan/debt relief to farmers, seed replacement, assured irrigation facilities, financial assistance to farmers for increase in production, community marriages, immediate relief to the family of the deceased, ex-gratia assistance for education and medical needs from the Prime Minister's National Relief Fund

(PMNRF), etc. Details of the various components of the packages are in **Appendix I (Page 33)**.

1.2 Organisational set-up

Principal Secretary, Relief and Rehabilitation (R & R) wing of Revenue and Forests Department was responsible for extending relief measures to the farmers in distress. Director General, Vasantao Naik Sheti Swawalamban Mission (VNSSM), Amravati was to monitor the relief measures taken up under the packages. Director General was assisted by the Collectors at district level. Various components of the packages were implemented through seven¹ departments as detailed in **Appendix II (Page 34)**.

1.3 Audit objectives

The performance audit of 'Farmers' Packages' was conducted with a focus on four principal themes viz. assessment and handling of agrarian distress, immediate (short term) relief measures, long term measures for income augmentation and monitoring, reporting and the impact.

The main Audit objectives were to examine and assess whether:

- the assessment of agrarian distress was adequate and allocation of fund was realistic,
- the institutional mechanism for grant of relief was efficient and effective,
- relief provided to farmers improved their financial status and reduced the distress,
- appropriate monitoring and reporting mechanism was in place

1.4 Audit criteria

The Audit criteria adopted in this performance audit were:

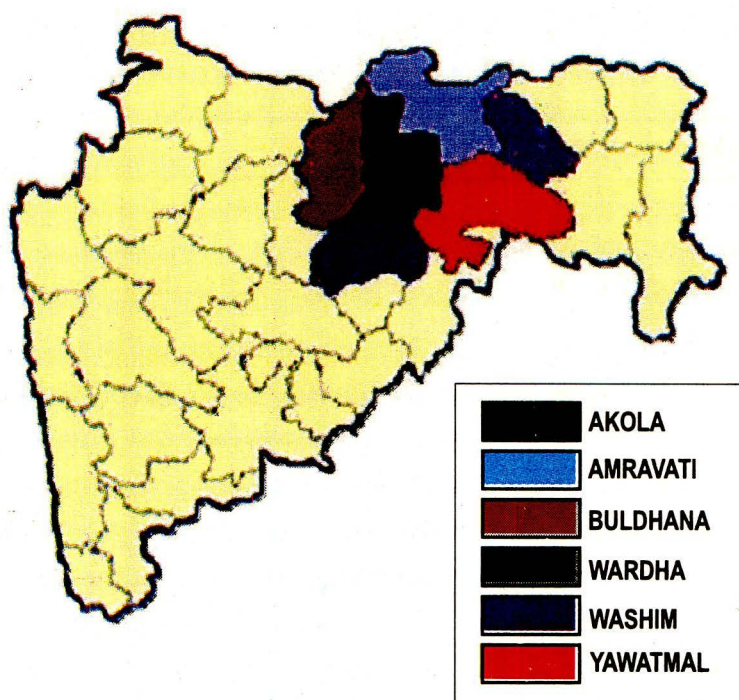
- Reports of the Indira Gandhi Institute of Development Research, Tata Institute of Social Sciences (IGIDR/TISS) and the Fact Finding Committee,
- Survey reports of distressed farmers and other related data available with the Government/Departments,

¹ (i) Agriculture, (ii) Animal Husbandry and Dairy Development, (iii) Co-operation, (iv) Relief & Rehabilitation, (v) Water Conservation (vi) Water Resources and (vii) Women & Child Welfare

- Instructions/guidelines issued by Relief and Rehabilitation Department, the line departments and National Bank for Agriculture and Rural Development (NABARD),
- Rules and Orders for effective utilisation and proper accounting of the funds allotted under the packages.

1.5 Scope and methodology of audit

The performance audit was conducted (March to June 2007) by test check of records in the Relief and Rehabilitation wing, Departments of Agriculture, Animal Husbandry, Dairy Development and Fisheries (AHDD&F), Co-operation, Women and Child Development, Water Resources, Director General (DG), VNSSM, Amravati, six District Collectors, six District Deputy Registrars of Co-operative Societies (DDRCS), six District Women and Child Development Officers, 18 (out of 64) Tahsils and Taluka Agriculture Officers (TAOs), 34 branches of District Central Co-operative Banks (DCC Banks) and 36 branches of Nationalised banks and Cotton Federation including their Zonal Offices.



(Six suicide prone districts of Vidarbha region of Maharashtra State)

The talukas were selected using stratified random sampling technique. Expenditure of Rs 1383.46 crore (63 per cent), out of Rs 2189.30 crore incurred on various components as of March 2007 was covered under the performance audit (Appendix III and IV - Page 35 and 36).

Empirical Research Agency (ERA) Private Limited, Gomukh Trust, Pune was engaged for conducting survey of the land holders (October-November 2007) in eleven selected talukas of the six suicide prone districts of Vidarbha Region. For this survey, the land holders were selected (**Appendix V – Page 37**) after stratifying them into following three strata (i) land holding less than two hectares, (ii) land holding between two to six hectares and (iii) land holding more than six hectares. A questionnaire about awareness of the package and benefits of the package was designed (September 2007) for this survey. Survey results are incorporated in the report at the appropriate places. The results have also been shared with GOM. Executive summary of the ERA report is at **Appendix VI (Page 38)**.

The audit objectives, audit criteria, the scope and methodology of audit were discussed in a meeting held on 12 February 2007 with the Principal Secretary, Relief and Rehabilitation wing wherein the Director General, VNSSM, Amravati, Commissioner of Agriculture, Pune and officers from Co-operation, Animal Husbandry, Dairy Development, Water Conservation and Water Resources Department were present. Exit conference was held between 20 and 23 November 2007 and audit observations were discussed with the Chief Secretary of the State and Principal Secretaries/ Secretaries of the line departments. Replies received from GOM before, during and after the exit conference along with certain inputs received from GOI have been incorporated at appropriate places in the Report.

1.6 Acknowledgement

The office of the Accountant General (Audit-II), Maharashtra, Nagpur acknowledges the cooperation of the Relief and Rehabilitation wing and other Departments during the performance audit of the 'Farmers' Packages'. The inputs received from the senior officers of the Departments and the responses to the audit observations helped in formulating the audit conclusion.

CHAPTER II: CONCEPTUALISATION OF PACKAGES

2.1 Funding

The package declared by GOM was for Rs 1075 crore and the GOI declared a package of Rs 3750 crore. The components of the GOI package are to be implemented in three years. Four components of the GOM package (allocation: Rs 564 crore) were also available beyond the six suicide prone districts. In the six districts Rs 1010.90 crore was released of which Rs 895.64 crore was spent upto March 2007, as reported by VNSSM (**Appendix III – Page 35**). In the GOI package, three components (allocation: Rs 306 crore) are also available beyond the six suicide prone districts. Expenditure under seven components of the GOI package was to be shared (at different ratios) by the State Government. In the six districts, Rs 1632.58 crore was released (State share released: Rs 1306.62) of which Rs 1532.78 crore was spent as of March 2007, as reported by VNSSM (**Appendix VII – Page 41**). Information regarding total amount released out of the packages for the entire State and the total expenditure incurred for the entire State though called for was not furnished. Expenditure figures reported by the Departments only have been considered for formulating observations in this Report.

GOI Package
was overstated
by
Rs 239 crore

The expenditure on the component 'interest waiver' of the GOI package was to be borne by the Central and State Governments in a ratio of 50:50. However, entire amount of Rs 712 crore was included in the total amount (Rs 3750 crore) of declared GOI package. As Rs 239 crore had already been spent out of the State's share as a part of GOM package, GOI package was overstated to that extent.

2.2 Components found deficient / uncovered areas

Scrutiny of the GOM and GOI packages disclosed that some of the components of the package were deficient/ did not cover some areas critical to achieve the objective of reducing the farmers' distress, as detailed below:

Name of component and purpose	Deficiencies/ Observations
'Prime Minister's National Relief Fund (PMNRF)' in order to provide financial assistance for Health and Education. (GOI)	Distress amongst farmers on account of cost of education was not measured. Besides, allocation of funds (Rs 3 crore at Rs 50 lakh per district) for health was meager as compared to 92,456 cases of chronic illness noticed during the survey conducted (June 2006) by the Revenue Department in the six districts. Principal Secretary, R&R stated (November 2007) that the allocation of Rs 50 lakh per district was made on ad-hoc basis

<p>'Assistance to farmers' for increase in agriculture production. (GOM)</p>	<p>(i) The component covered only 60,000 farmers on ad-hoc basis (less than 5 per cent) out of 13.48 lakh farmers in distress identified through departmental survey. Principal Secretary, Agriculture stated (November 2007) that 60,000 farmers were targeted on ad-hoc basis.</p> <p>(ii) The Fact Finding Committee (FFC) of the Planning Commission recommended in March 2006 that the minimum support price for agricultural crops should carry appropriate variation for the region so that it reflected the actual input cost and was not an estimated figure. Despite this, the Minimum Support Prices (MSP) for four major crops of the region declared by GOI during the years 2003-06 was 29 to 38 per cent less than the MSPs proposed by the State Agriculture Price Committee (SAPC) of the GOM during the period. During 2006-07, the MSP declared by GOI was 31 to 40 per cent less than the MSP proposed by the SAPC.</p> <p>Implementation of the recommendation of the FFC could have helped in reduction of farmers' distress and the consequent suicides. However, this was not included in the package.</p>
<p>Long term measures viz. supply of inputs and implements, milch animals and providing micro irrigation system at subsidized rates for income augmentation. (GOI and GOM)</p>	<p>These components were included in the package without assessing the financial constraints of the farmers. While some components envisaged contribution by farmer upto a maximum of Rs 28,924, for the other components poverty (annual income not exceeding Rs 20,000) was one of the eligibility criteria.</p> <p>Principal Secretary, Agriculture stated that GOM's proposal for reduction in farmers' share was not accepted by GOI.</p>
<p>Micro irrigation for horticulture crops-subsidy for drip irrigation set. (GOI)</p>	<p>The component was included in the package without changing the guidelines for non-horticulture crops.</p> <p>Principal Secretary, Agriculture accepted the facts and agreed to issue comprehensive specific guidelines for non-horticulture crops.</p>
<p>Concession in agriculture Insurance premia to protect the farmers from the loss of crops due to natural calamities or other reasons. (GOI)</p>	<p>Even though orange is the major horticulture crop in the six suicide prone districts of Vidarbha region and every year orange crop was damaged due to untimely heavy rains or hail storms, orange was not considered for crop insurance coverage by the Government. As such small and marginal farmers could not get the benefit of the scheme.</p> <p>Principal Secretary, Agriculture agreed (November 2007) to refer the matter to GOI for considering the orange crop for insurance coverage.</p>

For four components i.e. 'ban on illegal money lending', 'agro based industries', 'joint farming of cotton' and 'helpline for farmers' of the GOM package no fund allocation was made, not even for their publicity.

In the survey commissioned by Audit it was observed that 75 per cent respondents were not aware about the relief from illegal money lenders and 82 per cent respondents were not aware about the helpline for farmers.

2.3 Base line data not used for package implementation

In order to ascertain the level of distress amongst the farmers and to initiate preventive measures to check farmers' suicides, a comprehensive door to door survey of 17.64 lakh farmers was conducted (June 2006) by teams consisting of Talathi, Gram Sevaks and Agriculture Assistants. The survey identified 13.48 lakh farmers under distress and 4.34 lakh farmers were categorised under category of maximum distress, on the basis of demand for agriculture inputs, loan, etc. However, the list of such farmers in distress was neither shared with nor insisted upon as base line data by the implementing agencies (Agriculture, Animal Husbandry and Dairy Development Departments). Implementing agencies for various components selected beneficiaries on the basis of applications invited by them.

Survey report indicated that 85 per cent farmers were not approached by Government officials

Selection of beneficiaries thus had no relation to the departmental survey conducted for assessment of distress. As a result, prioritisation of relief and rehabilitation works considering the distress level of the farmers could not be ensured.

The Chief Secretary accepted (November 2007) that the survey data should have been used in deciding the priorities in disbursement of assistance and directed the Director General, VNSSM, Amravati to issue appropriate instructions in this regard.

ERA survey indicated that 85 per cent respondents were not approached by any Government official for departmental survey.

2.4 Incorrect accounting of expenditure

No separate scheme/sub-head/object head was opened by the State in its budget for providing funds and incurring expenditure inspite of specific request made (February 2007) by the Accountant General. (A&E)-II, Maharashtra, Nagpur. As a result, consolidated expenditure could not be easily correlated with the actual amount booked in the State's accounts. A total amount of Rs 2275.30 crore was booked as expenditure in the State's account for the Capital Formation Fund (CFF) paid during 2005-07, whereas actual expenditure shown by Cotton Federation the implementing agency for refund of capital formation fund during the period was Rs 875.53 crore.

The Principal Secretary, Co-operation accepted (November 2007) the difference in the figures of expenditure reflected in the Appropriation Accounts and the figures reported by the Director General, VNSSM, Amravati. The Secretaries/Principal Secretaries of the line departments also agreed (November 2007) to furnish the details of amount actually drawn and

expenditure actually incurred as of March 2006 and March 2007, which was not received as of January 2008.

The amount of expenditure furnished by VNSSM, Amravati in May/June 2007 and November 2007 and the implementing departments differed in the following components.

(Rupees in crore)

Sr. No.	Name of component	Expenditure as of March 2007 reported by VNSSM in the month of	Expenditure as of March 2007 as reported by the implementing agency in the month of	
		May 2007	June 2007	November 2007
1	Compensation to cotton growers	130.43	129.46	130.12
2	Assured irrigation	613.70	569.92	617.62
3	Organic farming	9.15	9.89	9.59
4	Vidarbha Panlot Mission	17.04	16.51	17.63

Thus, there were differences in the figures of expenditure in four components which have not been reconciled by VNSSM even after a lapse of eight months. The expenditure reported for Appropriation Accounts in respect of compensation to cotton growers as booked in accounts was Rs 122.18 crore (March 2007). The Principal Secretaries of the respective departments agreed to verify the figures.

A few instances of discrepancies in reporting expenditure figures are as under:

- The VNSSM reported expenditure of Rs 9.22 crore against Rs 6 crore declared for community marriage, whereas expenditure reported for Appropriation Accounts was Rs 9.74 crore. Commissioner of Women and Child Welfare, Pune stated (May 2007) the same to be of Rs 12.78 crore, six DWCDs reported Rs 11.86 crore. Thus, there was lack of accuracy in reporting expenditure figures.
- In three districts (Amravati, Wardha and Yavatmal) out of Rs 6.69 crore received upto March 2007, Rs 3.14 crore was utilised. Of the balance, Rs 2.29 crore was deposited in 8443 –Civil Deposits and was lying idle. The expenditure was thus inflated by Rs 2.29 crore.

Expenditure was inflated by Rs 2.29 crore

Secretary, Women and Child Welfare stated (November 2007) the funds for community marriage were kept in Civil Deposits as per instructions of Collector. Reply indicated that the amount was withdrawn to avoid lapse of grant, without assessing the actual requirement of funds and there was no proper reporting of expenditure.

- Further, out of Rs 16.36 crore released by GOI for subsidiary income component during 2006-07, Maharashtra Livestock Development Board (MLDB) utilised Rs 4.44 crore (27 per cent). Out of Rs 14.53 crore released by GOM utilisation was Rs 9.73 crore (67 per

cent). Unspent amount of Rs 4.80 crore was thus lying with MLDB as of December 2007.

2.5 Contradiction of norms of GOM and GOI

Penal interest charged by the DCC banks as per norms of GOI package was not admissible under GOM packages

DCC Banks and Rural Co-operative Societies attached to the DCC Banks in six DDRCS charged interest at 17 *per cent* per annum instead of 14 *per cent* in four lakh accounts of farmers involving principal amount of Rs 514.64 crore, resulting in excess claim of interest at three *per cent* per annum. Exact amount of penal interest included in the claim was not readily available with the banks. However, penal interest at three *per cent* for a year works out to Rs 15.44 crore.

Principal Secretary, Co-operation stated (November 2007) that as per the GOI package, interest on over due loan was the entire interest including penal interest; hence banks were allowed to reimburse the amount of penal interest also.

The reply was not tenable as the GOM clarified (February 2006) that penal interest charged by the Banks on outstanding loans would not be considered for waiver of interest. It would be appropriate that contradiction of orders issued by the GOM and GOI may be resolved and a common view taken in this matter.

2.6 Programmes not consistent with local needs

Programme on fodder supply was included in GOI package without assessing the local needs.

For feed and fodder supply and establishment of fodder block units, Rs 6.12 crore was received (October – December 2006) from GOI under the component 'subsidiary income'. The amount remained unutilized as of March 2007. Similarly, GOM issued (May 2006) instructions for purchase of two mobile vans for each district to provide medical assistance to the animals under the GOM package component 'Agriculture allied activities'. Mobile vans were not purchased in any of the six districts.

The Secretary, AHDD & F stated (November 2007) that establishment of fodder block units was unviable and GOI have already approved the alternate feed concentrate and though providing mobile van was envisaged in the package, the same were not required during implementation of the component.

This clearly indicates inclusion of components without assessing local needs.

2.7 Conclusion

Components had certain deficiencies and left critical areas uncovered which impacted their effectiveness. Seven components included in the packages were available for the entire State. GOI Packages declared were overstated to the extent of Rs 239 crore. Base line data was not used for package implementation. Authenticity of reported expenditure was doubtful in the absence of proper classification in accounts. VNSSM, the monitoring agency

failed to reconcile the differences in expenditure figures compiled by it and those reported by the implementing departments.

2.8 Recommendations

- Available data needs to be shared across the implementing departments for the purpose of identification of beneficiaries as well as for allocation of funds amongst various components.
- Deficiencies adversely impacting the components need to be removed.
- Distinct account head for the expenditure specific to the package needs to be opened.

Government accepted the above recommendations during exit conference (November 2007).

CHAPTER III: IMMEDIATE RELIEF MEASURES

Seven components were included in the packages for immediate relief to the distressed farmers. The components and the implementing agencies were as under:

Name of component	Name of implementing department
Debt relief to farmers (GOM & GOI)	Co-operation Department
Refund of Capital Formation Fund (GOM)	
Ban on illegal money lending (GOM)	
Compensation to cotton growers (GOM)	Agriculture Department
Immediate relief in suicide cases (GOM)	Relief and Rehabilitation wing
Assistance for health and education from PMNRF (GOI)	
Community Marriages (GOM)	Women & Child Welfare Department

3.1 Debt relief to farmers

GOM decided (December 2005 and February 2006) to waive interest on crop loans upto Rs 25,000 taken by farmers of six districts from all DCC banks, Nationalised banks and Rural banks. Loans outstanding as on 30 November 2005 were only considered for interest waiver. The loans were to be rescheduled at nine *per cent* interest per annum and repaid in three equal annual installments with a two years moratorium period. Amount of penal interest was to be excluded from the amount of interest waived.

In the GOI package (July 2006), it was decided to waive the interest on all agricultural loans over due as on 30 June 2006 and reschedule the loans. No processing fee was to be charged while rescheduling the loans. The expenditure on waiver of interest was to be shared equally by GOM and GOI.

Amount declared in the package for this component was Rs 712 crore. However, total interest claims by the banks were for Rs 824.99 crore. GOM released its share (Rs 356 crore) to Joint Registrar, Co-operation Amravati for reimbursement of claims of the banks while GOI share was reimbursed to various banks by NABARD and RBI directly.

3.1.1 Banks claimed interest without extending fresh loans

Out of 17.64 lakh farmers in six DDRCS, 9.29 lakh accounts/cases of loan having outstanding principal amount of Rs 1369.85 crore were proposed to be rescheduled after waiver of interest. However, fresh loans of Rs 673.88 crore (49 *per cent*) were given in 4.84 lakh cases.

Principal Secretary, Co-operation stated (November 2007) that 1,92,745 borrowers were landless farm workers who did not require any crop loan,

Fresh loans were given to 4.84 lakh farmers out of 9.29 lakh farmers

26,400 borrowers had died, 25,129 had sold land, 21,125 had left villages and 30,715 did not require any loan. In 62,807 cases there were disputes or lack of essential documents while in 85,975 cases the farmers had long term loans.

Waiver of interest in all these cases did not help the families of the farmers concerned in income augmentation since the loan was not rescheduled. Further, Government waived interest of 1,92,745 farm workers though the packages did not envisage assistance to the borrowers who were not farmers.

As per ERA survey, 75 per cent respondents were not aware about interest waiver and 44 per cent said that banks insisted on repayment of earlier loan. Eight per cent farmers stated that banks demanded fees for processing loans and 67 per cent stated that banks asked for mortgage for loan.

3.1.2 Excess claim of interest by the banks

A few interesting instances noticed relating to the excess claim of interest by banks are as under:

- As per the guidelines of the packages, interest more than principal should not be charged for Co-operative loans. Seven branches of DCC bank test checked, however, claimed interest of Rs 5.13 crore as against principal of Rs 3.19 crore resulting in excess claim of interest of Rs 1.94 crore.
- Thirty five test checked branches of Nationalised banks/Co-operative banks wrongly waived interest of Rs 19.49 crore on 26435 written off loan accounts and Rs 9.46 crore on 14,587 accounts of loan disbursed under other Centrally Sponsored Schemes.
- Eleven branches of Nationalised / Co-operative banks waived interest of Rs 12 lakh on 328 accounts where loans were taken for purchase of trucks, jeeps, shares of spinning mills, etc.
- Two branches of Nationalised/Co-operative banks claimed excess interest of Rs 3 lakh on 110 current loan cases due to application of incorrect rate of interest and inclusion of current cases of loan.

Nationalised
banks and Co-
operative banks
wrongly waived
interest of
Rs 28.95 crore

Principal Secretary, Co-operation agreed (November 2007) to refer to GOI/NABARD the cases of inadmissible claims of interest claimed / waived by the respective branches of Nationalised/ Co-operative Banks and review the cases of excess interest of Rs 3 lakh claimed by two banks and Rs 1.94 crore by the DCC banks.

3.2 Refund of Capital Formation Fund

This component of the GOM package was applicable throughout the State. Under the Maharashtra Raw Cotton (Procurement, Processing and Marketing) (MRCPPM) Act 1971, the Maharashtra State Co-operative Cotton Growers Federation (Federation) was appointed as the sole agent for procurement,

processing and marketing of cotton from 1972. The Act provided creation of the Capital Formation Fund (CFF) for continuous operation of the scheme and repayment of the CFF along with interest after lapsing of the Act. The Act lapsed on 30 June 2001.

Farmers' share in Capital Formation Fund was refunded only after it was included as a component in the GOM package

The Federation had collected Rs 216.91 crore out of the guaranteed price paid to the farmers' between 1981-82 and 1992-93. No deduction was made for the CFF from the farmers after 1992-93. However, the amount collected under CFF was not refunded to the farmers till it was included as a component in the package (GOM).

Between February 2006 and March 2007, GOM released Rs 875.53 crore to the Federation for refund of the CFF. The amount was paid to the Federation as loan. Of these, Rs 704.48 crore was refunded to farmers as of March 2007.

In the six districts, out of Rs 405.15 crore released by GOM, Rs 396.59 crore was refunded to the farmers and Rs 8.56 crore was lying undisbursed with the Federation as of March 2007.

Principal Secretary, Co-operation stated (October 2007) that due to heavy losses to the Federation, the amount of CFF could not be refunded to the cotton growers and Government sanctioned loan to the Federation for refund of CFF even though they had no responsibility to take over the liability of the Federation.

The reply was not tenable as the funds provided for refund of the farmer's share in the CFF were not specific for the six selected districts. Further, lending to Federation who had no capacity to repay, implied misclassifying 'expenses' as 'investments' in Government accounts.

3.2.1 Payment of compound interest on Capital Formation Fund

Compound interest was allowed on CFF instead of simple interest. Excess interest paid was Rs 160 crore.

As per Rule-11 (3) (i) of MRCPPM (Capital Formation Fund) Rules 1984, the interest earned on CFF shall be distributed in proportion of the amount of the individual grower's standing contribution in the CFF and it shall be credited to the individual account of the farmers. As per the rules, simple interest was to be calculated at 12 *per cent* per annum on six monthly basis i.e. July to December and January to June and the interest was to be paid in cash to concerned individual cotton growers as per his share of CFF.

In six test checked districts, the amount of CFF with the Federation was Rs 96.71 crore upto 1992-93 on which compound interest upto June 2004, i.e. Rs 308.72 crore was paid as against simple interest at 12 *per cent* per annum i.e. Rs 148.57 crore. Thus, excess interest works out to Rs 160.15 crore.

Principal Secretary, Co-operation stated (November 2007) that decision to pay compound interest on the amount of CFF was taken by the Government in January 1991. The reply was not tenable as the Government letter dated 16 January 1991 was about 12 *per cent* simple interest and not compound interest.

Two hundred seventy five farmers did not receive benefits due to variations in names printed on cheques

Further, records of five² test checked Zonal offices of the Federation showed that 275 complaints were received about non-distribution of cheques amounting to Rs 9.49 lakh being the farmers' share of CFF. The Zonal offices had taken up the matter with the firm which printed the cheques as there were variations in the names of the beneficiaries. This resulted in denial of immediate relief to 275 farmers even after lapse of nearly two years.

Principal Secretary, Co-operation stated (October 2007) that out of 275 complaint cases, 96 cases involving Rs 5.90 lakh (with interest) were solved and Federation has been instructed to solve the remaining complaints.

As per the ERA survey report, 65 per cent respondents confirmed receipt of CFF.

3.2.2 Denial of benefits to farmers

Two spinning mills of the Amravati District collected Rs 14.34 lakh from 5500 farmers upto 1991-92 towards contribution to the Capital Formation Fund but did not deposit the same with the Cotton Federation. Consequently, cheques of Rs 1.10 crore could not be issued to 5500 farmers.

Principal Secretary, Co-operation agreed (November 2007) to pay the amount of CFF payable to the farmers and recover the same from the liquidators of the spinning mills.

3.3 Ban on illegal money lending

Government of Maharashtra declared (December 2005) that all farmers, who obtained loan from the unregistered money lenders have to treat themselves as free from that loan. This was to be publicised. It was also to be ensured by the Co-operation Department that licensed money lenders charged interest as per the money lending Act. Government issued necessary orders in February 2006.

No funds were allocated by GOM for this component. In six test checked DDRCS offices, no expenditure was incurred even on publicity of the Government decision. Department thus, failed to address the distress of farmers in the area, as was declared through the package.

Principal Secretary, Co-operation stated (October 2007) that DDRCS has got no money to spend on publicity. Publicity was, however, made by the departmental officers with the help of District Co-operative Banks.

ERA survey showed that 75 per cent respondents were unaware of this relief which indicated that the publicity was not adequate and effective.

3.3.1 Action initiated against illegal money lenders

DDRCS and Assistant Registrar of Co-operative Societies (ARCS) in the six districts received 2867 complaints in connection with sale deed of immovable

² Amravati, Akola, Khamgaon, Wani and Yavatmal.

Department
acted without
proper legal
mandate

property by the money lenders as of March 2007. Of these, 2018 cases were investigated and 849 cases (42 *per cent*) were pending for investigation as of October 2007.

The action initiated against the illegal money lenders in most cases led to orders under Section 13-B³ of the Bombay Money Lending Act being passed by the respective ARCS.

In Akola and Amravati Districts in 43 cases involving land costing Rs 32.96 lakh of 46 farmers, the ARCS decided (March 2006) the executed sale deed as a matter of illegal money lending and declared the farmers free from debt. However, the farmers did not get the intended benefit as Bombay High Court, Nagpur Bench, in eighteen writ petitions filed by money lenders, passed orders (October 2006) setting aside the orders passed by the ARCS under Section 13-B of the Act and restrained authorities from passing any orders under Section 13-B of the Act regarding possession of immovable properties purchased through registered sale deeds. Government neither appealed against these orders (in the Supreme Court) nor took any remedial action like amendment of the relevant Acts to secure interest of the indebted farmers, as of September 2007. Consequently, the affected farmers did not get the intended benefit of the Government decision of December 2005.

Principal Secretary, Co-operation agreed (November 2007) that limitations of law which emerged from the decision of the hon'ble High Court would be looked into while amending the Act in future.

3.4 Compensation to cotton growers

Mention was made in paragraph 4.1.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2005 of the damage to orange crop due to scanty rain and depletion of water table during the preceding three to four years in orange growing areas of Vidarbha (which included some of the districts covered by the package). Instances of payment of compensation to ineligible farmers were also brought out in this paragraph. Similar omissions were noticed while compensating cotton growers as detailed below:

Cotton growers throughout the State suffered losses during 2005-06 due to incessant or scanty rains in various parts of the State, followed by shortfall in cotton yield due to diseases. To compensate the cotton growing farmers, Government, as a special case, decided (February 2006) to pay compensation of Rs 1000 per hectare (ha.) (subject to a minimum Rs 500 and maximum of 2 ha.). The GOM package declared Rs 134 crore for this purpose.

The payment was to be made by the District Superintending Agriculture Officer (DSAO) by cheques through DCC banks. A data base of land records was available in the Tahsildar's office, through which computer generated

³ The Section provides for disposal of property pledged with illegal money lender

7/12⁴ document of individual farmer was issued upon charging fees. Instead of using same database to generate the list of eligible farmers, the Agriculture Department paid compensation on the basis of lists prepared by talathis in the Revenue Department.

Reports of three departments regarding area under cotton cultivation were different

Principal Secretary, Agriculture, confirmed the facts and stated that it was usual practice to pay compensation on the basis of information from revenue officials.

Further, Maharashtra Remote Sensing Application Centre (MRSAC), Nagpur had estimated (2005-06) the district-wise area in which cotton was cultivated. Area under cotton cultivation was also depicted in the Crop Cultivation Report prepared by the DSAO and Agriculture Development Officer (ADO), ZP. However, DSAOs paid compensation for area of cotton cultivation in each district based on the lists prepared by the talathis.

Area reported by Collectors for payment of compensation to cotton growers was in excess of the area calculated as estimated by MRSAC

It was noticed that the total area reported by the Collectors for payment of compensation was in excess by 2,66,005 ha. than the area reported by MRSAC and 1,91,326 ha. more than that reported by the DSAOs.

In 13 test-checked talukas the percentage variation in the area under cotton as per Crop Cultivation Report (CCR) and the lists prepared by the Talathis of Revenue Departments ranged between 00.47 and 32.03. This resulted in excess payment of Rs 9.56 crore in respect of 95190 ha. of land as shown in **Appendix VIII (Page 42)**.

Principal Secretary, R&R stated that action would be taken where variations in the area were noticed.

ERA survey showed that 46 *per cent* respondents reported the receipt of amount on account of cotton compensation.

3.4.1 Compensation not disbursed for want of funds

Scrutiny of records in TAO, Amravati revealed that 224 eligible farmers were deprived of the compensation of Rs 2.14 lakh due to non availability of funds.

Principal Secretary, Agriculture agreed (November 2007) to release the necessary funds to the implementing agencies concerned.

3.4.2 Retention of money out of Government account

In 18 selected talukas, Rs 39.11 crore was received and deposited in various DCC banks in 2006-07 for crediting the amount to the accounts of the farmers concerned. In seven⁵ talukas an amount of Rs 53.29 lakh was lying undisbursed with the banks and remained out of Government accounts as of May 2007.

Principal Secretary, Agriculture (November 2007) accepted the facts and stated that unspent amount was finally refunded to Government. It was also

⁴ Format in which land records are maintained.

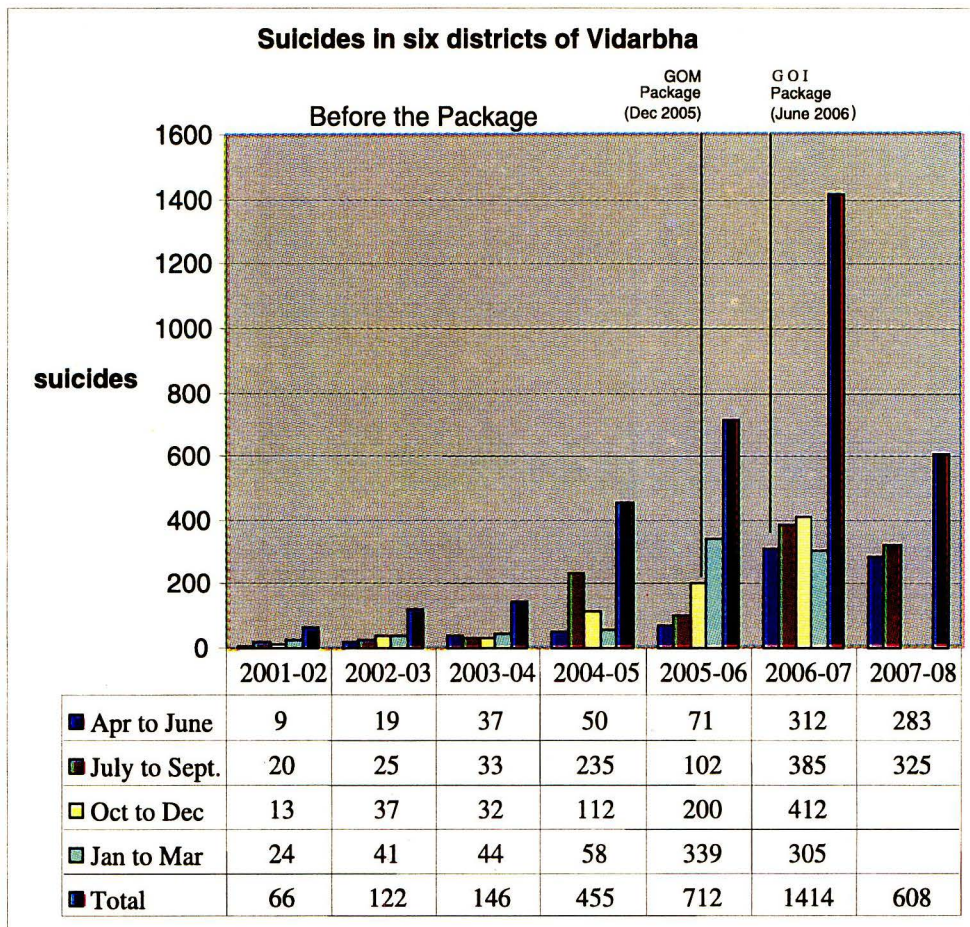
⁵ Chandur Bazar, Chikhaldara, Mehkar, Morshi, Motala, Lonar and Pusad

agreed that undisbursed amounts in other talukas would also be ascertained, and credited to the Government account (November 2007).

3.5 Grant of immediate relief in suicide cases

Government decided (December 2005) to pay assistance of Rs 1 lakh to the legal heirs of the farmers who committed suicide due to crop failure and indebtedness due to outstanding crop loan and interest thereon. Government further clarified (February 2006) that any member of family of the farmer would also be considered for relief assistance under this component.

At the time of declaration of package (GOM) specific amount for this was not declared. Prior to the package, relief in similar cases was being paid through CM's relief fund. However, information regarding the rate/amount of ex-gratia was not made available to Audit (November 2007). In one Public Interest Litigation (PIL), Mumbai High Court directed (May 2006) to consider increase in this amount of Rs 1 lakh. Government was yet to act on this direction conclusively (November 2007). A graph showing number of suicide cases in all six districts from 2001-02 to 2006-07 is as below:



The graph indicates increase in number of suicides in six districts despite declaration of the packages. The average number of suicides in the first two

quarters of 2007-08 declined marginally compared to the respective quarter of previous year, yet the numbers were significantly higher than the number of suicides in corresponding quarters of the years 2001-02 to 2005-06.

3.5.1 Delay in payment of relief assistance

Payment of relief was delayed by 10 to 323 days in suicide cases

As per the Government instructions (January 2006), the decision of payment of relief assistance was to be taken within a period of 15 days by a Committee headed by the District Collector. In 11 talukas in four districts there were delays ranging from 10 to 323 days in 72 out of 199 eligible cases (36 per cent), as detailed below:

Name of the district	Taluka	Total number of eligible suicide cases	Number of delayed payment cases	Delay in number of days
Akola	Murtizapur	32	8	11 to 98
	Deulgaon raja	16	9	16 to 98
Buldana	Jalgaon Jamod	11	3	16 to 67
	Lonar	5	2	31 to 81
	Malkapur	8	1	11
	Mehkar	9	8	19 to 64
	Motala	13	3	16 to 52
	Ghatanji	46	6	25 to 323
Yavatmal	Pusad	9	7	12 to 19
	Karanja	36	17	10 to 100
Washim	Washim	14	8	10 to 72
Total		199	72	

Director General, VNSSM agreed to investigate the inordinate delays and fix responsibility (November 2007).

3.5.2 Relief paid without ensuring eligibility

In suicide cases the Collector, Wardha decided eligibility for immediate relief without post-mortem report

In Yavatmal District, 15 cases⁶ of suicide were considered as eligible for payment of relief (Rs 15 lakh) even though the post-mortem (PM) report indicated the probable cause of death as 'may be due to consumption of poison' and suggested (July 2004 to February 2007) for examination of viscera by chemical analysis. There were no records to show that viscera were sent for chemical analysis in any of these cases.

In 16 cases (Yavatmal: 11 and Wardha: 5), Rs 16 lakh was paid without obtaining PM reports and / or police panchanama in support of the cases reported as suicides.

The Director General, VNSSM directed (November 2007) the Collector to investigate reasons for not obtaining PM reports in these cases. Collector, Yavatmal stated (November 2007) that PM reports in all cases have been obtained and would be sent to Audit. However, the same were not received as of January 2008.

3.5.3 Relief paid on wrong criteria

In Ghatanji Taluka three cases of deaths out of 46 eligible cases of deaths caused due to consumption of poison in July 2001, March 2003 and July 2003

⁶ Pusad-8, Ghatanji-7

were considered (May 2006) by District Level Committee headed by District Collector for relief assistance (Rs 3 lakh) despite report from the Superintendent of Police that the suicide was due to ill health or family disputes.

Director General, VNSSM agreed (November 2007) to examine the three cases in Ghatanji and to avoid recurrence of similar cases in future.

3.5.4 Assistance kept in abeyance

In the test checked talukas of Karanja (Lad) and Washim, payment of assistance in 28 suicide cases registered between January and May 2007 (Rs 28 lakh) was held in abeyance by the Collector, Washim on the plea that the deceased farmers had no loan outstanding on the date of their death.

Director General, VNSSM, Amravati stated (November 2007) that orders to regularise the withheld cases have been issued to Collector, Washim. The fact, however, remains that there was delay in payment of immediate relief to the family of the deceased farmers.

3.6 Community marriages

The GOM package provided financial assistance of Rs 10,000 (in kind) each for marriage of daughter of a farmer, performed under Community Marriage Programme. Similarly, grant of Rs 1000 per couple was also payable to the arranging NGO. The terms and conditions (February 2006) stipulated that the bride and bridegroom were required to be domiciled in Maharashtra and ration card, school leaving certificate or other documents were to be considered as a proof of the fact that bride is a daughter of a farmer. Marriage certificates were also to be issued to the couples by the District Women and Child Welfare Officer (DWCDO) and the Registrar of marriage immediately. GOM released Rs 14.23 crore during 2005-07 for this component, of which Rs 9.22 crore was spent.

Assistance of Rs 4.43 crore was extended without ensuring eligibility of the beneficiaries

In 18 selected talukas, an expenditure of Rs 4.43 crore was incurred during 2005-07 on performing 4027 marriages under community marriage programme wherein identification of the beneficiary was done only on the basis of school leaving certificate of the bride, without any valid proof of her being daughter of a farmer or farm labourer.

Marriage Certificates were not issued in 77 per cent cases

In six districts, out of 10,786 community marriages performed during 2005-07, marriage certificates were not issued in 8,329 cases (77 per cent) by DWCDO and the Registrar, though prescribed in Government order. Of these, marriage certificates in 3,028 cases (Amravati) were issued by an NGO in contravention of Government orders.

Secretary, Women and Child Welfare agreed to look into the lacunae and stated that specific instructions would be issued to confirm the eligibility of beneficiary and to take necessary steps to ensure issue of marriage certificates within one month after the marriage.

ERA survey showed that less than one *per cent* respondents had applied for participation in community marriage scheme. Of them, 30 *per cent* reported having married their daughters in community marriage programme.

3.7 Conclusion

Short term measures were aimed at providing immediate relief to the farmers in distress. Implementation of these components was saddled with delays in payment of the assistance. ERA survey showed that 75 *per cent* respondents were not aware of interest waiver. The banks wrongly waived the interest of the loans written off and the loans given on other Centrally Sponsored Schemes. Relief declared by the Government regarding illegal money lending did not get adequate publicity. Farmers did not get the benefit endorsed in the package consequent on passing of the order of hon'ble High Court. Expenditure was incurred on community marriage without any valid proof for eligibility of the beneficiary and marriage certificates were not issued in many cases.

3.8 Recommendations

- Inadmissible interest claimed by the banks needs to be recovered.
- Money Lending Act may be re-examined in the light of decision of hon'ble High Court.
- Assistance for community marriage should be extended only to the eligible couples.

Government accepted the above recommendations during exit conference (November 2007).

CHAPTER IV: LONG TERM MEASURES

The packages contained eight programmes which were long term measures for alleviating farmers' distress. The components and the implementing agencies were as under:

Name of component	Implementing Department
Assistance to farmers for increase in agriculture production (GOM)	Agriculture Department
Agricultural allied activities for supplementary income (GOM/GOI)	Animal Husbandry and Dairy Development Department
Micro irrigation (GOI)	Agriculture Department
Assured irrigation (GOI)	Water Resources and Water Conservation Department
Seed replacement and cropping intensity (GOI)	Agriculture Department
Agriculture Insurance Scheme (GOM)	Agriculture Department
Vidarbha Panlot Mission (GOM)	Water Conservation Department
Other components (GOI/GOM)	Agriculture, Co-operation and Water Conservation Departments

4.1 Assistance to farmers for increase in production

GOM decided (February 2006) to provide agriculture inputs and implements to 60,000 selected farmers from six districts of Vidarbha to assist the economically weaker farmers. Under this component, assistance of Rs 25,000 each (with 50 to 100 *per cent* subsidy) was to be provided within a period of three years in the form of seeds, fertilizers, insecticides, sprayers, land development and water conservation. Conditions of eligibility for these benefits included maximum land holding not exceeding six ha. and annual income below Rs 20,000. District level Committee headed by District Collector was to select the beneficiaries and the Taluka Agriculture Officer was to implement the component.

Late release of funds led to grants remaining unspent

Out of Rs 150 crore allocated for three years, Government released Rs 85.40 crore during 2005-07 as reported by the Agriculture Department. Of these, Rs 49.99 crore was spent as of March 2007. Under utilisation was mainly due to release of funds at the fag end of the year (29 and 30 March 2007) by the Commissioner of Agriculture, Pune to the DSAOs.

Principal Secretary, Agriculture admitted (November 2007) that unspent amount was transferred to Agriculture Technology Management Agency (ATMA) of which Rs 7 crore was lying unspent with ATMA as of September 2007.

Forty three per cent of the needy farmers were not provided the agricultural inputs and implements

4.1.1 Selection of beneficiaries

The programme envisaged selection of 10,000 farmers from each of the six districts. The beneficiaries were to be selected from the economically weaker farmers giving priority to poorest and most backward class farmers.

In 18 talukas, out of 29,200 farmers who applied for supply of inputs and implements, 16,577 farmers (57 per cent) were provided benefits as of March 2007. As package components were for reducing the agrarian distress, short coverage of 12,623 beneficiaries despite availability of funds needs detail analysis.

Principal Secretary, Agriculture stated (November 2007) that the target of 60,000 farmers was set on ad-hoc basis. Hence, all farmers could not be covered.

The reply indicated inadequate assessment of required inputs coupled with ad-hocism in determining number of farmers targeted under this component.

Further, in Seloo taluka (District Wardha) 586 farmers applied for supply of inputs/implements to Taluka Agriculture Officer against the target of 869. District Level Committee headed by Collector, Wardha selected 129 farmers from the most backward class farmers. Of these, 34 farmers had land holding of two ha. and above, whereas 331 farmers (not from most backward class), who had land holding below two ha., were not selected inspite of they being poorer than those selected. Similarly, in seven other talukas of the District, selection of the beneficiaries was made without giving priority to the poorest farmers.

During exit conference (November 2007), the Chief Secretary directed the Principal Secretary (R&R) to obtain a report from the present District Collector and to take appropriate action.

4.1.2 Dishonoured cheques

Scrutiny disclosed that the TAO, Karanja, (Lad) (District Washim) had issued (July 2007) cheques of Rs 15,000 each to 349 beneficiaries for purchase of a pair of bullocks (total amount Rs 52.35 lakh) as against the target of 110 beneficiaries fixed by the District Level Committee. Out of 349, nine cheques were dishonoured on 14 August 2007 as the TAO issued cheques without confirming the balance in the bank account. The cheques were subsequently encashed on 31 August and 01 September 2007. The matter needs investigation.

Principal Secretary, Agriculture stated (November 2007) that the Taluka Agriculture Officer had been suspended (November 2007).

4.1.3 Non-distribution of inputs/implements

Out of 18 test checked talukas, inputs and implements worth Rs 1.33 crore were lying undistributed in eight talukas.

Principal Secretary, Agriculture agreed (November 2007) to distribute the balance material in next three months and also agreed to issue instructions to avoid purchase of inputs without assessing actual requirement.

4.2 Agricultural allied activities for supplementary income

Providing supplementary income avenues to the farmers through agricultural allied activities was a component in the packages. For this component, Rs 30 crore (GOM) and Rs 135 crore (GOI) spread over three years were earmarked. Maharashtra Live Stock Development Board (MLDB), Akola was the nodal agency for implementing this component.

As per Agriculture Department, out of total Rs 30.89 crore released for the component, total expenditure incurred was Rs 14.17 crore as of March 2007. Out of the unspent balance of Rs 16.72 crore, Deputy Commissioner, MLDB, Akola deposited (October and December 2006) Rs 5 crore with two nationalised banks as fixed deposit and earned interest of Rs 14.52 lakh. The amount remained unaccounted for as of March 2007.

The Secretary, AHDD&F agreed (November 2007) to ensure the accountal of the interest earned out of the funds parked in the banks.

4.2.1 Excess payment of subsidy

Excess subsidy
was paid to
Above Poverty
Line SHGs

As per the norms prescribed by GOM (February 2006), the financial limit of the project cost for the Self Help Groups (SHGs) of Above Poverty Line (APL) beneficiaries was Rs 2 lakh and amount of subsidy payable to each APL group was to be restricted to Rs 1.50 lakh.

In 13 test checked talukas, subsidy of Rs 2.64 crore was paid to 105 SHGs instead of Rs 1.57 crore admissible as per the norms, resulting in excess payment of Rs 1.07 crore during 2005-2007 (**Appendix IX – Page 43**).

Secretary, AHDD&F agreed (November 2007) to investigate the matter.

4.2.2 Deviation from norms

In Yavatmal District, subsidy of Rs 1.86 crore was paid on purchase of 1470 animals to 735 beneficiaries at a time between December 2006 and March 2007. Similarly, in Buldana and Wardha Districts, subsidy of Rs 2.66 crore was paid on purchase of 2138 animals between a gap of one to four months for supply to 1069 beneficiaries. This was contrary to the guidelines issued by GOI for providing a gap of six to seven months before the second purchase.

The Secretary, AHDD&F stated (November 2007) that revised norms with reasonable relaxation to GOI guidelines would be framed in view of local conditions and strictly observed in future.

4.3 Micro irrigation

For micro irrigation, Rs 26 crore per year for three years was declared (August 2006) in the package (GOI). The component was applicable to all districts in the State for horticulture crops upto 2005-06. Out of Rs 20.67 crore released during 2006-07 the total expenditure incurred was Rs 20.62 crore as of March 2007. A few interesting points noticed were as under:

Changes in guidelines not considered for payment of subsidy

(i) Under the component, drip and sprinkler sets were provided at 50 *per cent* subsidised cost. The subsidy was to be shared between Central and State Governments in a ratio of 80:20. The scheme was meant for the farmers having electric connection and source of water for irrigation and to be implemented through Sub-Divisional Agriculture Officer (SDAO).

In 18 test checked talukas, drip irrigation sets costing Rs 10.86 crore were provided to 1878 farmers at an average cost of Rs 57,847 per set. Each farmer was to bear 50 *per cent* average cost being Rs 28,924, which was a large amount for a poor farmer.

The Principal Secretary, Agriculture stated (November 2007) that the matter was reported to GOI in September 2006 for increasing the subsidy.

ERA survey showed that about two *per cent* respondents had applied for sprinklers/drip irrigation facilities.

(ii) As per the norms prescribed by Commissioner of Agriculture, Pune, the average distance for sowing of cotton of various qualities works out to less than 1 metre (m) X 1 m. In 53 cases involving expenditure of Rs 26.81 lakh in Amravati Tahsil and Morshi Tahsil of Amravati District showed that in 19 cases the distance of sowing cotton was wrongly shown as 1.5 m X 1.5 m. This resulted in excess payment of subsidy by Rs 1.55 lakh. The Principal Secretary, Agriculture (November 2007) agreed to look into the appropriateness of subsidy as prescribed in the guideline.

(iii) In Amravati (one case) and Murtizapur taluka (four cases) subsidy of Rs 4.22 lakh was paid on the basis of unsigned form 7/12. In reply (October 2007), the SDAO/Tahsildar provided wrong spot verification report/incorrect 7/12 to Audit. Principal Secretary, Agriculture agreed (November 2007) to investigate and take action in the matter.

4.3.1 Pending proposals

Proposals remained pending for want of funds

In four sub-divisions (Akola, Mehkar, Morshi and Yavatmal) out of 5571 proposals received for subsidy of Rs 6.91 crore, 2841 proposals for Rs 4.33 crore were pending as of June 2007 for want of funds under the component, despite availability of unspent amount in other components.

The Principal Secretary, Agriculture stated (November 2007) that all pending proposals have now been cleared. The fact remains that there was delay in clearing the proposals.

4.4 Assured irrigation

Assured irrigation was announced as a component of the GOI package for Rs 2177 crore to create irrigation potential for 1.60 lakh hectares in six suicide prone districts. Under this component, assistance of Rs 2085.38 crore was to be provided for eight major, nine medium and 65 minor irrigation projects of the State, as grant by the GOI under Accelerated Irrigation Benefit Programme (AIBP). The balance amount of Rs 91.88 crore for 492 minor irrigation projects of local sector was to be provided as loan from NABARD.

4.4.1 Short release of funds

As per records of Water Resources Department and Vidarbha Irrigation Development Corporation (VIDC), Nagpur no funds for the proposed projects were received upto February 2007. Position of Central assistance released thereafter under AIBP was as below:-

(Rupees in crore)

Type of project	Number of projects proposed under GOI package	Grant required for proposed projects under GOI Package during 2006-07	Number of projects considered for assistance during 2006-07	Proportionate grant required during 2006-07	Grant actually received	Short receipt of Central grant
Major projects	8	489.62	5	273.28	67.48	205.8
Medium projects	7 ⁷	151.84	5	85.51	48.11	37.4
Minor irrigation projects to be funded under AIBP	22 ⁸	85.96	22	85.96	55.89	30.07
Total	37	727.42	32	444.75	171.48	273.27

Short receipt of Central assistance of Rs 273.27 crore (61 *per cent* of GOI grants required) hampered the envisaged projects in the first year of the package. It was noticed that the land required for two major projects (Lower Wardha and Khadakpurna) in the priority list, was not in possession of the Department.

The Executive Director, VIDC, Nagpur stated (July 2007) that due to time required for obtaining various clearances, the funds of Rs 273.27 crore were not released by GOI.

Thus, creating irrigation potential within three years of declaration of package appears to be difficult.

⁷ Two medium projects deleted (one due to non-clearance of forest land and other nearing completion).

⁸ Forty three Minor irrigation projects were decided to be funded through NABARD.

Delay in execution of project

Government of India revised (December 2006) the eligibility criteria for funding. According to the revised criteria if the State Government fails to comply with the agreed date of completion, the amount released is treated as loan and recovered as per usual terms of recovery of the Central loan. Due to short release / delayed release possibility of completion of the projects within the agreed dates is remote. This presents the risk of Rs 2085.38 crore (56 per cent) of total package amount becoming loan instead of grant.

Government stated (October 2007) that proposals to get the date of completion of project extended was being submitted to GOI to avoid the possibility of conversion of grant into loan.

4.4.2 Project estimates for NABARD loan

One hundred eighty five minor irrigation projects were not sanctioned by NABARD on the ground of technical feasibility

In the package it was proposed that 492 Minor Irrigation projects (Local Sector) estimated (July 2006) to cost Rs 91.88 crore would be executed with the help of loan from NABARD. Proposals in respect of only 319 Minor Irrigation (MI) projects costing Rs 210 crore (as against Rs 91.88 crore to cover 492 projects) were submitted to NABARD by Rural Development and Water Conservation Department. Of these, 134 MI project proposals costing Rs 74.70 crore were sanctioned (July 2007) by NABARD. Remaining 185 projects were not sanctioned, as they were not technically feasible and economically viable (July 2007).

The Principal Secretary, Water Conservation stated (November 2007) that out of 492 schemes, 233 schemes were completed upto March 2007 through State funds. Out of remaining 259 schemes 195 would be taken up through NABARD assistance and balance 64 schemes would be completed through State fund.

The reply was not tenable as NABARD had already rejected (July 2007), Governments proposals for 185 projects on the ground of being technically unfeasible and economically unviable. Taking up these projects with State funds would amount to risking investment with potential failures.

4.5 Seed replacement and cropping intensity

One of the components in GOI package included distribution of seeds to farmers at a subsidy of 50 per cent subject to a limit of one ha. (of land holding). Instructions for implementation of seed distribution component were issued by the Commissioner of Agriculture, Pune on 21 August 2006.

An amount of Rs 180 crore was allotted for this component for a period of three years. National Seeds Corporation Limited (NSC), New Delhi was the nodal agency. However, the seed supply was to be done by Maharashtra State Seeds Corporation (MSSC) as per demand of Agriculture Development Officer (ADO), Zilla Parishad. Each farmer was to be issued a permit by TAO

for each season, which could be produced at Taluka Kharedi Vikri Sangh alongwith his share of 50 *per cent* for purchasing seeds.

4.5.1 Funds lying unutilised

As against Rs 60 crore declared for 2006-07, GOI released Rs 25.46 crore. The VNSSM showed (April 2007) GOI release as Rs 17.50 crore. The utilisation certificate of MSSC, Akola, however, indicated (July 2007) that total value of seed distributed to farmers was Rs 26.57 crore. Excluding farmers' share of Rs 13.29 crore in the cost of these seeds, Rs 12.17 crore was lying unutilised with NSC, New Delhi.

The Principal Secretary, Agriculture confirmed the facts and stated (November 2007) that amount of utilisation certificate (Rs 26.57 crore) was misleading. He also agreed to verify correctness of figures reported by MSSC and NSC.

4.5.2 Short supply of seeds due to incorrect estimation

Deputy Director, Seed, Pune estimated the district-wise requirement of seeds for four⁹ crops as 1.37 lakh quintals (for total 64 talukas), which was much less compared to the demand of 18 talukas (0.84 lakh quintals) indicating incorrect estimation. Supply orders were given directly by field officers to MSSC.

Test check of 18 talukas showed that as against demand for 0.84 lakh quintals, MSSC, Akola supplied 0.31 lakh quintals (37 *per cent*) of seeds resulting in short supply of 0.53 lakh quintals (63 *per cent*) of seeds to the farmers during 2006-07.

No
requirement
of seed for
wheat, maize,
sunflower, etc.
was projected
for 2008-09

As per the estimates, seed requirement for 2007-08 and 2008-09 were less than the requirement estimated for 2006-07. For major crops like wheat, sunflower, maize etc. no requirement was projected for 2008-09. The estimates were not realistic as these were made based on the amount allocated to this component and not based on actual requirement.

The Principal Secretary, Agriculture stated (November 2007) that efforts would be made to assess the requirement of seeds realistically.

4.6 Agriculture Insurance Scheme

To protect the farmers from the loss of crops due to Natural Calamity or any other reasons, Government as a special case decided (February 2006) to pay subsidy of 50 to 75 *per cent* of the premium payable on Crop Insurance. This component was allotted Rs 30 crore and Rs 19 crore were released upto March 2007. However, Rs 9.13 crore was lying unspent as of March 2007 with Commissioner of Agriculture, Pune.

⁹ Gram, Kardi Safflower, Sunflower, Wheat

Against 4.48 lakh farmers in 15 test checked talukas, only 0.50 lakh farmers (11 *per cent*) participated in the crop insurance. The taluka-wise participation ranged between one *per cent* (Seloo) to 33 *per cent* (Chikhaldara). Thus, there was poor participation of cultivators in insurance scheme.

The Principal Secretary, Agriculture agreed (November 2007) to review the continued allocation to this component, as the crop insurance was not attracting the farmers.

ERA survey showed that only three *per cent* respondents were covered under crop insurance scheme.

4.7 Vidarbha Panlot Mission

To create availability of water for irrigation to achieve water conservation and to generate agro based self employment through development of watersheds in the six suicide prone districts, Vidarbha Panlot Mission was included in the GOM package. Government allocated Rs 100 crore for this component and the guidelines were issued in February and September 2006. However, out of Rs 97 crore released by the Government between March 2006 and February 2007, Rs 17.04 crore was spent as of March 2007.

The Principal Secretary, Water Conservation stated (November 2007) that delay was due to change in the implementing agency from District Rural Development Agency (DRDA) to Agriculture Department and delay in approval to the relaxation to GOI guidelines, proposed by GOM (May - September 2006) .

Failure to start the works even after two years of declaration the GOM package (December 2005) would adversely impact the achievements envisaged in the package.

4.7.1 Delayed issue of guidelines

In 18 test checked talukas, out of Rs 14.91 crore allocated, Rs 8.53 crore (57 *per cent*) remained unutilised due to delay in release of funds and issue of detailed guidelines (September 2006) of Panlot mission.

Principal Secretary, Water Conservation Department agreed (November 2007) to speed up the completion of balance works.

4.8 Other Components of the packages

Under the long term measures there were six other components. The implementation was not satisfactory as detailed below: (Rupees in crore)

Component and implementing Departments	Brief description	Amount declared/ Amount released	Amount spent (upto March 2007)	Audit findings/ Department's reply
(i) Extension Services (GOI) (Agriculture Department)	This was already being implemented through Agriculture Technology Management Agency (ATMA) from 2005-06 for empowering the farmers.	3.00/ 4.28	3.82	Test check showed that TAO, Karanja Lad had received grant of Rs 5.97 lakh during 2006-07. However, no cash book was maintained. Receipt of funds was also not entered in the Bank Pass Book of the bank account opened for the purpose. The Principal Secretary, Agriculture stated that TAO concerned has already been suspended.
(ii) Horticulture Development (GOI) (Agriculture Department)	The programme was being implemented in 23 districts of Maharashtra including six suicide prone districts of Vidarbha with 100 per cent subsidy from GOI (June 2005)	225.00 (for three years)/ 40.98	11.72	Out of Rs 40.98 crore released, Rs 11.72 crore only was utilised in 2006-07. The amount was given (June 2006) to Maharashtra State Horticulture Medicinal Plantation Board and kept out of Government account without assessing the actual requirement of funds. The Principal Secretary (Agriculture) stated that a consultant has been appointed (June 2007) to suggest forward linkage with market for proper utilisation of balance amount.
(iii) Organic Farming Technology (OFT) (GOM) (Agriculture Department)	Various items like organic farming, training, vermi culture, etc. were included under this component	30.00/ 10.30	9.89	Validation of the OFT was not got done from the Agriculture University in any of the test checked taluka. Principal Secretary, Agriculture stated (November 2007) that validation requires three to four years and the process has already been started.
(iv) Joint farming of cotton (GOM) (Agriculture Department)	In order to encourage the joint cotton farming, this component envisaged execution of a Memorandum of Understanding (MOU) by the Farmers for the purchase of cotton.	-	-	In three districts as against 9.37 lakh farmers only 1477 (0.17 per cent) farmers have participated through seven MOUs executed during 2006-07 indicating poor coverage of the farmers under this component. Principal Secretary, Agriculture stated that coverage and impact of the component was improving.
(v) Watershed Development (GOI) (Agriculture Department)	This component consists of watershed development programme and rain water harvesting, to be implemented by	240.00/ 60.00	35.75	In 18 test checked talukas Rs 10.49 crore was spent out of Rs 13.64 crore allocated. Out of 801 works taken up for execution, 263 were completed and 538 works were in progress.

	NABARD directly. The third programme check dam works was to be implemented by State Agriculture Department with loan from NABARD (RIDF).			The Principal Secretary, Water Conservation stated that out of total 3000 check dams, 2497 were completed as of June 2007 and balance of 503 pertaining to 2006-07 and 3000 pertaining to 2007-08 would be completed by June 2008.
(vi) Agro based industries (GOM) (Co-operation Department)	To encourage the establishment of agro based processing industries in six districts, GOM decided to provide financial assistance to the Agriculture Processing Co-operative Societies for raising share capital.	No fund allocation under this component	Not available	DDRCS Amravati released Rs 36.30 lakh to two Co-operative Societies as 33 per cent share capital. The societies have not started agro-processing units as of May 2007. In other five districts, no proposals were received as of May 2007. This indicated the lack of response to the component. The Principal Secretary, Co-operation stated (November 2007) that work by two Co-operative societies had already started and five out of 16 proposals received were approved by the Department.

4.9 Conclusion

Funds for 'Assistance for increase in production' were released late; 12,623 farmers did not get the benefit despite availability of funds. No priority given to the poorest farmers. A TAO issued cheques to 349 beneficiaries against the targets of 110; nine cheques were dishonoured for want of cash in bank. Self Help Groups were paid subsidies in excess of the admissible norms. For purchase of agricultural implements under 'Micro irrigation', a farmer's share was too large for a poor farmer. Though proposals for 185 minor irrigation projects were rejected by NABARD on the ground of being technically unfeasible and economically unviable those were taken up for execution. Incorrect estimation of requirement led to short supply of 53,000 quintals of seeds (63 per cent). Funds for Vidarbha Panlot Mission were underutilized.

4.10 Recommendations

- Higher rate of subsidy for small and marginal farmers could be considered to extend envisaged benefits to larger number of farmers.
- Completion of projects under AIBP and from NABARD funds should be monitored closely to avoid treatment of grant as loan by GOI.
- Crop insurance coverage could be extended to all crops including horticulture.

Government accepted the above recommendations during exit conference (November 2007).

CHAPTER V: MONITORING AND EVALUATION

State Level Committee for co-ordination and supervision, including representatives of GOI and State Government and district level committees were required to be formed for implementation of the GOI package. Similarly, appropriate institutional structures were to be created at local level for delivery of the package. The GOM on 19 December 2005 set up VNSSM at Amravati for co-ordinating and monitoring the package declared by GOM. In addition, special cell was created at Mantralaya in August 2006. All information regarding both packages was to be submitted to this cell and Principal Secretary, R&R. Audit observed that the monitoring and evaluation of packages was not adequate and effective as discussed below:

5.1 Weak reporting mechanism

It was observed that no specific time limit was prescribed for sending information to Principal Secretary, R&R/Director General, VNSSM. Reports on progress regarding implementation of the packages were not sent to GOI by R&R Wing, the nodal department of GOM. Government's comments on implementation and monitoring by the R&R wing were not received as of January 2008.

The Principal Secretary (R&R) stated (November 2007) that the information sent to GOI would be submitted to Audit shortly. These were not received as of January 2008.

5.2 VNSSM not effective

Government created VNSSM for monitoring of the implementation of Packages. VNSSM, however, had no dedicated staff apart from its Director General and a driver. Neither accountability was prescribed for reports of expenditure, etc. submitted to VNSSM, nor was a mechanism evolved to ensure accuracy of expenditure reported to the Mission. Consequently, it failed to even watch the expenditure incurred by the implementing departments under various components. The differences in the figures of expenditure compiled by VNSSM and reported by the Departments have not been reconciled (December 2007) as already stated in paragraph 2.4.

5.3 Evaluation of impact on agrarian distress

The aim of the packages was to reduce agrarian distress in six districts of Vidarbha. However, no mechanism was evolved to evaluate the impact of implementation of the package on the agrarian distress.

Considering the deficiencies noticed in the various components of the packages, under utilisation of the available funds, important areas of the agrarian distress not being covered under the packages and coverage of a fraction of the distressed farmers reduction in farmers' distress in Vidarbha Region does not inspire confidence. Further, the possibility that agrarian distress essentially caused by un-remunerative agriculture would start rising again in the closing years of the package and thereafter, unless corrective

actions are taken, cannot be ruled out. Such distress could increase significantly particularly after the moratorium on loan repayment expires.

The Principal Secretary, R&R stated (November 2007) that improvement in the package to enhance the income augmentation through long term measures was under consideration. Specific plans beyond the package aimed at increasing agricultural productivity by four *per cent* were also being drawn up. Success of the measures mentioned by Principal Secretary, R&R would be critical to the reduction of agrarian distress.

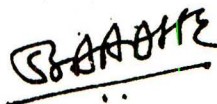
5.4 Conclusion

The monitoring and reporting of the packages was not satisfactory. No reliable data relating to expenditure under different components of the packages was available particularly when the packages are of vital importance to the State. No evaluation of the implementation of the package in terms of reduction in agrarian distress was made.

5.5 Recommendations

- An effective reporting mechanism needs to be urgently established and operated.
- A suitable system should be put in place in VNSSM for getting reliable data from all line departments.

Observations in this Report were reported to the Government (July 2007); their replies (October and November 2007) have been incorporated at appropriate places.



Nagpur
The 28 Feb. 2008.

(Sunil Dadhe)
Accountant General (Audit)-II, Maharashtra

Countersigned



New Delhi
The 03 MAR 2008.

(Vinod Rai)
Comptroller and Auditor General of India

APPENDICES

APPENDIX I
(Reference: Paragraph 1.1 and 2.2)
Components under package declared by GOM and GOI
(Rupees in crore)

Sr. No.	Components under package declared by GOM	Amount
1.	Immediate relief	-
2.	Rescheduling of loan Interest more than principle should not be charged for Co operative loan Loan disbursement to Self Help Groups of farmers Restructuring of credit disbursement procedure	225.00
3.	Regulation of loan disbursed by money lenders	Nil
4.	Agriculture Insurance scheme	30.00
5.	Financial assistance to farmers for increase in production	150.00
6.	Agriculture Allied Activities	30.00
7.	Agro Based Industries	Nil
8.	Joint Farming of Cotton	Nil
9.	Community Marriages	6.00
10.	Refund of Capital Formation Fund	370.00
11.	Compensation to Cotton Growing Farmers	134.00
12.	Organic Farming Technology	30.00
13.	Vidarbha Panlot Mission	100.00
14.	Help Line for Farmers	Nil
	TOTAL	1075.00
	Components under package declared by GOI	Amount
1.	Ex-gratia assistance from PMNRF	-
2.	Debt Relief to Farmers and Credit Flow	-
3.	Interest Waiver	712.00
4.	Assured irrigation facilities	2177.00
5.	Seed Replacement and Cropping Intensity	180.00
6.	Watershed Development	240.00
7.	Horticulture Development	225.00
8.	Micro Irrigation	78.00
9.	Extension Services	3.00
10.	Subsidiary income	135.00
	TOTAL	3750.00

Note:- Sr.No. 4, 10, 11 & 12 of GOM package (total: Rs 564 crore) and no. 8, 9 and 10 of GOI package (total: Rs 306 crore) were for entire State.

APPENDIX II
(Reference: Paragraph 1.2)
Implementing departments

Sr. No.	Implementing Departments	Implementing District / Taluka level offices	Components
1.	Revenue and Forests Department (Relief & Rehabilitation Wing)	District Collectors & Tahsildars	(i) Immediate relief (ii) Help Line (iii) Ex-gratia assistance from PMNRF
2.	Co-operation & Textile Department	(i) RBI/NABARD/ (ii) DDRCS/ Nationalised and Co-operative Banks (iii) Cotton Federation	(i) Rescheduling of loan, (ii) Regulation of loan disbursed by money lenders, (iii) Interest more than principle should not be charged for Co-operative loan, (iv) Loan disbursement to Self Help Groups of farmers (v) Restructuring of credit disbursement procedure
3.	Agriculture department	Agriculture Insurance Company, Taluka Agriculture Officer, District Superintending Agriculture Officer-	(i) Agriculture Insurance scheme, (ii) Financial assistance to farmers for increase in production, (iii) Agro Based Industries, (iv) Joint/Contract Farming of Cotton, (v) Compensation to Cotton Growing Farmers, (vi) Organic Farming Technology, (vii) Vidarbha Panlot Mission, (viii) Seed Replacement and Cropping Intensity, (ix) Watershed Development, (x) Horticulture Development, (xi) Micro Irrigation, (xii) Extension Services
4.	Animal Husbandry Department	Maharashtra Live Stock Development Board (MLDB), Akola, District & Taluka level Offices of Animal Husbandry Deptt.	Agriculture Allied Activities
5.	Women & Child Welfare Deptt.	District Women & Child Welfare Officer	Community Marriages
6.	Water Resources Department	Vidarbha Irrigation Development Corporation (VIDC)	Assured irrigation facilities
7.	Water Conservation Department	Taluka Agriculture Officer, Chief Engineer (Local Sector)	Construction of check dams, Minor Irrigation (Local Sector)

APPENDIX III
(Reference: Paragraph 1.5 & 2.1)
Special Package (GOM)

(Rupees in crore)

Sr. No.	Name of Component	Grant released (six districts) as per VNSSM	Expenditure as of 31/03/2007 (six districts) as per VNSSM	Whether component was for entire State	Grant entire State per VNSSM	Expenditure entire State as per VNSSM
1.	Immediate relief	11.32	11.32	No	-	-
2	Rescheduling of loan; Interest more than principle should not be charged for Co-operative loan; Loan disbursement to Self Help Groups of farmers; Restructuring of credit disbursement procedure.	240.98	239.12	No	-	-
3	Agriculture Insurance scheme	19.00*	9.87	Yes	NA	NA
4	Financial assistance to farmers for increase in production	50.20	49.99	No	-	-
5	Agricultural allied activities	31.00	23.22	No	-	-
6	Community Marriage	14.23	9.22	No	-	-
7	Refund of Capital Formation Fund	405.15*	396.59	Yes	875.53	704.48
8	Compensation to cotton growing farmers	131.72*	130.12	Yes	299.49	265.09
9	Organic Farming Technology	10.30*	9.15	Yes	26.44	25.39
10	Vidarbha Panlot Mission	97.00	17.04	No	-	-
	TOTAL	1010.90	895.64		1201.46	994.96

* Component implemented in entire State

Note:- Expenditure in six districts : GOM package Rs 895.64 crore

GOI package Rs 1532.78 crore

Rs 2428.42 crore

Less amount repeated in GOM package Rs 239.12 crore

Net Rs 2189.30 crore

APPENDIX IV
(Reference paragraph 1.5)

Details of expenditure covered under audit

Government of Maharashtra		
(I) District Level Component		(Rupees in crore)
1.	Capital Formation Fund	396.59
2.	Community Marriages	4.43
3.	Crop Insurance	9.87
4.	Allied Activities	9.73
(II) Taluka Level Component		
1.	Cotton Compensation	36.87
2.	Organic Farming	1.94
3.	Immediate Relief	3.10
4.	Agriculture Inputs (60,000 farmers)	13.75
5.	Vidarbha Panlot Mission	17.04
Government of India		
(I) District Level Component		
1.	Interest Waiver	824.99
2.	Assured Irrigation	-
3.	Seed supply	13.20
4.	National Horticulture Mission	11.71
5.	Micro Irrigation	20.62
6.	Allied Activities	4.44
(II) Taluka Level Component		
1.	Watershed Development Programme	13.64
2.	PMNRF	0.88
3.	ATMA	0.66
GRAND TOTAL		1383.46

APPENDIX V

(Paragraph 1.5)

Sampling Plan for survey of the land holders conducted by ERA

Methodology

Data pertaining to 7/12 of the farmers for all suicide prone districts of Vidarbha region was obtained from the Settlement Commissioner and Superintendent of Land Records, Maharashtra State, Pune and then 12 Talukas namely Amravati, Anjangaon, Chandur Bazar, Morshi, Deulgaonraja, Jalgaon Jamod, Malkapur, Mehkar, Motala, Karanja, Ghatanji, Pusad were selected randomly out of 64 Talukas in these six districts. For the process of sampling, village was considered as one unit. Villages were selected by stratifying them into two categories.

Category-1: Twenty villages were selected for Census on the basis of benefits given to the farmers under the 3 package components namely Immediate Relief, Prime Minister's National Relief Fund and Community Marriages.

Category-2: For survey, twenty-five percent villages from the 12 Taluka were extracted as sample by Probability Proportionate to Size (PPS) Method. The sample interval for each was derived from the control total of the remaining villages (i.e. villages which remained after deleting the names of Census villages selected in Category-1).

In this category, for survey of villages, twenty percent land holders were selected from each strata after stratifying the land holders into following 3 stratas. (Sampling done by the survey firm.)

Stratum 1 – Land holders with less than 2 hectares of land.

Stratum 2 – Land holders with 2 to 6 hectares of land.

Stratum 3 – Land holders with more than 6 hectares of land.

On the basis of issues identified, questionnaires in Marathi were designed and canvassed. 41663 land holders were surveyed by the firm M/s Empirical Research Agency Private Limited and Gomukh Environmental Trust for Sustainable Development, Pune.

APPENDIX VI

(Paragraph 1.5)

Executive Summary of Survey Results of Farmers' Package

In all 383 villages were covered in the survey. Twenty villages were covered on Census basis and 363 villages were covered on sample basis. Total farmers covered in the survey were 41,663. Out of them 8697 farmers were selected in the sample but were not residents of that village. Hence, the number of resident farmers contacted was 32,966. The responses of these farmers were further analyzed to get output formats, non-resident farmers were not considered while analyzing the data. District-wise coverage of villages and farmers/khatedars is presented in the following table:

District	No. of villages	No. of farmers	Nonresident No. of farmers
Washim	39	1016	3051
Yavatmal	77	1476	4500
Amravati	136	4104	13753
Buldhana	131	2101	11662
Total	383	8697	32966

Land holding pattern

Majority of farmers (71 *per cent*) owned land up to 2 ha. The second largest group was of those farmers who held land in range of 2 to 6 ha. Whereas, those reporting ownership of land more than 6 ha. were approximately 4 *per cent* in the total sample. Except Yavatmal District a similar trend is evident in all other districts. In Yavatmal however, those owning land up to 2 ha. were 54 *per cent*. Those reporting land holding in range of 2 to 6 ha. were 40 *per cent* and approximately six *per cent* reported land holding more than 6 ha.

Source of irrigation

Wells are reported as major source of irrigation. In overall sample 77 *per cent* of farmers reporting irrigation depend on well water as a source of irrigation. However, in Washim and Yavatmal district around 56 to 58 *per cent* reported well as source of irrigation. In Amravati and Buldhana 84 and 80 *per cent* farmers respectively, reported well as source of irrigation. A considerable percentage of farmers reporting irrigation, depended on river as source of irrigation in Washim and Yavatmal district.(around 20 *per cent*) , and 16 *per cent* farmers from Washim district reported bore wells as source of irrigation. Average irrigated land is reported at 1.50 ha. in overall sample. It is maximum in Washim at 2.17 ha. and is minimum in Buldhana at 1.00 ha.

Survey in 2006

Only 8 *per cent* farmers confirmed the visit of any government official in the year 2006. This percentage was minimum in Washim at just 3 *per cent*. Some six *per cent* in total sample did not remember about such visit. Whereas, 85 *per cent* in total sample stated that they were not visited by any government official. This percentage is highest in Washim at 95 *per cent*.

About GOI / GOM Package

In the total sample 40 *per cent* farmers were aware about the GOI / GOM Package. This awareness was found maximum in Washim district at 54 *per cent* and it was minimum in Amravati district at 32 *per cent*. Some 22 *per cent* farmers had heard about the package. Those who had heard about the package were maximum at 33 *per cent* in Washim and Buldhana districts and minimum at 8 *per cent* in Amravati

district. Those who did not know about the package were 36 *per cent* in overall sample. This group was maximum in Amravati at 57 *per cent*.

Forty-nine *per cent* farmers were aware about the advantages of the packages. This percentage was highest in Yavatmal at 74 *per cent* and minimum in Washim and Buldhana at 31 *per cent*. Village meetings was the source of information in case of maximum farmers (40 *per cent*), whereas, other sources were reported by 34 *per cent* farmers. This included discussions with fellow farmers etc.

Albeit availing the information about the packages declared by the government almost half of the farmers did not approach any body to understand as to how they could be benefited by these packages. Only 5 *per cent* of those who were aware about the package could avail the desired benefits from these packages.

About loans from money lenders

In the overall sample 75 *per cent* farmers were not aware about the relief from the unregistered money lenders. Only 1.30 *per cent* farmers reported taking loans from unregistered money lenders.

Bank Loans

Fifty five *per cent* farmers took loans from banks in overall sample. This percentage is reported highest in Washim and Yavatmal districts at around 70 *per cent*. Almost 70 *per cent* loans were taken in the period of three years i.e. 2004-06. Only 25 *per cent* farmers were aware that the interest upto 30-06-06 on their loans was waived. Farmers applying for new loans were 25 *per cent*. In 72 *per cent* cases the loan was sanction within 1 to 3 months. 67 *per cent* farmers stated that mortgage was necessary to take new loan. Moreover, those who were asked to repay the old dues while sanctioning new loans were 44 *per cent*. Some 8 *per cent* farmers reported that the fees were charged while processing the new loans.

Most of the farmers among those taking loans, had taken only one loan during the period 2000 to 2005. (83 *per cent*). Another 11 *per cent* had taken loan two times during this period. Those taking loan for three times during this period were 5 *per cent* and only one *per cent* had taken loan for 4 times during this period.

Refund of Capital Formation Fund

In the total sample 80 *per cent* farmers reported growing cotton during the period of 1974 to 1993. About 65 *per cent* of the cotton growers received the dues on account of Capital Formation Fund. More or less the percentage of these farmers is the same in all the districts.

In the year 2005, 63 *per cent* farmers reported cultivating cotton. Average yield per acre was reported at less than half quintal per acre. The expected yield per acre was reported at about 2 quintal per acre. In the year 2006, same percentage of farmers cultivated cotton. The average yield they could get was about 2 and half quintal per acre and the yield they expected this year was more than 4 and half quintal per acre.

Crop insurance was reported by just 3 *per cent* farmers in the total sample. As compared to other districts in Yavatmal the figure of those going for crop insurance is higher at 14 *per cent*.

Forty six *per cent* farmers reported the receipt of 'lalya' (a disease resulting in reddening of cotton) compensation. It is reported maximum in Yavatmal at 70 *per cent* and minimum in Amravati at 34 *per cent*.

Supply of Agricultural inputs

Sixty three *per cent* farmers were aware about the supply of inputs at subsidized rates. Major source of information was the village level officers like Gram sevaks and Talathis in case of about 44 *per cent* farmers. Delay in the supply of inputs was reported by 28 *per cent* farmers. Out of them almost 94 *per cent* were of the opinion that the delay was not due to late payment of contribution amount by the farmers. 60 *per cent* of those who received inputs felt that these inputs were profitable whereas, only in case of 2 *per cent* they felt that they have incurred losses due to the supply of these inputs. Those who thought that neither they got profit nor they incurred losses were 38 *per cent*.

Sprinkler and Drip irrigation facilities

Hardly 2 *per cent* farmers reported applying for the above mentioned irrigation facilities. The percentage is more or less the same in all the 4 districts.

Community marriage scheme

This is also a component which has not succeeded in drawing attention of the farmers. It is reported that less than one *per cent* of the farmers applied for participation under this scheme. The percentage is slightly higher at 2 *per cent* in Yavatmal district. However, in case of almost 38 *per cent* farmers they did not think of this scheme because they did not have marriageable daughter. Out of those who applied, 30 *per cent* farmers reported having married their daughters in community marriage events.

Suicide cases

In the overall sample only 0.65 *per cent* farmers reported suicide cases in the family. It was maximum at 0.9 *per cent* in Yavatmal and minimum at 0.5 *per cent* in Buldhana. 60 *per cent* of those reporting suicide felt that no proper action was taken by concerned authorities after the incident of suicide. 46 *per cent* claimed that they did not get any assistance. 23 *per cent* got the assistance during the time span of 1 to 3 months. Only 4 *per cent* claimed that they got assistance within a month.

Health and Education

Overall 18 *per cent* farmers were aware about the free telephone service (helpline) started by the government. This awareness was maximum in Yavatmal at 25 *per cent* and minimum in Washim at 9 *per cent*.

Assistance required

Forty four *per cent* farmers demanded assistance for children's education, 35 *per cent* needed assistance to practice organic farming, another 34 *per cent* asked for assistance for the treatment of sickness in family. Assistance for sprinkler and electricity for pumps was the demand of 32 and 33 *per cent* respectively. Comparatively, negligible percentage of farmers has asked for assistance to start horticulture crops (1 *per cent*). Although, these demands were put forth by the farmers, most of them. 87 *per cent* had not taken any action in order to get the desired assistance. Training was attended by only 1 *per cent* farmers.

Livestock

The survey indicated that less than 1 *per cent* farmers, received assistance in the form of livestock. 95 *per cent* farmers could not get benefit from vaccination service provided by government. Moreover, 99 *per cent* farmers did not get the milk cans provided by the government.

APPENDIX VII
(Reference: Paragraph 2.1)
Special Rehabilitation Package (GOI)

(Rupees in crore)

Sr. No	Name of Component	Grant released (six districts) as per VNSSM		Expenditure as of 31/03/2007 (six districts) As per VNSSM	Whether component was for entire State	Grant entire State	Expenditure entire State
		Central	State				
1.	2.	3.	4.	5.	6.	7.	8.
1	Ex-gratia assistance from PMNRF	3.00	1.80	4.26	No	-	-
2	Debt Relief to Farmers, Credit Flow, Interest Waiver	125.00	356.00	824.99	No	-	-
3	Assured irrigation facilities	122.50	882.00	613.70	No	-	-
4	Seed Replacement and Cropping Intensity	17.50	-	13.20	No	-	-
5	Watershed Development	-	60.00	33.35	No	-	-
6	Horticulture Development*	14.48	-	11.71	Yes	82.60	76.56
7	Micro Irrigation *	16.54	4.13	20.62	Yes	109.93	98.82
8	Extension Services *	3.83	0.44	3.81	Yes	6.84	5.90
9	Subsidiary income	23.11	2.25	7.14	No	-	-
		325.96	1306.62	1532.78		199.37	181.28

* Component implemented in entire State

APPENDIX VIII
(Paragraph 3.4)
Excess area under cotton cultivation

(Rupees in lakh)

District	Area of cotton cultivation (in ha.) as reported by			Amount paid for area assessed in excess of the area shown in the CCR	Taluka	Excess of area assessed for payment of compensation over the area shown in CCR in the Taluka	
	MRSAC	DSAO & ADO(ZP) (% increase) as reported through CCR	Collector (through Talathi) (% increase)			(in hectares)	Amount
Akola	170120	197501 (16%)	213098 (25%)	156.02	Murtizapur*	--	--
Amravati	212790	241051 (13%)	254400 (20%)	212.48	Nandgaon Khandeshwar	9861.00	98.93
					Chandur Bazar	4498.00	44.98
					Morshi	2790.32	27.90
					Chikhaldara	825.94	8.26
					Anjangaon Surji*	--	--
					Amravati*	--	--
Buldana	190770	209630 (10%)	278963 (46%)	693.33	Lonar	449.45	4.50
					Motala	30488.00	304.88
					Deulgaon Raja	1961.00	23.13
					Malkapur	3866.89	38.66
					Jalgaon Jamod	8129.77	81.30
					Mehkar*	--	--
Wardha	105460	96632 (-8%)	137163.52 (30%)	405.31	Seloo	4571.63	45.72
Washim	56880	58591 (3%)	82400 (45%)	238.09	Washim	457.96	4.57
					Karanja Lad	17030.76	170.31
Yeotmal	313200	320494 (2%)	349200 (11%)	285.06	Ghatanji	10259.00	102.59
					Pusad*	--	--
TOTAL	1049220	1123899	1315224.50			95189.72	955.73

* Area of cotton cultivation as per Crop Cultivation Report (CCR) was more than the area for which compensation was paid.

APPENDIX IX
(Reference Paragraph 4.2.1)
Excess payment of subsidy

(Rupees in lakh)

Sr. No.	District	TALUKA	No. of APL groups	Project cost	Subsidy actually paid	Subsidy payable (Rs 1.50 lakh per project)	Excess subsidy
1.	Akola	Murtizapur	15	45.60	34.21	22.50	11.71
2.	Amravati	Amravati	10	38.15	28.61	15.00	13.61
3.		Morshi	06	22.70	17.02	9.00	8.02
4.		Chandur Bazar	10	41.30	30.98	15.00	15.98
5.		Chikhaldara	03	10.20	7.65	4.50	3.15
6.		Nandgaon Khandeshwar	06	23.10	17.32	9.00	8.32
7.	Buldhana	Motala	07	22.50	16.88	10.50	6.38
8.		Lonar	07	22.50	16.87	10.50	6.37
9.		Malkapur	10	33.50	24.75	15.00	9.75
10.		Mehkar	07	23.25	17.44	10.50	6.94
11.		Jalgaon Jamod	06	16.25	12.19	9.00	3.19
13.	Yavatmal	Ghatanji	09	30.00	22.50	13.50	9.00
14.		Pusad	09	23.61	17.70	13.50	4.20
			105	352.66	264.12	157.50	106.62

Glossary

Form 7/12:- 7/12 Registers are authorized records in tahsils for land holding and crop taken every year.

Abbreviations

AIBP	Accelerated Irrigation Benefit Programme
ARCS	Assistant Registrar of Co-operative Societies
ATMA	Agriculture Technology Management Agency
BPL	Below Poverty Line
CCR	Crop Cultivation Report
CFF	Capital Formation Fund
DCC Bank	District Central Co-operative Bank
DDRCS	District Deputy Registrar of Co-operative Societies
DG/VNSSM	Director General, Vasantrao Naik Sheti Swawalamban Mission
DSAO	District Superintending Agriculture Officer
IGIDR	Indira Gandhi Institute of Development Research
MLDB	Maharashtra Live Stock Development Board
MLR Code	Maharashtra Land Revenue Code
MRSAC	Maharashtra Remote Sensing Application Centre
MSSC	Maharashtra State Seed Corporation
NABARD	National Bank for Agriculture and Rural Development
NACIS	National Agriculture Crop Insurance Scheme
NSC	National Seed Corporation
SDAO	Sub Divisional Agriculture Officer
TISS	Tata Institute of Social Science
VIDC	Vidarbha Irrigation Development Corporation