

Conclusion and Recommendations

III Part

3.1. Conclusion

The scheme was primarily launched by the GoI to address the issue of financial indebtedness of farmers. Under the scheme, the GoI released a huge sum of over ₹ 52,000 crore to clear part of the dues of farmers against specific parameters based on the categorisation of farmers as Small / Marginal / Other farmers and the period of disbursement of loan, its overdue and unpaid position.

Overall, the Performance Audit revealed that in 20,216 (22.32 *per cent*) of the 90,576 cases test checked in audit, there were lapses/errors which raised serious concerns about the implementation of the scheme.

It was found that out of the 9,334 accounts test checked in audit across nine states, 1,257 accounts, (13.46 *per cent*) were such who were found to be eligible for benefit of ₹ 3.58 crore under the scheme, but were not considered by the lending institutions while preparing the list of eligible beneficiaries.

Discrepancies amounting to ₹ 20.50 crore were noticed in 6,822 accounts out of 80,299 test checked accounts wherein ineligible farmers, i.e. farmers who had taken loans for non-agricultural purposes or whose loans did not meet eligibility conditions, were given benefits under the scheme. Further, another 4,826 accounts out of these 80,299 test checked cases were extended incorrect benefits. In these 4,826 cases, excess benefits totaling ₹ 13.35 crore were extended to 3,262 farmers while 1,564 farmers were extended less than their due benefits of ₹ 1.91 crore.

It was, further, noticed that in 6,392 accounts, certain charges (like interest in excess of the principal amount, unapplied interest, penal interest, legal charges, inspection charges, miscellaneous charges, etc) amounting to ₹ 5.33 crore which were to be borne by the lending institutions themselves as per the scheme guidelines, were claimed from the government.

In addition, loans amounting to ₹ 164.60 crore were also waived in violation of guidelines.

After extending benefit under the scheme, the banks were required to issue a certificate and obtain an acknowledgment from the farmer for the same, so as to ensure that farmer could become eligible for applying fresh loan/ refinance from the bank. It was, however, found that in 21,182 accounts, constituting 34.28 *per cent* of 61,793 accounts verified for this purpose, the lending institutions had not obtained acknowledgement from the farmer.

As regards the issue of refinance, it could not be vouched that all the beneficiaries having ADWDRS certificate were given fresh loans, wherever they applied for it, as no record of loan application receipts which were rejected /accepted by the lending institutions, was being maintained.

The monitoring aspect of the scheme was also found to be deficient, as the Department was totally dependent upon nodal agencies for monitoring the compliance of its instructions issued from time to time for implementation of scheme. However, the nodal agencies themselves were relying on certificates and data of lending institution without conducting independent cross checks on such data and certificate to confirm the veracity of claims. This raises the issue of conflict of interest, since in effect, the lending institutions were performing a dual role, first implementing and then monitoring their own work.

3.2. Recommendations

A summary of the recommendations that audit has made in the report are given below.

Implementation of scheme

- ✓ *As the ADWDRS is a welfare scheme aimed at benefitting poor farmers, DFS may like to take steps to review beneficiary lists in selected banks by focusing on those States where indebtedness was high.*
- ✓ *Bank officials, internal auditors and central statutory auditors, who certified the information for passing the claims, ought to be made accountable for lapses in performing their duties.*
- ✓ *The issue relating to reimbursement of claims of MFIs may be examined to ensure that the benefit of the scheme has actually reached the farmers and was not restricted to MFIs only.*
- ✓ *The specific cases of tampering of records/alteration of loanee details should be reviewed by DFS and stringent action taken against errant officials as also lending institutions.*

Monitoring

- ✓ Ministry, on its own part, may verify (1) high-value claims of re-imbursement, (2) high-risk areas like inadmissible charges and (3) atleast a sample of claims of lending institutions to ensure that the financial interests of the government are protected.
- ✓ Nodal agencies ought to be tasked with specific responsibilities for supervision and should be held accountable for lapses.
- ✓ Follow-up action in response to complaints or inspections should be properly monitored.

Achievement of objectives

- ✓ Government may like to issue directions to banks to launch a drive of issuing debt waiver/debt relief certificate and keep records of such farmers getting fresh loans.

Dated: 8 February 2013
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Dated: 11 February 2013
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