

PART I

RATIONALISATION OF THE FUNCTIONS, ACTIVITIES AND STRUCTURE OF THE DEPARTMENT OF AGRICULTURE & COOPERATION

Rationalisation of the Functions, Activities and Structure of the Department of Agriculture & Co-operation

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Rationalisation of the Functions, Activities and Structure of the Department of Agriculture & Co-operation

Executive Summary

1. The report attempts to identify the larger issues facing the agriculture sector. These include: providing livelihood security to the people in the rural areas and food and nutrition security for the country as a whole; the falling share of agriculture in GDP; inadequate levels of capital formation; lack of land and water use policy and programmes; non-involvement of panchayati raj institutions in the formulation and implementation of schemes relating to the agriculture sector; structural problems involving small and marginal farmers; and the situation arising out of the WTO regulations and commitments there under.
2. The report goes into the evolution of Ministry of Agriculture and discusses the role and functions of the Department of Agriculture and Co-operation and its staff structure. The last five decades have witnessed an increasing centralisation of powers and a vast expansion of resources, both financial and manpower in the Ministry of Agriculture. At the same time there has also been a steady erosion of the ministry's capability to serve as the flagship for securing sustained agricultural advance.
3. There is clearly a need for identifying those activities of the ministry that have become redundant or are better left to states and parastatal organisations, given that agriculture is a state subject. The rationale for the existence of a strong central government presence in the agriculture sector should be subject to greater and more rigorous scrutiny than in other areas falling within the province of the central government.

4. A division wise analysis has been attempted in this background and a number of suggestions have been made for streamlining the work. These include: making the Directorate of Economics & Statistics, an officer-oriented outfit; restructuring of the Commission on Agricultural Costs & Prices; downsizing of the All India Soil and Land Use Survey, the Directorates of Marketing and Inspections, and Plant Protection Quarantine and Storage division; restructuring of the Inputs Wing including winding up of the National Seeds Corporation, the State Farms Corporation and the nine crops directorates; restructuring of the Extension Wing with a view to leaving extension activity to the states and sub state levels where it really belongs; abolition of the inputs division; transfer of the land and water management programmes to the Department of Land Resources; withdrawal of government from the co-operative sector; and enlargement of the scope of the Macro Management Scheme with a view to cutting down the number of centrally sponsored schemes to the absolute minimum. Other areas meriting greater attention are also highlighted.

5. The functions and activities of other offices under the Department of Agriculture and Co-operation have also been briefly analysed. It has been suggested that the National Oil Seeds and Vegetables Oils Development Board and Coconut Board, which have outlived their utility, should be wound up. Further, commencing from the Tenth Plan Period, national level co-operatives should be advised to take up training and other activities from their own resources to the extent possible and not depend on government grants for this purpose. In addition, NCDC should be given full autonomy and government should withdraw totally from it, with Agriculture Minister and Secretary (Agriculture) dissociating themselves from its management.

6. The report also underlines some pressing issues which are relevant not only for securing sustainable high growth of the agriculture sector but also have major implications for the manner in which the Department of Agriculture and Co-operation would need to be structured.

7. The various measures for restructuring of the department are then briefly set out and a revised administrative structure also recommended (Part 6). It is expected that when the various suggestions are put in place the total staff strength of the department, including its attached and subordinate offices would come down to less than 5500 from 7059 as on 31.12.99. In fact, when the recommendations particularly those in the concluding part of this report are implemented, the strength of the department could come down even more.

1. The Background

1.1 Over the last three decades there has been a steady erosion of the Ministry of Agriculture's capability to serve as a flagship, as a co-ordinator for sustained agricultural advance and agrarian prosperity. In earlier years, Ministry of Food and Agriculture dealt with all matters relating to agriculture and allied activities, including rural development. The ministry had overall responsibility not only for matters relating to food production but also its distribution. Till the mid sixties when Government of India used to import food grains under PL 480 programme, the import and distribution of food grains were also handled by the Ministry of Food & Agriculture. As there was only one ministry and one minister in charge of all activities relating to agriculture and allied sectors, proper co-ordination in formulation and execution of policies relating to agricultural development was possible.

1.2 In the early 80s the organisation for managing agriculture and allied activities underwent changes. Water resources (then known as irrigation), rural development, food, consumer affairs, environment and forest became independent departments, and subsequently independent ministries under different ministers. The latest addition to this fragmentation process is the Department of Land Resources, which is now part of the Ministry of Rural Development.

1.3 A copy of the Allocation of Business Rules relating to the Department of Agriculture and Co-operation is at ***Annex I***.

1.4 The Department of Agriculture and Co-operation is at present responsible for formulation and implementation of national policies and programmes aimed at achieving rapid agricultural growth through optimum utilisation of the country's land, water and plant resources. The department seeks to put in place all possible measures to ensure timely

and adequate supply of inputs and services, such as fertiliser; seeds; pesticides; agricultural credit and implements; crop insurance; support for agricultural marketing; and remunerative prices to farmers. The department is also responsible for collection and maintenance of a wide range of statistical and economic data relating to agriculture, organising agricultural census, assisting and advising the states in undertaking scarcity relief measures and in management of natural calamities, such as floods, droughts, cyclones, etc. Besides, it is also in charge of formulation of overall co-operative policy in the country and matters relating to national co-operative organisations, co-operative training and education. Participation in activities of international organisations, such as FAO, for fostering multilateral co-operation in agriculture and allied sectors and promotion of exports of agricultural commodities are also included in the list of activities of the department.

1.5 The Department of Agriculture and Co-operation is one of the departments of the Ministry of Agriculture, the others being Department of Agricultural Research and Education, Department of Animal Husbandry and Dairy and Department of Food Processing Industry. Secretary (Agriculture & Co-operation) is the administrative head of the Department of Agriculture & Co-operation and the principal advisor to the Minister of Agriculture in all matters of policy and administration within the department. He is assisted by a Special Secretary, three Additional Secretaries, Agriculture Commissioner, 10 Joint Secretaries, Horticulture Commissioner, Chairman of the Commission for Agricultural Costs & Prices (CACP), Agricultural Marketing Adviser, Economic and Statistical Adviser and Plant Protection Adviser. There are 16 posts of Director / Deputy Secretary, 28 posts of Under Secretary and 56 posts of Section Officers in the department. In addition there are 178 posts in Group 'B' and 174 posts of non-gazetted technical officers in Group 'B' and 'C'. The

number of non-technical and non-gazetted officers such as Assistants, UDC and LDC is 358. The total strength of the department including the attached and subordinate offices as on 1.1.2000 is 7059.

1.6 The department is organised into 24 divisions and a Technology Mission on Oilseeds and Pulses. In addition, it has 4 attached offices and 21 subordinate offices spread all over the country for co-ordination with state level agencies and for implementation of Central Sector Schemes in their respective fields. There are two public sector units. The list of functional divisions in the department and the list of attached and subordinate offices, public sector units and autonomous bodies are at ***Annex-II.***

2. The Larger Issues

2.1 There are several major issues that have considerable relevance not only for sustainable high growth of the agriculture sector but which also directly impinge on the functioning of the Department of Agriculture and Co-operation itself. Any attempt at redefining the functions, structure and staff strength of the Department of Agriculture and Co-operation has therefore necessarily to take note of the issues set out below.

2.2 While availability of food grains in the country could now be said to exceed the demand, four factors – the low purchasing power of a large section of the population, the extent of malnutrition, high population growth rate in the several States and a heavy dependence on the monsoons – militate against any let up in the efforts for increasing food production in the country. Thus securing food and nutrition security for the people would continue to be a very important objective for the Government.

2.3 In India over 65% of the population live in rural areas and most of them depend on farm activities for their livelihood. However, the

contribution of the farm sector to the GDP has been steadily coming down and is currently a little over 25%. What is disconcerting is that the percentage of people dependent on agriculture for their livelihood has not come down more rapidly. Rapid growth of the agriculture sector is necessary not only to provide security of livelihood to 65 per cent of our people but also to generate demand for the products of the rest of the economy. Increasing farm output and productivity is therefore of great importance.

2.4 Public investment in agriculture in terms of gross capital formation in agriculture (GCFA), which had increased in the earlier plan periods had tended to decelerate in the 1980s, and remained more or less stagnant in absolute terms in the 1990s. As proportion of GDP, GCFA, which had touched 4.1% in 1970-80, has come down to 1.5% in the recent years. The lack of growth of public investment is largely due to the steady increase in current expenditure in the form of higher levels of subsidy for food, irrigation, fertilisers, electricity, credit and other agricultural inputs, rather than on creation of assets by way of land development, augmentation/maintenance of irrigation facilities etc. Clearly there is a paramount need for devising a strategy for increasing investment in agriculture.

2.5 Over the years, agriculture and other practices in the country have resulted in degradation of vast areas of land and also in the water table going down drastically. The *Usar* lands extending over 6 million hectares and the prospect of large tracts in Punjab and Haryana now under paddy becoming wastelands with the water table rapidly depleting are just a few examples of lack of management of land and water resources of the country. Thus, sustainable agriculture practices are essential not only for the ecological stability of the country but also for the economic prosperity of the people. Since ground water can be openly accessed, as it is not

owned by anyone, it is overused thereby resulting in the lowering of the water table in large parts of the country.

2.6 Agriculture is the largest private enterprise in the country. At the ground level, agriculture and allied activities are dispersed over 105 million holdings. More than 105 million farmers decide what to grow and how. Government can influence them only indirectly. The spread of knowledge-intensive and ecology friendly activities calls for group endeavour and co-operation among the farm families in a watershed or command area of an irrigation project or village. The local bodies, the panchayats and gram sabhas have therefore to play a very effective role in securing this co-ordination and in extending support to these farm families. Though the Constitutional amendment of the Eleventh Schedule assigns responsibility to the panchayats in the field of food and agriculture, most state governments are yet to empower them legally, technically and financially to discharge these responsibilities.

2.7 The prices that farmers get for their produce depend on how well markets are organised, how much it costs the farmer to move the produce to the market and how well informed they are. All weather roads, regulated markets and good telecommunication facilities can empower farmers to get fair prices for their produce.

2.8 The last five decades have witnessed an increasing centralisation of powers and a vast expansion of resources, both financial and manpower, in the central Ministry of Agriculture. There is a persistent demand from the states, though hitherto in vain, for placing a good part of these funds directly at their disposal, leaving it to them to decide on their utilisation. There is clearly a need for identifying those activities of the ministry that have become redundant or have been counter-productive. This is necessary in the context of democratic decentralisation, the need

for location-specific technologies and policies to foster sustainable agriculture, and for bringing the states more fully into the picture. Moreover, with frequent divisions of ministries / departments, the co-ordinating role of the agriculture ministry has been considerably undermined.

2.9 To place the matter in perspective, the total expenditure of all states on agriculture and allied activities¹ in 1999-2000 (revised estimates) was Rs.13, 621 crore (including plan and non-plan, and capital and revenue expenditure) and constituted 4.2% of their total expenditure. The budget estimates for 2000-01 place the total expenditure of all states on agriculture and allied activities at Rs.12, 372 crore, which amounted to 3.5% of their total expenditure. [Source: Reserve Bank of India Supplement on States' Finances]. The corresponding figures for the Centre are: Rs.7680 crore according to the revised estimates for 1999-2000 amounting to 2.5% of its total expenditure and Rs.3818 crore according to the budget estimates for 2000-01² or 1.1% of its total expenditure. [Source: Budget documents].

2.10 A discussion on whether the Centre's expenditure on agriculture and allied services is relatively more or less than that of the states would obscure the basic question whether the Centre should in the first place incur even this order of expenditure. Further, if the Centre is to spend on these activities would it not better serve the interest of agriculture and the farmers if much of the money is passed on to the states and the expenditure incurred through them?

¹ Excluding expenditure on forestry & wild life, food storage and warehousing

² The reduction is in part due to the provision for subsidies on phosphatic and pottasic fertilisers being shifted to the Department of Fertiliser

2.11 Agriculture is a state subject, figuring in List II—State List of the Seventh Schedule of the Constitution. The rationale for the existence of a strong central government presence in the agriculture sector should therefore be subject to greater and more rigorous scrutiny than in other areas falling within the province of the central government. In its Second Report dealing with “Optimising Government Staff Strength- Some General Issues”, the Expenditure Reforms Commission endorsed the following guiding principles enunciated by the Fifth Central Pay Commission:

“The entire gamut of Central Government functioning on the civilian side is to be examined de novo and redetermined in the light of three key criteria:

- (i) Does this need to be done;
- (ii) Does this need to be done by Government; and
- (iii) Does this need to be done by the Central Government.”

A fourth question that needs to be asked is: What negative consequences, if any, would follow if the (central) government were not to do this?

2.12 These questions assume greater relevance while examining the role of the Ministry of Agriculture, given that (a) agriculture is a state subject, and (b) agriculture is the largest private enterprise. Apart from questions of policy, the other role of the government, if any, would be in the delivery of services to the farmer or agriculturist. What are the types of services that a farmer needs and who should provide them should therefore be the touchstone against which the relevance of government programmes and organisations need to be judged. The following table attempts an answer.

| Activity | Support Needed | Who Should Provide? |
|----------------|--|--|
| Pre-Production | Research | Initially government, Centre and State |
| | Soil conservation | anchayati raj institutions, co-operatives |
| | Extension services | anchayati raj institutions, co-operatives |
| | Water harvesting | State, panchayati raj institutions, co-operatives |
| | Credit, including consumption credit | Banks, incl. co-operative banks |
| | Seed- Production, distribution | Private, co-operatives |
| | Seed certification | State, private (incl. co-operatives) |
| | Meteorological information | Centre |
| Production | Mechanised equipment and instruments | Private, co-operatives |
| | Land and water use management | State, panchayati raj institutions, co-operatives |
| | Other inputs: fertiliser, pesticides | Private, co-operatives |
| | Plant protection, including quarantine | Centre, State, Panchayati raj institutions, co-operatives, private |
| | Meteorological information | Centre |

| Activity | Support Needed | Who Should Provide? |
|----------------------------|--|--------------------------------------|
| Marketing & Infrastructure | Irrigation (major and medium projects) | Centre (inter-state projects); State |
| | Storage facilities | Private sector; co-operatives |
| | Cold chain | Private sector; co-operatives |
| | Support prices and purchase policy | Centre; State |
| | Agricultural produce markets | State / Co-operative institutions |
| | Certification and quality control | State |
| | Market data and intelligence | State; co-operatives; private sector |
| | Futures Markets and Exchanges | Centre; State |
| | Export Support | Centre, State, cooperatives, private |
| Other | WTO related issues | Centre |
| | Inter-State issues | Centre |
| | International Co-operation | Centre |
| | Extension | Panchayati raj institutions |

Barring credit and infrastuctural support, most of the other services required by the farmer are in the nature of extension services. Ideally, that organisation or level in the hierarchy that is closest to the farmer should provide these services. Viewed in this light, there is little role for the government to play, let alone the central government. The role of the government, particularly the central government, is confined to broad policy issues, provision of certain infrastructure, including marketing infrastructure, research, inter-state issues, international co-operation, and WTO related issues.

2.13 The need of the hour is for all levels (the Centre, the states and the local bodies) to address these issues effectively and in a well co-ordinated manner. The 105 million farm families need to be extended support for maximising output in agriculture and allied areas. The responsibilities of each level need to be set out clearly, without overlap; they should instead be complementary. In particular, the concerned central agencies will have to become professional think tanks and prime movers and doers to impart an ecological, employment and income dimension to farming. These broad issues must underlie the suggestions for restructuring the functions and activities of the Department of Agriculture & Co-operation.

2.14 One other issue that merits serious consideration is the distortion induced by minimum price support, which is the major contributory factor for the steady increase in food grain output. Over the years, the minimum support price has come to be higher than the market-clearing price. Thus, as a buyer of last resort, the government has been saddled with ever increasing food grains stocks. This in turn has led to problems of excessive centralised purchases, causing problems of storage and large-scale wastage of farm output. The entire policy on support price and food grain procurement / purchase would need to be refashioned to address the problems of farmers in a period of surplus production. Likewise, the numerous market intervention programmes would also merit a fresh review.

2.15 Another consequence of the minimum support prices being fixed higher than the market prices is that the government has become the principal buyer of food grains. This has two consequences that may be harmful to farmers' interests: first, the situation is unsustainable; and secondly, role of the private sector has diminished. In the interests of the farmers, therefore, it is imperative that corrective steps are speedily taken.

2.16 Moving from a situation of food scarcity a couple of decades ago to one of surplus today would also call for a re-orientation of production strategies. Agricultural production would need to be more attuned to the demands of the market, including potential export markets if Indian agriculture is to reap the benefits of adherence to the WTO regime.

3. Analysis Of Functions And Activities

3.1. The staff strength in the headquarters establishment is 1351 spread over 25 divisions as listed in **Annex-II**. In addition, in the four attached and 21 subordinate offices (**Annex-II**) there are over 5700 officials. As would be seen from the summary of recommendations of the Right Sizing Committee (RSC) in **Annex-III**, the Plant Protection Quarantine and Storage Directorate (1813), Marketing and Inspection Directorate (1377), Directorate of Economics and Statistics (563) and All India Soil and Land Use Survey (511) account for over 75% of the staff strength of the attached and subordinate offices. The following paragraphs analyse the department's functions and activities.

i. Economic Administration:

3.2. The Directorate of Economics and Statistics is responsible for collection, compilation, maintenance and publication of statistics on production of different crops and land use pattern. The directorate also collates and analyses market intelligence, particularly in respect of food grains. It advises government of all current issues of agro-economics and food policies. An analysis of this directorate's output shows the need for a sharper focus. Crop forecasting techniques need to be improved with use of satellite imagery being refined in consultation with National Remote Sensing Agency. The impact of the WTO on the agriculture sector needs to be continuously monitored so as to facilitate government taking pro-active decisions. Area specific problems need to be studied by the agro

economic research centres, with the findings being widely circulated to facilitate remedial action. Publication work needs to be speeded up.

3.3. Given the nature of its tasks, this directorate is ideally suited to function on an officer-oriented basis with minimum support staff. Further, the Right Sizing Committee has identified 41 posts for abolition. (See also paragraph 6.1)

ii. Commission on Agricultural Costs and Prices:

3.4. Government announces support prices for various crops before the commencement of the kharif and rabi crops, based on the recommendations of the Commission on Agricultural Costs and Prices (CACP). The data from the last 20 years show that at least on 50% of the occasions government has announced higher minimum support prices for rice and wheat than those recommended by the CACP. In particular, in the three years 1997-98, 1998-99 and 1999-2000, the prices announced by the government exceed those recommended by the CACP by more than 10%. The practice of government purchases based on high support price levels has served the country well in earlier years. It encouraged farmers to increase output, and helped to stock adequate quantities for supporting and expanding the public distribution system. However, in the last few years this has resulted in FCI buying quantities far in excess of stocks required for supporting the public distribution system and for ensuring food security. In its report on food subsidy, the Expenditure Reforms Commission has, therefore, underlined the need for purchase operations of food grain being based on *minimum* support price, and for allowing market forces full freedom in wholesale trade as well as export of food grains. The Expenditure Reforms Commission would again urge the government to give serious consideration to these recommendations. As already observed in that report, the rationale of the support price

mechanism has been totally lost over the years. The cost plus pricing principle followed by CACP is no longer practicable. With the minimum support prices for wheat and rice ruling above world market prices, this has led to ever increasing stocks of food grains. Thus, the policy of setting minimum support prices needs review.

3.5. The CACP at present consists of 7 full time members – one chairman, two official members, three non-official members and one member secretary. Given the nature of the task entrusted to it, it should be sufficient to have two full time members (one chairman and one member secretary), with the remaining members being part time. This will also facilitate association of eminent outside experts in the Commission. The office also needs to be made officer-oriented with support staff being kept to the minimum.

iii. National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED)

3.6. There are also *ad hoc* market intervention schemes mainly for horticultural and other commodities which are perishable in nature and which are not covered under the price support scheme. The net expenditure devolving on the Central Government by way of sharing of losses on the operations undertaken through the National Agriculture Cooperative Marketing Federation of India (NAFED) is of the order of Rs.8.5 to Rs.9 crore per annum for the last 5 years. The commodities covered in the past include apples, kino, oranges, grapes, onions, potatoes, etc. Given the doubtful impact of such interventions, apart from the potential for abuse, and the extremely limited infrastructure that government organisations have for undertaking such operations, the Expenditure Reforms Commission would recommend that such operations should not be undertaken at all, except in times of great distress. (See also paragraph 4.20)

iv. Rainfed Farming System

3.7. The division is in charge of National Watershed Development Project in the Rainfed Areas (NWDPA), which was launched in 25 states and two union territories in 1991 during the Eighth Plan. The programme deals with treatment of arable and non-arable lands, organising production systems in them, and treatment of drainage lines. The state (and union territories) governments implement these projects, with the external funding being passed on to them directly. However, the division monitors a number of externally aided projects relating to integrated watershed development. Besides, it is also closely linked with soil and water conservation division (now re-designated as National Resource Management division).

3.8. The functions described above truly fall within the domain of states and the project is being implemented in the states. Besides, the external funding is also passed on directly to the states. Moreover, the two divisions have some overlapping functions. They may therefore be merged and re-designated as National Resource Management Division. At present, the National Resource Management Division has 102 officers and staff, and the rain-fed farming division, 51 officers and staff. The combined National Resource Management Division would not require such a large body of officers and staff; it could well be downsized to about 50 to 60% of the present strength.

v. All India Soil and Land Use Survey

3.9. This subordinate office assists in generating the database on soil and land resources for research as well as development programmes, particularly those related to catchment area treatment. It has a sanctioned strength of 511 spread over the head office at New Delhi, four regional offices at Delhi, Calcutta, Bangalore and Nagpur, and three sub centres at Hyderabad, Ahmedabad and Ranchi.

3.10. No doubt the activities undertaken by this subordinate office are important. Yet the Internal Work Study Unit (IWSU) in a report submitted to the department in September 2000 recommended drastic restructuring. In examining the functioning of the organisation in the context of certain additional posts that were sought to be created, the restructuring proposed by the IWSU envisaged creation of 23 posts, abolition of 254 posts and upgrading / downgrading of certain posts. For the present, the Expenditure Reforms Commission would not wish to go beyond what has been recommended by the IWSU. It would, however, like to urge that a study be made of how useful the data generated by this office has been, the need for regional offices and sub-centres particularly at major state capitals, and to what extent the functions could be transferred over a period of time to the respective states.

vi. Disaster Management

3.11. Department of Agriculture and Co-operation in the Ministry Of Agriculture has been designated as the nodal agency for administering the Calamity Relief Fund. The National Disaster Management (NDM) Division has a total strength of 19 officers and supporting staff. According to a statement provided by the department, a sum of Rs. 6304.27 crore has been released out of the Calamity Relief Fund during the period 1995-2000. The amount provided in the Calamity Relief Fund for the period 2000-05 is Rs.11007.59 crore. Thus, on the average a sum of Rs.1200 crore per year had been released from the Calamity Relief Fund during the period 1995-2000, and on an average a sum of Rs.2000 crore per year would be released during the period 2000-05.

3.12. It is claimed that with its present staff strength the NDM division is not in a position to monitor relief expenditure to ensure that the amounts released are properly spent, and that, therefore, it is of utmost importance

that it is suitably strengthened. The argument that strengthening the division will necessarily improve the monitoring of proper utilisation of relief assistance does not carry conviction. What would be more effective, on the other hand, would be greater public awareness and the right to information. Wide publicity in the areas where relief assistance is directed, and also through the Internet, of the nature and amount of assistance provided and the purposes for which it is given would bring about better accountability in the use of funds.

3.13. Preparation of plans for disaster prone districts, for prevention of disasters and their management, would lead to better administration of disaster relief and also go a long way in reducing the financial burden on government. Coupled with this should be promotion of the culture of self-help in relief operations and encouraging voluntary agencies to assume a positive role in organising relief. These aspects must also form an integral part of the tasks of this division. (However, when disasters actually strike, it is 'protocols' more than plans that are of greater relevance). The newly set up National Centre for Disaster Management (NCDM)³ can provide the much-needed professional approach in the preparation and implementation of disaster management plans for disaster prone districts.

vii. Crops:

3.14. The Crops Division in the department is responsible for the development and production programmes of crops of all varieties. This division deals not only with crops like rice, wheat, oat, cereals, pulses and oil seeds but also with cotton, sugarcane, jute and tobacco. This division also monitors weather and crop prospects in different states and assists

³ It is learnt that the NCDM has been set up within the Indian Institute of Public Administration (IIPA) with the Centre supporting the faculty (in other institutes too.)

the government in formulating policies leading to food security and management of natural calamities such as floods and drought.

3.15. Introduction of high yielding varieties, hybrid and genetically modified (GM) seeds is also part of the responsibility of this division. Not much progress appears to have been achieved in hybridisation of seeds and in their use for increasing food grains production. Only 8 varieties of hybrid paddy seeds have reportedly been released so far, and, it is said, their production levels are low and costs of production high. Genetically modified (GM) seeds are now being introduced in the agriculturally advanced countries. It has already been decided to take up field trials of GM seeds in respect of cotton, soyabean and maize. Field trials of transgenic cotton are also reported to be in progress but the results are yet to be evaluated. Large-scale field trials of transgenic cotton are yet to be cleared by the Ministry of Environment & Forests. However, some clearances have already been given for field trials of soyabean and maize. But procedures are yet to be harmonised between the departments of biotechnology, environment, agriculture and ICAR to ensure that the introduction of GM seeds takes place on the right lines and without delay.

3.16. All these are important functions that would continue to engage the attention of this division.

3.17. There are 7 Crop Directorates functioning under the Crops Division. These cover rice, wheat, millet, sugarcane, cotton, jute and tobacco. Each directorate is headed by an officer, who is comparatively junior in rank to the Commissioners / Directors of Agriculture and their principal staff officers in the states. The ability of these directorates therefore to interact fruitfully with the state government officers is considerably limited. Some of these directorates also cover a number of states, which again limits their usefulness. For instance, the Rice

Directorate located at Patna covers not only Bihar but also Assam, West Bengal, Orissa as well. As a result, these Crop Directorates are used mostly for collecting and forwarding reports to the Crop Division, a task that could as well be handled directly by the Crops Division, at a much lesser cost. **Under these circumstances, the Expenditure Reforms Commission would suggest the winding up of all the 7 crop directorates.**

3.18. There are also two other crop directorates dealing with oilseeds and pulses, areas covered by technology missions. These directorates are reportedly used for monitoring the progress of cultivation of oilseeds and pulses. It would save both time and money, if the technology missions could directly interact with the state governments, instead of using the two crop directorates as an intermediary. **These two crop directorates would also therefore need to be wound up.**

3.19. While these technology missions have been in existence for several years now, a new technology mission has been introduced in 1995 for maize, with a view to enhancing the production and productivity of this crop. By definition technology missions should have a time limit; once the objectives are achieved they need to be wound up. On the expiry of the time limit, it should be reviewed whether the technology mission should continue or be wound up. The department should therefore clearly spell out the objectives of these technology missions, and the timetable within which the results are to be achieved. Simultaneously, mechanisms for monitoring progress also need to be put in place.

3.20. The **mini-kit programme** was introduced with a view to popularising new and high yielding varieties of seeds when these were introduced for the first time. In the absence of commercial production of these new varieties of seeds on a large scale, the continuance of the mini-

kit programme cannot contribute significantly to popularising these new varieties. **This programme could therefore be wound up.**

viii. Inputs

A. Seeds:

3.21. The Indian seeds programme largely adheres to the limited generation system for seed multiplication. It recognises three generations, namely breeder, foundation and certified seeds. In 1999-2000 the breeder seed production was over 50,000 quintals, foundation seed production over 7,000 quintals while the certified / quality seed distribution was over 9 million quintals. The crops covered are wheat, paddy, maize, sorghum, bajra, gram, peas, urad, moong, lentil, arhar, soyabean, sunflower, cotton, sesamum and toria. The National Seeds Corporation produced nearly 2,000 quintals of foundation / breeder seeds in its three farms, while its total procurement was over 2,000 quintal of breeder seeds, 16,000 quintals of foundation seeds, and 350,000 quintals of certified seeds. Another corporation, the State Farm Corporations of India Limited had a total production of 570,000 quintals, including 210,000 quintals of seeds in 1999-2000 in its 12 farms with a total cultivated area of 26,703 hectares. The state agricultural universities are also another source for breeder seeds.

3.22. Action has been initiated to promote seed production in the private sector. A bill dealing with protection of plant varieties and farmers' rights is before the Joint Select Committee and its enactment will promote research and development in the seed sector through private initiative. It is also proposed to amend the Seed Act, so as to set up a National Seed Board to promote seed industry in the private sector in a big way. There is also a proposal to set up a seed bank in every state to meet the unforeseen requirement of seeds following floods or drought. The seeds corporations at the state level have been allowed to set up seed banks to

cover 3 to 5% of the normal seed requirements. A seed insurance scheme is also expected to provide insurance cover to the growers of certified seeds.

3.23. While ICAR and the state agricultural universities have a major responsibility for providing breeder seeds, the responsibility for their multiplication, foundation seeds and then certified seeds would rest largely with private initiative.

3.24. At present, private initiative tends to be confined to low volume high value seeds such as hybrid vegetable seeds. They need to be encouraged to produce all other certified seeds including high volume low value seeds. Considering that most farmers produce their own seeds for food crops, the demand for high volume low value seeds may not however be high. There are two corporations in the seed sector under the department.

3.25. The present scheme of subsidy for certified seeds can be discontinued. The amounts of subsidy in relation to the total cost are quite insignificant. Moreover, most of the labelled seeds are not 'certified' seeds and thus do not anyhow qualify for this subsidy.

3.26. Of the two corporations, the National Seeds Corporation which has been currently showing a small profit in recent years has a accumulated loss of nearly Rs.12 crore, while the States Farm Corporation ended up with a loss of under Rs.14 crore in 1999-2000. Its accumulated losses till date are Rs.45 crore compared to its paid up capital of Rs. 24.2 crore.

3.27. Discussion on whether these corporations are making profits or losses only serves to confuse the issue, though as it happens both these corporations have incurred huge losses except that in recent years National Seeds Corporation has turned some profits. **Given the presence**

of state seed corporations and initiatives referred to in paragraphs 3.22 and 3.23 above, which pave the way for larger private participation in seed production, there is little justification for the continued existence of both these corporations. One of the conditions of disinvestment of the State Farms Corporation could be that whoever purchases the farms should use them only for production of certified seeds. As for the National Seeds Corporation, its three farms at Nandikotkar (AP), Bangalore and Sainj (HP) where foundation / breeder seeds of tropical and sub tropical crops are produced should be brought under the control of ICAR.

3.28. With seed production largely passing into the private sector, there may be need, however, for strengthening the seed certification process in order to maintain quality and standards. In the interests of ensuring uniform standards and quality, initially this responsibility may rest with the Centre but passing to the states over a period of time.

B. Fertilisers:

3.29. The work relating to the payment of subsidy on P&K fertilisers has recently been transferred to the fertiliser ministry / department. Thus, the focus of attention in the agriculture ministry is now only on monitoring availability and use of various types of fertilisers and on promoting balanced use of chemicals, fertilisers and also bio fertilisers. There are 514 soil testing laboratories⁴ in the country, including 118 laboratories set up by the fertiliser industry. This is a task that is best undertaken by the private sector, NGOs or panchayati raj institutions. The existing laboratories could well be transferred to self-help groups or NGOs or

⁴ In addition, the department has given grants to set up 16 more laboratories (Rs.10 lakh each) under the scheme. Further, for strengthening 273 state laboratories the department has given grants @ Rs.5 lakh per laboratory under the scheme Balanced and Integrated use of Fertilisers.

panchayati raj institutions. Until then full user charges should be recovered.

C. Machinery:

3.30. This division deals with all matters relating to farm mechanisation programme and promotion of improved agricultural implements through crop specific schemes. The division also administers the Dangerous Machines (Regulation) Act, 1983 for providing safety and relief to farmers and machine operators. It is seen that of the 41 items of farm implements reserved for the SSI sector, 26 have already been de-reserved. The issue of de-reserving more items would need to be examined with reference to ensuring availability of better quality machines and at a lower price to the farming community.

3.31. There is no need to continue this division, except that the Dangerous Machines (Regulation) Act, 1983 has to be administered. Whether this could be entrusted to some other agency or department may be examined.

3.32. The farm machinery training and testing institutes incur a total expenditure of Rs.5 crore of which a good part (Rs.3.5 crore) is met from the budget and only the balance is recovered by way of testing charges. The private sector should be encouraged to set up such training testing institutes of their own. The existing government units should be sold off or closed down; meanwhile, they should try to become competitive and to recover their costs in full.

3.33. In all three areas – seeds, fertilisers and machinery – the residual/coordinating work can be handled by a cell headed by a Director/Deputy Secretary functioning directly under the Additional Secretary concerned, without there having to be a separate division.

ix. Agriculture Extension:

3.34. The thrust of the agriculture extension division is to provide extension functionaries and farmers continually with information, training and other extension support regarding improved production technologies. The Directorate of Extension undertakes these activities through four technical units – Extension Management, Extension Training, Farm Information, Farm Women Development Programme. Extension Management includes strengthening of agriculture extension services, supporting voluntary organisations, strengthening of research extension, farmers linkages, supporting farmers organisations and so on. While extension is important, the respective roles of the Centre and States have to be clearly recognised. It is States that should appropriately have a major role in extension, with the Centre only helping in formulation of policy guidelines and provision of funds. The Plan schemes in this area ideally qualify to be included in the “cafeteria” approach (of the Macro-Management Scheme – see paragraphs 3.56 and 3.57), without the Centre needing a large complement of staff for administering these activities at the state level. This work along with that of coordination of extension work and laying down of broad guidelines can be vested in the Agriculture Commission, thus obviating the need for a separate division for this purpose.

3.35. On the training side, there is a National Institute of Agricultural Extension Management (MANAGE) [see also paragraphs 4.10 and 4.11], 15 centres of excellence for training at ICAR / SAUs (state agricultural universities) and other central institutes. In addition, state agricultural universities, gramsevak training centres, extension training centres, farmer training centres also provide training to middle and grass root level extension functionaries. There are also programmes for training of personnel, higher training of subject matter specialists, exchange visits of

extension functionaries, and exchange visits of farmers within the country. The Farm Information Unit is the outreach wing of the Directorate of Extension, which provides information support in the form of agriculture extension, print media, exhibition shows, production of video films, organisation of exhibitions etc. The fourth area, Farm Women Development Programme focuses on organisation of viable groups of women farmers, training of women in agriculture and implementation of state projects in Karnataka, Tamil Nadu, Orissa, Madhya Pradesh, Gujarat, Andhra Pradesh etc.

3.36. In all, the total number of personnel in this division, as on 31.12.99 was 384 while the total budget of MANAGE in the current year (2001-2002) is Rs.6.67 crore, including grants of Rs.4 crore from the Department of Agriculture and Cooperation.

3.37. As part of the extension work, so far ICAR has set up krishi vigyan kendras (KVK) in over 270 districts in the country. Eventually each district is expected to have one KVK. Each KVK consists of 20 agricultural scientists. The KVKs are under the direct control and technical supervision of ICAR. But these centres have to be area and crop specific and also have to work closely with the farming community and the local bodies in the districts. It will therefore be desirable to put in place arrangements that will facilitate KVKs' working in close collaboration with zilla parishads / district development authorities for selecting research programmes and their extension. While financial support will be extended by ICAR and the technical control will also rest with them, the local bodies / institutions will have a useful role in ensuring that the research work is aligned more closely to the requirements of the local areas and their problems.

3.38. As the thrust of the extension work has to be on propagation of new ideas and 'inventions', there is need for greater co-ordination

between the ICAR and the extension organisations in the states rather than with the Department of Agriculture & Co-operation. The National Agricultural Technology Project being implemented by the ICAR has an extension work component of Rs.148 crore to be implemented by the extension wing of the Department of Agriculture & Co-operation. *It would be more effective if the project were implemented through the extension machinery of the states, rather than through the extension wing of the Department of Agriculture & Co-operation.* This project is being implemented in two districts each in Maharashtra, Andhra Pradesh, Assam, Himachal Pradesh and Bihar. A proper mechanism for periodical consultations and interactions between the experts at different levels would therefore need to be put in place to maximise the effectiveness of the extension work.

x. Co-operation and Credit

3.39. The co-operative movement as it is structured today functions basically as an extension of government. In almost all co-operatives the government is (directly or indirectly) the largest shareholder and the contribution of members of co-operatives towards share capital is minimal. This situation has to change and the governments both at the centre and the states, should disengage themselves from the control and functioning of the co-operatives and allow them to be run by their members and their elected boards of management.

3.40. Within the department, Co-operation Division and Credit Division have overlapping functions. While the Co-operation Division is in charge of co-operation, education and training, national level co-operatives and NCDC, the Credit Division monitors the flow of credit through co-operative institutions to the agriculture sector. The Credit Division is also in charge of crop insurance and assistance to land development banks at the state level. *The two divisions can be merged; and the total strength of officers*

and staff for the two divisions, which is at present 105 (credit-36 and Co-operation-69), can be reduced by half or more in the light of what follows. The work relating to crop insurance can be transferred to the disaster management division, as suggested in the revised organisational structure. If the government is to disengage itself from the management of co-operatives and allow them to be run by their members and elected boards of management, there would be no need for a large number of plan schemes relating to Co-operation and Credit Divisions. Those schemes that are not relevant in the changed context may be dropped from the Tenth Plan. It has also been suggested elsewhere that the NCDC Act should be reviewed. Further, in the context of disengaging the government from co-operatives and instead giving co-operative institutions full autonomy, the agriculture minister and agriculture secretary should cease to be associated with the management of the NCDC. (See paragraph 4.5)

xi. Directorate of Plant Protection

3.41. Plant protection measures aim at minimising crop losses due to ravages of insects, pests, diseases, weeds, nematodes, rodents, etc. The enforcement of Destructive Insect and Pest Act, 1914 and Insecticides Act, 1968, promotion of integrated pest management (IPM), monitoring and control of desert locust are also part of the tasks entrusted to the Plant Protection Directorate. The directorate is also running 26 plant quarantine stations at various international airports, seaports and land frontiers. Issuance of phyto sanitary certificates (PSC) as per International Plant Protection Convention (IIPC) 1951 of the Food and Agriculture Organisation and undertaking post entry quarantine inspections are also part of the quarantine responsibilities of the directorate. UNDP assistance is also available to modernise quarantine services in India through the Directorate of Plant Protection.

3.42. The locust warning organisation, established in 1939 is fully responsible for monitoring locust activities over an area of 200,000 sq. kms of the scheduled desert areas in parts of Rajasthan, Gujarat and Haryana. It has 5 circles and 23 out posts with its field headquarters at Jodhpur. To strengthen locust monitoring and forecasting a remote sensing laboratory has also been set up to prepare vegetation maps based on satellite imagery. A close liaison is being kept with the FAO and other agencies through periodical exchange of locust information.

3.43. The Directorate of Plant Protection and quarantine has a total strength of 1813 as on 31.12.1999. The Rightsizing Committee of the department has identified 123 posts for abolition. The revised strength of the directorate after review of the Rightsizing Committee is 1690. It is, however, not clear whether the Rightsizing Committee has taken into account the recommendations of the work-study unit on the locust warning organisation before recommending 123 posts for abolition. As already explained, the wide range of activities of the directorate cover integrated pest management, prevention of exotic pests and diseases, plant quarantine, locust control and enforcement of the two acts. Some of these activities, such as, locust control and plant quarantine, involve international commitments and protocols. These are all areas that call for increasing emphasis in the years to come, both for minimising loss of production and improving the quality of the output as also making the production globally acceptable. As integrated pest management and plant quarantine would necessarily have to cut across both state and national boundaries, the thrust of these measures has to be more at the national level while the responsibility for implementation would rest with the states.

3.44. The need for proper chemical residue analysis and certification are areas that would call for sharper focus. This acquires importance particularly in the context of WTO and many western countries blocking

imports of dairy products, cotton fabrics, etc. on the ground that chemical residue levels are well above acceptable threshold levels. For instance, extensive use of plant protection chemicals in cotton cultivation is already tending to limit the export prospects of cotton and cotton fabrics. This is an aspect that the technology mission on cotton has already taken up for necessary remedial action. Second, there has also to be concerted effort in promoting use of bio-pesticides and environmental friendly pesticides. Third, there is need for an efficient network of plant quarantine stations and services in India. In this context, the work on the 5 major laboratories being set up with UNDP assistance would need to be expedited so that these facilities would become available earlier. The working of laboratories at Chandigarh and Karnataka and the Central Insecticides Laboratory at Faridabad would also need to be reviewed and their functioning so designed as to provide assurance of quality for pesticides and insecticides used by farmers.

3.45. Clearly, there is a need for improving the quality and coverage of all these services. At the same time, the Internal Work Study Unit of the department also pointed to the need for making this directorate a lean and efficient organisation, in a study conducted on the Locust Warning Organisation in September 1997. It has drawn attention to the need for creation of 4 new circle offices by up gradation of existing outposts; transfer of the field staff for investigation to the ICAR so as to secure effective co-ordination; and the creation inter alia of 5 additional posts of plant protection officer, 2 additional posts of additional plant protection and 1 cartographer. On the other hand, adducing several reasons, the study has also recommended the abolition of 101 posts, including 17 posts of technical officers Grade-II, 25 drivers, 25 locust mukkadam and 19 posts of messengers and peons. The implementation of these proposals would

lead to a net saving of Rs.59 lakh per annum even after providing for the creation of 17 additional posts and up gradation of four offices.

xii. Agricultural Marketing

3.46. The Royal Commission on Agriculture set up in 1928 identified agricultural marketing as the crux of food and agricultural development in the country. Based on its report a central marketing organisation was set up in January 1935 headed by the Agricultural Marketing Advisor. Even though the Directorate of Agriculture Marketing had a strength of 1803 posts in 1985, in the past 15 years 426 posts in the directorate have been abolished. The Rightsizing Committee of the department has suggested a further reduction of 94 posts. The total strength of the directorate after review by the Rightsizing Committee is expected to be 1283.

3.47. There are two organisations dealing with marketing – the Directorate of Marketing and Inspection (DMI) and the National Institute of Agricultural Marketing (NIAM), Jaipur.

3.48. The Directorate of Marketing and Inspection has its head office in Faridabad, a branch office at Nagpur, 11 regional offices and 375 sub offices. Twenty-two regional agmark laboratories assist the central agmark laboratory. These laboratories are responsible for harmonising central agmark standards with international standards. The directorate is in charge of promotion of standards and grading, and creating awareness of quality among consumers. The directorate has already notified 111 grading and marketing rules under the Agricultural Produce (Grading and Marketing) Act, 1937, covering 159 agricultural and allied commodities. As many as 6820 authorised packers and 778 laboratories in private, public and state sectors have been operating under agmark. Grading at producers' level is undertaken throughout the country through 1064 units located at different places for grading cereals, pulses and oil seeds. Six

cotton-classing centres have also been organised for cotton classing of producers. A test of the usefulness of the services offered by DMI would be whether and to what extent farmers are willing to pay for them. Where some of these services are offered both in the public and private sector, it might also be revealing to have an assessment of how farmers gauge them as reflected by their preference of service provider.

3.49. The directorate also organises market surveys and publishes investigation reports. The role of the directorate must be restricted to creating awareness of quality and enforcing uniformity of standards, including harmonisation of central agmark with international standards. Conducting market surveys and publishing investigation reports should be left to the private sector. Viewed thus, whether the directorate needs so many offices and laboratories calls for detailed scrutiny, which could perhaps be entrusted to the SIU.

3.50. In the context of WTO, the directorate should be so organised to focus more on agricultural exports. It should also concentrate on improving the grading and packaging of agricultural commodities and collaborate with the National Horticulture Board in containing post harvest losses, which are as high as 37% of total production in some horticulture crops.

3.51. The primary role of National Institute of Agricultural Marketing (NIAM) is training of senior and middle level executives of agriculture and headquarter departments, agro industries and training of farmers on marketing management. (See also paragraphs 4.12 and 4.13) The institute has also taken up long term projects for formulation of master plans for the development of agricultural marketing in the states of Madhya Pradesh and Tripura; formation of integrated action plan for promotion of handicrafts and handlooms in UP and West Bengal; and

organising online marketing information system in Maharashtra and UP. The fees for the training courses and the charges for the project work would have to be so fixed as to make the institute fully self-supporting.

xiii. Horticulture:

3.52. The Horticulture Division deals with a large variety of crops like fruits, vegetables, mushrooms, flowers, spices, cashew nuts, coconut, arecanut, root and tuber crops, and medicinal and aromatic plants. The division is also promoting development of horticulture through plasticulture, drip irrigation and green house technology. Most of the schemes of the division are administered through the National Horticulture Board, which is one of the autonomous organisations under the department.

3.53. Considering that post harvest losses range from 6% to 37%, issues relating to post harvesting management and marketing arrangements would merit greater attention. Associations of growers on the lines of Maharashtra Grape Growers Association could be encouraged to promote cohesion among growers and to take care of their production and marketing needs. The growers' associations could be organised by commodity to provide for vertical integration of all production and marketing activities; they should also address the issue of proper storage and marketing arrangements.

3.54. Promotion of bee keeping helps in improving crop productivity through honeybee pollination, apart from generating rural employment. It has come up in a big way in Punjab. It is also coming up in Bihar. Bee keeping could be encouraged as a subsidiary occupation, in other states as well.

3.55. The activities outlined above call for extension work at the state and sub state levels rather than an organisation at the central level.

Moreover, as stated above most of the schemes of the Horticulture Division are administered through the National Horticulture Board. In the circumstances, there is no justification for a separate Horticulture Division in the ministry. The residual work in the Department can be vested in the Agriculture Commissioner.

xiv. Plan Coordination:

3.56. Recognising the enormous diversity of agricultural operations in the country — there are as many as 15 agro climatic zones and 126 sub zones in the country — the Department of Agriculture and Co-operation has recently introduced a “Macro Management Scheme” covering 27 centrally sponsored schemes with an outlay of Rs.760 crore. Instead of adopting ‘one-size-fits-all’ approach the state governments were requested to prepare schemes and work plans that are more relevant to their local needs, resource endowments and agro climatic variations. These work plans were then discussed with the Planning Commission and the package of schemes for each state finalised for inclusion in the Macro Management Scheme. The funds are released to the states, though some suggest that it would be better to release them to a designated authority at the district level as in the case of DRDAs. While release of funds directly to the district level might help to eliminate delays inherent in routing of the funds through the states’ budget, such arrangements tend to undermine the accountability of the states to their own Assemblies. The ideal procedure would therefore be for states to draw up district-wise plans — this has already been done by a few states — and once these district-wise plans are got approved to release the funds directly to the designated district agencies, if the state governments so desire. In all other cases, the appropriate thing to do would be to release the funds to the states.

3.57. The Macro Management Scheme is a step in the right direction. Though it has been on the anvil for quite sometime it has been possible to

introduce it only in the last two years of the Ninth Plan. The Expenditure Reforms Commission would recommend its continuance in the Tenth Plan period. In addition, it would suggest that its ambit be enlarged considerably by bringing together all centrally sponsored and central schemes that are implemented in a number of states (as distinct from central schemes that are implemented through central agencies themselves). But in doing so, a recent assessment by the Project Appraisal and Management Division of the Planning Commission that it should be possible to combine or compress the existing 27 programme elements of the Macro Management Scheme into 10 should be borne in mind. The objective should be to reduce the number of centrally sponsored schemes to an absolute minimum.

xv. Finance:

3.58. The Finance Division deals with the budget and centrally sponsored and central sector schemes. The accounts wing deals with all the accounts of the department. An internal work-study unit is also attached to the Finance Division.

3.59. Agriculture is a season bound operation, which requires that funds be released well in time if they are to be purposefully utilised. Any delay in agricultural operations will affect productivity and substantial delay will mean the loss of an entire cropping season. For kharif season, which starts with the onset of monsoon in June, funds have to be released by April. Under the present system of budgeting and approval of Vote on Account by Parliament in March, funds only to the extent of 1/6th of the Budget provision can be released in April. It has been pointed out that as a result bulk of the funds earmarked for the kharif seasons get released after kharif cultivation is well under way. To get over this problem it would be necessary to release about 50% of the total budget provision in the month of April itself. It appears that in the Ministry of Youth Affairs and

Sports, there is a special arrangement by which funds required by NSS in the month of May for taking up activities during the summer vacation, are provided in the budget for the previous year. To meet the situation in DAC (Department of Agriculture & Co-operation), two options suggest themselves. There should be a special dispensation by which 50% of the budget allocation can be released in April instead of the customary 1/6th. Alternatively, the requirement of the funds for the kharif season may be provided in the budget for the previous year and funds released in March itself. Ministry of Finance should examine the various options available and devise a suitable system by which the requirement of funds of DAC for kharif season is fully met.

3.60. Computerisation and setting up of a data bank will considerably help reduce the time taken for processing of proposals in this division.

4. Analysis Of Other Offices In The Department

4.1 There are seven autonomous bodies and eleven national level co-operative organisations in DAC:

A. Autonomous Bodies:

4.2 The following are the autonomous bodies under the department:

- (1) National Co-operative Development Corporation (NCDC), New Delhi;
- (2) National Oilseeds and Vegetable Oils Development (NOVOD) Board, Gurgaon;
- (3) National Institute for Agricultural Extension Management (MANAGE), Hyderabad;
- (4) National Institute of Agricultural Marketing (NIAM), Jaipur;
- (5) National Horticulture Board, Gurgaon;

- (6) Coconut Development Board, Cochin; and,
- (7) Small Farmers Agri Business Consortium (SFAC)

i. NCDC:

4.3 Established in March 1963 by an Act of Parliament, NCDC has emerged as a development financial institution for the co-operative sector in the country. Though the corporation may have rendered excellent service by promoting programmes of agricultural inputs, processing, storage and marketing of agricultural produce, and supply of consumer goods in rural areas, its continued existence within the government system calls for urgent review.

4.4 Out of the annual disbursements of about Rs.500 crore by NCDC about 20% is funded through budgetary support of the government. It is time that the budget support from the government is discontinued. NCDC should be able to meet its requirement of funds through internal generation and from the market. Government should fully withdraw from NCDC, both financially and from its management.

4.5 There is a proposal to amend the NCDC Act. Under the provisions of the Act as it exists at present, the agriculture minister is chairman of the board of management of the corporation and agriculture secretary is the chairman of the executive council. This is antithetical to the position that government should disengage itself from co-operatives and instead give co-operative bodies full autonomy. Therefore, there is no need for Minister of Agriculture and Secretary, Agriculture to continue to be associated with the management of the NCDC.

4.6 Currently NCDC is risk-averse and lends to co-operative institutions only against state government guarantees. It thus assumes little or no risk itself. NCDC should endeavour to lend directly to co-operatives on the

merits and profitability of individual schemes / projects without seeking the cover of (state) government guarantee.

4.7 The present staff strength of NCDC is 798 of which the Rightsizing Committee proposed abolishing 82 posts. It is not proposed to make any recommendation about restructuring and downsizing NCDC since it is being recommended that NCDC should be totally independent of government and that it should be self-supporting, without any budget support from the government. In the circumstances, it is for the NCDC itself to determine its optimum strength.

ii. NOVOD BOARD:

4.8 NOVOD Board was set up to open up new areas and to promote non-traditional seasons for cultivation of oilseeds. The Board has been in existence for a number of years and its programmes are being implemented through state agriculture departments, agriculture universities, state forest departments, oil federations, co-operatives, NGOs and other research institutions.

4.9 In the changed situation, there is no justification for the existence of the Board and the work so far being done by the Board may be integrated with the oilseed development programmes of the concerned states.

iii. MANAGE:

4.10 MANAGE has been organising training programmes for agricultural extension functionaries from different states. It has also been organising national level workshops on formulation of plans for extension of strategic research, in the context of the National Agricultural Technology Project. The Institute has been recognised as an institution of excellence and has also received international recognition.

4.11 The Expenditure Reforms Commission would recommend that over a period of time, say a maximum of 5 years, government totally disengage itself from MANAGE, including any funding that it may be providing or representation in its management. Any financial support to the institute should be phased out during this period, so that at the end of 5 years, it becomes self-supporting and self-financing.

iv. NIAM:

4.12 NIAM has been imparting training to senior and middle level officers of agriculture and horticulture departments, agro industries corporations, commodity boards and export houses recognised by APEDA. Apart from training programmes, NIAM has also taken up long-term projects for the formulation of master plans for development of agricultural markets. The Institute has also taken up a few research projects.

4.13 Like in the case of MANAGE, it is recommended that government fully disassociate itself from the funding and management of NIAM, over a period of 5 years at the most, in case there is any government involvement at present. (See also paragraph 3.51)

v. National Horticulture Board:

4.14 The Board has been set up to promote horticultural development in the country with emphasis on post-harvest management and marketing. It has been doing useful work in post-harvest management of horticultural crops through identification of appropriate technologies and their transfer. Consistent with the discussion in part 3-section xiii and paragraph 3.55 above, *it is recommended that the National Horticulture Board continue. However, some of its activities that are in the nature of extension work are best left to sub national levels and co-operative institutions to handle.*

vi. Coconut Development Board:

4.15 The Board has been in existence since 1981 having for its objective the integrated development of coconut culture and coconut industry in the country. The Board has taken up a number of schemes for development of coconut cultivation in non-traditional areas. In the present context, there is no justification for a separate board to promote coconut cultivation and hence it may be wound up. The work can be integrated with the normal work of the agricultural departments in the concerned states.

vii. Small Farmers' Agri-business Consortium, New Delhi

4.16 The Small Farmers' Agri-business Consortium (SFAC) has been set up recently and consists of only the Managing Director and supporting staff. There may be need for a catalytic agency to promote agri-businesses, bring them together and set up mechanisms for running them, skills that individual farmers may not have. However, this is an activity that should be undertaken by associations, groups, or co-operatives of farmers, without any financial or other support from government.

B. National Level Co-operative Organisations:

4.17 There are eleven national level co-operative organisations in DAC. They are as follows:

- (1) National Co-operative Union of India (NCUI), New Delhi.
- (2) National Agricultural Co-operative Marketing Federation of India (NAFED), New Delhi.
- (3) National Federation of Co-operative Sugar Factories, New Delhi.
- (4) National Heavy Engineering Co-operative, Pune.
- (5) National Federation of Urban Co-operative Banks and Credit Societies, New Delhi.
- (6) All India Federation of Co-operative Spinning Mills, Mumbai.
- (7) National Co-operative Agriculture and Rural Development Banks Federation, Mumbai.

- (8) National Federation of State Co-operative Banks, New Mumbai.
- (9) National Federation of Fishermen's Co-operatives, New Delhi.
- (10) National Federation of Labour Co-operatives, New Delhi.
- (11) National Co-operative Tobacco Growers' Federation, Anand.

4.18 Leaders of the co-operative movement argue that government should withdraw from co-operative organisations and allow them to be run by the members and the elected boards of directors of the organisations. As a logical corollary to this, government should also phase out its assistance to co-operative organisations.

4.19 The central government is providing cent per cent grant-in-aid to the National Council for Co-operative Training for running the Vaikunth Mehta National Institute of Co-operative Management (VAMNICOM), Pune. The government is also providing 100% grant for special co-operative education programmes in states where the co-operation movement is under-developed and 20% grant for approved activities. Consistent with the approach outlined earlier, these grants should be phased out over the Tenth Plan period, if not earlier, and the co-operatives should take over the entire liability. However, if these are purely training institutes with little or limited scope for generating revenues, then government could continue to subsidise them, considering that they are helping human capital formation.

4.20 There is a plan scheme in DAC for providing assistance to national level co-operative federations. The scheme, which has been in operation since 1974-75, is meant to help and strengthen the base of the weaker national level federations. There is another plan scheme for strengthening the financial position of NAFED for increasing its business activities and also to enable NAFED to undertake price support operations, market interventions and market purchases so as to play an effective role in providing market support, both internally as well as for promotion of

exports. The plan schemes providing assistance to national level co-operative organisations / federations should be phased out by the end of the Ninth Plan and they should be asked to finance their activities out of their own resources and without any budgetary support from the government. (See paragraph 3.6)

4.21 Government should totally disengage itself from co-operatives both financially and from their management. This would be in keeping with the demand from the co-operative institutions that they should have greater autonomy and freedom in the running of these institutions. But the regulatory role of government may need to continue with safeguards, however, against supersession of cooperative institutions for political ends and take-over of their management and administration. It is learnt that a model co-operative law is under formulation, which may address some of these issues.

4.22 As far as credit is concerned, this should be entirely through the banking system including co-operative banks.

5. Other Issues

5.1 Many of the larger issues listed in the first part have considerable relevance not only for sustainable high growth of the agricultural sector but also have major implications for restructuring of the ministry's functions and activities. An in-depth examination of these issues does not, however, fall within the remit of the Expenditure Reforms Commission. It is therefore recommended that the Department of Agriculture & Cooperation should urgently undertake this exercise, associating some outside experts also in the task. This study would benefit from the recent analysis undertaken by Planning Commission's Project Appraisal and Management Division of the Department of Agriculture & Cooperation covering subsidy, evaluation, manpower and convergence. The study should be sharply focussed, with

say no more than half a dozen specific issues, and be completed in six month's time. Some of the issues that could be addressed are discussed below:

i. A Co-ordinated or Integrated Approach:

5.2 Agriculture figures in the State List and through the Constitutional Amendment of the XI Schedule, responsibility has also been assigned to the local bodies in the field of food and agriculture. Moreover, the spread of knowledge-intensive and ecology-friendly activities calls for group endeavour and co-operation among the farming community in a water shed or command area of an irrigation project or village. Local bodies thus have an effective role to play in facilitating this co-ordination and extending support to these families. Any strategy for optimising developments in this sector has to recognise these ground realities. Further, the last three decades have witnessed a gradual erosion of the Ministry of Agriculture's capability to serve as a flagship for sustained agricultural advance and agrarian prosperity in the country. Unless there is convergence of activities relating to land and water resources, it will be difficult to address the felt needs of both the state governments and farming communities. An integrated approach in decision-making process of several ministries (particularly those relating to water, land and bio-resource fertilisers, food processing, home and external trade) is thus called for.

5.3 Evolving an appropriate structure in which the central government, the state governments and the local bodies could play their role effectively and complement each other becomes a paramount need.

ii. Capital Formation:

5.4 One factor that effectively inhibits sustainable high growth of the agriculture sector is the totally inadequate levels of capital formation. The investments in this sector, which steadily rose in the earlier decades,

started falling and in the last 10 years have been stagnant at around 1.5% of GDP. While there has been some increase in private sector investments this has not been large enough to offset the steady decline in public sector investments. As far as private sector investment is concerned, it will be necessary to examine the various factors that tend to inhibit it and suggest necessary remedial action. These could be rigidities in land holdings and ownership, restrictions on storage, movement and processing of produce, etc. As far as public sector is concerned, while there has been a sharp increase in the total flow of funds to rural areas and agricultural sector in the last two decades, an increasing proportion of such funds is absorbed by current expenditure — subsidies, etc. Thus, while examining the question of increasing public sector investments in the agriculture sector the extent to which consumption expenditures could be diverted to more productive investment expenditures would merit attention. However, the limitations imposed by fiscal consolidation measures may have to be borne in mind.

iii. Structural Problem:

5.5 The agriculture sector in India is dominated by small and marginal holdings. According to the available statistics, in 1990-91 marginal holdings constituted 59.4% and small holdings 18.8% of the total number of holdings. They, however, cover only 15.1% and 17.4% respectively of the total area under cultivation. Thus, even though small and marginal holdings constitute 78.2% of the total holdings, the area covered by them is only 32.5%. The problems faced by small and marginal farmers are getting more and more complicated as the size of the holdings is getting reduced over time and are also getting fragmented. These holdings are by and large becoming uneconomical and non-viable. The latest developments in technology do not reach the small and marginal farmers and they have limited access to credit facilities. Their holding power is

also limited, as they have to sell their produce to meet the minimum needs for cash. Most of them do subsistence farming with limited or no marketable surplus. The present organisational structure is not in a position to serve the interests of the smaller and marginal farmers. It is, therefore, imperative to think in terms of alternative production structures that will give a fair deal to the small and marginal farmers.

5.6 One of the alternatives tried earlier was co-operative farming. A number of co-operative farming societies were started in different parts of the country but none of them could succeed, as there was no vertical integration of all activities from land preparation to agro processing and marketing. There was also no professional management of co-operative farming societies with the result that all of them have gone into liquidation. The experiment has thus failed in the country. The real value of co-operatives is in marketing and lobbying. Vertical integration is irrelevant.

5.7 Another alternative is corporatisation of the agriculture sector and running it like an industry. Four different models of corporatisation of the agriculture sector could be thought of:

- (a) In the first model joint stock companies will be registered under the company law for taking up agricultural operations. Compact blocks of 1000-5000 hectares will be identified and farmers will be motivated to become stakeholders in the joint stock company set up for managing agricultural production. Share certificates will be issued to the farmers to the extent of the value of their land holdings. Cultivation of land will be taken up by the joint stock company, which will vertically integrate all operations relating to land. They will start with land levelling, land shaping and take up soil testing, preparation of appropriate cropping patterns, provision of irrigation facilities, application of

appropriate technology, and inputs. Along with setting up of proper harvesting and storage facilities, the company will also introduce post harvest management through agro processing and marketing. The company will arrange for requisite credit support for the operations from financial institutions. The company will not only provide proper land and water management but also save losses through proper handling of agricultural produce and appropriate value addition from agro processing and marketing. Farmers who are stakeholders will get dividend income and wage employment from time to time.

- (b) In the second model, the joint stock company will take the land on lease from the farmers and take up cultivation on its own. The farmers will be buying shares from the company and derive income from the lease amount to be paid by company and also dividend income on the basis of shares held by them. They will also get wage employment from time to time.
- (c) Under the third model, the joint stock company will not take up any cultivation on its own. The company will provide only services, relating to technology support, credit support, input support, marketing support and set up facilities for processing and marketing value added products. The farmers themselves will do the cultivation. They will also have the freedom to lease additional land and enlarge the size of their holdings. For all intents and purposes, the farmers will take up contract cultivation through the joint stock company and their income will consist of the sale proceeds received from the company for their produce and the dividend income, which will accrue to them on the basis of the shares held by them in the joint stock company.

- (d) The fourth model envisages setting up of producer companies on the basis of the recommendations of the committee headed by Dr. Alagh. The Company Law is proposed to be amended to provide for the setting up of producer companies, which will incorporate co-operative principles in Company Law. The details of this model will have to be worked out after the new chapter on producer company is added to the Company Law.

5.8 There has been a general demand that the agriculture sector should receive the status and benefits that accrue to the industrial sector. By corporatising agriculture and introducing professional management combined with proper infrastructure and credit support, it should be possible not only to bring about a significant change in the agriculture sector but also ensure that small and marginal farmers get a better deal. By setting up joint stock companies to take care of all farming activities, the entire approach to agriculture sector will change. Subsidising the farming sector may become a thing of the past. By providing proper storage and handling, including cold chains in the case of perishables, loss and wastage will be minimised and a better return ensured to the farming community. It goes without saying that this will mean a change in the mindset of policy makers and also changes in the land ceiling laws, which are in force in various states.

5.9 It is quite possible that there are other alternative organisational structures that will take care of the problems of small and marginal farmers. It is necessary to consider the subject in depth and evolve an organisational structure that is fair and equitable to small and marginal farmers, which at the same time improves production and productivity through knowledge intensive and ecology friendly activities.

iv. Land and Water Use Management

5.10 Given the limitation of land and water availability on the one hand and the increasing demand and biotic pressure on the other, usar lands and water use management become critical. First, from the point of view of ecological security of the country; and secondly, and even more importantly, for the economic security of the people, particularly those dependent on usar lands for their livelihood. In fact, most of the acute problems in rural areas and in the agriculture sector today can be traced to the lack of consistent and well thought out policy and programmes in the country on usar lands and water use management. Villages going dry for long periods during summer without even enough drinking water and water for cattle have become a regular phenomenon. In drought prone areas, there are no arrangements for water harvesting, while at the same time the traditional systems that have been in existence from time immemorial have gone into disuse. On the other hand, in the command areas of irrigation projects, large tracts are laid waste by flooding and rising water levels leading to formation of usar lands in millions of hectares.⁵ In Punjab and Haryana, intensive rice cultivation as a cash crop in over 25 lakh hectares is lowering the water table at such a fast rate that all these usar lands are in danger of becoming waste land within even the next two decades. There is definitely no awareness in the country in general and the farming community in particular that usar lands and water resources need to be managed prudently and efficiently.

5.11 Efforts have been made in the last few decades to put in place necessary mechanisms to address these issues. Land use boards have been set up at the centre and state levels but these do not appear to have

⁵ The total estimated Sodic/Alkaline soils (usar) including those in the command areas is 35.80 lakh hectares.

held any meetings in the last ten to fifteen years. The need for better water management and harvesting technologies has been discussed time and again without any action being taken to implement any of the suggestions that emerge.

5.12 It has therefore been recommended, while dealing with the Department of Land Resources that not only should the high-level policy making and direction giving Councils and Boards be revived, but also that the various programmes for addressing the problems of degraded lands as well as soil and water conservation programmes should be brought under one department. In the circumstances the following programmes, now under the Department of Agriculture & Cooperation should be transferred to the Department of Land Resources.

- (1) National Watershed Development Project for rainfed areas.
- (2) Centrally Sponsored Scheme of Soil Conservation in Catchment of River Valley Projects.
- (3) Centrally Sponsored Scheme of Soil Conservation in the catchment of flood prone rivers.
- (4) Centrally Sponsored Scheme of Reclamation of Soil
- (5) Scheme of Watershed Development Project in shifting cultivation areas.

v. Second Green Revolution

5.13 The first Green Revolution ushered in the 1960s made the country self-sufficient in food grains. Production of food grains went up from 50 million tonnes to the present level of 200 million tonnes. In recent years, food grains production is hovering around 200 million tonnes and there has been no significant breakthrough in production or productivity in the agricultural sector. A plateau appears to have been reached. It is worth

noting that the National Commission on Agriculture in its report in 1974 had suggested a target of 230-240 million tonnes by the turn of the century for food grain production!

5.14 It is time to think in terms of ushering in a second green revolution, which can come about only through gene manipulation and application of biotechnology to the agriculture sector. Other countries such as USA, European Union and even China have achieved significant progress in the application of biotechnology to the agriculture sector. The progress achieved in India in this regard has been tardy and insignificant. It appears that some agricultural scientists and policy makers have reservations about application of biotechnology in the agriculture sector.

5.15 Apart from general reservations regarding genetic manipulation and application of biotechnology to the farm sector, there are organisational problems. In the present set up, 3 departments, namely, biotechnology, environment and agriculture are involved, apart from ICAR. It is becoming very difficult to bring the concerned departments together and make them agree on any programme for field trials and harmonisation of procedures. It is reported that in China genetically modified (GM) seeds were introduced on a large scale after 18 months of field trials. In India, it is estimated that it may take about 7 years to complete the various trials and evolve a set of guidelines for genetic manipulation and application of biotechnology in the farm sector.

5.16 In view of the conflicting opinions on the subject and the complexities involved, it has become necessary to study the subject in depth and formulate an agreed policy and programmes, so that the second green revolution could be ushered in the country with the least possible delay.

vi. World Trade Organisation
WTO Regulations & Challenges for the future:

5.17 The removal of quantitative restrictions (QR) under WTO regulations and freeing of all import controls with effect from 1 April 2001, have given rise to a lot of apprehensions among the farming community. Agriculture has become a highly contentious issue in the WTO framework and there is a feeling that agricultural imports will flood the country thereby destabilising Indian agriculture and impoverishing Indian farmers. This is a challenge to be met with suitable strategies for converting it into opportunities for growth and development. The problems faced by the farming community on account of WTO commitments and regulations need to be analysed in depth and suitable strategies formulated to meet the situation. The problems that are likely to arise are quite complex in view of the intellectual property rights (IPR) regime and patent laws, and call for expert handling. It is doubtful whether the requisite expertise is available within the government.

5.18 In these circumstances, action will have to be taken on two fronts. First, all these issues have to be examined in depth in advance to enable government to take preventive action rather than reacting after being overtaken by events. Second, the implementation of the WTO measures and the action being taken by government to protect Indian farmers' interests would need to be given wide and continuous publicity, so that there are no panic reactions to ill informed reports. Towards this end it may be necessary to set up a 'think tank' to advise government in these matters. The think tank should be of sufficient stature to attract the best talent, both from within the country and outside, on a part time or even on a short-term basis. For it to have the necessary flexibility in this regard the think tank should be outside the normal government framework and

should have very few permanent staff to service it. This is one area where it may be necessary to initiate action straightaway.

6. Recommendations for Restructuring

6.1 Following the instructions for effecting a 10% cut in staff strength issued at the beginning of the last decade, the Department of Agriculture and Co-operation had taken a series of measures that resulted in the total staff strength coming down from 7606 as on 1.1.1992 to 7059 as on 31.12.99. This figure represents the net effect of the abolition of 747 posts and creation of 200 posts during this period. More recently, the department had set up a Right Sizing Committee to examine the scope for further restructuring. This Committee has recommended abolition of a further 385 posts, with major cut in the Plant Protection Quarantine & Storage (PPQ&S) Directorate (123), Crop Directorate (47) and Economics & Statistics Directorate (41) and Headquarters (38). The implementation of these recommendations will reduce the staff strength to 6674. The Department of Agriculture and Co-operation will have to take action for implementing these recommendations without delay. While abolishing the posts first preference should be given to abolishing those vacant posts that will cause minimum dislocation of serving officials.

6.2 In the part of the report on functions and activities (Part 3) a number of recommendations have made that will lead to downsizing of staff strength. These include:

- (i) Introducing an officer oriented system in the Directorate of Economics and Statistics and in CACP; and reconstituting CACP as a high level commission with only two full time members, with the other members being part time experts. (See paragraph 3.5)

- (ii) Implementing the IWSU recommendations in respect of the All India Soil and Land Use Survey. (Paragraph 3.10)
- (iii) SIU to study the offices and staff strength of the Plant Protection Quarantine Storage Directorate (Paragraph 3.45) as also the Directorate of Marketing and Inspections (Paragraph 3.49)
- (iv) Downsizing in the various wings of the headquarters establishment following the introduction of Macro Management Scheme.
- (v) Restructuring of the agriculture extension work etc.

6.3 These downsizing measures together with vast improvements arising from the adoption of computerisation and communication technologies should result in the reduction of the total number of administrative support staff in the department from the present level of 107 sections / desks to about 70 sections / desks. Some of these might already be reflected in the assessment made by the Right Sizing Committee.

6.4 The implementation of all these various suggestions will lead to the total staff strength of the department dropping to less than 5500. In line with these reductions there will be need for downsizing at the senior levels in the department. The lines on which the department's organisation may be restructured after such a downsizing are set out in the subsequent paragraphs.

6.5 At present, at the top, one Special Secretary, three Additional Secretaries and the Agriculture Commissioner (also of the rank of an Additional Secretary) assist the Secretary. The position of Special Secretary in any ministry or department is indeed an anomalous one as

long as the Secretary's accountability for the efficient functioning of the ministry / department is not to be diluted. In such a situation, the Special Secretary ends up functioning virtually as an Additional Secretary, except when deputising for the Secretary in the latter's absence. In the circumstances, the post of Special Secretary needs to be abolished.

6.6 It was noted in paragraph 3.52 that most of the schemes of the Horticulture Division are administered through the National Horticulture Board, which is one of the autonomous organisations under the department. It was also noted in paragraph 3.55 there is no justification for a separate Horticulture Division to continue. The residual work in the Department can be vested in the Agriculture Commissioner. Simultaneously, states should be encouraged to intensify their extension efforts relating to horticulture.

6.7 Consistent with the earlier discussion on inputs [Part 3; section (viii)], agriculture extension [Part3; section (ix)] and Co-operation and credit [Part3; section (x)], there is no justification for separate divisions for seeds, fertilisers, machinery, agriculture extension, and Co-operation and credit. The work relating to inputs can be handled by a cell headed by Director/Deputy Secretary, functioning directly under the Additional Secretary, and the division headed by Joint Secretary (Inputs) surrendered. The unit headed by Director/Deputy Secretary looking after extension could be brought under the Agriculture Commissioner. Further, while discussing agricultural marketing [Part 3; section (xii)] it was observed that the role of the Directorate of Marketing should be restricted to creating awareness of quality and enforcing uniformity of standards. It was also recommended that NIAM should become fully self-supporting. (See paragraph 3.51) In the light of these observations the justification for a large Directorate of Marketing and a division in the ministry to deal with it also disappears. Further, with the introduction of the Macro Management

Scheme and the recommendation to enlarge its ambit (paragraph 3.57) there would be added scope for compressing the functions and activities of the ministry, particularly if the number of centrally sponsored schemes is drastically reduced.

6.8 With the suggested transfer of the Land and Water Management Schemes to the Department of Land Resources, and with extension work being brought under the Agriculture Commissioner, the Division headed by Joint Secretary (Land and Water Management and Extension) and supported by Director/Deputy Secretary (Land and Water Management) can be abolished.

6.9 In view of the foregoing, of the existing 10 posts of joint secretary in the department it would be necessary to continue only six and the remaining four, along with the supporting staff could be surrendered.

6.10 The department has at present 3 posts of additional secretary and one agriculture commissioner, also of the rank of additional secretary. *In line with the recommendations made in the preceding paragraphs, one post of additional secretary could also be abolished.*

6.11 Some of the downsizing measures suggested above may overlap with the earlier recommendations of the SIU and the Right Sizing Committee.

6.12 While, it shall be open to the department to decide how best it should reorganise its functions and activities in the light of the measures proposed above, a suggested organisation chart is given at **Annex-IV**.

6.13 There are too many technical officers in the department. There are 153 posts of gazetted technical officers (96 temporary and 57 permanent). In addition, there are 174 posts (52 temporary and 122 permanent) of non-gazetted technical officers in Group B & C. Thus, the total strength of

technical officers and supporting staff in DAC is 327. There are 19 posts of Additional Commissioner, 36 posts of Deputy Commissioner, 30 posts of Assistant Commissioner and 32 posts of Assistant Director on the technical side. The present strength of technical officers and staff cannot be justified when the workload of the department would reduce considerably as a result of the foregoing recommendations. Division-wise scrutiny is required to ascertain the actual workload of technical officers in different categories. SIU can take up this work, and on the basis of its report suitable adjustments should be made in the strength of technical officers of the department.

DEPARTMENT OF AGRICULTURE & COOPERATION

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**DISTRIBUTION OF SUBJECTS AMONG THE
DEPARTMENTS (VIBHAG)
MINISTRY OF AGRICULTURE (KRISHI MANTRALAYA)**

A. DEPARTMENT OF AGRICULTURE AND COOPERATION (KRISHI AUR SAHKARITA VIBHAG)

Part I

The following subjects which fall within List I of the Seventh Schedule of the Constitution of India :

1. Liaison with international Agri-Organisations like Food and Agriculture organisation of the United Nations, handling of CARE goods concerning agriculture etc.

2. Participation in international conferences, associations and other bodies concerning agriculture and implementation of decisions made thereat.

3. Convention on Locust Control.

4. Plan Quarantine.

5. Industries, the control of which by the Union is declared by Parliament by law to be expedient in Public Interest; as far as these relate to:-

(a) Development of agriculture industries including machinery, fertiliser and seeds but excluding cotton, ginning and pressing with the limitation that in regard to the development of agriculture industries, including

machinery and fertiliser, the functions of the Department of Agriculture and Cooperation (Krishi aur Sahakarita Vibhag) do not go further than the formulation of demands and the fixation of targets;

(b) Shellac Industry

6. Agricultural Census.

7. All India-Service-Indian Agricultural Service.

8. Sugarcane Development Scheme.

9. Matters relating to damage to crops due to natural calamities.

10. Co-ordination of relief measures necessitated by natural calamities, other than epidemics

11. Matters relating to loss of human life and property due to all natural calamities, other than epidemics.

12. Indian People's Famine Trust.

Part II

The following subjects which fall within List III of the Seventh Schedule to the Constitution of India (as regards legislation only):-

13. Adulteration of agricultural products other than foodstuffs.
14. Economic Planning (Agricultural Economic and Statistics)
15. Professions (excluding Veterinary Practice)
16. Prevention of the extension from one State to another of infectious or contagious

diseases or pests affecting plants including locusts.

17. Price control of agricultural commodities except foodgrains, sugar, vanaspati, oilseeds, vegetable oils, cakes and fats, jute, cotton and tea.
18. Production of oil seeds.
19. Administration of the Dangerous Machine (Regulation) Act, 1983 (35 of 1983).

Part III

For the Union Territories the subjects mentioned in Parts I and II above, so far as they exist in regard to these territories and, in addition, to the following subjects which fall within List II of the Seventh Schedule to the Constitution of India.

20. Agriculture (Other than agricultural education and research) protection against pests and prevention of plant diseases.
21. Co-operation in agricultural sector, agricultural credit and indebtedness.
22. General Policy relating to the marketing of agricultural produce including pricing, exports etc.

23. Insurance (Crop)
24. General Policy in the field of Co-operation and Co-ordination of co-operation activities in all sectors. (The Ministries concerned are responsible for Co-operatives in the respective fields).
25. Matters relating to National Co-operative Organisation.
26. National Co-operative Development Cooperation.
27. Incorporation regulation and winding up of Co-operative societies with objects not confined to one State.

28. Training of personnel of co-operative departments and co-operative

institutions (including education of members, office bearers and non-officials).

Part IV

General and Consequential:—

29. All matters relating to foreign aid received from foreign countries and international organisations in so far as agricultural and allied subjects are concerned, including all matters relating to assistance afforded by India to foreign countries in the field of agriculture and allied subjects but excluding such matters in the field of agricultural research and education and allied subjects as are specifically assigned to the Department of Agricultural Research and Education (Krishi Anusandhan aur Shiksha Vibhag).

30. Agriculture and horticulture.

31. Bio-aesthetic Planning.

32. Agricultural Production-Grow more food and fodder.

33. Land Reclamation.

34. National Land Use and Conservation Board.

35. Development of Cotton and Jute.

36. Soil Survey in connection with development programmes.

37. Financial assistance to State Soil Conservation Schemes.

38. Fertilizers and Manures projection of demand all India Zone of region fixation of targets and allocation, nutrient-wise for zones or regions.

39. Administration of the Fertiliser (Control) Order, 1957.

40. Administration of Insecticides Act, 1968 (46 of 1968).

41. Agricultural Implements and Machinery.

42. Organisation and Development of extension education and training in the country.

43. Intensive Agricultural District Programme.

44. Intensive Agricultural Areas.

45. Crop campaigns, crop competitions and farmers organisations.

46. Schemes received from States and Union Territories for the settlement of landless agricultural labourers.

- 47. Machanised Farms.
- 48. All attached and Subordinate Offices or other organisations concerned with any of the subjects specified in this list except the Directorate of Agricultural Aviation.
- 49. Public Sector Projects falling under the subjects in this list except such projects as are specifically allotted to this Department.
- 50. Offences against laws with respect to any of the subjects allotted to this Department.
- 51. Inquiries and Statistics for the purposes of any of the subjects allotted to this Department.
- 52. Fees in respect of any of the subjects allotted to this Department except fees taken in a court.
- 53. Quality control of fertilizers.

**LIST OF FUNCTIONAL DIVISIONS IN THE
DEPARTMENT OF AGRICULTURE & COOPERATION**

DIVISIONS

1. Administration
2. Agricultural Census
3. Agricultural Implements and Machinery
4. Budget, Finance and Accounts
5. Cooperatives
6. Credit
7. Crops
8. Economic Administration
9. Extension
10. Fertiliser
11. General Coordination
12. Hindi
13. Horticulture
14. International Cooperation
15. Natural Disaster Management
16. Policy and Plan Coordination
17. Plant Protection
18. Rainfed Farming System
19. Seeds
20. Soil and Water Conservation
21. Trade
22. Vigilance
23. Information Technology
24. Agricultural Marketing
25. Technology Mission on Oilseeds and Pulses

**LIST OF ATTACHED/SUBORDINATE OFFICES, PUBLIC SECTOR
UNDER TAKINGS AND AUTONOMOUS BODIES**

I. ATTACHED OFFICES

1. Directorate of Economic & Statistics, Shastri Bhawan, 'B' Wing, New Delhi
2. Commission for Agricultural Costs and Prices, Shastri Bhawan, 'F' Wing, New Delhi
3. Directorate of Plant Protection, Quarantine and Storage, N.H.IV, Faridabad (Haryana)
4. Directorate of Marketing and Inspection, N.H.IV, Faridabad

II. SUBORDINATE OFFICES

1. Central Farm Machinery Training and Testing Institute, Budni (Madhya Pradesh).
2. Northern Regional Farm Machinery Training and Testing Institute, Hisar (Haryana)
3. Southern Regional Farm Machinery Training and Testing Institute Garladine, Distt. Anantpur (A.P.)
4. Regional Farm Machinery Training and Testing Institute, Distt. Sonitpur (Assam)
5. Directorate of Cotton Development, 14, Ramjibhai Kamani Marg, Ballard Estate, PB No. 1002, Mumbai-400030 (Maharashtra)
6. Directorate of Jute Development, 234/4, Acharya Jagdish Bose Road, Nizam Palance Campus, Calcutta-700020
7. Directorate of Millets Development, Mini Secretariat Building, Room No. 710, 6th Floor, Bani Park, Jaipur (Rajasthan)
8. Directorate of Tobacco Development, 26 Haddows Road, 3rd Floor, Shastri Bhawan Annexe, Chennai-600006 (Tamil Nadu)
9. Directorate of Sugarcane Development, B-1/C-896/6, Rahim Nagar Chauraha, Mahanagar, Lucknow (U.P.)
10. Directorate of Rice Development, 191, Patliputra Colony, Patina-800 013 (Bihar)

11. Directorate of Wheat Development, CGO Building, Hapur Road Chauraha, Kamla Nehru Nagar (Ghaziabad), UP
12. Directorate of Extension, Krishi Vistar Bhawan, Dr. K.S. Krishna Marg, IASRI Campus, Pusa, New Delhi-110012
13. Directorate of Oilseeds Development, Telhan Bhawan, Himayat Nagar, Hyderabad-500029 (A.P.)
14. Directorate of Pulses Development, 8th Floor, Vindhyachal Bhawan, Bhopal, Pin-462004 (M.P.)
15. Central Fertiliser Quality Control and Training Institute, N.H. IV, Faridabad (Haryana)
16. National Bio-fertiliser Development Centre, CGO Complex, Kamla Nehru Nagar, Hapur Road Chungi, Ghaziabad (UP)
17. Directorate of Cashewnut and Cocoa Development, M.G. Road, Cochin-682011 (Kerala)
18. Directorate of Aracanut and Spices Development, Cannanore Road, Calicut-673005
19. Office of the Minister (Agriculture), Embassy of India, Rome (Italy)
20. All India Soil and Land Use Survey, IARI Campus, Pusa, New Delhi-110012
21. Soil Conservation Training Centre, Hazaribagh, Bihar, Headquarters-Damodar Valley Corporation (DVC) DVC Towers, VIP Road, Calcutta-700034.

III. PUBLIC SECTOR UNDERTAKINGS

1. National Seeds Corporation Beej Bhawan, Pusa Complex, New Delhi-110012
2. State Farm corporation of India, Farm Bhawan, 14-15, Nehru Place, New Delhi-110019

IV. AUTONOMOUS BODIES

1. Coconut Development Board, Mahatma Gandhi road, Ernakulam, Cochin – 682011 (Kerala)
2. National Horticulture Board, 85, Sector-18, Institutional Area, Gurgaon 122001 (Haryana)
3. National Cooperative Development Corporation, Siri Fort Institutional Area, Hauz Khas, New Delhi-110016
4. National Oilseeds and Vegetable Oils Development Board, 85, Sector-18, Institutional Area, Gurgaon-122 001 (Haryana)
5. Small Farmers Agri Business Consortium (SFAC), Krishi Bhawan, New Delhi-110001
6. National Institute for Agricultural Extension Management (MANAGE), Hyderabad
7. National Institute of Agricultural Marketing, Jaipur (Rajasthan)

V. NATIONAL LEVEL COOPERATIVE ORGANISATIONS

1. National Cooperative Union of India, 3, Siri Institutional Area, Khelgaon Marg, New Delhi-110016
2. National Agricultural Cooperative Marketing Federation of India Limited, NAFED House, Siddhartha Enclave, Ashram Chowk, New Delhi
3. National Federation of Cooperative Sugar Factories limited, Vaikunth (3rd Floor) 82-83, Nehru Place, New Delhi-110019
4. National Heavy Engineering Cooperative Limited, 16, Mahatma Gandhi Road, Pune-400001 (Maharashtra)
5. National Federation of Urban Cooperative Banks and Credit Societies, Limited, B-14, 3rd Floor, Naraina Shopping Complex, Naraina Vihar, New Delhi-110028
6. The All India Federation of Cooperative Spinning Mills Limited, 14, Muzaffur Road, 2nd Floor, Mumbai-400001 (Maharashtra)

7. National Cooperative Agriculture and Rural Development Banks Federation Limited., Takshila, 2nd Floor, G.M. Pasta Road, Dadar (East) Mumbai-400014 (Maharashtra)
8. National Federation of State Cooperative Banks Limited, J.K. Chambers, 5th Floor, Plot No. 76, Sector-17, Vashi, New Mumbai
9. National Federation of Fishermen's Cooperative Limited, Sahakari Bhawan, 66, Tughlakabad Institutional Area, M.B. Road, New Delhi-110062
10. National Federation of Labour Cooperatives Limited, 3, Siri Fort Institutional Area, Khelgaon Marg, New Delhi-110016
11. National Cooperative Tobacco Growers' Federation Limited., Anand (Gujarat)

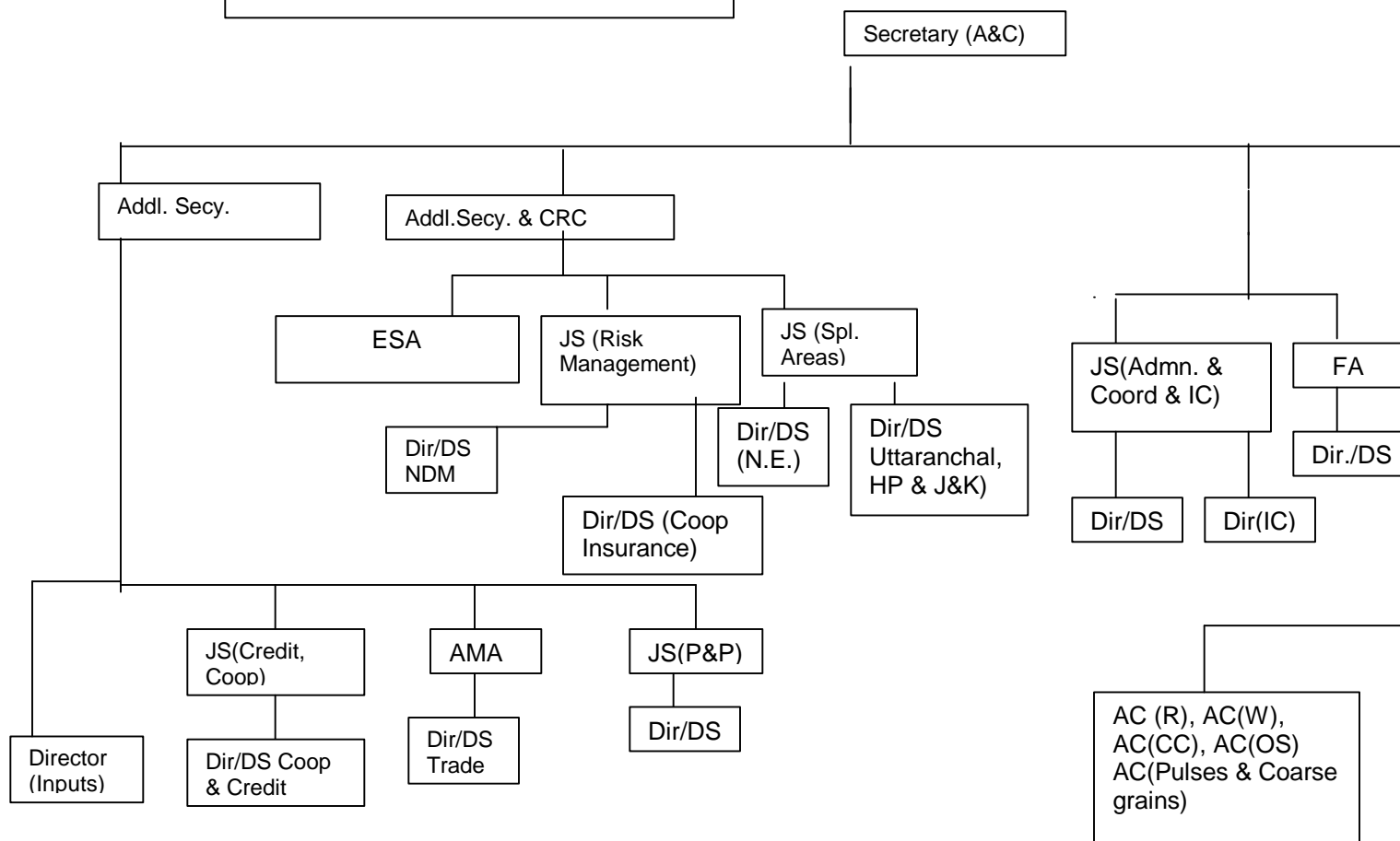
SUMMARY OF RECOMMENDATIONS OF RIGHT-SIZING COMMITTEE (RSC)

| Office | Strength as on 1.1.92 | <u>Abolished/</u> Reduced after 1.1.92 upto 31.12.99 | Creation/ Addition after 1.1.92 upto 31.12.99 | Other reductions (-)/ increases (+) | Strength as on 31.12.99 {(2-3)+4} | Additional posts identified by RSC for abolition | Total cut {(3) + (7)} | Strengt after re |
|----------------------------|-----------------------|---|--|--|--------------------------------------|--|-----------------------|------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | |
| Crop Directorates | 247 | 97 | 56 | (+) 04 | 210 | 47 | 144 | |
| TMPO Directorates | 72 | 23 | 16 | (-) 04 | 61 | 2 | 25 | |
| Extn Directorate | 441 | 73 | 19 | | 387 | 3 | 76 | |
| Cashew Directorate | 32 | 0 | 0 | | 32 | 8 | 8 | |
| Spices Directorate | 46 | 0 | 0 | | 46 | 10 | 10 | |
| PPQ&S Directorate | 1832 | 34 | 15 | | 1813 | 123 | 157 | |
| ASLUS | 536 | 27 | 2 | | 511 | 2 | 29 | |
| SCRTDC Chhatra | 39 | 39 | 0 | | 0 | 0 | 39 | |
| CFQCTI | 105 | 14 | 12 | | 103 | 1 | 15 | |
| NBDC | 141 | 23 | 0 | | 118 | 0 | 23 | |
| CFMTTI, Budni | 167 | 13 | 2 | | 156 | 3 | 16 | |
| NRFMTTI, Hisar | 126 | 6 | 0 | | 120 | 6 | 12 | |
| SRFMTTI, A'pur | 40 | 0 | 49 | | 89 | 4 | 4 | |
| NERFMTTI, S'pur | 38 | 16 | 1 | | 23 | 0 | 16 | |
| E&S Directorate | 654 | 99 | 24 | (-)16* | 563 | 41 | 140 | |
| CACP | 113 | 15 | 0 | | 98 | 3 | 18 | |
| AM, Rome | 1 | 0 | 0 | | 1 | 0 | 0 | |
| Headquarters | 1445 | 32 | 2 | (-)64** | 1351 | 38 | 70 | |
| Total | 6075 | 511 | 198 | (-) 80 | 5682 | 291 | 802 | |
| Dte. Of Mktg. & Inspection | 1531 | 156 | 2 | | 1377 | 94 | 250 | |
| Grand Total | 7606 | 667 | 200 | (-) 80 | 7059 | 385 | 1052 | |

* Reduction in strength owing to reorganisation of cadres of LDCs/UDCs and Stenographers/PSs.

** Net reduction in strength owing to (a) transfer of staff to DAHD and (b) transfer of staff from M/o Rural Development

REVISED ADMINISTRATIVE STRUCTURE OF DAC



PART II

RATIONALISATION OF THE FUNCTIONS, ACTIVITIES AND STRUCTURE OF THE MINISTRY OF RURAL DEVELOPMENT

Rationalisation of the functions, activities and structures of the Ministry of Rural Development

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Ministry of Rural Development

1. *Executive Summary*

Department of Rural Development

1.1 The attempt, every few years, at giving a new thrust to the people oriented programmes has resulted in there being a large number of plan schemes. In a Paper prepared in the Planning Commission last year, the number of schemes being implemented in one district is placed at 150! The resultant fragmentation of allocations leads to funds available under individual schemes having to be spread too thinly over a large section of the population. The implementation of these schemes through numerous agencies also increases the administrative overheads considerably. It will therefore be desirable particularly in areas like Agriculture and Rural Development which are in the State list to group these programmes in four or five broad categories, giving considerable freedom and flexibility to the States in the formulation as well as implementation of the schemes taking into account the requirements of each agro climatic regions in their States.

1.2 To the extent possible the funds earmarked for wage employment programmes should be utilised in conjunction with other programmes like village infrastructure programmes, soil conservation/water conservation programmes, wasteland development/afforestation and eco development programmes, etc. being implemented in the area. Such an approach will, on the one hand secure a larger coverage under these other land based productive programmes, while on the other hand maximise the number of beneficiaries under the wage employment programme.

1.3 The programmes for promoting self/group enterprises contain a large subsidy element. It is necessary to ensure that the benefit of the subsidy accrues to the beneficiary right at the beginning. It would help if the Ministry of Rural Development, and the Ministry of Agriculture are associated with the review/supervision mechanisms set up at the State/Regional levels so that they are able to pursue the cause of these small borrowers effectively.

1.4 Instead of directly releasing funds to the District Rural Development Agencies, Government of India could release the funds to the States (after all this is a State subject) requiring the State in turn to release the funds to the Panchayati Raj Institutions in accordance with the prescribed pattern. The Panchayati Raj Institutions should be set up and given greater responsibilities in the formulation of programmes as well as in implementation. The State Government's hierarchy of officials at the district and sub-district level could be utilised in the implementation process. Under such an arrangement there will be need for DRDAs to continue and the practice of Central Government setting apart substantial funds – Rs. 220 crore in the current year's budget - for meeting the DRDAs' overheads would also not arise. Instead the State Government could be authorised to utilise a part – say 5 to 10 per cent – of the funds allocated for rural development programmes for meeting the cost of the official hierarchy utilised for the implementation of these programmes. The adoption of this approach will lead to a considerable reduction in work load of the Department of Rural Development. In the circumstances, two posts of Joint Secretaries, out of the sanctioned strength of six, could be surrendered, along with the supporting staff complement.

1.5 Audit reports reveal substantial unspent balances being maintained by the district agencies with banks – as much as Rs.3000 crore as on 1.4.2000. Strict monitoring of the utilisation of funds is therefore called for. The release of funds for any quarter should take into account the utilisation of funds released upto two quarters earlier and the releases of State Government's contribution on the equal basis. If diversion or non-use of funds is seen, or if they are short falls in the State Government's contribution then that should be taken into account in determining the funds to be released in the new quarter. At no point of time should the money in the pipeline exceed one quarter's requirements. Government have already accepted the recommendation of the Eleventh Finance Commission that when a State Government is found to be in default in conducting panchayati raj elections or in devolving adequate powers to these bodies, then release of some funds could be held back. This decision taken in

the context of speeding up the process of democratic decentralization has great applicability in the case of the programmes of the Department of Rural Development. This aspect also be taken into account when deciding on release of funds to the States.

1.6 It will promote transparency if the programmes under implementation are given due publicity. Apart from increasing the awareness of the people in regard to the programmes being implemented for their benefit, this will also facilitate NGOs or other organisations, if they so wish to report to the State Governments and to the Centre on how these programmes are being implemented. The introduction of such a social audit would be more beneficial than any elaborate arrangements that could be put down for this purpose directly under the government. If necessary a small percentage of the allocations for these schemes could be earmarked for providing such publicity.

1.7 The three schemes – National Old Age Pension Scheme, National Family Benefit Scheme and the National Maternity Benefit Scheme - launched in 1995 cater to the targeted sections whether they live in rural or urban areas. The administration of such schemes, which cater to both rural and urban areas, does tend to dilute the focus of attention of this department from the problems of the rural poor. Recently the National Maternity Benefit Scheme has been transferred to the Ministry of Health and Family Welfare. Following this, the other two schemes could appropriately be transferred and vested in the Ministry of Social Justice and Empowerment. Likewise the implementation of the Annapoorna Scheme could also be vested in the Ministry of Social Justice and Empowerment.

Department of Land Resources

1.8 The need for separate Department of Land Resources can be justified only if it could

- (a) focus on the problem of degradation of land resources and the remedial measures that are urgently called for; and
- (b) implement various programmes already approved for restoring degraded lands to the earlier status – this will also include soil

conservation; catchment area treatment and water conservation programmes.

1.9 However in practice not much has happened in both areas. With a view to remedying the situation, the Expenditure Reforms Commission would therefore recommend the following:

- (i) To effectively handle all aspects of the problems of degraded lands, this department should also deal with catchment area treatment, soil and water conservation programmes etc., all of which help in restoring degraded land to the original status. The designation of this department therefore needs to be suitably changed to reflect this arrangement.
- (ii) Following programmes that are now implemented by the Department of Agriculture and Cooperation should be transferred to the new department:
 - (1) National Watershed Development Project for rainfed areas.
 - (2) Centrally Sponsored Scheme of Soil Conservation in Catchment of River Valley Projects.
 - (3) Centrally Sponsored Scheme of Soil Conservation in the catchment of flood prone rivers.
 - (4) Centrally Sponsored Scheme of Reclamation of Soil.
 - (5) Scheme of Watershed Development Project in shifting cultivation areas.
- (iii) The Western Ghat Development Project now being directly administered by the Planning Commission should also be transferred to this department. It is indeed anomalous that the Planning Commission should be vested with responsibility for direct implementation of any project.
- (iv) The officers and support staff sanctioned for administering these schemes in the Department of Agriculture and Cooperation and in the Planning Commission should be surrendered.

- (v) This department could be required to bring up for the consideration of the Committee of Secretaries and the Cabinet proposals from time to time for transfer of allied schemes now being implemented by other Ministries/departments to this department.
- (vi) Of the various high level bodies earlier set up it will be necessary to revive the National Land Use and Wasteland Development Council set up in 1985 under the Chairmanship of the Prime Minister and either the National Land Board or the National Land Resource Conservation and Development Commission set up under the Chairmanship of the Ministry of Agriculture and Rural Development. The focus as well as membership on both bodies would need to be suitable redefined. The Board to be presided over by the Minister for Agriculture/Rural Development could include as Members, the Secretaries of various department like Agriculture, Rural Development, Drinking Water Supply, Water Resources, Urban Development, Environment and Forests etc. and could meet once a quarter to bring about greater convergence in the implementation of all programmes which seek to address somewhat similar issues. The National Council headed by the Prime Minister could oversee the functioning of not only this Board but also the National Afforestation and Eco Development Board (NAEB) located in the Ministry of Environment and Forests. The National Council could meet at least once in six months. The Department of Land Resources could service both the Council to be presided by the Prime Minister and the Board to be presided by the Minister for Agriculture/Rural Development.
- (vii) The wasteland development programmes would get enlarged substantially, if as suggested earlier, the funds set apart for this programme are utilized mostly for the material component and the Wage Employment Programme of the Department of Rural Development is accessed for the wage component part. It would

therefore be desirable to revive the National Wasteland Development Board to oversee the implementation of this programme.

- (viii) Government should take an early view on the appropriate placement of this department within the overall structure.
- (ix) If it is decided that the placement of this department should be outside the Ministry of Rural Development then it will be necessary that the first six items in the list of functions now allocated to this department and which rely on land reforms continue to remain with the Ministry of Rural Development. These functions have necessarily to be viewed from the angle of addressing the problems of rural people particularly the poor and the disadvantaged sections.

Department of Drinking Water Supply

1.10 Coordination of matters relating to drinking water supply in urban and rural areas is one of the functions entrusted to this department. The centrally sponsored scheme for provision of drinking water supply now being implemented by the Department of Urban Development caters to small towns with a population of less than 20,000 only. The benefits for the people could be optimized if the drinking water supply requirements of such small towns and those of the adjoining villages are addressed in an integrated manner. It is therefore recommended that this scheme for the provision of drinking water in small towns of less than 20,000 be transferred to the Department of drinking water supply so as to bring about better coordination. The officers and staff sanctioned for implementing these schemes in the Department of Urban Development should be surrendered.

1.11 While the demands for replacement, improvement of the facilities already created and coverage of new habitations have to be addressed, it will be necessary to sharpen the focus on non-covered habitations (26121) and partially

covered habitations (213331) so that this coverage could be achieved in a time bound manner. It is therefore recommended that in the allocation of funds to the States, the weightage for non-covered habitations and partially covered habitations should be increased.

Other Organisations

Council for Advancement of People's Action and Rural Technology

1.12 CAPART's balance sheet reveals a total bank balance of Rs.55 crore as on 31.3.2001. The arrangements should be such as to allow for no more than 3 months funds requirement to remain in the pipeline. It is therefore recommended that these surplus cash balances be closely scrutinized and amounts in excess of the three months requirements be taken back into the public account.

1.13 The administrative expenditure as a proportion of the total project expenditure has sharply increased from 13% in 1995-96 to 26% in 1998-99. There has been some reduction (to 23.18%) in 1999-2000. The Ministry of Rural Development should look into this aspect and in consultation with CAPART evolve procedures that will reduce it considerably.

1.14 Apart from seeking to effect economies in the expenditure in the staff and on the procedures one other way of reducing the burden on Government would be for CAPART to undertake similar work on behalf of the private sector as well. Private sector entities are entitled to certain tax concessions if it contributes funds to the National Fund for Rural Development. Perhaps a mechanism could be devised whereby private sector undertakings could make funds available directly to CAPART for development rural projects to be implemented through suitable NGOs, adopting the same screening and implementation procedures as in the case of the government funded programmes. The certification by CAPART of the moneys so spent could form the basis for tax concessions to be given by the government.

1.15 While CAPART undoubtedly benefits through the nomination in the General Body and Executive Committee of distinguished persons actively associated with NGOs in the country, it would be desirable if representatives of

'beneficiary' NGOs are not appointed on the Regional Committees. This approach will help to obviate possible conflict of interest/situations.

1.16 Once the volume of programmes implemented by CAPART with non-governmental funding exceeds 50%, CAPART could be formally advised to devise its own administrative and financial procedures and the ministry's representation on CAPART could be done away with.

National Institute of Rural Development

1.17 NIRD should seek to become a centre of excellence, focusing more on policy advise and training of trainers and giving support to State/Regional training centres, rather than itself take up too many training programmes. A memorandum of understanding should be entered into by NIRD with the government detailing the manner in which its dependence on government funding for recurring expenditure would be reduced to less than 50%. At that stage NIRD could be freed from all government controls and government procedures. A time bound programme, say a three year plan, needs to be drawn up to reduce the non-academic and support staff strength and for improving the academic to non-academic ratio.

2. Historical Overview

2.1 An organization with the name of Community Projects Administration was set up under the Planning Commission on 31st March 1952 to administer the programmes relating to Community Development covering 165 blocks in different parts of the country. The Community Projects Administration was elevated to the status of the Ministry of Community Development with effect from 20th September 1956. This ministry took over the work relating to village panchayats from the Ministry of Health in March 1958. In December 1958, the subject of Cooperation was transferred to this ministry from the Ministry of Food and Agriculture and, thereafter, it was renamed as the Ministry of Community Development and Cooperation. It became the Ministry of Community Development, Panchayati Raj and Cooperation in April 1962 but within a short period, it was redesignated as the Ministry of Community Development and Cooperation. In January 1966, the

Ministry of Community Development & Cooperation was merged with the Ministry of Food and Agriculture and renamed as the Ministry of Food, Agriculture, Community Development and Cooperation.

2.2 The Department of Rural Development came into existence in October 1974 as a part of the Ministry of Food & Agriculture. The subject of Cooperation (except Cooperative Credit) was transferred to the Department of Civil Supplies & Cooperation. At the same time, special programmes known as the Small Farmers Development Agency, the Drought Prone Areas Programme, the Agricultural Credit and Marketing including the attached office of the Directorate of Marketing & Inspection, were transferred to this department. The department was elevated to the status of a new Ministry of Rural Reconstruction in August 1979. The subjects of agricultural credit and cooperative credit were transferred to the Department of Agriculture and Cooperation, under the Ministry of Agriculture and other subjects of the erstwhile Department of Rural Development were given to the new Ministry of Rural Reconstruction. It was renamed as the Ministry of Rural Development in January 1982.

2.3 In January 1985, the Ministry of Rural Development was again converted into a department under the Ministry of Agriculture and Rural Development, which was later re-christened as the Ministry of Agriculture in September 1985. The subjects of Rural Water Supply and Rural Sanitation were transferred from the Ministry of Urban Development to the Department of Rural Development in 1985. On July 5, 1991, the department was upgraded as the Ministry of Rural Development. Another department, namely, the Department of Wastelands Development was created under this ministry in July 1992.

2.4 In March 1995, the ministry was renamed as the Ministry of Rural Areas and employment with three departments, namely, the departments of Rural Employment and Poverty Alleviation, Rural Development and Wastelands Development. In 1999 it was again renamed as the Ministry of Rural Development with three departments – Rural Development, Drinking Water Supply, and Land Resources. This is as it stands today.

3. *Evolution of Programmes and Schemes*

a. *Programmes of Self Employment*

3.1 During the Sixth Five year Plan, the concept of direct attack on poverty became an integral part of the approach of this department in 1978-79. The earlier special programmes for small and marginal farmers (SFDA, MFAL) were converted into an Integrated Rural Development Programme (IRDP) in April 1978. This programme for self-employment generation through income-generating assets with subsidy and institutional credit. was initially introduced in 2500 blocks. The programme was extended to all the blocks in the country with effect from 2nd October, 1980.

3.2 Two supporting sub-programmes of IRDP, namely, Training of Rural Youth for Self-Employment and Development of Women and Children in Rural Areas were launched after mid-term appraisal of the Sixth plan in 1979 and 1982, respectively. A programme aimed at upgrading the skills of artisans in the rural areas and supplying them with modern and improved toolkits was introduced in 1992.

c. *Programmes of Wage Employment*

3.3 A Food for Work Programme was introduced in 1977, which got converted into the National Rural Employment Programme (NREP) during the Sixth Five Year Plan in 1980. This was followed by introduction of the Rural Landless Employment Guarantee Programme (RLEGP) in 1983 to provide a minimum of 100 days gainful employment to unemployed and under employed persons, both men and women, in the rural areas during the lean season. From April 1989, both NREP and RLEGP were merged into a single rural employment programme of Jawahar Rozgar Yojana (JRY). Considerable resources were committed for these programmes and they became an important plank of the strategy of growth with social justice.

3.4 Another programme of rural employment, namely, the Employment Assurance Scheme (EAS) was introduced on October 2, 1993 in 1778 identified

backward blocks of 257 districts situated in drought prone areas, desert areas, tribal areas and hill areas, in which the Revamped Public Distribution System (RPDS) was in operation. This was to bring employment into a sharper focus with the goal of reducing unemployment to a negligible level and to provide gainful employment during the lean agricultural season to all able bodied adults in rural areas, who are in need and who are desirous of work, but cannot find it, either on farm or on other allied operations or on the normal plan/non-plan works during such .By 1996-97, EAS was in operation in 3197 identified backward blocks.

3.5 The Million Wells Scheme (MWS) was launched as a sub-scheme of NREP/RLEGP during 1988-89 and was continued under JRY to provide open irrigation wells, free of cost, to poor small and marginal farmers belonging to SC/ST and to freed bonded labourers. It has been made a separate scheme from January 1996. The scheme has been extended in 1993-94 to include poor small and marginal farmers belonging to non-SC/ST categories with a ceiling of 1/3rd MWS allocation for such people. The rural housing scheme of Indira Awas Yojana (IAY) aimed at providing dwelling units, free of cost, to the members of SC/ST and freed bonded labourers in rural areas was started in 1985-86 as a part of RLEGP. It was continued under JRY since 1989-90. It has been made a separate scheme from January 1996.

3.6 Ganga Kalyan Yojana, a new centrally sponsored scheme was launched in February 1997 to help poor farmers by providing irrigation through exploitation of ground water (bore wells and tube wells). Individuals/ groups consisting of small and marginal farmers below poverty line were to be assisted through subsidy by Government and credit by financial institutions.

d. Rural Water Supply and Sanitation

3.7 In 1985, the subjects of Accelerated Rural Water Supply Programme and Central Rural Sanitation Programme were transferred from the Ministry of Urban Development to the Department of Rural Development and a technology Mission on Drinking Water Supply in rural areas was set up in 1987, with a view to providing potable drinking water to problem villages throughout the country.

e. *Wastelands and Area Development Programme*

3.8 A comprehensive programme to tackle degraded lands estimated to be nearly half of the total land area of the country, was first attempted in 1985 with the establishment of the National Wastelands Development Board (NWDB) under the Ministry of Environment and Forests. During the Seventh Five Year Plan period, the strategy adopted for the development of Wastelands was somewhat unidimensional with predominant emphasis on tree-planting activities. Realising the gravity of the ecological and socio-economic problems arising out of land degradation and the urgency of evolving and implementing integrated strategies for development of vast areas of Wastelands, a new Department of Wastelands Development was set up under the Ministry of Rural Development in July 1992. The NWDB was reconstituted in August, 1992, for the development of wastelands in non-forest areas aimed at checking land degradation, putting such wastelands in the country to sustainable use and increasing bio-mass availability specially fuel wood and fodder. Under the Integrated Wastelands Development Projects Scheme (IWDP) of NWDB, pilot projects are started aimed at integrated land management and Wastelands development based on village/micro-watershed plans, enhancing the content of people's participation in the wastelands development programme at all stages.

3.9 The Drought Prone Areas Programme (DPAP) and Desert Development Programme (DDP) are being implemented in selected areas for nearly 20 years to harness land, water and other natural resources on a watershed basis so as to mitigate the effects of drought and to achieve sustainable production of bio-mass including fuelwood and fodder for providing sustainable income generating activities to the rural poor of these areas. Three high level technical teams have reviewed these programmes so far. On the basis of these reviews, the areas have been reclassified or added and the programme contents modified. The latest high level technical team under Dr. Hanumantha Rao reviewed these programmes in 1994, and suggested changes in the classification of these areas and in the strategy for planning and implementation through enhanced peoples' participation and scientific integration of related programmes. On the basis of its

recommendations, the coverage of the DPAP has gone up from 627 to 945 blocks and of DDP from 131 blocks to 234 blocks in the country. Now common implementation guidelines have been designed for watershed development projects taken up under DPAP, DDP, IWDP and EAS. These provide for treatment, management and development of watersheds through people's pro-active participation.

3.10 The Department of Wastelands Development was set up in the year 1992 for implementation of the following programmes

- (i) Integrated Wastelands Development Programme (IWDP)
- (ii) Investment Promotional Scheme (IPS)
- (iii) Technology Development, Extension and Training (TDET)
- (iv) Support to NGOs/VAs.
- (v) Wastelands Development Task force

With the formation of the Department of Land Resources, the erstwhile Department of Wasteland Development has now become the Wastelands Development Division in the new department.

3.11 The ministry is acting as the nodal agency to monitor and promote land reforms measures in the country. The ministry is implementing Centrally Sponsored Schemes to support revenue administration of the States / UTs. To improve and modernize land revenue administration, expedite land reforms measures and to enlarge the production base of the landless small and marginal farmers.

3.12 Land Reforms Division is also concerned with preparation of the draft National Policy on Resettlement and Rehabilitation of Project affected persons/families. The Plan Schemes of (1) Computerisation of Land Records; and (2) Strengthening of Revenue Administration and Updating of Land Records are also implemented by the Land Reforms Division.

f. National Social Assistance Programme

3.13 NSAP, a Centrally Sponsored Programme was launched from 15th August, 1995, to provide social assistance benefits to poor households in the case of old

age, death of breadwinner and maternity in the rural as well as urban areas, NSAP is the only programme with this ministry to cater to rural as well as urban areas. It includes three schemes: -

- a) National Old Age Pension Scheme
- b) National Family Benefit scheme
- c) National Maternity Benefit Scheme

4. *Department of Rural Development*

4.1 The subjects allocated to the Department of Rural Development are as under:

- (1) All matters relating to panchayati raj and panchayati raj institutions.
- (2) Nodal responsibility for all matters relating to the Minimum Needs Programme in rural areas in the field of elementary education, adult education, rural health, rural electrification and the nutrition programmes.
- (3) Cooperatives relatable to the items in this list.
- (4) All attached and subordinate offices or other organisations concerned with any of the subjects specified in this list.
- (5) All matters relating to rural roads including those under the Minimum Needs Programme in the rural areas.
- (6) Road works financed in whole or in part by the Central Government in tribal areas of Assam specified in Part I and Part II of the Table appended to paragraph 20 of the Sixth Schedule to the Constitution.
- (7) All matters relating to cooperation with the Centre for Integrated Rural Development for Asia and Pacific (CIRDAP) and the Afro-Asian Rural Reconstruction Organisation (AARRO).
- (8) (a) All matters pertaining to rural employment or unemployment such as working out of strategies and programmes for rural

employment including special works, wage or income generation and training related thereto;

- (b) Implementation of the specific programmes of rural employment or unemployment and administrative infrastructure therefore.
 - (c) Micro level planning related to rural employment or unemployment and administrative infrastructure therefore.
- (9) Integrated rural development including small farmers development agency, marginal farmers and agricultural labourers, etc.
- (10) Rural housing including Rural Housing Policy and all matters germane and incidental thereto under country or rural planning, in so far as it relates to rural areas.

4.2 This department is headed by a Secretary and 6 Joint Secretaries, has a total staff strength of 550. A Financial Adviser in the rank of an Additional Secretary provides financial advice to all three departments of this ministry. The organisational chart of this department is at Annex-II.

4.3 This ministry has a total plan outlay of Rs. 9205 crore spread over 23 schemes. The details of some of these schemes are set out in the succeeding paragraphs.

(i) Swarn Jayanti Gram Sewa-Rozgar Yojana

4.4 To begin with, IRDP (Integrated Rural Development Programme) was the only self-employment programme. Over the years, however, a number of programmes have been added. These include Training of Rural Youth for Self-Employment, Development of Women and Children in Rural Areas, Supply of Improved Toolkits of Rural Artisans and Ganga Kalyan Yojana.

4.5 Though all these programmes were intended to promote self-employment opportunities for the rural poor. This objective was not being effectively realized because of multiplicity of programmes, resulting in a lack of desired linkages among these programmes. It was therefore decided in 1999 that IRDP should be the single self-employment programme, and also that the predominantly

individual beneficiary approach should be combined with a group approach as well as identification of activity clusters for concerted action. According a new programme Swarn Jayanti Gram Sewa Rojgar Yojana (SGSY) come into effect.

4.6 There is now a single Self-employment programmes for the rural poor with the merger of Integrated Rural Development Programme and its sub schemes of Training of Rural Youth for Self Employment, Development of Women & Children in Rural Areas, Ganga Kalyan Yojana and Supply of Improved Toolkits to Rural Artisans. In addition, the Million Wells Scheme, which is a beneficiary oriented scheme resulting in creation of assets, would become an integral part of the Self-employment programme. The Self-employment programme has been renamed as SGSY and has been started from 1.4.99.

4.7 The outlay earmarked for this scheme in the current year is Rs.700 crore. The funds are allocated to the States on a ratio of 75:25 as between the Centre and the States.

(ii) Jawahar Gram Samridhi Yojana

4.8 Jawahar Rozgar Yojana was launched in the year 1989 by merging the Rural Landless Employment Guarantee Programme and the National Rural Programme. The primary objective of JRY was to provide additional gainful employment to the unemployed and under-employed and the secondary objective was to create durable community assets. The prescribed wage material ratio for works to be taken up under the programme was 60:40.

4.9 Two more schemes i.e. an intensified JRY and another called Innovative JRY were introduced from 1993-94. Intensified JRY was implemented in 120 most backward districts of the country and Innovative JRY was implemented by taking up innovative & special projects in the most backward areas, which were not covered by on-going rural development programmes. On the basis of experience gained, the scheme was again restructured and streamlined from 1.1.1996 when the innovative JRY scheme was merged with the Employment Assurance Scheme (EAS) and the two sub-schemes of JRY i.e. Indira Awaas

Yojana and Million Wells Schemes were made separate and independent schemes.

4.10 Earlier the funds under JRY were allocated among the DRDAs/Zilla Parishads and Village Panchayats in the ratio of 20:80 respectively. In July 1996, it was decided to earmark 15% of the JRY funds for Intermediate level Panchayat organisations as well. Accordingly, funds were allocated to DRDA/ZP, Intermediate level Panchayats and village Panchayats in the ratio of 15:15:70 respectively.

4.11 Jawahar Rojgar Yojna has since been restructured and renamed as Jawahar Gram Samridhhi Yojna with a change in focus from employment generation to creation of rural infrastructure. The revamped programme came into being w.e.f. 1.4.99. The programme aims at creating need based rural infrastructure at the village level to boost rural economy in general and improvement in the quality of life in particular. Priority is given to developing infrastructure for SC/ST habitations, education and public health. It is now to be implemented by the Panchayats at the village level and is confined to the creation of rural infrastructure at the village level according to the felt needs of the people. Under this scheme the allocations are made to the States and the money is routed to the village panchayats through the DRDAs.

4.12 The total outlay for the JGSY in the current year is Rs.1725 crore. The funds are allocated in the ratio of 75:25 as between the Centre and the States.

(iii) Employment Assurance Scheme

4.13 The Employment Assurance Scheme (EAS) was introduced during 1993-94 and implemented in 1748 Blocks of the country covered under Revamped Public Distribution System. Later on, the Scheme was extended to other backward blocks and finally universalised from 1.4.1997. Thus both JRY and EAS were being implemented throughout the country. As both schemes had the common objective of creation of wage employment in the rural areas, these were merged in 1998 as the Employment Assurance Scheme. EAS is now the single wage employment scheme and is in operation throughout the country. The

primary objective of the EAS is creation of additional wage employment through manual work for the rural poor living below the poverty line and the secondary objective is the creation of durable community, social and economic assets for sustained employment and development.

4.14 The outlay for this scheme in the current year is Rs.1300 crore. The funds are shared between Centre and the State in the ratio of 75:25. The funds are released to the DRDAs which in turn are required to transfer 70% of the funds to the Panchayat Samities and the remaining 30% of the funds to the Zila Parishads, which would utilise these funds in areas of distress. Funds are lapsable if not utilised within the year but with permission to carry forward only 15% as opening balance in the following year. Recently government has announced a new scheme titled Sampoorna Gram Vikas Yojana with an outlay of Rs.10,000 crore, of which half is to be in cash and the other half in the shape of food grains.

(iv) Indira Awas Yojna

4.15 Indira Awas Yojna (IAY) was started in May 1985 to meet the housing needs of the rural poor, as a sub-scheme of Jawahar Rojgar Yojna. From 1.1.1996 it is being implemented as an independent scheme. The objective is primarily to help construction of dwelling units and upgradation of existing unserviceable kuchha houses of members of SCs/STs, freed bonded labourers and also non-SC/ST rural poor below the poverty line by providing them with 100% grant. The provision for this scheme in the current year is Rs.1725 crore, with the funds being allocated in the ratio of 75:25 as between the Centre and the States. A credit-cum-subsidy scheme initiated w.e.f. 1.4.99 is now in operation to provide relief to rural households having an income of not more than Rs. 32,000. Subsidy is provided upto Rs. 10,000 per eligible household in plain areas and Rs. 11,000 in hilly/difficult areas.

4.16 Samagra Awas Yojana has been introduced with the aim of providing convergence to activities till now separately undertaken, such as house construction, sanitation, drinking water schemes and implementation with

suitable induction of technology, and innovative ideas. In the first phase, it is implemented in one block in each of 25 districts in 24 states and one district from amongst those selected for institutionalising community participation in rural water supply and sanitation programmes.

4.17 The innovative stream for Rural Housing and Habitat Development has been introduced from 1998-99 with a small portion of Rural Housing resources kept apart for implementation of special and innovative projects of rural housing and habitat development by education/ technical institutions, autonomous bodies, credible NGOs, autonomous societies, etc.

4.18 Rural Building Centres is another scheme launched in 1999-2000 for technology transfer, information dissemination, skill upgradation, production of cost effective and environment friendly maternal components. These can be set up by state govt, credible NGOs as well as other institutions with a maximum limit of central grant of Rs. 15 lakh for a center.

(v) *National Social Assistance Programme*

4.19 This programme came into effect from 15.8.1995. It is a Centrally sponsored programme with 100% Central funding to the States/UTs. It is a social assistance programme for poor households and represents a significant step towards the fulfillment of the directives principles in Article 41 and 42 of the constitution recognising the concurrent responsibility of the Central and State Govts. in the matter. The objective of the programme is to give financial assistance to old persons having little or no regular means of subsistence, to households below poverty line in case of death of the primary bread winner and to pregnant women of households below the poverty line. An outlay of Rs.635 crore has been set apart programme in the current year.

(vi) *Annapoorna Scheme*

4.20 The scheme aims at providing food security with supply of 10 kg. food grains per month, free of cost, to over 13 lakh senior citizens who are eligible for

old age pension but are not receiving it at present. An allocation of Rs.100 crore has been earmarked for the scheme in the current year.

(vii) Pradhan Mantri Gram Sadak Yojana

4.21 In 2000-01 a 100% funded scheme was announced with the objective of connecting all villages with more than 1000 population with good all weather road in three years and connecting villages with more than 500 population by the year 2007. A provision of Rs.2500 crore have been earmarked for this scheme in the current year. This is at present financed fully by a cess on High Speed Diesel. The programme is implemented through designated Executing Agencies in the districts and the funds are to be released to the concerned DRDAs by the state governments from the Additional Central Assistance indicated for the current year and by the central government directly from the next year.

(viii) Conclusions and Recommendations

4.22 The attempt, every few years, at giving a new thrust to the people oriented programmes has resulted in there being a large number of plan schemes. In a Paper prepared in the Planning Commission last year, the number of schemes being implemented in one district is placed at 150! At one level this leads to a fragmentation of the available funds to an extent where the benefits under the individual schemes are spread too thinly over a large population. As a result the benefits that accrue to the targeted sectors cannot be put on a sustainable basis in the medium or long term. At another, the implementation of these schemes through numerous agencies increases the administrative overheads considerably. Yet another point is that the increasing role of the Central Government, Ministries/ departments in the formulation as well as monitoring these programmes which results in undermining the responsibility as well as the interest of the State Governments in the formulation and implementation of these programmes. It will therefore be desirable to group these programmes in four or five broad categories, giving considerable freedom and flexibility to the

States in the formulation as well as implementation of the schemes taking into account the requirements of the different regions and sub regions of the State. This approach will be particularly necessary in areas like agriculture, rural development, etc. which figure in the State List.

4.23 As far as the Department of Rural Development is concerned, the three broad areas covered are, (a) wage employment (b) self/group enterprises (c) rural infrastructure. It will be desirable to utilise, to the extent possible the funds earmarked for wage employment programmes in conjunction with other programmes approved for implementation in the same local areas, like village infrastructure programmes, soil conservation/water conservation programmes, wasteland development/afforestation and eco development programmes, etc. Such an approach will, on the one hand secure a larger coverage under these various other land based productive programmes, while on the other hand maximising the number of beneficiaries under wage employment.

4.24 The programmes for promoting self/group enterprises contain a large subsidy element. But the process of routing the funds in combination with loans given by banks or cooperative credit institutions results in the beneficiaries not getting the benefit of the subsidy almost till the end. Some arrangements have recently been put in place to ensure that the benefit of the subsidy accrues to be beneficiary at a much earlier stage. These arrangements need to be closely monitored. A related issue is the rigidities in the lending procedures. While large borrowers can take up the issue at the higher levels of the banks, the small borrowers at the village level have no such access. It would help if the Ministry of Rural Development, and the Ministry of Agriculture are associated with the review/supervision mechanism set up at the State/Regional levels so that they are able to pursue the cause of these small borrowers more efficiently.

4.25 The Panchayati Raj Institutions – Zila Parishads, Panchayat Samities and Panchayats – set up in 1957 have seen major ups and downs over the last four decades. The 73rd Amendment of the Constitution has given these institutions statutory status and a greater role in the formulation and implementation of programmes in their areas. Even so the process of devolution of financial and

administrative functions has been rather uneven across the States. It is in recognition of this fact that the Eleventh Finance Commission had recommended, and the Government have accepted, that when a State Government is found to be in default in conducting Panchayati Raj elections or in devolving adequate powers to these bodies, then release of funds could be held back.

4.26 In the circumstances a better approach than Government of India directly releasing funds to the District Rural Development Agencies (DRDAs) would be to release the funds to the States (after all this is a State subject) requiring the State in turn to release the funds to the Panchayati Raj Institutions in accordance with the prescribed pattern. The Panchayati Raj Institutions should be set up and given greater responsibilities in the formulation of programmes as well as in implementation. The State Government's hierarchy of officials at the district and sub-district level could be utilised in the implementation process. Under such an arrangement there will be need for DRDAs to continue and the practice of Central Government setting apart substantial funds – Rs. 220 crore in the current year's budget - for meeting the DRDAs' overheads would also not arise. Instead the State Government could be authorised to utilise a part – say 5 to 10 per cent – of the funds allocated for rural development programmes for meeting the cost of the official hierarchy utilised for the implementation of these programmes. The adoption of this approach will lead to a considerable reduction in work load of the Department of Rural Development. In the circumstances, three posts of Joint Secretaries, out of the sanctioned strength of six, could be surrendered. However having regard to the additional monitoring requirements that the new scheme 'Sampoorna Gram Vikas Yojana' would call for, it is recommended that two posts of Joint Secretaries, with the complement of officers and support staff should be surrendered.

4.27 Audit reports reveal that substantial unspent balances are being maintained by these district agencies with banks – as much as Rs.3000 crore as on 1.4.2000. Strict monitoring of the utilisation of funds is therefore called for, particularly with the suggested arrangement for release of funds through the

State Governments. The release of funds for any quarter should take into account the utilisation of funds released upto two quarters earlier and the releases of State Government's contribution on the equal basis. If diversion of funds or non-use of funds is seen, or if there are short falls in the State Government's contribution then that should be taken into account in determining the funds to be released in the new quarter. At no point of time should the money in the pipeline exceed one quarter's requirements. The projects made by a State Government in conducting panchayati raj elections or in devolving adequate powers to these bodies, should also be taken into account when deciding on release of funds to the States.

4.28 It will lead to greater transparency if the programmes under implementation are given due publicity. Apart from increasing the awareness of the people in regard to the programmes being implemented for their benefit, this will also facilitate NGOs or other organisations, if they so wish to report to the State Governments and to the Centre on how these programmes are being implemented. The introduction of such a social audit would be more beneficial than any elaborate arrangements that could be put down for this purpose directly under the aegis of the government. If necessary a small percentage of the allocations for these schemes could be earmarked for providing such publicity.

4.29 The three schemes – National Old Age Pension Scheme, National Family Benefit Scheme and the National Maternity Benefit Scheme launched in 1995 cater to the targeted sections whether they live in rural or urban areas. Possibly the responsibility for the implementation of these three schemes was vested in the Department of Rural Development as a vast majority of the likely beneficiaries would be rural based. But the point remains that the administration of such schemes, which cater to both rural and urban areas, does tend to dilute the focus of attention of this department from the problems of the rural poor. Recently the National Maternity Benefit Scheme has been transferred to the Ministry of Health and Family Welfare. Following this, the other two schemes could appropriately be transferred and vested in the Ministry of Social Justice

and Empowerment. Likewise the implementation of the Annapoorna Scheme could also be vested in the Ministry of Social Justice and Empowerment.

5. *Department of Land Resources*

5.1 The functions allocated to this department are as under:

- (1) Land reforms, land tenures, land records, consolidation of holding and other related matters.
- (2) Administration of the Land Acquisition Act, 1894 (1 of 1894) and matters relating to acquisition of land for purposes of the Union.
- (3) Recovery of claims in a State in respect of taxes and other public demands, including arrears of land revenue and sums recoverable as such arrears, arising outside that State.
- (4) Land, that is to say, collection of rents, transfer and alienation of land, land improvement and agricultural loans excluding acquisition of non-agricultural land or buildings, town planning improvements.
- (5) Land revenue, including the assessment and collection of revenue, survey of revenue purposes, alienation of revenues.
- (6) Duties in respect of succession to agricultural land.
- (7) National Wastelands Development Board
- (8) National Land Use and Wasteland Development Council
- (9) Promotion of rural employment through Wastelands Development.
- (10) Promotion of production of fuelwood, fodder and timber on non-forest lands, including private wastelands.
- (11) Research and development of appropriate low cost technologies for increasing productivity of wastelands in sustainable ways.
- (12) Inter-departmental and inter-disciplinary coordination in programme planning of efforts of Panchayats and voluntary and non-Government agencies for Wastelands Development.
- (13) Drought prone area programmes
- (14) Desert Development Programmes

5.2 Presently, the Secretary, Rural Development also functions as a Secretary of this department. The Secretary is assisted by an Additional Secretary and two

Joint Secretaries. The total staff strength of this department is 127. The organisation chart of this department is at Annex-III. This department has a budget provision of Rs.900 crore in the current year, for plan as well as non-plan schemes. The details of some of the schemes are set out below.

(i) *Integrated Wastelands Development Programme*

5.3 IWDP is an on-going scheme under which major projects are under taken on a micro-watershed basis. The projects sanctioned are being funded on 100%. The outlay for the programme in the current year is Rs.430 crore.

(ii) *Drought Prone Areas Programme*

5.4 DPAP is an area development programme with a long- term perspective based on the strategy of optimum utilisation of land, water and human resources. This is a centrally sponsored scheme, funded on a matching basis by the Centre and States. However, from 1.4.1999, the expenditure is shared on a 75:25 basis between the Centre and the State Governments in respect of new projects sanctioned from 1999-2000. The outlay for the programme for the year 2001-2002 is Rs.210 crore.

(iii) *Desert Development Programme*

5.5 DDP aims at controlling desertification, developing and harnessing land, water and other natural resources for restoration of ecological balance in the long run and also at raising the level of production, income and employment through irrigation, afforestation, dry land farming, etc. The expenditure is shared on 75:25 basis between the Centre and the State in case of projects sanctioned after 1.4.1999. However, the projects sanctioned before 1.4.1999 will continue to be funded on 100% basis by the central government. The outlay for the programme in the current year 2000-2001 is Rs.160 crore.

(iv) Technology Development, Extension and Training

5.6 Under the TDE&T scheme 100% financial assistance is given for projects which are on Govt. land and on private lands. The cost of the projects is shared in the ratio of 60:40 between the central government and the Farmers/Corporate body. The outlay for the programme for the year 2000-2001 is Rs.10.80 crore.

5.7 Computerization of land records (CLR) Computerization of Land Records a 100 per cent grant-in-aid scheme executed by the State governments. The main objective is that landowners should get computerized copies of ownership and plot-wise details of their Records of Rights (RORs) at a reasonable price so that farmers can borrow money from financial institutions. The ultimate of the scheme is 'on-line management' of land Records in the country. So far 544 districts have been brought under the scheme. During 1998-99 a very important component has been added to the scheme i.e. Digitization of Cadastral Maps. This has been taken-up in the form of pilot projects in several States through competent and reputed technical organizations. This scheme has now been extended to cover 1557 Taluk/Tehsils/Blocks. Since inception of the scheme, a total financial assistance to the tune of Rs. 142crore has been provided to the States/UTs upto 31.03.2000.

5.8 Another important scheme implemented is Strengthening of Revenue Administration and Updation of Land Records, a Centrally Sponsored Scheme with 50:50 sharing of costs between the Centre and the States. The main objectives of the scheme are;

- (a) Strengthening of Survey and Settlement organization for early completion and preparation of land records in areas where this work still remains to be done.
- (b) Setting up of survey and settlement organizations especially in the North-Eastern Region, where no land records exist.
- (c) Pre-service and in-service training of revenue, survey and settlement staff and strengthening of training infrastructure for this purpose.

- (d) Facilities for modernization of survey and settlement operations, printing of survey maps, reports/documents and for storage, copying and updating of land and crop records using, among other things, science and technology inputs.
- (e) Strengthening of revenue machinery at village and immediate supervisory levels on a selective basis to make the workload of these functionaries manageable.

5.9 Since inception of the scheme and upto 31.3.2000 Rs. 172.98 crore has been released to the States/ UTs by way of central share.

(v) *Conclusions and Recommendations*

5.10 The need for separate Department of Land Resources can be justified only if it could

- (a) focus on the problem of degradation of land resources and the remedial measures that are urgently called for; and
- (b) implement various programmes already approved for restoring degraded lands to the earlier status – this will also include soil conservation; catchment area treatment and water conservation programmes.

5.11 The two objectives are closely interlinked and in fact function in an interactive manner. It is the identification of the major problem areas that leads to formulation of necessary remedial measures, in the form of various schemes for implementation. In turn it is the implementation of these schemes that helps to test the initial diagnosis of the problem as well as prescription of remedial measures and make necessary changes in the approach to the problem. For achieving both objectives it is necessary that the Department of Land Resources should be supported by high level policy making bodies, which have jurisdiction cutting across the individual Ministries/departments. The department should also have direct control over implementation of as many of the programmes as possible in this area.

5.12 In actual practice in both areas very little has happened. The National level Councils/Boards set up so far are :

- a. The National Land Board and the National Land Resource Conservation and Development Commission set up in 1983;
- b. The National Land Use and Wasteland Development Council set up in May 1985
- c. The National Land Use and Conservation Board set up in 1985
- d. The National Wastelands Development Board set up in 1985 (this has since been formally wound up);
- e. The National Afforestation and Eco development Board set up in 1992;
- f. The National Standing Committee for Watershed Development set up in 1999.

5.13 NLWC has not met after the first meeting in February 1986; NLCB has not met after August 1986; while the last meeting of the NWDB and NAEB was held in May 1997 and December 1998 respectively! The NSCWDB is yet to have its first meeting. Thus, while the newly created department has prepared some reports on the problems of land degradation, these are yet to be considered at any of the National level Councils/Boards.

5.14 As regards vesting in this department the responsibilities for implementing various schemes relevant to this area a decision has been taken in February 2000 and in fact announced in the President's Address to the Joint Session of the House of Parliament that government would bring all the programmes and schemes as well as institutional infrastructure relating to land in rural areas under the control of the Department of Land Resources. However in practice not one programme implemented by any of the other Ministries has been transferred to the Department of Land Resources, which continues to be responsible only for the Drought Prone Area Programme, Desert Development Programme and the Wasteland Development Programme entrusted to do even at the time of formation.

5.15 Thus, with neither requirement having been met, it could be argued that the department as it stands today, could as well be abolished; the DPAP and DDP programmes retransferred to the Department of Rural Development; the Wastelands Development programme to the Ministry of Environment and

Forests; and the subject Land Reforms etc. to the Ministry of Agriculture & Cooperation.

5.16 However, the fact remains that degradation of land resources and depletion of water resources are taking place at an alarming rate. While it is necessary that remedial action put in place without delay, what is equally urgent is highlighting the scale and urgency of the problems and creating the necessary awareness at the national and state capitals. This becomes very important as, unfortunately with the preoccupation with 'fire fighting' and implementing of the programmes already on the ground, very little attention is given to measures for treating land degradation and depletion of water levels, as these programmes need to be conceptualized on a larger time frame. It is therefore necessary to energise the high-level policy making and direction giving councils and boards and also bring the various programmes for addressing the problems of degraded lands and promoting soil and water conservation under the umbrella of one ministry/department.

5.17 The Expenditure Reforms Commission would therefore recommend the following:

- (i) To effectively handle all aspects of the problems of degraded lands, this department should also deal with catchment area treatment, soil and water conservation programmes etc., all of which help in restoring degraded land to the original status. The designation of this department therefore needs to be suitably changed to reflect this arrangement.
- (ii) Following programmes that are now implemented by the Department of Agriculture and Cooperation should be transferred to the new department:
 - (1) National Watershed Development Project for rainfed areas.
 - (2) Centrally Sponsored Scheme of Soil Conservation in Catchment of River Valley Projects.
 - (3) Centrally Sponsored Scheme of Soil Conservation in the catchment of flood prone rivers.

- (4) Centrally Sponsored Scheme of Reclamation of Soil.
- (5) Scheme of Watershed Development Project in shifting cultivation areas.
- (iii) The Western Ghat Development Project now being directly administered by the Planning Commission should also be transferred to this department. It is indeed anomalous that the Planning Commission should be vested with responsibility for direct implementation of any project.
- (iv) The officers and support staff sanctioned for administering these schemes in the Department of Agriculture and Cooperation and in the Planning Commission should be surrendered.
- (v) This department could be required to bring up for the consideration of the Committee of Secretaries and the Cabinet proposals from time to time for transfer of allied schemes now being implemented by other Ministries/departments to this department.
- (vi) Of the various high level bodies earlier set up it will be necessary to revive the National Land Use and Wasteland Development Council set up in 1985 under the Chairmanship of the Prime Minister and either the National Land Board or the National Land Resource Conservation and Development Commission set up under the Chairmanship of the Ministry of Agriculture and Rural Development. The focus as well as membership on both bodies would need to be suitably redefined. The Board to be presided over by the Minister for Agriculture/Rural Development could include as Members, the Secretaries of various departments like Agriculture, Rural Development, Drinking Water Supply, Water Resources, Urban Development, Environment and Forests etc. and could meet once a quarter to bring about greater convergence in the implementation of all programmes which seek to address

somewhat similar issues. The National Council headed by the Prime Minister could oversee the functioning of not only this Board but also the National Afforestation and Eco Development Board (NAEB) located in the Ministry of Environment and Forests. The National Council could meet at least once in six months. The Department of Land Resources could service both the Council to be presided by the Prime Minister and the Board to be presided by the Minister for Agriculture/Rural Development.

- (vii) The wasteland development programmes would get enlarged substantially, if as suggested earlier, the funds set apart for this programme are utilized mostly for the material component and the Wage Employment Programme of the Department of Rural Development is accessed for the wage component part. It would therefore be desirable to revive the National Wasteland Development Board to oversee the implementation of this programme.
- (viii) Viewed from the angle of providing the much needed livelihood security for the people living in backward areas and dependent upon 'degraded' lands, it will be appropriate for this department to continue to function in the Ministry of Rural Development. At the same time land and water management are an integral part of agricultural operations and have a direct role to play in the enhanced productivity of land. Viewed this way it might be appropriate to make this department a part of Ministry of Agriculture. On the other hand, if the overriding priority has to be 'conservation', this department could either be made a separate ministry or made part of the Ministry of Environment and Forests. It will be necessary for government to take an early decision on the appropriate placement of this department within the overall structure.

- (ix) If it is decided that the placement of this department should be outside the Ministry of Rural Development then it will be necessary that the first six items in the list of functions now allocated to this department and which rely on land reforms continue to remain with the Ministry of Rural Development. These functions have necessarily to be viewed from the angle of addressing the problems of rural people particularly the poor and the disadvantaged sections.

6. *Department of Drinking Water Supply*

6.1 The Department of Drinking Water Supply created in 1999 has been entrusted with the following functions:

- (a) Water supply (subject to overall national perspective of water planning and coordination assigned to the Ministry of Water Resources), sewage, drainage and sanitation relating to rural areas; International cooperation and technical assistance in this field.
- (b) Public cooperation, including all matters relating to voluntary agencies for rural development and National Fund for Rural Development.
- (c) Cooperatives relatable to items in this list.
- (d) Coordination with respect to the matters relating to drinking water supply in urban and rural areas.

6.2 This department is headed by a Secretary and is supported by two Joint Secretaries. It has a total staff strength of 76. The Organisational Chart for this department is given in Annex IV.

6.3 The department is presently implementing the following 5 projects:

- (1) Accelerated Rural Water supply programme
- (2) Central Rural Sanitation Programme
- (3) Rajiv Gandhi National Drinking Water Mission
- (4) Public Cooperation (Rural Water Supply and Sanitation)
- (5) Central Project Management Cell of UNICEF stores Boundary

6.4 Its total IX Plan outlay for the programmes of this department is Rs.8650 crore. In the current year it has a total budget allocation of Rs.2160 crore. The details of some of the schemes administered by this department are set out in the succeeding paragraphs:

(i) Rajiv Gandhi National Drinking Water Mission

6.5 States have the responsibility for providing safe drinking water supply in the rural areas. National Drinking Water Mission, later renamed as Rajiv Gandhi National Drinking Water Mission was launched in 1986 to ensure maximum in flow of scientific and technical input in arriving at cost affective methods of supply and in dealing with quality problems.

6.6 On the basis of a comprehensive survey undertaken between 1991 and 1994 areas such as 'not covered habitations', 'partially covered habitations', all habitations having water quality problems or having supply of less than the norm were identified and given priority for coverage under the programme.

6.7 Of the total provision available for this scheme 80% is allocated on a matching basis, to the States adopting the following criteria:

| | Components | Weightage |
|---|---|-----------|
| 1 | Rural population | 40% |
| 2 | States/UTs covered under DPAP, DDP, HADP etc. | 35% |
| 3 | Not covered, partially covered habitation (NCPC) | 10% |
| 4 | Overall water source availability seen in unirrigated versus irrigated area | 10% |
| 5 | Quality of water affected habitations | 5% |

6.8 About Rs.100 crore out of the total allocation is available at the Central level for IEC and HRD support. The balance amount is utilised for Sub Missions on special problems but within the states allocations.

6.9 A comprehensive survey is still on to identify the habitations with the problem of quality in drinking water. In the mean time sub-missions already initiated for addressing the quality problems of fluosis excess iron, brackishness are being continued but are built into allocations made to states.

6.10 Following the 'Swajal' experiment of addressing the need of drinking water with community participation, a programme of sector reforms has been started in the last three years where projects are developed for the district for taking up drinking water supply needs in which the concern for sustainability and Ground Water recharge are stressed.

6.11 Fifty eight districts were selected in the year 2000 (now extended to 63 districts) for sector Reform projects. About 20% of the funds under drinking water supply are now allocated for these projects.

(ii) Restructured Centrally sponsored Rural sanitation programme

6.12 The Centrally sponsored Rural sanitation programme started in 1986 has been restructured in 1999 to shift from a high subsidy to low subsidy regime, greater household involvement, choice of technology, stress on information, education and communication and development of backup services. The subsidy for household latrine is limited to Rs. 500 for BPL families only. Despite the fact that even in the colonial times sanitation committees were the precursors of any local self-government initiative, rural sanitation continues to be the weakest and has received low priority in the development initiatives. The coverage is estimated to be 16-20 % of rural households. A total sanitation campaign (TSC) has been introduced in selected pilot districts. The programme proposes move from statewise allocations to a "demand driven" approach and to the TSC.

(iii) Conclusions and Recommendations

6.13 Coordination of matters relating to drinking water supply in urban and rural areas is one of the functions entrusted to this department. In practice, however, there seems to have been very little coordination in the efforts of this department and that of the Department of urban development. For instance one of the major

programmes administered by the Department of Urban Development is Urban Water Supply Scheme. This is a centrally sponsored scheme, with the cost being equally shared between Centre and the States was launched in 1994 with a view to providing drinking water in small towns with a population of less than 20,000. The provision in the current year's budget is Rs.95 crore. Upto the end of February 2001 will the Centre has released as it is shared Rs.262 crore the total expenditure on ground is reported to be only Rs.283 crore.

6.14 Two points merit attention:

- (1) With a ceiling on 20,000 population prescribed under the scheme, many of the smaller towns covered will be of a size no bigger than a large village.
- (2) The benefits of the people could be optimized if the water supply programmes for such small towns are drawn up in an integrated manner with those of the adjoining villages as well.

6.15 It is therefore recommended that this scheme for the provision of drinking water in small towns of less than 20,000 be transferred to the Department of drinking water supply so as to bring about better coordination. The officers and support staff sanctioned exclusively for administering these schemes in the Department of Urban Development should be surrendered.

6.16 It is seen that the large number of villages/habitations remain uncovered or partially covered at the end of each plan period, even though it is initially stated that complete coverage would be achieved within the five year period. This is due to three reasons. First is the increase in population leading to creation of new settlements which need to be covered in the subsequent plan period. Second is the change in definition – in the beginning the attempt was to cover the panchayats (possibly 2 lakh in number); later it became coverage of villages (over 5.5 lakh) while presently the coverage is of habitations, which number 14.23 lakh. The third is that a good part of allocation is set apart for renewal of the facilities set up earlier and which have since into disuse and for upgradation of the facilities already created.

6.17 As a result of all these factors the focus on ensuring complete coverage gets diluted. While the demands for replacement, improvement of the facilities already created and coverage of new habitations do require to be addressed, it will be necessary to sharpen the focus on non-covered habitations (26121) and partially covered habitations (213331) so that this coverage could be achieved in a time bound manner. It is therefore recommended that in the allocation of funds to the States the weightage for non-covered habitations and partially covered habitations should be increased. The details of the status of habitations (non-covered, partial covered and fully covered, are in Annex V. while the allocation of funds state wise in the years 1999-2000 and 2000-2001 are in Annex-VI. The figures speak for themselves.

7. Other Organisations

(i) Council for Advancement of People's Action and Rural Technology

7.1 CAPART was set up in 1986 as a national apex autonomous body merging two organisations in existence at that time namely the People's Action for Development of India (PADI) and the Council for Advancement of Rural Technology (CART). PADI was supporting non-governmental initiatives in the field mainly using foreign funds and without resorting to government support. CAPART's mandate was however much broader and the thrust was on encouraging, promoting and assisting voluntary action for implementing projects for rural prosperity and promoting and strengthening voluntary efforts for injecting new technology inputs in rural development. When in the late 80s it was decided that a part of the allocations for schemes in Ministries like Rural Development should be routed through NGOs, it was decided to channelise monies set apart for this purpose in the Ministry of Rural Development through CAPART, so that in the process, the procedures and practices that CAPART had followed in energising NGOs and implementing programmes in the field could be brought into play. This has now become a major activity of CAPART taking up most of its time and effort.

7.2 CAPART has nine regional offices at Ahmedabad, Jaipur, Bhubaneswar, Guwahati, Chandigarh, Darwar, Patna and Lucknow. It has a General Body (100 members) and a Executive Committee. It also has Regional Committees and a set of National Standing Committees for overseeing the selection of NGOs, feasibility studies as well as implementation of projects through NGOs. The total expenditure of CAPART in the year 2000-2001 was Rs.52 crore of which the outgo on projects was Rs.37 crore. On the receipt side, the major items are the funds received from the Ministry of Rural Development (nearly Rs.30 crore) and from UNDP (Rs.1.83 crore). The interest on bank deposits was quite large – over Rs.21.41 crore. CAPART's total staff strength spread over head office and regional offices is 160.

(ii) Conclusions and Recommendations

7.3 The balance sheet reveals a total bank balance of Rs.55 crore as on 31.3.2001. Of this the funds received from the Ministry of Rural Development account for Rs.30.24 crore while the interest accruals on the various balances is over Rs.21 crore! Clearly there has not been adequate monitoring of the expenditure stream while releasing funds to CAPART. The arrangements should be such as to allow for no more than 3 months funds requirement to remain in the pipeline. It is recommended that these surplus cash balances should be closely scrutinized and amounts in excess of the three months requirements be taken back into the public account.

7.4 The administrative expenditure as a proportion of the total project expenditure has sharply increased from 13% in 1995-96 to 26% in 1998-99. There has been some reduction (to 23.18%) in 1999-2000. By any standards this is too high a proportion. The Ministry of Rural Development should look into this aspect and in consultation with CAPART evolve procedures that will reduce it considerably. In this exercise due allowance has to be made for the fact that CAPART also spends money by way of pre-investment studies in several cases and undertakes a monitoring process, that is not merely in the nature of a financial audit but more as a guidance in the implementation of the programmes.

7.5 As CAPART operates mostly with funds obtained from government it could be argued that bulk of the expenditure on the administrative overheads (nearly Rs.7 crore per annum is directly borne by government. Apart from seeking to effect economies in the expenditure in the staff and on the procedures, one other way of reducing this burden on Government would be for CAPART to undertake similar work on behalf of the private sector as well. Private sector is entitled to certain tax concessions if it contributes funds to the National Fund for Rural Development. Perhaps a mechanism could be devised whereby private sector undertakings could make funds available directly to CAPART for development rural projects to be implemented through suitable NGOs, adopting the same screening and implementation procedures as in the case of the government funded programmes. The certification by CAPART of the moneys so spent could form the basis for tax concessions to be given by the government.

7.6 While CAPART undoubtedly benefits through the nomination in the General Body and Executive Committee of distinguished persons actively associated with NGOs in the country, it would be desirable if representatives of 'beneficiary' NGOs are not appointed on the Regional/Standing Committees. This approach will help to obviate possible conflict of interest/situations.

7.7 Once the volume of programmes implemented by CAPART with non-governmental funding exceeds 50%, it could be assumed that the administrative overheads (or the non recurring or revenue expenditure) funded by government is less than 50%. At that stage CAPART could formally be advised to devise its own administrative and financial procedures and also adopt its own pay scales instead of following closely what is prescribed in government. The ministry's representation on CAPART could be done away with, except for a token presence. This will enable CAPART to function as a truly professional body, trimming its expenditure and staff strength and other items with reference to the resources insight and adopting procedures more suited to its requirements.

(iii) National Institute of Rural Development

7.8 In 1958 the Central Institute of Study and Research in Community Development was set up at Mussoorie for offering orientation courses to officers of executive hierarchy in the development programmes. The Trainers' Training Institute (subsequently renamed as the Institute for Instruction in Community Development), established in December 1958 at Rajpur, Dehradun for training of trainers was entrusted with the task of training of District Panchayat Officers and sub-divisional officers. In April 1962, both the institutes were merged into one named as the National Institute of Community Development. (NICD). The Institute was shifted to Rajendranagar, Hyderabad, which is its present location, in 1964-65.

7.9 With the emphasis on Rural Development and alleviation of rural poverty, the role of Institute and its objectives assumed new significance and proportions. The name of the Institute was changed to National Institute of Rural Development in 1977 suitably redrafting its objects aimed at providing and promoting a study of relevant factors contributing to economic development and social well being in the rural areas.

7.10 The Institute is situated in an area of 110 acres with faculty buildings, administrative blocks, a large library, an auditorium, a health centre, community hall, guest houses and 220 staff quarters. The institute also has a Regional Centre at Guwahati. The institute has a total staff strength of 462 of whom 100 are academics. The institute received a non plan grant of Rs.715 lakh and plan grant of Rs.500 lakh in 1999-2000. it also had an internal cash generation of Rs.116 lakh but most of this (Rs.93 lakh) was spent on related projects.

7.11 At present, about 170 programmes are being organised with focus on (1) Planning and Management including decentralized planning; (2) Sustainable Development, Environment, Watershed Development and Forestry; (3) Training methods including PRA, Monitoring and Evaluation and Quantitative techniques; (4) Behavioural Skills Development and (5) Women's Development including

Gender Issues. The Institute also organises seminars and workshops mainly to address the issues relating to the policy formulation and policy implementation.

7.12 The institute has also taken up research studies on various issues of rural development. The institute is also providing consultancy services to various national and international organizations, government departments etc. It has a full-fledged publications wing and brings out various publications – four periodicals, three annual publications, besides study reports, monographs, occasional papers. It brought the India Rural Development Report in 1999.

(iv) *Conclusions and Recommendations*

7.13 Issues of poverty alleviation and rural development are likely to engage the attention of the government for a long time to come. Thus, NIRD, as a premier institute in this area, will have an important role to play in the years to come as well. It should seek to become a centre of excellence, focusing more on policy advise and training of trainers and giving support to State/Regional training centres, rather than itself take up too many training programmes. A time bound programme, say a three year plan, needs to be drawn up to reduce the non academic and support staff strength and for improving the academic to non academic ratio. Further the institute needs to become autonomous in the real sense of the word. It needs to move away from government pay scales, government financial rules and all other government procedures and be able to formulate its own set of rules and procedures as would enable to function as a truly professional body and as a centre of excellence. For this a prime requirement would be for it to seek as non plan grant, no more than 50% of its recurring/revenue expenditure. A memorandum of understanding should be entered into by NIRD with the government incorporating this decision and detailing the manner in which this transition will be made over a five year period. In particular the manner in which internal cash generation would be stepped up – through consultancy charges and fees – would need to be spelt out. It will also be open to the institute to approach government plant support for its capital requirements.

Ministry of Rural Development
B.E., R.E., during 9th Plan

(Rs. i

| Sl. No. | Name of the Scheme | 1998-99 | | 1999-2000 | | 2000-2001 | | 2001 |
|---------|-----------------------|---------|---------|-----------|---------|-----------|----------|------|
| | | B.E. | R.E. | B.E. | R.E. | B.E. | R.E. | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| 1 | Rural Development | 7858.50 | 7478.44 | 7517.00 | 7220.00 | 9260.00 | 8870.00 | |
| 2 | Land Resources | 325.20 | 268.20 | 324.00 | 324.00 | 900.00 | 800.00 | |
| 3 | Drinking Water Supply | 1727.00 | 1679.00 | 1910.00 | 1807.00 | 2100.00 | 2100.00 | |
| | Total | 9910.70 | 9425.64 | 9751.00 | 9351.00 | 12260.00 | 11770.00 | 1 |

**Ministry of Rural Development
Department of Rural Development**

| Sl. No. | Name of the Scheme | 1998-99 | | 1999-2000 | | 2000-2001 | | 2001-2002 | |
|---------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | B.E. | R.E. | B.E. | R.E. | B.E. | R.E. | B.E.* | Modified |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1 | Jawahar Gram Samridhhi Yojana | 2095.00 | 2060.00 | 2095.00 | 1689.00 | 1650.00 | 1510.00 | 1650.00 | 1650.00 |
| 2 | Employment Assurance Scheme | 1990.00 | 1990.00 | 1700.00 | 2040.00 | 1300.00 | 1600.00 | 1100.00 | 1300.00 |
| 3 | Food for Work Programme | - | - | - | - | - | - | 500.00 | 300.00 |
| 4 | Swarnajayanti Gram Sworozgar Yojana | 1410.00 | 1195.94 | 1215.00 | 950.00 | 1000.00 | 470.00 | 500.00 | 700.00 |
| 5 | Indira Awas Yojana | 1600.00 | 1532.00 | 1710.00 | 1659.00 | 1710.00 | 1710.00 | 1527.00 | 1725.00 |
| 6 | Panchayat Development and Training | 3.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | 5.00 | 5.00 |
| 7 | Roads in Special Problem Areas | 1.50 | 0.00 | 0.50 | 0.50 | 0.50 | 0.50 | 0.00 | 0.00 |
| 8 | N.S.A.P. | 700.00 | 640.00 | 725.00 | 710.00 | 715.00 | 715.00 | 835.00 | 635.00 |
| 9 | Annapoorna | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 300.00 | 100.00 |
| 10 | DRDA Administration | 0.00 | 0.00 | 0.00 | 110.00 | 220.00 | 200.00 | 220.00 | 220.00 |
| 11 | Grants to National Institute of Rural Dev. | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| 12 | Strengthening of State Training Centre | 3.25 | 3.25 | 4.25 | 6.25 | 7.25 | 9.25 | 8.75 | 8.75 |
| 13 | Org. of Training Courses, Seminars | 0.50 | 0.50 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| 14 | Strengthening of Ext. Training Centre | 3.00 | 3.00 | 3.00 | 4.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 15 | Communication Cell | 4.00 | 4.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| 16 | Assistance to C.A.P.A.R.T. | 12.00 | 12.00 | 13.00 | 13.00 | 13.00 | 13.00 | 30.00 | 30.00 |
| 17 | Promotion of Voluntary Scheme | 20.00 | 20.00 | 26.00 | 13.00 | 13.00 | 13.00 | 0.00 | 0.00 |
| 18 | Organisation of Beneficiaries | 3.50 | 3.00 | 4.00 | 4.00 | 4.00 | 2.00 | 0.00 | 0.00 |
| 19 | Agricultural Marketing | 7.25 | 7.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 20 | Monitoring Mechanism | 0.50 | 0.50 | 2.00 | 2.00 | 5.00 | 5.00 | 10.00 | 10.00 |
| 21 | Information Technology | - | - | - | - | - | - | 0.00 | 1.00 |
| 22 | International Cooperation | - | - | - | - | - | - | 0.00 | 1.00 |
| 23 | Pradhan Mantri Gram Sadak Yojana | | | | | 2500.00 | 2500.00 | 2500.00 | 2500.00 |
| | Total | 7858.50 | 7478.44 | 7517.00 | 7220.00 | 9260.00 | 8870.00 | 9205.00 | 9205.00 |

* B.E. 2001-2002 is as per the allocations finalised by the Planning Commission and sent to the Ministry of Finance for reflection in the Budget 2001-2002

** Modified allocations as approved by the Minister (RD) based on the priorities and actual requirement of funds

(Rs. in crore)

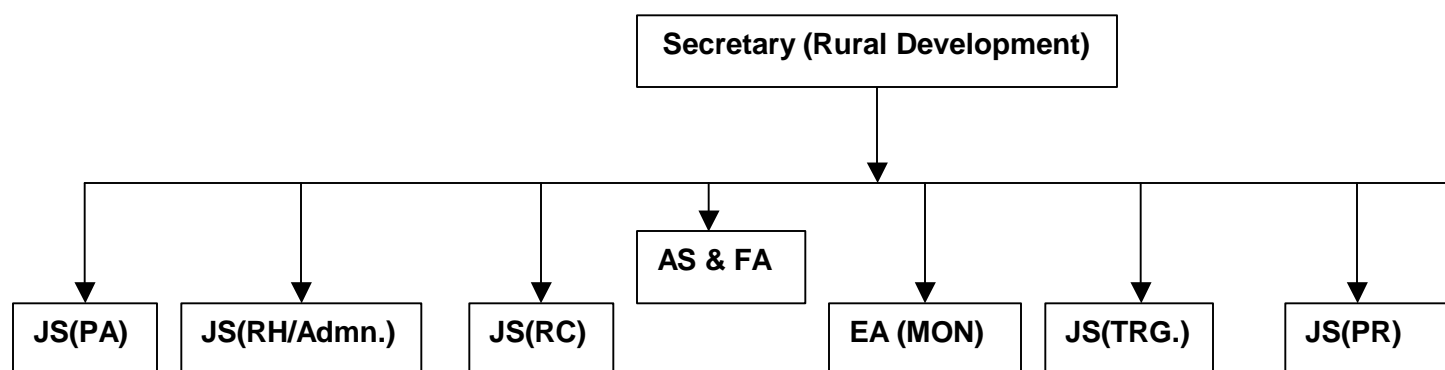
**Ministry of Rural Development
Department of Land Resources**

| Sl. No. | Name of the Scheme | 1998-99 | | 1999-2000 | | 2000-2001 | |
|---------|--|---------|--------|-----------|--------|-----------|------|
| | | B.E. | R.E. | B.E. | R.E. | B.E. | R.E. |
| 1 | Integrated Wastelands Development Programme (IWDP) | 82.10 | 62.10 | 82.00 | 82.00 | 480.00 | 387 |
| 2 | Drought Prone Areas Programme | 95.00 | 73.00 | 95.00 | 95.00 | 190.00 | 190 |
| 3 | Desert Development Programme (DDP) | 90.00 | 80.00 | 85.00 | 85.00 | 135.00 | 135 |
| 4 | Land Reforms | 39.50 | 34.50 | 43.00 | 43.00 | 76.00 | 73 |
| 5 | Others | 18.60 | 18.60 | 19.00 | 19.00 | 19.00 | 15 |
| | Total - Land Resources | 325.20 | 268.20 | 324.00 | 324.00 | 900.00 | 800 |

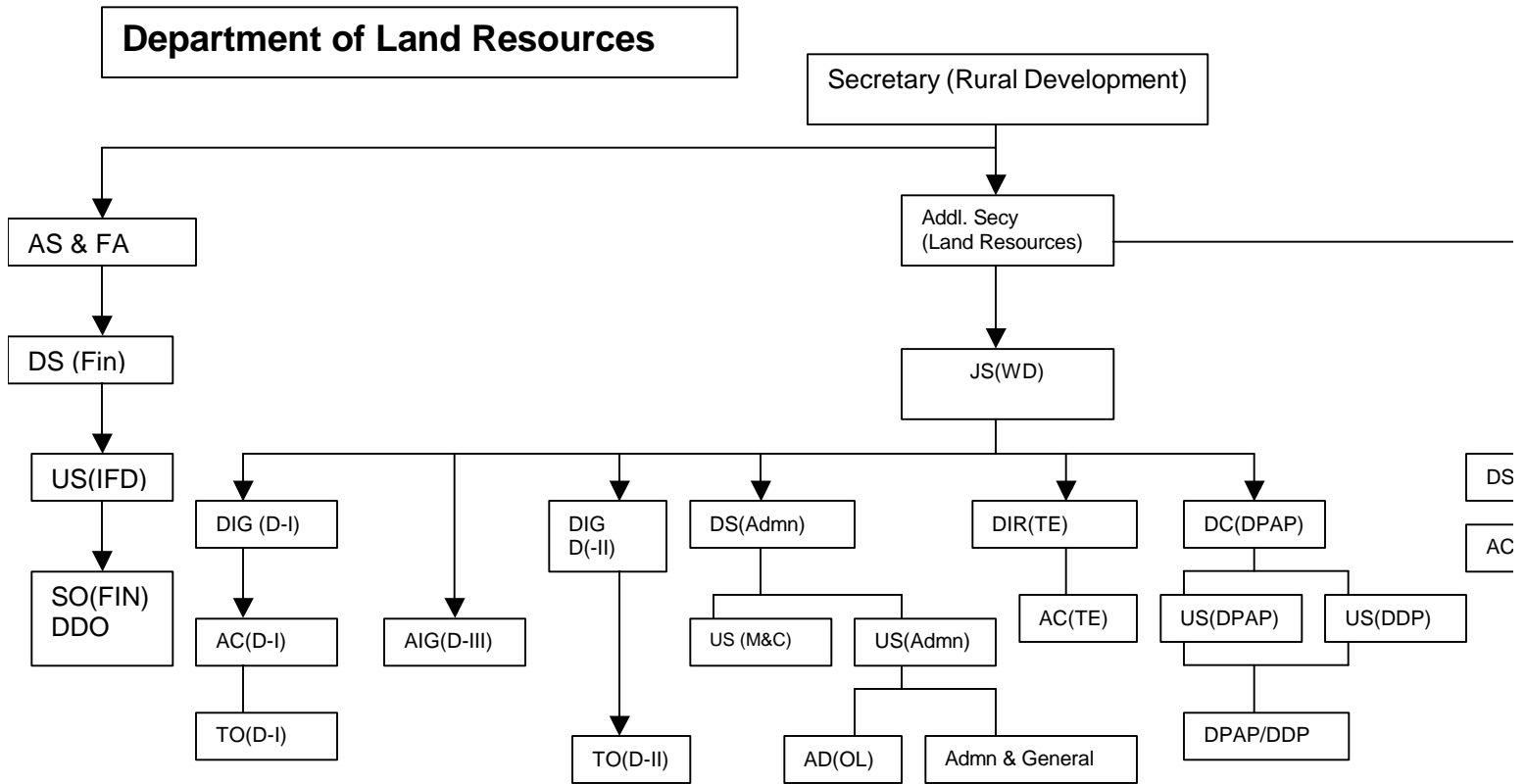
**Ministry of Rural Development
Department of Drinking Water Supply**

| Sl. No. | Name of the Scheme | 1998-99 | | 1999-2000 | | 2000-2001 | |
|---------|-------------------------------|---------|---------|-----------|---------|-----------|------|
| | | B.E. | R.E. | B.E. | R.E. | B.E. | R.E. |
| 1 | Rural Water Supply Programme | 1627.00 | 1612.00 | 1800.00 | 1715.00 | 1960.00 | 1960 |
| 2 | Rural Sanitation | 100.00 | 67.00 | 110.00 | 92.00 | 140.00 | 140 |
| | Total - Drinking Water Supply | 1727.00 | 1679.00 | 1910.00 | 1807.00 | 2100.00 | 2100 |

ORGANISATION CHART OF MINISTRY OF RURAL DEVELOPMENT (DEPARTMENT OF RURAL DEVELOPMENT)



| | | | |
|---------|---|-----|-----------------------|
| ADM. | - Administration | MON | - Monitoring |
| AS & FA | - Additional Secretary & Financial Adviser | PA | - Poverty Alleviation |
| EA | - Economic Adviser | PR | - Panchayatiraj |
| JS | - Joint Secretary | RC | - Rural connectivity |
| | | RH | - Rural Housing |
| | | TRG | - Training |

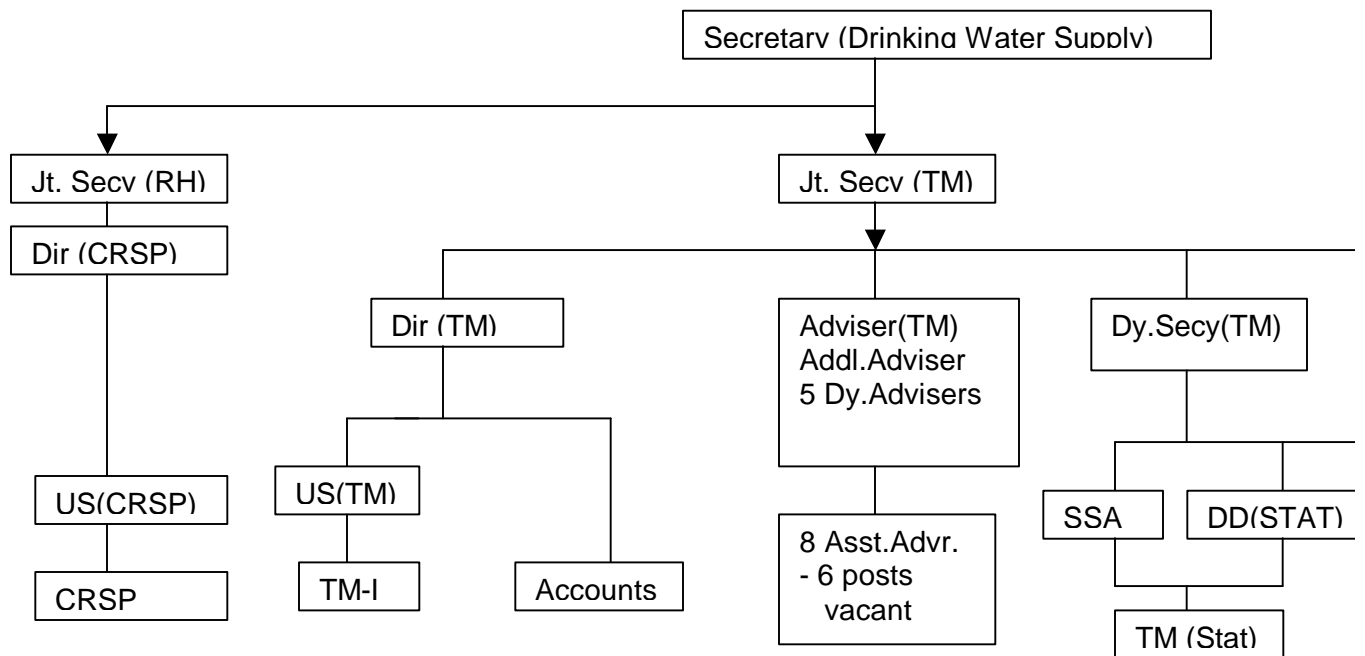


AC Assistant Commissioner
 AD Assistant Director
 AIG Assistant Inspector General
 AS&FA Addl. Secretary & Financial Advisor
 DDO Drawing & Disbursing Officer
 DDP Desert Development Programme
 DPAP Drought Prone Area Programme

DS Deputy Secretary
 DIG Deputy Inspector General
 DIR Director
 DC Deputy Commissioner
 IFD Integrated Finance Division
 JS Joint Secretary

M&C Monitoring & Coordination
 LR Land Reforms
 OL Official Language
 SO Section Officer
 TO Technical Officer
 US Under Secretary

Department of Drinking Water Supply



| | | | | | |
|------|--------------------|------|------------------------------------|----|-----------------|
| RH | Rural Housing | CRSP | Central Rural Sanitation Programme | US | Under Secretary |
| STAT | Statistics | DWS | Drinking Water Supply | DD | Deputy Director |
| TM | Technology Mission | SSA | Senior System Analyst | | |

Annex-V**STATUS OF HABITATIONS AS ON 1.4.2000 (Provisional)**

| Sl. No. | States/UTs | Not covered (NC) | Partially covered (PC) | Fully covered (FC) | Total |
|---------|-------------------|------------------|------------------------|--------------------|----------------|
| 1 | Andhra Pradesh | 0 | 21583 | 48149 | 69732 |
| 2 | Arunachal Pradesh | 440 | 1084 | 2774 | 4298 |
| 3 | Assam | 1623 | 24318 | 44728 | 70669 |
| 4 | Bihar | 625 | 144 | 204667 | 205436 |
| 5 | Goa | 16 | 44 | 336 | 396 |
| 6 | Gujarat | 293 | 3127 | 26849 | 30269 |
| 7 | Haryana | 12 | 276 | 6457 | 6745 |
| 8 | Himachal Pradesh | 2738 | 12961 | 29668 | 45367 |
| 9 | Jammu & Kashmir | 2348 | 3726 | 5110 | 11184 |
| 10 | Karnataka | 65 | 23129 | 33488 | 56682 |
| 11 | Kerala | 842 | 6927 | 1994 | 9763 |
| 12 | Madhya Pradesh | 1967 | 8726 | 149175 | 159868 |
| 13 | Maharashtra | 2597 | 28740 | 54593 | 85930 |
| 14 | Manipur | 74 | 469 | 2248 | 2791 |
| 15 | Meghalaya | 633 | 1127 | 6879 | 8639 |
| 16 | Mizoram | 0 | 569 | 342 | 911 |
| 17 | Nagaland | 417 | 670 | 438 | 1525 |
| 18 | Orissa | 448 | 1469 | 112182 | 114099 |
| 19 | Punjab | 2050 | 3123 | 8276 | 13449 |
| 20 | Rajasthan | 7864 | 28843 | 57239 | 93946 |
| 21 | Sikkim | 0 | 624 | 1055 | 1679 |
| 22 | Tamil Nadu | 0 | 11207 | 55424 | 66631 |
| 23 | Tripura | 541 | 1198 | 5673 | 7412 |
| 24 | Uttar Pradesh | 432 | 4999 | 269210 | 274641 |
| 25 | West Bengal | 0 | 23732 | 55304 | 79036 |
| 26 | A & N Islands | 0 | 161 | 343 | 504 |
| 27 | D & N Haveli | 56 | 259 | 201 | 516 |
| 28 | Daman & Diu | 0 | 1 | 31 | 32 |
| 29 | Delhi | 0 | 0 | 219 | 219 |
| 30 | Lakshadweep | 0 | 10 | 0 | 10 |
| 31 | Pondicherry | 40 | 85 | 142 | 267 |
| 32 | Chandigarh | 0 | 0 | 18 | 18 |
| | TOTAL | 26121 | 213331 | 1183212 | 1422664 |

Annex-VI

(Rs. in lakh)

| S.No. | States/UTs | 1999-2000 | 2000-2001 |
|--------------|--------------------|------------------|------------------|
| 1 | Andhra Pradesh | 9143.26 | 11600.00 |
| 2 | Bihar | 1407.00 | 9380.00 |
| 3 | Goa | 352.92 | 1404.00 |
| 4 | Gujarat | 6028.52 | 7085.00 |
| 5 | Haryana | 1883.91 | 1943.00 |
| 6 | Himachal Pradesh | 2275.77 | 5091.00 |
| 7 | Jammu & Kashmir | 6381.44 | 8788.00 |
| 8 | Karnataka | 8402.25 | 10350.00 |
| 9 | Kerala | 4307.88 | 5746.00 |
| 10 | Madhya Pradesh | 9444.68 | 11109.00 |
| 11 | Maharashtra | 13614.41 | 16934.00 |
| 12 | Orissa | 4847.93 | 6213.00 |
| 13 | Punjab | 1720.64 | 2383.00 |
| 14 | Rajasthan | 12676.22 | 16361.00 |
| 15 | Tamil Nadu | 6534.66 | 7308.00 |
| 16 | Uttar Pradesh | 14775.00 | 14775.00 |
| 17 | West Bengal | 7008.15 | 7895.00 |
| 18 | A & N Islands | 12.50 | 13.00 |
| 19 | Chandigarh | 0.00 | 0.00 |
| 20 | D & N Haveli | 12.50 | 7.00 |
| 21 | Daman & Diu | 12.50 | 0.00 |
| 22 | Delhi | 0.00 | 5.00 |
| 23 | Lakshadweep | 12.50 | 0.00 |
| 24 | Pondicherry | 5.00 | 5.00 |
| | Sub Total | 110859.65 | 144395.00 |
| 25 | Arunachal Pradesh | 2476.00 | 3492.00 |
| 26 | Assam | 4180.00 | 5898.00 |
| 27 | Manipur | 907.00 | 1282.00 |
| 28 | Meghalaya | 974.00 | 1373.00 |
| 29 | Mizoram | 696.00 | 981.00 |
| 30 | Nagaland | 724.00 | 1020.00 |
| 31 | Sikkim | 460.83 | 650.00 |
| 32 | Tripura | 862.00 | 1216.00 |
| | Sub Total | 11279.83 | 15912.00 |
| | Grant Total | 122139.48 | 160307.00 |

PART III

RATIONALISATION

OF THE

FUNCTIONS, ACTIVITIES AND

STRUCTURE OF THE

MINISTRY OF EXTERNAL AFFAIRS

Rationalisation of the Functions, Activities, and Structure of the Ministry of External Affairs Table of Contents

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Rationalisation of the Functions, Activities, and Structure of the Ministry of External Affairs

Executive Summary

1. Compared to other union ministries, the Ministry of External Affairs (MEA) is most exposed to the best administrative practices abroad. It should therefore be possible for it to show the way at a time when downsized and lean governments are considered not only economical but also more efficient.
2. Not all the recommendations in this report are aimed at downsizing or economy. Some suggestions for restructuring and rationalisation have been made for securing more efficient functioning of the ministry, following discussions with MEA officers past and present.
3. The basic role of MEA, as given in the Allocation of Business Rules, is to conduct relations with foreign and Commonwealth countries. Diplomacy has always been recognised as the first line of defence. Today it must play the additional role of enhancing the brand equity of the country abroad.
4. A sizeable portion of the budget of MEA is earmarked for assistance to neighbouring and other developing countries (Rs.963 crore – BE- 2001-02) and Special Diplomatic Expenditure (Rs.712 crore), both of which are not covered in this report. This leaves a net budget of Rs.1208 crore or 42% of the total budget of MEA.
5. But this does not give the total picture. For example, many of the missions abroad meet the expenditure of their commercial wings from the budget of the Ministry of Commerce, with the posts being manned either by IFS officers or others. Likewise, there are many other ministries whose representatives work in missions abroad, with the expenditure being met out of their respective budgets. Strictly speaking, the expenditure incurred from the budgets of these ministries should also be included to correctly reflect the cost of missions and posts abroad.

6. Structurally, the manpower of MEA is rather heavy at the levels of Joint Secretary and above. The Foreign Secretary is, however, over-burdened with day-to-day matters, while other secretaries have comparatively lighter loads. The Commission would suggest that the other secretaries of the Ministry of External Affairs be entrusted with territorial (and functional) divisions leaving the Foreign Secretary to handle coordination, policy planning, special tasks, cadre management, UN matters and the like.

7. MEA is estimated to have a total strength of 2956 persons at headquarters and 4040 abroad. The latter figure includes 1708 locally recruited employees. In addition, the Central Passport Organisation, a subordinate office under MEA has 1938 sanctioned posts and 540 casual employees spread over India.

8. Any tendency to create posts for the sake of finding slots for promotion is unhealthy and should be discouraged. The levels of posts should be determined by the nature of work and responsibilities and not by the desire to ensure career progression of officers. Of course, this would be true of all services and not just the IFS.

9. It may be desirable for IFS officers to be also posted in ministries like rural development, health, education and social welfare to give them a more rounded and realistic background of their own country. It would be equally useful to provide for mid-career training at institutions like NIRD, Hyderabad for the same reason.

10. A reduction has been recommended in the personal staff of Joint Secretaries and above. This will set a good example, apart from leading to a reduction of 102 posts and savings of Rs.1.5 crore per annum.

11. The eventual introduction of the Desk Officer System in the entire ministry would lead to a net reduction of over 400 posts at the level of Assistants, UDC and LDC. The immediate implementation in at least the “core” sections will result in a net reduction of 130 posts estimated to result in a saving of Rs.3.1 crore per annum. It is recommended that the Desk Officer System be implemented fully in

the MEA within a period of 3 to 4 years. Of all the ministries of the Government of India, MEA would be eminently suitable for immediate implementation of the desk officer system so that it is totally in force in 3 to 4 years.

12. With widespread use of word processing and sharing of secretarial staff among under secretaries (and first secretaries in missions abroad), it should be possible to reduce the number of PAs / stenographers drastically. MEA should make a beginning by making two officers share one PA at its headquarters as well as in missions abroad. At MEA headquarters this would reduce the number of PAs attached to Under Secretaries by 50% with a saving of 35 posts. Similar arrangements in missions abroad by sharing of secretarial assistance by First Secretaries could result in reduction of 92 posts at the level of PS / PA / stenographer. These reductions in the headquarters and in the missions abroad should result in estimated saving of Rs.15 crore per annum.

13. Reciprocity need not be the dominant consideration for establishing missions abroad. In fact, this should be subordinate to strategic, political, economic and commercial considerations.

14. Criteria for opening or continuing missions abroad should broadly be -

- Political importance and strategic sensitivity of the country in question;
- Economic importance of the country in terms of its size (GDP);
- Trade potential of the country not only in its relevance to India but also viewed in the context of its share in global trade; and endowment of natural resources; and
- Potential for two-way foreign direct investment (FDI) and the importance of the country in the context of global FDI.

15. The argument that it is necessary to have missions abroad for canvassing that country's support for a permanent seat on the Security Council and such other matters does not carry conviction. Canvassing support for a permanent seat on the Security Council can be done through that country's mission in New

York. Moreover, special envoys can always be sent from time to time for such specific purposes. It is thus necessary to reevaluate the need for missions abroad in the light of the above.

16. Bearing in mind the economic, political, strategic and cultural interests, missions in seven countries could, in the first instance, be straightaway shut down. Out of a total 157 missions and posts abroad, this would result in a saving of Rs.12.08 crore per annum and reduction of about 69 posts abroad including local posts.

17. However, there should be scope for further reduction in the light of the criteria cited above. The Expenditure Reforms Commission would strongly urge closing down some of the missions and posts abroad and is convinced that it should be possible to do so. However, this is an exercise that can be carried out only after detailed study. It is, therefore, suggested that in the first instance seven missions be shut down; the broad criteria that should underlie the detailed scrutiny of the need for and location of Indian missions and posts abroad have been indicated. Such a review should not only aim at reducing the number of missions in the light of the foregoing criteria and other relevant considerations, but also examine how best some of them could be relocated, if necessary, to better serve the country's interests. In undertaking this review it would be useful to keep in mind where other major third world countries maintain missions abroad, though no doubt the political and other considerations of each country are different.

18. The need for continuing some of the new missions opened in countries of the former Soviet Union (FSU) during the last decade would need to be reviewed.

19. The trimming of some of the larger missions and minimising the strengths of the marginal missions as recommended in the report could result in a total reduction of 127 posts (including local) and estimated savings of Rs.15 crore per annum.

20. Apart from trimming the staff strength, the whole question of sending India based supporting staff to missions abroad needs to be critically examined. Informal enquiries from one of the missions abroad show that, by and large, local staff at the level of assistants / steno-typists, consular clerk / LDC cost about 40% of India based staff, if one were to compute all the costs involved in sending India based staff. If terminal benefits, educational expenses of India based staff etc. are taken into account the gains of employing local staff could be even more favourable depending on the size of the families of India based staff. What is more the local staff are bilingual.

21. This should also apply to Indiabased chauffeurs particularly if in view of court orders MEA is compelled to allow them to take their families abroad. An exception could however be made for chauffeurs of heads of mission in countries that are fraught with high security risks.

22. In large missions like those in London, Washington and New York, many ministries and departments like defence, cabinet secretariat, finance, commerce, science & technology, railways, tourism, human resource development, etc. have their own officers within the Indian missions or have full-fledged offices of their own. This is because of the perceived potential for considerable bilateral cooperation and interaction in these fields. While their need has not been examined in this report, it is necessary for the ministries concerned to review the need for their continuation. It is also necessary to examine whether the career personnel of MEA cannot perform these functions more economically. Where security considerations are involved, the Committee of Secretaries and the Cabinet could undertake this review. However, merely replacing officials of other ministries with those from MEA will not result in any savings or economy.

23. It should be left to MEA's offices abroad to cater to the requirements of the other ministries / departments within the manpower and financial resources allocated to it. In turn, this will require putting in place an arrangement by which the other ministries/departments can correspond directly with MEA's offices abroad, without having to go through MEA. The only exceptions can be where it

is clearly established that either MEA does not have the technical competence to handle a particular item of work or that even if MEA does have the competence it is absolutely essential for a ministry / department to have its own office / officers abroad. The question of the other ministries / departments 'paying' MEA for such services should not be there. Where other ministries / departments / organisations have their own office / officers abroad fresh proposals for their continuation should be taken to the Cabinet for a decision. This would give MEA an opportunity to indicate whether they would be in a position to competently handle the particular item of work within their allocated resources. Simultaneously, it would be up to the ministry / department bringing the proposal to the Cabinet to give full justification if they consider it necessary to continue the present arrangement of having their own officers / offices abroad. This exercise would also give government an opportunity to examine whether the offices / officers are necessary at all, irrespective of whether it is the MEA or the concerned ministry / department that should be carrying out the work. For instance, it can well be argued that offices abroad of the Tea Board could be closed down!

24. In the interests of productivity and economy, an increase is recommended in the normal tenure of postings abroad from the present 3 years to 4 while the tenure at hardship stations could remain at 2 years. With the change proposed in the periodicity of transfer, and consequently, of home leave passages, there would be a saving of about Rs.14 crore a year.

25. For home leave and emergency passages, officers should be allowed to make their own choice of airline and route and be paid 75% of the normal Air India full fare. Apart from administrative convenience this should save about Rs.5 crore per annum.

26. It would be administratively less cumbersome to fix a lump-sum compensation payable on transfer from a mission abroad instead of actual freight and packaging charges, etc. The compensation could be fixed at 75% of the estimated cost of transporting the officer's full entitlement of baggage and

packing charges. An estimated Rs.2 crore of savings per annum could be available from implementing this recommendation.

27. The MEA's book value of the properties owned abroad is only Rs.370 crore. Actually, the properties may be worth several thousand crores of rupees. Efforts should be made to assess the current market value of the properties. Once the total market value is known, it will be easier to justify and approve expenditure on their proper maintenance. For a foreign visitor, the appearance of the embassy residence and office could be his or her first impression of the home country.

28. A frequent cause for delay in executing construction projects in missions abroad has been repeated changes in the architectural plans for construction following changes of head of mission, differences with the Indian architect appointed by MEA, etc. There is urgent need for adopting the practice of freezing a construction plan once it has been decided upon.

29. It is necessary to recognise the trend that the spouses of many diplomatic officers are career persons who are not inclined to devote much time to entertaining at home. Considering this and other factors, the practice of renting large accommodations with a view to entertaining at home should be abandoned in favour of functional apartments for officers other than heads and deputy heads of mission. An average cut of at least 20 per cent in the rentals would result in savings of over Rs. 17 crore per annum.

30. The need for and the size of the representational grant (RG) should be dependent on the nature of responsibilities of the officer. It may be desirable to evolve a formula for RG by giving suitable weights to different factors. It would thus be wrong to treat it as part of salary or to link it with the level of salary. In this backdrop, the need for giving representational grant (RG) to audit officers posted abroad or to those whose functions do not call for interaction outside the mission would need review. Further, it should not be lost sight of that the basic

characteristic of RG is that it is intended to reimburse the expenditure incurred by an officer on entertainment *and is not an entitlement*.

31. At present an outfit allowance is paid on the occasion of every posting abroad as well as once in a career at headquarters. It may be restricted to just two occasions in a career.

32. In regard to children's education allowance, it is recommended that the officials be made to pay 25 per cent of the school fees abroad in lieu of the Rs.200 per month per child deducted at present.

33. There appears to be no rationale for MEA personnel continuing to get additional credit of leave of 15 days for every year of service abroad. The reduction of leave entitlement for service abroad to 30 days would *notionally* save Rs 10 crore a year.

34. Officers and staff posted in missions abroad are entitled to reimbursement of medical expenses. To discourage any possible tendency for abuse, it may be desirable to make the officers and staff bear a certain proportion of the medical bills or have a minimum deductible amount from each medical claim. (Members of the CGHS make a monthly contribution.) Further, it may be necessary to revive the earlier practice of medical examination before posting a person abroad so that missions are not doubly vulnerable to large medical bills and prolonged or periodic unavailability of the officer or staff member concerned.

The provision for treatment in third countries when adequate medical facilities do not exist in the host country may require review. Where adequate medical facilities are available in the home country (namely India) and it is more economical to do so, including cost of transport, then this may be insisted upon instead of treatment in third countries.

All things considered it may be more efficient and economical to subscribe to some kind of group medical insurance wherever such facilities are available. This is an aspect that government may wish to consider.

35. MEA's existing crypto-system architecture is being radically remodelled. This would reduce the manual work and permit cipher assistants to be more readily deployed (partly) for other duties in missions / posts abroad. MEA should reduce at least 8 posts (10%) from headquarters and at least 5 in stations abroad. This should result in savings of an estimated Rs.1.14 crore per annum.

36. Conceptually, policy planning work is considered very important in every foreign office. In practice, it is often treated as the Cinderella of MEA. It is recommended that the Policy Planning And Research Division be made a part of the Foreign Secretary's office, which would restore its importance. It is also recommended that some outdated functions of the Policy Planning and Research Division be discarded, which would reduce the staff by 16, with an estimated saving of Rs.43 lakh a year.

37. In addition, efforts be made to promote one single think tank dealing with policy planning issues as an independent institution. It should be well funded and should have flexible rules for induction of eminent persons to serve on it, preferably with no permanent positions. It should have flexibility to outsource some of its tasks and should be encouraged to network with a view to adding value to its output.

38. The annual grant for running the Society for Research and Information System for Non-aligned and Other Developing Countries (RIS) is Rs. 1.35 crore for 2001-02. It is paradoxical that in spite of being a research institute, RIS has not escaped the secretariat system. There is clearly need for reduction of support staff, which should conform to the needs of a research institute rather than that of a secretariat department. The senior fellows and research associates can share some of the support staff.

39. The MEA now has administrative jurisdiction over ICWA which, when free from some of the legal entanglements, will no doubt require a decent budget. It is time MEA reversed the proliferation of think tanks and worked towards

consolidating all non-classified research work under the umbrella of ICWA, including merger of RIS with ICWA.

40. Running courses for foreign diplomats is one of the activities of the Foreign Service Institute (FSI). While these courses, including airfares, are provided free to candidates from other developing countries, the courtesy seems to be extended to some better-off countries as well. Further, whether a global power like Russia, an Asian 'tiger' like Singapore and oil rich countries should benefit from such favourable treatment should also be reviewed.

41. The Institute should consider running midcareer in-service training programmes for IFS officers on the lines of training programmes arranged for IAS officers by the Department of Personnel & Training. It might even be useful to have a mix of officers from other services too at such training programmes, as the latter too are increasingly exposed to bilateral and multilateral interactions.

42. It is learnt that considerable expenditure is incurred on sending IFS officers abroad for training or academic study. Government should not have to spend large sums of money on sending officers abroad for short or long term study, whether they are IFS officers or officers belonging to other services. This practice should therefore cease forthwith for officers of all services of government.

43. It would be eminently desirable to have a high-level review of the assistance to neighbouring and other developing countries, which takes up over 40% of MEA's budget.

44. A Parliamentary Committee has already taken the view that the Indian Council for Cultural Relations (ICCR) should continue to be under MEA. It further concluded that it could not over-emphasise the need for a meaningful assessment of the working of the cultural centres abroad. It is recommended that such review be carried out urgently and, pending this, no more cultural centres be opened abroad.

45. It is recommended that fees for a new passport be enhanced from Rs.300 to Rs.600, giving additional revenues of about Rs.75 crore.

46. It is aesthetically odd that refrigerators should adorn the office rooms of senior bureaucrats. This kind of ostentation is best avoided.

47. Even more surprising is the practice of supplying expensive cigarettes to the ministers and senior officers in the MEA, for serving to their visitors. It goes against the ban on smoking in government offices. In most countries, cigarettes are no longer offered to visitors or guests.

48. Implementation of the recommendations made in this report should result in the reduction of 620 posts (9.7%) and savings of about Rs.110 crore or 10.6% of MEA's 'net' budget. There could also be additional revenues of Rs. 75 crore from enhancement of passport fees.

1. Introduction

1.1. Ministry of External Affairs (MEA) is responsible for conducting India's relations with all foreign and Commonwealth countries. Although some countries like Australia and Canada have successfully combined the subject of international trade with foreign affairs, most countries, like India, continue to have separate ministries for these two subjects. In the Indian context, it may be prudent not to change the existing arrangement in which there is a reasonable amount of co-ordination between the ministries concerned, even though there may be some overlap. The functions of the Ministry of External Affairs under the Allocation of Business Rules can be seen at **Annex I**

1.2. The cold war ended over a decade ago and the anticolonial era even earlier. The Indian economy is globalising. The mark that Indian professionals have made abroad along with India's strong showing in the information technology sector has changed most favourably the perceptions concerning Indian immigrants abroad. All this requires a welcome but challenging adjustment of diplomacy from the earlier stance shaped by anti-imperialism, non-alignment, and a relatively closed economy. The role and functions of diplomats would, therefore, assume different dimensions in the changing geo-political world that is fast globalising and where advances in communications and technology have made the world a large village. The organisational set-up at MEA headquarters and its missions abroad must reflect this requirement as also the training programme of the IFS.

1.3. The answer, therefore, lies in cutting the flab wherever it exists. Compared to many other union ministries, the MEA is most exposed to the best administrative practices abroad. It should, therefore, be possible for it to show the way in India at a time when downsized and lean governments are considered not only more economical but also more efficient.

1.4. Not all the recommendations in this report are aimed at downsizing or economy. Some suggestions for restructuring and rationalising have been

made purely for a better working of the ministry, following discussions with MEA officers past and present.

1.5. The report is organised as follows:

The next section deals with the present structure and expenditure profile of the ministry, which also includes the cadre strength of MEA and its missions abroad.

The following section discusses areas of possible savings, both in the headquarters and in the missions abroad. It also deals with reducing the number of Indian missions abroad and trimming the strength of the missions, apart from other issues related to allowances and privileges of officials posted abroad. The merits or otherwise of posting India based supporting staff are also discussed in this section.

The succeeding section dwells on some general issues like computerisation and communications, including communications with missions abroad; and policy planning and research.

This is followed by sections on foreign economic relations and institutions under the Ministry of External Affairs.

The final section sums up the likely savings if the recommendations in this report are implemented.

2. *Present Structure and Expenditure Profile*

A. MEA Budget Grant 2001-02

2.1. A statement showing the detailed provisions in the MEA budget for 2001-02 and the previous two years is at ***Annex II***, some highlights of which are as follows:

2.2. The total budget of MEA for 2001-02 (including Rs.420 cr. plan expenditure) is Rs. 2883 cr. A rather large portion of this budget is earmarked for assistance to neighbouring and other developing countries (Rs.963 cr.)

and Special Diplomatic Expenditure (Rs.712 cr.) both of which are not covered in this report. This leaves a net budget for the normal activities of MEA at Rs.1208 cr. or 42% of the total.

2.3. The major heads of expenditure under this “net” budget are:

| | Rs. Crore |
|--|-----------|
| Salaries..... | 398 |
| Office Expenses..... | 210 |
| Rents, Rates & Taxes..... | 196 |
| Foreign Travel..... | 22.5 |
| Property – major works | 94 |
| Adv. & Publicity | 44 |
| Grant to ICCR | 40 |
| Another way of looking at it is: | |
| MEA Secretariat | 120 |
| Missions abroad | 756 |
| Passport & Emigration | 98 |
| Grant to ICCR | 40 |
| Entertainment of Dignitaries..... | 23 |
| Major Works..... | 94 |
| Contribution to International Organisations..... | 35 |

2.4. But this does not give the total picture. For example, many of the missions abroad meet the expenditure of their commercial wings from the budget of the Ministry of Commerce, with the posts being manned either by IFS officers or others. Likewise, there are many other ministries whose representatives function in missions abroad, with the expenditure being met out of their respective budgets. Strictly speaking, the expenditures incurred from the budgets of these ministries should also be included to correctly reflect the cost of missions and posts abroad.

B. Organisational Set-up at the Top

2.5. Apart from the Foreign Secretary, MEA has 3 other Secretaries with designations Secretary (East), Secretary (West) and Secretary (Economic Relations). In addition, there are the Dean of the Foreign Service Institute, who is also of Secretary’s rank, and 3 Additional Secretaries, including AS (Finance). In practice, however, the number of additional secretaries in headquarters (in MEA and organisations under it) exceeds this number. Even

if this is within the overall sanctioned strength for headquarters and missions and posts abroad, such redeployment should be in accordance with prescribed procedures and dictated by exigencies of work rather than conveniences of cadre management.

2.6. The Foreign Secretary is only the first among equals. But he is recognised by those outside MEA, including the prime minister's office (PMO) and the diplomatic corps as the administrative head of the Foreign Service. The Foreign Secretary himself handles most of the important countries like the P-5, the G-8, the neighbouring countries and the UN, leaving the rest of the world to his colleagues. The Foreign Secretary is thus greatly overburdened with day-to-day matters, while the other secretaries have comparatively lighter loads. One can suggest three alternative solutions:

- a) The Foreign Secretary could be given a higher status of Secretary General (SG) whereby all the divisions in MEA are shared amongst the other 3 secretaries, leaving the SG free to oversee the entire ministry.
- b) The next option could be that the Foreign Secretary lets the other secretaries run all the territorial (and functional) divisions leaving him or her free to handle special tasks and policy planning. There would be a clearly stated understanding that the Foreign Secretary would be fully briefed on important matters by the other Secretaries. It is understood that the French have this system.
- c) Yet another option could be that only additional secretaries assist the Foreign Secretary. The 3 other posts of secretary, in that event, would be exchanged with 3 posts of additional secretary held by heads of mission abroad. This may, however, unbearably increase the workload of the Foreign Secretary.

2.7 Designating the Foreign Secretary as Secretary General might be fraught with other problems. Apparently, this was examined by earlier pay commissions and was not pursued because it might give rise to similar claims from other ministries like finance, defence, railways, etc. The third option

proposed above that of having only one post of secretary with three additional secretaries to assist the Foreign Secretary might not work in practice as most foreign diplomatic corps and others are status and protocol conscious. The Commission would therefore suggest the second option mentioned above, namely that the other secretaries of the Ministry of External Affairs be entrusted with territorial (and functional) divisions leaving the Foreign Secretary to handle coordination, policy planning, special tasks, cadre management, UN matters and the like.

C. Manpower Strength of MEA and its Missions/Posts abroad

2.8 The cadre strength of MEA at headquarters and missions / posts during 1999-2000 is given at **Annex III**. The position by category of officers is as follows:

| <u>Group</u> | <u>Headquarters</u> | <u>Missions</u> | <u>Total</u> |
|--------------------------------|----------------------------|------------------------|---------------------|
| A (i) IFS "A" | 192 | 427 | 619 |
| (ii) IFS "B" Gr. I (DS/US) | 49 | 98 | 147 |
| (iii) Legal & Treaties Cadre | 17 | 0 | 17 |
| (iv) Interpreters Cadre | 8 | 27 | 3 |
| Total A Group | 266 | 552 | 818 |
| B (i) IFS "B" Section Officers | 170 | 175 | 345 |
| (ii) IFS "B" Assistants | 367 | 410 | 777 |
| (iii) IFS "B" PS/PAs | 261 | 392 | 653 |
| (iv) Cipher Assistants Cadre | 80 | 141 | 221 |
| Total B Group | 878 | 1118 | 1996 |
| C (i) IFS "B" UDC/LDCs | 459 | 196 | 655 |
| (ii) IFS "B" Stenographers | 42 | 77 | 119 |
| Total C Group | 501 | 273 | 774 |
| Total Cadre Strength | 1645 | 1943 | 3588 |

In addition to the above cadre strength, MEA is estimated to have the following on its rolls:

| <u>Group</u> | <u>Headquarters</u> | <u>Missions</u> | <u>Total</u> |
|-----------------------------|----------------------------|------------------------|---------------------|
| Other C Group & D Group | 951 | 393 | 1344 |
| Local Employees in Missions | | 1708 | 1708 |
| Grand Total | 2596 | 4044 | 6640 |

2.9 In addition, the Central Passport Organisation, a subordinate office under MEA, has 1938 sanctioned posts and 540 casual employees spread all over India. Further, there are 177 India-based posts and 121 local posts in missions abroad, borne on the budget of Ministry of Commerce.

2.10 The SIU conducted a work-study of MEA in the early 1990s and submitted a provisional report in 1993. This report recommended a cut of 256 posts. After years of negotiations, MEA has finally abolished 151 posts in May 2000. The figures above are after deducting these posts. According to MEA, there are now no vacant posts since vacancies are filled up on a regular basis¹.

2.11 There have been comments in the press and publications that the ratio of officers at headquarters to those in missions abroad is rather low as compared to other countries. The ideal ratio is supposed to be 1 officer at headquarters for every 2 officers in missions abroad. If the ratio of IFS 'A' officers alone is considered, the ratio no doubt is low at 1: 2.84. However, since officers of Grade I of IFS "B" are interchangeable with IFS "A" at the level of Deputy/Under Secretary, it would be more relevant to include such IFS "B" officers. In that case the ratio comes to 1:2.23. This is only a little off the ideal ratio of 1:2. The ratios of headquarters strength to missions strength at various levels are as follows:

| | |
|--|---------|
| IFS "A" (excluding 42 probationers and leave reserve at hqrs.) | 1:2.84 |
| IFS "A" (excluding 42 probationers etc. at hqrs.)+ Gr.I of IFS "B" | 1:2.23. |
| India-based employees of all grades | 1 :0.9 |

¹ However, according to the Department of Expenditure, Pay Research Unit's brochure on Pay and Allowances of Central Government Civilian Employees 1998-99, there were 6969 sanctioned posts in all as on 31.3.99 of which 6403 were filled.

| | |
|---|--------|
| All employees, including local employees abroad | 1:1.56 |
| Ratio of local employees to India-based personnel in missions | 1:1.37 |

It will be seen that if India-based employees of all grades are taken into account, **the ratio of 1:0.9 indicates that MEA headquarters has a rather high number of employees below the level of section officer, especially in class C; in other words, while the officer-oriented system has been adopted abroad, it has not been seriously attempted at headquarters.**

D. Direct Recruitment

2.12 The total sanctioned strength of Indian Foreign Service (A), after the fourth cadre review of 1995, is 619. The number of officers recruited each year through open competitive examination for IFS (A) since 1946 is given in ***Annex IV***. It will be seen that the intake was rather high in the years 1964-65 and again during the period 1974-81 at 20 to 25 officers per annum. It is this bulge in recruitment combined with raising the retirement age from 58 to 60 that has caused a bottleneck in promotions in the ministry. A fifth cadre review is at the initial stages of preparation. The underlying objectives behind the cadre review are said to be to: (i) estimate requirement of officers in the next five years; (ii) increase recruitment taking into account promotional avenues (iii) ensure timely promotion and (iv) move towards an officer oriented system.

2.13 However, any tendency to create posts for the sake of finding slots for promotion is unhealthy and should be discouraged. The levels of posts should be determined by the nature of work and responsibilities and not influenced by the desire to ensure career progression of officers. Of course, this would be true of all services and not just of the IFS.

2.14 Considering that the ministry is already having problems of stagnation at the levels of director and joint secretary, it may be inviting similar problems in future if the annual intake into the IFS “A” through the UPSC is increased from the present level of about 10 or less per year. It is the number of posts at the higher levels that should strictly determine the induction of officers into the Foreign Service.

E. Exchange of Officers with other Ministries

2.15 MEA does recognise the need for posting of officers in other ministries, partly to provide the needed posts for senior officers at headquarters and partly to provide IFS officers with experience of departments other than external affairs. Thus, 16 officers of ranks varying from joint secretary to under secretary are deployed in the Ministries of Defence, Finance, Commerce, Petroleum and Atomic Energy as well as at PMO, National Security Council and NDC.

2.16 It may be desirable for IFS officers to be also posted in social sector Ministries to give them a more rounded and realistic background of their country. A corresponding number of equivalent posts could be surrendered in MEA’s headquarters establishment, so that the number of posts as determined on the basis of cadre reviews does not get altered. It would be equally useful to provide for mid-career training at institutions like NIRD, Hyderabad for the same reason. With increasing globalisation, almost every ministry is to some degree connected with international relations. These ministries would, therefore, find it useful to have IFS officers deputed to them (and perhaps vice versa too).

3. Areas of Possible Savings

3.1. At Headquarters

A. Excessive Personal Staff at Top Levels

3.1.1 A perusal of the deployment list of MEA shows that each secretary has a personal staff of 3 PS / PAs, 1 or 2 clerks and 3 or 4 peons. Joint Secretaries have 2 PS / PAs, 1 clerk and 2 peons. Considering that the productivity of every typist should have at least doubled as a result of the transition from the manual typewriter to the electronic word-processor and that the trend is towards a paperless system, these numbers appear excessive. Besides, these senior-most officers remain so busy on the telephone and with visitors that they hardly have much time for dictation. Once this flab of personal staff of PAs and peons is reduced at the top, the other officers below and the sections may more readily fall in line.

3.1.2 It is, therefore, recommended that there should be a reduction of at least 1 PA or clerk and 1 peon in the personal staff of each of these officers, resulting in a total reduction of 51 posts of PA /UDC / LDC and 51 posts of peon. The resulting economy in expenditure may be no more than Rs.1.5 crore per annum but it will help greatly in creating an atmosphere of austerity.

3.1.3 Of course, this prescription will apply *mutatis mutandis* to other ministries as well.

B. Desk Officer and Officer – Oriented Systems

3.1.4 The Department of Personnel has been recommending the Desk Officer System with varying degrees of success to ministries in the Government of India since the 1980s. Essentially, it cuts down the number of assistants, UDCs and LDCs while increasing the number of stenographers to serve desk officers who would be of the rank of under secretary or section officer. In MEA a similar system, called officer-oriented system has been implemented quite successfully in most of its missions abroad. It does not appear to have been pursued seriously at headquarters.

3.1.5 The desk officer system would mean cutting down posts of assistant and UDC/LDC and adding some posts of section officer and stenographer. The number of posts added would not be more than 40% of the posts axed.

3.1.6 In MEA there are about 130 sections, cells and units of which nearly 90 belong to support divisions like administration, finance, etc. or to specialised divisions like consular and passports, protocol, Foreign Service Institute. That leaves about 40 sections dealing with the core functions of MEA like relations with individual countries and regions of the world, UN, disarmament, policy planning, external publicity, and economic and technical cooperation. It is recommended that the desk officer system be implemented in the entire ministry over a period of time. A beginning should be made immediately with these 40-odd “core” sections. On an average such sections have 4/5 posts of assistant or UDC or LDC per section. Thus, 180 posts in these categories should be replaced with 20 additional posts of section / desk officer and 30 posts of stenographer (to serve 60 section / desk officers). This will result in a net reduction of 130 posts. The subsequent extension of this system to other sections could yield a saving of a further 275 posts.

3.1.7 The suggested immediate reduction of 130 posts at MEA headquarters should give savings of an estimated Rs.3.10 crore per annum. The Expenditure Reforms Commission would recommend that the desk officer system be implemented fully in the MEA within a period of 3 to 4 years. Of all the ministries of the Government of India, MEA would be eminently suitable for immediate implementation of the desk officer system so that it is totally in force in 3 to 4 years.

C. Pooling of Personal Assistants / Stenographers

3.1.8 While the officer-oriented system requires a PA for every officer, even this can now be improved upon with the latest communication systems. With the transition from the manual typewriter to the computer word-processor, as pointed out earlier, the output of every typist should at least have doubled. Besides, all new recruits in the IFS (A) are already computer-literate or have been made so during the course of their training. They are quite at ease doing word-processing themselves without the help of stenographers. They do, however, need some secretarial assistance for attending to their telephone calls, taking care of their papers, appointments, etc. The ministry's PAs and also some assistants are quite suitable for this kind of work. For this kind of limited assistance it is really not necessary for one PA to look after one under secretary at headquarters or a first / second secretary in a mission abroad.

3.1.9 Enquiries with some foreign missions reveal that most of their officers, except the very senior-most, either do not have secretaries or they share one secretary amongst three officers on an average.

3.1.10 MEA should make a beginning by making two officers share one PA at its headquarters as well as in all missions abroad. At MEA headquarters this would reduce the number of PAs attached to under secretaries by 50% i.e. a saving of 35 posts of PA.

3.1.11 As for missions abroad, it is recommended that while officers above the rank of first secretary may continue to have one PS / PA each, the first secretaries, wherever there are more than one, may share one PA between two officers. Wherever there is only one first secretary, he or she may continue to have a PA. This will result in the reduction of 92 posts at the level of PS / PA / stenographer abroad. (The cost of a post abroad can be 4 to 6 times that of an equivalent post at headquarters).

3.1.12 The reduction of 35 posts of PA /stenographer at headquarters and 92 such posts in missions abroad (cost varies from station to station) should result in estimated savings of about Rs.15 crore per annum.

D. Miscellaneous

3.1.13 In spite of there being 49 government-owned vehicles at the disposal of the MEA, as many as 25 cars on an average are hired every month. The Finance Division in the ministry should look into the need for so many vehicles. Incidentally, there are 6 unused vehicles in a dilapidated condition occupying parking spaces at Akbar Bhavan. These need to be disposed of immediately.

3.1.14 It is understood that refrigerators are provided by the ministry to officers of the rank of additional secretary and above at headquarters and, sometimes even to joint secretaries, presumably to serve cold drinks or water to visiting foreign diplomats and dignitaries. It is very doubtful whether such visitors ever ask for cold drinks or water during their short visits to the MEA. It is also aesthetically odd that refrigerators should adorn the rooms of senior bureaucrats. This kind of ostentation is best avoided.

3.1.15 Even more surprising is the practice of supplying expensive (India Kings) cigarettes to the offices of ministers and senior officers in the MEA, for serving to their visitors, at a cost of about Rs.3 lakh per annum, as follows:

| | |
|--|---------------------|
| Minister/Secretary/ Additional Secretary | 400 cigarettes p.m. |
| Joint Secretary | 200 cigarettes p.m. |
| Director/ Deputy Secretary | 100 cigarettes p.m. |

Smoking has long been prohibited in government premises in Delhi and cigarettes/cigars have ceased to be offered to visitors and even dinner guests in most capitals of the world. This practice in MEA should be discontinued immediately.

3.2. Missions Abroad

A. Reducing the Number of Indian Missions Abroad

3.2.1 India has a total of 124 missions (including permanent representatives to international organisations) and 33 posts abroad. On the other hand, there are 139 foreign missions in New Delhi, including 30 representative offices of international / multilateral organisations. It is said that Delhi ranks fourth amongst the capitals with the highest number of diplomatic missions, which may be indicative of the importance in which India is held abroad. While this may put India under pressure to show reciprocity in establishing missions abroad, reciprocity is obviously not the overriding consideration in establishing missions.

3.2.2 For example, the following countries do not have resident missions in New Delhi although India has resident missions in their capitals:

- | | |
|----------------|----------------------|
| 1. Azerbaijan | 7. Maldives |
| 2. Botswana | 8. Malta |
| 3. Guyana | 9. Mozambique |
| 4. Ivory Coast | 10. Papua New Guinea |
| 5. Jamaica | 11. Seychelles |
| 6. Madagascar | 12. Tajikistan |

On the other hand, the following countries maintain resident missions in New Delhi without reciprocity from India:

- | | |
|-----------------------|------------|
| 1. Bosnia-Herzegovina | 4. Rwanda |
| 2. Congo | 5. Somalia |
| 3. Holy See | 6. Uruguay |

It is thus clear that reciprocity is not the dominant consideration in establishing missions abroad. In fact, it should be subordinate to political, economic and commercial considerations.

3.2.3 There is an impression that India is over-extended in terms of diplomatic missions abroad and that some of them could easily be shut down by arranging for concurrent accreditation from neighbouring capitals. The impression is perhaps not unjustified and would merit closer scrutiny. Some of the criteria for opening or continuing missions abroad could be:

- political importance and strategic sensitivity of the country in question;
- economic importance of the country in terms of its size (GDP);
- trade potential of the country not only in its relevance to India but also viewed in the context of the country's share in global trade; and endowment of natural resources;
- potential for two-way foreign direct investment (FDI) and the importance of the country in the context of global FDI

The argument that it is necessary to have missions abroad for canvassing that country's support for a permanent seat on the Security Council and such other matters does not carry conviction. Canvassing support for a permanent seat on the Security Council can be done through that country's mission in New York. Moreover, special envoys can always be sent from time to time for such specific purposes. It is thus necessary to reevaluate the need for missions abroad in the light of the above.

3.2.4 India has a lean economic and commercial relationship with countries in Africa and Latin America. It has 19 missions (and 5 posts) in sub-Saharan Africa, which has 51 countries. Similarly, India has 13 missions (and 1 post) in Latin America and the Caribbean countries, a region comprising 33 countries. India's strong cultural links with South and East Africa may be used as an argument for strengthening her presence in this region. Further, one may say that this is the last development frontier where other countries are seeking to maximise their commercial ties, whereas India is fortunate by virtue of older and

better relations with many of these countries. Other arguments for a stronger Indian presence in this region are that:

- (a) India is the largest single trade partner of Tanzania;
- (b) India buys about US\$1 billion of oil from Nigeria every year;
- (c) Telecommunications Corporation of India Ltd. (TCIL) has established interest in 24 sub-Saharan African countries;
- (d) India's total trade with sub-Saharan Africa has grown from US\$ 1.7 billion in 1994-95 to US\$ 7.10 billion in 1999-2000, registering an increase of about 315 per cent in a period of five years; though this is less than 10% of India's global trade, the significant point is that Africa offers substantial scope for future growth not only for Indian products but also Indian project exports;
- (e) Indian construction, power equipment and transmission line companies which have already achieved considerable success in countries like Libya and Iraq, for example, are equally capable of landing a large number of projects in Africa under multilateral or bilateral aid, which is increasingly open to international bidding.

3.2.5 These arguments are easily refuted. India's interests in this region could be sustained and strengthened through a strategic reorganisation and, if necessary, relocation of her missions in economic and commercially important countries with simultaneous accreditations to neighbouring countries. Moreover, pushing Indian project exports, construction contracts, etc. could be better accomplished through the presence of major Indian corporates specialising in these fields (including Indian public sector undertakings) and presence of organisations like the Export-Import Bank of India (EXIM Bank). Mention has been made above that the Telecommunications Corporation of India Ltd. (TCIL) has established interest in 24 sub-Saharan African countries. Taking a cue from this, other major Indian corporates (including public sector undertakings) could establish their presence, if need be, in strategically important countries of this

region. This would obviate the need for Indian missions in these countries, which would be less effective in any case.

3.2.6 As for Latin America and the Caribbean, India's trade with this entire region is only of the order of US\$ 1.5 billion or less than 2% of India's total global trade; what is more, it is only 0.2% of that region's global trade. Future prospects for India in this region may also be limited in view of the geographical distance. Oil imports from Venezuela and contracts like RITES' successful bid through a consortium for the Atlantic Railway Network of 1494 kilometres for rehabilitation and maintenance of locomotives and rolling stock, and management of railway workshops in Columbia, may owe more to the aggressive marketing of the concerned organisations than to the presence of Indian diplomatic missions in these regions. In any case, such commercial contracts and interests can always be pursued through the accredited mission in that region.

3.2.7 India has missions in three of the Caribbean countries, the major justification for which seems to be nurturing of cultural ties with people of ethnic Indian origin. Indians are said to constitute a fairly high proportion of the local population in countries like Guyana, Suriname and Trinidad & Tobago. On the other hand, in Jamaica, Indians are said to number no more than 50,000 among a total population of 2.5 million. As India does not have any noteworthy economic or political relations with Jamaica and also since Jamaica does not have a mission in New Delhi, closing down the mission in Kingston (Jamaica) should be seriously considered. It is learnt that in the past the mission in Jamaica was closed down but later revived for reasons that are unclear. In addition to closing down the mission in Jamaica, the other missions in the Caribbean countries could also be considered for closure, if their sole justification is maintenance and nurturing of cultural ties. This could easily be done by private cultural organisations like the Bhartiya Vidya Bhawan, for instance.

3.2.8 Bearing in mind the economic, political, strategic and cultural interests, missions in the following countries could, in the first instance, be straightaway shut down:

| Country | Annual FE Expenditure (Rs.cr) | No. of Personnel |
|---------------------|--------------------------------------|-------------------------|
| 1. Botswana | 1.95 | 14 |
| 2. Burkina Faso | 0.74 | 3 |
| 3. Jamaica | 2.49 | 10 |
| 4. Malta | 0.79 | 7 |
| 5. Papua New Guinea | 1.97 | 11 |
| 6. Seychelles | 2.09 | 12 |
| 7. Peru | 2.05 | 12 |
| Total | 12.08 | 69 |

This would amount to less than 5% of the total number of Indian missions and posts abroad. Of the seven countries mentioned above, the first six do not have any residence mission in New Delhi. As for the mission in Burkina Faso, it was apparently set up on the occasion of a transit visit of the then Prime Minister and was never closed down subsequently. **The savings resulting from the closure of these seven missions would be Rs.12.08 crore, based on the budget for 1999-2000. The number of posts that would be reduced as a result, including local posts, would be 69.**

3.2.9 However, there should be scope for further reduction in the light of the criteria cited above (in paragraph 3.2.3). The Expenditure Reforms Commission would strongly urge that not only is there a need for closing down some of the missions and posts abroad but that it should be possible to do so. However, this is an exercise that can be carried out only after detailed study. It is, therefore, suggested that in the first instance 7 missions be shut down; the broad criteria that should underlie the detailed scrutiny of the need for and location of India's missions and posts abroad have been indicated. Such a review should not only aim at reducing the number of missions in the light of the foregoing criteria and other relevant considerations, but also examine how best some of them could be relocated, if necessary, to better serve the country's interests. In undertaking this review it would be useful to keep in mind where other major third world countries maintain missions abroad, though no doubt the political and other considerations of each country are different.

Review of Newly –established Missions in Countries of Former Soviet Union (FSU)

3.2.10 New Missions have been opened in the following countries over the past decade after the dissolution of the Soviet Union, largely on strategic and some long-term economic considerations:

| Country | Annual FE Expenditure Rs. Cr. | No. of Personnel |
|----------------|--------------------------------------|-------------------------|
| Armenia | 1.70 | 8 |
| Azerbaijan | 2.07 | 8 |
| Belarus | 2.17 | 19 |
| Kazakhstan | 3.32 | 23 |
| Kyrgyzstan | 2.97 | 21 |
| Tazikistan | 2.37 | 18 |
| Turkmenistan | 3.50 | 20 |
| Ukraine | 4.71 | 26 |
| Uzbekistan | 3.66 | 30 |
| Total | 26.47 | 173 |

It would be worthwhile conducting a review whether the experience so far has justified the establishment of these missions. If not, concurrent accreditation to some of these countries should be considered. It does appear to cost more to maintain missions in these countries than in other developing countries. Therefore, even where it is considered essential to maintain a resident mission, reducing the personnel to about 10 as suggested in the case of “minimissions” below should be considered.

B. Trimming The Strength Of Some Missions Abroad

3.2.11 There is greater need for a continuous trimming of posts in missions abroad. Posts abroad can often cost about six times as much as the same posts at headquarters. No doubt, the ministry’s Committee of Secretaries has recently transferred 16 posts of officers along with 16 posts of PS / PAs from missions abroad to headquarters. Much more needs to be done in this direction. While it may not be possible to recommend reduction of posts on any scientific basis without actual inspection of the individual missions concerned, it would be worthwhile for MEA to consider reductions prima facie in the following missions keeping in mind the totality of relations with the concerned countries:

| | Mission | Present Strength including Local employees |
|---|------------------|---|
| 1 | Egypt..... | 62 |
| 2 | Ethiopia..... | 24 |
| 3 | France..... | 89 |
| 4 | Ghana..... | 32 |
| 5 | Kenya..... | 56 |
| 6 | Sri Lanka..... | 181 |
| 7 | Switzerland..... | 43 |
| 8 | Thailand..... | 62 |
| | Total | 549 |

Even if a cut of only 10% were applied, it would result in a saving of 55 posts abroad.

3.2.12 There are some countries with which interaction is at present minimal even though from the long-term point of view it may be desirable to maintain presence there. For such countries the concept of “mini-missions” could be evolved, with no more than 4 to 5 India-based and 5 to 6 local personnel. Such strength would comprise:

| India-based | Local |
|--------------------|-----------------------|
| Ambassador 1 | Interpreter 1 |
| Attaché 1 | Receptionist/Typist 1 |
| PS / PA 1 | Chauffeur 1 |
| Cipher Asstt. 1 | Messenger 1 |
| | Watchmen 2 |

Missions in the following countries could well be covered under this formula:

| Country | Present Strength (including local) |
|----------------------------|---|
| Algeria..... | 19 |
| Columbia..... | 14 |
| Cuba..... | 14 |
| Ivory Coast..... | 13 |
| Kazakhstan..... | 23 |
| Kyrgyzstan..... | 21 |
| Madagascar..... | 16 |
| Morocco..... | 19 |
| Panama..... | 13 |
| Senegal..... | 16 |
| Sudan..... | 25 |
| Tajikistan..... | 18 |
| Tunisia..... | 16 |
| Turkmenistan..... | 20 |
| Total strength..... | 247 |

At a strength of 10 per mission, the above 14 missions would add up to 140 personnel. It is recommended that, allowing for a margin of 50% additional strength in half these missions, adding up to a total of 175, there should be a reduction of 72 posts.

3.2.13 Thus, the trimming of some of the larger missions and minimising the strength of the marginal missions as shown above could result in a total reduction of 127 (including local) posts in missions abroad leading to possible savings of Rs.15 crore per annum.

C. Conversion of India-based Posts into Local Posts in Missions

3.2.14 Apart from trimming the staff strength, the whole question of sending India based support staff to missions abroad needs to be critically examined. Informal enquiries from one of the missions abroad show that, by and large, local staff at the level of assistants / stenotypists, consular clerk / LDC cost about 40% of India based staff, if one were to compute all the costs involved in sending India based staff. If terminal benefits, educational expenses of India based staff etc. are taken into account the gains of employing local staff could be even more favourable depending on the size of the families of India based staff. What is more the local staff are bilingual.

3.2.15 The composition of the British High Commission personnel in New Delhi is noteworthy. It is as follows:

| | |
|-------------------------------|------------|
| Officers with Diplomatic rank | 106 |
| Other home-based staff | 7 |
| Locally recruited staff | <u>302</u> |
| Total strength | 415 |

This is a far cry from the composition of Indian missions abroad where, in most cases, more than 50% of the strength is home-based. To some extent, the difference between India's practices, say in Europe, and the British practice in New Delhi is understandable.

3.2.16 India is one of the few countries where not only lower grade employees but also well – qualified white-collar and technical personnel are available at highly economical emoluments as compared to developed country home-based staff. Obviously, the situation is different for Indian missions in developed countries. Further, in many developing countries, it may not be easy to find enough qualified and English – speaking local staff. Nevertheless, since on a rough-and-ready basis an India-based employee costs about double or more the amount payable to a local employee, there should be a continuous effort (say in Europe) to examine whether some of the India-based posts could not be converted to local posts.

3.2.17 A case in point is that as many as 64 India-based chauffeurs are posted in missions / posts abroad in cities ranging from nearby Dhaka to distant Washington D.C. There are, no doubt, security considerations involved for a place like Islamabad or even Colombo. The posting of India-based chauffeurs to developed – country capitals may also have been justified saying that it costs somewhat less than employing a local chauffeur. This is because India-based chauffeurs have hitherto not been allowed to take their families abroad at government expense and are, therefore, not provided family accommodation abroad. However, if as reported in the press, a court has ruled that chauffeurs must be allowed to take their families abroad, the posting of India-based chauffeurs should be restricted to stations involving security concerns. For an India-based chauffeur, with family, would cost the government at least twice as much as a local chauffeur in a place like Berlin.

3.2.18 On enquiry from some other countries, it was found that Canada never posts home-based chauffeurs abroad; the French post them only in places like Lebanon and Algeria where they have security problems. The Japanese too have home-based personnel only where there is security risk but in such cases they get specially trained security personnel from Japan to chauffeur their cars.

D. Posts of Other Ministries Abroad

3.2.19 In large missions like those in London, Washington and New York, many ministries and departments like defence, cabinet secretariat, finance, commerce, science & technology, railways, tourism, human resource development, etc. have their own officers within the Indian missions or have full-fledged offices of their own. This is because of the perceived potential for considerable bilateral cooperation and interaction in these fields. While their need has not been examined in this report, it is necessary for the ministries concerned to review the need for their continuation. It also necessary to examine whether the career personnel of MEA cannot perform these functions more economically. Where security considerations are involved, the Committee of Secretaries and the Cabinet could undertake this review. However, merely replacing officials of

other ministries with those from MEA will not result in any savings or economy.

3.2.20 At present the work requirements in foreign countries of other ministries / departments are met in a number of ways. Many ministries address their enquiries to MEA / the missions abroad leaving it to them to take necessary action including giving feedback. Several ministries have their own officials in the Indian missions abroad to attend to their work requirements. The defence ministry and its various wings, science & technology, human resources development, tourism, railways etc. come under this category. There are also organisations like ITPO, Tea Board, ITDC etc., which have their own offices in several countries. Yet another arrangement that prevails relates to the carrying out of commerce ministry's work abroad. While the entire bill (about Rs.60 crore per annum) is borne by the commerce ministry, most of the officials carrying out the commercial functions belong to the Ministry of External Affairs.

3.2.21 Information was sought from all ministries / department regarding their offices / officials abroad. While complete information is yet to be received from many ministries / departments, the replies received so far do point to a fairly large presence abroad of officials of the ministries / departments other than MEA. There are 316 officials for commerce ministry related work, 175 officials of the defence ministry and its various wings (not including 235 officials in the Record and Pension Offices at Katmandu, Pokra and Dhavan) 64 in the various offices of ITDC, 180 of the Ministry of Water Resources in Bhutan and Nepal, and so on. These add up to a very significant number in relation to MEA's own India based staff strength abroad of about 2300. Considering that an official posted abroad costs several times that of a counterpart posted in India, this represents a significant budgetary outgo.

3.2.22 Clearly there are two advantages in the work relating to other ministries / departments being carried out by MEA offices abroad. The first, MEA's knowledge of, and contact with, officials of that country is a major plus point. Secondly, to the extent these other items of work are carried out by MEA within the financial and manpower resources authorised for it, it would be a cost

efficient arrangement. As such, it should be left to MEA's offices abroad to cater to the requirements of the other ministries / departments, within the manpower and financial resources allocated to it. The question of the other ministries / departments 'paying' MEA for such services should not be there. In turn, this will require putting in place an arrangement by which the other ministries / departments are enabled to correspond directly with MEA's offices abroad, without having to go through MEA. The only exceptions can be where it is clearly established that either MEA does not have the technical competence to handle a particular item of work or that even if MEA does have the competence it is absolutely essential for a ministry / department to have its own office / officers abroad. All such cases where other ministries / departments / organisations think it necessary to have their own office / officers abroad should be taken to the Cabinet for a fresh decision. While doing so, MEA should have a fresh opportunity to examine the proposal and indicate whether they would be in a position to competently handle the particular item of work within their allocated resources. Simultaneously, it would be up to the ministry / department bringing the proposal to the Cabinet to give full justification if they consider it necessary to continue the present arrangement of having their own officers / offices abroad. This exercise would also give government an opportunity to examine whether the offices / officers are necessary at all, irrespective of whether it is the MEA or the concerned ministry / department that should be carrying out the work. For instance, it can well be argued that offices abroad of the Tea Board could be closed down!

E. Miscellaneous

i. Increasing the Tenure of Postings Abroad from 3 to 4 years

3.2.23 Except in a few hardship posts, MEA observes the norm of posting an officer for 3 years in a station abroad. The ministry also tries to rotate officers between comfortable and not-so-comfortable postings. While 3 years may be considered a reasonably long time to enable an officer to give of his best in an English-speaking country, it may be inadequate in other countries where English

is not in use. In such countries it takes much longer to become familiar with the local scene, establish contacts and, perhaps, even learn the language. It is then a pity to transfer the officer just when he may have started becoming most useful. Therefore, in the interests of productivity and economy, it is recommended that the normal tenure be increased to 4 years while the tenure at hardship stations could remain at 2 years. This will also affect the entitlement to mid-term home leave fares as discussed below.

ii. Mid-term Home Leave Fares

3.2.24 Officers are entitled to one set of mid-term home leave fares for the entire family during a posting to a mission abroad. The officer is also entitled to home leave fares at the time of transfer from one station to another abroad, even if the transfer is to a neighbouring mission. As a result, home leave passage is available, on an average, every 18 months abroad if the normal tenure is three years. In addition, the officer is entitled to 2 single emergency passages to India and back during one's career. In addition, senior officers visit Delhi for consultations. Not all countries provide such home leave fares. Malaysia, for example, provides such passages only for hardship posts. The Japanese provide it once every three years, except in hardship posts where the entitlement is after 18 months. The French give it roughly every two years. If MEA extends the normal tenure of a posting abroad from three years to four years, the entitlement for home leave fares could remain at one for every posting and, on an average, it would become once in two years instead of once in 18 months. However, if for some reason, the ministry is unable to increase the tenure beyond three years, there should be no need to allow the facility of mid-term home leave fares at all. In either case, the entitlement of emergency passages, which is at present set at two single return passages during one's career, may be increased to four. Since, in the case of hardship posts, the tenure recommended is two years, the question of mid-term home leave fares should not arise.

3.2.25 The total provision for expenditure for 2000-01 under the head 'Travel Expenditure', other than local tours, is Rs. 64.14 crore. This includes transfer, home leave, children's holiday, emergency and courier passages. While the first two items involve entire families, the last three items involve only individuals. It may, therefore, be estimated, on a rough basis, that the expenses on transfer passages and home leave passages in a year would be about Rs. 55 crore. **With the change proposed in the periodicity of transfer and home leave passages, there would be a saving of 25%, i.e. about Rs. 14 crore in a year.**

iii. Choice of Airlines

3.2.26 At present, officers availing of the mid-term home-leave or emergency passage are compelled to travel by Air India even though other airlines may be offering discounts or better packages in terms of routes and stopovers. Some officers say that they would be ready to settle for a compensation amount of say 75% of the AI full fare if such an option were available.

3.2.27 It is recommended that, for home leave and emergency passages, officers be allowed to choose their own airline and route and be paid 75% of the normal AI full fare. Apart from administrative convenience this should save about Rs.5 crore per annum.

iv. Baggage Allowance on Transfer.

3.2.28 Senior officers on transfer are entitled to carry 2800 kgs. by sea or 1120 kgs. by air, inclusive of the free allowances by the carrier. Lower grades of officials are allowed 1400 / 560 kgs. and 700 / 400 kgs. respectively. Times were when these limits were barely adequate. On outward journeys a diplomatic officer would be taking sacks of Indian provisions and decorative items. On the way back he would be laden with the latest in audio and video equipment in addition to other consumer durables and clothing. Much of this has changed, especially as regards the journey home. As a result, since a “free” allowance of 2800 / 1120 kgs. is available, there is reportedly a tendency to bring along even junk, packed and freighted at government expense. Full packing charges are admissible on transfer from mission to mission or mission to headquarters. The packer has to be on the panel of approved packers drawn up by each mission.

3.2.29 It would be administratively less cumbersome to fix **a lump-sum compensation payable on transfer from a mission abroad**. The compensation may be fixed at 75% of the estimated cost of transporting the officer’s full entitlement of baggage and packing charges.

3.2.30 **Considering that there would be about 800 transfers of personnel from stations abroad per annum, an estimated Rs.2 crore of savings per annum could be available from implementing this recommendation.**

v. Government-owned Property Abroad

3.2.31 As against the total number of 157 missions and posts abroad, Government of India owns 73 chanceries (embassy offices), 77 embassy residences and 600 other residences, i.e. it owns roughly 50% of the chanceries and embassy residences and about 35% of other residences. These are satisfactory figures considering that it may not be prudent to own property in every capital, irrespective of the depth of one’s relationship. In some cases the rents are too low to justify capital expenditure on purchase of property.

3.2.32 The MEA's book value of the properties owned abroad is only Rs. 370 crore (excluding inherited properties in London, Washington, etc.). Actually, the property may be worth several thousand crores of rupees. It may be recalled that in 1991, when India was facing a severe foreign exchange crisis, the Ministry of Finance seriously considered selling some of the property in Tokyo to improve India's balance of payments situation. **It is recommended that efforts be made to assess the current market value of properties owned by MEA. Once the total market value of the government property is known, it would be easier to justify and approve expenditure on its proper maintenance.** For a foreign visitor, the appearance of the Embassy Residence and Office could be his first impression of the home country.

3.2.33 The management and prompt maintenance of such vast assets should be considered one of the more important administrative tasks in MEA. In addition, the concerned division (Establishment Div.) has to handle proposals for fresh purchases, construction of new premises on existing plots of land or redevelopment of old property. This merits due recognition in MEA in terms of manpower and delegation of powers in property matters. **Greater strength at officer level would also help the ministry become more proactive in pursuing property matters rather than merely reacting to proposals from heads of mission (HOMs).** As HOMs are in a station for only about 3 years, often the tendency is to avoid getting involved in tedious correspondence, and sometimes possibly controversial situations.

3.2.34 The ministry currently owns 14 plots of land where construction is yet to begin. In 5 of these cases, planning for construction is said to be at an advanced stage. There are also 5 major renovation projects and 3 redevelopment projects that need to be taken up on priority. **A list of such plots of land and projects in hand is given at Annex V. The ministry also has properties and projects in India as listed at Annex VI.**

Costly Delays in Property - Related Projects

3.2.35 Some of the plots owned by the ministry were acquired as long ago as 1965 (Brasilia) and 1968 (Kathmandu) but the projects for utilising them are still incomplete. The Kathmandu Chancery Project makes a sad case study. The plot is a part of the India House Estate inherited from the British. President Zakir Hussain laid the foundation stone for the project in October 1968. Initially, the CPWD was involved in the project but for one reason or the other the plans drawn up by them could not be accepted. In 1986, the project was taken away from the CPWD and Shri Satish Gujral was selected as architect for the project. Ever since then, there has been no final decision on the design even though the Foreign Secretary has been involved on occasions. Underlying this is a series of differences between the architect and a succession of Indian ambassadors in Kathmandu. Every time there is delay, there is escalation of estimates and more fresh ideas come to the fore. There appears to be no conclusion to the discussions and deliberations so far. Similar developments have affected the proposed projects in several other places like Beijing, Brasilia and Doha. Contributing to the delay has been the occasional suspension of such fresh projects abroad on account of India's foreign exchange situation.

3.2.36 Equally depressing delays have occurred in redevelopment projects in Singapore and Tokyo where no final view has emerged in spite of visits to these places by teams of senior officials. These indecisions have led to losses of crores of rupees in rentals. For example, the residence of the Deputy Chief of Mission (DCM) in Tokyo became uninhabitable because of the age of the building and the incumbent had to be moved to an expensive rented accommodation. It has long been established in consultation with the local architects that in place of the old bungalow due for demolition, an apartment complex for the Deputy Chief of Mission and other senior officers could be constructed. Unfortunately, there has been no decision on this proposal because it has been interlinked with the proposal for construction or redevelopment of the embassy residence and the chancery premises. It is understood that the present Indian ambassador in Tokyo as well as his predecessor have recommended that,

instead of the highly involved question of redeveloping the three properties in any interconnected way, **it would be best to just carry out the urgent repairs at the embassy residence and undertake the construction of the apartment complex on the site of the earlier residence of the DCM.**

3.2.37 A frequent cause for delay in executing construction projects in missions abroad has been repeated changes in the architectural plans for construction following changes of head of mission, differences with the Indian architect appointed by MEA, etc. One of the problems encountered in designing such projects is that the HOM or some senior officer feels that privacy would be affected if the residences were in the proximity of the chancery or to one another. This tendency must be severely discouraged; optimal use of the land should be the dominant consideration.

3.2.38 **There is urgent need for adopting the practice of freezing a construction plan once it has been decided.** It might make things more practical if local architects were appointed for carrying out a project although in major projects like chancery or embassy residence, the Indian architect could be associated at the early stage to give the design an Indian character.

vi. Rented Residential Accommodation for Diplomatic Officers Abroad

3.2.39 Discussions with officers of MEA, past and present, give the impression that Indian diplomatic officers abroad are increasingly being given generous residential accommodation at excessive rental costs. Accommodation is hired on the continuing assumption that they would be giving sitdown parties at home, requiring a separate dining room, large enough to accommodate a table for 12 to 18 persons, and a proper drawing room that could accommodate dinner and cocktail party guests. On the same consideration, accommodation is rented in the choicest location of the capital. Crockery, cutlery, glassware, table linen, furniture and furnishings of a high quality are provided keeping this job requirement in mind.

3.2.40 The trend, however, is that the spouses of many of these officers are career persons who are not inclined to devote so much time to entertaining at home. Nor is it feasible any longer for most of the officers to be able to get trained domestic servants who could attend to the catering and service. The result is that officers either tend to entertain in clubs and restaurants or simply hold buffet parties at home. It is, therefore, recommended that, in the interest of economy, it would be realistic to recognise this trend and modify the requirement of accommodation for diplomatic officers, other than the head of mission and deputy head of mission, to purely functional apartments. Since the accommodation can only be changed at the time of change of incumbent or expiry of lease, this suggested change would necessarily be over a period of say 3 years.

3.2.41 In missions where the chancery premises have a suitable hall or other common areas, the officers could be provided with pooled equipment like linen, crockery, cutlery, glassware, etc. to give larger parties, should such larger parties be considered necessary or useful at their level by the head of mission.

3.2.42 Practices in renting residential accommodation for their officers in missions abroad seem to vary from country to country. While some countries include the rent in the foreign allowance, most countries would appear to pay the rent directly to the landlord after the officer has located rented accommodation within given limits. In other words, the practice is generally similar to that adopted by MEA. Most countries, however, expect entertainment at home only by the HOM and DCM and, in some cases, also by heads of wings.

3.2.43 The provision for rentals other than embassy residences and chanceries abroad for 1999-2000 is Rs. 87.71 crore. **An average cut of 20 per cent in these rentals is recommended resulting in savings of about Rs. 17 crore per annum.**

vii. Representational Grant

3.2.44 The above observations regarding the relationship between residential accommodation of diplomatic officers and their representational grant (RG) assumes that MEA's present system of providing individual representational grant for all officers from ambassador down to third secretary should continue. On a sample survey of the practice of other countries, it appears that a large number of countries sanction a bulk representational grant for each of their missions and put it at the disposal of the head of mission (HOM). It is then up to the HOM to allow the use of this centralised RG by individual officers of the mission according to need. Some other countries provide such grant only to the heads of wings apart from the HOM and DCM.

3.2.45 While the practice MEA follows may not be the one followed by a majority of other countries, it is a better practice and should, therefore, continue. It has the additional merit of compelling junior officers like third secretaries to learn the art of entertaining.

3.2.46 Representational grant (RG) is meant for developing and nurturing contacts in the host country with a view to promoting the home country's interests in different fields; in other words 'to represent' the country's interests abroad. Therefore, the size of the representational grant should be dependent on: the nature of responsibilities of the officer; the size of the host country; its political, economic, military, cultural and strategic importance to the home country; and other relevant factors. It may be desirable to evolve a formula for RG, giving suitable weights to different factors. It would thus be wrong to treat it as part of salary or to link it with the level of salary. In this backdrop, the need for giving representational grant (RG) to audit officers posted abroad or those whose functions do not call for interaction outside the mission may need review. Nor is it necessary to sanction RG based on the rank of an officer if his duties in the mission do not involve representational responsibilities. Further, it should not be lost sight of that the basic characteristic of RG is that it is intended to reimburse the expenditure incurred by an officer on entertainment *and is not an entitlement*.

3.2.47 Where special events are organised for visiting delegations from India, like road shows and the like, it is only fair that they carry a special grant for this purpose. For, first, the representational grant of the mission may be insufficient to meet such extraordinary expenditures; and secondly, such expenditures should correctly be booked against the budget of the ministry or department of the visiting delegation. A special representational grant to the mission to cover such expenditure would not be correct, unless it is for expenditure relatable to the mission or MEA.

viii. Outfit Allowance

3.2.48 An outfit allowance is admissible to an officer every time he gets posted abroad whether from India or from another station abroad. It is intended for meeting the expenditure involved in initially providing the officer and the officer's family with clothing and such other equipment as may be required for living abroad, for formal occasions and for subsequent renewal of such clothing and equipment. In addition, it is also admissible at headquarters once during the entire career of the officer.

The amounts admissible are:

| | |
|----------------------------------|-----------------------------|
| Officers of rank of US and above | Rs.6500 per foreign posting |
| Section Officers and equivalent | Rs.4500 |
| Other Grades | Rs.3500 |

3.2.49 Such repeated payment of outfit allowance may have been justified when standards of clothing and grooming were vastly different between India and foreign countries. The differences have since greatly narrowed with globalisation, and India is in fact exporting fashion. Also, on being posted abroad, the officer is paid a foreign allowance that should compensate for not only the higher cost of living but also the higher standard of living required of diplomatic personnel. To the extent that an officer serving in a diplomatic mission does need some formal attire prescribed by his or her country, it is recommended that the allowance may be paid on just two occasions in a career: initially, on first posting abroad and the second time on first posting abroad in a selection grade (Grade IV or above of IFS "A"). Keeping in mind the increasing costs of good clothing, the allowance may be revised upwards to Rs.10000, Rs.6500 and Rs.5000 respectively for the three categories of officers above. Incidentally, this measure should result in an estimated saving of Rs.25 lakh per annum, though economy is not the underlying objective.

ix. Children's Education Allowance

3.2.50 Until 1981, one of the major concerns of the personnel in missions abroad was the high cost of children's education in some host countries. Government of India's decision to bear the cost of children's education abroad (less mandatory recovery of Rs.200 per month per child) was, therefore, a great relief. However, the total expenditure on this item (running into several lakhs of rupees per child per annum) is quite high. The expenditure on children's education was Rs. 40.80 crore in 199899 rising to Rs.42.65 crore in 199900. It is learnt that the annual expenditure per child can vary from US \$ 150 to as high as US \$ 14,000 (in Geneva).

3.2.51 On enquiry from some representative foreign missions in Delhi, it is learnt that the Canadians and the Japanese pay such fees only within a cap fixed for each station. The French do not pay any such education allowance and it is treated as part of the foreign allowance (as used to be the case with the IFS until 1981). The Malaysians pay full fees up to the primary level and make the officials pay one-third of the fees for the secondary level.

3.2.52 India, like Malaysia, is still a developing country. It would be prudent to discourage government servants from sending their children to the most expensive elite schools abroad. It is, therefore, recommended that all levels of officials be made to pay 25 per cent of the fees in lieu of the Rs.200 per month per child deducted at present.

3.2.53 There is also a provision in the ministry's rules that if the child is being educated in India, annual fees up to Rs.16, 000 per child would be reimbursed, subject to the mandatory recovery of Rs.200 per month (Rs. 2400 per annum) per child. There is no need to make any change in this provision. In fact, if required, the ceiling of Rs.16, 000 per annum could be suitably raised from time to time, along with increase in the mandatory recovery, to encourage personnel to leave their children behind in India.

The implementation of this recommendation should result in savings of about Rs.8 crore or more.

x. Additional Credit of Leave

3.2.54 MEA personnel are entitled to additional credit of leave of 15 days (i.e. a total of 45 days) for every year served outside India. This may be a carry-over from the British Raj where the British probably considered service in the colonies a hardship. For Indian nationals, there are not many stations abroad, which could be considered hardship postings. It is, therefore, not necessary to allow this additional credit of leave.

3.2.55 As regards other countries, the Japanese do give 50 per cent additional leave entitlement but only for hardship stations. In any case, their basic entitlement is only 20 days per annum. The French also relate leave entitlement to the degree of hardship of a posting. The Canadians do not have any such additional leave entitlement. In the case of the Malaysians, the leave entitlement is related to the length of service and whether an employee enjoys diplomatic or non-diplomatic status. Thus, it varies from 20 to 35 days per annum.

3.2.56 **Considering that the salary bill for India-based personnel serving abroad is about Rs.20 crore per month, the reduction of leave entitlement for service abroad to 30 days would notionally save Rs 10 crore a year.** *Notionally*, because not everyone necessarily utilises the full quota of leave. In that case the leave accumulates and he or she gets the benefit, up to a limit, at the time of retirement.

xi. Medical Expenditure

3.2.57 Officers and staff posted in missions abroad are entitled to reimbursement of medical expenses. The expenditure on medical expenses at the missions abroad was Rs.24.74 crore in 199900, a sharp increase of nearly 20% from Rs. 20.68 crore in the previous year. One mission alone registered an increase of 96% from Rs.2.25 crore in 1998-99 to Rs.4.41 crore in 1999-00.

3.2.58 To discourage any possible tendency for abuse, it may be desirable to make the officers and staff bear a certain proportion of the medical bills or have a minimum deductible amount from each medical claim. (Members of the CGHS make a monthly contribution.) Further, it may be necessary to revive the earlier practice of medical examination before posting a person abroad so that missions are not doubly vulnerable to large medical bills and prolonged or periodic unavailability of the officer or staff member concerned.

3.2.59 The provision for treatment in third countries when adequate medical facilities do not exist in the host country may require review. Where adequate medical facilities are available in the home country (namely India) and it is more economical to do so, including cost of transport, then this may be insisted upon instead of treatment in third countries.

3.2.60 All things considered it may be more efficient and economical to subscribe to some kind of group medical insurance wherever such facilities are available.

4. Other Issues

4.1. Computerisation & Communications

4.1.1 The ministry has set up an IT Task Force which has *inter alia* recommended that all sections should be provided with PCs and equipped with e-mail on the recommendation of their respective heads of divisions. While some progress has been made in this direction, a number of sections are still without PCs awaiting provision of extra funds. The Task Force has made out a case for such additional funds on the plea that there would be savings on communications.

4.1.2 The External Affairs Minister is said to have issued a directive to reduce the volume of intra-office paper movement by more frequent use of e-mail. Accordingly, instructions have been issued to all missions that, starting from 16th August 2000, no uncoded fax messages were to be addressed to officers or ministers in the MEA and that they should instead use email. According to the ministry's rough estimates, the reduction in the fax mail as a result is about 30 per cent. Press clippings, however, are still sent by the missions by fax. This too is sought to be eliminated by providing missions with scanners, which could be used for sending the clippings through e-mail.

4.1.3 Admittedly, the ministry and the missions are going through a period of transition where some messages are received thrice over, through e

mail, fax and diplomatic bag. This is to be sorted out over a period of time. It is also learnt that there is greater difficulty in getting senior officers, rather than those working below them, to use computers. Hence, the Foreign Service Institute has been holding special courses for training in email, Internet, etc.

4.1.4 The External Publicity Division, the CPV Division, the Foreign Service Institute, as also several of the Indian missions abroad have already established their websites. As a result, passport and visa rules, for example, are now available to the public on the website. Action is underway to put the administrative rules and instructions, the O&M Manual and the Passport Regulations on CD ROMs.

4.1.5 NIC has developed office automation software for government offices based on the Manual of Office Procedure. The IT Task Force of the ministry has decided that the software would be installed in one of the sections of the ministry for evaluation. The main features of the software are as follows:

- a) It is an integrated package which gives administrative support right from diarising of receipts, updating its status, opening of new files, movement of files, despatch of letters / files and record management.
- b) It helps monitor pending cases and assists in easy tracking of letters and files.
- c) It is designed to meet the requirements of government offices based on the Manual of Office Procedure of the Department of Administrative Reforms and Public Grievances.
- d) It provides for multi-user data entry and query.

MEA's progress in this area appears commendable.

4.2. Communication with Missions Abroad

4.2.1 While with most of its missions abroad MEA continues to communicate through the existing public switch telephone network, it also has a high frequency radio communication network (HFRC), set up at an exorbitant cost of Rs.32.6 cr. connecting only 22 stations abroad. This system is now being

phased out and the hardware passed on to other users of wireless equipment within the government. The ministry is considering going in for a VSAT-based dedicated global intra-communication network for voice, data and video communications. It is claimed that the capital cost of the proposed new communications infrastructure would be roughly equivalent to the annual recurring expenditure on the HFRC network sought to be phased out.

4.2.2 MEA's existing crypto-system architecture is being radically remodelled, based on PCs and related software encryption equipment. Realtime trials between headquarters and selected missions have already been concluded. It was expected that the automated one-time cipher link would be fully established by the end of 2000. This would reduce the manual work and permit cipher assistants to be more readily deployed (partly) for other duties in missions / posts abroad.

4.2.3 The cipher cadre of MEA has 221 cipher assistants of whom 79 are posted at headquarters, while 142 are posted abroad. It is expected that at least in some missions abroad, deploying cipher assistants parttime for other work will release some posts of general assistants. The number is difficult to quantify at present but the ministry will have to watch the situation. It is also conceivable that with the proposed modernisation of cipher work, the number of cipher assistants at headquarters could also reduce. At the same time, it should be possible to reduce the number of cipher assistants in missions where there is more than one cipher assistant. There are 9 such stations: Dhaka (2), Islamabad (3), Kathmandu (2), London (2), Moscow (3), New York (2), Paris (2), Tehran (2), and Washington (3)

4.2.4 Enquiries with some foreign missions in New Delhi, like the Japanese, Canadian and French, reveal that they too have home-based specialists or technicians for cipher work and that they are partly deployed on other suitable jobs.

4.2.5 It is recommended that MEA should reduce at least 8 posts of the cipher cadre (10%) from headquarters and at least 5 from the above-named 9 stations where 2 or 3 cipher assistants are posted. **In addition, the 36 posts of general assistant should be reduced at the rate of 1 post each from the 36 larger (Total strength of 30 posts or more, including local staff) missions. This should result in savings of 49 posts at an estimated Rs.6.64 crore per annum.**

4.3. Policy Planning & Research

4.3.1 In foreign offices the world over policy planning is considered of high importance and is, therefore, manned by some of the most capable people available. In 1964, the Plowden Report in the UK described the goal of policy planning as answering 'specific well defined questions and leading to well defined conclusions'. In USA, when the Policy Planning Council was created under the State Department, it was enjoined to address matters of 'long range policies' and to act as a guide to current policy and operations.

4.3.2 In India too, the Pillai Committee (1966) recommended a Policy Planning and Review Division 'to be headed by a senior officer of exceptional ability with a specific flair for research work, assisted by a corps of competent deputies'. In addition, it recommended a Policy Planning and Review Committee to function under the chairmanship of the Foreign Secretary consisting of MEA Secretaries, the Chairman of the JIC and the Commerce Secretary.

4.3.3 Unfortunately, except for periods when Shri D. P. Dhar in the 70s and Shri G. Parthasarathy in the 80s headed the Policy Planning Committee, it has rarely commanded much importance. This is largely due to the territorial divisions in the ministry zealously guarding their papers without any automatic circulation to the PP Division. Incoming or outgoing classified telegrams on important political matters are also not automatically marked to this division. As a result, the major input of information to this division comes from the drab Monthly Record of Events received from missions abroad. (An officer of the level of under secretary often writes it).

4.3.4 It appears that the best option to give PP&R Division the importance it deserves would be to make it a part of the Foreign Secretary's office. Today, perhaps the best-informed official in the ministry, next to the Secretaries, is Director in the Foreign Secretary's Office. This is by virtue of a copy of every important incoming or outgoing communication having to land on his desk. If the head of the PP&R Division could also be in a similar position, he would then automatically be a well-briefed person who would have to deliver.

4.3.5 It is, therefore, recommended that the policy planning and research division be made a part of the Foreign Secretary's office. In addition, it is also recommended that efforts be made to promote one single think tank dealing with policy planning issues as an independent institution. It should be well funded and should have flexible rules for induction of eminent persons to serve on it, preferably with no permanent positions. It should have flexibility to outsource some of its tasks and should be encouraged to network with a view to adding value to its output.

4.3.6 The existing PP&R Division has in it: (a) a research section with 7 personnel including 1 peon, (b) a library with 9 personnel including 3 attendants and (c) an R&M section with 7 personnel.

4.3.7 The research section used to deal with the preparation of the ministry's annual report, maps and the MEA input for the publication of the annual government reference book on India. Of these functions, the annual report is now more often than not drafted by available IFS probationers rather than by the regular research personnel. All work relating to maps has been transferred to the concerned territorial divisions. Drafting of speeches for PM has been transferred to PMO. Thus, there is very little work left for this section and it could easily be wound up, with the residual work being transferred to the Indian Council of World Affairs (ICWA), which has recently been reclaimed by MEA through a government ordinance.

This would result in the reduction of 7 posts and a saving of an estimated Rs.17 lakh a year.

4.3.8 The MEA library located at Patiala House has a very large number of valuable books but the number of visitors is not more than one a day on an average. For that, it engages one director, 3 librarians, 2 LDCs and 3 library attendants. The library is not open to people other than MEA personnel. The books of this library along with some of the personnel could perhaps also be moved to ICWA. Alternatively, since the Foreign Service Institute also has a library and is planning to move to a 6 - acre campus in 2 years, the MEA library should be merged with that of FSI. That way, the library would still remain government property.

Either way, this measure would save 9 posts at an estimated Rs.26 lakh a year.

4.3.9 The Research and Maintenance Section is basically concerned with storing of and weeding out records. This is primarily an administrative function and could be transferred, along with the staff, to an administrative division once the PP Division becomes a part of the Foreign Secretary's Office or moves to the Foreign Service Institute.

4.3.10 The PP&R Division's functions also include networking with other research institutes, funding of some of the NGOs and the administrative charge, for the present, of ICWA. This work can continue, as it would be directly related to the main policy planning and research work. Not all the work of policy planning and research can be transferred out of the ministry to an autonomous body like the ICWA since it involves classified papers.

5. Foreign Economic Relations

5.1. There is increasing emphasis on economic diplomacy in MEA with 4 divisions and units attending to economic relations. Apart from the main Economic Division, the other three divisions / units relate to technical co-

operation, multilateral economic relations and investment promotion and publicity.

5.2. There is no doubt some overlapping between MEA and some economic ministries like finance, commerce and industry. In some countries like Canada and Australia, the subject of international trade has been combined with foreign affairs. MEA appears to have been successful over the years in having its role accepted as a co-ordinator and adviser. Thus, the Economic Division of the Ministry is well represented on the Co-ordination Committee for the WTO, Board of Trade, FIPD, FIIA, ITPO, Exim Bank, etc. The ministry also represents India at the meetings of regional groupings like APEC.

5.3. The Technical Co-operation Division of the ministry arranges training in various courses all over the country from as many as 143 countries under the ITEC and SCAAP programmes. The two programmes, along with the SAARC programme, will cost the ministry Rs.37.64 crore in 2001-02. The administration of the Colombo Plan comes under the jurisdiction of Department of Economic Affairs in the finance ministry. The Colombo Plan is not directly related to any training programmes in the financial sector and the DEA utilises ICCR as agency for looking after the Colombo Plan trainees. In these circumstances, the question whether Colombo Plan should be administered by DEA or by MEA would merit a fresh examination. MEA has a full-fledged Technical Co-operation Division dealing with over 1500 trainees and could easily absorb the work relating to the Colombo Plan. **As much as Rs.963 crore or 33% of MEA's budget is earmarked for assistance to neighbouring and other developing countries, including the amount spent on technical co-operation assistance to them. It would, therefore, be eminently desirable to have a high – level review of these activities to gauge the extent to which they serve the national interests commensurate with the outlay.**

6. *Institutions And Organisations Under Ministry of External Affairs*

A. Indian Council of World Affairs (ICWA)

6.1 As stated above, the Indian Council of World Affairs (ICWA) has recently been reclaimed by MEA through a government ordinance. A final view regarding the relationship between the PP&R Division and the ICWA can be taken only after a legal challenge to the recent ordinance is resolved. Once the legality is confirmed, the ministry could move in faster with adequate funds to set up a prestigious institute on world affairs. It could be the country's most important think tank and research institute on international affairs. It could also become a centre for eminent people associated with track II diplomacy.

6.2 Under the ICWA Ordinance, the External Affairs Minister has been designated as president of ICWA. It is to be an autonomous statutory body to be run with grants from MEA and others. While the land belongs to L&DO, MEA has provided Rs. 80 lakh so far for the renovation of the ICWA building, apart from providing the services of Joint Secretary (PP&R) and some others. The erstwhile ICWA had 12 ad hoc employees who are said to have disappeared, leaving behind 22 clerks and 22 peons.

The objects of the ICWA as stated in the ordinance are:

- a) to promote the study of Indian and international affairs so as to develop a body of informed opinion on international matters;
- b) to promote India's relations with other countries through study, research, discussion, lectures, exchange of ideas and information with other organisations within and outside India engaged in similar activities;
- c) to serve as a clearing house of information and knowledge regarding world affairs;
- d) to publish books, periodicals, journals, reviews, papers, pamphlets, and other literature on subjects covered under clauses (a) and (b);

- e) to establish contacts with organisations promoting objects mentioned in this section;
- f) to arrange conferences and seminars to discuss and study the Indian policy towards international affairs; and
- g) to undertake such other activities for the promotion of ideas and attainment of the above mentioned objects.

Once the ICWA comes into its own, it should be possible to consolidate think tank and research activities within it, instead of in a multiplicity of bodies within MEA or financed by it.

6.3 *It is incongruous for a research institute and think tank to have 22 clerks and peons. At least in a research institute the proportion of clerks and peons should be relatively much lower than in conventional government-type organisations. This number needs to be drastically reduced.*

B. Foreign Service Institute (FSI)

6.4 The Foreign Service Institute (FSI) established in 1986 is a part of the Ministry of External Affairs. It was established to meet the professional training requirements of the officers of the Ministry of External Affairs (MEA), especially those belonging to the Indian Foreign Service. Fresh entrants to the Indian Foreign Service are trained here for about a year before being posted abroad to different Indian missions. In addition, FSI has diversified its activities to include courses of interest to staff and officers of the Ministry of External Affairs at all levels. Apart from the Professional Course for Foreign Diplomats, the FSI conducts familiarisation programmes for foreign diplomats resident in India and orientation programmes for officers of the Ministry of External Affairs and other ministries who are proceeding abroad on posting. The FSI also conducts computer-training courses for MEA officials.

6.5 The Institute should consider running mid-career in-service training programmes for IFS officers on the lines of training programmes arranged for IAS officers by the Department of Personnel & Training. It might even be useful to

have a mix of officers from other services too at such training programmes, as the latter too are increasingly exposed to bilateral and multilateral interactions.

6.6 In addition to running professional courses, the FSI maintains contacts with specialised institutions and academic bodies dealing with diplomacy and international relations in other countries.

6.7 The Institute has a few career IFS officers as its core, headed by the dean who is of the rank of secretary in MEA. In addition, it draws upon a wide cross-section of experts from among India's experienced diplomats, journalists, academics, politicians and other professionals to serve as guest faculty.

6.8 FSI is said to have obtained financial approval to have its own campus in an area of six acres within the JNU Campus. The project may take 2 years to complete at a cost of Rs. 22 crore.

6.9 The professional course for foreign diplomats is open to those countries covered by the Indian Technical and Economic Cooperation (ITEC), the Special Commonwealth Association for Africa and Asia Pacific (SCAAP) and bilateral agreements. FSI does not charge any course fee. The cost of international air travel from the port of embarkation to New Delhi is also borne by the Institute. In addition, the Institute makes arrangements for boarding and lodging and local transportation to and from the place of stay and the Institute. No doubt these free services provided to candidates from other countries (mostly developing countries) create goodwill for India. It would be useful to review whether such favourable treatment should be accorded to a global power like Russia, an advanced 'tiger' like Singapore, oil rich countries like Mexico, Venezuela, Libya and Nigeria and East European countries like Poland, Czech Republic, Hungary, Ukraine, etc.

6.10 The total annual grant for the year 2000-01 for the FSI is Rs.1.5 crore. The cost per course per foreigner comes to about Rs.1.2 lakh. If airfare is added to this, the total cost may be taken to be about Rs.2lakh. About 75 to 100

foreign diplomats attend such courses every year. The present arrangements under which MEA funds the entire expenditure merits a review.

6.11 Incidentally, it is learnt that considerable expenditure is incurred on sending IFS officers abroad for training or academic study. Government should not have to spend large sums of money on sending officers abroad for short or long term study, whether they are IFS officers or officers belonging to other services. This practice should therefore cease forthwith for officers of all services of government.

C. RIS and other Think Tanks

6.12 As part of its functions relating to international economic relations, the MEA finances an autonomous research institution called the Society for Research and Information System for Non-aligned and Other Developing Countries (RIS). The RIS was established in New Delhi after the 7th Summit of NAM held in New Delhi in 1983. It undertakes research work pertaining to global issues in the field of international economic relations and co-operation among developing countries. It conducts research studies, organises conferences and brings out publications and discussion papers including a quarterly journal called RIS Digest and a half-yearly journal, 'RIS Biotechnology and Development Review'

6.13 It is paradoxical that in spite of being a research institute, RIS has not escaped the secretariat system in that it has 8 PS / PAs, 2 clerks, 2 daftaries and 3 peons to serve 3 senior fellows, and 8 research associates. This is in addition to other support staff, namely an administrative officer, an accounts officer, a desk officer and an assistant. The Institute also has a computer unit and a publication centre with 3 officials. *There is clearly need for reduction of support staff, which should conform to the needs of a research institute rather than that of a secretariat department. The senior fellows and research associates can share some of the support staff. Attention is invited in this context to the observations made in paragraph 6.3 above.*

6.14 While it may be useful to have such think tanks to provide intellectual and academic inputs to policy making, there appear to be a multiplicity of such think tanks not only under the Govt. of India but also within a single ministry like MEA. Both the ICCR and the FSI would like to function as think tanks. So does the RIS. The annual grant for running the RIS is Rs. 1.35 crore for 2001-02.

6.15 In addition to these three, the MEA now has administrative jurisdiction over ICWA which, when free from of the legal entanglements, will no doubt require a decent budget. MEA also finances the Institute of Chinese Studies (grant: Rs. 20 lakh for 2001-02). It is time MEA cried halt to this proliferation and worked towards bringing all non-classified research work under the umbrella of ICWA, including merger of RIS with ICWA.

6.16 No major savings of funds may result from these recommendations since grants-in-aid would merely shift from existing institutions to ICWA. However, there could be some savings as a result of common infrastructure and support staff.

D. Indian Council for Cultural Relations

6.17 The Indian Council for Cultural Relations (ICCR) is an autonomous corporate body, funded almost entirely by the Ministry of External Affairs and is under the administrative jurisdiction of that ministry. It was established in April 1950 with the following objectives:

- to participate in the formulation and implementation of policies and programmes relating to India's external cultural relations;
- to foster and strengthen cultural relations and mutual understanding between India and other countries;
- to promote cultural exchange with other countries and peoples;
- to establish and develop relations with national and international organisations in the field of culture; and
- to take such measures as may be required to further these objectives.

6.18 The ICCR functioned under the administrative jurisdiction of the education ministry until April 1970 when, following a decision of the Cabinet Committee on Foreign Affairs, the jurisdiction was transferred to MEA. In 1978, in keeping with the recommendations of the Asoka Mehta Committee, the Council took over from the Department of Culture all work pertaining to incoming and outgoing cultural delegations and delegated activities relating to implementation of cultural exchange programmes.

6.19 The total sanctioned staff strength of the ICCR is 338 against which 250 persons are working, including those in its regional offices in India and cultural centres abroad. Over the last decade the Council has never had more than 270 employees, which was reached in 1995-96. The strength has come down to 250 over the last five years even though the budget has gone up from Rs.25 crore to Rs.39 crore during the same period. The Council has avoided making any direct recruitment against the vacant posts for the last five years and the Director General of the Council does not consider it advisable to downsize the strength any further.

6.20 In keeping with the objectives cited above, the Council's chief activities are: (i) scholarships for foreign students; (ii) running cultural centres abroad; (iii) chairs of Indian studies abroad; (iv) performing arts; (v) publications; (vi) distinguished visitors programme; (vii) institutional linkages, seminars and symposia; and (viii) travel grants.

6.21 The breakdown of annual expenditure under broad heads was as follows in 1999-2000:

| | Rs. In crore |
|------------------------------|--------------|
| 1. Cultural Missions abroad | 16.22 |
| 2. Activities | 16.09 |
| 3. Salaries, etc. | 2.67 |
| 4. Regional Offices in India | 2.16 |

Thus, a substantial part of the Council's annual budget is spent on cultural centres abroad. The Council has 14 such cultural centres and the expenditure on each of them during 1999-2000 was as follows:

| <u>S.No.</u> | <u>Name of the Centre</u> | <u>Amount (in Rs.Crore)</u> |
|--------------|---------------------------|-----------------------------|
| 1. | Georgetown..... | 0.95 |
| 2. | Paramaribo..... | 1.04 |
| 3. | Port Louis..... | 1.06 |
| 4. | Jakarta | 1.38 |
| 5. | Moscow | 1.96 |
| 6. | Berlin | 1.18 |
| 7. | Cairo | 1.31 |
| 8. | London | 1.52 |
| 9. | Tashkent..... | 0.89 |
| 10. | Almaty | 0.79 |
| 11. | Johannesburg..... | 0.25 |
| 12. | Durban | 0.43 |
| 13. | Port of Spain | 0.92 |
| 14. | Colombo..... | 0.54 |

6.22 The Sub-Committee of the Standing Committee of Parliament on External Affairs examined ICCR's activities in great detail in 1995-96. Some of the observations and recommendations of the Committee were as follows:

- The Committee considered the question whether the ICCR should continue to be under the administrative jurisdiction of MEA or revert to the Department of Culture. It was of the view that the Council should continue to be under MEA since Indian missions abroad have to play a crucial role in continuously assisting the ICCR in conducting its cultural diplomacy.
- It also recommended that (i) the Director General of ICCR should continue to be from MEA, (ii) the post of DG should be upgraded to the rank of additional secretary and (iii) the posts of the two deputy director generals be upgraded to the rank of joint secretaries. All the 3 posts have since been upgraded.
- The Committee felt that there was a need not only to maintain the work being done by the cultural centres abroad but also substantially step up their activities by opening more centres. It, however, also concluded that it

was in no position to make any satisfactory or worthwhile observations and recommendations on the working of the cultural centres since it had not been able to visit and conduct on-the-spot study of any of the 12 centres then existing. (Since then the number has gone up to 14).

- It further concluded that it could not over-emphasise the need for a meaningful assessment of the working of the cultural centres.

6.23 The review of cultural centres abroad recommended by the Committee needs to be urgently carried out, considering that some of the cultural centres cost even more than some of the smaller-size diplomatic missions abroad e.g. the cultural centres at Moscow (Rs. 1.96 crore) and London (Rs. 1.52 crore). Such a review should also examine whether there are non-governmental organisations, which could achieve similar objectives. For example, it is understood that the Bharatiya Vidya Bhavan in the United Kingdom recently received a substantial grant from the United Kingdom government (under the Millennium Programme). Such subventions should considerably lighten the responsibilities of ICCR in London and reduce its financial burden as the Bhavan may well be duplicating many of the activities of the ICCR in the UK. Avenues for financial support for activities such as those carried out by ICCR must therefore be explored in countries with large ethnic Indian populations, so that the financial and other responsibilities of ICCR may lessen. Pending such review, **it is recommended that no more cultural centres be opened.**

6.24 It also needs to be reviewed whether the Council needs as many as 8 regional offices in India, 4 of which are located one each in the four southern states. The DG of the Council had himself admitted to the Parliamentary Committee that the functioning of some of the regional centres had not been up to expectations. Given the contributions of India's ancient civilisation to the world in terms of language, religion, philosophy, performing arts and generally in culture, there is no doubt that culture has a legitimate role in diplomacy. However, since it is also a subject that arouses instant patriotic fervour, there is danger of a runaway growth in the number of cultural centres abroad and

regional offices in India. It is perhaps time to cry halt to such horizontal growth and concentrate on ICCR becoming a vehicle for enhancing the brand equity of India abroad in collaboration with the External Publicity Division of the ministry. The Parliamentary Standing Committee had also felt that it was time for private impresario groups to come forward and carry on the task of promotion of performing arts abroad on a commercial basis and that the ICCR should concentrate more and more on building intellectual linkages with appropriate institutions abroad.

6.25 Moreover, since the Parliamentary Committee's Report 6 years ago, MEA has resumed jurisdiction over ICWA. Once ICWA is fully equipped it would be appropriate to let ICWA gradually take over some of the work relating to organising workshops and building linkages with intellectual institutions.

6.26 Pending a further review based on the aspects highlighted above, the staff strength should be frozen at the level of the staff actually in position and other vacant posts - over 80- should be abolished forthwith.

E. Central Passport Organisation (CPO)

6.27 The Central Passport Organisation was created in 1959 as a subordinate office of MEA under the control of its CPV Division. The issue of Indian passports is governed by the Passport Act 1967 while matters relating to visa and emigration are governed by the Passport (Entry Into India) Act, 1920. Issuing of passports and visas is an important function of MEA, which brings it in direct touch with the general public. However, a pre-requisite for issue of passports is police verification, which is done by the police authorities.

6.28 At present, 28 passport offices and passport collection centres are functional all over the country. The government has approved the opening of 9 more collection centres subject to state governments making available suitable office space and other facilities. A statement showing the location of the existing passport offices and the existing as well as proposed collection centres is given at **Annex VII**.

6.29 The opening of new passport offices is governed by certain criteria: the location of existing passport offices; volume of applications; and the recommendation of the Standing Committee of Parliament for External Affairs that there must be at least 50,000 applications per annum from an area to justify a new passport office.

6.30 The number of passports issued has been growing steadily. The number of passport applications received and the number of passports issued over the years 1997, 1998 and 1999 are as follows:

| <u>Year</u> | <u>No. of Applications received</u> | <u>No. of Passports issued</u> |
|--------------------|--|---------------------------------------|
| 1997 | 23,77,882 | 22,26,412 |
| 1998 | 25,48,803 | 22,22,786 |
| 1999 | 25,09,904 | 25,80,113 |

6.31 The revenue earned by the passport offices from passport fee and other services was Rs. 82.20 crore in 199900, which was fairly close to the expenditure of Rs. 87.57 crore in that year. In addition, MEA receives about Rs. 350 crore a year by way of visa fees and charges for other consular services collected by the missions / posts abroad.

6.32 The CPO has 1938 sanctioned posts and 540 casual employees. SIU carried out a study of the passport offices in May 2000 and has recently arrived at provisional findings, which are under discussion by them with the CPO. Briefly, the SIU study reveals that there is a case for some increase in the manpower of passport offices under the CPO and that there is no surplus manpower available with the organisation.

Computerisation in Passport Offices

6.33 The CPV Division of MEA appears to have done commendable work in improving the quality of services rendered to the public and in computerisation. Twenty of the 28 passport offices in the country have so far been computerised over a period of 12 years. E-mail facility is operational at 18

of the passport offices and the CPO has a website, which was launched in September 1999.

6.34 To further streamline the processing procedures, the Committee on Non-Plan expenditure approved a comprehensive computerisation programme in 1998. The division has sought an additional provision of Rs. 30 crore to have this project executed by NIC. Among other things, such comprehensive computerisation will prevent a person from obtaining several different passports from different passport offices in India.

6.35 Machine writing of passports is being introduced in Delhi on an experimental basis by a vendor. It is expected that machine writing will be provided in all other passport offices in the near future.

6.36 While there may be some reduction in support staff resulting from computerisation and machine writing of passports, the lower posts are expected to be converted to higher posts to respond to the need to improve the services of the passport offices. CPO will then have a proper inspection system whereby all the passport offices could be inspected at regular intervals.

Passport Service Fee

6.37 The fee for various passport services was last revised in 1993. As the cost of living index has risen by about 60% since 1993, **there is good justification to make an upward revision in the passport fee from the present Rs. 300 to Rs. 600.** The justifications are as follows:

- The present fee does not cover the costs, when elements like the cost or rent of property, depreciation of equipment, etc. are taken into account
- It will help amortise the cost of computerisation and machine – writing of passports.
- It will help improve the quality of services, including the replacement of some existing posts with higher – grade posts,
- It will obviate the need for further increases over the next few years.

- It is understood that even in other South Asian countries like Bangladesh, Sri Lanka, etc. passport fees are anywhere from Rs. 600 to Rs. 1000.
- Higher fees are already being charged for quicker service under the 'Tatkal' Scheme being implemented from 1.1.2000. Under this scheme, a fee of Rs. 1000 or Rs. 1500 is charged (depending on the urgency) for out of turn issue of passports within one or two weeks to eligible applicants provided such cases are certified by an officer not below the rank of deputy secretary to GOI.

It is recommended that fees for a new passport be enhanced to Rs.600, giving additional revenues of about Rs.75 crore.

7. Implementation

7.1 Implementation of the recommendations made in this report should result in the reduction of 620 (9.7%) posts and savings of Rs. 110 crore or 10.6% of MEA's 'net' budget. There could also be additional revenues of Rs. 75 crore from enhancement of passport fees.

Allocation Of Business Rules

1. External Affairs.
2. Relations with foreign states and commonwealth countries.
3. Indian Council for Cultural Relations
4. All matters affecting foreign diplomatic and consular Officers, UN Officers and its specialised agencies in India.
5. Passports and visas excluding the grant of visas or endorsement for entry into India but including the grant of entry permits to South Africans of Non-Indian origin under the Reciprocity (South Africa) Rules, 1944 and the grant of entry visas for Sri Lankan nations except missionaries.
6. Extradition of criminals and accused persons from India to foreign and commonwealth countries and vice versa and general administration of the Extradition Act, 1962 (34 of 1962) and extra-territoriality.
7. Preventive detention in India for reasons of State connected with External and Commonwealth affairs.
8. Repatriation of the nationals of foreign and Commonwealth States from India and deportation and repatriation of Indian nationals of foreign and Commonwealth countries to India.
9. Immigration to India from the Union of South Africa or any other country to which the Reciprocity Act, 1943 (9 of 1943) may apply.
10. All Consular functions.
11. Travel arrangements for traders and pilgrims from India to Tibet region of China.
12. Scholarship to foreign students for study in India under different schemes.
13. Political pensions paid to foreign refugees and descendants of those who rendered services abroad.
14. Ceremonial matters relating to foreign and Commonwealth Visitors and Diplomatic and Consular Representatives.
15. Matters in respect of Pondicherry, Goa, Daman and Diu, involving relations with France and Portugal.
16. Relations with States in Special Treaty relations with India such as Bhutan.

17. Himalayan expeditions: permission to foreigners to travel to Protected Areas other than those with which the Ministry of Home Affairs (Grih Mantralaya) is connected.
18. Coordination and development measures in border areas.
19. United Nations, Specialised Agencies and other International Organisations and Conferences.
20. Indian Foreign Service.
21. Indian Foreign Service Branch 'B'.
22. Foreign Service Training Institute.
23. External Publicity.
24. Political treaties, agreements and conventions with foreign and Commonwealth countries.
25. (a) Pilgrimages to places outside India, including the administration of the Haj Committee Act, 1959 (51 of 1959) and the Rules made thereunder and Indian Pilgrim Ship Rules, 1933, and Pilgrim parties from India to Shrines in Pakistan and vice versa.
26. (b) Protection and preservation of Non-Muslim shrines in Pakistan and Muslim Shrines in India in terms of Pant-Mirza Agreement of 1955.
27. Abducted Persons (Recover and Restoration).
28. Questions relating to minority communities neighbouring countries.
29. Recovery of advances granted to the evacuees from Burma, Malaya, etc., during the years 1942-47 and residual work relating to refugees given asylum in India during World War II.
30. Notification regarding commencement or cessation of a state of war.
31. Foreign Jurisdiction.
32. Piracies and crimes committed on the High Seas or in the air, offences against the law of nations committed on land or the High Seas or in the air.
33. Inquiries and statistics for the purposes of any of the subjects allotted to this Ministry.
34. Fees in respect of any of the subjects allotted to this Ministry.
35. Offences against laws with respect to any of the subjects allotted to this Ministry.
36. Hospitality Grant of the Government of India.
37. Demarcation of the land frontiers of India.
38. Border raids and incidents on the land borders of India.
39. Diplomatic flight clearances for non-scheduled chartered flights of foreign, civil and military aircraft transiting India.
40. Matters relating to the Continental Shelf, Territorial Waters, Contiguous Zone and question of fishery rights in the High Seas and other questions of International Law.

41. Economic and technical assistance given by India to the Government of Nepal under the Colombo Plan for Cooperative Economic Development.
42. Purchase, inspection and shipment of Stores from abroad for the Central Government other than those the purchase, inspection and shipment of which are delegated to other authorities by a general or special order.
43. All matters relating to grant of loans and credits to Nepal, Bhutan and Bangladesh.
44. Technical assistance given by India to African countries under the Special Commonwealth African Assistance Plan Programme.

Note: Commonwealth countries should be taken to include British Colonies, Protectorates and Trust Territories.

44. **Human Rights:**

- (i) Interaction with Human Rights Organisations abroad;
- (ii) International Declarations, treaties, conventions and conferences; references received from the United Nations and other specialised agencies and organisations.
- (iii) Implementation of reporting obligations, in coordination with the concerned Ministries, required under the United Nations and international conventions, to which India is a State Party.

Note: These functions will be exercised by the Ministry of External Affairs Close coordination with the Ministry of Home Affairs, which shall be the nodal Ministry for policy and for coordination of all matters relating to Human Rights.

Annex II

Budget Of The Ministry Of External Affairs In 2001-2002

Statement Showing the Detailed Provision, Object Headwise in
2001-02 and previous 2 years

(in crores of rupees)

| | Actuals 1999-2000 | BE 2000-2001 | BE 2001-2002 |
|-----------------------|------------------------------|-------------------------|-------------------------|
| Salaries | 350.96 | 350.96 | 398.14 |
| Wages | 13.40 | 14.07 | 14.51 |
| Overtime Allowance | 5.32 | 5.11 | 5.64 |
| Domestic Travel | 0.62 | 0.72 | 0.83 |
| Office Expenses | 183.67 | 189.33 | 209.93 |
| Rents, Rates, Taxes | 163.85 | 177.38 | 196.40 |
| Publications | 0.15 | 0.15 | 0.20 |
| Other Adm. Expenses | 25.94 | 26.28 | 48.24 |
| Ad. & Publicity | 27.98 | 41.90 | 43.85 |
| Professional Services | 0.18 | 2.40 | 2.50 |
| Grants-in-aid | 38.12 | 41.28 | 45.13 |
| Contributions | 596.87 | 762.65 | 744.37 |
| Other Charges | 473.22 | 608.44 | 825.96 |
| Major Works | 77.32 | 100.00 | 94.20 |
| Loans & Advances | 175.55 | 305.02 | 253.46 |
| Charged Expenses | 0.01 | 0.03 | 0.03 |
| TOTAL | 2132.16 | 2625.72 | 2883.39 |

Annex III

Cadre Strength at Headquarters and Missions/Posts abroad during 1999-2000

(including posts budgeted by Ministry of Commerce and held in abeyance/ex-cadred)

| S.No. | Cadre/Post | Posts at Hqrs. | Posts at Missions | Total |
|-------|--|----------------|-------------------|-------------|
| | IFS(A) | | | |
| 1. | Grade I* | 5 | 21 | 26 |
| 2. | Grade II | 1 | 33 | 34 |
| 3. | Grade III | 38 | 106 | 144 |
| 4. | Grade IV | 35 | 98 | 133 |
| 5. | Jr. Admn. Grade | 44 | 137 | 181 |
| 6. | (i) Jr. Scale | 1 | 32 | 33 |
| | (ii) Probationers Reserve | 27 | -- | 27 |
| | (iii) Leave Reserve | 15 | -- | 15 |
| | (iv) Deputation Reserve | 19 | -- | 19 |
| | (v) Training Reserve | 7 | -- | 7 |
| | IFS (B) | | | |
| 7. | (i) Grade I | 43 | 98 | 141 |
| | (ii) Deputation Reserve | 6 | -- | 6 |
| 8. | (i) Grade II/III | 99 | 175 | 274 |
| | (ii) Leave Reserve | 30 | -- | 30 |
| | (iii) Deputation Reserve | 16 | -- | 16 |
| | (iv) Training Reserve | 25 | -- | 25 |
| 9. | (i) Grade IV | 252 | 410 | 662 |
| | (ii) Leave Reserve | 60 | -- | 60 |
| | (iii) Deputation Reserve | 55 | -- | 55 |
| 10. | (i) Grade V/VI | 385 | 196 | 581 |
| | (ii) Leave Reserve | 60 | -- | 60 |
| | (iii) Deputation Reserve | 14 | -- | 14 |
| 11. | (i) Gr.II of Cipher Cadre (Cipher Assistants) | 57 | 141 | 198 |
| | (ii) Leave Reserve | 60 | -- | 60 |
| 12. | (i) Private Secretary | 35 | 198 | 233 |
| | (ii) Leave Reserve | 14 | -- | 14 |
| 13. | (i) Personal Assistants | 157 | 194 | 351 |
| | (ii) Leave Reserve | 33 | -- | 33 |
| | (iii) Training Reserve (Hindi) | 10 | -- | 10 |
| | (iv) Deputation Reserve | 12 | -- | 12 |
| 14. | Stenographer (Gr.III) | 42 | 77 | 119 |
| 15. | Interpreters' Cadre | 8 | 27 | 35 |
| 16. | L & T Cadre | 17 | -- | 17 |
| | TOTAL | 1645 | 1943 | 3588 |

*including temporary upgradation of one post from Grade II to Grade I.

Annex IV

Year-Wise Intake Into The IFS

| <u>YEAR</u> | <u>NO. OF OFFICERS</u> | <u>YEAR</u> | <u>No. OF OFFICERS</u> |
|-------------|------------------------|-------------|------------------------|
| 1948 | 6 | 1974 | 25 |
| 1949 | 4 | 1975 | 24 |
| 1950 | 3 | 1976 | 25 |
| 1951 | 4 | 1977 | 20 |
| 1952 | 5 | 1978 | 20 |
| 1953 | 7 | 1979 | 20 |
| 1954 | 4 | 1980 | 20 |
| 1955 | 8 | 1981 | 20 |
| 1956 | 11 | 1982 | 15 |
| 1957 | 10 | 1983 | 12 |
| 1958 | 10 | 1984 | 11 |
| 1959 | 10 | 1985 | 12 |
| 1960 | 9 | 1986 | 12 |
| 1961 | 10 | 1987 | 12 |
| 1962 | 15 | 1988 | 10 |
| 1963 | 16 | 1989 | 10 |
| 1964 | 19 | 1990 | 12 |
| 1965 | 21 | 1991 | 15 |
| 1966 | 10 | 1992 | 12 |
| 1967 | 10 | 1993 | 15 |
| 1968 | 4 | 1994 | 15 |
| 1969 | 8 | 1995 | 14 |
| 1970 | 10 | 1996 | 15 |
| 1971 | 11 | 1997 | 13 |
| 1972 | 15 | 1998 | 16 |
| 1973 | 16 | 1999 | 9 |
| | | 2000 | 8 |

Annex V

List of Missions Abroad where Chancery Buildings are GOI owned Properties

| Sl. No. | Mission | Year of Purchase/ Construction | Sl.No . | Mission | Year of Purchase/ Construction |
|---------|-------------------------------|--------------------------------|---------|--|--------------------------------|
| 1 | HCI, Accra | 1988 | 39 | HCI London | 1930 |
| 2 | El Amman | 1978 | 40 | HCI Lusaka | 1986 |
| 3 | El Ankara | 1985 | 41 | HCI Mahe | 1989 |
| 4 | El Antananarivo | 1976 | 42 | Madrid | 1986 |
| 5 | El Athens | 1988 | 43 | El Manila | 1981 |
| 6 | El Bangkok | 1997 | 44 | El Mexico City | 1976 |
| 7 | El Beijing | 1986 | 45 | CGI Medan | 1976 |
| 8 | El Bonn | 1982 | 46 | El Moscow | 1989 |
| 9 | Berlin (Indn.Cultural Centre) | | 47 | CGI New York | 1951 |
| 10 | El Brussels | 1980 | 48 | PMI New York | 1993 |
| 11 | El Budapest | 1987 | 49 | HCI Nicosia | 1986 |
| 12 | El Buenos Aires | 1982 | 50 | El Oslo | 1979 |
| 13 | El Cairo | 1991 | 51 | HCI Ottawa | 1974 |
| 14 | HCI Canberra | 1981 | 52 | El Panama | 1998 |
| 15 | El Caracas | 1982 | 53 | HCI Port of Spain | 1989 |
| 16 | HCI Colombo | 1987 | 54 | Phuentsholing (Liaison Office) (Guest House) | 1980 |
| 17 | El Copenhagen | 1976 | 55 | El Paris (Old) (New) | 1951 1987 |
| 18 | El Damascus | 1979 | 56 | HCI Pretoria | 1995 |
| 19 | CGI Dubai | 1992 | 57 | El Rabat | 1961 |
| 20 | El Dublin | 1979 | 58 | El Riyadh | 1996 |
| 21 | CGI Frankfurt | 1998 | 59 | San Francisco, Cultural Centre,Gadar Memorial Hall | 1949 |
| 22 | CGI, Edinburgh | 1999 | 60 | CGI San Francisco | 1981 |
| 23 | HCI Harare | 1983 | 61 | El Santiago | 1966 |
| 24 | El Helsinki | 1982 | 62 | CGI Sao Paulo | 1999 |
| 25 | CGI Hong Kong | 1980 | 63 | El Seoul | 1987 |
| 26 | HCI Islamabad | 1989 | 64 | HCI Singapore | 1948 |
| 27 | El Jakarta | 1983 | 65 | El Tehran | 1979 |
| 28 | CGI Johannesburg | 1997 | 66 | El The Hague | 1974 |
| 29 | HCI Kampala | 1996 | 67 | El Thimpu | 1969 |
| 30 | AHCI Karachi(Since closed) | - | 68 | El Tokyo | 1962 |
| 31 | El Katmandu | 1947 | 69 | El Tunis | 1984 |
| 32 | El Khartoum | 1982 | 70 | El Vienna | 1981 |
| 33 | HCI Kinshasa (since closed) | - | 71 | El Washington | 1947 |
| 34 | HCI Kuala Lumpur | 1993 | 72 | El Windhoek | 1990 |
| 35 | El Kuwait | 1992 | 73 | Yangoon | - |
| 36 | HCI Lagos | 1991 | | | |
| 37 | El Lima | 1990 | | | |
| 38 | El Lisbon | 1987 | | | |

Annex VI

List of Missions Abroad where Embassy Residences are GOI owned Properties

| Sl. No. | Mission | Year of Purchase/ Construction | Sl. No. | Mission | Year of Purchase/ Construction |
|---------|-----------------------------|-----------------------------------|---------|-------------------|-----------------------------------|
| 1. | HCI, Accra | 1964 | 43. | EI Maputo | 1975 |
| 2. | Aden/Sa'na(since closed) | 1964 | 44. | EI Maxico City | 1989 |
| 3. | EI Amman | 1985 | 45. | CGI Medan | 1976 |
| 4. | EI Ankara | 1964 | 46. | EI Moscow | 1989 |
| 5. | EI Athens | 1984 | 47. | CGI New York | 1951 |
| 6. | Berlin Office | 1997 | 48. | HCI Nairobi | 1965 |
| 7. | EI Beijing | 1986 | 49. | HCI Nicosia | 1981 |
| 8. | EI Bern | 1949 | 50. | EI Oslo | 1979 |
| 9. | EI Brussels | 1956 | 51. | HCI Ottawa | 1950 |
| 10. | EI Budapest | 1987 | 52. | EI Paris | 1949 |
| 11. | EI Cairo | 1949 | 53. | HCI Port Louis | 1967 |
| 12. | HCI Canberra | 1945 | 54. | HCI Port Moresby | 1999 |
| 13. | EI Caracas | 1982 | 55. | HCI Port of Spain | 1969 |
| 14. | HCI Colombo | 1957 | 56. | EI Prague | 1998 |
| 15. | EI Copenhagen | 1978 | 57. | HCI Pretoria | 1995 |
| 16. | EI Damascus | 1982 | 58. | EI Rabat | 1982 |
| 17. | EI Dar-es-Salem | 1965 | 59. | EI Riyadh | 1996 |
| 18. | CGI Dubai | 1979 | 60. | EI Rome | 1988 |
| 19. | EI Dublin | 1978 | 61. | CGI San Francisco | 1982 |
| 20. | CGI Durban | 1995 | 62. | EI Santiago | 1980 |
| 21. | CGI Frankfurt | 1989 | 63. | EI Seoul | 1984 |
| 22. | HCI Harare | 1987 | 64. | HCI Singapore | 1948 |
| 23. | CGI Houston | 1996 | 65. | EI Stockholm | 1978 |
| 24. | CGI Hong Kong | 1981 | 66. | HCI Suva | 1965 |
| 25. | EI Jakarta | 1955 | 67. | EI The Hague | 1953 |
| 26. | CGI Johannesburg | 1997 | 68. | EI Thimpu | 1969 |
| 27. | EI Kabul (Mission closed) | - | 69. | EI Tokyo | 1953 |
| 28. | HCI Kampala | 1964 | 70. | EI Tunis | 1986 |
| 29. | AHCI Kandy | 1984 | 71. | CGI Vancouver | 1988 |
| 30. | AHCI Karachi (since closed) | - | 72. | Vienna | 1960 |
| 31. | EI Katmandu | 1947 | 73. | EI Warsaw | 1978 |
| 32. | EI Kingston | 1976 | 74. | EI Washington | 1945 |
| 33. | Kinshasa | 1988 | 75. | HCI Wellington | 1971 |
| 34. | HCI Kuala Lumpur | 1978 | 76. | EI Windhoek | 1990 |
| 35. | EI Kuwait | 1992 | 77. | EI Yangoon | 1952 |
| 36. | HCI Lagos | 1991 | | | |
| 37. | EI Lima | 1987 | | | |
| 38. | EI Lisbon | 1978 | | | |
| 39. | HCI London | 1947 | | | |
| 40. | HCI Lusaka | 1968 | | | |
| 41. | EI Madrid | 1978 | | | |
| 42. | EI Manila | 1979 | | | |

Projects In India

| S.No. | Project | Date of initial proposal (acquisition of land) | Initial cost estimate/latest cost estimate | Current estimated date of completion (time period for completion) |
|-------|---|---|---|--|
| 1. | Foreign Service Institute | 1990 | Rs.11.5 crore in 1993 and Rs.23.66 crore in 1999 | June 2002 |
| 2. | ICCR Calcutta | 1989 | Rs.4.46 crore in 1992 Rs.6.86 crore in 1994 and Rs.14.75 crore in 1999. | June 2002 |
| 3. | Branch Sectt and RPO Calcutta | 1997 | Estimates yet to be made | 18 months from the date of start. |
| 4. | Videsh Bhavan | 1992 and 1994 | Estimates yet to be made | 36 months from the date of start |
| 5. | Pappankalan Residential quarters | 1993 | Rs.18.37 crore in 1996 | June 2001 |
| 6. | Chanakyapuri Residential quarters | 1993 | Estimates yet to be made | 18 months from the date of start |
| 7. | Afro-Asian Legal Consultative Committee | 1997 | Rs.5 crore in 2000 | 15 months from the date of start |

Passport Offices

| S.No. | Project | Date of Initial proposal (acquisition of land) | Initial cost estimate/latest cost estimate | Current estimated date of completion (time period for completion) |
|-------|---|--|--|---|
| 1. | Ahmedabad - residential and office complex | 1988 | Rs.3,05,96,000 in 1994 | Work completed. Rectification of defects in progress |
| 2. | Bhubaneswar- residential and office complex | 1984 | Estimates yet to be made | 15 months from the date of start |
| 3. | Bangalore-ICCR and RPO Complex | 1994 | Estimates yet to be prepared | 15 months from the date of start |
| 4. | Chandigarh-office complex | 1996 | Rs.4.5 crore in 2000 | 15 months from the date of start |
| 5. | Chennai-office | Purchased in 1990 | Rs.1.5 crore | December 2000 |
| 6. | Cochin – residences | 1990 | Rs.3.58 crore in 1995 | September 2000 |
| 7. | Jaipur-office | 1983 and 2000 | Estimates yet to be made | 15 months from the date of start |
| 8. | Jammu-office | Land yet to be acquired | - | - |
| 9. | Kozhikode-residences | 1986 | Rs.2.82 crore in 1997 | September 2000 |
| 10. | Lucknow-office and residences | 1993 | Estimates yet to be made | 15 months from the date of start |
| 11. | Panaji-office-cum-residential project | July 1988 | Rs.3.22 crore in 1988 | June 2001 |
| 12. | Patna-interior works | 1996 | Rs.55.6 lakhs in 1999 | Work nearing completion |
| 13. | Trichy-office complex | Land yet to be acquired | - | - |
| 14. | Thiruvananthapuram-office complex | Land yet to be acquired | - | - |

Additional Data On Projects

| S.No. | Project | Date of Initial proposal (acquisition of land) | Initial cost estimate/latest cost estimate | Current estimated date of completion (time period for completion) |
|-------|---|--|---|--|
| 1 | Abu Dhabi Chancery & Embassy & Embassy Residence and Quarters for Security Guards | 1984 | Rs.3.73 crore in 1989 Rs. 14.72 crore in 1998 | Building work completed on 11.7.2000. Interiors likely to be completed by 31.12.2000 |
| 2 | Berlin Chancery and Residence | 1996 | Rs. 67 crore in 1999 | October 2000 |
| 3 | Mauritius- Indira Gandhi Centre for Indian Culture | 1987 | Rs.17.04 crore in 1991 Rs.29.21 crore in 1996 | Building work completed on 31.5.1999. Interior works likely to be completed by 31.12.2000 |
| 4. | Doha-Chancery and Embassy Residence | 1977 | Rs.4.19 crore in 1989 Rs.19.29 crore in 1999 (Revised) | 18 months form the date of start |
| 5 | Muscat-Chancery, Embassy Residence/essential staff quarters | December 1991 | Estimates yet to be prepared | 18 months from the date of start |
| 6 | Dhaka-Construction of Chancery-cum-Residence | 1993 and 2000 | Estimates yet to be prepared | 24 months from the date of start |
| 7 | Beijing – Chancery | 1989 | Rs. 78 crore (Sanction yet to be obtained) | 30 months from the date of start |
| 8 | Islamabad- Phase II | 1963 and 1999 (amalgamation of roads in the plot was agreed in 1999) | Rs.21 crore in 1993. Rs.42.71 crore in 1997 | 30 months from the date of start |
| 9A | Moscow – Renovation of GOI-owned properties | 1999 | Rs.13.54 crore in 1999 | January 2001 |

| | | | | |
|----|--|--------------------------------|---|----------------------------------|
| 9B | Moscow-Construction Project | 1989 | Estimates yet to be prepared | 30 months from the date of start |
| 10 | Warsaw – Chancery and staff quarters | 1988 | Estimates yet to be prepared | 18 months from the date of start |
| 11 | Trinidad & Tobago – Cultural Centre | 1991 | Estimates yet to be prepared | 12 months from the date of start |
| 12 | Brasilia – Chancery and residence | 1965 | US\$ 3.7 million in 1989 (Revised estimates yet to be made) | 15 months from the date of start |
| 13 | Tashkent –Chancery and Residence | May 1998 | Rs.7.75 crore in 1993 (revised estimates yet to be made) | 12 months from the date of start |
| 14 | Minsk – Chancery & staff quarters | Plot offered but not yet taken | _____ | _____ |
| 15 | Abuja – Chancery and Embassy Residence | 1990 | (Estimates yet to be made) | 12 months from the date of start |
| 16 | Gaborone – Embassy Residence | March 1990 | Rs.1.91 crore in 1996 | 12 months from the date of start |
| 17 | Kathmandu – Chancery | 1968 | Estimates yet to be prepared | 30 months from the date of start |
| 18 | Berlin – Embassy Residence | December 1997 | Rs.5.06 crore in 1998 | Work completed in October 1999 |
| 19 | London – High Commissioner’s Residence | 1994 | Pounds 1 million 1994 and Pounds 3.286 million in 1999 | January 2001 |
| 20 | Kiev – Chancery | September 1995 | US\$ 400,000 in 1995 US\$ 836,061 in 1999 | 12 months from the date of start |
| 21 | Geneva – 6 RDP | 1989 | Estimated cost Rs.2.93 crore in 1999 | 4 months from the date of start |

Annex VII

Existing Collection Centres For Passport Applications

| <u>S.No.</u> | <u>Location of the Centre</u> | <u>State</u> |
|---------------------|--------------------------------------|---------------------|
| 1. | Agartala | Tripura |
| 2. | Aizwal | Mizoram |
| 3. | Amritsar | Punjab |
| 4. | Aurangabad | Maharashtra |
| 5. | Darbhanga | Bihar |
| 6. | Imphal | Manipur |
| 7. | Kohima | Nagaland |
| 8. | Madurai | Tamil Nadu |
| 9. | Mangalore | Karnataka |
| 10. | Ranchi | Bihar |
| 11. | Shillong | Meghalaya |
| 12. | Shimla | Himachal Pradesh |
| 13. | Gangtok | Sikkim |
| 14. | Surat | Gujarat |
| 15. | Tirupati | Andhra Pradesh |
| 16. | Vijayawada | Andhra Pradesh |
| 17. | Leh | Jammu & Kashmir |
| 18. | Siliguri | West Bengal |

Proposed Collection Centres

| | | |
|----|-------------|-------------------|
| 1. | Agra | Uttar Pradesh |
| 2. | Allahabad | Uttar Pradesh |
| 3. | Coimbatore | Tamil Nadu |
| 4. | Gulbarga | Karnataka |
| 5. | Gurgaon | Haryana |
| 6. | Itanagar | Arunachal Pradesh |
| 7. | Pondicherry | UT of Pondicherry |
| 8. | Nasik | Maharashtra |
| 9. | Silchar | Assam |