CHAPTER III : INTEGRATED AUDIT OF GOVERNMENT DEPARTMENTS

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

3.1. Animal Husbandry and Veterinary Department

Animal Husbandry & Veterinary Department was set up to stabilise the animal husbandry practices as a profitable profession in the State through integrated programming of production, processing and marketing of the animal products. The thrust area of the department is directed towards providing adequate healthcare facilities besides giving importance to all other livestock activities. The performance of the departmental farms was poor except District Poultry Farms which were running profitably and chicks' morality rate was below the norms.

Highlights

- *Out of the total expenditure of Rs. 137.77 crore incurred during 2004-2009, the Department spent Rs. 100 crore (73 per cent) on establishment leaving little funds for the developmental activities.*

(Paragraphs 3.1.8)

- *Five cattle breeding farms (CBFs) produced 447.75 tonnes of milk during 2004-09, against 744.80 tonnes as per the norm indicating shortfall by 297.05 tonnes (66 per cent). The Central CBF earned revenue of Rs. 57.99 lakh from sale of milk after incurring expenditure of Rs. 202.84 lakh indicating the unviability of the cattle farming.*

(Paragraph 3.1.10)

- *Despite an expenditure of Rs. 170.12 lakh, the department failed to materialise shifting of CCBF even after lapse of 23 years indicating lack of suitable planning and effective execution.*

(Paragraph 3.1.10.1)

- *Against the norm of 9400 piglets required to be produced, three pig breeding farms, test checked, produced 3703 piglets (39 per cent). The shortfall of 61 per cent was mainly attributable to the short supply of feed and lack of hygienic infrastructure.*

(Paragraph 3.1.11)

- *Faulty construction of district poultry farm at Sangti led to unfruitful expenditure of Rs. 69.75 lakh and the farm remained in unusable condition.*

(Paragraph 3.1.12.2)

- *Against the target of 2000 litres per day (LPD) of pasteurized milk to be supplied, the dairy plant at Karsingsa supplied pasteurized milk ranging from 583 LPD to 759 LPD annually during the last three years (2006-09). Against the cost of production of Rs. 25.91, Rs. 27.91 and Rs. 29.80 per litre of milk, the pasteurized* *milk was sold @ Rs. 22.00 per litre. As a result, the department sustained loss of Rs. 40.04 lakh.*

(Paragraph 3.1.16)

3.1.1. Introduction

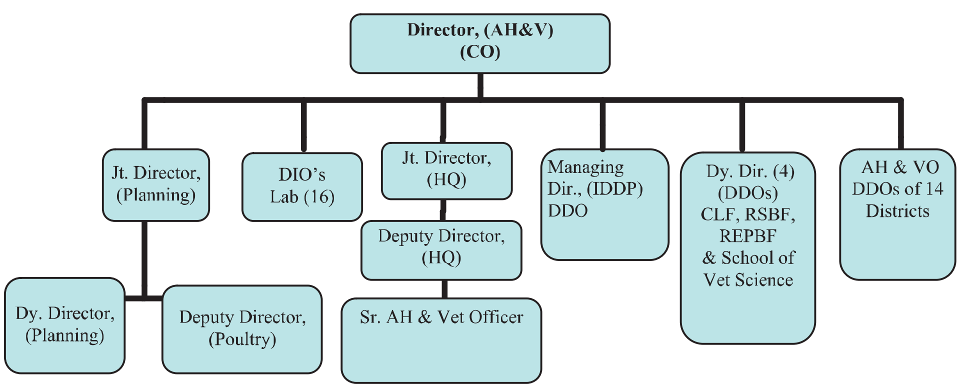
The objective of the Animal Husbandry & Veterinary Department is to stabilise the animal husbandry practices as a profitable profession in the State through integrated programming of production, processing and marketing of the animal husbandry products. The thrust area of the department is directed towards providing adequate healthcare facilities besides giving importance to all other livestock activities.

As per the 17th Livestock Census (2003-04), the livestock population of the State was: Cattle 4.58 lakh, Pigs 3.30 lakh, Goats 2.31 lakh, Mithun 1.84 lakh and others 0.34 lakh (Buffalo: 9500; Yak: 7935; Sheep: 16,527). The department is maintaining 11 Cattle Breeding Farms (CBFs), 16 poultry farms (PFs), six Pig breeding farms (PBFs), one Mithun breeding farm(MBF), one Sheep breeding farm (SBF) and one Veterinary hospital covering 14 districts (out of 16) of the State. The two remaining districts (Kurung Kumey and Anjaw) were not covered under the departmental activities due to lack of infrastructure there. Out of the 15 major ongoing schemes in the State, 11 are State Schemes and four are Centrally Sponsored Schemes (CSS). The funding of three CSSs was 100 *per cent* from the Government of India (GOI) and the remaining one was on 75:25 basis between Centre and the State respectively.

3.1.2. Organisational Setup

Under the administrative control of the Commissioner and Secretary, Animal Husbandry and Veterinary Department (AH&VD), the Director (AH&V) is responsible for budgeting, planning and implementation of various programmes of the Department. The organogram[1] of the Department is as following.

Chart No.3.1.1



[1] AHV - Animal Husbandry and Veterinary, CLF- Composite Livestock Farm, RSBF - Regional Sheep Breeding Farm. REPBF- Regional exotic pig breeding farm, IDDP - Intensive Dairy Development programme, DIO - Disease Investigation Officer

3.1.3. Scope of Audit

Out of the 20 auditable units under the Department, four[2] units in Capital district of Papumpare were selected on the basis of their financial profile. Six[3] more out of the remaining 16 units were selected based on simple random sampling without replacement method. The records of 10 selected units covering five out of 11 CBFs, three out of six PBFs, six out of 16 PFs and the lone SBF, Pony Breeding Farm and Yak Demonstration Farm for the period 2004-09 were test-checked during April to July 2009. Out of the total expenditure of Rs. 137.77 crore including non-plan, incurred by the Department during 2004-09, an expenditure of Rs. 34.44 crore (25 *per cent*) was covered in audit.

3.1.4. Audit Objectives

The audit objectives were to assess the performance of the Department on the following parameters:

- Financial Management ;
- Planning and Programme Management ;
- Stores Management ;
- Human Resources Management ;
- Internal Control mechanism; and
- Vulnerability to fraud and corruption.

3.1.5. Audit Criteria

Audit findings were benchmarked against the following criteria:

- Financial Rules and Regulations.
- Annual Action Plans.
- Guidelines of different schemes.
- Norms on maintenance of livestock farms, and
- Internal Control mechanisms.

3.1.6. Audit Methodology

An entry conference was held in May 2009 with the departmental officers wherein the audit objectives, audit criteria, scope of audit and process adopted for selection of the units for detailed examination were discussed. An exit conference was held with the departmental officers in September 2009 and their comments have been suitably incorporated in the report.

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[2] Director of AHV; Dy.Director, Composite Live Stock farm; Managing Director, IDDP and Dist. AH and Vet. Officer, Yupia.

[3] Dist. Animal Husbandry and Veterinary Officers of Pasighat, Tezu, Bomdilla and Tawang; Dy.Director of RSBF,Sangti and REPBF, Loiliang.

Audit findings:

The important issues noticed during the course of the integrated audit are discussed in the succeeding paragraphs.

3.1.7. Planning

The Department did not prepare a Perspective Plan for the future planned animal husbandry activities. The Annual Operating Plans (AOPs) prepared by the department did not indicate any long-term or short-term strategies, and no detailed action plans for the implementation of AOPs, were prepared. The target for production of milk was fixed district-wise without fixing any norm for the productivity, availability of milch cows in the farms being maintained, and without assessing the requirement and timely supply of cattle feeds. Similarly, targets for production of eggs were fixed for poultry farms despite non-maintenance of layer birds in the poultry farms except the Central hatchery at Nirjuli.

The Department assured (September 2009) that they would prepare the long term perspective plan at the earliest through proper statistical survey.

3.1.8. Financial Management

The budget of the Department was prepared centrally in the Directorate without obtaining any inputs from the field units. Based on the instructions issued by the State Finance Department, the Non-Plan budget was prepared on the basis of the anticipated expenditure. The Plan budget was prepared based on the lump-sum amount allocated by the Planning Department. In the case of Centrally Sponsored Schemes, the budget provision was made in Supplementary budget if funds were released by the GOI before their preparation, failing which; the budgetary support was sought for in the next financial year. The budgetary allocations and the expenditure of the Department during 2004-09 is given in the table below.

Table No. 3.1.1

(Rupees in Crore)

Year	Original	Supplementary	Total Budget	Expenditure	Savings
2004-05	17.20	3.89	21.09	20.91	0.18
2005-06	22.95	7.20	30.15	27.74	2.41
2006-07	20.79	7.51	28.30	28.21	0.09
2007-08	22.03	8.88	30.91	29.62	1.29
2008-09	24.67	6.62	31.29	31.29	-
Total			**141.74**	**137.77**	

Source: Appropriation Accounts and Budget

Out of the total budget of Rs. 141.74 crore, Rs. 18.33 crore (12.93 *per cent*) was provided under Capital Head of which the Department spent Rs.17.09 crore during the years 2004-09.

In response, the Department accepted (September 2009) that the annual budget was not based on inputs from all the fields units.

Records also showed that against the allocation of Rs. 49.55 crore during 10th Plan period 2002-07, Rs. 37.49 crore (75.66 *per cent)* only was provided by the Planning Department. Similarly, though Rs. 97.76 crore was allocated for 11th plan period, the department did not get funds proportionally. During the financial years 2008-09, Rs. 8.82 crore only was provided under the State plan. Though the department was maintaining different livestock farms, provisions were not made for the procurement of feeds for farm animals. The details of expenditure incurred on salaries and wages; and maintenance and work during 2004-09 is indicated in the following table:

Table No. 3.1.2

(Rs in crore)

Year	Total Expenditure	Salaries & wages		Maintenance and works	
		Expenditure	Percentage	Expenditure	Percentage
2004-05	20.91	16.66	79.67	4.25	20.33
2005-06	27.74	17.43	62.83	10.31	37.17
2006-07	28.21	19.91	70.57	8.30	29.43
2007-08	29.62	22.50	75.96	7.12	24.04
2008-09	31.29	23.50	75.08	7.79	24.92
Total :	**137.77**	**100.00**	**72.23**	**37.77**	**27.77**

Source: Appropriation Accounts.

During 2004-09, the funds ranging from 62.83 *per cent* to 79.67 *per cent* (average: 72.23 *per cent*) were spent on salaries and wages leaving a meagre amount for the maintenance and developmental activities, which had an adverse impact on the department's animal husbandry activities.

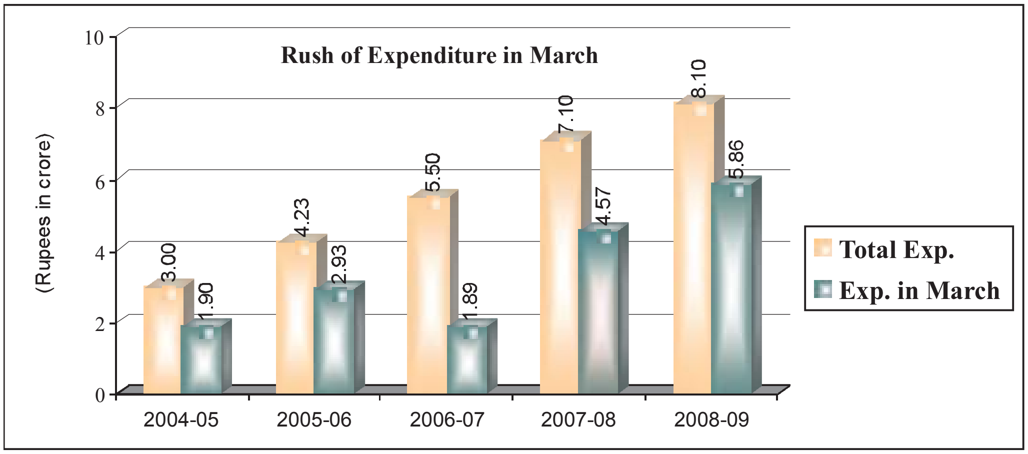
Department accepted (September 2009) that Rs. 12.06 crore was short released by the Government forcing the Department to slash some of the public benefit schemes.

3.1.8.1. Control over expenditure

There was lack of monitoring of expenditure resulting in year end rush of expenditure, excess expenditure, temporary misappropriation, etc.

(i) Rush of expenditure: Financial discipline requires that the expenditure be evenly phased over the financial year. But the Director, AH&VD who is also the Controlling Officer did not compile the monthly expenditure statements of the department due to non-maintenance of Broadsheet and Compilation Register. Further, it was noticed that 34.36 *per cent* to 69.26 *per cent* of the total expenditure was incurred in March during 2004-09 in the Directorate which was partly due to the release of funds by the State Government at the fag-end of the year. However, expenditure was more evenly phased in the test-checked districts.

Chart No. 3.1.2



Source: Directorate's figure

The Department stated (September 2009) that the March rush was unavoidable since the Government every year finalises the budget in the month of February or March. The department's reply necessitates that functional and Finance departments need to work together and reengineer the existing slow and time consuming processes so that funds are made available to the functional departments in time.

(ii) Parking of funds: Out of Rs. 22.26 lakh drawn on AC bills in March 2004 by the Dy. Director, CLF for procurement of dairy cows and feeds only Rs. 7.69 lakh was spent as of October 2004, and the balance of Rs. 14.57 lakh was retained in the form of DCRs for about 5 years (as of August 2009). Thus, the funds to that extent remained blocked while the Department was facing cash crunch and was not able to implement some of its activities.

The department accepted (September 2009) the audit observation and assured that the balance Rs. 14.57 lakh would be used as soon as the new cow shed is ready.

(iii) Expenditure Control Register: Expenditure Control Register maintained in the Directorate recorded monthly expenditure without mentioning any subhead-wise allocation of funds. Out of 20 DDOs, seven DDOs did not furnish monthly expenditure statements for several months depriving the senior management of a useful tool for monitoring the progress of the ongoing activities as well as the trend of expenditure to avoid possible excesses or savings. Scrutiny of Appropriation Accounts revealed three instances of excess expenditure totalling to Rs. 7.61 lakh under three major heads of expenditure in 2004-05 and 2006-07.

The Department accepted (September 2009) that the monthly expenditure statements from many DDOs were not received in time. Budget provision was exceeded sometimes due to increase in salaries and also that some DDOs were able to influence the treasury official to get the work done even when no funds were allotted.

3.1.8.2. Irregular use of departmental receipts:

According to GFRs and the Treasury Rules, funds received by the Department from any source are to be deposited immediately into Government account. Records of the Dy. Director, CLF, Nirjuli revealed that out of Rs. 147.63 lakh realised towards the sale proceeds during 2004-09, Rs. 73.83 lakh was spent on procurement of the animal feed on the strength of a Government order issued in March 2005 which stipulated that the expenditure out of the departmental receipts should be limited to the first quarter expenditure and the same is to be deposited back into the Government account on receipt of the funds. The unit did not deposit the funds into the Government account. Similarly, Rs. 4.70 lakh out of the sale proceeds was spent on procurement of Pig feeds during 2008-09 by the Dy. Director, REPBF and was also not deposited back due to non release of funds by the Government. As these transactions were never made part of the departmental accounts, it is a very serious lapse; as this not only circumvented the legislative process but also led to understatement of the departmental receipts and expenditure.

The Department stated (September 2009) that the sale proceeds were utilized for procurement of animal feed to avoid starvation of animals since funds from the Government are received very late. Audit reiterates that the functional and Finance departments need to work together and reengineer the existing slow and time consuming processes so that funds are made available to the functional departments in time.

3.1.8.3. Cash management

Audit scrutiny of the cash management system revealed instances of improper maintenance of cash book indicating lack of internal controls which increased the vulnerability of the Department to the possible misappropriation and other malpractices in cash management.

- Sale proceeds of Rs. 80,200 being the value of pigs/piglets realised in October 2004 by the Dy. Director, (REPBF), Loiliang was not reflected in the Cash Book. Treasury Challans in support of their deposit into Treasury were also neither shown to audit nor found recorded in the Cash Book which leads to the conclusion that the amounts were possibly misappropriated.
- Rs. 1,36,722 drawn by Dy. Director, CLF between February 2008 and October 2008 was not reflected in the Cash Book. Similarly, three bills amounting to Rs. 57,085 drawn by Dy. Director, REPBF, Loiliang were also not recorded in the Cash book. Actual payee receipts in support of the payments made were neither shown to the Audit team nor found recorded in the Cash book.
- Cash Book of the District AH&VO, Pasighat for the period from August 2008 to March 2009 was not signed by the DDO concerned (May 2009).
- In all the 10 units test-checked in audit, none of the DDOs conducted the required periodical physical verification of cash.
- Sale proceeds of Rs. 147.63 lakh during 2004-2009 and their deposit in to the treasury by the Dy. Director, CLF were not routed through the cash book.

In response the Department stated (September 2009) that the required corrections have been carried out in the cash book and DDOs would be instructed to conduct the required periodical physical verification of cash.

3.1.9. Targets and Achievements

The Department claimed 100 *per cent* achievement in production of milk, eggs, wool and meat during 2004-09. The basis on which targets were fixed and full achievements were claimed, though requested for, was not made available to audit.

As regards achievement in production of milk, the authenticity of the full achievement was doubtful as the quantity of milk produced in departmental farms was far below the quantity that could be produced as per norms[4]. The suspicion is further strengthened by the fact that the Dairy Plant at Karsingsa could produce only 583 to 759 litres of pasteurized milk per day during the last three years against the installed capacity of 5000 litres per day. Similarly, achievement claimed in respect of eggs, meat, etc. was also doubtful as the performance of various departmental farms and hatchery was dismal. The performances of various departmental farms are discussed in the succeeding paragraphs

Performance of Departmental Farms

3.1.10. Departmental dairy farms

(i) Productivity: Records of the three CBFs test checked and information collected in respect of two farms revealed that against 7,44,800 litres of milk required to be produced by the farms during 2004-09, the actual production was 4,47,752 litres resulting in shortfall by 2,97,408 litres (39.93 *per cent*) valued at Rs. 53.47 lakh calculated on average rate of Rs. 18 per litre. Details of the milk produced in these farms are given in the following table.

Table No 3.1.3

Name of the farms5	Average No. of milch cows	Milk to be produced as per norm	Actual yield	Shortfall (per cent)
CCBF, Nirjuli	30.6	4,28,400	3,22,160	1,06,240 (25)
DCBF, Bomdila	7	98,000	48,354	49,646 (51)
LSD, Pasighat	6	84,000	29,343	54,657 (78)
DCBF,Changlang	7.6	1,06,400	41,745	64,655 (61)
DCBF, Ziro	2	28,000	6,150	21,850 (65)
Total		7,44,800	4,47,752	2,97,048 (40)

Source: Departmental figures

The CCBF earned revenue of Rs. 57.99 lakh from the sale of milk during 2004-09, after spending Rs. 202.84 lakh towards salaries of attendants (Rs. 152.48 lakh), wages (Rs. 20.79 lakh) and feed cost (Rs. 29.57 lakh) rendering the project economically unviable. The shortfall in production of other DCBFs ranged from 51 to 65 *per cent*.

[4] 10 litres per day per cow for 280 milking day per year

[5] DCBF - District Cattle Breeding Farm, LSD - Livestock Demonstration Farm and CCBF- Central Cattle Breeding Firm

It was noticed that even the wages paid to the cattle attendants could not be recovered from the sale proceeds. The performance was affected mainly due to over staffing, short supply of cattle feed and lack of proper infrastructure.

The Department while accepting the fact about the underfeeding of cattle, stated (September 2009) that insufficient allotment of funds was the main reason for not meeting the feed requirement. It added that salary and wages is purely on account of the Government policy which is unavoidable.

(ii) Feeding: Feeding is measured by the contents of dry matter in ration and 1/3rd of it should be from concentrates and 2/3rd from roughages (dry roughages and green fodder). Against the norms of 25 kg green fodder per day per cow fixed by the department, the CLF supplied 10 kg of green fodder during 2004-09 adversely impacting the production of milk

The Department stated (September 2009) that the shortfall of fodder production was mainly due to non-availability of land after handing over of the earlier fodder lands to NERIST and Krishi Vigyan Kendra and also because of the frequent public encroachments of the departmental fodder land.

(iii) Breeding: According to the norms, breeding success should be 65 *per cent* of the cows covered by the artificial insemination. The records of CCBF, Nirjuli indicated that 54 dairy cows were covered by artificial insemination during the last five years out of which 24 calves were born achieving successful fertility of 44 *per cent*.

The Department stated (August 2009) that the success of artificial insemination depends on semen quality, detection of heat and maintenance of cold chain during the semen transportation. Reply is not acceptable as the reasons quoted in the reply were within the control of the department.

(iv) Fodder Cultivation: According to guidelines of Central Fodder Seed Production Farm, Hisargata, Bangalore being followed by the department, 40 MT Napier, 25 MT Maize/Oat and 30 MT Congosignal are to be harvested per acre per year. The fodder farm under CLF was required to produce 6785 tonnes of green fodder during 2004-09 against which, the actual production was only 4301 tonnes (63 *per cent*) as tabulated below.

Table No. 3.1.4

(Production in tonnes)

Year	Land available (in acres)	Area covered (in acres)	Production as per norm	Actual production	Shortfall (*per cent*)
2004-05	52	39	1236	890	346 (28)
2005-06	54	45	1427	875	552 (39)
2006-07	54	47	1490	727	763 (51)
2007-08	52	35	1110	891	219 (20)
2008-09	52	48	1522	918	604 (40)
Total	**264**	**214**	**6785**	**4301**	**2484 (37)**

Source: Departmental figure

The shortfall in fodder production during the period ranged from 20 *per cent* to 51 *per cent*. During 2004-09, the farm produced 4,301 tonnes of green fodder valuing

Rs. 24.69 lakh after incurring expenditure of Rs. 98.85 lakh on seeds, fertilizers, salaries and wages of staff engaged rendering the entire activity economically unviable.

The Department stated (September 2009) that shortfall in fodder production was due to the lack of cultivable area which further depended on rains. The non-receipt of fodder seeds in time also affected the fodder production adversely. Reply is not factual since out of the total 264 acres of land available during 2004-2009, the department used only 214 acres (81 *per cent*) for fodder cultivation.

(v) Feed Mixing Plant: Feed Mixing Plant (FMP) under CLF (capacity 500 kg/hour) to meet feed requirement of departmental CBFs was established in 1981 at a total cost of Rs. 39,500 and renovated in 2004-05 after spending Rs. 5.60 lakh. During last five years only 908 tonnes of feed ingredients were mixed against possible 4800 tonnes worked out at the norm of 240 working days in a year and 8 hours per day. Thus, the plant was underutilised by 81 *per cent.*

3.1.10.1. Failure in shifting of CCBF to Nirjuli II

The CCBF was to be shifted to Nirjuli-II where the department had acquired 43.35 acres of land in 1983 after paying the developmental charges of Rs. 10.86 lakh. Selection of the site was changed number of times leading to unproductive expenditure of Rs. 43.32 lakh since 1995-96. However, the concurrence of the Finance Department for construction of necessary buildings was sought for only in December 2001. An amount of Rs. 115.94 lakh drawn in March 2004 was placed with RWD for construction of 12 residential buildings, five cattle sheds, one dispensary building, internal roads, drainage and compound fencing. Though RWD asked the department to take over the buildings in April 2005, the buildings were actually taken over by the department in June 2008 on as-is-where-is basis after a lapse of three years.

Records further revealed that the buildings including cattle-sheds were badly damaged in July 2008 by flash flood and landslide. No repairs of the buildings had been carried out and the farm has not been shifted till October 2009. Despite an investment of Rs. 170.12 lakh, the department could not shift CCBF even after a lapse of 23 years.

Photographic view of the present status of CCBF, Karmajuli

The Department accepted (September 2009) the audit finding and added that work for completion of the breeding building is in progress and CCBF would be shifted to the new site as soon as the building is complete.

3.1.11. Pig Breeding Farm (PBF)

(i) Performance: The PBFs in the State were set up with an objective to popularize pig breeding and produce genetically good quality piglings, growers, gilts and young boars for distribution/supply to the pig rearers, and commercially marketing the pork. According to the techno-economic parameters followed by the department, 10 piglets are to be obtained per sow per farrowing and each sow is to be farrowed twice in a year. The records of CPBF, Nirjuli, REPBF, Loiliang and PBF, Pasighat revealed that the farms produced 3703 piglets during 2004-09 against the norm of 9400 resulting in shortfall of 5697 piglets (61 *per cent*), as shown below.

Table No. 3.1.5

(In number)

Name of farm	Average number. of sows	Production of piglets		Shortfall	Percentage of shortfall
		as per norm	Actual		
CPBF, Nirjuli	40	4000	1565	2435	61
REPBF, Loiliang	30	3000	1515	1485	49
PBF, Pasighat	24	2400	623	1777	74
Total	**94**	**9400**	**3703**	**5697**	**61**

The shortfall was mainly due to the short-supply of feed, lack of hygienic infrastructure and overage of sows and breeding boars. The records of CPBF showed that against the requirement of pig feeds for Rs. 53.57 lakh, the actual supply was only for Rs. 22.24 lakh (42 *per cent*). Records further indicated that the PBFs earned revenue of Rs. 40.30 lakh during the years (2004-09) after incurring expenditure of Rs. 189.87[6] lakh towards salaries, wages and cost of feeds rendering the farms economically unviable.

The Department stated that (September 2009) the norm of ten piglets per sow was on higher side and accepted that deficiency in mineral reduced their productivity.

(ii) Establishment of Base PBF at Loiliang-Namsai: The extension unit of REPBF, Loiliang named Base PBF was established at Namsai during 1993-94 at a cost of Rs. 25.18 lakh. The base farm was closed down in December 1996 due to the lack of water supply and electricity, and sub-standard construction. With a view to re-open the farm, the NEC sanctioned a project for 100 sows for Rs. 136.10 lakh and released Rs. 134.10 lakh between March 2000 and March 2003. The project was to be completed within two years from the date of its sanction.

Records of REPBF, Loiliang indicated that works for construction of buildings and compound fencing were taken up only in 2005-06; for water supply in 2006-07 and for the installation of power line in 2008-09. Feed mixing plant procured centrally at

[6] Wages Rs. 22.77 lakh, Cost of feeds Rs. 40.06 lakh, Salary of Stockman Rs. 29.45 lakh and Salary of Pig attendant Rs. 97.59 lakh.

Rs. 0.39 lakh (June 2008) was not yet installed at Namsai. The records further indicated that only 78 sows were procured against the 100 sanctioned, out of which 20 died and balance 58 sows only were available as of June 2009.

Regarding the utilisation of funds, it was noticed that Rs. 110.16 lakh was released by the State Government during March 2002 to March 2005 against Rs. 134.10 lakh released by NEC, out of which only Rs. 84.48 lakh was spent on the project as of July 2009. The project was incomplete even after lapse of nine years.

The Department stated (September 2009) that PBF could not be completed since NEC did not release the funds and when funds were released, they were released at the end of the year delaying the completion of the farm. The reply of the department attributing delayed/untimely release of funds by NEC for non-completion of the base farm is not factual as the department did not completely utilise even the funds provided and as of September 2009 the unutilised balance was Rs. 49.62 lakh.

3.1.12. Poultry Farms

During the course of audit it was noticed that most of the District Poultry Farms (DPFs) were running profitably. However, certain shortcomings were noticed in the functioning of central hatchery apart from other interesting aspects in the implementation of the schemes relating to poultry development, which are discussed in the subsequent sub-paragraphs.

3.1.12.1. Functioning of Central Hatchery

(i) Egg Production: According to the ICAR norms, the output of eggs to be obtained from exotic birds was 240 eggs per layer per year. Department stated (August 2009) that low input kroiler was maintained as parent stock which produced on an average 180 eggs per year. The production of eggs in the farm during the period 2004-09 is shown below.

Table No. 3.1.6

Year	Layer birds maintained	Eggs to be produced	Eggs produced	Shortfall	Shortfall percentage
2004-05	662	1,19,160	60,733	58,427	49
2005-06	1286	2,31,480	1,14,410	1,17,070	51
2006-07	718	1,29,240	31,694	97,546	75
2007-08	672	1,20,960	1,05,513	15,447	13
2008-09	1178	2,12,040	78,113	1,33,927	63

Source: Departmental figure

It is evident from the table that except for the year 2007-08, the *percentage* shortfall in production of eggs ranged between 49 and 75.

The Department did not agree (September 2009) with the audit calculation since the birds do not lay eggs throughout the year as assumed by audit. The department added that some of their data furnished earlier to audit by the department regarding the strength of the birds were incorrect. The Department's contention is not acceptable as the audit has calculated the shortfalls in the production of eggs on the basis of the norms prepared by the department which indeed would have taken into account all the relevant aspects, including one quoted in the reply of the department. Besides, the department's reply that information supplied earlier was incorrect, seems to be an afterthought as the information used by the audit were supplied by the Farm Manager who maintains the basic records of the hatchery.

(ii) Utilisation of incubator: The capacity of the incubator for setting of eggs was 30,000. Calculating at this capacity, 18 lakh eggs could be set for hatching during the last five years. It was noticed in audit that against the total capacity of 18.00 lakh eggs, the farm hatched only 3.34 lakh eggs resulting in to shortfall by 14.66 lakh (81 *per cent*) attributed to the non-availability of the eggs. The records further indicated that against the actual expenditure of Rs. 1.20 crore towards salaries, wages of staff engaged in the farm and cost of feeds, the farm earned revenue of Rs. 30.72 lakh only rendering the project economically unviable.

The Department agreed (September 2009) to the low utilisation of incubator pointed out by audit but added that the parent stock was of low input technology birds which are slow in growth and are less preferred by entrepreneurs. Besides, the limited number of bird sheds also led to underutilisation of the facility. The reply of the department could not justify the underutilization since the reasons quoted were within the control of the department.

(iii) Mortality: According to the norms, mortality of chicks and poultry birds was 16 and two *per cent* respectively. The record of six PFs test-checked in audit revealed that the mortality rate of chicks was 4 to 12 *per cent*, which was below the norms. However, in Central Hatchery mortality of poultry birds was higher (8 *per cent* in 2005-06; 12 *per cent* in 2004-05 and 2008-09; 25 *per cent* in 2006-07 and as high as 37 *per cent* in 2007-08).

The Department did not agree to the mortality calculation done by the audit since the information/data regarding number of birds maintained, number of birds died, etc. which were furnished earlier by the department to audit, were not correct. They also stated that the farm was keeping all record including the reasons for the mortality. The Department's reply that the information supplied to audit was incorrect, is an afterthought as these information were supplied by the Farm Manager who maintains the basic records of the hatchery.

3.1.12.2. Unfruitful expenditure in establishment of poultry farm

Out of Rs 88.30 lakh received from GOI during 2004-07 for strengthening of the district poultry farm (DPF), Rs. 69.75 lakh was released by the State Government for establishment of DPF and hatchery at Sangti. The project included the construction of buildings for hatchery, including water supply and electrification.

It was noticed that the work for electrification was yet to be completed (July 2009) and estimate was prepared without any supporting drawing and design. The joint physical verification by audit and Dy.Director revealed that the civil constructions done by Irrigation & Flood Control Division, Bomdila was faulty and unusable due to the following reasons:

(a) The setter was installed in a building in such a way that the door of the setter cannot be opened making it unusable (photo below). Further, there was no room for movement, as required, of the egg trolley from setter to hatcher and back.

(b) There was no veranda in the layer house. The walls of the layer house were fitted with net without any window. In this situation, the rain or cold wind would cause high mortality.

(c) Sunlight is very important for chicks in cold areas. But no ventilation or provision for sunlight was provided resulting in non-availability of sunlight in the brooder house increasing the humidity and mortality of chicks.

	
Egg Setter	**Brooder House**

Due to the faulty construction, the PF remained non-functional making the investment of Rs. 69.75 lakh unfruitful. The Department agreed (September 2009) to the audit finding and added that a single officer committee would be formed with direction to look into the shortcomings so that the matter can be taken up with the construction agency for rectification.

3.1.12.3. Idle investment in DPF, Tezu

DPF with hatchery (installed capacity 30,000 eggs per batch) was set up in 2004-05 at a total cost of Rs. 25 lakh after renovation of the existing building and layer house, installation of FMP, construction of pump house for DG set. It was found in audit that the plant and other infrastructure remained idle since inception due to the non-maintenance of layer birds/parent stock.

The Department stated (September 2009) that the farm is in running condition and perhaps during the time of audit the existing stock of broiler were exhausted. Department's reply is not acceptable since the farm was not maintaining any layer birds and in their absence the hatchery could not be used.

3.1.13. Sheep and Wool Development Programme

One SBF at Sangti, West Kameng district was set up long back with the objectives to produce crossbreed (F1 and F2) Russian Marino and to increase the production of the raw wool for marketing. The Department did not fix any norms for wool production. However, it stated (August 2009) that two kg of wool per sheep per year can be produced provided the skin of the sheep was not infected with humidity.

The records of the RSBF, Sangti indicated that on an average 140 adult sheep were maintained during the years 2004-09. It was noticed that against 1400 kg wool to be produced during the last five years as per the norms, the farm actually produced only 544 kg wool, thus, shortfall of 856 kg (61 *per cent*). Balanced rations *i.e.* feed concentrates with salt and other minerals are highly essential for the proper growth of the sheep. But it was noticed that feed concentrates were not at all provided to the sheep rather they were fed with green grass throughout the year which could possibly be one of the reasons for their undergrowth and low productivity.

The records further indicated that the farm incurred Rs. 38.40 lakh towards salaries of eight regular sheep attendants deployed during 2004-09, while the revenue earned was Rs. 69,120 during the period indicating the unviabilty of SBF. It was also noticed that finding no market for the sale of rams in the NE Region, the department freely distributed 30 rams of Russian Marino breed to the sheep rearers during 2007-08, which was also not covered by the programme objectives.

The Department agreed (September 2009) to the audit finding and added that the low production of wool was due to inadequate feed and shortage of funds.

3.1.14. Conservation of the Threatened Breeds

For genetic preservation of the indigenous animals, Government of India in 2004-05 sanctioned 100 *per cent* CSS project, 'Conservation of threatened breeds in Yak Demonstration Farm at Chander' and 'Bhutia Pony in Pony Breeding Farm (PBF) at Tawang'. Audit scrutiny revealed followings:

3.1.14.1. Yak Demonstration Farm

GOI released Rs. 50.00 lakh in March 2005 for conservation of 60 female and six male yaks. The records showed that the RSBF, Sangti implemented the project during 2005-07. No budgetary support was made for feeds and wages of yak attendants in subsequent years of 2007-09. It was noticed that neither any deployment was made against the post of Farm Manager, Veterinary Officer, Stockman in the yak farm nor any medicine was procured for treatment of the yaks. As a result, it became practically difficult to maintain the farm at a distance of 45 km from Sangti. As of March 2009, 25 female yaks (42 *per cent*) had died for want of medicines and suitable treatment. Reasons for death of the yaks were never investigated.

3.1.14.2. Pony Breeding Farm

GOI released Rs. 69.39 lakh during March 2005 and December 2005 for conservation of 40 female and four male Bhutia Ponies. It was noticed in audit that two houses with 20 compartments only were constructed where 20 ponies could be accommodated. It was noticed that 44 ponies were procured without constructing the required accommodation for them and were kept in open space. Records indicated that nine parent stock and four young ponies died due to the heavy snowfall and pneumonia. It was also noticed that instead of taking up the responsibilities for maintenance of the project, GOI was approached for sanction of additional Central assistance of Rs. 63.65 lakh for its extension. However, no funds were further sanctioned by GOI till June 2009.

The Department stated (September 2009) that Rs. 20 lakh was received in July-August 2009 for these two farms, and a Committee headed by the Secretary, AH&V was already constituted to finalise the action plan for continuation of these farms.

3.1.15. Animal Healthcare

GOI provided (2004-09) assistance to the State for control of contagious disease under 'Assistance to State for Control of Animal Diseases', (ASCAD) on 75:25 basis. During 2004-09 the department spent Rs. 4.59 crore under the scheme. Under the scheme, Haemorrhagic Septicaemia (HS) disease was to be eradicated from the State during 10th five year plan period (2002-07). Free vaccination was to be provided for Foot and Mouth diseases (FMD), Black Quarter, Pestedestes Petitis of Ruminants (PPR), Entrotimaemia, Rimikhet, Mareks and Rabies. For implementation of ASCAD, the Department was to prepare the targets and achievements towards vaccination of animals for each year showing areas of outbreak and animals affected.

The Department, however, did not prepare the required targets and achievements under ASCAD during 2004-09. Further the scrutiny of the records relating to FMD, Avian Influenza and Tuberculosis and Brucellosis in the State revealed the following:

(i) Foot and Mouth Disease: Controlling of FMD, a highly infectious disease in the livestock, is a major challenge. FMD susceptible livestock populations as per 17th Live Stock Census (2003-04) were Cattle: 4.58 lakh, Mithun: 1.84 lakh, Goat: 2.31 lakh and Pigs: 3.29 lakh. Reports of Network unit of All India Co-ordinated Research Project showed that there had been 156 FMD outbreaks affecting 12,403 animals during the last decade. The disease started in April and continued up to December each year. Though 12,403 animals were affected by FMD, only 420 samples were collected for Sero-typing and all the outbreaks were not attended to for vaccination. Mortality due to FMD in each year was also not recorded and the economic loss suffered by the farmer community was never ascertained.

The Department agreed (September 2009) that sometimes staff are not able to reach in time due to difficult terrain. However, efforts are being made and new techniques i.e. DIVA and LPB have been acquired so that no case of FMD goes undetected.

(ii) Avian Influenza: The Department had not fixed any targets or any norms for disease investigation and immunization of poultry birds. The vaccination programme was being carried out depending upon the specific prevalence of certain diseases. Records showed that 2465 stool tests and 9844 post-mortem of poultry birds were carried out during 2004-09. A good number of poultry birds died each year due to IBD, CRD, Coccidiosis and Enteritis. But the records did not suggest that any preventive measures were taken to control these diseases. For surveillance of Avian

Influenza, only 1399 samples (Sera and Swab) were collected for testing during 2008-09 but the records were silent on the preventive measures taken, if any, and number of mortality due to the bird flu.

The Department stated (September 2009) that disease investigation is retrospective and field sample oriented activity. It is not possible to set target for investigation but certain routine surveillance were being carried out.

(iii) Tuberculosis Brucellosis: According to the GOI instructions, routine screening of pigs for infectious diseases like tuberculosis and brucellosis were to be undertaken regularly. But the records of CPBF, Karsingsa, RPBF, Loiliang and DPBF, Pasighat did not indicate any such routine screenings. Investigation and sample testing against the diseases like Vesicular Stomatitis and Swine Vesicular, the other common diseases prevalent in pigs, were also not done.

Records of the 3 PBFs showed mortality of exotic pigs ranging from 19 to 37 per year during the period from 2005-09. During the same period, a total of 121 pigs died but no reasons for these mortalities were found on record. Post-mortems were also not conducted to investigate the reasons for death of pigs in the departmental farms.

The Department stated (September 2009) that the random representative test is done for pigs and cattle in Government farms against TB and Brucello. But no test is done for vesicular, staomatitis and 'SVE' since these diseases do not prevail in the State. The reply is not tenable as the Department was not able to produce any records stating the reasons for the large number of pig mortality.

3.1.16. Integrated Dairy Development Project

For dairy development activities in the State, under Integrated Dairy Development Project, a 100 *per cent* CSS, a dairy plant (Rs. 1.77 crore) at Karsingsa and a chilling plant (cost Rs. 49.22 lakh) at Pasighat were established during December 2002 and July 2000 respectively. The dairy plant was to cater 5000 litres of pasteurised milk per day for 48,000 people at Itanagar. A mention was made in Paragraph 4.2 of the Audit Report for the year ended March, 2004 regarding the plant remaining unutilised.

Scrutiny of records revealed that the dairy plant at Karsingsa started functioning in 2006. The installed capacity of dairy plant was curtailed to only 2000 litres per day as the capacity of chilling plant attached to it was only 2000 litres per day. Further, even this capacity was not utilised during 2006 to 2008. The average pasteurized supplied per day was 759 litres (2006), 584 litres (2007) and 583 litres (2008). Total pasteurised milk supplied during 2006 to 2008 was 7.03 lakh litres. The shortfall in milk supply against the targeted production ranged between 62 *per cent* and 71 *per cent* despite the availability of proper infrastructure created at a cost of Rs. 1.77 crore.

The Department was supplying milk at Rs. 22 per litre, while the cost of production was Rs. 25.91 in 2006; Rs. 27.91 in 2007 and Rs. 29.80 in 2008 resulting in accumulated loss of Rs. 40.04 lakh during these years.

Records further indicated that the functioning of the Chilling plant at Pasighat was stopped from the year 2008-09 due to the high transportation cost.

According to the Prevention of Food Adulteration Act, 1977, the pasteurized milk should contain three *per cent* fat and 8.5 *per cent* solid non-fat, while the pasteurized milk of the dairy contains 3.5 *per cent* fat and 7.8 *per cent* solid non-fat. In order to obtain the required percentage of solid non-fat in pasteurized milk at 8.5, skimmed milk powder is required to be added with raw cow milk which was not done by the department resulting in supply of the sub-standard milk.

The Department agreed (September 2009) that the capacity of dairy plant was short used by 62-71 *per cent* and attributed it to non establishment of feeder dairy farms along with the dairy plant, which is indicative of poor planning of the department. The department accepted audit observation on supplying of pasteurised milk.

3.1.17. Stores Management

Proper assessment of the requirement is a pre-requisite for procurement of store items. The Stock Register of non-patent drugs and instruments revealed that 24 items valued at Rs. 91.23 lakh remained unutilised at the end of 2008-09 indicating unrealistic assessment. As per the trend of the consumption, the stores would last for two to 18 years resulting in unnecessary locking up of funds. Further, physical verification of stores was not conducted before assessment, indicating laxity in stores management.

The Department stated (September 2009) that these medicines/instruments were received in March 2009 and could not be issued completely due to short span as some time would be required to collect the items from central store because of the transportation problem and added that the present position (September 2009) of unutilised item was almost 'Nil'.

From the consumption trend of last two years, it is apparent that these medicine/instruments had been issued to field unit just to exhaust the stock at central store after the issue of audit observation, without any prospects of their utilisation in the near future.

Stock Registers of feed maintained by the Central FMP for the years 2004-09 revealed huge handling losses of some feed ingredients. The handling loss ranged from 7.7 *per cent* to 9.9 *per cent* which was high. The value of store lost in last five years was Rs. 6.25 lakh. It was also noticed that from time to time the handling losses of feed ingredients were adjusted unauthorizedly by reducing the balance quantity without recording any reason for the same; and without bringing the same to the notice of the higher authorities. The required physical verification of stores was also never conducted, despite sustaining losses every year.

The Department accepted (September 2009) the loss pointed out by audit and stated that the same was unavoidable because maize loses weight with loss of the moisture, loading and unloading losses, rat problem, loss during crushing and mixing, etc.

3.1.18. Human Resources Management

The Department had full complement of (technical 692 and non-technical 486) men-in-position against 1178 sanctioned posts of 26 categories of staff as on 1 August 2009. The department had neither formulated any norms for deployment of staff nor carried out any assessment of manpower requirements category-wise and position-wise taking into account the work norms. Normally, one Veterinary Officer (VO), one Stockman and one attendant are required in the livestock farm. The number of farm attendants depends upon the number of livestock being maintained in a farm. As per the adopted norm, one cattle attendant is required for five cattle. In test checked farms, the deployment was found irrational considering the above norms *vis-à-vis* the livestock population as depicted below:

- In CCBF, Nirjuli, against 41 cattle, three VOs, three Asst. Veterinarians (AV) and 56 cattle attendants (35 regular and 21 contingents) were posted while a maximum of 10 cattle attendants were sufficient as per the specified norms.
- Similarly, in Central Hatchery, against the parent stock ranging from 767 to 1339, 11 regular technical staff and 13 attendants were posted while as per the norms five technical staff (Two VO; One Stockman; One Asst. Veterinarian and One Chick sexer) and three attendants were sufficient to manage the hatchery resulting in excess deployment of six staff and 10 attendants as per the norms.
- In case of YDF, except contingent attendants, there was no deployment of staff against the Farm Manager, Veterinary Officer, Stockmen, etc.
- In respect of REPBF, Loiliang-Namsai where two PBFs with 189 livestock were being maintained, only one VO, two AV, two Stockman and 12 pig attendants were posted. In case of district PBF, Berung where more than 50 pigs were being maintained, only one stockman and four attendants were provided. No Farm Manager or VO was posted.

The Department accepted the audit findings (September 2009) and agreed that several times the department wanted to reduce the number of staff but the efforts did not succeed because of political and other pressures.

3.1.19. Training

The Department did not fix any targets for providing training to the livestock farmers. However, it was noticed in audit that from time to time the training was imparted to the farmers as per the instruction of GOI. The awareness campaign was also conducted during the outbreak of diseases like FMD, Avian Influenza, etc.

Under the programme 'Capacity building and skilled development' all the vets and para-vets staff of the department were to be trained by 31 March 2009 against Avian Influenza. But the Department imparted training to only 60 *per cent* personnel (out of 692 staff, trained 423) by March 2009, and stated (June 2009) that the training would be conducted for the remaining staff soon.

Records further indicated that in May 2007 two officers working in District Investigation Laboratory and looking after the project were trained at PD, FMD and IVRI Mukteswar on typing ELISA and LPB-ELISA. But lack of ELISA reader the practice of typing LPB-ELISA could not be carried out by the trained officers. More than 70 *per cent* vets and 50 *per cent* para-vets of the State are also required to be trained on the technique of sample collection and dispatch.

The Department accepted (September 2009) that no target was fixed for training of livestock farmer but training for departmental vets, para vets and RRT members are imparted under ASCAD. The Department also stated that PD-FMD has provided new ELISA reader with latest software for FMD detection.

3.1.20. Internal Controls and Internal audit

(i) Internal Control System (ICS) is a management tool which provides reasonable assurance that the organization's objectives are being achieved and the entity is functioning in an economical, efficient and effective manner. But audit came across many instances where either ICS was absent or was ineffective exposing the department to risks from malpractice, fraud and corruption. For example:

- Appropriation of the departmental receipts to meet departmental expenditures;
- Drawal of funds not reflected in the Cashbook;
- Non accounting of the sale proceeds;
- Temporary misappropriation of funds; and
- Problems in budget and expenditure management.

(ii) Internal Audit: The Department had neither any internal audit wing nor it engaged any outside party to do the job. It was also seen that none of the units of the department were inspected by the State's Director of Internal Audit.

The Department accepted (September 2009) the audit contention that the internal controls existing at present was ineffective as well as absence of internal audit and assured that it would be looked into.

3.1.21. Monitoring and Evaluation

The department had neither any centralized database nor any comprehensive MIS capturing information about the critical components and activities periodically which affected the monitoring at the CCO/CO level. There was no regular submission of the periodical physical and financial progress reports from all the field units. Records of the minutes of the review meetings, if any held, and the follow-up action taken there against, were also not maintained at the Directorate level.

Expenditure Control Register maintained in the Directorate did not have subhead-wise budget allocation and the expenditure there against making the subhead-wise monitoring difficult for the Directorate. Similarly, non/intermittent furnishing of the monthly expenditure statements by DDOs deprived the senior management of a useful financial control tool for monitoring the progress and trend of the expenditure to avoid possible excesses or savings; and also to interfere, whenever required. Further, the system of departmental inspection by the senior officers did not exist.

The Department stated (September 2009) that the planning and budgeting for the activities suffered because of late approval and late receipt of funds from the Government. Due to the lack of skilled manpower, it is not possible to monitor any scheme but efforts were being made to update the monitoring process through online facilities. The issue of training of technical and supporting staffs would be looked in to and awareness camps would also be started.

3.1.22. Conclusions

Though the department had some good achievements, the programme implementation was marred because of lack of sound budgeting, planning and management practices. The objective of the department to stabilise animal husbandry practice as a profitable profession does not seem to have been fully attained. ICS in the department was weak and the system of internal audit was totally absent. Project management was also weak leading to delays in execution of the projects, and *adhoc* implementation and idle investments necessitated renovation and reengineering of the existing systems and processes.

3.1.23. Recommendations

- The State Finance and the functional departments need to coordinate and reengineer the existing slow and time consuming budgeting and funding system to ensure that the funds earmarked for the developmental activities are provided to the departments concerned in time.
- The perspective as well as the AOPs should be prepared after taking inputs from the lower levels to make it more need based and relevant.
- The various projects and schemes undertaken by the department should be implemented in efficient and time bound manner so that the benefits accrue to the targeted population.
- Monitoring at the levels of the Director/Dy. Director and District AH&VO should be streamlined. An electronic database capturing the major departmental activities and their physical and financial execution should be maintained in the Directorate with online access and updating features.
- Internal control mechanism including the internal audit system needs to be strengthened.
- Manpower management needs reassessment and redeployment based on the work requirement; and their training needs should be assessed and addressed.