

CHAPTER-5

PROJECT IMPLEMENTATION

Sub-para 7.1.1 of the guidelines stipulates that all the essential ingredients of a good project are to be properly considered and included, i.e. feasibility studies, competencies of the implementing agencies, anticipated benefits that will flow to the farmers, definite time-lines for implementation, etc. The nodal agency/ Agriculture Department is expected to be responsible for effective coordination between various departments and implementing agencies with respect to implementation, monitoring and evaluation of projects. The SLSC was also required to monitor and review the progress of the sanctioned projects, ensure that no duplication of efforts or resources takes place, commissioning/undertaking field studies, etc. Central assistance under the RKVY was available to the States in two distinct streams viz. **Stream-I** and **Stream-II**. At least 75 per cent of the allocated amount was to be proposed by States under **Stream-I**, for specific projects under 20 sectors.

During the period 2007-08 to 2012-13, 7557 projects costing ₹ 39718.00 crore were taken up for implementation in 20 sectors in all the 28 States. Out of 20 sectors, in 19 sectors (refer para 2.3(A) of Chapter-2), 7359 projects costing ₹ 39411.74 crore were taken up for implementation in 27 States (excluding Mizoram), the details of which are tabulated below:

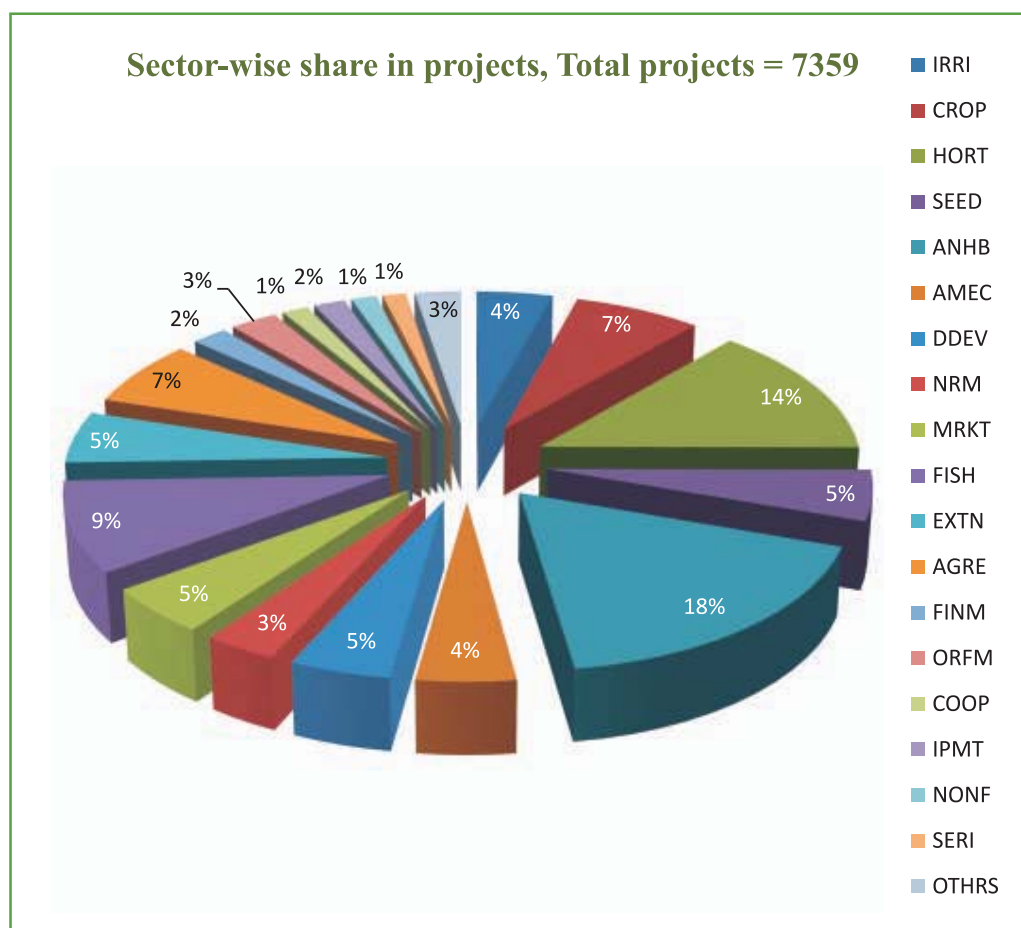
Table 5.1

Sl. No.	Name of Sector	Nature of assistance	No. of projects	No. of States involved	Sanctioned cost (₹ in crore)	Percentage to total cost
1.	Horticulture (HORT)	Development of Horticulture Farms, Nurseries, Green Houses, Floriculture, Vegetables, Fruits, Coconut and Tissue culture	1007	27	5223.68	13.25
2.	Minor Irrigation (IRRI)	Assistance for shallow wells/dugwells, tubewells, percolation tanks, diggias, minor irrigation works, farm ponds, sprinkler and drip irrigation	313	26	4630.71	11.75

Sl. No.	Name of Sector	Nature of assistance	No. of projects	No. of States involved	Sanctioned cost (₹ in crore)	Percentage to total cost
3.	Crop Development (CROP)	Assistance for development of crops (Paddy, wheat, coarse cereals, oilseed, pulses, sugarcane, cotton and others)	525	27	4325.26	10.97
4.	Animal Husbandry (ANHB)	Feed and fodder, breed improvement, animal health, poultry, infrastructure, extension and training.	1289	27	4155.41	10.54
5.	Agriculture Mechanisation (AMEC)	Assistance for Custom Hiring Centers, machines and equipment.	326	27	3471.92	8.81
6.	Seed (SEED)	Assistance for Seed Testing Labs, Seed Processing & Storage Centers, Production, certification and distribution of seeds.	385	26	2803.13	7.11
7.	Natural Resource Management (NRM)	Water conservation structures and watershed development, soil treatment (acidic, alkali, water logged), land reclamation.	243	26	2111.03	5.36
8.	Innovative Programmes/Others (OTHR)	Schemes that are important for agriculture, horticulture and allied sector development, but cannot be categorized under above sectors.	191	26	1887.87	4.79
9.	Marketing and Post-Harvest Management (MRKT)	Assistance for godowns and warehouses, setting up/strengthening of market infrastructure, cold storage and cold chains.	363	27	1815.24	4.61
10.	Extension (EXTN)	Training/ study tours through visits to Krishi Vigyan Kendras/ Knowledge Centres, new approaches to Extension and Infrastructure.	397	26	1679.87	4.26

Sl. No.	Name of Sector	Nature of assistance	No. of projects	No. of States involved	Sanctioned cost (₹ in crore)	Percentage to total cost
11.	Dairy Development (DDEV)	Assistance to Dairy Unions/ Farmers (including training), promotion of Milk Collection Centers, Dairy Units to farmers.	333	26	1591.00	4.04
12.	Fisheries (FISH)	Support for farmers' fish ponds/assistance (including training) for infrastructure/ ponds of Fisheries Department/agencies, marketing of fisheries.	695	27	1321.55	3.35
13.	Research (Agriculture/ Horticulture/ Animal Husbandry/etc.) (AGRE)	Agricultural research projects, agricultural facility.	506	22	957.75	2.43
14.	Cooperatives/ Cooperation (COOP)	Assistance for construction of Godowns, Fertilizer Distribution and other Facilities.	109	16	871.83	2.21
15.	Organic Farming/Bio Fertilisers (ORFM)	Promotion of bio-fertilisers, vermi composting, organic farming.	196	24	819.95	2.08
16.	Fertiliser and Integrated Nutrient Management (FINM)	Soil Testing Lab, Fertilizer Labs, Micro-Nutrients Labs, Other Labs, Soil Health Cards and Soil Testing.	149	24	780.80	1.98
17.	Integrated Pest Management (IPMT)	Integrated pest management (IPM) laboratories, pest surveillance, promotion of IPM and farmers field schools.	130	23	594.17	1.51
18.	Non-farm activities (NONF)	Agri-business centers and post-harvest processing facilities.	105	21	227.36	0.58
19.	Sericulture (SERI)	Cocoon production and others.	97	16	143.21	0.36
Total			7359	-	39411.74	

The sector-wise share of projects is shown in the following chart:



It can be seen from the above that out of 19 sectors, ANHB (Animal Husbandry) sector had the maximum number of projects followed by HORT (Horticulture), FISH (Fisheries) and CROP (Crop Development). Through RKVY, these sectors were to get infusion of funds for rejuvenation of flagging production and productivity.

5.1 Stream-I projects

In the sectors selected for audit in 27 States (refer Annex-I), 4061 projects were taken up for implementation during 2007-08 to 2012-13. Out of 4061¹ projects, 2506 projects were completed, 1279 were under progress, 85 not yet implemented, 100 abandoned and 90 dropped as can be seen in the table given below. It can be seen that 275 projects (about seven *per cent*) of the projects were either not yet implemented or were abandoned/dropped.

¹Details of one project i.e. whether completed, in progress, abandoned, etc. of Rajasthan not available.

Table 5.2

Name of Sector	Number of projects taken up for implementation in the States	Number of projects completed	Number of projects under progress	Number of projects not yet implemented	Number of projects abandoned	Number of projects dropped
IRRI	170	87	55	7	11	10
CROP	373	233	120	10	8	2
HORT	630	415	173	18	3	21
SEED	258	184	55	3	7	9
ANHB	873	498	312	6	38	19
AMEC	216	158	49	1	1	7
DDEV	195	149	31	7	7	1
NRM	164	103	53	6	1	1
MRKT	195	124	59	4	3	5
FISH	265	148	108	3	3	3
EXTN.	173*	103	56	0	7	6
AGRE	304	144	148	10	2	0
FINM	46	36	7	1	1	1
ORFM	50	35	11	1	2	1
COOP	9	4	5	0	0	0
IPMT	45	36	7	0	1	1
NONF	20	8	5	3	1	3
SERI	20	9	7	3	1	0
OTHS	55	32	18	2	3	0
Total	4061	2506	1279	85	100	90

Out of 100 abandoned projects as shown above, a State-wise analysis of 28 abandoned projects in five States of Andhra Pradesh, Kerala, Rajasthan, Sikkim and Uttar Pradesh revealed that these projects were abandoned due to various reasons such as non-availability of staff, non-viability of the project, short release/non-availability of funds, unwillingness of beneficiaries to remit their contribution of the project cost, etc. despite incurring expenditure of ₹ 134.95 crore on these projects. The Ministry stated (July 2014) that the matter was being taken up with the State Governments.

Audit selected 393 projects under Stream-I in 19 sectors for detailed examination (State and sector-wise details in **Annex-XX**) as tabulated below:

Table 5.3

Sl. No.	Name of Sector	Number of projects selected for audit	Sl. No.	Name of Sector	Number of projects selected for audit
1.	IRRI	22	11.	EXTN.	20
2.	CROP	33	12.	AGRE	18
3.	HORT	46	13.	FINM	11
4.	SEED	31	14.	ORFM	13
5.	ANHB	53	15.	COOP	4
6.	AMEC	30	16.	IPMT	11
7.	DDEV	22	17.	NONF	6
8.	NRM	20	18.	SERI	6
9.	MRKT.	20	19.	OTHR	8
10.	FISH	19		Total	393

In 393 projects, audit scrutiny revealed cases of under-performance and irregularities in 150 projects (38 *per cent*), which have been arranged theme-wise as narrated below:

A) Non-achievement of targets/shortfall – Audit noticed shortfalls in achievement of the targeted outputs in 62 projects costing ₹ 1404.94 crore in 19 States as detailed below:

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
1.	Andhra Pradesh	Animal Husbandry	Establishment of Mini Dairy Units (2010-11) - Against the target of establishment of 1459 mini dairy units in four districts ² during 2011-12 and 2012-13, only 170 units could be established. Bankers did not come forward to provide loans to the farmers which led to poor implementation of the project. Further, the subsidy in the project was less than that in other related projects of RKVY and hence the farmer's response was poor.	42.19
2.	Andhra Pradesh	Agriculture Mechanisation	Rice Combine Harvesters (2010-11) - Under the project, supply 150 Combine Harvesters by paying a subsidy of ₹ 15.00 crore to Rythu Mitra Groups (RMG) ³ was envisaged. The shortfall in supply of Combine Harvesters in the State and four selected districts ⁴ was 49 and 40 <i>per cent</i> respectively which was attributed to disinterest among beneficiaries in taking the machines due to their high cost, insistence of banks for mortgage of urban property, non-availability of local service centres. In respect of Combine Harvesters supplied, Audit observed that (i) the machine did not function properly even for two hours in the field since the date of purchase, (ii)	15.00

² Rangareddy, Medak, Nalgonda and Mahbubnagar

³ Rythu Mitra Groups (RMG) - A self-help group of farmers in a village

⁴ Rangareddy, Medak, Nalgonda and Mahbubnagar

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			there was frequent breakdown of parts of the machine, (iii) repairs involved cumbersome process and (iv) no benefit was derived from the machine and it became a financial burden to the farmer.	
3.	Andhra Pradesh	Agriculture Mechanisation	Intensified Mechanisation (2010-11) - The project aimed to accelerate agriculture mechanisation through supply of combine harvester, transplanter, nursery machines, threshers and power weeders. The percentage shortfall in distribution of harvesters, transplanters, threshers and power weeders was 44, 90, 86 and 90 respectively. In reply, it was stated that the beneficiaries did not come forward to take the machinery due to high cost.	84.10
4.	Assam	Major/ Minor Irrigation	Irrigation – (2009-10) - The project aimed at distribution of pump sets. Against the target of distribution of 7749 pump sets in the State, only 4564 pump sets (59 <i>per cent</i>) were distributed. The under achievement was due to less demand of pump sets by beneficiaries. There was a shortfall of 27 <i>per cent</i> in three selected districts as beneficiaries were unwilling to procure pump sets and the suppliers were unwilling to supply pump sets at old rate. Payment of beneficiary share of 40 <i>per cent</i> by the department resulted in excess payment of ₹ 18.05 crore. Purchase of 14018 pump sets at higher rates resulted in avoidable expenditure of ₹ 6.42 crore during 2010-11.	7.90
5.	Assam	Horticulture	Demonstration on High Tech Production Technology (2010-11) - The project envisaged construction of 2054 low cost green houses and 168 high cost green houses at a cost of ₹ 7.80 crore on cost sharing basis between State Government and the beneficiary in the ratio 50:50. The project failed as the implementing agency did not assess the requirement of the beneficiaries. As a result, till July 2013, only 17 high cost green houses were constructed at a cost of ₹ 41 lakh and no low cost green house was constructed, leaving unutilised balance of ₹ 7.39 crore and shortfall of 99 <i>per cent</i> in construction of both types of green houses. In three districts, no beneficiary could be selected due to their unwillingness to adopt the project having high cost.	12.18
6.	Assam	Animal Husbandry	Infrastructure Development (September 2008) – Against the target of construction of 17 Veterinary Dispensary buildings and 10 Frozen Semen Banks to be completed by March 2009, even after a lapse of four years from the stipulated date of completion, the construction of 11 dispensary buildings and one Frozen Semen Banks could not be completed after incurring an expenditure of ₹ 8.36 crore. The joint physical verification of two dispensary buildings of Kamrup district indicated execution of poor quality of work, absence of water/electric connection.	11.61

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
7.	Assam	Fisheries	Fish Seed Production and distribution - (2008-09) - Under the project, in the selected districts ⁵ , the shortfall in the production of fish seed (fry and fingerlings) was 76 <i>per cent</i> during 2008-09 which was due to non-completion of civil works and lack of monitoring by the district implementing agencies. In three out of five selected districts (NC Hills, Golaghat and Sonitpur districts), the mandatory records were not maintained.	5.36
8.	Assam	Organic Farming/ Bio Fertilisers	Distribution of seeds of Dhaincha to grow as green manure crop for improvement of soil – (2011-12) - Under the project, the shortfall in coverage of area in the State as of October 2013 was 33 <i>per cent</i> . Avoidable expenditure of ₹ 1.74 crore incurred due to excess distribution of Dhaincha seeds to beneficiaries @ 90 Kg/Ha during 2011-12 against the norm of 50 Kg/Ha was also noticed.	9.00
9.	Chhattisgarh	Others	Establishment of multipurpose farmers service centre (Shaheed Veer Narayan Singh Multipurpose farmers service centre) – (2008-09) - Under the project, against the target of establishment of 18 Block Level Multipurpose Farmers Service Centers (BMFC), 15 BMFCs were constructed at a cost of ₹ 5.35 crore, leaving unspent balance of ₹ 4.55 crore (46 <i>per cent</i>). In the selected districts, out of the six BMFCs, one was incomplete (Raipur) and civil work had not commenced in two BMFCs. The BMFC in Durg where civil work was completed, could not be utilised due to non-procurement of equipment which resulted in unfruitful expenditure of ₹ 28 lakh.	9.90
10.	Chhattisgarh	Cooperatives/Cooperation	Godowns in Cooperative – (2010-11) - The main objective of the project was construction of godowns in Primary Agriculture Cooperative Societies to create additional storage facility to make available fertilizer as well as seeds to the farmers in time. Though construction of 310 godowns was to be completed by June 2010, shortfall in construction was 67 <i>per cent</i> as of September 2013.	20.15
11.	Chhattisgarh	Horticulture	Support for Establishment of Nurseries and Maintenance (2007-08) - The project envisaged establishment of 12 Model nurseries. Scrutiny of records of six out of the twelve nurseries revealed that production of plants during the period 2009-10 to 2012-13 was far below the required quantity as capacity utilization ranged from one to 49 <i>per cent</i> , indicating gross under-utilisation of the infrastructure.	2.16
12.	Gujarat	Crop Development	Enhancement of production and productivity of paddy, maize, bajra, mustard and moong crops (2011-12) - The objective of the project was to provide new agro technology of paddy, maize, bajra, mustard and moong through demonstrations, training to educate the farmers. Shortfall of 62 and 69 <i>per cent</i> were noticed in coverage of the targeted blocks and training to farmers respectively in 24 districts. The project also remained incomplete due to non-implementation of the component of	43.81

⁵ Golaghat, Dhubri, NC Hills, Dhemaji and Sonitpur

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			distribution of pesticides, fertilisers, micronutrients, etc. to farmers at subsidised rate.	
13.	Gujarat	Seed	Quality seed production of Groundnut, Wheat, and Pearl Millet (2008-09) – There was a shortfall in production of seeds by 71 <i>per cent</i> which was attributed to lower seed multiplication ratio in case of groundnut and erratic climatic conditions in case of wheat and pearl millet.	3.54
14.	Gujarat	Dairy Development	Integrated Dairy Development (2010-11) - The objective of the project was creating full time employment opportunity by doubling the income of the beneficiary scheduled tribe families. The shortfall in some of the main components of the project i.e. supply of new cattle, heifer and construction of cattle shed was 63, 82 and 68 <i>per cent</i> in March 2012 which was attributed to delayed release of funds to the implementing agency in November 2010.	21.91
15.	Gujarat	Natural Resource Management	Checking of Salinity Ingress in the coastal area of Gujarat State - (2009-10) - Under the project, shortfall of 32 <i>per cent</i> in coverage of area was noticed in three selected districts of Anand, Navsari and Vadodara. In Vadodara district covering eight villages, shortfall of 93 and 71 <i>per cent</i> was noticed in the completion of two components of 'construction of reclamation bund' and 'soil management'. Joint physical inspection in six villages of three selected districts revealed that records of implementation of projects viz. applications, undertakings from beneficiaries, photographs or display boards at the work sites were not available.	65.59
16.	Gujarat	Natural Resource Management	Reclamation of Saline and Alkaline soil to increase crop production – (2010-11) - Under the project, shortfall in coverage of area in the State was 63 <i>per cent</i> . In two selected districts of Anand and Vadodara, the shortfall in the components of coverage of area, construction of reclamation bund and recharge structures was 82, 100 and 49 <i>per cent</i> respectively.	29.00
17.	Haryana	Fertiliser and Integrated Nutrient Management	Project on mitigating the Sulphur deficiency in soils of Haryana during the year (2009-10) - Under the project, the shortfall in coverage of area in the State was 54 <i>per cent</i> as of March 2013.	3.00
18.	Jammu and Kashmir	Horticulture	Shade Net House (Tabular/Wooden/Bamboo) (2012-13) - Under the project, against the targeted area of 0.99 acres, Shade Net Houses measuring 0.29 acres only were established resulting in shortfall of 71 <i>per cent</i> .	0.09
19.	Jammu and Kashmir	Organic Farming/ Bio Fertilisers	Promotion of vermi compost for strengthening -(2010-11) and Organic Farming and Establishment of vermi compost unit - (2010-11) – Under both projects there was a shortfall of 122 units (27 <i>per cent</i>) in establishment of organic farming units during 2010-12. Joint physical verification of 32 units established in three selected districts revealed that only nine were functional, 17 were non-functional, five were partly functional and one did not exist at the site. One unit though	1.37

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			found to be functional was dismantled by the beneficiary and the material dismantled thereof was used for construction of cowshed.	
20.	Jammu and Kashmir	Non-farm activities	Establishment of Agriculture Business Centres by Self Help Groups/Societies for providing customer hiring services– (2010-11) - Under the project, against the target of establishment of 21 Agriculture Business Centres, eight (38 <i>per cent</i>) were not established upto March 2013. The shortfall was due to short release of funds.	1.05
21.	Jammu and Kashmir	Non-farm activities	Project on assistance to beneficiaries under Mushroom Development on 50 <i>per cent</i> subsidy Maximum of ₹ 75,000/- unit in Plastic Trays (100 Trays/ Beneficiary) – (2012-13) - Against the target of establishment of 34 Mushroom units during 2012-13, 18 units (53 <i>per cent</i>) could not be established. Joint physical verification of 13 units (out of 16) located in the selected districts revealed that eight were non-functional and one was partly functional.	0.25
22.	Jharkhand	Seed	Distribution of Hybrid Notified Seed (2011-12) - Only 59528 hectare out of the target of 100000 hectare in State could be covered by hybrid notified paddy whereas achievement in distribution of maize, Arhar, sunflower and mustard seeds was 'nil'. Seeds of sunflower and mustard could not be distributed as purchase order could not be issued till the sowing period. In five selected districts, records in support of awareness programmes organized for farmers were not furnished to audit in support of such activity.	47.44
23.	Karnataka	Major/ Minor Irrigation	Suvarna Krishi Honda- (2007-08) and (2008-09) - The projects envisaged construction of farm ponds. Shortfall of 38 and 46 <i>per cent</i> noticed in entire State and five selected districts of Chamaraajanagar, Dharwad, Kolar, Koppal and Bangalore (Urban) respectively. Physical verification revealed incomplete works/improper maintenance of farm ponds resulting in accumulation of silt, dumping of waste, damage of farm ponds segments, etc.	250.00
24.	Karnataka	Extension	Formation of Raitha Shakthi Group (RSG) (2009-10) - Under the project, the shortfall in formation of RSGs was 50 <i>per cent</i> which was attributed to practical difficulties in identification of heterogeneous groups. Due to short release of funds to RSGs in all the selected districts, various components of the project were not carried out.	5.00
25.	Karnataka	Research (Agriculture/ Horticulture/ Animal Husbandry/ etc.)	Strengthening of Transfer of Technology – (2007-08) - Under the project, short release of funds by 80 <i>per cent</i> to implementing agencies viz. University of Agricultural Sciences (UAS), Bangalore and UAS, Dharwad was noticed. In UAS Bangalore, a sum of ₹ 6.21 crore was diverted towards expenditure not related to the project. Physical verification (July-August 2013) of seven kiosks and four kiosks of UAS, Dharwad and UAS Bangalore, revealed that three and two kiosks respectively, were not in working condition due to non-maintenance/ repair/non-upgradation of software (photograph	100.00

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			given below).	
26.	Karnataka	Integrated Pest Management	Advance center for integrated pest and disease management of major food crops – (2009-10) - Under the project, the DPR proposed five years of implementation against which funds were released only for two years (2011-12 and 2012-13). Instead of carrying out field demonstrations, trainings, melas, seminars, etc., only construction of buildings (including hostel building not approved by SLSC) and purchase of lab equipments were carried out at a cost of ₹ 2.53 crore. This defeated the purpose of the project.	3.92
27.	Kerala	Crop Development	Rice Development (2010-11) - The project included three components a) Rice production in rice growing tracts; b) Upland cultivation of rice and c) Fallow land cultivation of rice. Out of the three components in the project, shortfall under 2 nd and 3 rd component was 71 and 62 <i>per cent</i> respectively.	40.00
28.	Kerala	Fisheries	Matsyakeralam programme (construction of office building for 100 nos. of fish farmers clubs, pumps, nets, fish booth and insurance) – (2010-11) - The project envisaged construction of buildings for fish farmers' clubs with common facilities such as fish booths, pump sets, drag nets, etc., and was to be completed by March 2012. However, till March 2013, the implementing agency could not utilise ₹ 2.69 crore (90 <i>per cent</i>) and construction of only five buildings was completed out of the envisaged 100 buildings.	3.00
29.	Kerala	Fisheries	Establishment of Aquarium complex-cum-training and awareness centre at Odayam, Trivandrum district – (2011-12) - The project was to be completed by March 2012, but as of July 2013, the physical progress of the project was only 20 <i>per cent</i> . The amount of ₹ 33 lakh released earlier on the basis of another DPR was not considered while releasing the amount of ₹ 3.50 crore which resulted in blocking of funds of ₹ 33 lakh.	3.50
30.	Madhya Pradesh	Crop Development	Field Demonstration and Farm Field School (May 2010) - Under the project, training was to be imparted to farmers about latest agriculture technology and knowledge, particularly during six critical crop stages. Various discrepancies viz. non-imparting of training during all six critical crop stages, absence of interface between farmers and technical officials were noticed in Vidisha district.	8.50
31.	Madhya Pradesh	Animal Husbandry	Strengthening of Cattle Breeding Farms (CBF) - Out of 12 CBFs targeted to be strengthened, four test checked CBFs had not been commissioned (August 2013) due to incomplete civil works. A sum of ₹ 1.26 crore advanced (June 2010) to Madhya Pradesh State Live Stock and Poultry Development Corporation for cattle supply remained unspent with them for more than three years. Expenditure of ₹ 3.17 crore incurred on construction of sheds and infrastructure on the land allotted (July 2008) for establishment of Jafrabadi Buffalo Breeding farm at Babai, Hoshangabad proved infructuous due to transfer of land in July 2012 for industrial use.	10.71

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
32.	Madhya Pradesh	Animal Husbandry	Establishment of Cold Chain (2010-11) - The project aimed to maintain cold chain for preserving potency of vaccines by providing refrigerators, deep freezer, refrigerated vans, cryocans ⁶ etc. The shortfall in purchase of refrigerators was 81 <i>per cent</i> . It was observed that refrigerated van for transport of vaccines was not available in any of the five units in the five selected districts. Due to non-availability of deep freezers, refrigerated van and refrigerators in all the institutions, these vaccines could not be transported and preserved at the required temperature, thus defeating the objective of the project.	20.79
33.	Madhya Pradesh	Extension	Capacity building of Block offices as Krishi Gyan Kendra (2011-12) - Initially the project was sanctioned for strengthening of 40 block offices for ₹ 10.21 crore which was later revised (2012-13) to 91 block offices for ₹ 22.86 crore. Scrutiny revealed that no time limit was laid down for completion of the project. As of May 2013, the work of strengthening in only 31 block offices was completed, works in respect of 56 block offices were under progress and works of four block offices were yet to be awarded.	22.86
34.	Maharashtra	Sericulture	Cultivation of Mulberry for development of Silk Industry – (2011-12) - The objective of the project was to enhance the employment generation in rural areas and increase the cocoon production. Against the target of coverage of 600 acres by March 2014, only 274 acres (46 <i>per cent</i>) were covered as of September 2013. The shortfall in achievement was due to the fact that farmers were not interested in cultivation of mulberry due to heavy labour charges and attraction of other cash crops.	6.40
35.	Maharashtra	Sericulture	Tusser Grainage (Mud House) – (2011-12) - Under the project, against the target of construction of 10 mud houses by March 2012, only one mud house (10 <i>per cent</i>) was constructed as of September 2013. The Department replied (September 2013) that Public Works Department had assured to complete the work at the earliest.	4.51
36.	Manipur	Horticulture	Promotion of underdeveloped horticulture crops (2010-11) - Against the project cost of ₹ 4.00 crore, ₹ 2.00 crore was released and utilized. The project involved distribution of saplings/seeds and fertilizers and training to farmers. Shortfall of 50 <i>per cent</i> was noticed in both the coverage of targeted area and imparting of training due to short release of funds.	4.00
37.	Manipur	Extension	Crop demonstration on Pre-Kharif Paddy with SRI ⁷ Technology (2011-12) - Under the project, promotion of SRI technology by way of demonstrations was envisaged. Though the project was approved in April 2011, the Ministry belatedly released funds of ₹ 90 lakh in February 2012. Out of five selected districts ⁸ , in four districts, only 1998 farmers (49 <i>per cent</i>) could be covered whereas in one district of Senapati, no	1.35

⁶ Cryocane: A container of Liquid Nitrogen for transporting semen.

⁷ System of Rice Intensification (SRI) technique uses less input viz., seed, water, chemical fertilizers but uses more organic manure.

⁸ Imphal (East), Imphal (West), Thoubal, Bishnupur and Senapati.

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			beneficiary was covered.	
38.	Punjab	Crop Development	Replacement of Wheat Seed (2011-12) - Under the project, against the target of distribution of two lakh quintals of certified seed of wheat, 5000 quintal of Barseem seed costing ₹ 5.00 crore was purchased for distribution. There was also a shortfall of 54 <i>per cent</i> in the purchase of wheat seeds.	10.00
39.	Punjab	Horticulture	Establishment of Citrus Estates (2008-09) - Under the project, the area under citrus Crops was to increase by 100 <i>per cent</i> and the production of fruits was to increase four times during the project period of five years. Out of five citrus estates, the percentage increase in the production of fruits ranged between 25 to 61 <i>per cent</i> in three estates ⁹ and was almost 'nil' in one estate ¹⁰ . Amount of ₹ 92 lakh earmarked for purchase of equipment and tools for use of farmers lying unutilised.	9.88
40.	Rajasthan	Horticulture	Establishment of International Horticulture Innovation and Training Centre Jaipur (2008-09) - Under the project, shortfall of 68 <i>per cent</i> was noticed in turnout of farmers which was attributed (August 2013) to less number of trained staff with the sectoral Departments, poor response of farmers, etc. Funds of ₹ 2.25 crore released (March 2011 and March 2012) for strengthening of hostel accommodation were lying unutilised.	19.96
41.	Rajasthan	Horticulture	Date Palm plantation at farmers field (2008-09) - The main objective of the project was promotion, dissemination of date palm production technology and training to the farmers. The shortfall in coverage of area by Date Palm plantation was 51 <i>per cent</i> . Date Palm plants costing ₹ 12.89 crore received during 2009-11 for distribution to farmers were lying unutilized.	51.65
42.	Rajasthan	Fisheries	Development of Fish Seed Rearing Area (2007-08) - Under the project, as of March 2013 (scheduled month of completion), against the target of developing of rearing area in 494.22 acres, only 30.12 acres (six <i>per cent</i>) area was developed. Physical verification revealed that against the target of developing 24.71 acres of fish seed rearing area in Udaipur district during 2008-13, only 14.83 acres (60 <i>per cent</i>) was developed. Besides, ponds for fish rearing were empty and dry and no activities of rearing fish were being carried out. The Fisheries Development Officer, Udaipur attributed (July 2013) the situation to uncertainty of rainfall/scanty rainfall and depleting ground water.	6.00
43.	Rajasthan	Fisheries	Establishment of Fish Seed Production unit in Public Private Partnership - (2007-08) - Against the sanctioned cost of ₹ 3.00 crore, ₹ 70 lakh was released. As of March 2013 (scheduled month of completion), against the target of establishing 30 production units, only one unit (3.33 <i>per cent</i>) was established. An amount of ₹ 50 lakh meant for establishment of Fish seed production unit by the fish farmers were utilised for creation of	3.00

⁹ 1)Haryana at Chhauni Kalan, Distt. Hoshiarpur 2)Badal, Distt. Sri Muktsar Sahib 3)Ferozepur at Tahliwala Jatta, Distt. Fazilka

¹⁰ Hoshiarpur at Bhunga, Distt. Hoshiarpur

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			revolving funds and operating the Government fish farms at Kota, Banswara, Hanumangarh, Tonk, Chittorgarh and Bhilwara thus leading to diversion of funds.	
44.	Rajasthan	Extension	Community managed small scale land and water resources development for rural and poor farmers of Sangod tehsil, District Kota – (2010-11) - Under the project, the shortfall in construction of check dams and lift irrigation systems (LIS) was 33 and 100 <i>per cent</i> respectively which was attributed to delay in technical sanctions and short release of funds. Physical verification revealed that the villagers were not utilizing the water stored on the two completed check dams and were using their own tube wells.	18.00
45.	Rajasthan	Extension	Soil Health card distribution programme to each farm house hold of Rajasthan – (2010-11) - Though the project was declared as complete, audit scrutiny revealed that the project was not fully implemented as against the sanctioned cost of ₹ 75.00 crore, only ₹ 2.10 crore (three <i>per cent</i>) was released and a meagre amount of ₹ 6.76 lakh was utilised up to March 2013. Further, the web based software for making database of 60 lakh soil samples was not developed.	75.00
46.	Sikkim	Crop Development	Promotion of baby corn, sweet corn and pop corn - (2011-12) and (2012-13) – Under the projects, during 2011-12, the shortfall in production of canning tins was 88 <i>per cent</i> . Due to lack of proper market research, the programme was found economically unviable as the cost of procurement and supply of baby corn, sweet corn and manure to the farmers (₹ 3.59 crore) exceeded the sale price (₹ 1.10 crore) and the implementing agency (Sikkim State Co-operative Supply and Marketing Federation Limited) suffered a loss of ₹ 15.40 lakh in the business of corn production.	2.15
47.	Sikkim	Horticulture	Establishment of Hi-Tech Green House' at Bermiock (South) (2009-10) - Physical verification (September 2013) revealed that the green house was functioning with the connection of Diesel Generator as application for demand of electric connection was under process. As a result, during 2012-13, against the target of production of 50,000 orange seedlings, only 12,328 seedlings were germinated.	0.86
48.	Tamil Nadu	Animal Husbandry	Green Fodder Development Programme (2008-09) - The shortfall in development of fodder land in the State and two selected districts of Abhishekapatti and Chinnasalem was 37 and 80 <i>per cent</i> respectively. Diversion of fund towards developing pasture and grazing land instead of fodder land was noticed in the District Livestock Farm, Abhishekapatti. Similarly, in State Sheep Farm, Chinna Salem, only 50 acres could be developed at a cost of ₹ 79 lakh instead of 250 acres of land due to poor water supply and diversion of fund for development of pasture and grazing land. Joint physical verification of two sites (measuring 4 and 1.15 acres) in Chinna Salem Sheep Farm and Abhishekapatti revealed that fodder developed was totally dry.	5.77

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
49.	Tamil Nadu	Animal Husbandry	Genetic upgradation of livestock in Tamil Nadu through departmental livestock farms (2009-10) - The main objective of the project was to preserve/ conserve/propagate the superior quality of local breed through seven livestock farms. In two selected farms ¹¹ , the percentage shortfall in purchase of animals was 47 <i>per cent</i> .	3.85
50.	Tamil Nadu	Extension	Kisan Bhawans/Farmers Hub (Uzhavar Maiyam) in Tamil Nadu (2011-12) - The project envisaged construction of Kisan Bhawan (Farmers Hub) at 10 places in order to transmit latest technical knowhow to farmers besides getting feedback from field adoption and exchange the experiences through conduct of training to the farmers on various aspects of agriculture. As of August 2013, except the work of construction of one Farmers Hub building at Tiruchirappalli, work in other districts was yet to be completed/handed over to user department.	15.00
51.	Uttar Pradesh	Major/ Minor Irrigation	Minor Irrigation Works (Deep Tube Well, Medium Deep Tube-Wells, Dr. B.R. Ambedkar tube-wells and Dr. Ambedkar Community Tube-Wells) - (2009-10) - Under the project, the overall shortfall in construction of all types of tube wells during 2009-10 to 2011-12 was 25 <i>per cent</i> . For the year 2011-12, the shortfall in construction of Deep Tube Well and Medium Deep Tube Well was 32 and 47 <i>per cent</i> respectively due to location of some sites in naxal affected areas, etc.	62.36
52.	Uttar Pradesh	Dairy Development	Saghan Mini Dairy Pariyojana (2008-09) and (2010-11) - The objective was to generate direct and indirect employment by establishing mini dairies in rural areas viz. villages of the districts where Dugdh Samitis were operational in milk marketing. The shortfall in construction of mini dairies in the State and selected districts ¹² for the period 2008-13 was 41 and 46 <i>per cent</i> respectively.	43.15
53.	Uttar Pradesh	Fertiliser and Integrated Nutrient Management	<ul style="list-style-type: none"> • Soil Health Improvement Programme (April 2010) and (February 2011) - The objective of the project (an ongoing project from 2008-09) with a sanctioned cost of ₹ 135.04 crore for the year 2010-11 was to improve soil health, maintain Carbon-Nitrogen ratio in soil, increase fertility and encourage the use of bio-fertiliser among the farmers. • Shortfall in achievement of target during 2010-11 and 2011-12 ranged between 5 and 24 <i>per cent</i> in respect of six components of the project. Expenditure of ₹ 177.20 crore during 2008-12 for improvement of fertility level of soil in nine agro-climatic zones of the State proved unfruitful as a comparison of fertility status of the State in the years 2011-12 with the year 2006-07 to 2008-09 revealed that the fertility level¹³ of soil did not improve. • During 2012-13, there was a shortfall of 41 <i>per cent</i> in the distribution of dhaincha seeds required for the coverage of 	135.04

¹¹ Chinnasalem (Sheep), Abhishekapatti (Sheep) and Abhishekapatti (Cow)

¹² Saharanpur not included due to closure of the unit

¹³ 2007-08 taken as base year for calculating the fertility level.

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			<p>60000 hectares of land. Purchase of dhaincha seed at higher rate resulted in avoidable expenditure of ₹ 1.06 crore. Spoiled and sub-standard seeds were supplied to 10 districts¹⁴ which were subsequently returned to Beej Vikas Nigam (BVN).</p> <ul style="list-style-type: none"> Under the component of Green Manure programme implemented during 2009-12, during the years 2009-10 to 2011-12, 1.20 lakh seeds (43 <i>per cent</i> of total seeds supplied) costing ₹ 61.43 crore were supplied after sowing time (i.e. after 15 May), resulting in non-achievement of objectives of the project. 	
54.	Uttar Pradesh	Sericulture	<p>Strengthening of silk koya production, marketing and spinning units and establishment of silk bank and marketing information centre – (2008-09) - Under the project comprising of eight components, common rearing houses were to be established and rearing equipment to be provided to landless farmers in the Government farms. The shortfall was above 50 <i>per cent</i> under four components of Fencing (56 <i>per cent</i>), Borings (68 <i>per cent</i>), Distribution of Rearing tools (67 <i>per cent</i>) and Farmer Trainings (75 <i>per cent</i>). Under the component of establishment of two training institutes, the achievement was 'nil'. Further, equipment valuing ₹ 40.52 lakh purchased (March 2011) for Training Institute at Mirzapur, was lying idle due to non-completion of building. Joint physical inspection revealed that out of eight works allotted (March – June 2010) at a cost of ₹ 2.26 crore to Processing and Construction Cooperative Federation Limited at Silk Exchange, Varanasi, four works valuing ₹ 81 lakh were not taken up (September 2013).</p>	10.96
55.	Uttar Pradesh	Sericulture	<p>Strengthening of Government grainage and Chawki rearing centre for production of quality seed and supply of healthy chawki silk worm to the farmers–(2010-11) - The objective of the project was to provide silk worms to the beneficiaries for rearing. The shortfall in achievement under four components of the project ranged between 20 to 100 <i>per cent</i>. In respect of component of 'Strengthening of Government grainage farms', the shortfall was 100 <i>per cent</i>.</p>	8.70
56.	Uttarakhand	Dairy Development	<p>Setting up of dry dairies in existing Cow shelter (2010-11) - Under the project costing ₹ 1.45 crore, a sum of ₹ 1.21 crore was released to the implementing agency against which it incurred an expenditure of ₹ 52.45 lakh. Against target of setting up of 17 dry dairies in the State, only three (i.e. 18 <i>per cent</i>) were set up till the scheduled month of completion viz. September 2013.</p>	1.45

¹⁴ Badaun, Bhimnagar, Ghazipur, Gonda, Jyotiba Phule Nagar, Muzzafar Nagar, Pilibhit, Rampur, Saharanpur and Shahjahanpur.

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
57.	West Bengal	Horticulture	Establishment of Horticulture Technology Dissemination Centre (2007-08) - Due to delay in handing over the site and delay in appointment of contractor, 60 per cent of the work was incomplete as noticed during physical verification (August 2013). This also resulted in cost escalation by ₹ 2.03 crore.	1.02
Total				1404.94

Karnataka: Strengthening of Transfer of Technology



Non-functional kiosk at VC Farm, KVK Mandya (24.08.2013)

Case Study: Execution of project in disregard of environmental issues

In **Uttar Pradesh**, under the project 'Minor Irrigation Works', as per the report (March 2004) of Department of Ground Water, there were 37 over exploited and 13 critical blocks in the State at the end of March 2004 which increased to 76 and 32 block respectively at the end of March 2009. Considering the worsening situation of ground water, SAP recommended to increase share of surface water irrigation such as canals and reduce dependence on ground water to restrict its depletion. While designing the project, the recommendations made in SAP were not taken into consideration. In 10 selected districts, it was found that subsidy of ₹ 9.12 crore was utilised in construction of deep tube wells, medium deep tube wells, etc. during 2010-12 in blocks categorised as over exploited and critical. This was in contravention of recommendations of SAP and in disregard of environmental issues.

- B) Incomplete projects** – 23 projects costing ₹ 363.89 crore in 13 States could not be completed within the stipulated period as detailed below:

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
1.	Andhra Pradesh	Dairy Development	Strengthening of dairy development - (2011-12) - Under the project, construction of 15 milk cooling centres along with machinery, and milk chilling centre at Pulkal village was taken up (May 2011). Non-establishment of milk chilling centre as of October 2013 resulted in idling of the 15 cooling centres and milk chilling machinery procured for ₹ 56.97 lakh in February 2013.	4.00
2.	Bihar	Animal Husbandry	Renovation/modification of Animal Health and Production Institute (IAHP) (2010-11) - The electrification work in the IAHP building was still incomplete as of September 2013 due to delay in tendering process. The bacterial vaccine plant costing ₹ 1.49 crore supplied in October 2013 was yet to be installed as the renovation work was not completed.	8.00
3.	Gujarat	Animal Husbandry	Kawant Livelihood project – (August 2008) - Due to slow pace of the project and stopping of RKVY funding, the project was closed prematurely in April 2012. An amount of ₹ 1.05 crore (including interest) for the period 2009-10 to 2011-12 collected as 'farmers contribution/contribution from the community' was irregularly parked in the bank account of the implementing agency.	25.72
4.	Gujarat	Marketing	Convergence of State Plan (Kisan Kalpvriksha Yojana-KKVY) with RKVY – (2011-12) - Under the project, the objective was creation of infrastructure works in Agriculture Produce Market Committees (APMCs). Of the 19 works constituting 41 <i>per cent</i> of the targeted works in three selected districts of Gandhi Nagar, Patan and Valsad, 13 works did not even commence while six works were in progress as of March 2013.	39.54
5.	Himachal Pradesh	Organic Farming/Bio Fertilisers	Promotion of Organic Farming – (2011-13) - The project which was scheduled for completion in March 2013, remained incomplete as of September 2013 as an amount of ₹ 3.23 crore earmarked for various activities remained parked in the savings bank account of Deputy Directors of Agriculture as of September 2013. Joint physical inspection (June 2013) of vermi compost tetra bed installed in October 2011 near Subject Matter Specialist block, Nalagarh revealed that tetra bed was lying in dilapidated condition.	6.19
6.	Jharkhand	Seed	Seed distribution of High Yield Variety (HYV) and seed production at Agriculture Farm for Integrated Development (2010-11) - The project was sanctioned at a cost of ₹ 7.40 crore out of which only ₹ 1.70 crore was spent which resulted in non-distribution of wheat seed, micro nutrient, zinc sulphate, etc. In five selected districts, neither district-wise target for distribution of HYV seeds was fixed nor was any requirement asked from district level implementing agencies. In Dumka, 224.75 quintals out of 357 quintals of maize seed could not be distributed as sowing period was over. Hence it lost its shelf life which resulted in wasteful expenditure of ₹ 16 lakh.	7.40

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
7.	Jharkhand	Extension	Construction of 50-bedded hostels for farmers at Dumka, Ranchi and Saraikela - (2011-12) - The project which was to be completed by March 2013, remained incomplete as of September 2013 as the progress of work was 20, 2 and 48 <i>per cent</i> in Dumka, Ranchi and Saraikela respectively after incurring expenditure of ₹ 56.85 lakh.	2.55
8.	Jharkhand	Research (Agriculture/ Horticulture/ Animal Husbandry/ etc.)	Establishment of Automatic Weather Stations (AWS) Reception Center in the campus of Jharkhand Space Application Centre (JSAC) Ranchi – (2009-10) - The project remained incomplete as though the reception center was established in May 2011, but the expert center for Agromet Advisory Service Generation was not established to co-ordinate with JSAC for further dissemination of data to the district and block level officers.	98.33
9.	Karnataka	Horticulture	Establishment of Mango Development Centers (two) (2008-09) - Against the sanctioned cost of ₹ 19.00 crore, ₹ 12.30 crore was released and ₹ 5.33 crore was incurred as of March 2013. Physical verification of the two centres revealed that as of July 2013 only the civil works were completed at a cost of ₹ 5.32 crore excluding electrification and sanitary works, though work was to be completed by March 2012.	19.00
10.	Karnataka	Animal Husbandry	Centre for development of vaccine and diagnostics - (2009-10) - Under the project, a Centre for development of vaccine and diagnostics was to be established to improve livestock health of farming community by developing newer vaccines and also improving existing vaccines. The scheduled date of completion was March 2013. However, as of October 2013, the physical progress of the building had reached only roof level as noticed in the physical verification of the site.	3.20
11.	Karnataka	Extension	Establishment of Karnataka Agricultural Science Museum and Human Resources Development (HRD) centre – (2011-12) - Under the project, though the work was to be completed by May 2013, only 25 <i>per cent</i> work could be completed as of August 2013 due to delay in handing over site to contractor, non-execution of proper agreement with the contractor, etc.	9.54
12.	Karnataka	Research (Agriculture/ Horticulture/ Animal Husbandry/ etc.)	E-pest surveillance and advisory services against pests and diseases in selected crops – (2011-12) - Though the scheduled date of completion of the project costing ₹ 1.00 crore was March 2012, but it was incomplete as the major component of the project viz. development of software in co-ordination with National Centre for Integrated Pest Management (NCIPM) was not done.	1.00
13.	Karnataka	Research (Agriculture/ Horticulture/ Animal Husbandry/ etc.)	Promotion of Integrated Farming System (UAS, Dharwad) – (2011-12) and Promotion of Integrated Farming System UHS, Bagalkote– (2011-12) - Both the projects remained incomplete after incurring expenditure of ₹ 6.64 crore, as envisaged components of the project such as appointment of village level facilitators and technical supervisors and analysis of social, financial situations of farmers, etc. was not carried	24.00

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			out. SLSC in its seventh meeting opined that implementation of the project was difficult due to non-availability of manpower.	
14.	Karnataka	Organic Farming/Bio Fertilisers	Research Institute on Organic farming (RIOF) – (2007-08) - Though the proposed institute building was completed in March 2011, but the envisaged activities were not carried out which resulted in non-fulfillment of the objective of the project. This was attributed (August 2013) to short release of funds as only ₹ 5.05 crore (10 per cent) was released during the period 2007-08 to 2010-11.	50.00
15.	Madhya Pradesh	Research (Agriculture/ Horticulture/ Animal Husbandry/ etc.)	A Cell on regular monitoring of agro economic system - Under the project, the objective of creation of a cell for monitoring the agro economic system remained largely unachieved as out of nine components under the project, seven (78 per cent) were not executed.	21.88
16.	Maharashtra	Extension	Development of National Institute of Post-Harvest Technology (NIPHT) into centre of Excellence - (2010-11) - The scheduled date of completion of the project was May 2013, which was further extended to August 2013 with revised cost of ₹ 37.01 crore; however, the work remained incomplete as of August 2013 due to delay in handing over of site, shortage of water, etc. which defeated the objective of the project.	17.07
17.	Meghalaya	Organic Farming/ Bio Fertilisers	Organic Certification ¹⁵ (2007-08) – Under the project, organic certification of Tea in Ri-Bhoi and East Khasi Hills District, cashew-nut in West Garo Hills and South Garo Hills District, turmeric in Jaintia Hills District and vegetables in East Khasi Hills District was to be carried out. The project was incomplete as organic certification for cashew-nut, turmeric and vegetables was yet to be completed as of March 2013.	0.50
18.	Sikkim	Animal Husbandry	Promotion of high yielding cross bred dairy cattle, progeny propagation and development – (2009-10) - The project was to be completed by March 2013. The main components of project were induction of high yield cross bred lactating cows with calves, breeding bulls, vaccination against major diseases, providing package of mineral mixture, de-worming, providing milk cans and capacity building. However, the project was incomplete as till August 2013, only the distribution of milching cows, milk cans and feeds was undertaken. Thus, the Department not only failed in propagation of high yield cows but also failed to increase milk production as projected in the DPR despite incurring expenditure of ₹ 1.25 crore.	2.55
19.	Tamil Nadu	Animal Husbandry	Upgradation of Bacterial Vaccines Production Laboratory to Good Manufacturing Practices (GMP) standard at the Institute of Veterinary Preventive Medicine, Ranipet (IVPM)– (2011-	7.52

¹⁵ Organic certification is a certification process for producers of organic food and other organic agricultural products.

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			12) - The objective of the project was upgradation of Bacterial Vaccines production Laboratory to GMP standard at the IVPM, Ranipet for production of upgraded Bacterial vaccines of three types viz. HSV ¹⁶ , BQV ¹⁷ and ETV ¹⁸ . Though the scheduled date of completion was October 2012, the work remained incomplete due to delayed release of funds in April 2013 and belated decision (April 2013) of the State Government to establish a new Anthrax Spore Vaccine Production laboratory of GMP standard at IVPM, Ranipet. Since the renewal of manufacturing licence of Bacterial vaccine in IVPM for the period 2002-2007 and 2008-12 was pending with Government of India, five types of vaccines produced by IVPM from 2002 onwards were without valid licence by competent authority.	
20.	Tamil Nadu	Marketing	Establishment of banana market complex and cold storage unit in Srirangam, Tiruchirappalli district -(2011-12) - The project was scheduled to be completed by March 2012 but as of May 2013, major components of the project namely cold storage building, traders shop, transaction shed, generator shed, administrative building and information centre were still under progress. Out of 14 components under the project, only seven were completed.	4.00
21.	Tripura	Marketing	Infrastructure development in Agricultural Markets – (2009-10) - Under the project, construction of one Wholesale Assembling market at Bishramganj and other five Primary Rural markets at different locations was envisaged. The Wholesale Assembling market at Bishramganj had not been completed till June 2013 despite an expenditure of ₹ 2.10 crore. Out of five primary rural markets, two markets at Anandabazar and Durga Chowmuhan completed in September 2012 and August 2013 respectively had been lying idle as these were not handed over to the Panchayat/Bazaar Committee.	3.39
22.	Uttarakhand	Organic Farming/Bio Fertilisers	Composting Vegetable waste using Organic Waste converter (OWC) System – (2011-12) - Under the project, out of six ¹⁹ OWC Systems to be established by March 2013, three were not complete as of August 2013. Physical verification of completed OWC systems at all the three places (July and September 2013) revealed that these systems were lying idle due to lack of co-ordination between the SLSC, the nodal department and the implementing agency.	8.51
Total				363.89

16 Haemorrhagic Septicemia Vaccine

17 Black Quarter Vaccine

18 Enterotoxaemia Vaccine

19 Dehradun, Haldwani, Haridwar, Kashipur, Roorkee and Rudrapur

C) Irregular/improper implementation of projects – In 23 projects (including one project each of Assam and Karnataka mentioned as case study) costing ₹ 427.16 crore in 14 States, audit noticed that projects were not implemented according to the project norms as tabulated below:

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
1.	Bihar	Organic Farming/ Bio-Fertilisers	Organic Farming – (2010-11) - During 2010-13, out of 90 selected beneficiaries, the 2 nd instalment of subsidy was not released to 77 beneficiaries (86 <i>per cent</i>) as they could not commence production of vermi-compost. In nine selected districts ²⁰ , full payment of cost of High Density Polythene (HDPE) was made to the suppliers against the norm of 50 <i>per cent</i> payment which resulted in excess payment of ₹ 4.84 crore during 2010-13. In four districts ²¹ , irregular payment of ₹ 6.11 crore to the suppliers in contravention of the norms was noticed. In three districts ²² , irregular payment of ₹ 1.12 crore for cost of the dung paid to the beneficiaries was noticed.	6.11
2.	Haryana	Micro/Minor Irrigation	Providing additional assistance on laying out underground pipeline system – (2010-11) - Under the project, an amount of ₹ 56.59 lakh was irregularly paid as additional subsidy to beneficiaries in four districts ²³ of another State Plan Scheme titled “Providing Assistance on Addition of Water Saving Technology”	45.00
3.	Haryana	Animal Husbandry	Outsourcing of Artificial Insemination (AI) service to JK Trust for establishment of 2000 Integrated Livestock Development Centres (ILDC) in the state (2011-12) - Under the project, as per the agreement, the implementing agency viz. J.K. Trust was to establish ILDC at locations where departmental services did not exist. In contravention of these provisions, out of total 3345 calf born, 2703 calves (81 <i>per cent</i>) were born on a location where departmental facilities such as Veterinary Hospitals and Dispensaries existed. The implementing agency irregularly collected an amount of ₹ 2.70 crore as AI charges from the beneficiaries up to March 2013.	13.59
4.	Jammu and Kashmir	Horticulture	Development/Strengthening of Departmental Nurseries/ Progeny Orchard - (2010-11) - The project was sanctioned with the objective of strengthening of 39 nurseries in the State. In two selected districts of Baramulla and Bandipora, the percentage of mortality of plants in the departmental nurseries ranged between 16 and 43 <i>per cent</i> during the period 2010-11 to 2012-13 due to poor maintenance and non-provision of	2.70

²⁰ (i) Bhojpur, (ii) East Champaran, (iii) Gaya, (iv) Gopalganj, (v) Kishanganj, (vi) Patna, (vii) Purnea, (viii) Samastipur and (ix) Sitamarhi

²¹ (i) Bhojpur (₹1.44 crore), (ii) Madhubani (₹ 2.74 crore), (iii) Nalanda (₹ 71 lakh) and (iv) Sitamarhi (₹1.22 crore)

²² (i) Bhojpur (₹ 26 lakh), (ii) Madhubani (₹ 3 lakh) and (iii) Nalanda (₹ 82 lakh)

²³ Karnal- ₹ 28.48 lakh, Panipat-₹ 4.17 lakh, Rewari-₹ 16.00 lakh, Mohindergarh-₹ 2.24 lakh and Narnaul- ₹ 5.71 lakh

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			proper irrigation facilities. Physical verification of 11 departmental Fruit Plant Nurseries in three ²⁴ selected districts and one each in Srinagar and Pulwama revealed that the condition of the trees/plants/ seedlings was not up to the mark and four ²⁵ nurseries had no/insufficient source of water for irrigation purposes.	
5.	Jammu and Kashmir	Natural Resource Management	Soil and Water Conservation through Water Harvesting Structure and other measures – (2009-10) - Under the project, joint physical verification of 38 WHTs constructed in four selected Districts of Bandipora, Baramulla, Kupwara and Kathua revealed that 30 WHTs were totally dry and in damaged condition and two WHTs did not exist physically thus resulting in wasteful expenditure of ₹ 32 lakh on account of assistance paid for construction of such tanks.	2.68
6.	Jharkhand	Dairy Development	Assistance to Heifer Rearing - (2008-09) - Under the project, cross breed heifers were to be registered, de-wormed and vaccinated and free calf starter and concentrated feed at subsidized rate (₹ 5 per kg) was to be provided to them so that they attained early maturity for longer lactation period. The project was not properly implemented as during 2009-12, concentrated feed and calf starter feed meant for 6000 heifers was distributed among 19010 registered heifers resulting in inadequate feed for each heifer. Further, interrupted distribution of calf starter and concentrated feed was noticed by BAIF (Bhartiya Agro Industries Federation) Hqrs., Ranchi during test-check of records of Dairy Cattle Development Centers. Technical study carried out on 1601 heifers by BAIF revealed that only 13 <i>per cent</i> heifers could attain the target of maturity within the period of 12 to 18 months against the target of maturity within 14 to 18 months.	2.28
7.	Karnataka	Seed	Karnataka Seed Mission (2010-11) - Under the project, the DPR envisaged seed distribution to farmers at subsidized rate of 50 <i>per cent</i> . Scrutiny of records of ten Assistant Directors of Agriculture during the period 2008-12 revealed that the farmers were required to pay more than 50 <i>per cent</i> of the rates, thereby increasing their contribution towards the cost of the seeds. In 10 selected taluks, the farmers were made to pay ₹ 1.16 crore extra. Test check of records in 16 Raitha Samparka Kendras (RSKs) revealed improper accounting for the receipt and issue of stock due to which possibility of misuse of funds by the officers of RSKs could not be ruled out. In reply, Agriculture Officers of RSKs replied (June-August 2013) that this was due to acute shortage of manpower at RSKs.	81.61
8.	Karnataka	Animal Husbandry	Intensifying of Animal Health and Extension Services - (2008-09) - The project envisaged, inter-alia, purchase of mobile vehicle with necessary equipment for providing timely	24.92

²⁴ Kupwara, Bandipora and Baramulla²⁵ Kralweth and Khojabagh in Baramulla, Checkreshipora and Asham (Bandipora)

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			treatment to animals at the villages. Against the target of 176 mobile vehicles, only 50 vehicles ²⁶ without the requisite equipments were provided to 50 taluks. In three selected taluks ²⁷ , audit observed that the vehicles were diverted for administrative purposes. Out of ₹ 21.44 crore received (2008-11), the implementing department diverted (June 2012) ₹ 4.00 crore to 24 districts for implementation of Commercial dairy development scheme.	
9.	Karnataka	Agriculture Mechanisation	Farm Mechanisation - (2008-09) and (2011-12) - The projects aimed to support farmers with timely subsidy to own farm machinery and equipment, besides establishment of one Custom Hiring Centre (CHC) in each taluk from which farmers can hire equipments and implements. Audit observed that except providing subsidy for farm equipment, other component of establishing CHCs was not carried out thereby depriving the farm equipment needs of small and marginal farmers. Record maintenance in all the selected taluks was poor due to which receipt and distribution of stock could not be co-related. In contravention of the RKVY guidelines, subsidy of ₹ 19.40 crore was incurred on purchase of 3,193 tractors during 2008-10.	90.00
10.	Karnataka	Organic Farming/ Bio-Fertilisers	Organic farming – On-site activities – (2011-12) - The main objective of the project was to maintain organic farming by the farmers through assistance in the form of infrastructure, organic manure, training, marketing link etc. However, the project was incomplete as market link was not provided for selling the products grown organically by the beneficiaries. The Department expressed (June–August 2013) concern that the farmers might revert back to inorganic methods of cultivation due to non-provision of said market link.	15.00
11.	Karnataka	Innovative Programmes/ Others	Providing e-trading infrastructure facilities in Agricultural Produce Market Committee – (2009-10) - The project was incomplete as the supply of hardware was still pending in the APMCs due to which APMC were either non-functional/partly functional as noticed during physical verification. In APMC, Mandya, e-trading facility could not commence due to technical problems in the registration of commodities to be traded at the gate entry, resulting in idling of the equipments. In Chamarajanagara, out of the major two commodities (Turmeric and Jaggery), e-trading of Jaggery was yet to be commenced due to non-receipt of full-fledged e-trading equipment from APMC, Mandya as of August 2013. In Koppal APMC, e-trading was discontinued from April 2013 due to technical problems.	7.00

²⁶ Six seater Mahindra Bolero jeeps

²⁷ Bangalore South, Chamarajanagara and Gangavathi

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
12.	Madhya Pradesh	Agriculture Mechanisation	Establishment of Custom Hiring Centre (2010-11) - The project was sanctioned at a cost of ₹ 106.92 crore ²⁸ with the objective of providing latest agricultural equipments to farmers on hire basis with easy instalments through CHCs. 850 tractors (72 per cent) were purchased and distributed to CHCs and MP Beej Nigam in contravention of RKVY guidelines. Physical verification of CHC Manawar, Dhar and Revra farm, Satna and MP Beej Nigam revealed that during the period between 2011-12 and 2012-13, tractors were mainly used at their own farms instead of letting out to farmers or were lying unutilised, thus defeating the objective of the project.	55.20
13.	Maharashtra	Marketing	Pre-cooling, Ripening & Cold Storage Facility for Banana at Indapur, Distt. Pune – (2010-11) - The project remained incomplete as of March 2013 despite expenditure of ₹ 4.26 crore, as the project site (Indapur taluka of Pune district) was unviable, as it was not a banana cultivating area and proposed pack houses at Akulj and Walchandnagar were also far away from Indapur. It was also observed that M/s Unifruti Company, which was exporting bananas from the existing agriculture produce export facility centre at APMC, Indapur, stopped its export business due to short supply of bananas from the surrounding areas. This resulted in infructuous expenditure of ₹ 4.26 crore incurred on idle machinery and incomplete civil construction at the project site (photograph given below).	5.29
14.	Manipur	Non-farm activities	Maize Sheller – (2011-12) and Maize Sheller – (2011-12) - Under both the projects, against the target of procurement of 12000 Maize shellers, only 8000 Maize shellers (67 per cent) were purchased. Further, these 8000 Maize shellers were distributed to 2916 farmers of the State by providing some farmers with more than one Maize Sheller, depriving 5084 farmers (64 per cent) of the benefit of the project. Similarly, in the selected districts, 3856 Maize shellers were distributed to 1610 farmers, thus depriving 2246 farmers (58 per cent) the benefit of the project.	0.60
15.	Nagaland	Animal Husbandry	Livestock Development (2011-12) - The project envisaged promotion of cross bred animals like pig, cattle, poultry, etc., provide employment opportunities through livestock and poultry farming, etc. Physical verification in selected districts revealed that 15 beneficiaries in four selected districts received cash/ineligible animals in place of piglets/chicks/feed/pregnant heifer. Thus, the project was not implemented as per approved action plan.	2.15
16.	Punjab	Fertiliser and Integrated Nutrient Management	Distribution of Micro Nutrient for Rabi – (2010-11) - Delay in procurement of the micro nutrient in January 2011 defeated the purpose of the project as the sowing period of Rabi crops was between October-November. This was attributed to hasty	6.12

²⁸ 1st proposal for ₹ 72 crore and second proposal for ₹ 34.92 crore

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			launching of the project without prior preparation of project details and its non-inclusion in the SAP (2010-11).	
17.	Rajasthan	Crop	Golden Rays Rajasthan (2010-11) – Under the project, 3215.15 quintal seed distributed to 64328 farmers of Dungarpur district in Kharif-2011 showed low germination of 30-40 <i>per cent</i> . 254 mini-kits were distributed to 44 farmers against the norm of distribution of only one mini-kit (5 Kg maize seed) to each farmer.	34.78
18.	Tamil Nadu	Animal Husbandry	Mobile Diagnostic Labs – (2008-09) - The objective of the project was setting up of eight Mobile Diagnostic Laboratories/ van with equipment to provide fool proof health cover to animals in remote/inaccessible areas. The project could not achieve its objective as the labs/vans were provided without the diagnostic equipments. Further, due to fuel restriction of 125 litres per month, the van was not utilized to cover remote/inaccessible areas in distant blocks. Thus, the objective of providing health cover to animals in remote villages could not be ensured despite spending ₹ 92 lakh.	0.96
19.	West Bengal	Fisheries	Culture of indigenous small fish in backyard ponds – (2011-12) - Improper execution of project was noticed in five selected districts of Nadia, Paschim Medinipur, Purulia, North and South 24 Parganas as fish seed of Indian Major Carps was supplied to the beneficiaries instead of fish seed of Minor Carps as stipulated in the project guidelines.	2.00
Total				397.99

Maharashtra: Pre-cooling, Ripening & Cold Storage Facility for Banana at Indapur, District Pune



Machineries lying idle at Project site Indapur



Incomplete Civil construction

Case Study: Execution of project in disregard of environmental issues

In **Assam**, as per instructions issued by SLSC in respect of the selected project of 'Irrigation (Agriculture)' sanctioned in 2011-12 at a cost of ₹ 13.20 crore, the implementing agencies were to ensure presence of permissible limit of Arsenic and Fluoride in ground water before distribution of Shallow Tube Well. Presence of Arsenic and Fluoride beyond permissible limit was, however, noticed in four (Golaghat, Dhemaji, Kamrup and Barpeta) out of five selected districts. Thus, Shallow Tube Wells were distributed among the beneficiaries for exploration of ground water that was unsafe for human consumption posing serious health hazard.

Case Study: Incomplete project entailing health risk

In **Karnataka**, a project 'Augmenting of vaccine production' was sanctioned in September 2008 and again in July 2009 and April 2010 at a total cost of ₹ 15.97 crore. The main components of the project were to supply livestock vaccines to the farmers of the State to achieve herd immunity against the disease with the expected coverage up to 80 *per cent* from the existing level of 35 *per cent* (2007-08), modification of the laboratory at the Institute of Animal Health and Veterinary Biologicals, Bangalore to Good Manufacturing Practices (GMP) standards.

- Against the target of 80 *per cent* coverage to be achieved after completion of XIth Five Year Plan period, out of three types of vaccinations, for two vaccinations of Anthrax and Enterotoxaemia, the achievement was very poor as the percentage of vaccinations was 0.97 *per cent* and 41 *per cent* respectively for the year 2011-12.
- Audit observed that six pieces of equipment (costing ₹ 5.06 crore) out of 22 procured were lying idle due to delay in modifying laboratories to GMP standards. As a result, the project remained incomplete even as of August 2013. Due to non-fulfillment of the conditions/standards of GMP, vaccine production had to be stopped from January 2013.
- Physical verification (June–August 2013) revealed that none of the five laboratories were complete according to GMP standards. Though vaccine production was stated to be stopped from January 2013, joint inspection (October 2013) revealed that the laboratories continued manufacturing vaccines without obtaining a valid license in violation of the Drugs and Cosmetic Act and with the risk of administering non-approved vaccines to livestock.
- The Institute of Animal Health and Veterinary Biologicals, Bangalore had diverted (June 2009) ₹ 70 lakh towards contingencies/institutional charges without obtaining approval from the SLSC.

D) Diversion of funds – In the following nine projects costing ₹ 244.74 crore in five States, audit noticed that RKVY funds amounting ₹ 91.24 crore were diverted for other schemes/ purposes.

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
1.	Jharkhand	Fisheries	Establishment of Fisheries and Livestock Research Institute at Gourikarma (Hazaribag) (2008-09) - Out of sanctioned cost of ₹ 2.00 crore, only an amount of ₹ 50 lakh was released (March 2009), which was subsequently (March 2013) diverted to meet expenditure on another project which was not approved under RKVY.	2.00
2.	Maharashtra	Micro/Minor Irrigation	Farm Pond - (2010-11) - An amount of ₹ 2.79 crore was diverted by the District Superintending Agriculture Officer for making payment for the 402 farm ponds constructed under another scheme titled 'Maharashtra Rural Employment Guarantee Scheme'.	124.00
3.	Punjab	Horticulture	Certification of Planting Material in the Citrus Nurseries in the State (2008-09) - Instead of creating the facility for periodical indexing of mother plants and nurseries of various pathogens in different fruit crops, etc. at one of the Citrus Estates, the sanctioned funds of ₹ 1.03 crore were diverted to Punjab Agricultural University, Ludhiana.	1.03
4.	Punjab	Fertiliser and Integrated Nutrient Management	Against the approved cost of ₹ 6.50 crore, ₹ 5.70 crore was released (July 2010 & December 2010), out of which an amount of ₹ 1.40 crore was diverted for meeting expenditure incurred under another State Government scheme namely 'Pre-positioning of DAP' in the State during 2009-10.	6.50
5.	Tamil Nadu	Crop Development	Application of Zinc Sulphate for Rice Growing Areas - (October 2011) - The entire sanctioned funds of ₹ 4.25 crore were diverted for distribution of mini kits to the victims of 'Thane Cyclone', despite availability of ₹ 526.09 crore under Calamity Relief Fund with the State Government as on 31 December 2011.	4.25
6.	Tamil Nadu	Crop Development	Promoting System of Rice Intensification in Tamil Nadu through conduct of Demonstration in 50000 hectare - (October 2011 and January 2012) – <ul style="list-style-type: none"> Out of sanctioned cost of ₹ 27.00 crore, ₹ 5.68 crore was diverted for relief to the victims of 'Thane cyclone' from SRI demonstration. The main implements viz. Marker and Conoweeder not supplied to the farmers at the time of demonstration due to which the farmers could not utilize the latest technology. 339 Power weeders costing ₹ 92.92 lakh supplied (March 2012) in three selected districts of Dindigul, Tiruchirappalli and Tirunelveli, could not be used as these were extremely heavy (weighing 18 kg. each). Due to supply of under weighed markers (5 to 7 kg 	27.00

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			against the prescribed weight of 8.5 kg), the marking in the field for planting could not be done effectively and the farmers used conventional method of using Nylon rope for marking which resulted in wasteful expenditure of ₹ 48.22 lakh in the selected districts.	
7.	Tamil Nadu	Extension	Productivity improvement of Pulses and Minor Millets scheme - (2009-10) - Under the project, an amount of ₹ 1.11 crore (25 <i>per cent</i>) was diverted for Thane Cyclone Relief in 2011-12. Besides, shortfall in demonstrations of 100, 46 and 75 <i>per cent</i> was noticed in Dindigul, Villupuram and Erode districts respectively due to which shortfall in the target of coverage of area for pulse production was 40 <i>per cent</i> during 2010-13.	4.50
8.	Uttar Pradesh	Seed	Seed subsidy (balance of previous year) (2010-11) - The project was approved by SLSC for clearing the outstanding liabilities of ₹ 5.78 crore for the year 2009-10 under another scheme titled 'Macro Management of Agriculture' (MMA) scheme in contravention of RKVY guidelines. Thus, no physical targets were fixed under the project.	6.76
9.	Uttar Pradesh	Innovative Programmes/ Others	Promoting intensification and diversification of Agricultural production & increasing farmers access to expanding market opportunities – (2008-09) - The project did not fulfill the basic requisites of RKVY scheme as it was initially a World Bank aided project to be implemented in the State during 2006-10. As the World Bank was not inclined to assist Phase-II of the project (from October 2008) unless certain amendments were made in the APMC Act, therefore, the State Government decided (October 2008) to implement the project in its original shape through RKVY resulting in diversion of funds.	68.70
Total				244.74

E) Idling of machinery/infrastructure causing non-achievement/ delays in project outputs – In the following eight projects costing ₹ 70.80 crore in eight States, audit noticed that machinery/ equipments/infrastructure created/procured were lying idle/ unutilised.

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
1.	Chhattisgarh	Research (Agriculture/ Horticulture/ Animal Husbandry/	Conservation of Germ Plasm – (2009-10) - The objective of the project was to establish a Medium Term Storage Module (MTSM) for conservation of germ plasm. This remained unachieved as the newly established MTSM (with related equipments) worth ₹ 70 lakh remained idle	1.00

Proj.Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
		etc.)	mainly due to non-availability of electric connection as of June 2013.	
2.	Goa	Marketing and Post-Harvest Management	Strengthening of fruit and vegetables market network by providing mobile carts with cooling facility – (2010-11) - The project envisaged purchase of 20 mobile carts of 150 liters capacity with 50 <i>per cent</i> assistance from RKVY funds of ₹ 7.85 lakh and balance from State Government and Goa State Horticulture Corporation Ltd. (GSHCL). The carts were purchased at a cost of ₹ 16.49 lakh in June 2011. GSHCL after incurring an expenditure of ₹ 16.49 lakh did not allocate the carts to the beneficiaries, but instead spent another ₹ 6.00 lakh to exchange the existing carts for new carts, which were also yet to be distributed to the beneficiaries as of September 2013.	0.08
3.	Haryana	Fisheries	Strengthening of State level diagnostic labs and training infrastructure – (2011-12) - Under the project, equipment worth ₹ 1.54 crore was lying idle in the offices of the implementing agencies due to which the objective of the project could not be achieved.	3.00
4.	Jammu and Kashmir	Horticulture	Providing of Grafting huts for budders (2010-11) - Against the target of construction of 35 and 12 grafting huts for the State and three selected districts, 34 and 11 grafting huts respectively were constructed. The physical verification of 11 ²⁹ Huts constructed for grafting purposes revealed that nine huts were being used exclusively for office purposes. One hut was being used by the contractor for dumping material. Another hut was lying idle resulting in unfruitful expenditure of ₹ 76 lakh.	2.45
5.	Jharkhand	Extension	Establishment of Jharkhand Agriculture Machinery Testing and Training Centre at Ranchi (2010-11) - The project remained an idle investment as out of the allotted funds of ₹ 87 lakh for purchase of machineries, an amount of ₹ 29 lakh (33 <i>per cent</i>) was spent. Further, the utilisation of the machineries was also very poor as only three agricultural equipments of private companies were tested till March 2013 and no report was prepared regarding its use by farmers in the State.	2.05
6.	Tamil Nadu	Agriculture Mechanisation	Agriculture Mechanisation – (2010-11) - Under the project, agriculture implements/machineries were to be provided to the farmers at subsidized rates. Four sugarcane harvesters (whole cane) costing ₹ 5.08 crore (supplied from May 2011 to June 2011) were kept idle for more than a year in the campus of Tamil Nadu Agricultural University due to technical problems (photograph given below).	55.00
7.	Uttar Pradesh	Agriculture Mechanisation	Establishment of Agrimarts at Lucknow and Hapur – (2007-08) - The project was approved in March 2008 and	5.51

²⁹ Baramulla-3, Kupwara-3, Bandipora-3, Srinagar-1 and Pulwama-1

Proj.Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			December 2009 with the objective of providing integrated services and products ³⁰ of agriculture and allied sector under one roof. Though the construction work of Agrimart at Lucknow was completed in July 2012 but it was non-functional as its location was in a 'No entry' zone where entry of heavy vehicles like tractors, trolleys, etc. was not allowed, and marketing facilities for materials such as micro-nutrients, agricultural machinery, manure, etc. for the farmers were not available. The Agrimart at Hapur was lying incomplete (September 2013) even after lapse of three years from scheduled date of completion i.e. September 2010.	
8.	Uttarakhand	Organic Farming/Bio Fertilisers	State Training Centre for Organic Farming Majkhali, Almora – (2007-08) - Construction work of training centre was completed in March 2013 at a cost of ₹ 1.63 crore, but it was lying idle due to lack of furniture.	1.71
Total				70.80

Tamil Nadu: Agriculture Mechanisation



Whole sugarcane harvesters kept idle in the campus of Tamil Nadu Agricultural University, Coimbatore

F) Infertuous expenditure – In the following six projects costing ₹ 24.12 crore in five States, infertuous expenditure of ₹ 8.15 crore was noticed.

³⁰ Agriculture investments, pesticides, implements, weather information, grading, storage, banking, credit facility etc.

Proj.Sl. No.	Name of State	Name of Sector	Name and details of project	Cost of the project (₹ in crore)
1.	Andhra Pradesh	Organic Farming/Bio Fertilisers	Diversification in rain fed area – (2007-08) - The project envisaged raising of 'simarouba' plantations in 50,000 hectares in five rain fed districts ³¹ with a view to increase the income of the farming community. A sum of ₹ 29.35 lakh incurred on the project proved infructuous as the survival of the plants was very low due to the plant being not suitable to the rain fed areas. This resulted in abandonment of the project.	15.00
2.	Chhattisgarh	Crop Development	Tissue Culture Laboratory, Raipur - (2010-11) - Against sanctioned cost of ₹ 4.47 crore, expenditure of ₹ 3.34 crore rendered infructuous as the Tissue Culture Laboratory could not be made operational as of September 2013 for want of electric connection.	4.47
3.	Gujarat	Dairy Development	Installation of Bulk Milk Cooler (BMC), Sagbara - (2010-11) - The project envisaged installation of 20 BMC in Sagbara district. None of the 20 installed BMCs could be commissioned for want of electricity connection and inadequate milk procurement.	2.00
4.	Kerala	Sericulture	Mulberry cultivation and distribution of equipment – (2008-09) - The project remained incomplete and could not achieve its objective due to liquidation of the implementing agency (M/s Serifed) in March 2010, as a result of which the whole farming and processing activity of silk in Kerala was suspended. This resulted in infructuous expenditure of ₹ 23.75 lakh incurred on the project.	0.33
5.	Kerala	Sericulture	Market intervention - (2008-09) - This project also remained incomplete, as no activities were carried out due to liquidation of the implementing agency (M/s Serifed) as stated above, resulting in infructuous expenditure of ₹ 6 lakh.	0.10
6.	Tamil Nadu	Dairy Development	Strengthening of existing Milk and Milk Products Order (MMPO) Quality Control Lab, Madhavaram, Chennai' – (2007-08) - The project envisaged purchase of laboratory equipments in order to analyze milk and milk products to find out the presence of contaminants viz. pesticides/insecticides, heavy metals etc. above permissible levels and enforce quality control measures. During 2011-12 and 2012-13, only two and three samples of milk respectively from 17 milk Unions under its	2.22

³¹ Kurnool, Kadapa, Ananthapur, Chittoor and Mahabubnagar

Proj.Sl. No.	Name of State	Name of Sector	Name and details of project	Cost of the project (₹ in crore)
			jurisdiction, were tested by the laboratory and revenue of ₹ 13,000 only could be realized against the targeted revenue of ₹ 1.64 crore for five years (2008-09 to 2012-13).	
Total				24.12

G) Blocking of funds – In the following five projects costing ₹ 55.65 crore in four States, RKVY funds of ₹ 21.58 crore remained blocked/parked at various levels.

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
1.	Assam	Horticulture	Distribution of Micro Tiller amongst economically Weaker Farmers/Farm women at 60 <i>per cent</i> subsidy - (2011-12) - Under the project, the grant of ₹ 3.75 crore released in March 2012 for the implementation of the project remained unutilised as of March 2013, as there was no demand of the micro tiller from the beneficiaries.	5.40
2.	Bihar	Seed	Strengthening of Bihar Rajya Beej Nigam Ltd. (BRBNL) - (2011-12) - The sanctioned amount of ₹ 9.77 crore received by BRBNL in March 2012 remained unutilised (parked) in its accounts as of September 2013 as BRBNL was unable to utilise an amount of ₹ 4.00 crore received in March 2011 from Government of India for similar purpose under another Central Sector Scheme.	9.77
3.	Kerala	Animal Husbandry	Bull spermatazoa sexing and commercialising sexed semen in India for uplifting dairy sector in Idukki and Thrissur districts – (March 2011) - The project was yet to be implemented as the equipment required for implementing the project could not be procured since the only firm in the world which had the patent to produce this equipment informed that their policy was not in favour of selling the equipment to India. As a result, an amount of ₹ 5.24 crore (excluding expense of ₹ 1.00 lakh) remained blocked with the implementing agency.	5.25
4.	Kerala	Fisheries	Glucosamine project – (2008-09) - Out of sanctioned cost of ₹ 2.39 crore, ₹ 1.25 crore released during 2008-09 to 2010-11 for purchase of machinery remained unutilized till March 2014 with the implementing agency due to lack of technological expertise to implement the project.	2.39
5.	Punjab	Dairy Development	Establishment of Integrated Buffalo Development Centres (IBDC) – (2009-10) - Under the project, an	32.84

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			amount of ₹ 1.57 crore collected for 4.76 lakh AI cases up to 2012-13 were kept parked in a corpus fund of implementing agency, instead of depositing in Government account, in violation of the agreement. The implementing agency irregularly paid the entire amount of ₹ 1.76 crore (₹ 88 lakh each for 100 centres) to BAIF and J.K. Trust as advance preparatory expenses in April-May 2010 though the 100 IBDCs each were established by BAIF between October 2010-May 2011 and by J.K. Trust between October–December 2010.	
Total				55.65

H) Unfruitful expenditure – In five projects costing ₹ 24.07 crore in five States, unfruitful expenditure of ₹ 12.21 crore was noticed.

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
1.	Jammu and Kashmir	Horticulture	Establishment of Hi-Tech Green Houses for propagation of Walnut and other fruit plants - (2009-10) - Under the project, out of 13 Hi-Tech Green Houses established, nine ³² could not be made operational due to non-availability of electric and water connections resulting in unfruitful expenditure of ₹ 83 lakh.	0.90
2.	Jharkhand	Fisheries	Strengthening of Government Seed Farm, Ramgarh and construction of Fish Seed Hatchery and other infrastructure – (2008-09) - The sanctioned cost of ₹ 2.00 crore was rendered unfruitful as there was no increase in fish production in comparison to estimated quantity as during 2010-13, against targeted sale proceed of ₹ 48.33 lakh, only ₹ 5.83 lakh could be collected on sale of fish.	2.00
3.	Karnataka	Integrated Pest Management	Special package on good management practices for the control of bacterial blight diseases in pomegranate – (2009-10) - The objective of the project was, inter alia, to rejuvenate the pomegranate plants by control of bacterial blight disease. Joint physical verification in selected districts revealed (July-August 2013) that the disease could not be controlled despite incurring an expenditure of ₹ 5.68 lakh on the inputs being	12.00

³² Kathua, Doda, Kupwara, Pulwama, Shopian, Bandipora and Baramulla-1 each and Srinagar-2

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
			administered in the farms of 23 beneficiaries. Due to this, 10 farmers had uprooted the plants and remaining 13 farmers expressed helplessness to control the disease.	
4.	Tripura	Marketing and Post-Harvest Management	Development of Village Markets (2010-11) - The project envisaged construction of five rural markets. Out of five rural markets completed by June 2013, physical verification of three rural markets constructed at a cost of ₹ 2.80 crore at (Noagaon, Panisagar under North Tripura District), Ambassa under Dhalai district and K.K. Nagar (Melaghar Agri sub-division) revealed that the first two markets were lying idle and the third was used partially.	4.67
5.	West Bengal	Marketing and Post-Harvest Management	Construction of market Stalls and Shops (2010-11) - Under the project, physical verification of Deganga Principal Market Yard in North 24 Parganas district revealed that 32 stalls completed at a cost of ₹ 52.72 lakh in May 2012 were lying vacant as of June 2013 due to delay in fixation of rent for the shops by the Regional Marketing Committee. Similarly, nine shops constructed at a cost of ₹ 37.18 lakh by Sheoraphuli Regional Marketing Committee in October 2012 remained un-allotted/unutilised till June 2013 due to absence of instructions from the West Bengal State Marketing Board for distribution.	4.50
Total				24.07

I) Project not yet implemented – Three projects costing ₹ 12.91 crore in three States were not yet implemented as discussed below:

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
1.	Rajasthan	Fertiliser and Integrated Nutrient Management	Incentive for the use of SSP (Single Super Phosphate) – (2010-11) - The project, with the objective to encourage use of SSP through providing subsidy to farmers, was not implemented as no funds were released by the Nodal Department. The Nodal officer stated (July 2013) that there was sufficient advance stocking of Di-Ammonium-Phosphate (DAP) fertilizer and hence additional SSP was not required. Thus, the project was approved by SLSC without ascertaining requirement of SSP.	10.00

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
2.	Sikkim	Animal Husbandry	Establishment of Feed unit at Melli Payong (2011-12) - Though the stipulated date of completion was March 2013, yet the project was not taken up even after two years of sanction as the DPR of the project covered only the financial aspects and failed to cover other significant aspects like the market price of feed, cost price of feed from the proposed unit, the intended benefit to the farmers, etc. The Department appointed (December 2011) a firm for preparation of the Project Report at a total cost of ₹ 6.00 lakh which was yet to submit its report as of August 2013.	1.21
3.	West Bengal	Horticulture	Horticulture Technology Dissemination Centre at North 24 Parganas and Paschim Midnapur (2009-10) - The project was not implemented till July 2013 mainly due to non-availability of land.	1.70
Total				12.91

J) Non-availability/improper maintenance of records – In six projects costing ₹ 356.73 crore in four States, the records related to implementation of the projects were either not available or were maintained improperly.

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
1.	Arunachal Pradesh	Crop Development	Mustard Cultivation and Production Programme (2010-11) - Audit could not verify the distribution of mustard seed to the beneficiaries in the absence of related information/records. In five selected districts, the entire sanctioned amount of ₹ 1.07 crore was spent on execution of the project during October/November 2010 even before approval and sanction of the project by the SLSC.	2.45
2.	Arunachal Pradesh	Horticulture	Seed Potato Cultivation and Production Programme - (2010-11) - Records of distribution of potato seeds were not available with the department in the absence of which the details of distribution could not be verified by audit. In three selected districts of East Siang, Lohit and Papumpare, 1600 quintals of potato seeds and 80 Potato Kits worth ₹ 43.00 lakh were not distributed till the sowing season was over.	2.18

Proj. Sl. No.	Name of State	Name of sector	Name and details of project	Cost of the project (₹ in crore)
3.	Bihar	Crop Development	Increasing rice productivity through popularisation of hybrid varieties (2010-11) - The objective of the project was to hold camps at block level to make the farmers aware of the benefits of the project and provide ingredients such as hybrid seeds, vermi compost, fertiliser and micro nutrients to the farmers. Improper maintenance of records was noticed in selected districts due to which implementation of various activities under the project could not be verified in audit. No target was fixed for number of camps to be held by the Department.	292.11
4.	Bihar	Agriculture Mechanisation	Farm Mechanisation (August 2010) - The project involved payment of subsidy for different types of machineries and equipments. Audit noticed improper maintenance of records in 12 selected districts ³³ due to which the correctness of subsidy payment in these districts could not be verified by Audit. In three districts ³⁴ , Combine Harvesters were distributed to farmers without the prescribed Straw Reapers. Irregular payment of subsidy of ₹ 9.31 crore was noticed in five districts ³⁵ as requisite documents in support of agricultural implements distributed, were not obtained from the beneficiaries before issuing sanction order.	55.20
5.	Haryana	Fisheries	Enhancing fish seed and fish productivity and new innovative programme (2007-08) - The project aimed to increase annual fish seed production capacity from 30 lakh to more than 100 lakh. There was no documentation in the Government Fish Seed farm, Jhajjar to ascertain as to how much additional fish seed was produced, after incurring expenditure of ₹ 64.69 lakh on precast lining. Infructuous expenditure of ₹ 8.00 lakh on renovation of Demo pond at Fishery farm in Hissar as physical verification (October 2013) revealed that the pond was absolutely dry.	2.09
6.	Odisha	Integrated Pest Management	E-pest Surveillance (2010-11) - Audit could not verify the implementation of the project as important project records such as progress reports regarding number of blocks/villages covered, datasheet containing information on pest attack, were not available on record.	2.70
Total				356.73

³³ (i) Bhojpur, (ii) East Champaran, (iii) Gaya, (iv) Kishanganj, (v) Madhubani, (vi) Muzaffarpur, (vii) Nalanda, (viii) Patna, (ix) Purnia, (x) Rohtas, (xi) Samastipur and (xii) Sitamarhi.

³⁴ (i) Bhojpur, (ii) Nalanda and (iii) Rohtas

³⁵ (i) Gaya, (ii) Kishanganj, (iii) Nalanda, (iv) Samastipur and (v) Sitamarhi

Good practice: Goa

Under the project 'Modernisation of Cattle Feed Plant' sanctioned in October 2011 at a cost of ₹ 8.40 crore, construction of a new Cattle Feed Plant with a capacity of 100 tons per day at Usgao, Goa was envisaged. Audit noted that the new Cattle Feed Plant was commissioned in August 2012 and positive feedback was received from farmers regarding benefit accrued to them from the project. Similarly, under another project titled 'Rural poultry production for livelihood security in Goa' sanctioned at a cost of ₹ 33.70 lakh, supply of chicks, and training and demonstration to the farmers to encourage backyard poultry farming was envisaged. Scrutiny of records revealed that the project was completed and all the targeted components of the project had been duly achieved with positive feedback from the beneficiaries.

Good practice: Rajasthan

The project 'Installation of Bulk Milk Coolers' was sanctioned in April 2011 at a cost of ₹ 31.76 crore with the objective of improving the quality of milk, production of improved quality products and to avoid economic losses to farmer due to spoilage of milk, etc. Physical verification of 163 BMCs in five districts of Jodhpur, Pali, Ajmer, Chittorgarh and Kota, revealed that the BMCs and related equipments installed at various locations were found working and the impact of installation of BMC was found to be positive amongst the beneficiaries.

Good practice: Tripura

All the three selected projects under Horticulture sector viz. (i) Enhancing Production of Off season and Others Root and Tuber Vegetables, (ii) Demonstration of improved method of cultivation of less fibre ginger and (iii) Block plantation of pineapple through staggered planning and chemical induction, sanctioned in May 2010, February 2011 and April 2009 respectively at a total cost of ₹ 6.00 crore, were completed and target was fully achieved within the stipulated period. Scrutiny of records of projects implementation by nine offices of four districts revealed that all the 115 beneficiaries had received benefits of the above projects.

5.2 Stream-II projects

Under Stream-II, a maximum of 25 *per cent* of the funds allocated to a state are available for strengthening the existing state sector schemes and filling the resource gap in the state plan scheme. Out of the 40 projects selected under Stream-II for audit in 20 States (State and sector-wise details in **Annex-XXI**), cases of under-performance and irregularities were noticed in 11 projects

(including one case study of Rajasthan) (27 *per cent*) in nine States as shown below:

Proj. Sl.no.	Name of State	Name of the projects	Major audit findings
A) Non-achievement of targets/shortfall in four projects costing ₹ 246.63 crore			
1.	Himachal Pradesh	Creation of irrigation potential through flow irrigation schemes/ water harvesting schemes – (2010-11)	<ul style="list-style-type: none"> Under the project costing ₹ 4.18 crore, in selected districts, against 24 schemes costing ₹ 2.55 crore, 17 schemes (71 <i>per cent</i>) costing ₹ 1.64 crore had not been completed as of September 2013. In selected districts, 72 <i>per cent</i> of cultivated command area was not covered for irrigation as of August 2013 which was attributed (August-September 2013) to non availability of labour, limited working seasons, etc.
2.	Karnataka	Capacity building and process monitoring – (2009-10)	<ul style="list-style-type: none"> Under the project costing ₹ 3.75 crore, against the target of capacity building for officials in 30 districts, the work was completed only in eight districts leading to a shortfall of 73 <i>per cent</i>. The implementing agency parked an amount of ₹ 1.25 crore (received in March 2010) in Fixed Deposit and irregularly submitted the UCs for the amount to the nodal department in June 2010.
3.	Maharashtra	Completion of ongoing Minor Irrigation Schemes having irrigation potential 0 to 100 hectare – (2011-12)	<ul style="list-style-type: none"> Both projects were sanctioned at a total cost of ₹ 218.70 crore and were to be completed by March and December 2012. However, as of date, both the projects were still under progress. Against target of coverage of 36787 hectares, only 15612 hectares were covered, leaving a shortfall of 21175 hectares (58 <i>per cent</i>).
4.	Maharashtra	Micro Irrigation-100 <i>per cent</i> project verification of completed irrigation projects (0 to 250 Ha) - (2011-12)	<ul style="list-style-type: none"> In the 2nd project, against sanctioned project cost of ₹ 20.00 crore, only ₹ 50 lakh was released and expenditure was ₹ 19 lakh. Against the target of verification of 16454 irrigation projects, the achievement was 'nil'.
B) Five projects costing ₹ 40.45 crore remained incomplete.			
5.	Arunachal Pradesh	Integrated Pest Management (IPM) – (2010-11)	<ul style="list-style-type: none"> The project costing ₹ 58.35 lakh remained incomplete as some components of the project viz. training of farmers, printing of literature and organizing of awareness programmes, were not carried out. Further, the implementation of the component of distribution of pesticides to beneficiaries could not be verified in audit due to non-maintenance of records of distribution.
6.	Jharkhand	Construction of 0.30 acre fish rearing ponds and fish hatcheries as well as providing net, fish seeds, fertilizer, lime and medicines as input – (2009-10)	<ul style="list-style-type: none"> The project costing ₹ 3.04 crore remained incomplete as in five selected districts, no inputs viz. nets, fish seeds, lime, medicines, etc. were distributed. Joint physical verification of two ponds in Kairo and Bhaturia villages of Dumka district revealed that they neither had water nor the required depth.
7.	Jharkhand	Strengthening of State Seed Production Farm -	<ul style="list-style-type: none"> The project costing ₹ 31.48 crore remained incomplete as due to non-availability of the seed

Proj. Sl.no.	Name of State	Name of the projects	Major audit findings
		(2009-10)	plan, no seed was produced in Hazaribag as of July 2013 though the production of seed was to commence from 2010-11. Further, after 2009-10, no fund was allotted for component of Integrated Pest Management due to which this component was yet to be implemented fully even after lapse of three years. <ul style="list-style-type: none"> Joint physical verification of agriculture farms Asanbani (Dumka), Charhi (Hazaribag) and Nimdih (Saraikela) revealed that these farms were in dilapidated condition/no cultivation was noticed/incomplete works.
8.	Tripura	Construction of cold storage at Ambassa – (2010-11)	<ul style="list-style-type: none"> The project costing ₹ 2.90 crore was to be completed by June 2011. However, due to delay in approval of drawing and design as well as due to slow progress of work, the project remained incomplete (September 2013).
9.	Uttar Pradesh	Strengthening and renovation of communication infrastructure at Hqrs. – (2008-09)	<ul style="list-style-type: none"> Under the project costing ₹ 2.45 crore, the work was scheduled to be completed by December 2011. However, as of September 2013, despite incurring an expenditure of ₹ 2.16 crore, the work was incomplete due to delay in selection of site. Thus, the objective of the project could not be achieved.
C) Infructuous expenditure of ₹ 4.00 crore in one project			
10.	Gujarat	Biotechnological Approaches for Containment of Animal Diseases – (2008-09)	<ul style="list-style-type: none"> Against the project cost of ₹ 23.20 crore, only ₹ 4.00 crore was released which was utilised for purchase of scientific instruments and other ancillary activities related to research. The project was discontinued with effect from 31 March 2009 due to non-contribution of share by the State Government, resulting in infructuous expenditure of ₹ 4.00 crore.

Case Study: Fraudulent payment of subsidy of ₹ 15.83 lakh

In **Rajasthan**, the project 'Enhancing Seed Replacement Rate of Oilseed, Pulses and Maize' was sanctioned in June 2009 at a cost of ₹ 80.16 crore to supplement the seed component of ongoing Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize scheme (ISOPOM). Against the physical target of distribution of 6.68 lakh quintal seeds, only 1.88 lakh quintal seeds were distributed leading to a shortfall of 4.8 lakh quintal seeds (72 per cent).

Scrutiny of records revealed that M/s Mamta Sales Agency, Dhariyawad distributed soyabean certified seeds to 1518 farmers in Pratapgarh district during Kharif-2012. Audit observed that names of the 495 farmers, their bill numbers, date and quantity was repeated in the list. Thus benefit under the programme was shown extended falsely to 1023 farmers. As such seeds were distributed to 495 farmers instead of 1518. Further, physical verification of six farmers of Arnod village (beneficiaries from Mamta Sales Agency, Dhariyawad) whose names were included in said list revealed they did not reside in the village. Assistant Agriculture Officer, Arnod area intimated that names of the benefited farmers were not correctly mentioned in the distribution list. It proved that list of benefited farmers provided by the Seed Agency to the DD Agriculture (Extension) was false and certificate of the total quantity received was given without proper random verification. This resulted in excess payment of subsidy amounting to ₹ 15.83 lakh to 1023 farmers of Pratapgarh district whose identity was non-verifiable. The reply of the DD Agriculture (Extension) Pratapgarh was awaited (September 2013).

5.3 Sub-schemes of RKVY

As already stated in para 1.4 of Chapter-1, sub-schemes were launched by the Ministry from the year 2010-11 to boost production and productivity in chosen sector/crops in a focused manner. The Ministry introduced these schemes of national priorities (sub-schemes) through the RKVY window to help in early rollout of these special schemes from 2010-11. These schemes were formulated and monitored by the concerned Subject Matter Divisions in the Ministry but implemented through the States on more or less on the Centrally Sponsored Scheme mode with 100 *per cent* central grant. At present, the following ten sub-schemes are being implemented in 27 states.

1. Bringing Green Revolution to Eastern Region (BGREI)
2. Integrated development of 60,000 Pulses Villages in Rain fed areas
3. Promotion of Oil Palm (POP)
4. Vegetable Initiative for Urban Clusters (VIUC)
5. Initiative for Nutritional Security through Intensive Millets Promotion (INSIMP)
6. National Mission for Protein Supplements (NMPS)
7. Accelerated Fodder Development Programme (AFDP)
8. Rainfed Area Development Programme (RADP)
9. Vidharbha Intensified Irrigation Development Programme (VIIDP)
10. Saffron Mission

5.3.1 Release and utilisation of funds under sub-scheme

The position of release and utilization of funds under all the sub-schemes for the years 2010-11 to 2012-13 as of March 2013, is tabulated below (State-wise details are given in **Annex-XXII**):

Table 5.4

(₹ in crore)

Year	Release	Expenditure	Unutilised amount alongwith its percentage to amount released
2010-11	483.76	436.72	47.04 (10)
2011-12	2271.70	1968.84	302.86 (13)
2012-13	2354.00	2079.96	274.04 (12)
Total	5109.46	4485.52	623.94 (12)

It can be seen from the above details that for the review period, the States could not utilize 12 *per cent* of the grants released. An analysis of sub-schemes wise details of grants and expenditure revealed that in four states, against release of ₹ 124.67 crore during 2010-13, expenditure of ₹ 144.98

crore was incurred, thus resulting in excess expenditure of ₹ 20.31 crore (16 *per cent*).

In Punjab, one project namely 'Strengthening facilities for testing and certifying agriculture equipment and machinery' was approved (May 2011) as a sub-scheme categorized under 'Special Initiative of Government of India' for which grant of ₹ 1.30 crore was released and incurred. Since sub-schemes were introduced by the Ministry under the RKVY, therefore, sanctioning of any project as a sub-scheme by the State, was irregular.

5.3.2 Implementation of sub-schemes

Scrutiny of records in 11 States of Arunachal Pradesh, Bihar, Chhattisgarh, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Uttar Pradesh, Uttarakhand and West Bengal revealed various discrepancies in the implementation of six sub-schemes as described below.

1) Vegetable Initiative for Urban Clusters - Availability of vegetables, particularly to the urban population faces many challenges such as assured availability of safe and good quality vegetables at affordable prices, production of vegetables, logistics covering post-harvest handling, storage, transportation, marketing, distribution and policy reform. In this background, a special initiative for the development of vegetables was launched in 2010-11 under RKVY. In the two States of Arunachal Pradesh and Gujarat, the following deficiencies were noticed:

- a) Arunachal Pradesh** - As per guidelines, the sub-scheme proposed to cover one city in each State during 2011-12, either the state Capital or any other city with a population of over 1 million. In case there was no town/city fulfilling the criteria, then any other urban cluster closest to a population of 1 million may be selected. In the State, the sub-scheme was implemented in Papumpare and Lower Subansiri districts at a cost of ₹ 5.25 crore, which were ineligible as the population was 1.76 lakh and 83,000 respectively, as per 2011 census.
- b) Gujarat** - During 2011-13, out of 27 components under the sub-scheme, 17 components (63 *per cent*) were not taken up for implementation.

2) Bringing Green Revolution to Eastern Region - This sub-scheme intending to address the constraints limiting the productivity of 'rice based cropping systems' was initially launched in 2010-11 in eastern India comprising seven States of Assam, Bihar, Chhattisgarh, Jharkhand, Odisha, Eastern Uttar Pradesh (Purvanchal) and West Bengal so that agricultural productivity was reasonably enhanced and stabilized in these areas. In the

four States of Bihar, Chhattisgarh, Uttar Pradesh and West Bengal, the following deficiencies were noticed:

- a) **Bihar** - The Agriculture Department introduced a sub set of sub-scheme (Extension scheme of Green Revolution) under RKVY in 2011-12 for providing subsidy of maximum ₹ 12000/ for 120 feet deep shallow tubewell and pumpset to the farmers based on demands and survey conducted by the department. The following discrepancies were noticed:
- In 13 test checked districts³⁶, the shortfall in installation of shallow tube wells and pumpsets was 59 and 65 *per cent*) respectively as of August 2013. In Nalanda and Samastipur districts, there was shortfall of 58 and 31 *per cent* in the construction of tube wells.
 - According to approved model estimate of tube well, RCC pit was to be constructed for installation of pump with estimated cost of ₹ 5200/- per RCC pit. Despite non-construction of RCC pit, ₹ 3.45 crore was irregularly paid to the 6638 beneficiaries in Nalanda and Samastipur districts. Excess payment of ₹ 2.44 crore and ₹ 2.98 crore towards cost of drilling charges and cost of pipe for installation of tube wells was also noticed in these two districts.
- b) **Chhattisgarh** - As per guidelines, the sub-scheme was to be implemented in non-NFSM (National Food Security Mission) districts through interventions such as Block demonstration of rice and wheat, construction of shallow tube wells/bore well, distribution of pump sets, seed drills and construction of irrigation channels, etc. Out of expenditure of ₹ 241.61 crore during 2010-13, an amount of ₹ 167.74 crore was incurred in NFSM districts which was irregular. Further, only block demonstration of rice and wheat was permissible under the sub-scheme, but an amount of ₹ 2.27 crore and ₹ 2.98 crore was spent on block demonstrations of sugarcane (2010-11) and maize (2011-13) respectively. Thus, expenditure of ₹ 172.99 crore incurred in contravention of the scheme guidelines was irregular and also indicates lack of monitoring.
- c) **Uttar Pradesh** - Against the targeted 17143 borings, pump sets were not provided to 7469 borings (44 *per cent*) done at a cost of ₹ 5.23 crore, resulting in non-achievement of objective of creating additional irrigation potential to that extent. As per guidelines of the sub-scheme, proposed interventions were to be implemented in non-NFSM districts of the state. However, expenditure of ₹ 21.89 crore was incurred in NFSM districts during the year 2011-13.

³⁶ Bhojpur, East Champaran, Gaya, Gopalganj, Kishanganj, Madhubani, Muzaffarpur, Nalanda, Patna, Purnia, Rohtas, Samastipur and Sitamarhi districts

- d) **West Bengal** - Out of the total release of ₹ 269.00 crore, the second installment of ₹ 134.50 crore received from the Ministry in February 2013 was parked with West Bengal State Seed Corporation Limited (WBSSCL) as on 31 March 2013. Besides, in eight selected districts, a total amount of ₹ 15.98 crore was lying unspent (June-July 2013) at district and block level offices due to non-availability of bank accounts of individual farmers.

3) **Integrated development of 60,000 Pulses Villages in Rainfed areas**

- The sub-scheme 'Pulses and oilseed villages in rain fed areas' was launched (2010-11) and was subsequently named as 'Integrated development of 60,000 Pulses Villages in Rainfed areas' under RKVY (2011-12) with the objective to improve soil health in additional areas, reduce time for various agricultural operation through mechanization and enhance the production and productivity of pulses and oilseed villages in rain-fed areas. In the three States of Madhya Pradesh, Maharashtra and Uttar Pradesh the following deficiencies were noticed:

- a) **Madhya Pradesh** - As per the guidelines for the sub-scheme, preference was to be given to the areas with no assured irrigation source. However, in three districts³⁷ comprising of 333 villages under 11 blocks covered under the project, all the villages were having assured irrigation source such as, river, tube wells and wells. The following deficiencies were also noticed in the implementation of the sub-scheme.
- The study report of the National Rainfed Area Authority, Planning Commission, Government of India published in February 2012 had prioritised 499 rainfed districts of India based on natural resources and livelihood status as per Rainfed Areas Prioritization Index (RAPI). Ten districts with higher priority (Jhabua, Sidhi, Shahdol, Chhindwara, Barwani, Khargone, Betul, Khandwa, Bhind and Sheopur Kalan) were not selected as the department did not prioritise districts for this purpose.
 - As per the orders (August 2011) of the Director, Agriculture, the component of e-pest surveillance was to be compulsorily taken up. However, out of targeted 29 districts to be covered, the component was not executed in 23 districts (79 *per cent*). The shortfall was attributed to non-availability of field staff and lack of interest by the farmer scout.
- b) **Maharashtra** - The sub-scheme was implemented in the State from 2011-12. One of the components of the sub-scheme was to construct new Farm Ponds with lining or provide lining to the old farm ponds in

³⁷ Vidisha, Dhar and Dewas

order to provide water for 2-3 life saving irrigation cycles to pulse crops. A target of 2570 new farm ponds with lining and to provide lining to 2570 old farm ponds was set for 29 districts. Fifty *per cent* of cost of the lining was to be borne by the farmers. The State permitted (January 2012) to construct the farm ponds without lining because farmers were not ready to bear the cost of lining and accordingly 1625 farm ponds without lining in 17 districts costing ₹ 12.17 crore were constructed. Thus, objective of the scheme remained unfulfilled.

- c) **Uttar Pradesh** - In violation of RKVY guidelines, Director, Agriculture purchased (March 2011) 540 tractors at a total cost of ₹ 21.60 crore for distribution to Samitis (registered under Societies Act) of 540 clusters (each cluster comprising of 10 villages) of 5400 villages in the State for extending the custom hire services to its member farmers.

4) **National Mission for Protein Supplements** - Under the sub-scheme launched in 2011-12, projects were be funded for expansion of animal husbandry and dairy development activities with priority given to improving productivity of milch animals through measures such as productivity improvement programme, improving nutritional balance of animal feed concentrate, fodder development activity and improving milk procurement, processing and marketing infrastructure in the identified area of implementation. In the following four States, deficiencies were noticed in the implementation of the sub-scheme:

- a) **Gujarat** - The sub-scheme was implemented by six dairy co-operative unions in 2011-12. Out of eight components, the physical target was not achieved in four components.
- b) **Himachal Pradesh** - The work relating to strengthening of fish seed farm approved in September 2012 at a cost of ₹ 9.18 crore, could not be taken up for implementation as of September 2013 due to non-completion of codal formalities.
- c) **Maharashtra** - Under the sub-scheme, Goat Development schemes were approved (August 2011) at a cost ₹ 2.50 crore. Against the target supply of 590.287 MT of goat feed, the agency supplied 117.603 MT (20 *per cent*) goat feed only by the end of March 2013.
- d) **Uttar Pradesh** - 'Special Dairy Development Project' was sanctioned (July 2011) under NMPS at a total cost of ₹ 18.35 crore. The objective of the project was to ensure protein balance with reference to milk intake, increase in milk production and holistic development of animal husbandry and dairy sectors. The project, inter-alia, included 25 *per cent* subsidy on cost of establishment of units of 25 milching animals, rearing

units of 25 heifers and distribution of fodder etc. The following discrepancies were noticed:

- Against the target for establishment of 105 mini dairies by 105 beneficiaries, first installment of bank loan was released only to 49 beneficiaries. Out of these, second installment was released to only 12 beneficiaries who could also not establish complete units of 25 animals each. As a result, the objective of the project to increase milk production and develop dairy sector was not achieved.
- Against the target for establishment of 50 heifer rearing units (for 50 beneficiaries), only two beneficiaries established complete units.
- Zayed (May to June) is considered lean period for milching animals as no green fodder is available for cattle during this season. During this period, supplementation was a must unless farmers prefer the animals to lose weight and reduce production. Audit observed that component for distribution of standard fodder was included in the project for 70 days without any kind of detail and period for its distribution. As a result, the fodder was supplied by fodder production centres of Varanasi and Meerut during the period July 2012 to March 2013 despite the fact that lean period for milching animals start from last week of April and ends in the last week of June. This resulted in wasteful expenditure of ₹ 3.05 crore and also showed lack of coordination between implementing agency and its fodder production units.
- Delay in purchase of fodder resulted in avoidable expenditure of ₹ 66.68 lakh on 935 metric tonnes and 1327 metric tonnes of fodder supplied after 16 July 2012 and 24 July 2012 by Cattle Feed Factory, Varanasi and Cattle Feed Plant, Meerut respectively.
- There was no provision in the RKVY guidelines to charge technical supervision fee (TSF) by the implementing agencies out of one *per cent* of total RKVY funds for incurring administrative expenditure. In contravention of the RKVY guidelines, 10 *per cent* TSF amounting to ₹ 27 lakh was charged for an equipment costing ₹ 2.71 crore which was purchased for modernization and strengthening of processing capacity of NOIDA dairy plant.

5) Initiative for Nutritional Security Through Intensive Millets Promotion - This sub-scheme was introduced for promotion of millets as Nutri-cereals. It aimed to demonstrate the improved production and post-harvest technologies in an integrated manner with visible impact to catalyze increased production of millets in the country with effect from Kharif 2011. In four States of Gujarat, Karnataka (case study), Maharashtra and Uttarakhand, the following deficiencies were noticed:

- a) **Gujarat** - Out of 14 components to be implemented under the sub-scheme during 2011-12 and 2012-13, six components (43 *per cent*) were not taken up for implementation.

Case study: Machinery worth ₹ 3.27 crore lying idle for want of electric connection

Karnataka - The State Government sanctioned 300 agro-processing units in 22 districts and machinery such as weighing scales, dehuller, destoner, pulverizer and packing machine worth ₹ 6.49 crore which were supplied from May-June 2012. Of these, only 60 agro-processing units (20 *per cent*) in 11 districts were functional (August 2013). The remaining 240 units were nonfunctional due to absence of minimum 10 HP commercial power connection. As a result, machinery costing ₹ 3.27 crore in these five districts remained idle for more than a year (August 2013).

- b) **Maharashtra** - The State approved (July 2011) the sub-scheme at a cost of ₹ 91.48 crore for implementation during 2011-12. As of March 2012, against the targeted area of coverage of 5.37 lakh acres for supply of input kits under organizing demonstration component, 7.24 lakh acres was covered resulting in excess expenditure of ₹ 11.90 crore. Similarly, against the target of 85000 quintals of seeds under seed production programme, the achievement was only 2920 quintals resulting in shortfall of 97 *per cent*.
- c) **Uttarakhand** - The sub-scheme was implemented during 2011-12 and 2012-13. Upto March 2013, against the targeted area of coverage of 66913 acres, coverage of 38909 acres was achieved resulting in shortfall of 42 *per cent*. With respect to production of seeds, against the target of 315 quintals, the achievement was 'nil'.

6) **Accelerated Fodder Development Programme** - The sub-scheme envisaged accelerating production of fodder through promotion of integrated technologies and processes for enhancing the availability of fodder throughout the year. In the following three States of Karnataka, Maharashtra and Uttar Pradesh, deficiencies were observed in the implementation of the scheme:

- a) **Karnataka** - In order to accelerate the fodder production, Government of India guidelines suggested formation of clusters (preferably in dairy catchment area) comprising an area of 500 hectares each under fodder/dual purpose crops cultivation for distribution of fodder production kit costing ₹ 3200/- per hectare. Audit noticed that the

department did not identify the clusters, despite receiving ₹ 15.00 crore in addition to the proposal made by the department.

- b) Maharashtra -** Under the sub scheme, chaff cutters were to be supplied to the beneficiaries. It was noticed that chaff cutters were not supplied in 19 districts and grant of ₹ 2.29 crore was lying unspent at the level of 19 DSAOs. This resulted in blocking of ₹ 2.29 crore. The State Government stated (August 2013) that due to non-availability of sufficient chaff cutters, the agency could not effect supply. The reply was not acceptable since Government should have ensured the capability of the supplier to supply chaff cutters before issuing supply orders.
- c) Uttar Pradesh -** Against the target of distribution of 1003 power chaff cutter, 71200 small tools and 8 sledge with chaff cutters, the achievement was 3962 (excess distribution by 295 *per cent*), 36246 (shortfall of 49 *per cent*) and 'nil' (shortfall of 100 *per cent*) respectively.

The Ministry stated (July 2014) that matter is being taken up with State Governments.

Recommendation 8: *Instead of having three baskets of Stream-I, Stream-II and sub-schemes to choose from, the Ministry should give States autonomy in inputs while retaining control and ownership of the scheme.*

Recommendation 9: *The Ministry should coordinate with State Governments to rectify the deficiencies in the implementation of projects as pointed out by Audit.*

5.4 Conclusion

The RKVY has been conceived as an umbrella scheme under which the states are expected to work towards growth of agricultural output, keeping in view the huge diversity of conditions and requirements across this large country. The underlying spirit of RKVY is sectoral, agro-climatic and locational variegation, targeted towards maximising advantage. This does not appear to have happened in an optimal manner.

Under Stream-I of the RKVY, there were 20 sectors for the states to choose from. Most of the states chose all the sectors, resulting in 28 states running 7557 projects under Stream-I during the review period. Under Stream I, around half of the projects were completed (2506 out of 4061), 100 abandoned

and 90 dropped. Out of 393 projects selected in 19 sectors of the RKVY for audit examination, Audit noticed various deficiencies in the implementation of 150 projects (38 *per cent*) such as non-achievement of targets, shortfall, non-completion of projects, irregular implementation of projects and diversion of funds, etc.

Though the centre had envisaged it as a flexible scheme giving due consideration to selection of projects based on detailed planning with meticulous consideration of local factors, the manner in which projects were sanctioned, without requisite pilot studies and regardless of local variabilities, compromised with its intended bottom-up approach, and resulted in a scramble for project approvals. The sheer number of projects, without exercise of informed judgment, made the programme bulky and unwieldy leading to under performance.

No correlation between RKVY implementation and agricultural growth rate could be established, as it was not a measurable target under the scheme, for Centre as well as State, though the main intention behind launching RKVY was to increase agricultural growth rate to four *per cent* level during the five year period.