CHAPTER III
PERFORMANCE REVIEWS

PERFORMANCE REVIEWS

This Chapter presents one review on Schemes for improving agricultural productivity and two long paragraphs comprising Port operations and Implementation of Consumer Protection Act.

AGRICULTURE DEPARTMENT

3.1 Schemes for improving agricultural productivity

Highlights

The Tenth Five Year Plan stressed increasing the agricultural productivity, mainly of paddy, cultivated in the Union Territory. The schemes implemented towards achieving this objective revealed deficiencies in distribution of inputs and inadequate measures for soil reclamation and water management. Scientific methods of cultivation were not followed by the farmers resulting in productivity of paddy remaining stagnant. Significant points noticed during test check were:

- Advance payment to the Pondicherry Agro Services and Industries Corporation Limited towards subsidy on inputs to the farmers and absence of subsequent reconciliation of actual subsidy allowed led to blocking up of Rs 1.37 crore.

(Paragraph 3.1.7)

- Coverage of areas under certified seeds was 37 *per cent* only during 2002-05 and excess use of chemical fertilisers led to deterioration of soil.

(Paragraphs 3.1.11 and 3.1.15)

- Ground water was over exploited and soil reclamation works were not taken up.

(Paragraphs 3.1.17 and 3.1.21)

- Demonstrations carried out by the Department did not achieve the objective of encouraging the farmers to adopt latest practices to increase productivity.

(Paragraph 3.1.24)

3.1.1 Introduction

Agriculture is an important economic activity in the Union Territory (UT) of Pondicherry and paddy is sown on more than 60 *per cent* of cultivable land. As the land available for cultivation dwindled each year due to rapid urbanisation, successive Five Year Plans aimed at increasing its productivity. No tangible progress was, however, made and the major constraints for increasing the agricultural productivity as identified in the Tenth Five Year Plan (2002-07) included (a) depletion of ground water, (b) planting of lesser paddy seedlings per unit area than the minimum prescribed, and (c) nutrient deficiencies. To overcome these impediments, the Agriculture Department proposed (i) optimum use of available surface and ground water by modifying the cropping pattern and conducting crop water management programmes, (ii) rehabilitation of 84 tanks in the Pondicherry region for irrigating 6,000 hectares, (iii) increasing the usage of certified seeds to 65 *per cent* of the cropped area, and (iv) encouraging the use of compost and bio-fertilisers.

3.1.2 Organisational set up

The Department, headed by an Additional Director of Agriculture[1], is under the administrative control of the Secretary to the Government. The Head of the Department was assisted by five Additional Directors (ADs), seven Joint Directors (JDs), 24 Deputy Directors (DDs), 109 Agricultural Officers and a Senior Accounts Officer. Agriculture related schemes are implemented by the functional units in the four regions (Pondicherry, Karaikal, Mahe and Yanam) through the Pondicherry Agro Services and Industries Corporation Limited (PASIC) - a Government company, three Agricultural Research Institutions[2] and three Agricultural Marketing Committees.

3.1.3 Audit objectives

The main audit objective is to evaluate the extent of achievement in increasing agricultural productivity as envisaged in the Tenth Five Year Plan with reference to :

- coverage of additional areas with certified seeds,
- optimal use of chemical fertilisers and pesticides,
- rehabilitation of irrigation tanks in Pondicherry region,
- reclamation of soil,

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1 The post of Director of Agriculture was transferred to the Chief Minister Secretariat in July 2003

2 Pandit Jawaharlal Nehru College of Agriculture, Karaikal (PAJANCOA) and Krishi Vigyan Kendras at Pondicherry and Karaikal

- dissemination of latest technology of cultivation to the farmers and
- suggest mid-term corrective measures.

3.1.4 Audit criteria

The criteria adopted to assess the extent of increase in the agricultural productivity were

- Coverage of area under paddy cultivation with certified seeds,
- Norms for usage of fertilisers and pesticides,
- Usage of rehabilitated tanks for irrigation,
- Prevention of soil deterioration measures,
- Adoption of scientific methods of sowing.

3.1.5 Audit coverage and methodology

The methodology followed was scrutiny of the records in the Directorate and its functional units, PASIC and Krishi Vigyan Kendras (KVKs) in the Pondicherry and Karaikal regions for the period 2002-05 relating to schemes for increasing the agricultural productivity, mainly of paddy. Besides, details were collected from the Public Works Department and the Uzhavar Uthaviyagams[3] and discussions were held with officers of Agriculture Department.

Audit findings

Financial Management

The Department implemented six plan schemes to achieve the objective of increasing the agricultural productivity. The details of objectives of the schemes, funds provided and the expenditure incurred thereagainst during 2002-05 are given in **Appendix VIII**. Against the total provision of Rs 33.08 crore in these three years, the Department spent Rs 33.02 crore.

3.1.6 Unnecessary release of grants

Rupees 19.30 lakh were released without requirement

The staff for 'Pondicherry Ground Water Authority', constituted in October 2004, was not appointed due to ban on recruitment and twelve officials of Agriculture Department carried out the functions of the

[3] Uzhavar Uthaviyagams are agriculture extension centres managed by the Farmers Advisory Councils

Authority by drawing salary from the Department. However, Rs 19.30 lakh were released as grants-in-aid for meeting the salary of staff to the Authority in February 2005. The amount was kept unutilised by the Authority (September 2005).

3.1.7 Advance release of subsidy

Blocking of funds due to non-reconciliation

The ADs for Training and Visit (T&V) and Horticulture, Pondicherry drew the subsidies payable to the farmers of the Pondicherry region based on the assessed quantity of inputs (seed, fertilisers, pesticides, horticulture seedlings, etc.) every year and placed it at the disposal of PASIC. The amount was treated as final expenditure under the relevant schemes and permits were issued to the farmers to purchase the inputs from PASIC at subsidised rates. As the subsidy admissible against these permits were less than the amount released to PASIC every year and all the farmers issued with permits did not purchase inputs, there was undisbursed subsidy with PASIC every year. Though PASIC submitted the account along with the duplicate copy of the permits issued to the farmers, the ADs failed to maintain any account to verify whether the entire subsidy was passed on to the farmers. The Annual Accounts of PASIC revealed that the cumulative undistributed subsidy, which was Rs 0.94 crore at the end of 2002-03 increased to Rs 1.37 crore at the end of 2004-05. In the absence of the records with the ADs, the age-wise balance of undistributed subsidy could not be ascertained. Thus, the unnecessary release of subsidy in spite of availability of undisbursed amount led to blocking of Rs 1.37 crore with PASIC. Besides, failure to reconcile the unspent balance with PASIC would result in non-identification of wrong booking of subsidy by the company, if any.

Programme Management

The deficiencies noticed in the implementation of schemes pertaining to increasing the agricultural productivity during 2002-05 are discussed in the succeeding paragraphs:

3.1.8 Poor increase in productivity

The gross cultivated area declined from 43,277 hectares in 2000-01 to 37,383 hectares in 2003-04[4]. While the reduction was mainly under paddy (2,858 hectares) and pulses (3,614 hectares) in the Karaikal region, there was a slight increase in the area under horticultural crops in Pondicherry region. The productivity of rice increased from 2.4 metric tonne (MT) per hectare in 2000-01 to 2.7 MT per hectare in 2003-04 but there was steep decline in the yield under cereals and pulses during the same period.

[4] Particulars in respect of 2004-05 had not been compiled by the Department of Economics and Statistics (October 2005)

Increase in productivity anticipated was not achieved

The Ninth and Tenth Five Year Plans aimed at increasing the productivity of rice to 4.5 MT per hectare and diversification to increase the area under horticulture and other crops requiring less water for cultivation. Though the Tenth Plan identified specific constraints for increasing the agricultural productivity, no new schemes were implemented to remove these constraints. Consequently, the achievement of the objective was poor during the first three years of the Tenth Plan in spite of incurring Rs 33.02 crore under various plan schemes.

3.1.9 Distribution of inputs

The Department distributes certified seeds, fertilisers and pesticides through PASIC at subsidised rates to the farmers. There were 31,135 farmers in the Pondicherry and Karaikal regions, of which 27,377 were small and marginal farmers. The number of beneficiaries who had received various inputs at subsidised rates in these regions were as under:

Number of farmers/ Inputs	Number of beneficiaries					
	Pondicherry			Karaikal		
	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05
Number of farmers	21,629	21,629	21,629	9,506	9,506	9,506
Inputs						
Certified Seeds	7,495	8,805	10,294	4,459	3,116	3,621
Green manure	4,287	4,867	3,971	56	78	115
Compost	1,658	1,501	1,347	70	2,809	4,558
Bio-fertilisers	2,106	2,321	1,344	3,463	1,313	2,178
Chemical fertilisers	813	373	15	2,479	1,986	25
Bio-pesticides	649	490	412	Nil	Nil	Nil
Chemical pesticides	2,713	2,880	2,507	5,689	8,034	11,921

Though the farmers of these regions raise more than one crop in a year, the number of beneficiaries availing subsidy from the Department for inputs was much lower. The inadequate usage of certified seeds, bio-fertilisers and compost in terms of quantity are discussed in succeeding paragraphs.

3.1.10 Distribution of certified Seeds

Quality seed is essential for achieving higher productivity. Certified seed is a quality seed of notified variety, genetically and physically pure, free from disease and with high germination potential. The distribution of certified seeds at subsidised cost to the farmers was entrusted to PASIC. Certified seeds are produced by private growers, autonomous institutions, a Government farm and KVK, Karaikal and the growers are given a subsidy of Rs four per kg (Rs two per kg up to 2002-03). PASIC purchases certified

seeds from growers as well as from outsiders and issues to agriculturists on production of permits by the Department. Agriculturists were also given a subsidy of Rs four per kg. The subsidy was 75 *per cent* of cost of seeds for Scheduled Caste farmers.

3.1.11 Poor coverage of area under certified seeds

Only 37 *per cent* of cultivated area was covered under certified seeds

The Department aimed at increasing the coverage of area under certified seeds from 36 *per cent* in 2001-02 to 65 *per cent* by 2006-07 (end of Tenth Plan period) and issued permit at 100 kg of seeds per hectare. The planting of paddy with certified seeds during 2002-05 was as under:

Year	Seeds distributed (In MT)	Area covered at 100 kg per hectare (In hectares)	Area cultivated with paddy (In hectares)	Percentage of coverage at 100 kg per hectare
Pondicherry				
2002-03	638	6,380	16,931	38
2003-04	632	6,320	18,534	34
2004-05	691	6,910	17,338	40
Sub-total	**1,961**	**19,610**	**52,803**	**37**
Karaikal				
2002-03	328	3,280	6,619	50
2003-04	141	1,410	5,937	24
2004-05	252	2,520	6,899	37
Sub-total	**721**	**7,210**	**19,455**	**37**
Grand total	**2,682**	**26,820**	**72,258**	**37**

Thus, the coverage of paddy with certified seeds during the first three years of the Tenth Plan had been erratic and the average coverage was only 37 *per cent* during the three years. The farmers who did not procure certified seeds from PASIC procured it from other sources or used the seeds, which were produced on their own land. The fact that the productivity of rice in these regions remained stagnant during 2002-05 indicates that the farmers did not use quality seeds. The evaluation study on 'Productivity of rice' conducted (March 2003) by the Department through PAJANCOA also pointed out that non-availability of quality seeds in the local village depots of PASIC and high prices as the major constraints for using certified seeds. Thus, the increase in the coverage of cultivated area with certified seeds was poor and this restricted the rapid growth in productivity. At this rate, the achievement of the target of 65 *per cent* by 2006-07 (end of Tenth Plan period) appears doubtful.

3.1.12 Variety of seeds not changed

The evaluation report of PAJANCOA indicated that there was stagnation of yield of almost all varieties of paddy grown as these strains lost their productivity potential because of their repeated cultivation. The Department had not taken up any follow up action on this observation and the farmers were continued to be issued with the same variety of certified seeds of paddy.

3.1.13 Incorrect release of subsidy

Subsidy was allowed for seeds other than certified seeds

In addition to certified seeds, PASIC also procures seeds of notified variety, which did not pass the prescribed tests for certification. Such seeds are termed as Truthfully Labelled (TFL) seeds. Besides, seeds of unnotified varieties were also distributed to the farmers based on their demand. The scheme contemplated distribution of certified seeds against permits. As the AD, T&V, Pondicherry issued permits for quantity only, PASIC issued TFL and unnotified varieties of seeds also to the farmers against these permits after allowing the subsidy admissible for certified seeds. During 2002-05, 122 MT of TFL and unnotified seeds were issued to the farmers at Pondicherry and Rs 6.51 lakh was adjusted as subsidy against the advance payment made by the Department. On this practice commented in Paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1998, the Public Accounts Committee recommended (December 2002) implementation of a separate scheme for distribution of TFL seeds. However, no such scheme was evolved (September 2005).

Fertilisers and pesticides

Excessive and unbalanced use of chemical fertilisers leads to increasing micro-nutrient deficiency, decline in soil quality, ground water pollution causing increase in cost of agricultural production. Similarly, indiscriminate use of pesticides leads to ecological degradation of land and water and resurgence of pests. To discourage excess use of chemical fertilisers, use of bio-fertilisers and green manure are to be encouraged. Popularisation of the use of biological methods of pest control would reduce the use of chemical pesticides.

3.1.14 Use of green manure/compost

Inadequate issue of compost

According to the norms prescribed by the Tamil Nadu Agricultural University (TNAU), approximately 12.5 MT of compost or 6.5 MT of green manure are to be utilised per hectare for cultivation of various crops. The Department issues seeds of Sunhemp and Daincha for growing plants that would serve as green manure on harvesting. Test check of permits issued during 2004-05 in the Bahour and Madagadipet depots of PASIC in Pondicherry revealed that the farmers were issued 31 kg per hectare of green manure seeds against the recommended 25 kg per hectare of seeds and

2.45 MT of compost per hectare on an average. Thus, the issue of compost was much less than the prescribed norm and though the Department discouraged the use of chemical fertilisers, the farmers purchased chemical fertilisers from PASIC to compensate for the deficiency.

3.1.15 Use of chemical fertilisers

The following table gives the gross cultivated area, quantity of chemical fertilisers sold (both with or without subsidy) by PASIC to the farmers of the Pondicherry and Karaikal regions and their utilisation per hectare during 1999-2005.

Year	Pondicherry			Karaikal		
	Gross cultivated area (In hectares)	Chemical fertilisers sold (In MT)	Utilisation per hectare (In kg)	Gross cultivated area (In hectares)	Chemical fertilisers sold (In MT)	Utilisation per hectare (In kg)
1999-2000	25,899	12,943.501	500	14,514	3,411.03	235
2000-01	26,399	12,161.633	461	14,973	4,336.71	290
2001-02	26,321	11,643.985	442	10,232	4,093.94	400
2002-03	25,975	12,822.449	494	8,525	3,520.60	413
2003-04	27,098	15,696.282	579	8,493	3,762.29	443
2004-05	NC	19,958.245	--	NC	5,617.08	--

NC : Not compiled

Excessive use of chemical fertilisers

TNAU prescribed 150 to 200 kg of chemical fertilisers per hectare for cultivation of various crops. Thus, the utilisation of chemical fertilisers was much more than the prescribed norm. Though the Department restricted the issue of permits, the excessive use of chemical fertilizers by farmers defeated this objective and also resulted in deterioration of soil. Such excessive use in Pondicherry region is attributable to discouraging trend in the use of green manure, compost and bio-fertilisers. The evaluation study of PAJANCOA also pointed out that excessive usage of chemical fertilisers (phosphorous and potassium) had deteriorated the soil. This scenario indicates that the Department had not been successful in educating the farmers on the ill effects of excessive use of chemical fertilisers.

3.1.16 Use of chemical pesticides

Excessive use of chemical pesticides

The use of chemical pesticides showed an increasing trend. The quantity of pesticides sold by PASIC indicated that the rate of use of these pesticides, which was 2.88 kg per hectare in 1999-2000 in Pondicherry region, increased to 3.34 kg and 4.07 kg per hectare in 2002-03 and 2003-04 respectively. In Karaikal region, the rate increased from 1.22 kg per hectare in 1999-2000 to 2.81 kg per hectare in 2002-03 and declined slightly to 2.64 kg per hectare in 2003-04. The failure of the Department to increase

the production of bio-pesticides in KVK, Pondicherry contributed to the continued dependence of the farmers on chemical pesticides.

Irrigation

Water for irrigation is an important factor affecting productivity. The sources of irrigation, area covered during the period 2001-04 in the Pondicherry and Karaikal regions were as follows:

(In hectares)

Year	Region	Irrigation through		Total
		Canals	Tube wells	
2001-02	Pondicherry	Nil	23,818	23,818
	Karaikal	NA	NA	9,008
2002-03	Pondicherry	Nil	23,638	23,638
	Karaikal	6,022	824	6,863*****
2003-04	Pondicherry	Nil	24,421	24,421
	Karaikal	Nil	4,328	4,328

*** 17 hectares are rain fed; NA : Not Available**

3.1.17 Over exploitation of ground water

Over exploitation of ground water

Though there were 84 tanks and 140 small ponds in the Pondicherry region, these got silted due to non-maintenance and irrigation was provided by tube wells only. Due to decline in water level, the farmers had to go in for deeper tube wells and use submersible pumps. Karaikal region depended on water from the Cauvery river and irrigation was carried out through canals. Due to undependability of the Cauvery water, the farmers of the region were slowly shifting to tube wells. The increased extraction of ground water from deep tube wells resulted in lowering of ground water table and intrusion of seawater.

3.1.18 Tank rehabilitation

Rehabilitation of tanks did not contribute to irrigation

Government implemented a 'Tank Rehabilitation Project' to rehabilitate all the 84 minor irrigation tanks in Pondicherry, having a total ayacut of 6,456 hectares. The main objective of the Project was to stabilise the existing ayacuts, reduce reliance on ground water resources and prevent salt water intrusion in aquifers. The Project commenced during 2001-02 and 62 tanks (15 in 2001-02, 27 in 2002-03 and 20 in 2003-04) were rehabilitated by December 2004. Rehabilitation of remaining tanks was under progress and Rs 18.74 crore were spent on the Project as of March 2005. As the Project did not envisage rehabilitation of field canals, irrigation from the 62 rehabilitated tanks could not be done. The Hydrogeologist of the Department stated (September 2005) that the Project benefited in improving recharge of ground water. This reply is untenable as the objective of stabilisation of ayacut envisaged in the Project was not achieved. Besides, failure to rehabilitate the field canals by the Department defeated the Tenth

Plan objective of irrigating 6,000 hectares in Pondicherry region through surface water.

3.1.19 Water conservation

Scheme for water harvesting through 'Farm Ponds' was not implemented

Karaikal region is mainly dependent on surface water. The Department implemented a scheme for providing subsidy for constructing 'Farm Ponds' to harvest surface water and 89 farm ponds were constructed during 1990-2002. The scheme was modified in 2002-03 and the beneficiaries were required to execute the work through PASIC to get 100 *per cent* subsidy limited to Rs one lakh. Though 10 beneficiaries were selected during 2002-03 and the subsidy amount of Rs 10 lakh was deposited with PASIC, only two constructed the ponds and the remaining eight did not take up the work on the plea of high cost. The scheme was not operated during 2003-05 for want of beneficiaries. In view of lack of progress, the Government may review subsidy pattern and modalities of implementation as failure to conserve water in 'Farm Ponds' had forced the farmers of this region to use ground water for cultivation.

Soil reclamation

Soil fertility is another major factor affecting productivity and soil deterioration occurs on account of over-extraction of ground water, excessive use of fertilisers and pesticides.

3.1.20 Reasons for soil deterioration

The Department identified (March 2003) the following factors, which caused deterioration in soil in the Pondicherry region.

- Indiscriminate exploitation of ground water resources resulted in the accumulation of soluble salts contained in ground water forming a sort of encrustation on the fields.
- Leaching out the soluble salts did not take place due to absence of surface water.
- Progressive encroachment on the banks of river and tanks blocked the drainage channels and prevented the draining of excess water on fields resulting in higher salinity and alkalinity in the soil.
- Adoption of mono-cropping pattern resulted in the hard pan formation in sub-soil, blocking the sub-soil capillary movement from surface to deeper layers contributing to higher salt level on surface.

3.1.21 Soil reclamation not taken up in Bahour

Remedial measures not taken up due to objection by the farmers

In order to reclaim the soil, the Department conducted soil tests in Bahour Commune Panchayat and Thulukanpalayam and Kariamanickamveli villages in the Pondicherry region through PAJANCOA. Though the problem identified in Bahour (cultivated area: 5,482 hectares) was the presence of excess acid sulphates in the soil, no remedial measures could be undertaken as the farmers were not willing to change the cropping pattern suggested by PAJANCOA. The Department officials proposed construction of drainage channels in the fields to leach out the excess chemicals but the scientists of PAJANCOA did not agree to the proposal. As such reclamation of soil in Bahour, which was considered the rice bowl of Pondicherry, was not taken up.

3.1.22 Incomplete reclamation work

Reclamation work not completed

In Thulakanpalayam and Kariamanickamveli villages, PAJANCOA suggested (March 2003) construction of drainage channels for leaching out chemicals and provision of soil ameliorants for reclamation. The Department identified (March 2003) an area of 53.68 hectares of land for reclamation and formed channel for 6,368 metre (m) against the estimated length of 23,000 m. Though this work was not completed, soil ameliorents were provided (November 2003) to the land in order to facilitate the farmers to take up timely cultivation. The formation of drainage channels partially in the fields defeated the objective of leaching out the chemicals from the cultivation area in spite of spending Rs four lakh.

Demonstrations

Latest technology was not disseminated to the farmers

The Department conducts demonstrations in farmers' fields to disseminate the latest technology in cultivation to achieve higher productivity. The farmers were given inputs worth of Rs 1,000 per acre and the cultivation was undertaken under the direct supervision of Agricultural Officers. Paddy being the main crop, demonstrations were conducted mainly for paddy crop and 377 demonstrations were conducted in the Pondicherry (260) and Karaikal (117) regions during 2002-05.

3.1.23 Poor yield in demonstration plots

The yield obtained in the demonstration plots in Karaikal compared to the 'check plots' during 2002-05 were as follows:

Year	Number of demonstrations conducted	Average yield (In MT per hectare)	Average yield in check plots (In MT per hectare)
2002-03	34	1.79	1.58
2003-04	43	1.64	1.45
2004-05	36*	1.92	1.66

*** 40 demonstrations were conducted but there was no yield from four plots due to floods**

Though the average yield in the demonstration plots was higher than the yield of 'check plots', the targeted productivity of 4.5 MT per hectare was not achieved. The deficiency was attributed by the AD, Karaikal to soil salinity due to excess extraction of ground water.

3.1.24 Scientific methods of cultivation not followed

The Department demonstrated a new methodology during 2003-04 in raising nursery and cultivation of paddy. This system envisaged use of only 7.5 kg of seeds over 0.2 acre of nursery. The seeds were transplanted carefully, (without damaging the roots) over one hectare, using single seedling per hill to avoid root competition and widely spaced to encourage greater root and canopy growth. The yield of 4.09 MT and 4.14 MT obtained under this system in Pondicherry and Karaikal regions indicate that the method adopted by the farmers in growing seedling in dense clusters and transplanting more seedlings per hill caused lower yield.

Thus, the demonstrations carried out did not achieve the objective of encouraging the farmers to adopt latest practices to increase productivity.

3.1.25 Conclusion

Excessive use of chemical fertilisers and pesticides and over extraction of ground water coupled with poor drainage facility in the fields contributed to deterioration of soil fertility. Soil reclamation works and water conservation efforts were not adequate. Poor coverage of area under certified seeds and failure of the farmers to adopt scientific techniques imparted through demonstration resulted in stagnation of productivity of paddy in the Pondicherry and Karaikal regions. The schemes implemented had provided only financial relief to the farmers instead of increasing their income through higher productivity.

Recommendations

- Farmers should be educated on the benefits of following scientific methods of farming and the ill effects of excessive use of chemical fertilisers and pesticides.
- Soil reclamation works should be given higher priority
- Adequate quantity of certified seeds should be supplied.
- Subsidy should be restricted to the quantity of inputs recommended.

The matter was referred to the Government in November 2005; reply had not been received (January 2006).

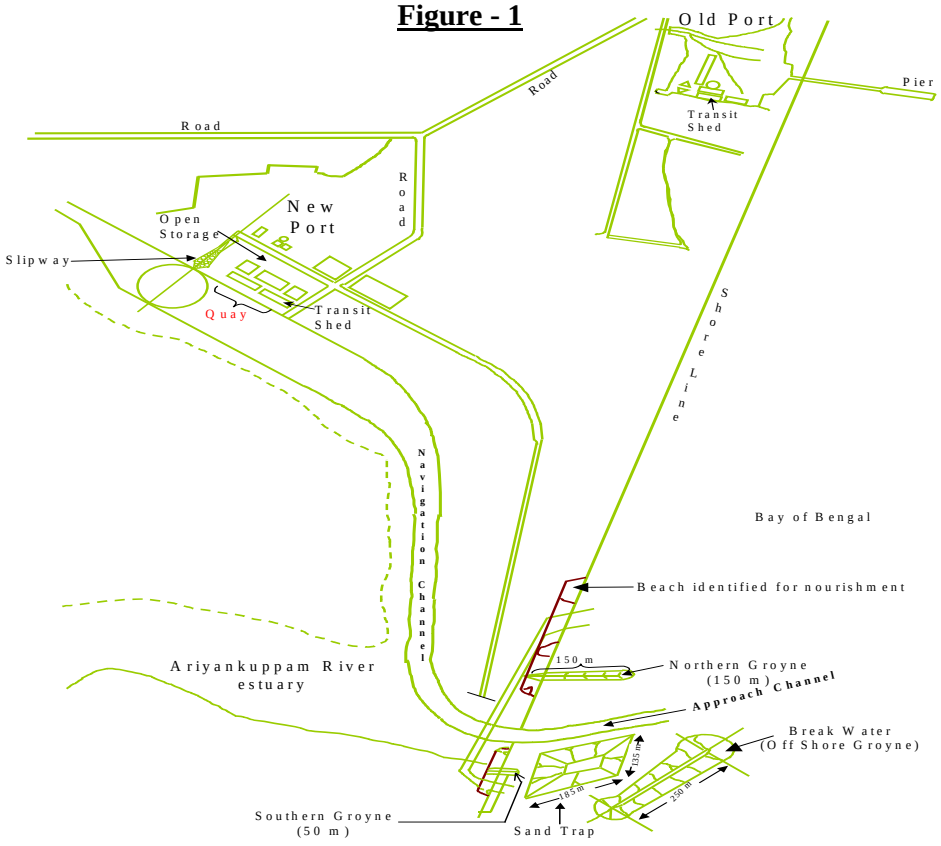
PORT DEPARTMENT

3.2 Port operations

3.2.1 Introduction

The old Port of Pondicherry has a 286 metre (m) long pier constructed in 1963 for berthing barges which carry cargo from the ships anchored at sea. The cargo is unloaded and transported to transit sheds using lorries. A railway siding is also available there to transport the cargo inland. The new inland Port, constructed during 1986-1994, by creating a channel of 1.44 kilometre (km) from the mouth of Ariyankuppam river, aimed at avoiding multiple operations in handling cargo, reduce the turn around time for ships and to provide shelter for barges and fishing vessels. The inner harbour is provided with a quay for berthing barges carrying cargo, slipway to provide repair facility, four godowns and open space for handling cargo. A map showing the locations of old and new Ports and the facilities available are given in Figure 1.

Figure - 1



3.2.2 Organisational set up

The old and new Ports of Pondicherry are headed by a Director and is assisted by a Port Officer and an Executive Engineer. At the Government level, the Director, Ports reports to the Secretary, Industrial Development (Port).

3.2.3 Audit coverage

Scrutiny of the records relating to the operations of the Port covering the period 2000-05 disclosed the following significant points.

Audit findings

3.2.4 Financial performance

The expenditure under Revenue sector was on establishment while that under Capital sector was on Plan schemes implemented for Port development and maintenance. The Department derived revenue from shipping and landing charges, lease of storage facilities, etc. The budget provisions, both on Revenue and Capital sectors, expenditure incurred there against and the revenue realised during 2000-05 are tabulated below:

(Rupees in crore)

Year	Expenditure					Revenue receipts	Excess of Revenue expenditure over Revenue receipts
	Revenue sector		Capital sector		Total expenditure		
	Budget Provision	Actual expenditure	Budget Provision	Actual expenditure			
2000-01	0.61	0.56	2.48	2.48	3.04	0.17	0.39
2001-02	0.65	0.58	4.25	4.25	4.83	0.32	0.26
2002-03	0.61	0.58	4.00	3.68	4.26	0.38	0.20
2003-04	0.62	0.60	5.75	5.75	6.35	0.55	0.05
2004-05	0.69	0.66	5.00	3.51	4.17	0.65	0.01
Total	**3.18**	**2.98**	**21.48**	**19.67**	**22.65**	**2.07**	**0.91**

The savings of Rs 1.49 crore in capital sector during 2004-05 was mainly due to stoppage of dredging activities on account of non-receipt of sanction from the Government.

Revenue expenditure was classified as capital expenditure

During the period 2001-05, the Revenue expenditure exceeded the Revenue receipts by Rs 0.91 crore. Capital expenditure of Rs 19.67 crore included Rs 7.83 crore spent on dredging operations for maintaining the channel, which was of revenue nature. Had this expenditure been correctly classified, the Revenue expenditure would have been to the tune of Rs 10.81 crore and would have exceeded the total Revenue receipts during 2000-05 by Rs 8.74 crore.

Though the Tenth Plan envisaged the formation of a Port Development Corporation to accelerate the development of Port, only token provisions

were included in the Budgets of 2002-05 and no expenditure was incurred as the Government is contemplating the development of Port through private investments.

The Director of Port purchased 168 kilolitres of diesel from a retailer during August 2004 to February 2005 instead of from the Indian Oil Corporation as was done during previous years resulting in an extra expenditure of Rs 5.33 lakh.

In order to convert the metre gauge railway siding at the old Port to broad gauge, the Department deposited (February 2004) Rs 90.74 lakh to the Railways. Of three lines, two were completed in February 2005. Though, the Department proposed to extend the railway siding to new Port, the alignments suggested (January 2003) by the Railways were not accepted by the Department and the siding was not extended to new Port. In the absence of activity in the old Port and lack of connectivity to the new Port, the railway siding, for which Rs 90.74 lakh had been deposited, could not be utilised by the Department (October 2005).

Dredging operations

Based on model studies conducted with reference to wave action, behaviour of river mouth, siltation pattern on account of littoral[5] drift and navigation and tranquility conditions, the Project Report for the new Port was prepared by the Central Water and Power Research Station, Pune in June 1978 and was updated in May 1982. The Report provided for the construction of two groynes on the northern and southern side of the Ariyankuppam river mouth, an off-shore groyne of 250 m, a sand trap for 1.4 lakh cubic metre (cum), an approach channel 200 m long and 30 m wide and a navigation channel of 30 to 40 m width. As per this Report, the dredging activity should only be in the sand trap for 112 days during the optimal period of April to August to remove 4.48 lakh cum of sand and dredging in sand trap will completely eliminate siltation in the navigation channel. The Report also suggested removal of sand from sand trap using shore based sand pumps instead of dredgers. A tunnel below the bed of the navigation channel was also constructed along with taking up of other project activities during 1986-94 for laying pipes for pumping out the sand dredged. The Report cautioned that if the dredging operations was not done as recommended, sand would accumulate first in the approach channel and then in navigation channel thereby blocking the passage required for barges to reach the harbour.

The records relating to dredging operations revealed the following deficiencies:

[5] relating to the shore or on the shore or off the shore

3.2.5 Dredging not carried out for more than four years

Failure to take up dredging operations as envisaged in Project Report resulted in siltation of channel

On completion of the new Port in 1994, the Department did not carry out dredging operations till 1998-99 due to lack of experienced staff. The Department then engaged Dredging Corporation of India during July to November 1999. However, before the dredging of silt in the mouth of river could be adequately removed, monsoon set in and the work was stopped. Thereafter, dredging was done till February 2005 both in the navigation channel and sand trap through operating contractors using the two dredgers of the Department and one sand pump purchased in November 2002. Thus, failure to take up dredging in accordance with the Project Report resulted in siltation of channel. Besides, due to stoppage of dredging operations during 2004-05, accumulation of sand in the sand trap would be more which ultimately would affect the cargo movement.

3.2.6 Delays in sending proposals for dredging

Failure to obtain sanctions for dredging in advance prevented commencement of dredging in April each year

As the Project Report contemplated dredging operations during April to August every year, the proposals for sanction of funds should have been sent well in advance and sanction from the Government obtained by December so as to complete the formalities of tendering. The Director, however, sent proposals for funds only at the beginning of the financial year. Consequently, orders of the Government were received after August when the optimal period for the dredging operations (as envisaged in the Project Report) was over.

The details of proposals sent by the Department and approved by the Government were as under:

(Amount - Rupees in crore)

Year	Purpose	Proposal sent		Government sanction	
		Date	Amount	Date	Amount
2000-01	Dredging	13.11.2000	0.69	18.01.2001	0.69
	Operational cost	Nil	Nil	Nil	Nil
2001-02	Dredging Inner channel	8.05.2001	0.70	21.08.2001	0.70
	Dredging mouth portion	8.05.2001	0.70	21.08.2001	0.70
	Operational cost	8.05.2001	0.67	4.10.2001	0.67
2002-03	Dredging	6.06.2002	1.64	11.10.2002	0.51
				18.03.2003	0.63
				12.08.2003	0.50
	Operational cost	6.06.2002	1.36	23.09.2002	1.36
	Additional operational cost	22.07.2003	0.33	6.10.2003	0.33
2003-04	Dredging by sand pump	19.12.2003	0.37	Not received (August 2005)	
	Dredging by dredger	19.12.2003	1.70	31.05.2004	1.00
	Operational cost	19.12.2003	1.79	Not received (August 2005)	

Note: No proposals were sent for the year 2004-05; however based on the previous years' sanction dredging in some portions was carried out till February 2005

Had the Department completed the formalities such as obtaining administrative sanction, processing and finalising tenders well before the

passing of the Budget in March, expenditure sanction could have been obtained in April and the work executed during the optimal period.

3.2.7 Lower utilisation of Sand pump for dredging

The details of dredging operations carried out in the sand trap and in the channel during 2000-05 were as under:

(In cum)

Period of operations	Dredgers		Sand pump	Total
	River mouth, Sand trap etc	Channel	Sand trap	
Dredging during April – August				
2000-01	Nil	Nil	Nil	Nil
2001-02	97,748	Nil	Nil	97,748
2002-03	1,05,670	69,301	Nil	1,74,971
2003-04	1,00,930	Nil	35,203	1,36,133
2004-05	31,614	28,472	Nil	60,086
Total	**3,35,962**	**97,773**	**35,203**	**4,68,938**
Dredging during September – March				
2000-01	29,808	Nil	Nil	29,808
2001-02	62,282	1,55,127	Nil	2,17,409
2002-03	78,701	64,796	25,037	1,68,534
2003-04	96,106	58,063	25,040	1,79,209
2004-05	64,270	55,363	19,961	1,39,594
Total	**3,31,167**	**3,33,349**	**70,038**	**7,34,554**
Grand Total	**6,67,129**	**4,31,122**	**1,05,241**	**12,03,492**

Failure to use sand pump resulted in additional expenditure of Rs two crore

Thus, huge quantity of sand was dredged in channels, though this would not have been necessary had dredging been done in accordance with the Project Report. Further, only 35,203 cum of sand i.e. three *per cent* of the total quantity was dredged using sand pump during April to August on the ground that the equipment required water-front. As the Project Report envisaged utilisation of sand pump during April to August, the non-availability of water-front in the sand trap during this period indicates that the Department's inaction had resulted in accumulation of excess sand causing availability of inadequate water-front in the trap. Further, though the Project Report considered the use of sand pump in the sand trap during April to August adequate, it was not used to the extent contemplated in the Report. Thus, failure to dredge in sand trap caused accumulation of sand affecting the operation of sand pump. Incidentally, according to the Department's calculation dredging by sand pump was cheaper than by dredgers by Rs 30 per cum of sand dredged. Had the sand pump (purchased in November 2002) been procured earlier as was recommended in the Project Report and used for dredging 6.67 lakh cum of sand which was removed from the river mouth and sand trap using dredgers, there would have been a saving of Rs two crore.

3.2.8 Unnecessary dredging

Unnecessary dredging resulted in widening of the channel instead of maintenance of its depth

As per the Project Report, sand accumulation in the sand trap, if not removed, would silt the approach channel and block the mouth of the navigation channel. However, the Department carried out dredging for large quantity during 2002-05 covering the entire channel. The dredging operation was carried out for a width of 60 m though the width of the channel was only 30 to 40 m. To cite an example, the Department dredged the channel in chainage 690 to 1,230 for a width of 30 m to 42 m during February to April 2002. However, the dredging in these reaches was carried out for a width of 54 m to 63 m during April 2002 to November 2002. Thus, dredging operation in the channel resulted in unnecessarily widening it rather than clearing the silt to retain its depth.

3.2.9 Productivity meters not used for measuring output

Payments were made to contractors based on estimated quantity though equipment for measuring actual quantity were purchased

The 'Productivity metering system' installed in the dredgers were out of order since 1993 and payments were made by means of level measurements. Even though two new productivity meters were purchased at a cost of Rs 31.90 lakh in June 2003 specifically for measuring the output of sand dredged; these meters were not used for this purpose (October 2005).

The Department stated (July 2005) that the productivity metering system was not used for making payment to the contractors as it would show both sand and slurry. This is not tenable as (i) the contract was for removal of both sand and slurry at a common rate and (ii) the meters were also equipped to give measurement for the quantity of sand alone. Payments made to the contractors without using metering system allowed for possible overpayment.

3.2.10 Beach nourishment

Formation of beach without constructing groynes resulted in complete erosion of the beach formed

Due to loss of sandy beach, Pondicherry faced sea erosion forcing the Government to take shore-protection measures. To provide a lasting solution to this problem, the sand dredged from the sand trap and the channel was pumped through a pipe to a distance of one km beyond the northern groyne. With a view to cover more shore line with sand, hydro-graphic survey and numeric model studies were conducted by a consultant engaged by the Department in June 2001. The Report of the consultant recommended construction of series of groynes along the coast line and pumping the sand dredged between the groynes for formation of artificial beach. However, due to objections from a Non-Governmental Organisation and considering high cost, the Department obtained the Government sanction (December 2002) (a) to extend the beach for a distance of 3.6 km without constructing the groynes and (b) for construction of power rooms, erection of booster pumps and installation of pipes for 3.6 km. The works were executed during May and June 2004 at a cost of Rs 2.59 crore, but this system was not operated as the estimate for its operation and maintenance sent in December 2003, was not sanctioned by

the Government (October 2005). Thus, the delay in sanctioning the maintenance of the system resulted in locking up of Rs 2.59 crore for more than a year.

As the dredging operations were stopped from February 2005 and the beach already formed for a distance of one km was not covered by groynes on both sides, the entire sand was eroded defeating the purpose of these protection to the shore. Photographs (Figures 2 and 3) showing beach in February and July 2005 will reveal the effect of erosion.

Figure 2 (February 2005)

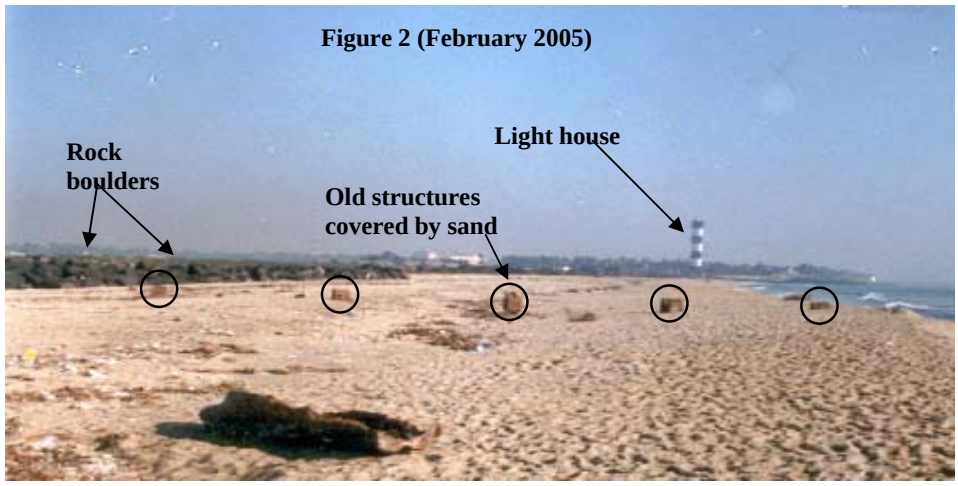
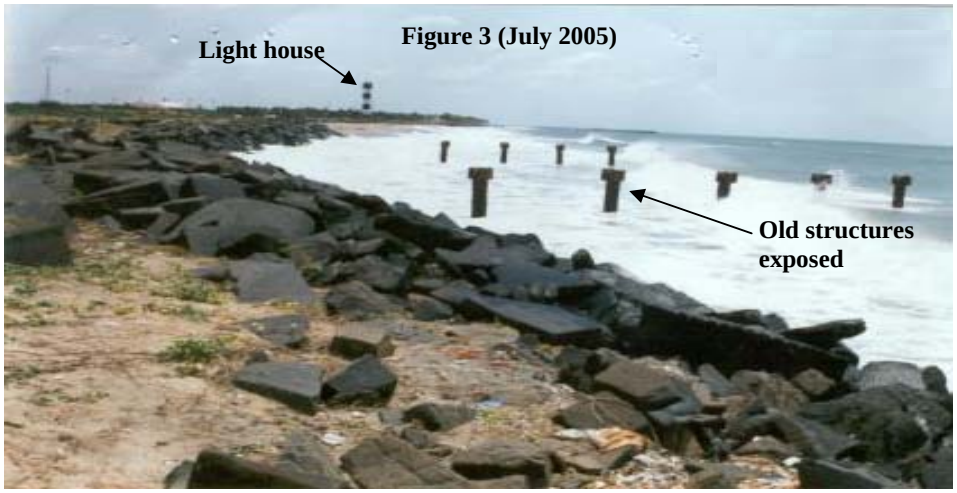


Figure 3 (July 2005)



Thus, the efforts taken to form the artificial beach were wasted due to the failure to construct groynes.

3.2.11 Revenue

Compared to the expenditure of Rs 10.81 crore on the maintenance of the Port during 2000-05, the revenue realised was only Rs 2.07 crore. Of this, the revenue realised through port operations (port dues, shipping and landing dues and godown rent) was only Rs 0.88 crore.

The 11 transit sheds in old and new Ports having a floor area of 10,074 square metre (sqm) were let out on monthly basis to the Port users. Analysis of their leases indicated that these sheds were vacant for 49 *per cent* of the months during April 2001 to April 2005. The under-utilisation was attributable to poor activity in the Port and non-availing of storage facility by the Port users as the rent was fixed on monthly rate basis, while the Port users require the transit sheds only for a part of a month.

The Department entered into an agreement (February 2001) with the Container Corporation of India (a Government of India Undertaking), for leasing the open yard of 10,455 sqm and two warehouses[6] in the new Port for setting up of an Inland Container Depot and renewed it annually till February 2004. The agreement, however, did not provide for collection of godown rent and lease rent of open yard as applied to other Port users, but provided for collection of container handling charges at Rs 30 and Rs 60 for empty and loaded containers up to 20 feet long and Rs 40 and Rs 80 for containers above 20 feet. This was much less than the rent charged to other Port users. The loss of revenue due to collection of container handling charges instead of rent was Rs 64.32 lakh.

On being pointed out (December 2003) in audit, the Department started collection of godown rent from February 2004 onwards and requested the Revenue Department to assess the land value of open yard for fixing lease rent. Meanwhile, the lessee was allowed to continue to occupy the leased areas. Pending this assessment, the lease rent due (at rate charged from another Port user), from the lessee up to June 2005 worked out to Rs 28.70 lakh.

3.2.12 Conclusion

The Port was not maintained as suggested in the Project Report resulting in avoidable dredging operation in the channel. Besides, this operation was undertaken to widen the channel instead of removing sand to maintain its depth. Failure to construct groynes resulted in erosion of beach formed utilising the sand dredged. Due to poor use of the Port, the revenue earning declined compared to the revenue expenditure.

Recommendations

- The dredging requirements should be planned in advance to avoid delay in sanction and execution.

- Sand trap should be regularly dredged as suggested in the Project Report to avoid siltation at the river mouth and channel.

[6] A third warehouse was leased in March 2003 for one year

- Proposals for sanction of funds for dredging work should be sent in time to ensure timely availability of funds.

The matter was referred to the Government in September 2005; reply had not been received (January 2006).

CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

3.3 Implementation of Consumer Protection Act

3.3.1 Introduction

The Consumer Protection Act, 1986 (CP Act) was enacted by the Parliament in 1986 to provide simple, speedy and inexpensive redressal to consumers' grievances in addition to those available under other existing laws. The CP Act came into effect from 1987 after the Government of India (GOI) had framed the Consumer Protection Rules, 1987. The CP Act provides for establishment of three-tier quasi-judicial consumer dispute redressal machinery at National, State and District level. These forums are also referred to as consumer courts. The CP Act was amended in 2002 to discourage adjournments and facilitate quicker disposal of complaints. The State Consumer Redressal Commission (State Commission) was formed in May 1988 and a District Forum (DF) in August 1988 in the Union Territory (UT) of Pondicherry. The Director of Civil Supplies and Consumer Affairs was responsible for establishment of the State Commission and DF and implementation of the provisions of the CP Act.

The UT of Pondicherry consists of four non-contiguous regions, *viz*. Pondicherry, Karaikal, Mahe and Yanam. In May 2005, Pondicherry district was bifurcated into two districts, *viz*. Pondicherry (consisting of Pondicherry, Mahe and Yanam regions) and Karaikal. The District Forum for Karaikal district had not been formed as of August 2005.

3.3.2 Audit coverage

A review of the records of the Director of Civil Supplies and Consumer Affairs, the State Commission and the District Forum pertaining to the implementation of the CP Act and Rules thereon was conducted from July to September 2005 covering the period 2001-05.

ORG-MARG, an independent agency was also engaged for a nation wide survey and study on the subject and to assess the current levels of awareness of the CP Act among the consumers and to analyse their experience with respect to complaints made and their level of satisfaction. The engagement of services of ORG-MARG by Audit was intimated to the UT Government in November 2005. This survey was conducted between mid-July and mid-August 2005 in Pondicherry district (North) and Mahe region. The important findings of the survey are included at appropriate places in the succeeding paragraphs. Executive summary of the survey report is reflected in **Appendix IX**.

Audit findings

3.3.3 Vacancies in the posts of President and Members

The post of President was vacant for 10 months in the State Commission and for 13 months in the DF

The CP Act stipulates that a consumer court would comprise a President and two members, one of whom should be a woman. The posts of President and Members of the State Commission and the DF remained vacant during the periods as indicated under:

	Duration of vacancy in the post of		
	President	**Woman Member**	**Other Member**
State Commission	14 December 2000 to 16 October 2001 (10 months)	31 August 2002 to 12 December 2004 (28 months)	1 April 2000 to 30 May 2000 (Two months) 31 May 2005 to 24 August 2005 (Three months)
DF	2 January 2003 to 19 February 2004 (13 months)	12 June 2000 to 28 October 2001 (16 months)	1 April 2000 to 4 June 2000 (Two months) 12 October 2004 to 3 October 2005* (12 months)

*** A member was appointed in October 2005**

The Department stated (September 2005) that the vacancies in the posts of President and Members of State Commission and DF could not be filled up due to unforeseen circumstances.

The ORG-MARG survey included perception of consumers regarding Government's inaction for increasing the capacity of the State Commission to deal with more cases. It reported that almost 54 *per cent* of the consumers responded either that the Government was not doing enough to safeguard the consumer rights or that they were not aware of such efforts by the Government. Non-timely filling up of vacancies also resulted in delay in disposal of cases as a result of which the objective of speedy disposal remained non-achieved.

3.3.4 Delay in disposal of cases

The age-wise analysis of cases disposed of/pending with the State Commission and DF as of 31 August 2005 was as follows:

Period	State Commission				DF	
	Original Petitions	Percen-tage	Appeals	Percen-tage	Number of cases	Percen-tage
(a) Cases disposed of in						
Six months	3	10	11	8	164	31
Six months to one year	1	4	29	20	192	36
One to two years	5	17	50	35	137	26
More than two years	20	69	53	37	34	7
Sub-total	**29**	**100**	**143**	**100**	**527**	**100**
(b) Cases pending						
Up to to six months	15	94	11	100	39	65
Six months to one year	1	6	..	..	11	19
One to two years	..	..	..	..	5	8
More than two years	..	..	..	..	5	8
Sub-total	**16**	**100**	**11**	**100**	**60**	**100**
Grand Total	**45**		**154**		**587**	

Note : The period of pendency in the above table has been counted from the date of admission of the complaint

Thus, the State Commission admitted 199 cases (original petitions: 45 and appeals: 154) and disposed of 172 (original petitions: 29 and appeals: 143) during 2000 to 2005 (up to August) leaving 27 cases pending. Further, one original petition with the State Commission and 21 cases in the DF were pending for more than six months. Again, out of 172 cases and 527 cases disposed of by the State Commission and DF during the calendar years 2000 to 2005 (up to August), the time taken for disposal was more than six months in respect of 158 cases (92 *per cent)* and 363 cases (69 *per cent*) respectively. Thus, the objective of speedy settlement of consumer disputes was not achieved to a large extent.

The ORG-MARG survey also pointed out that the average time taken for disposal of a case was 10.7 months and unresolved cases were pending for 39 average months.

Consumer awareness and empowerment

3.3.5 Non-functioning of State Council

Non-holding of the required number of meetings by the State Council

The CP Act provides for setting up of a State Consumer Protection Council that would meet at least twice a year. The State Council was constituted in July 1987 with a tenure of three years and subsequently reconstituted in December 1990 and October 1994. This Council did not meet even once during its tenure. The current Council was constituted in May 2003 and has

held only one meeting (August 2005). The Department did not furnish any reason for non-holding of required number of meetings by the State Council.

The Council was meant for promoting and protecting the rights of consumers by dissemination of information and through consumer education and to ensure that the consumer interests would receive due consideration at appropriate forum. However, major sources of awareness as brought out by the ORG-MARG survey were electronic media (39 *per cent*) and print media (21 *per cent*). The profile of complainants who were surveyed revealed that all the complainants interviewed resided in urban areas; 98 *per cent* of them were literate and their average monthly household income was Rs 7,552. This implied that facilities provided by the redressal agencies were availed by residents of urban areas and that too by the middle/lower middle strata of the community.

3.3.6 Consumer Welfare Fund

Consumer Welfare Fund was not established to the detriment of consumer awareness schemes

A Consumer Welfare Fund (CWF) was established (November 1992) by the GOI, to which the amount due for refund under the Central Excise and Salt Act, 1944 but could not be refunded to the manufacturers were credited. The main objective of the Fund was to provide financial assistance to voluntary consumer organisations, Non-Governmental Organisations, State Government, etc. for promoting and protecting the welfare of the consumers, generate consumer awareness and strengthen consumer movement in the country. Schemes such as establishment of District Consumer Information Centre, setting up of consumer clubs in schools, assisting research activities on consumer protection by universities/ colleges and Jagriti Shivir Yojana (JSY) are financed from the CWF.

With effect from April 2004, the GOI decentralised the sanctioning of consumer measures/projects as well as JSY. It also intimated (June 2004) that the funds under these schemes would be allocated to the States/UTs in proportion to the number of districts. As per these orders, the UT of Pondicherry would be eligible to receive Rs three lakh for consumer awareness schemes and Rs one lakh for JSY. A CWF was to be set up in the UT for which the GOI was to contribute its 50 *per cent* share of Rs five lakh and the UT Government had to contribute an equal amount. GOI instructed (November 2004) the UT Government to establish a CWF for the UT or to make necessary modification if the fund had already been established for crediting the one time grant to be released by them and also the application fee to be credited to this Fund. The proposal of the Department for (a) setting up of CWF and (b) identifying the resources for mobilisation of funds for the CWF was yet to be approved by the UT Government (August 2005).

Jagriti Shivir Yojana meant for providing assistance to districts with relatively more number of families below poverty line for raising consumer awareness was not implemented

JSY was implemented from the year 2001 for providing assistance to the districts, which had relatively more number of families below poverty line for raising consumer awareness. However, the UT Government had not implemented this scheme. The UT Government had neither formed consumer clubs in schools nor instituted any research on consumer protection in colleges. It could, hence, be concluded that the UT Government had not taken adequate steps towards promotion and protection of consumer welfare and generation of awareness among consumers. The findings of the ORG-MARG survey pointed out that 23 *per cent* of the consumers at large were not aware of consumer rights and 58 *per cent* of them were not aware about the CP Act. Even among those who were aware of consumer rights and the CP Act only 30 *per cent* were aware of any redressal agency.

3.3.7 Provision of staff to the State Commission/DF

The UT Government did not provide the minimum staff as recommended

GOI intimated (February 1991) the recommendations of Justice V.B.Eradi on minimum staff required for the State Commission and DF. As per these recommendations, the minimum staff for the State Commission and DF was eight[7] and five[8] respectively. However, there was shortage of one Assistant/Reader, one Stenographer, one Lower Division Clerk (LDC) and one Peon in the State Commission and one LDC and one Peon in DF. The State Commission stated (August 2005) that proposals were sent to the UT Government for creation of posts from time to time. Latest proposal had been sent in July 2005. The Department stated (September 2005) that (a) services of one Upper Division Clerk and one daily rated sanitary assistant were spared for the consumer courts from the Department and (b) proposal for creation of additional posts were received (July 2005) from the consumer courts and action was being taken in this regard.

3.3.8 Conclusion

Government did not take adequate steps for generating awareness among consumers about the CP Act and their rights. Speedy redressal of cases was affected adversely due to non-filling of vacant posts of President and Members of Consumer Courts. The recommended staff was not also provided to the State Commission and the DF.

Recommendations

- The Consumer Welfare Fund should be established immediately.
- Action should be taken for implementing JSY, organising consumers clubs in schools and instituting research on consumer protection in colleges for generation of awareness among consumers.

[7] One Registrar/Secretary, one Assistant/Reader, two Stenographers, two LDCs and two Peons

[8] One Stenographer, two LDCs and two Peons

- The recommended minimum staff should be provided to the consumer courts and

- Vacancies in the posts of members of the consumer courts should be filled up immediately in order to curb delay in disposal of cases.

The matter was referred to the Government in November 2005; reply had not been received (January 2006).