

CHAPTER I : MINISTRY OF AGRICULTURE

Department of Agriculture & Co-operation

1.1 Parking of funds

State Governments /implementing agencies had parked funds released by Government of India for implementation of the centrally sponsored scheme “Technology Mission for Development of Horticulture in NE State including Sikkim, J&K, H.P. and Uttarakhand” and had earned interest amounting to Rs. 6.30 crore. At the instance of Audit, Department recovered Rs. 3.90 crore from the State Governments/implementing agencies while the balance of Rs. 2.40 crore was yet to be recovered.

A centrally sponsored scheme titled “Technology Mission for Integrated Development of Horticulture in North Eastern region, including Sikkim” (the mission) was sanctioned in February 2001. This scheme was later extended to the States of Jammu & Kashmir, Himachal Pradesh and Uttarakhand in 2003-04. The Mission had four Mini Missions I, II, III, & IV on research and technology generation; productions and productivity; post harvest management, marketing and export; and processes.

The funds for Mini Missions-II, III & IV (except to designated agencies like National Horticulture Board -NHB) were routed through Small Farmers Agri-Business Consortium (SFAC) for further releases to the concerned beneficiaries. Funds of Mini Mission-I were directly released to the Nodal Officer, Indian Council of Agricultural Research (ICAR). The Department of Agriculture & Co-operation (DAC) released funds to Central SFAC, NHB and ICAR based on their work plans. Central SFAC had to release these funds to State Level SFACs/identified agencies of the States within 15 days after receipt of the funds from DAC as per approved physical and financial targets. On the basis of approved work plan, the District Horticulture Officer/District Agriculture Officer was required to further release funds to beneficiaries in the district.

The implementing agencies had to provide the details of interest earned on the funds deposited in their Horticulture Mission Accounts in the banks to the Ministry via certified bank statements every six months, so that these funds could be appropriately utilised after submission of separate proposals.

Mini-Mission-wise details of funds released during the years 2001-02 to 2006-07 were as under:

(Rupees in crore)

Name of the Mission	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Mini Mission-I	2.50	1.75	4.00	10.54	7.50	2.75
Mini Mission-II	47.44	75.00	103.19	143.26	165.39	270.47
Mini Mission-III	13.80	13.50	10.20	18.51	12.50	8.50
Mini Mission-IV	3.50	0.75	1.00	4.41	2.00	3.00
Grand Total	67.24	91.00	118.39	176.72	187.39	284.72

Audit examination in May 2006 revealed that:

- The Ministry was not monitoring the interest earned by the different states and implementing agencies on the programme funds parked by them in banks. On being pointed out in Audit, the Ministry took steps to collect information from the states and implementing agencies on interest earned. Between 2001-02 and 2006-07, these states/agencies had earned interest of Rs. 6.30 crore.
- Ministry had been releasing funds to the implementing agencies without obtaining Utilisation Certificates in respect of funds previously released.

Subsequently the Ministry, in July 2007, directed all State Governments/ implementing agencies to refund the amount of interest earned by them on parked funds latest by 15 July 2007. The Ministry intimated in October 2007 that an amount of Rs. 3.90 crore had been recovered from four units of ICAR, NHB, SFAC and State Governments of Mizoram and Uttarakhand. The balance amount of Rs. 2.40 crore was yet to be recovered.

The Ministry may exercise effective control and monitoring over utilisation of programme funds and should not release funds to the State Governments/implementing agencies without obtaining Utilisation Certificates/Statement of Accounts in respect of funds previously released.

Department of Animal Husbandry, Dairying & Fisheries

1.2 Unfruitful expenditure on procurement of patrol boats

Lack of effective monitoring and failure to carry out mid-course correction resulted in investment of Rs. 25.10 crore on procurement of 26 patrol boats under a Centrally Sponsored Scheme for Enforcement of Marine Fishing Regulation Act being rendered largely unfruitful. The boats have either not been constructed or are lying idle/not being used for the intended purpose of patrolling exclusive fishing zones.

Eight maritime states¹ have enacted Marine Fishing Regulation Acts for

¹ Andhra Pradesh, Goa, Karnataka, Kerala, Maharashtra, Orissa, Tamil Nadu and West Bengal

reservation of exclusive fishing zones for traditional fisherman. This zone extends up to 5 to 10 Km. from the shore. Mechanised boats can operate only outside this limit, and deep sea fishing vessels are banned from fishing in the territorial waters. Despite well defined objectives, the desired results could not be achieved because of non-availability of adequate resources with the State Governments for effective implementation of the Acts. A Centrally Sponsored Scheme “Enforcement of Marine Fishing Regulation Act (MFRA) and Introduction of Artificial Reefs Sea Farming” having three components, including procurement of patrol craft for enforcement of Marine Fishing Regulation Acts was, therefore, introduced by the Government of India during the 8th Five Year Plan in 1993-94. Government of India, under this scheme, proposed to provide assistance to these States to meet 100 *per cent* of the capital costs of patrol boats and communication equipment to be used for the purpose of patrolling to detect any violation of the regulations of the Acts.

The Central Government provided Rs.25.10 crore to the eight State Governments during 1994-95 to 2006-07 for procurement of 26 patrol boats for the enforcement of the Act. The State Governments were required to get the boats constructed and use them for patrolling of the exclusive fishing zones.

Audit scrutiny revealed that the scheme could not be implemented and the intended objectives remained unachieved which rendered the investment of Rs. 25.10 crore on procurement of patrol boats largely unfruitful. Out of eight participating States, only two States *viz.*, Kerala & Tamil Nadu, had agreed to bear the cost of operation and maintenance of patrol boats. Yet an amount of Rs. 14.30 crore was released for construction of 15 patrol boats to other six states without considering this aspect. Many States demanded assistance to meet operation and maintenance expenditure of the patrol boats, which was not provided. The status of construction and utilisation of 26 patrol boats by the State Governments is discussed below:

- Three patrol boats were not constructed at all by Karnataka and Kerala Governments.
- Fifteen patrol boats were constructed, but were either lying unutilised, or were being utilised for purposes other than surveillance for enforcement of Marine Fishing Regulation Act.
- Three patrol boats were constructed, but the position regarding their delivery to the State Governments could not be confirmed.
- For the remaining five boats, the Ministry did not have any information on their final utilisation.

The state-wise position of the implementation of the patrol boat component of the scheme is as follows:

Andhra Pradesh

The Central Government released Rs. 1.80 crore to Andhra Pradesh during the period from 1994-95 to 1997-98 for construction of two patrol boats. These boats, Sagar Rakshak- I & II, which were constructed by July 2000, were not used for the purpose of surveillance for the enforcement of the Act due to lack of funds for operation & maintenance. The State Government, therefore, approached (February 2006) the Central Government for according permission for disposal of the patrol boats. The boats were put into operation under lease agreements with the Visakhapatnam Urban Development Authority and the Customs Department at Visakhapatnam during 2003 defeating the very purpose of the scheme.

Goa

The Central Government released part funds of Rs. 0.50 crore to Goa in 1997-98 for construction of two patrol boats at a cost of Rs. 0.50 crore each. The work order for construction of only one boat was issued in October 2001 at a cost of Rs. 0.77 crore, which exceeded the cost of the boat in the original proposal and the Central Government refused to pay the balance amount of Rs. 0.27 crore. The delivery of the boat could not be confirmed from the Ministry's records.

Karnataka

The Central Government released Rs. 2.20 crore between 1994-95 and 1996-97 to Karnataka for construction of two patrol boats. The State Government expressed its inability to bear the operational and maintenance cost of these two boats, and desired to utilise the funds for construction of 5000 houses under the "Matsya Ashray" scheme towards the share of Central funds. The proposal was not found acceptable by the Planning Commission, and the State Government was asked in January 2001 to refund the whole amount. While the State Government refunded Rs. 2.00 crore in March 2003, the balance amount of principal Rs. 0.20 crore and interest of Rs. 1.05 crore could not be recovered.

Kerala

The Central Government released Rs. 6.30 crore to Kerala between 1993-94 and 1994-95 for construction of six patrol boats. The State Government got constructed (November 1996) only five patrol boats of changed specifications, at a per boat cost of Rs. 1.72 crore plus duties and taxes. The Central Government found the change in specification unjustified, and asked the State Government to refund the balance amount of Rs. 0.80 crore released in excess of the admissible limit of Rs. 1.10 crore for each of five boats. The excess release of Rs. 0.80 crore, along with interest of Rs. 0.58 crore, was still unrecovered. The use of patrol boats for the purpose of enforcement of the Act could not be confirmed from the Ministry's records.

Maharashtra

The Central Government released Rs. 4.40 crore to Maharashtra for construction of four patrol boats between 1995-96 and 1996-97. The construction of patrol boats was completed in May 1998, but the use of these patrol boats could not be confirmed. In October 2001, the State Government expressed its unwillingness to bear the cost of running and maintenance of these boats, on the grounds that hiring of suitable private boats was cheaper by fifty *per cent*. The boats were reported (May 2006) to be in un-seaworthy condition.

Orissa

The Central Government released Rs. 1.00 crore between 1993-94 and 1994-95 to Orissa for construction of two patrol boats. The State Government, in October 1995, expressed its inability to bear the running and maintenance cost of these boats, before the award of work of their construction in April 1999. The Central Government, instead of recovering Rs. 1.00 crore, released another amount of Rs. 0.48 crore between 1999-2000 and 2001-02. Though the construction of patrol boats was completed in 2002, the balance amount of Rs. 0.32 crore was released by the Central Government in September 2006 i.e. about four years after the completion of construction of boats. The delivery of the patrol boats could not be confirmed from the Ministry's records.

Tamil Nadu

The Central Government released Rs. 4.50 crore to Tamil Nadu for construction of five patrol boats between 1993-94 and 1996-97. These boats were lying unutilised in Chennai Harbour since their completion in April

1999, except for a period of three months from February to May 2000 when these boats were given to the boat builder on contract basis. The boats were reported in January 2006 to be in unseaworthy condition and two boats based at Chennai were washed away in the Tsunami of December 2004.

West Bengal

The Central Government released Rs. 3.60 crore to West Bengal during 1995-96 and 1996-97 for construction of four patrol boats. The State Government in January 2001 stated that the patrol boats could not be put to use since its completion in 1999 and were likely to get damaged. Instead, they asked the Central Government to meet the running and maintenance cost of these boats. The State Government also approached the State Police, B.S.F. and Coast Guards to take the boats for their operation and enforcing the MFRA, but these organisations found these boats unsuitable for their use.

Thus, the scheme framed by the Ministry failed to achieve the objective of enforcement of the Act, due to poor implementation by the State Government and lack of effective oversight and failure of the Ministry to remove bottlenecks leading to investment of Rs. 25.10 crore being rendered largely unfruitful.

In response (August 2007), the Ministry stated that:

- The one time grant towards the capital cost of marine patrol boats was conceived in the context of the absence of an enabling institutional mechanism to implement the Acts, and the states were expected to acquire the required assets and to manage them.
- The capital assets created out of the Central Government funds were not required to be monitored on continuous basis by the Ministry. It would be in the wisdom of the states to either dispose off the assets or deploy it for alternate purposes, of course, after keeping the Ministry informed.

The reply of the Ministry is not acceptable as the general principles for award of grants-in-aid to State Governments for centrally sponsored schemes as enumerated in the General Financial Rules require that the Ministries should focus their attention on attainment of objectives and not on expenditure only. These principles also require an evaluation mechanism to be established to provide for concurrent reviews and applying mid-course corrections, wherever necessary. The role assigned to the Ministry in such cases is of detailed

monitoring and effective control over such schemes so that the gain from the expenditure on the schemes is maximised.

The Ministry may, therefore, review the implementation of the scheme in consultation with the State Governments with a view to remove bottlenecks and effectively achieve the objectives of the Marine Fishing Regulation Act.

Regional Agmark Laboratory, Mumbai

1.3 Equipment not in use for the intended purpose

Sophisticated equipment costing Rs. 2.74 crore purchased for testing residues of pesticides and antibiotics in grapes were not put to intended use for three years due to failure to provide infrastructure and practical training to the chemist for operation of the equipment and analysis of data. This deprived grape growers the advantage of testing facilities.

The Agricultural and Processed Food Products Export Development Authority (APEDA), an autonomous body under the Ministry of Commerce, decided in February 2004 to purchase two imported spectrophotometers GCMS-MS² and LCMS-MS³ for supply to the Regional Agmark Laboratory (RAL), Mumbai for testing residues of pesticides and antibiotics in grapes at the levels desired by developed countries. Accordingly, funds were transferred to the Central Agmark Laboratory (CAL), Nagpur which procured the spectrometers at a cost of Rs. 2.62 crore.

The spectrometers received in RAL, Mumbai in August and September 2004 were installed in October 2004 after incurring an additional expenditure of Rs. 12.26 lakh on accessories, chemicals and cold storage. The chemists of RAL, Mumbai were imparted theoretical training in December 2004 and March 2005. In December 2005, the National Research Centre for Grapes (NRC), Pune carried out pre-assessment of capability of RAL, Mumbai and found that it lacked basic facilities such as standard reference materials for pesticides, chemicals, micropipettes, shortage of manpower, absence of report format etc. and removed RAL, Mumbai from the approved list of laboratories for testing programme of grapes during the harvest season of 2006. It also emphasised the requirement of a consultant who could guide the chemists in day-to-day analysis and data interpretation.

² Gas Chromatography Mass Spectrophotometer

³ Liquid Chromatography Mass Spectrophotometer

Though RAL, Mumbai requisitioned (January 2006) the services of expert personnel to co-ordinate the data development through these spectrometers for interpretation and accurate analytical report of pesticide residue level in grapes, no expert was posted (June 2007). Theoretical training was, however, again provided to the chemists in May 2006 and September 2006 only on extraction procedures. Thus, the objective for which the spectrometers were procured could not be achieved.

The Department stated (March/April 2007) that the spectrometers could not be put to use as the essential infrastructural facilities for utilising them for analysis of grapes had not been made available in the laboratory. Ministry replied in August 2007 that operationalising and interpreting accurately the analytical data obtained from these instruments required special skills; that chemists had been trained accordingly; that they were practising on the instruments and would be able to analyse the samples for grapes for estimation of residue of pesticides in the coming grapes season and the instruments as such were not lying idle.

Ministry's reply is not tenable since it was already known at the time of placing orders for these sophisticated instruments that it required special skills for operation and interpretation of analytical data. Therefore, steps should have been taken to ensure availability of experiment and the basic infrastructural facilities at RAL, Mumbai after installation of the equipment in October 2004. Consequently, even three years after procurement, spectrometers costing Rs. 2.74 crore could not be put to the intended use depriving the grape growers of facilities to test residues of pesticides and antibiotics in grapes.