

CHAPTER III

Integrated Audit and Chief Controlling Officer based Audit

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Farmers Welfare and Agriculture Development Department

3.1 Integrated Audit of Farmers Welfare and Agriculture Development Department

Highlights

The Farmers Welfare and Agriculture Development Department plays a vital role in the socio-economic development of the State. For increasing production and productivity of major crops, the department implemented various crop development schemes. However, the department failed to achieve the targets of production as envisaged in the Tenth and Eleventh Plans. Budgetary and expenditure controls were weak and deficiencies were noticed in cash management. Field monitoring on demonstrations, distribution of seeds, seed minikits and selection of beneficiaries by district officers were almost absent. Soil surveys were not conducted and soil testing was far below the targets. Performance of quality testing laboratories was poor.

Some of the important audit findings are as follows:

Supplementary provisions of ₹ 42.35 crore obtained during 2005-10 proved unnecessary.

(Paragraph 3.1.7.4)

Scheme funds amounting to ₹ 133.09 crore were lying in the bank accounts at various levels and a total unutilised amount of ₹ 28.15 crore was lying with other agencies/departments.

(Paragraphs 3.1.7.8, 3.1.7.9, 3.1.7.10, 3.1.7.12 and 3.1.7.13)

The department failed to achieve the targets of production of foodgrains set in the Tenth and Eleventh plans.

(Paragraph 3.1.8.1)

Field officers did not ensure that foundation/certified seeds and seed minikits were distributed well before the cut off dates and that the benefits reached the targeted beneficiaries. Adequate attention was not paid to field demonstrations.

(Paragraphs 3.1.8.2, 3.1.8.3, 3.1.8.4, 3.1.9.5 and 3.1.9.6)

Performance of Government agriculture farms was poor and 31 to 49 per cent (Kharif season) and 37 to 54 per cent (Rabi season) cultivable area was not utilised.

(Paragraph 3.1.8.5)

Expenditure of ₹ 5.06 crore remained unfruitful on construction of Khet Taals and Balram Taals as the farmers left the works incomplete and did not follow the prescribed standards in construction of Taals.

(Paragraph 3.1.8.6)

Sub-standard seeds, fertilizers and pesticides were sold to cultivators. The prescribed ratio of 4:2:1 in consumption of nitrogen, phosphate and potassium was not maintained.

(Paragraphs 3.1.10.2 and 3.1.10.3)

Soil surveys were not conducted and there were substantial shortfalls in soil testing.

(Paragraphs 3.1.10.4 and 3.1.10.5)

Shortage of technical staff (57 per cent) affected the implementation of programme. Poor man-power management led to irregular posting in other department and excess staff over the sanctioned strength.

(Paragraphs 3.1.11.1, 3.1.11.2 and 3.1.11.3)

Internal audit was absent as only 39 offices were covered out of 308 offices by the Director.

(Paragraph 3.1.13.2)

3.1.1 Introduction

The Farmers Welfare and Agriculture Development (FW&AD) Department plays a vital role in the socio-economic development of the State. The objectives of the department are to improve the production and productivity of all crops by means of soil and water management, minor irrigation programmes, farm mechanisation, dissemination of latest technologies among cultivators and ensuring availability of improved/quality inputs. For the purpose, the department implements 14 State Plan and 19 Central sector/Centrally sponsored schemes including schemes under macro-management.

Madhya Pradesh has a geographical area of 307.55 lakh hectares (ha). The agriculture cropped area as on 31 March 2009 was 190.94 lakh ha and the net sown area was 150.44 lakh ha (79 per cent) including irrigated area of 65.06 lakh ha (34 per cent). The main crops of the State are wheat, paddy, maize, jowar, millets (cereals), gram, arhar, urad, moong (pulses), soyabean, mustard, groundnut (oilseeds), sugarcane, cotton (commercial crops) etc.

3.1.2 Organisational Set-up

The department is headed by a Principal Secretary and has two separate Directorates, viz. (i) Farmers Welfare and Agriculture Development and (ii) Agriculture Engineering at State level. The organogram of the department is given in **Appendix 3.1**.

3.1.3 Audit Objectives

The audit objectives were to assess whether:

- the planning of the department was effective;
- the financial management was efficient, effective and economical;
- the schemes were implemented effectively and quality controls were adequate;
- the human resource management was appropriate in implementation of programmes/activities and inventory controls were adequate; and
- the monitoring mechanism and internal audit were effective.

3.1.4 Audit criteria

Audit findings were benchmarked against the following criteria :

- Provisions of the Madhya Pradesh Treasury Code (MPTC) and the Madhya Pradesh Financial Code (MPFC).
- Targets set in Tenth and Eleventh Five Year Plans/Annual Action Plans.
- Guidelines of State and Centrally Sponsored Schemes and orders/directives issued from time to time by Government of India (GOI) and the State Government (Government).
- Departmental manuals.

3.1.5 Audit Coverage and Methodology

The integrated audit was conducted during February to December 2010 covering the period 2005-10. The records of offices of two directorates and subordinate offices in 13 districts¹ were selected for test check by using the Simple Random Sampling Without Replacement (SRSWOR) method. Entry conferences were held with the Director, FW&AD and Director, Agriculture Engineering in February and July 2010 respectively in which audit objectives, audit criteria and audit coverage were discussed. An exit conference was held on 9th December 2010 with the Principal Secretary to the Government of Madhya Pradesh, FW&AD department. The results of discussion have been incorporated in the Report at appropriate places.

¹ Balaghat, Betul, Bhopal, Burhanpur, Chhatarpur, Dindori, Gwalior, Jhabua, Mandsaur, Panna, Ratlam, Shahdol and Shivpuri.

Audit Findings

3.1.6 Planning

The Annual Plan for the State as well as the district level are prepared on the basis of the ceilings of expenditure fixed for the department by the State Planning Commissioner each year. In the State level Annual Plan, the targets for production of major crops are proposed at the directorate level, keeping in view the targets of the Five Year Plans, targets and achievements of production of the previous years and priorities fixed by GOI/Government. However, instead of fixing the targets for districts on the basis of targets projected in the State level Plan, district-wise targets of production were fixed each year in the meetings held at the divisional level under the chairmanship of the Agriculture Production Commissioner before the commencement of the *kharif* and *rabi* seasons, which were actually followed by the districts. As a result, there was considerable mismatch between the targets projected in State level Annual Plan and the targets actually followed by the districts as shown in Table 3.1 below:

Table 3.1: Variations in Annual Plan targets and targets actually followed
(In lakh tonnes)

Year	Targets for Food grains		Targets for Oilseeds	
	As per State Annual Plan	Actual target followed by districts	As per State Annual Plan	Actual target followed by districts
2005-06	184.50	179.55	61.70	63.85
2006-07	187.53	178.65	68.21	64.26
2007-08	179.72	171.28	67.27	66.48
2008-09	185.28	169.76	70.16	68.84
2009-10	172.97	161.80	70.97	72.80

(Source: Annual Plan and Departmental Figures)

Thus, the targets set in the State level Annual Plan were not being followed strictly and the Annual Plan remained open for modification twice a year.

3.1.7 Financial Management

3.1.7.1 Budget provision and expenditure

Details of budget provision and expenditure during the period 2005-10 were as shown in Table 3.2.

Table 3.2: Budget provision and expenditure

(₹ in crore)

Year	Budget Provision	Expenditure	Saving (per cent)
2005-06	454.36	337.78	116.58 (26)
2006-07	488.88	369.73	119.15 (24)
2007-08	738.87	600.88	137.99 (19)
2008-09	1073.50	646.90	426.60 (40)
2009-10	1056.76	786.75	270.01 (26)

(Source: Detailed Appropriation Accounts)

There were savings ranging from 19 to 40 per cent during 2005-10.

Savings of 19 to 40 per cent were attributed by the department to non-release of funds by GOI as per budget provision, ban on purchase of machinery and unrealistic budget provision. Non-utilisation of funds of about 40 per cent indicated lack of financial management/close monitoring by the directorates.

- In addition, funds were provided by GOI for four off-budgeted schemes and expenditure incurred for the period 2005-10 was as shown in **Table 3.3**.

Table 3.3: GOI releases and expenditure on off-budgeted schemes

Off budget Central assistance worth ₹ 27.69 crore remained unutilised as of March 2010.	(₹ in crore)				
	Sl. No.	Name of Scheme	Funds provided by GOI	Expenditure	Unspent Amount
	1.	Support to State Extension Programme for Extension Reforms (Agricultural Technology Management Agency (project ATMA))	48.39	40.16	8.23
	2.	National Food Security Mission (NFSM)	169.84	151.90	17.94
	3.	National Bamboo Mission ²	6.02	5.44	0.58
	4.	Agricultural Information System Network (Agrisnet)	8.65	7.71	0.94
		Total	232.90	205.21	27.69

(Source: Data furnished by the Director, FW&AD)

The non-utilisation of funds was attributed by the department to the low purchasing power of Scheduled Caste (SC) and Scheduled Tribe (ST) farmers and non-formation of project management team under National Food Security Mission (NFSM). Under Agricultural Technology Management Agency (ATMA), funds were not utilised due to delayed release of funds by GOI, elections of local bodies, Lok Sabha and State Assembly. Audit also observed that the funds were not released to the districts in time.

3.1.7.2 Budget estimates

Budget estimates were submitted with delays ranging from 30 to 75 days.

Rule 192 of MPFC provides that budget estimates (BEs) should be furnished to the Finance Department (FD) before the dates fixed by the FD through the administrative department. It was, however, noticed that the department sent the BEs to the FD with delays ranging between 30 to 75 days from the dates prescribed by the FD during 2005-10. The Director, FW&AD attributed the delays to late receipt of BEs from the Drawing and Disbursing Officers (DDOs). At the exit conference, the department accepted the audit observation and assured compliance in future.

3.1.7.3 Unrealistic budgeting

The State Budget Manual provides that the BEs should be as close and accurate as possible. Audit observed that during 2005-10, provisions were made on ad hoc basis without proper analysis of the expenditure trend of the previous years as shown in **Table 3.4**.

2 National Bamboo Mission transferred to Forest Department from 2009-10.

Table 3.4 : Unrealistic Budgeting

(Figures in ₹)

Grant No.	Heads of Account	2005-06	2006-07	2007-08	2008-09	2009-10
13	2401-103-898 Agriculture demonstration on seeds farms	55098000	51953000	52659000	55174000	83575000
	2401-0701-4629-local area scheme	200000	200000	200000	100000	100000
	2401-109-894-Information and Broad Casting related to Agriculture Production	3000000	3300000	3400000	2900000	6000000
	4401-103-2981-Seed multiplication and distribution	14300000	14295000	0	0	0
	2401-101-9197-formation and operation of State Bio Certification Laboratory	0	3000000	3300000	3800000	2500000
41	2401-0102-5361-women participation in Agriculture	0	0	1500000	1500000	1500000
	2401-0102-7772-Training cum demonstration programme of farmers	0	0	20000000	20000000	20000000
	2402-101-4254 watershed development dry Agriculture Area	9880000	10081000	10086000	10089000	10331000
64	2401-0102-5361-women participation in Agriculture	0	0	2200000	2000000	2000000
	2401-0103-7772-Training cum demonstration programme of farmers	0	0	35200000	35200000	35200000
	2401-103-2415-5363-Agriculture Research and education	0	0	26700000	26700000	44733000
	2401-103-5358-Grant to Bullock cart	0	0	700000	800000	300000
	2401-789-894-Information and Broad Casting related to Agriculture Production programme	0	0	2000000	2300000	2000000

(Source: Detailed Appropriation Accounts)

Original budget provisions of ₹ 40.78 crore lapsed without utilisation.

The Director, FW&AD noted (March 2010) the point for future compliance. Further, it was noticed that the entire original budget provision of ₹ 40.78³ crore lapsed under five different schemes without utilisation. Reasons for non-taking up the planned works under these schemes were not given. At the exit conference, the department accepted the audit observation and assured preparation of BEs as per provisions of the State Budget Manual.

3.1.7.4 Unnecessary supplementary provisions

Supplementary demands for grants need to be proposed only in case of requirement of additional funds. During 2005-10, supplementary provisions of ₹ 42.35 crore as shown in Table 3.5 made under different schemes proved unnecessary as the actual expenditure did not exceed the original provisions.

Table 3.5: Non-utilisation of Supplementary Provisions

Year	Grant No.	Original provision	Supplementary provision	Expenditure
2005-06	13, 41	199.84	2.90	174.34
2006-07	13, 54	83.11	3.22	81.86
2007-08	13, 64	100.15	30.86	94.56
2008-09	64	5.34	4.80	5.34
2009-10	13, 41	6.05	0.57	6.00
Total		394.49	42.35	362.10

(Source: Detailed Appropriation Accounts)

Supplementary provisions of ₹ 42.35 crore proved unnecessary.

3 2005-06 (Construction of agriculture building ₹ 0.02 crore), 2006-07 (Local area scheme and National Agriculture Insurance Scheme ₹ 27.97 crore) and 2008-09 (Local area scheme, Mukhyamantri Mazdoor Suraksha Yojna and National Oilseed Development Project ₹ 12.79 crore.)

The Director, FW&AD stated that supplementary provisions were made on the basis of demands made by DDOs who subsequently failed to utilise the funds. Thus the supplementary provisions obtained were obviously without estimating the requirements properly. At the exit conference, the department accepted the audit observation and assured strengthening of financial management in future.

3.1.7.5 Injudicious re-appropriation/surrender of funds

Injudicious re-appropriations/surrenders resulted in excess expenditure of ₹ 11.35 crore over remaining budget provisions.

Re-appropriation/surrender was to be made only in cases where savings could be anticipated in any unit. Audit observed that re-appropriations/surrenders were made in excess of available savings leading to injudicious surrender of ₹ 11.35 crore during 2006-10 as shown in **Table 3.6**.

Table 3.6: Re-appropriations/surrenders in excess of savings

(₹ in crore)

Year	Provision	Actual Expenditure	Available Saving	Re-appropriation/Surrender	Excess Expenditure over residual budget provision
2006-07	232.72	183.92	48.80	52.74	3.94
2007-08	98.10	73.15	24.95	29.69	4.74
2008-09	103.89	82.74	21.15	23.18	2.03
2009-10	78.11	65.13	12.98	13.62	0.64
Total	512.82	404.94	107.88	119.23	11.35

(Source: Detailed Appropriation Accounts)

This indicated lack of budgetary control. During the exit conference, the department, while accepting the audit observation, assured compliance in future.

3.1.7.6 Excess release of Grant-in-aid

Excess release of grant-in-aid of ₹ 1.42 crore to an autonomous body.

The State Institute of Agriculture Extension and Trainings (SIAET) Barkhedikalan, Bhopal was declared an autonomous body by the Government of Madhya Pradesh during 2007-08 and grant-in-aid was to be paid to the institute for day to day functioning of the institute. Scrutiny of records of the Director, FW&AD revealed that grants-in-aid of ₹ 1.68 crore and ₹ 1.66 crore were paid during 2008-09 and 2009-10 respectively against which the institute incurred expenditure of ₹ 0.75 crore and ₹ 1.17 crore. As per conditions of the sanction order issued (April 2008), utilisation certificates of funds were to be submitted before submission of the next year's estimates. Audit observed that while providing grant-in-aid for the year 2009-10, the unspent balance of 2008-09 was not adjusted. As a result, ₹ 1.42 crore (₹ 0.93 crore for 2008-09 + ₹ 0.49 crore for 2009-10) was lying unspent in the bank account of SIAET. At the exit conference, the department admitted the excess release of grant.

3.1.7.7 Rush of expenditure in the last month of the financial year

As per para 92 of the Budget Manual, rush of expenditure at the fag end of the financial year should be avoided. Expenditure in the last month of the financial year,

however, ranged between 27 and 53 *per cent* during 2005-10 under different schemes as shown in the **Table 3.7**.

Table 3.7: Rush of expenditure in the month of March

(₹ in crore)

Year	Total Expenditure	Expenditure up to February	Expenditure in March (<i>per cent</i>)
2005-06	144.75	104.82	39.93 (28)
2006-07	51.79	37.73	14.06 (27)
2007-08	331.18	172.49	158.69 (48)
2008-09	211.18	99.90	111.28 (53)
2009-10	435.52	292.98	142.54 (33)

(Source: Detailed Appropriation Accounts and Monthly Accounts)

The Director stated that the DDOs could not utilise the funds in time due to certain reasons viz. delayed receipt of sanctions and delayed selection of beneficiaries etc. and assured to observe the codal provision in future. The Directorate, FW&AD records also revealed that an amount of ₹ 18.92 crore was drawn from treasury on the last day of financial years 2005-09. This indicates lack of control over expenditure and violation of codal provision. During the exit conference, the department accepted the audit observation and assured compliance of the codal provision in future.

3.1.7.8 Retention of cash balance

Scheme funds amounting ₹ 129.09 crore were kept in bank accounts.

The State Institute of Agriculture Extension and Training (SIAET), Barkhedikalan, Bhopal was nominated by the department to keep the funds released by the GOI pertaining to the off-budget schemes viz. NFSM and ATMA project in the bank account. Audit observed that the Director, FW&AD, in addition to the above two schemes, also deposited the amount of State share and other scheme funds in the account of SIAET and the funds were released through cheques to the districts by SIAET on the basis of sanction orders issued by the Director. At the end of March 2010, ₹112.82 crore (including grant-in-aid and interest of ₹ 3.46 crore) were lying in the bank account of SIAET out of which ₹ 96.45 crore related to Rashtriya Krishi Vikas Yojna (RKVY) was drawn by Director, FW&AD from Treasury during 2007-10. Additional Director, SIAET stated that the funds could not be released to districts as sanction orders were not issued by the Directorate. Keeping of funds of other schemes in the bank account of SIAET was irregular.

In the test-checked districts, scrutiny of cash books for the month of March 2010 revealed that 23 DDOs had unutilised balance of ₹ 16.27 crore in their bank accounts pertaining to NFSM, RKVY, ATMA and other schemes indicating that the respective schemes were not implemented fully as planned. During the exit conference, the department assured to take immediate action for utilisation of funds and stated that instructions would be issued to districts to utilise the funds.

3.1.7.9 Non-refund of unutilised funds of closed schemes

Funds worth ₹ four crore of closed schemes were not refunded to the GOI.

Funds provided by GOI were to be utilised for implementation of schemes. In cases of closure of schemes, the unutilised funds were to be refunded to GOI. Test check of records of the Directorate, FW&AD revealed that a huge cash balance of ₹ four crore (including interest of ₹ 1.14 crore) was lying in the bank account pertaining to funds received from the GOI under different schemes (Amritdhara, Utthan Yojna and Command Area Programme) which were closed. The cash balances in the bank account were not shown in the closing balance of the cash book. The Director stated that action for utilisation of funds would be taken up, but did not furnish scheme wise details of unutilised funds. Unutilised funds of closed schemes were to be immediately refunded to GOI which was not done. During the exit conference, the department assured to take action in this regard.

3.1.7.10 Utilisation certificates

Utilisation certificates for ₹ 54.65 crore were awaited.

Under Rashtriya Krishi Vikas Yojna (RKVY), Director, FW&AD paid ₹ 79.28 crore during 2007-10 to the Directorates of other departments (Directorate of Veterinary Services ₹ 42.45 crore, Directorate of Fisheries ₹ 10.60 crore and Directorate of Horticulture and Farm Forestry ₹ 26.23 crore) for implementation of programmes/activities against which expenditure of ₹ 56.45⁴ crore had been reported by these Directorates. Utilisation certificate for ₹ 1.80 crore only was submitted by the Directorate of Fisheries and utilisation certificates of ₹ 54.65 crore were still awaited from these Directorates. Director, FW&AD did not intimate the details of action taken by him in this regard. During the exit conference, the department assured to take action in this regard.

3.1.7.11 Cash Management

Codal provisions regarding maintenance of Cash Books and subsidiary records were not observed.

Rule 53 of MPTC envisages that the officer in-charge of the cash book should physically verify the cash balance at the end of each month. Fortnightly verification of drawals made from treasury should be conducted by DDOs with reference to treasury records. Temporary advances paid to officials should be adjusted as soon as possible and in no case should be left unadjusted beyond three months.

Test check of records of 37 DDOs in selected districts and in the Directorates revealed that DDOs disregarded the provisions relating to cash management as discussed below:

- Cash balances in the cash books were not found verified physically regularly at the end of each month by 10 DDOs.
- Fortnightly verifications of drawals with reference to treasury records were not done by 26 DDOs.

4 Directorate of Veterinary Service ₹ 30.92 crore, Directorate of Fisheries ₹ 10.01 crore and Directorate of Horticulture and Farm Forestry ₹ 15.52 crore.

- Temporary advances amounting to ₹ 88.98 lakh for the period 1977-2010 were lying unadjusted as of November 2010, out of which ₹ 1.79 lakh was outstanding for the last 10 to 32 years in the Directorate, FW&AD. DDOs stated that action for adjustment of the advances was under process.
- Reconciliation of balances of cash books with balances of bank pass books was not done by 15 DDOs which resulted in discrepancy of ₹ 5.94 crore between the figures appearing in the cash books and the pass books as of March 2010. Four DDOs did not get the pass books completed from the banks.
- Monthly review of the Bill Register was not done by 19 DDOs and review of the Bill Transit Book twice a week was not done by 22 DDOs as required under Rules 197 and 276 of MPTC respectively.
- Security deposits were not obtained from the cashiers/storekeepers by 17 DDOs as required under provisions of Rule 282 of MPFC.
- Bank draft registers were not found prepared by nine DDOs in the format prescribed in the MPTC.

DDOs accepted the audit observations and assured to follow the codal provisions in future. During the exit conference, the department stated that instructions would be issued to observe the codal provisions.

3.1.7.12 Non-utilisation of funds for media and publicity campaign

Wide publicity of NFSM through print and electronic media and other methods is an important component of the scheme. GOI had fixed component-wise percentage ceilings of expenditure and provided (November 2007) ₹ 3.06 crore for media and publicity campaign. However, in the NFSM review meeting (January 2009) organised under the chairmanship of Principal Secretary, component-wise ceiling for expenditure was changed as shown below:

Publicity Campaign components	Percentage ceiling of expenditure on different categories as per GOI guidelines	Changes made by the department (per cent)
(1) Audio Visual (Radio/TV spot)	55 per cent	₹ 0.80 crore (26)
(2) Press Publicity	20 per cent	-
(3) Development of creatives	5 per cent	₹ 1.77 crore (58)
(4) Printed Literature song, drama, group outdoor publicity etc.	20 per cent	₹ 0.49 crore (16)
Total		₹ 3.06 crore

It was also decided in the meeting not to give advertisements separately in the print media and to incur expenditure on press publicity as GOI was providing sufficient advertisements through newspapers and magazines.

Funds of ₹ 2.04 crore for media and publicity campaign were not utilised.

Accordingly, the department released (February 2009) ₹ 0.49 crore to districts for incurring expenditure on organising Kisan Rath/print literature and the balance amount of ₹ 2.57 crore was transferred to the Madhya Pradesh Krishi Vipanan Sangh (an autonomous body) for publicity, out of which ₹ 52.78 lakh were utilised on TV shows and radio advertisements during the months of January 2009 and March 2010. An amount of ₹ 2.04 crore was still lying with the above agency. At the exit conference, the department assured to utilise the funds by the end of the financial year.

3.1.7.13 Parking of funds with agencies

Funds amounting to ₹ 3.28 crore were parked with Markfed and Beej Nigam.

(i) The department was required to monitor the physical and financial progress of works being executed by the agency for their completion within the stipulated time frame. Scrutiny of records of the Directorate, FW&AD revealed that under the scheme ATMA, ₹ 2.40 crore was approved (September 2009) by GOI under district level innovative activities during 2009-10. The Director, FW&AD paid (September 2009 to March 2010) ₹ 2.40 crore to the Madhya Pradesh State Cooperative Marketing Federation (Markfed) for renovation of 19 district level training centres. Out of these 19 training centres, the works of seven training centres were not started, the works of seven training centres were incomplete and the work of only one training centre, i.e. Betul was completed. The status of four training centres (Ujjain, Sheopur kalan, Indore and Sagar) was not available with the Directorate. Out of ₹ 2.40 crore, only ₹ 0.30 crore was utilised and the remaining amount of ₹ 2.10 crore was outstanding with Markfed. The Director accepted the audit contention and assured to obtain the progress of work from Markfed.

(ii) To ensure availability of seeds of wheat and pulses under NFSM, Director, FW&AD directed (June 2008) the Deputy Directors to make advance payment to Madhya Pradesh Beej Farm Vikas Nigam during 2008-09. Against the advance payment of ₹ 3.69 crore paid to the agency, seeds costing ₹ 1.18 crore were not received in 15 districts.

At the exit conference, the department assured to take action in this regard.

3.1.7.14 Creation of liabilities under different schemes

Bills amounting ₹ 19.74 crore were pending for payment under different schemes.

As per provision contained in Supplementary Rule 283 of MPTC, immediate disbursement should be made to meet all liabilities and current year's liabilities should not be left for payment from subsequent year's allotment. Scrutiny of records of Director, FW&AD revealed that during 2007-09, bills amounting ₹ 27.03 crore were pending for payment under the scheme Integrated Scheme of Oilseed, Pulses, Oilpalm and Maize (ISOPOM). The GOI released (February 2010) ₹ 6.35 crore to the State to meet the previous liabilities. The payment of pending bills of ₹ 8.47 crore (including the State share ₹ 2.12 crore) was made and bills amounting to ₹ 18.56 crore were still pending for payment. The Director attributed this to insufficient release of funds from the GOI against the approved action plan of the scheme during

2007-09. In the test-checked districts, bills amounting to ₹ 1.18 crore under different schemes were kept pending for payment during subsequent year by four DDOs⁵. During the exit conference, the department stated that cases would be examined and adequate provision would be made in the next budget for pending liabilities.

3.1.8 Programme Management

3.1.8.1 Targets and achievements

The Tenth Five Year Plan (2002-07) envisaged to enhance the level of production of foodgrains to 178.50 lakh tonnes, (cereals 139.54 lakh tonnes and pulses 38.96 lakh tonnes) and oilseeds to 60.40 lakh tonnes. Similarly, the objective of the Eleventh Five Year Plan (2007-12) was to increase the production of foodgrains to 204.31 lakh tonnes and oilseeds to 80.32 lakh tonnes. The position of targets and achievements during 2005-06 to 2009-10 was as indicated in Table 3.8.

Table No. 3.8: Targets and achievements of production of food grains and oilseeds

(In lakh tonnes)

		Cereals			Pulses			Oilseeds		
Targets set for Tenth Plan		139.54			38.96			60.40		
Targets set for Eleventh Plan		159.12			45.19			80.32		
	Year	Target	Ach.	Shortfall (per cent)	Target	Ach.	Shortfall (per cent)	Target	Ach.	Shortfall (per cent)
Targets actually set by the department and actual achievement during the Plan period	2005-06	138.50	102.27	36.23 (26)	41.05	32.59	8.46 (21)	63.85	60.54	3.31 (5)
	2006-07	140.88	110.90	29.98 (21)	37.77	33.51	4.26 (11)	64.26	58.51	5.75 (9)
	2007-08	131.78	102.31	29.47 (22)	39.50	26.74	12.76 (32)	66.48	63.32	3.16 (5)
	2008-09	130.15	105.43	24.72 (19)	39.61	36.81	2.80 (7)	68.84	69.78	-
	2009-10	116.97	118.95	-	44.83	45.96	-	72.80	72.15	0.65 (1.00)
Shortfall with reference to targets set in Tenth Plan (2006-07)		28.64 (21 per cent)			5.45 (14 per cent)			1.89 (3 per cent)		

(Source: Xth Plan, XIth Plan and Departmental Figures)

Targets of production set for Tenth and Eleventh Plans were not followed and were not found achieved.

The targets actually set by the department were far below the targets envisaged in Tenth and Eleventh Plans. The targets for pulses were lowered during 2006-07 and targets of foodgrains and oilseeds were lowered during the Eleventh Plan.

The Director, FW&AD stated that yearly district-wise targets of production were fixed in the meeting held under the chairmanship of the Agriculture Production Commissioner (APC) at the division level before the commencement of seasons and those targets were followed by the districts.

- Further, the targets set were not found achieved during 2005-10 except the targets of food grains 2009-10 and oilseeds 2008-09 and remained far below the targets set in the Plan documents. The Director, FW&AD stated (August and September 2010) that the targets could not be achieved due to drought, bad monsoon and scanty rains. However, attempts were being made to raise production of cereals, pulses and oilseeds through the implementation of schemes NFSM and ISOPOM during the Eleventh Plan. Apart from the fact

5 DDA, Bhopal ₹ 8.49 lakh, DDA Burhanpur ₹ 41.15 lakh, DDA Ratlam ₹ 64.42 lakh and Government Agriculture Farm Fanda ₹ 4.00 lakh.

that the poor monsoons were responsible for low production, the lackadaisical performance in the fields of soil surveys, soil testing, distribution of sub-standard agriculture inputs, lack of assured irrigation facilities and shortage of extension workers meant for implementation of activities/programmes etc discussed in the succeeding paragraphs were also responsible for low production and yield of major crops.

3.1.8.2 Seed production and distribution

Breeder seeds are multiplied into foundation seeds and subsequently into certified seeds. The requirement of breeder seeds was indented by the Director, FW&AD from GOI based on the demand of seed producing agencies and Government agriculture farms.

- The shortfalls during 2005-10 under various schemes in procurement of breeder seeds ranged from five to 93 *per cent*, production of foundation seeds from three to 94 *per cent*, production of certified seeds from six to 99 *per cent* and distribution of certified seeds from seven to 100 *per cent* as given in **Appendix 3.2**. The Director FW&AD attributed the shortfalls to non-availability of seeds, adverse weather conditions and non-conduction of seed production programmes by district level officers. Shortage of seeds, which were a vital input, adversely affected the agricultural production.
- Subsidy of ₹ 34.17 lakh was paid on inadmissible seeds. ➤ Subsidy was admissible on seeds of latest varieties notified within 10 years. It was observed that subsidy of ₹ 34.17 lakh on 6973.13 quintal of seeds was paid by 11 Deputy Directors, Agriculture (DDAs) during 2006-10 under the Integrated Cereal Development Programme (ICDP) on varieties of seeds which were more than 10 years old. DDAs stated that distribution was made on the basis of availability of seeds and demand of farmers. This led to payment of subsidy on inadmissible seeds.
- Distribution of seeds to farmers before cut-off dates was not ensured. ➤ The seed was to be distributed to the beneficiaries before the prescribed dates given for the *Kharif* and *Rabi* seasons. Scrutiny of records by Audit in selected districts revealed that in six districts, 3628.84 quintal seeds were provided to Rural Agricultural Extension Officers (RAEOs) under the schemes Surajdhara, Annapurna and Seed Village scheme with delays ranging between 16 and 69 days during 2008-10. DDAs stated that seed supplying agencies failed to supply the seed in time.

At the exit conference, the department accepted the audit observation and stated that instructions would be issued to DDAs to follow the scheme guidelines.

3.1.8.3 Ineffective crop demonstrations

Demonstrations were not carried out effectively. Schemes⁶ envisaged laying of demonstration plots on the fields of farmers to educate them regarding the use of the latest varieties of seeds and adoption of new technologies for obtaining high yields. The average scheme-wise shortfall in demonstrations ranged between three and 95 *per cent* of the targets during 2005-10 as per details given in **Appendix 3.3**. Audit observed that more than 10 year old variety of seeds was used for demonstration under the scheme ICDP and RKVY. No bond was signed between the selected cultivators and the department before laying demonstrations as specified in the departmental manual. The records showing details of control plots (traditional technique adopted by the farmer) like area, variety and quantity of seed used, manure and micronutrient applied were not found maintained by the extension workers, due to which results of control plots as well as demonstration plots could not be compared. Demonstration registers were not maintained as per instructions contained in the departmental manual. Records pertaining to departmental inspections conducted by the higher officers were not found maintained. The results of demonstrations were not compiled and published by the Directorate. The Director, FW&AD stated that the shortfalls were due to non-conducting of demonstrations by district officers and drought. DDAs assured to follow the procedure to conduct demonstrations in future. The above findings prove the fact that demonstrations were not carried out effectively, which affected production. During the exit conference, the department stated that instructions would be issued to observe the procedure/provisions.

3.1.8.4 Distribution of seed minikits

Seed minikits were meant for introduction and popularisation of latest high yielding varieties of seeds among farmers. New varieties of seeds notified within 10 years were to be used in the minikits. Minikits containing good quality seeds together with seed treating chemicals were to be distributed to identified farmers free of cost. Scrutiny of records of DDAs of selected districts revealed that:-

Minikits were distributed after the cut-off dates and results were not compiled.

- More than 10 year old notified variety of seeds was used in 47,658 minikits distributed under the scheme ISOPOM during 2005-10 in nine⁷ test checked districts.
- 1,19,818 minikits were distributed by eight DDAs after the cut off date as these were received in the districts belatedly.

6 *National Pulse Development Programme, Oilseed Production Programme, Integrated Maize Development Programme, Integrated Cereal Development Programme, Intensive Cotton Development Programme and National Food Security Mission.*

7 *Bhopal 1600, Burhanpur 1800, Dindori 2113, Gwalior 1200, Jhabua 11074, Mandsour 14706, Panna 3900, Shahdol 9164 and Shivpuri 2101.*

- Results of distributed minikits were not found compiled at the district level and were not sent to Directorate due to which, the impact could not be demonstrated to beneficiaries.
- Seed minikits (37,403) under NFSM-wheat/rice were distributed to the farmers after the cut off date during 2007-10 by six DDAs. It was also noticed that the acknowledgements of beneficiaries in respect of 18,513 minikits were not available in the records of four DDAs.

DDAs stated (May-December 2010) that the delays in distribution were due to late supply of minikits by the supplying agencies. The distribution of seed minikits after the cut off date did not serve the intended objective. At the exit conference, the department stated that a request would be made to GOI to ensure timely supply of minikits and instructions would be issued to DDAs to supply minikits before the cut off date to the farmers. The department also assured compliance in future.

3.1.8.5 Farm management

Shortfall of 14 to 50 per cent in the production of seeds was noticed in Government farms.

For demonstrating and popularising various improved agricultural practices amongst the farmers and to multiply/supply reliable/improved seeds of various crops to the cultivators, 49 Government agriculture farms were established in the State by the department, of which one farm was non-functional from 2008-09. The Departmental Manual provides that all the agricultural farms of the department should be commercial institutions except those attached to Training Centres.

Details of cultivation and production of the farms given in **Table 3.9** revealed shortfalls in the utilisation of cultivable area ranging from 31 to 49 per cent (*khari*f) and 37 to 54 per cent (*Rabi*) and achievement of targets of production of seeds ranging from 14 to 50 per cent during 2005-06 to 2009-10.

Table 3.9: Position of utilisation of cultivable area and production of seeds
(area in hectare, production in quintal)

Year	No. of Farms	Total area	Cultivable area	Season	Sown area	Percentage of shortfall to cultivable area	Production		Percentage of shortfall
							Target	Achievement	
2005-06	49	2709.79	1777.40	Kharif	902.98	49	11000.00	7030.83	36
				Rabi	1124.22	37	12220.00	10467.32	14
2006-07	49	2709.79	1777.40	Kharif	908.51	49	12000.00	8643.93	28
				Rabi	1058.78	40	14484.00	11110.47	23
2007-08	49	2709.79	1777.40	Kharif	1131.12	36	12165.00	8358.59	31
				Rabi	953.80	46	11484.00	9564.86	17
2008-09	48	2669.85	1742.82	Kharif	1043.95	40	12165.00	9068.35	25
				Rabi	981.45	44	13920.00	8105.46	42
2009-10	48	2669.85	1742.82	Kharif	1193.90	31	13299.00	6643.41	50
				Rabi	808.30	54	13920.00	8576.35	38

(Source: Data provided by Department)

The Director, FW&AD stated that some portion of land could not be utilised due to storage of rain water and some portion was left for production of green compost. No steps were taken by the department to increase the cultivable area of the farms. He attributed low production to lack of irrigation facility, natural calamities, low germination of seeds and scanty rainfall. The reply was not convincing as the cultivable area of the farms available for production was not covered.

- The departmental manual provides that performance of each farm should be reviewed annually at district/division and State level. In case any farm is not found economically beneficial, the department may close such farm forthwith. Records of the seed farms of the State revealed that expenditure of various farms was more than the revenue realised by them and the farms were unproductive and running in losses as shown in **Table 3.10**.

Table 3.10: Excess of expenditure over revenue realised

(₹ in crore)

Year	No. of Farms	Expenditure	Income	Excess of expenditure over income
2005-06	11	1.22	0.86	0.36
2006-07	15	1.06	0.75	0.31
2007-08	10	0.50	0.32	0.18
2008-09	9	0.81	0.64	0.17
2009-10	15	2.07	1.10	0.97
Total	60	5.66	3.67	1.99

(Source: Data furnished by the department)

The Director, FW&AD assured that action would be taken against those officers responsible for the losses.

- Annual accounts were not prepared by 15 farms in the test-checked districts during 2005-10 in violation of provisions contained in para 10 (XIV) of the Departmental Manual, Vol-I and II.
- Obsolete/unserviceable agriculture implements were found in farms during 2005-10 and no action was taken to write off/auction.

At the exit conference, the department agreed with the above audit observations and assured to take necessary action.

Cost of seeds worth ₹ 2.67 crore sold on credit was not recovered from various agencies.

- Seed produced was sold to various agencies on credit but sale proceeds of ₹ 2.67 crore (March 2010) were not recovered from these agencies. Similarly, seeds and fertilizers valuing ₹ 1.22 crore were sold to different agencies on credit by 13 farms in test-checked districts but recovery was still to be made. Farm Superintendents stated that action for recovery of outstanding dues was under process. At the exit conference, the department assured to take action to recover the amount.

3.1.8.6 Water resource management-Expenditure on incomplete Taals (Ponds)

With a view to conserving rain water in farmers' fields for irrigation purposes, the Khet Taal scheme was launched in 2006-07 by the Government for all categories of farmers. The farmers had to choose any of the three models prescribed in the scheme for which assistance of 50 *per cent* of the cost of ponds, limited to ₹ 16,350 per pond, was to be paid in two instalments to the identified farmers. The first instalment was to be paid after completion of 50 *per cent* of the work and the second instalment after completion of work within three months of getting the first instalment (excluding the rainy season). The construction of inlets and outlets in the ponds was compulsory in the scheme. The scheme was closed from 2008-09. Entries in the measurement book were essential at the time of valuation of work before making payment to the beneficiaries.

Assistance of ₹ 1.05 crore paid on Khet Taals remained unfruitful due to non-completion.

- Scrutiny of records of 11 test-checked Assistant Soil Conservation Officers (ASCOs) revealed that in 1,015 cases, the Taals were not found completed as per the size of the models selected by the farmers to whom the first instalment of ₹ 68.53 lakh was paid. Since the farmers failed to construct the standard size, the minimum water holding capacity of the Taals required for irrigation could not be ensured in the test-checked ASCOs. Thus the objectives of the scheme were not fulfilled.
- Assistance of ₹ 1.31 crore was paid in full by six ASCOs to 982 farmers who had not constructed the inlets and outlets in their ponds.
- During test check of records of six ASCOs, it was noticed that 252 Taals under RKVY for which ₹ 36.40 lakh was paid as first instalment remained incomplete during 2008-09. As a result, the Taals were not constructed up to the standard size and the expenditure incurred remained unfruitful.

The ASCOs stated that farmers did not take interest in completing the work to the standard size. At the exit conference, the department agreed with the audit observations.

The Balram Taal scheme was launched in 2007-08 by the Government to cover more irrigated area than the Khet Tal scheme, through the construction of Taals. The farmers had to choose any of the four models prescribed in the scheme for which assistance of 50 *per cent* (small and marginal farmers), 40 *per cent* (other farmers) and 75 *per cent* (SC/ST farmers) of the cost of ponds limited to ₹ 1,00,000 (SC/ST) and ₹ 80,000 (other farmers) was to be paid in two instalments to selected farmers on the pattern of Khet Taal scheme. The farmers had to follow the standard size, depth and slope of the model as prescribed in the scheme. As per provisions contained in the scheme, the construction of inlets and outlets in the Taals was compulsory for farmers.

- Farmers failed to follow the prescribed norms of construction of Balram Taals.**
- Scrutiny of records of eight ASCOs revealed that in 127 out of 504 cases, the Taals for which first instalment of ₹ 48.35 lakh was paid during 2007-10 were not complete.
 - Scrutiny of records of five test-checked ASCOs revealed that in 223 cases, the inlets and outlets in the ponds were not constructed by the farmers but full assistance of ₹ 1.78 crore was paid to them during 2008-10. It was also noticed that despite the farmers not constructing the Balram Taals as per standard slope, depth and capacity, assistance of ₹ 43.80 lakh was paid to them by four ASCOs.
 - It was further noticed that assistance of ₹ 17.98 lakh was paid to 29 farmers by the ASCO, Chhatarpur during 2008-09 but the measurements were not recorded in the measurement book.

On this being pointed out, ASCOs replied that the farmers did not complete the work as per approved specifications (standard size).

No provision was made in both the Khet Taal and Balram Taal schemes to make farmers legally bound to complete the work after getting the first instalments. Consequently, farmers left the work incomplete and the expenditure on the incomplete work remained unfruitful. During the exit conference, the department assured to examine the cases and to take corrective measures.

3.1.8.7 Poor monitoring and non-transfer of Percolation/Minor Irrigation Tanks to user groups

Percolation Tanks/Minor Irrigation Tanks (135) were not handed over to user groups after construction.

As per the instructions issued (December 2000) by the Government, the percolation tanks/minor irrigation tanks (MIT) constructed were to be handed over to the user groups constituted for repair and maintenance of water resources created. ASCOs were to monitor the water level, irrigated area and production before and after creation of water resources. A total of 313 percolation tanks were constructed in 14 ASCOs⁸ during 2005-10 at a cost of ₹ 14.47 crore but proper monitoring was not conducted as prescribed in the scheme. Further, in 13 test-checked ASCOs⁹, it was noticed that construction works of 135 percolation tanks/MIT costing ₹ 7.26 crore were completed during 2006-10 but were not transferred to users group. The construction works of 69 percolation tanks/MIT costing ₹ 2.52 crore under different schemes sanctioned during 2005-10 was incomplete. The concerned ASCOs stated

8 Balaghat (₹ 55.00 lakh), Betul (₹61.50 lakh), Bhainsdehi (₹31.39 lakh), Bhopal (₹115.44 lakh), Burhanpur (₹34.76 lakh), Chhatarpur (₹85.62 lakh), Gwalior (₹151.93 lakh), Jaora (₹176.25 lakh), Jobat (₹25.39 lakh), Mandsaur (₹91.22 lakh), Panna (₹366.60 lakh), Ratlam (₹103.91 lakh), Ratlam RVP (₹118.29 lakh), Thandla (₹29.80 lakh).

9 Betul (₹38.00 lakh), Bhainsdehi (₹2.35 lakh), Bhopal (₹101.17 lakh), Burhanpur (₹34.76 lakh), Chhatarpur (₹64.90 lakh), Dindori (₹77.18 lakh), Gwalior (₹189.20 lakh), Jaora (₹19.17 lakh), Jobat (₹14.99 lakh), Mandsaur (₹61.47 lakh), Ratlam (₹14.61 lakh), Ratlam RVP (₹93.62 lakh), Thandla (₹14.83 lakh).

that the water structures would be handed over as soon as possible. At the exit conference, the department assured to examine the cases and to take necessary action in this regard.

3.1.8.8 Utilisation of land and water capacity

The position of the net sown area and irrigated area during the period 2005-09 was as shown in Table 3.11.

Table 3.11: Net sown area and irrigated area

(area in lakh hectares)

Year	Net sown area	Area irrigated (percentage of net sown area)
2005-06	150.74	56.82 (37.69)
2006-07	148.38	63.65 (42.90)
2007-08	147.90	64.18 (43.39)
2008-09	150.44	65.06 (43.25)

(Source: Data provided by the Department)

Irrigated area was 38 to 43 per cent of net sown area during 2005-09.

The irrigated area was 37.69 to 43.39 per cent of the net sown area and there was marginal increase in the irrigated area during 2005-09, in spite of efforts made to enhance irrigation availability as discussed in the preceding paragraphs.

Department failed to maintain the records of functional / non-functional irrigation structures.

Audit observed that assured irrigation potential (AIP) for 1.95 lakh hectare was created by the department during 2005-10, of which 44 per cent capacity was created from utilisation of underground water. Assured irrigation potential of 1.08 lakh hectare and 1.64 lakh hectare was created by the department during 2007-08 and 2008-09 respectively but the irrigated area increased only by 0.53 lakh hectare and 0.88 lakh hectare respectively. Records related to actual utilisation of water capacity created under various schemes were not maintained at the Directorate level. The above fact shows that the department failed to assess and monitor whether the irrigation sources were functional or non-functional. At the exit conference, the department accepted the audit observations and stated that action would be taken to keep the records.

3.1.8.9 Non-collection of Farmers' Share

Farmers' share amounting to ₹ 42.95 lakh was not deposited.

Farmers' Welfare Schemes envisaged provision of providing subsidy as assistance in the shape of agricultural inputs and agricultural implements. Farmers were required to bear a part of the cost of such inputs as their share. Accordingly, the department was required to collect the farmer's share simultaneously at the time of providing the said assistance. Scrutiny of records of two (Betul and Dindori) out of 13 DDAs, revealed that farmers' share of ₹42.95 lakh was not found realised and deposited by the Senior Agriculture Development Officers (SADOs). During the exit conference, the department stated that action would be taken to deposit the amount.

3.1.9 Implementation of Schemes

The major schemes reviewed in the performance audit and the laxity found in the implementation of schemes are discussed in the succeeding paragraphs:

3.1.9.1 Support to State Extension Programmes for Extension Reforms Scheme

The scheme 'Support to State Extension Programmes for Extension Reforms' was launched in 2005-06 by GOI to operationalise agricultural extension reforms across the country. The objectives of the scheme were to bring reforms in agricultural extension services, technology dissemination and development in agricultural technology. The resources required for the scheme were to be shared between the Central and the State in the ratio of 90:10. Ten *per cent* of the State's share included contribution of the State, beneficiary contribution and/or the contribution of non-governmental organisation. A cafeteria¹⁰ of activities categorised separately for State and district levels were to be undertaken in the scheme. Expenses on district level activities were not to exceed the ceilings fixed in the cafeteria and 10 *per cent* contribution was to be realised from beneficiaries with respect to beneficiary oriented activities at the district level revised subsequently (July 2007) to five *per cent* for SC, ST and women farmers.

Review of implementation of the scheme revealed the following irregularities:

Shortfalls were noticed in implementation of the ATMA project activities.

The targets fixed for various major activities under the ATMA cafeteria could not be achieved as shown in **Appendix 3.4**. The shortfalls under various activities ranged between 26 and 100 *per cent*. The Director, FW&AD attributed the shortfall to elections of Lok Sabha, State Assembly (2008-09) and local bodies elections (2009-10). Scrutiny of records of test-checked DDAs revealed that the non-achievement of targets was due to shortage of staff, frequent revision/late receipt of targets and late/non-release of funds according to targets. At the exit conference, the department accepted the audit observation.

Records of category-wise beneficiaries were not maintained and beneficiary contributions were not utilised in the scheme.

- Expenditure of ₹ 5.35 crore was incurred in excess of ceilings applicable for district level activities at State level. In nine test checked districts¹¹, expenditure of ₹ 1.27 crore was incurred more than the ceiling by DDAs. During the exit conference, the department stated that instructions would be issued to DDAs to follow the provisions.
- Neither the Directorate nor the DDAs at the district level had information about the beneficiary contributions realised for farmer- oriented activities and complete records of category-wise SC, ST and women beneficiaries and expenditure incurred on them. Beneficiary contribution considered as part of the State share amounting to ₹ 18.12 lakh though realised, was not utilised

10 Cafeteria means a document which gives the cost norms and ceilings applicable for each activity under the scheme.

11 Balaghat (₹17.12 lakh), Betul (₹13.96 lakh), Bhopal (₹10.36 lakh), Jhabua (₹23.80 lakh), Mandsaur (₹14.17 lakh), Panna (₹12.23 lakh), Ratlam (₹13.84 lakh), Shahdol (₹5.16 lakh) and Shivpuri (₹16.59 lakh).

and was kept in the bank account in seven test-checked districts. In 11 test-checked districts¹², contributions amounting to ₹ 10.08 lakh calculated at the minimum rate were also not realised from the beneficiaries. At the exit conference, the department stated that beneficiary contribution would be included in the State share from this year.

- The scheme envisaged releasing of funds to non-governmental organisations (NGOs) for their participation in district level activities. Funds amounting to ₹ 9.04 crore were provided to 20 NGOs during 2008-10, out of which 12 NGOs¹³ incurred expenditure of ₹ 92.35 lakh more than the funds provided to them and ₹ 63.81 lakh were still available with eight NGOs¹⁴ at the end of March 2010. These funds were not refunded by the NGOs concerned as per the condition of sanction orders. During the exit conference, the department stated that action would be taken for necessary adjustment in the current year.

3.1.9.2 National Food Security Mission

With a view to increase production of rice, wheat and pulses through area expansion and productivity enhancement in a sustainable manner in the identified districts, the National Food Security Mission (NFSM) was launched in 2007-08 in the State. The scheme had three components viz. NFSM-rice, NFSM-wheat and NFSM-pulses. The objectives of the scheme were to restore soil fertility and increase productivity at the individual farm level besides creation of employment opportunities. Under the scheme, nine districts¹⁵ for rice, 30 districts for wheat and 20 districts for pulses were identified. Review of implementation of the scheme revealed the following irregularities:

- A Project Management Team (PMT) consisting of technical experts was to be constituted at the State and the district level for technology transfer and implementation of the Mission. The PMT was required to provide the technical service/advice for which experts (consultants and technical assistants) were to be hired on contract. Against the requirement of 64 consultants and 202 technical assistants, only 23 consultants and 98 technical assistants were working. At the exit conference, the department accepted the audit observation and assured filling up of vacant posts.

12 Balaghat (₹ 1.16 lakh), Betul (₹ 1.10 lakh), Bhopal (₹ 0.85 lakh), Burhanpur (₹ 0.24 lakh), Dindori (₹ 1.73 lakh), Gwalior (₹ 0.20 lakh), Jabua (₹ 0.76 lakh), Mandasaur (₹ 0.88 lakh), Panna (₹ 0.62 lakh), Shahdol (₹ 0.95 lakh) and Shivpuri (₹ 1.59 lakh).

13 ACCESS (₹ 2.75 lakh), BAIF (₹ 9.97 lakh), CARD (₹ 3.03 lakh), DAWAT (₹ 10.65 lakh), GVT (₹ 5.85 lakh), KJEDU (₹ 5.48 lakh), MANTHAN (₹ 3.33 lakh), NICT (₹ 2.92 lakh), NIWCYD (₹ 5.75 lakh), PRADAN (₹ 21.49 lakh), SATPURA (₹ 7.32 lakh), SRIJAN (₹ 13.81 lakh).

14 ASA (₹ 3.73 lakh), ISAP (₹ 2.32 lakh), ITC (₹ 31.08 lakh), MCM (₹ 4.17 lakh), MGP (₹ 2.87 lakh), MPRLP (₹ 16.35 lakh), PB (₹ 0.58 lakh), SAMARPAN (₹ 2.71 lakh).

15 Anuppur, Damoh, Dindori, Katni, Mandla, Panna, Rewa, Satna, Shahdol.

Assistance of ₹ 5.08 crore was paid on micronutrients without ensuring the prescribed limit of soil.

➤ As envisaged in the scheme, assistance for micronutrients was to be provided to those farmers whose soil was deficient and had micronutrient content below the required limit as defined by the All India Soil and Land Use Survey (AISLUS). The District Food Security Mission Executive Committees (DFSMEC) were to finalise the list of beneficiaries in consultation with villages/zila panchayats. In eight test-checked districts¹⁶ during 2007-10, assistance of ₹ 5.08 crore on micronutrients was paid on 116892.62 ha to farmers without ensuring the limit required. The list of beneficiaries was also not found prepared by DFSMEC before payment of assistance. DDAs attributed the shortfall of soil tests to non-availability of micronutrient testing facility in the soil testing labs. During the exit conference, the department accepted the audit observation and stated that instructions would be issued to the Chairmen of DFSMECs to follow the procedure in selection of beneficiaries before making payment.

Assistance of ₹ 4.92 crore was paid on diesel/electric pump sets without ensuring the category of groundwater.

➤ As per Para 14.5 of the scheme guidelines, assistance for diesel/electric pump sets was to be provided only in those blocks of the districts which were not categorised under dark or brown zone¹⁷ of groundwater as specified by the Central Water Commission. District level committees constituted under the Chairmanship of District Collectors/Chief Executive Officers, Zila Parishads along with representatives of AISLUS and Ground Water Board/Minor Irrigation was to identify the beneficiaries. But no such committee was constituted at the district level for identification of beneficiaries and the districts had no report of Central Water Commission categorising the blocks under dark/brown zone. Assistance of ₹ 4.92 crore was paid to 5,017 farmers by eight DDAs¹⁸ for purchase of diesel/electric pump sets without ensuring the category of groundwater during 2007-10. At the exit conference, the department accepted the audit observation and assured compliance of procedure in future.

➤ Physical verification of implementation of various activities under the scheme was not conducted by different levels of officials at the prescribed percentage fixed (November 2007) by Government. During the exit conference, the department stated that instructions would be issued to DDAs to conduct physical verification as per the guidelines.

16 Balaghat (₹ 40.40 lakh), Betul (₹ 28.48 lakh), Chhatarpur (₹ 114.65 lakh), Dindori (₹ 15.28 lakh), Jhabua (₹ 13.61 lakh), Panna (₹ 178.66 lakh), Shahdol (₹ 65.05 lakh) Shivpuri (₹ 51.76 lakh).

17 Dark/brown zone means areas where water table is extremely low.

18 Balaghat (₹ 61.07 lakh), Betul (₹ 163.86 lakh), Chhatarpur (₹ 63.51 lakh), Dindori (₹ 25.06 lakh), Jhabua (₹ 46.60 lakh), Panna (₹ 47.49 lakh), Shahdol (₹ 5.74 lakh), Shivpuri (₹ 78.86 lakh).

3.1.9.3 Seed Village Scheme

The Seed Village scheme (a Central sector scheme) was launched in 2005-06 with the objective of enhancing crop production/productivity through distribution of foundation/certified seeds and providing training on seed production and seed technology to selected farmers of identified villages. As per a provision of the scheme, training was to be provided to a group of 50 to 150 farmers for three days. Initially, one day training was to be given to farmers at the time of sowing of seed crops. Subsequently, training for one day was to be organised during flower initiation stage of the seed crop and concluding one day training was to be provided after harvest and at the time of seed processing to impart knowledge on seed cleaning, seed grading, seed storage and packing aspects etc.

Farmers were deprived of training under the scheme.

Scrutiny of records in selected districts revealed that in 10 districts¹⁹, 1454.41 MT seeds of different crops was distributed to 1,03,962 farmers during 2005-10 but the required training was not provided to 45,583 (44 *per cent*) farmers. As a result, the object of imparting training as envisaged in the scheme could not be achieved. At the exit conference, the department stated that training was not provided due to paucity of funds. The reply is not convincing as funds were available in the scheme which were not utilised by the Director, FW&AD.

3.1.9.4 Integrated Cereal Development Programme

Though ICDP was withdrawn, irregular expenditure of ₹ 98.63 lakh was incurred on the scheme.

The Integrated Cereal Development Programme (ICDP) (rice/wheat) was withdrawn in the NFSM-rice and NFSM-wheat identified districts as per the instructions issued by GOI (August 2007) and by the Government (November 2007). Further, the pattern of assistance under various components of ICDP was revised (July 2008) by GOI. Audit, however, noticed that Director, FW&AD during 2008-09, fixed the targets as per the old ICDP pattern and released budget allotment of ₹8.75 crore under ICDP to districts for implementation of the programme. In six test-checked districts, it was noticed that both the components ICDP-wheat/rice and NFSM-wheat/rice were implemented in total disregard of the above instructions. Thus, expenditure of ₹ 98.63 lakh incurred during 2007-09 under ICDP-wheat/rice was irregular. During the exit conference, the department assured to examine the matter and to take necessary action.

3.1.9.5 Integrated Scheme of Oilseed, Pulse, Oilpalm and Maize

As per orders (July and October 2001) of the Government, certified seed was to be distributed at subsidised rates to the beneficiaries selected by RAEs and approved by the Krishi Sthai Samitis of Janpad Panchayats and sent to cooperative societies for distribution of seeds. After distribution of seeds, lists of farmers with their acknowledgements were to be sent to DDAs by Senior Agriculture Development

19 Betul (645 farmers), Bhopal (1116 farmers), Burhanpur (635 farmers), Chhatarpur (16146 farmers), Jhabua (4206 farmers), Mandsaur (2480 farmers), Panna (11157 farmers), Ratlam (863 farmers), Shahdol (905 farmers) and Shivpuri (7430 farmers).

Officers (SADOs) for payment of the subsidy to seed supplying agencies. Test check of records made available to Audit revealed the following deficiencies:

- lists of farmers approved by Janpad Panchayats were not found available at 10 DDAs²⁰. Actual dates of distribution of seeds to farmers with their dated acknowledgements were also not kept on record with the result, the distribution of seed actually made to the farmers prior to the sowing season could not be verified. It, therefore, could not be ensured whether the assistance of ₹ 1.78 crore on 6158.70 MT of seed during 2005-10 actually reached the targeted beneficiaries. At the exit conference, the department assured to examine the matter and stated that instructions would be issued to take corrective measures.
- In five DDAs²¹, assistance on seed production (Soyabean *Kharif* 2007) was paid to the seed producing agencies at the rate of ₹ 1,000 per quintal in place of ₹ 500 per quintal applicable for *Kharif* 2007. As a result, additional assistance of ₹ 59.14 lakh on 11828.50 quintals of seeds paid to the agencies was irregular. DDA, Bhopal and Ratlam stated that payments were made as grading and packing of seeds were done during 2008. The reply was beside the point as the subsidy was required to have been paid as per the rates applicable for *kharif* 2007.

During the exit conference, the department stated that instructions would be issued to ensure the procurement rate before making payments to seed producing agencies.

3.1.9.6 Surajdhara and Annapurna yojna

The objective of the Surajdhara scheme was to encourage small and marginal farmers of SC/ST to adopt cultivation of high productive crops of oilseeds and pulses. Similarly, the objective of the Annapurna scheme was to encourage the above farmers to adopt high productive cereal crops. As per orders (May and July 2000) of the Government, foundation/certified seeds were to be distributed at subsidised rates to beneficiaries selected by Rural Agricultural Extension Officers (RAEOs) and approved by Janapad Panchayats. The bills showing the actual cost of seeds distributed to farmers were to be verified by the SADOs and sent to DDAs for payment of the assistance to seed supplying agencies. Physical verification of beneficiaries was to be conducted at different levels at prescribed percentages fixed for different officials. A register showing detailed information of farmers was to be maintained by the RAEOs. The Sub-divisional Agriculture Officers, during the time of field inspection, were to give their comments about the implementation of scheme

20 Betul (₹ 17.96 lakh), Bhopal (₹ 13.24 lakh), Burhanpur (₹ 3.40 lakh), Chhatarpur (₹ 14.07 lakh), Dindori (₹ 1.77 lakh), Gwalior (₹ 4.62 lakh), Mandsaur (₹ 45.19 lakh), Panna (₹ 39.12 lakh) Ratlam (₹ 28.51 lakh) and Shahdol (₹ 10.19 lakh).

21 Bhopal (₹ 4.46 lakh), Burhanpur (₹ 5.28 lakh), Panna (₹ 13.34 lakh), Ratlam (₹ 7.80 lakh) and Shahdol (₹ 28.26 lakh).

on the register and were to send evaluation reports to DDA for sending the reconciled report to Director, FW&AD. Test check of records of 12 DDAs made available to Audit revealed the following:

- | | |
|---|---|
| <p>DDAs failed to ensure payment of subsidy of ₹ 5.98 crore on seeds to beneficiaries.</p> | <ul style="list-style-type: none"> ➤ The dates of distribution of seeds to farmers and their dated acknowledgements were not available in the records and dates of receipt were not recorded in the seed distribution lists. The lists of selected beneficiaries and approved lists of farmers by Janpad Panchayat were not available with the SADOs/DDAs. Physical verification reports by different level of officials were also not available in the records. It, therefore, could not be ensured whether the subsidy of ₹ 5.98 crore on 2464.29 MT on the seeds actually reached the beneficiaries during 2005-10. ➤ Inspections were not carried out by Sub-divisional Agriculture Officers and the evaluation reports were also not sent to DDAs. |
|---|---|

During the exit conference, the department assured to examine the cases and stated that instructions would be issued to take corrective measures as envisaged in the scheme.

3.1.10 Quality Control

3.1.10.1 Quality Control of Agricultural Inputs

To ensure availability of good quality inputs (seeds, fertilizers and pesticides) government established one seed laboratory (Gwalior), four fertilizer laboratories²² and one pesticide laboratory (Jabalpur) in the State under the Seed Act 1966, Fertilizer Control Order 1985 and Pesticide Act respectively. GOI issued (August 2007) the recommendations of the National Conference of Agriculture for *kharif* campaign 2007 in which it was directed to strengthen the seed testing system in the State by using modern technology and by establishing one seed-testing laboratory in each district. Audit, however, observed that only one seed-testing laboratory was being run by the department. The Government nominated SADOs as inspectors to ensure the enforcement of provisions prescribed by GOI under these Acts and orders on seeds, fertilizers and pesticides. As per targets fixed, inspectors were required to take samples of seeds (27500), fertilizers (33300) and pesticides (7500) during 2005-10. Against these targets, 19896 samples of seeds, 24,681 samples of fertilizers and 5650 samples of pesticides were drawn by the inspectors, resulting in shortfall of targets by 28 *per cent* (seeds) and 26 *per cent* (fertilizers) and 25 *per cent* (pesticides) as shown in **Appendix 3.5**. Apart from the shortfall, 14 to 37 *per cent* seed samples and 13 to 21 *per cent* fertilizer samples were found substandard as the samples did not conform to the permissible standards. No pesticide samples were drawn in the district Dindori during 2005-10. At the exit conference, the department agreed with

22 Bhopal, Gwalior, Indore and Jabalpur.

the audit observation and stated that instructions would be issued to DDAs to ensure achieving of the targets and to take action against the officials responsible for shortfall.

3.1.10.2 Use of sub-standard agricultural inputs

Sub-standard seeds, fertilizers and pesticides were sold to cultivators.

In order to increase the agricultural production and productivity, it was important to ensure that the necessary inputs available for distribution were of better quality. During test check of records of 13 DDAs, it was noticed that samples of inputs pertaining to the period 2005-10 were sent to laboratories for testing which were subsequently found sub-standard (seed :30329.43 quintals and 290 bags, fertilizer: 10774.23 tonnes and 7488 bags and pesticides: 1303.50 litre and 399.70 kg) as shown in **Appendix 3.6**. The DDAs issued orders to stop distribution of inputs whose samples were found sub-standard and SADOs were instructed to report the status after conducting physical verification. However, the requisite reports from the SADOs were not received. Thus the “stop the sale²³” orders were not found implemented. The purpose of collection and analysis of samples of inputs for distribution of quality inputs to farmers could not be fulfilled. During the exit conference, the department agreed with the audit observation and assured to take action against the officials responsible for distribution of substandard inputs.

3.1.10.3 Non-maintenance of nitrogen, phosphate and potassium ratio

Department failed to maintain N, P, K ratio in the fertilizers provided to cultivators.

One of the targets of the Eleventh five year Plan was to give special emphasis on balanced use of nitrogen (N), phosphate (P) and potassium (K) fertilizers to achieve the consumption ratio of 4:2:1 by the terminal year. Scrutiny of records of Director, FW&AD revealed that the ratio of consumption of N, P and K during 2007-10 was 11:6:1, 9:6:1 and 10:6:1 respectively and was not in consonance with the target of the Eleventh Plan. It was observed that potassium was being used less (63 *per cent*) while phosphate was used excessively (11 *per cent*). The Director attributed the shortfall to less supply of fertilizers by GOI. The reply is not convincing as adequate attention was not given by the department for balanced application of fertilizer as a result of which, the envisaged consumption ratio could not maintained. At the exit conference, the department assured to maintain the prescribed ratio in future.

3.1.10.4 Soil survey units

No soil survey was conducted during 2005-10.

As per the provisions envisaged in the Departmental Manual, soil survey units were to conduct surveys and compile their findings and results of soil survey annually. These compiled findings were required to be apprised to the Director, FW&AD with special reference to unwarranted transformations and changes being noticed in the soil series of the State for initiating suitable preventive and remedial action. Eight soil survey units²⁴ were established by the department to provide facilities for soil

23 An order issued by the DDA imposing ban on the storage and sale of agricultural inputs found substandard in the laboratory testing.

24 Betul, Damoh, Gwalior, Indore, Jabalpur, Jhabua, Sidhi, Tikamgarh..

survey. Scrutiny of records of Directorate, FW&AD revealed that the soil surveys were not conducted during 2005-10 as the department had not fixed any targets for conducting soil surveys. The Director had issued (January 2001) instructions for these units to conduct soil testing in addition to soil survey. It was also noticed that targets for soil testing fixed for these units were not achieved and the shortfall ranged from 44 to 65 *per cent*. As these units were not conducting soil surveys, the objective of establishing these units could not be fulfilled. No soil testing was done by soil survey unit, Betul during 2006-09 but expenditure of ₹ 62.33 lakh was incurred on pay and allowances. Soil testing was also not conducted in Jhabua and Sidhi units (2007-08).

Director, FW&AD stated that the Irrigation Department did not provide budget allotment for soil survey units from 2000-01. As a result, these units failed to conduct soil surveys and soil testing work assigned to them. Audit observed that this fact was not brought to the notice of Government. At the exit conference, the department assured to take necessary action.

3.1.10.5 Soil testing laboratory

Targets of soil testing were not achieved.

Sixteen soil testing labs were run by the department to carry out soil analysis. Audit, however, observed shortfalls in collection of samples ranging between 30 to 48 *per cent* during 2005-10. Four out of 16 soil testing labs in the State were test-checked during the performance audit. It was noticed that each laboratory was to cover two or more districts. The targets for drawing soil samples were fixed district-wise by the Directorate and block-wise by the DDAs but there were shortfalls in collection of samples ranging between 16 and 64 *per cent* in the selected districts. The year-wise targets, achievement and shortfalls in the testing laboratories during 2005-10 are detailed in **Appendix 3.7**. The shortfalls were attributed by the Assistant Soil Testing Officers (ASTOs) to non-collection of soil samples by the extension workers as per the targets fixed for the districts by Directorate, non-availability of budget allotment and non-availability of micro testing facilities in the laboratories. Director, FW&AD assured to post trained staff and to install modern equipments in the laboratories.

3.1.11 Human Resource Management

3.1.11.1 Sanctioned strength and men-in-position

Acute shortage of staff was noticed in the department.

The Directorate, FW&AD did not have the detailed position of staff deployed in its field units. Against the overall sanctioned strength of 14,218 employees, there were 10,863 men-in-position under Directorate, FW&AD. Out of total shortage of 3,355, shortage of technical staff was 1917 (DDA-9, ADA-244, SADO-187, ADO-463 and RAEO-1014). Against the sanctioned strength of 1,142, there were 801 men-in-position under the Directorate, Agriculture Engineering. Sanctioned strength and men-in-position of the department as on March 2010 is shown in **Appendix 3.8**. Director, FW&AD replied that the posts of DDAs had been filled up and action to fill up the vacant post of other staff was under process. At the exit conference, the department agreed to fill up the vacant posts.

3.1.11.2 Improper deployment of staff

Improper deployment of staff.

The department had fixed (June 2007) office wise/cadre wise posts by deducting 30 *per cent* posts pertaining to subordinate offices including the Directorate. Accordingly, the excess staff was to be transferred so as to make the deployment logical. Scrutiny of records of 10 out of 13 test-checked districts revealed that the excess staff were working in various offices and redeployment had not been made by the department. The expenditure on pay and allowances incurred on 124 excess staff was ₹ 3.49 crore during 2007-10 as shown in **Appendix 3.9**. District officers stated that action would be taken as per instructions of the Directorate. The assessment of man-power requirement and deployment was not rationale.

3.1.11.3 Irregular attachment of staff

Irregular expenditure of ₹ 89.61 lakh was incurred on the staff attached to other departments.

Government in the General Administration Department issued (January 2000) instructions for termination of the practice of attachment of staff. Scrutiny of records of seven out of 13 districts revealed that 19 officials were attached to other departments in nine offices²⁵. Expenditure on pay and allowance incurred on these staff amounted to ₹ 89.61 lakh. Their continued attachment for long periods called for reassessment of staff requirement in the aforesaid offices. At the exit conference, the department assured to issue instructions in this regard.

3.1.11.4 Performance of training centres

Training centres were under utilised and failed to achieve the targets.

Agriculture Extension Training Centres were established in 19 districts for imparting training to extension staff and farmers. During 2005-10, 16,398 staff were provided training against the target of 18,554 and 1,20,118 farmers were provided training against the target of 1,28,292 by 18 out of 19 training centres. In the seven training centres²⁶ of selected districts, it was noticed that (of the total 265 working days in a year) the centres remained idle for the periods ranging from 16 days (Naugaon during 2007-08) to 265 days (Betul Bazar during 2005-06). The shortfall in imparting training to staff ranged between eight and 41 *per cent* and to farmers between 11 and 47 *per cent*. At the exit conference, the department accepted the audit observation.

3.1.12 Inventory Control

Rule 121 and 122 of MPFC Vol-I provide procedure of receipt and issue of stores. Scrutiny of records in three test checked units²⁷ revealed that store items were issued without obtaining any indents and acknowledgements. The dates of receipt and issue

25 DDA Burhanpur (1, ₹ 6.13 lakh), Gwalior (2, ₹ 7.66 lakh), Shivpuri (2, ₹ 8.37 lakh), ASCO Betul (1, ₹ 1.20 lakh), Gwalior (1, ₹ 1.82 lakh), Jhabua (1, ₹ 2.20 lakh), DDA Panna (9, ₹ 47.54 lakh), ASCO Panna (1, ₹ 11.84 lakh) and Ratlam (1, ₹ 2.85 lakh.)

26 Antari (Gwalior), Betul, Dindori, Naugaon (Chhatarpur), Jaora (Ratlam), Shivpuri, Varaseoni (Balaghat).

27 DDA Balaghat, Bhopal and Burhanpur.

were generally not recorded. In the absence of proper entries in the stock registers, the period and quantity of actual receipt and issue of items could not be verified in audit.

Non-conducting of physical verification and ineffective inventory control.

- Rules 133, 134 and 135 of MPFC Vol-I prescribe the procedure for physical verification of stores once in a year. It was noticed that annual physical verification of stores was not conducted in 26 out of 37 test-checked offices.
- Stores accounts were not prepared by 32 DDOs and no action was taken by 16 offices to write off/auction of unserviceable items.
- Dead stock items and other articles worth ₹ 2.67 lakh pertaining to a closed (December 2005) unit i.e. Denida Project, Petalabad (Jhabua district) transferred to DDA, Burhanpur were not found in the stock register of the office.

At the exit conference, the department assured to observe the provisions.

3.1.13 Monitoring, vigilance and evaluation

3.1.13.1 Non-revision/updation of manual

The Department of Agriculture was reorganised in January 1965 and the Manual of the department was published in 1981. The departmental Manual was required to be revised once in every five years by way of amendments, additions and deletions as per provision contained in Para 3 XII (87) and 19(X) 768 of manual. Despite changes in the procedure of implementation of various schemes/activities, organisational structure, establishment and introduction of new schemes, the Manual had not been revised/updated. At the exit conference, the department assured to update the manual.

3.1.13.2 Internal audit

Internal audit wing was deficient.

Internal Audit (IA) examines and evaluates compliance to departmental rules and procedures and statutory provision so as to provide independent assurance to the management at senior levels on the adequacy of the internal control framework in the department and its implementation thereof. A separate Internal Audit Wing was formed under the supervision of Joint Director (Finance) comprising two Audit Officers and 28 other staff but only two auditors were found working. The roster of internal audit was not prepared during 2005-06 to 2007-08 and periodicity was not fixed for conducting the audit. No audit was conducted during 2005-06. During 2006-10, out of 308 offices, 39 offices were audited and compliance report of only 2 offices was received so far. Since all the units could not be covered during the year, there was a necessity for defining parameters regarding selection of unbiased sample on the basis of risk perception. Director, FW&AD stated that units were not covered due to shortage of staff. Internal audit wing was not formed by the Director, Agriculture Engineering. At the exit conference, the department agreed with the audit observation.

3.1.13.3 Departmental inspections

Departmental inspections were not conducted.

Periodic inspections by departmental officers are an important and effective tool with the management to ensure proper functioning of the schemes in the department. No inspection was conducted by the Director, FW&AD during 2005-06 and 2007-09. Out of 24 offices, only five inspections were carried out during 2006-07 and 2009-10 as per the roster of inspection. Out of 456 inspections prescribed in the roster for the Additional Directors/Joint Directors, only 73 (16 *per cent*) inspections were carried out during 2005-10. Non-conducting of inspections was attributed by Director, FW&AD to rush of work. Inspections were essential to check and improve the working of department.

Rule 291 of MPTC-vol-I provides that every DDO should make the monthly inspection of account of his office and report be submitted to higher authorities. But, the DDOs did not carry out the regular inspection. At the exit conference, the department agreed with the audit observation and assured compliance in future.

3.1.13.4 Concurrent evaluation

Evaluation was not done under National Food Security Mission.

The National Food Security Mission scheme envisaged baseline surveys and concurrent evaluation by the Economics and Statistics Department. Similarly, a State level monitoring committee under the chairmanship of the State Mission Director, FW&AD with members from the line departments, State Agricultural Universities, lead banks and the Indian Council of Agriculture Research was to be formed and the State Economics and Statistics Department was to prepare the prescribed format for data collection pertaining to different parameters of the Mission for monitoring. It was observed that neither the survey and concurrent evaluation was done nor was the committee formed. The formats for data collection were also not prepared.

The Director, FW&AD replied that the work was under process and the report was yet to be received from the concerned department.

3.1.13.5 District Level Monitoring Committees

District Level Monitoring Committees were inactive.

- Under the National Agriculture Insurance Scheme guidelines (1999), District level monitoring committees (under the chairmanship of Collector) were required to meet fortnightly for effective monitoring and coordination among different departments on proper implementation of the Crop Insurance Scheme. It was noticed that the meetings were not held accordingly in the test-checked districts. The DDA, Dindori did not provide information regarding the meetings held.
- A district level committee was to be formed under the Chairmanship of Joint Director, Agriculture for successful implementation of the National Project on Management of Swasthya Health and Fertility. The committee was to meet once in every month and submit the reply to Director, FW&AD. In the test-checked districts, it was noticed that the meetings were not held accordingly.

3.1.13.6 Departmental enquiry and Legal cell in the directorate

Although a departmental enquiry cell was functioning at the Directorate FW&AD level, 233 cases pertaining to period 2005-10 were pending as of March 2010, 53 court cases were pending for which first replies were still to be submitted by the department. The reason for non-submission of first replies was not furnished to Audit. Thirteen pension cases and one family pension case and 224 appointment cases on compassionate grounds were also pending at the Directorate FW&AD level during 2005-10. Four public complaints received during 2008-10 and 14 cases pertaining to economic offence wing and vigilance department were pending. The reasons for pendency were not furnished to audit.

3.1.13.7 Response to audit

The Principal Accountant General (Civil and Commercial) Madhya Pradesh conducts statutory audit of the department and its subordinate offices. The shortcomings are brought to notice through Inspection Reports (IRs). As of September 2010, 1306 paragraphs of 533 IRs issued up to March 2010 were pending for settlement. Of these, 126 paragraphs of 71 IRs were outstanding for more than 10 years. This showed lack of response to control mechanisms prescribed for close monitoring and timely action on audit objections. During the exit conference, the department agreed to take action to settle the outstanding paragraphs.

3.1.14 Conclusion

Plans for production set in the Annual Plans were not followed. Budgetary and expenditure controls were weak as reflected from excess provisions of funds made in both the original and supplementary budgets, rush of expenditure at the close of the financial year and underutilisation of Central assistance. The targets set in the Tenth and Eleventh Five Year Plans for production of cereals, oilseeds and pulses were not achieved. The object of establishing government farms was not achieved due to underutilisation of cultivable lands, low production and excess expenditure over revenue earned. The performance of quality testing laboratories, soil surveys, soil testing and training was far below the targets. There was no scientific assessment of manpower requirement and deployment. Internal audit was inadequate and ineffective. Monitoring was unsatisfactory as prescribed departmental inspections were not conducted and district level committees were not functional.

3.1.15 Recommendations

- Targets for production should be in consonance with the targets fixed in the Annual Plan.
- Budgetary and financial control should be improved to ensure preparation of realistic budget estimates linked to programme implementation.

- The department should draw up a strategy to increase the crop area and foodgrain production and strengthening soil survey and soil testing mechanism.
- Efforts should be made for timely storage and distribution of quality agricultural inputs to the farmers.
- Functioning of Government agriculture farms should be reviewed and strengthened to make them commercially viable.
- The department should maintain detailed records of beneficiaries in order to verify the correctness of selection and passing on of actual benefits.
- Cadre review should be conducted in order to ensure availability of prescribed staff in various cadres and offices.
- The monitoring mechanism should be strengthened at various levels to ensure achievement of the objectives of the department.

The department agreed with the recommendations in the exit conference.

Animal Husbandry Department

3.2 Chief Controlling Officer based Audit of Animal Husbandry Department

Highlights

The Animal Husbandry Department is responsible for all-round development of livestock wealth in the State. The Director, Veterinary Services is the Chief Controlling Officer (CCO) of the department. CCO based audit of the department revealed inadequate planning, unnecessary augmentation of supplementary provisions, drawal of funds in anticipation of requirement and diversion of funds. There was shortfall in artificial insemination, calving and distribution of livestock. Veterinary farms were running in losses. The department did not achieve its objectives fully due to shortfalls in infrastructure, human resources and inadequate internal control.

Some of the important findings noticed during audit are as follows:

The Annual Plans were prepared on ad hoc basis. The financial management lacked foresight leading to unnecessary supplementary provisions, surrenders, parking of funds, diversion of funds and rush of expenditure in the month of March.

(Paragraphs 3.2.6.1, 3.2.7.1, 3.2.7.2, 3.2.7.3 and 3.2.7.4)

The achievement of artificial insemination fell short by 13 to 18 per cent while calving through artificial insemination fell short by eight to 23 per cent. Veterinary farms incurred losses of ₹ 14.22 crore during 2007-10. Livestock distribution fell short of targets. Production of eggs and wool declined heavily.

(Paragraphs 3.2.8.2, 3.2.8.4, 3.2.8.6 and 3.2.8.7)

As against the requirement of 5,813 veterinary centres, only 2,346 centres existed. Out of 4,582 institutions, 1,180 institutions were functioning without their own buildings. A total of 147 hospitals were functioning without Veterinary Assistant Surgeons.

(Paragraphs 3.2.9.1, 3.2.9.2 and 3.2.9.3)

The Milk Quality Control laboratory was not established and the State Disease Diagnostic laboratory was not upgraded.

(Paragraphs 3.2.10.1 and 3.2.10.3)

There was shortage of veterinary staff ranging between 17 to 41 per cent and shortfall between 45 to 72 per cent in imparting training to Veterinary Assistant Surgeons and Assistant Veterinary Field Officers regarding artificial insemination.

(Paragraphs 3.2.11.1 and 3.2.11.4)

Stores and stock accounts were not prepared by 25 out of 30 test- checked units. Hence, annual physical verification was not possible. Unserviceable items worth ₹ 1.30 crore were lying undisposed of for periods upto 20 years.

(Paragraphs 3.2.12.1 and 3.2.12.2)

Vaccines were being produced by the Institute of Animal Health and Veterinary Biologicals, without licences since 2002. Vaccines costing ₹ 1.78 crore were not preserved at the required temperatures.

(Paragraphs 3.2.12.4 and 3.2.12.6)

3.2.1 Introduction

The Animal Husbandry Department (Department) is responsible for all-round development of livestock wealth in the State. The Director, Veterinary Services (Director) is the Chief Controlling Officer (CCO) in the department and is responsible for planning the annual activities of the department for implementation of various schemes and programmes through appropriate controls, monitoring and evaluations. The main objectives of the department are to provide:

- Disease-free, low cost and nutritious animal protein for the human population through animal health care and breed improvement;
- Protection to the human population from zoonotic diseases through curative as well as prophylactic measures;
- Employment opportunities to weaker sections of the society through extension services.

Major components of the departmental activities consist of animal health care, breed improvement, preservation and development of superior indigenous germ plasm, management of veterinary centres and animal care including control of animal diseases, management of laboratory services and employment generation through investment in animal husbandry.

The department is also responsible for enforcement of provisions of seven State and four Central Acts, orders and rules framed thereunder. (Details in **Appendix-3.10**). According to the Animal Census 2007, the total livestock, poultry and other animal population in the State was 4.89 crore. This included 2.19 crore cattle, 91.29 lakh buffaloes, 3.90 lakh sheep, 90.14 lakh goats, 0.27 lakh horses, 73.84 lakh poultry and 10.21 lakh other animals. The department implemented 39 schemes (32 State Schemes, five Centrally Sponsored Schemes (CSS) and two Central Sector Schemes (CS). One CSS was fully funded by Government of India (GOI) and two CSSs were funded on 50:50 basis by the GOI and the Government. Cost sharing of two CSSs were 75:25 and 80:20 between GOI and Government. Two CSs were also fully funded by the GOI. (Details in **Appendix-3.11**).

3.2.2 Organisational Set-up

The department is headed by the Principal Secretary at the State level and is responsible for implementation of Government policies/programmes/ schemes. Overall financial /administrative/ technical control is vested with the Director Veterinary Services (Director) as field officer. The Director is assisted by Joint Directors (JDs) and Deputy Directors (DDs) at headquarters and nine JDs at the divisional level. At the district level, animal health is taken care of by 50 DDs, who are assisted by Veterinary Assistant Surgeons (VASSs) posted in Veterinary Hospitals (608). The VAS also look after 2,236 Artificial Insemination (AI) centres, 22 Disease Investigation Laboratories (DILs), 26 Mobile Units (MUs) and 26 Ambulatory Clinics (ACs) and are assisted by Assistant Veterinary Field Officers (AVFOs) posted in these units.

3.2.3 Audit Objectives

The audit objectives were to ascertain whether the:

- planning and programme management were efficient and effective;
- budgetary control and financial management were adequate;
- effective schemes/projects were implemented timely and monitored properly;
- human resources management and review of staff requirements were proper;
- internal controls, monitoring and evaluation of schemes/programmes were adequate.

3.2.4 Audit Criteria

The audit criteria included the following:

- Departmental manuals for planning and implementation of schemes/programmes;
- Budget Manual, Madhya Pradesh Financial Code (MPFC) and Madhya Pradesh Treasury Code (MPTC);
- Government rules, notifications, guidelines and instructions issued by the State and Central Government;
- Procedures prescribed for monitoring and evaluation of schemes.

3.2.5 Scope and Methodology of Audit

Out of 103 Drawing and Disbursing Officers (DDOs) in the department, records of 30 DDOs including the Director, Veterinary Services, Director, Institute of Animal Health and Veterinary Biologicals (IAHVB), five Joint Directors (JDs), 20 Deputy

Directors (DDs) including their field formations, two Government farms and one training centre involving 20 districts were test-checked in audit carried out between April to December 2010. (Details thereof in **Appendix-3.12**). Units were selected by adopting the Simple Random Sample Without Replacement (SRSWOR) method. An entry conference was held with the Director, Animal Husbandry Department on 30 April 2010, wherein the objectives, criteria and scopes of audit were discussed. The exit conference was held on 10 December 2010 with the Principal Secretary and the replies of the department have been incorporated at appropriate places.

Audit Observations

3.2.6 Planning

3.2.6.1 Planning

The plans were prepared on ad hoc basis without assessment of available resources and actual requirements.

The department was required to prepare a Perspective Plan (Five Year Plan) for achieving its mandate. Further, the Perspective Plan was to be broken into actionable Annual Plans by fixing suitable targets for each year. Action Plans for each year were to be prepared by the Directorate, consolidating district level Plans to enable interventions in the veterinary sector.

Scrutiny of records of the Directorate and selected units revealed that the Action Plans were prepared on ad hoc basis without analysing reasons for shortfalls in achievement of targets and assessment of scheme-wise/ component-wise needs vis-à-vis available resources, infrastructure and other facilities.

A comprehensive database in respect of requirement of manpower, materials and survey of schemes was also not available in the department to facilitate preparation of the Perspective and Annual Plans.

The Director stated (August 2010) that Annual and Five Year Action Plans were prepared and approved by the District Planning Committee (DPC) and the State Planning Committee (SPC). However, the surveys and assessments of shortfalls in veterinary fields at the block and villages level were not done by the department before preparation of Annual and Five Year Plans.

The reply is not acceptable as the Plans were based on ad hoc increases in previous targets without assessment of the actual requirements from the grass root level and the resources available. The survey reports and comprehensive data base were also not available for the preparation of Plans.

3.2.6.2 State Livestock Breeding Policy

Numbers of animals declined by 16 to 87 per cent among various species.

The State Livestock Breeding Policy for Cattle and Buffalo envisaged that exotic breed levels should be maintained at the level of 50 per cent in general. The breeding policy also envisaged genetic upgradation of indigenous cattle and buffalos and increase in production of milk and other livestock produce. Artificial Insemination (AI) and Natural Insemination (NI) were the main activity to achieve breed improvement in the State.

As per the 17th Animal Census of 2003, there were 3.17 lakh cross-breed cattle (1.68 per cent of total 1.89 crore cattle) which increased to 4.75 lakh (2.17 per cent) of the total 2.19 crore cattle population in the State (18th Animal Census 2007).

The position of cross-breed buffalos was not made available by the department. The department had also not provided data of breed improvement in case of sheep and goats. There was a 16 to 87 per cent decline in numbers noticed in animals during 18th Animal Census as detailed in Table 3.12 below.

Table 3.12: Status of Livestock and Poultry and other Animals

S.N.	Category	As per 17 th census (2003)	As per 18 th census (2007)	Percentage
	Livestock			
1	Cow	18912611	21915438	+15.88
2	Buffalo	7575299	9129152	+20.5
3	Sheep	546366	389863	-28.6
4	Goat	8141983	9013687	+10.7
5	Horse	31613	26648	-15.7
6	Mule	4167	543	-87.0
7	Ass	38714	20199	-48.0
8	Camel	8161	5456	-33.1
9	Pig	358085	192766	-46.17
	Total Livestock	35616999	40693752	+14.25
	Poultry and other animals			
10	Dog	1522848	791356	-48.03
11	Rabbit	13919	10712	-23.0
12	Poultry	11704725	7384318	-37.0
	Grand Total	48858491	48880138	

(Source: - Administrative Report of the Department)

On this being pointed out, the Director stated (August 2010) that the decline was due to lukewarm interest shown by the animals' owners in animal breeding.

3.2.7 Financial Management

The position of budget provision, expenditure and savings during year 2007-10 was as shown in Table 3.13.

Table 3.13: Financial position

(₹ in crore)

Year	REVENUE						CAPITAL					
	Budget Provision				Expenditure	Saving (Per cent)	Budget Provision				Expenditure	Saving (Per cent)
	Original	Supplementary	Surrender	Total			Original	Supplementary	Surrender	Total		
2007-08	246.82	37.62	45.76	238.68	216.76	21.92 (9)	0.44	8.15	0.11	8.48	8.48	0.00
2008-09	298.13	9.06	0.00	307.19	255.17	52.02 (17)	0.90	-	-	0.90	0.86	0.04 (4)
2009-10	319.87	18.76	0.00	338.63	311.84	26.79 (8)	0.45	-	-	0.45	0.43	0.02 (4)
Total	864.82	65.44	45.76	884.50	783.77	100.73	1.79	8.15	0.11	9.83	9.77	0.06

(Source: - Appropriation Account)

The main reason for non-utilisation of funds was release of funds at the fag end of the financial year, non-receipt of Central shares in Central schemes and shortage of manpower.

Defeciencies noticed in financial management are discussed below:

3.2.7.1 Budgetary Control

Scrutiny of procedures followed in preparation of budget estimates, budget provision and expenditure as per Appropriation Accounts for the years 2007-10 revealed that:

Augmentation of supplementary grant proved unnecessary as the expenditure was less than the original budget provision.

- the demands for budget estimates were prepared on ad hoc basis without estimating the accurate requirements;
- against available savings of ₹ 146.66 crore during 2007-10, ₹ 45.87 crore was surrendered on the last day of the financial year (2007-08) and savings of ₹ 100.79 crore were allowed to lapse;
- since the actual expenditure of ₹ 783.77 crore under the revenue section was less than the original budget provision of ₹ 864.82 crore, the supplementary provision of ₹ 65.44 crore proved unnecessary.

Scheme-wise budget provisions and expenditure as shown in **Appendix-3.13** revealed as under:

- there were many schemes with savings of more than ₹ one crore and nine to 89 per cent of the total provision under grant nos 14 and 41;
- there were two cases in which reduction in the original budget provision through re-appropriation, resulted in excess expenditure under grant no 14;
- in three cases, there was no expenditure made against allotments of ₹ 15.35 crore under grant no 14 during 2009-10. Thus the provisions made in the budget were unnecessary.

The Principal Secretary, during the exit conference, stated that for effective financial control, a software called 'Integrated financial management information system' was under preparation.

3.2.7.2 *Parking of funds in Personal Deposit and Civil Deposit account*

An amount of ₹ 60.18 crore was drawn without immediate requirement and parked in Personal Deposit / Civil Deposit account.

Subsidiary Rule 284 of MPTC prohibits drawal of funds from the treasury unless required for immediate disbursement. It was noticed that contrary to the above rule, Central assistance of ₹ 60.18 crore (₹ 46.78 crore by the Director and ₹ 13.40 crore by the Director, Institute of Animal Health and Veterinary Biologicals, Indore) under various schemes was drawn from the treasury during 2007-10 without immediate requirement and kept in the Personal Deposit (PD)/Civil Deposit (CD) account. Balances lying in these accounts as on 31 March 2010 pertaining to year 2007-10 were as detailed in **Appendix – 3.14**.

On this being pointed out, the Director stated (August 2010) that the funds were drawn and deposited in PD/CD accounts to avoid lapse of budget grants and efforts were being made for its utilisation. The reply indicates that the funds were drawn without any immediate requirement in contravention of the provisions of Rule 284 of MPTC. The Principal Secretary, during the exit conference, stated that consultant advice was necessary in planning of IAHVB works.

3.2.7.3 *Diversion of funds*

An amount of ₹ 5.28 crore was sanctioned (March 2009) by GOI under the Rashtriya Krishi Vikas Yojna (RKVY) scheme for maintenance of cold chain/expansion of immunisation. The Director procured cryocanes²⁸ costing ₹ 1.17 crore for preservation/transportation of frozen semen for artificial insemination from the above sanction. Cryocanes had no correlation with maintenance of cold chain/expansion of immunisation.

On this being pointed out, the Director admitted (August 2010) that cryocanes were procured for making semen available to districts. The reply was not acceptable as cryocane was not a device prescribed for transportation of vaccines.

3.2.7.4 *Rush of Expenditure*

Expenditure in the last month of the financial year ranged between 14 to 19 per cent.

As per Rules 56 (3) and 69 of GFRs, expenditure should uniformly be spent throughout the year as far as possible. Rush of expenditure at the close of financial year is prone to the risk of Government not getting proper value for money as the expenditure taking place without due diligence and care. Appropriation audit revealed that during 2007-10, the percentage of expenditure in the month of March remained between 14 and 19 per cent as shown in **Table 3.14**.

²⁸ Cryocane: A container of Liquid Nitrogen for transporting semen.

Table 3.14: Status of flow of expenditure

(₹ in crore)

Year	Total Expenditure	In 1 st Quarter (Apr to Jun)	In 2 nd Quarter (Jul to Sep)	In 3 rd Quarter (Oct to Dec)	In 4 th Quarter (Jan to Mar)	Expenditure in the month of March (per cent)
2007-08	225.24	43.36	42.17	52.64	87.04	42.50 (19)
2008-09	256.03	49.57	54.05	70.19	82.24	40.70 (16)
2009-10	312.27	57.44	63.97	86.58	104.27	44.25 (14)

(Source: - Appropriation Account)

Rush of expenditure at the fag end of financial year was indicative of weak internal control over implementation of programmes and improper financial management within the department. The test-checked units assured to make efforts to avoid rush of expenditure.

3.2.7.5 Non-reconciliation of Expenditure

Monthly reconciliation of departmental expenditure was not done by DDOs.

To enable the Controlling Officers to exercise proper control over expenditure, standing instructions of the Government provided that the departmental figures of expenditure should be reconciled periodically with those recorded in the books of the Accountant General (Accounts and Entitlements) {AG (A&E)} before the close of the accounts for the years.

Scrutiny of records of the Directorate revealed that there were differences in the figures of expenditure as shown in Table 3.15 below.

Table 3.15: Non-reconciliation of expenditure figures

(₹ in crore)

Year	Expenditure booked by Accountant General (A&E)	As shown by the Department	Difference
2007-08	225.24	248.11	+ 22.87
2008-09	256.03	251.34	- 4.69
2009-10	312.27	301.41	- 10.86

(Source: -Appropriation Account and expenditure given by the department)

The Director stated (August 2010) that reconciliation had been done. The fact, however, remains that the differences in the figures of department and AG (A&E) indicate that either the reconciliation was not done or corrective action was not taken by the department before the close of accounts by AG (A&E). At the exit conference, the Principal Secretary stated that corrective action would be taken on priority.

3.2.7.6 Deficiency in maintenance of Expenditure Control Registers

As per Subsidiary Rule 297 of MPTC, expenditure control registers were required to be maintained by Budget Controlling Officers (BCO) and subordinate offices were required to send Monthly Expenditure Statements (MES) to BCOs. Test check revealed that expenditure control registers were not being maintained in the proper form. Monthly expenditure was recorded without mentioning the sub-head and

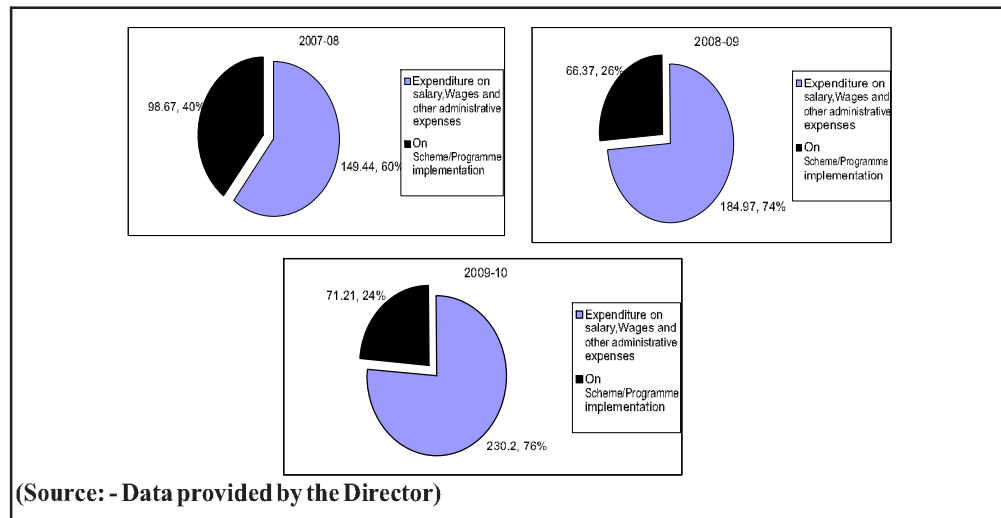
scheme-wise allocation of funds, making it difficult to monitor the excesses/savings under each sub-head. During the exit conference, it was assured that the codal provision would be followed strictly.

3.2.7.7 Establishment and other expenditure cost

Despite shortage of staff, the establishment cost gradually increased from 60 to 76 per cent.

The department had not fixed any norms for expenditure on administration and programme implementation. The administrative expenses increased from 60 to 76 per cent of the total expenditure during 2007-10, despite the shortage of 1550 (14 per cent) staff at various levels, resulting in non-availability of sufficient resources for implementation of various programmes/schemes. **Chart-3.16** shows the comparison of administrative expenditure and expenditure on implementation of schemes/ programme during 2007-10.

Chart 3.16: Status of Establishment and other expenditure cost



The department did not conduct any review to assess the actual requirement of staff in order to bring down the expenditure on establishment.

3.2.7.8 Creation of liabilities for next financial year

Rule 14 of MPFC, provides that liabilities should be cleared within the same financial year. Scrutiny of records of test-checked units revealed that travelling allowance bills and medical bills of ₹ 70.33 lakh²⁹ were pending for the last three to four years for payment.

On this being pointed out, the DDs stated (May 2010) that the pendency was due to inadequate budget provisions. The reply indicates ad hoc assessment of budget requirements.

29 Balaghat- ₹ 6.40 lakh, Bhopal (Directorate)- ₹ 0.31 lakh, Bhopal (DE)- ₹ 4.30 lakh, Chhatarpur- ₹ 1.10 lakh, Chhindwada- ₹ 1.87 lakh, Chhindwada (GPF)- ₹ 17.38 lakh, Gwalior- ₹ 0.86 lakh, Hoshangabad- ₹ 3.12 lakh, Indore (LAHVB)- ₹ 3.28 lakh, Jabalpur- ₹ 0.27 lakh, Jhabua- ₹ 21.69 lakh, Khandwa- ₹ 1.14 lakh, Mandla- ₹ 1.18 lakh, Narsinghpur- ₹ 0.78 lakh, Shivpuri- ₹ 1.26 lakh, Tikamgarh- ₹ 3.25 lakh and Umaria- ₹ 2.14 lakh.

3.2.7.9 Handling of Cash, Stores by officials without security deposit

Rule 282 of MPFC provides that officials handling cash/stores were required to deposit security. Records of 30 test-checked units revealed that 16³⁰ officials handling cash and 20³¹ officials handling stores had not deposited security.

On this being pointed out, the DDs stated (July 2010) that the required security would be got deposited shortly.

3.2.7.10 Unadjusted temporary advances

Temporary advances of ₹ 38.65 lakh remained unadjusted from six months to 30 years.

According to Rule 53(IV) of MPTC, temporary advances should not be allowed to remain unadjusted for more than three months. Scrutiny of records in test-checked units revealed that in 13 units, temporary advances of ₹ 38.65 lakh³² were pending for adjustment for periods ranging from six months to 30 years. The DDs stated (May 2010) that efforts were being made to adjust temporary advances.

Further scrutiny of cash books of the DDs Narsinghpur and Hoshangabad, revealed that amounts of ₹ 4.11 lakh and ₹ 0.07 lakh respectively were being shown as advances in the cash book of DDs from 1989 and 1979 respectively due to non-availability of details of advances and persons to whom these advances were paid.

During the exit conference, the department assured to take necessary action for adjustment of advances.

3.2.7.11 Defective maintenance of Cash Book

Subsidiary Rule 53 of MPTC, provides that fortnightly verification of drawals is to be conducted with reference to treasury voucher slips. Temporary advances are required to be recorded with red ink and not to be accounted for as final payments. At the end of each month, the DDO is required to verify cash under his dated signature and the analysis of cash is to be recorded in the cash book. Daily totals of cash book are required to be checked by a person other than the writer of cash book and each DDO is required to maintain a cash book in the form MPTC-5. Every transaction as soon as it occurs is required to be entered in the cash book and got attested by the competent authority.

30 Bhopal (DE), Chhindwada, Guna, Gwalior, Indore, Jabalpur, Mandla (AITI), Mandla, Narsinghpur, Ratlam, Rewa, Sagar (JD), Sehore, Shahdol, Shivpuri and Umaria.

31 Bhopal (DE), Chhindwada, Chhindwada (GPF), Guna, Gwalior, Indore (IAHVB), Indore, Jabalpur, Jhabua, Mandla (AITI), Mandla, Narsinghpur, Ratlam, Rewa, Sagar (JD), Sagar, Sehore, Shahdol, Shivpuri and Umaria.

32 Balaghat- ₹1.12 lakh, Bhopal (Directorate)- ₹0.13 lakh, Chhatarpur- ₹1.11 lakh, Dhar- ₹18.53 lakh, Hoshangabad- ₹ 0.07 lakh, Jabalpur- ₹ 0.15 lakh, Mandla- ₹ 4.15 lakh, Narsinghpur- ₹ 0.26 lakh, Sagar- ₹8.39 lakh, Seoni- ₹0.97 lakh, Shahdol- ₹3.18 lakh, Tikamgarh- ₹0.45 lakh and Umaria- ₹0.14 lakh.

Scrutiny of records revealed that fortnightly verification of drawals had not been done in 14³³ of the selected units. The analysis of cash balances at the end of each month were not worked out by the DDOs. Details of cash books were not being regularly checked by persons other than the writers of the cash books.

An amount of ₹ 48.16 lakh was not entered in the main cash book.

Further scrutiny of records of four test-checked units revealed that ₹ 48.16 lakh³⁴ received for implementation of schemes was entered in the subsidiary cash book instead of the main government cash book maintained in form MPTC-5. Audit further observed that Principal, AITI Mandla opened a current account instead of a savings account in a bank and deposited ₹ 11.56 lakh of various schemes. This resulted in loss of interest of ₹ 2.96 lakh upto March 2010.

On this being pointed out, the DDs replied (May 2010) that subsidiary cash books would be merged in the Government cash books. However, action had not being taken upto November 2010.

3.2.7.12 Defects in maintenance of Bill Register

According to Subsidiary Rule 197 of MPTC, the bill register should be reviewed monthly by DDO and results recorded in it. Monthly abstracts should be prepared at the end of the month giving details of bills submitted to the treasury, the total numbers of bills passed, the total numbers of cancelled bills, bills pending etc.

Scrutiny of bill registers in 13³⁵ test-checked units revealed that neither was the review of bill registers conducted by DDOs nor were abstracts prepared. DDOs assured (May to September 2010) its compliance in future.

3.2.8 Programme management

3.2.8.1 Non-conducting of inspection of bulls

The Madhya Pradesh Livestock Improvement Act 1950 (MPLSIA) stipulated that no person was to keep in his possession any bull without marks for reproduction purpose. The Veterinary Officer (VO) was responsible for inspection of bulls in the area under jurisdiction. He was either to mark the bulls for reproduction purpose or order their castration.

Audit observed that compliance of the provisions of MPLSIA was not on record in any test-checked unit as records related to inspection of bulls and marking of bulls were not maintained in the veterinary units of the districts. During the exit conference, the department assured to take action for implementation of the Acts and Rules.

- 33 Bhopal (DE), Chhatarpur, Guna, Hoshangabad, Indore (IAHVB), Indore, Jabalpur, Jhabua, Mandla (AITI), Narsinghpur, Ratlam, Sagar (JD), Shivpuri and Tikamgarh.
- 34 Hoshangabad- ₹11.05 lakh, Indore- ₹6.21 lakh, Mandla- ₹19.34 lakh and Mandla(AITI)- ₹11.56 lakh.
- 35 Bhopal (Directorate), Guna, Gwalior, Indore, Jabalpur, Mandla (AITI), Narsinghpur, Ratlam, Sagar (JD), Shahdol, Shivpuri, Ujjain, and Umaria.

3.2.8.2 Artificial and Natural Insemination

Shortfall in Artificial Insemination was 13 to 18 per cent and in calving through Artificial insemination was eight to 23 per cent.

Government of India formulated (2000-01) a scheme viz. 'National project for cattle and buffalo breeding' which was to be implemented in two phases (First phase 2000-06 and second phase 2007-12). The main objective of the scheme was to cover 100 per cent breedable cattle and buffalo population by the end of the second phase by systematically organising artificial insemination (AI) and natural insemination (NI) services. The breedable population of 1.21 crore (as per Animal Census 2007) of the State was to be covered for insemination in the ratio of AI 60 per cent and NI 40 per cent.

The position of departmental targets and achievement of AI and NI and calving in the State during 2007-10 is shown in Table 3.17 below:

Table 3.17: Targets and Achievements of AI, NI and Calving
(Figure in lakh)

Particular	2007-08			2008-09			2009-10		
	T	A	S (per cent)	T	A	S (per cent)	T	A	S (per cent)
AI	8.61	7.48	1.13 (13)	9.59	7.82	1.77 (18)	10.36	8.49	1.87 (18)
Calving through AI	2.71	2.08	0.63 (23)	2.54	2.18	0.36 (14)	2.66	2.46	0.20 (8)
NI	NA	0.68	-	NA	1.63	-	NA	1.97	-
Calving through NI	-	0.33	-	-	0.60	-	-	0.87	-

(Source: - Data provided by the Directorate)

T=Target, A=Achievement, S=Shortfall, NA= Not Available

Scrutiny of records revealed that:

- out of total funds of ₹ 19.64 crore available with the Directorate, under the 'National Project for Cattle and Buffalo Breeding', an amount of ₹ 2.16 crore was not utilised upto March 2010.
- in the test-checked units, the average shortfall in AI was 22, 23 and 24 per cent in 2007-08, 2008-09 and 2009-10 respectively.

On this being pointed out, the Director stated (August 2010) that shortage of staff, short supply of Liquid Nitrogen (LN₂) and animal diseases were the reasons for shortfalls in AI and NI. The reply indicates that the department failed to resolve the constraints to achieve the targets. During the exit conference, the Principal Secretary informed that AIs are also done by NGOs and Milk Federation.

3.2.8.3 Unfruitful expenditure in Nandishala Scheme

With a view to provide natural insemination to the breedable population in remote rural areas of the State, the Nandishala scheme was launched in February 2006. Under the scheme, high grade indigenous species of cow bulls like Shahiwal,

Thaparkar, Geer, Malwi, Nimadi were to be supplied to beneficiaries on subsidy basis from the Government including nutritional food for the first sixty days.

Scrutiny of records related to the scheme revealed that from February 2006 to March 2010, only 5,966 (94 *per cent*) bulls were provided against the target of 6,329 bulls. Of these, only 1,719 and 2,029 bulls were available for providing natural services during 2008-09 and 2009-10 respectively and efforts, if any, made to obtain their services were not on record. Hence, the proportionate expenditure by way of subsidy amounting to ₹ 4.71 crore on procurement of 3,937 bulls was rendered unfruitful. During 2008-09 and 2009-10, average NI per bull per year was 34 against 100 per bull per year specified in the scheme while the calf production was 13 calves per bull during 2008-09 and 15 per bull during 2009-10 against the target of 60 calves per bull per year.

It was stated (September 2010) by DDs that the information regarding these bulls was being collected.

3.2.8.4 Government veterinary farms

The farms incurred losses ranging from ₹ 4.07 crore to ₹ 5.59 crore.

For improving species of domestic animals like cattle, buffalo and goats, the Government had established 12 veterinary farms in the State to produce upgraded hybrid animals for supply to beneficiaries on rates fixed by the Government. Farms were provided with the required infrastructure, qualified manpower and animals of exotic genus. Scrutiny of records revealed that in spite of sufficient infrastructure and manpower, these farms were running in losses. Details of 11 farms were as given in Table 3.18 below.

Table 3.18: Uneconomic operation of Farms

(₹ in lakh)

Name of Farm ³⁶	2007-08			2008-09			2009-10		
	Exp.	Income	Loss	Exp.	Income	Loss	Exp.	Income	Loss
Balaghat (CBF)	36.02	7.43	28.59	36.78	9.29	27.49	54.54	8.27	46.27
Bhopal (CBF)	131.11	30.40	100.71	128.99	24.07	104.92	186.98	21.58	165.40
Chhindwara (CBF)	62.92	2.87	60.05	60.90	1.89	59.01	40.93	2.78	38.15
Gwalior (GBF)	9.46	2.17	7.29	10.93	1.23	9.70	13.96	1.90	12.06
Jabalpur (BRF)	14.65	0.01	14.64	17.12	1.24	15.88	25.41	0.36	25.05
Mandsour (SBF)	25.22	0.20	25.02	36.42	0.13	36.29	39.47	0.05	39.42
Sagar (CBF)	46.95	21.75	25.20	67.21	31.47	35.74	59.75	36.07	23.68
Shajapur (CBF)	41.50	11.06	30.44	45.15	14.25	30.90	57.86	15.49	42.37
Shivpuri (SBF)	48.29	0.08	48.21	54.84	0.46	54.38	70.80	0.84	69.96
Tikamgarh (CBF)	20.84	3.06	17.78	31.25	6.86	24.39	38.49	8.56	29.93
Tikamgarh (SBF)	49.47	0.38	49.09	57.29	0.08	57.21	66.73	0.31	66.42
Total	486.43	79.41	407.02	546.88	90.97	455.91	654.92	96.21	558.71

(Source: - Data provided by the Directorate)

The reasons for annual losses ranging from ₹ 4.07 crore to ₹ 5.59 crore were delayed replacements of animals, non-maintenance of ratios of productive and non-productive animals and non-preparation of schedule of farm operations.

36 CBF – Cattle Breeding Farm, GBF – Goat Breeding Farm, BRF – Bull Rearing Farm, SBF – Sheep Breeding Farm.

On this being pointed out, the DDs stated (May 2010) that the object of the farms was not to earn profit but to produce high breed animals. The reply is not convincing as the farms were equipped with required infrastructure facilities and adequate manpower to run the farms on no profit no loss basis. During the exit conference, the Principal Secretary stated that price fixation of farm products was not linked to cost of production.

3.2.8.5 Non-recovery of Artificial Insemination fee at enhance rates

Loss of ₹ 1.70 crore due to non-collection of Artificial Insemination fees at prescribed rates.

Government fixed (January 2005) AI fee of ₹ 30 per AI for urban areas and ₹ 20 per AI for rural areas. In the test-checked units, it was found that AI fees were not charged at the prescribed rates. Instead, the districts were charging fees at different rates, which resulted in a loss of revenue amounting to ₹ 1.70 crore³⁷ during 2007-10.

At the exit conference, the Principal Secretary assured that fees would strictly be charged as per the prescribed rates.

3.2.8.6 Beneficiary-oriented Schemes

Beneficiary-oriented schemes viz. Mass Poultry Production Programme (Backyard) and distribution of bulls, goats, milch animals etc. and setting up of dairy and poultry units at small scales on subsidy basis were being implemented for generating employment among weaker sections of the society. Subsidy plus beneficiaries shares were deposited with various agencies like the Madhya Pradesh Pashudhan evam Kukkut Vikas Nigam (MPPKVN) and Government Poultry Farm (GPF) for supply of animals. Scrutiny of records revealed that out of ₹ 28.94 crore allotted during 2007-10 for implementation of these scheme, ₹ 2.85 crore was surrendered. Targets for seven activities were reduced in 2009-10 (**Appendix-3.15**) for which no reasons were available on record. Shortfall in achieving the distribution of livestock under the beneficiary schemes was six to 23 per cent during 2007-10. Significant shortfall of 99 per cent in the backyard scheme during 2009-10 was not analysed by the department.

In the backyard scheme, 99 per cent shortfall was noticed.

In the test-checked units, it was observed that animals were not supplied under these schemes up to July 2010 and an amount of ₹ 55.07 lakh³⁸ was lying idle with MPPKVN/GPF. Out of the subsidy amount of ₹ 1.79 crore provided for distribution of goat and milch cattle during 2008-10, ₹ 48.60 lakh³⁹ was lying unutilised in banks.

37 Balaghat- ₹5.58 lakh, Betul- ₹11.19 lakh, Chhatarpur- ₹7.09 lakh, Chhindwada- ₹7.02 lakh, Dhar- ₹9.24 lakh, Guna- ₹1.65 lakh, Gwalior- ₹4.89 lakh, Hoshangabad- ₹6.02 lakh, Indore- ₹15.04 lakh, Jabalpur- ₹14.49 lakh, Jhabua- ₹9.87 lakh, Khandwa- ₹5.03 lakh, Mandla- ₹8.42 lakh, Narsinghpur- ₹8.71 lakh, Ratlam- ₹6.66 lakh, Sagar- ₹9.87 lakh, Sehore- ₹8.22 lakh, Shivpuri- ₹5.69 lakh, Tikamgarh- ₹7.56 lakh, Ujjain- ₹15.77 lakh and Umaria- ₹2.09 lakh.

38 Balaghat- ₹0.78 lakh, Dhar- ₹6.63 lakh, Guna- ₹2.52 lakh, Hoshangabad- ₹2.16 lakh, Jabalpur- ₹2.23 lakh, Khandwa- ₹2.40 lakh, Mandla- ₹18.12 lakh, Narsinghpur- ₹2.57 lakh, Ratlam- ₹1.92 lakh, Sagar- ₹1.33 lakh, Seoni- ₹3.45 lakh, Shahdol- ₹2.02 lakh, Shivpuri- ₹0.83 lakh, Tikamgarh- ₹2.02 lakh and Umaria- ₹6.09 lakh.

39 Dhar- ₹ 9.57 lakh, Guna- ₹ 4.39 lakh, Jabalpur- ₹ 13.28 lakh, Khandwa- ₹ 0.87 lakh, Shivpuri- ₹ 11.06 lakh and Tikamgarh- ₹ 9.43 lakh.

On this being pointed out, the Director stated (August 2010) that the above targets were fixed on the recommendation of the District Planning Committees and the State Planning Committee.

The reply is not convincing as suo-moto reduction of targets approved by DPC and SPC indicated lack of accountability and poor implementation of schemes.

3.2.8.7 Production of Animal Produce

The position of production in respect of four main livestock products in the State was as given in **Table 3.19** below:

Table 3.19: Shortfall in Production

Particular	2007-08		2008-09		2009-10	
	T	A	T	A	T	A
Milk Production (000 metric tonne)	6644	6572.4	6895	6854.8	7240	7166.9
Eggs Production (in lakh)	9574	9747	10816	6714.8	12006	6814.2
Wool Production (000 kg)	443	401	403	380.9	404	369.2
Meat Production (000 tonne)	21.5	20.6	23.3	34.2	37.2	36

(Source: - Data provided by the Directorate) T=Target, A=Achievement

In the test-checked districts, egg production (17 districts) and wool production (six districts) declined during 2008-09.

In the test-checked districts, the production of milk declined in eight districts, ranging from four to 20 *per cent* during 2008-09, egg production declined in 17 districts ranging from nine to 63 *per cent* and wool production declined in six districts ranging from eight to 100 *per cent* during 2008-09. District-wise data for 2009-10 was not available in the Directorate. The Director stated (August 2010) that shortfall in the production of eggs was due to the impact of bird flu in the State. Shortfall in wool production was due to reduction in the number of sheep in the State and the fact that sheep-owners were not taking interest in sheep-rearing.

The reply is not acceptable as the department neither furnished any documentary evidence of incidence of bird flu nor any departmental/State Disease Diagnostic Laboratory (SDDL) report of such incidence was on record of test-checked units. The department did not conduct any survey to assess the reasons for sheep-owners not taking interest in sheep-rearing. Thus, the department failed to take remedial measures to encourage sheep-rearing and increase in wool production.

3.2.8.8 Non-examination of agriculture cattle for slaughter

Compliance of the Acts and Rules were not found in test-checked units.

According to the Agriculture Cattle Preservation Act 1959 (ACPA) a Veterinary Officer (VO) was required to be posted for examination of agricultural cattle before slaughter. A register in form C was to be maintained by him showing details of cattle examined and certificates under the provisions laid down in the Act was to be issued by him. However, VOs were neither posted for implementation of ACPA nor were registers maintained in form C.

3.2.9 Capacity building

3.2.9.1 Shortage of Veterinary Centres

Shortage of 3467 veterinary centres and 9868 artificial insemination centres were found in the State.

As per the recommendations of the National Agriculture Council (NAC), one veterinary centre (either veterinary hospital or dispensary) was required for 7000 livestock population. Similarly, one AI centre was required for one thousand livestock breedable population. Scrutiny of records revealed that against the requirement of 5,813 veterinary centres for the existing 4.07 crore livestock population in the State, 2,346 veterinary centres (608 hospitals and 1,738 dispensaries) were functioning. Thus, 3,467 veterinary centres were short in the State. Similarly, against the requirement of 12,104 AI centres for 1.21 crore breedable population, only 2,236 AI centres (18 *per cent*) were functioning.

Shortage of veterinary centres and AI centres adversely affected breed improvement and the productivity of animals.

3.2.9.2 Inadequate physical infrastructure for Veterinary Services

1180 veterinary institutions were functioning without their own buildings.

Greater access and proper implementation of various services cannot be ensured without sufficient infrastructure. Scrutiny of records of the Directorate revealed that out of total 4,582 institutions, 1,180 (26 *per cent*) institutions were functioning without their own buildings. In the test-checked units, 572 veterinary institutions were functioning without their own buildings, 325 units were without electricity and 311 were without cold chain facilities.

On this being pointed out, the Director/DDs stated (August 2010) that efforts were being made to increase the infrastructure.

3.2.9.3 Hospital and Dispensaries functioning without VASs and AVFOs

147 hospitals were running without VAS.

With a view to provide veterinary care to animals, veterinary hospitals and dispensaries were established. According to the staff pattern, one Veterinary Assistant Surgeon (VAS) for each hospital and one Assistant Veterinary Field Officer (AVFO) for each dispensary along with para-veterinary staff were sanctioned for providing veterinary care in health institutions. Scrutiny of records revealed that 147 hospitals were functioning without VAS in the State. Out of 20 test-checked districts, in the 11 districts, 64 hospitals and 141 dispensaries were functioning without VASs and AVFOs for one to 14 years. **(Appendix-3.16)**

On this being pointed out, the Director/DDs stated (August 2010) that VASs and AVFOs of neighbour hospitals were diverted for providing treatment at the vacant hospitals and dispensaries and action for posting of VASs/AVFOs was being initiated. During the exit conference, the Principal Secretary intimated that recruitment of 89 personnel was under process.

3.2.9.4 Irregular expenditure under Rashtriya Krishi Vikas Yojna

The State Level Sanctioning Committee (SLSC) constituted (July 2008) under the chairmanship of the Chief Secretary to consider the departmental project report under the State Agriculture Plan (SAP) for Rashtriya Krishi Vikas Yojna (RKVY) instructed (July 2008) that activities such as purchase of vehicles, posting of permanent staff, construction of permanent structures and large buildings were not permissible under RKVY.

Scrutiny of records revealed that the Director purchased (December 2008) three Mahindra Bolero vehicles (₹ 12.87 lakh) and two tractors (₹ 8.91 lakh) despite prohibition by SLSC and these were allotted to farms. Thus there was an irregular expenditure of ₹ 21.78 lakh.

Expenditure of ₹ 12.78 crore was incurred against the instructions of the State Level Sanctioning Committee.

Scrutiny also revealed that funds amounting to ₹ 12.35 crore were released (November 2008 to August 2009) for construction of a State level training centre at Bhopal and cattle sheds in veterinary farms. The construction work of the training centre was still incomplete (August 2010) and furniture, laptops and computers worth ₹ 21.90 lakh were purchased during 2008-09 and were lying unused in the directorate. Thus release of ₹ 12.35 crore was irregular.

The above facts indicate that the expenditure of ₹ 12.78 crore was incurred without observing the instructions of SLSC. During the exit conference, the department assured to get sanction from SLSC.

3.2.10 Quality Control

3.2.10.1 Milk and Milk Products Quality Control Laboratory

A mention was made in para 5.1.8.5 of the Audit Report of 2005-06 that out of an amount of ₹ 32.90 lakh released by GOI in October 2001 for establishment of a Quality Control Laboratory (QCL) at Bhopal, an amount of ₹ 8.04 lakh was spent on purchase of laboratory items. An amount of ₹ 24.86 lakh was refunded to GOI in March 2007 due to non-revalidation of sanction. In addition to this, an amount of ₹ 35 lakh was received in 2009-10 from GOI which also could not be utilised till October 2010 due to non-construction of QCL building. Thus, the QCL was not established despite availability of funds. The expenditure of ₹ 8.04 lakh on purchase of laboratory items also remained unfruitful as these items could not be installed due to non-establishment of QCL. During the exit conference, the Principal Secretary stated that survey was being conducted to finalise the design of the QCL.

3.2.10.2 Upgradation of Feed Testing Laboratory

Feed testing laboratory was not upgraded despite availability of funds.

Estimation of urea, alfa toxin and minerals in animal feed is essential because these components increase the crude protein percentage in livestock/poultry feed which causes poor health status and death of animals. A feed testing laboratory was established in 1972-73 at Bhopal. The laboratory had analysis facility of only crude protein, crude fibre, crude fat and percentage of insoluble minerals like calcium and

phosphorus. In view of the above, an amount of ₹ 53.66 lakh (urea estimation: ₹ 4.27 lakh, alfa toxin estimation: ₹ 22.13 lakh, mineral mixture: ₹ 2.26 lakh and automatic analyzer: ₹ 25 lakh) was sanctioned during 2008-09 under RKVY scheme for upgradation of the feed testing laboratory. The sanctioned amount was not utilised up to March 2010 and was parked in PD account.

On this being pointed out, the Director stated (August 2010) that the process of upgradation work was in progress and would be completed shortly.

3.2.10.3 Upgradation of State Disease Diagnostic Laboratory

Government of India sanctioned and provided (2008-09) an amount of ₹ 22 lakh for upgradation of the State Disease Diagnostic Laboratory (SDDL) Bhopal as a Bio Security Laboratory (BSL) level II under the World Bank assisted project Preparedness Control and Containment of Avian Influenza.

Scrutiny of records of the Directorate revealed that ₹ 9.50 lakh was released in January 2010 (₹ eight lakh to the Public Works Department (PWD) for modification of laboratory building and ₹ 1.50 lakh to SDDL Bhopal). Out of ₹ 12.50 lakh released in February 2008 for laboratory equipment, the Director purchased office equipment such as laptops, UPS etc. worth ₹ 2.59 lakh and the remaining amount of ₹ 9.91 lakh was deposited in a PD account. Thus upgradation of laboratory could not be done.

On this being pointed out, the Director stated (August 2010) that the equipment would be purchased after approval of tender.

3.2.10.4 Control of animal diseases

In spite of over-achievement of vaccination targets, incidence of outbreaks of disease was high.

Government of India approved a programme of Assistance to the State for Control of Animal Diseases (ASCAD) on 75:25 sharing basis between the Central and the State government for controlling and preventing the outbreak of epidemic diseases and contagious diseases by vaccination.

Scrutiny of records revealed that despite over-achievement of targets of vaccination of Foot and Mouth Disease (FMD), Haemorrhagic Septicaemia (HS) Black Quarter (BQ), Pestis des Petits the Ruminants (PPR) vaccines (State level), the incidence of outbreaks of disease remained high in the State in respect of HS, BQ and FMD as shown in Table 3.20 below.

Table 3.20 : Status of Outbreaks

Year	Number of Outbreaks	Name of vaccines			
		HS	BQ	FMD	SF (Swine flu)
2007-08	66	30	6	23	7
2008-09	98	32	10	52	4
2009-10	95	44	10	26	15

(Source: - Data provided by SDDL)

In 19 out of 20 test-checked districts, (except Khandwa) the district authorities were unaware about the outbreaks and the number of animals affected in their jurisdiction. This indicates that the vaccination was ineffective. This could be due to non-maintenance of cold chain during transportation and preservation of vaccines. The matter was informed to the Director (August 2010) but their reply was awaited.

3.2.10.5 Non-establishment of quarantine stations

The Central Province Cattle Disease Act 1934 (CPCDA)/ The Prevention and Control of Infectious and Contagious Diseases in Animals Act, 2009 required establishment of a quarantine station at the entryway of the State/districts. The VO was to be posted for checking migratory cattle to check the contagious diseases. He was empowered to detain cattle for vaccination etc. or allow them to pass out from quarantine check post and issued permits under Section 7 of the Act. However, quarantine stations were not established in any of the test-checked units in the State under CPCDA.

3.2.11 Human Resource Management

3.2.11.1 Inadequate Human Resource Management

The department had not assessed category-wise requirement of manpower and well-defined work norms. Category-wise position of staff in the State as on 31 December 2009 was as given in **Table 3.21** below:

Table 3.21: Position of Human Resources

S.No	Category	Sanctioned Strength	Working Strength	Shortage (Per cent)
1	1 st Class	76	45	31 (41)
2	2 nd Class	1350	1004	346 (26)
3	3 rd Class	6512	5425	1087 (17)
4	4 th Class	2919	2833	86 (3)
	Total	10857	9307	1550 (14)

(Source: - Data provided by the Directorate)

Acute shortage of veterinary staff was noticed in the department.

Against the overall sanctioned strength of 10857, only 9307 persons were in position as on December 2009. In spite of shortage of staff in the cadre of DDs (43 *per cent*), VASs (25 *per cent*) and AVFO (18 *per cent*), 35 VASs were on deputation to other departments, which adversely affected the services for animal health care and breed improvement.

The Director attributed (January 2010) the vacancies mainly to ban on appointments and informed that proposals had been sent to the Government for repatriating employees on deputation.

3.2.11.2 Irregular expenditure on staff of cattle breeding farm

The Government cattle breeding farm at Kiratpur, district Hoshangabad was handed over (1995) to Madhya Pradesh Pashudhan evam Kukkut Vikas Nigam (MPPKVN). According to conditions of the transfer, the pay and allowances of staff working in the farm were to be paid from the Animal Husbandry Department only up to 2000.

Scrutiny of records of the DD concerned revealed that payment of the salary of four staff members continued to be paid from the Animal Husbandry Department even after 2000. This resulted in irregular expenditure of ₹ 43.93 lakh on the staff of the farm.

On this being point out, the DD replied (June 2010) that the matter had been reported to the Director and his orders were awaited.

3.2.11.3 Irregular expenditure on Pay and Allowances of attached staff

Expenditure of ₹ 3.38 crore was incurred on staff working in other departments.

According to instructions issued (25 August 2000) by the General Administration Department (GAD), attachment of employees was to be stopped with immediate effect and all employees on deputation were required to be repatriated to their parent department.

During the course of audit of selected districts, it was observed that 69 employees were still attached to other offices like Zila Panchayat, Janpad Panchayat, Collectorate etc and their pay and allowances were debited to the Animal Husbandry Department. Thus, expenditure of ₹ 3.38 crore⁴⁰ on pay and allowances of attached employees was irregular.

On this being pointed out, the DDs stated (July 2010) that action would be taken in this respect.

3.2.11.4 Shortfall in Artificial Insemination training

During 2007-10, 45 to 72 per cent shortfall was noticed in artificial insemination training.

An AI training centre at Mandla was established to provide training on AI, technical training to VASs and AVFOs, refresher course for former trainees and basic training for intended rural persons.

Scrutiny of records of the training centre revealed that against the target of 890, only 375 (42 per cent) persons were trained during the year 2007-10. Details of training conducted are given in Table 3.22.

Table 3.22: Status of AI Training

Year	Target	Achievement	Shortfall (per cent)	Total Expenditure (₹ in lakh)	Proportionate expenditure of shortfall (₹ in lakh)
2007-08	340	186	154 (45)	22.72	10.22
2008-09	285	114	171 (60)	27.73	16.63
2009-10	265	75	190 (72)	33.60	24.19
Total	890	375	515 (58)	84.05	51.04

(Source:- Records of AITI, Mandla)

Seventy five to 186 trainers were imparted training during the year 2007-10. The shortfall ranged between 45 to 72 per cent.

The DD replied (May 2010) that the districts did not send VASs, AVFOs and *Gau-sevaks* for training.

40 Balaghat (4 employees) ₹ 17.89 lakh, Chhatarpur (3) ₹ 23.13 lakh, Chhindwada (6) ₹ 32.49 lakh, Dhar (2) ₹ 4.13 lakh, Guna (9) ₹ 21.29 lakh, Hoshangabad (4) ₹ 18.36 lakh, Jabalpur – (4) ₹ 9.69 lakh, Jhabua (3) ₹ 20.83 lakh, Mandla (4) ₹ 32.85 lakh, Narsinghpur (6) ₹ 43.54 lakh, Rewa (1) ₹ 5.19 lakh, Seoni (5) ₹ 30.11 lakh, Shahdol (3) ₹ 25.34 lakh, Shivpuri (3) ₹ 20.67 lakh and Tikamgarh (12) ₹ 32.57 lakh.

3.2.12 Stores and Material Management

3.2.12.1 Non-preparation of Stores and Stock accounts

Out of 30 test-checked units 25 units were not preparing stores and stock accounts.

Rules 124 to 126 of MPFC provide that stores and stock accounts should be prepared annually by each office dealing with purchase and issue of medicines, equipment and machineries. Physical verification of stores should also be conducted annually and the store-keeper should be trained in the inventory control mechanism. Test check of records of the Directorate and selected units revealed that stores and stock accounts were prepared only in five units viz. Balaghat, Betul, Chhatarpur, Hoshangabad and Indore (IAHVB) out of the 30 test-checked units.

DDs of the other units stated (July 2010) that stores and stock accounts would be prepared in future.

3.2.12.2 Disposal of unserviceable items

Unserviceable items worth ₹ 1.30 crore were lying undisposed off for periods up to 20 years.

According to Rule 141 of MPFC, unserviceable items should be identified during annual physical verification and disposed off through auction etc. and should be finally written off from the stores accounts.

Scrutiny of records in selected units revealed that unserviceable items such as Nitrogen plant, Crayocanes, Tractors, Vehicles etc. valuing ₹ 1.30 crore⁴¹ were lying in the stores for periods up to 20 years.

The Director/DDs stated (June 2010) that the disposal was pending due to fixing of higher prices than fixed by the department for auction. Efforts made to revise the prices were also not available on record.

3.2.12.3 Lack of quality assurance of medicines

Medicines were used without ascertaining their quality.

Medicines required in the department were being purchased from firms after inviting tenders and supplied to the veterinary centres for utilisation. There was no system in place for checking of medicines before use and therefore, no quality checks were applied before use of the medicines. All the medicines purchased were being consumed without ascertaining their quality.

During the exit conference, the department assured to take necessary action for quality control of medicines.

41 Balaghat- ₹ 3.49 lakh, Bhopal (DE)- ₹ 74.72 lakh, Chhatarpur- ₹ 16.37 lakh, Chhindwada- ₹ 13.54 lakh, Chhindwada (GPF)- ₹ 0.21 lakh, Hoshangabad- ₹ 0.35 lakh, Jabalpur- ₹ 0.18 lakh, Khandwa- ₹ 16.81 lakh, Mandla- ₹ 0.17 lakh, Narsinghpur- ₹ 1.57 lakh, Sagar- ₹ 0.09 lakh, Sehore- ₹ 0.91 lakh, Seoni- ₹ 0.12 lakh, Tikamgarh- ₹ 0.32 lakh and Umariya- ₹ 1.04 lakh.

3.2.12.4 Production of vaccines without renewal of drug manufacturing licence

The Institute of Animal Health and Veterinary Biologicals (IAHVB) was established with the objective of large scale production of veterinary biological and other ancillary preparations as per prescribed standards. For this, the institute required a drug manufacturing licence which was to be renewed from the Controller, Food and Drugs (CFD).

Vaccines were produced without renewal of licence since 2002.

During scrutiny of records, it was observed that renewal of the drugs licence of this institute was pending from 2002 due to non-compliance of requirements as per the current Good Manufacturing Practices (cGMP), Rules. As reported (February 2003) by CFD, the institute was engaged in manufacturing various vaccines without valid required licences.

Government sanctioned (2007-08) an amount of ₹ 10 crore (₹ eight crore for construction and ₹ two crore for purchase of machines and equipment) for implementation of cGMP norms. No upgradation work was taken up and the funds were deposited in PD accounts. On this being pointed out, the Director stated (September 2010) that modernisation of the institute as per requirement of cGMP would be completed after appointing a consultant at the Government level.

3.2.12.5 Use of animal feed without testing

Animal feed valuing ₹ 90.78 lakh was used without testing against the instructions of the Director.

According to instructions issued by the Director, Veterinary Services and also by Feed Analysis Laboratory (FAL) Bhopal, feed of all the batch numbers purchased by the institutions was to be got analysed from the feed testing laboratory. Feed, the sample of which was found sub-standard was not to be used for animals.

Scrutiny of records of DDs revealed that feed valuing ₹ 90.78 lakh⁴² purchased under various departmental schemes was utilised without getting sample tested in any Government laboratory and no collateral study was found in the department on the effect of this feed.

On this being pointed out, the Director and DDs stated (September 2010) that the feed was purchased from Government undertakings/firms and hence was not tested. The reply is not acceptable because samples of all the feed purchased were required to be tested.

42 Balaghat- ₹ 29.02 lakh, Chhatarpur- ₹ 2.04 lakh, Gwalior- ₹ 4.74 lakh, Dhar- ₹ 4.08 lakh, Hoshangabad- ₹ 4.92 lakh, Indore- (IAHVB) ₹ 4.11 lakh, Indore- ₹ 4.27 lakh, Khandwa- ₹ 13.50 lakh, Mandla- ₹ 5.80 lakh, Narsinghpur- ₹ 8.91 lakh, Shahdol- ₹ 1.26 lakh, Shivpuri- ₹ 1.72 lakh, Tikamgarh- ₹ 1.58 lakh and Umaria- ₹ 4.83 lakh.

3.2.12.6 Preservation and transportation of vaccines at higher temperature

Vaccines of ₹ 1.78 crore were transported at atmospheric temperature against instructions.

It was provided in the brochure designed by the Director, IAHVB Indore that while supplying vaccines, they were required to be preserved between temperatures of 2°C to 8°C.

Scrutiny of records of test-checked units revealed that vaccines costing ₹ 1.78 crore⁴³ were not preserved at the required temperatures to save their potency due to non-availability of deep freezers, refrigerator van (used for maintaining cold chain). Thus, their storage and transportation at atmospheric temperature would have been adverse effect on their potency.

On this being pointed out, the DDs replied (May to September 2010) that the vaccines were stored in cool places and utilised without testing due to lack of testing facilities. The reply is not tenable as storage at atmospheric temperature was bound to affect the potency of the vaccines.

3.2.12.7 Excess expenditure due to wastage of Straws

Straw were required for AI and Liquid Nitrogen (LN₂) was required for preservation of straws. One straw dose was sufficient for one AI.

Six to 19 per cent straw doses were wasted during the process of artificial insemination.

Scrutiny of records of test-checked DDs revealed that six to 19 per cent straw doses were wasted during the process of AI due to non-availability of trained staff and equipment, resulting in extra expenditure of ₹ 23.45 lakh (₹ 11.26 lakh on the cost of straws and ₹ 12.19 lakh on cost of proportionate LN₂) showing unit to unit variations in wastage of straws. Further, it was found that the department had not conducted any study to fix the norms of wastage of straws during the process of AI. Similarly, in the test-checked units, variations were found in the cost of preservation of straws ranging from ₹ 7.75 to ₹ 21.88 per straw dose. (Appendix –3.17).

On this being pointed out, the DDs replied (June 2010) that this wastage was procedural. In the exit conference, the Principal Secretary stated that a committee would be constituted to study and suggest the norms of wastage of straws.

43 Balaghat- ₹ 14.97 lakh, Betul- ₹ 19.87 lakh, Chhatarpur- ₹ 11.17 lakh, Dhar- ₹ 23.64 lakh, Guna- ₹ 3.91 lakh, Hoshangabad- ₹ 5.52 lakh, Indore- ₹ 5.01 lakh, Jabalpur- ₹ 7.90 lakh, Jhabua- ₹ 14.94 lakh, Khandwa- ₹ 10.39 lakh, Mandla- ₹ 8.55 lakh, Narsinghpur- ₹ 10.12 lakh, Ratlam- ₹ 5.79 lakh, Sehore- ₹ 3.67 lakh, Shivpuri- ₹ 7.26 lakh, Tikamgarh- ₹ 12.5 lakh, Ujjain- ₹ 9.05 lakh and Umaria ₹ 4.12 lakh.

3.2.13 Internal Controls

Internal audit is an important tool for the Management to ascertain the accuracy and effectiveness of the internal control mechanism.

3.2.13.1 Departmental Manuals

No Departmental Manual was available in the Directorate as well as in the test-checked units. The Directorate stated (January 2010) that the work of updation of manual was in progress. The old manual was not shown to Audit.

3.2.13.2 Internal Audit Wing

An Internal Audit Wing (IAW) had been set up at the Directorate level. There were no manuals/codes governing internal audit. In the IAW, out of 18 sanctioned posts, only three men (one Audit Officer and two Sub Auditors) were in position (August 2010).

Only seven units were audited by the IAW during 2007-08 to 2009-10 against the targeted 75 units (25 units per year). Thus, internal audit was not effective in the department.

3.2.13.3 Status of Information technology in the department

Computerisation with internet facilities was made available from the Directorate to the district headquarters. A departmental website (www.mpdah.gov.in) was created under the directions of the State Government and was being utilised for publishing departmental orders, circulars and other important information. Establishment of a local area network (LAN) at the Directorate level was not done. In the absence of LAN and requisite software, the computers could not be used for sharing of IT resources such as hardware and internet facilities. On this being pointed out, the Director stated (August 2010) that efforts were being made for establishment of networking in the department.

3.2.14 Monitoring

There was no centralised database of schemes and programmes for monitoring. As a result, monitoring at the CCO/ Director level was on ad hoc basis.

3.2.14.1 Department Inspection

Periodical inspections by departmental officers are important and effective tools to ensure proper functioning of the schemes in the department. As per the instructions issued by the director in August 1999, all Divisional JDs and DDs are required to

submit annual inspection programme together with inspection roster and checklist to the Directorate. Earlier instructions issued in January 1991 prescribed annual visit to farms, veterinary hospitals, AI centres and training centres by JDs and DDs. During test check, no details of departmental inspections were made available by the JDs/DDs except for the JD, Gwalior division. Shortfall in inspection at the level of the Director during 2007-10 was 53 to 87 *per cent*. Further, inspection reports, if any, and their compliance were not available in any test-checked unit except Gwalior.

Subsidiary Rule 291 of MPTC, stipulates that every JD/DD should undertake monthly inspection of accounts of his office as a DDO and submit the report to his higher authority. However, none of the JDs/DDs carried out regular inspections.

3.2.14.2 Departmental enquiry/Public complaints/Court cases

The General Administration Department prescribed time limits for various departmental proceedings (1997), but there were 30 cases (1994-2010) pending in the department, out of which in 10 cases, enquiry officers had not been appointed upto October 2010. Reasons for delay in completion of departmental enquiries were not intimated to Audit.

A public complaint cell was functioning at the Directorate level. One JD and two other members are working in the cell. The cell did not maintain basic records like complaint receipt register and disposal of these complaints.

Although a legal cell was functioning at the directorate level, 58 cases were pending for which first replies were still to be submitted by the department. Further, court orders were received in 200 cases of which compliance of court orders was pending in 125 cases. Reasons for non-compliance were not furnished to Audit.

3.2.14.3 Outstanding observations of previous audits

There were 238 Inspection Reports containing 691 paras pending for disposal.

As per Regulations on Audit and Accounts framed by the Comptroller and Auditor General of India (as notified in the Gazette of India on November 20, 2007) Heads of Offices and next higher authorities are required to comply with the observations contained in the Inspection Reports (IRs), rectify the defects/omissions promptly and report their compliance to the Principal Accountant General. However, as on June 2010, 238 IRs involving 691 paras, were pending as detailed in **Table 3.23** below:

Table 3.23: Status of Pending paras

Period	No. of IRs	No. of paragraphs
Up to 2004-05	135	235
2005-06	14	54
2006-07	22	91
2007-08	16	77
2008-09	24	135
2009-10	27	99
Total	238	691

(Source: - Records of PAG (Audit))

Lack of response to audit observations depicted lack of a proper accountability mechanism on the part of the department.

3.2.15 Conclusion

Survey reports and a comprehensive database were not available for planning. Assessment of the performance of the department revealed that budgetary control was inadequate, leading to unwarranted supplementary provisions and non-surrender of savings. Targets set for artificial insemination and natural insemination were not achieved. Shortfalls in production of eggs and wool were noticed. Livestock and veterinary farms were incurring losses. The district authorities of test-checked districts were not aware of the outbreaks of diseases and the number of animals affected by them. Assessment of requirement of human resources and proper placement of available manpower was not carried out. No quality assurance measures were adopted by the department in respect of medicines, vaccines and feed.

3.2.16 Recommendations

- Databases of livestock should be maintained in order to prepare accurate Annual Plans.
- Budgetary controls should be enforced more effectively.
- Efforts should be made to make all livestock breeding/veterinary farms economically viable.
- Infrastructural facilities such as buildings for veterinary centres and laboratories with vaccines and semen storage equipment should be strengthened.
- Quality testing laboratories should be established /upgraded on priority basis.

- Efforts should be made for timely dissemination of incidence of outbreaks of diseases by the State Disease Diagnostic Laboratory in order to control diseases.
- Shortage of veterinary staff should be addressed on priority basis.
- The monitoring mechanism should be made more effective and the Internal Audit Wing should be strengthened by deploying adequate staff.

Gwalior
The

(B.R. KHAIRNAR)
Principal Accountant General
(Civil and Commercial Audit)
Madhya Pradesh

Countersigned

New Delhi
The

(VINOD RAI)
Comptroller and Auditor General of India