

CHAPTER-III

INTEGRATED AUDIT

3.1 Animal Husbandry and Veterinary Department

The Animal Husbandry and Veterinary Department is responsible for all round development of livestock wealth in the State. An integrated audit of the Department revealed that during 2004-09, the Department did not achieve its goal because of non-implementation of the schemes and programmes due to short receipt of funds from the State Government and lack of adequate internal controls in the Department. The State Government could not generate adequate financial resources for various schemes and create avenues of self-employment for the unemployed youth of the State.

Highlights

Budgeting in the Department was unrealistic. There were substantial savings ranging between 33 and 41 per cent during 2004-09.

(Paragraph-3.1.8.1)

Funds amounting to Rs.34.14 crore were lying unutilised as of March 2009 with the State Government (Rs.23.39 crore), the Department (Rs.8.67 crore) and Assam Live stock Development Agency (Rs.2.08 crore) against 11 Centrally Sponsored Schemes.

(Paragraph-3.1.8.2)

There was rush of expenditure (between 33 and 37 per cent) in 4th quarter and heavy cash balances (between Rs.3.53 crore and Rs.18.20 crore) were retained at the end of the years during 2004-09.

(Paragraph-3.1.8.5)

The Department incurred unfruitful expenditure of Rs.2.49 crore during 2004-09 on 15 defunct poultry farms. Three other farms were running uneconomically as revenue during 2004-09 was only nine per cent of the administrative cost (Rs.3.01 crore) during the period.

(Paragraph-3.1.10.3)

Monitoring system for implementation of various schemes was non-existent in the Department and no evaluation was ever carried out to assess the impact of various activities of the Department during 2004-09.

(Paragraph-3.1.12)

3.1.1 Introduction

The Animal Husbandry and Veterinary (AH & Vety.) Department implements various programmes relating to Livestock Development by genetic improvement of animals through artificial insemination (AI) and steady supply of fodder throughout the year. During the 10th plan period (2002-07) the Department proposed to take up Assam Agricultural Competitiveness Project (AACP Phase-II) and National Cattle and Buffalo Breeding Project (NCBBP) to develop the animal resources of the State so that farmers and breeders can earn their livelihood through livestock farming and generate resources for themselves as well as for the State. For achieving its goal, the Department set up a network of offices from the Directorate to Zonal Offices and then to District and Sub-divisional levels and finally at the grass root level in the villages to ensure that benefits of the programmes reach the targeted beneficiaries and help them become self sufficient in all spheres.

The Assam Livestock and Poultry Corporation (ALPCO) Limited, a State Government undertaking under the administrative control of AH & Vety Department with its Headquarters at Khanapara, was established in 1994. The main objectives of ALPCO are to undertake development of livestock and poultry trade in the State through co-operative societies, improve the socio-economic conditions of livestock and poultry breeders, introduce modern economic techniques of livestock and poultry keeping and production of livestock products, impart training to farmers etc. The State Government set up (January 2004) the Assam Livestock Development Agency (ALDA) (a Society registered under Societies Act) with the objective of encouraging, promoting and viably carrying out all activities to improve the breeding and management of livestock to enhance livestock production leading to higher farm income and better quality of life for livestock farmers.

The Department planned to take up 24 schemes for implementation during 2004-09. Of the 24 schemes, 11¹ were under State Plan and the remaining 13² were Centrally Sponsored Schemes (CSS), of which ten are funded 100 *per cent* by the GOI, one funded on 75:25 share basis and two schemes funded on 50:50 share basis between GOI and the State Government. As of March 2009, there were 1,310 Veterinary Institutions (Veterinary Hospitals–27, Veterinary Dispensaries– 331 and others – 952) in the State.

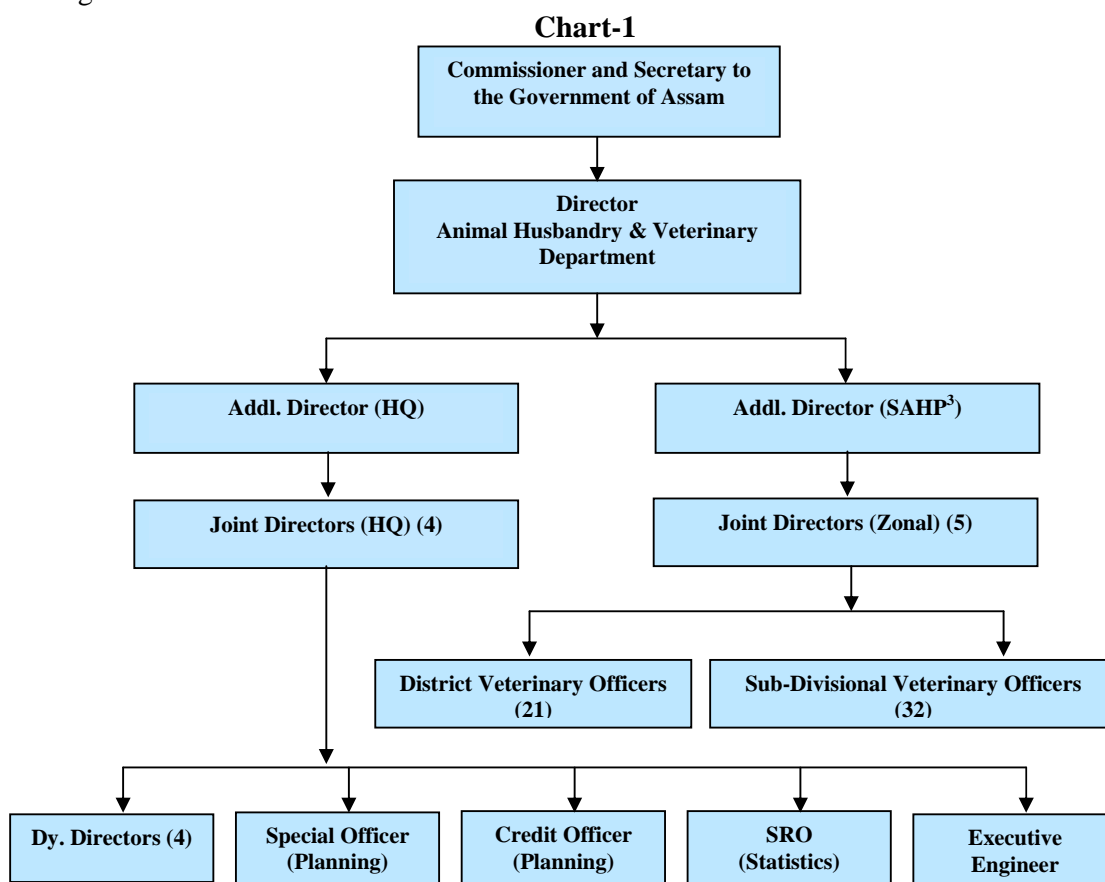
¹ Strengthening of Poultry Farm, Birubari; Strengthening of Duck Breeding Farm, Sipajhar; Assam Livestock Development corporation; Rehabilitation Programme; Renovation of Veterinary Dispensary Complex; Repairing and Renovation of Veterinary sub-centres etc.; Compensation control and containment of Bird flu in Dhubri and Kokrajhar District; Purchase of Medicines, vaccines etc; Strengthening of poultry farms; Cattle induction programme; and Assam Veterinary Council.

² National Project on Rinderpest; Regional Disease Diagnostic Laboratories (RDDL); Assistance to State Poultry Farms; Livestock Census; Feed and Fodder Development; National Project on cattle and Buffalo Breeding (NPCBB); Integrated Piggery Development; Integrated Poultry Development-Silcoorie; Assam Agricultural Competitiveness Project (Livestock Development); Livestock Insurance – all 100 *per cent* funded by GOI; Assistance to States for Control of Animal Diseases (ASCAD) (75:25); Professional Efficiency Development (50:50); and Integrated sample survey (50:50).

The livestock population in the State was 354.08 lakh (census 2003) which included 84.20 lakh cattle, 6.78 lakh buffaloes, 29.87 lakh goats and 233.23 lakh other animals (pigs, sheep, poultry and ducks)). The livestock census for 2007 had not been finalised as of March 2009.

3.1.2 Organisational Set up

The Department of Animal Husbandry and Veterinary (AH&Vety) is headed by the Commissioner and Secretary to the Government of Assam. The programmes and activities are implemented by the Director of Animal Husbandry and Veterinary through two Additional Directors, nine Joint Directors (four at headquarters and five at district level) and 53 District level officers viz., District Veterinary officers and Sub-Divisional Veterinary officers. The organisational chart of the Department is given below:



3.1.3 Scope of Audit

Integrated audit of the Department was carried out during January-June 2009 covering the functioning of the Department during the period 2004-09. Records of the Director, Animal Husbandry and Veterinary; eight Drawing and Disbursing Officers (DDOs) situated in eight⁴ out of 26 districts and four⁵ out of 27 Veterinary Hospitals, 22 out of

³ Special Animal Husbandry Programme.

⁴ Cachar, Golaghat, Kokrajhar, Morigaon, Nagaon, Sivasagar, Sonitpur and Tinsukia.

⁵ Cachar, Nagaon, Golaghat and Kokrajhar.

331 Veterinary Dispensaries; and the Assam Livestock Development Agency (ALDA) were examined during the course of review. Major schemes relating to implementation of various veterinary and animal husbandry services were studied and evaluated to assess whether outlay on these programmes resulted in the desired outcome. Out of five State schemes and eleven CSS taken up for implementation by the Department, two⁶ State schemes and seven⁷ CSSs were taken up for scrutiny during the course of review. Expenditure covered under the review was Rs.106.03 crore, which was 23 *per cent* of the total expenditure (Rs.452.27 crore) of the Department during this period.

3.1.4 Audit Objectives

The integrated audit was carried out with the objective of assessing whether there existed in the Department:

- efficient financial administration with reference to allocated priorities and resources were utilised optimally;
- efficient management of human resource;
- effective programme management in terms of achieving the goals of the schemes/programmes; and
- adequate internal control mechanism.

3.1.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Annual Action Plans/Budget documents.
- Government notifications and instructions issued from time to time for the implementation of different schemes.
- Departmental Manual/State Financial Rules.
- Prescribed Monitoring Mechanism.

3.1.6 Audit Methodology

An entry conference was held in March 2009 with the Joint Secretary of the Department and Director, Assistant Development Officer and Special Officer (Planning) of the Directorate wherein audit objectives, criteria and methodology were discussed. The district units for detailed audit were selected based on simple random sampling without replacement method. Audit findings were discussed with the Commissioner and Secretary of the Department in the exit conference (September 2009) and replies of the Government have been suitably incorporated at appropriate

⁶ Strengthening of Poultry Farm, Birubari and Assam Livestock and Poultry Corporation.

⁷ Assistance to State Poultry Farms; Feed and Fodder Development; National Project on Cattle and Buffalo Breeding; Livestock Insurance; Assam Agricultural Competitiveness Project (Livestock Development); Assistance to States for Control of Animal Diseases and Integrated Sample Survey.

places in the review. The important points noticed during audit are discussed in the succeeding paragraphs.

Audit findings

Audit findings are discussed in details in succeeding paragraphs.

3.1.7 Planning

The Department did not prepare any perspective plan for 2004-09. The Director stated during exit conference (September 2009) that concept of perspective plan was not known to them. Annual Action plan for all departmental programmes/schemes bringing out month-wise and quarter-wise break-up of targets of each activity to be achieved during each financial year was also not prepared during 2004-09, except in case of vaccination programme under ASCAD. Annual plan was prepared showing only the broad objectives of employment generation; production of milk, eggs, and meat; and generation of financial resources without quantifying any targets to be achieved. District level planning was also not undertaken.

As no targets were fixed, achievement of livestock products in the State could not be assessed in audit. There was also nothing on record to show that the Department carried out any assessment or review of its targets and achievements, shortfalls and remedial measures.

3.1.8 Financial Management

3.1.8.1 Budget outlay and expenditure

The year-wise allocation of funds and expenditure incurred thereagainst by the Department during 2004-09 were as below:

Table-1

| (Rupees in crore) | | | | | |
|-------------------|-----------------|----------------------|---------------|---------------|----------------------|
| Year | Original Budget | Supplementary budget | Total | Expenditure | Savings (Percentage) |
| 2004-05 | 136.14 | 5.71 | 141.85 | 85.91 | 55.94 (39) |
| 2005-06 | 124.78 | 5.50 | 130.28 | 85.47 | 44.81 (34) |
| 2006-07 | 138.38 | 3.95 | 142.33 | 95.37 | 46.96 (33) |
| 2007-08 | 147.32 | 7.78 | 155.10 | 92.23 | 62.87 (41) |
| 2008-09 | 152.08 | 2.31 | 154.39 | 94.70 | 59.69 (39) |
| Total | 698.70 | 25.25 | 723.95 | 453.68 | |

Source: Appropriation Accounts.

As can be seen from the above details there were considerable savings in all the years ranging from 33 to 41 *per cent* of budget allocation. Savings occurred mainly due to non-release of funds by the State Government.

Supplementary provisions were obtained every year despite the Department's inability to exhaust the funds provided in the budget year after year during 2004-09. Nor did the Department surrender the anticipated savings in time. This indicated that expenditure was not monitored defeating the concept of budgeting and the budget estimates of the Department, therefore, were unrealistic.

No reply was furnished by the Department regarding non-release of funds and non-surrender of savings. The matter was taken up in the exit conference (September 2009) but the Department did not give any reply for reasons on non release of funds while on non surrendering of savings the Department assured to verify the position.

Non-release of funds had significant adverse impact on the implementation of the development schemes as brought out in the succeeding paragraphs.

Besides, the above figures of expenditure differ from the expenditure figures furnished by the Department to the extent of Rs.1.41 crore understated by the Department due to non-reconciliation of the Departmental figures with the books of the Accountant General as required in terms of MSO (A&E) Vol-I.

There were also significant inter-year variations between the two sets of figures. The Department stated (August 2009) that proper reconciliation was not undertaken due to shortage of manpower in the accounts branch. The Department needs to ensure that adequate internal controls are put in place to avoid such differences in the books of accounts and institute a mechanism for reconciliation of its figures with those booked by the AG at intervals specified by the Government.

3.1.8.2 Utilisation of funds

In respect of nine CSS, of which six schemes were fully funded by the Central Government and the remaining three schemes on cost sharing basis, the GOI released Rs.39.22 crore during 2004-09. However, as against this the State Government released (2004-09) only Rs.22.47 crore and a total amount of Rs. 23.39 crore including State share remained unutilized with the State Government. Further, the implementing authorities/agencies utilised only Rs.13.80 crore during 2004-09 and the balance Rs.8.67 crore was parked in bank account.

In respect of two other CSS implemented by direct funding from the GOI to Assam Livestock Development Agency (ALDA), only Rs.4.76 crore was utilised out of Rs.6.84 crore received during 2005-07. The balance Rs.2.08 crore was retained in the current bank account of ALDA as of March 2009.

While the State Government did not release the allocated funds to the Department, the implementing agencies could not utilise even the funds released by the State Government. Non-utilisation of funds by the implementing agencies has been discussed under programme implementation in Paragraph-3.1.10.2.

3.1.8.3 Drawal of funds on Abstract Contingent Bills

The Directorate had drawn Rs.2.43 crore on AC bills against two schemes during March 2005 and February 2008. Out of this, Rs.41 lakh (RDDL: Rs.31 lakh and ASCAD: Rs.10 lakh) were adjusted as of March 2009 through the relevant Detailed Countersigned Contingency (DCC) bills but the balance, Rs.2.02 crore, was yet to be adjusted (March 2009). Non-submission of DCC bill despite the lapse of one to three years is fraught with the risk of fraud, misappropriation, diversion etc., remaining unaddressed in the Department.

In reply to a query, the Special Officer (Planning) of the Directorate stated (July 2009) that the balance funds was diverted for the control of bird flu. In the exit conference it was stated that the Government authorized utilisation of the funds for bird flu with the assurance to replenish it. The diversion of fund from ASCAD, affected the modernisation of IVP and establishment of disease diagnosis centers for production of vaccines.

3.1.8.4 Parking of funds

The Director drew Rs.2.54 crore, being Central and State share of funds (State share: Rs.0.61 crore during 2005-07 and Central Share: Rs.1.93 crore during 2007-08), for implementation of Assistance to State for Control of Animal Diseases (ASCAD) scheme during 2005-08. Out of this, Rs.17.11 lakh remained undisbursed which was kept in DCR/DDO's bank account as of March 2009. Further, a sum of Rs.6.67 lakh under Piggery Development was kept in the form of DCRs (four) between June 2006 and October 2008. The amount remained unutilised as of March 2009. Thus, the Department drew Rs.23.78 lakh without immediate requirement. The Director stated (September 2009) that funds were received at the fag end of the financial year and as such the expenditure spills into the next financial year. The reply of the Department was not specific to the audit point as the amounts already drawn were lying outside the Government account for long periods. This was indicative of lack of adequate control over drawals and expenditure of Government money.

3.1.8.5 Expenditure Control

There was poor monitoring of expenditure at the Directorate level indicating weak or no expenditure control as manifested by rush of expenditure and retention of heavy cash balances at the end of March each year during 2004-09.

Rush of expenditure at the fag end of the year

General Financial Rules (GFR) provide that Government expenditure should be evenly phased throughout the year as far as possible. Rush of expenditure at the closure of financial year is prone to the risk of Government not getting proper value for money as expenditure is likely to take place without due diligence and care. During the last five years 33 to 37 *per cent* of the total expenditure of the Department had taken place in the 4th quarter (January-March) as compared to 17-21 *per cent* in the 1st quarter (April-June) of the respective years. The details were as below:

Table-2

(Rupees in crore)

| Year | Total expenditure | Expenditure during 1 st Quarter (April to June) (Percentage) | Expenditure during 4 th Quarter (January to March) (Percentage) |
|---------|-------------------|---|--|
| 2004-05 | 75.80 | 14.36 (19) | 26.22 (35) |
| 2005-06 | 78.99 | 14.66 (19) | 29.16 (37) |
| 2006-07 | 82.55 | 17.66 (21) | 27.23 (33) |
| 2007-08 | 108.03 | 18.74 (17) | 38.13 (35) |
| 2008-09 | 106.90 | 20.67 (19) | 35.49 (33) |

Source: Departmental figures.

Rush of expenditure in the last quarter of the financial years was indicative of weak internal controls and imprudent financial management within the Government, Department and the Directorate.

Retention of heavy cash balances

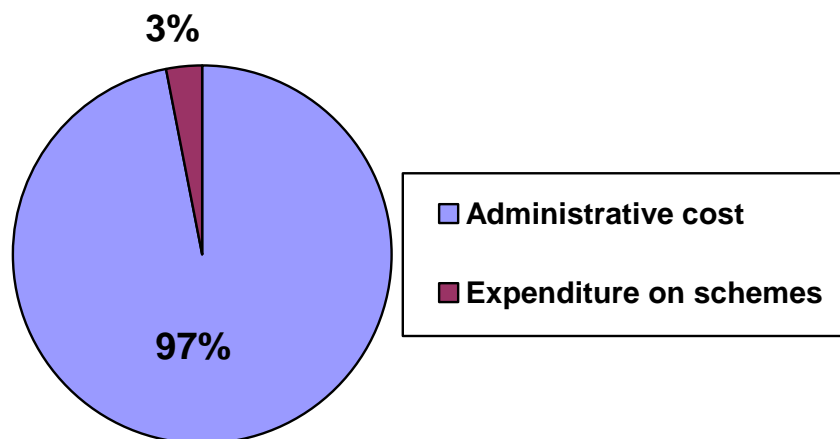
Scrutiny of Cash Book maintained in the Directorate revealed that there were closing balances amounting to Rs. 4 crore, Rs.9.31 crore, Rs.3.83 crore, Rs.3.53 crore and Rs.18.20 crore⁸ at the end of March during the years 2004-2009 respectively. Thus, heavy cash balances were retained in the Department. The Director of AH&Vety stated (May 2009) that the Department usually receives Fixation of Ceiling (FOC) at the fag end of the year. Therefore, the schemes always spilled over to the following financial year for implementation and as such retention had become a regular feature. However, the requirements were not assessed in the Department prior to drawal of funds from the Government exchequer. Besides, detailed analysis showing the date and purpose of drawal of amount were not recorded in the Cash Book. Even physical verification of cash was not done regularly. The Directorate stated (September 2009) that regular physical verification was not taken up for want of knowledge of relevant Financial Rules. The reply is shocking and signifies a lack of effective financial management and expenditure control in the Department.

Establishment and other Administrative cost

The Department did not have any norms for expenditure on administration and programme implementation. Staff costs and other administrative expenses were very high during 2004-09 resulting in non-availability of sufficient resources for implementation of various programmes/schemes. Chart-2 represents the comparison of expenditure on administration (Rs.438.06 crore) and developmental schemes (Rs.14.21 crore) during 2004-09.

⁸ Rs.17.82 crore in Director's bank account and Rs.0.38 crore in the form of DCR/Bank Draft.

Chart-2



Total expenditure for 2004-09: Rs.452.27 crore.

Note: Expenditure figure at Chart-2 and figures at Table-1 are different since Chart-2 is based on Departmental figures and Table-1 is based on Appropriation Accounts. This has been discussed under Para-3.1.8.1.

While staff costs and administrative expenses ranged between 92.82 and 99.93 per cent of the total expenditure, the expenditure on programme implementation remained at an average of 3.14 per cent during 2004-09. The Commissioner and Secretary stated in the exit conference that adequate number of technical staff had to be maintained for rendering service to the public and that, as the Department was both technical and welfare oriented, the administrative cost was high. Against the total sanctioned strength of 7,258 staff under various categories in the Department, man in position was 6,611. The Department did not conduct any review of manpower requirement to assess the actual requirements of the staff. But in view of more than 96 per cent of the total expenditure incurred towards administrative cost the Department is not in a position to address the issue without manpower assessment review. Thus, the reply of the Department is not acceptable.

3.1.9 Human Resource

3.1.9.1 Idling of manpower

The Department did not carry out assessment of its manpower requirement vis-a-vis work load. Scrutiny revealed that 71 out of 226 different types of vehicles had been auctioned during 2000-08. Out of the remaining 155 vehicles, 114 vehicles remained off-road prior to 2004-05 and only 41 vehicles were on-road during 2004-09. Against these 41 vehicles, 161 regular drivers were engaged since 2004-05 as against the requirement of 41 drivers. As a result, 120 drivers were maintained in excess of requirement involving an expenditure to the tune of Rs.1.84 crore towards payment of salary and wages for 2004-09. This led to maintenance of idle manpower and unfruitful expenditure which indicated poor manpower management in the Department.

The Department stated (May 2009) that new posts of drivers were created during the launching of different schemes. However, some drivers were being utilised in the office of the Special Project Director under the administrative control of the Department, Commissioners, Deputy Commissioners and Ministers. The Department also stated that the drivers would be put to use as soon as the State Government allowed the Department to purchase new vehicles after lifting the austerity measures. It was, however, seen in audit that the Department had not submitted any proposal to the Government for procurement of new vehicles.

The Regional Broiler Chicks and Demonstration Farm at Birubari established in 1983-84, was not functional between 1 October 1994 to 24 May 2007. During the said period the Department incurred expenditure of Rs.3.19 crore towards pay and allowance of 36 staff members of different categories who continued to be on the payrolls of the farm. As the Department could not utilise their services, the expenditure of Rs.3.19 crore proved unfruitful.

3.1.10 Programme Implementation

The Department took up five State schemes and 11 CSSs for implementation during the period under review. Out of these two State schemes and seven CSSs were taken up for scrutiny during the course of the review. Audit findings in this regard are given below:

3.1.10.1 Immunisation programme

Government of India approved (2003-04) a proposal for Rs.4.03 crore for control of contagious diseases under 'ASCAD' on 75:25 sharing basis between the Centre and the State for implementation during 2004-07 and released the funds in March 2004. Out of this amount (Central share: Rs.3.04 crore and State share: Rs.0.99 crore), the State Government released Rs.3.65 crore (Central share: Rs.3.04 crore and State share: Rs.0.61 crore) to the Department and the latter spent Rs.2.05 crore during 2004-09. For controlling and preventing outbreak of epidemic diseases and to ensure proper animal health, the Directorate undertook vaccination programme during

2004-05. In 2003-04, GOI released Rs.3.04 crore as Central share and based on the released fund the Department set targets under the ASCAD action plan for 2003-04. Since the State Government released the funds in a phased manner, the implementation of the scheme of 2004 was spread over the period 2004-09.

The approved proposal for Rs.4.03 crore (August 2003) provided for modernisation of Institute of Biological Veterinary at Khanapara, Guwahati and three Diagnostic Laboratories at Rs.2.26 crore. After incurring an expenditure of Rs.55 lakh, the work was stopped (March 2009) as Rs.1.43 crore was diverted towards bird flu operation. Thus, the benefit contemplated in the approved proposal remained unachieved.



(Photographs of incomplete laboratories of IBV, Khanapara, Guwahati)

3.1.10.2 Livestock Development Programme

National Cattle and Buffalo Breeding Project

The GOI launched (October 2000) the “National Project for Cattle and Buffalo Breeding (NPCBB)” on national level as a CSS on 100 *per cent* funding basis to restructure and implement the cattle and buffalo breeding operations effectively. The project was to be spread over a period of 10 years from 2004-05 and completed in two phases of five years duration each. The project was to be taken up in the year 2000 itself in Assam. But since ALDA, the designated state implementing agency (SIA) for the project, was set up only in January 2004 by the State Government, the project was taken up for implementation only from 2005-06. The Department did not say any thing as to why the programme could not be started in 2000 itself by setting up the SIA.

The project aimed at strengthening the following:

- Liquid Nitrogen storage, transport and distribution system;
- Sperm Stations, Semen Banks and AI Centres;
- Acquisition of high pedigree bulls for sperm stations and for Natural Service in remote areas;
- Training facilities; and
- Computerisation.

During 2005-07, the GOI released Rs.5.49 crore directly to ALDA for implementation of the project. ALDA drew a plan for 15 items of work at Rs.5.49 crore during 2004-09 covering the five areas detailed above. Scrutiny of records as well as information furnished by the ALDA revealed that out of Rs.5.49 crore released by the GOI, only Rs.4.01 crore was utilized by the ALDA during 2004-09 for strengthening the five areas under the above mentioned items of work. Due to delayed commencement from 2005-06 instead of from the year 2000 itself the scheme was in nascent stage, building up infrastructure as of March 2009. Thus, the benefits derivable from the scheme were delayed due to inability of the Department to commence it in time.

Livestock insurance scheme

National Scheme of Livestock Insurance, a 100 *per cent* Centrally Sponsored Scheme, was taken up by the Government of India during the 10th Plan period on pilot basis with the objective of providing protection to the farmers and cattle rearers against any eventual loss of their animals and to demonstrate the benefit of the Scheme to the people and to popularise it with the ultimate goal of attaining qualitative improvement in livestock and their products.

The Scheme envisaged payment of 50 *per cent* subsidy on insurance premium from Central funds in the form of grants-in-aid, payment of honorarium to the Veterinary practitioners and publicity. Remaining premium cost was to be borne by the beneficiaries. GOI released Rs.1.35 crore (during 2005-07) to the CEO, ALDA, the State Implementation Agency in Assam, for implementation of the scheme in two sampled districts viz., Barpeta and Jorhat.

The target for taking up insurance cases during 2006-08 and achievement and expenditure incurred thereagainst in the two sampled districts were as below:

Table-3

| Year | Target | Achievement | Expenditure |
|--------------|------------------|------------------|---------------|
| | Physical (Cases) | Physical (Cases) | (Rs. in lakh) |
| 2006-07 | 14,500 | 1,138 (8) | 13.50 |
| 2007-08 | 27,000 | 432 (2) | 3.27 |
| Total | 41,500 | 1,570 (4) | 16.77 |

Source: Records of Assam Livestock Development Agency.

Note: Figures in bracket indicate percentage.

As evident from the table above, physical achievement of the scheme during 2006-08 was only four *per cent*. The reasons for such unimpressive performance as per ALDA were (i) lack of professionalism by Insurance Agents/Development officers, (ii) nominal incentive for Veterinary Officers and no incentive to assisting para-vets who were to identify the animals, and (iii) lack of fund for publicity during 2007-08. Audit scrutiny, however, revealed that fund released for the scheme was not based on any requirement. ALDA never conducted any survey as regards prospects of the Scheme being implemented in these two districts nor did the sanctioning authority ever enquire ALDA about steps that were required to make the scheme a success. The basis on which target was fixed was neither explained by ALDA nor was available on record.

However, the Scheme was discontinued in the two districts from April 2008 and two other districts viz., Kamrup and Nagaon were taken up from January 2009. In the new two districts, against the physical target of 18,587 cases of insurance during January–March 2009, the achievement was 18,120 cases. Thus, the achievement was 97 per cent. This was mainly due to fixation of lower rate of premium (2.17 per cent for one year insurance and 4.62 per cent for three years) as compared to the rate prevalent during 2006-08 (between 3.25 and 7.78 per cent). Only two other districts (Morigaon and Sonitpur) were extended the benefit of insurance under the scheme. This scheme needs to be extended to all the districts in the State.

Livestock development under Assam Agricultural Competitiveness Project

The Assam Agricultural Competitiveness Project (AAP) was set up in February 2005 with the objective of increasing the genetically improved variety of indigenous cattle through artificial insemination (AI). The major objective of the project was to increase AI for augmentation of milk production. The State Government released (2005-08) Rs.12.29 crore to the Department for this project.

The Director drew Rs.12.29 crore (Rs.5.85 crore in March 2006 and Rs.6.44 crore in March 2008) and disbursed it to the Special Project Offices of Assam Rural Infrastructure and Agricultural Services Project (ARIASP) for implementing the project (Livestock Development Component) through AAP which spent only Rs.5.42 crore as of March 2009. The balance Rs.6.87 crore was lying in the Current Account of ARIASP. Reasons for non-release of amount to AAP were neither stated by ARIASP nor by the Department.

The target fixed for artificial insemination of livestock and achievement thereagainst during 2004-09 were as below:

Table-4

| Year | Target (Cases) | Achievement (Cases) | Percentage of achievement | No. of calves born |
|--------------|-----------------------|----------------------------|----------------------------------|---------------------------|
| 2004-05 | 1,84,680 | 88,909 | 48.14 | 38,415 |
| 2005-06 | 1,84,680 | 1,12,913 | 61.14 | 39,172 |
| 2006-07 | 1,84,680 | 1,20,224 | 65.10 | 51,256 |
| 2007-08 | 1,84,680 | 1,19,400 | 64.65 | 51,214 |
| 2008-09 | 2,00,160 | 1,38,787 | 69.34 | 50,590 |
| Total | 9,38,880 | 5,80,233 | 61.80 | 2,30,647 |

Source: Nodal Officer, Assam Agricultural Competitiveness Project.

The achievement of targets over a period of five years was 62 per cent. Success rate of calves born was 35 to 43 per cent which was more than All India average rate of 35-40 per cent as per the Directorate. The Directorate stated (September 2009) that efforts would be made to improve the position. Employment generated by employing private AI workers during 2004-09 was as below:

Table-5

| Year | Target (Nos.) of AI | Achievement (Nos.) | Percentage of achievement |
|---------|---------------------|--------------------|---------------------------|
| 2004-05 | Nil | Nil | Nil |
| 2005-06 | 80 | 33 | 41 |
| 2006-07 | 80 | 85 | 106 |
| 2007-08 | 80 | 48 | 60 |
| 2008-09 | 400 | 166 | 42 |

Source: Nodal Officer, Assam Agricultural Competitiveness Project.

While there was higher achievement during 2006-07 over the target, achievement during 2005-06 and 2007-09 varied between 41 to 60 *per cent*. Reasons for low achievement was attributed by the Department to lack of public awareness, lack of funds for awareness campaign, wrong or late detection of oestrus by the owner, cost of insemination etc. The Department was in a position to overcome the cited constraints as unspent funds were available with the Department. That these constraints were not overcome reflected lack of initiative on the part of the Department.

3.1.10.3 Poultry Development Programme

Defunct poultry farms

To strengthen the poultry sector, the Department set up 18 State Poultry and Duck farms as of March 2009. The farms were established with the objectives of (a) demonstration and (b) quality seed (chick) production. As per the information furnished by the Department, 15 out of these 18 farms became non-functional prior to 2004-05 due to lack of funds. Thus, the objectives were not achieved since the farms ceased functioning during the period 2004-09. However, the Department incurred an expenditure of Rs. 2.49 crore towards payment of salary to 143 numbers of different categories of staff of those fifteen farms. The Department stated (May 2009) that steps were taken during 2007-09 for making 13 farms functional, but because of outbreak of bird flu, this could not be done. As outbreak of bird flu is a recent event, contention of the Department is not correct. Failure to revive the farms reflected lack of adequate initiative on the part of the Department. The position of remaining three functional farms is discussed below:

Operation of poultry farms

Three farms (Silcoorie, Khanapara and Birubari) were functioning. As per records made available to Audit and information furnished by the Directorate (September 2009) following was the performance of the two farms during 2004-09.

Table-6

| | Poultry and Duck Farm, Silcoorie (In numbers) | Central Chick Rearing Farm, Khanapara (In numbers) |
|---|---|--|
| Number of eggs produced | 1,35,148 | 7,17,430 |
| Number of chicks produced | 10,867 | NA |
| Number of chicks distributed | 10,420 | 69,964 |
| Number of beneficiaries supported with chicks | 328 | 4,164 |
| Number of farmers trained | 198 | 693 |

Source: Departmental records.

Targets set against the above activities of the farms were not found on record. Therefore, no evaluation of their performance could be made by Audit.

Scrutiny of records in Poultry and Duck farm at Silcoorie and Central Chick Rearing Farm at Khanapara revealed that revenue earned (Rs.22.16 lakh), as percentage of total expenditure (Rs.2.06 crore) on these farms during 2004-09, was merely 11 *per cent*.

The farm at Birubari was non functional during October 1994 to May 2007 after the North Eastern Council discontinued funding of the farm after September 1994. However, during 2006-07 (February 2007) the State took steps for revival of the farm by allocating Rs. 20 lakh under the State plan. Production of eggs and chicks in the farm during 2007-09 were 50,116 and 14,011 respectively. Assessment of achievement in this regard could not be done in audit as no target was fixed. During 2007-09, while the farm incurred Rs. 94.54 lakh on payment of salary to its staff, the revenue earning during this period was a meager Rs. 3.63 lakh.

None of the above farms was running economically and total revenue earning of the three farms accounted for only nine *per cent* of the administrative cost (Rs.3.01 crore) during this period.

3.1.10.4 Livestock processing plants

For hygienic slaughter of livestock (poultry, pigs, sheep and goat), Assam Livestock and Poultry Corporation Limited (ALPCO) planned to take up construction of five processing plants/slaughter houses at three⁹ places at an estimated cost of Rs.13.98 crore with financial assistance from the GOI and State Government (Poultry processing plant, Pork Processing plant and Sheep & Goat processing plant at Khanapara and Slaughter house at Silchar on 50:50 basis and Pork processing plant at Nazira on 75:25 basis). GOI released Rs.8.11 crore during 1991-2009 and the State

⁹ Khanapara-3 poultry/pork/sheep/goat processing plants.
Nazira -1 pork processing plant.
Silchar -1 sheep/goat slaughter house.

Government released Rs.1.90 crore (June 2004: Rs.1.12 crore and June 2008: Rs.0.78 crore). ALPCO took up the works in March 1992 to be completed by 31 October 1996 and spent Rs.10.26 crore as of March 2009 towards construction of five plants.

Scrutiny revealed that the plant at Nazira was completed in March 2008 at Rs.3.04 crore and ran on trial basis as of March 2009. Construction work of the plant at Silchar, taken up in 1996-97, was stopped during 2005-06 after incurring an expenditure of Rs.40.83 lakh out of the approved cost of Rs.95 lakh due to price escalation claimed by the contractor. The physical progress of civil work was 65 per cent and procurement of machinery was 50 per cent. In case of the other three plants, ALPCO incurred an expenditure of Rs.6.81 crore (72 per cent) against the approved cost of Rs.9.43 crore and the works remained incomplete as of March 2009 due to non-release of balance funds by the GOI/State Government, as stated. While the GOI held up its share of the balance fund because of non-release of State share, reasons for non-release of funds by State Government were not on record. Due to lack of systematic work plan and proper management of funds including adequate monitoring, ALPCO failed to complete the four plants even after lapse of 12-13 years of the target dates of completion¹⁰. Due to delay in completion of works, intended services of providing hygienic animal products/processed meat to the consumers was not achieved and no alternative method was adopted by the State Government so far for this purpose. Thus, it resulted in not only idle investment of Rs.7.22 crore¹¹ but also put the public at the risk of contracting diseases from consumption of unhygienic animal products. Managing Director, ALPCO accepted (September 2009) the audit contention that the people were at the risk of contracting diseases from consumption of unhygienic animal products.

3.1.11 Inventory Control

As per AFR (Rule 195), Stock Registers are to be maintained and balance in stock should be physically verified half yearly. Scrutiny of records revealed that Central Veterinary Store (CVS) under the AH & Vety Department maintained Stock Book in respect of medicines and appliances only. In respect of other perishable and non-perishable items, Stock Book was not maintained. In seven out of eight test-checked districts (except Cachar) the position was the same. Besides, the system of physical verification of stock was not in place in the Directorate or in the test-checked districts. Against the indent of medicines placed by the District offices including farms, the CVS purchased medicines worth Rs.4.51 crore during 2004-09 and entered all the medicines in the Stock Register. But scrutiny of stock book revealed that no physical verification was done at prescribed intervals during 2004-09,

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|---|------------|
| ¹⁰ Polutry processing plant, Khanapara | 16-4-1996 |
| Pork processing plant, Khanapara | 16-4-1996 |
| Sheep & Goat processing plant, Khanapara | 16-4-1996 |
| Slaughter House, Silchar | 31-10-1996 |

¹¹ Rs.0.41 crore + Rs.6.81 crore.

as required. As such Audit could not ascertain the authenticity of the closing balance as shown in the Stock Book.

Thus, control measures prescribed for Stores and Stock were not adhered to in both the Directorate and in the District offices. The CVS accepted (July 2009) the audit observation and stated that physical verification would be done as per rules in future.

3.1.12 Internal Control, Monitoring and Evaluation

Internal control is an integral process that is affected by an entity's management and is designed to provide reasonable assurance that the following general objectives are being achieved:

- Fulfilling accountability obligations;
- Compliance with applicable rules and regulations;
- Implementation of programmes in an orderly, economical, efficient and effective manner.

The Department, including the district units covered in test-check, did not maintain Expenditure Control Registers to record the details of drawal of funds against allocation and expenditure thereagainst showing year-wise position. Reporting system was also inadequate and periodical reports/ returns from the field offices in respect of implementation of various schemes and other activities in the districts were not obtained. Failure of the Directorate to conduct periodical reconciliation with the books of Accountant General (A&E), periodical physical verification of cash and store, daily and monthly closing of cash book with DDO's signature, non-regulation of drawal by AC bill etc., showed that the Directorate failed to discharge its accountability obligations and comply with rules. Non-fixing of targets, non-release of funds and non-utilisation of funds in respect of schemes reflected that implementation of the programmes was not being undertaken in an orderly and efficient manner. Thus, monitoring system, essential for ensuring compliance in terms of physical and financial implementation of schemes/programmes, was non-existent. No evaluation was ever carried out by the Department to assess the impact of implementation of programmes/activities undertaken through different agencies. The Department stated (July 2009) that since there were no targets for schemes it was not possible to carry out evaluation. In the absence of targets and evaluation of performance of the schemes and their impact in terms of accrual of intended objectives to the people of the State in a time bound manner, audit could not ascertain the performance of the Department.

3.1.13 Settlement of audit observations

Assam Financial Rules (AFR) stipulates that the Departmental officers should attend promptly to audit observations raised by the office of the Principal AG (Audit) and send replies within a fortnight of their issue. Besides, the DDO should maintain a Control Register for recording the observations and watch disposal thereof. None of the units test-checked, including the Directorate, maintained the Control Register in a proper and systematic manner. As of March 2009, 220 Inspection Reports (IRs) containing 599 paragraphs were outstanding for settlement against the auditee units of the Department since October 1988.

3.1.14 Internal Audit

Internal Audit is an important instrument to examine and evaluate the level of compliance with departmental rules and procedures. An internal audit wing manned by two Internal Auditors from Assam Audit Service, two UDAs and one LDA was in place in the Directorate. The Department had no Audit Manual of its own. The internal audit wing had not conducted any audit of the Directorate or any other office/farm under the control of the Directorate. Its main function so far was limited to assisting the Department in settling the audit observations of the office of the PAG (Audit). The wing did not draw any annual audit programme because of want of manpower as stated by the Department. Thus, the internal audit wing of the Department was non-functional. The Directorate stated (September 2009) that the proposal for strengthening internal audit with required manpower was under the consideration of the competent authority.

3.1.15 Conclusion

The Department did not prepare any Annual Action Plan for implementation of the schemes/programmes during 2004-09. Financial Management under the schemes was ineffective as the State Government did not release adequate funds and the Department also did not optimally utilise the funds available. Manpower resources were also not utilised optimally. Implementation of programmes suffered due to deficiencies in conducting survey, immunization, development of livestock and poultry population, providing insurance to cattle population etc. Farms were either defunct or running uneconomically. There were serious weaknesses in internal controls, monitoring mechanism and internal audit.

3.1.16 Recommendations

- The Department should draw up a clear road map and fix year-wise targets and time lines for up-gradation of indigenous cattle.

- State Government should release allocated funds to the Department in a timely manner so as to facilitate implementation of various programmes targeted for the development of livestock sector in the State.
- Requirement of manpower should be assessed and available manpower should be utilised optimally.
- Internal controls relating to planning, fund utilization, implementation of programmes and monitoring should be strengthened.

Guwahati
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