CHAPTER II : MINISTRY OF AGRICULTURE

Department of Agriculture & Co-operation

2.1 Infructuous expenditure on construction of Glass House and purchase of X-Ray Scanner by National Plant Quarantine Station, New Delhi

The expenditure of Rs. 1.88 crore on the construction of a Glass House and Rs. 0.35 crore on purchase of an X-Ray Scanner was rendered infructuous, as the facilities could not be put to their intended use for the last eight and three years respectively, after their construction/acquisition

The National Plant Quarantine Station (NPQS), New Delhi is a subordinate office of the Directorate of Plant Protection, Quarantine and Storage, Faridabad under the Ministry of Agriculture. The prime objective of NPQS is to regulate import of plants and planting material with a view to keeping exotic microbes, insects – pests and weeds at bay. This is achieved by issuing import permits for plants and planting material, reporting of non-compliances regarding issue of phyto-sanitary certificates by exporting countries, inspection and screening of plants and planting material imported from abroad, and supervision of phyto-sanitary measures for disinfection/disinfestations of plant materials. Two cases of infructuous expenditure had come to the notice of Audit, which also impact the achievement of its objectives by NPQS. These cases are discussed below:

A. Infructuous expenditure on construction of glass house

To conduct the necessary 'grow-out-tests' of the imported sowing and planting materials, NPQS got a glass house constructed by the Central Public Works Department in May 2001 at a cost of Rs. 1.88 crore, which was handed over to NPQS in August 2001.

Audit scrutiny in March 2008, however, revealed that the glass house had not been put to its intended use. Due to long disuse, the sprinklers, mist and cooling system, and other equipment had got clogged, making it unsuitable for use in the future.

In response, the NPQS stated (May/ December 2008) that:

- The glass house was constructed to conduct 'grow-out-tests' for seeds and saplings imported through Delhi, as well as for the other Quarantine Stations that had not got their own glass house. During the initial period, the work was undertaken according to the plan. However, the inflow of the planting materials did not increase, as was anticipated.

- Owing to a high level of hardness of the available water, the pumps, nozzles, tanks, and supply lines of the cooling system of the glass house got choked and corroded, resulting in disruption of activities. This was because the area did not have any municipal water supply, and NPQS had to rely solely on bore-well pump, with high concentration of dissolved solutes ranging over 600ppm. However, an action plan for operationalizing the glass house after making necessary repair and maintenance had been finalized in a meeting of the concerned Departments, and CPWD authorities had already taken action to make the soft water plant operational.
- With a view to utilizing the facility in a practicable manner, a number of private plant growers as well as Government Research Institutes had been contacted to use the glass house on a shared basis. A proposal from one private party for potential leasing of the glass house had been sent to the Ministry for necessary advice.
- Besides the glass house, NPQS also had a growth chamber that allowed germination under regulated conditions within the laboratory, and most of the seed consignments were subjected to growth chamber and blotter tests for quicker germination and inspection.

The response of NPQS is not tenable for the following reasons:

- No effective efforts had been made for the past seven years to operationalise the glass house. The hardness of the water should have been assessed, before construction of the glass house, and appropriate measures taken, keeping in view the quality of available water.
- The glass house was constructed for conducting grow-out tests of imported sowing and growing material. If the Department's current view that most of the seed consignments were subjected to testing in the existing growth chamber of NPQS that allowed germination under regulated conditions within the laboratory is accepted, then the necessity of constructing a separated glass house at a cost of Rs. 1.88 crore is open to question.

Thus, the expenditure of Rs. 1.88 crore on the construction of a glass house at NPQS was rendered infructuous, as the facility could not be put to its intended use of conducting 'grow out tests' of imported sowing and planting materials.

B. Infructuous expenditure on purchase of X-Ray Scanner

With a view to detecting exotic pests and diseases infestation of agricultural produce being brought in by arriving passengers, NPQS in November 2005 decided to procure one X-Ray Baggage Scanner for use at the Indira Gandhi International Airport, New Delhi (IGI Airport). The scanner was procured by the Directorate of Plant Protection, Quarantine and Storage, Faridabad in 2005-2006 at a cost of Rs. 35.26 lakh.

In March 2006, NPQS informed the Directorate that the X-Ray Baggage Scanner had been received, and was kept in their station premises in packed condition, as the Airport Authority of India (AAI) had not allotted space for its installation. AAI informed NPQS in May 2006 that since Delhi International Airport (P) Limited (DIAL) had taken over the operation and maintenance of IGI Airport, the matter should be taken up with them. Subsequently, the Ministry of Agriculture took up the matter with the Ministry of Civil Aviation, as well as DIAL, for getting space in the Arrival Hall at IGI Airport, New Delhi. DIAL initially agreed to provide space in the new Terminal-3 at IGI; however, since the installation required modifications to be made in the layout plan of the Terminal already agreed between DIAL and the Customs Department, DIAL sought concurrence from the Customs Department. Although the Ministry stated (August/ December 2008) that all efforts were being made to get space in the Arrival Hall of the International Airport for installing the X-Ray Scanner, as of June 2009, no space had been provided to NPQS, and the X-Ray scanner continued to remain in packed condition at NPQS for last three years.

X-Ray Scanner lying in packed condition at NPQS

Thus, the expenditure of Rs. 35.26 lakh incurred in 2005-06 on the purchase of an X-Ray Baggage Scanner separately for scanning agriculture produce brought by incoming passengers was rendered unproductive, as the machine was still lying in packed condition. The feasibility of installing the X-Ray Scanner in IGI Airport and agreements for earmarking of space should have been assessed before procuring the scanner. Further, the Ministry was now proposing modern multi-imaging X-Ray Scanners to take care of the needs of both the Customs Department and bio-security, which would make this scanner redundant.

2.2 Ministry failed to check the irregular release of funds by NABARD after two years of closure of the "On Farm Water Management Scheme"

The Central Sector Scheme "On Farm Water Management Scheme" was discontinued by the Planning Commission with effect from 2006-07. However, the Ministry failed to check the irregular release by NABARD of the balance amount of unutilized subsidy of Rs. 0.90 crore in July-August 2008 to cover applications which were purportedly sanctioned assistance by banks before the closure date of 31 March 2006.

During 2001-02, the Department of Agriculture & Cooperation, Ministry of Agriculture launched a Central Sector Scheme[1] 'On Farm Water Management for Increasing Crop Production in Eastern India' for implementation in Assam, Arunachal Pradesh, Bihar, Chhattisgarh, Jharkhand, Manipur, Mizoram, Orissa, Eastern Uttar Pradesh and West Bengal. The scheme envisaged assistance to farmers for digging shallow tube wells, installation of electric / diesel pump sets, community lift irrigation points, digging of wells etc., for increasing the production and productivity of kharif and rabi / summer rice.

The scheme was implemented on a credit linked back-ended subsidy basis through the National Bank for Agriculture & Rural Development (NABARD) in co-ordination with the State Governments. The funding norms under the scheme stipulated 30 *per cent* assistance from the Government of India (GoI), 50 *per cent* loan from NABARD and the remaining 20 *per cent* as contribution from the beneficiaries. The assistance of 30 *per cent* (subsidy) from the GoI was towards the cost of construction of shallow tube wells with pumping sets, low lift irrigation points, dug wells and electric/diesel operated pumping sets. The financing bank would advance the project cost net of margin money to be contributed by the beneficiary i.e. up to a maximum of 80 *per cent.* NABARD would release the subsidy amount to the concerned financing bank branches, depending upon their requirement. The release of subsidy by NABARD was to be made only after a detailed state-wise and district-wise banking plan was prepared by the Regional Office of NABARD in each State in consultation with the financing banks and nodal departments of the State Governments.

The progress of implementation of the scheme was, however, not satisfactory even after two years of launch with the main reasons identified for slow progress being inadequate cost norms, inability of farmers to contribute their share of 20 *per cent*, difficulties in obtaining land title documents, insistence

[1] The scheme was misclassified as a Centrally Sponsored Scheme. This came to light only in December 2004, in response to the Department's suggestion to transfer this scheme to the State Sector; such transfer was not possible for a Central Sector Scheme

by banks for collateral, disinclination of banks in advancing loans to farmers etc. In June 2004, while the Department proposed modifications like increased cost norms, decreasing farmers' contribution and providing for publicity for improving the scheme's performance, the Ministry of Finance felt that the restructured scheme would not address all the limitations of the earlier scheme and in line with the National Common Minimum Programme (NCMP), each State should draw up its own scheme to suit local needs and include it in its State Plan. Consequently, in July 2005, based on the Department's decision, the Planning Commission communicated the decision to discontinue the scheme from 2006-07, and suggested to the State Governments that they make provisions for the scheme's components which may suit their State under the State Plan.

As of April 2007, out of Rs. 115.00 crore released as GoI subsidy, NABARD reported a provisional utilization of Rs. 101.26 crore by the banks, and had refunded Rs. 11.44 crore between September 2006 and March 2007, thus leaving an unutilized amount of subsidy of Rs. 2.30 crore with it. NABARD further confirmed that the final statements of expenditure had been submitted in respect of seven States (Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Manipur, Mizoram and Uttar Pradesh), while in three States (Jharkhand, Orissa and West Bengal), the figures were under reconciliation with the banks.

However, pursuant to the Ministry's request in September 2008 for refund of the unutilized amount, in response to the audit findings, NABARD indicated in September 2008 that the amount of Rs. 2.30 crore hitherto reflected as unutilized had been almost fully utilized as follows:

- NABARD reported an increase in expenditure of Rs. 1.40 crore, after completion of reconciliation in all the States.
- Rs. 0.90 crore was released by NABARD to Chhattisgarh (Rs. 0.77 crore) and West Bengal (Rs. 0.13 crore) in July-August 2008 for settling pending applications for which sanctions were purportedly made by the implementing banks prior to the cutoff date of 31 March 2006, but funds could not be disbursed due to the utilization of allocated subsidy for these States. NABARD required additional funds of Rs. 0.78 crore to cover the claims from West Bengal in respect of pending applications which had reportedly been sanctioned by the implementing banks prior to 31 March 2006.

Despite provisions for getting physical and financial progress reports from NABARD under the scheme, the Ministry did not ensure the timely submission of these reports by NABARD. Also, the Ministry did not have effective controls to cross check the correctness of the disbursement figures made under the scheme, and continued to admit the figures of expenditure as reported by NABARD without getting independent validation of the related records and the list of purported pending applications.

In audit's opinion, the Ministry's failure to take action on release of Rs. 0.90 crore of funds by NABARD in July-August 2008 more than two years after the closure date of the scheme of 31 March 2006, was irregular and improper, especially when the intimation of the closure of the scheme on 31 March 2006 was given well in advance in July 2005, and there was no provision for carry forward of funds beyond March 2006 to cover liabilities on account of sanctions purportedly being given before March 2006. If such carry forward was required, specific approval of the Department of Expenditure, Ministry of Finance should have been obtained. This was clearly an attempt by NABARD to avoid refund of the balance amount of Rs. 0.90 crore. Audit recommends that this amount be forthwith recovered from NABARD.

The Ministry stated that they had been pursuing the matter with NABARD to refund the unutilized amount. However, this amount was yet to be refunded as of June 2009.

2.3 Drawal of funds in advance of requirement

Irregular drawal of funds in advance of requirement resulted in Rs. 5.25 crore remaining outside the Government Accounts, causing a loss of interest of Rs. 23.46 lakh.

General Financial Rules (GFRs) provide that a Grant or Appropriation shall be utilized to cover the charges (including the liabilities, if any, of the past year) which are to be paid during the financial year and adjusted in the accounts of the year for which Grant or Appropriation is sanctioned. Such charges can be authorized by competent authority any time before, but not after the expiry of the financial year. Further, Government of India's (GOI) decision (4) below Rule 258(2) lays down (as applicable prior to July 2005) that ordinarily, payments for supply of stores should be made only after the supplies are made. However, in cases where it becomes necessary to make advance payments as demanded by the firms for supply of stores, the Departments of the Central Government/Head of Departments may authorize the drawal of special departmental advances.

Scrutiny of records (June 2006 and April 2008) of the Directorate of Plant Protection, Quarantine & Stores, Faridabad (Directorate) revealed that the GOI, Department of Agriculture and Cooperation accorded (17 March 2005)

12 sanctions for Rs. 3.46 crore for purchase of equipments and allowed to draw the amounts in advance on Abstract Contingent Bills (AC Bills) in relaxation of para 2 (iii) under GOI's decision (4) below Rule 258 of GFRs, with the condition that cheques/drafts would be handed over to the supplier only after the satisfactory delivery/installation and performance report of the equipments. However, as stated above, the relaxation invoked in these cases was applicable only where advance payment was demanded by the supplier for supply of store/equipment, etc. In these cases neither were any advance payments demanded by the suppliers nor were any advance payments made to them. Thus, the sanctions accorded by GOI were not in order and it is apparent that the intention was to draw the money before the end of the financial year to avoid lapsing of budget grant.

The Directorate withdrew (March 2005) Rs. 3.46 crore and kept it in the shape of 12 banks drafts. The payments to the firms were actually made after a period ranging between 112 days and 323 days from the date of issue of demand drafts.

Four similar sanctions were again accorded by GOI in December 2005 and March 2006 for Rs. 1.79 crore for the purchase of stores/equipments. The Directorate withdrew (March 2006) the amount of Rs. 1.79 crore on A.C. Bills through permission to draw the amount of Rs. 1.65 crore on A.C. bills was accorded in three cases for making advance payment to the firms. The amounts so drawn were again kept in the form of bank drafts and no advance payments were made to the firms. The payments were made to the firms after a period ranging between 76 days and 262 days on receipt of stores/ equipments.

Thus, irregular drawal of funds in advance of requirement on the basis of infirm sanction orders, resulted in Rs. 5.25 crore remaining outside the Government Accounts thereby causing a loss of interest of Rs. 23.46 lakh[2].

The matter was referred to the Ministry of Agriculture in December 2008. The Ministry stated (May 2009) that the permission of the competent authority was obtained to draw the amount on A.C. bills and all out efforts were made to utilize the budget allocation of each year to the extent possible. The reply is not in conformity with the provision of the rules mentioned above.

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[2] All the average borrowing rate of interest of the Government of India at 7.89 *per cent per annum* during 2004-05 and at 7.75 *per cent per annum* during 2005-06.

Department of Animal Husbandry, Dairying and Fisheries

2.4 Inordinate delay in modernisation/improvement of Slaughter Houses and establishment of Carcass Utilisation Centres to minimise bird hits to IAF aircraft

The objective of implementing a Centrally Sponsored Scheme on "Assistance to States for Modernisation/ Improvement of Slaughter Houses and Establishment of Carcass Utilisation Centres" to minimize air accidents due to bird hits at ten selected high risk IAF airfield towns could not be achieved even after 18 years, despite expenditure of Rs 26.63 crore, as only two out of 10 projects were fully operational

Bird hits have been a major cause of air accidents. Indiscriminate disposal of garbage and stagnation of waste water in open drains close to airfields attract birds, thereby posing serious hazards to aircraft operating at such airfields. During the period from 1978-79 to 1987-88, the Indian Air Force (IAF) suffered damages to 60 aircraft due to bird hits; of these, in 38 cases, the aircraft was totally destroyed, and five pilots killed. Further, IAF was incurring an expenditure of more than Rs. 50 crore annually on account of damage to aircraft due to bird hits.

In order to prevent/ reduce air accidents due to bird hits, an Inter Ministerial Joint Sub Committee (IMJSC) was constituted in February 1989 to formulate action plans to sanitise a few selected airfields. In February 1990, IMJSC recommended implementation of (a) garbage disposal and sewerage/ drainage schemes, and (b) modernization of Slaughter Houses (SHs) and establishment of Carcass Utilisation Centres (CUCs) in 10 selected high risk IAF airfields at Gwalior (M.P.), Sirsa and Ambala (Haryana), Hindon and Bareilly (U.P.), Adampur (Punjab), Tezpur (Assam), Pune (Maharashtra), Jodhpur (Rajasthan), and Dindigul (A.P.).

Mention was made in the Report of the C&AG for the year ended 31 March 2007 (No. CA 1 of 2008, Paragraph 17.1) of the inordinate delay in implementation of the solid waste management and sewerage schemes in these 10 high risk airfields. As regards the modernization of slaughter houses and establishment of CUCs, the Ministry of Agriculture launched a Centrally Sponsored Scheme "Assistance to States for Improvement/ Modernisation of Slaughter Houses and Establishment of Carcass Utilisation Centres" in the vicinity of the 10 selected high risk Indian Air Force air fields identified by the

IMJSC during the VIII Plan at a cost of Rs. 28.75 crore[3]. The scheme had two components:

- Modernisation/ improvement of slaughter houses, with 50 *per cent* funding by the Government of India (GOI) and balance 50 *per cent* funding to be provided by State Government/Meat Corporation/Urban Local Bodies/Gram Panchayats jointly or exclusively.
- Establishment of CUCs, with 100 *per cent* GoI funding for capital expenditure on building, plant, machinery and effluent treatment plant.

The State Governments could involve Co-operative Societies or Corporations or Boards of Scheduled Castes/Scheduled Tribes and voluntary organizations of repute for arranging the State's share. However, flow of Government of India funds from the Centre were to be routed through the State Governments only.

The scheme was continued through the IX Plan and the first two years of the X Plan upto 2003-04, when it was closed due to poor performance of the projects. However, in order to complete the on-going projects, the scheme was continued for one more year upto 2004-05.

During 1990-2005, the Ministry released Rs. 28.11 crore for eight projects at high risk airfields viz. Gwalior, Hindon, Bareilly, Adampur, Tezpur, Pune, Jodhpur and Dindigul; no funds were released for projects at the remaining two airfields (Ambala and Sirsa) as proposal had not been submitted by the State Government. Audit examination disclosed the following:

- Five projects (Hindon, Bareilly, Adampur, Pune, and Jodhpur) were completed. Out of these completed projects, only two projects at Jodhpur and Pune were fully operational. Hindon and Bareilly were reported as operational by the Ministry, although physical inspection by the Audit team in July-August 2008 revealed deficiencies in operation, and the project at Adampur was not operational since 2001.
- Three projects (Gwalior, Tezpur, and Dindigul) were yet to commence operations as of August 2008.

[3] This was increased to Rs. 29.46 crore due to transfer of funds from another scheme.

The detailed status of implementation of the projects in the 10 selected airfield towns is as under:-

Table 1 : Status of Implementation of Projects as of August 2008

Sl. No.	Location	Unit	Year of release	Amount released (in lakh)	Total expenditure (in lakh)	Reported Status
1	Pune	CUC	1997-2005	152.00	152.00	Completed and operational
		SH	1996-97	425.75	425.75	Completed and operational; abbatoir in use on regular basis
2	Jodhpur	CUC	2000-05	258.75	258.75	Completed and operational
3	Bareilly	SH	1997-98	24.95	24.95	Completed and operational
4	Hindon	CUC	1994-95	215.88	215.88	Completed and operational
5	Adampur	CUC	1996-97	209.58	209.58	Completed, but non-operational; closed since 2001 due to litigation
6	Dindigul	SH	1990-91	1107.00	1107.00	Incomplete and non-operational; no staff for running the plant
		CUC	1993-94	83.00	83.00	Project yet to start ; reasons for non commencement not available on record.
7	Tezpur	CUC	1993-94	13.34	13.34	Incomplete and non-operational; no status report submitted by the State Government
8	Gwalior	SH	1994-95	148.00	—	Project abandoned due to court's stay, disallowing Slaughter House at the identified site ; funds refunded in 2007 – 08
		CUC	1995-96	172.86	172.86	Not commenced; land allotted but work not started due to litigation in High Court over the land
9	Ambala	—			—	No proposal received from State Government
10	Sirsa	—			—	No proposal received from State Government

Further, the Audit team conducted visits to four project sites at Hindon, Bareilly, Adampur and Jodhpur during July and August 2008 to ascertain the physical status of the projects, which revealed the following position.

While the CUC at Ghaziabad (near Hindon airfield) was reported as fully operational in the Ministry's records, the Audit team's visit revealed that the plant was not working to its full operational capacity due to the dilapidated condition of the building and machinery. Huge garbage stacks had been piled up in open spaces just outside the boundary of the airfield. Further, Ghaziabad city neither had any authorized slaughter house, nor any authorized garbage disposal center[4].

CUC at Ghaziabad (near Hindon airfield)

Area surrounding Hindon airfield

[4] Makeshift arrangements for garbage disposal had been made at Sai Upvan, Vijay Nagar

In response (October 2008), the Ministry stated that as the plant was more than nine years old, it was possible that the machinery might not be in very good condition; however, running of a CUC to full capacity would depend upon the availability of raw material for processing. The Ministry's contention is not acceptable because :

(i) clearly, the objective of funding the CUC had not been achieved due to dilapidated condition of the building and machinery.

(ii) as regards utilization of CUC to its full capacity, this should have been considered at the time of sanction of CUC and not at this stage

Slaughter House at Bareilly

Although the slaughter house at Bareilly was working satisfactorily as per the Ministry's records, the site visit by the Audit team revealed that the plant was not working to its full capacity. Discussion with the employees of the Nagar Nigam, Bareilly manning the slaughter house revealed that the UP Pollution Control Board had objected to the unauthorized running of the slaughter house without installation of an effluent treatment plant; the export of meat had since been stopped, scaling down utilization of plant capacity. The Audit team found the drainage system of the slaughter house and the condition of the slaughter house building was defective and unhygienic as depicted in the photograph above:

Closed CUC at Adampur

The CUC at Adampur was closed after July 2001 due to litigation, and reportedly handed over to the State Department of Animal Husbandry in 2004. During the site visit, the Audit team found the CUC closed, and also noticed many garbage sites in open fields within 0.5 km to 4 km of the airfield.

In response, the Ministry stated that the State Government had neither sought its permission for closure of the CUC, nor intimated it about the closure.

Field visit by the Audit team to the CUC at Jodhpur revealed that the CUC was fully operational and processing about 30-40 carcasses daily.

Meanwhile, during the period from 1990-91 to 2006-07, when these schemes were being formulated and implemented, IAF had 13 accidents and 542 incidents on account of bird hits, which resulted in loss of 12 aircraft with a financial effect of Rs. 181.33 crore. This would illustrate that the objectives of the Scheme of creating hygienic conditions around the airfields so as to minimize accidents, were not pursued to finality by the Ministry.

In response (October 2008), the Ministry stated that the desired success in implementation of these projects could not be achieved, primarily due to lack of matching response and funds from the States/ local bodies, low priority accorded by the States/ local bodies and difficulties in locating suitable sites. The Ministry also stated that they did not have the resources and manpower to supervise the functioning of the established Slaughter Houses and CUC projects which were spread throughout the length and breadth of the country. Further, maintenance of sanitation and hygiene in and around slaughter houses and prevention of clandestine slaughter was within the purview of the State Government and local bodies, who should implement the provisions of the Acts/ Rules already in place, and mere construction of slaughter houses and establishment of CUCs alone would not help much in reducing the bird hit menace, without effective monitoring and control.

In Audit's opinion, the issues raised by the Ministry should have been addressed at the time of conceptualization and approval of the scheme, as well as during implementation. Further, the Ministry did not constitute a Monitoring Committee to evaluate the progress of the scheme from time to time, as required in terms of the recommendation of the Expert Group of the Ministry.

Thus, due to the failure of the Ministry to effectively monitor and coordinate with the State Governments and implementing agencies, the objective of reducing bird hits to aircraft in selected high risk IAF airfields through improvement/modernization of Slaughter Houses and establishment of Carcass Utilization Centers was not achieved. Expenditure of Rs. 26.63 crore remained largely unfruitful even after a delay of 18 years. Failure of the scheme will continue to cause great loss to the Indian Air Force on account of air accidents due to bird hits in these towns.