

# **CHAPTER-III**

## **ECONOMIC SECTOR**

## CHAPTER III : ECONOMIC SECTOR

### 3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2012 deals with the findings on audit of the State Government units under Economic Sector<sup>1</sup>.

The names of the major State Government departments and the net budget provisions and expenditure of the State Government under Economic Sector during the year 2011-12 are given in the table below:

**Table 3.1.1**

(₹ in crore)

Sl. No.	Name of Department	Budget provisions (Original and Supplementary)	Expenditure
1.	Transport (including Tourism)	65.52	51.37
2.	Power (Electricity)	468.02	198.09
6.	Food & Civil Supplies	10.85	10.86
8.	Co-operation	47.41	27.22
9.	Agriculture	515.34	390.18
11.	Weights & Measurement	4.07	3.80
13.	Public Works	708.08	621.00
14.	Soil Conservation	175.26	156.06
15.	Border Areas Development	48.16	39.77
16.	Animal Husbandry & Veterinary	89.51	79.93
18.	Fisheries	22.62	15.45
20.	Community & Rural Development	291.66	273.00
21.	Industries	99.49	85.30
<b>Total</b>		<b>2545.99</b>	<b>1952.03</b>

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the Implementing agencies under the Economic Sector to different departments of the State Government. The major transfers for implementation of programmes of the Central Government are detailed below:

**Table 3.1.2**

(₹ in crore)

Name of the Department	Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Community & Rural Development	Mahatma Gandhi National Rural Employment Guarantee Act	District Rural Development Agency (DRDA), West Garo Hills, West Khasi Hills, South Garo Hills, Ri Bhoi, Jaintia Hills, East Garo Hills, East Khasi Hills	284.98
	DRDA Administration	DRDAs, West Garo Hills, West Khasi Hills, South Garo Hills, Ri Bhoi, Jaintia Hills, East Garo Hills, East Khasi Hills	6.67
Soil & Water Conservation	Integrated Watershed Management Programme	Meghalaya State Watershed and Wasteland Development Agency, Shillong	3.04
Public Works	Pradhan Mantri Gram Sadak Yojana	State Rural Road Development Agency	38.00

Source: Central Plan Scheme Monitoring System of CGA website

<sup>1</sup> Categorized considering the activities of the departments concerned.

### ***3.1.1 Planning and conduct of Audit***

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. The audits were conducted during 2011-12 involving expenditure of ₹ 1399.99 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Economic Sector. The report contains one long paragraph on the Animal Husbandry and Veterinary Department and three Transaction Audit Paragraphs.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

The major observations under Economic Sector detected in audit during the year 2011-12 are given below.

## ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

### 3.2 Functioning of departmental farms and civil work wing

The Animal Husbandry and Veterinary Department incurred expenditure of ₹ 13.82 crore during 2007-12 on running and maintenance of six farms (₹ 2.95 crore) and two central dairies (₹ 10.87 crore) in excess of the revenue earned. Besides, there was loss of ₹ 13.88 lakh due to unsuccessful hatching of eggs. Six buildings constructed for veterinary dispensaries remained non-functional and five buildings constructed for residential quarters and dairy office remained vacant rendering the expenditure of ₹ 2.52 crore incurred on their construction unproductive.

#### 3.2.1 Introduction

Animal Husbandry and Veterinary (AH&V) Department, apart from providing protection to the livestock and poultry population from the ravages of contagious and non-contagious diseases through treatment and preventive vaccination; is responsible for improving the level of production and potentiality of livestock in the State. For this purpose, a network of cattle breeding farms (five), pig farms (twelve) and poultry farms (eleven) have been established in the State. The Department also operates three dairy plants (Shillong, Jowai and Tura) and two milk chilling centres.

Important audit findings based on test-check (April-July 2012) of records of the Director, AH&V and three (out of five) cattle breeding farms, three (out of twelve) pig farms, three (out of eleven) poultry farms and two dairy plants (Shillong and Tura) located in three<sup>2</sup> out of seven districts of the State are mentioned in the succeeding paragraphs.

#### 3.2.2 Cattle and Buffalo Development

The main objectives of the activities carried out by the AH&V Department under the 'Cattle and Buffalo Development' were to enhance milk production in the State by upgrading the local livestock through cross breeding and adopting improved breeding practices like artificial insemination. For this purpose, the Department had four cattle breeding farms at Kyrdemkulai, Rongkhon, Upper Shillong and Khliehtyrshi stocked with exotic breeds of cows like Jersey and Holstein-Friesian to produce superior germ plasm for supply to farmers and one buffalo farm at Songsak stocked with buffaloes of Murrah breed.

<sup>2</sup> East Khasi Hills, West Garo Hills and Ri Bhoi Districts

### 3.2.2.1 Milk production in the State

During 2007-12 the overall milk production in the State was as below:

**Table 3.2.1**

(in tones)

Year	Indigenous	Cross breed	Buffalo	Total
2007-08	28.26	46.27	1.94	76.47
2008-09	28.46	47.06	1.98	77.50
2009-10	28.76	47.44	2.01	78.21
2010-11	29.25	47.87	2.01	79.13
2011-12	29.54	48.10	2.03	79.67
<b>Total</b>	<b>144.27</b>	<b>236.74</b>	<b>9.97</b>	<b>390.98</b>

From the above table it can be seen that there was increase of only 4 *per cent* in total production during five year period 2007-12.

### 3.2.2.2 Productivity of cattle and buffalo farms

The number of animals and milk production in the AH&V Department's four cattle farms at Upper Shillong, Rongkhon, Kyrdemkulai and Khliehtyrshi and the buffalo farm at Songsak was as under:

**Table 3.2.2**

Year	Number of cows/buffaloes available			Quantity of milk produced (in '000 litres)	
	Milch	In milk	Heifers	Cow	Buffalo
2007-08	21 to 71 cows and 6 to 29 buffaloes	8 to 45 cows and 4 to 6 buffaloes	15 to 34 cows and 5 to 6 buffaloes	251	4
2008-09	20 to 64 cows and 7 to 9 buffaloes	11 to 48 cows and 2 to 6 buffaloes	3 to 37 cows and 5 buffaloes	236	2
2009-10	20 to 69 cows and 7 to 8 buffaloes	12 to 54 cows and 3 to 6 buffaloes	2 to 27 cows and 4 to 5 buffaloes	348	2
2010-11	20 to 71 cows and 5 to 8 buffaloes	10 to 54 cows and 4 to 5 buffaloes	2 to 23 cows and 7 to 8 buffaloes	249	3
2011-12	15 to 76 cows and 5 buffaloes	9 to 60 cows and 1 to 5 buffaloes	2 to 21 cows and 8 buffaloes	256	4

Source: DAH&V.

As can be seen from the above table during five year period 2007-12, the bulk of the milk production (almost 99 *per cent*) was cow milk. The average cow milk production was 268 thousand litres per year with peak production level of 3,47,947 litres in 2009-10.

### 3.2.2.3 Operational loss

An analysis of the receipts and expenditure of three cattle farms (expenditure on feed, running and maintenance of farms but excluding expenses on staff salaries) in three districts (East Khasi Hills, West Garo Hills and Ri-Bhoi) for the five-year period ending March 2012 showed no improvement in the financial position of these farms, which with each successive year got progressively worse.

The year-wise position of revenue receipts and working expenses of these farms during 2007-12 is given below:

**Table 3.2.3**

(₹ in lakh)

Name of farms	2007-08	2008-09	2009-10	2010-11	2011-12	Total
<b>Cattle Farms</b>						
<b>Rongkhon</b>						
Revenue earned from sales	4.69	3.77	6.40	7.07	7.49	29.42
Expenditure on feed, running and maintenance	8.92	9.96	10.88	13.86	14.38	58.00
Excess of expenditure over income	4.23	6.19	4.48	6.79	6.89	28.58
<b>Upper Shillong</b>						
Revenue earned from sales	17.26	19.03	24.12	27.96	34.72	123.09
Expenditure on feed, running and maintenance	46.69	48.86	58.82	64.49	72.35	291.21
Excess of expenditure over income	29.43	29.83	34.70	36.53	37.63	168.12
<b>Kyrdemkulai</b>						
Revenue earned from sales	15.51	10.82	8.99	9.60	12.83	57.75
Expenditure on feed, running and maintenance	14.22	16.50	19.70	24.02	24.39	98.83
Excess of expenditure over income (-)/ Excess of income over expenditure (+)	+ 1.29	- 5.68	- 10.71	- 14.42	- 11.56	- 41.08

Source: Information furnished by the respective farms.

As can be seen from the above table, all the three cattle farms incurred losses in all the years except for Kyrdemkulai farm which earned a profit of ₹ 1.29 lakh in 2007-08. The aggregated operational losses of these three cattle farms during the period 2007-12 stood at ₹ 28.58 lakh (Rongkhon), ₹ 1.68 crore (Upper Shillong) and ₹ 41.08 lakh (Kyrdemkulai).

The above position indicated that there was lack of efforts to streamline the functioning of these farms and to reduce the persistent losses.

The Director, AH&V admitted (November 2012) the fact and stated that the operational loss in cattle farms was due to genetic loss and aging of cows.

### 3.2.3 Dairy Development

In Meghalaya, the AH&V Department operates three dairy plants with combined capacity to process 26,000 litres per day (Shillong – 10,000 litres per day, Tura – 8,000 litres per day and Jowai – 8,000 litres per day) and two milk chilling centres at Nongstoin and Willamnagar with a capacity of 2,000 litres.

Scrutiny of records of two plants (Shillong and Tura) revealed that during 2007-12 the plants processed on an average the following quantity of milk:

**Table 3.2.4**

Diary Plant	Processing capacity	Average quantity of milk processed per day (in litres)				
		2007-08	2008-09	2009-10	2010-11	2011-12
Shillong	10,000	4,097	4,903	4,718	5,399	7,113
Tura	8,000	1,244	1,589	1,029	617	552

From the above, it will be seen that during 2007-12, the capacity utilisation of the Shillong plant ranged between 41 *per cent* and 71 *per cent* and that of the Tura plant between 07 *per cent* and 20 *per cent*. While the quantity of milk processed at Shillong plant showed a gradual increase during the period 2007-12, the quantity of milk processed at Tura plant during the same period declined and was at its lowest during 2011-12 (mere 6.9 *per cent*).

The average daily milk production in East Khasi Hills and West Garo Hills Districts (districts where the above dairy plants are located) and milk processed at Shillong and Tura dairy plants during the period 2007-08 to 2011-12 was as under:

**Table 3.2.5**

Year	East Khasi Hills		West Garo Hills	
	Daily average Milk Production (in litres) <sup>3</sup>	Percentage of milk processed	Daily average Milk Production (in litres) <sup>3</sup>	Percentage of milk processed
2007-08	56,739	7.22	35,315	3.52
2008-09	57,506	8.53	36,109	4.40
2009-10	58,054	8.13	36,520	2.82
2010-11	58,767	9.19	36,986	1.67
2011-12	58,575	12.14	37,178	1.48

From the above table it can be seen that:

- Despite availability of the milk in the East Khasi Hills District and West Garo Hills District, the full capacity of the plant could not be utilised in any of the years under review.
- Shillong dairy plant on an average processed between 7.22 *per cent* and 12.14 *per cent* of the average daily milk production of East Khasi Hills District.
- The position in respect of Tura dairy plant was even worse. It is distressing to note that average daily processing has actually declined during the period 2007-12 and was at its lowest 1.48 *per cent* in 2011-12.

### 3.2.3.1 Losses incurred by dairies

Revenue earned on sale of milk and milk products and expenditure incurred on procurement of milk during 2007-12 by the dairy farms at Shillong and Tura were as under:

<sup>3</sup> Figures of milk production given by DAH&V was in tonnes per year which was converted by Audit into litres at the rate of One tonne = 966.18 litres  
(<http://www.thecalculatorsite.com/conversions/common/liters-to-metric-tons.php>)

Table 3.2.6

(₹ in crore)

Dairy	2007-08	2008-09	2009-10	2010-11	2011-12	Total
<b>Shillong Dairy</b>						
Revenue earned	1.36	2.29	2.77	4.15	6.55	17.12
Expenditure on procurement of milk	2.32	2.95	3.27	4.34	6.49	19.37
Excess of expenditure over income (-)/ Excess of income over expenditure (+)	- 0.96	- 0.66	- 0.50	- 0.19	+ 0.06	- 2.25
<b>Tura Dairy</b>						
Revenue earned	0.81	0.93	0.78	0.54	0.71	3.77
Expenditure on procurement of milk	0.71	0.91	0.70	0.51	0.67	3.50
Excess of income over expenditure	0.10	0.02	0.08	0.03	0.04	0.27

Source: Assistant Dairy Development Officers, Shillong and Tura.

As can be seen from the table above, Shillong Dairy Plant incurred a total loss of ₹ 2.25 crore during 2007-08 to 2011-12 only considering the cost of milk procured and sale proceeds thereof. However, Tura Dairy Plant earned ₹ 0.27 crore as excess of income over expenditure incurred on procurement of milk during 2007-12.

In addition to the expenditure on procurement of milk, ₹ 4.48 crore and ₹ 4.41 crore were spent by the dairies at Shillong and Tura respectively during 2007-12 on running and maintenance of these dairies. Considering this expenditure, there was overall loss of ₹ 6.73 crore and ₹ 4.14 crore incurred by Shillong and Tura dairies during 2007-12.

### 3.2.4 Poultry Development

The objective of the activities carried out by the AH&V Department under the sub-sector 'Poultry Development' was to meet the requirement of State's breeding stock, table birds, eggs and to improve the local poultry by distribution of improved breeds. There are 11 poultry farms in the State for demonstration and production of poultry and eggs. Additionally, the poultry farms at Kyrdemkulai, Umsning, Rongkhon and Jowai had hatcheries for producing chicks for distribution to other poultry farms, farmers, etc.

During 2007-12, expenditure of ₹ 23.58 crore was incurred under this sub-sector against a budget provision of ₹ 18.56 crore. These figures constituted 8 and 6 per cent of the AH&V Department's total expenditure and budget provision during this period.

As per the most recent data available, the State had a poultry population of 30.93 lakh<sup>4</sup> and estimated total egg production was 997.71 lakh in 2007-08<sup>5</sup> (poultry: 968.43 lakh eggs; duck: 29.28 lakh eggs).

<sup>4</sup> Livestock Census 2007 (Provisional)

<sup>5</sup> Statistical Handbook Meghalaya 2010-11, Directorate of Economics and Statistics, Government of Meghalaya



### 3.2.4.1 Performance of poultry farms

The performance of the 11 poultry farms of AH&V Department during 2007-12 was as under:

**Table 3.2.7**

Sl No	Particulars	(In number)				
		2007-08	2008-09	2009-10	2010-11	2011-12
1.	Chicks reared	36,987	10,886	12,721	11,873	12,832
2.	Growers reared	7,798	16,370	15,506	15,520	18,262
3.	Layers reared	6,745	18,784	21,627	25,990	35,068
4.	Egg production	10,53,537	14,55,848	11,02,501	9,15,857	7,65,018
5.	Birds Stock	15,079	24,457	26,625	25,061	31,065
6.	Broilers reared	24,904	20,698	26,625	25,061	31,065
7.	Broilers sold	17,496	10,414	12,480	12,407	26,754
8.	Broilers purchased	1,539	9,708	17,923	10,760	12,464
9.	Chick/Growers purchased	495	2,994	Nil	3,300	5,724
10.	Broiler chick production (day old chicks)	9,698	961	14,634	29,567	Nil
11.	Layer chicks production (day old chicks)	94,265	27,842	800	Nil	Nil
12.	Broiler chicks supplied	9,698	Nil	Nil	Nil	Nil

Source: DAH&V

As can be seen from the above table, production of ‘Chicks reared’ and ‘Egg production’ had significantly declined by 65 per cent and 27 per cent respectively during 2011-12 compared to 2007-08. With respect to the other items however (‘Growers reared’, ‘Layers reared’, ‘Broilers reared’, ‘Broilers sold’, ‘Broilers purchased’, ‘Chick/Growers purchased’), the performance of the farms in 2011-12 was better than that in 2007-08.

With respect to ‘Layer chick production’ and ‘Broiler chicks supplied’, it can be observed that the farms had stopped these activities from 2010-11 and 2008-09 respectively due to non-supply of parents stock from Pune (Venkatesh Poultry Farm, which supplies parent stock to the Department) for production of Day Old Chicks due to outbreak of bird flu in Pune.

The Director, AH&V stated (September 2012) that the shortfall in production of reared chicks was due to power failure as hatching requires a certain level of temperature to be maintained in the sheds and the shortfall in production of eggs was because of fluctuation and failure of power supply. The contention was not acceptable because some alternative power supply arrangement like generators could have been made to avoid disruption of power supply.

### 3.2.4.2 Production of eggs

According to the Director, AH&V, the norm for egg production for low input (Kuroiler) birds was 150-180 eggs per bird per year and that for hybrid 250 eggs per bird per year. With reference to these norms, the position of egg production in Poultry

Farm at Umsning (where Kuroiler birds are reared), Poultry Farms at Kyrdemkulai and Rongkhon (where hybrid birds are reared) was as under:

Table 3.2.8

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Poultry Farm, Umsning (Low input birds – Kuroiler)</b>					
Layer birds available	3,752	2,462	2,379	2,329	1,656
Eggs required to be produced as per lower norm @ 150 eggs per bird per year	5,62,800	3,69,300	3,56,850	3,49,350	2,48,400
Eggs actually produced	2,16,231	2,39,069	2,26,694	1,71,178	61,422
Production of eggs per bird per year	58	97	95	73	37
Shortfall with reference to norm	3,46,569	1,30,231	1,30,156	1,78,172	1,86,978
Percentage of shortfall	62	35	36	51	75
<b>Poultry Farm, Rongkhon (Hybrid birds)</b>					
Layer birds available	370	406	494	544	603
Eggs required to be produced as per norm	92,500	1,01,500	1,23,500	1,36,000	1,50,750
Eggs actually produced	49,707	86,133	70,706	57,836	65,680
Production of eggs per bird per year	134	212	143	106	109
Shortfall with reference to norm	42,793	15,367	52,794	78,164	85,070
Percentage of shortfall	46	15	43	57	56
<b>Poultry Farm, Kyrdemkulai (Hybrid birds)</b>					
Layer birds available	2,703	5,193	3,664	5,536	2,522
Eggs required to be produced as per norm	6,75,750	12,98,250	9,16,000	13,84,000	6,30,500
Eggs actually produced	6,47,758	9,32,913	7,16,047	2,91,708	2,75,042
Production of eggs per bird per year	240	180	195	53	109
Shortfall with reference to norm	27,992	3,65,337	1,99,953	10,92,292	3,55,458
Percentage of shortfall	04	28	22	79	56

Compared to the minimum norm of 150 eggs per bird per year to be produced in Umsning farm, production of eggs in this farm during 2007-12 ranged between 37 and 97.

Similarly, against the norm of 250 eggs per bird per year, the actual production of eggs in the Kyrdemkulai and Rongkhon farms ranged between 53 and 240. Rongkhon Poultry Farm was the lowest producer of eggs per bird.

During the five-year period ending March 2012, only 3.30 lakh, 28.63 lakh and 9.15 lakh eggs were produced in Rongkhon, Kyrdemkulai and Umsning farms against the norm of 6.04 lakh, 49.05 lakh and 18.87 lakh eggs respectively.

The Director, AH&V stated (September 2012) that the shortfall was due to fluctuation and failure of power supply. The reply was not acceptable as alternative arrangement for power supply should have been made to ensure optimum egg production in these farms.

### 3.2.4.3 Hatching loss

As per norm fixed by the AH&V Department for hatching of eggs, 80 *per cent* of the eggs set should be hatched successfully. The position on this count in the three selected farms during 2007-12 was as under:

**Table 3.2.9**

Year	Number of eggs set for hatching	Number of eggs to be hatched as per norm	Chicks hatched ( <i>per cent</i> )	Difference
<b>Poultry Farm Umsning</b>				
2007-08	99,016	79,213	58,848 (59)	20,365
2008-09	68,296	54,637	50,015 (73)	4,622
2009-10	85,884	68,707	60,073 (70)	8,634
2010-11	44,370	35,496	33,292 (75)	2,204
2011-12	2,142	1,714	110 (5)	1,604
<b>Poultry Farm, Kyrdemkulai</b>				
2007-08	1,69,986	1,35,989	1,03,963 (61)	32,026
2008-09	78,618	62,894	47,066 (60)	15,828
2009-10	87,206	69,765	53,061 (61)	16,704
2010-11	1,29,349	1,03,479	74,104 (57)	29,375
2011-12	1,10,934	88,747	61,178 (55)	27,569
<b>Poultry Farm, Rongkhon</b>				
2007-08	2,241	1,793	276 (12)	1,517
2008-09 to 2011-12	No eggs were set for hatching during these years.			

*Source: Information furnished by the respective farms; figures in parentheses is the number of chicks hatched as a percentage of number of eggs set for hatching.*

During the period 2007-12, the percentage of success in hatching in the three farms was lower than the norm fixed. While in Umsning farm, the number of chicks hatched as a percentage of number of eggs set for hatching ranged between 5 *per cent* and 75 *per cent*, in Kyrdemkulai farm the percentage was between 55 and 61 and in Rongkhon farm, it was 12 *per cent* in 2007-08.

In Rongkhon farm hatching was done only during 2007-08. From then onwards no hatching could be done due to breakdown of the machines. It took more than four years to install (September 2012) a new machine by the Department.

It was further observed that the farms procured hatching eggs at a cost of ₹ 6 per egg during 2007-08, 2008-09 and 2009-10 and ₹ 13 per egg during 2010-11 and 2011-12. Calculated at these rates, the loss sustained by the three farms on account of hatching eggs below the prescribed norms works out to ₹ 13.88 lakh.

### 3.2.5 Piggery Development

The suitability of the climate, fondness for pork by a major section of the State's population and availability of good market for pork promises wide possibilities of development of pig industry in the State. But the main drawback is that most farmers prefer to rear inferior quality of stock. About 88 *per cent* of the total pigs reared are non-descript local breeds and only 12 *per cent* are cross-breed pigs.

The improved pig breeds are kept at 12 pig farms of the AH&V Department located in every district of the State for demonstration purposes as well as for producing better stock for supply to farmers. The records of three pig farms *viz*, Pig Farm, Kyrdemkulai in Ri-Bhoi District; Pig Farm, Dalu in West Garo Hills District; and Pig Farm, Pynursula in East Khasi Hills District were selected for test check.

The target and achievement of the three selected farms for the period 2007-12 as furnished to Audit by the officers-in-charge of the farms were as below:

**Table 3.2.10**

Sl. No.	Activity	2007-08		2008-09		2009-10		2010-11		2011-12	
		T	A	T	A	T	A	T	A	T	A
<b>Pig Farm, Kyrdemkulai</b>											
1.	Boars to be reared	17	17	17	17	17	11	17	11	17	11
2.	Sows to be reared	80	75	80	75	80	72	80	70	80	61
3.	Piglets to be produced	1,100	1,310	1,100	1,250	1,440	1,350	1,440	1,189	1,440	1,133
4.	Piglets to be sold	-	1,142	850	1,106	-	1,151	-	1,115	-	686
<b>Pig Farm, Dalu</b>											
1.	Boars to be reared	3	3	2	2	4	4	4	4	4	4
2.	Sows to be reared	15	15	15	15	20	20	20	20	20	20
3.	Piglets to be produced	200	141	150	142	240	146	240	229	240	175
4.	Piglets to be sold	-	94	-	142	-	109	-	203	-	151
<b>Pig Farm, Pyursula</b>											
1.	Boars to be reared	3	3	3	3	3	3	3	2	3	2
2.	Sows to be reared	15	16	15	11	15	10	15	10	15	7
3.	Piglets to be produced	180	114	180	109	180	36	180	20	180	57
4.	Piglets to be sold	-	106	-	72	-	45	-	16	-	52

It will be seen from the above table that:

- in Kyrdemkulai pig farm, the number of boars reared had over the five-year period come down by 35 *per cent*; although the number of sows reared during this period had also come down by 19 *per cent*, the productivity per sow (in terms of piglets produced) increased from 17.46 piglets per sow (2007-08) to 18.57 piglets per sow (2011-12); the number of piglets sold during 2011-12 abruptly came down to 686 even though 1,133 piglets were produced that year.

The Deputy Director of the farm stated (June 2012) that this was on account of the death of 420 piglets due to swine fever outbreak during September 2011 to February 2012. He further stated that though all the pigs were administered swine fever vaccine during 2011-12, the disease attacked the pigs due to loss of vaccine potency during storage due to frequent power failure. This in effect, was an admission that vaccines of doubtful efficacy were administered to the animals.

- in Dalu Pig farm, the number of boars and sows reared and number of piglets produced during 2011-12 were marginally higher than the numbers in 2007-08; and,
- in Pynursla Pig Farm, the number of sows reared declined by 56 per cent over the five years period and productivity per sow (in terms of piglets produced) decreased from 9.91 piglets per sow in 2008-09 to two piglets per sow in 2010-11. In 2011-12, however, the production revived at 8.14 piglets per sow.

### 3.2.5.1 Operational loss

An analysis of the receipts and expenditure of the three farms revealed that these farms had been incurring operational losses during 2007-12, the details of which are given below:

**Table 3.2.11**

Pig Farm						(₹ in lakh)
	2007-08	2008-09	2009-10	2010-11	2011-12	Total
<b>Kyrdemkulai</b>						
Revenue earned from sales	16.47	16.22	19.93	20.36	17.49	90.47
Expenditure on feed, running and maintenance	20.18	23.83	25.55	27.80	25.58	122.94
Excess of expenditure over income	3.71	7.61	5.62	7.44	8.09	32.47
<b>Dalu</b>						
Revenue earned from sales	1.98	2.05	1.36	3.13	3.26	11.78
Expenditure on feed, running and maintenance	3.66	3.74	7.65	6.08	6.04	27.17
Excess of expenditure over income	1.68	1.69	6.29	2.95	2.78	15.39
<b>Pynursla</b>						
Revenue earned from sales	1.45	1.13	0.72	0.24	1.13	4.67
Expenditure on feed, running and maintenance	2.69	3.41	2.64	3.24	2.52	14.50
Excess of expenditure over income	1.24	2.28	1.92	3.00	1.39	9.83

Source: Information furnished by the respective farms.

It will be seen that during 2007-12, the above three farms sustained a total loss of ₹ 57.69 lakh on running and maintenance of these farms.

### 3.2.6 Non-functional veterinary dispensary

In Civil Engineering Wing (CEW), Shillong under the AH&V Department it was noticed that the construction of the veterinary dispensary buildings at Nonglang (in West Khasi Hills District) and Krang and Ichamati (in East Khasi Hills District), though completed in February, March and November 2011 at a cost of ₹ 33.20 lakh, ₹ 33.22 lakh and ₹ 52.79 lakh respectively, could not be made functional till the date of audit (July 2012) because the staff<sup>5</sup> for these dispensaries were yet to be sanctioned

<sup>5</sup> One Animal Husbandry and Veterinary Officer, one Veterinary Field Assistant, one Peon and one Chowkidar each for the two dispensaries.

by AH&V Department despite submission of a proposal for the staff by the Director, AH&V in January 2011.

The Director, AH&V stated (July 2012) that the dispensary at Ichamati had been made functional by engaging the nearby AH&V officer to look after the dispensary at least once in a week. As regards other two dispensaries at Nonglang and Krang, the Director, AH&V stated (September 2012) that these dispensaries could not be made functional because the staff for these dispensaries were yet to be sanctioned by AH&V Department.

Making a veterinary officer from nearby also responsible for Ichamati dispensary against the requirement of a full-fledged veterinary officer, veterinary field assistant, peon and chowkidar can at best be termed as unsatisfactory stop-gap arrangement. Thus, failure to make available the required complement of staff to run these facilities resulted in the expenditure of ₹ 1.19 crore being unproductive for over a year.

The Director, AH&V stated (November 2012) that the dispensaries could not be made operational in time due to shortage of manpower.

### 3.2.7 Idling of assets created

In CEW, Tura, eight projects (estimated cost ₹ 2.21 crore), completed between June 2007 and September 2010 (three dispensaries, one office building and four residential buildings), are lying unused for two to five years back. A total amount ₹ 1.33 crore was paid to the contractors in respect of these construction. However, none of these facilities had been handed over by the EE, Tura to the designated users due to non-providing of power connection. The details are given below:

**Table 3.2.12**

(₹ in lakh)

Sl. No.	Name of project	Estimated cost	Amount paid to the contractors	Actual date of completion
1.	Veterinary Dispensary at Nangalbibra	12.14	7.00	November 2009
2.	Veterinary Dispensary at Belguri	25.46 (RE)	23.46	September 2010
3.	Veterinary Dispensary at Babadam	26.79	9.49	April 2010
4.	DVO-cum-Dairy office at Tura	80.14	64.13	June 2010
5.	Residential building at Nangalbibra	15.92	5.90	June 2007
6.	Residential quarter at Belguri	24.10 (RE)	18.54	August 2010
7.	Residential building at Rongchugre	11.50	2.00	July 2009
8.	Residential building at Babadam	25.07	2.72	April 2010
		<b>221.12</b>	<b>133.24</b>	

Source: EE, Tura

Thus, expenditure of ₹ 1.33 crore incurred so far on construction of above projects not only remained unproductive but the purpose for which these constructions were carried out also got defeated.

The matter was referred to the Principal Secretary to the Government of Meghalaya, AH&V Department in September 2012; reply had not been received (March 2013).

## Conclusion

The performance appraisal of cattle breeding farms, pigery farms, poultry farms and dairy plants managed by Animal Husbandry and Veterinary Department revealed that the performance of these farms and plants were far from satisfactory and incurring huge financial loss. Expenditure of ₹ 1.19 crore incurred on construction of buildings of three veterinary dispensaries in three test-checked districts was unproductive as these dispensaries were not made functional due to failure to make available the required complement of staff to run these dispensaries. Three dispensaries, one office building and four residential buildings completed two to five years back are lying unused as power connection was not provided rendering an expenditure of ₹ 1.33 crore incurred on their construction wasteful.

## COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

### 3.3 Procurement of CGI sheet under the Special Rural Works Programme

**In the absence of clear guidelines, uniformity in the cost, quality and specification of CGI sheets distributed to beneficiaries under the programme was not maintained. CGI sheets were procured at differential rates leading to an extra expenditure of ₹ 1.11 crore.**

Under the 'Special Rural Works Programme' (SRWP) implemented by the Community and Rural Development (C&RD) Department, every Member of the Legislative Assembly (MLA) identifies and proposes the schemes to be taken up his/her constituency. After the proposal is approved by the State Level Committee (SLC) of SRWP, the Director, C&RD Department would communicate the Deputy Commissioner (DC) of the concerned district the approval of the State Level Committee for implementation through the Block Development Officer (BDO). The SRWP schemes are implemented by the beneficiary organisations/local managing committee. Under the SRWP, apart from construction works such as road, footpath, community hall and school buildings and purchase of ambulance, PA systems, computer, etc., housing assistance in the form of corrugated galvanized iron (CGI) sheets was provided to the beneficiaries from the poor families.

Test check (between January 2011 and February 2012) of records of 15<sup>6</sup> BDOs in four<sup>7</sup> districts revealed that ₹ 26.16 crore was released by the concerned BDOs to the secretaries of the local committees for purchase of 70,383.75 bundles of CGI sheets for implementing various schemes under SRWP during 2006-07 to 2010-11.

<sup>6</sup> BDOs: Myllem, Mawphlang, Pynursla, Mawryngkneng, Mawkynrew, Shella Bholaganj, Mawkyrwat, Ranikor, Mawthadraishan, Umsning, Umling, Tikrikilla, Selsella, Rongram and Betasing.

<sup>7</sup> Districts: East Khasi Hills, West Khasi Hills, Ri-Bhoi and West Garo Hills.

In audit scrutiny it was noticed that there were no guidelines clearly indicating the norms of procurement and distribution of CGI sheets to the beneficiaries. The necessary funds for purchase the CGI sheets were released by the BDOs to the secretaries of the local committees constituted by the concerned MLAs, who in turn purchased the CGI sheets and distributed them to the beneficiaries from the poor families. This procedure was a violation of the Meghalaya Financial Rules which stipulated that all public procurements/purchases must only be made after inviting tenders.

Further, in six out of the 15 BDOs (blocks) checked, it was noticed (February-May 2011, November-December 2011 and January-February 2012) that between 2006-07 and 2010-11, CGI sheet bundles were purchased at rates higher than the lowest rates at which the material were procured within the same block and during the same period, as indicated in the following table.

Table 3.3.1

BDO/Block	MLA Constituency	Year of Purchase	Quantity and purchases made at higher rate during the year		Lowest rate per bundle purchased during the same period in the Block	Extra expenditure (₹ in lakh)
			Rate (in ₹)	Quantity (in bundles)		
<b>District: East Khasi Hills</b>						
Myllichem	Nongkrem	2007-08	4,000	1,450	2,450	22.48
	Sohryngkham	2009-10	4,500	231	4,000	1.16
	Myllichem		4,500	910		4.55
Mawphlang	Nongspung	2007-08	2,800	1,058	2,200	6.35
	Sohiong		2,300	1,000	2,200	1.00
	Myllichem	2009-10	4,500	60	3,000	0.90
<b>District: West Khasi Hills</b>						
Mawkyrkat	Mawkyrkat	2010-11	4,500	447	3,600	4.02
<b>District: Ri Bhoi</b>						
Umsning	Umroi	2006-07	2,750	957	2,200	5.26
		2007-08	3,000	983	2,875	1.23
			4,000	1,500		16.88
		2009-10	5,000	1,500	3,000	30.00
<b>District: West Garo Hills</b>						
Selsella	Rajabala	2007-08	3,000	800	2,500	4.00
	Selsella	2008-09	4,530	735	3,750	5.73
Tikrikilla	Tikrikilla	2008-09	5,000	1,500	4,500	7.50
<b>Total</b>				<b>13,131</b>		<b>111.06</b>

Source: Purchase vouchers.

Thus, violation of the Meghalaya Financial Rule and absence of clear guidelines for procurement and distribution of CGI sheets meant for distribution to the beneficiaries as housing assistance resulted in an extra expenditure of ₹ 1.11 crore being incurred on procurement of 13,131 bundles of CGI sheets in test-checked blocks. Similar instances in the remaining blocks of the various districts of the State can not be ruled out.



Further, it was noticed in audit that the SLC at its meeting on 03 June 2009 chaired by the Chief Minister discussed the need “to issue clear guidelines for procurement and distribution of CGI sheets to the beneficiaries” to ensure “transparency and also to maintain the quality of the materials procured”. However, even after a lapse of more than three years no action has been taken on these lines.

Hence, it is desirable that clear guidelines are prescribed for procurement of CGI sheets to ensure transparency and avoid instances of procurement at higher rates entailing extra burden on the State exchequer. In this regard it is recommended that

- the C&RD Department should immediately prescribe the quality, thickness, size and number of sheets per bundle of CGI sheets to be procured under the SRWP;
- the CGI sheets should be procured centrally after observing all codal formalities to obtain the benefit of bulk orders and to ensure quality based on the assessed requirement by inviting offers from reputed manufactures along with delivery costs of the CGI sheets to different locations in the State; and
- orders should be placed directly by the C&RD Department with the approved manufacturer with the consignees being the concerned BDOs.

The matter was reported to the Principal Secretary to the Government of Meghalaya, C&RD Department in October 2012; reply was awaited (March 2013).

## **PUBLIC WORKS DEPARTMENT**

### **3.4 Unproductive expenditure on an incomplete bridge**

**Inadequate survey and investigation coupled with a faulty design resulted in an unproductive expenditure of ₹ 58.36 lakh on an incomplete bridge. Besides, materials worth ₹ 13.78 lakh became unusable. The estimated cost of the bridge has more than doubled from ₹ 1.32 crore to ₹ 2.77 crore.**

Mawngap-Mairang-Ranigodown Road is an inter-state road between Meghalaya and Assam. As the existing single lane timber Bridge No. 57/1 on this road was very weak and unsafe for the ever rising traffic intensity, the Public Works (Roads) Department (PWD) felt the necessity to construct a double lane permanent bridge.

Scrutiny of records of the Executive Engineer (EE), PWD, Mairang Division in December 2011 revealed that the work of construction of bridge No. 57/1 on Mairang–Ranigodown was sanctioned by the North Eastern Council (NEC) in December 2002 at an estimated cost of ₹ 1.16 crore and to be fully funded by it. The work was awarded, in August 2004, to Shri S. Wendarly Marwein (the Contractor) at his tendered value of ₹ 1.32 crore. The work was to be completed within 24 months.

The Division stopped the work in December 2004 while the contractor was excavating the foundation. In March 2005 the EE reported to the Superintending Engineer (SE), PWD that on scrutiny, it was found that the height of the bridge's foundation, which as per approved drawing was 10.1 metre would not go beyond the lowest bed level of the river. Since the foundation was in soft rock, it was necessary to excavate the foundation to a depth of 2 metre below the lowest bed level. In view of this, the height of abutment had to be increased to 12.1 metre. EE, therefore, suggested that the design, drawing, and estimate of the bridge be reviewed. In June 2005, the Additional Chief Engineer, PWD, SE and EE inspected the site on the basis of which in July 2005 the EE was asked to get a consultancy firm to redesign the abutment and foundation of the bridge. M/s Asia Tech Development Consultant<sup>8</sup> who was entrusted with the assignment submitted the revised design and drawing in December 2005, for which the consultant was paid ₹ 4.36 lakh (September 2008).

In April 2006 more than 15 months after the work was stopped, the contractor was issued the revised design and drawing. The contractor, however, after executing about 70 per cent of the sub-structure work of the bridge stopped the work in January 2009. An expenditure of ₹ 54 lakh had been incurred by that time. In March 2011, the contractor formally surrendered the work citing increase in cost of material and labour and the fact that the revised design and drawing were provided to him after a gap of two years. In April 2011, the PWD cancelled the work allotted to the contractor.



Abandoned Bridge No. 57/1 at Mairang - Ranigodown Road

Further scrutiny of records revealed that construction of bridge No. 57/1 at an estimated cost of ₹ 2.77 crore was again included by the PWD under the project “*Improvement and up-gradation of Mairang-Ranigodown-Azra Road*” sanctioned by the Ministry of Development of North Eastern Region, GOI in November 2010 at a cost of ₹ 100 crore and to be funded by the NEC to the extent of 90 per cent.

<sup>8</sup> A Guwahati-based consultancy firm.

However, as of July 2012 the construction of the redesigned bridge No. 57/1 was yet to re-commence.

The status report of June 2011 of the Division further revealed that material procured by the Division for the work to the extent of 1,388 bags of cement had caked due to prolonged storage and 548.70 quintal of torsteel had become unusable due to its storage in the open. The cost of materials that has become unusable as per PWD Schedule of Rates 2000-01 works out to ₹ 13.78 lakh.

Thus, the construction of the bridge, which was to be completed by August 2006 remained incomplete as on date due to faulty design of bridge because of inadequate survey and investigation of the site before taking up the work. An expenditure of ₹ 58.36 lakh incurred on its construction till the work was stopped since January 2009 has been rendered unproductive. Also, the material worth ₹ 13.78 lakh has become unusable due to stoppage of work. Further, the estimated cost of the bridge has more than doubled from ₹ 1.32 crore to ₹ 2.77 crore. Besides, the objective of providing a permanent bridge for the safety and convenience of vehicular traffic was frustrated, thus, denying the benefit to intended beneficiaries.

The matter was reported to the Principal Secretary to the Government of Meghalaya, PWD in August 2012; reply was awaited (March 2013).

### **3.5 Unfruitful expenditure**

**Expenditure of ₹ 44.24 lakh remained unfruitful due to construction of a bridge without acquiring the land for the approach road to the bridge. Besides, an additional burden of at least ₹ 70.50 lakh to the State exchequer to make the bridge operational.**

The wooden bridge number 30/1 on the Mawsynram-Balat-Gomaghat-Maheshkhola (MBGM) road at Ranikor and connected to the newly constructed Jadukata bridge in the West Khasi Hills District of Meghalaya had collapsed some years back and vehicular traffic was being maintained through a subway. The Public Works Department (PWD) estimated that heavy traffic would ply through the newly constructed Jadukata bridge and the existing subway would not be able to cope with the load. Hence it decided to reconstruct the Br. 30/1 as an RCC bridge and selected a site 15 metre downstream of the existing subway. Accordingly the Executive Engineer, PWD (Roads), Mawkyrwat Division, framed (July 2000) an estimate of ₹ 42 lakh based on Schedule of Rates (SOR) for the year 2000-01. The Department accorded (January 2004) administrative approval and expenditure sanction of ₹ 42 lakh for constructing the Bridge 30/1.

Scrutiny (December 2011) of records revealed that during May 2004, the Superintending Engineer, PWD (Roads), Western Circle (SE, Roads) surveyed the site of Bridge 30/1 and found the location unstable as the earth was sliding along the hill slope and proposed a new alignment 136-140 metre downstream of the original

site . The Division prepared a working estimate of ₹ 42.87 lakh for Bridge 30/1 at the new site which was approved (August 2004) by the Additional Chief Engineer (Eastern Zone) PWD (Roads), Meghalaya.

Although the site was changed during May 2004, tender for constructing the Bridge 30/1 at the old site at a value of ₹ 37 lakh was floated during July 2004. The work for constructing the Bridge 30/1 at the new site was awarded (November 2004) at the tendered rate of ₹ 37 lakh to a contractor with a stipulation to complete the work within 12 months. However based on the contractor's representation (September 2006) the completion date was extended (June 2007) by the SE, Roads, Western Circle up to December 2007.

While the work was in progress, Additional Chief Engineer (Eastern Zone) accepting a deviation statement enhanced (May 2007) the tendered value to ₹ 48.84 lakh to cover the cost of extra quantity of work.

The contractor threatened (July 2008) that he would not go ahead to complete the work unless his request for revising the estimates once again was accepted for the following reasons:

- (i) The increase in wages of labourers and material due to delay in the commencement of work by 1-1/2 years because of objections of *Myntries* (local leaders); and,
- (ii) The height of the abutment as well as the retaining walls and earth filling of the approach road has to be raised as per instruction.

By this time, work on sub-structure, super structure except railing of bridge proper, construction of wing walls and retaining wall were completed. The works on approach road including metalling and black topping remained to be completed. Thereafter, no further progress was made in execution of the work. The contractor was paid a total amount of ₹ 44.24 lakh (till September 2009) through running bills (June 2009) for the work done.

The Executive Engineer, PWD (Roads), Ranikor Division informed the Chief Engineer, PWD (Roads) (November 2010) that the change of site of Bridge 30/1 had brought about a major change in alignment of the approach road which has made operationalising of Bridge 30/1 difficult. He proposed that a separate scheme incorporating all the requirements to make the bridge operational would be submitted shortly and sought the closure of the existing scheme. The approximate cost for construction of approaches would be to the tune of ₹ 70.50 lakh (based on SOR 2007-08). He also indicated that the land would be required for construction of approach roads on both sides of bridge and for construction of sub-way, which was proposed to be acquired free of cost. A decision on this was awaited.

Thus, even though the super structure of the bridge was almost completed (July 2008), because of absence of approach road, Bridge 30/1 could not be utilised till date (June 2012) and vehicles still travel through the existing sub-way.

In reply to audit query (April 2012), the Executive Engineer, PWD (Roads), Ranikor Division stated (June 2012) that negotiation was being held with the land owners to get the land free of cost and thereafter Government sanction would be sought for the approach road.

Thus, commencing the construction of the Bridge 30/1 without acquiring the land required for the approach road and change in site consequent resulted in stoppage of work (June 2008) with bridge proper almost being complete. As a consequence, an expenditure of ₹ 44.24 lakh incurred on the construction has been rendered unfruitful, besides frustrating the objective of providing infrastructure for heavy traffic to ply through Jadukata bridge. Further, there would be an additional financial requirement of at least ₹ 70.50 lakh to make the bridge operational, which would certainly escalate, in case of further delay.

The matter was reported to the Principal Secretary to the Government of Meghalaya, PWD in October 2012; reply had not been received (March 2013).