

Chapter-4

Chief Controlling Officer Based Audit of a Government Department

4.1 Working of Animal Husbandry and Fisheries Department

Executive Summary

Animal Husbandry and Fisheries Department of the Government of Jharkhand is responsible for treatment, vaccination, castration, artificial insemination of animals as well as to ensure increase in production of milk, meat, eggs and wool etc. in the State. The Department is also responsible for implementation of different schemes/programmes viz. goat development schemes, poultry development schemes, pig development schemes, milch cattle induction schemes, etc. Working of two Directorates (Animal Husbandry and Dairy Development) of the Department was examined in audit, covering the period 2007-12. Significant audit findings are narrated below:

- There were only 451 Veterinary Hospitals in the State against the required 1,756 hospitals as per norms of the National Commission on Agriculture (1976). Infrastructure in veterinary hospitals/dispensaries was not adequate. The Department had only eight functional chilling plants in the State which badly affected the objective of facilitating profitable disposal of milk for the milk producers. Even milk booths were not established for want of sites. Besides, there were shortages (32 per cent) of veterinary doctors.

Government should ensure availability of adequate number of veterinary hospitals, chilling plants, milk booths and veterinary doctors.

- There were large savings of Plan funds and rush of expenditure in the month of March, mainly due to delays in allotment of funds. Large amounts of subsidies were lying with DAHO/banks and District Animal Husbandry Officers (DAHOs) did not monitor crediting the subsidies into the bank accounts of the beneficiaries.

Government should ensure maximum utilisation of Plan funds and timely allotment of funds to avoid rush of expenditure in March. Government should also ensure monitoring of subsidy amount lying in the banks for achievement of the desired objectives.

- Under the goat development scheme, Government did not synchronise the purchase of goats and creation of sheds for goats. Funds meant for procurement of goats were diverted. Implementation of the scheme suffered due to lack of monitoring. Interviews with beneficiaries revealed death of goats, which was not known to the DAHOs.

Government should ensure purchase of goats and monitoring the scheme.

- Under poultry development schemes, there was short achievement against the target set due to delayed selection of beneficiaries. DAHOs were not aware of death of chicks.

The Department should ensure proper healthcare of chicks and regular follow up to achieve desired benefits of the scheme.

- Joint interview of 38 beneficiaries of the five test-checked districts revealed that during the period 2009-12 though 46 out of 223 pigs of 17 beneficiaries died, no claims could be made as pigs were not insured due to failure of DAHOs in creating awareness amongst beneficiaries in spite of availability of fund.

The Department should ensure creation of awareness regarding insurance of pigs to safeguard losses to the beneficiaries.

- Under Assistance to States for Control of Animal Diseases (ASCAD), during the period 2007-12 achievement of vaccination targets was short by seven per cent in Foot and Mouth Disease (FMD), 89 per cent in Peptides Petits Ruminants (PPR), 40 per cent in Black Quarter (BQ) and Hemorrhagic Septicemia (HS) and 88 per cent in Ranikhet due to delayed/short supply of vaccines.

The Department should ensure timely and adequate supply of vaccines for control of animal diseases through vaccination.

- Under milch cattle induction programme, out of 3,670 units only 2,611 units (71 per cent) were established during the period 2007-11 in the test-checked districts due to partial purchase of cows.

The Department should ensure purchase of all cows as envisaged in the scheme to achieve the desired benefit.

- Jharkhand Dairy Project (JDP) managed (under MoU) by National Dairy Development Board (NDDB) could cover only three out of targeted 12 districts for procurement and processing of milk after incurring expenditure of ₹ 11.10 crore during the period 2008-12. The Department took over (December 2012) the charge of management of JDP only after expiry of MoU.

4.1.1 Introduction

Animal Husbandry and Fisheries Department (AH&FD) is responsible for control of animal diseases, increase in production of milk, egg, meat etc. and enhancement of productivity of animals by intensive implementation of goat, poultry and pig development schemes, milch cattle induction, breed improvement and heifer rearing programmes etc. The AH&FD also plays a crucial role in the rural economy by providing gainful employment to small and marginal farmers and agricultural labourers.

Audit frame work**4.1.2 Organisational set up**

The Animal Husbandry and Fisheries Department (AH&FD) is headed by the Secretary to Government of Jharkhand (GoJ) who is assisted by three Directors (Animal Husbandry, Dairy Development and Fisheries) at the State level. The District Animal Husbandry Officers (DAHOs) are responsible for implementation of the schemes. They are assisted by Veterinary Surgeons (VSs), Touring Veterinary Officers (TVOs) and Block Animal Husbandry Officers (BAHOs) under Animal Husbandry sector. The District Dairy Development Officers (DDDOs) are responsible for implementation of the schemes of Dairy Development sector. Besides, the Department has its own vaccine production institute, cattle, piggery and poultry farms and farmers' training centres to support the schemes towards achievement of its objectives. The organogram of the Department is given in *Appendices 4.1 and 4.2*.

4.1.3 Objectives of the Department

The objectives of the Animal Husbandry Directorate are:

- to consolidate and strengthen the existing infrastructure facilities for livestock development in the State;
- to increase livestock production, such as milk, egg, meat etc.; and
- to promote animal husbandry as a viable subsidiary income source for the rural population by providing improved facilities of cross-breeding, feeding, proper management and animal health coverage.

The objectives of the Dairy Development (DD) Directorate are:

- to develop efficient marketing system for procurement, transportation and sale of milk and milk products;
- arrangement of feed, fodder, mineral and other feed supplement at the door step of the milk producers and breed improvement of cattle and
- to boost up milk production to meet the requirement of the State and to generate sustainable employment.

4.1.4 Audit objectives

The audit objectives were to assess whether the Department had:

- adequate infrastructure, manpower and budgetary resources for implementation of the schemes;
- implemented the schemes/ programmes in a timely and effective manner;
- achieved the targets of production milk, eggs and meat and
- an adequate monitoring and internal control mechanism.

4.1.5 Audit criteria

The criteria adopted for benchmarking the audit findings were drawn from the following sources:

- Jharkhand Financial Rules, Budget Manual and Jharkhand Treasury Code;
- Guidelines of *Rashtriya Krishi Vikas Yojana* and other Central Schemes;
- Government orders and instructions for implementation of various schemes; and
- Memorandum of Understanding (MoU) executed between the State Government and the implementing agencies (NGOs).

4.1.6 Audit scope and methodology

The CCO-based audit covered the activities of the Department for the period 2007-12 and its scope was limited to the Animal Husbandry and Dairy Development Directorates of the Department. Audit was conducted (April to July 2012) in eight¹ out of 24 districts involving 16 Drawing and Disbursing Officers (DDOs) selected through Simple Random Sampling without Replacement method. Records and files were examined at the Secretariat, Directorates and their district units. Information relating to blocks was obtained through district offices.

Besides, information was collected from other allied offices² by issue of questionnaires. Interviews of 282 beneficiaries (out of 6,278) were taken in the presence of Departmental officers and information obtained by issue of questionnaires.

The audit objectives and scope of audit were discussed with the Secretary of the Department on 30 March 2012 in an entry conference. In spite of several requests, the Secretary/Principal Secretary did not give time and as such the exit conference could not be held. However, the Department's replies have been received (between November 2012 and January 2013) and have been incorporated in this report at appropriate places.

Audit findings

4.1.7 Institutional arrangement

Every organisation needs to have sound planning, adequate infrastructure, sufficient skilled manpower and funds to manage and achieve its objectives. This ensures soundness and appropriateness of the internal system and control in its key areas of activities and drives the organisation towards its objectives in an economical, efficient and effective manner.

We observed that the Department prepared the Five-Year Plan and the Annual Plans during the period 2007-12. However, the need of targeted beneficiaries was not ascertained as no inputs were obtained from the lower level functionaries. Some areas where the management of activities was found weak are discussed in the succeeding paragraphs:

¹ Bokaro, Deoghar, Dhanbad, Dumka, East Singhbhum, Gumla, Latehar and Ranchi.

² Piggery Farm, Kanke, Poultry Farms, Hotwar and Bokaro, Animal Health and Production Institute (AHP), Kanke, Office of the Artificial Insemination Officer, Hotwar, Farmer's Training Centre, Kanke and Veterinary Hospitals under the Department.

4.1.7.1 *Inadequacy of infrastructure in Animal Husbandry (AH)*

For efficient vaccination and treatment of animals, vaccine production institute and sufficient number of animal hospitals with adequate infrastructure are required. We noticed the following shortcomings in the vaccine production institute and the veterinary hospitals/dispensaries.

- ***Infrastructure for vaccine manufacture***

The Animal Health and Production Institute (AHPI), Kanke, Ranchi had been producing vaccines³ for bacterial and viral diseases since 1986 for supply and consumption in Government veterinary hospitals. The institute was operating as of January 2013 without a manufacturing license as required under Section 18 C of the Drugs and Cosmetics Act, 1940 as the license had expired on 31 December 2000. This was an offence attracting penalty under section 27 (A) of the Act, *ibid*.

As per Schedule F(1), Part I(A) Drugs and Cosmetic Rules, 1945, the establishment in which viral/bacterial vaccines are prepared must be under the direction and control of a competent expert in bacteriology with specialised training in virology with sufficient experience in the manufacture and standardisation of vaccines.

Analysis of information furnished by AHPI revealed that the institute lagged behind in achieving the target of production of vaccines and the achievement ranged between six *per cent* and 46 *per cent* of the targets fixed during 2007-12 (*Appendix-4.3*), which resulted in less vaccination of cattle during 2007-12 (as discussed in paragraph 4.1.9.4) and the cattle remained exposed to contagious diseases.

Further, the institute could not manufacture viral vaccines during 2007-12 as specialised equipment viz. Lyophiliser and Egg Incubator required for production of viral vaccines were not purchased (August 2012) and the laboratory was undergoing modernisation as per Good Manufacturing Practice⁴ (GMP) standards.

We observed that after July 2007, no microbiologist⁵ was appointed as head of the Institute. Non-posting of an experienced and qualified person as head of the institution was one of the reasons stated by the Director, AHPI for less production of vaccines.

The Department accepted (November 2012) the audit observations and stated that the fees with necessary documents were deposited (May 2008) for renewal of drug license. The Department also stated that the Director of the Institute was directed to look into the matter regarding persons engaged in

Production of vaccines by AHPI, Ranchi ranged between 6 *per cent* and 46 *per cent* of the target fixed during 2007-12

³ For Hemorrhagic Septicemia, Black Quarter, Ranikhet Disease and Swine Fever disease.

⁴ As per norms prescribed in Schedule 'M' of the Drugs and Cosmetic Rules 1945 (Rules) GMP is to be complied with by all the manufacturing units/testing laboratories. GoI made these norms mandatory with effect from July 2005.

⁵ Microbiology includes the disciplines virology, mycology, parasitology, bacteriology and so on.

production of vaccines. However, the Department was silent about non-posting of a qualified person as head of the institute.

• ***Adequacy of Veterinary Hospitals (VHs)/Veterinary Dispensaries (VDs)***

The Department had 451 VHs/ dispensaries i.e. 19,470 animals per hospital against the norm of 5,000 cattle

As per resolution of the Government of Jharkhand based on National Commission on Agriculture (NCA), 1976, one VH was required for 5,000 cattle for delivery of veterinary services. There were 87.81 lakh cattle⁶ in the State and accordingly, 1,756 VHs were required. As of March 2008, there were only 451 hospitals⁷ (i.e. one hospital for approx. 19,470 cows) in the State and the number of hospitals could not be increased till March 2012. The Department planned (March 2008) for construction of 300⁸ VH buildings in two phases (2007-08: 115 and 2008-09: 185) during 2007-09 under the State Plan. The Department sanctioned and allotted (March 2008) ₹ 6.99 crore⁹ to five Regional Directors (RDs) for construction of 115 VHs in the first phase. Further, the Department sanctioned ₹ 38.32 crore¹⁰ for construction of 250 hospitals during 2010-12 (new construction: 194 VHs and 4 VDs and renovation: 46 VHs and 6 VDs).

Construction of only 130 VHs/VDs was completed against 365 sanctioned during 2007-12

Scrutiny of records and information collected revealed that against 90 VHs taken up during 2007-08, construction work of 84 VHs was completed and six VHs remained incomplete due to their slow progress as of December 2012. Construction of 25 VHs could not be started due to non-availability of land and non-revision in cost despite increase in Schedule of Rates (May 2008). As per direction (December 2009) of the Department, ₹ 1.52 crore was returned (December 2009: ₹ 1.46 crore and May 2010: ₹ 0.06 crore) to the concerned RDs by the executing agency. Further, only one¹¹ VH out of eight sanctioned in 2010-11 and 45 VHs/VDs out of 242 sanctioned in 2011-12 could be completed as of January 2013.

Thus, only 130 VHs/VDs out of 365 VHs/VDs sanctioned during 2007-12 could be completed as of January 2013.

The Department did not furnish any specific reply.

• ***Infrastructure facilities in field hospitals and dispensaries***

Many VHs/VDs did not have water and electricity supply, refrigerator, storage facilities, etc.

The VHs¹²/VDs¹³ play an important role in delivery of veterinary services. As per GoI guidelines, the VHs/VDs should have a hospital building in good condition, clean water availability, storage facility, refrigerator and modern machinery/equipment.

⁶ As per 18th Animal Census, 2007.

⁷ VHs: 424, VDs: 23 and Mobile hospital: 4.

⁸ 153 having no building, 61 delapidated and 86-required repair.

⁹ Estimated cost was Rs 6.08 lakh for each VH.

¹⁰ Estimated cost: ₹ 15 lakh for new construction and ₹ 10 lakh for renovation of VHs; and ₹ 11.60 lakh for new construction and ₹ 6 lakh for renovation of VDs.

¹¹ Kolebira (Simdega).

¹² Headed by TVOs in block and cluster of villages.

¹³ Headed by Veterinary Surgeons at district.

Analysis of information furnished by 128 TVOs and nine VSs out of 173 TVOs and 10 VSs of eight test-checked districts revealed that out of 137 VHs/VDs, 39 did not have their own building. There was lack of clean water availability in 47 VHs/VDs and storage facility in 31 VHs/VDs. Sixty VHs/VDs did not have any refrigerator. Further, due to lack of electricity supply in 73 VHs/VDs, functioning of the refrigerator was doubtful. Lack of infrastructure badly affects the delivery of animal healthcare services.

The Department stated (January 2013) that funds for basic infrastructure for VHs and VDVs were being released in the current financial year.

Dairy Development

• Infrastructure for chilling of milk

To provide profitable disposal of milk produced by the rural milk producers, strengthening/renovation of the existing milk chilling centres and establishment of new chilling plants was to be taken up as per Annual plan 2007-08. The status of chilling plants in the State as of February 2013 is given in **Table-1**:

Table-1: Position of chilling plants in the State

Total districts	Number of Chilling plants in the State			Test-checked districts	
	Functional	Non-functional	Sanctioned / under-construction	Functional	Non-functional
24	8 ¹⁴	6 ¹⁵	6 ¹⁶	4 ¹⁷	3

Source: Dairy Development Directorate

Scrutiny of Sale register of milk and other related records of the chilling plants in test-checked districts revealed the following:

- Two Chilling plants, one each in Dumka and Gumla Districts, were defunct since 2006 and March 2012 respectively due to obsolete equipment as stated by the DDDOs. The plants required renovation of equipments. In East Singhbhum, the Department released ₹ 2.25 crore (March 2010: ₹ 0.25 crore and March 2011: ₹ 2 crore) to the DDDO for construction of a chilling plant at Jamshedpur. The DDDO, East Singhbhum spent ₹ 0.25 crore on construction of the boundary wall, leveling work and installation of deep tube well. He transferred ₹ 0.75 crore (March 2011) to the Executive Engineer (EE), Building Division, Jamshedpur (executing agency) for construction of a building for the chilling plant and kept ₹ 1.25 crore (April 2011) in saving bank account. The EE could not start construction as of July 2012 as the estimates regarding consumption of electricity in the chilling plant, which was required for facilitating electrical arrangement in the building, was not made available to him. Thus, construction of the plant could not be started despite availability of fund.

There were only eight Chilling plants functional in 24 districts. Six Chilling plants remained non-functional

Rupees 1.25 crore meant for Chilling plant was kept in savings account

¹⁴ Deoghar, Dhanbad, Hazaribag, Giridih, Koderma, Latehar, Lohardaga and Ranchi.

¹⁵ Dumka, Gumla, Khunti, Ranchi, Saraikela and Sahibganj.

¹⁶ Godda, Jamtara, Jamshedpur, Simdega and Ranchi (2).

¹⁷ Deoghar, Dhanbad, Latehar and Ranchi.

- In Deoghar and Latehar districts, machinery to make curd, *ghee*, *paneer* and *khoa* installed between September 2007 and March 2008 at a cost of ₹ 18.51 lakh¹⁸ could not be put to use as there was short supply of milk to the chilling plants. As such, expenditure of ₹ 18.51 lakh remained unfruitful.

Thus, the objective of the Department to provide market for profitable disposal of milk for the milk producers was not fully achieved.

The Department stated (December 2012) that selection of suitable private partners for strengthening the defunct chilling plants and phase-wise creation of chilling plants in all other districts was in process. The reply was not convincing because no attempt was made to restart the defunct chilling plant at Dumka; rather the chilling plant at Gumla ceased functioning in March 2012 and the construction of the chilling plant at Jamshedpur could not be started.

- **Idle investment on milk booths**

The Department sanctioned ₹ 2.63 crore¹⁹ (August 2010 and July 2011) for installation of 108 portable milk booths (milk parlours) (2010-11: 28 and 2011-12: 80) in urban areas of nine districts (including four²⁰ out of eight test-checked districts) of Jharkhand to ensure stable arrangement for proper sale of milk and milk products to the urban consumers. The DDDOs were to select the sites of the milk booths and to report the same to the Department for release of funds.

Scrutiny of records revealed that 18 milk booths (Deoghar; 13 and Gumla; 5) sanctioned during 2010-12 were not installed due to non-availability of sites. However, out of allotted funds of ₹ 44.25 lakh an amount of ₹ 42.33 lakh was utilised for purchase of material for 18 milk booths²¹ which remained idle as of July 2012. Further, the chilling plant in Gumla ceased functioning from March 2012. As a result, the milk booths cannot be utilised even after installation. In Ranchi and Dhanbad, installation of milk booths was in progress.

Thus, the objectives of the scheme could not be achieved after incurring expenditure of ₹ 42.33 lakh.

The Department stated (December 2012) that suitable land was being identified to establish the remaining milk booths. The reply was not in order as the Department released the funds without ensuring availability of suitable site.

4.1.7.2 Adequacy of manpower

The BAHOs, TVOs and livestock/technical assistants in Animal Husbandry sector and DDDOs, Assistant Dairy Extension Officer and Input Supervisors

¹⁸ Deoghar: ₹ 16.33 lakh and Latehar: ₹ 2.18 lakh.

¹⁹ 2010-11: Material for Milk Booth-₹ 1.85 lakh and Furniture- ₹ 0.40 lakh and 2011-12: Material for Milk Booth-₹ 2.00 lakh and Furniture- ₹ 0.50 lakh.

²⁰ Dhanbad: 14, Deoghar: 13, Gumla: 5 and Ranchi: 44.

²¹ Worth ₹ 42.33 lakh (Deoghar: ₹ 30.47 lakh and Gumla: ₹ 11.86 lakh)

18 milk booths were not installed for want of sites

Material worth ₹ 42.33 lakh remained idle as milk booths at Deoghar and Gumla were not established

in Dairy Development sector were the key functionaries for implementation of the schemes implemented by the Department.

There was 32 per cent shortage of veterinary doctors

We noticed that there were shortage of 249 veterinary doctors (32 per cent) in the State and 78 veterinary doctors (26 per cent) in the test-checked districts as compared to the sanctioned strength. Shortages of non-gazetted staff in the State and in the test-checked districts were 37 per cent and 38 per cent respectively. Further, in Dairy Development sector, shortages of technical officers/staff and non-technical officers/staff were 48 per cent and 28 per cent respectively in the State. In the test-checked districts, shortages were 53 per cent and 45 per cent as compared to the sanctioned strength. Details of shortage of manpower as on March 2012 in both the Directorates are detailed in *Appendix-4.4*.

Shortage of manpower affected the service delivery as discussed in Paragraph 4.1.9. We also observed that in the Animal Husbandry Directorate, the BAHOs were engaged in other development works of the Rural Development Department, law and order duties, examination and election duties etc, which affected monitoring/follow up of the schemes by them. The DAHOs and DDDOs accepted the fact.

4.1.8 Compliance with financial rules, orders etc.

For sound financial administration and control, it is essential that expenditure conforms to the financial rules, regulations and orders issued by the competent authorities. Instances of non-compliance with the rules and regulations are discussed below:

4.1.8.1 Financial control, budget allotment and expenditure

There were large savings of Plan fund

The Department was financed mainly through the State budget under the major head of account '2403-Animal Husbandry' and '2404-Dairy Development'. Besides, the funds for Centrally Sponsored Schemes (CSS) were also routed through the State budget to the extent of the State's committed share and the share of GoI. The overall budget allocation and expenditure incurred during the period 2007-12 are shown in **Table-2**:

Table-2: Budget provision and expenditure

Animal Husbandry

(₹ in crore)

Year	Plan			Non-plan		
	Allocation	Expenditure	Saving	Allocation	Expenditure	Saving
2007-08	32.14	23.20	8.94 (28)	44.60	41.81	3.16 (7)
2008-09	32.89	26.89	6.01 (18)	56.46	53.02	3.43(6)
2009-10	26.05	21.89	4.16 (16)	77.02	61.69	15.33(20)
2010-11	42.45	26.97	15.48 (36)	67.67	63.43	4.24(6)
2011-12	59.21	37.60	21.61 (36)	75.42	71.86	3.56(5)
Total	192.74	136.55	56.20 (29)	321.17	291.81	29.72 (9)

Source: AH &FD. Figures in bracket represent per cent to fund allocation

Dairy Development

(₹ in crore)

Year	Plan			Non-plan		
	Allocation	Expenditure	Saving	Allotment	Expenditure	Saving
2007-08	39.65	34.53	5.12 (13)	3.93	3.67	0.26 (7)
2008-09	46.00	44.15	1.85 (4)	4.69	4.48	0.21 (4)
2009-10	47.10	46.09	1.01 (2)	5.87	5.59	0.28 (5)
2010-11	55.00	46.74	8.26 (15)	6.05	5.83	0.22 (4)
2011-12	66.00	53.64	12.36 (19)	6.84	6.54	0.30 (4)
Total	253.75	225.15	28.60 (11)	27.38	26.11	1.27 (5)

Source: AH &FD. Figures in bracket represent per cent to fund allocation

During the period 2007-12, the plan expenditure of Animal Husbandry (AH) Directorate ranged between 64 and 84 per cent of the allotted funds while expenditure of the Dairy Development Directorate ranged between 81 per cent and 98 per cent.

Allocation of funds under Animal Husbandry was not synchronised with the population increase of livestock

The allocation of funds under Animal Husbandry was not synchronised with the actual population of livestock²². Although the population of livestock increased in 2008-09 by 1.03 per cent in comparison to 2007-08, allocation and expenditure of funds under AH decreased in 2009-10 from the previous year by ₹ 6.84 crore (20.80 per cent) and ₹ 5.00 crore (18.59 per cent) respectively.

Thus, adverse impact on animal health and livestock products due to less allocation of funds could not be ruled out.

As per standing executive instruction contained in Finance Department letter dated 17 April 1998, advance drawal from the treasury can only be made by observing the Rule 300 contained in JTC. Scrutiny revealed that Government allotted (March 2012) ₹ 1.10 crore, against budgetary allocation for the year 2011-12 for construction of 11 veterinary hospitals in Ranchi. The Treasury Officer, Doranda, Ranchi, however, objected to advance drawal of the amount in violation of the standing executive instructions (April 1998). This resulted in non-drawal and consequent lapse of ₹ 1.10 crore.

4.1.8.2 Rush of expenditure in the month of March

According to Rule 113 of the Jharkhand Budget Manual, rush of expenditure particularly in the closing months of the financial year is considered as a breach of financial regularity and is to be avoided.

We observed that during the years 2007-08 to 2011-12, Plan expenditure incurred during the month of March ranged between 55 per cent and 66 per cent of total expenditure under Animal Husbandry and between 56 per cent and 85 per cent under Dairy Development. Similar trend²³ was noticed in the test-checked districts. Rush of expenditure in the month of March was fraught with the risk of inadequate monitoring of expenditure by the Department.

²² 2007-08: 159.37 lakh; 2008-09: 161.01 lakh; 2009-10: 161.76 lakh; 2010-11: 152.52 lakh and 2011-12: 166.05 lakh.

²³ Animal Husbandry: 44 per cent to 78 per cent; Dairy Development: 43 per cent to 86 per cent.

Further, scrutiny of Governments' orders and allotment letters revealed that the allotments of fund to all DAHOs were made after delays of 53 days to 180 days from the date of issue of sanction orders in eleven²⁴ cases under three schemes during 2007-12.

The rush of expenditure in March could have been avoided had the Department released the funds soon after the issue of sanction orders. This also indicated weak financial management by the CCO.

The Department stated (December 2012) that this was due to time taken in selection of beneficiaries. The reply was not convincing because allotment letters were not issued instantly after issue of sanction orders.

4.1.8.3 Subsidy management

Animal Husbandry

DAHOs had no information about the subsidy amount credited into the bank account of the beneficiaries

As per sanction orders, subsidy amount was to be released by the DAHOs to the beneficiaries' savings bank accounts. In absence of a prescribed mechanism, DAHOs released the subsidy amount to the bank branches concerned on receipt of claim bills containing information regarding loan sanctioned or in the process of being sanctioned to the proposed targeted beneficiaries. During 2009-12, subsidy of ₹ 3.47²⁵ crore for 2,051 beneficiaries in the test-checked districts was drawn from treasury to release to different bank branches for crediting into their accounts.

Scrutiny of information furnished by the DAHOs of the test-checked districts revealed that although subsidy of ₹ 2.65 crore for 1,676 beneficiaries was released during 2009-12 to different banks, the DAHOs had no information about the amount of loan sanctioned by the banks, the amount actually credited into the accounts of the proposed beneficiaries and the self-contribution made by them.

We observed that subsidy of ₹ 0.82 crore involving 375 selected beneficiaries remained with the DAHOs for want of claims from the banks. On being asked, the DAHOs stated that they would furnish the information regarding credit of subsidy in the bank accounts of 1,676 targeted beneficiaries after collection of the same from the concerned banks. This showed absence of control mechanism over utilisation of subsidy in the Department.

Dairy Development

Under the Milch Cattle Induction Programme²⁶ the applications of beneficiaries were to be sent to the banks for processing loans. The banks, after requisite verification of the application and eligibility, were to submit claims of subsidy to the DDDOs. According to the GoJ orders, cattle were to

²⁴ Goat Development: 2007-08; 160 days in each of three allotment orders; 2009-10; 103 days and 158 days; 2010-11; 164 days and 2011-12; 53 days, 80 days and 180 days), Pig Development: 2009-10; 103 days and Construction of hospitals/dispensaries buildings: 2011-12: 170 days.

²⁵ Except poultry and pig development schemes in East Singhbhum for which information was not furnished by the DAHO.

²⁶ A programme in which the Government distributed cross breed cows and buffalos to the proposed beneficiaries on subsidy (ranged between 20 and 50 per cent) basis.

Subsidy amount of ₹ 3.04 crore was lying unutilised in the banks

be purchased in two phases with a gap of six months. Accordingly, the subsidy was to be released to the banks.

Scrutiny of the register of cow purchase and information furnished by the DDDOs of seven²⁷ test-checked districts revealed that subsidy of ₹ 3.04 crore²⁸ (State scheme: ₹ 26.84 lakh and RKVY: ₹ 2.77 crore) was lying unutilised in the banks during 2007-12 due to non-purchase of cows by the beneficiaries. The DDDOs stated that since the loans were not repaid by the beneficiaries after purchase of cows in the first phase, the banks did not credit the subsidy and loan of the second phase and the subsidy amount remained unutilised in the banks. The reply was not entirely correct as even the cows of the first phase were not purchased in 332 out of 3,670 cases during 2007-11. Further, the amount released to the banks but not utilised, was irregularly shown as expenditure in the accounts of DDDOs. No steps were taken to withdraw the undisbursed amount from the banks for remittance into the treasury.

The Department stated (December 2012) that necessary steps would be taken to achieve cent *per cent* utilisation of subsidy.

4.1.9 Service delivery

To boost up the production of egg, milk and meat with consequent generation of employment to rural people and enhance their income, the Department implemented schemes of poultry development, piggy development, backyard poultry, goat development, cattle distribution and grassland development and rendered services like vaccination, treatment of livestock, artificial insemination (AI), etc.

Animal Husbandry

During 2007-12, goat development, poultry development and piggy development schemes were taken up by the Department under the State Plan schemes and the *Rashtriya Krishi Vikash Yojana* (RKVY). The objectives/targets of the schemes, the fund allocation and expenditure under the schemes are detailed in *Appendix-4.5*.

4.1.9.1 Goat Development scheme

(a) Construction of sheds for goats

Under Goat Development Scheme, Government sanctioned (September 2007) ₹ 6.49 crore under State plan for creation of infrastructure (sheds) and purchase of goats etc. Of this, ₹ 5.47 crore was re-appropriated in March 2008 for construction of veterinary hospitals. Based on Government order (February 2008) an amount of ₹ 1.02 crore was drawn in March 2008 by the Department and was made available in May 2008 to two DAHOs²⁹ through bank drafts for creation of 375 units of goat shed for goat rearers in Ranchi (150 units) and Dumka (225 units). The cost of each unit was ₹ 27,130 (construction of shed:

²⁷ DDDO Deoghar did not furnish.

²⁸ 2007-08: ₹ 26.62 lakh, 2008-09: ₹ 64.79 lakh, 2009-10: ₹ 29.60 lakh, 2010-11: ₹ 46.90 lakh and 2011-12: ₹ 135.87 lakh

²⁹ DAHO Dumka: ₹ 61.04 lakh and DAHO Ranchi: ₹ 40.70 lakh

Only sheds for goats were created as the funds for goats were diverted

₹ 24,000, feeding equipment: ₹ 2,650 and monitoring and transportation: ₹ 480). The DAHOs paid (between September 2008 and March 2010) ₹ 81.97 lakh³⁰ to the beneficiaries in advance for construction of 356 sheds. They also spent ₹ 7.03 lakh³¹ on purchase of feeding equipments and on transportation. The remaining 19 sheds³² were not completed. Out of the unspent amount, ₹ 8.07 lakh remained with DAHO Ranchi while DAHO Dumka remitted (June 2010) ₹ 4.67 lakh. The Department had no information about actual number of sheds completed by the farmers. Though the scheme sanctioned in September 2007 provided for distribution of both sheds and goats, we observed that Government order of February 2008 did not provide for purchase of goats. As a result, expenditure of ₹ 89.00 lakh incurred on construction of sheds and materials could not generate income for the beneficiaries.

The Department stated that the scheme was meant for the beneficiaries having goats but not having basic infrastructure. The reply was not correct because the Department was to purchase and distribute goats as per the sanction letter.

(b) Distribution of improved breed of goat

The Department sanctioned (August 2011) distribution of goat units (each unit consisting of five female and one male goat) with requisite material for goat rearing, medicines, vaccines and insurance coverage for three years at 50 per cent subsidy. The cost of each unit was ₹ 22,500. Besides, for each unit ₹ 800 was to be spent on publicity by the DAHOs. The beneficiaries were to give an undertaking that they had goat sheds and they would deposit their own contribution in the bank account either through bank loan or savings. The departmental officers were to motivate, formulate and cooperate in successful completion of the scheme. The Government sanctioned (August 2011) 1949 units and allotted ₹ 2.35 crore for establishment of goat units in the State.

In eight test-checked districts 652 units were established against the target of 761. The Department spent ₹ 84.13 lakh during 2011-12 out of the allotment of ₹ 89.81 lakh. The remaining fund of ₹ 5.68 lakh for 46 units was surrendered during 2011-12.

The deficiencies noticed in the test-checked districts are discussed below:

- DAHO, Deoghar released (March 2012) subsidy of ₹ 3.15 lakh to Syndicate Bank for 28 beneficiaries without ascertaining that the beneficiaries would get loans from the bank. The bank sanctioned (April and May 2012) loans only to five eligible beneficiaries, but did not credit the subsidy to them as of June 2012. Hence, ₹ 3.15 lakh remained unutilised with the bank.

During interview (June 2012), four out of five beneficiaries stated that they had purchased 14 female and one male goat against the prescribed number of 20 female and four male goats. The purchase of lesser number of goats and in a disproportionate manner may affect the productivity.

Subsidy of ₹ 3.15 lakh was not credited by bank into beneficiaries account

³⁰ Dumka: ₹ 50.07 lakh for 209 units and Ranchi: ₹ 31.90 lakh for 147 units.

³¹ Dumka: ₹ 6.30 lakh and Ranchi: ₹ 0.73 lakh.

³² Dumka; 16 and Ranchi; Three.

- Interview with three beneficiaries (out of 52) in Dhanbad revealed that they had no goat sheds.
- In Gumla, out of targeted 118 units to be constructed at a cost of ₹ 13.28 lakh, only 52 units were established at a cost of ₹ 5.85 lakh. The subsidy of ₹ 7.43 lakh for 66 units was lying with banks/post offices as of July 2012.
- DAHO Ranchi paid subsidy of ₹ 23.74 lakh to 211 beneficiaries for 211 units of goats through bank drafts/bankers cheque to the selected beneficiaries instead of crediting the subsidy amount in their bank accounts violating the sanction order (August 2011). Thus, possibility of mis-utilisation of fund cannot be ruled out as the Department might lose control over actual assets created.

The Department accepted (January 2013) the audit observation.

Rashtriya Krishi Vikas Yojana (RKVY)

In compliance with the National Development Council Resolution (May 2007), Ministry of Agriculture launched *Rashtriya Krishi Vikas Yojana* (RKVY), a scheme with 100 per cent Additional Central Assistance over and above State plan budget. Under the scheme, State Government had to initiate specific projects with definite time-lines and clear objectives and as per local requirements so that the outcomes are equal to the objectives as envisaged under RKVY. The Deputy Commissioner was to be the nodal officer and the scheme was to be implemented under his guidance. Out of ₹ 24.75 crore sanctioned for the following three schemes a total amount of ₹ 21.76 crore was spent during the period 2008-12.

(c) Goat Development Scheme

The State Government sanctioned (between February and October 2009) ₹ 4.06 crore for distribution of 1,143 goats units during 2008-10, out of which 1,054 units were established after incurring expenditure of ₹ 3.96 crore. Details of schemes are detailed below in **Table-3**:

Table-3: Detail of provision under Goat development scheme

Year	Scheme	Cost of unit (₹)	Subsidy (₹)		Beneficiary contribution (₹)		Annual income generation (₹)
			SC/ST	Other	SC/ST	Other	
2008-09 (for all districts)	One Goat unit (10 female goats of black Bengal breed and one male goat of improved breed)	60000 ³³	54000	51000	6000	9000	No estimation
2009-10 (for 11 districts including Dumka and Deoghar of test-checked districts)	One Goat unit (10 female goats of local breed and one male goat of black Bengal breed)	18000 ³⁴	9000	7200	9000	10800	18600

Source: AH&FD

³³ Purchase of goat with transportation: ₹ 26,000, Insurance: ₹ 1,600, Construction of shed (150 sq. feet): ₹ 30,000, Purchase of utensils, other essential materials etc: ₹ 1,200, Medicines and vaccines: ₹ 700 and Monitoring and signboards: ₹ 500.

³⁴ Unit cost consists of purchase of goat unit including transportation – ₹ 15,000, Insurance for goat unit – ₹ 1,100, Purchase of utensils, other essential materials etc. – ₹ 1,200 and Expenditure on medicines and vaccines – ₹ 700.

During 2008-09, out of the target of 687 units for the State, 251 units were to be established in the test-checked districts. Against these, 243 units (97 per cent) were established in the test-checked districts at a cost of ₹ 1.31 crore. During 2009-10, 43 units (96 per cent) out of the targeted 45 units were established in Dumka at a cost of ₹ 3.91 lakh. No unit, out of 40 units targeted, was established in Deoghar, for which no reasons were on records, and allotment of ₹ 3.68 lakh was surrendered.

The following deficiencies were noticed:

- The Government orders of February and October 2009 did not prescribe who would arrange purchase of goats, materials, insurance and construction of sheds i.e. the beneficiaries or the Department. We observed that in the test-checked districts, the DAHOs advanced the funds directly to the beneficiaries. They had no information about construction of goat sheds as monitoring of the progress of the schemes was not done. As such, misutilisation of scheme funds could not be ruled out.
- In four test-checked districts³⁵, interview with 27 out of 126 beneficiaries (2008-09) revealed that 156 goats out of 297 died due to various diseases. The DAHO, Dumka stated (July 2012) that the insurance claims for these goats could not be lodged for want of post mortem reports and non-renewal of insurance policy.
- In Dumka, interview of seven beneficiaries out of 43 units (2009-10) revealed that they purchased only 28 female goats and no male goat as against 70 female and seven male goats out of the entire subsidy amount of ₹ 63000 paid to them. The records of DAHO, however, showed purchase of 77 goats. Thus, doubtful purchase of 49 goats could not be ruled out.

The above position indicated lack of monitoring by the DAHOs

The Department accepted (January 2013) the audit observation.

4.1.9.2 Poultry Development Scheme (PDS)

Under RKVY, during 2008-09 the Department established 4,775 units of backyard poultry against the sanctioned unit of 4,793 (60 chicks in each unit). In test-checked districts, during 2010-12, against the target of 1,010 units (2010-11: 250 and 2011-12: 760) (400 broiler chicks in each) 948 units were established (2010-11: 238 and 2011-12: 710) in the selected districts³⁶.

(a) Backyard Poultry (60 chicks scheme)

As per Government sanction order (February 2009) issued for the year 2008-09, cost of each unit of poultry was ₹ 8,000. Out of this, the Assistant Directors (ADs) of Regional/State Poultry Farms, at Bokaro and Ranchi were to supply chicks to the DAHOS for which funds at the rate of ₹ 1,800 per unit were allotted to them, and the DAHOs were allotted the balance ₹ 6,200 per unit for implementation of the scheme. The Department estimated a net profit of ₹ 17,000 and ₹ 16,600 per unit in the first year of its implementation for

³⁵ Bokaro, Dumka, East Singhbhum and Latchar

³⁶ Five districts during 2010-11 and 21 districts during 2011-12.

SC/ST and other beneficiaries respectively, depending upon the subsidies³⁷ paid to them.

Out of 1,585 poultry units targeted, 1,547 poultry units were set up in seven selected districts (except Latehar)

Scrutiny of records and information furnished by the test-checked DAHOs and two ADs (Poultry) revealed that the Department allotted (February 2009) ₹ 3.40 crore for implementation of 4,793 units in the State. For the eight test-checked districts, ₹ 32.13 lakh was allotted (February 2009) to two ADs,³⁸ for supply of chicks for 1,785 units. Out of these, the ADs supplied chicks for 1,547 units³⁹ established (target: 1,585 units) in seven test-checked districts (except Latehar). In Latehar, the scheme could not be implemented due to non-selection of beneficiaries in time, though there was a target of 200 units.

Further, the DAHOs of eight test-checked districts were allotted (February 2009) ₹ 94.12 lakh for purchase of materials, viz. bamboo, wire etc. construction of shed, feed, medicines etc. to be distributed among the selected beneficiaries. The DAHOs spent ₹ 93.89 lakh on this account and distributed the material among the beneficiaries.

All chicks of 52 beneficiaries died of diseases. The DAHOs were not aware of it

Interview (between May and July 2012) of 61 beneficiaries out of 1,306 (except Ranchi) conducted in the presence of departmental authorities revealed that all the chicks of 52 beneficiaries had died of diseases. This was, however, not in the knowledge of DAHOs, as stated (between June and July 2012) by the DAHOs (Bokaro, East Singhbhum and Gumla). Out of the remaining nine beneficiaries two in East Singhbhum stated (July 2012) that they earned (₹ 24,000 and ₹ 50,000) more than the projected income while seven earned (ranged between ₹ 100 to ₹ 10,000) less than the projected income.

In Latehar, no chicks were supplied due to delayed selection of beneficiaries. But, the DAHO distributed the poultry material. Interview of 16 beneficiaries in Latehar revealed that material like poultry feed (₹ 1.37 lakh), bamboo, wire-net etc (₹ 4.73 lakh) distributed to them got spoiled/lost their strength and medicines worth ₹ 1.30 lakh expired due to passage of time. As such, expenditure of ₹ 7.40 lakh proved wasteful.

Thus, there was absence of proper arrangement and monitoring for implementation of the scheme.

The Department accepted (January 2013) the audit observation.

(b) Establishment of poultry rearing units (400 broiler chicks per unit)

For the year 2010-12, the Department sanctioned 1010 units in the State under Poultry Development Scheme (400 broiler chicks per unit) in December 2010 (250 units) and in July 2011 (760 units). The estimated cost per unit was ₹ 86,000⁴⁰ with 50 per cent government subsidy and the remaining cost was to

³⁷ SC/ST: 90 per cent and others: 85 per cent.

³⁸ Regional Poultry Farm, Ranchi: ₹ 15.93 lakh for 885 units and State Poultry Farm, Bokaro: ₹ 16.20 lakh for 900 units

³⁹ Ranchi: 657 units (₹ 12.39 lakh) and Bokaro: 890 units (₹ 15.27 lakh).

⁴⁰ Cost of chicks, feed, medicines: ₹ 32,000; cost of shed: ₹ 47,600 and poultry equipment: ₹ 6,400.

be met from bank loan to be arranged by the proposed beneficiaries. Department estimated annual income generation of ₹ 42,700 per unit out of seven cycles in a year.

Out of 370 poultry units targeted, 232 units were established in the selected districts

Against total allotment of ₹ 4.35 crore (December 2010 and July 2011), ₹ 4.06 crore was spent for 948 units involving 948 beneficiaries in the State. In the seven⁴¹ test-checked districts, ₹ 1.59 crore⁴² was allotted to the DAHOs for 370 units. The DAHOs drew ₹ 1.38 crore for 321 units as of December 2012 and surrendered ₹ 0.21 crore. They, however, released subsidy ₹ 1.06 crore for 248 units and kept the balance subsidy of ₹ 0.32 crore for 73⁴³ units in their bank accounts as of July 2012. As of January 2013, 232 units were established and 16 units (in Deoghar) could not be established due to non-sanction of loan by the banks.

We observed the following deficiencies in implementation of the scheme:

- Four out of 30 beneficiaries in Bokaro were paid only ₹ 0.63 lakh (subsidy ranged between ₹ 13,000 and ₹ 20,000) against admissible amount of ₹ 1.72 lakh (₹ 43,000 per beneficiary) which was not adequate to derive the desired benefit.
- Interview of 15⁴⁴ out 136 beneficiaries in four⁴⁵ test-checked districts revealed that production of chicks was in progress in Bokaro and Dhanbad and poultry sheds were under construction in Latehar. In Deoghar four beneficiaries interviewed did not get loan or subsidy from the bank.

Thus, the progress of the scheme was not uniform in the test-checked districts and the follow up action for timely release of funds by the banks were not properly monitored either by the Department or by the DAHOs. This resulted in non-achievement of desired benefits of the scheme.

The Department accepted (January 2013) the audit observation and stated that proper monitoring of the concerned districts would be done.

4.1.9.3 Pig Development Scheme (Reproduction Units)

Under RKVY, the Government sanctioned implementation of Pig Development Scheme in 14⁴⁶ districts during the years 2009-10 and 2010-11. In 2011-12, the Government extended the scheme to 24 districts. The scheme contained distribution of pigs of improved breed for piggery reproduction units⁴⁷ amongst the selected beneficiaries. As per the guidelines contained in the sanction orders, subsidy was to be transferred to the beneficiaries'

⁴¹ Bokaro, Deoghar, Dhanbad, Dumka, East Singhbhum, Latehar and Ranchi. There was no scheme for Gumla.

⁴² 2010-11: ₹ 43.40 lakh and 2011-12: ₹ 116.10 lakh.

⁴³ Bokaro: ₹ 1.09 lakh, Dumka: ₹ 2.58 lakh, East Singhbhum: ₹ 7.31 lakh in 2010-11 and ₹ 20.21 lakh in 2011-12 and Latehar: ₹ 1.29 lakh.

⁴⁴ Bokaro: two; Dhanbad: six, Deoghar: four and Latehar: three.

⁴⁵ Bokaro, Deoghar, Dhanbad and Latehar.

⁴⁶ It includes only six test-checked districts viz. Bokaro, Dhanbad, East Singhbhum, Gumla, Latehar and Ranchi in 2009-11.

⁴⁷ Each unit comprising of two males and four females pigs.

accounts after ensuring deposit of beneficiaries' contribution or bank loan. The pigs were to be insured for which funds were included in the cost of the unit. Departmental officers were to act as facilitators and were required to provide technical knowhow, training, monitor and ensure quality control. Details of the schemes are given in Table-4:

Table-4: Detail showing provision under pig development scheme

Year	Scheme	Unit cost (₹)	Subsidy (₹)		Beneficiary contribution/Bank loan (₹)		Expected average income per annum per unit(₹)
			SC/ST	Other	SC/ST	Other	
2009-10	Six pigs (four females and two males)	30000	15000	12000	15000	18000	23000
2010-11	Six pigs (four female sand two males)	40000	13200	13200	26800	26800	26900
	13 pigs (eight females and five males)	71000	23430	23430	47570	47570	66000
	Construction of one unit consisting of three piggery sheds	40000	13200	13200	26800	26800	--
2011-12	Six pigs (four females and two males)	27500	13750	13750	13750	13750	20 piglets

Source: AH&FD

Scrutiny of records and information furnished by the DAHOs revealed the following:

- During the years 2009-10 to 2011-12, against the targets of 1,241 units⁴⁸ in the test-checked districts, the achievement was 1,102 units⁴⁹. During 2009-11, DAHO Latehar failed to implement the scheme and the allotted fund of ₹ 18.42 lakh was surrendered.
- In East Singhbhum and Dhanbad, despite availability of funds (Dhanbad: ₹ 1.17 lakh and East Singhbhum: ₹ 1.25 lakh) for training, monitoring, extension and creating awareness of the scheme, no expenditure was incurred on this account and funds were surrendered during 2009-12.
- During 2009-10, the entire subsidy of ₹ 20.03 lakh (Gumla: ₹ 11.03 lakh and East Singhbhum: ₹ 9.00 lakh) was transferred (between April and July 2010) to 139 (Gumla: 75 and East Singhbhum: 64) selected beneficiaries' accounts. Out of 75, five beneficiaries in Gumla were not interested and refused to take up the scheme as such subsidy amount was remitted into the treasury. In East Singhbhum, four beneficiaries could not purchase the pigs as loans were not sanctioned by the bank.
- In all the test-checked districts none of the pigs distributed under the scheme was found insured which the DAHOs accepted. During interview of 38 out of 1,102 beneficiaries of the schemes (2009-12) of five test-checked districts it was noticed that 46 pigs (worth ₹ 0.67 lakh) of 17 beneficiaries died and the beneficiaries could not get the insurance coverage as the pigs were not insured.

In the selected districts, 1,102 units (89 per cent) were established against the target of 1,241

⁴⁸ 2009-10: 380 units, 2010-11:433 units and 2011-12:428 units.

⁴⁹ 2009-10: 344 units, 2010-11:368 units and 2011-12:390 units.

There were disproportionate purchases of male and female pigs by the beneficiaries

- We observed that in 21 units⁵⁰ of four test-checked districts, the DAHOs purchased 29 males, 89 females and four neuter gender pigs against the requirement of 42 males and 84 female pigs. Thus, purchases of less number of pigs would affect the objective (expected income of the beneficiaries) of the scheme.
- Interview of nine out of 134 beneficiaries of East Singhbhum and Gumla districts revealed that from the scheme of 2009-10, seven beneficiaries earned (₹ 3,000 to ₹ 20,000) less than the annual average projected profit. However, two beneficiaries earned more (₹ 50,000) as of July 2012. Interview of 11 beneficiaries in Dhanbad revealed that in 2010-11, sheds for pigs were not constructed and one beneficiary did not purchase the pigs whereas another beneficiary purchased less number of pigs.

The Department stated that proper monitoring of the concerned districts would be done and action would be taken.

Other Schemes

4.1.9.4 Assistance to States for Control of Animal Diseases

The Centrally Sponsored Scheme 'Assistance to States for Control of Animal Diseases (ASCAD)' was aimed to control contagious diseases like Swine Fever, *Khurha Chapka*⁵¹ and other animal diseases. The scheme was funded by Central and State Governments in the ratio of 75:25 except training component which is fully funded by GoI. The GoI accorded sanction of the ASCAD projects for the years 2007-08 to 2011-12, amounting to ₹ 16.53 crore (including state share of ₹ 3.85 crore). However, GoI released only ₹ 8.14 crore out of central share of ₹ 12.68 crore. Short release was due to under-utilisation of Central funds already released. Under the scheme, the AH&FD was to manufacture the vaccines in its vaccine production institute or procure the same from other firms. During the period 2007-12, the Department utilised ₹ 5.95 crore (Central: ₹ 4.49 crore and State: ₹ 1.46 crore). Under utilisation was due to short production of vaccines by State's production institute and short-procurement of vaccines from other firms. This also affected the achievement of vaccination under the Scheme as detailed in Table-5.

Table-5: Statement showing target and achievement of vaccination

(Number in lakh)

Year	FMD		PPR		BQ		HS		Swine fever		Ranikhet	
	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.
2007-08	2	0.89	3	0	10	3.19	10	4.37	0.50	0.05	5	0
2008-09	2	0.11	3	0	10	8.79	10	9.21	0.50	0.05	5	0
2009-10	2	0.77	3	1.00	10	6.54	10	5.09	0.50	0.01	5	1.39
2010-11	2	0.29	3	1.47	10	4.64	10	7.64	0.50	0	5	0.54
2011-12	5	10.00	10	0.05	10	6.59	15	6.51	0.50	0	5	1.00
Total	13	12.06	22	2.52	50	29.75	55	32.82	2.50	0.11	25	2.93

Note: 1. FMD-Foot and Mouth Disease; 2. PPR-Peste des Petits Ruminantes; 3. BQ-Black Quarter; 4. HS-Haemorrhagic Septicaemia. (Source: AH&FD)

⁵⁰ East Singhbhum: two, Gumla: four, Bokaro: two and Ranchi: 13.

⁵¹ Foot and Mouth Disease.

The following deficiencies were noticed:

There was short achievement of vaccinations

- There was short achievement of vaccination of targets of seven *per cent* in FMD, 89 *per cent* in PPR, 40 *per cent* in BQ and HS, 96 *per cent* in swine fever and 88 *per cent* in Ranikhet during 2007-12.
- DAHOs, Bokaro and Gumla stated (June and July 2012) that the vaccination target could not be achieved due to short and delayed supply of vaccines from AHPI. The DAHOs Dumka and Dhanbad stated (June and July 2012) that due to shortage of technical staff and para-vets they could not vaccinate the targeted animals. Four⁵² DAHOs did not furnish any reply (August 2012).

Thus, despite availability of funds⁵³ the animals remained exposed to risk of contagious diseases in absence of vaccination. The Department failed to strengthen the infrastructure of the AHPI and monitor the production/procurement of vaccines by the institute.

The Department attributed (January 2013) short achievement to non-production of all types of vaccines in the Institute, insufficient supply by private institutes/other States' institutes and shortage of para-vets in the Department. The reply was not entirely correct as there were delays in preparation of Plan for ASCAD and delays in approval of rate for purchase of vaccines from other firms.

4.1.9.5 Animal Health Care and Veterinary Services

To provide health cover and for containment of diseases of animals, the Department fixed targets for vaccination, treatment and castration for the State. But, no target was set for districts. The details of target and achievement during years 2007-08 to 2011-12 is detailed in Table-6:

Table-6: Status of vaccination, treatment, castration and AI

(Number in lakh)

Year	Vaccination			Treatment			Castration			Artificial insemination		
	State target	Achievement	Achievement (test-checked districts)	State target	Achievement	Achievement (test-checked districts)	State target	Achievement	Achievement (test-checked districts)	State target	Achievement	Achievement (test-checked districts)
2007-08	NF	NA	2.69	NF	NA	4.56	NF	NA	0.36	1.51	0.57 (38)	0.26
2008-09	8.81	10.81 (123)	4.14	6.65	10.59 (159)	4.56	0.45	0.87 (193)	0.42	1.51	0.51(34)	0.25
2009-10	30.00	15.38 (51)	3.40	12.00	15.26 (127)	6.09	0.55	1.03 (187)	0.39	1.56	00	0.01
2010-11	30.00	20.22 (67)	7.00	15.00	15.32 (102)	6.87	0.90	1.12 (124)	0.45	1.56	0.42 (28)	0.22
2011-12	NF	NF	7.20	20.00	14.14 (71)	6.94	0.90	0.76 (84)	0.36	1.56	0.84 (54)	0.41

(Source: AH & FD) Figures in brackets indicate percentage. NF-Target not fixed and NA-Not available.

⁵² Deoghar, East Singhbhum, Latehar and Ranchi.

⁵³ Revalidated and released: ₹ 8.14 crore and Utilised: ₹ 4.49 crore (55.16 *per cent*) during 2007-12.

Number of vaccination against the target ranged between 51 and 123 per cent during 2008-11

It is evident from the **Table-6** that the achievement in the State under vaccination ranged between 51 and 123 *per cent* of the targets during the years 2008-11. Under artificial insemination (AI) achievement was between 28 *per cent* and 54 *per cent* during 2007-08 to 2011-12 except in 2009-10. During 2009-10, achievement was negligible because the Frozen Semen Bank, Hotwar, Ranchi did not supply liquid nitrogen and straw to the Government hospitals. The DAHOs attributed low performance under AI in Government hospitals to opening of Dairy Cattle Development Centres (DCDCs) by Bhartiya Agro Industries Federation (BAIF) in close vicinity of government hospitals. As per MoU, the DCDCs were to be opened at a minimum distance of five kilometer from Veterinary hospitals to avoid duplicacy. This indicated lack of co-ordination between the two Directorates.

The Department noted (January 2013) the audit observation.

Dairy Development Directorate

4.1.9.6 Milch Cattle Induction Programme

The Milch Cattle Induction Programme an existing State programme taken up under RKVY since 2008-09. The programme is to provide subsidy for induction of high yielding milching cattle with a view to boost the milk production of the State and to provide gainful self employment to the rural families. Under this programme prototype schemes⁵⁴ were implemented with subsidy and bank loan. For this purpose, the list of beneficiaries prepared by DDDOs and approved by the DC were to be sent to different banks for processing loans to the proposed beneficiaries. The subsidy released to the banks was to be transferred to the bank accounts of beneficiaries as and when bank loans were credited in their accounts. The cost of the projects under various schemes during the years 2007-08 to 2011-12 is given in **Appendix-4.6**.

According to the GoJ orders cattle were to be purchased in two phases⁵⁵ with a gap of six months after the purchase of cows in the first phase in each type of dairy unit to maintain the continuous flow of milk throughout the year, which would also help the farmer to repay the installments of bank loan.

During 2007-08, the Scheme was funded by the State Government, while it was fully funded by GOI, under RKVY since 2008-09. During the period 2007-12, an expenditure of ₹ 53.66 crore was incurred against the sanction amount of ₹ 56.45 crore. In the eight test-checked districts ₹ 27.81 crore was spent against ₹ 29.08 crore allotted to them.

Scrutiny of records revealed the following:

⁵⁴ Two cows/buffalos, five cows/buffalos (Mini dairy), ten cows /buffalos (Midi dairy), 20 cows/buffalos (Commercial dairy), 50 cows/buffalos (Modern dairy) and 100 cows /buffalos (Modern dairy).

⁵⁵ Two cows dairy- One cow in each phase; Mini dairy of five cows- three cows in first phase and two cows in second phase, Midi dairy of 10 cows – five cows in each phase; Commercial dairy of 20 cows – 10 cows in each phase; Modern dairy (50 cows) - 25 cows in each phase and Modern Dairy (100 cows) - 50 cows in each phase.

Out of 3,670 targeted dairy units only 2,611 units were established as cows for both the phases were purchased

In the test-checked districts, out of 3,670 targeted units of Milch Cattle Induction Programme, cows for 3,338 units were purchased during 2007-11⁵⁶. We observed that against the target of 3,670 dairy units, 3,338 units (91 per cent) were supplied cows in the first phase. However, only 2,611 units (78 per cent of the units covered under first phase) were supplied cows in the second phase (*Appendix-4.7*). The short achievement (332 units) of first phase was attributed by DDDOs to non-sanction of loans by the banks and lack of interest of the beneficiaries. Shortfall in achievement in the second phase was attributed to non-release of loans by the banks due to poor repayment of loan by the beneficiaries.

The Department stated that district-wise cattle purchase camps were being organised to expedite the pending purchase and instructions had been issued to the DDDOs to resolve the issues pertaining to disbursement of loan by the banks.

- Further, as per executive order of the Department farmers were to be motivated for supply of milk to Chilling plants so that cattle farmers could be benefitted by adequate market facility for sale of milk. However, out of eight test-checked districts, chilling plants were functioning only in four districts⁵⁷. Besides, the plants were running at partial capacities⁵⁸ against their full capacity⁵⁹ mainly due to lack of infrastructure in chilling plants and supply of insufficient quantity of raw milk. Thus, proper market facility for sale of milk could not be made available to the farmers, which resulted in less supply/denial of quality milk to the public.

The Department stated (December 2012) that the pricing structure of surplus milk in rural areas would be examined.

- Interview of 94 out of 3,338 beneficiaries revealed that, 35 beneficiaries (37 per cent) were earning more than the projected average annual income while 34 (36 per cent) were earning less than the projected average annual gross income⁶⁰. While, 15 beneficiaries (16 per cent) did not earn any income and 10 beneficiaries did not give reply.

The Department stated (December 2012) that proposals had been invited for Expression of Interest for assessment of impact of the scheme. Suitable action would be taken accordingly.

4.1.9.7 Heifer Rearing Programme

The objective of the Heifer Rearing programme was to support the cross breed heifers specially produced under breed improvement programme and milch cattle induction programme to achieve early maturity of heifers to provide longer lactation life. The Department implemented the programme since

⁵⁶ Purchase of cows for 2011-12 was not finalized as of July 2012 whereas DDDO, Deoghar and Dumka did not furnish information for 2007-08.

⁵⁷ Dhanbad, Deoghar, Latehar and Ranchi.

⁵⁸ Dhanbad-1,600 LPD, Deoghar- 800 LPD, Latehar-630 LPD and Ranchi- Not available.

⁵⁹ Full capacity-Dhanbad-5,000 Litre per day (LPD), Deoghar - 10,000 LPD, Latehar-2,000 LPD and Ranchi-20,000 LPD

⁶⁰ Two Cows: ₹ 35,830, Mini dairy: ₹ 91,114, Midi dairy: ₹ 1,62,850 and Commercial dairy: ₹ 3,38,200.

2008-09 under RKVY through Bhartiya Agro Industries Foundation (BAIF). Under this programme all female calves in the DCDC area were to be registered, tagged, dewormed, vaccinated and insured. Besides, calf starter at 100 per cent subsidy and concentrated feed at subsidy of ₹ 5 per kg was to be provided to heifer owners.

Government sanctioned ₹ 14.68 crore during the period 2009-11, but released ₹ 11.21 crore to BAIF for implementation of this Scheme. In 2011-12, no fund was released to BAIF. Against ₹ 11.21 crore, only ₹ 3.22 crore was spent and ₹ 8 crore remained with BAIF as on 31 March 2012.

Analysis of information furnished by the DD Directorate revealed that there was short achievement in heifer rearing programme as detailed in Table-7:

Table-7: Targets and achievement of Heifer Rearing programme

Particulars	Target (2009-12)	Unit	Achievement			
			2009-10	2010-11	2011-12	Total
Registration	16000	No.	8144	14608	18715	41467
Calf starter (feed)	320	Ton	49.42	135.99	241.28	426.69
De-worming	16000	No.	13839	13106	15868	42813
Vaccination	16000	No.	7000	14064	Nil	21064
Concentrate feed	21300	Ton	1026.88	1461.32	2250.88	4739.08
Insurance	16000	No.	890	5165	3517	9572

Source: Dairy Development Directorate

- During 2009-12, 41,467 heifers were registered against the targets of 16,000 heifers.
- Out of 41,467 registered heifers, achievement of 42,813 shown under de-wormed seems flawed.
- Target of concentrate feed was 21,300 ton for 16,000 heifers against which 4,739.08 ton was used during 2009-12. The quantity was adequate to feed only 3,560 heifers.
- Insurance coverage was given to 9,572 heifers against 41,467 heifers registered and 16,000 heifers targeted.

The Department stated that registration figure did not indicate that full dose of benefits were to be provided to all the registered heifers. It was provided to maximum numbers of heifers subject to availability of fund and further that completion of insurance coverage was under progress. Reply was not correct because as there was short achievement even with reference to targets set.

4.1.9.8 Grassland Development Scheme (100 per cent Centrally sponsored)

Under the Grassland Development Scheme, GoI sanctioned (December 2008) ₹ 1.87 crore⁶¹ (100 per cent Central Grant) for development of 22 grasslands of 220 hectares in the State. Its objective was to ensure availability of green fodder for cattle throughout the year by developing barren land and arresting soil erosion. The DDDOs were to arrange land for this purpose through district administration and BAIF was to implement the scheme.

In five test-checked districts the grassland scheme could not be implemented due to non-availability of land

⁶¹ Estimated cost of ₹ 8.50 lakh each.

Scrutiny of records of the test-checked districts revealed that in three⁶² districts the grasslands were established in 30 hectares after incurring expenditure of ₹ 14.05 lakh during 2010-12 and in the remaining five⁶³ districts grasslands could not be created due to non-availability of land/land dispute though an expenditure of ₹ 2.81 lakh⁶⁴ was incurred on seeds and fertilizer, wages for supervisory staff, etc. This resulted in denial of green fodder in adequate quantity to cattle in the test-checked districts. The Department did not get the remaining 50 *per cent* fund from GOI due to less utilisation of funds allotted earlier.

The Department stated that DDDOs were directed to follow up the progress of availability of land at Deputy Commissioner level.

4.1.9.9 Milk procurement, processing and marketing

Jharkhand Dairy Project (JDP) was constituted in the State for commercial operation of established dairy cum chilling plants. An MoU was signed (December 2007) between GoJ and National Dairy Development Board (NDDB) Anand, Gujarat to run the JDP. The implementation of the JDP was to be based on plan and programmes jointly formulated by NDDB and GoJ. As per GoJ order (November 2008), the NDDB was to cover 12 districts in five years in the first phase. However, there was no clause in the MoU for compensation/penalty in case NDDB failed to achieve the target.

Analysis of information furnished by the Dairy Development Directorate revealed that the JDP could cover only three districts⁶⁵ (25 *per cent*) during 2008-12 covering 2,212 milk producers (seven *per cent*). Total milk procurement was 7,330 liter per day (11 *per cent*) though ₹ 11.10 crore was spent by NDDB out of provided ₹ 26.80 crore during 2008-12. Details of target and achievement are given in *Appendix-4.8*.

The period of MoU ended on 06 December 2012 and the NDDB expressed (06 December 2012) its inability to manage the project further. As such, the Department took (December 2012) decision of taking over the charge of JDP for commercial operation.

The Director stated (August 2012) that the banks had been reluctant to extend financing under the Milch Cattle Induction Programme to the farmers which was the main reason for non-achievement of the targets for the JDP. The reply was not correct as the Department while entering into the MoU was aware of the new system and the related complications.

Thus, the Department failed to mobilise NDDB to achieve the target fixed though it conducted several meetings time to time with NDDB. It also could not penalise NDDB for poor performance as no compensation clause was kept in the MoU.

The Department accepted the facts.

⁶² Deoghar, Dumka and Ranchi.

⁶³ Bokaro, Dhanbad, East Singhbhum, Gumla and Latchar.

⁶⁴ Bokaro: ₹ 0.36 lakh and Dhanbad: ₹ 2.45 lakh

⁶⁵ Lohardaga, Ramgarh and Ranchi.

4.1.9.10 Non-evaluation of impact of different schemes

As per the perspective plan (2007-12), the impact of different schemes of animal husbandry programme being implemented by the State Government was to be evaluated by hiring a team of experts from a professional and reputed organisation.

Scrutiny revealed that no fund was allocated for the purpose during 2007-11. In 2011-12, though ₹ 14.32 lakh was sanctioned, only ₹ 3 lakh was allotted, which also could not be utilised. As such, no impact evaluation of implementation of schemes which involved expenditure of ₹ 136.55 crore, was carried out during the-period. Thus, the Department remained deprived of the knowledge about outcome of the schemes implemented.

In Dairy Development sector, however, the impact evaluation was got done by NABARD Consultancy Services, which provided a detailed road map for Dairy Development in the State.

4.1.10 Monitoring

As per order (February 2005) of the Department, all schemes in the Dairy Development Directorate were to be physically verified by the Regional Joint Director (RJD) twice in a year. The Department further ordered (November 2009) that only commercial and modern dairies established were to be 100 per cent physically verified by the RJD once in every six months.

In Animal Husbandry Directorate, no orders regarding monitoring were issued. However, the sanction orders of the Government contained some instructions regarding monitoring of particular schemes.

Scrutiny of information furnished by the six⁶⁶ test-checked DDDOs revealed that only seven inspections of dairy schemes were carried out by the RJDs out of required 60 inspections during 2007-12. The details of inspection are given in *Appendix-4.9*. On an audit enquiry, two⁶⁷ DDDOs stated (May 2012) that though inspections were carried out yet they had no records in support.

As per the instructions laid down in the sanction letters (2011-12), the Director was monitor the units under the schemes once in six months, the DAHOs were to carryout inspection once in three months and BAHOs was to inspect on monthly basis. They were to make entries in the prescribed directory-cum-monitoring books. But, there was nothing on records in the test-checked districts to show that any inspection has been carried out during the period.

In absence of required numbers of inspection, possibility of irregularity/shortcomings could not be ruled out.

The Department stated (January 2013) that a monitoring cell at headquarters' level was constituted during 2011-12 for monitoring of all ongoing schemes.

⁶⁶ Bokaro, Dhanbad, Dumka, East Singhbhum, Gumla and Latehar.

⁶⁷ Deoghar and Ranchi.

4.1.11 Internal audit

Internal Audit is the means by which an organisation assures itself that the prescribed systems are functioning well. Internal Audit is an important component of internal control. The Internal Audit Wing headed by the Chief Controller of Accounts under the administrative control of Finance Department conducts internal audit of all the Departments including AH&FD. The AH&FD did not have any internal audit wing of its own.

Scrutiny revealed that the internal audit wing of the Finance Department had also not conducted audit of test-checked districts during 2007-12. Thus, lapses and irregularities in the functioning of the Department remained undetected.

The Department accepted the fact and stated that system of internal control as suggested by audit would be implemented.

4.1.12 Conclusion

The planning, monitoring and implementation of the schemes in Animal Husbandry and Dairy Development Directorates were deficient, as reflected from the following audit findings:

- There were only 451 Veterinary Hospitals in the State against the required 1,756 hospitals as per norms of the National Commission on Agriculture (1976). Infrastructure in veterinary hospitals/dispensaries was not adequate. The Department had only eight functional chilling plants in the State which badly affected the objective of facilitating profitable disposal of milk for the milk producers. Even milk booths were not established for want of sites. Besides, there were shortages (32 per cent) of veterinary doctors.
- There were large savings of Plan funds and rush of expenditure in the month of March, mainly due to delays in allotment of funds. Large amounts of subsidies were lying in banks and District Animal Husbandry Officers (DAHOs) did not monitor crediting the subsidies into the bank accounts of the beneficiaries.
- Under the goat development scheme, Government did not synchronise the purchase of goats and creation of sheds for goats. Funds meant for procurement of goats were diverted. Implementation of the scheme suffered due to lack of monitoring. Interviews with beneficiaries revealed death of goats, which was not known to the DAHOs.
- Under poultry development schemes, there was short achievement against the target set due to delayed selection of beneficiaries. DAHOs were not aware of death of chicks.
- Joint interview of 38 beneficiaries of the test-checked districts revealed that during the period 2009-12 though 46 pigs 17 beneficiaries died, no claims could be made as pigs were not insured due to failure of DAHOs in creating awareness amongst beneficiaries in spite of availability of fund.
- Under Assistance to States for Control of Animal Diseases (ASCAD), during the period 2007-12 achievement of vaccination targets was short by seven per cent in Foot and Mouth Disease (FMD), 89 per cent in Peptides Petits Ruminants (PPR), 40 per cent in Black Quarter (BQ) and

Hemorrhagic Septicemia (HS) and 88 *per cent* in Ranikhet due to delayed/short supply of vaccines.

- Under milch cattle induction programme, out of 3,670 units only 2,611 units (71 *per cent*) were established during the period 2007-11 in the test-checked districts due to partial purchase of cows.
- Jharkhand Dairy Project (JDP) managed (under MoU) by National Dairy Development Board (NDDB) could cover only three out of targeted 12 districts for procurement and processing of milk after incurring expenditure of ₹ 11.10 crore during the period 2008-12. The Department took over (December 2012) the charge of management of JDP only after expiry of MoU.

4.1.13 Recommendations

- *Government should ensure availability of adequate number of veterinary hospitals, chilling plants, milk booths and veterinary doctors.*
- *Government should ensure maximum utilisation of Plan funds and timely allotment of funds to avoid rush of expenditure in March. Government should also ensure monitoring of subsidy amount lying in the banks for achievement of the desired objectives.*
- *Government should ensure purchase of goats and monitoring the scheme.*
- *The Department should ensure proper healthcare of chicks and regular follow up to achieve desired benefits of the scheme.*
- *The Department should ensure creation of awareness regarding insurance of pigs to safeguard losses to the beneficiaries.*
- *The Department should ensure timely and adequate supply of vaccines for control of diseases through vaccination.*
- *The Department should ensure purchase of all cows as envisaged in the scheme to achieve the desired benefit.*

The matter was reported to the Government (October 2012). Their reply had been received (December 2012 and January 2013) and suitably incorporated in this report.