

CHAPTER - 4
FUNCTIONING OF GOVERNMENT
DEPARTMENT

Chapter-4

Functioning of Government Department Animal Husbandry and Fisheries Department

4.1 Audit of Department of Fisheries

Executive Summary

The Department of Fisheries is responsible for enhancing fish production with sustained conservation of resources and improving the socio-economic standards of fishermen. An audit of the Department covering 2007-12 had been conducted to examine the economy, efficiency and effectiveness of its significant activities, keeping in view its mandate.

The audit of the Department showed the following:

Large number of vacancies in technical posts handicapped the Department in effective implementation of the programmes and schemes taken up for augmenting fish production. The Department also suffered from several institutional weaknesses such as absence of a Fisheries Policy, non-revision of the Fisheries Manual, inadequate arrangements for monitoring the implementation of schemes, and huge shortfall in internal audit.

The budgetary control mechanism in the Department was weak, as evidenced by non-preparation of realistic budget estimates, necessitating persistent huge savings year after year. The expenditure control was weak, as amounts surrendered were either in excess of the savings or far below the savings.

Though marine and inland fish production showed an impressive growth during 2007-12, there was shortfall in achieving the estimated potential growth. The inadequate capacity of the fishing harbours was a major constraint in optimum utilisation of the marine resources.

The inland fish production was sub-optimal as the fingerlings production in the State fell short of the requirement by 26 per cent during 2011-12. The fish seed production by the departmental farms fell short of the target during 2007-12 mainly due to lack of maintenance of the fish ponds. Subsidy paid for construction of fish ponds had been misused by fishermen.

Implementation of schemes for the welfare of the fishermen was not effective as the relief to the fishermen during the period of ban on fishing had been delayed and construction of houses by fishermen lagged behind schedule despite disbursement of subsidy.

4.1.1 Introduction

The State of Karnataka has vast potential for fish production. It has 5.60 lakh hectares (ha) of fresh water sources consisting of 2.93 lakh ha of ponds and tanks and 2.67 lakh ha of reservoirs. In addition, the State has 8000 ha of brackish water resources and 300 km of coastline with a continental shelf area of 27,000 sq.km. The marine fish production in Karnataka during 2011-12 was 3.47 lakh metric tonnes (MTs). Of this, 0.86 lakh MTs of marine products valued at ₹ 658.46 crore had been exported. The inland fish production during 2011-12 was 1.98 lakh MTs. The fishermen population of the State is 7.66 lakh, which includes 4.91 lakh inland fishermen and 2.75 lakh marine fishermen.

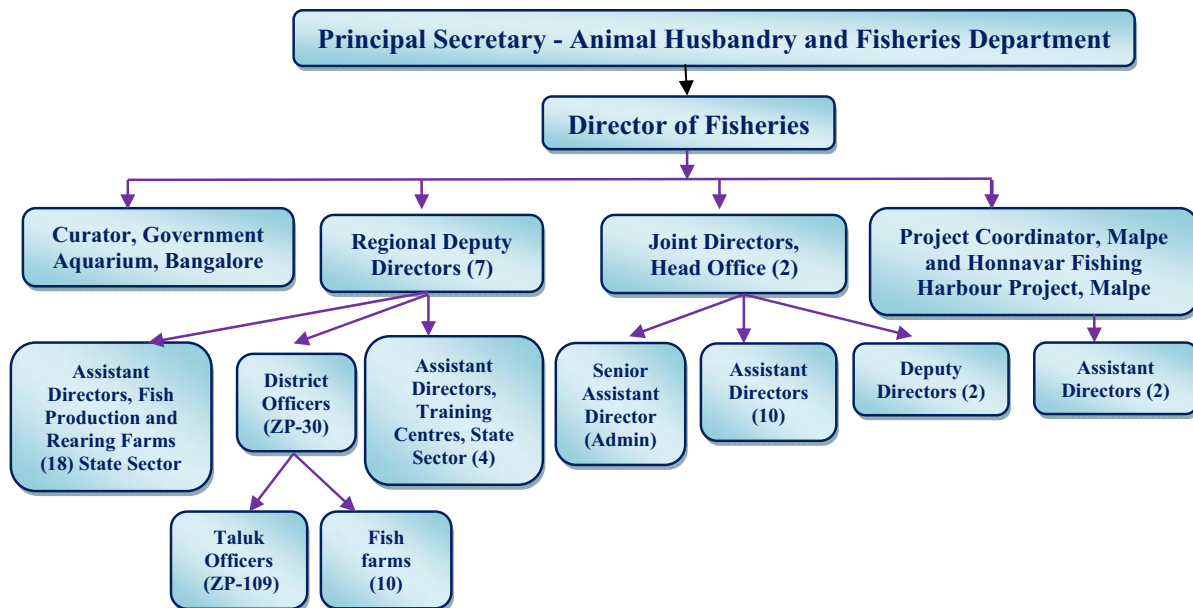
The Department of Fisheries (Department) had been established during 1957 with the following objectives:

- to augment fish production;
- to develop infrastructure for fish landing, handling, preserving, processing and marketing;
- to provide employment opportunities to rural folk by adopting fish culture in rural tanks and ponds; and
- to support the socio-economic development of fisher-folk.

4.1.2 Organisational set-up

The Department functioned under the overall control of the Principal Secretary to Government, Animal Husbandry and Fisheries Department. The organisational chart of the Department is given below:

Organisational Chart of the Department of Fisheries



There were 34 Drawing and Disbursing Officers (DDOs) in the State Sector including the Director, seven¹ Regional Deputy Directors (RDDs), one Project Coordinator (PC) and 25 Assistant Directors (ADs) at the district/taluk levels. In addition, there were 149 ADs in the District Sector, functioning under the administrative control of the Chief Executive Officers (CEOs) of the Zilla Panchayats (ZPs).

The construction activities of the Department were carried out by two Engineering Divisions at Udupi and Karwar, under the administrative control of the Public Works Department (PWD). Besides, the Karnataka Fisheries Development Corporation (KFDC), Mangalore, Karnataka State Co-operative Fisheries Federation, Mysore, Dakshina Kannada and Udupi Districts Co-operative Fish Marketing Federation, Mangalore and Uttara Kannada District Co-operative Fish Marketing Federation, Karawar had also been functioning in the State to assist the Department in achieving its objectives.

4.1.3 Audit Objectives

Our objectives for the audit of the Department were to ascertain whether:

- the institutional capacity was adequate to achieve the desired objectives and the institutional mechanisms functioned optimally;
- the Department complied with the relevant rules, laws and regulations while discharging its mandated functions; and
- the schemes and activities undertaken by the Department delivered the expected results efficiently and effectively.

4.1.4 Audit Criteria

The audit criteria had been derived from the following sources:

- Departmental Manual;
- Perspective Plan and Annual Plan;
- Karnataka Marine Fishing (Regulations) Act, 1986;
- Programme/scheme guidelines issued by Government of India (GOI)/ State Government;
- Karnataka Financial Code and Budget Manual; and
- Instructions, circulars and orders issued by the GOI and the State Government.

4.1.5 Audit Sample, Scope and Methodology

Our audit covered the activities of the Department for the period from 2007-08 to 2011-12. Out of 183 DDOs (34 under State Sector and 149 under ZP) in the State, 15 DDOs under the State Sector and 35 DDOs under the District Sector had been selected for test-check. The State Sector sample which had been

¹ Bangalore, Belgaum, Bellary, Karwar, Mangalore, Mysore and Shimoga

done on the basis of stratified sampling and Probability Proportional to Size sampling without replacement covered the Directorate, five² out of seven RDDs, five³ out of 18 Fish Farms, one⁴ out of four training centres and the Project Co-ordinator, Harbour Project, Malpe. The sample for the District Sector based on simple random sampling covered nine⁵ out of 30 District officers and 25 out of 109 taluk level officers. Besides, the Karnataka Fisheries Development Corporation (KFDC) and one out of the two Ports and Fisheries Divisions responsible for implementing fisheries projects/schemes had also been covered.

We commenced the audit with an entry conference with the Principal Secretary, Animal Husbandry and Fisheries in April 2012, wherein the scope, audit objectives and criteria for the audit were explained. The field audit of the selected offices/units was conducted between April 2010 and July 2010. The audit comprised examination of records as well as interaction with the officers and officials of the Department. The audit findings were discussed with the Principal Secretary, Animal Husbandry and Fisheries Department in the exit conference held on 16 October 2012. The Report takes into account the replies furnished by various offices of the Department to the audit observations.

Audit Findings

4.1.6 Institutional weaknesses

Every organisation needs to have a robust institutional mechanism to achieve its mandate and policies. This would ensure soundness and appropriateness of the internal systems and controls in its key areas of activities and drive the organisation towards the objectives in an economical, efficient and effective manner. Some of the areas, where institutional weaknesses had been observed, are discussed in the succeeding paragraphs.

4.1.6.1 Shortage of manpower

The Department had a sanctioned strength of 1401 posts, of which 540 posts (39 per cent) remained vacant as of March 2012. Of these vacancies, 66 were in the cadre of AD and another 474 were in the cadre of support staff consisting of ministerial staff, supervisors and Fisheries Fieldmen. The vacancy position was acute in the technical cadres of Fisheries Fieldmen (61 per cent), Fisheries Supervisors (50 per cent), ADs, Grade II (31 per cent) and First Division Assistants (42 per cent). The details are given in **Appendix-4.1**. Though vacancies in these cadres had persisted during 2007-12, the Department sent proposals to Government for filling up vacancies in the cadres of AD and Fisherman only during March 2009 and September 2012 respectively. The Government had sanctioned (May 2011) the appointment of only 30 ADs so far (September 2012). A large number of vacancies, especially in the cadres of AD and Fisheries Fieldmen, hampered the working

² Bangalore, Karwar, Mangalore, Mysore and Shimoga

³ Bund Breeding BRP, , Malaprabha , NFSF BRP, TG Halli , VV Sagara

⁴ KR Sagara

⁵ Bangalore(U),Chitradurga, Dakshin Kannada,Hassan Mysore, Ramanagara, Shimoga, Udupi and Uttar Kannada

of the departmental farms [as discussed in Paragraph 4.1.8.8(b)] and resulted in inadequate monitoring of the implementation of various schemes (as discussed in Paragraph 4.1.6.7)

4.1.6.2 Fisheries Policy

Though the Department had been established during 1957-58, it had not framed any Fisheries Policy. The Government formulated (January 2006) a comprehensive policy only for granting fishing rights in water resources in the State. A draft Fisheries Policy proposed in March 2012 was awaiting approval of the Government (July 2012). In the absence of a policy, the Department lacked strategic planning to augment fish production in the State.

4.1.6.3 Enforcement of Marine Fishing (Regulations) Act

In order to conserve sea stock, the Government had imposed a ban on operation of mechanized boats for a specified period every year and also on use of certain types of gears under the Karnataka Marine Fishing (Regulations), Act, 1986. Catching in any specified area of such species of fish had also been banned. However, we found that the Department had not equipped itself with infrastructural facilities like patrol boats and other equipment for effective enforcement of the provisions of the Act. The Director stated (June 2012) that during the period of the ban (15 June to 10 August in Dakshina Kannada and Udupi districts and 15 June to 31 July in Uttara Kannada district), the movements of boats of fishermen had been monitored by the staff present in the harbours as these mechanised boats normally operated from the harbours. It was further stated that there was voluntary involvement of fishermen, cooperatives, unions and other locals in the implementation of the ban and diesel exempted from sales tax had also not been supplied to the mechanised boats for fishing during this period. The reply was not acceptable as 839 trawlers and purse-seiners had operated from 14 Fish Landing Centres where departmental staff had not been posted.

4.1.6.4 Non-leasing of rivers/estuaries in the coastal region

As per the policy for granting fishing rights (January 2006), the Department was to give fishing rights in the rivers/estuaries by granting leases. Out of 17 rivers/estuaries with potential for fishing along 485.76 km, fishing rights had been given on lease basis only for 29 km in respect of two estuaries. The Director stated (July 2012) that fishing rights in the remaining rivers/estuaries could not be given in view of the poor demand. It was further stated that action would be taken to lease out the remaining water bodies.

4.1.6.5 Non-revision of lease rent

As of March 2012, the Department had granted 857 leases giving fishing rights in water bodies. The maximum permissible lease period was 5 years with 5 per cent enhancement of the lease amount for every subsequent year. The Department fixed (January 2006) the lease amount at the rate of ₹ 150 per ha for reservoirs/tanks and ₹ 150 per km for rivers/canals/estuaries with effect from 1 July 2005. Our scrutiny of renewal of the leases showed that the lease

rent at the time of renewal had been fixed again at ₹ 150 per ha though the same lessee had been paying ₹ 182 per ha before seeking renewal. Such fixation of lower lease rent was against the spirit of renewal. The Director stated (July 2012) that proposals for fixing the lease rent at ₹ 300 per ha/km or the average of the lease rent paid during the last three years, whichever was higher, had been submitted to Government during May 2010 and approval was awaited (September 2012).

4.1.6.6 Lack of monitoring of the schemes implemented by Federations and Cooperative Societies

The Government implemented two schemes viz., Matsya Mahila Swavalambane and Matsya Ashraya through the Co-operative Federations (Mangalore, Mysore and Karwar) and Fisheries Co-operative Societies by providing financial assistance. Though the Government released financial assistance of ₹ 17.28 crore and ₹ 1.05 crore to the Federations and Co-operative Societies respectively during 2007-12 for implementation of these schemes, the release orders did not insist on submission of utilisation certificates by these Federations and Societies. We found that there was no well-defined structured mechanism in place at the Directorate to monitor the utilisation of the funds by these Federations and Societies and the effectiveness of the implementation of the schemes. For instance, in respect of Matsya Mahila Swavalambane scheme, the departmental officers were to inspect the scheme implementation and submit a quarterly report to the Director. However, no quarterly reports had been submitted as prescribed. Though the Director received audited accounts of the Federations, there was no feedback on the effective implementation of the scheme. Absence of monitoring of the implementation of the schemes by the Federations and Co-operative Societies was fraught with the risk of irregularities in implementation of the schemes by these agencies and the attendant consequence of failure to deliver the services expected under the schemes.

4.1.6.7 Monitoring mechanism for schemes implemented in District Sector

As per the Departmental Manual, the RDD was to periodically inspect implementation of schemes by the District Sector offices under his control and submit a report to the respective CEOs of the ZPs. However, we found that the RDDs had inspected only a very few offices under their control as shown in Table-4.1:

Table-4.1:Details of inspections conducted by RDDs during 2007-12

Year	Bangalore region		Karwar region		Mysore region	
	No. of offices	No. of offices inspected	No. of offices	No. of offices inspected	No. of offices	No. of offices inspected
2007-08	35	1	14	Nil	33	2
2008-09	35	9	14	4	33	Nil
2009-10	35	3	14	Nil	33	3
2010-11	35	1	13	Nil	33	1
2011-12	35	1	13	1	39	9

(Source: Information furnished by the RDDs)

RDDs at Karwar and Mysore stated (July 2012) that inspection of the offices could not be done due to paucity of staff and increased workload. The reply was not acceptable as the Department's efforts to fill up the vacancies in different cadres were inadequate (as discussed in Paragraph 4.1.6.1). Shortfall in inspections deprived the Department of the opportunity of monitoring the implementation of various schemes and taking remedial action to rectify the shortcomings, if any, in implementation.

4.1.6.8 Internal Audit

Establishment of a dedicated internal audit wing is important for effective monitoring of implementation of various schemes as well as the day-to-day activities. However, the Department had not established an exclusive internal audit wing and had also not prescribed the periodicity of internal audit. Instead, an audit team from the Directorate conducted audit of the field offices and reported the findings to the Director. The details of inspections conducted during 2007-12 by the audit team were as shown in **Table-4.2**.

Table-4.2: Details of inspections conducted by the audit team

Year	Total no. of field offices	Number of offices targeted for audit	Number of offices inspected
2007-08	43	24	19
2008-09	43	26	7
2009-10	43	41	2
2010-11	43	43	Nil
2011-12	43	39	4

(Source: Information furnished by the Director)

Huge shortfall in the audit of the field offices was fraught with the risk of continued non-detection of irregularities, if any.

4.1.6.9 Non-maintenance of database

The Department had been implementing 13 schemes envisaging disbursement of subsidy to a large number of fishermen for various purposes. During 2007-12, subsidy of ₹ 73.77 crore had been disbursed as shown in **Table-4.3**:

Table-4.3 : Subsidy disbursed to fishermen under various schemes

Year	Subsidy disbursed (₹ in crore)
2007-08	4.72
2008-09	11.14
2009-10	12.18
2010-11	14.42
2011-12	31.31
Total	73.77

(Source: Appropriation Accounts)

We found that no database of beneficiaries receiving the subsidies had been maintained at the level of the implementing officers and controlling officers. The manual registers maintained in the taluk offices to acknowledge the receipt of the subsidies had not been verified at the time of disbursing subsidy to a beneficiary to rule out double payments. In the absence of a database,

grant of subsidy to the same beneficiary under the same scheme during different periods more than once could not be ruled out. During our test-check, we found in Bhadravathi taluk that subsidy of ₹ 1250 and ₹ 2000 under “Matsyavahini scheme” had been paid to the same beneficiary during two consecutive years (2008-09 and 2009-10). The Director, while accepting the audit observation, agreed (July 2012) to create a web-based information system to monitor the grant of various benefits under the scheme.

4.6.1.10 Non-revision of delegation of financial powers

The Department had revised the powers delegated to its officers in November 2002 and, since then, no revision had been made. Non-revision of the powers restricts the sanctioning and purchasing powers of the implementing officers, compelling them to seek sanction of higher authorities. This process consumes time and delays the scheme implementation.

4.1.6.11 Non-revision of Fisheries Manual

The Departmental Manual is essential for enumerating various activities of a department. It is intended to meet the requirement of departmental officers and to serve as a guide, regulate activities and define scope, functions, duties and responsibilities of the officers of a department. Further, it is to be revised periodically, incorporating the latest developments.

The Department first published its Departmental Manual (Fisheries Manual) during the year 1990-91. Though 21 years had elapsed, the manual had not been revised incorporating the latest instructions, circulars etc. The Director stated (July 2012) that the Department would take care of revising the manual in the near future.

4.1.7 Compliance issues

The mandated activities of an organisation are to be carried out according to laid down rules and regulations to give reasonable assurance regarding economy, efficiency and effectiveness. Adherence to codes and manuals minimises the risk of errors and irregularities and drives the organisation towards its objectives with optimum use of resources. Some of the areas where we observed non-compliance with the laid down rules and regulations are discussed in the succeeding paragraphs.

4.1.7.1 Budget and Financial Reporting

The Karnataka Budget Manual prescribes that the progress of expenditure month by month is to be watched by the Controlling Officer and all savings anticipated by the Heads of the Departments and Controlling Officers are to be reported by them to the Finance Department (FD) immediately after these are foreseen. However, on a review of the surrender statements submitted by the Director during 2007-12, we found that the Department had failed to adhere to these provisions and surrendered savings aggregating ₹ 131.25 crore under State Sector plan schemes on the last day of each financial year during 2007-12 as shown in **Table-4.4a and Table-4.4b**:

Table-4.4a: Details of surrenders under State Sector-Plan (Revenue)

(₹ in crore)

Year	Budget Provision	Funds released	Expenditure	Savings	Percentage of savings	Savings surrendered
2007-08	44.79	11.28	10.96	33.83	76	15.75
2008-09	54.33	32.88	31.88	22.45	41	5.54
2009-10	71.12	62.54	59.80	11.32	16	13.39
2010-11	77.09	46.00	43.10	33.99	44	9.24
2011-12	128.40	92.18	73.30	55.10	43	23.03
Total				156.69		66.95

(Source: Budget, Appropriation Accounts and surrender statements)

Table-4.4b: Details of surrenders under State Sector-Plan (Capital)

(₹ in crore)

Year	Budget Provision	Funds released	Expenditure	Savings	Percentage of savings	Savings surrendered
2007-08	17.31	14.81	10.06	7.25	42	Nil
2008-09	33.30	19.80	4.76	28.54	86	Nil
2009-10	25.82	23.82	6.52	19.30	75	19.29
2010-11	45.60	27.60	21.69	23.91	52	23.91
2011-12	55.00	52.00	31.90	23.10	42	21.10
Total				102.10		64.30

(Source: Budget, Appropriation Accounts and surrender statements)

There were huge persistent mismatches between budget provision, release of funds and expenditure under both Revenue and Capital section during 2007-12, indicating ineffective functioning of the budgetary and expenditure control mechanisms in the Department. The savings ranged from 16 to 86 *per cent* of the budget provision during 2007-12. The details of schemes where huge savings had occurred and the reasons thereof are given in **Appendix-4.2 and Appendix-4.3**. While the Department had not furnished reasons for savings under many schemes, the savings under most of the other schemes had occurred mainly due to non-release of funds by GOI and the State Government. Though savings of ₹ 258.79 crore had occurred under plan schemes during 2007-12, the Department had surrendered only 51 *per cent* of these. The savings surrendered under State Sector-Plan (Revenue) during 2009-10 was in excess of the savings available for surrender.

In respect of State Sector Non-plan, the position of excess/savings and surrenders during 2007-12 was as shown in **Table-4.5**:

Table-4.5: Position of excess/savings and surrenders under State Sector-Non-plan

(₹ in crore)

Year	Budget	Expenditure	Excess(+) Savings(-)	Percentage of savings/excess	Amount surrendered
2007-08	6.67	6.14	-0.53	8	0.13
2008-09	7.58	7.68	+0.10	1	1.66
2009-10	7.17	8.33	+1.16	16	0.49
2010-11	7.21	7.96	+0.75	10	0.83
2011-12	7.16	7.89	+0.73	10	0.36
Total amount surrendered					3.47

(Source: Budget, Appropriation Accounts and surrender statements)

During 2008-12, an amount of ₹ 3.34 crore has been surrendered though the Department had incurred an excess expenditure of ₹ 2.74 crore during this period.

Rule 239 of the Karnataka Budget Manual lays down that after the close of the month, each DDO should, after reconciliation with the treasury figures, forward to the Controlling Officer, statement of expenditure in respect of the previous month. These statements are to be despatched by the DDOs by 10th of the month following that to which the accounts relate. The Director was to consolidate the expenditure figures from all the Controlling Officers and reconcile the receipts and expenditure with the figures booked by the Accountant General. However, this procedure had not been followed as there was delay in submission of reconciled figures by the DDOs. As a result, the assessment of savings under Plan and Non-Plan and the surrender thereof to the Finance Department (FD) evidently suffered and, consequently, the Department did not either surrender the savings in full or surrendered funds far in excess of the savings. These lapses were indicative of the non-functioning of expenditure control in the Department. In the process, the Department deprived the FD of the opportunity of allotting the savings to other needy sectors.

The budget provision and expenditure in the District Sector during 2007-12 were as shown in **Table-4.6:**

Table-4.6: Budget provision and expenditure in the District sector

(₹ in crore)

Year	Plan		Non-plan	
	Provision	Expenditure	Provision	Expenditure
2007-08	6.00	6.63	6.79	8.89
2008-09	6.94	5.58	9.30	9.53
2009-10	7.65	7.06	8.98	10.30
2010-11	7.96	6.38	10.51	10.51
2011-12	8.65	5.29	11.18	12.60
Total	37.20	30.94	46.76	51.83

(Source: Budget and Appropriation Accounts)

The Department failed to ensure that ZPs sent monthly/annual statements of receipts and expenditure during 2007-12. The reasons for the excess/savings were, therefore, not verifiable.

4.1.7.2 Revenue receipts

The Department realised revenue through harbour activities, sale of fish seeds, lease and auctioning of water bodies, issue of licences etc. The details of revenue collected during 2007-12 were as shown in **Table-4.7:**

Table-4.7: Revenue collected during 2007-12

Year	Amount collected (₹ in crore)
2007-08	7.68
2008-09	6.13
2009-10	6.19
2010-11	6.88
2011-12	6.57

(Source: Finance Accounts)

In terms of provisions in the Karnataka Financial Code, each DDO responsible for collecting revenue on behalf of the Government should, as soon as possible after the end of the month, reconcile it with the treasury schedules. However, we found that the revenue realised had not been reconciled by the DDOs in the sampled offices.

4.1.7.3 Rush of expenditure under plan schemes during March

For the financial management to be efficient and effective, the flow of funds from the Government to the implementing agencies is to be regular and evenly spread over throughout the year consistent with the Action Plan for the year. The expenditure incurred on plan schemes (2405 and 4405) during 2007-12 and that incurred during March every year were as detailed in **Table-4.8:**

Table-4.8: Details of expenditure on plan schemes during March

(₹ in crore)

Year	2405-Plan Revenue expenditure including ZP schemes)			4405 - Plan Capital expenditure		
	Total Expenditure	Expenditure during March	Percentage of expenditure in March	Total Expenditure	Expenditure during March	Percentage of expenditure in March
2007-08	17.59	2.47	14	10.06	1.26	13
2008-09	37.46	16.03	43	4.76	2.09	44
2009-10	66.86	12.97	19	6.52	5.79	89
2010-11	49.58	19.98	40	21.69	20.36	94
2011-12	78.59	30.98	39	31.90	22.36	70

(Source: Monthly expenditure statements)

We found that 14 to 43 *per cent* of the expenditure under 2405-Plan and 13 to 94 *per cent* of the expenditure under 4405- Plan (Capital) had been incurred during the month of March during each year. Executive Engineer, Ports and Fisheries Division, Udupi (EE) stated (April 2012) that marine capital works were executed only after the monsoon season and bills for works were paid during February and March of every year, contributing to the rush of expenditure. The reply was, however, silent as to why bills for works executed after the close of the monsoon season in September were paid only in February and March of the financial year.

4.1.7.4 Drawal of funds in advance of requirement

As per the canons of financial propriety, no money should be drawn from the treasury unless the occasion demands it. Further, no money on any account is to be drawn in advance of requirement or transferred to deposit accounts as reserve in order to prevent it from lapsing so as to utilize the funds in the subsequent financial years. However, in the cases discussed below, these provisions had not been adhered to:

- (a) During 2007-12, Government released ₹ 46 crore to KFDC and South Kanara and Udupi Federation for construction of 11800 houses under “Matsya Ashraya Scheme” and the centrally sponsored scheme of “Development of Model Fishermen Village Scheme”. Of this, ₹ 26.50 crore (58 *per cent*) had been drawn during the months of February and March of each financial year and parked in current/fixed deposits. As of March 2012, the expenditure against the releases was only ₹ 38.72 crore, leaving an unspent balance of ₹ 7.28 crore. The unspent balance at the end of each year during 2007-12 was as shown in the **Table-4.9**:

Table-4.9: Unspent balances at the end of each year

Year	Unspent balance (₹ in crore)
2007-08	5.04
2008-09	2.63
2009-10	9.42
2010-11	7.40
2011-12	7.28

(Source: Information furnished by Director)

Thus, release of funds during the end of the financial year without any need analysis resulted in retention of huge balances with the implementing agencies, though the releases had been treated as final expenditure on the scheme. The Director stated (June 2012) that funds had been released to KDFC and the Federation to facilitate disbursement of subsidy to the fishermen. The reply should be viewed in the light of the fact that release of funds alone would not ensure timely payment to fishermen who were eligible to receive the subsidy in stages depending on the progress achieved in construction of houses. The releases should, therefore, have been made on the basis of the progress achieved.

- (b) As per the guidelines issued (January 2009) by the FD for releasing funds to the Boards, Corporations etc, 25 *per cent* of the amount provided in the budget or 25 *per cent* of the estimated cost of the work proposed to be entrusted, whichever is less, should be released only after administrative and technical approval of the work. The balance amount was to be released only after these bodies had spent 75 *per cent* of the amount already released. However, in disregard of these guidelines, the Government released (March 2010 to September 2011) the full estimated cost of 31 works under the schemes of Construction of Aqua park, Maintenance of Fish Farms and Rashtriya Krishi Vikas Yojana aggregating ₹ 15.89 crore to the Karnataka Rural Infrastructure Development Limited (KRIDL) and Nirmithi Kendra. Of this, ₹ 2.50 crore

had been released (February 2012) to Nirmithi Kendra even before administrative approval had been given by the Director. As of September 2012, administrative approval had been accorded for three works costing only ₹ 1.52 crore.

- (c) During 2010-11, funds had been provided in the budget for construction of fish landing centres, jetties, fishing harbours etc. The EE was to execute these works and present the bills to the treasury for making payments to contractors. However, on the basis of directions from the Director, the EE drew (March 2011) the unspent budget provision of ₹ 27.66 crore under the capital head of account-“Development of Harbours, dredging, RIDF works” and the revenue head of account-“Development of link roads” on payees’ receipts and remitted it to the head “Civil Deposits”. The Treasury Officer had irregularly authorised the drawal of the unspent provision which should have been surrendered to the FD. We found that even as of March 2012, unspent balance of ₹ 11.52 crore had been held in Civil Deposits.
- (d) The Government authorised (February & March 2012) drawal of ₹ 9.04 crore released under National Mission for Protein Supplements (NMPS) and parking of these funds in an SB Account operated by the Bangalore Rural District Office. The funds had been drawn during February and March 2012 even before the approval of the guidelines and modalities for operation of the scheme.

4.1.7.5 Non-recovery of statutory dues from the contractors

As per provisions of the Building and Other Construction Workers Welfare Cess Act, 1996, one percent labour cess is to be recovered from the contractors’ bills and the amount so recovered is to be remitted to the Karnataka State Building and Other Construction Workers Board with effect from 1 November 2006. However, the Department had not complied with the provisions in the Act and labour cess of ₹ 1.05 lakh had not been recovered from the bills.

4.1.7.6 Execution of works under piecework system

During 2007-12, 228 works with an outlay of ₹ 719.64 lakh had been taken up for execution under piecework system by splitting up the works as shown in **Table-4.10:**

Table-4.10: Details of works taken up under piece work system

Name of the office	No. of works	No. of piece-works executed	Value of the work (₹ in lakh)
Port and Fisheries Division, Udupi	21	109	381.73
Deputy Director, Mangalore	-	60	184.07
Project Co-ordinator, Malpe	10	49	116.70
AD, Kumta	3	7	23.44
AD, Ankola	1	3	13.70
Total		228	719.64

(Source: Information collected from piece work agreements and bills)

Ports and Fisheries Division Udupi executed 55 out of 109 works costing ₹ 214.71 lakh under piecework system during 2009-12 well in advance of execution of piecework agreements with the contractors.

Execution of works under piecework system was in violation of the Karnataka Transparency in Public Procurement (KTPP) Act, 1999 and deprived the Government of competitive rates. EE of the Division stated (April 2012) that the provisions of the KTPP Act would not be applicable in these cases as the estimated cost of work did not exceed ₹ 5 lakh and the competent authority had approved the proposals to execute the work under piecework system to avoid lapse of grants and provide better facilities to fishermen. It was further stated that there was no additional financial burden as the rates as per tenders received for similar works were higher than the estimated cost by 11 *per cent*. The reply was not acceptable as the estimates had been split up to circumvent the provisions of the KTPP Act.

4.1.7.7 Diversion of funds

A provision of ₹ 1.50 crore had been made under Special Component Plan (SCP) and Tribal Sub Plan (TSP) during 2010-11 for the scheme of “subsidy on electricity consumed by ice plants and storage units”. Even though there were no SC/ST beneficiaries to receive the subsidy, ₹ 149.23 lakh had been utilised for payment of subsidy to beneficiaries other than those belonging to SC/ST. The Department reported (November 2012) to Government that as no ice plant owner belonged to SC/ST, funds under SCP/TSP were utilised for payment of subsidy to non-SC/ST beneficiaries. This was contrary to Government instructions that any unspent amount under SCP and TSP was to be transferred to the pooled fund of the Social Welfare Department.

4.1.7.8 Non-redemption of share capital and non-recovery of loans

The Department provided share capital contribution to Fisheries Federations and KFDC subject to the following conditions:

- the amount was to be utilised for promoting fisheries development activities;
- the share capital should be redeemed within 10 years, commencing from the sixth year of sanction; and
- The dividend declared as Government shares should be credited to the Government account.

We found that the share capital so provided to Fisheries Federations from 1964-65 to 2006-07 had not been redeemed periodically and the outstandings as of 31 March 2012 were as shown in **Table-4.11:**

Table-4.11: Share capital not redeemed by the Federations

(₹ in lakh)

Federation/Society/KFDC	Share capital granted	Share capital redeemed	Balance to be redeemed for which due date of redemption had expired
Dakshina Kannada and Udupi District Cooperative Fish Marketing Federation Mangalore	145.25 ⁶	13.25	132.00
Dakshina Kannada and Udupi District Cooperative Fish Marketing Federation Mangalore	187.28 ⁷	58.98	112.48
KFDC, Mangalore	36.50	Nil	36.50
Uttara Kannada District Cooperative Fish Marketing Federation, Karwar	180.38	37.15	143.23
Karnataka State Co-operative Fisheries Federation, Mysore	70.73	Not available	Not available

(Source: Information furnished by the Director)

The redemption of the share capital by the Federations had not been monitored by the Department and the redemption of share capital was very low.

Though the Department sanctioned loan-cum-subsidy to the Federations under the National Cooperative Development Corporation (NCDC) Scheme, it did not monitor the repayment of loans. The Department did not maintain Demand-Collection-Balance (DCB) register to calculate from time to time the principal, interest/penal interest due from the Federations. As per the information furnished by the Federations, the principal and interest due as of March 2012 were shown in **Table-4.12**.

Table-4.12: Principal and interest due from Federations

(₹ in lakh)

Federation/KFDC	Nature of loan and period of sanction	Principal	Interest	Penal Interest	Total due
Karnataka State Cooperative Fisheries Federation, Mysore	NCDC 1st Phase (1990-92)	54.32	224.02	14.09	292.43
-do-	NCDC 2 nd phase (2002-09)	41.41	51.30	3.18	95.89
-do-	District Sector (2002-09)	7.65	5.94	0.15	13.74
Uttara Kannada District Cooperative Fish Marketing Federation, Karwar	NCDC 1 st phase (1997-03)	15.28	19.84	1.31	36.43
KFDC	State sector (1991-95)	75.00	168.75	31.43	275.18

(Source: Information furnished by Federation/KFDC)

⁶ Provided out of State funds⁷ Provided by NCDC

Under the District Sector scheme also, loans and share capital had been sanctioned to various primary fisheries societies. The share capital and interest pending recovery in sampled district offices were as shown in **Table-4.13**:

Table-4.13: Share capital and interest due from fisheries societies

District	Period of sanction of share capital	Share capital outstanding (₹)	Period of sanction of loans	Principal loan (₹)	Interest (₹)
Uttara Kannada	1987-96	112000	1991-96	137750	Not calculated
Bangalore(U)	1993-06	315000	----	-----	----
Hassan	1984	10000	1970-90	6233	547337

(Source: Information furnished by the District Officers)

Though Dakshina Kannada and Udupi Fish Marketing Federation, Mangalore and Uttara Kannada Fish Marketing Federation, Karwar had been making profits over the years, these federations had not redeemed the share capital and had also not repaid the loans and interest thereon.

Very poor redemption of share capital and repayment of loans were indicative of poor enforcement of the conditions governing the grant of share capital and loans by the Department.

4.1.7.9 Non-realisation of dues

Two Fish Seed Farms at Bhadra Reservoir Project under the State Sector sold fish seeds to ADs in the district sector on credit basis during 1990-91 to 2011-12. Dues of ₹ 28.71 lakh in respect of 232 credit sales had been outstanding recovery, the earliest outstanding relating to December 1990. The ADs of the farms stated (August 2012) that action would be taken to recover the dues from the ZPs.

4.1.7.10 Non-recovery of rent

(a) KFDC, Mysore had been running a commercial establishment in the premises of a piece of land owned by the Department at Cubbon Park, Bangalore. The premise had been originally let out to Karnataka Inland Fisheries Development Corporation (KIDFC) which was amalgamated (1988) with KFDC, Mangalore. Rent was recoverable from KFDC at the rate of ₹ 348 per month from January 1970 to December 1997. With effect from January 1998, the Department had revised the rent to ₹ 51042 per month as per the fair rent fixed (June 1998) by the PWD. The rent recoverable from KFDC up to March 2012 was ₹ 88.45 lakh, against which ₹ 0.31 lakh only had been paid to the Department by the erstwhile KIDFC, leaving a balance of ₹ 88.14 lakh. The Department had not taken action to recover this amount or get the dues deducted from the grants released to KFDC by the Government.

(b) As per the PWD circular (July 2001), any Government servant residing in Government quarters is to pay as rent what he/she is drawing as house rent allowance (HRA). Two officials in the office of DD, Karwar to whom staff quarters had been allotted, paid rent at rates less than the HRA drawn during February 2010 to March 2012. The excess payment made worked out to ₹ 0.72 lakh.

4.1.7.11 Outstanding observations of previous years

As per the Hand Book of Instructions issued by the FD in 2001 for speedy settlement of audit observations, the Heads of the offices and the next higher authorities are required to comply with the observations contained in the Inspection Reports (IRs), rectify the defects and omissions promptly and report their compliance to the Accountant General who forwards a half yearly report of pending IRs to the Secretary of the Department to facilitate monitoring of the audit observations.

As of March 2012, 33 IRs containing 82 paragraphs relating to the State Sector and 59 IRs containing 125 paragraphs relating to the District Sector had been outstanding against the Department.

4.1.8 Service Delivery

The Fisheries Sector is broadly classified into marine fisheries and inland fisheries. The Department implements various schemes under the State and District Sectors besides centrally sponsored schemes to achieve sustainable fish production, strengthen the infrastructural facilities for fish landing and marketing and ensure socio-economic welfare of fishermen. During the period covered by audit, the Department implemented 12 centrally sponsored schemes, 19 State Sector schemes and 11 District Sector schemes. We reviewed the implementation of seven centrally sponsored schemes, 11 State Sector schemes and six District Sector schemes on the basis of risk assessment and significance. The expenditure on the sampled schemes during 2007-12 was as shown in **Table-4.14**:

Table-4.14: Expenditure on sampled schemes during 2007-12

(₹ in crore)

Centrally sponsored schemes				State Sector schemes				District Sector schemes			
Total Schemes	Expendi- -ture	Sampled	Expendi- -ture	Total Schemes	Expendi- -ture	Sampled	Expendi- -ture	Total Schemes	Expendi- -ture	Sampled	Expendi- -ture
12	128.48	7	111.49	19	154.89	11	119.39	11	15.48	6	11.66

(Source: Information furnished by the Department)

Our findings are discussed below:

4.1.8.1 Marine fish production

Government of India (GOI) had estimated the marine fisheries potential of the State at 4.25 lakh metric tonnes (MTs). The marine fish production of the State and the export of marine products from the State during 2007-12 were as shown in **Table-4.15**:

Table-4.15:Details of marine fish production and export of marine products

(Quantity in lakh MT)

Year	Marine fish production		Marine products exported		Percentage of State's contribution to country's fish production	Percentage of State's contribution to country's export of marine products
	Karnataka	India	Karnataka	India		
2007-08	1.76	29.20	0.26	5.41	6	5
2008-09	2.18	29.78	0.33	6.02	7	5
2009-10	2.49	31.03	0.57	6.78	8	8
2010-11	3.41	32.20	1.05	8.13	11	13
2011-12 ⁸	3.47	32.20	0.86	NA	11	NA

(Source: Annual reports of the Department and Department of Animal Husbandry, Dairying and Fisheries, GOI)

It is heartening to note that the marine fish production registered an impressive growth of 97 per cent compared to the level of 2007-08 and that the marine products exported also witnessed substantial growth except during 2011-12 when there was a marginal decline in export. However, there was still significant scope for increasing the marine fish production, which was well below the potential of 4.25 lakh MT.

4.1.8.2 Sea ranching programme

The Department launched the State funded sea ranching programme during 2003-04 under the State Sector to augment marine fish production. The programme envisaged collection of seeds of a variety of extensive species⁹ and their release into the sea after rearing. However, only shrimp seeds had been procured from private hatcheries and released into the sea. Though all the three coastal districts had sufficient potential for implementing the programme, it was implemented on a very small scale only in Dakshina Kannada district where 13.71 lakh shrimp seeds had been stocked in the sea at a cost of ₹ 2.37 lakh. The Director stated (June 2012) that the scheme had not been implemented in other coastal districts as the concerned ZPs had not given approval for the programme. It was further stated that other estuarine species could not be covered under the programme due to non-availability of quality seeds within the State. The reply would only confirm that the Department did not implement the programme on a large scale to create any significant impact on marine fish production. The Department did not also examine the feasibility of bringing quality seeds from outside the State and implementing the scheme under the District Sector also.

4.1.8.3 Fishing harbours and fish landing centres

The optimum fleet size required for attaining the potential catch of 4.25 lakh MTs had been estimated at 3955 mechanised boats.

⁸ Provisional figures

⁹ Tiger prawn and white prawns in sea and lady fish and mullets in estuaries

There were six major fishing harbours¹⁰ in the State which had been established prior to 2007. The existing harbours had been designed for safe berthing of only 2165 mechanised fishing boats though the total number of mechanised boats actually operating from these harbours was 3234. Thus, infrastructure available for exploiting the potential catch of 4.25 lakh MTs was grossly insufficient. Two additional fishing harbours at Malpe and Mangalore and one Fish Landing Centre near Byndoor, taken up by the Department during 2011-12, were targeted for completion only by 2015. Evidently, the Department's efforts to utilise the marine fish resources optimally would not be fruitful till adequate infrastructure was ready.

We further found that out of the 14 Fish Landing Centres (FLCs), only five had been fully developed. However, the Department had not ensured hygiene in these five FLCs by allocating funds for cleaning, as was being done in the case of fishing harbours. Other FLCs did not have any land based facilities or structures to unload the catch. Thus, a majority of FLCs did not have adequate infrastructure facilities. The Director stated (April 2012) that the Department was making efforts to get the land available in these FLCs transferred in its favour for undertaking developmental works. The Director further agreed to improve the hygiene in FLCs.

4.1.8.4 Dredging taken up without addressing the problem of siltation

Mention was made in Paragraph 4.4.9 of the Report of the Comptroller and Auditor General of India (Civil) for the year ending March 2004 regarding the unproductive investment of ₹ 135.55 lakh made on construction of the FLC at Hejamadikodi in Udupi taluk. Though the project had been completed in December 2002, the facility had not been put to use due to siltation and formation of sand bund in front of the wharf and in the navigational channel. The Public Accounts Committee in their Sixth Report (XII Assembly) had recommended speedy completion of the work in consultation with Central Water and Power Research Station, Pune.

Ports & Fisheries Division, Udupi had invited (August 2007) limited tenders for dredging in front of the wharf and the navigation channel of the FLC at Hejamadikodi and received (November 2007) the lowest bid of ₹ 2.25 crore. The Government approved the lowest tender during February 2008. However, the work could not commence immediately as the Director decided (August 2008) to get the feasibility of the work examined by the Central Water and Power Research Station, Pune (CWPRS). The report was received from CWPRS in November 2008. The Government approved (February 2011) the proposal of the Department to cancel the approved tender and invite fresh tenders. After retendering (March 2011), the dredging work was entrusted (September 2011) to a company at a cost of ₹ 2.69 crore with stipulation for completion by January 2012. The cost of the work was revised to ₹ 3.40 crore due to additional items warranted during execution.

¹⁰ Gangolli, Honnavar, Karwar, Malpe, Mangalore and Tadri

Our scrutiny of the work showed the following:

CWPRS had inspected the FLC on five earlier occasions between May 2005 and May 2007 and found that the sand bar formed was highly unstable and its behaviour unpredictable. They suggested in their report of November 2008 that dredging the navigation channel in the existing condition without constructing guide bund/breakwater would work out to be uneconomical. They further advised that in the event of dredging being taken up for creation of the navigation channel, the cost-benefit of dredging including the recurring annual maintenance on dredging should be assessed before taking up the work.

However, the Department had not undertaken any cost-benefit analysis before fixing the agency for dredging. The same estimate prepared for inviting tenders in the first instance during August 2007 had been adopted for the tenders invited during March 2011. No guide bund/breakwater had been constructed and only the dredging for navigational channel had been done. Thus, the work taken up in the short term without any cost-benefit analysis was not capable of providing a long-term solution. In the process, the Department had not only spent ₹ 44 lakh extra on the work due to cancellation of the first tender but faced the risk of continued siltation of the navigational channel in the absence of guide bund/break water and the compelling need to undertake dredging every year at a huge cost.

4.1.8.5 Delay in renovation of a fishing harbour

For renovation of the Honnavar fishing harbour under the National Fisheries Development Board (NFDB) scheme, the Director had released (December 2009) grant of ₹ 348.79 lakh to the Deputy Director, Karwar. As per the NFDB instructions, the work was to be completed within 12 months from the date of release of grants. As of March 2012, a financial progress of only ₹ 132.95 lakh (38 *per cent* of the sanctioned amount) had been achieved and the work was in progress. Though the work was to be completed by the end of December 2010 as per the instructions of NFDB, the same was entrusted to a contractor only during October 2010 with stipulation for completion by July 2011. Delay in execution of work delayed the creation of the requisite infrastructure in the fishing harbour.

4.1.8.6 Absence of guide-lights

Guide-lights should be available in coastal areas for the safe return of fishermen who venture out to sea. However, out of the six fishing harbours, only one harbour at Tadri had been provided with guide-lights. Evidently, the absence of guide-lights have been affecting the safety of fishermen in the sea at night.

4.1.8.7 Absence of fairway buoys

For indicating the beginning or ending of a navigational channel, fairway buoys are essential. However, only two out of the six harbours (Honnavar and Mangalore) had been provided with buoys. Non-provision of buoys endanger the safety of the fishing boats.

4.1.8.8 Inland fish production

The annual estimated fish potential of the inland water resources in the State was 3.80 lakh MT. Against this, the actual fish production from inland fisheries during 2007-12 varied from 1.22 lakh MTs to 1.98 lakh MTs as shown in **Table-4.16**:

Table-4.16: Fish production from inland fisheries

(In lakh MT)

Year	Inland fish production		Percentage of State's production to country's production
	Karnataka	India	
2007-08	1.22	42.07	3
2008-09	1.44	46.39	3
2009-10	1.59	48.10	3
2010-11	1.86	50.70	4
2011-12 ¹¹	1.98	52.00	4

(Source: Annual reports of the Department and the Department of Animal Husbandry, Dairying and Fisheries, GOI)

Though the inland fish production registered a growth of 62 *per cent* compared to 2007-08 level, there was still scope for upscaling the production to the estimated potential.

The deficiencies in the implementation of programmes to improve the inland fisheries are discussed below:

(a) Fish seed production

To produce more fish and conserve fish species, the Department undertook production of quality fish seed involving three main stages viz, (i) maintenance of brooders for breeding in ponds (ii) hatching of eggs and (iii) rearing of hatchlings to fry and fingerling stages. The fingerlings so reared were stocked in reservoirs and tanks for fish production ultimately.

Based on the inland water resources available in the State, the Department had assessed the yearly minimum requirement of fish fingerlings at 34 crore. As against this, the fingerling production in the State including private sector varied from only 11.44 crore to 25.06 crore during 2007-12 as shown in **Table-4.17**:

Table-4.17: Fingerling production in the State

Year	Fingerling production (in crore)	Shortfall (<i>per cent</i>)
2007-08	11.44	66
2008-09	10.34	70
2009-10	13.86	59
2010-11	19.99	41
2011-12	25.06	26

(Source: Information furnished by Director)

¹¹ Provisional figures

The shortfall in fingerling production was the highest at 70 *per cent* during 2008-09. Though the fingerling production showed a steady growth subsequently, there was still a shortfall of 26 *per cent* between requirement and supply as of March 2012.

(b) Fish seed farms

There were 55 fish seed farms in the State. Of these, 29 were fish seed production and rearing farms and 26 were only rearing farms. In addition, there were 77 taluk level nurseries in the State. The total water spread area of the above farms was 122.51 ha, of which only 82.79 ha had been used as of March 2012. The remaining of 39.72 ha of water spread area had not been put to use due to repairs, lack of water supply etc. The Department failed to address these issues timely and ensure optimal performance of the fish seed farms.

While the Director fixed targets for the farms in the State Sector, the concerned ZPs prescribed the targets for farms in the District Sector. The details of targets/ achievements of all the farms during 2007-12 were as shown in **Table-4.18**:

Table-4.18: Targets and achievements of fish seed production by farms

(In lakh fry)

Year	Fish production in farms	
	Target	Achievement
2007-08	3000	2287
2008-09	3100	2069
2009-10	3500	2965
2010-11	4000	3998
2011-12	5454	5013

(Source: Information furnished by the Department)

The Director did not furnish the reasons for shortfall in achievement. However, we found in sampled farms that shortage of staff and the following deficiencies were the reasons for sub-optimal performance of the fish farms, hampering production of fish seeds:

- seepage in fish ponds;
- non-availability of freshwater resulting in dependence on borewell water;
- shortage of quality seedlings;
- lack of periodical maintenance of fish ponds; and
- non-availability of assured power supply in rural areas.

The targets and achievements of the sampled farms and nurseries during 2007-12 were as shown in **Table-4.19**:

Table-4.19: Targets and achievements of sampled fish seed farms

Name of the farm/ nursery	Percentage of achievement against the targets				
	2007-08	2008-09	2009-10	2010-11	2011-12
Bund Breeding, BRP (Production)	78	58	86	81	95
NFSF, BRP (Production)	91	78	100	>100	>100
Bethmangala Farm (Production)	71	80	93	73	>100
TG Halli Farm (Production)	Production commenced only in 2009-10		39	90	>100
Kabini Fish Farm (Production)	71	>100	91	80	38
Harangi Farm, Harangi (Production)	100	0	0	78	95
VV Sagara Farm (Rearing)	51	38	44	75	50
Ramnathpura Farm (Rearing)	41	35	0	0	14
Malaprabha Farm(Rearing)	48	48	100	96	79
Hidkal Farm (Rearing)	31	42	70	45	---
Gorur Farm (Rearing)	49	49	24	37	29
Hassan Taluk Nursery	60	56	41	28	35
Hiriyur Taluk Nursery	88	33	50	>100	53
Hanagal Nursery	0	0	0	0	0
Bhadravathi Nursery	10	27	32	18	18
KR Nagara Taluk Nursery	9	15	45	89	38

(Source: Information furnished by sampled farms)

We found that fish ponds in six¹² farms had not been in good condition and did not retain water. The ADs of Bund Breeding at Bhadra Reservoir Project and Hassan Nursery attributed the shortfall to fixation of unrealistic targets by the Director/ZP. Shortage of staff also hampered the production of fish seeds and their rearing.

(c) Non-implementation of scheme

The State Government had established (since November 1973 onwards) 13 Fish Farmers Development Agencies (FFDAs) and two Brackish water Farmers' Development Agency (BFDAs) to implement two components (viz. Development of freshwater aquaculture and Development of brackish water aquaculture) of the centrally sponsored scheme of 'Development of inland fisheries and aquaculture'. The expenditure on these components was to be shared by GOI and the State in the ratio of 75:25.

Consequent upon transfer of water bodies with irrigable area up to 40 acres to the jurisdiction of the Grama Panchayats and removal of training component from the scope of the scheme, the Government decided (June 2011) that the main objective of providing training to farmers and leasing the small water bodies to them could not be achieved by FFDAs and BFDAs. The

¹² Ramanathpura, Gorur, Hanagal, Harangi, Malaprabha and VV Sagara

Government, therefore, ordered (June 2011) closure of FFDAs and BFDAs and relocation of staff to the newly formed districts subject to the condition that the development of freshwater and brackish water aquaculture should be carried out as before. We found that the Director had assured (February 2011) the Government that the redeployment of the staff would not affect the implementation of the scheme which would be done by the district and taluk level offices. However, after the staff in FFDAs and BFDAs had been redeployed as per the Government directives, the development of freshwater and brackish water aquaculture with central assistance had been discontinued by the Department from 2011-12. The Director had not sent any proposal to GOI for availing of the central assistance.

Thus, non-availment of the central assistance impeded the development of freshwater and brackish water aquaculture in the State.

4.1.8.9 Delay in implementation of scheme

Rashtriya Krishi Vikas Yojane (RKVY), a centrally assisted scheme, provides incentives to the States for development of agriculture and allied activities. Under the Fisheries Sector, the Department had received ₹ 56.95 crore during XI plan which was released to implementing agencies during 2008-12 for various components of the scheme. The status of work relating to these components were as shown in Table-4.20:

Table-4.20: Details of funds released to implementing agencies

Name of the component	Implemented by	Amount released (₹ in crore)	Expenditure as of August 2012 (₹ in crore)	Status of works	
				Targeted	Achievement
Upgradation of fish seed production farms	Department	15.65	11.64	28	22
Ongoing programmes for strengthening of market, renovation of nursery, training etc.	Department	4.65	1.53	Renovation-25 Kiosks -10 Training -1 centre Exposure - 1500 visits	9 - - 1320
Strengthening of fish marketing	Karnataka Fisheries Development Corporation	22.92	15.39	86	32
Establishment of soil & water testing and fish health diagnostic lab, information centre and technologies for enhancement of fish production	Karnataka Veterinary Animal and Fisheries Sciences University, Bidar	8.21	6.01	9	Nil
Technologies for enhancement of fish production	University of Agricultural Sciences, Bangalore	4.54	4.14	4	Nil
Conservation and breeding of endangered fish species endemic to western ghats	Pilikula Nisargadhama, Mangalore	0.98	0.10	1	Nil
Total		56.95	38.81		

(Source: Information furnished by the Director)

The delay in implementation of the various components of the scheme delayed the development of allied activities.

4.1.8.10 Non-attainment of objectives under Suvarna Bhoomi scheme

The Government introduced (March 2011) the State funded “Suvarna Bhoomi” scheme, under which small and marginal farmers were eligible for a subsidy of ₹ 10000 for shifting the crop pattern to high yielding/alternate crops. The benefit was extended to fishermen who either constructed new fish pond having an area of 100 square metres (sqm) or widened the existing fish pond to 150 sqm area. With a budget provision of ₹ 50 crore during 2011-12, 50,000 beneficiaries were proposed to be covered. As per the scheme guidelines, the ADs were to disburse the subsidy in two equal installments of ₹ 5000 each, the first installment on selection of the beneficiaries by a Committee headed by the DC on the basis of proof of ownership of marginal land small land¹³ and the second, after the completion of construction of the pond on the basis of verification done by the ADs. The beneficiaries were to complete the work in the same financial year in which the first installment was paid.

Against the target of 50000 beneficiaries, 6934 beneficiaries had been paid first installment of subsidy aggregating ₹ 346.70 lakh. Of these beneficiaries, only 1888 availed of the second installment aggregating ₹ 94.40 lakh. The remaining 5046 beneficiaries who had received ₹ 252.30 lakh as the first installment had not responded thereafter and evidently misused the subsidy given. The district-wise details are given in **Appendix-4.4**. In five districts, none of the 990 beneficiaries who had received the first installment of ₹ 49.50 lakh came forward to avail of the second installment.

As per the guidelines, the beneficiaries who had misused the subsidy would not be eligible for any benefit under any scheme of the Department for a period of three years. Though the scheme’s objective was laudable, the design of the scheme was flawed as it did not prescribe sufficient safeguards to ensure that the beneficiary commenced the intended work after receiving the first installment. The penal measure for misuse, embedded in the scheme guidelines, could, at best, deny further benefits to the beneficiary for a limited period. However, this was unlikely to deter a beneficiary from misusing the first installment. Inadequate safeguards in the design of the scheme would only encourage the beneficiaries to misuse the subsidy and defeat the very objective of the scheme.

4.1.8.11 Propagation of an endangered species

The fish seed rearing and production farm at Harangi had been established for rehabilitation and development of Mahaseer species in Western Ghat rivers of

¹³ While land measuring upto two hectares is small, land measuring upto one hectare is marginal.

the State. However, the farm did not breed Mahaseer species during the last eight years, defeating the objective of establishment of the farm.

4.1.8.12 Survey of inland water bodies

As per the Fisheries Manual, the ADs in charge of the taluk is to conduct survey of water bodies, at least once in 5 years to assess the availability of water sources, species existing, potential for culture and to identify water bodies that have become unfit for culture. The survey details are to be recorded in the prescribed register. However, none of the sampled taluk level offices had conducted the survey.

4.1.8.13 Implementation of welfare schemes

Supporting the socio-economic development of fishermen is one of the primary responsibilities of the Department. Deficiencies noticed in the implementation of major welfare schemes are discussed in the succeeding paragraphs.

(a) Savings-cum-Relief scheme

Savings-cum-Relief is a component of the centrally sponsored "National scheme of welfare of fishermen" which aims at providing financial assistance to the marine fishermen. Relief is to be given to fishermen uniformly for three months during which ban on fishing operates. The fisherman's contribution will be ₹ 600, to be collected over the fishing season of nine months. Contribution of ₹ 1200 will be made by the GOI and the State on 50:50 basis. The total contribution of ₹ 1800 is to be distributed to the fisherman in 3 equal installments of ₹ 600 each during the ban period.

Under the scheme, the Department received the contribution from the marine fishermen through the registered cooperative societies. As per the scheme guidelines, the amount so collected along with the contribution of the GOI and the State was to be disbursed to the beneficiaries during the fishing ban period of June to August. While the contribution of ₹ 600 collected from the beneficiaries was disbursed to them as the first installment in the month of June, the second and third installments to be paid in July and August were disbursed after delays ranging from 2 to 20 months during 2007-12. Though necessary budget provision had been made towards State and Central share during this period, disbursements were delayed mainly due to belated release of funds by the State Government. Thus, the objective of providing relief to the fishermen during the period of ban on fishing activity had not been achieved.

(b) Subsidy on electricity consumed by ice plants and storage plants

In order to improve the condition of ice plants and cold storage units of Dakshina Kannada, Udupi and Uttara Kannada Districts, the Government

introduced (March 2009) the scheme, under which a subsidy of Re.1.00 per unit of electricity consumed by the ice plant/cold storage units subject to a maximum of ₹ 1.50 lakh per annum (enhanced to ₹ 2 lakh per annum from 2010-11) was to be allowed. The ice plants and cold storage units receiving subsidy were to be used only for activities connected with fisheries. The Department was to compare the rates for ice charged by these units before and after the receipt of subsidy. The success of the scheme was to be measured by the reduction of rates charged by these units. Though subsidy of ₹ 7.39 crore had been disbursed as of March 2012, the Department failed to check the reduction in rates and monitor the purpose for which these units had been put to use. Deputy Directors, Mangalore and Karwar (March 2012 and July 2012) agreed to initiate action for proper monitoring of these units. Thus, subsidy of ₹ 7.39 crore had been disbursed without exercising the prescribed checks and balances.

(c) Housing for fishermen

The centrally sponsored scheme of 'Development of model fishermen's village' (expenditure shared by GOI and the State in the ratio of 50:50) and the State sponsored scheme of 'Matsyashraya' envisage disbursement of subsidy of ₹ 40000 to each of the selected fishermen to help them build their houses. The subsidy was to be disbursed to the beneficiaries in three stages- ₹ 10000 as advance before construction, ₹ 15000 on completion of foundation and ₹ 15000 on laying of roof. The jurisdictional AD was responsible for inspecting the houses at every stage and furnish a report together with photographs to the Directorate which, in turn, directed KFDC to issue cheques in favour of beneficiaries. The details of funds released and houses constructed under these schemes during 2007-12 were as shown in **Table-4.21:**

Table-4.21: Details of funds released and houses constructed under Housing scheme

Year	No. of houses sanctioned		Amount released (₹ in lakh)		Houses completed as of March 2012		Subsidy disbursed as of March 2012 (₹ in lakh)	
	State scheme	Central scheme	State scheme	Central scheme	State scheme	Central scheme	State scheme	Central scheme
2006-07	2660	---	1064.00	---	2587	---	1047.60	---
2007-08	2340	---	936.00	---	2112	---	881.55	---
2008-09	---	1000	200.00	200.00	---	776	---	338.90
2009-10	5000	---	2000.00	---	2811	---	1387.20	---
2010-11	800	---	200.00	---	431	---	217.00	---

(Source: Information furnished by the Director)

As of March 2012, against 11800 houses sanctioned during 2006-11, only 8717 houses (74 per cent) had been constructed, another 2155 were in progress while 928 selected beneficiaries had not come forward to avail of the first instalment and start construction.

The proposal made by the State Government for the years 2006-07 and 2007-08 for sanctioning of houses under the centrally sponsored scheme had been turned down by GOI on account of slow progress in implementation of the scheme sanctioned prior to 2006-07. The State Government had not submitted any proposal to GOI from 2009-10 as considerable progress had not been achieved in respect of the scheme sanctioned during 2008-09. The Director stated (June 2012) that delay in construction was due to the financial crunch faced by poor fishermen. The reply is to be viewed in the light of the fact that the scheme, though designed to support the socio-economic development of fishermen, had not fully delivered the results expected of it, indicating the need for revisiting the design of the scheme.

4.1.9 Conclusion

Large number of vacancies in technical posts handicapped the Department in effective implementation of the programmes and schemes taken up for augmenting fish production. The Department also suffered from several institutional weaknesses such as absence of a Fisheries Policy, non-revision of the Fisheries Manual, inadequate arrangements for monitoring of the implementation of schemes, and huge shortfall in internal audit.

The budgetary control mechanism in the Department was weak, as evidenced by non-preparation of realistic budget estimates, necessitating persistent huge savings year after year. The expenditure control was also weak, as amounts surrendered were either in excess of the savings or far below the savings. Though marine and inland fish production showed an impressive growth during 2007-12, there was shortfall in achieving the estimated potential growth. The inadequate capacity of the fishing harbours was a major constraint in optimum utilisation of the marine resources.

The inland fish production was sub-optimal as the fingerlings production in the State fell short of requirement. The departmental fish seed farms did not function effectively due to lack of maintenance of fish ponds. Funds provided for payment of subsidy to fishermen for construction of fish ponds had been misused. Implementation of schemes for the welfare of the fishermen was not effective as the relief to the fishermen during the period of ban on fishing had been delayed and construction of houses by fishermen lagged behind schedule despite disbursement of subsidy.

4.1.10 Recommendations

We recommend that

- The Department appropriately addresses the institutional weaknesses to create a robust institutional mechanism to facilitate achievements of its mandated objectives.

- The Department should strengthen the budgetary and expenditure control mechanism to ensure preparation of realistic budget estimates and adherence to laid down rules while spending the funds allotted for various purposes.
- The additional fishing harbours under construction should be completed early to provide adequate berthing facilities to the motorised fishing boats.
- The fish farms should be adequately equipped to ensure their optimal performance.

The matter was referred to Government in August 2012; reply had not been received (October 2012).

**BANGALORE
THE**

**(D. J. BHADRA)
Principal Accountant General
(General & Social Sector Audit)**

COUNTERSIGNED

**NEW DELHI
THE**

**(VINOD RAI)
Comptroller and Auditor General of India**