

## CHAPTER IV

### CHIEF CONTROLLING OFFICER BASED AUDIT OF GOVERNMENT DEPARTMENTS

#### 4.1 Audit of Animal Husbandry Department

##### Executive summary

*Development and protection of livestock are the primary objectives of the Animal Husbandry Department. Major activities of the Department include genetic improvement of livestock to increase productivity, prevention and control of livestock diseases, scientific research on breeding and feeding of livestock, poultry development and providing assistance to the weaker sections of the society, particularly in suicide prone and drought prone areas.*

*Audit of the Department for the period 2005-10 revealed institutional weaknesses in planning, implementation, monitoring as well as internal controls. Non-compliance with the rules and orders resulted in deficiencies in financial management, utilisation of assets and material management. Delivery of veterinary services, cattle and poultry development and providing assistance to the poor were far from satisfactory.*

*The Department did not chalk out annual plans for various activities/schemes though a five year plan for 2007-12 was prepared. Budget estimates for Plan schemes were finalised without obtaining inputs from the field offices. Budgetary grants were surrendered or lapsed due to deficient budgetary management. Grants were released to the Zilla Parishads without ensuring utilisation of grants paid earlier. In many cases, reconciliation of cash book balances with bank balances and surprise cash verification were not done.*

*Equipment procured for manufacturing vaccines, for analysis of blood samples and for measuring impurities in animal feed were lying idle due to poor planning, lack of trained manpower and chemical reagents. Central assistance for modernisation of laboratories remained unutilised. The Department did not have sufficient stock of life saving drugs. The targets set for castration, vaccination, operation and infertility treatment were not achieved.*

*Monitoring of the recovery of loans paid to poultry societies was deficient. The objectives of special package for drought prone areas were not achieved due to poor monitoring. Acute shortage of supervisory officers and Livestock Development Officers had adverse affect on delivery of veterinary services.*

#### 4.1.1 Introduction

The Mission of Animal Husbandry Department (Department), Government of Maharashtra (GoM) is to attain sustainable development and welfare of livestock through building a progressively modern and dynamic livestock-linked agricultural economy with continuously expanding production-base of milk and other forms of animal products. The objectives of the Department were as under:

- genetic improvement of livestock by scientific intervention to bring about increase in productivity;
- prevention and control of livestock diseases;
- encourage development and growth of poultry industry;
- create and maintain a “disease-free status” of major production areas to boost export of livestock products; and
- to create gainful self-employment to the weaker sections of the society.

During the recent past there were reports of outbreak of *Avian Influenza* (Bird Flu), huge payment of compensation to poultry owners, cases of farmer suicides and special package granted to suicide prone districts and deficiencies noticed during local audits. It was, therefore decided to examine the functioning of Animal Husbandry Department.

#### 4.1.2 Organisational set up

The Secretary to Government of Maharashtra, Animal Husbandry, Dairy Development and Fisheries Department (Secretary) is the Chief Controlling Officer (CCO) and the head of the Department. The Commissioner, Animal Husbandry, Pune (Commissioner) is responsible for implementation of various programmes of the Department in the State. The State is divided into seven regions and each region is headed by a Regional Joint Commissioner, (RJC). At the district level, District Deputy Commissioner, (DDC) monitors the State sector activities while the local sector<sup>1</sup> activities are controlled by the District Animal Husbandry Officer (DAHO), Zilla Parishad (ZP). There is an Assistant Director of Accounts in the Commissionerate, who is responsible for overall financial control of the Department. There are 255 Drawing and Disbursing Officers in the Department.

The Central and State schemes are implemented by the State sector. The District schemes are implemented through ZPs, after the same are approved by District Planning and Development Committees<sup>2</sup> (DPDCs). Implementation of schemes and utilisation of grants by ZPs are monitored

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<sup>1</sup> Local sector : Zilla Parishads, Panchayati Raj Institutions etc.

<sup>2</sup> Chairman: Guardian Minister and Member Secretary: District Collector

during assessment of grants by the Commissioner/RJCs. The ZPs submit monthly expenditure statements to the Commissionerate.

The following organisations assist the Department in carrying out its activities:

- Disease Investigation Section (DIS) in Pune and seven Regional Disease Investigation Laboratories (DILs);
- District Veterinary Polyclinics and Taluka Veterinary Polyclinics (200);
- Grade I and II Veterinary Dispensaries (4,468) and mobile Veterinary Clinics (65);
- Institute of Veterinary and Biological Products at Pune (IVBP); and
- Maharashtra Live Stock Development Board (MLDB).

#### **4.1.3 Audit objectives**

The audit objectives were to assess whether:

- a livestock policy was framed, perspective plan was prepared for achieving the Department's objectives in a phased manner and the planning process was efficient;
- an effective monitoring system was in place and the internal controls were adequate;
- the funds provided were adequate, the financial management was in accordance with the financial rules and the budgetary procedure and financial reporting system was efficient ;
- the assets were effectively and efficiently maintained and periodical census of livestock was conducted;
- the Central and State Plan schemes were implemented on time with economy and efficiency and as per guidelines prescribed; and
- the human resources to meet the departmental mandate are optimum and also utilised optimally.

#### **4.1.4 Audit criteria**

The audit criteria adopted for bench marking the audit findings were:

- Rules, Notifications, Guidelines and instructions issued by the State and Central Governments from time to time;
- Maharashtra Budget Manual;
- Maharashtra Treasury Rules, 1968;
- Bombay Financial Rules, 1959;

- Maharashtra Contingent Expenditure Rules, 1965; and
- Departmental Manual for Office Procedures.

#### **4.1.5 Scope and methodology of audit**

The offices of the Secretary and the Commissioner and four out of the seven RJs<sup>3</sup> were selected for audit. Nine<sup>4</sup> districts in the selected four regions were identified for audit. In each selected district, a minimum of four units (two polyclinics under DDC and two Veterinary Dispensaries under DAHO, ZP) were selected along with the DDC and DAHO, ZP. The IVBP, DIS, the Assistant Commissioner of Animal Husbandry, Statistical Survey, Assistant Commissioner of Animal Husbandry, Central Hatchery, Pune and MLDB were also covered in audit. Records of 64 units including 35 DDOs were test-checked in the ten selected Districts (**Appendix 4.1**).

The CCO based audit of the Department was conducted during April-July 2010 and records for the period from 2005-06 to 2009-2010 were test-checked. Audit of the units under ZP was restricted to the period from 2007-08 to 2009-10 as records pertaining to earlier years were not made available. Audit objectives and the scope of audit were discussed with the Secretary in an entry conference held on 28 April 2010.

Audit findings were discussed with the Secretary in the exit conference held on 19 October 2010. The Department's replies to the audit findings were incorporated at appropriate places.

### **Audit findings**

#### **Institutional weaknesses**

Defined mandate covering the areas of activities with objectives and goals supported by policy framework and planning based on reliable inputs, allocation of budgetary and human resources, internal control and monitoring mechanism are essential requirements for successful functioning of a Department. The institutional arrangements of the Department and weakness noticed in audit are discussed in succeeding paragraphs.

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<sup>3</sup> Amravati, Aurangabad, Nashik and Pune Regions

<sup>4</sup> Akola, Amravati, Aurangabad, Jalna, Nandubur, Nashik, Pune, Sangli and Yavatmal



#### 4.1.6 Planning

**Though five year plan was prepared for 2007-12, it was not split into annual plans. Detailed plans were not chalked out for various activities of the Department**

In order to achieve the Department's objectives and to ensure good governance with a cohesive approach towards animal husbandry, a State policy on various issues was required to be framed and perspective and annual plans were required to be drawn up for execution of various schemes.

On an audit enquiry, the Commissioner intimated that there was no perspective plan for implementation of various activities/schemes of the Department. Audit observed that a five year plan was prepared (February 2007) for 2007-12 by a study group appointed by the Government in January 2007. However, the five year plan was not segregated into annual plans and there was no detailed plan for various activities of the Department.

As per the mid-term review report of the five year plan for 2007-12, ₹ 88.69 crore (34 *per cent*) was spent on Plan outlay upto 2008-09 *i.e.*, in two out of five years.

Thus, it is evident that the Department functioned without any perspective plans and detailed programmes, as also reflected in the Commissioner's statement to Audit.

#### 4.1.7 Monitoring mechanism and internal controls

##### 4.1.7.1 Non-reconciliation of salary cash books with bank accounts

**Twelve out of 35 DDOs test-checked did not reconcile cash book balances with bank balances**

In August 2005, the Finance Department decided to distribute salary of employees through banks. Accordingly, the DDOs were directed to open a zero balance current account in any of the 14 notified banks from which transactions of pay and allowances only would be made. The DDOs are required to maintain a separate cash book for such transactions. At the end of each month, closing balances of cash book and bank statement are to be reconciled and certificate to that effect is to be recorded in the cash book. The DDOs are also to maintain a register of cheque books obtained from bank and submit a quarterly statement to the DDOs regarding delay in payment of salary by bank to employees.

Test-check (April-June 2010) of the records of 35 selected DDOs revealed that 12 DDOs did not reconcile the cash book balances with bank balances. Further, the DDOs did not maintain separate salary cash books and cheque registers to ensure timely disbursement of the salary. Total unreconciled balance in banks in respect of 12 units amounted to ₹ 44.84 lakh (**Appendix 4.2**).

During the exit conference, the Secretary stated (October 2010) that the Department had already instructed (September 2010) the DDOs concerned to reconcile the cash book balances with bank accounts.

#### 4.1.7.2 Non-submission of required documents against advances drawn

**The Department had not taken any action against the employees for non-submission of documents in support of utilisation of various advances**

As per provisions of Bombay Financial Rules (BFRs), specified documents were to be submitted by the employees after sanction of various advances. As per the instructions contained in the Government Resolutions (GRs) of the Finance Department (January 2000), in case of non-fulfillment of the conditions stipulated in the sanction, the amount of advance should be recovered in lump sum along with penal interest.

Scrutiny (April-June 2010) of records of four selected RJC<sup>5</sup> revealed that house building advances (HBA), motor car advances (MCA) and computer advances (CA) amounting to ₹ 18.61 crore were sanctioned to 914 employees during the period 2005-06 to 2009-10 (**Appendix 4.3**).

Though the required documents<sup>6</sup> were not furnished by the respective employees, no penal action was taken by the RJC.

During the exit conference, the Secretary stated (October 2010) that instructions were issued to heads of the offices and the DDOs concerned to collect and scrutinise the required documents and initiate necessary action against the defaulting employees.

#### 4.1.7.3 Surprise verification of cash

As per Rule 55 of the BFRs, surprise verification of cash balances was required to be conducted by the heads of offices at least once in a month to ensure that the balances in the cash books were physically available and no money had been misappropriated even temporarily.

Test-checks of the records (April-June 2010) in seven<sup>7</sup> out of 35 DDOs revealed that no surprise verification of cash balance was conducted by the heads of offices during the period 2005-10.

During the exit conference, the Secretary stated (October 2010) that the Department had instructed (September 2010) the DDOs concerned to verify the cash balances as per the provisions.

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<sup>5</sup> Amravati, Aurangabad, Nashik and Pune,

<sup>6</sup> **HBA:** -Agreement in Form A-1/A-2 of BFRs, purchase deed, mortgage deed in Form B-1/B-4, stamped receipt of payment, insurance of the property, utilisation certificate; **MCA:** -Agreement in Form-20 of BFRs, purchase receipt of vehicle, registration book, insurance policy, utilisation certificate; **CA:** Agreement in Form-20 of BFRs, proof of purchase, mortgage deed, insurance policy *etc.*

<sup>7</sup> Commissioner of Animal Husbandry, Pune, Joint commissioner of Animal Husbandry, Amravati Region, Amravati, Joint Commissioner of Animal Husbandry, Diseases Investigation Section, Pune, District Deputy Commissioner of Animal Husbandry, Pune & Sangli, and Nashik Region, Joint Commissioner of Animal Husbandry IVBP, Pune

#### 4.1.7.4 Maintenance of important registers/records

Monthly abstracts of bills were not drawn up by 6 DDOs and physical verification of dead stock articles was not done by 4 DDOs out of 35 test-checked

As per note 3 under Rule 277 of the Maharashtra Treasury Rules, 1968 (MTRs), the DDOs of the Department were required to review the register of bills every month with a view to watch the actual receipts against the bills submitted to the treasury/sub treasury and also on 31 March 2010 to prevent submission of fraudulent bills, if any.

It was noticed that six<sup>8</sup> out of the 35 DDOs test-checked (April-June 2010) did not conduct any such review of the Bills Register during 2005-10, as required under the MTRs. In the absence of monthly abstract in Bill Register, Audit could not verify the status of bills presented to the treasury to ascertain that no duplicate bills were presented and passed.

Further, as per the provisions contained in Maharashtra Contingent Expenditure Rules 1965, physical verification of dead stock articles was required to be carried out in June every year and a certificate to that effect was to be recorded in the register by the head of office. This had not been done in four<sup>9</sup> units during the audit period. In the absence of physical verification of Dead Stock Register by the head of the office, Audit could not ascertain whether the physical balances of dead stock articles agreed with the book balance.

During the exit conference, the Secretary stated (October 2010) that the Department had instructed (September 2010) the DDOs concerned to maintain the bill registers and dead stock registers as per the provisions.

#### 4.1.7.5 Internal audit

There was 69 per cent shortfall in internal audit during 2009-10

Internal audit Wing, headed by the Assistant Director of Accounts, works under the Commissioner. Out of 13 posts sanctioned (May 2004) for Internal audit Wing, seven posts were lying vacant as of April 2010. Though the Commissioner fixed the periodicity of internal audit in March 2007, the internal audit was in arrears as shown in **Table 1**:

<sup>8</sup> Assistance Commissioner of AH, Central Hatchery, Pune; DDC of AH, Sangli; Joint Commissioner of AH, DIS, Pune; Joint Commissioner of AH, IVBP, Pune and Regional Joint Commissioner of AH, Amravati & Pune

<sup>9</sup> Assistant Commissioner of AH, Central Hatchery Pune; DDC of AH, Pune; Joint Commissioner of AH, DIS, Pune and Joint Commissioner of AH, IVBP, Pune

**Table 1: Arrears of internal audit**

Sl No.	Name of the Office/Units	No. of units	Norms fixed (units per year)	Number of units in which internal audit was in arrears		
				2007-08	2008-09	2009-10
1	District Deputy Commissioner of Animal Husbandry	35	17 (once in two years)	Nil	12	9
2	Veterinary Polyclinics	28	9 (once in three years)	2	Nil	7
3	District Artificial Insemination Centers	28	9 (once in three years)	9	6	9
4	Taluka Veterinary Polyclinics	172	58 (once in three years)	39	46	39
	<b>Total</b>	<b>263</b>	<b>93</b>	<b>50</b>	<b>64</b>	<b>64</b>

**Source:** Commissioner, AH, Pune

The Secretary stated (November 2010) that internal audit could not be conducted as per the norms due to shortage of manpower and follow up for filling vacant posts is in progress.

As the internal audit is an important function, the Department could have deployed enough staff on priority basis. Though the shortage of manpower in the Department was 54 *per cent*, the shortfall in internal audit was 69 *per cent* during 2009-10.

### **Compliance with the Acts, Rules, Regulations, Orders, Manuals etc.**

Compliance with the financial rules, service code, and other Acts and rules framed for administration of the Department are necessary for efficient functioning of the Department. Instances of non-compliance with the financial rules and the Department specific rules are discussed in the following paragraphs.

#### **4.1.8 Budget and financial reporting**

##### **4.1.8.1 Plan estimates finalised without inputs from field offices**

According to the provisions contained in Para 29 of the Maharashtra Budget Manual (MBM), budget estimates for a financial year were to be consolidated by the head of the Department based on the proposals received from the subordinate offices and submitted to the Government by 15 October of preceding year.

**The Commissioner finalised the Budget estimates for Plan schemes without obtaining inputs from the field offices**

Scrutiny of records (July 2010) of the Commissioner revealed that every year the Commissioner convened a meeting of all the sections in the Commissionerate to monitor the implementation of different schemes and for estimation of 'Plan' outlay for the next year. Subsequently, a scheme-wise draft of the plan was prepared, on the basis of recommendations received from various sections of the Commissionerate and was submitted to the Secretary, who in turn forwarded the same to the Finance Department. Thus, the Plan estimates were finalised in the Commissionerate without obtaining any inputs from the field offices.

The details of Plan outlay proposed by the Department and outlay actually sanctioned by the Government during 2005-10 were as detailed in **Table 2**:

**Table 2: Outlay proposed by the Department and sanctioned by the Government**  
(₹ in crore)

Year	Outlay proposed by the Department	Final outlay sanctioned by the Government
<b>2005-06</b>	1.89	1.81
<b>2006-07</b>	31.00	11.00
<b>2007-08</b>	24.11	20.07
<b>2008-09</b>	23.58	21.08
<b>2009-10</b>	22.09	27.38
<b>Total</b>	102.67	81.34

**Source:** Figures furnished by the Commissioner and the Department

It would be seen that there was variation in outlay proposed by the Department and final outlay sanctioned by the Government. The total shortfall during the period from 2005-06 to 2009-10 was 21 *per cent*. The impact of shortage of funds has been brought out in paragraphs 4.1.11 and 4.1.12.

#### **4.1.8.2 Delay in submission of budget proposals**

**During 2005-07 and 2009-10, there was a delay of three to four weeks in submission of budget proposals to the Government.**

Scrutiny of records (July 2010) revealed that the budget proposals for the year 2007-08 and 2008-09 were submitted to the Government before the due date. However, there was a delay of three to four weeks in submission of budget proposals for the years 2005-06, 2006-07 and 2009-10 to the Government.

The Secretary replied (November 2010) that the proposals received from the subordinate offices could not be complied with due to shortage of manpower and stated that due care would be taken in preparation of the budget proposals in future.

#### **4.1.8.3 Surrender/lapse of budget grants**

The details of budget provision and expenditure incurred (Revenue and Capital heads) during the years 2005-06 to 2009-10 were detailed in **Table 3**.

Table 3: Budget provisions *vis-à-vis* expenditure

(₹ in crore)					
Plan scheme (including capital outlay)					
Year	Total Grant (original estimate + supplementary grant)	Expenditure	Savings/ Lapse (Percentage)	Surrender (Percentage)	Lapsed Grants (Percentage)
2005-06	67.15	35.75	31.40 (46.76)	12.56 (18.70)	18.84 (28.06)
2006-07	98.73	68.80	29.93 (30.32)	28.36 (28.72)	1.57 (1.59)
2007-08	92.55	73.27	19.28 (20.83)	14.79 (15.98)	4.49 (4.85)
2008-09	64.55	47.73	16.82 (26.06)	14.17 (21.95)	2.65 (4.11)
2009-10	60.68	39.01	21.67 (35.71)	20.77 (34.23)	0.90 (1.48)
<b>Total</b>	<b>383.66</b>	<b>264.56</b>	<b>119.10</b>	<b>90.65</b>	<b>28.45</b>
Non-Plan scheme					
Year	Total Grant (original estimate + supplementary grant)	Expenditure	Excess/ Saving (Percentage)	Surrender (Percentage)	
2005-06	195.54	205.04	9.50 (4.86)	0.22 (0.11)	
2006-07	294.81	288.62	(-) 6.19 (2.10)	7.86 (2.67)	
2007-08	227.02	238.00	10.98 (4.84)	-	
2008-09	278.07	281.61	3.54 (1.27)	-	
2009-10	384.60	383.59	(-) 1.03 (0.27)	-	
<b>Total</b>	<b>1380.04</b>	<b>1396.86</b>	<b>16.80</b>	<b>8.08</b>	
Source : VLC Data					

As per Para 37 of the MBM, the aim of preparation of the budget estimates should be to achieve as close an approximation to the actuals as possible. The need for every item must be fully scrutinised before provision for it is included and the amount should be restricted to the absolute minimum necessary. An avoidable extra provision in an estimate is as much a budgetary irregularity as an excess in the sanctioned expenditure.

**Budget provisions were surrendered between 19 and 31 March every year. Even then, grants up to 28.06 per cent lapsed.**

Scrutiny of records (April 2010) revealed that funds ranging from ₹ 12.78 crore (2005-06) to ₹ 36.22 crore (2006-07) were surrendered (for both Plan and Non Plan) between 19 and 31 March every year (in 2008-09 the surrender was made on 09 April 2009). Even after surrendering the funds, grants ranging from 1.48 *per cent* to 28.06 *per cent* could not be spent and lapsed under Plan scheme. Surrender and lapse of grants during the last five years indicated that the budget estimates were not accurate and implementation of projects/ schemes could not match the financial projections. Major savings under Plan scheme are detailed in **Appendix 4.4**.

The Secretary stated (November 2010) that budget proposals were prepared presuming receipt of matching grants from the Government of India (GoI). Non-receipt of grants from the GoI as presumed necessitated surrender of funds at the end of the financial year. However, due care would be taken in preparation of budget proposals.

#### **4.1.8.4 Release of grants to ZPs without assessment**

The district schemes are implemented through Zilla Parishads (local Sector). The funds approved by the DPDCs are released as grant-in-aid to ZPs through State budget. As per Appendix 22 of the BFRs, the Controlling Officers (COs) should release grants to the extent the ZPs can utilise before the close of the financial year and if excess grants were paid, the same were to be recovered by the COs. In January 2004, the Department declared all the RJC as the COs for assessment of grants released to ZPs since 2002-03. The implementation of schemes and utilisation of grants by ZPs are monitored during assessment of grants by the Commissioner/Regional Joint Commissioners. The ZPs submit monthly expenditure statements to the Commissioner and expenditure of the grants was monitored by the RJC at the time of assessment.

Scrutiny of records (June 2010) of the Commissioner revealed that assessment of grants released to 33 ZPs was completed up to the year 2001-02. Assessment was not done in 2, 10, 23 and 29 ZPs during 2002-03, 2003-04, 2004-05 and 2005-06 respectively. No assessment was made after 2005-06. Though the assessment revealed excess release of grants of ₹ 7.07 crore to 20 ZPs (**Appendix 4.5**) during the period from 2001-02 to 2005-06, the same were not adjusted while releasing grant in the subsequent year. Assessment was pending in respect of grants amounting ₹ 623.36 crore in 196 cases in 33 ZPs (**Appendix 4.6**) during the period from 2002-03 to 2009-10. Continuous release of grants without assessing the grants already released to the ZPs was in violation of the provisions of the BFR and possibility of release of excess grants cannot be ruled out.

During the exit conference, the Secretary stated (October 2010) that out of excess grant of ₹ 7.07 crore released to 20 ZPs, ₹ 4.62 crore had already been recovered. The Secretary further stated (November 2010) that assessment of grants released up to 2006-07 would be completed in a phased manner by December 2010.

**Assessment of grants of ₹ 623.36 crore released to 33 ZPs in 196 cases was pending for the period 2002-03 to 2009-10**



#### 4.1.8.5 Pending loan recoveries from poultry societies

The Department sanctions loans to the poultry cooperative societies (PCSs) under Integrated Poultry Project (March 1989). The loans were repayable over a period of 14 years along with interest in 11 instalments from the fourth year. The Department sanctioned loan of ₹ 30.97 crore to 73 PCSs during the period from 1986 to 2006. However, fresh loans were not sanctioned to PCSs from 2005-06 onwards.

The Public Accounts Committee, Maharashtra (PAC) while discussing the Appropriation Accounts for the year 1994-95 recommended that the Government should chalk out a time bound programme to recover the loans disbursed to the PCSs in the State. The PAC reiterated (April 2005) that action should be taken on war footing to recover the outstanding loan of ₹ 42.34 crore (including interest) given to PCSs as on 31 March 2002.

However, as of March 2010, ₹ 87.47 crore (including interest) was recoverable from 73 PCSs, out of which ₹ 8.95 crore (including interest) only was recovered. Against ₹ 78.52 crore<sup>10</sup> due, ₹ 85.92 crore was shown as outstanding. The discrepancy of figures could not be explained to Audit by the Department. Out of 73 defaulting PCSs, 28 were closed and 19 were under liquidation. It was noticed that ₹ 33.97 crore was due from the 28 closed societies and ₹ 18.84 crore was due from the 19 societies under liquidation.

In pursuance of the recommendations of the PAC (November 2000), a committee was formed (September 2002) consisting of DAHOs and DDCs of the District under the chairmanship of Chief Executive Officer, ZP to oversee the functioning of 26 functional societies. In case of societies under liquidation, liquidators were appointed. However, not much progress in recovery of loan was affected.

The Secretary stated (November 2010) that there was no separate machinery to recover the pending amounts. However, the Department would hold meetings with beneficiaries and with the Government approval, consider waiving off penal interest of societies coming forward for repayment of loan.

#### 4.1.8.6 Non-crediting of service charges to Government accounts

The Department fixed (April 2000) the rates for recovery of service charges for medical services provided through veterinary polyclinics and dispensaries. The Commissioner directed (April 2002) all ZPs to credit the service charges into Government accounts within three months from the date of recovery.

Scrutiny of records in respect of three<sup>11</sup> out of the nine test-checked DAHOs revealed that service charges collected during the period from 2000-01 to 2009-10 amounting to ₹ 3.18 crore (**Appendix 4.7**) were retained in ZP fund

Despite PAC's recommendations, there was not much progress in recovery of loans given to poultry societies

Three out of the nine test-checked DAHOs retained the service charges of ₹ 3.18 crore collected during 2001-10 in the ZP accounts, instead of crediting the same into the Government account.

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<sup>10</sup> The outstanding loan amount worked out to (₹ 87.47 crore - ₹ 8.95 crore) = ₹ 78.52 crore

<sup>11</sup> Aurangabad, Pune and Sangli



instead of crediting the same into Government account. The amount included ₹ 1.47 crore pertaining to the period 2005-10. Further, the Department did not consider this income while allocating funds to the DAHOs.

The Secretary stated (November 2010) that all the RJC's were instructed to furnish region-wise information regarding service charges deposited at district level. Further, the GoM authorised (October 2010) the ZPs to utilise the service charges collected in lieu of the veterinary services provided from 1 November 2010, for maintenance of veterinary institutions in their districts.

The compliance was not tenable as retention of service charges was in contravention to the Commissioner's directives (April 2002).

#### **4.1.8.7 Irregular drawal of funds**

Rule 282 (ii) of the MTRs specifies that moneys should be withdrawn from treasury only if required for immediate disbursement.

As per Rule 302 to 309 of the MTRs and instructions issued by the Finance Department, GoM from time to time, detailed contingent (DC) bills for the amount drawn on Abstract Contingent (AC) bills should be submitted to the office of the Principal Accountant General (Accounts and Entitlements) within one month from the date of drawal of funds on AC bills.

The Department accorded sanction (March 2006) for drawal of ₹ 3.19 crore on AC bills for purchase of equipment under ASCAD scheme<sup>12</sup>. Accordingly, the Joint Commissioner, IVBP drew ₹ 3.19 crore on AC bills in March 2006 and disbursed advance of ₹ 94.36 lakh for purchase of equipment for fermentor technology and spent ₹ 4.57 lakh for purchase of refrigerator. It was noticed that advances were paid even before the designs for civil works were approved by the Deputy Drugs Controller, Mumbai. The balance ₹ 2.20 crore was credited to Civil Deposits in April 2007. The amount was again withdrawn between February and September 2008, out of which ₹ 1.65 crore was paid to the supplier (March 2008 and July 2008) and the balance amount of ₹ 55.12 lakh was credited into Government account between June and September 2008. The drawal of funds not required for immediate disbursement was in contravention of the provisions of the MTRs.

The Secretary stated (November 2010) that the DC bill was submitted in July 2010. The reply was not tenable as one DC bill for ₹ 2.39 crore was pending for clearance in Pr.A.G.(A&E), Maharashtra, Mumbai as of December 2010. No reply was given regarding drawal of funds on AC bill when the fund was not required for immediate disbursement.

Further, the Department accorded (30 March 2009) administrative approval for purchase of equipment required for fermentor technology and conversion

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<sup>12</sup> Assistance to State for Control of Animal Disease (ASCAD) is a Centrally sponsored scheme consisting of components such as manufacturing of vaccines, actual vaccination, treatment, awareness/training, census of livestock *etc.*

of a hot room into cold room in main building of the IVBP at an estimated cost of ₹ 1.09 crore under the ASCAD scheme. The IVBP withdrew ₹ 1.05 crore from the treasury on 31 March 2009, out of which ₹ 27.33 lakh was paid (August-September 2009) to suppliers for supply of equipment and ₹ 5.26 lakh was paid (September 2009) to the Executive Engineer, Electrical Division, Pune for civil works. The balance amount of ₹ 72.58 lakh was credited to Civil Deposits in October 2009. During October to November 2009, ₹ 63.49 lakh was paid to the suppliers and ₹ 9.09 lakh was lying in the deposit head as of May 2010. While withdrawing funds from the treasury on 31 March 2009, the IVBP certified that equipment were received. However, the equipment was actually received during July to September 2009 as revealed from the delivery challan.

The Secretary stated (November 2010) that the amount was drawn to utilise budget provision within the same financial year. The supplier took 15 months to deliver the equipment. Therefore, the drawn amount was kept under the 'Civil Deposits'.

The reply was not acceptable as the amount was drawn on the last day of the financial year, hence it was not possible to utilise the budget provision within the same financial year. Further, withdrawal of funds on the basis of an incorrect certificate of receipt of material was irregular.

#### **4.1.9 Utilisation of assets**

##### **4.1.9.1 Idle investment on equipment**

The Institute of Veterinary Biological Products (IVBP), Pune manufactures bacterial and viral vaccines for contagious diseases in livestock. Government of Maharashtra, Animal Husbandry Department (Department) granted<sup>13</sup> administrative approvals (AA) for ₹ 1.63 crore regarding additions and alterations needed to the main building of the IVBP for introduction of Fermentor technology<sup>14</sup> (civil and electrical works). The Department deposited<sup>15</sup> ₹ 1.49 crore with the Public Works Department (PWD) for the deposit works and also accorded (March 2006) AA for ₹ 3.15 crore to purchase the equipment.

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<sup>13</sup> November 2004, January 2005, October 2005 and March 2006

<sup>14</sup> To produce large volumes of better quality vaccines, which give an immunity of 9-12 months to animals whereas the conventional method gives immunity of 3-6 months only

<sup>15</sup> January 2006, April 2006 and March 2008

**Procurement of equipment prior to appoint of consultant and delay in award/ completion of infrastructural work resulted in idle investment of ₹ 3.04 crore**

Scrutiny (April 2010) of records of the Joint Commissioner, Animal Husbandry, IVBP, Pune revealed that contract for supply of equipment for the Fermentor technology was awarded (March 2006) to a supplier for ₹ 2.89 crore for supply within 10 months. The IVBP, being unfamiliar with the Fermentor technology requested (June 2006) the Executive Engineer (EE), PWD to appoint a Consultant for preparation of plans, drawings and estimates of buildings for installation of bacterial and viral vaccine equipment. However, the EE, PWD appointed the Consultant only in February 2007. Meanwhile, the equipment worth ₹ 33.72 lakh was received in November 2006.

The plan and drawings of the bacterial vaccine equipment prepared (April 2007) by the Consultant and submitted by the PWD (July 2007) were approved by the Deputy Drugs Controller, Central Drugs Standard Control Organisation, Mumbai (DDA) in August 2007.

The PWD<sup>16</sup> granted technical sanction for the electrical (November 2007) and civil works (December 2007) for ₹ 1.59 crore and the work was awarded (March 2008) to a contractor for ₹ 1.49 crore with a period of completion of six months. However, the work is not yet complete (November 2010).

The plan and drawings prepared by the consultant, of buildings for installation of the viral vaccine equipment were submitted by the PWD to the DDA for approval in March 2008. However, the approval of the DDA was received only in February 2009. This work has also not been completed.

Meanwhile, the supplier supplied all the equipment costing ₹ 2.89 crore by April 2008, which could not be installed due to non-completion of civil and electrical works. As the warranty period of the equipment had expired, the supplier demanded (August 2009) ₹ 15 lakh for servicing of the equipment, which was sanctioned (October 2009) by the Department.

**Non-introduction of new technology resulted in stoppage of production and IVBP had to purchase vaccines worth ₹ 2.99 crore from open market**

The procurement of the equipment prior to appointment of a consultant for preparation of plan and drawings and the delay in award/completion of infrastructural work resulted in idle investment of ₹ 3.04 crore on equipment purchased for Fermentor technology. Further, non-introduction of the new technology resulted in suspension of production of bacterial and viral vaccines from October 2007 and October 2009 respectively. As a result the IVBP had to purchase vaccines worth ₹ 2.99 crore from open market during 2007-08 to 2009-10.

The Joint Commissioner, IVBP stated (April 2010) that the delay was caused due to several changes made by the DDA in the design for the civil works. As the technology was new to the IVBP, there were errors in implementation also. Since the IVBP was unfamiliar with the technology, it appointed a Consultant to help in its implementation.

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<sup>16</sup> The Chief Engineer, Electrical Division and Executive Engineer, PWD, Pune.

The reply did not explain why the consultant was not appointed prior to procurement of equipment. Moreover, if the consultant was familiar with the technology, it is unclear as to why so many modifications were made in plans and drawings.

In another case, the Department accorded (December 2005) sanction for ₹ 38.57 lakh to purchase three equipment. In order to introduce good manufacturing practices (GMP) specified under Drugs and Cosmetic Rules, 1945, the IVBP purchased the equipment at a cost of ₹ 35.19 lakh during May and August 2006. However, the equipment were not put to use even as of April 2010 as the equipment meant for fermentor technology were not yet commissioned, which resulted in idle investment of ₹ 35.19 lakh. Further, one year warranty period of the equipment had also expired and the security deposit was refunded (October 2009) to the supplier.

The Secretary stated (November 2010) that the civil work was nearing completion and the equipment would be installed and put to use immediately after completion of the civil work.

#### **4.1.9.2 Non-utilisation of Central assistance provided for modernisation of district laboratories**

GoI, Ministry of Agriculture, Department of Animal Husbandry and Dairy sanctioned (June 2005) ₹ 1 crore for five laboratories (₹ 20 lakh each) in Maharashtra under Centrally sponsored scheme of ASCAD in 2005-06 for strengthening/ modernisation of Disease Diagnostic Laboratories (DDL) to meet the norms of Good Laboratory Practices (GLP)<sup>17</sup>. The expenditure of ₹ 20 lakh was to be shared on 75:25 basis between the GoI and the GoM. In March 2006, the Department identified five laboratories<sup>18</sup> for strengthening and modernisation.

Out of five laboratories, work of DDL Nashik was completed in July 2008. The works at Akola, Aurungabad, Chiplun and Pune Districts were to be undertaken by the PWD as deposit contribution works for which ₹ 73.41 lakh<sup>19</sup> were transferred to respective PWD divisions during March 2006 to February 2007. Expenditure of ₹ 10 lakh was incurred on DDL Aurungabad and the balance ₹ 63.41 lakh was lying unutilised with the PWD. The work order for the DDL Pune was issued only in June 2010 and the work of DDL Chiplun was not yet started (June 2010) as the PWD could not find a contractor competent to execute work with GLP norms. In the estimates of works for the DDL Akola and Aurungabad, the GLP norms were not incorporated in the estimates. Hence, even the expenditure of ₹ 10 lakh incurred on the DDL, Aurungabad proved unfruitful and the funds of ₹ 63.41 lakh remained idle with the PWD for more than three years.

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<sup>17</sup> GLP: System of quality assurance appropriate to the infrastructure of pharmaceutical products specified under the Drugs and Cosmetics Act, 1945.

<sup>18</sup> Akola, Aurangabad, Chiplun, Nashik and Pune.

<sup>19</sup> Akola- ₹ 20 lakh, Aurungabad ₹ 20 lakh Chiplun ₹ 13.41 lakh and Pune- ₹ 20 lakh

The Secretary stated (November 2010) that the laboratory building at Chiplun was in bad condition and the RJC, Mumbai submitted a proposal to the Government for construction of a new building. As regards laboratories at Akola, Aurangabad and Pune, civil works could not be completed due to non-availability of contractors for completion of the work as per the GLP norms.

#### **4.1.9.3 Non-utilisation of High Performance Thin Layer Chromatography (HPTLC) system**

In order to maintain International Standards for exports, the levels of pesticides, hormones, antibiotics, heavy minerals and metals in food materials should be kept at specified limits. The HPTLC system measures the residual content of impurities in food items exported.

The Department accorded administrative approval (February 2006) for import of one HPTLC system costing ₹ 49.85 lakh for the RDIL, Pune. The system required a technician for its operation and reagents for its functioning.

Scrutiny of records (May 2010) of the Commissioner revealed that the HPTLC system installed in June 2006 could not be used for want of technician. The Assistant Commissioner, RDIL, Pune had not submitted any proposal for the post of technician to operate the system. Moreover, the chemical reagents required for testing were also not procured by the RDIL. In June 2008, the RDIL, Pune requested for transfer of the machine to the DIS, Pune as it was not being used, indicating lack of planning by the Assistant Commissioner, RDIL, Pune.

Thus, non-utilisation of HPTLC system resulted in idle investment of ₹ 49.85 lakh and the facilities of diagnosis and investigation were not available to the exporters.

The Secretary stated (November 2010) that the Department wanted the diagnosis work to begin immediately. Therefore, necessary instructions were issued to the RDIL to obtain the chemicals and reagents required.

#### **4.1.9.4 Blood analyser not used**

Under the State scheme of ‘Strengthening of Veterinary Polyclinics’, a blood analyser costing ₹ 5.10 lakh was purchased and installed (December 2006) in Aundh Veterinary Polyclinic, Pune for analysing blood samples of animals to detect early symptoms of various diseases. The machine could not be put to use since October 2008 for want of reagents.

The Secretary stated (November 2010) that the budget provision was made in 2010-11 to procure chemical reagents and the blood analyser would be put to use.

**HPTLC system, procured at a cost of ₹ 49.85 lakh and installed in June 2006 could not be put to use in the absence of technician and reagents.**

#### **4.1.10 Weaknesses in project and scheme implementation**

##### **4.1.10.1 Medical checkup of the milch animals distributed under various schemes**

As per the Commissioner's directives (March 2007), it was mandatory for the DAHOs to conduct five medical tests of animals being purchased under various schemes within one week from the date of purchase and the results thereof were to be communicated by the DAHOs to every beneficiary within one month. The RJC's were entrusted with monitoring the scheme in co-ordination with the DDCs and to furnish the consolidated report on medical checkups conducted on new cattle purchased, to the Additional Commissioner, Disease Control and Live Stock Development.

It was noticed that four DAHOs<sup>20</sup> out of nine test-checked districts did not conduct such tests in respect of all the 4,855 animals distributed (2007-08 to 2009-10) to 1,622 beneficiaries under various schemes (**Appendix 4.8**).

DAHOs of Sangli, and Amravati agreed (June 2010) to conduct the tests in future. DAHOs, Aurangabad and Jalna (June 2010) stated that such instruction was not received in their offices but agreed to conduct the test in future.

The Secretary stated (November 2010) that collection of samples in some districts were tedious due to non-cooperation by the beneficiaries and the Commissioner had withdrawn the orders for medical tests due to practical problems involved.

The reply was not acceptable as the Department did not educate the beneficiaries about the advantages of conducting the prescribed tests. Further, the decision to discontinue the system of conducting medical tests of animals being distributed to beneficiaries under various schemes has the potential of having an adverse impact on the achievement of the objectives of the schemes.

#### **Material and stores management**

##### **4.1.11 Non-availability of priority equipment in District veterinary polyclinics/taluka mini polyclinics**

The Commissioner issued (January 2007) two lists of instruments and equipment required for District polyclinics and taluka mini polyclinics respectively, which were essential on day to day basis for proper diagnosis and treatment of live stock. These lists include 209 first priority and 14 second priority equipment required to be purchased for District polyclinics and 188 first priority and 10 second priority equipment for taluka mini polyclinics.

Test-check (May-June 2010) of records in respect of eight out of nine selected districts (except Nandurbar District where District polyclinic was not

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<sup>20</sup> Amravati, Aurangabad, Jalna and Sangli



established) and 16 taluka mini polyclinics revealed that out of 209 first priority instruments required in District polyclinics, the number of instruments available was between 56 in Amravati and 138 in Jalna. Availability of second priority instruments was between four and nine, while there were none available in Yavatmal. In the Taluka Polyclinics, out of the 188 first priority instruments required, the number of instruments available was between 22 at Dharava in Yavatmal District and 89 at Ambad in Jalna District. No second priority instrument was available except one at Akot, and Barshi Takli in Akola District and two at Shirur in Pune District, out of 10 required (**Appendix 4.9**). In spite of issuing priority lists, the Commissioner had covered only 16 first priority and one second priority equipment under the rate contract. The Assistant Commissioner stated that the shortage of priority equipment at majority of service outlets was due to shortage of funds.

The Secretary had not given any specific reply for non-procurement of priority equipment.

#### **4.1.12 Non-availability of life-saving drugs**

As per Government Order (December 2007), the Department identified 44 life saving drugs to be provided free of cost to cattle owners for treatment of livestock.

In the District polyclinics, taluka mini polyclinics and veterinary dispensaries of six districts out of the nine test checked districts, most of these life saving drugs were out of stock for periods ranging from one to 29 months depriving the cattle owners of the free facility.

The Secretary stated (November 2010) that medicines were procured as per availability of funds from District Planning Committees concerned. However, the Department had submitted a proposal for revision of financial norms for purchase of medicines.

**Life-saving drugs were found out of stock for periods ranging from 1 to 29 months in the district and taluka polyclinics.**

### **Service delivery**

In order to prevent and control the outbreak of various diseases and to provide treatment to ailing livestock, the Department extends various facilities *viz.*, vaccination, diagnostic facilities, treatments and surgeries through its network of service outlets.

Audit scrutiny of the selected units (64) of the Department revealed that implementation of various projects was delayed due to deficient project management. Audit observed significant short fall in achieving the targets as well as deficiency in utilisation of equipment and the scheme funds.

#### **4.1.13 Poultry development**

As per the 18<sup>th</sup> Livestock Census 2007, the poultry population of the State was 2.32 crore. The egg production in the State was between 352 crore and 405 crore during 2005-06 and 2009-10. The four Central Hatcheries at

Aurangabad, Kolhapur, Nagpur and Pune facilitate the availability of improved variety of chicks.

#### 4.1.13.1 Shortfall in production

There was shortfall of eggs and chicks production in four Central hatcheries ranging from 17 *per cent* to 97 *per cent* as compared to the targeted production during 2005-10.

The target and achievement of the Central Hatchery, Pune for the period from 2005-06 to 2009-10 was as shown in Table 4.

Table 4: Target and achievement of eggs and chicks production

(in lakh)

Year	Eggs			Chicks		
	Target	Achievement	Percentage of shortfall	Target	Achievement	Percentage of shortfall
2005-06	7.00	3.72	47	3.20	1.34	58
2006-07	6.85	2.40	65	5.14	0.32	94
2007-08	7.00	2.97	58	3.20	1.55	52
2008-09	7.00	3.04	57	3.20	1.82	43
2009-10	7.00	2.32	67	3.20	1.24	61

Source: Assistant Commissioner of AH, Central Hatchery, Pune

There was shortfall of 47 *per cent* to 67 *per cent* in egg production and 43 *per cent* to 94 *per cent* in chick production during 2005-06 to 2009-10.

The Secretary stated (November 2010) that the shortfall in production was due to old parent stock used for breeding and the outdated machinery, which were now replaced and the production was expected to improve.

#### 4.1.13.2 Payment of compensation to farmers for *Avian Influenza* (Bird Flu)

Outbreak of *Avian Influenza* (Bird Flu) disease was first noticed in Navapur, District Nandurbar in February 2006. However, due to misgivings about the disease, consumption of poultry products was significantly reduced in Maharashtra. As a result, poultry farmers incurred heavy losses during 2005-07. As of February 2006, there were 6,195 poultry farms in Maharashtra having capacity of 1.96 crore broiler birds and 0.89 crore layer birds. To safeguard the poultry business, the GoM sanctioned (April 2006) ₹ 80 crore as assistance to poultry farmers in the State, out of which ₹ 72.15 crore was disbursed to the poultry farmers as compensation for culling of birds through the Department and the balance was surrendered.

During April 2006 to March 2007, the Department issued five resolutions granting compensations of ₹ 80 crore at varying rates to farmers/poultry owners (Appendix 4.10). The following irregularities were noticed in disbursement of compensation by the Department.



### Excess payment of compensation

The DDC, Nashik received ₹ 13.69 crore for granting compensation to poultry farmers in the year 2006-07. Out of this, compensation of ₹ 13.68 crore was paid to 2311 farmers and contract farmers in 2006-07.

Scrutiny of records (June 2010) revealed that the DDC, Nashik paid compensation of ₹ 3.44 crore at 70 *per cent* to 843 individual and contract farmers *vide* GR dated 02 February 2007. Subsequently, *vide* GR dated 30 March 2007 compensation was raised to 100 *per cent* from 70 *per cent*. As there were no fresh claimants for compensation, the balance grant of ₹ 1.24 crore was paid to the 843 beneficiaries to whom 70 *per cent* was paid prior to 30 March 2007 though there was no such provision in the GR. Implementation of the provisions of GR dated 30 March 2007 with retrospective effect resulted in excess payment of ₹ 1.24 crore. Similarly, an excess payment of ₹ 1.20 lakh was noticed in Yavatmal District. Further, in Sangli District, compensation of ₹ 1.90 lakh was paid (December 2006) to eight beneficiaries at 60 *per cent* instead of 42 *per cent* (60 *per cent* of earlier sanctioned compensation of 70 *per cent*) *vide* GR dated 12 October 2006, resulting in excess payment of ₹ 0.57 lakh.

**Compensation of ₹ 1.26 crore paid to farmers/contractors in Bird Flu affected Districts was found irregular.**

In respect of Nasik and Yavatmal Districts, the Secretary stated (November 2010) that the available funds were utilised for granting 100 *per cent* compensation as there were no other beneficiaries available and in respect of Sangli District, the occurrence of excess payment was admitted by the Secretary. Further, he stated that there was confusion at field level regarding the effective dates of implementation of various GRs.

The reply was not acceptable as the GR dated 30 March 2007 did not provide for grant of additional 30 *per cent* compensation with retrospective effect.

#### 4.1.13.3 Non-payment of compensation for destroyed eggs

The Government declared (February 2006) Navapur Municipal Council, Nandurbar District and three km beyond its boundary as eradication area for *Bird Flu*. Accordingly, Government directed that the entire stock of diseased poultries and poultries in-contact be destroyed along with all the poultry products and waste materials. The Commissioner reported (June 2010) to the Department that 14.59 lakh eggs belonging to 20 poultry farms were destroyed in the District. The GoI fixed (February 2008) ₹ 2 per egg as compensation for the eggs destroyed. Accordingly, compensation for the District worked out to ₹ 29.18 lakh. The expenditure was to be shared equally by the GOI and the GOM under ASCAD scheme. The Commissioner however, released (March 2010) only ₹ 6.98 lakh to the DDC. As the norms for payment of compensation were not finalised by the GoM, the Department surrendered the entire fund on 30 March 2010.

The Secretary stated (November 2010) that the GoM had provided the State share in the budget during 2007-08 and 2009-10. However, sanction was not

accorded by the Government for disbursement of compensation, as the norms for payment of compensation were not finalised.

#### **4.1.13.4 Idling of funds sanctioned for establishment of Central Hatchery**

The Department accorded (March 2006) administrative approval for ₹ 13 lakh to purchase equipment and construction of hatchery at Amravati in place of the existing one. Though the PWD handed over the building in September 2008 to the Department, it could not obtain electricity connection and the equipment purchased could not be used as of October 2010. As a result, the poultry farmers of Akola, Buldhana, Washim and Yevatmal Districts were deprived of the benefits and the unit could not earn the projected annual income of ₹ 4.12 lakh, due to non-functioning of the Hatchery.

Further, as per restructuring of the posts (May 2004), the sanctioned strength for Central Hatchery was 13 posts. However, the DDC, Amravati while forwarding the proposal for Central Hatchery at Amravati in November 2005, committed to the Commissioner to carry out the functions of the Central Hatchery with existing seven posts by internal adjustments to avoid additional establishment expenditure. Subsequently, in June 2007, the DDC Amravati demanded another six posts for the Central Hatchery which was rejected by the Commissioner, Animal Husbandry, Pune, citing the initial commitment. As a result, the Hatchery could rear only 400 birds against the capacity of 1000 birds.

The Secretary stated (November 2010) that the Hatchery would be operated with full capacity from November 2010.

#### **4.1.13.5 Cattle and buffalo development**

As per the 18<sup>th</sup> Livestock Census 2007, there were 79.32 lakh cows and buffaloes in the State as against 87.44 lakh in the Census 2003 indicating a decline of 9.28 *per cent* in the cattle population.

Maharashtra stood at sixth place in overall milk production in India. The milk production in Maharashtra increased from 6,769 thousand MT to 7,679 thousand MT (13.44 *per cent*) during 2005-10 as detailed in **Table 5**. However, production was much less compared to the production in Andhra Pradesh, which registered a growth rate of 36.87<sup>21</sup> *per cent* during 2005-10.

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<sup>21</sup> Andhra Pradesh: 7,624 to 10,435: increase of 36.87 *per cent*

**Table 5: Comparative status of milk production**

(in thousand MT)

Sl. No.	Year	India	Andhra Pradesh (All India percentage)	Maharashtra (All India percentage)
1	2005-06	97,066	7,624 (7.85)	6,769 (6.97)
2	2006-07	1,00,869	7,939 (7.87)	6,978 (6.92)
3	2007-08	1,04,840	8,925 (8.51)	7,210 (6.88)
4	2008-09	1,08,465	9,570 (8.82)	7,455 (6.87)
5	2009-10	1,12,360	10,435 (9.29)	7,679 (6.83)

**Source:** Assistant Commissioner, AH, Statistical Survey, Pune**4.1.13.6 Shortfall in achievement of targets**

The genetic improvement, conservation of native breeds, disease control, animal health and treatment for infertility are the major activities of the Department. All these activities are being undertaken through district polyclinics, mini polyclinics and veterinary dispensaries under the administrative control of the respective DDCs and DAHOs by assigning specific targets.

Scrutiny (May-June 2010) of the targets and achievement reports on castration, vaccination, operation and infertility for the period from 2007-08 to 2009-10 in nine selected districts revealed that there was shortfall in achievement of targets ranging up to 78 *per cent* (**Appendix 4.11**) as detailed in **Table 6**.

**Table 6: Activity-wise shortfall during 2007-08 to 2009-10**

Name of the activity	Shortfall range
Castration	upto 55 <i>per cent</i>
Operation	upto 69 <i>per cent</i>
Treatment of infertility	upto 78 <i>per cent</i>
Vaccination	upto 46 <i>per cent</i>

**Source:** Nine selected DDCs

The Secretary stated (November 2010) that the shortfall in achievement of targets was due to vacancies in the Department.

**4.1.13.7 Distribution of milch animals**

The Department implemented various cattle improvement programmes to increase the milk production such as cross-breeding programmes in cows and buffaloes, training of farmers on cross-breeding and animal husbandry practices *etc.*

To provide self-employment to farmers, the Department introduced (January 2000) a scheme of distribution of Milch animals. The scheme contained three plans *viz.*, Special Component Plan (SCP) for distribution of three animals and two animals each under Tribal Sub Plan (TSP) and Other Tribal Sub Plan

In nine test-checked districts, shortfalls ranging up to 78 *per cent* were noticed in achievement of targets set for castration, vaccination, *etc.*, during 2007-10

(OTSP). The guidelines of the scheme to be implemented through DAHOs stipulated the following:

- The subsidy admissible would be 50 *per cent* and the balance 50 *per cent* cost would be either bank credit or beneficiary contribution
- The cost of the animal was fixed as ₹ 14,000 for cow and ₹ 16,000 for buffalo.
- The LDO should carry out physical verification of each animal distributed under the scheme and report the details to the DAHO.
- The DAHO should conduct physical verification of 10 *per cent* of the animals distributed.
- In case of misutilisation of the subsidy by the beneficiary, criminal proceedings were to be initiated.
- The beneficiary should maintain the animals for minimum period of three years.

Scrutiny of records revealed that in seven<sup>22</sup> out of nine test-checked ZPs, subsidy of ₹ 10.98 crore was paid for 13,552 animals distributed to 4,785 beneficiaries (**Appendix 4.12**). However, no quarterly reports regarding present status of animals distributed under the scheme were submitted by the respective Extension Officers (EOs) to the DAHOs. There was no evidence to show that the DHAOs conducted physical verification of 10 *per cent* of the animals distributed to the beneficiaries. In the absence of the status reports of animals distributed, the achievement of objectives of the scheme could not be ascertained in audit. In Nandurbar and Amravati Districts, the quarterly reports were furnished by the Extension Officers to the DHAOs. In DAHO, Amravati and veterinary dispensary Grade-I Taluka Purandar, Pune, 38 (eight cows and 30 buffalos) Milch animals involving subsidy of ₹ 2.96 lakh, out of 57 animals distributed to 19 beneficiaries were sold during 2007-08 to 2008-09 (**Appendix 4.13**). However, the DAHO had not initiated any action against the beneficiaries.

During the exit conference, the Secretary stated (October 2010) that the quarterly reports were not submitted and the physical verification of animals could not be carried out due to shortage of manpower.

#### **4.1.13.8 Unfruitful subsidy due to sale of milch animals under Chief Minister Package**

The GoM observed (February 2006) that the cases of farmers' suicides in six districts<sup>23</sup> of Vidarbha Region were directly related to the depletion of financial conditions and burden of loans on farmers. Accordingly, the Department (February 2006) floated Chief Minister Package of ₹ 30 crore for the six suicide prone districts to supplement and strengthen the financial

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<sup>22</sup> Akola, Aurangabad, Jalna, Nashik, Pune, Sangli, Yavatmal

<sup>23</sup> Akola, Amravati, Buldhana, Yavatmal, Wasim and Wardha

resources of the farmers. It was envisaged that the scheme of distribution of Milch animals, sheep and goats and poultry would supplement the income of farmers. The Package was to be implemented through the Commissioner and Punyashlok Ahilya Devi Sheli Mendhi Corporation. The Package provides for distribution of two large animals or group of 10 sheep and one goat and the cost was considered as ₹ 30,000 and ₹ 28,000 respectively. The subsidy available under the scheme to the beneficiary was 75 *per cent* of the cost and the balance 25 *per cent* was beneficiary's contribution or bank credit. As per the guidelines, the beneficiary was not allowed to sell the animals for five years.

The Chief Minister Package was merged in November 2006 with the Prime Minister Package which was introduced by the GoI in August 2006.

**The objectives of special packages could not be achieved even after providing financial assistance of ₹ 7.26 crore to beneficiaries in three test-checked Districts**

The DDCs of Akola, Amravati and Yavatmal Districts received ₹ 7.66 crore towards the Packages and the funds were fully utilised (March 2006 to March 2007) for distribution of 6090 Milch animals to 3395 beneficiaries. Scrutiny of status reports (March 2010) of the three DDCs revealed that out of the 6090 animals distributed 2249 animals were not available with farmers as these were either sold (517 animals), dead (466 animals) or non-traceable (1266 animals). Thus, the objective of providing subsidy of ₹ 58.16 lakh<sup>24</sup> in respect of 517 animals sold proved unfruitful. Further, accrual of the benefits of the scheme in respect of animals not traceable involving subsidy of ₹ 1.42 crore<sup>25</sup> could not be ascertained.

The Secretary, however, did not reply regarding the action taken on the beneficiaries who sold the animals.

#### **4.1.13.9 Unfruitful subsidy under Prime Minister Package**

The Government of India, Ministry of Agriculture, Department of Animal Husbandry, Dairy Development and Fisheries decided (August 2006) to implement a special livestock and fisheries sector package for six<sup>26</sup> suicide prone districts in the State to provide supplementary source of income to the farming population in these States. An amount of ₹ 27 crore was sanctioned to the State during 2006-07 to 2009-10. The scheme provides payment of 75 *per cent* subsidy for purchase of two animals for each family.

As per the guidelines of the scheme, the beneficiary was not allowed to sell the animal within three years from the date of purchase and it was mandatory for the beneficiary to produce the animal at the time of verification. The beneficiary should contribute 25 *per cent* of the cost of animals. However, there was no provision in the guidelines for periodical verification of the animals distributed to the beneficiaries.

<sup>24</sup> 517 X ₹ 15,000 X 75 *per cent*

<sup>25</sup> 1,266 X ₹ 15,000 X 75 *per cent*

<sup>26</sup> Akola, Amravati, Buldhana, Wardha, Washim and Yavatmal

Scrutiny of status reports for March 2010 in respect of three<sup>27</sup> districts out of six suicide prone districts revealed that out of 10,210 animals distributed during the package period, only 7,361 animals (72 *per cent*) were found available with the beneficiaries during physical verification by the departmental officers. As per the verification reports, 509 animals were dead, 473 were sold and 1,867 could not be verified as they were not in possession of the beneficiary at the time of verification.

Thus, the objective of the scheme could not be achieved despite release of subsidy of ₹ 1.06 crore<sup>28</sup> for 473 animals sold, whereas accrual of the benefits could not be ascertained in respect of subsidy of ₹ 4.20 crore<sup>29</sup> provided for 1,867 animals not in possession of the beneficiaries.

The Secretary had not given specific reply regarding the action taken on the beneficiaries who sold the animals.

#### 4.1.13.10 Shortfall in Artificial Insemination Programme

The Artificial Insemination (AI) is a major programme of the Department for augmenting the livestock through cross breeding. There are 29 AI centres in the State. The district-wise target for AI programme remained the same during 2005-10. The achievement of the AI programme against the targets set in the nine test-checked districts during 2005-06 to 2009-10 is shown in Table 7:

Table 7: Target and achievement of Artificial Insemination  
(Figures in lakh)

District	Target	2005-06		2006-07		2007-08		2008-09		2009-10	
		Achievement	Percentage of short-fall	Achievement	Percentage of short-fall	Achievement	Percentage of short-fall	Achievement	Percentage of short-fall	Achievement	Percentage of short-fall
Akola	0.38	0.23	39.47	0.21	44.74	0.35	7.89	0.36	5.26	0.38	-
Amravati	0.51	0.33	35.29	0.33	35.29	0.45	11.76	0.43	15.69	0.46	9.80
Aurangabad	1.07	0.72	32.71	0.63	41.12	0.70	34.58	0.62	42.06	0.63	41.12
Jalna	0.38	0.24	36.84	0.23	39.47	0.23	39.47	0.24	36.84	0.24	36.84
Nandurbar	0.17	0.05	70.59	0.09	47.06	0.10	41.12	0.11	35.29	0.11	35.29
Nashik	1.50	0.49	67.33	0.65	56.67	0.62	58.67	0.71	52.67	0.81	46.00
Pune	3.19	1.80	43.57	1.62	49.22	1.43	55.17	1.58	50.47	1.65	48.28
Sangli	2.27	1.56	31.28	1.67	26.43	1.64	27.75	1.82	19.82	1.99	12.33
Yavatmal	0.47	0.36	23.40	0.35	25.53	0.38	19.15	0.35	25.53	0.30	36.17

Source: Commissioner, AH, Pune

Thus, there was shortfall ranging from 5.26 *per cent* (Akola in 2008-09) to 70.59 *per cent* (Nandurbar in 2005-06) during 2005-06 to 2009-10.

<sup>27</sup> Akola, Amravati and Yavatmal

<sup>28</sup> 473 X ₹ 30,000 X 75 *per cent*

<sup>29</sup> 1,867 X ₹ 30,000 X 75 *per cent*



In reply, the Secretary attributed (November 2010) the shortfall to shortage of manpower.

#### 4.1.13.11 Shortage of manpower

The sanctioned strength and the men-in-position of the Department as on March 2009 and March 2010 were as detailed in **Table 8**.

**Table 8: Sanctioned strength vis-à-vis men in position**

Category	Sanctioned strength	Men in position (March 2009)	Men in position (March 2010)	Vacancies (March 2009) (percentage)	Vacancies (March 2010) (percentage)
<b>Class I</b>	2,467	2,088	2,037	379 (15)	430 (17)
<b>Class II</b>	390	115	192	275 (71)	198 (51)
<b>Class III</b>	1,869	1,537	1,476	332 (18)	393 (21)
<b>Class IV</b>	1,876	1,662	1,605	214 (11)	271 (14)
<b>Total</b>	<b>6,602</b>	<b>5,402</b>	<b>5,310</b>	<b>1,200 (18)</b>	<b>1,292 (20)</b>
<b>Source:</b> Commissioner of Animal Husbandry					

**There was an acute shortage of manpower in core cadres of Assistant Commissioners and the LDOs**

Shortage of manpower in key posts includes 207 Assistant Commissioners and 376 Livestock Development Officers (LDOs) (**Appendix 4.14**), who were responsible for the functions of polyclinic and dispensaries in the State. Acute shortage in these core cadres had the potential of adversely affecting the animal health care programmes. Further, the Department failed to achieve the targets for major activities. Despite the severe shortage of manpower, the Commissioner did not take action to redeploy the 46 idle personnel in the IVBP where production of vaccines remained suspended between November 2007 and October 2009 and the idle staff were paid salary of ₹ 1.69 crore. It was only in March 2010 that the IVBP took up the matter with the Commissioner for redeployment of the staff.

The Secretary stated (November 2010) that the filling up of the vacant LDO posts was pending at the Government level. Further, there is a one year ban on recruitments from the year 2009.

#### 4.1.13.12 Veterinary dispensaries without Livestock Development Officers

Prevention, control of contagious disease outbreak and treatment of ailing livestock form part of the important activities of the Department. Veterinary polyclinics, veterinary dispensaries (ZPs), check posts and veterinary mini-polyclinics have vital role in prevention, control and treatment of the livestock during disease outbreak.

For effective implementation of these activities, a major re-organisation of the Department was carried out in May 2004. Under the re-organisation, 172 taluka veterinary mini polyclinics were to be established by upgrading the existing 170 veterinary dispensaries (two new mini polyclinics were

established at Babhalgaon, Latur and Ichalkarnjee, Kolhapur). In the newly established mini polyclinics, 860 posts of various cadres<sup>30</sup> were sanctioned including 172 posts of LDOs. As of April 2010, only 66 taluka veterinary mini polyclinics could be established as the Government did not fill up the remaining posts of LDOs. Therefore, 106 mini polyclinics could not be made functional even after six years.

The Secretary stated (November 2010) that the proposal for creation of 106 posts of LDOs was pending with the Government. Further, there was a one year ban on recruitment from the year 2009.

#### **4.1.14 Conclusion**

Audit of Animal Husbandry Department for the period 2005-10 revealed institutional weakness in planning, implementation and monitoring. The Department had not drawn up annual and detailed plans though a five year plan was prepared for 2007-12. The Department's non-compliance with the rules and orders resulted in deficiencies in financial management. Budget estimates for Plan schemes were finalised without obtaining inputs from field offices. Budgetary grants were surrendered or lapsed due to deficient budgetary management. Grants were released to the Zilla Parishads without ensuring utilisation of grants paid earlier. In many cases, reconciliation of cash book balances with bank balances and surprise cash verification were not done. Monitoring of the recovery of loans paid to poultry societies was deficient. Equipment procured for manufacturing vaccines, for analysis of blood samples and for measuring impurities in animal feed were lying idle due to poor planning, lack of trained manpower and chemical reagents. Service delivery by the Department was also far from satisfactory. There were shortages of life saving drugs in veterinary dispensaries. The Department did not achieve the targets set for castration, vaccination, operation and infertility treatment. Central assistance for modernisation of laboratories remained unutilised. Compensations paid to the farmers/ contractors of *Bird Flu* affected poultries were irregular. The objectives of special package for drought prone areas were not achieved due to poor monitoring. Acute shortage of manpower in core cadres adversely affected the implementation of animal health care programmes. Internal audit was not conducted as per the norms due to shortage of manpower.

#### **4.1.15 Recommendations**

- Realistic budget estimates should be prepared to avoid surrender/lapse of grants and the mismatch between the projection and the implementation of the schemes.

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<sup>30</sup> One post each of the Assistant Commissioner, Livestock Development Officer, Livestock Supervisor, Senior Clerk and Attendant.



- As directed by the Public Accounts Committee, the Government should take effective steps to recover the long pending loans given to the poultry cooperative societies.
- Facilities created for manufacture of vaccines should be operationalised early for research and effective disease control.
- An efficient monitoring mechanism should be set up by the Government to ensure that the animals are retained by the beneficiaries so that programme objectives are achieved.



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