

Chapter

4

Chief Controlling Officer based Audit

ANIMAL HUSBANDRY, FISHERIES AND DAIRY DEVELOPMENT DEPARTMENT

4.1 Chief Controlling Officer based audit of Animal Husbandry Department

4.1.1 Introduction

The Chief Controlling Officer (CCO) centric audit is a comprehensive appraisal of the functioning of a department, identifying systemic issues that need to be addressed at various appropriate levels. The audit focuses on the risks that have an impact on the internal controls and the achievement of objectives for which the department was established/demands for grants were sanctioned by the Legislature. Apart from the regularity and compliance issues all the important aspects of functioning of the department viz. financial management, planning and project management, monitoring, internal controls and human resource management etc. are covered in this appraisal.

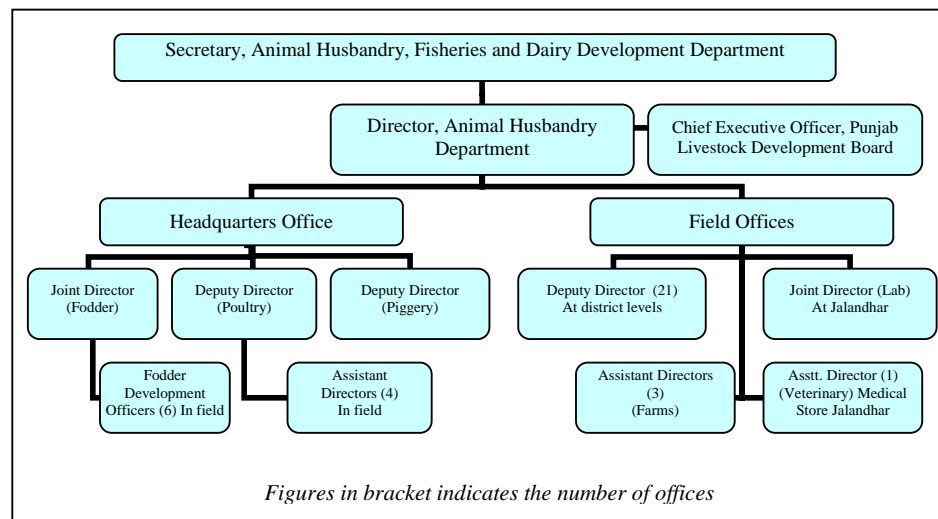
The Animal Husbandry Department (AHD) was selected for CCO based audit. It has 40 Drawing and Disbursing Officers (DDOs) and the funds are provided under one grant for paying focused attention to animal welfare. As per the livestock census (2007-08), the livestock population in the State was 262.39 lakh, which included 17.61 lakh cattle, 50.02 lakh buffaloes, 1.89 crore poultry birds and 5.76 lakh other animals (sheep, goats, pigs and others).

The Animal Husbandry Department is responsible for all round development of the livestock in the State. The department implements various programmes to improve the genetic potential of livestock, to provide effective health care to the livestock and to provide improved feeding management practices and carries out extension services in the field of Animal Husbandry. The main health activities undertaken by the department are clinical treatment, regular vaccination and artificial insemination.

For undertaking the various activities, the State Government has established 10 veterinary polyclinics for diagnosis and treatment of complicated diseases of animals; 785 veterinary hospitals and 1485 veterinary dispensaries; four livestock breeding farms for the production and regular supply of exotic and crossbred breed; two semen banks for the production of frozen semen and semen supply; two poultry and turkey birds farms and 26 mobile health care units to provide veterinary aid facilities at the door steps of farmers.

4.1.2 Organizational set up

The organizational set up of the Animal Husbandry Department is given below:



Apart from above, the Punjab Livestock Development Board (PLDB) was established (June 2001) to perform the functions of the principal implementing agency for the implementation of Cattle and Buffalo Breeding Project and to act as a nodal agency to supplement the efforts of Animal Husbandry Department in the all round development of livestock in Punjab on modern, scientific and commercial lines and to implement central sector/centrally sponsored schemes.

Punjab State Veterinary Council, a regulatory body responsible for registration of veterinary graduates and regulation of veterinary education in the State, was formed under the Punjab Veterinary Council Act, 1981 and came into existence during the year 1983.

4.1.3 Scope of Audit

The records of all the 40 drawing and disbursing officers (DDOs) indicated in the above organizational chart who are managing 10 polyclinics²⁹, 785 hospitals, 1485 dispensaries, six farms³⁰, two semen banks³¹, one medical store (Jalandhar) and 26 mobile units through which AHD operates were test checked during April 2010 to July 2010 and April 2011 to June 2011 covering the transactions of the Department for the year 2009-10 and 2010-11. In addition, the records of the 'Punjab Livestock Development Board' which is a nodal agency for implementation of Cattle and Buffalo Breeding Programme was also test checked during this period. The audit process involved collection of data and its analysis, issue of questionnaires to the departmental

²⁹ Bathinda, Ferozepur, Faridkot, Gurdaspur, Hoshiarpur, Mansa, Muktsar, Ropar, Sangrur and Patiala.

³⁰ Kapurthala, Kulemajra, Mattewara, Nabha, Patiala and Ropar.

³¹ Nabha and Ropar

officials as well as to the beneficiaries and discussions with officials at various levels.

An entry conference was held (April 2010) with the Secretary to the Government of Punjab, Department of Animal Husbandry, Fisheries & Dairy Development during which the purpose of CCO based audit, audit objectives, scope and methodology of audit etc. were explained, besides seeking suggestions of the department.

An exit conference was held on 20 October 2011 wherein the audit findings were discussed with the Financial Commissioner and Secretary to Government of Punjab, Department of Animal Husbandry, Fisheries and Dairy Development and Director, Animal Husbandry, Punjab, Chandigarh. The views of the departmental officers have been incorporated in the report after due consideration.

4.1.4 Audit criteria

Procedure and norms laid down in the Punjab Budget Manual and Subsidiary Treasury Rules; Government of India's (GoI) guidelines and the Punjab Government notifications and instructions issued from time to time for implementation of the State/Centrally sponsored schemes; provisions contained in the Punjab Financial Rules, departmental Acts, Rules, policies and regulations were used as the main sources of audit criteria in evaluating the functioning and performance of the department.

4.1.5 Audit Objectives

The audit objectives were to ascertain whether: -

- the infrastructural facilities including the farms, polyclinics, hospitals and dispensaries were utilized to the full extent in achieving effective health care for the livestock;
- the budgetary and financial management were carried out adhering to the rules and procedures and the principles of economy and efficiency; the various schemes were carried out efficiently, economically and effectively;
- the human resources was adequate and used effectively; and
- the internal control including monitoring mechanism was adequate and effective in achieving the objectives of the department.

I. Performance of activities

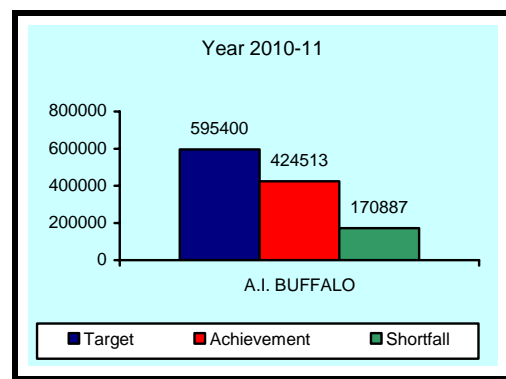
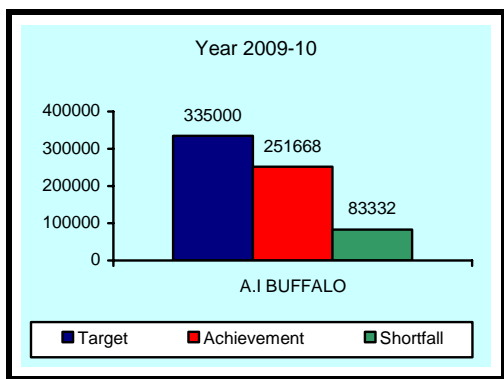
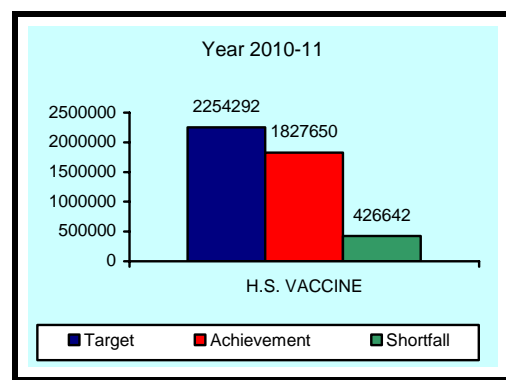
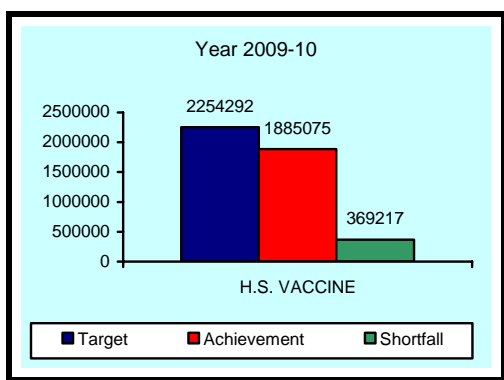
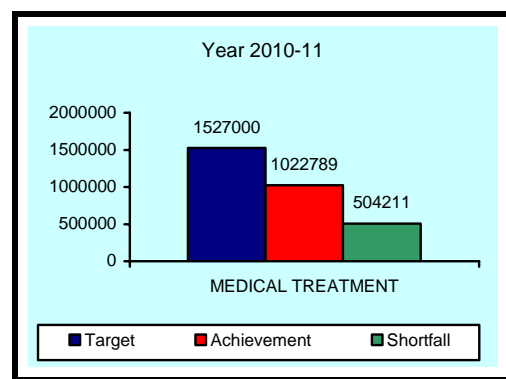
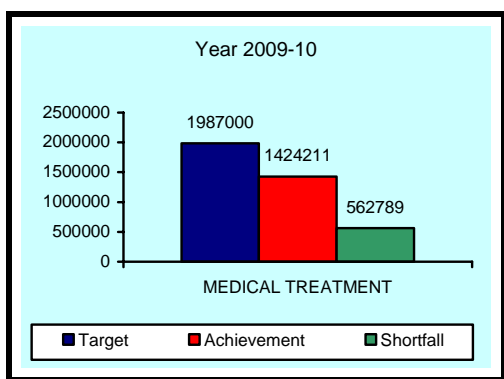
4.1.6 To achieve complete health care of the animals, the department carried out regular activities like medical treatment of livestock, artificial insemination (AI) and vaccination against diseases in the veterinary hospitals, dispensaries and polyclinics. The targets and achievements in respect of medical treatment, vaccination and AIs performed by the department during 2009-11 in the State as a whole are as given in **Table 4.1**.

Table 4.1: Position of targets fixed and achieved

Sr. No.	Name of activity	2009-10			2010-11		
		Target fixed	Achievement	Percentage	Target fixed	Achievement	Percentage
1	Medical treatment	50.00	43.80	87.59	50.00	47.09	94.19
2	H.S. Vaccine	67.62	60.15	88.55	67.62	60.61	89.63
3	A.I. buffalo	14.75	14.65	99.32	17.45	15.48	92.29
4	A.I. cow	19.25	19.82	106.44	19.25	20.29	108.99

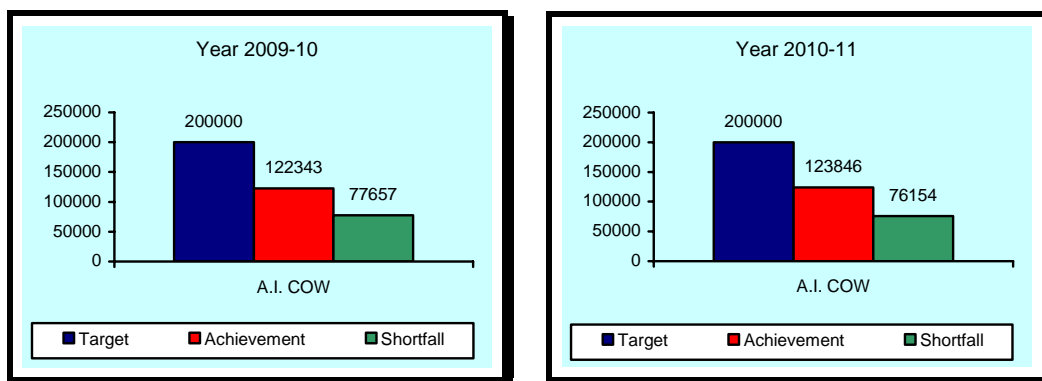
(Number of cases in lakh)

However, in seven³² out of 20 districts where there was significant shortfall, are given in the graphs below:-



³²

Fatehgarh Sahib, Ferozepur, Gurdaspur, Ludhiana, Patiala, Sangrur and Tarn Taran.



Although, the department stated that the targets were fixed on the basis of number of animals in the State and the manpower capacity of the department yet the department attributed the shortfall in all the four activities (in seven districts) which ranged between 12 and 53 *per cent*, to the shortage of manpower. This shows that the available manpower was not kept in view by the department while fixing targets.

II. Functioning of the breeding farms

4.1.7 To improve the genetic potential of animals and to make available the high yielding breeds for cross breeding etc, the department has established four breeding farms. Audit scrutiny of performance of these farms disclosed that they are not run effectively and economically as discussed below:-

i) Pig breeding farms

For bringing genetic improvement in the indigenous breed of pigs, cross breeding programme in pigs had been taken up in the State. Six pig breeding farms have been established at Chhajju Majra, Nabha, Jalandhar, Mallwal, Mattewara and Gurdaspur. At these pig breeding farms, pig of exotic breed namely 'large white Yorkshire' are reared and used for cross breeding. These farms supply exotic piglets of superior germ plasm to the pig breeders for cross breeding. The farms had staff strength of 34 and 33 officers/officials during 2009-10 and 2010-11 respectively. Details of the targets fixed for breeding piglets and the actual number of piglets bred during the period 2009-10 to 2010-11 were as given in **Table 4.2**.

Table 4.2: Position of targets fixed and achieved

Year	Target	Number of piglets born	Shortfall	Percentage of shortfall
2009-10	1900	1164	736	39
2010-11	1955	1615	340	17

The shortfall in production of piglets was 17 and 39 *per cent* during the years 2009-10 and 2010-11 respectively.

ii) Buffalo breeding farm

The department maintains a buffalo breeding farm over 105 acres at Mattewara with a view to produce potential bulls for cross breeding and for generating supply of semen to the semen banks. Murrah and Nili Ravi breeds of buffaloes were to be reared in this farm.

Scrutiny of records in the office of the Deputy Director, Mattewara revealed that while the farm employs 18 officials, no specific targets were fixed for breeding bulls on a year to year basis. We observed that no bulls were actually supplied to the semen banks in 2007-08. During the years 2008-09 to 2010-11, seven, 20 and nine bulls were supplied to the semen bank, Nabha. Of these, 12 bulls were purchased from Bhiwani. Thus, the total number of bulls produced in the farm having a herd strength of 172 Murrah calves during a period of four years averaged less than nine. The maintenance of Nili Ravi breed was stopped at this farm since 2006 for which no reasons were intimated.

It is apparent that the buffalo breeding farm is functioning sub-optimally without any ameliorative action on the part of the department.

iii) Sheep breeding farm

In order to increase the wool yield of local sheep and to improve the mutton type sheep, the department, in 1960, launched the sheep cross breeding programme. The first Government Sheep Breeding Farm was set up at Mattewara, (District Ludhiana) over 103.5 acres of land in 1968-69 with imported Australian breeds of sheep. The farm has staff strength of 14³³.

The main objective of the farm was to provide exotic and cross bred rams (adult male sheep) to the sheep breeders at subsidized rates and to supply rams to the Government Sheep Breeding Centres in the State for providing free cross breeding services. As of March 2011, the farm had accumulated a stock of 587 corriedale, 293 ram-bouillet and 125 poldorset breeds of Australian sheep in the farm at Mattewara.

It was noticed that no rams were either demanded or supplied to the Government Sheep Breeding Centres during 2009-10 and 2010-11 which were required to provide cross breeding services to sheep breeders free of cost. Only 59 rams of poldorset, 248 of corriedale and 116 rams of ram-bouillet breeds were sold to the sheep breeders during 2008-09 to 2010-11. Thus, the very purpose of establishing and operate this farm stood defeated at an average annual cost of ₹ 36.30 lakh.

iv) Rabbit breeding farm

The department set up a Rabbit Breeding Farm at Dhar (District Gurdaspur) in the year 1994-95 over 112.62 acres. In October 1996, 100 German Angoora rabbits were imported for production of meat, fine quality of wool and for

³³ One Veterinary Officer, one Veterinary Inspector and 12 Class-IV.

promoting rearing rabbits as pet animals. The farm has staff strength of nine³⁴. Audit scrutiny revealed that this farm was maintained at an annual cost of ₹ 59.26 lakh during 2009-10 to 2010-11 whereas the revenue of ₹ 0.70 lakh by sale of rabbits, wool and fodder which was abysmally low. The sale of rabbits during these two years had fetched merely ₹ 450 as is evident from the details given in **Table 4.3** which shows that the objective of the farm was not fulfilled.

Table 4.3: Position showing expenditure incurred and income accrued

(₹ in lakh)			
Year	Expenditure	Income (by sale of rabbit, wool & fodder)	Loss
2009-10	26.11	0.38	25.73
2010-11	33.15	0.32	32.83
Total	59.26	0.70	58.56

Deputy Director, Rabbit Breeding Farm, Dhar stated that the farm had been running uneconomically due to increasing cost of inputs, less infrastructure for rabbits as the farm was being run in sheep sharing shed instead of separate shed constructed for rabbit rearing, shortage of water supply and local people not being interested in rabbit rearing.

During the exit conference held on 20th October 2011, the Financial Commissioner directed the Director to initiate steps/ corrective measures to improve the functioning of these farms or alternatively consider closure all the four farms which do not yield good results and change the objectives of farms for some other purpose keeping in view the current social requirements.

III. Functioning of the polyclinics

4.1.8 For providing specialized and multi-disciplinary services for diagnosis and treatment of the complicated livestock diseases, 10 Polyclinics were functioning in the State during 2009-10 and 2010-11.

Even as specialized doctors such as Surgeons, Pathologists, Gynecologists and Microbiologists were required to be posted in the polyclinics, audit scrutiny revealed that availability of specialist doctors in other 3 districts viz. Gurdaspur, Hoshiarpur and Ropar was satisfactory. However, no specialized services were provided in the polyclinics at Ferozepur due to non-posting of any specialist doctor whereas in six other polyclinics³⁵, against the required norms of four specialists, only one or two specialists were working. This resulted in shortfall in providing specialized treatment viz. surgical operations/gynecology treatment and microbiology/pathology tests in four districts as per details given in **Table 4.4**.

³⁴ One Veterinary Officer, one Veterinary Inspector and 7 Class-IV.
³⁵ Bathinda, Faridkot, Muktsar, Mansa, Patiala and Sangrur.

Table 4.4: Position showing targets fixed and achieved by Polyclinics

(in number)

Sr. No	Name of the district	Name of activity	2009-10			2010-11		
			Target	Achievement	Shortfall (percentage)	Target	Achievement	Shortfall (percentage)
1	Ferozepur	Surgical Operation	900	15	98	75	Nil	100
		Microbiology	1000	Nil	100	1000	Nil	100
		Pathology	2400	82	97	600	85	86
2	Faridkot	Surgical Operation	900	486	46	900	234	74
		Pathology	2500	1323	47	-	-	-
		Gynecology	-	-	----	2500	1299	48
3	Mansa	Surgical Operation	900	72	92	900	676	25
		Gynecology	-	-	-	2100	1643	22
		Pathology	2500	1808	28	-	-	-
4	Sangrur	Surgical Operation	900	135	85	900	515	43

The shortfall in the performance of above polyclinics ranged between 25 and 100 per cent in surgical operations, 100 per cent in microbiology, 28 and 97 per cent in pathology, and 22 and 48 per cent in gynecology during 2009-10 and 2010-11 respectively. Consequently, the animals in these districts suffering with complicated diseases had to be taken to polyclinics of other districts for treatment.

The department while admitting the facts stated (October 2011) that shortfall was attributable to non availability of specialist staff in polyclinics.

IV. Functioning of mobile vans

4.1.9 To provide veterinary services at the doorstep of farmers, the department introduced (1992) 26 mobile veterinary units at tehsil level in the State. It was noticed that there was shortfall in achievement of targets in terms of clinical treatment and artificial inseminations (AIs) performed by these units during 2009-11 as per details given in **Table 4.5**.

Table 4.5: Position showing targets fixed and achieved by mobile vans

(Number of cases)

Sr. No	Name of the activity	2009-10			2010-11		
		Targets	Achieved	Shortfall (percentage)	Targets	Achieved	Shortfall (percentage)
1.	Medical treatment	65,000	19,361	70	60000	23689	61
2.	A.I. Performed	39,000	777	98	36000	1012	97

Our scrutiny of these shortfalls revealed that these mobile units had conducted only 1048 and 1361 visits during 2009-10 and 2010-11 respectively which worked out to be less than eight visits per van per month even though more or less only one van was available in district. In three districts viz. Gurdaspur, Amritsar and Taran Taran, not a single visit was conducted during these years.



Mobile van without any required equipment and apparatus in the office of the Deputy Director, Animal Husbandry, Sangrur

It was noted that in these three districts, the vans were being used for transportation of liquid nitrogen gas, semen and medicines. Moreover, out of 26 mobile units, 16 units were not fitted with the required equipment and apparatus and not supplied with sufficient medicine. Thus, the purpose for which the mobile veterinary units were introduced was largely not achieved.

During exit conference, the department admitted (October 2011) that these mobile units were very old and were no longer in a road worthy condition.

V. Disease control

4.1.10 Manufacture of vaccine without valid license

The Punjab Veterinary Vaccine Institute (PVVI), Ludhiana was set up for manufacturing of various biological products required for control of different diseases affecting the livestock including poultry. Government of India enforced the Good Management Practices (GMP) Standard with effect from 1st July 2005 which was further extended to 31 December 2006. During 2006-07, the Haemorrhagic Septicemia laboratory of the institute was brought under the GMP standards. Broadly, GMP standards include renovation/modification in building and civil works, Air handling units (central A.C), production area, warehouse area, quality control lab, environmental monitoring, standard animal house, sanitation, equipment, water disposal and steam systems, qualified personnel, latest manufacturing process, documentation and assuring the quality of finished product.

Audit scrutiny revealed that the manufacturing license of PVVI had not been renewed since January 2007 due to non fulfillment of the conditions/standards of GMP. The Drug Inspector, Ludhiana directed the PVVI to stop manufacture of the vaccine and issued show cause notice (June 2008) for initiating legal action against it. No progress has been made since then in meeting with GMP standards. The proposal for renovation and up-gradation of the PVVI at an estimated cost of ₹ 20 crore so as to implement the GMP Standards was sent to the Director, in January 2009. No funds have been provided for the purpose so far by the State Government. In the meanwhile, vaccine to the extent of 6.88 crore units costing ₹ 5.34 crore were manufactured since January 2007 without obtaining valid license in violation of the Drugs and Cosmetic Act.

Audit observed that on the one hand, the department had reported budgetary savings and on the other hand it had failed to provide funds for up-gradation of an important vaccine producing unit, thus, exposing the entire population of livestock in the State to the risk of sub-standard vaccines.

The department admitted the facts and stated (October 2011) that efforts would be made to get the license renewed by adopting GMP standards.

VI. Infrastructure development

4.1.11 To achieve the objectives of providing effective health care to the livestock wealth of the State, existence of civil veterinary hospitals (CVHs)/ civil veterinary dispensaries (CVDs) having safe buildings with at least two/three rooms with electricity connections is essential.

Scrutiny of records/information relating to these facilities in 10 districts³⁶ revealed that out of 534 CVHs, in these districts, 214 CVHs were working without electricity connection and 204 needed major repairs. Similarly, out of 707 CVDs, 53 CVDs were working in one room, buildings of 305 CVDs needed major repairs and 350 CVDs were working without electricity connection. The funds under the scheme “Renovation and up-gradation of veterinary institutions” amounting to ₹ 20 crore were not released by the Government of Punjab as discussed in the paragraph 4.1.12.5.



**Civil Veterinary Hospital, Dher,
District Ropar**



**Civil Veterinary Dispensary Bajroor,
District Ropar**

³⁶ Bathinda, Ferozepur, Faridkot, Gurdaspur, Hoshiarpur, Kapurthala, Muktsar, Patiala, Ropar and Sangrur

The Director stated (October 2011) that up-gradation of infrastructure of CVHs/ CVDs was in process under various schemes.

VII. Financial management and implementation of schemes

The budget allocation and expenditure under non plan and plan head and implementation of various schemes were scrutinized and discussed in the following paragraphs.

4.1.12 Budgetary and financial control

Funds are provided by the State Government to the Animal Husbandry Department through the annual budget under the “Grant number 2-Animal Husbandry and Fisheries”. This includes the funds received from Government of India (GoI) for implementing the various Centrally Sponsored Schemes (CCS) and the State’s own funds meant for implementing the schemes/programmes of the State. The provisions made in the budget vis-à-vis expenditure incurred by the department during 2009-11 are discussed below:

4.1.12.1 Non-Plan expenditure

The budgetary provisions under the Non-plan head as indicated in the table below relate to pay and allowances, procurement of material and equipment etc.

Table 4.6: Budget allotment and expenditure under Non plan			
(₹ in crore)			
Year	Budget allotment	Expenditure	Saving
2009-10	165.08	162.39	2.69
2010-11	196.16	193.18	2.98

The major portion (98 *per cent*) of expenditure was incurred on pay and allowances of the staff.

4.1.12.2 Plan expenditure

The Plan expenditure, being the expenditure on implementation of programmes and schemes, is the indicator of development. The department had implemented 30 schemes (**Appendix-4.1**), out of which, audit observations in respect of 15 schemes have been made in this report and in respect of remaining 15 schemes, no audit observation was found to be reported. Out of 30 schemes, 15 schemes were centrally sponsored schemes and were fully funded by GoI, four schemes were funded by GoI and Government of Punjab (GoP) on shared basis and the remaining 11 schemes being State’s own schemes were funded by State Government. The overall details of funds released by GoI/GoP during 2009-10 and 2010-11 for various schemes and expenditure there against are given in **Table 4.7**.

Table-4.7: Details of funds released and expenditure under Plan schemes

Nature of the scheme/ (Number of schemes)	Year	Planned outlay (percentage of share of GoP)	Funds to be released	Funds actually released		Expenditure	Short release of funds (percentage)	
				GoI	GoP		GoI	GoP
Centrally Sponsored Schemes (15)	2009-10	7.58(Nil)	7.58	3.11	2.74	1.58	4.47(59)	0.37(12)
			13.20	9.19	6.48	4.25		
	2010-11	13.20(Nil)					4.01(30)	2.71(30)
	Total (A)	20.78	20.78	12.30 ³⁷	9.22	5.83	8.41(41)	3.08(37)
State Funded Schemes (11)	2009-10	29.85(100)	29.85	3.11	15.72	9.60		14.13(47)
	2010-11	56.85(100)	56.85		36.65	29.20		20.20(36)
	Total (B)	86.70	86.70		52.37	38.80		
Shared Central/State Schemes ³⁸ (4)	2009-10	4.41 (GoI)	4.41	3.04	2.81	2.81	1.37	0.23 (08)
		1.91 (GoP)	1.91		1.00	0.82	(31)	0.91 (48)
	2010-11	7.39 (GoI)	7.39	6.80	6.57	6.07	0.59	0.23 (03)
		2.72 (GoP)	2.72		2.24	1.55	(8)	0.48 (18)
	Total	11.80 (GoI)	11.80	9.84(GoI)	9.38	11.23	1.96	0.46
		4.63 (GoP)	4.63	Nil (GoP)	3.24		(17)	(30)
	Total (C)	16.43	16.43	9.84	12.62	-		
Grand Total (A+B+C)		123.91	123.91	22.14	74.21	55.88		

a) Centrally Sponsored Schemes

During the year 2009-11, against the planned outlay of ₹ 20.78 crore for the centrally sponsored schemes, GoI released ₹ 12.30 crore (59 per cent) resulting in short release of ₹ 8.48 crore.

- Out of ₹ 12.30 crore released by GoI, the State Government released ₹ 9.22 crore (75 per cent) resulting in short release of ₹ 3.08 crore by State Government. No reasons for short release were intimated.
- Out of ₹ 9.22 crore, an expenditure of ₹ 5.83 crore (63 per cent) was incurred and the balance of amount of ₹ 3.39 crore was not utilized by the department due to non/late release of funds by the Finance Department and non passing the bills by the treasuries.

³⁷ Including ₹1.27 crore released by Government. of India directly to the Regional Disease Diagnostic Laboratory, Jalandhar (2009-10 = ₹0.86 crore; 2010-11 = ₹0.41 core).

³⁸ These schemes were in the ratio of 50:50 and 75:25

b) State Plan Schemes

The expenditure under State Plan schemes included mainly plan assistance to Guru Angad Dev Veterinary and Animal Science University (2009-10: ₹ 8 crore and 2010-11: ₹ 15 crore), up-gradation and construction of new veterinary polyclinics under RIDF-XIII project assistance by NABARD (2009-10: ₹ 1.40 crore and 2010-11: ₹ 3.75 crore), and strengthening of the veterinary institutions in the State under RIDF-XIV project financed by NABARD (2009-10: ₹ 1.00 crore and 2010-11: ₹ 9.92 crore), Audit analysis revealed that:-

- During 2009-11, against the total planned outlay of ₹ 86.70 crore, the State Government released ₹ 52.37 crore only (60 *per cent*) resulting in short release of ₹ 34.33 crore. Due to short release of funds by the State Government, construction and up-gradation of the polyclinics and renovation of the veterinary institutions could not be completed. The reasons for short release of the funds by the State Government were not intimated.
- Out of ₹ 52.37 crore, an expenditure of ₹ 38.80 crore (74 *per cent*) was incurred and the balance of amount of ₹ 13.57 crore was not utilized due to non/late release of funds by the Finance Department and non-passing the bills by the treasuries.

c) Shared schemes between GoI and State Government

During the year 2009-11 against the planned outlay of ₹ 11.80 crore for the shared schemes, GoI released ₹ 9.84 crore (83 *per cent*) resulting in short release ₹ 1.96 crore.

- Out of ₹ 9.84 crore released by GoI, the State Government released ₹ 9.38 crore resulting in short release of ₹ 0.46 crore. No reasons for short release were intimated.
- Against the planned outlay of ₹ 4.63 crore for shared schemes, the GoP released ₹ 3.24 crore (70 *per cent*) resulting in short release of ₹ 1.39 crore. No reasons for short release of its own share were intimated.

The above mentioned facts bring out poor state of budgetary and financial control of the State. Impact of non release/utilization of funds has been discussed in the paragraphs no.4.1.12.3 to 4.1.16.

4.1.12.3 Failure to release entire budgeted outlay

Audit scrutiny revealed that in respect of five schemes, no funds were released at all for implementation of the schemes during 2009-10 as details given in **Table 4.8.**

Table 4.8: Schemes where funds were not released as per budgeted outlay

(₹ in crore)

S. No.	Name of scheme	Proposed outlay	Amount released
1.	Punjab State Animal Health Institute & Mobile Health Care Units	1.00	Nil
2.	Development of Piggery Sector in the State	0.75	Nil
3.	Development of other livestock like poultry, goat, sheep & turkey etc.	2.10	Nil
4.	Animal Husbandry Extension & Training Programme	0.20	Nil
5.	Grant-in-aid to registered Gaushalas in the State	1.00	Nil
	Total	5.05	Nil

Scrutiny of records revealed that schemes at Sr. No. 4 and 5 having outlay of ₹ 1.20 crore were not implemented on the plea of financial crunch in the State, whereas funds amounting to ₹ 3.85 crore for the schemes at Sr. No. 1, 2 and 3 were not released due to piecemeal objections being raised by the Finance Department. The plea of financial crunch was not convincing as there were huge savings in some other schemes³⁹. The non-release of the entire budgeted allocation of ₹ 5.05 crore reflects the casual approach in budgetary process by the State Government.

4.1.12.4 Denial of benefits to the Scheduled Caste beneficiaries

The scheme titled “Special Central Assistance (A.H.)-I-100 percent Centrally Sponsored Scheme Female Buffalo Calf Rearing” was sanctioned (July 2009) by GoI with the objective of providing subsidy to the below poverty line Scheduled Caste families at the rate of ₹ 10,000 for setting up of 300 units of three buffalo calves each (including insurance of calves).

During the years 2009-10 and 2010-11, an amount of ₹ 60 lakh (₹ 30 lakh for each year) was released by the Finance Department for the implementation of above scheme to the Director, of which, only ₹ 0.98 lakh and ₹ 16.87 lakh were actually spent by respective DDOs⁴⁰ during the first and second year respectively.

The balance amount of ₹ 42.15 lakh remained unutilized due to inordinate delay in release of funds and non-passing of bills by the treasury offices. Thus, inefficiency in releasing the funds deprived the intended benefits to 421 (290:2009-10 and 131:2010-11) Scheduled Castes beneficiaries as only 179 out of the targeted 600 beneficiaries were given the benefits.

³⁹ Setting up of new and strengthening of existing veterinary polyclinics in the State : ₹ 24.36 lakh, Plan assistance to (GADVASU) at Ludhiana : ₹ 80.00 lakh, Upgradation and construction of veterinary polyclinics under RIDF XIII Project (NABARD): ₹ 332.60 lakh and setting up of new polyclinics and strengthening of veterinary institutions in the State under RIDF XIV Project (NABARD) : ₹ 174.68 lakh

⁴⁰ Amritsar , Bathinda, Gurdaspur, Fatehgarh Sahib, Ferozepur, Kapurthala, Ludhiana, Moga, Nawanshahar, Patiala and Sangrur.

4.1.12.5 Release of the Central Assistance

Additional Central Assistance of ₹ 20 crore was available for up-gradation of veterinary institutions in the State through a GoI scheme which involved release of 30 *per cent* (₹ 6 crore) assistance as grant provided the balance 70 *per cent* (₹ 14 crore is arranged by the State through market borrowings. To take advantage of the scheme, the Director moved a proposal (July 2010) stating that the funds could be utilized for repair of existing buildings of veterinary institutions in the State which were in poor condition. The Government, through the Financial Commissioner cum-Secretary, Animal Husbandry Department, moved the Finance Department for securing central assistance. Consequently, a provision was made in the revised budget for the year 2010-11 based on which a sum of ₹ 6 crore was released (February 2011) by the GoI, Ministry of Finance to the State. Despite this, the State Finance Department without assigning the reasons withheld the funds from the Animal Husbandry Department during the year 2010-11.

The Director stated (October 2011) that Finance Department has released (June 2011) the Additional Central Assistance during 2011-12 and the scheme would be implemented during 2011-12.

4.1.13 Implementation of the schemes

GoI provided central assistance of ₹ 2.97 crore for implementation of the three schemes for development of the livestock in the State as given in **Table 4.9**.

Table 4.9: Details of schemes not implemented

(₹ in lakh)

Sr.No	Name of the scheme	Year	Month of release	Amount released by GoI	Funds released by GoP	Sharing basis
1	2	3	5	4	6	7
1	Integrated sample survey and cost of production of milk and egg	2009-10	May 2009	5.00	Nil	50:50
			August 2009	17.98	Nil	
		2010-11	June 2010	22.98	Nil	
2	Fodder and Feed Development Scheme	2010-11	December 2010	189.37	Nil	100 CS
3	Foot and Mouth Disease Control programme (FMD)	2010-11	March 2011	62.00	Nil	
	Total			297.33	Nil	

Scrutiny of records revealed that funds to the tune of ₹ 2.97 crore were released/revalidated by GoI during 2009-10 and 2010-11, but the Government of Punjab not only failed to release its own share of funds but also withheld release of central funds to the implementing department without assigning any reasons. Consequently, these schemes for which funds were earmarked have remained unimplemented.

4.1.14 Failure to draw GoI funds in time

The Director submitted (September 2010) a proposal to the Ministry of Agriculture, GoI for implementation of scheme for strengthening of the existing veterinary hospitals and dispensaries for control of Brucellosis disease of animals. Though GoI released ` 98.18 lakh in September 2010 for this schemes, Finance Department in the absence of a suitable provision in the budget, did not accord the sanction for the scheme. The Director was asked to resubmit the proposal after inclusion of the scheme in the Revised Budget Estimates. The case remained under correspondence between the Finance Department and the Director from December 2010 to February 2011. Government of Punjab ultimately accorded administrative approval and sanction for release of funds on 21 March 2011. The scheme could not be implemented in 2010-11. The department stated that bills were submitted (28 March 2011) by the Director, but the District Treasury Officer, Chandigarh did not pass the bills. The GoI revalidated (May 2011) the sanctioned amount for implementation of the scheme during 2011-12. Thus, due to inaction/laxity on the part of the department/State Government, funds released by GoI could not be utilized (November 2011).

4.1.15 Under-utilization of funds under the Livestock Insurance Scheme

For promotion of the livestock, it was felt that besides effective disease control measures and improvement of genetic make up of the animals, mechanism of assured protection against losses of animals was essential. The GoI approved a centrally sponsored scheme on livestock insurance for implementation during the 11th Five Year Plan.

Under this scheme, all female cattle/buffaloes yielding at least 1500 litres of milk per lactation were considered high yielding and could be insured for minimum of their current market value limited to two animals per beneficiary. The beneficiaries were to be given one time insurance of animals upto a maximum period of three years. The expenditure on premium to the tune of 50 *per cent* was to be borne by GoI as subsidy and the balance 50 *per cent* of the insurance premium was to be borne by the beneficiary.

Scrutiny of records in the office of the Chief Executive Officer, Punjab Livestock Development Board (CEO, PLDB), revealed that the financial targets were not achieved since start of the scheme i.e. 2006-07 to 2011-12 as detailed in **Table 4.10**.

Table 4.10: Position of funds released and utilized under Livestock Insurance Scheme

(₹ in crore)				
Year	Amount released	Numbers of animals insured	Amount utilized	Balance
2005-06	1.25	-	-	1.25
2006-07	3.02	13701	0.69	3.58
2007-08	-	1276	0.29	3.29
2008-09	-	8572	0.50	2.79
2009-10	-	1588	0.30	2.49
2010-11	-	6658	0.38	2.11
2011-12	-	19259	1.22 (upto 12-1-2012)	0.89
Total	4.27	51054	3.38	

Central assistance of ₹ 4.27 crore received during 2005-06 and 2006-07 was not fully utilized till January 2012. The CEO, PLDB stated that remaining amount of ₹ 0.89 crore (kept in bank) would be spent by March 2012.

4.1.16 Failure to utilize funds

With a view to provide training at government poultry farms/ poultry service centres to interested persons, the State Government approved (August 2010) a plan scheme “Development of other livestock like poultry, goats, sheep and turkey farming in the State” for ₹ 2.10 crore. As per instructions of the Finance Department, the funds were to be released in a graded manner over the year subject to submission of utilization certificates for the previous releases. The Finance Department released an amount of ₹ 52.50 lakh in August 2010 and another sum of ₹ 52.50 lakh in October 2010. Out of ₹ 1.05 crore, the department could utilize ₹ 8.28 lakh only. As the department failed to utilize the funds, on the advice of the Planning Department, the budget allotment was reduced to ₹ 25.73 lakh in December 2010 but this amount was also not released by the Finance Department.

On being enquired, the Director stated that the bills were not cleared by the treasury (October 2011).

4.1.17 Submission of Detailed Contingent Bills

Note 5 of Rule 275 (2) of the Punjab Treasury Rules read with Rule 8.8. of the Punjab Financial Rules Volume-I provides that Detailed Contingent (DC) bills should be prepared for the amount drawn on Abstract Contingent (AC) bills in any month and should be headed as pertaining to the month in which payment was actually made from the treasury.

Scrutiny of records in the office of the Director revealed that six AC bills for ₹ 8.03 crore were drawn during 2010-11 (July 2010 to March 2011) but no records had been maintained to watch timely submission of the DC bills. DC bills for this amount have not been submitted to the Accountant General (A&E) Punjab as of January 2012 even though during the exit conference (October 2011) the Financial Commissioner had directed the department to submit the DC bills to the Accountant General (A&E) Punjab.

4.1.18 Reconciliation of the General Provident Fund (GPF) withdrawals

To ensure that withdrawals of GPF advances are correctly debited in the respective GPF accounts of the employees, the Punjab Government issued instructions (August 1995) that every Drawing and Disbursing Officer (DDO) should reconcile the withdrawal of GPF advances taken by their employees with the accounts of the authority maintaining GPF of the employees.

It was noticed that during 2009-10 and 2010-11 reconciliation of the GPF withdrawals of ₹ 8.67 crore made by 16⁴¹ DDOs was not carried out with the GPF accounts maintaining authority i.e. Director. This poses risk of non-posting of debits in the GPF accounts of the concerned employees and may lead to excess payment to them at the time of final payment.

4.1.19 Reconciliation of the deposits into the treasury

Financial Rules provide that every DDO is required to reconcile the amount of deposit with the treasury by 15th of the next month. It was however, noticed that an amount of ₹ 31 lakh was deposited into treasuries by six out of 22 DDOs between 2007-08 and 2010-11, but no-reconciliation was carried out with the treasuries as required under the rules. Such non-reconciliation carries with it the risk of misappropriation/ embezzlement of the Government money.

4.1.20 Failure to transfer of Group Insurance Scheme (GIS) amount to the Insurance Fund

Under the provisions of Group Insurance Scheme, 1982 (GIS), the DDOs were required to prepare a contingent bill in October every year transferring an appropriate amount from the Group Insurance Saving Fund to the Insurance Fund in respect of the employees who have been members of the scheme.

Scrutiny of records revealed that an amount of ₹ 7.50 lakh (30 *per cent* of the GIS subscription of ₹ 25 lakh) was not transferred to the Insurance Fund by 12 DDOs for the period January 2005 to December 2010. This reflected not only non-observance of the codal provisions, but would also create problems at the time of making payments to the legal heirs of the deceased employees.

On this being pointed out (June/July 2011), while admitting the above facts, the Director stated (October 2011) that all the DDOs have been directed to carryout the reconciliation of GPF/deposit and prepare BT bills of GIS to transfer the amount to Insurance Fund.

VIII. Human resources management

To ascertain whether human resources were adequate and effective, the sanctioned strength and men in position in various institutions of the department were scrutinized and discussed as follows:-

⁴¹ Deputy Directors, Bathinda, Faridkot, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar, Kapurthala, Ludhiana, Mattewara, Muktsar, Patiala, Ropar and Sangrur.
Assistant Directors, Nabha and Patiala.
Fodder Development Officer, Patiala.

4.1.21 Shortage of staff

The Veterinary Officers and Veterinary Inspectors are the key personnel responsible for running the hospitals and dispensaries and implementation of various schemes in the field. The position of sanctioned strength vis-à-vis men-in-position in the State during 2009-11 was as given in **Table 4.11**.

Table 4.11: Position showing posts sanctioned and men-in-position

(Number of posts)

Sr. No	Name of post	Year	Sanctioned posts	Men-in-position	Vacancy	Percentage
1.	Sr. Veterinary Officer	2009-10	53	32	21	40
		2010-11	53	27	26	49
2.	Veterinary Officer	2009-10	862	691	171	20
		2010-11	862	649	213	25
3.	Veterinary Inspector	2009-10	1995	1725	270	14
		2010-11	1995	1690	305	15
4.	Others (Sr. Assistant, Jr. Assistant, Clerks etc.)	2009-10	3613	2851	762	21
		2010-11	3613	2896	717	20

The vacancies of staff in the four categories mentioned above ranged between 14 and 40 *per cent* during 2009-10 and 15 and 49 *per cent* during 2010-11. The vacancies were chronic in the case of Veterinary Officers. Shortage of staff had effected schemes like AI, HS vaccination, medical treatment etc. as pointed out in paragraph 4.1.

After being pointed out in audit (May 2010), that department intimated (October 2011) that 125 Veterinary Officers and 300 Veterinary Inspectors have been recruited. However, there was still over all shortage of staff in the department.

IX. Monitoring and Internal Control

4.1.22 Inadequate Internal Control

The Director was responsible for monitoring and effective control on the implementation of various schemes/activities of the department. The scrutiny of records in the office of the Director revealed the following:-

We tested existence and adequacy of internal controls, with reference to:

- a) internal audit;
- b) management information systems and
- c) supervisory control

It was found that no internal audit wing was functioning at the Directorate/district level. Considering the size and functions of the department, Government need to put in place a mechanism for internal audit.

The department had been ineffective in responding to the audit observations of Accountant General. The position of outstanding inspections reports (IRs) issued by the Accountant General to the department is given in **Table 4.12**.

Table 4.12: Position showing outstanding inspection reports and paragraphs

Outstanding in April 2010		Additions during the year 2010-11		Settled during the year 2010-11		Outstanding at the end of March 2011	
IRs	Para	IRs	Paras	IRs	Para	IRs	Para
169	321	41	144	44	120	166	345

At the close of March 2011, 166 audit inspection reports involving 345 paragraphs were pending for settlement. Lack of effective response to audit resulted in recurrence of irregularities reported by audit.

4.1.23 Inspection of sub offices

As per the instructions of Administrative Reforms Department, periodical inspections of the sub-offices were to be carried out by the Head of Department (HOD). The periodicity of such inspections and procedure to be followed for the purpose was to be framed by the HOD under advice to the Government. It was, however, noticed that no such inspections were conducted by the respective officers.

On being pointed out by Audit (May 2010), the State Government issued (June 2010) instructions and allotted specific district offices to the Secretary, Director, Joint Director, Deputy Director, Registrar of Punjab State Veterinary Council, Chandigarh for inspections at least 4 days in each month and to submit reports to the higher authorities. However, the number of inspections conducted and reports submitted were not furnished to audit.

Conclusion

Though improvement of genetic potential of the livestock through scientific breeding was one of the objectives of the department, it was not largely achieved as performance of all the four breeding farms (Buffalo breeding farm, Rabbit breeding farm, Pig breeding farm and Sheep breeding farm) were far from satisfactory in terms of targets set and achieved, in spite of existence of appropriate infrastructural facilities. Out of the 10 polyclinics functioning in the State, seven were found to be deficient in specialist doctors leading to denial of specialized services for the health of animals. To provide veterinary facilities at the doorsteps of farmers, the department had established 26 mobile veterinary units at the tehsil level, of which, 16 were not fitted with requisite equipments and medicines. Scrutiny of their performance disclosed severe shortfall in the number of health cases treated and artificial inseminations performed. Though the outlay of money planned for spending on various schemes (central and state) in the year 2009-10 and 2010-11 were ₹ 123.91 crore, GoI did not release ₹ 10.44 crore to the State and the State Government did not release ₹ 39.26 crore to the department. Out of the amount of ₹ 74.21 crore actually released, ₹ 18.33 crore was not spent during the period 2009-11.

Recommendations

- As there was a huge gap between the policy intent and delivery of benefits by the breeding farms, the declining performance of all the

farms needs to be reviewed by the Government and efforts should be made to improve their functioning to avoid under utilization of invested resources in terms of land buildings, equipment, livestock and manpower.

- The Government needs to undertake recruitment of specialist doctors for the polyclinics to ensure their effective functioning.
- The mobile vans which have outlived their life may be replaced so that the veterinary facilities could be provided at the door steps of farmers.
- The funds may be released for implementation of various Central and State schemes as per projected outlay.

CHANDIGARH
The

(MOHINDER SINGH)
Pr. Accountant General (Audit), Punjab

Countersigned

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