

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2019-2021)**

SEVENTY THIRD REPORT
(Presented on 14th January, 2021)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2021

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On

**Paragraphs relating to Agriculture Department contained in the
Report of the Comptroller and Auditor General of India
for the year ended 31st March, 2013 (Economic Sector)**

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(2019-2021)

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INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Seventy Third Report on paragraphs relating to Agriculture Department contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013 (Economic Sector).

The Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013 (Economic Sector) was laid on the Table of the House on 8th July, 2014.

The Committee considered and finalised this Report at the meeting held on 14th January, 2021.

The Committee place on records their appreciation of the assistance rendered to them by the Accountant General in the examination of the Audit Report.

Thiruvananthapuram,
14th January, 2021.

V. D. SATHEESAN,
Chairman,
Committee on Public Accounts.

REPORT

AGRICULTURAL DEPARTMENT

Implementation of Rastriya Krishi Vikas Yojana (RKVY)

Introduction

RKVY is a Centrally Sponsored State Plan Scheme with 100 per cent Central assistance. The broad objective of the scheme was to increase agricultural production and productivity keeping in line with the National Agricultural Policy which aimed at achieving a growth rate of four per cent in the agriculture sector on a sustainable basis. It has been under implementation in the State from 2007-08 with the objective of providing incentives for increasing public investment in agriculture, reduce the yield gaps in important crops, maximise returns to farmers and bring about quantifiable changes in production and productivity of agriculture and allied sectors.

The eligibility for Government of India (GoI) assistance under the scheme depends upon the amount provided in the State Plan budget for Agriculture and allied sectors over and above the baseline percentage of expenditure incurred by the State Government on the sector prescribed on the basis of certain parameters.

Scheme guidelines prescribes at least 75 per cent of the allocated amount to be proposed under Stream I¹ for specific projects and up to 25 per cent to be available to the State under Stream II for strengthening the existing State sector schemes and filling specific resources gap.

The Agriculture department is the nodal department under the scheme to effectively co-ordinate with other departments/implementing agencies for preparation, appraisal of projects, implementation, monitoring and evaluation at regular intervals.

The State Level Sanctioning Committee (SLSC) headed by the Chief Secretary is responsible for sanctioning and monitoring the progress of sanctioned projects/schemes.

1 Streams are the priorities given by Gol for implementation of the scheme. Stream I identifies new projects and Stream II is for the existing projects which are incomplete.

Sectors covered

Agriculture is the predominant sector. The allied sectors as indicated by the Planning Commission are Crop Husbandry including Horticulture, Animal Husbandry and Fisheries, Dairy Development, Agricultural Research and Education, Agricultural Marketing, Food Storage and Warehousing, Soil and Water Conservation etc.

Organisational set up

Agricultural Production Commissioner is the head of Agriculture department and is assisted by Secretary (Agriculture) and Secretary (Animal Husbandry and Dairy) at Government level. Director, Project Preparation and Monitoring (PPM) Cell is in charge of monitoring the preparation of District Agriculture Plan (DAP) and a comprehensive State Agriculture Plan (SAP) and implementation of the projects. Director of Agriculture is the functional implementation head who is assisted by four Additional Directors, five Joint Directors and seven Deputy Directors. At district level there are Principal Agriculture Officers. The allied departments of Agriculture which implement RKVY scheme are Animal Husbandry, Dairy Development, Fisheries headed by Directors of Animal Husbandry, Dairy Development, Fisheries respectively and Co-operation headed by Registrar of Co-operation.

Audit coverage and methodology

The Directorates of Agriculture, Animal Husbandry, Dairy Development, Fisheries, District level offices and field offices in 14 districts of Kerala were selected for test check using Probability Proportional to Size With Replacement (PPSWR) method considering the criteria of expenditure incurred in the district during 2007-08 to 2012-13.

Methodology of selection of sectors

Since implementation of RKVY involves specific projects under defined sectors, the data of sector-wise expenditure reported by the State for the period 2007-08 to 2012-13 has been collected and arranged according to the amount of expenditure incurred under the sector(s). For the purpose of representation of

entire sample, three categories of sectors have been made and based on it, the percentage of selection of sectors has been done and nine sectors were selected as per the following criteria:

Category of Sector wise expenditure and number of sectors falling in each category	Percentage of sample sector to be selected	Selected Sectors
A. (Expenditure More than ₹ 100 crore)-2 Sectors	100	Animal Husbandry (ANHB) Crop Development (CROP)
B. (Expenditure Between ₹ 50- ₹ 100 crore)-3Sectors	60	Fisheries (FISH) Agriculture Mechanisation (AMEC)
C. (Expenditure less than ₹ 50 crore)- 21 Sectors	30	Research (Agriculture, Horticulture, Animal Husbandry etc) (AGRE) Natural Resource Management (NRM) Micro/Minor Irrigation (IRRI) Marketing and Post Harvest Management (MRKT) Sericulture (SERI)

Methodology of selection of projects within selected sectors

From the consolidated list of sector-wise expenditure, three projects each from AMEC (60.54 per cent) and AGRE (3.79 per cent), four projects each from Animal Husbandry (19.97 per cent), Crop Husbandry (30.35 per cent) and Natural Resource Management (4.35 per cent), five projects from Fisheries (9.46 per cent), two projects each from Irrigation (16.68 per cent), Marketing (17.44 per cent), Sericulture (46.92 per cent) and one from Horticulture (0.71 per cent) Sectors were selected by audit. Total expenditure of selected projects comes to 20.06 per cent of total expenditure of selected sectors. Stream I and II were not segregated by Nodal Agency and so selection was not possible separately for Stream I and II.

Planning process

RKVY scheme stipulates preparation of DAP projecting the local needs for development of Agriculture and Allied sectors of the district. DAPs should be integrated into a comprehensive SAP to become eligible for grants under RKVY. DAPs are mandatory from 2008-09 onwards for getting funds under RKVY schemes and should be prepared by including resources available from other existing schemes, District, State, Central schemes etc and adhere to the guidelines circulated by the Planning Commission for District Planning. While preparing the SAP, State's priorities should be ensured with respect to Agriculture and Allied sectors. The Nodal Agency should place the SAP before the SLSC for consideration, discussion, finalisation and sanction of projects.

Audit scrutiny revealed deficiencies in planning process as discussed below:

Multiplicity of projects and exclusion of certain districts from project plans

Audit scrutiny revealed that DAP was not prepared by any of the districts of the State in 2008-2009 and from 2012-13 onwards. Comprehensive plan was prepared in 2009-10 for the XIth Five Year Plan (2007-2012) period and used by department as DAP for the purpose of RKVY assistance. DAP was not prepared annually.

In the absence of DAPs, the eligible districts were not considered against the schemes in a comprehensive way for Agriculture and Allied sectors while sanctioning projects.

Audit scrutiny revealed that SAP was not prepared by integrating the project proposals of all the districts. Instead, district wise proposals were compiled and included in the agenda notes for approval at SLSC meetings. It also revealed that in many projects sanctioned by SLSC, there could have been better integration by clubbing of similar projects had the SAP been prepared by the State. Some instances are shown below:

Project ID	Project Name	Project Cost (₹ in Lakh)	District
1	2	3	4
KE/RKVY-DDEV/2009/407	Automatic Milk collection unit	5.00	Kottayam

1	2	3	4
KE/RKVY-DDEV/2009/408	Automatic Milk collection unit	4.95	Kasargode
KE/RKVY-ANHB/2009/406	Automation of Milk collection in dairy co-operatives	15.75	Thiruvananthapuram
		10.50	Idukki
		10.50	Kollam
KE/RKVY-ANHB/2009/369	Calf feed subsidy (calves)	37.50	Pathanamthitta
KE/RKVY-ANHB/2009/378	Calf feed subsidy	18.75	Kottayam
KE/RKVY-ANHB/2009/381	Calf feed subsidy (per calf) – First year cost	37.50	Alappuzha
KE/RKVY-ANHB/2009/391	Calf feed subsidy (per beneficiary)	22.50	Kozhikode
KE/RKVY-ANHB/2009/372	Cattle insurance scheme	6.33	Pathanamthitta
KE/RKVY-ANHB/2009/363	Cattle Insurance programme – Insurance premium @₹ 15,000 per animal for 3 yr @ 6.25%	13.94	Thiruvananthapuram
KE/RKVY-ANHB/2009/384	Cattle Insurance @5.9% of cost (₹20,000) of cow	17.70	Thrissur
KE/RKVY-ANHB/2009/370	Cattle shed flooring	30.00	Pathanamthitta

1	2	3	4
KE/RKVY- ANHB/2009/394	Cattle shed flooring (per shed @ ₹ 50 per sq.ft)	20.00	Kozhikode
KE/RKVY- ANHB/2009/400	Cattle shed flooring	30.00	Kannur

Non integration of projects of similar nature proposed by different districts resulted in multiplicity of projects and non consideration of other eligible districts. Besides, the requirement from other sectors were not taken care of adequately.

[Audit Paragraph 2.1.1 to 2.1.5.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)]

Notes furnished by the Government in this regard is included as Appendix II]

1. Regarding the above audit paragraphs the Committee observed that there was a failure on the part of the Department in preparation of annual District Agricultural Plan and SAP resulted in non-integration of project proposals of all districts and non-consideration of eligible districts. The department responded that they were following the revised RKVY guidelines of incorporating atleast 25% of projects from CDAP and preparation of RKVY specific SAP.
2. The Committee pointed out that without proper SAP and DAP preparation, the ultimate purpose of RKVY became pointless. The Committee also warned the departments for furnishing inaccurate replies in a heedless manner. The Committee recommended that meticulous explanation should be provided regarding the failure of SAP and DAP preparation.

Conclusion/Recommendation

3. The Committee understands that a comprehensive State Agricultural Plan (SAP) formed by integrating District Agricultural Plans (DAP) is essential for getting funds under RKVY Schemes. The Committee observes that the failure of the department to prepare District Agricultural Plan annually

and State Agricultural Plan has resulted in non integration of project proposals of all districts and non-consideration of eligible districts which in turn makes the ultimate purpose of RKVY Scheme pointless. Therefore the Committee recommends timely preparation of annual District Agriculture Plans (DAP) and comprehensive State Agriculture Plan (SAP). The Committee also warned the department for furnishing inaccurate replies in a heedless manner and recommends to submit clear and accurate explanation regarding the failure in SAP and DAP preparation.

Violations of RKVY guidelines

Projects proposed to be implemented under RKVY scheme should be formulated and implemented in accordance with prescribed guidelines. There were instances of non compliance as detailed below:

i. Projects approved as outside agenda of SLSC meeting – ₹ 144.19 crore

The Nodal department had to compile projects received from each district, prioritise and include them in the agenda for consideration and sanction by SLSC. As per RKVY guidelines, the nodal department should give agenda along with a gist of projects for the SLSC meeting to the representatives of the GoI, giving notice of at least 15 days.

Audit test check of 35 (**Appendix III**) out of 949 cases (15 per cent of total project cost of ₹ 995.39 crore and 3.69 per cent of total sanctioned projects), revealed that the projects originated at State Level were approved in SLSC meetings as outside agenda items in violation of the guidelines of RKVY.

As a result, the criteria for selection of projects involving participation from the lower formations was compromised. Since agenda notes on items considered as outside agenda items were not circulated to the GoI representatives in advance, decision on items not included in the agenda denied opportunity of the representatives to study thoroughly about the projects and offer their remarks effectively.

[Audit Paragraph 2.1.5.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)

Notes furnished by the Government in this regard is included as Appendix II]

4. The Committee accused the members of SLSC for sanctioning projects as outside agenda items in violation of the guidelines of RKVY and was also displeased with the government reply that 'all members of the SLSC were convinced about the relevance of such projects under RKVY'.
5. The witness, Additional Director, Fisheries Department clarified that after this audit objection no project had been approved as outside agenda item and now approval was completely done based on guidelines. The committee directed to submit a revised reply as informed by the witness so as to drop the audit objection. The Director, Agriculture (PPM cell) agreed to do so.

The revised reply mentioning the circumstances under which the projects proposed for sanction without inclusion in the agenda notes of SLSC meeting submitted by the department is included as Appendix II.

Conclusion / Recommendation

6. No comments

ii. Sanctioning of projects without DPRs

The Nodal department (Agriculture) should satisfy that projects which are feasible, fulfilling RKVY objectives and duly supported by Detailed Project Reports (DPR) only are recommended to SLSC for approval.

Audit test check revealed that 11 out of 62 projects costing 27.79 crore **(Appendix III)** were approved by SLSC in its meeting held in September 2011 eventhough they were not duly supported by proper DPRs. It was observed that there was no indication regarding submission of the said DPRs to SLSC in subsequent meetings. Further the nodal agency was not able to confirm whether DPRs of the said projects were produced for consideration of SLSC.

The action of SLSC in approving projects without DPRs and failure of nodal agency to ascertain whether the project fulfills the objectives of RKVY before recommending the DPRs to SLSC were violations of RKVY guidelines.

[Audit Paragraph 2.1.5.2 (ii) contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)

Notes furnished by the Government in this regard is included as Appendix II]

7. The Committee stated that consideration of projects without proper DPR and by including them as outside agenda items led to many fiscal complications and irregularities like fund deficiency, addition of components etc. leading to revision of project estimate. The Assistant Director, explained that such erroneous procedure followed earlier was being rectified and presently SLSC sanctions only those projects for which DPR has been got vetted by PPM. He added that those proposals entering as outside agenda items were only given principal sanction and would be examined in the next SLSC meeting.
8. In response to the Committee's query whether non allotment of fund was the reason for the failure in DPR preparation, the Assistant Director (PPM cell) informed that the fund for DPR preparation was included in the administrative cost. The Committee further raised a doubt as to how a DPR without vital details like project necessity, beneficiaries of the project etc. could be tendered.
9. The Committee pointed out the issue regarding food security mission in Palakkad, where the second instalment was denied due to untimely submission of Utilization Certificate which in turn made the utilized fund futile. The Committee insisted the department to furnish a report on this.
10. As the approval of the projects without proper DPRs are against the RKVY guide line, the Committee recommended that utmost care should be taken to adhere to the RKVY guidelines on preparation of DPR and on submission of projects before SLSC.
11. The Committee expressed its concern over the non-preparation of District Agricultural Plans, in certain districts. Approval of unviable projects might lead to diversion of fund. Proper study and research should be conducted to identify the productive sectors and to submit suitable projects before the Central Agencies. The Committee directed that a report depicting the reasons for non-preparation of DAPs for some districts and the persons responsible for the same should be furnished.

Conclusion / Recommendation

12. The Committee opines that the approval of projects without DPR is a clear violation of RKVY guidelines. So the Committee recommends that utmost care should be taken to strictly adhere to the RKVY guidelines on preparation of DPRs and submission of projects before SLSC.

13. The Committee expresses its concern over the non-preparation of District Agricultural Plans. The Committee directs that proper study and research should be conducted to identify the productive sectors and to submit suitable projects before the central agencies. The Committee also directs to furnish the reason for non-preparation of District Agricultural Plans in certain districts and details of the person responsible for the same.

iii. Approval of projects without feasibility study resulted in idling of funds/non-completion of projects ₹ 5.24 crore.

The Nodal Agency should place the SAP before the SLSC for consideration, discussion, finalisation and sanction of projects after ensuring that the department sponsoring the project was convinced about the feasibility of the project. Audit test check revealed that feasibility of the project was not established prior to approval of DPR by SLSC in the following case.

The project 'Bull Spermatozoa Sexing and Commercialising Sexed Semen in India for uplifting National Dairy Sector' was sanctioned (March 2011) with an outlay of ₹ 5.25 crore and allotted (July 2011) to implementing agency, M/s.Kerala Livestock Development Board (KLDB). The project was intended to increase the number of female calves of the State by four lakh per year using Flow Cytometry equipment for bovine sperm sexing. Global tenders were invited (June 2011) for procurement of Flow Cytometer, an equipment for frozen semen processing, with the specific nozzle for sexing of bovine spermatozoa. KLDB incurred ₹ 0.01 crore towards the cost of invitation of tenders etc. M/s Inguran LLC dba Sexing Technologies in United States of America, was the only competent firm in the world, which had the patent to produce the equipment, declined to sell the equipment to India. Though it was established beyond doubt that the possibility of getting the equipment was remote, the implementing agency (KLDB) did not refund the amount of ₹5.25 crore allotted till date (February 2014). Out of the balance amount of ₹5.24 crore, ₹ five crore was deposited in fixed deposit and the balance kept in savings bank account of KLDB. It was observed that ₹1.11 crore accrued as interest on the unspent RKVY funds was kept in bank accounts of KLDB providing an unwarranted advantage of interest and liquidity to KLDB at the cost of RKVY funds. The amount sanctioned for this project could have been utilised for the implementation of other important projects.

[Audit Paragraph 2.1.5.2 (iii) contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013.(Economic Sector)

Notes furnished by Government in this regard is included as Appendix II]

14. Audit observation in connection with the project “Bull spermatozoa sexing and commercialising sexed semen in India for uplifting National Dairy Sector”, revealed that feasibility of the project was not established prior to the approval of DPR by SLSC, which resulted in idling of funds. The project intended to increase the number of female calves of the State by 4 Lakh per year using Flow Cytometry equipment for bovine sperm sexing. The Committee criticized State Level Sanctioning Committee (SLSC) for sanctioning the project, when only one competent firm in the world M/s Inguran in USA had the patent to produce the mentioned equipment and that they had declined to sell the equipment to India. The Committee also pointed out that though the possibility of getting the equipment was remote, the implementing agency, KLDB, did not refund the allotted amount ₹5.25 crore, even after 3 years of allotment. Out of ₹5.25 crore allotted, KLDB the implementing agency, incurred ₹0.01 crore towards the cost of invitation of tenders and the balance amount of ₹5.24 crore was deposited in FD in the account of KLDB. Therefore an amount of ₹1.1 crore accrued as interest provided an unwarranted advantage of interest to KLDB. The Committee wanted to know why the Fund was kept futile in Fixed Deposit.
15. The Committee doubted that non-availability of competent officers in the department was the reason for assigning preparation of DPR to external agencies. The Committee recommended that the department should be suitably equipped with a team of competent officials selected from among the experienced workforce at different levels so as to prepare DPR for the centrally sponsored schemes and state schemes that are launched on a regular basis every year.
16. The Managing Director KLDC informed that an issue regarding lack of feasibility study was traced in 2014 for which the Government demanded alternative proposal. The alternative proposal was approved in SLSC meeting and was instructed to go with the project even it is found to be unfeasible. Further the fund has been utilised by importing the equipment for the new project. The Committee criticised the department for

not updating the details of the alternative project to it. The Committee recommended to submit detailed report regarding the present status of the project.

(The updated statement regarding the audit objection is included as Appendix II)

Conclusion/Recommendation

17. No Comments

Approval of inadmissible items out of RKVY funds - ₹ 6.93 crore

RKVY guidelines explicitly prohibit utilisation of funds allotted for purchase of tractors, vehicles and creation of permanent employment.

Audit test check revealed that approval was accorded for inadmissible items of expenditure in violation of RKVY guidelines in the following case.

i. Approval and purchase of tractors out of RKVY funds - ₹ 4.74 crore.

The SLSC sanctioned (February 2010) a project for Agriculture mechanisation under Kuttanad Package to be implemented by Kerala Agro Industries Corporation Ltd (KAICO) with total project outlay of ₹85 crore. The project included supply of 150 tractors to farmers through Custom Hiring Service cum Training Centres in a phased manner in three years.

It was observed that ₹47.63 crore was spent up to October 2013 on the above projects including ₹4.69 crore towards purchase of 92 tractors.

In another case the SLSC sanctioned (June 2010) a project 'Augmentation of Vegetable Production through Technological Interventions' with a project cost of ₹ 3.01 crore. The implementing agency Kerala Agricultural University (KAU) purchased a mini tractor costing ₹ 0.05 crore under the project. The action of SLSC approving projects involving purchase of tractors was in clear violation of RKVY guidelines.

ii. *Approval and purchase of vehicles and construction of buildings - ₹ 2.18 crore.*

Audit test check revealed that the State had approved 20 projects from 2007-08 to 2011-12, which provided for construction of buildings and purchase of vehicles. A sum of ₹ 2.18 crore was incurred on the said components. However as the components were explicitly prohibited and not approved through SAP or DAP, the entire expenditure of the components detailed below were not eligible for assistance under RKVY scheme:

Implementing Agency	Amount Spent (Rs. in Crore)	Purpose
KAICO	0.34	Purchase of Vehicles
KAICO	0.25	Construction of additional store and renovation of building
KAICO	0.22	Purchase of Excavator
Assistant Executive Engineer (Agriculture), Wayanad	0.15	Construction of Office Building
Kerala Agriculture University	1.22	Purchase of Vehicles
Total	2.18	

[Audit Paragraph 2.1.5.3 (i) & (ii) contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)]

Notes furnished by the department in this regard is included as Appendix II]

18. The Committee enquired as to how the tractors were purchased in 2010 when RKVY guidelines at the time of audit prohibited the utilization of fund for the purchase of tractors. The Managing Director, KAICO responded that the guidelines changed in 2014 support the procurement of tractors and that the purchase was done as a part of mechanisation based on Swaminathan Committee report with the approval of SLSC from companies like Mahindra, Kubota etc. by KAICO. When enquired about

the present status of the purchased tractors, MD informed that out of 92 tractors purchased half was managed by department and half by KAICO and that now they were given for rent in places like Kuttanad, Thiruvalla and Ambalapuzha.

19. To the Committee's further enquiry, the MD added that tractors were maintained using the income from rent and were kept in land under KAICO as fund was not allotted from government for its keeping. The Committee asked whether these tractors could be utilised for Agro Service Centres. The MD replied that Padasekhara Samithi refused to accept them since these were old machines. To the query about the Mini tractor purchased by Agricultural University, Professor, Agricultural University replied that it was purchased with the approval of SLSC and was now being used for off campus training, demonstration and Santhwanam project.
20. The Committee observed that RKVY guidelines had been violated and the SLSC could have denied the approval of such a purchase. The provision appended in the guidelines in 2014 would never justify a purchase done in 2010. The Committee arrived at an inference that certain consultations might have been done with the Central Government on obtaining approval for this particular purchase. The Committee directs the department to furnish detailed report particularly explaining the backgrounds of the purchase on examining the relevant documents and files.

(The revised reply provided by the department is included as Appendix II.)

Conclusion / Recommendation

21. The Committee observes that RKVY guidelines has been violated on purchase of tractors. The Committee rejecting the Government stand that the change in guidelines in 2014 supports the purchase of tractors stated that the provision appended in the RKVY guidelines in 2014 could not justify a purchase done in 2010. The Committee directs the department to carefully examine the relevant documents and files and furnish a report clearly explaining the background for the purchase of tractors.

Defective planning by implementing agency and consequent non implementation of projects.

Government accorded sanction (June 2008) to implement the project 'Matsyakeralam', by Special Officer, Matsyakeralam under Fisheries department. The project envisaged to integrate various activities of fish culture and to provide infrastructure linkage for the development of inland fisheries and aquaculture by constructing building for 100 Fish Farmers Clubs (FFCs) with common facilities such as fish booth, conference hall, pump sets, drag nets etc. at a cost of ₹0.05 crore each and also for necessary insurance to shrimp farming. Accordingly, sanction was accorded to release the grant of ₹ three crore in four instalment (November 2009 to May 2012) for 60 FFCs. The Nodal department released the amount to the Director of Fisheries who in turn released the amount to Sepcial Officer, Matsykeralam (October 2010-August 2012). As the Special Officer, Matsyakeralam, was not a drawing officer, the amount released was kept with the Agency for Development of Aquaculture (ADAK) in their savings bank account.

Eventhough the Special Officer submitted utilisation certificates for ₹ three crore, Audit scrutiny revealed that the implementing agency failed to implement the project in time and a sum of ₹2.69 crore remained as unutilised balance (March 2013) in the accounts of ADAK (₹ one crore), Fish Farmers Development Agency (FEDA) (₹ 1.53 crore) and construction agencies (₹0.16 crore).

As against the stipulated number of construction of buildings for 60 FFCs, only five were completed (March 2013). Many FFDA's could not identify the site for the construction of building for FFCs and entrust the work to construction agencies in time.

Defective planning of the project by the implementing agency resulted in non achievement of objectives due to non implementation of the project and consequent idling of plan funds.

[Audit Paragraph 2.1.5.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)

Notes furnished by the department in this regard is included as Appendix II]

22. When enquired about the present status of the construction of buildings for Fish Farmers Clubs (FFCs) under Matsyakeralam Project, the Additional Director, Fisheries informed that at the time of audit, land was not available, but later construction of buildings for 57 FFC's were completed and 3 are now in final stage. The Committee wanted to know as to why there occurred a delay in the implementation of project and also why a total of ₹1.69 lakh remained unutilized with the implementing agencies viz FFDA etc. The Committee asked the department to submit an updated reply with present status of the Matsyakeralam Project.

(The updated reply furnished by the department is included as Appendix II.)

Conclusion / Recommendation

23. No Comments

Financial Management

Allocation and Release of Funds

Funds would be released by GoI to GoK which would allocate and release funds to the nodal department for release to directors of allied departments /CEOs of autonomous bodies/Principal Agriculture Officer. They in turn would release funds to implementing officers/agencies and the nodal department would submit Utilisation Certificate (UC) to GoI.

Number of projects approved, Receipts from GoI/Release by GoK and Expenditure incurred

Year	No.of project proposals	Total cost of the projects	Receipts from GoI (as on March 2013)	Release by GoK (as on March 2013)	Expenditure incurred (up to January 2014)	Position of UC (up to January 2014)
		₹in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
1	2	3	4	5	6	7
2007-08	91	55.01	55.40	55.31	55.15	55.15

1	2	3	4	5	6	7
2008-09	96	59.11	30.06	30.00	29.86	29.86
2009-10	278	129.32	110.92	110.92	105.99	105.99
2010-11	132	218.79	149.65	149.65	144.06	144.06
2011-12	249	300.86	182.89	182.89	182.45	191.17*
2012-13	103	232.3	253.03	253.03	252.69	252.69
Total	949	995.39	781.95	781.80	770.20	778.92

* This amount includes UC for ₹8.72 crore relating to the unspent amount of previous years.

Submission of inflated Utilisation Certificates – ₹37.45 crore

As per RKVY guidelines funds for Stream I projects are released in three instalments (50 per cent on receipt of sanction, 40 per cent when physical progress of 50 per cent is achieved and balance 10 per cent on completion of the project). The amounts of second and final instalments depend upon utilisation of funds by States. Non-utilisation of central assistance will hinder further release of funds.

Audit test check revealed that in 19 approved projects (**Appendix III**) against the release of ₹52.09 crore, though actual expenditure was only ₹14.63 crore the nodal department/agency had furnished UCs for ₹52.09 crore.

In response to audit query the nodal department/agency stated (January 2014) the UC was issued to GoI based on the UCs received from various implementing agencies and it did not possess any mechanism to verify the actual utilisation of funds by various implementing agencies. This confirmed that the nodal department/agency did not exercise any further control to verify the authenticity of actual utilisation of plan funds under RKVY resulting in submission of inflated UCs to GoI. Further, all the 19 projects mentioned above were shown in the Relational Database Management Information System (RDMIS) database as completed, though only one project was completed.

Furnishing of incorrect UCs by nodal department without attaining the prescribed physical progress, with a view of obtaining further grants from GoI, is a serious undermining of the entire system of Government interventions to bring about improvements in the State's agricultural production.

[Audit Paragraph 2.1.6 and 2.1.6.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)]

Notes furnished by the department in this regard is included as Appendix II]

24. The audit observation pointed out that the nodal department/agency did not exercise any mechanism to verify the authenticity of actual utilisation of fund under RKVY resulting in submission of inflated UC's to Government of India. The Committee was astonished to note that nodal department/agency had furnished the UC for ₹52.09 crore for 19 approved projects when the actual expenditure was only ₹14.63 crore as pointed out in audit para and enquired the reason for the same. The Committee enquired the reason for submitting an inflated UC.
25. To the enquiry, the Director, Animal Husbandry Department replied that the said project was concerning animal purchase. Since there was spreading of FMD among cattle at that time, the purchase was temporarily stopped with the expectation of utilising the amount later after the disease got cured. Later, when the disease was cured, the proposed purchases were done for the whole amount and the UCs were issued accordingly.
26. The Committee pointed out that furnishing of incorrect UCs without attaining prescribed progress, with a view of obtaining further grants from Government of India was a serious undoing of Government interventions. The Director, Animal Husbandry Department in agreeing with the Committee's observation informed that representatives of Central Government demanded UC for the purpose of granting second instalment when 80% of fund was utilised. In this connection the Chief Engineer, Harbour Engineering Department, informed that all projects under RKVY would demand UC soon after the first instalment and that in many cases

it was provided. The Committee pointed out that the department had furnished vague replies on the audit para and directed to submit convincing replies. The Committee also insisted that proper monitoring should be ensured on release and utilisation of Government of India funds.

27. The Committee observed a considerable difference in the road construction estimate submitted by Harbour Engineering Department from those submitted by PWD and LSGD and asked whether this disparity occurred due to difference in HED norms. The Chief Engineer, answered that the estimates were provided as per PWD norms but in some cases because of construction cost of retaining wall there would be certain variations.

(The revised statement furnished by the department is included as Appendix II)

Conclusion / Recommendation

28. The Committee opines that furnishing of incorrect Utilisation Certificates without attaining proper progress, with a view to obtaining further grants from Government of India, is a serious undermining of Government interventions. The Committee directs the department to ensure proper monitoring on the release and utilisation of GoI funds.

Misutilisation of interest accrued in accounts operated by implementing agencies.

Interest is being accrued in the accounts of implementing agencies due to advance release/delay in utilisation of RKVY funds. However, neither GOI nor the GOK issued instructions regarding the accounting and utilisation of interest accrued from RKVY funds.

However, test check in seven institution alone revealed that interest to the tune of ₹5.14 crore had accrued in the accounts of respective implementing departments / agencies till December 2013.

Lack of instruction regarding the accounting and utilisation of interest resulted in use of amounts by implementing agencies for purpose not approved by SLSC/PPM cell.

Finance department needs to look into the matter and release further funds to these projects keeping in view the amount of interest accrued.

[Audit Paragraph 2.1.6.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)

Notes furnished by the department in this regard is included as Appendix II]

29. To the query about the misutilisation of interest to the tune of ₹5.14 crore accrued from the funds, the Additional Director, Fisheries stated that the interest accrued on the unspent balance was used for other development programmes with the approval of SLSC. The Committee recommended the Finance department to examine the matter and issue necessary guidelines for the proper utilisation of interest accrued from funds.

Conclusion/Recommendation

30. The Committee understands that neither GOI nor the GOK has issued instructions regarding the accounting and utilisation of interest accrued from unspent RKVY funds. The Committee directs the Finance department to examine the matter regarding usage of interest accrued on the unspent RKVY funds for other development programmes and also to issue necessary guidelines for its proper utilisation.

Diversion of funds and consequent extension of unwarranted benefit to an agency.

Audit scrutiny revealed that Director of Fisheries diverted plan fund under RKVY to an external agency as detailed below:

Construction of Fishery Harbour at Kasargode was sanctioned (December 2008) at a total project cost of ₹ 29.85 crore under Fishery sector and the implementation was entrusted to Harbour Engineering Department (HED). However, the Director of Fisheries (DoF) decided (June 2009) to implement the scheme through Kerala State Coastal Area Development Corporation (KSCADC) with the support of HED and to transfer the fund to KSCADC. Based on this decision, funds released by Nodal Department to Fisheries department (₹19 crore) was further released to KSCADC (during June 2009 to November 2012) even before actual requirement. KSCADC had no role except release of funds on demand.

As the implementing and executing agencies were State departments, the decision taken by DoF to entrust the work and transfer funds to KSCADC was irregular and was tantamount to diversion of funds. It also resulted in unwarranted advantage to KSCADC who had deposited the planned fund in the commercial bank account upto one year and earned an interest of ₹0.41 crore.

[Audit Paragraph 2.1.6.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)

Notes furnished by the department in this regard is included as Appendix II]

31. To the audit observation that Director of Fisheries diverted plan fund of ₹29.85 crore under RKVY to Kerala State Coastal Area Development Corporation (KSCADC) before actual requirement, the Additional Director Fisheries Department answered that such a decision was taken in a meeting conducted by Chief Secretary for the smooth and speedy implementation of project and that it was also decided in the above meeting that MD, KSCADC could directly make payment to the Contractor, after getting work bill verified and passed by Chief Engineer, HED.
32. When enquired about the interest of ₹ 0.41 crore earned as a result of plan fund being deposited in a commercial bank account upto one year by KSCADC, Additional Director, Fisheries replied that the details would be submitted to the Committee after discussion in SLSC meeting. The Committee directed the department to submit proper reply at the earliest.

(The revised statement provided by the department is included as Appendix II)

Conclusion/Recommendation

33. No Comments

Non-refund of unspent amount - ₹ 54.90 lakh

On completion of implementation of projects, the implementing officer had to furnish necessary UC and the balance was required to be refunded.

Audit test check revealed that in respect of the following projects, the implementing agencies received ₹2.34 crore. Even after completion of the work, the agencies did not refund the unutilised balance as shown below.

Project Name	Implementing agency	Amount Received	Unspent Balance	Remark
		(₹ in Lakh)		
Deepening and widening of side protection of Kundoor thodu–Nennambra point	District Panchayat Malappuram	31.25	7.07	The project was completed and UC furnished for ₹ 24.18 lakh
Two projects	Principal Agriculture Officer, Kannur	*Details not available	19.82	The unspent balance of ₹ 19.82 lakh remaining in TSB account from 2010 onwards
Establishment of lead centres for organic farming at Vellayani	Kerala Agricultural University	109.6	8.70	Though the project was completed, the unspent balance kept idling in TSB account
Mulberry cultivation and distribution of equipment	SERIFED	33.00	9.25	The agency was liquidated on 15th March 2010, for the amount not refunded and UC not furnished
Infrastructure works in padasekharams for paddy cultivation	Principal Agriculture Officer, Ernakulam	40.00	1.82	The unspent balance is pending with Minor Irrigation Division, Ernakulam since February 2011.
Pig rearing	MPI	20.00	8.24	
Total		233.85*	54.90	

* Figure is incomplete as the details in respect of two projects implemented by PAO Kannur are not available.

The implementing agencies kept the funds in interest bearing bank accounts resulting in blocking up of Government funds in the form of interest from deposits which had to be refunded. This also indicated lack of proper monitoring by the Nodal department regarding the implementation of project and utilisation of amount.

[Audit Paragraph 2.1.6.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)

Notes furnished by the department in this regard is included as Appendix II]

34. The Committee enquired the reason for not monitoring the utilisation of fund by implementing agencies as well as non refund of unutilised balance amount even after the completion of work. The Deputy Director (planning), Agriculture Department answered that the accounts was controlled by the Director and that he couldn't attend the meeting as there was another meeting conducted by Chief Minister. The Committee expressed its displeasure over the irresponsible attitude of the department officials for not authorising a competent officer to deal with PAC meetings. The Committee demanded that urgent reply should be submitted regarding this after proper enquiry.

(The revised reply furnished by the department is included as Appendix II)

Conclusion

35. The Committee expresses its deep displeasure over the irresponsible attitude of the department officials for not authorising a competent officer on behalf of the concerned official to attend meetings of the Committee.

Implementation

The implementing units/agencies included Grama panchayats, Primary level offices of allied and autonomous institutions such as Kerala land Development Corporation (KLDC) Kerala Livestock Development Board Ltd. (KLDB), Kerala Co-operative Milk Marketing Federation Ltd. (MILMA), State Horticulture Mission (SHM), Vegetable and Fruit Promotion Council of Kerala (VFPCCK), Kerala Feeds Ltd (KFL), Meat Products of India (MPI), Kerala Agro Industries

Corporation Ltd. (KAICO), Kerala Agricultural University (KAU) etc. RKVY funds from the nodal department reach the Principal Agriculture Officers directly through allotments and by demand draft to allied departments and implementing agencies.

As per details available in RDMIS (**Appendix III**), out of the total number of 949 projects sanctioned by SLSC during the period from 2007-08 to 2012-13, 865 projects were completed, 63 projects were in progress, five projects were not yet implemented and 16 projects were abandoned as on January 2014.

Audit scrutiny revealed the following defects in the implementation of the projects.

Undue benefit to contractor in the project Eradication and Utilisation of Water Hyacinth - ₹ 7.40 crore.

Water Hyacinth, a water plant, had been labelled as world's worst water weed and has gathered increasing international attention as an invasive species. It can cause extensive environmental, social and economic problems. The success of this invasive alien species is largely due to its reproductive output. Water Hyacinth can flower through out the year and releases more than 3,000 seeds per year. The seeds have a life span of over 20 years. Threats posed by Water Hyacinth include destruction of biodiversity, oxygen depletion and reduced water quality, breeding ground for pests and vectors and blockage of waterways hampering agriculture, fisheries, recreation and hydropower.

In order to eradicate Water Hyacinth spread over Kuttanad wet lands, a project Eradication and utilisation of water hyacinth was approved by SLSC (February 2010) was a total outlay of ₹21.29 crore and its implementation was entrusted with State Fisheries Resources Management Society (FIRMA). The main components of the project included mechanical removal of Water Hyacinth from Kuttanad wetlands (₹15 crore) and establishment of 2000 vermi compost units (₹ three crore) for production of vermi compost from water hyacinth removed from water bodies and construction of three biogas plants (₹2.1 crore)

The work for the mechanical removal of 300000 m³ of water hyacinth was tendered by FIRMA (April 2010) and awarded (August 2010) to M/s. Ornamental Fish Farming (P) Ltd at the rate of ₹485/m³ (Agreed PAC ₹14.55 crore) with a

time of completion of 12 months which ended on 31st July, 2011. The contractor was permitted by the implementing agency (FIRMA) to continue the work even after expiry of contract period. As the progress of the work was very slow, in a meeting convened by the Hon'ble Minister for Fisheries, Port and Excise, it was decided to stop the work (July 2012).

The work for the removal of water hyacinth was subsequently tendered (November 2012) and awarded to M/s Bombay JCB Earth Movers Ltd. (January 2013) at the rate of ₹220/m³ plus taxes and levies and the work is in progress (January 2014).

Audit scrutiny relating to contract with M/s Ornamental Fish Farming (P) Ltd revealed the following irregularities.

A. Undue favour to the contractor

The period of contract for mechanical removal of water hyacinth as per agreement was 12 months. However, by the end of September 2011 the contractor has only removed 56563.72 m³ of weeds as against the stipulated quantity of 300000 m³. Though the contractor failed to fulfil his commitment as per the agreement no action was taken against him. Further, despite the expiry of one year period by 31st July, 2011, the implementing agency (FIRMA) did neither extend nor terminate the contract.

The contractor was allowed to continue the work till September 2012 without any orders/supplementary agreement. Even after 26 months, the contractor removed only 209203.886 m³ of weeds for which he was paid a sum of ₹10.02 crore as of June 2013².

The quantity of weeds removed after the period of contract comes to 152640.166 m³ for which he was paid a sum of ₹7.40 crore. The work executed by the contractor after the period of contract was not supported by any valid order/agreement and hence the payment of ₹7.40 crore made to the contractor was irregular and an undue favour to the contractor.

² Balance amount of ₹ 0.12 crore retained by FIRMA.

As the contractor failed to complete the work in time, FIRMA should have resorted to retendering the work on risk and cost basis immediately after the period of contract. Penalty clause should be inserted in contracts for such delays.

B. Unscientific method of measurement

The work of measurement of weeds removed by the contractor was initially entrusted with Harbour Engineering department and then to Kerala State Coastal Area Development Agency. The practice followed by Irrigation department for valuation of removed quantity of weeds is based on the coverage area (sq. m) of water hyacinth in wet lands and not on the quantity of weeds removed and dumped. But in the present work, the volume of weeds removed and dumped was arrived at based on tape measurement. As the volume of removed weeds would vary due to change in climate or passage of time, the method adopted for measurement was neither scientific nor reliable.

C. Non achievement of benefit envisaged in the scheme

The total area of Kuttanad lake was 256 sq.km and an estimated quantity of 300000 m³ of Water Hyacinth was required to be removed at an agreed cost of 14.55 crore. The Task Implementation committee under the Agricultural Production Commissioner observed (September 2010) that the present system of weed removal could not achieve the required objective of making Kuttanad a weed-free zone. It was noticed from the reports of FIRMA that the weeds grow rapidly and could multiply within 13 days and cover over a hectare within nine months. The review committee meeting under the Chairmanship of Principal Secretary (Fisheries) also observed that the speed of removal of weeds was slow and at that speed, the weeds get enough time to re-establish in the water body by the time they were removed.

There was no direction to the contractor to remove the weed completely from the location taken up for removal and there was no provision in the agreement to maintain the water body weed free. All these indicated that the removal of weeds did not achieve the benefit envisaged in the scheme and the purpose of making the Kuttanad lake weed free was defeated despite spending 10.02 crore during the period from August 2010 to September 2012.

[Audit Paragraph 2.1.7 and 2.1.7.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)]

Notes furnished by the department in this regard is included as Appendix II]

36. The Committee enquired about the audit objection of undue favour to the contractor in the project “Eradication and utilisation of Water Hyacinth”, spread over Kuttanad wet lands. The witness, Additional Director, Fisheries Department explained that the work for the mechanical removal of Water Hyacinth was tendered by FIRMA for a period of agreement for 12 months. At that time no machines were available for this purpose. So machinery was imported from USA which took a delay of one year. He further supplemented that the only lapse which occurred in this regard was non extension of order for the continuation of work. The Committee pointed out that extension of agreement was essential for the continuation of project as stated in the Government reply. The Committee wanted to know the present status of the departmental action initiated against the officers responsible for the lapse that resulted in undue benefit to the Contractor.
37. The Committee was displeased to note that the contractor hadn't procured required machinery for the removal of water hyacinth even after commencement of contract agreement. The Committee opined that the measurement of the volume of removed weeds as explained in the reply was unscientific. The department officials informed that a new methodology was evolved and a committee under the Chairmanship of Principal Secretary, Fisheries Department was constituted to ensure transparency in implementation of the work.
38. The Committee wanted to know about the present status of the project as well as of any measures if taken or study done by Agricultural University for the removal of weed. The Additional Director Fisheries informed that at present mechanical removal was the only method adoptable. Earlier a method of bio control using a specific type of beetle was put to discussion by the Agricultural University but permission was not granted for its import. He also added that when the project was initiated in 2010, there was no efficient methodology to control the biomass of the weeds.

39. Regarding the audit remarks about the unscientific method of measurement of weeds removed, Fisheries official explained that a new methodology for assessing the quantity of weed removed has been evolved by the Committee constituted for ensuring transparency in implementation of work under the chairmanship of Principal Secretary, Fisheries.

(The revised reply furnished by the department is included as Appendix II)

Conclusion/Recommendation

40. The Committee recommends to furnish a detailed report about the measures taken for the removal of weed, Water Hyacinth and also methodology used for assessing the quantity of the weed removed. The Committee also recommends to submit a report about the study, if any, taken by Agricultural University for the removal of the weed.

Sale of blasted hard rock to contractor resulted in undue benefit to contractor – ₹ 124.22 lakh

The project 'Infrastructure development work in Thrissur Kole area' (Project cost ₹617 lakh) included excavation of five canals including formation of bunds with an outlay of 218 lakh. The excavation work was awarded to a contractor in March 2010 (including blasting of 22922 m³ hard rock) at an agreed Probable Amount of Contract of ₹1.84 crore. The actual blasted quantity of rubble was 30444.18 m³ (1.5 times of 20296.122 m³) as per Standard Data Book.

There was no provision in the agreement for sale of the blasted rock. However, the implementing agency M/s KLDC sold 30444.18 m³ of blasted rock to the contractor recovering ₹ 7.75 lakh, which was stated to be 10 percent of the value of rock. But the actual value of blasted rock comes to ₹117.79 lakh. As the sale was outside the terms of agreement, it extended an undue advantage of ₹110.04 lakh to the contractor. Besides KLDC incurred labour charges for conveying blasted rubble up to 50m for which contractor was paid a sum of ₹ 14.18 lakh.

In response to the audit query KLDC justified the sale citing the instructions of July 1994 by the Chief Engineer (Irrigation and Administration) wherein it was iterated that stacking charges might be deducted by issue of the blasted rock to the contractor at site itself recovering 10 per cent of the value.

However, the reply of the department is not tenable as there was no provision in agreement for stacking and that the sale of blasted rock at site was obvious. The non inclusion of the provision for sale of blasted rock in tender schedule resulted in restricting competition and extended unwarranted advantage of ₹124.22 lakh (**Appendix III**) to the contractor.

[Audit Paragraph 2.1.7.2 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)

Notes furnished by the department in this regard is included as Appendix II]

41. The Committee remarked that the contractor, Forest Industries Travancore Ltd to which the project was entrusted had no competency for taking up the project, as they had not completed any work properly and had no qualified staff.

42. Regarding the audit observation that sale of blasted rock outside the term of agreement and incurring labour charges for conveying blasted rubble upto 50m resulted in an advantage of ₹124.22 lakh to the contractor, the Committee observed that as per the reply provided by the government, KLDC had adopted the PWD code and Irrigation Department circular No.1/94/WB-18589/94, dtd 28-7-1994 for the disposal of balance blasted rock at site since selling of blasted rock was not included in the original agreement

43. The witness, Managing Director KLDC informed that the project was completed and almost 24385m³ of rock had to be auctioned. As there was no space available for stacking, the contractor sold it at the site based on the provision in the circular.

44. Then the Committee pointed out that the circular was applicable only if there was provision in the agreement for stacking the blasted rock before selling and in the absence of such provision, paying a sum of ₹14.18 lakh to the contractor for transferring material up to 50m at site was pointless. Therefore the Committee

observed that the objection can be dropped only if there was provision in the agreement to that effect and decided to re-examine the matter based on the further proper reply.

The revised statement furnished by the department is included as Appendix II.

Conclusion / Recommendation

45. No Comments

Non-achievement of target and consequent non-utilisation of funds – ₹ 5.52 crore.

The project 'Rice Development' was sanctioned (June 2010) with the objective of increasing rice production in an area of 66000 ha. Identified in 14 districts with the help of three major components of the scheme such as increasing cropping intensity, paddy cultivation in fallow land kept uncultivated for several years and to bring more area under upland rice cultivation. Utilising the assistance, the expected additional minimum outturn of rice production was 64,000 MT per year (25000 MT from increasing cropping intensity, 9,000 MT from upland cultivation and 30000 MT from fallow land). The physical and financial target and achievement thereon are as shown below:

Particulars	Physical (Area Ha)			Financial (₹ in crore)		
	Target	Achievement	Excess (-) Shortfall(+)	Outlay	Expenditure	Excess (-) Shortfall (+)
1	2	3	4	5	6	7
Rice production in rice growing tracts	50,000	55,974.97	(-) 5974.57 (-11.95%)	25 (@ ₹ 5,000/ha.)	27.99	(-) 2.99
Upland cultivation of rice	6,000	1760.82	(+) 4,239.18 (+ 70.65%)	3 (@ ₹ 5,000/ha.)	0.88	(+) 2.12

1	2	3	4	5	6	7
Fallow land cultivation of rice	10,000	3795.14	(+) 6,204.86 (+62.05%)	12 (@ ₹12,000/ha.)	4.55	(+)7.45
Total	66,000	61530.93		40	33.42	

The amount of assistance was provided as input subsidy to the farmers under the scheme without linking the subsidy to the output / production. The major share of the project was earmarked for the component 'Rice Production in rice growing tracts', a lenient target, where the department spent an additional amount of ₹ 2.99 crore. The department was not able to provide the quantity of rice expected from the implementation of the scheme. In respect of upland and fallow land cultivation, the department failed to achieve the stipulated target.

[Audit Paragraph 2.1.7.3 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)

Notes furnished by the department in this regard is included as Appendix II]

46. To the query about the non achievement of target and consequent non utilisation of funds of ₹ 5.52 crore for the project "Rice Development", the Deputy Director, Agriculture Department replied that the department failed to achieve the stipulated target of expected quantity of rice from the implementation of the scheme. Hence the amount of ₹5.52 crore was not released at all for the project and was set apart for another project. The Committee directed to submit a detailed report regarding this.

(The revised statement furnished by the department is included as Appendix II)

Conclusion / Recommendation

47. No Comments

Expenditure on ineligible items utilising allocation towards administrative expenses - ₹ 1.11 crore.

In terms of RKVY guidelines, State is permitted to use up to one per cent of its total RKVY funds towards administrative expenses. However, the nature of expenditure explicitly specified should be adhered to and deviations are not allowed.

Audit scrutiny revealed that in the following cases the State had utilised the share towards administrative expenses for activities / components expressly not permitted, viz (i) Purchase of vehicles and (ii) Non recurring expenses (modernisation of directorate building).

Year	Amount released by GoK	Total expenditure incurred ₹ in crore	Inadmissible Expenditure incurred	Purpose
2009-10	0.93	0.89	0.47	Purchase of 11 vehicles for departmental purpose.
2010-11	1.93	1.46	0.46	Modernisation, electrification and civil works of Directorate building
Total	2.86	2.35	0.93	

[Audit Paragraph 2.1.7.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)]

Notes furnished by the department in this regard is included as Appendix II]

48. Audit scrutiny revealed that the State utilized the share towards administrative expenses for components which are not permitted like purchase of vehicles and non recurring expenses. The department replied that as per the guidelines of RKVY, administrative funds could be utilised for recurring and other kinds of expenditure such as transport, manpower, POL, TA, DA, computer and other consumables with the approval of SLSC Chairman. The Committee pointed out that though the expenses seems necessary as per para 3.6 of RKVY guideline, purchase of vehicles were not allowed and administrative expenditure included various recurring expenses and the non-recurring expenses such as construction and maintenance were not allowed.

Conclusion / Recommendation

49. No Comments

Unfruitful expenditure due to delay in taking over project - ₹38.18 lakh

The project "Infrastructure works in padasekharams for paddy cultivation" having an outlay of ₹ 815.40 lakh was sanctioned during 2008-09; out of which ₹40 Lakh was allotted to Principal Agricultural Officer, Ernakulam for development of Thottarapuncha padasekharam for augmenting rice production. Thottarapuncha padasekharam comprise of 700 ha. of land and paddy cultivation was restricted to 450 ha. of land. The project was intended to bring the balance 250 ha. under cultivation.

The work included construction of tractor passage, installation of 'Petty and Para'³ with necessary motor and pump sets. The Executive Engineer, Minor Irrigation Division, Ernakulam, completed the work at a cost of ₹38.18 lakh. Irrigation department requested (February 2011) Agriculture department to take over the project. But neither Agriculture department nor any other authority took over the project (December 2013) and hence the intended purpose could not be achieved. The unspent balance of ₹1.82 lakh was still pending with Minor Irrigation Division, Ernakulam.

The maintenance and operation of the 'Petty and Para' should have been entrusted to a suitable agency so as to make the project fruitful.

[Audit Paragraph 2.1.7.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)]

Notes furnished by the department in this regard is included as Appendix II]

50. According to audit, an amount of ₹ 38.18 lakh out of the allotted ₹40 lakh for the development of Thottarapuncha Padasekharam that was spent to bring the remaining 250 hec. of land under paddy cultivation became unfruitful as neither the Agriculture Department nor the Irrigation Department took over the project and an unspent balance of ₹1.82 lakh was still pending with the department. The witness, Deputy Director (Planning) Agricultural Department informed that the AG's direction to transfer the project to a competent agency had been complied with. The Committee recommended to submit a detailed report on the current status of the project.

(The revised reply furnished by the department is included as Appendix II.)

3 A machinery used for the regulation of water flow into and out of the paddy fields.

Conclusion / Recommendation

51. No Comments

Failure of implementing agency to ensure proper infrastructure resulted in undue favour to an external agency - ₹ 1.25 crore.

Prawn Shell waste is a raw material for production of Glucose Amine which is used extensively for treatment of arthritis. 'MATSYAFED', an autonomous body in the State, prepared DPR (₹3.66 crore) for (a) production of Glucose Amine from prawn shell (b) disposal of prawn shell waste from coastal areas and (c) generation of employment opportunities for 100 youths (direct) and 4000 women (indirect). The project was approved by SLSC during November 2008 and funds of ₹2.39 crore sanctioned under RKVY towards purchase of machinery. The Agriculture department (nodal department) released ₹1.25 crore (2009-2011) to the implementing agency, MATSYFED. As the fund received for the project was insufficient, a revised project with an outlay of ₹ seven crore had been submitted, which is yet to be approved.

The scheme was proposed to be implemented after constructing a building utilising assistance of ₹2.92 crore from Government and National Fisheries Development Board (NFDB). Construction of building started in August 2010 without getting prior sanction from Town Planner. The time of completion was stipulated as ten months (June 2011). However, the building could not be constructed as it violated the norms of Pollution Control Board (PCB).

Failure to comply with the stipulations of PCB/District Town Planner and failure to obtain prior sanction from Town Planner, Alappuzha for the construction of the plant led to the following.

- The project approved in November 2008 with stipulated period of completion of nine months is yet to be completed. Delay in completion of the project resulted in failure of objectives.
- The implementation of the project prolonged with the delay in construction. This resulted in idling of plan funds in commercial bank accounts from 2009 onwards.

- Loss of potential income of ₹10.13 crore per annum projected by the implementing agency from the sale of Glucose Amine products.
- Denial of hygienic environment to the coastal people through removal of prawn shell waste as envisaged in the DPR.

Irregular payment of mobilisation advance - ₹50 lakh

In terms of RKVY guidelines, payment of mobilisation advance to contractor is not permissible.

The project for enhancement of Shell fish production in the State by strengthening the Seed production Centre of Agency for Aquaculture Development Kerala (ADAK) at Odayam, Varkala, was sanctioned (February 2009) with an outlay of ₹253.25 lakh and the entire amount released for the project. One of the components of the said project was 'Establishment of Aquarium' for which ₹33 lakh was earmarked. As the allotment of ₹33 lakh was insufficient, it was de-linked from the main project and a fresh project for 'Establishment of Aquarium Complex cum Training and Awareness Centre at Odayam' was sanctioned (May 2011) with a project cost of ₹350 lakh. The amount was released to the implementing agency ADAK (₹150 lakh in December 2011 and ₹200 lakh in January 2013). The work of establishment of Aquarium Complex cum Training and Awareness Centre was awarded to M/s.COSTFORD in December 2012.

Audit scrutiny revealed that ADAK, advanced ₹50 lakh to the contractor, (M/s. COSTFORD) (January 2013). Though payment of advance is permissible as per GoK instructions, the same is prohibited as per RKVY guidelines. Hence the action of ADAK in advancing ₹ 50 Lakh to the contractor was not in order and in violation of provision of RKVY.

Monitoring and supervision

As per RKVY guidelines, SLSC was responsible for monitoring the progress of sanctioned projects/schemes and reviewing implementation of schemes objectives and ensure that programmes were implemented in accordance with the guidelines laid down.

Government of Kerala formed a State Level Monitoring Committee (SLMC) (August 2008) under the chairmanship of Agricultural production Commissioner exclusively for monitoring the implementation of RKVY scheme, review the implementation of RKVY on a monthly basis and submit reports to SLSC. SLMC should also finalise the agenda for SLSC meetings.

Audit scrutiny revealed the following lapses in the prescribed internal control mechanisms:

Failure in Internal Controls of Monitoring and evaluation by SLSC, SLMC and Nodal department.

According to RKVY guidelines, SLSC meetings should be held at least once in three months. From January 2008 to March 2013 (63 months) there were only 11 meetings as against the required minimum of 21 meetings. The gap between meetings was up to 10 months.

RKVY guidelines stipulate SLMC to meet monthly, but the first meeting was convened after 18 months (18th February 2010) of its formation. Up to 31st March 2013, only five meetings were conducted. The gap between consecutive meetings ranged up to 11 months. It indicated that SLMC failed to review the implementation of RKVY schemes as stipulated in RKVY guidelines.

As per RKVY guidelines, the nodal department (Agriculture) was required to effectively co-ordinate with various departments and implementing agencies with respect to preparation and appraisal of projects, implementing, monitoring and evaluating them and also to submit quarterly reports of physical and financial progress to GoI.

Audit scrutiny revealed that nodal department did not have a system of either monitoring the progress of each project physically and financially or submitting the detailed reports of their physical and financial progress to Department of Agriculture and Co-operation (DAC). The funds were released without taking into consideration the actual requirement for implementation of the scheme. The utilisation certificates submitted by the Nodal department based on the utilisation certificates submitted by the implementing departments/agencies did not represent the actual spending as the funds were still remaining idle with implementing agencies in many cases.

Wide variation in data on expenditure renders RDMIS unreliable

The web based RDMIS provided for the nodal department and the implementing agencies to enter the progress of each project concerned both physical and financial so that the controlling and monitoring departments/units even up to the level of DAC would be able to get the up to date position of implementation of each project.

Audit scrutiny revealed that details filled in by each department from the level of nodal department to the level of implementing units were neither correct nor up to date. Some instances are given below:

1. As per the details furnished by the nodal department, the total expenditure on RKVY projects as at the end of January 2014 was ₹770.20 crore whereas the expenditure as per RDMIS was ₹810.45 crore showing a difference of ₹40.25 crore.
2. Two projects⁴ with a total project cost of ₹4.1 crore were shown in RDMIS as abandoned projects whereas the department had stated that the projects were completed.
3. As per the details available in the RDMIS in February 2014, 10 projects sanctioned without DPRs were completed at a cost of ₹25.76 crore. The status of physical progress of the said projects could not be ascertained due to mismatch between target and achievement shown in database of RDMIS.

The RDMIS was not populated with data in 'work-flow' mode and regular update of project status was not made. This method of updation without any scrutiny defeated the very purpose of RDMIS. This indicated that data available in RDMIS lacked credibility and any analysis done based on such data would be unrealistic and unreliable.

4 Kuttanad Package – Onattukara First Paddy Cultivation (2010-11) and Kuttanad Package – Sesamum cultivation Onattukara region (2010-11)

Recommendations

- PPM Cell should ensure that projects which are feasible only are proposed and approved.
- Nodal department should ensure that UCs are issued by respective implementing agencies only after the funds are spent completely.
- SLSC and SLMC should monitor each project and should ascertain whether the projects are implemented adhering to RKVY guidelines.
- The authenticity and reliability of RDMIS should be ensured.
- Government should issue instructions regarding the accounting and utilisation of interest earned by implementing agencies on RKVY funds deposited in banks.

[Audit Paragraph 2.1.7.6 to 2.1.9 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2013. (Economic Sector)]

Notes furnished by the department in this regard is included as Appendix II]

52. Audit scrutiny revealed that data available in RDMIS lacked credibility as regular update of project status was not made and so any analysis done based on such data would be unreliable. The Committee enquired about the measures taken to ensure the correctness of data entered in RDMIS. The Director, Agriculture Department replied that special training was given on data entry and regular monitoring was also being conducted. The Committee directed to submit detailed report regarding this to which the director agreed.
53. The Committee expressed its displeasure on the absence of concerned Secretaries and Directors in the meeting. The Committee was also not convinced with the reply furnished by the department as well as the explanation given by the officers in the meeting. Therefore the Committee

directed to submit proper reply to the audit objections. The Assistant Director, Agriculture informed that fresh replies would be furnished incorporating the changes deliberated before the committee. The Committee also directed to submit a report regarding the steps taken by PPM Cell to monitor and control the projects sanctioned under RKVY.

Conclusion / Recommendation

54. The Committee finds that the data available in RDMIS lacked credibility due to improper and irregular updation of project status and so such data is not reliable. The Committee recommends to submit a report regarding the steps taken by PPM Cell for regular monitoring of correctness of data available in RDMIS and also of measures taken to monitor and control projects sanctioned under RKVY.

Thiruvananthapuram,
14th January, 2021.

V. D. SATHEESAN,
Chairman,
Committee on Public Accounts.

APPENDIX I

SUMMARY OF MAIN CONCLUSIONS /RECOMMENDATIONS

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations
1	2	3	4
1	3	Agriculture Department	The Committee understands that a comprehensive State Agricultural Plan (SAP) formed by integrating District Agricultural Plans (DAP) is essential for getting funds under RKVY Schemes. The Committee observes that the failure of the department to prepare District Agricultural Plan annually and State Agricultural Plan has resulted in non integration of project proposals of all districts and non consideration of eligible districts which in turn makes the ultimate purpose of RKVY Scheme pointless. Therefore the Committee recommends timely preparation of annual District Agriculture Plans (DAP) and comprehensive State Agriculture Plan (SAP). The Committee also warned the department for furnishing inaccurate replies in a heedless manner and recommends to submit clear and accurate explanation regarding the failure in SAP and DAP preparation.
2	12	Agriculture Department	The Committee opines that the approval of projects without DPR is a clear violation of RKVY guidelines. So the Committee recommends that utmost care should be taken to strictly adhere to the RKVY guidelines on preparation of DPRs and submission of projects before SLSC.

1	2	3	4
3	13	Agriculture Department	The Committee expresses its concern over the non-preparation of District Agricultural Plans. The Committee directs that proper study and research should be conducted to identify the productive sectors and to submit suitable projects before the central agencies. The Committee also directs to furnish the reason for non-preparation of District Agricultural Plans in certain districts and details of the person responsible for the same.
4	21	Agriculture Department	The Committee observes that RKVY guidelines has been violated on purchase of tractors. The Committee rejecting the Government stand that the change in guidelines in 2014 supports the purchase of tractors stated that the provision appended in the RKVY guidelines in 2014 could not justify a purchase done in 2010. The Committee directs the department to carefully examine the relevant documents and files and furnish a report clearly explaining the background for the purchase of tractors.
5	28	Agriculture Department	The Committee opines that furnishing of incorrect Utilisation Certificates without attaining proper progress, with a view to obtaining further grants from Government of India, is a serious undermining of Government interventions. The Committee directs the department to ensure proper monitoring on the release and utilisation of GoI funds.

1	2	3	4
6	30	Agriculture Department	The Committee understands that neither GoI nor the GoK has issued instructions regarding the accounting and utilisation of interest accrued from unspent RKVY funds. The Committee directs the Finance department to examine the matter regarding usage of interest accrued on the unspent RKVY funds for other development programmes and also to issue necessary guidelines for its proper utilisation.
7	35	Agriculture Department	The Committee expresses its deep displeasure over the irresponsible attitude of the department officials for not authorising a competent officer on behalf of the concerned official to attend meetings of the Committee.
8	40	Agriculture Department	The Committee recommends to furnish a detailed report about the measures taken for the removal of weed, Water Hyacinth and also methodology used for assessing the quantity of the weed removed. The Committee also recommends to submit a report about the study, if any, taken by Agricultural University for the removal of the weed.
9	54	Agriculture Department	The Committee finds that the data available in RDMIS lacked credibility due to improper and irregular updation of project status and so such data is not reliable. The Committee recommends to submit a report regarding the steps taken by PPM Cell for regular monitoring of correctness of data available in RDMIS and also of measures taken to monitor and control projects sanctioned under RKVY.

APPENDIX II

NOTES FURNISHED BY THE GOVERNMENT

Reply to draft paragraph of the Accountant General on the Implementation of Rashtriya Krishi Vikas Yojana (RKVY)

A. General observation of the AG

B. 2.1.1. Introduction

RKVY is a Centrally Sponsored State Plan Scheme with 100 per cent Central assistance. The board objective of the scheme was to increase agricultural production and productivity keeping in line with the National Agricultural Policy which aimed at achieving a growth rate of four per cent in the agriculture sector on a sustainable basis. It has been under implementation in the State from 2007-08 with the objective of providing incentives to the State for investment in agriculture, reduce the yield gaps in important crops, maximise returns to farmers and bring about quantifiable changes in production and productivity of agriculture and allied sectors.

The eligibility of Government of India (GoI) assistance under the scheme depends upon the amount provided in the State Plan budget for Agriculture and allied sectors over and above the baseline percentage of expenditure incurred by the State Government on the sector prescribed on the basis of certain parameters. Scheme guidelines prescribed at least 75 per cent of the allocated amount was to be proposed under Stream I for specific projects and up to 25 per cent was available to the State under Stream II for strengthening the existing State sector schemes and filling specific resources gap.

The scheme guidelines provided the Agriculture department as nodal department which was to effectively coordinate with other departments/implementing agencies for preparation, appraisal of projects, implementation, monitoring and evaluation at regular intervals.

The State Level Sanctioning Committee (SLSC) headed by the Chief Secretary was responsible for sanctioning and monitoring the progress of sanctioned projects/scheme.

2.1.2. Sectors covered

Agriculture is the predominant sector. The allied sectors as indicated by the Planning Commission are Crop Husbandry including Horticulture, Animal Husbandry and Fisheries, Dairy Development, Agricultural Research and Education, Agricultural Marketing, Food Storage and Warehousing, Soil and Water Conservation etc.

2.1.3. Organisational set up

Agricultural Production Commissioner is the head of Agriculture department and is assisted by Secretary (Agriculture) and Secretary (Animal Husbandry and Dairy) at Government level. Director, PPM Cell is in charge of monitoring the preparation of Comprehensive District Agriculture Plan (C-DAP) and Comprehensive State Agriculture Plan (C-SAP), sanctioning and implementation of the projects. Director of Agriculture is the functional implementation head who is assisted by four Additional Directors, five Joint Directors, and seven Deputy Directors. At district level there are Principal Agricultural Officers. The allied departments of Agriculture, which implement RKVY scheme are Animal Husbandry, Dairy Development, Fisheries headed by Directors of Animal Husbandry, Dairy Development, Fisheries respectively and Co-operation headed by Registrar of Co-operation.

2.1.4. Audit coverage and methodology

The Directors of Agriculture, Animal Husbandry, Dairy Development, Fisheries, District Level offices and field offices in 14 districts of Kerala were selected for test check using Probability Proportional to Size With Replacement (PPSWR) method considering the criteria of expenditure incurred in the district during 2007-08 to 2012-13.

2.1.4.1. Methodology of selection of sectors

Since implementation of RKVY involves specific projects under defined Sectors, the data of Sector wise expenditure reported by the State for the period 2007-08 to 2012-13 has been collected and arranged according to the amount of expenditure incurred under the Sectors(s). For the purpose of representation of entire sample, three categories of Sectors have been made and based on it, the percentage of selection of sectors has been done and nine sectors were selected as per the following criteria.

Category of Sector wise expenditure	Percentage of sample sector to be selec. ^a ↓	Selected Sectors
A (Exp. More than Rs.100 crore) - 2 sectors	100	ANHB CROP
B-(Exp. Bet Rs. 50-100 crore) - 3 sectors	60	FISH AMEC
C (Exp. Less than Rs.50 crore) - 21 sectors	30	AGRE NRM IRRI MRKT SERI

2.1.4.2 Methodology of selection of projects within selected sector

From the consolidated list of sector-wise expenditure, three projects each from AMEC (60.54 per cent) and AGRE (3.79 per cent), four projects each from Animal Husbandry (19.97 per cent), Crop Husbandry (30.35 per cent) and National Resource Management (4.35 per cent), five projects from fisheries (9.46 per cent), two projects each from Irrigation (16.68 per cent), Marketing (17.44 per cent), Sericulture (46.92 per cent) and one from Horticulture (0.71 per cent) Sectors were selected by audit. Total expenditure of selected projects comes to 20.06 per cent of total expenditure of selected sector. Stream I and II were not segregated by Nodal Agency and so selection was not possible separately for Stream I and II.

2.1.5 Planning Process

RKVY scheme stipulates preparation of District Agriculture Plan (DAP) projecting the local needs for development of Agriculture and allied sectors of the district. DAPs should be integrated into a comprehensive State Agriculture Plan (SAP) to become eligible for grants under RKVY, DAPs should be prepared by including resources available from other existing schemes, District, State, or Central schemes, etc. and adhere to the guidelines circulated by the Planning Commission for District Planning. While preparing the SAP, State's priorities should be ensured with respect to agriculture and allied sectors. The Nodal Agency should place the SAP before the SLSC for consideration, discussion, finalization, and sanction of projects. Audit scrutiny revealed deficiencies in planning process as detailed below.

Para No	Observation of AG	Reply
2.1.5.1	<p>Multiplicity of projects and exclusion of certain districts from project plan</p> <p>Audit scrutiny revealed that DAP was not prepared by any of the Districts of the State from 2008-09 and from 2012-13 onwards. Instead a Comprehensive District Agriculture Plan (C-DAP) was prepared during 2009-10 for the XIth Five Year Plan (2007-2012) period and used by department as DAP for the purpose of RKVY assistance. DAP was not prepared annually.</p> <p>In the absence of DAPs, the eligible districts were not considered against the schemes in a comprehensive way for agriculture and allied sectors while sanctioning projects. Audit scrutiny revealed that SAP was not prepared by integrating the project proposals of all the districts. Instead, district wise proposals were compiled and included in the agenda notes for approval at State Level Sanctioning Committee (SLSC) meeting. It is also revealed that in many projects sanctioned by SLSC, there could have been better integration by clubbing of similar projects had the SAP been prepared by the State. Some instances are shown below.</p>	<p>The projects mentioned in the para were location specific and proposed by the district level officers of the districts concerned. The Department of Dairy Development did not have any comprehensive project at the State level at that time. However the State Government has issued separate guidelines to avoid inter district disparity in the rates of subsidy and projects are received only through the Heads of the Department concerned to ensure uniformity.</p>

Project ID	Project Name	Project cost Rs. in Lakh	District
KE/RKVY/DDEV/2009/407	Automatic Milk Collection Units	5.00	Kottayam
KE/RKVY/DDEV/2009/408	Automatic Milk Collection Units	4.95	Kasargod
KE/RKVY/DDEV/2009/406	Automatic Milk Collection Units in dairy cooperatives	15.75	Thiruvananthapuram
		10.50	Idukki
		10.50	Kollam
KE/RKVY/ANHB/2009/369	Calf Feed Subsidy (Calves)	37.50	Pathanamthitta
KE/RKVY/ANHB/2009/378	Calf Feed Subsidy	18.75	Kottayam
KE/RKVY/ANHB/2009/381	Calf Feed Subsidy (per calf)	37.50	Alappuzha
KE/RKVY/ANHB/2009/391	Calf Feed Subsidy (per beneficiary)	22.50	Kozhikode
KE/RKVY/ANHB/2009/372	Cattle Insurance Scheme	6.33	Pathanamthitta
KE/RKVY/ANHB/2009/363	Cattle Insurance Programme Insurance Premium Rs.150000 per animal for 3 years @ 6.25%	13.94	Thiruvananthapuram
KE/RKVY/ANHB/2009/384	Cattle Insurance Programme @ 5.9% of the cost (Rs.20000) of cow	17.70	Thrissur
KE/RKVY/ANHB/2009/370	Cattle Shed Flooring	30.00	Pathanamthitta
KE/RKVY/ANHB/2009/394	Cattle Shed Flooring (per shed @ Rs.50 per sq.ft)	20.00	Kozhikode
KE/RKVY/ANHB/2009/400	Cattle Shed Flooring	30.00	Kannur

Non integration of projects of similar nature proposed by different districts resulted in multiplicity of projects and non-consideration of other eligible districts. Besides the requirement from other sectors were not taken care of adequately.

2.1.5.2	Violations of RKVY guidelines	
	<p>Projects proposed to be implemented under RKVY scheme should be formulated and implemented in accordance with prescribed guidelines. Audit scrutiny revealed that there were instances of non-compliance as detailed below.</p> <p>i) Projects approved by State Level Sanctioning Committee (SLSC) without inclusion in agenda for meeting - Rs. 144.19 Crore</p> <p>The Nodal department had to compile such projects received from each district, prioritize and include them in the agenda for consideration and sanction by SLSC. As per RKVY guidelines, the nodal department should give agenda along with a gist of projects for the SLSC meeting to the representatives of the GoI, giving notice of at least 15 days.</p> <p>Audit test check of 35 (Annexure 1) out of 949 cases (15 per cent of total project cost of Rs.995.39 crore and 3.69 per cent of the total sanctioned projects), revealed that the projects originated at State Level were approved in SLSC meetings as outside their agenda in violation of the guidelines of RKVY.</p> <p>As a result, the criteria for selection of projects involving participation from the lower formations was compromised. Since agenda notes on items concerned as outside agenda items were not circulated to the GoI representatives in advance, decision on items included in the agenda denies opportunity of representatives to study thoroughly about the projects and offer their remarks effectively.</p>	Annexure I attached.

<p>ii)</p>	<p>Sanction of projects without DPRs - Rs. 27.79 crore</p> <p>Nodal department (Agriculture) should satisfy that projects which are feasible, fulfilling RKVY objectives and duly supported by Detailed Project Reports (DPR) are recommended to SLSC for approval.</p> <p>Audit test check revealed that out of 11 projects out of the 62 projects costing Rs.27.79 crore (Annexure 1) were approved by SLSC in its meeting held in September 2011 even though not supported by duly prepared DPRs. It was observed that there was no indication regarding submission of the said DPRs to SLSC in subsequent meetings. Further the nodal agency was not able to confirm whether DPRs of the said projects were produced for consideration of SLSC.</p> <p>The action of SLSC in approving projects without DPRs and failure of nodal agency to monitor and follow up the decisions taken in SLSC meetings are clear violations of RKVY guidelines.</p>	<p>All the projects were sanctioned by the SLSC held on 26.09.2011. Under the RKVY, KLDB had been sanctioned a project under the Special Project for Protein Supplement in the SLSC meeting held on 26.09.2011.</p> <p>Name of Project: "Increased Protein Supplementation for Human Consumption by Enhancing Milk and Meat Production through Breeding" (Total outlay 48.47 lakh). The project has been implemented and the desired objectives achieved.</p> <ul style="list-style-type: none"> • This scheme is seed originated as per the letter from the Director (Dairy Development), Ministry of Agriculture, GoI dated, 25.04.2011, wherein it was informed that the GoI had approved an allocation of Rs. 6.82 crore for the State of Kerala as a part of the National Mission for Protein Supplement" under the RKVY (Copy enclosed as Annexure 1) • Accordingly, GoK vide letter No. 16684/DI/2011/AD dt 23.08.2011 had directed the Managing Director, KLDB to prepare a comprehensive proposal covering the amount giving tentative allocations for KLDB, AHD, Dairy Department and MILMA (Copy enclosed as Annexure 2) • Accordingly, the DPR pertaining to KLDB project was submitted to the PPM Cell vide letter No. GM/6149/2008/Vol III dated, 31.08.2011 by KLDB (Copy of the letter enclosed as Annexure 3) • Subsequently, as decided in the SLSC meeting held on 26.09.2011, KLDB had revised the same and submitted a revised DPR, copy of which is enclosed as Annexure 4. <p>The DPR for Medium scale dairy units in Government Farms was submitted to PPM Cell and was placed in the SLSC. The SLSC directed to submit a revised DPR with minor modification related to procedures adopted for purchase of animals and insurance. The revised DPR was placed in the subsequent SLSC and approval was obtained. (Page 132 of minutes book)</p> <p>Hence the findings may be dropped.</p>
<p>iii)</p>	<p>Approval of projects without feasibility study resulted in idling of funds/non-completion of project - Rs. 5.24 crore</p>	<p>The circumstance which led to the non-implementation of the project on "Bull Spermatozoa Sexing and Commercializing Sexed Semen in India for Uplifting National Dairy Sector" which was approved for implementation under the RKVY</p>

The Nodal Agency should place the SAP before the SLSC for consideration, discussion, finalisation and sanction of projects after ensuring that the department sponsoring the project was convinced about the feasibility of the project. Audit test check revealed that the feasibility of the project was not established prior to approval of DPR by SLSC in the following case.

The project Bull Spermatozoa Sexing and Commercializing Sexed Semen in India for uplifting National Dairy Sector' was sanctioned (March 2011) with an outlay of Rs.5.25 crore and allotted (July 2011) to implementing agency, M/s. Kerala Livestock Development Board (KLDB). The project was intended to increase the number of female calves of the State by four lakh per year using Flow Cytometry equipment for bovine sperm sexing. Global tenders were invited (June 2011) for procurement of Flow Cytometer, an equipment for frozen semen processing, with the specific nozzle for sexing of bovine spermatozoa. But M/s Inguran LLC dba Sexing Technologies in United States of America, was the only competent firm in the world, which had the patent to produce the equipment declined to sell the equipment to India.

Though it was established beyond doubt that the possibility of getting the equipment was remote the implementing agency (KLDB) did not refund the amount allotted of Rs.5.25 crore till date (February 2014). Out of the balance amount of Rs.5.24 crore, Rs.5 crore was deposited in fixed deposit and the balance kept in savings bank account of KLDB. It was observed that Rs.1.11 crore accrued as interest on the unspent RKVY funds was kept in bank accounts of KLDB providing an unwarranted advantage of interest and liquidity to KLDB at the cost of RKVY funds. The amount sanctioned for this project could have been utilised for the implementation of other important projects.

2011-12, is as follows:

The project was basically for the purchase/installation/commissioning of Flow Cytometry equipment for bovine sperm sexing. KLD Board had floated a global tender after initially inviting Expressions of Interest for the procurement of flow-cytometry equipment. Three firms had submitted their Expressions of Interest. Wide publicity was given to the tender through print media, web site of KLDB and direct communication to all known agencies. The opening of the technical bids was scheduled for 16-08-2011. In spite of all the efforts made at obtaining competitive bids, none of the firms participated in the tender.

During the discussions held over phone with the firms that had participated in the Expressions of Interest, it was understood that the firms were hesitant to put up bids on account of the issue connected with the patent for sex sorting of bovine sperms. It was understood that M/s. Inguran LLC dba Sexing Technologies, the USA, were the sole patent holders of the technology connected with the sex sorting of the bovine spermatozoa. Accordingly, officials of KLDB had made direct communication with the patent holder in order to explore the possibility of obtaining licence/ technology from them for the production of sexed sorted bovine frozen semen straws. In response, the firm had informed that they had no plans to introduce the technology in India.

In order to analyse the arising situation in detail and to suggest alternate methods by which the project could be implemented, it was decided to constitute a committee of Technical officers which included an external expert member. The Kerala Veterinary and Animal Sciences University (KVASU) was requested to nominate Dr. K.N. Aravinda Ghosh, Professor and Head, Department of Animal Reproduction as the Expert Member of the committee. Accordingly, KVASU had nominated him to the committee. The committee also consisted of senior technical officers of the KLD Board.

After looking into the matter in detail over a few sittings, the Committee has put forth the following two suggestions.

1. To purchase sexed bull semen from reputed and authorized agencies observing all import formalities

after obtaining the approval from the competent authority.

2. To purchase a cell sorter machine and standardize the germ cell sorting protocol by establishing a biotechnology laboratory, after obtaining approval from the competent authority.

One of the Senior Officers of KLDB was deputed to the Paschim Banga Go-Sampad Bikash Sanstha (PBG SBS), West Bengal where one such cell sorter machine (non-patented) was reported to have been purchased for similar purposes. After having detailed discussions with the officials concerned, he has reported that sex sorting of sperms was a cumbersome process and that the cell sorter equipment available with PBG SBS could not be put to use for commercial production of sexed bovine semen. Though the equipment was purchased by them during the year 2008, they were still not in a position to put it to commercial use.

In view of the above observations, it was felt that going in for the purchase of a highly expensive cell sorter machine (not patented for sperm sexing) would be an extremely risky affair since the applicability of such a machine for bovine sperm sexing and the results thereof were yet to be ascertained. Procurement of a patented bovine sperm sex sorting machine under the situation currently existing would be impossible.

Initial Feasibility Study

The project is seen prepared with a view to increase the female calf crop year by four lakh using sexed semen. The total livestock population in the State was showing a steep declining trend and it was essential to increase the number of female cattle in the State to sustain/improve milk production. The State was then carrying out about 15 lakh artificial inseminations annually, from which 10 lakh calves were obtained. Of this only 50% were female calves. The male calves will be culled and sold out by the dairy farmers. This was the importance of sex sorted semen wherein the calves of desired sex could be produced more. This would ultimately lead to an increase in milk production in the State. Since sexed semen was produced commercially in many countries, there was a nation wide move to adopt new technologies in dairy

and allied sectors. It was expected that the technology could be brought to the country also.

Alternate proposal sanctioned

Accordingly, as suggested by the Technical Committee, an alternate proposal was submitted to the Government and vide G.O(MS) No. 219/2014/AD dated, 30.09.2014, sanction was accorded for the modified proposal on "Genetic Improvement in Cattle and Pig population through imported superior Germplasm" which was linked to the earlier project. The total outlay of the modified/alternative project is Rs. 670.00 lakh of which Rs. 525.00 lakh was to be utilized from the sanctioned amount for the earlier project and Rs. 145.00 lakh was additionally sanctioned.

The details are as follows:

Total outlay of the new project	: Rs. 670.00lakh
Components:	
1. Import of 30 bulls	:Rs. 105.00 lakh
2. Import of Sex sorted bovine semen	:Rs. 520.00 lakh
3. Import of Frozen Pig Semen	:Rs. 45.00 lakh
Amount available with KLDB	:Rs. 525.00 lakh
Amount released (against additional sanction of Rs: 145.00 lakh)	:Rs. 26.00 lakh
Total amount received	: Rs. 551.00 lakh

PRESENT STATUS

Import of germplasm is a cumbersome and time consuming process requiring specific sanctions from the Joint Director General of Foreign Trade, Government of India and the Ministry of Agriculture & Farmers Welfare, Government of India, etc

Import of sexed bovine frozen semen and frozen pig semen was done through global tender. Imported sexed semen from HF breed and frozen semen of pigs have been imported through global tender and funds are utilized.

REPLY REGARDING INTEREST ON RKVY FUNDS

The Board has been maintaining bank account with State Bank of Travancore, Pattom Branch and Government Treasury in which funds received from Government for schemes and funds from commercial activities of the Board are parked together. As part of effective fund management, a portion of such funds were kept in fixed deposits of short term tenure based on the cash budget and the balance were kept in savings bank account to be utilized interchangeably between Scheme and Boards routine fund requirements. As per practice, scheme funds used to be utilized during the financial year in which it is received and also because its outflow arises at short notice, such funds are mostly parked in savings bank account of the company. Therefore audit may note that the interest earned on fixed deposits of the Board cannot be attributed solely to interest on unspent balance of scheme funds. It has been a practice to park Rs. 1-2 crores on an average in SB account as the volume of project activities was so large that short notice fund requirements used to arise. Now, the entire amount available under RKVY has been deposited in the TSB account of KLDB in the District Treasury, Thiruvananthapuram.

It may be noted that the company has not diverted the fund for any unauthorised purpose, but parked either in Fixed Deposit or in savings bank A/c.

It is requested that 50% of the period ie 14 months, (total 29 months) may be considered as the period for which the fund was deposited in fixed deposit and the balance 15 months as parked in Saving Bank A/c. Bank make 10% TDS from the interest and company has been taxed @ 30 % for taxable income by way of interest.

In view of the above, it is requested to consider revision of the calculation of interest earned as below:

Nature of Deposit	Amount(in lakh)	Rate of interest	Period	Interest Earned (In lakh)
Fixed Deposit	500.00	9%	8/2011 to 12/2013 (29 months) 50% 14 months	52.50
Savings Bank	500.00	4%	50% 15 months	25.00
Savings Bank	24.00	4%	29 months	2.32
				79.82
Less TDS 10 %				7.98
				71.84
Income Tax 20% balance				14.34
Net Interest earned				57.50

This interest amount could be considered for utilization for other schemes under RKVY being implemented by KLDB subject to approval by competent authority.
In view of the facts explained as above, it is requested that a lenient view be taken and the para dropped.

2.1.5.3 **Approval of inadmissible Expenditure out of RKVY funds - Rs.6.93 crore**
RKVY guidelines explicitly prohibit utilization of funds allotted for purchase of tractors, Vehicles and creation of permanent employment. Audit test check revealed that funds were utilized in gross violation of RKVY guidelines in the following cases.

1) **Approval and purchase of Tractors out of RKVY funds - Rs.4.74 crore**
The (SLSC) sanctioned (February 2010 - March 2011) a project for Agriculture mechanization under Kuttanad Package implemented by Kerala Agro Industries Corporation Ltd (KAICO) with total project outlay of Rs.85 crore. The project included supply of 150 numbers of tractors to farmers through Custom Hiring Service cum Training Centers in a phased manner in three years.

It was observed that Rs.47.63 crore was spent up to October 2013 on the above projects including Rs.4.69 crores towards purchase of 92 tractors.

The RKVY guidelines 2014 support procurement of tractors for the establishment of customs hiring centres.

Kerala Agriculture University (KAU) is a government agency and machinery purchased was for use in the farm and for demonstration purpose. In both the cases the purchase of tractors was not intended for distribution to any individual farmers.

In another case the SLSC sanctioned (June 2010) a project 'Augmentation of Vegetable Production through Technological Interventions' with a project cost of Rs. 3.01 crore. The implementing agency Kerala Agriculture University (KAU) purchased a mini tractor costing Rs. 0.05 crore under the project. The action of SLSC approving projects involving purchase of tractors was in clear violation of RKVY guidelines.

ii) Purchase of Vehicles and construction of buildings - Rs.2.18 crore

Audit test check revealed that the State had approved 20 projects from 2007-08 to 2011-12, which provided for construction of buildings and purchase of vehicles. A sum of Rs. 2.18 crore was incurred on the said components. However, as the components were explicitly prohibited and not approved through SAP or DAP, the entire expenditure of the components detailed below were not eligible for assistance under RKVY Scheme.

Implementing Agency	Amount Spent(Rs. In crore)	Purpose
KAICO	0.34	Purchase of Vehicle
KAICO	0.25	Construction of Additional store and renovation of building
KAICO	0.22	Purchase of Excavator
Asst.Executive engineer(Agriculture) Wayanadu	0.15	Construction of Office Building
Kerala Agri.University	1.22	Purchase of Vehicle
Total	2.18	

Purchase of vehicles - KAICO: The project Mechanized Labour Bank is to reduce the skilled labour scarcity in farming sector to help the small farm holders for timely mechanization activities and to financially empower youth especially from scheduled community and set up a group of trained youth on the operation and maintenance of various agricultural machineries. By engaging these trained personnel KAICO is providing door step level repair and maintenance service for various agricultural machines. They are established for Trivandrum, Ambalappuzha, Thrissur and Kannur. For the day to day monitoring of the activities of the mechanized labour Bank, a mobile unit is essential. Mobile unit is equipped with essential tools and equipment. The unit is accompanied by a team of service engineers, mechanics and operators for the timely repair and maintenance of machineries deployed at various remote padasekharams. Therefore the purchase of vehicle for the mechanised labour bank was inevitable. Xylo and Bolero pickups were provided in the main paddy cultivation areas.

Construction of additional store and renovation of building KAICO: Custom Hiring centres for machineries are developed with adequate infrastructure facilities for housing. Keeping the costly machineries in the open field may reduce longevity of the machineries and for which, shelters are inevitable at custom hiring centres. For the break down and preventive maintenance of heavy agricultural machineries like combine harvester large covered area is required. In order to ensure uninterrupted operation of the machineries during the peak harvesting/cultivating season a minimum stock of the spare parts are to be maintained at each custom hiring centres. For stocking these spare parts, a store room became essential.

Purchase of excavator KAICO: For clearing the levelling the large farm lands in a short time excavator is very useful. In the

construction of hi-tech poly houses and development of the allied infrastructure excavators are commonly used.

Construction of Office Building Wayanad: During 2008-09 sanction was accorded for the implementation of the project farm mechanization support programme. Establishment of common facility centre for an amount of Rs. 19.00 lakhs. The work for the construction of the common facility centre was entrusted with PWD and the share of RKVY funds for the construction of this centre was Rs. 14.99783 lakhs. The construction of the ground floor of the building was completed with the funds allotted from District Panchayath also. At present the Agro Service Centre is functioning in the common facility centre constructed under RKVY scheme. The Assistant Executive Engineer (Agri) office is still functioning in a rented building. The common facility centre is already geo tagged as an asset under RKVY and as the funds were utilised as per the sanctioned project.

The objection may be dropped.

Purchase of Vehicle - KAU: The vehicles reported to be purchase under RKVY schemes are actually not intended as the vehicle for the transportation or conveyance of persons, these units are the carriages for the deliverance of the different sorts of services as warranted in the objectives laid down in the different RKVY projects, submitted through the different stations of the KAU.

The deliverance of different farmers services are as follows.

1. Mobile Agro Machinery Repair and Service Unit (MAMRSU)
2. Mobile Agro Machinery Training Unit(MAMTU)
3. Farmer Facilitation of Agro Services
4. Mobile Agro Clinical Services
5. Mobile Crop Diagnosis
6. Mobile Service Units or Rapid Action Force for Control of epidemics
7. Mobile Soil Testing Units of in-situ diagnosis of crop hunger
8. Mobile pests and disease surveillance unit for crop security intelligence services
9. Mobile Agro Advisory Services for Farmer Santhwanam
10. Mobile Agro Crop disaster management services

The Details explanation collected from Principal Investments is listed below.

Project title : Establishment of a protocol for organic cultivation of cardamom

Provision for vehicles in the approved project : Rs.7.00 lakh

Actual Amount spent for the purchase : Rs.6.25457 lakh

GO No. and date of SLSC meeting approving the purchase of the vehicle:

G.O(Ms) No.214/08/AD dt, 04.02.2018

Type/make and vehicle No. Bolero SLX 2008 LMV KL 8 AP 2658

Justification for the purchase of vehicle and benefits generated:

During the initial project period as well as period since the purchase of the vehicle there are 453 field visits made in the district (Idukki). The farm visits are regular because Idukki is a prominent spice growing district. The spice crops are always susceptible to pests therefore, we receive plethora of farmers' complaints. In each visit we cover many crops and farmers, therefore many thousand farmers got benefitted from our field visits. Apart from the regular field visit germplasm collection of cardamom and black pepper has been done for which we use this vehicle. Nearly 100 cultivated types of cardamom and pepper have been collected and being evaluated at the station. The new types are being studied for disease tolerance as well as insect pests' tolerance. Survey for natural enemies and insect pest and disease incidence levels were also regularly conducted by the scientists of the station on the major crops like cardamom and pepper. Soil and plant sample collection for various pathological analysis were

also been carried out from hot spot areas of the district.

There are about 50 meetings in relation to RKVY as well as university purposes were attended in the district as well as across state. Farmers training classes on various key issues like pesticides, responsible and scientific cultivation practices on cardamom, pepper and vegetables were given across the district. Several meetings organized by the State department of Agriculture at Thodupuzha were attended. Our inputs were valuable for officers and growers.

KVK exhibition and conferences has been attended in other parts of the country for instance in Karnataka we have participated in the KVK conference. In Tamil Nadu we visited to assess the area under our variety (PV-1) and had interview planters growing our variety there in Rajapalayam hills.

Agricultural exhibitions in Cochin and Thrissur (KAU) was attended and displayed our varieties and bio control products. Each year best cardamom planter awards instituted by the Spices Board has been given and the process of selection of the award field has been done with the help of the station head of the CRS, Pampadumpara. This involves several rounds of screening and finalization. Really we need to travel even the remotest place in the remote Idukki district.

Several experiments in farmers' fields are going on at our station and the experiment fields are located in various Panchayats in all the directions. This involves lot of effort on taking observations. In overall the vehicle has been used for productive and constructive purposes for which it was purchased.

ii. Project title : Boosting organic rice production through market assisted selection & high quality

		<p>seed production. Provision for vehicles in the approved project : Rs.7.30700/- Lakh Actual Amount spent for the purchase : Rs.6.25413/- lakh.... GO No. and date of SLSC meeting approving the purchase of the vehicle: 35989/ppm/2007 AD dt. 02.01.2009 Type/make and vehicle no. : Bolero SLX 2009 LMV KL8 AQ 6678</p> <p>Justification for the purchase of vehicle and benefits generated : One of the main objectives of the project was farmer participatory seed production programme as there is no seed farm for pokkali seed production under the Department of Agriculture. For this purpose, the purchase of the vehicle was unavoidable and hence proposed under the project. The 'Saltol' QTL of pokkali rice could be introgressed into the mega rice variety Jyothi and the same can be distributed to the farmers for cultivation after field visit. Sixty tons of paddy seed of saline tolerant of high yielding Saline tolerant variety VTL 6 could be produced and distributed among pokkali farmers and the coverage of high yielding varieties could be increased above 80% and the yield could be doubled in 80% of the cultivated areas in the Pokkali ecosystem (from 1.5 - 2.0 ton to 3.5 - 4.0 tons/ha) without the addition of any fertilizer or plant protection chemicals. A total of 1125 farmers were directly benefited.</p> <p>iii. Project title : Research and Extension strategies for self sufficiency in folder production.</p> <p>Provision for vehicles in the approved project : Rs.4.75/- lakh Actual Amount spent for the purchase : Rs.4.67469/- lakh GO No. and date of SLSC meeting approving the</p>
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purchase of the vehicle: GO Type/make and
vehicle no: Bolero Camper 2011 LMV KL 8 AV
8169

Justification for the purchase of vehicle and
benefits generated:

- A pick-up-van was purchased for transportation of lay out inputs, research materials, and transportation of produce - materials and also for proper movement of officers and staff for arranging lay out, observations and other activities connected with the filed, implementation of the project.
- A series of training were organized for the benefit of extension functionaries of the department of Agriculture, Animal Husbandry and Dairy Development in Thrissur, Ernakulam and Idukki districts.
- 103 trainings were organized in 18 blocks in the four districts in which more than 6500 farmers participated.
- On campus training was also organized at Vellanikkara, Thiruvizhamkunnu and Kolghamedu.
- Additionally an area of 50 ha was brought under fodder increasing the availability of green fodder by about 15000 tonnes.
- This has resulted in reducing the cost of production by 15-20 % for about 400 farmers.
- A total of 5 lakh slips were distributed under the project.
- Front line demonstrations were conducted in the farmer's fields in Thrissur, Palakkad, Ernakulam and Idukki.

iv. Project title : Increasing production and
availability of high yielding and traditional paddy.

Provision for vehicles in the approved project
: Rs.6.00/- lakh

Actual Amount spent for the purchase

: Rs.5.18126/- lakh

GO No. and date of SLSC meeting approving the purchase of the vehicle:

Letter No. 14111/PA2/08/AD dated 23.12.2008 of Secretary to Govt. Agriculture (Plg A) Department.

Type/make and vehicle no : Mahindra Bolero KL 08 AQ 5221

Justification for the purchase of vehicle and benefits generated:

- For transportation of Seeds and inputs Bolero was purchased. The paddy seeds produced and procured through the project was sold to the farmers of Wayanad District. At RARS Ambalavayal 25 acres and at farmer's field 100 acres were used for paddy seed production. 30025 kg of paddy seeds were purchased from farmers under participatory seed production.
- Total area covered 125 acres under three season and benefitted 2097 farmers.

v. Project title : Enhancing Rice Production in Kerala and attaining partial self sufficiency

Provision for vehicles in the approved project :

Rs.40.00/- lakh

Actual Amount spent for the purchase

Rs.3,17414/- lakh

(TATA Magic 2010 LMV
KL 8 AS 9316)

Rs.6.27456/- lakh

(Bolero SLX 2010 LMV KL 8 AS 7037)

Rs.23.44638/- lakh (4 LMV of 2009 make KL 8 AQ 5414, KL 8 AQ 5401, KL 8 AQ5412)

GO No. and date of SLSC meeting approving the purchase of the vehicle:

GO(MS)208/08/AD dated 12.12.2008

Type/make and vehicle no : TATA Magic 2010 LMV KL 8 AS 9316 & Bolero SLX 2010 LMV KL 8 AS 7037

Justification for the purchase of vehicle and benefits generated:

- Adaptability testing of rice varieties in the different agro ecological zones of Kerala. Field demonstrations with high yielding rice varieties were conducted in Calicut and varieties suitable for the area were identified.
- Farmer participatory conservation, multiplication and distribution of land races of Kerala.
- Awareness programmes were conducted in different areas of Kerala, on the importance of conserving the gene pool in rice.
- Organic Rice production programme was taken up in three districts, (Kannur, Vadakkanchery and Palakkad). The seeds were procured and supplied to farmers during the succeeding season.
- Production of quality paddy seeds: Scientific technology and logistic support for quality seed production were provided throughout Kerala, mainly in research stations.
- A total of 2700 quintal seeds of different varieties were produced procured and supplied to good quality certified seeds were taken up through participatory Seed production programme.
- A 20 days training in Total Agricultural mechanization was conducted in March 2010 in ANN Mannuthy, 50 master Trainers of the Food Security of Army

were created and 558 people were trained.

- A programme was organized on production of value added products and Rice plant protection force at RARS, Pattambi for unemployed Youth.
- Training was conducted for agricultural labours on "Herbicide spraying and repair and maintenance of sprayers at the RRS, Moncompu.
- Training on rice mechanization of kari soils of Kuttanad
- Conducted four agro clinics in paddy grown areas.
- 405 field visits were made by the scientists at RARS Pattambi to diagnose the field problems in rice and to suggest remedial measures in Palakkad, Malappuram, Thrissur, Ernakulam, Calicut and Wayanad Districts.

vi. Project title : Promotion of semi solid sugarcane jiggery (SRS, Thiruvalla)

Provision for vehicles in the approved project : Rs.8.00/- lakh

Actual Amount spent for the purchase : Rs.6.47822/- lakh

GO No. and date of SLSC meeting approving the purchase of the vehicle:

GO (Rt) No. 441/10/AD dated 16.03.2010.

Type/make and vehicle no : Bolero SLX 2010 LMV KL 08 AT 7621

Justification for the purchase of vehicle and benefits generated: The project is intended for the promotion of the specialty jiggery of central Travancore. Project work includes, visit to farmers' fields, collection of jiggery samples from farmers for quality analyses, conduct of training programmes etc. for which was available at the

station for the conduct of the project. A sugarcane farmers' society has been registered in the name 'Madhya Thiruvithamcore Karimpu Vikasan Samithi' including the farmers of Kottayam, Pathanamthitta and Alappuzha Districts of Kerala and benefited to 3000 farmers. In addition to the above, vehicle has been used to visit problem fields of farmers, layout and conduct of farm trails, to provide technical advice on crop cultivation and cropping pattern, Demonstration of new technology like mechanization in Sugarcane.

- vii. Project title : Boosting vegetable production in Kerala through technology innovation and mission mode activities for food and nutritional security.

Provision for vehicles in the approved project : Rs.7.2/- lakh

Actual Amount spent for the purchase

: Rs.5.99813/- lakh

GO No. and date of SLSC meeting approving the purchase of the vehicle:

1425/2009/AD dated 14.08.2009, 1956/06/AD dt. 25.11.2009.

Type/make and vehicle no : Bolero SLX 2010 LMV KL 08 AS 1005

Justification for the purchase of vehicle and benefits generated:

- The project, operating throughout state with 6442 beneficiaries cover additional area of 440 h (comprising homes, he terraces, rice fallow, cultivat land, riverbeds and basins campuses) under vegetable
- By implementing the pro to achieve an add production of 6600

technology dissemination and mission mode activities framed in this project as various sub projects.

- Creating awareness in vegetable production in homes, homesteads and residential campuses in urban and semi-urban areas. Involvement of house owners, house wives and children in establishing and maintaining

Model vegetables gardens suit to the requirements in a participatory mode. Providing necessary training for technology dissemination. Providing inputs like seeds, vermin compost bio fertilisers, bio control agents, botanicals or bio pesticides and fungicides. Bio waste management. Designing location/ campus specific Model organic nutrition gardens. Locating additional cultivable waste land for growing seasonal vegetables.

- Dissemination of technology by conducting 100 number of training in different districts of Kerala.
- vii. Project title : Refinement, commercialization and promotion of value added products from cashew apple.
Provision for vehicles in the approved projects:

Rs. 7.0/lakh

Actual amount spend for the purchase

Rs. 5.97816/ lakh

G.O Number and date of SLS meeting approving the purchase of vehicle : G.O(Rt)No. 3425/09 AD dated

14.08.2009 and G.O(Rt)No. 1956/09 AD dated 25.11.2009

Type /make and vehicle No. Bolero SX2010LHV KL 8 AT 3655

Justification for the purchase of vehicle and benefit generated.

- In connection with the popularization and promotion of the cashew apple processing technologies, awareness programmes, training etc. were conducted on value additional technologies in cashew apple among beneficiaries as a part of the BKVY project
- Conducted many of campus training, seminars, and field days utilizing the facility for commercialization and product promotion.

- Participated in many exhibitions, seminars etc. for the promotion and commercialization of value added products from cashew apple. As part of commercialization, popularization and promotion of the cashew apple products, stalls were set up in several Agriculture and Food exhibition, Thrissur Agri. Horti. Flowert show Pooram Exhibition at Thrissur, Malabar Agro fest at Kozhikode, Kerala Agri, food Technology meet at IILU convention centre, Thrissur(24-27th February 2011), and during the Farm Day celebration at RARS, Pattambi (9.3.11).

- Distric levels seminar cum Exhibition was conducted at Puthussery, Palakkad on cashew and cashew apple processing on 29.01.11, in which 150 beneficiaries attended the program. Training on cashew apple processing was conducted to 20 beneficiaries at CSTED, Ayyanthole, Thrissur (30.12.10). Training on cashew apple processing was conducted to 42 beneficiaries with hands-on sessions at Perinjangan, Thrichur, Nattika and 75 beneficiaries at Attappara area at 3 locations - Kalkandy, Immala and Jellipara, during March 2011.

ix Project Title : Participatory management of Coconut gardens in Kasargod Districts

Provision for vehicles in the approved Project

: Rs. 8.0/lakh

Actual amount spent for the purchase

: Rs.6.7353/lakh

G.O No. and date of SLSC meeting approving the

purchase of the vehicle

1. G.O(Rt)No 1425/09/AD dated 14.08.2009
2. G.O(Rt)No. 1956/09/AD dated 25.11.2009
3. Order No TP(1) 14313/09 dated 17/09/2009 of Director of Agriculture
Type/make and vehicle No : Mahindra, xyl
D2- 2WD

Justification for the purchase of vehicle and benefits generated:

- Training has been imparted to 112 trainees covering 10 Gramapanchayaths on all aspects of coconut management including coconut climbing, plant

protection, crop management, nutrient management and water management.

- x. Project title : Development of production units for hybrid coconut seeding and other planting material in three southern districts of kerala
Provision for vehicles in the approved project :Rs. 7.00
Actual Amount spent for the purchase:Rs. 6.27459/-lakh
GO No. and date of SLSC meeting approving the purchase of the vehicle:

- 1) 1425/09/AD dated 14.08.2009 1956/09/AD dated 25.11.2009
- 2) G.O(Rt)No. 1956/09/AD dated 25.11.2009
- 3) Order No TP(1) 14313/09 dated 17/09/2009 of Director of Agriculture
Type/make and vehicle No : Bolero SLX 2010 LMV KL 8 AS 7031

Justification for the purchase of vehicle and benefits generated:

- Effective supervision for quality hybrid seed nut production in coconut. Nearly 39000 seed nuts and seedlings were produced and distributed during 2014-15 alone. The total seed nuts produced and distributed to farmers were more than 3 lakhs.
- The prime beneficiaries were farmers all over Kerala, because the seed nuts produced were distributed to different research stations under KAU for seedling production and distribution to farmers and unemployed youths on pollination and quality hybrid seed nuts production as well as on mother palm selection, seed nut collection and raising coconut nursery at different research stations of KAU
- Daily at early morning 7 am to 10.30 am farmers field at Azheethala, Maviladam, Mudamad etc., to inspect the hybridization programme in coconut for the production of Hybrid coconut seeding during November to June every year. The pollination time in coconut is 7 am to 10.30 am
- Farmers field in Kasargod and Kannur districts for collection of seed nuts of dwarf coconut for raising nursery of dwarf coconut for distribution to farmers.

		<ul style="list-style-type: none"> • Also inspection of the Coconut nursery at RARS, Nileschwaram for regular guidance on raising seedlings, pest and disease control measures, nursery management, selection of seedling and distribution of coconut seedlings and other planting materials. <p>xi. Project title: Multidisciplinary diagnostic support to address field problems of farmers in the southern districts of Kerala (KarshkaSanthawanam) Provision for vehicles in the approved project : Rs. 8.14/-lakh Actual Amount spent for the purchase :Rs. 8.00/-lakh GO No. and date of SLSC meeting approving the purchase of the vehicle: GO(Ms) 242/11 AD dt. 8.11.2011 Type/make and vehicle No : Minivan Tavera Justification for the purchase of vehicle and benefits generated:</p> <ul style="list-style-type: none"> • No. of Tele- solution provided - Trivandrum district - 675, kollam district - 1150, Pathanamthitta district - 925, Alappuzha district -60, Idukki district - 100, Kottayam district - 55 • Tele - solutions are provided to at least 2965 farmers across the state from the P.I's mobile phone and other mobile phones of MDDT members. Purchased SPAD meter <p>xii Project title :Strengthening of ORARS kayamkulam for the development of Onattukara Region Provision for vehicles in the approved project :Rs. 7.00/-lakh Actual Amount spent for the purchase :Rs. 6.32581/-lakh GO No. and date of SLSC meeting approving the purchase of the vehicle: 441/10/AD dt 16.03.10 Type/make and vehicle No :Boleró SLX 2010 LMV KL 8 AT 2788 Justification for the purchase of vehicle and benefits generated: ORARS, Kayamkulam is a research station for the problem zones covering Alappuzha, Kollam, and Pathanamthitta districts. Farmers come to us with queries either in person or over phone. Solution to the queries will be suggested to them, then and there. Under</p>
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unavoidable circumstances field visits are made to the site to get a clear picture of the situation. A team of scientists of different disciplines visit the site and suggest solution to the problem encountered, be it disease, pest attack or management aspects. Atimes when their problems cannot be dealt with, the samples were brought to the lab, cultured, identified and recommendations suggested to the farmers. For the frequent visit to the farmers field and collecting samples a vehicle is essential to function as mobile agroclinic.

There are different development projects operating in the farmers field. The timely implementation of all the operations of the Comprehensive Coconut Care Programme conducted at four different location of Onattukkara, needs frequent field visits for which this mobile agroholic was used. So also for the fallow land cultivation of ThazhakkaraPuncha and quality seed production of rice by participatory approach, the Scientist have to visit the field at every growth stage of the crop which necessitates the use of this mobile agroclinic. There are around 20 Front Line Demonstration of sesame every year and IPM trial in rice in different parts of Onattukara which requires frequent field visits of scientists of different discipline to respective areas. The mobile agroclinic was purchased to meet all the above purpose. Moreover this is the only vehicle available at ORARS, Kayamkulam at present.

xiii. Project title : Esst. Centre for farm Machinery Research, Development and Training in Alappuzha

Provision for vehicles in the approved project :Rs. 15.00/- lakh

Actual Amount spent for the purchase Rs. 8.43260/-lakh
GO No. and date of SLSC meeting approving the purchase of the vehicle:

G.O(Rt) 441/2010/AD dt 16.03.10

Type/make and vehicle No :Xylo 2011 LMV KL 8 AU 6097

Justification for the purchase of vehicle and benefits generated:

Transfer of technology activities requires raising crops and demonstrating the operation of machines to the farmers in their fields. Feasibility testing of machines in

		<p>the farmers field. Training of farmers to use the machinery in the field. The nature of to support the machines in their soil at the moisture content varies and the problems that arises during are in situ which requires training and demonstration of such machine. Various agriculture machines were tested in the field and their efficiency and adaptability were analyzed. Fabrication of a modified self propelled drum seeder for Pre-germinated seeds and benefitted to 1000 farmers. This vehicle was used to move powered manual tools/machinery and manpower for the conduct of tests and other activities related to the experiments of the study. More than 28 training were conducted in which many farmers were trained to use tractor, power tillers and other machinery.</p> <p>xiv. Project title :Productivity enhancement through energy efficient biodiversity based farming models in Kuttanad Provision for vehicles in the approved project :Rs.7.00/-lakh Actual Amount spent for the purchase :Rs. 7.19540/-lakh GO No. and date of SLSC meeting approving the purchase of the vehicle: G.O(Rt) 441/2010/AD dt 16/03/10 Type/make and vehicle No : Xylo.2011 LMV KL 8 AU 2668 Justification for the purchase of vehicle and benefits generated:</p> <ul style="list-style-type: none"> • The vehicle Xylo 2011 LMV KL 8 AU 2668 purchased under this project was used for 800 field visits of Alappuzha, Kottayam and Pathanamthitta districts • Survey work has been conducted in 33 panchayaths of Alappuzha, Kottayam and Pathanamthitta resulted the identification of 16 mango and jack types which are superior. They are maintained in RARS germplasm • Survey work done for collecting primary data on the available endemic and rare endangered and threatened species in 10 local bodies and two municipal areas in Alappuzha, Kottayam and Pathanamthitta districts. Medicinal plants (115 types), fruit plants(13 types), endemic vegetables (14 types) and general category (210
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types) were collected. Biodiversity museum was developed and maintained at the station with these collections. Mangrove rehabilitation work were also conducted after collecting different mangrove types from different location and planting them on the boundary of the farm.

- A new isolate of Calocibeindica (milky mushroom), Tricholoma sp. And Pleurotussapidus are identified and domestication techniques are standardized. Spawn of these isolate are being distributed. Training on the cultivation of the above isolate are being imparted.

xv. Project title :Environmental surveillance centre for wetland farming development in kuttanad.(3years)

Provision for vehicles in the approved project :Rs. 7.00/-lakh

Actual Amount spent for the purchase :Rs. 6.23519/-lakh
GO No. and date of SLSC meeting approving the purchase of the vehicle:

G.O(Rt) 441/2010/AD dt 16/03/2010

Type/make and vehicle No :Maruthi Swift Dezire 2011
LMV KL 8 AV 3331

Justification for the purchase of vehicle and benefits generated:

- Mobile lab facility - Field mobility for data collection, sample collection, community training programmes and field sample analysts.
- For hydrological and hydrobiological study visits, sampling for pesticides residue studies.
- Monthly surveys for collection of soil, irrigation water, grains, drinking water, fish, and calm were done. Pesticide/residues and heavy metals of kuttanad ecosystem were assessed and database generated

xvi Project title :Research proposal on promoting location specific research for increasing profitability from rice farming and enhancing livelihood security

		<p>of the farmers of Kuttanad Provision for vehicles in the approved project :Rs. 8.00/-lakh Actual Amount spent for the purchase :Rs. 7.55313/-lakh GO No. and date of SLSC meeting approving the purchase of the vehicle: G.O(Ms) 175/2010/AD dtd07.07.2010 of Secretary to Govt. of Kerala Type/make and vehicle No. : Xylo 2011 LMV R All 6425 Justification for the purchase of vehicle and benefits generated:</p> <ul style="list-style-type: none"> Survey and monitoring of pests, diseases and other problems affecting the crops, as well as for technology transfer activities like demonstration in field trial etc through field visits. <p>As clearly stated above, all the vehicles were intended and utilized in the project works to achieve the objectives outlined. Moreover, after completing of the projects these vehicles are still being utilized fully for farmer oriented extension and advisory service. In light of all these explanation the objections regarding purchase of vehicle in the RKVY projects may kindly be dropped.</p> <p>RKVY fund will not be used for purchase of vehicles and construction work not contributing to agriculture production in future.</p>
2.1.5.4	<p>Defective planning by implementing agency and consequent non implementation of projects</p> <p>Government accorded sanction (June 2008) to implement the project 'Matsya keralam' by Special Officer, Matsya keralam under Fisheries Department. The project envisaged to integrate various activities of fish culture and to provide infrastructure linkage for the development of inland fisheries and aquaculture by constructing building for 100 fish farmers clubs(FFCs) with common facilities such as fish booth, conference hall, pump sets, drag nets etc, at a cost of Rs. 0.05 crore each and also for necessary insurance to shrimp farming. Accordingly, sanction was accorded to release the grant of Rs. 3 crore in four instalments(November 2009 to May 2010) for 60 FFCs). The Nodal Department released the</p>	<p>Matsya keralam project was envisaged for enhancing the fish production in the inland sector through fisheries Department with the help of LSGD. As per GO(MS) No. 37/08/F&PD dated, 28-06-2008. ADAK was entrusted as the Nodal Agency for keeping the accounts of the Matsya keralam project. Hence the State fund and Central fund obtained for various schemes are transferred to the account of ADAK.</p> <p>The amount has been disbursed to the implementing officers as per the release orders issued by the Director of Fisheries. ADAK has not delayed the payments. The amount of Rs. 3 crore has been fully disbursed to the implementing</p>

amount to the Director of Fisheries and he in turn released the amount to Special officer, Matsya keralam (October 2010, August 2012) As the special officer, Matsya keralam was not a drawing officer, the amount released was kept with the Agency for Development of Aquaculture(ADAK) in their savings bank account.

Even though the Special Officer submitted utilisation certificates for Rs. Three crore audit scrutiny revealed that the implementing agency failed to implement the scheme in time and a sum of Rs. 2.69 crore remained as unutilised balance(March 2013) In the accounts of ADAK (Rs. One crore), Fish Farmers Development Agency(FFDA)(Rs. 1.53 crore) and construction agencies (Rs. 0.16 crore)

Inordinate delay was noticed in releasing funds from ADAK to FFDAs (district offices) for implementation of the project. Rs. One crore received by ADAK (Rs 50 lakh in October 2010 and Rs. 50 lakh in November 2010) was released to FFDAs in July 2011 and Rupees one crore received in October 2011 was released only in February 2013. Balance amount of Rupees one crore is still (September 2013) remaining in the accounts of ADAK. Many FFDAs could not identify the site for the construction of building for fish farmers clubs and entrust work to construction agencies in time.

As against the stipulated number of construction of building for 60 FFCs, only five were completed (March 2013). Many FFDs could not identify the site for construction of buildings for fish farmers clubs and entrust work to construction agencies in time.

Defective planning of the project by the implementing agency resulted in non-achievement of objectives due to non-implementation of the project and consequent idling of plan funds.

officers.

In order to provide the infrastructure facilities to fish farmers clubs, Rs. 3 crore received from RKVY fund by 4 instalments has been disbursed to the selected fish farmers club in the 14 districts. There is no balance amount kept in the ADAK account under the component "the strengthening of Fish Farmers Club". ADAK has not delayed the payment to FFDAs. The amount of Rs. 3 crores has been fully distributed to the implementing officers as below.

Date of Release order of Director Fisheries	Date of release from of order of ADAK	Amount (Rs. Lakh) In
11.03.2011	23.06.2011	50
09.01.2013	16.02.2013	100
23.09.2013	07.10.2013	100

Fish farmers clubs were planned to be established under Matsya Kealam, Matsya Samridhi 1 and Matsya Samridhi 11 schemes implemented by the department of Fisheries. A total of 60 farmers club were envisaged to be set up in 14 districts. The estimated cost for each club was Rs.5 Lakh. According to the project proposal the concerned local body was expected to provide the land and Department of Fisheries was to provide the building equipments, fishing implements like fish harvesting nets etc. at an estimated cost of Rs.5 lakh per club.

There was some delay in getting land for the construction from the local bodies,hence the project got delayed. However later, all the local bodies provided land for the purpose and the project picked up momentum. Till date construction of 57 farmers club was completed and they become functional. For the remaining three clubs (two in Kollam district and one in Thrissur district) too land was made available and they are in various stages of construction.

2.1.6

Financial Management**Allocation and Release of funds**

Funds would be released by Government of India to Government of Kerala which would allocate and release funds to the nodal department for release to directors of allied departments/CEOs of autonomous bodies/Principal Agricultural Officer. They in turn would release funds to implementing officers/agencies and the nodal department would submit Utilization Certificate (UC) to Government of India.

Number of project approved. Receipt from Government of India/Release by Government of Kerala and Expenditure incurred.

Year	No. of project proposals	Total cost of the project	Receipt from GOI(as on March 2013)	Release by GOK(as on March 2013)	Expenditure incurred(up to January 2014)	Position of UC(up to January 2014)
2007-08	91	55.01	55.40	55.31	55.15	55.15
2008-09	96	59.11	30.06	30.00	29.86	29.86
2009-10	278	129.32	110.92	110.92	105.99	105.99
2010-11	132	218.79	149.65	149.65	144.06	144.06
2011-12	249	300.86	182.89	182.89	182.45	191.17
2012-13	103	232.30	253.03	253.03	252.69	252.69
Total	949	995.39	781.95	781.80	770.20	778.92

Its Amount includes UC for Rs. 8.72 crore relating to unspent amount of previous years.

2.1.6.1	<p>Submission of Inflated Utilization Certificate</p> <p>As per RKVY guidelines funds for stream 1 projects are released in three instalments (50 percent on receipt sanction, 40 per cent when physical progress of 40 per cent is achieved and balance 10 per cent on completion of the project). The amount of second final instalment depends upon utilization of funds by State. Non utilization of Central assistance will hinder further release of funds.</p> <p>The State received GoI assistance of Rs. 781.95 crore 2007-13 for taking up projects under RKVY schemes. As per the reply to audit query furnished by nodal department, the total expenditure incurred on sanctioned 949 projects as on January 2014 was Rs. 770.19 crore. But Utilization Certificates(UC) for Rs. 778.92 crore was furnished to GoI in January 2014, indicating that the State had furnished UCs of an inflated amount of Rs. 8.73 crores</p> <p>Audit test check revealed that in 19 approved projects(Annexure III) against the release of Rs. 52.09 crore, though actual expenditure was only Rs. 13.59 crore the nodal department/agency had furnished UCs for Rs. 47.63 crore.</p> <p>In response to audit query the nodal department/agency stated (January 2014) that UC was issued to GoI based on the UCs received from various implementing agencies and it did not possess any mechanism to verify the actual utilization of funds by various implementing agencies. This confirmed that the nodal department/agency did not exercise any further control to verify the authenticity of actual utilization of plan funds under RKVY resulting in submission of inflated UCs to GoI.</p> <p>Further, all the nine projects mentioned above were shown in the RDMIS database as completed, though none of the projects were completed.</p> <p>Furnishing of incorrect UCs by nodal department without attaining the prescribed progress, with a view of obtaining further grants from GoI, is a serious undermining of entire system of Government interventions to bring about improvements in the Estate's agriculture production.</p>	<p>A new software has been developed in Fisheries Department, viz, plan space which discloses both physical and financial progress. This mechanism is found quite effective to focus on the activities of sub ordinates. Thus the drawback pointed out by the AG has been rectified.</p> <p>The Utilization Certificate for Rs. 8.72 crores was submitted to Government of India based on the pending UCs received from various implementing agencies. An amount of Rs. 10.82 crore was the carried over amount from 2007-08 to 2010-11 and out of this UC for an amount of Rs. 872.22 lakhs was submitted to Government of India.</p> <p>The UCs submitted by the implementing agencies are taken for granted as complete utilization by the agencies against the fund released by the State Nodal Agency and based on this UCs are submitted to Government of India.</p> <p>However, now funds are released specifically to projects and UC submitted to Government of India based on project wise expenditure and up to data entry in the RDMIS.</p> <p>The UCs was given based on releases made to sub-ordinate officers. These officers had undertaken some commitments in view of having received funds which were operated outside budget. As the funds were not lapsable they went for some major works also. And such works were completely utilising the entire amount. Thus RKVY funds was completely utilised.</p> <p>Therefore this para may please be had dropped.</p> <p>It may please be noted that an amount of Rs. 51.13 lakhs recorded in the Expenditure column is the actual amount paid to the supplier as Advance. The total cost of Machinery was Rs. 7,29,67,600/- (Rs. Seven Crores Twenty Nine Lakhs Sixty Seven Thousand Six Hundred only) and civil works Rs. 2,65,78,340/-- (Rs. Two crores Sixty five lakhs Seventy Eight Thousand Three Hundred and Forty Only). Since the balance amount recorded in the unspent amount column was the committed expenditure, which paid on production of part bills. So the Utilization Certificate has issued to full amount of Rs. 350 lakhs)</p>
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2.1.6.2	<p>Misutilization of interest accrued in accounts operated by Implementing Agencies.</p> <p>Interest is being accrued in the accounts of implementing agencies due to advance release/delay in utilization of RKVY funds. However, neither GoI nor the State Issued instructions regarding the accounting and utilization of interest accrued from RKVY funds.</p> <p>However test, check in seven institutions alone revealed that interest to the tune of Rs. 5.14 crore had accrued in the accounts of respective implementing departments/agencies till December 2013.</p> <p>Lack of instruction regarding the utilization of interest resulted in utilization of amounts by implementing agencies for purposes not approved by SLSC/PPM Cell.</p> <p>Finance Department need to look into the matter as the interest amount remains outside the <u>budgetary control without any time limit</u>.</p>	<p>Funds are released only to Government owned agencies and interest accrued on the unspent balance is utilized for the development programmes, implemented through those agencies in the agriculture and allied sectors.</p>
2.1.6.3	<p>Diversion of funds consequent extension of unwarranted benefit to an outside agency- Rs. 19 crores</p> <p>Audit scrutiny revealed that Director of Fisheries diverted plan fund under RKVY to an external agency as detailed below.</p> <p>Construction of Fishery Harbour at Kasaragod, was sanctioned (December 2008) at a total project cost of Rs. 29.85 crore under Fishery sector and the implementation was entrusted to Harbour Engineering Department (HED). However, the Director of Fisheries (DoF) (June 2009) decided to implement the scheme through Kerala State Coastal Area Development Corporation (KSCADC) with the support of HED and to transfer the fund to KSCADC. Based on this decision, funds released by Nodal Department to Fisheries Department (Rs. 19 crore) was further released to KSCADC (during June 2009 to November 2012) even before actual requirement. KSCADC had no role except release of funds on demand.</p> <p>As the implementing and executing agencies were State Departments, the decision taken by Director of Fisheries to entrust the work and transfer funds to KSCADC was irregular and tantamount to diversion of funds. It also results in unwarranted advantage to KSCADC who had deposited the planned fund in the commercial bank up to one year earned interest of Rs. 0.41 crore.</p>	<p>The Chief Secretary convened a meeting of the officials to review the progress of implementation of the Kasargode Fishing Harbour project implemented by the Harbour Engineering Department (HED) on 20.12.2011. In the meeting it was decided to transfer the fund for the project to KSCADC for the smooth and speedy implementation of the project. Copy of the minutes enclosed.</p> <p>The reasons for releasing the fund through KSCADC are furnished below.</p> <ol style="list-style-type: none"> 1. To avoid procedural delay in booking expenditure and also to avoid delay in getting letter of credit from Government for payment. 2. Since, Chief Engineer (CE), HED has operational account, it was decided to transfer fund through KSCADC. 3. As per the decision of the meeting 20.12.2011 in order to avoid delay in payment it was decided that Director, KSCADC can directly meet the Contractor/Party after getting the bill technically verified and passed to minimize the time lag in releasing the fund to the contractor. <p>Government vide letter No. 1572/2011 dated 11/02/2010 directed Director of Fisheries through Kerala State Coastal Area Development Corporation (KSCADC) (Copy of the letter enclosed). The amount for the project was Rs.2985 lakh. steps are being</p>

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2.1.6.4

Non-refund of unspent amount-Rs. 54.90 lakhs

On completion of implementation of projects, the implementing officer had to furnish necessary UC and the balance amount was required to be refunded. Audit test check revealed that in respect of the following projects the implementing agencies received Rs. 2.34 crore. Even after completion of the work the agencies did not refund the unutilized balance as shown below.

Project Name	Implementing Agencies	Amount Received	Unspent Balance	Remarks
Deepening and widening of side protection of Kundoorthodu Nennara point	District Panchayath, Malappuram	31.25	7.07	The Project was completed and UC furnished for Rs. 24.18 lakh
Two projects	PAO, Kannur	Details not available	19.92	The Unspent balance of Rs. 19.82 lakh remaining in TSB account from 2010 onwards.
Establishment of lead centres for organic farming at Vellayani	KAU	109.60	8.70	Though the project was completed, the unspent balance kept idling in TSB account
Mulberry cultivation and distribution of equipment	SERIFED	33.00	9.25	The agency was liquidated on 15 March 2010, but the amount not refunded and UC not furnished
Infrastructure works in Padasekharams for paddy cultivation	PAO, Ernakulam	40.00	1.82	The unspent balance is pending with Minor Irrigation Division, Ernakulam since February 2011

utilise the interest accrued (Rs. 0.41 crore) for the ongoing projects approved by SLSC.
Hence objection may be dropped.

a) **Deepening and widening of side protection of Kundoorthodu - Nennambra point**

The work has been completed for an amount of Rs.24.18 Lakhs and it is reported by Secretary District Panchayath that the balance amount of Rs.7.07 Lakhs has been remitted by the Secretary, District Panchayath Malappuram at District Treasury Malappuram on 25/08/2014 (Copy of chalan enclosed). As the amount has been remitted back, the objection may be kindly dropped.

b) **Three projects in Kannur**

The unspent balance in the TSB Account of PAO, Kannur are for the following schemes.

- 1) Boosting rice cultivation - Establishment of Agro Service Centre, Labour taskforce, mechanization - Rs.2.84302 Lakhs
- 2) Comprehensive package for development of paddy cultivation in Kattampally area.
 - a) Rs.11.12785 Lakhs for Infrastructure Development works.
 - b) Rs.5.86 Lakhs for Land preparation and input cost.

The total amount as unspent with PAO, Kannur in TSB Account under RKVY is Rs.20.32.68 Lakhs (Including interest) and this amount was resumed by Finance Department during March 2018. As the Govt. have already resumed the amount, the objection may kindly be dropped. (Letter from Principal Agricultural Officer, Kannur enclosed)

- 3) Infrastructure works in padasekharam for paddy cultivation in Ernakulam District.

The projects for Rs.40 lakhs was entrusted with Minor Irrigation department. The works included construction of tractor passage, installation of petty and para with necessary motor & pumpsets. The Executive Engineer (Minor Irrigation) Ernakulam completed the work at a cost of Rs.38.18 lakhs and unspent balance of Rs.1.82 Lakhs is pending with Minor Irrigation department and is being utilised for the repair & maintenance of petty & para. The present balance is Rs.1.16

Pig rearing	MPI	20.00	8.24
Total		233.85 *	54.90

*Figure is incomplete as the details in respect of two projects implemented by PAO, Kannur are not available.

Lakhs which will be expended in this year itself as reported by Minor Irrigation Department, steps are being taken to utilise the refunded amount for the ongoing projects approved by SLSC.

The implementing agencies kept the funds in interest bearing bank accounts resulting in blocking up of Government funds in the form on interest from deposits which had to be refunded. This also indicated lack of proper monitoring by the Nodal department regarding the implementation of project and utilization of amount.

2.1.7

Implementation

The implementing units/agencies included Grama Panchayaths, Primary level officers of departments of Agriculture, animal Husbandry, Fisheries, Soil Conservation, Minor Irrigation, Harbour Engineering, Dairy Development etc and autonomous institutions such as KLDC, KLDB, MILMA, SHM, VFPCK, KFL, MPI, KAICO, KAU etc RKVY funds from the nodal department reach the PAOs directly through allotments and by demand draft to allied departments and autonomous implementing agencies.

As per details available in RDMIS(Annexure IV) out of the total number of 949 projects sanctioned by SLSC during the period from 2007-08 to 2012-13, 816 projects were completed, 63 projects were in progress, five projects were not yet implemented and 16 projects were abandoned as on January 2014.

Audit scrutiny revealed the following defects in the implementation of the project.

2.1.7.1

Undue benefit to contractor in the project removal and utilisation of water Hyacinth- Rs. 7.55 crores

Water Hyacinth, a water plant, had been labelled as world's worst water weed and had gathered increasing international attention as an invasive species. It could cause extensive environmental, social and economic problems. The success of this invasive alien species is largely due to its reproductive output. Water Hyacinth can flower throughout the year and releases more than 3000 seeds per year. The seeds have a life span of over 20 years. Threats posed by water Hyacinth include destruction of biodiversity, oxygen depletion and reduced water quality, breeding ground for pests and vectors and blockage of waterways hampering agriculture, fisheries, recreation and hydropower.

In order to eradicate Water Hyacinth, spread over Kuttanad wet lands, a project 'Eradication and utilization of water hyacinth' was approved by SLSC(February 2010) with a total outlay of Rs. 21.29 crore and its implementation was entrusted with State Fisheries Resource Management Society (FIRMA). The main components of the project includes mechanical removal of water hyacinth from Kuttanad Wet lands(Rs.15 crore) and establishment of 2000 vermicompost units(Rs. 3 crores) for production of vermin compost from water hyacinth removed from water bodies and construction of three biogas plants Rs.2.1 crore)

The work for the mechanical removal of 300000 m of water hyacinth was tendered by FIRMA (April 2010) and awarded (August 2010) to M/s. FAB Ornamental Fish Farming (P) Ltd @ Rs. 485/m³ (Agreed PAC Rs. 14.55 crore) with a time of completion of 12 months which ended on 31 July 2011. The contractor was permitted by the implementing agency(FIRMA) to continue the work even after expiry of contract period. As the progress of

The methodology for removal of water Hyacinth was developed by the Government in consultation with all concerned Departments including Departments of statistics. Hence, the method was sound. But removal of water Hyacinth is difficult task and long term one as the seeds of the weeds will remain active for long and continuous removal for atleast five years is required for real impact. Therefore there is no latch on the part of the Department. However in view of the observation of C&AG in the report, Director of Fisheries was directed to keep away from such type of works in future. Also the LSGD was informed that it is better to entrust the work with the co-ordination of Water Resources Department through LSG institution under decentralization. Moreover, Government have decided to initiate departmental action against the officers who are responsible for the lapses and thereby caused undue benefit to the contractor.

	<p>the work was very slow, in a meeting convened by the Hon'ble Minister for Fisheries, port and excise, it was decided to stop the work (July 2012)</p> <p>The work for the removal of water hyacinth was subsequently retendered (November 2012) and awarded to M/s Bombay ICB Earth Movers Ltd (June 2013) @ Rs.220/- m³+taxes and levies and the work is in progress (January 2014).</p> <p>Audit scrutiny relating contract with M/s Ornamental Fish Farming (P) Ltd. revealed the following irregularities.</p>	
	<p>A. Undue favour to the contractor</p> <p>The period of contract for mechanical removal of water hyacinth as per agreement was 12 months. However by the end of September 2011 the contractor had only removed 56563.72 m³ of weeds as against the stipulated quantity of 300000 m³. Though the contractor failed to fulfil his commitment as per the agreement no action was taken against him. Further despite the expiry of one year period by 31 July 2011, the implementing agency (FIRMA) did neither extend nor terminate the contract.</p> <p>The contractor was allowed to continue the work till September 2012 without any orders/Supplementary agreement. Even after 26 months the contractor removed only 209203.886 m³ of weeds for which he was paid a sum of Rs.10.02 crore as of June 2013.</p> <p>The quantity of weeds removed after the period of contract comes to 152640.166 m³ for which he was paid a sum of Rs.7.40 crore. The work executed by the contractor after the period of contract was not supported by any valid order/agreement and hence the payment of Rs.7.40 crore made to the contractor was irregular and an undue favour to the contractor.</p> <p>As the contractor failed to complete the work in time, FIRMA should have resorted to retendering the work on risk and cost basis immediately after the period of contract. Penalty clause should be inserted in contracts for such delays.</p>	<p>A. Undue favour to the contractor</p> <p>The period of contract for mechanical removal of water hyacinth as per tender notification was 12 months. However the contractor couldn't start the work from the next day of agreement as the machinery (in addition to the machines he had at the time of tender) he anticipated to import from USA for the efficient weed removal happened to face procedural delay due to import license issues. It was the reason why the contractor was allowed to work beyond the period of agreement and no action was taken against him though the contractor failed to fulfil his commitment as per the agreement. It is a mistake from the part of agency to neither extend nor terminate the contract and allowed to continue the work without any orders/supplementary agreement. The payment was accorded only as per the agreement and for the work done. The amount paid to the contractor (Rs. 10.02 crore) is only for the completed work of 209,203,886 m³ of weeds as estimated by KSCADC at the rate of Rs. 485/m³. Thus the Agency had no intention to do any undue favour to the contractor in this regard, instead the delay in commencement of work due to delay in importing machinery was only compensated by allowing extra time.</p>

E. Unscientific method of measurement

The work of measurement of weeds removed by the contractor was initially entrusted with Harbour Engineering Department and then to Kerala State Coastal Area Development Agency, The practice followed by Irrigation Department for valuation of removed quantity of weeds is based on the area (sq m) and not on the quantity of weeds dumped. But in the present work, the volume of weeds removed and dumped was arrived at based on tape measurement. As the volume of removed weeds would vary due to change in climate or passage of time, the method adopted for measurement was neither scientific nor reliable.

The project titled 'Eradication and utilization of water Hyacinth' under Kuttanad package was first of its kind being implemented by the Department of Fisheries in the event of action plan named "Revitalization of Kuttanad Heritage Agriculture"(ReKHA). The overall objective of ReKHA is to improve the living standards of the water dependent farming and fisher communities of Kuttanad. This unique ecosystem forms the major portion of the Vembanad estuary, one of the largest in the country, and provides various ecosystem services such as biodiversity, agricultural production, fish production, aesthetic value, tourism etc. Water Hyacinth was among the most aggravating problems faced by Kuttanad ecosystem posing severe degradation of the aquatic environment leading to loss of biodiversity, reduced fish production, obstructed waterways and a resort to disease causing vectors. There were no pioneering studies in this area that could be adopted for methodological citations. And as an initiative FIRMA approved the methodology suggested by the KSCADC a sister agency of the Department of Fisheries to implement the project without much delay in view of the importance of Kuttanad package prepared by Dr.M.S. Swaminathan for comprehensive and integrated development of Kuttanad.

After the first phase of project the Government constituted a committee under the chairmanship of the Secretary(Fisheries) for the effectiveness and transparent implementation of the project on eradicating water hyacinth and the committee found that the earlier system of effecting payment to the contractor on the basis of measurement of weed harvested was not adequate. Instead, the committee in its meeting had decided to evolve a new methodology for the measurement of biomass of weed harvested. This methodology supported with sound statistical principles and a guideline was thus formulated for the project. Since water hyacinth is a floating weed, the analysis of harvested weed could be done on the basis of measurement of coverage area. Area of coverage may change from time to time and measurement depending on the

<p>C. Non achievement of benefit envisaged in the scheme</p> <p>The total area of Kuttanad lake was 256 sq. km and an estimated quantity of 300000 m³ of water hyacinth was required to be removed at an agreed cost of Rs.14.55 crore. The Task Implementation committee under the Agricultural Production Commissioner observed (September 2010) that the present system of weed removal could not achieve the required objective of making Kuttanad a weed free zone. It was noticed from the reports of FIRMA that the weeds grow rapidly and could multiply within 13 days and cover over a hectare within nine months. The review committee meeting under the Chairmanship of Principal Secretary (Fisheries) also observed that the speed of removal of weed was slow and at that speed, the weeds get enough time to re-establish in the water body by the time they were removed.</p> <p>There was no direction to the contractor to remove the weed completely from the location taken up for removal and there was no provision in the agreement to maintain the water body weed free. All there indicated that time removal of weeds did not achieve the benefit envisaged in the scheme and the purpose of making the canal weed free was defeated despite spending Rs.10.02 crore during the period from August 2010 to September 2012.</p>	<p>making variations in accurate measurement of the weed infested area especially in larger water bodies.</p> <p>The total area of the Kuttanad Lake was 256 sq.km and an estimated quantity of 3,00,000 m³ of water hyacinth was required to be removed at an a cost of Rs.15.00 crore. Water Hyacinth has been widely described as one of the world's worst weeds. It is a free-floating and highly invasive aquatic plant that rapidly forms dense and impenetrable floating mats in freshwater systems. As per the published literature two hyacinth plants grow in to 1200 offspring in 120 days. Previous case studies found water hyacinth seeds can remain viable for up to 20 years. Hence complete elimination of the weed is hardly possible. It may be possible to bring down the weed to a manageable level after continuous effort say for eg; 5-10 years. Many of the studies from the State of New South Wales (2013) concluded Water Hyacinth as an aggressive invader and an infestation can double in size every 5 days under ideal conditions, quickly covering the water surface and taking over an entire waterway. Under favourable conditions, water hyacinth is capable of growth and reproduction all year round. It can reproduce from both seed and vegetative growth. New plants can flower within 3-4 weeks, producing thousands of seeds that are released into the water. New daughter plants can be produced in as little as 5 days and its volume can double in size in as little as 6 to 18 days. In ideal situations, water hyacinth can produce up to 3000 seeds in each flower spike, with a single plant able to produce a number of flower heads per year.</p> <p>Under these circumstances it is evident that the rapid rate of increase of the weed in addition to the magnitude of its distribution is already making manual method uneconomic as it is a slow and inefficient process for large and heavy mats. Areas that have large infestations of water hyacinth need to develop an integrated approach to management that utilize the strengths of different control methods viz. Chemical, Mechanical and Biological. Experience has taught us that the first phase of the control program must employ massive attack techniques such as chemical control methods. The second phase should utilize all of the modern know-how combined with an integrated management program including biological agents to keep the population under the weed threshold.</p>
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2.1.7.2	<p>Sale of blasted hard rock to contractor violating agreement conditions resulted in undue benefit to contractor - Rs.94.22 lakh</p> <p>The project 'Infrastructure development work in Thrissur Kole area (Project cost Rs.617 lakh) included excavation of five canals including formation of bunds with an outlay of Rs. 218 lakh. The excavation work was awarded to a contractor in March, 2010 (including blasting of 22922.122 m³ hard rock) at an agreed probable amount of Rs.1.84 crore. The actual blasted quantity of rubble was 30444.18 m³ (1.2 times of 20296.122 m³) as per Standard Data Book.</p> <p>There was no provision in the agreement for sale of the blasted rock. However the implementing agency (M/s KLDC, sold 30444. 18 m³ of blasted rock to the contractor recovering Rs.7.75 lakh, which was stated to be 10 per cent of the value of rock. But the actual value of blasted rock comes to Rs.117.79 lakh. As the sale was outside the terms of agreement, it extended an undue advantage of Rs.110.04 lakh to the contractor. Besides KLDC incurred labour charges for conveying blasted rubble up to 50 m. for which contractor was paid a sum of Rs.14.18 lakh.</p> <p>In response to the audit query KLDC justified the sale citing the instructions of July 1994 by the Chief Engineer (Irrigation and Administration) wherein it was iterated that stacking charges might be deducted by issue of the blasted rock to the contractor at site itself recovering 10 per cent to the value.</p> <p>However, the reply of the department is not tenable as there was no provision in agreement for stacking and that the sale of blasted rock at site was obvious. The non-inclusion of the provision for sale of blasted rock in tender schedule resulted in restricting competition and extended unwarranted advantage of Rs.124.22 lakh to the contractor.</p>	<p>The project TKDP - Zone - Excavating Mullassery Canal 3rd reach part B and allied canals including formation of bunds on either side for an amount of Rs.218 lakh is a part of the balance work remained in the TKDP Phase I project which was rearranged due to litigation and subsequent termination of contract. Due to incomplete stage of these main canals, farmers and local people were experiencing much hardship and hence arranged through RKVY scheme.</p> <p>The original work was terminated at risk and cost liabilities of the contractor during 2006, KLDB fixed initial liability of the contractor and informed the same to him for remitting the liability amount. The contractor filed a case before the Hon'ble High Court challenging the initial liability imposed to the contractor which is pending in the Hon'ble High Court of Kerala.</p> <p>In the original agreement executed by the defaulted contractor and KLDC there was no provision of sale of blasted rubble to the contractor. As usual practice, balance quantity to be executed on termination alone is taken for preparing the balance work schedule. Also any change in specification or in the scope of work during rearrangement will weaken the position of the case in the High Court. Hence during rearrangement the original specification and the balance quantity of the work alone are included.</p> <p>The balance work was rendered by giving wide publicity and four contractors took part in the tender for the above work. The work was awarded to the lowest tenderer M/s. Forest</p>

Industries Travancore Ltd, Aluva (A Govt. of Kerala owned company) at 16% below estimate rate.

KLDC is adopting the PWD code and its provisions for the preparation of project works. Hence Circular No. 1/94/WB-18589/94 dated 28.07.94 of the Chief Engineer, Irrigation and Administration, Thiruvananthapuram was adopted for the disposal of balance blasted rocks at site. Based on the provision in the Circular current PWD rate is adopted for recovery rate of rubble. In the case of defaulted contractor also the above procedure was adopted for disposal of rocks.

As per the usual practice the blasted rocks are stacked at site and disposed off by public Auction at site. But there was no sufficient space for stacking the huge quantity of blasted rock at site for taking measurements and subsequent sale by public Auction and its clearing from site after auction. If it is stacked in the bed of canal, it will affect the progress of the work. For acquiring or taking land on lease for the purpose of stacking the rocks will also incur huge amount to government. Moreover, most quantity of the blasted rocks at site are of poor quality, which cannot be used for building works or even not good enough for making broken stones. Considering all the above facts the Chief Engineer's circular mentioned above was adopted with the good intention of completing the work as early as possible.

As mentioned above, the original specification was included in the rearranged work also. Even though in the specification of blasted rock, it was mentioned about stacking for measurement, the provision for stacking charges was not included in the data (expt - 1) of the same in the rearranged work and thus rate is excluding stacking charges. Hence there is no need of recovering the stacking charges from the contractor of the rearranged work. Also no separate labour charges was paid to the contractor for conveying blasted rubble upto 50 m. The standard data of blasted work itself is inclusive of provision of conveying blasted rock within a distance of 50 m which is necessary for removing the blasted rock from the site. Hence no unwarranted advantage was extended to the contractor. In the above circumstances the para may kindly be dropped.

2.1.7.3 Non-achievement of target and consequent lapse of funds – Rs. 5.52 crore

The project Rice Development was sanctioned (June 2010) with the objective of increasing rice production in an area of 66,000 Ha, identified in 14 districts with the help of three major components of the scheme such as increasing cropping intensity, paddy cultivation in fallow land kept uncultivated for several years and to bring more area under upland rice cultivation utilizing the assistance, the expected additional outturn of rice production was 64000 Mt per year (25,000 Mt from cropping intensity, 90000 Mt from upland cultivation and 30000 Mt from fallow land) The physical and financial target and achievement thereon are as shown below.

Particulars	Physical (Area Ha)			Financial (Rs. in crore)	Expenditure	Excess (-) Shortfall (+)
	Target	Achievement	Excess (-) Shortfall (+)			
Rice Production in rice growing tracts	50,000	55974.97	(-) 5974.57 (-11.95%)	25 (@Rs.50000/Ha)	27.99	(-)2.99
Upland cultivation of rice	6,000	1760.82	(+)4239.18 (+70.72%)	3 (@Rs.5000/Ha)	0.88	(+)2.12
Fallow land cultivation of rice	10,000	3795.14	(+)6204.86 (+62.05%)	12 (@Rs.2000/Ha)	4.55	(+)7.45
Total	66,000	61530.93		40	33.42	

The amount assistance was provided as input subsidy to the farmers under the scheme without linking the subsidy to the output/production. The major share of the projects was earmarked for the component 'Rice Production in rice growing tracts' a lenient target, where the department spent an additional amount of Rs.2.99 crore. The department was not able to provide the quantity of rice expected from the implementation of the scheme. In respect of upland and fallow land the department failed to achieve the stipulated target.

Under the project Rice Development the two components viz Upland Cultivation of Rice and fallow land cultivation of rice could not be implemented completely as these schemes were introduced anticipating the targets to be achieved fully. But when it came to the field situation the district level officer expressed the inability to achieve the targets in full considering the field realities such as unavailability of suitable upland/fallow land for taking rice cultivation, non-availability of water resources, heavy rain, pest and disease outbreak etc. The amount of Rs.5.52 crores was not released to the project and hence there was no lapse of fund under this component. As funds were not lapsed then objection may kindly be dropped.

2.1.7.4

Expenditure on ineligible items utilizing allocation towards administrative exp. Rs.1.11 crore

In items of RKVY guidelines, State is permitted to use up to one per cent of its total RKVY funds towards administrative expenses. However the nature of expenditure explicitly specified should be adhered to and deviations are not allowed.

Audit scrutiny revealed that in the following cases the State had utilized the share towards administrative expenses for activities/components expressly not permitted. Viz (i) Purchase of vehicles and (ii) Non recurring expenses (modernization of directorate building)

Year	Amount released by GoK	Total expenditure incurred Rs. In Crore	In admissible expenditure incurred	Purpose
2009-10	0.93	0.89	0.47	Purchase of 11 vehicles for departmental purpose
2010-11	1.93	1.46	0.46	Modernization electrification and civil works of Directorate building
Total	2.86	2.35	0.93	

a) Purchase of vehicles (2009-10)

As per the guidelines of RKVY, administrative funds could be utilized for recurring and other kinds of expenditure such as transport manpower, POL, TA, DA computer and other consumables with the approval of State Level Sanctioning Committee chairman. Purchase of vehicles was effected as part of replacement of old vehicles. For strengthening the administrative and monitoring mechanism of the Department, mobility of officials to the field are necessary. For the effective implementation and monitoring of the scheme a lot of field visits are absolutely necessary at the district as well as state level. Most of the vehicles in the department were very old and not road worthy condition and hence replacement of old vehicles were of utmost necessity. Based on the sanction received from Government (GO (Rt) No. 440/2010/AD dated 16-03-2010) 11 old vehicles were replaced with new ones for a total amount of Rs.48.00 lakhs. As order from Government of Kerala has been obtained, the lapse may kindly be excused and the objection may be dropped. It is assured that this lapse will not be repeated in future. (Copy of GO enclosed)

B) Modernization, electrification and civil works of Directorate building

For improving the working condition of Directorate of Agriculture and to extract maximum output from the officials of Directorate, modernization of the existing office was essential and hence sanction was accorded by Govt. for improving the in-house facilities of Directorate and Principal Agricultural Officers from the funds allotted under administrative cost of RKVY, based on sanction no GO(MS) 50/2013/AD dt. 12/03/2013 of Govt. of Kerala. As the expenditure has been incurred and fruitfully utilised for amelioration of working condition of Directorate and being a modernisation work it may be considered as fruitful expenditure and in the light of above, the lapse may kindly be excused and the objection may be dropped.

2.1.7.5	<p>Unfruitful expenditure on a completed work - Rs.38.18 lakh.</p> <p>As a part of the project 'Infrastructure works in Padasekharams for paddy cultivation' with an outlay of Rs.815.40 lakh was sanctioned during 2008-09. Rs.40 lakh was allotted to Principal Agricultural Officer, Ernakulam for developing of Thottarapucha padasekharam for augmenting rice production. Thottarapucha padasekharam comprise of 700 Ha. of land and balance 250 Ha. under cultivation.</p> <p>Work included construction of tractor passage installation of 'petty and para' with necessary motor and pump sets. The Executive Engineer, Minor Irrigation Division, Ernakulam completed the work at a cost of Rs.38.18 lakhs. Irrigation department requested (February 2011) Agriculture department to take over the project. But neither agriculture department nor any other authority took over the project (December 2013) and hence the intended purpose could not be achieved. The unspent balance of Rs.1.82 lakh was still pending with Minor Irrigation Division, Ernakulam.</p> <p>The maintenance and operation of the 'Petty and Para' should have been entrusted to a suitable agency so as to make the project fruitful.</p>	<p>As suggested by the Accountant General necessary instruction has been issued to entrust the maintenance and operation of the petty and para constructed, under the scheme "Development of Thottarapuncha padasekharam for Augmenting Rice Production" to Thottarapuncha padasekharasamithy. The matter will be intimated to PAC as early as possible.</p>	
2.1.8	<p>Monitoring and supervision</p> <p>As per RKVY guidelines, SLSC was responsible for monitoring the progress of sanctioned projects/schemes and reviewing implementation of schemes' objectives and ensure that programmes were implemented in accordance with the guidelines laid down. Government of Kerala formed a State Level Monitoring Committee (SLMC) (August 2008) under the chairmanship of Agricultural Production Commissioner exclusively for monitoring the implementation of RKVY scheme, review the implementation of RKVY on a monthly basis and submit reports to SLSC. <u>Audit scrutiny revealed the following lapses in the prescribed internal control mechanisms.</u></p>	<p>Failure in internal controls of Monitoring and evaluation by SLSC, SLMC and Nodal Department</p> <p>According to RKVY guidelines, SLSC meetings should be held at least once in three months. From January 2008 to March 2013 (63 months) there were only 11 meetings as against the required minimum of 21 meetings. The gap between meetings was up to 10 months. RKVY guidelines stipulate SLMC to meet monthly, but the first meeting was convened after 18 months (18 February 2010) of its formation. Up to 31 March 2013, only five meetings were conducted. The gap between consecutive meetings ranged up to 11 months. It indicated that SLMC failed to review the implementation of RKVY schemes as stipulated in RKVY guidelines.</p> <p>As per RKVY guidelines, the nodal department (Agriculture) was required to effectively coordinate with various departments and implementing agencies with respect to preparation and appraisal of projects, implementing, monitoring and evaluating them and also to submit quantity reports of physical and financial progress to GoI.</p> <p>Audit scrutiny revealed that Nodal department did not have a system of either</p>	<p>The PPM Cell consisting of a Director, six senior officers, functioning directly under the Agricultural Production Commissioner who is the Chairman of the SLMC, is directly involved in the monitoring and evaluation of projects implemented under RKVY.</p> <p>The officers of the cell (Joint Director of Agriculture - 1, Joint Registrar of Co-operative Societies -1, Deputy Director of Agriculture - 2, Assistance Director of Agriculture - 2) make frequent visits to the project sites before and after the approval of projects by the SLSC to conduct pre and midcourse evaluation of the projects. The projects are objectively verified and the progress of implementation in the SLSC meetings with photographs.</p> <p>Apart from the SLMC the progress of implementation is also</p>
2.1.8.1			

	<p>monitoring the progress of each project physically and financially or submitting the detailed reports of their physical and financial progress to Department of Agriculture and Co-operation (DAC). The funds were released without taking into consideration the actual requirement for implementation of the scheme. The utilization certificates submitted by the Nodal department based on the utilization certificates submitted by the implementing department/agencies did not represent the actual spending as the funds were still remaining idle with implementing agencies in many cases.</p>	<p>reviewed by the Secretary Agriculture, Director PPM Cell and the Heads of the Departments concerned.</p>
2.1.8.2	<p>Wide variation in data on expenditure renders RDMIS unreliable</p> <p>The web based RDMIS provided for the nodal department and the implementing agencies to enter the progress of each project concerned both physical and financial so that the controlling and monitoring departments/units even up to the level of DAC would be able to get the up to date position of implementation of each projects.</p> <p>Audit scrutiny revealed that details filled in by each department from the level of nodal department to the level of implementing units were neither correct nor up to date. Some instances are given below.</p> <ol style="list-style-type: none"> 1. As per the details furnished by the nodal department, the total expenditure on RKVY projects as at the end of January 2014 was Rs.770.20 crore whereas the expenditure as per RDMIS was Rs.810.45 crore showing a difference of Rs.40.25 crore. 2. Two projects with a total project cost of Rs.4.1 crore were shown in RDMIS as abandoned projects whereas the department had stated that the projects were completed. 3. As per the details available in RDMIS in February 2014, 10 projects sanctioned without DPRs were completed at a cost of Rs.25.76 crore. The status of physical progress of the said projects could not be ascertained due to mismatch between target and achievement shown in database of RDMIS. <p>The RDMIS was not populated with data in 'work flow' mod and regular update of project status was not made. This method of updation without any scrutiny defeated the very purpose of RDMIS. This indicated that data available in RDMIS lacked credibility and any analysis done based on such data would be unrealistic and unreliable.</p>	<p>RDMIS entries are made by the implementing officers of a number of agencies from all the 14 districts and it is a continuing process. The UC furnished by the nodal agency is based on the expenditure reported by the implementing agencies at a particular time and as such it is difficult to maintain uniformity in the RDMIS and UC figures. However it is always ensured that the total figure appear in the RDMIS is higher than the amount of UC released by the Director of Agriculture.</p> <p>Frequent reconciliation of total figures appear in the RDMIS, furnished in the UC and the actual expenditure figures is done.</p> <p>The projects shown in the RDMIS as abandoned are actually abandoned ones due to various reasons.</p> <p>The database is meant for quarterly entry of data on the progress of each sanctioned project.</p> <p>Utmost care will be taken to upload correct information in the RDMIS database.</p>
2.1.9	<p>Recommendations</p> <ul style="list-style-type: none"> > PPM Cell should ensure that projects which are feasible only are proposed and approved. > Nodal department should ensure that Utilization Certificates are issued by respective implementing agencies only after the funds are spent completely > SLSC and SLMC should monitor each projects and should ascertain whether the projects are implemented adhering RKVY guidelines strictly > The authenticity and reliability of RDMIS should be ensured > Government should issue instructions regarding the accounting and utilization of interest earned by implementing agencies on RKVY funds deposited in bank. 	<p>The recommendations will be adhered to.</p>



P. S. RADHAKRISHNAN
Director & Ex. Office Additional Secretary

Circumstances under which the projects proposed for sanction without inclusion in the agenda notes of SL SC meeting are explained below

Sl. No.	Name of the Project	Cost of project (Rs in Lakhs)	Reply
1	Infrastructure development of Karingall and Peruvachal punds padashekharms	140.00	Under the agriculture sector an amount of Rs. 341 lakhs has been recommended as against the original proposal of Rs. 499 lakhs (savings 158 lakhs) item proposed under sustainable Rice Development have been modified an amount Rs. 194 lakhs only has been recommended as against Rs. 219 lakhs proposed (savings 25 lakhs). Project "Integrated Coconut Development Programme for Rs. 40 lakhs has been dropped (savings Rs. 40 lakhs) and so a new project was included which could be completed in the current year itself.
2	Infrastructure development for broiler breeding farm	145.00	The projects of VFPCCK was shifted to stream II of RKVY (ongoing schemes) and hence the savings in Thiruvananthapuram District were utilised for Project of broiler breeding farm (Kudappanakkunnu, Thiruvananthapuram District). Also the committee preferred projects that could be completed in the current year itself.
3	Providing free artificial insemination to milch animals	13.50	<ul style="list-style-type: none"> The Government of India had approved a comprehensive package (Special Livestock and Fisheries Package - Vidarbha Package) for the suicide prone districts in the country including three districts in Kerala, viz, Palakkad, Wayanad and Kasargod) under which the artificial insemination services provided to the animals owned by the farmers in these districts were free and the cost met from the scheme funds. Since, the advantage of this scheme was limited to these three districts only, in order to ensure uniformity in the service provided, the same scheme proposal was submitted for the remaining eleven districts of the State also. The SLSC meeting observed that these 11 projects could be completed within the same year itself and had accorded sanction for the same. <p>This project was included outside agenda to makeup the savings of VFPCCK project which was shifted to stream II. Hence the finding may be dropped.</p>
4	Providing free artificial insemination to milch animals	13.50	
5	Providing free artificial insemination to milch animals	13.50	
6	Providing free artificial insemination to milch animals	13.50	
7	Providing free artificial insemination to milch animals	13.50	
8	Providing free artificial insemination to milch animals	13.50	
8	Providing free artificial insemination to milch animals	13.50	
9	Providing free artificial insemination to milch animals	13.50	
10	Providing free artificial insemination to milch animals	13.50	
11	Providing free artificial insemination to milch animals	13.50	
12	Providing free artificial insemination to milch animals	13.50	

SLSC dated 13.11.2008

1	To meet the 'critical gap' for the project of setting up a unit for manufacture of cattle feed at Karunagappally at a total project cost of Rs. 35 Crore	400.00	This project was included in the agenda and approved in SLSC meeting held on 13.11.2008. (Page 36 of SLSC Minutes Register & Page No.22 of agenda for 2008 SLSC) Hence the findings may be dropped.
2	To support, renovation, modernization and creation of additional facilities – one time grant to Maranalloor Ksheera Vyvasaya shakarana Sanghaom Ltd No. 3994, Tvandrum	35.00	
3	Scheme for developing natural resource by Ayiramthengu Fish Farm	22.00	
4	Glucosamine Project at Ambalapuzha	50.00	
5	Renovation/expansion of Kaipamangalam fresh water prawn hatchery	17.00	
6	Renovation of prawn hatchery at Mopia bay	51.00	

SLSC dated 14.06.2010

1	Improvement of Chathanad – Cheral farm outer bund for the development of aqua culture activities (Total cost – Rs. 10cr) First year cost	200.00	Being a project for the development of fish farming in Ernakulam district, and also an activity included in C-DAP of Ernakulam district. The project was accepted by SLSC.
2	Sustainable fisheries development for rural development in Puthenvellikkara Grama Panchayath – Total cost 77.95 lakh	33.60	

SLSC dated 26.09.2011

1	Development of cool season vegetables in Vattavada and Kanthalur under Idukki package	1600.00	Approved in the SLSC dated 26.09.2011 (Page 132 of Minutes Book)
2	Popularization of temperate fruit crop – " Idukki fruit belt" (five component)	856.30	
3	Modernisation of cattle feed plant - Pattanakkad	150.00	
4	Popularization of cassava bio pesticide against borer pests of banana in the three districts of Kerala	50.00	
5	Musiris harithagramam, Pallippuram	425.00	
6	Poultry feed making plant at Mala at total cost of Rs. 700 lakh	100.00	

SLSC dated 19.05.2012			
1	Mushroom cultivation – to be implemented through BSS in 28 clusters of 50 farmers each (Rs. 22500 x 1400 unit = Rs 315 Lakh. 50% of assistance of RKVY)	157.00	Projects were included in the SLSC held on 17.02.2012 in which it was decided to place them in the form of DPR in the next SLSC. Since the projects were found to be innovative and helpful to the growth of agriculture/allied sectors they were approved.
2	Balance work of Muthalappozhy Fishing Harbour (Original cost Rs. 13.66 crore (in 2000). Additional amount required for completion Rs. 31.02 crore. First year requirement Rs. 7 crores)	700.00	
3	Project submitted by AHADA : (1 to 12 times) total cost 1238.55 lakh	556.00	No funds seen released. Hence may be dropped.
4	Comprehensive development of kole wetland (total cost Rs 414.20 crore RKVY share for three years Rs. 114.20 crore – First year cost	4750.00	The project was proposed by the Kole Development Agency, Thrissur for the development activities of agriculture in the Kole lands. The concept was included in the CDAP The project was approved by the SLSC held on 15-04-2013.
5	De-silting at kottayam Chira (Malabar) Panchayat	118.49	The project was meant for de-silting a big pond situated in Kannur district. Adjacent paddy cultivators are benefitted. This project was proposed by the Kannur unit of KLDC.
6	Establishing a goat farm at Badyadukka	237.87	This project was meant for the distribution of lambs to the farmers considering its contribution to the growth of Animal Husbandry activities in Kannur district.
7	Establishing high tech layer breeding farm (total cost – Rs 600 lakh)	100.00	No funds seen released. Hence may be dropped.
SLSC dated 15.04.2013			
1	Productivity improvement of Rice @ Rs 300/ha towards input assistance.	3375.00	This is a continuation of the project sanctioned in the SLSC meeting held on 10/01/2013. The project was supported in the SLSC on the condition that the same norms will be followed as per the project sanctioned in the SLSC held on 10/01/2013. Accordingly the project was implemented without any change in norms. Hence the objection may be dropped.

GOVERNMENT OF KERALA

Abstract

Agriculture Department – RKVY 2009-10 – Strengthening of the Administrative and Monitoring mechanism of the PPM Cell and Directorate of Agriculture – Replacement of vehicles, computers and improvement of inhouse facilities – Sanctioned – Orders issued.

Agriculture (PPM Cell) Department

GO (Rt) No. 440 /2010/AD

Date, Thiruvananthapuram, 16-03-2010.

Read:- 1. Minutes of the SLSC meeting of the RKVY 2009-10 held on 06-07-2009.

2. Letter No. I-29/2009-RKVY dated 18-08-2009 of the Under Secretary, Ministry of Agriculture, Government of India.

3. Letter No. TP (1) 14313/2009 dated 02-02-2010 of the Director of Agriculture, Thiruvananthapuram.

ORDER

As per the minutes of the SLSC meeting of the RKVY held on 06-07-2009 read as 1st paper above, it was decided to utilize 1% of the total allocation under RKVY 2009-10 for strengthening the Administrative and Monitoring mechanism of the PPM Cell. Government of India, vide letter read as 2nd paper above have sanctioned utilization of such administrative funds for recurring and other kinds of expenditures such as transport, manpower, POL, TA/DA, computer and other consumables with the approval of the SLSC Chairman.

2. The Director of Agriculture vide the letter read as 3rd paper above has requested Administrative Sanction for Rs. 110 lakhs for strengthening the Administrative and Monitoring mechanism of the Department of Agriculture, which is the nodal department of RKVY schemes.

3. The Director, Agriculture (PPM Cell) Department then presented a consolidated note containing proposals of the Director of Agriculture and the requirements of the PPM Cell to the Chairman, SLSC and requested Administrative Sanction for the revised proposal for expending Rs. 110 lakhs under 6 major items.

4. The Chairman, SLSC, RKVY considered the proposal and approved the same with certain modifications.

5. In the circumstances, Government are pleased to accord sanction for incurring expenditure for an amount of Rs. 92.50 lakhs from the RKVY administrative funds as given below.

Sl No	Purpose	Amount (Rs in lakhs)
1.	Replacement of vehicles	48.00
2.	Purchase of computers (Directorate of Agriculture)	4.00
3.	In house facilities to PPM Cell ✓	9.00
4.	Repair and maintenance of vehicles	10.00

5.	Office expenses	
6.	Travel expenses	1.50
	Total	20.00
		92.50

6. Out of the vehicles that could be purchased for the amount of Rs. 48 lakhs sanctioned for "replacement of vehicles", two (1 car + 1 jeep) will be allotted to the office of the Agriculture (PPM Cell) Department and two Jeeps to the implementing agencies of the 'Kuttanad Package' whose projects have been approved in the SLSC meeting held on 22-02-2010. Other vehicles will be allotted to the officers of the Directorate of Agriculture/Principal Agricultural Officers implementing RKVY projects.

The Director of Agriculture will utilize the unspent balance of the RKVY funds, 2009-10 for the purpose mentioned above which is chargeable under the head of account 2401-00-800-37.

By order of the Governor,

Dr. Dävendra Kumar Dhodawat
Secretary (Agriculture)

To

1. The Director of Agriculture, Vikas Bhavan, Thiruvananthapuram
2. The Accountant General (A&E), Kerala, Thiruvananthapuram
3. The Finance Department.

Copy to:

1. PS to the Hon. Minister for Agriculture
2. JS to the Chief Secretary
3. PA to the Additional Chief Secretary & Agricultural Production Commissioner
4. PA to the Secretary (Agriculture)
5. CA to the Director, Agriculture (PPM Cell) Department, Secretariat, Thiruvananthapuram
6. Stock File/OC

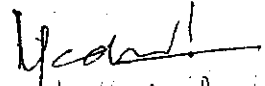
Forwarded/By order


Section Officer

Enclt 9PC/12112/10

Dt 17-03-2010

Copy communicated to IT Cell,
for making purchase of computers for Directorate of
Agriculture at a # as mentioned in the order.


for Director of Agricult

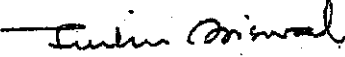
GOVERNMENT OF KERALA

FISHERIES & PORTS (C) DEPARTMENT

**Statement of action taken on the report of the Comptroller & Auditor General of India
for the year ended on March 2013.**

Sl No	Para No	Department concerned	Conclusions/ Recommendations	Action Taken
1	2.1.7.1	Fisheries & Ports (C) Department.	Undue benefit to contractor in the project eradication and utilisation of Water Hyacinth - 7.40 crore	<p>Government have decided to initiate departmental action against the officers who are responsible for the lapses and thereby caused undue benefit to the contractor. As per this decision Govt have examined the report received from the Director of Fisheries and explanation received from the officers who were the Executive Directors of FIRMA at that time period. One of those officers has retired from the service on 31.03.2012. Hence, that officer was exempted from disciplinary procedures. On the scrutiny of the explanation submitted by the 2nd officer, it is revealed that the Contractor had been paid the sum only after adequate inspection. So no disciplinary action can be taken against this officer also.</p> <p>Hence Disciplinary Action taken against these Officers has been terminated.</p>

16


TINKU BISWAL IAS
 Secretary to Government
 AH, DD, Zoo, Fisheries, Sports &

ACTION TAKEN REPORT ON PUBLIC ACCOUNTS COMMITTEE 2016-19

Sl. No	Audit findings	Action taken Report
2.1.7.6	<p>Failure of implementing agency to ensure proper infrastructure resulted in undue favour to an external agency- Rs. 1.25 Crore</p> <p>Prawn Shell Waste is a raw material for production of Glucose Amine which is used extensively for treatment of arthritis. ' MATSYAFED', an autonomous body in the State, prepared DPR (Rs. 3.66 crore) for (a) production of Glucose Amine from prawn shell (b) disposal of prawn shell waste from coastal areas and (c) generation of employment opportunities for 100 youths (direct) and 4,000 women (indirect). The project was approved by SLSC during November 2008 and funds of Rs. 2.39 crore sanctioned under RKVY towards purchase of machinery. The Agriculture department (nodal department) released Rs. 1.25 crore (2009-11) to the implementing agency, MATSYAFED. As the fund received for the project was insufficient, a revised project with an outlay of Rs. seven crore had been submitted, which is yet to be approved.</p> <p>The scheme was proposed to be implemented after constructing a building utilizing assistance of Rs. 2.92 crore from Government and National Fisheries Development Board (NFDB). Construction of building started in August 2010 without getting prior sanction from Town Planner. The time of completion was stipulated as ten months (June 2011) However, the building could not be constructed as it violated the norms of Pollution Control Board(PCB).</p>	<p>The State Government as per G.O(MS) No. 153/09/F&PD dtd, 02/03/09 accorded sanction to the Matsyafed for setting up a Glucosamine plant at Ambalapuzha in Alappuzha district and allotted 50 cents of land for the same. Matsyafed initiated the following action for the establishment of the plant.</p> <ul style="list-style-type: none"> ➤ As the Government allotted land was very near to the sea and came under the purview of CRZ norms, the Kerala Coastal Zone Management Authority did not give the necessary clearance to Matsyafed for construction of the proposed Glucosamine plant in the said Govt land. Hence, Matsyafed identified another suitable private land in Paravoor village of Alappuzha district and purchased 97.318 cents of land. the total cost of land including road access came to Rs. 25.07 lakhs. ➤ In order to expedite the setting up of the plant, construction was commenced during Sept 2010 in anticipation of sanction by the Town Planner. the application for the building permit was submitted to Secretary, Punnappra (North) grama panchayat on 02/09/2010. ➤ A technical consultant was appointed in February 2010, for planning the engineering aspects of the plant based on the production flow process as per EU standards required for the plant. technical consultancy of Central Institute of Fisheries Technology(CIFT) was also utilized for assisting in the scientific process involved in the commercial production of glucosamine. ➤ Consent to establish was initially received from the pollution Control Board on 16/01/12 and further renewed on 23/10/14 (Annexure- 1&2) ➤ Building permit was issued by the Punnappra (North) panchayat on 18/04/13 on the application submitted on

Failure to comply with the stipulations of PCB/District Town Planner and failure to obtain prior sanction from town Planner, Alappuzha for the construction of the plant led to the following.


- The project approved in November 2008 with stipulated period of completion of nine months is yet to be completed. Delay in completion of the project resulted in failure of objectives.
- The implementations of the project prolonged with the delay in construction. This resulted in idling of plan funds in commercial bank accounts from 2009 onwards.
- Loss of potential income of Rs. 10.13 crore per annum projected by the Implementing agency from the sale of Glucose Amine products.
- Denial of hygienic environment to the coastal people through removal of prawn shell waste as envisaged in the DPR.

02/09/10. This was cancelled and a new building permit issued by the Punnapra (North) panchayat on 05/02/2015(Annexure 3&4)

- The total project outlay was estimated as Rs. 756 lakhs of which Rs. 238 lakhs is State share under RKVY scheme. Of this, an amount of Rs. 125 lakh was released in three instalments, by the State govt. under RKVY scheme. the balance amount was proposed to be mobilized as loan from National fisheries Development Board, but NFDB later informed that they cannot fund the project.
- The building for the plant has been completed upto roof level at a total cost of Rs. 114.68 lakh. Competitive technical and financial bids were invited for the machinery and equipment in the plant. However, the works came to a standstill due to the sudden demise of the technical consultant and the tenders invited for the machinery had to be cancelled.
- Though all mandatory requirements for the project have been complied with, the establishment of the plant was delayed as this is a new project which involves scientific and technical know-how which was planned to be the first of its kind in the State in keeping with European pharma Copea standards and could not be established without expert technical knowhow.
- Matsyafed therefore invited Expression of interest for Technical Consultancy in July 2011 of the four eligible firms who expressed interest, M/S KITCO, a State Government Undertaking, was selected to provide technical consultancy for machinery & equipments, as well as completing of the remaining building works and MOU was executed between Matsyafed and KITCO. M/S. KITCO furnished an additional estimate of about Rs. 750 lakh for completing the plant on turnkey basis. As the funds for this could not be mobilized, Matsyafed could not proceed further with this proposal.
- As per the original project the RKVY fund is to be utilized for purchase of machinery/equipment. However, as there has

		<p>been delay in the construction of the plant due to various technical reasons, Matsyafed requested approval of State Government for a change in component for the funds under RKVY scheme from machinery to plant building on 12/01/12 (Annexure-5) to ensure the utilization of funds already released. However, this request for change in component was rejected by the State Government.</p> <p>➤ Matsyafed submitted a fresh proposal for seeking financial assistance from NFDB during May 2013, through State Government and this was recommended by the State Govt. However, sanction for the same was not received from NFDB. Lack of adequate funds has hindered the completion of the project on time.</p>
2.1.7.7	<p>Irregular payment of mobilization advance - Rs. 50 lakhs</p> <p>In terms of RKVY guidelines, payment of mobilization advance to contractor is not permissible.</p> <p>The project for enhancement of Shell fish production in the State by strengthening the Seed Production Centre of Agency for Aquaculture Development Kerala (ADAK), at Odayam, Varkala, was sanctioned (February 2009) with an outlay of Rs. 253.25 lakh and the entire amount released for the project. One of the components of the said project was 'Establishment of Aquarium' for which Rs. 33 lakh was earmarked. As the allotment of Rs. 33 lakh was insufficient, it was delinked from the main project and a fresh project for 'Establishment of Aquarium Complex cum training and Awareness Centre at Odayam' was sanctioned (May 2011) with a project cost of Rs. 350 lakh. The amount was released to the implementing agency ADAK (Rs. 150 lakh in December</p>	<p>Considering the above facts, the para may kindly be dropped.</p> <p>Since ADAK has no engineering wing for executing civil works, the construction work of aquarium complex at Odayam was entrusted with COSTFORD, which is an agency approved by the Government of Kerala vide GO(MS) No. 133/07/LSGD dated 18-05-2007 & GO(P) No. 3/2009/Fin dated, 02-01-2009, for executing civil works. As per the former G.O they are permitted to claim 20% of the estimated project cost as the initial installment. All civil works of the Department of Fisheries are usually undertaken by Government/Government approved institutions like HED, COSTFORD, HABITAT, Nirmithi Kendra & KSCADC. The works are carried out after executing agreement with the agency. As per the terms of agreement, a deposit of initial installment of 20 % of estimated cost had to be advanced for execution of work. Hence an amount of Rs. 50 lakh was paid as advance to the execution agency after executing the agreement. A provision is incorporated in the agreement for levying fine if the agency fails to complete the work in time. The non-execution/delay of the works will adversely affect the implementation of the project and non-achievement of objectives as envisaged in the project. Further payments were done after assuring that the works for the</p>

<p>2011 and Rs. 200 lakh in January 2013). The work of establishment of Aquarium complex cum Training and Awareness Centre was awarded to M/s. COSTFORD in December 2012.</p> <p>Audit scrutiny revealed that ADAK, advanced Rs. 50 lakh to the contractor, (M/S COSTFORD) (January 2013). Though payment of advance is permissible as per Gok instructions, the same is prohibited as per RKVY guidelines. Hence the action of ADAK in advancing Rs. 50 lakh to the contractor was not in order and in violation of provisions of RKVY</p>	<p>amount released have been carried out by COSTFORD. The establishment of Aquarium complex cum training and awareness Centre has been completed and is presently functional. Considering the above facts, the para may kindly be dropped.</p>
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SURESH KUMAR V.S.
 Additional Secretary to Govt.
 Agriculture Department
 Government of Karnataka, Bangalore

GOVERNMENT OF KERALA

REPORT OF C & AG ON ECONOMIC SECTOR FOR THE YEAR ENDED 31/03/2013

Name of Department - Agriculture Department
 Subject - Implementation of Kuttanad Development Package
 paragraph No - 2.2

Action Taken Report

In principle approval for providing financial support for implementing various programmes suggested by the MSSRF was granted by Government of India on July 2008. A formal order from Government of Kerala was issued on October 2008. For receipt of assistance, GOK was to identify different activities and formulate DPR as per the guidelines of the central schemes and submit this to the departments concerned under Government of India which was time consuming. The basic responsibility of implementation lies with the heads of the departments. The fund was released for the Package during Nov-Dec 2009 only. The utilization of the fund is as follows:

Year	Utilized (Rs.In crores)
2009-10	9.646
2010-11	22.404
2011-12	68.69
2012-13	78.349
2013-14	158.211
2014-15 (Up to Dec 14)	84.356
Total	421.656

It may kindly be noticed that 82.5% of the total outlay as per the MSSRF report is for tasks under the Irrigation department. The poor achievement of the Package is mainly due to the delay and under utilization of funds under the Irrigation department. The following projects received extension as follows


1. Restoration of KWS. Onattukara and Thuravoor - Pattanakkadu rivers, canals, drains and water bodies - Extension of Time of Completion of scheme is extended up to December 2016.

2. KEI – I Mitigation of flood in 14 padasekharams in Nedumud: Panchayat- Extension of Time of Completion received up to March 2015.
3. KEL – II Mitigation of floods in Group 9, 5 Padasekharams – D- Thekke arayiram. D- Vadakke Arayiram, E Block, H Block and I Block Padasekharams in Kuttanad Region – Extension of Time of Completion received up to March 2015
4. KEL 111 – Mitigation of floods in 231 Padasekharams in Kuttanad Region – Extension of Time of Completion received up to December 2016.

The reasons for the failure of the Project Director in his role as a Coordinator in implementing the project is due to following reasons.

- The lack of a full time Project Director from 31.08.2011 which was the peak period of implementation. From this date onwards the project Directors were only holding additional charges.
- The non sanction of a special purpose vehicle by the Coordination committee as recommended in the MSSRF report and requested by the Project Director.
- Not strengthening the Project Office by providing additional staff including a Public Relation Officer to improve the coordination activities as decided by the Coordination committee on October 2010.
- Funds were released directly to the Line Department and hence the Project Director was not able to monitor the progress of expenditure.
- The Project Director could not synchronize different activities of the various departments due to no delegation of administrative and financial powers which were vital for proper implementation of the project in a time bound manner.

The recommendation as per the audit report can be executed for the effective implementation of the Package.


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 Additional Secretary
 Agriculture Dept.
 Govt. Secretariat
 Thiruvananthapuram

APPENDIX III APPENDIX FROM AUDIT REPORT

Projects approved in SLSC, not proposed in DAP/Agenda Notes
(Reference: paragraph 2.1.5.2 (i))

Sl. No.	Name of the project	Name of the district and implementing department/agency	Cost of project (₹ in lakh)
SLSC dated 06.01.2008			
1	Providing free artificial insemination service to milch animals	Thiruvananthapuram (KLDB)	13.50
2	Infrastructure development for broiler breeding farm	Thiruvananthapuram (KSPDC)	145.00
3	Providing artificial insemination service to milch animals	Kollam (KLDB)	13.50
4	Infrastructure development of Karingali and Peruvethal pancha <i>padavekharams</i>	Alappuzha (KLDB)	140.00
5	Providing artificial insemination service to milch animals	Alappuzha (KLDB)	13.50
6	Providing artificial insemination service to milch animals	Pathanamthitta (KLDB)	13.50
7	Providing artificial insemination service to milch animals	Kottayam (KLDB)	13.50
8	Providing free artificial insemination to milch animals	Idukki (KLDB)	13.50
9	Providing free artificial insemination to milch animals	Ernakulam (KLDB)	13.50
10	Providing free artificial insemination to milch animals	Thrissur (KLDB)	13.50
11	Providing artificial insemination to milch animals	Malappuram (KLDB)	13.50
12	Providing artificial insemination to milch animals	Kozhikode (KLDB)	13.50
13	Providing free artificial insemination to milch animals	Kannur (KLDB)	13.50
SLSC dated 13.11.2008			
1	To meet the 'critical gap' for the project of setting up a unit for manufacture of cattle feed at Karunagappally at a total project cost of ₹ 35 crore	Kollam (KFL)	400.00
2	To support, renovation, modernisation and creation of additional facilities - one time grant to Maranalloor Ksheera Vyavasaya Sahakarana	Thiruvananthapuram (Dairy Development)	35.00

No.	Name of the project	Implementing Agency	Cost of Project (₹ lakh)
	Sanghom Ltd. No. 3994, Thiruvananthapuram.		
3	Scheme for developing natural resource by Ayiramtheengu Fish Farm	Kollam (FIRMA)	22.00
4	Glucosamine project at Ambalapuzha	Alappuzha (Matsyafed)	50.00
5	Renovation/expansion of Kaipamangalam fresh water prawn hatchery	Thirissur (Matsyafed)	17.00
6	Renovation of prawn hatchery at Mopla bay	Kannur (Matsyafed)	51.00
SLSC dated 14.06.2010			
1	Improvement of Chathanad - Cherali farm outer bund for the development of aqua culture activities (Total cost - ₹ 10 cr.) First year cost	Ernakulam (Fisheries)	200.00
2	Sustainable fisheries development for rural development in Puthenvetikara Grama Panchayat - Total ₹ 77.95 lakh	Ernakulam (Fisheries)	33.60
SLSC dated 26.09.2011			
1	Development of cool season vegetables in Vattavada and Kanthalur under Idukki package	Idukki (SHM)	1,600.00
2	Popularisation of temperate fruit crop - "Idukki fruit belt" (five components)	Idukki (SHM)	856.30
3	Modernisation of cattle feed plant - Pattanakad	Alappuzha (MILMA)	150.00
4	Popularisation of cassava bio pesticide against borer pests of banana in the three districts of Kerala	Thiruvananthapuram (CTCRI) Kasragod, Thiruvananthapuram (KVK, CISSA)	50.00
5	Musiris harithagramam, Pallipuram	Ernakulam (PAO/ Dept. of Agriculture)	425.00
6	Poultry feed mixing plant at Mala at a total cost of ₹ 700 lakh	Thirissur (KSPDC)	100.00
SLSC 19.05.2012			
1	Mushroom cultivation - to be implemented through BSS in 28 clusters of 50 farmers each (₹ 22,500 x 1400 unit = ₹ 315 lakh. 50% of assistance of RKVY)	Thiruvananthapuram (SHM)	157.50
2	Balance work of Muthalappozhy Fishing Harbour (Original cost ₹ 13.66 crore (in 2000). Additional amount required for completion ₹ 31.02 crore. First year requirement ₹ 7 crore)	Thiruvananthapuram (Harbour Engg.)	700.00

Sl. No.	Name of the project	Name of the district and or planning department/agency	Cost of project (in lakh)
3	Project submitted by AHADS : (1 to 12 items) total cost ₹ 1,238.55 lakh	Palakkad (Agriculture)	556.51
4	Comprehensive development of kole wetland (total cost ₹ 414.20 crore). RKVY share for three years ₹ 114.20 crore - First year cost	Thrissur (Agriculture)	4750.00
5	Desilting at Kottayam Chira (Malabar) panchayat	Kannur (KLDB)	118.49
6	Establishing a goat farm at Badiyadukka	Kasaragod (Animal Husbandry)	237.87
7	Establishing high tech layer breeding farm (total cost - ₹ 600 lakh)	Kasaragod (KSPDC)	100.00
SLSC dated 15.04.2013			
1	Productivity improvement of Rice @ ₹ 3000/ha. towards input assistance	All Districts (Agriculture)	3375.00

(Source: Minutes of the SLSC meetings)

List of Abbreviations used

KSPDC	-	Kerala State Poultry Development Corporation
KLDB	-	Kerala Livestock Development Board
SHM	-	State Horticultural Mission
KVK	-	Krishi Vigyan Kendra
CTCRI	-	Centre for Tuber Crops Research Institute
FIRMA	-	Fisheries Resource Management Society
KFL	-	Kerala Feeds Limited

Sanction of projects without proper Detailed Project Reports
(Paragraph 2.1.5.2 (b), Page 15)

Sl. No.	Date of S.I.S.C	Name of Project	Agency	Assistance under RKVY (₹ in Lakhs)	Expenditure incurred as on 13.02.2014 (₹ in Lakhs)	Status
1	18/03/2011	Medium scale dairy units in Government farms KE/RKVY-CROP/2011/779	Animal Husbandry	41.10	20.00	Completed
2	18/03/2011	Projects under the special programme for protein supplement KE/RKVY-DDEV/2012/837	Dairy	112.50	112.50	Completed
3	18/03/2011	Projects under the special programme for protein supplement, KE/RKVY-ANRB/2012/838	KLDB	48.47	48.47	Completed
4	18/03/2011	Projects under the special programme for protein supplement KE/RKVY-ANRB/2012/839	Milma	300.00	300.00	Completed
5	18/03/2011	Popularisation of cassava bio pesticide against borer pests of banana in three districts of Kerala KE/RKVY-CROP/2012/840	CTCRI	50.00	50.00	Completed
6	18/03/2011	Modernisation of cattle feed plant - Pattanakad KE/RKVY-ANRB/2012/841	Milma	150.00	150.00	Completed
7	18/03/2011	Project for the development of cool season vegetables in Vattavada and Kanthalloor, Idukki district under Idukki package (18 components) KE/RKVY-CROP/2012/842	SHM	1,164.05	1,164.05	Completed
8	18/03/2011	Project proposal for 'Idukki fruit belt' popularisation of temperate fruit crops in Idukki district (five components) KE/RKVY-CROP/2012/843	SHM	606.30	606.30	Completed
9	18/03/2011	Musiris Harithagramam in	Agriculture	200.00	25.00	Completed

Sl. No.	Date of SLSC	Name of Project	Agency	Assistance under RKVY (₹ in lakh)	Expenditure on RKVY (₹ in lakh)	Status
		Pallipuram Panchayat KE/RKVY-CRO/2012/844				
10	18/03/2011	Feed mixing plant at Mala KE/RKVY- ANHB/2012/845	KSPDC	100.00	100.00	Completed
11	18/03/2011	RKVY Seed Garden Complex Munderi, Malappuram proposal for excavation of trenches along fencing line KE/RKVY- NONF/2011/846	Agriculture	7.00	0.00	Abandoned
Total				2779.42	2576.32	

(Source: Minutes of SLSC meetings & RDMIS)

Submission of Inflated Utilisation Certificate
(Reference: paragraph 2.1.6.1,

Sl. No.	Project	Implementing Agency	RKVV assistance	Fund released	Unspent amount	Expenditure	Amount of Utilisation as reported
₹ in lakh							
1	Matsyakeralam programme	Special Officer, Matsyakeralam	300.00	300.00	269.18	30.82	300.00
2	Bull spermatozoa sexing and Commercialising sexed semen in India for uplifting the National Dairy sector	KLDB	525.00	525.00	524.00	1.00	525.00
3	Establishment of Aquarium complex and training cum awareness centre at Odayam	ADAK	350.00	350.00	300.00	50.00	350.00
4	Glucoamine Project	Matsyafed	239.00	125.00	125.00	0.00	125.00
5	Improvement to Chathanad Cherai Bund	KSCADC	1000.00	760.00	424.68	335.32	760.00
6	Establishment of a hi-tech layer breeding farm at Kuriyottunala	KSPDC	700.00	350.00	298.87	51.13	350.00
7	Matsyasarudhi	Special Officer, Matsyakeralam	1001.25	1001.25	610.59	390.66	1001.25
8	Jaiwasree project for promotion of self sufficient villages	Animal Husbandry department	1017.50	527.50	226.53	300.97	527.50

Sl. No.	Project	Implementing Agency	RKVY assistance	Fund released	Expend amount	Expenditure	Amount of Utilisation as reported
₹ in lakh							
9	Ksheerasamrudhi	Animal Husbandry department	178.00	79.00	66.01	12.99	79.00
10	Cage farming in reservoirs under NMPS	FIRMA	668.00	295.00	274.80	20.20	295.00
11	Establishment of multispecies eco hatchery under NMPS	FIRMA	605.00	150.00	149.44	0.56	150.00
12	Aqua culture activities under Matsyakeralam (13 components)	Special Officer Matsyakeralam	300.00	300.00	116.5	183.50	300.00
13	Pig rearing	M P I	20.00	445.85	359.96	85.89	445.85
14	Pig rearing scheme	M P I	44.00				
15	Construction of MPI Pig farms	M P I	30.00				
16	Bio gas Plant	M P I	10.00				
17	Pig rearing by farmers	M P I	15.00				
18	Establishment of Pig Satellite units in Kerala	M P I	237.00				
19	Establishment of a deep freezer in MPI to increase the storage capacity	M P I	90.70				
Total			7,330.45	5,208.60	3,745.56	1,463.04	5,208.60

(Source: Data collected from field offices)

Status of Projects
(Reference: paragraph 2.1.7.

Sector	Total Projects			Completed			Ongoing			Not yet implemented			Abandoned		
	No.	Cost	Expenditure	No.	Cost	Expenditure	No.	Cost	Expenditure	No.	Cost	Expenditure	No.	Cost	Expenditure
		₹ in crore			₹ in crore			₹ in crore			₹ in crore			₹ in crore	
NRM	42	26.33	17.10	41	26.37	17.08	1	0.15	0.03						
AGRE	152	76.34	42.43	133	54.84	42.43	17	20.14	0.00	1	0.36	0.00	1	1.00	0.00
AMBC	36	105.99	64.92	33	75.62	54.32	2	27.77	10.60				1	2.60	0.00
ANHB	179	176.77	157.83	168	152.74	153.75	6	20.72	4.08	4	3.07	0.00	1	0.23	0.00
CROP	101	210.56	183.60	93	204.45	183.41	4	0.82	0.20				4	5.30	0.00
DDEV	50	25.52	24.38	45	18.00	17.36	5	7.52	7.02						
EXTN	47	29.22	18.32	42	22.23	13.86	3	6.40	4.66				2	0.60	0.00
FINM	3	1.90	1.90	3	1.90	1.90									
FISH	125	152.72	111.05	117	112.32	97.66	7	39.71	13.39				1	0.69	0.00
HORT	93	135.35	119.69	84	129.16	119.47	9	6.19	0.22						
IPMT	5	1.88	1.17	5	1.88	1.17									
IRRI	23	21.01	4.60	16	8.58	4.50	3	9.30	0.10				4	3.13	0.00
ITBC	1	0.32	0.06	1	0.32	0.06									
MRKT	26	10.60	11.18	26	10.60	11.18									
NONF	20	5.35	2.77	15	2.54	2.40	3	1.74	0.36				2	1.07	0.00
ORFM	12	3.57	2.00	12	3.57	2.00									
OTHER	10	4.80	0.76	8	2.09	0.66	2	2.71	0.10						
SBED	13	5.52	3.97	13	5.52	3.97									
SERI	9	1.24	0.91	9	1.24	0.91									
COOP	2	0.20	0.05	1	0.05	0.05	1	0.15	0.00						
Total	949	995.39	768.90	865	834.02	728.14	63	143.32	40.76	5	3.43	0.00	16	14.61	0.00

(Source: RDMIS)