

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2011-2014)**

SIXTEENTH REPORT

(Presented on 26th June, 2012)



SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2012

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On

**Paragraphs relating to Agriculture and Local Self Government Departments
contained in the Reports of the Comptroller and Auditor General of India
for the years ended 31st March 2004 (Civil), 31st March 2006 (Civil)
and 31st March 2008 (Civil)**

922/2012.

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Smt. M. R. Maheswari, Under Secretary.

*Resigned on 29th March 2012.

INTRODUCTION

I, the Chairman, Committee on Public Accounts having been authorised by the Committee to present this Report on their behalf, present the Sixteenth Report on paragraphs relating to Agriculture and Local Self Government Departments contained in the Reports of the Comptroller and Auditor General of India for the year ended 31st March 2004 (Civil), 31st March 2006 (Civil) and 31st March 2008 (Civil).

The Report of the Comptroller and Auditor General of India for the years ended 31st March 2004 (Civil), 31st March 2006 (Civil) and 31st March 2008 (Civil) were laid on the Table of the House on 20th July 2005, 28th December 2006 and 23rd June 2009 respectively.

The Committee considered and finalised this Report at the meeting held on 28th March 2012.

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

Thiruvananthapuram,
26th June, 2012.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

REPORT
AGRICULTURE AND LOCAL SELF GOVERNMENT
DEPARTMENTS
AGRICULTURE DEPARTMENT

AUDIT PARAGRAPH

Delay in implementation of a scheme for providing Copra Dryers

Under the special package of relief measures for agricultural sector, Government sanctioned (March 2002) the scheme for providing seed money assistance for purchase of copra dryers* of capacity 10000 to 30000 nuts a day by Service Co-operative Banks. An amount of ₹ 11 crore was earmarked for providing 220 dryers at the rate of ₹ 5 lakh or 25 per cent of the cost of the dryer whichever is less. Government provided ₹ 9.40 crore through Supplementary Grant in February 2003 for the scheme. In March 2003 Government modified the scheme mainly to provide assistance of ₹ 0.75 lakh to selected women self help groups for purchasing 220 dryers of capacity of up to 5000 nuts a day. Though the outlay was thus reduced to ₹ 1.65 crore, the Director drew ₹ 9.40 crore provided in the Supplementary Grant on the last day of the financial year (31st March 2003) and deposited it in a Treasury Savings Bank (TSB) Account. Four months later in July 2003 Government again modified the scheme by reducing the number of dryers to 150† and decided to meet the cost of shed and 20 per cent of working capital in addition to the cost of dryers thereby limiting the Government contribution to ₹ 1.37‡ crore. Government again modified the scheme in December 2003 enhancing the working capital to each unit to ₹ 0.20 lakh thus increasing the total commitment to ₹ 1.63 crore.

The Kerala Agro Industries Corporation Limited (KAICO), a Government Company, was the implementing agency and the project was to be completed by July 2003. As per Government Order the cost was to be released to KAICO only after commissioning of the dryers. However, ₹ 50 lakh each was paid as advance in August 2003 and March 2004. KAICO commissioned only one dryer as of March 2004.

* Equipment for drying coconut.

† Dryers of 5000 nuts capacity-30 numbers, 3000 nuts capacity-40 numbers, 2000 nuts capacity-80 numbers.

‡ Cost of 150 dryers: ₹ 80.50 lakh, cost of 150 sheds: ₹ 52.50 lakh, working capital: ₹ 4.30 lakh.

It was further noticed that Government sanctioned (October 2003) drawal of Rupees three crore from the balance available in the TSB Account of the scheme for making payments under an entirely different scheme of Paddy Procurement on the plea that budget provision was exhausted, savings could not be located and funds were urgently required. Thus the balance left in the TSB Account as on 31st March 2004 was ₹ 5.40 crore.

This reveals serious discrepancies and gross violation of financial rules as indicated below:

- The scheme was sanctioned without any proper study of requirements or practicability of the proposals necessitating four revisions of the scheme of which two of these were after the drawal of funds.
- Though the outlay of the scheme was reduced to ₹ 1.65 crore in March 2003 and the Director was aware of this fact, he drew the entire supplementary provision of ₹ 9.40 crore and lodged it in TSB account mainly to avoid lapsing of provision.
- The pace of implementation of the scheme was very slow due to frequent modification and thus only one out of 150 targeted dryers could be set-up even after payment of advance of ₹ 1 crore to the implementing agency.
- Government committed gross violation of principles of budgetary control by sanctioning drawal of unrequired funds for another budgetted scheme instead of refunding the funds.
- The diversion of Rupees three crore to another scheme vitiated the accounts and resulted in inflating the expenditure on the original scheme and thus expenditure was without the approval of the Legislature.

Thus the department failed to achieve the main objectives envisaged in the scheme.

The matter was referred to Government in May 2004; reply has not been received (November 2004).

[Paragraph 4.6.1 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2004 (Civil).]

Notes furnished by Government on the above audit paragraph are included as Appendix II.

While considering the audit paragraph, the Committee noted that the Government sanctioned a scheme for purchase of Copra Dryers through Service Co-operative Banks and an amount of ₹ 9.40 crore was provided in the Supplementary Demands for Grants in February 2002 in which it was decided to subsidise 220 dryers @ 5 lakh or 25% of the cost of the dryer, whichever is less. But the above scheme did not progress and hence it was modified in March 2003 to provide assistance of ₹ 0.75 lakh to selected women self help groups reducing the capacity of dryer from 10000-30000 nuts to 5000 nuts a day. Though the total outlay of the scheme was reduced to ₹ 1.65 crore, the Director of Agriculture had drawn the amount of ₹ 9.40 crore on the last day of the financial year i.e. 31st March 2003 and deposited the amount in Treasury Savings Bank. But four months later in July 2003, Government again modified the scheme by reducing the number of dryers to 150 and decided to meet the cost of shed and 20% of working capital in addition to the cost of dryers. Again the scheme was changed and fixed ₹ 20,000 as working capital to each units and increased the total commitment to ₹ 1.63 crore. The Committee asked about the present position regarding this amount. The Secretary, Agriculture Department replied that out of ₹ 9.4 crore ₹ 2,04,62,720 remained in the Treasury Savings Bank, ₹ 1.63 crore was spent for the scheme and ₹ 3 crore was spent for paddy procurement. At this juncture the Committee remarked that the diversion of money allocated for Dryer Scheme to paddy procurement was irregular.

2. The Committee enquired as to why the amount was diverted instead of remitting into Treasury Account. The Secretary, Agriculture Department disclosed that ₹ 2.72 crore was also diverted to RUBCO and this was done on the basis of a Government Order on 19-12-2006 for export subsidy of RUBCO.

3. The Committee again specifically enquired whether a proper study was conducted before implementing the scheme. The Principal Secretary, Local Self Government Department in-charge of Finance (Expenditure) Department replied that since 1990, many departments, especially Agriculture Department had been transferring the funds for various schemes to Treasury Savings Bank Account for avoiding lapse of funds at the end of the financial year and this procedure came to an end in 2004.

4. The Committee reiterated the fact that preparing a scheme suddenly in February or March, then drawing the amount and depositing it in Treasury Savings Bank and later diverting the fund allocated for the scheme for yet another purpose was a gross violation of the provisions in the Kerala Budget Manual and the Kerala Financial Code.

5. The Committee pointed out that there was an order issued for the refund of the amount after closing all Treasury Savings Bank Accounts, in 2002 or 2003. The Principal Secretary, Local Self Government Department and Finance (Expenditure) Department in-charge replied that Treasury Savings Bank Account had been frozen and allowed to draw as and when required. TP Account was automatically closed. The Committee recommended that such diversions of Government money should not be repeated in future as it is against the provisions of Financial Code and the Budget Manual.

6. On the Committee's enquiry about the working condition of the 150 numbers of Copra Dryers, the Director, Agriculture Department submitted that all the 150 Copra Dryers had been installed by the Agro Industries Corporation and given to Women Self Help Groups after installation. But none of them are functioning now due to some technical defects. The Managing Director, Agro Industries Corporation explained that during the time of heating of the equipment, excessive usage of coconut shells instead of firewood caused more heat than permitted which resulted in the malfunctioning of plates. The beneficiaries did not comply with the instructions that coconut shells should not be used for heating Dryers and that was the reason for the defect of the equipment.

7. The Committee opined that the coconut shells have more heat generating capacity than firewood, and hence reduction in quantity of coconut shells in the Dryer would considerably decrease the intensity of heat produced. The Committee also noticed that coconut shells are normally used for bigger Dryers which require more heat. The Committee enquired about the reasons as to why the Dryers were damaged due to the usage of coconut shells. The Managing Director, Agro Industries Corporation submitted that the officials of Coconut Development Board inspected many sites and as per their opinion, the coatings and layers would be weakened due to retaining of excess heat and more damage occurred due to the full usage of coconut shells.

8. The Committee demanded to take necessary steps to rectify the defect of the Dryers and minimise the usage of coconut shells. On the Committee's enquiry about the use of Electric Dryers, the Managing Director, Agro Industries Corporation replied that Electric Dryers are quite expensive, and the initial expense of Solar Dryer is very high.

9. The Committee directed to conduct a study and ascertain whether the equipment could be repaired and made functional by an expert in this field.

Conclusion/Recommendation

10. While discussing about the delay in implementation of the scheme for providing copra dryers under the special package of relief measures in agriculture sector, the Committee seriously views the diversion of fund allocated for copra dryer scheme to an entirely different scheme of paddy procurements and observed that the scheme was formulated and ordered without conducting the required preparations and studies. The Committee strongly disapproves the practice of sudden preparation of a scheme at the fag end of the financial year, then drawing of money and depositing it in Treasury Savings Bank account and later diverting the fund allocated for the scheme to an entirely different purpose. The Committee strictly recommends that such diversion of Government money should not be repeated in future as it is a gross violation of the provisions in the Kerala Budget Manual and the Kerala Financial Code.

11. As regard the malfunctioning of 150 numbers of copra dryers installed by Agro Industries Corporation due to the improper use of them by Women Self Help Groups, the Committee recommends to rectify the defect of the dryers and to give proper instruction to minimise the quantity of coconut shells used in it. The Committee also recommended the department to ascertain whether the equipment could be repaired and made functional by an expert in the field.

LOCAL SELF GOVERNMENT (RURAL) DEPARTMENT

AUDIT PARAGRAPH

Loss of Central Assistance

Ministry of Rural Development, Government of India (GOI) reviewed the implementation of Employment Assurance Scheme (EAS) and Jawahar Grama Samrudhi Yojana (JGSY) and merged these two schemes into one, viz., Sampoorna Grameen Rozgar Yojana (SGRY) with effect from September 2001. GOI implemented the schemes in two streams SGRY-I (EAS) and SGRY-II (JGSY) until March 2004 and merged I and II from April 2004. The scheme aimed at providing additional and supplementary wage employment, providing food security, improving nutritional levels in rural areas and creating social and economic assets and infrastructural development in rural areas. This was a Centrally Sponsored Scheme on cost sharing basis between Centre and State in the ratio of 75:25 of cash component. GOI implemented SGRY in the State through District Rural Development Agencies (DRDAs).

As per the guidelines issued by the GOI, the assistance would be released in two instalments. The first instalment for a year shall be released to the DRDA

which obtained the second instalment of funds and foodgrains in the preceding financial year. The second instalment of the year shall be released on fulfilment of the following conditions:

- (i) Sixty per cent of the total available funds (opening balance of the year plus the amount received including State share and other receipts during the year) should have been utilised at the time of submitting the proposal for the second instalment,
- (ii) Fifty per cent of foodgrains allotted as first instalment should have been lifted and 60 per cent of the lifted foodgrains utilised,
- (iii) The opening balance of the District should not exceed 15 per cent of fund available during previous year, and
- (iv) Twenty two and a half per cent of resources earmarked for District Panchayat and Intermediate level Panchayats and 50 per cent of annual allocation for Village Panchayats should be utilised for the Welfare of Scheduled Caste/Scheduled Tribe (SC/ST).

The guidelines also stipulate that the State Government should make sufficient provision in budget to match the Central financial assistance and should release all its contributions due up to the date of application. In the event of shortfall in the State share corresponding amount of Central share will be deducted from the amount of Central share of the second instalment of the year. In case of shortfall in expenditure of SC/ST, proportional deduction will also be made from the second instalment.

Review on the implementation of SGRY scheme in 14 DRDAs in Kerala revealed that the under utilisation of cash component in previous years, non-release of matching State share of cash assistance, under utilisation of assistance for weaker section, etc., resulted in loss of central assistance to the tune of ₹ 31.76 crore under SGRY Scheme during 2003-04 and 2004-05 as detailed below:

(Rupees in crore)				
<i>Deduction on account of</i>	<u>2003-2004</u>		2004-05	<i>Total</i>
	<i>SGRY I</i>	<i>SGRY II</i>		
Cash Component				
Excess Opening Balance	4.92	3.17	4.59	12.68
Amount towards incurring less expenditure than floor limit prescribed for the Welfare of Scheduled Castes/ Scheduled Tribes	0.30	0.60	0.47	1.37
Amount towards short release of contribution by the State Government	0.91	0.43	7.62	8.96
Others	1.05	..	0.08	1.13
Total	7.18	4.20	12.76	24.14
Food Component				
	1.95	1.48	4.19	<u>7.62</u>
Grand Total				31.76

The loss of Central assistance showed an increasing trend during 2003-05, the percentage of increase being 14. The Project Officers, while admitting the loss of Central assistance, generally attributed this to the poor achievement by the Implementing Officers in the field level.

The Commissioner, Rural Development stated (August 2006) that if at all there was any under utilisation in some Districts, it would be adjusted in the overall additional fund requirement of the State and the consequent additional Central allocation of funds. The reply was not tenable as the Central Government released funds direct to DRDAs by considering District as a unit and no additional Central allocation of funds as indicated in the reply of the Commissioner was received during 2003-04 and 2004-05.

The matter was referred to Government in July 2006; reply had not been received (August 2006).

[Paragraph 4.5.4 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2006 (Civil).]

(Notes furnished by the Government on the above audit paragraph are included as Appendix II.)

12. The Committee invited the attention of the Secretary to the audit observation regarding the under utilisation of cash component in previous years and the non-release of matching State share of cash assistance resulting in loss of Central assistance to the tune of ₹ 31.76 crore during 2003-04 and 2004-05, for the implementation of Sampoorna Grameen Rozgar Yojana (SGRY) in 14 DRDAs in the State and enquired about the present position. The Principal Secretary, Local Self Government replied that it was a fact and there was no justification. He also added that due to financial constraint, fund was not released during March and as per the guidelines 50% of the amount should be provided to Panchayats out of it 22.5% for District Panchayats and Block Panchayats and 36% should be used for SC/ST, and 50% had been given to all districts. When the Committee opined that the percentage could be assessed by the Panchayat Members, the witness explained that Government of India had fixed a flat rate, but by the time the allocation of 2004-05 was rectified, opening balance was increased to more than 15%. To balance this, percentage of allotment was cut short in all Districts to bring it down to 36%.

Conclusion/Recommendation

13. The Committee recommends that the percentage of funds required to implement the SGRY Scheme for each District and Block Panchayats should be assessed by the competent authorities.

AGRICULTURE (ANIMAL HUSBANDRY) DEPARTMENT

AUDIT PARAGRAPH

Veterinary Services and Livestock Development

Introduction

Livestock rearing is one of the important activities in the rural areas of the State providing supplemental income for most of the families dependant on agriculture and is the chief support for many landless families. The main species of livestock found are cattle*, buffalos, goat and pig. Eighty per cent of livestock farmers are small and marginal farmers and agricultural labourers.

* Cattle refers to cows and oxen.

At Government level, Secretary, Animal Husbandry Department, is the controlling officer who is assisted by the Director. At District level, Joint Directors, Deputy Directors, Veterinary Surgeons are responsible for implementation of various schemes related to veterinary services and livestock development in the field.

A performance audit of the major activities* of Animal Husbandry Department, including schemes implemented by the Dairy Development Department revealed the following:

Funding

The budget provision and expenditure of the department during the period 2003-08 were as follows:

TABLE 1—BUDGET PROVISION AND EXPENDITURE

Year	Revenue			Capital		
	Provision	Expen- diture	Saving (percentage)	Provision	Expen- diture	Saving (percentage)
2003-04	118.9	97.08	21.83 (18)	4.07	0.04	4.03(99)
2004-05	128.91	109.34	19.57(15)	2.48	0.23	2.25(91)
2005-06	131.05	126.41	4.64(4)	8.15	3.08	5.07(62)
2006-07	150.45	129.83	20.62(14)	22.05	5.24	16.81(76)
2007-08	163.33	149.90	13.43(8)	15.65	1.91	13.74(88)
Total	692.65†	612.56	80.09(12)	52.40†	10.50	41.90(80)

Eighty per cent of the provision made during 2003-08 under capital remained unutilised mainly because projects approved under Rural Infrastructure Development Fund like construction of building for Veterinary College at Wayanad and Veterinary Health Care Institution had not been taken up due to non-receipt of administrative sanction from State Government.

The Department deposited ₹ 90.40 lakh‡ with Public Works Department (December 2005 and March 2007) for construction of a building for District Veterinary Centre, Kollam and modernisation of clinical laboratory, Kannur. The Construction had not yet started (July 2008).

* Except Special Livestock Breeding Programme which was included as paragraph 3.7 in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2007 (Local Self Government Institutions).

† Does not include funds received directly from Government of India.

‡ Kollam: ₹ 87 lakh (March 2007) and Kannur: ₹ 3.40 lakh (December 2005).

Healthcare Facilities

Functioning of VHClS

As per 2003 Census 82 per cent of the cattle population was crossbred. This has increased the susceptibility of animals to various kinds of diseases. In order to ensure an effective health care and delivery system, the Animal Husbandry Department had 1154 Veterinary Health Care Institutions (VHClS) comprising dispensaries, hospitals, polyclinics and District Veterinary Centre. District Veterinary Centre (DVC) is the highest ranking institution in a district. In addition, there are nine Mobile Veterinary Hospitals and clinical laboratories attached to DVCs. The Department had not fixed norms relating to the minimum facilities to be provided to each category of establishment. Scrutiny in four* District Veterinary Centres and 12† Hospitals/Dispensaries in the selected districts revealed that:

- X-ray facility was not provided to DVC, Thiruvananthapuram due to shortage of space. In DVC Kannur, X-ray machine purchased in 1999 at a cost of ₹ 2.60 lakh had been kept idle for the last eight years as a Radiographer was not posted.
- DVCs were located in the heart of the city/town and traffic congestion often prevented farmers from bringing large animals to these Centres. Thus the treatments in these Centres were confined mainly to pet animals like dogs, cats and birds.
- Operation theatres of the DVCs were used mainly for small animals.
- Large animals required attention at the farmer's premises. As such cases were not posted in the OP register, the data on this was not available.

* Thiruvananthapuram, Kollam, Ernakulam and Kannur.

† Veterinary Dispensaries at Navaikulam, Alammukku, Perumkadavila, Vengola, Nellad, Kakkayangad, Kunhimangalam, Kudiyamala and Veterinary Hospitals at Anchal, Chavara, Chathanoor and Nedumbasserry.

- One veterinary dispensary at Kakkayangad in Kannur district did not have basic facilities like electricity, water and space for examining animals.
- None of the VHClS provided round the clock service.

Staff shortage in Healthcare Institutions

In Kannur (northern district) there was shortage of 54 per cent of Veterinary Surgeons and 28 per cent of Livestock Inspectors. Regular Veterinary Surgeons were not posted in Veterinary Poly Clinic, Chempanthotti, Veterinary Hospital, Udayagiri and Veterinary Dispensary, Koottumugham, which had large number of cattle population.

Issue of Medicine

Government permitted (June 1988) the Director of Animal Husbandry to purchase veterinary medicines from Government firms without inviting tenders. The permission was withdrawn in February 2001 and no purchase was effected during the years 2001-02 and 2002-03 due to non-receipt of sanction from Government. As a result the veterinary hospitals and dispensaries were not able to issue medicines and hence their functioning was severely affected.

Till 2003-04 the requirement of medicines for a year was assessed at the Directorate level based on the consolidated data collected at district level from the field offices. During 2004-05, no separate assessment of requirement was made and purchase was based on the assessment made in 2003-04. In order to avoid delay in processing the consolidated data, State Government approved (July 2005) a list of common medicines, essential drugs and the quantity to be supplied to each category of VHClS. The annual requirement of funds was assessed at ₹ 16.00 crore and the purchase was made based on this list from 2005-06 onwards.

The funds for the purchase of medicines were included in the budget under the head of account 'Strengthening and re-organisation of Veterinary Services'. The details of provision and expenditure during 2003-2008 were as follows:

TABLE 2— PROVISION AND EXPENDITURE ON PURCHASE OF MEDICINES

(Rupees in crore)

<i>Year</i>	<i>Provision and its percentage</i>	<i>Funds set apart to meet expenditure on previous year's supply orders received during the year</i>	<i>Balance fund available for the current year</i>	<i>Month/date of issue of administrative sanction by Government</i>	<i>Amount of supply orders</i>	<i>Approval of supply orders by Government</i>	<i>Total expenditure during the year</i>
2003-04	8.25(52)	Nil	8.25	August 2003	2.07	October 2003	1.70
2004-05	8.00(50)	1.64	6.36	July 2004	5.91	March 2005	1.31
2005-06	8.50(53)	4.82	3.68	April 2005	4.05	February 2006	5.04
2006-07	6.75(42)	3.93	2.82	November 2006	3.21	March 2007	3.20
2007-08	6.75(42)	3.04	3.71	October 2007	4.10	March 2008	3.20
Total	38.25	13.43	24.82		19.34		14.45

It was observed in audit that:

- During 2003-04 supply orders were placed for only 25 per cent of the provision though medicines were not in stock owing to non-procurement during the preceding two years. The reason for non-utilisation of funds was due to non-issue of sanction by Government for the proposals forwarded in February 2004.
- Against the annual requirement of ₹ 16 crore the budgetary provision in all the years from 2005-06 was much below the requirement and ranged between ₹ 6.75 crore and ₹ 8.50 crore (42 and 53 per cent).

- The supply orders to the firms were usually approved by Government only in February/March each year since 2004-05. This was because the department had to first obtain administrative sanction for purchase from Government and then obtain sanction from Government for placing supply orders. Due to this cumbersome procedure the very intention of Government in prescribing a standard list of common/essential medicines was defeated. This contributed to non-utilisation of provision made during these years.

Thus the department failed to ensure adequate supply of medicines to the VHClS during the period of review.

Supply of essential medicines and sundry materials

The major diseases found in cattle and buffalo population were digestive system disorders and Parasitism*. Out of 29.75 lakh cases treated in 2006, 57 per cent belonged to these two categories. The main cause of digestive system disorders is unhealthy feeding practices followed by majority of the farmers. Routine de-worming is the treatment for parasitism. De-worming medicines were in short supply in all the 16 test checked VHClS and were utilised within three to six months during the year.

In addition to medicines, sundry materials such as absorbent cotton, bandages, cloth, towel, disinfectant, carbolic soap, etc., were also to be procured and supplied to VHClS. It was noticed that articles like bandages, towel, disinfectant, etc. (except absorbent cotton supplied in 2004-05) were not supplied and regular supply of full arm gloves which is an essential requirement in cattle treatment was not available in any of the 16 VHClS test checked.

Thus the services rendered by the VHClS were deficient due to shortage of medicines, other sundry materials and shortage of Livestock Inspectors and Veterinary Surgeons especially in northern districts of the State.

IMPLEMENTATION OF CENTRAL SCHEME

Assistance to States for control of Animal Diseases

GOI introduced (May 2003) a new scheme 'Assistance to States for Control of Animal Diseases (ASCAD)' under the Tenth Plan by merging three† existing schemes having 50 per cent central assistance. GOI revalidated the

*Parasite is an organism that lives the whole or part of the life of it within another organism of a different species and draws the nourishment therefrom.

† Systematic Control of Livestock diseases of national importance, Foot and Mouth Disease and Animal Disease surveillance.

unspent balance of ₹ 2.68 crore at the end of the previous year for utilising it in 2003-04. However, Government spent ₹ 1.21 crore during 2003-04 for the erstwhile three schemes and the unspent balance was again revalidated in the subsequent year by GOI.

The new scheme envisaged control of major animal diseases by providing strategic immunisation cover, strengthening of important diagnostic laboratories and biological production centres, training to veterinarians and para-veterinarians, etc. While full Central assistance was admissible for the training component, for other components the eligibility was 75 per cent assistance only.

The details of grant released, provision made in the State budget and expenditure therefrom were as follows:

TABLE 3— GRANT RECEIVED FROM GOI, BUDGET PROVISION AND EXPENDITURE

(Rupees in crore)

Year	Grant received from GOI			Revalidated amount of previous year	Budget Allocation required including State share	Budget provision	Expenditure
	100 per cent component	75 per cent component	Total				
2003-04	0.12	0.68	0.80	2.68	Nil	Nil	Nil
2004-05	Nil	Nil	Nil	2.09	2.79	2.09	2.05
2005-06	0.43	1.07	1.50	0.49	2.51	2.65	2.64
2006-07	0.12	1.85	1.97	Nil	2.59	1.96	1.24
2007-08	Nil	0.18	0.18	0.99	1.56	1.39	1.04
Total	0.67	3.78	4.45		9.45	8.09	6.97

It was observed that:

- Though GOI released ₹ 0.80 in May 2003, the new scheme ASCAD was not implemented during 2003-2004 due to non-issuance of administrative sanction by State Government as the erstwhile three schemes were being implemented during the year.

- Out of the total expenditure ₹ 6.97 crore, ₹ 2.38 crore was spent on the scheme and ₹ 4.59 crore was drawn and deposited in Treasury Savings Bank Account in March 2005 and March 2006 to avoid lapse of funds. Only ₹ 1.20 crore was spent from it subsequently for the scheme and the balance of ₹ 3.39 crore was credited to State's revenue in November 2006 though GOI instructions required refund of unutilised assistance. Thus the total expenditure actually incurred on the scheme was only ₹ 3.58 crore.
- Major components like modernisation of Veterinary Biological Institute and strengthening of Disease Diagnostic Laboratories were not implemented.

Thus the state failed to utilise the available Central funds to set-up an effective mechanism for control of diseases and appropriated a large portion of the funds to State Revenue.

Cattle Insurance Scheme

GOI introduced (March 2006) a Livestock Insurance Scheme (named as Gosureksha in the State) for implementation in 100 selected districts in the country covering all the high yielding* cattle and buffalo for maximum of the current market value. The market value of each cattle was assessed as ₹ 15,000. As per GOI orders 50 per cent of the Insurance premium†, the cost of examination (at ₹ 100 per animal) and cost of ear tagging (at ₹ 50 per animal) were to be utilised from the Central fund.

In Kerala the scheme was implemented from 2006-07 in Alappuzha and Palakkad districts and the Kerala Livestock Development Board (KLDB) was the designated implementing agency. The animals could be insured for one year or

* Cattle/buffalo yielding at least 1500 litres of milk per lactation is considered as high yielding.

† In 2006-07 the premium was 2 per cent for one year and 4.45 per cent for three years; in 2007-08 the corresponding figures were 1.75 per cent and 4.50 per cent.

three years. Grant released by GOI to KLDB, expenditure, physical targets and achievements were as indicated in the following table :

TABLE 4—FINANCIAL AND PHYSICAL TARGET AND ACHIEVEMENTS

Year	Financial Target (₹ in crores)		Physical Targets						Percentage of physical achievement
			Target			Achievements			
	Grant received	Expen- diture	Alappuzha	Palakkad	Total	Alappuzha	Palakkad	Total	
2006-07	5.18	1.15	75,000	1,25,000	2,00,000	24,256	42,950	67,206	34
2007-08	1.00	0.96	35,000	65,000	1,00,000	5,458	9,904	15,362	15
Total	6.18	2.11	1,10,000	1,90,000	3,00,000	29,714	52,854	82,568	

Both financial and physical achievements were much lower than the targets prescribed. According to KLDB most of the animals in the two districts were insured for three years during 2006-07 under three-year policy, further the number of animals to be insured during 2007-08 declined. However, the target was assessed by KLDB based on the population in the productive age group of two to ten years and achievement in insuring animals in the first year itself was only 34 per cent of the target fixed which indicated that the target fixed in 2007-08 was unrealistic. Since the grant was released based on the targets fixed, there was under utilisation of grant released and ₹ 4.07 crore remained unspent with KLDB in their bank account.

Livestock Development

The cross breeding programme for the genetic improvement of non-descript cattle of the State was started as early as in 1951. As a result of this, the cattle population (including buffalos) increased steadily and stood at 37.53 lakh as per 1987 census. But in subsequent census conducted in 1996, 2000 and 2003, the cattle population declined significantly to 35.34 lakh, 26.02 lakh and 21.87 lakh respectively. The factors for the decline were high cost of feed, decrease in area of fodder cultivation, less profitability of livestock rearing, change in attitude of younger generation, etc., Government approved (July 1998) a new breeding policy aimed to increase productivity through artificial insemination (AI). But the relevant Rules/Acts were not enacted to ensure effective implementation of the scheme when the new breeding policy (1998) was framed, the number of AI centres was 2314 which rose to 2997 in 2008.

The cross breeding programme was aimed to increase the milk productivity of crossbred cattle from 6.23 Kg. in 1998-99 to 7.51 Kg. in 2006-07. However, the population of crossbred cattle/buffalo decreased from 15.39 lakh (1996 census) to 10.67 lakh (2003 census) and the total quantity of milk produced declined from ₹ 24.20 lakh litres in 1998-99 to ₹ 21.18 lakh litres in 2006. As a result, the per capita availability of milk decreased from 207 gm. in 1998-99 to 171 gm. in 2006 compared to the national average of 241 gm. A new Breeding Policy was approved by Government in June 2008 for the enhancement of productivity among the dairy animals.

Fodder Development Programme

With shift in cropping pattern of Kerala the area under rice cultivation came down by 50 per cent over the last two decades leading to reduction in the availability of straw for feeding cattle. The State produced only 60 per cent of the roughage requirement for cattle and one of the main reasons for decrease in milk production was the shortage of quality fodder. Dairy Development Department was entrusted with fodder development programme. Despite increase in area used for fodder cultivation/production from 7413 hectares in 2003-04 to 10637 hectares in 2007-08 decrease in fodder production was noticed from 61 per cent in 2003-04 to 55 per cent in 2007-08.

Cattle feed concentrate was intended to supplement the shortage of fodder. However, the production of cattle feed concentrate was not sufficient to meet the requirement. According to the Dairy Development Department the non-availability of sufficient land for fodder cultivation and sufficient funds were the main reasons for decrease in fodder production during the years.

The above points were referred to Government in August 2008, reply has not been received (October 2008).

[Paragraph 3.5 contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2008 (Civil).]

(Notes furnished by Government on the above audit paragraph are included as Appendix II.)

14. The Committee observed that out of the budget provisions for the period 2003-08, 80% of the provision under capital remained unutilised due to the non-receipt of administrative sanction from Government and enquired as to why administrative sanction had not been given.

15. The Director, Animal Husbandry Department submitted that Budget provision for Rural Infrastructure Development Fund (RIDF) during 2006-07 was ₹ 20 crore but due to an order of Finance Department, the sectoral allocation was fixed as ₹ 4 crore. Thus the remaining ₹ 16 crore became unutilisable. An amount of ₹ 4 crore was actually spent for Veterinary College at Pookkod, Wayanad. Similarly an amount of ₹ 9.5 crore was provided in the Rural Infrastructure Development Fund during 2007-08. The witness further clarified that the total provision in Rural Infrastructure Development Fund was divided among various departments. It was also submitted that there was no RIDF during 2003-04 and head of account 4403 AH was actually operated by Chief Engineer, PWD and the full provision was with them.

16. The Committee expressed displeasure over the non issuance of administrative sanction by the Animal Husbandry Department which resulted in the lapse of ₹100 lakh which was meant for providing assistance to Public Sector Undertakings. The Director, Animal Husbandry Department replied that administrative sanction was not issued only in the year 2003-04 because the proposal submitted by Public Sector Undertakings was in the form of Grant-in-aid. Also the provisions were only meant for the institutions under KLD Board, Milma etc. and the administrative sanction could not be issued because the Finance Department did not sanction the transfer of amount to revolving fund. On the Committee's query about the utilisation of ₹ 3 crore, the Director, Animal Husbandry Department submitted that the amount was spent for modernisation of laboratory at Marad and the laboratory was commissioned in 2008-09.

17. The Committee expressed its concern regarding the spread of diseases affecting in 82% of the cross-bred animals. The Director, Animal Husbandry Department replied that the animals which were inherited with foreign hereditary features are more prone to diseases. The Committee criticised the indolent attitude of the department in not providing basic amenities in 1154 Veterinary Healthcare Centres and District Veterinary Centres. The Director, Animal Husbandry Department explained that infrastructure and staff pattern had been fixed in veterinary dispensaries, as per the norms envisaged in Animal Husbandry Manual and rules of Veterinary Council ie. one Veterinary Surgeon, one Livestock Inspector, one Attender and one Part Time Sweeper in a veterinary hospital. But the Committee specifically enquired about the supply of equipments used in the hospitals. The witness replied that the supply of equipments had also been prescribed in the Animal Husbandry Manual. At this juncture, the Committee enquired about the reason for not taking remedial measures at the inspection stage and at the stage of Draft Report. The

Committee expressed dissatisfaction on the lack of X-Ray facility in District Veterinary Centre at Thiruvananthapuram and the present working condition of X-ray machine purchased at the District Veterinary Centre, Kannur. The Director, Animal Husbandry Department replied that the machines had become functional and further explained that the District Veterinary Hospitals were started in 1986 and one veterinary hospital at District head quarters was upgraded to District Veterinary Centre. The Developmental programme was done in a phased manner. The District Veterinary Centres had been handed over to District Panchayats and in co-ordination with the Department, modernisation was being done in all District Veterinary Centres. The witness also submitted that the building at Kannur was shifted and became functional on 23-3-2010. The allocations are being made in every year under the budget in the Head of Account "Strengthening & Reorganisation of Veterinary Services".

18. Regarding the Committee's enquiry about launching of the schemes for rectifying the defects, the Director, Animal Husbandry Department submitted that construction of buildings at Kollam, Pathanamthitta, Alappuzha, Kottayam, Kasaragode was progressing and diagnostic facilities such as video endoscopy, scanner etc. were provided in District Veterinary Centres at Thiruvananthapuram, Idukki, Ernakulam, Thrissur, Malappuram, Palakkad, Kozhikode and Kannur. The Committee asked the reason for not registering the cases of large animals requiring attention in the farmers' premises, in the O.P. Register and whether suitable disciplinary action had been taken against the concerned officials. The Director, Animal Husbandry Department submitted that repeated directions were issued in this regard, but no action was taken against any officials.

19. The Committee pointed out that there was a shortage of 54% of Veterinary Surgeons and 28% of Livestock Inspectors in Kannur District and enquired about the present position of staff strength at Veterinary Polyclinic, Chembanthotti, Veterinary hospital, Udayagiri and Veterinary dispensary, Koottumukhom. The Director, Animal Husbandry Department replied that necessary staff had been posted in Veterinary Polyclinic at Chembanthotti and Udayagiri and the existing vacancies were only 21. To the Committee's query about the vacancies remaining unfilled, the Director, Animal Husbandry Department clarified that in northern districts of Kerala, the availability of Doctors was less and a large number of vacancies arose in Malabar and Kannur areas and it had been reported to PSC. The Committee emphasizes the need to fill those vacancies in Kannur, Idukki and Malappuram which were remaining unfilled for the last two years. But the Director, Animal Husbandry Department said that 30 posts were abolished in 2003 out of the total number of 105 vacancies in the State. Another 25 vacancies had been reserved for Scheduled

Castes and Scheduled Tribes. On hearing this, the Committee directed to take necessary steps to fill up the vacancies by recruiting the candidates through the Employment Exchanges, when PSC hands are not available.

20. The Committee enquired about the reason for the withdrawal of permission to purchase veterinary medicines from Government firms without inviting tenders in February 2001 and also asked to clarify the non-issuance of sanction for purchase during the years 2001-02 and 2002-03. To this, the Director, Animal Husbandry Department replied that the Government firms could not meet the total requirements when open tender system was followed. The Committee opined that materials should be purchased from public sector undertakings at a higher price up to 15% as per a Government order. The Principal Secretary, Local Self Government Department Finance (Expenditure) in-charge of replied that the particular G. O. gives only an option to purchase materials at 15% higher price. On hearing that the department was not getting enough money from Government, the Committee have decided to recommend the Government to reissue the Order permitting the department to effect purchases without inviting tenders and to allocate necessary amount in the budget provision to meet the requirements of Animal Husbandry Department. The Principal Secretary, Local Self Government Department and Finance (Expenditure) in-charge submitted that a similar Government order was issued from LSGD which allows to purchase medicines for cattle as in the case of human beings.

21. In the case of the total budget provisions amounting to ₹ 8.09 crore allotted by the Centre from 2003-04 to 2007-08 which envisaged control of major animal diseases, the Committee indignantly noticed that out of the above, the expenditure was only of ₹ 6.97 crore and ₹ 3.39 crore was transferred to State's revenue in November 2006. The Committee asked the witness to explain the circumstances under which the amount remained unspent. The Director, Animal Husbandry Department replied that the amount was refunded and further explained that the unspent amount of ₹ 3.39 crore was actually meant to upgrade a vaccine manufacturing laboratory at Palode. But due to some delay occurred in executing that work, the Central fund was transferred into Treasury Savings Bank Account. Since the work could not be taken up by external agencies, the amount was again credited to State's revenue. At this point, the Committee opined that money allotted by the Centre to a particular scheme could not be credited to State's revenue and also could not be utilised for other purposes. If utilisation certificate was not issued till date, the amount would be adjusted in the allotment in future and the Committee expressed its dejection in losing that money by the department.

22. Then the Committee sought the reason for not spending ₹ 4.07 crore out of the total allotment of ₹ 6.18 crore for the period 2006-07 to 2007-08 as part of a Livestock Insurance Scheme named Gosureksha in the Districts of Alappuzha and Palakkad. The Director, Animal Husbandry Department submitted that the unspent amount of ₹ 4.07 crore was to be given from the account of Kerala Livestock Development Board. In Palakkad district, maximum number of animals had been insured. With the permission of Government of India, the scheme was also implemented in Kollam and Idukki districts with the balance amount in the fund. When the Committee asked whether any refund had been made, the Director, Animal Husbandry Department replied that the Centre had extended the scheme to all the 14 districts. The Director, Animal Husbandry Department further explained that the agency was fixed through open tender and the lowest premium rate of 2% was in Kerala whereas in other States it was 10-15%. So the fund could not be utilised completely. The Committee expressed anguish that eventhough the amount allotted was ₹ 6.18 crore and the physical target set was 3 lakh Nos., only 82568Nos. were physically achieved. The Director, Animal Husbandry Department submitted that the target fixed was not at all reasonable and the '3 lakh Number target' was fixed by considering the total cattle population in the two districts. On the Committee's enquiry about the refunding of ₹ 4.07 crore, the Director, Animal Husbandry Department clarified that since the scheme was a continuous one, the amount could be utilised in the remaining districts also. The Committee recommended to implement the scheme state-wide and take steps to expend the remaining amount to achieve the desired target and the witness agreed to do the same.

23. The Committee viewed that when compared to the census of 1987 in which 37.53 lakh cattle (including buffaloes) were existing, the census of 1996 showed a downward trend and the cattle population was reduced to 35.34 lakh. Also in 2000, it was 26.02 lakh and in 2003, it was only 21.87 lakh. Similarly, the number of crossbreeds had decreased from 15.36 lakh in 1996 to 10.67 lakh in 2003. In the case of milk, the quantity of output had decreased from 24.20 lakh litres in 1998-99 to 21.18 lakh litres in 2006, even though crores of rupees had been spent on cattle improvement. The Committee asked the reason for such a downfall.

24. The Director, Animal Husbandry Department replied that the decrease in production occurred because farmers were looking after only feeding cattle but at present, milk and cattle production increased. On enquiring about the previous years' milk and cattle production, the Director, Animal Husbandry Department replied that in 2007-08, the milk production was 22.47 lakh litres and in 2008-09, it was 24.5 lakh litres. Then the Committee opined that

subsidy should be increased to avoid loss to farmers and to boost milk production. To this, the Principal Secretary, Local Self Government Department and Finance (Expenditure) in-charge apprised that the present scheme of the Animal Husbandry Department would be extended to the small and marginal farmers.

25. The Committee enquired about the non availability of sufficient land for fodder cultivation and sufficient funds and directed the witness to furnish the present position. The Director, Animal Husbandry Department replied that more subsidies could be provided through Central Government Schemes but the main hindrance is the shortage of agricultural lands. On hearing this, the Committee opined that a lot of Government bare lands which could be used for fodder development and the Local bodies could execute the work with their funds. The Principal Secretary, Local Self Government Department and Finance (Expenditure) in-charge informed that KSEB had agreed to utilise their land for the scheme. The Committee recommended that barren Revenue lands, unused lands in the custody of various departments, lands of PSUs should be handed over to respective Panchayats for fodder development. Fodder cultivation can be done with the aid of Self Help Groups.

Conclusion/Recommendation

26. The Committee expresses its concern regarding the diseases affecting cross-bred animals and criticises the indolent attitude of the department in not providing basic facilities in 1154 Veterinary Health Care Centres and District Veterinary Centres and is also dissatisfied with the lack of X-ray facility in District Veterinary Centre at Thiruvananthapuram and the non-functioning of X-ray machine at Kannur. The Committee recommends to rectify all the defects and drawbacks in the functioning of Veterinary Healthcare Centre and the DVCs. The Committee also disapproves the system of non registering of cases of large animals, requiring attention at the farmer's premises, in the O.P. Register and directs to take suitable disciplinary action against the concerned officials, who disobeyed the departmental directions in this regard.

27. Regarding the shortage of 54% of Veterinary Surgeons and 28% of Livestock Inspectors in Kannur District, the Committee strongly recommends to fill the vacancies in Kannur, Idukki and Malappuram Districts which are remaining unfilled for the last two years. The Committee also directs to take necessary steps to post candidates through Employment Exchanges until candidates advised by PSC are available.

28. While examining the reason for the withdrawal of permission to purchase veterinary medicines from Government firms without inviting tenders, the Committee recommends to re-issue the Government Order which permits the department to effect purchase of Medicines from the public undertakings without inviting tenders and also recommends to allocate necessary amount in the budget provision to meet the requirements of Animal Husbandry Department. The Committee urges the department to ensure quality of medicines before purchasing.

29. In the case of ₹ 3.39 crore which remained unspent due to the delay occurred in the upgradation of a vaccine manufacturing laboratory at Palode, the Committee sternly reproaches the transferring of unutilised central fund in TSB account credited to State revenue instead of refunding the amount and opines that the money allotted by the Central Government for a particular scheme should not be utilised for any other purpose.

30. While considering the non incurring of expenditure of ₹ 4.07 crore out of the total allotment of ₹ 6.18 crore for the period 2006-08 for Livestock Insurance Scheme named Gosureksha in Alappuzha and Palakkad, the Committee distressfully is critical of the unreasonable target set by the department and strongly recommends to implement the Gosureksha Scheme state-wide and take steps to utilise the unspent amount to achieve the desired target.

31. In the case of downward trend of cattle population indicated in the Census of 1996 as compared to that of 1987 and the decreased output of milk from 24.20 lakh litres in 1998-99 to 21.18 lakh litres in 2006, the Committee firmly recommends to increase the subsidy in order to avoid loss to dairy farmers and to boost milk production.

32. The Committee, on hearing that sufficient land and fund are not available for fodder cultivation, recommends that barren revenue lands, unused lands in the custody of various Government Departments, Public Sector Undertakings etc. shall be handed over to respective Panchayats/local bodies for fodder cultivation with the aid of Self Help Groups.

Thiruvananthapuram,
26th June, 2012.

DR. T. M. THOMAS ISAAC,
Chairman,
Committee on Public Accounts.

APPENDIX I

SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

<i>Sl. No.</i>	<i>Para No.</i>	<i>Department concerned</i>	<i>Conclusion/Recommendation</i>
(1)	(2)	(3)	(4)
1	10	Agriculture	While discussing about the delay in implementation of the scheme for providing copra dryers under the special package of relief measures in agriculture sector, the Committee seriously views the diversion of fund allocated for copra dryer scheme to an entirely different scheme of paddy procurements and observed that the scheme was formulated and ordered without conducting the required preparations and studies. The Committee strongly disapproves the practice of sudden preparation of a scheme at the fag end of the financial year, then drawing of money and depositing it in Treasury Savings Bank Account and later diverting the fund allocated for the scheme to an entirely different purpose, the Committee strictly recommends that such diversion of Government money should not be repeated in future as it is a gross violation of the provisions in the Kerala Budget Manual and the Kerala Financial Code.
2	11	„	As regard the malfunctioning of 150 numbers of copra dryers installed by Agro Industries Corporation due to the improper use of them by Women Self Help Groups, the Committee recommends to rectify the defect of the dryers and to give proper instruction to minimise the quantity of coconut shells used in it. The Committee also recommends the department to ascertain whether the equipment could be repaired and made functional by an expert in the field.

(1)	(2)	(3)	(4)
3	13	Local Self Government	The Committee recommends that the percentage of funds required to implement the SGRY Scheme for each District and Block Panchayats should be assessed by the competent authorities.
4	26	Agriculture (Animal Husbandry)	The Committee expresses its concern regarding the diseases affecting cross-bred animals and criticises the indolent attitude of the department in not providing basic facilities in 1154 Veterinary Health Care Centres and District Veterinary Centres and is also dissatisfied with the lack of X-ray facility in District Veterinary Centre at Thiruvananthapuram and the non-functioning of X-ray machine at Kannur. The Committee recommends to rectify all the defects and drawbacks in the functioning of Veterinary Health Care Centre and the DVCs. The Committee also disapproves the system of non registering of cases of large animals, requiring attention at the farmer's premises, in the O.P. Register and directs to take suitable disciplinary action against the concerned officials, who disobeyed the departmental directions in this regard.
5	27	„	Regarding the shortage of 54% of Veterinary Surgeons and 28% of Livestock Inspectors in Kannur District, the Committee strongly recommends to fill the vacancies in Kannur, Idukki and Malappuram Districts which are remaining unfilled for the last two years. The Committee also directs to take necessary steps to post candidates through Employment Exchanges until candidates advised by PSC are available.

(1)	(2)	(3)	(4)
6	28	Agriculture (Animal Husbandry)	While examining the reason for the withdrawal of permission to purchase veterinary medicines from Government firms without inviting tenders, the Committee recommends to re-issue the Government Order which permits the department to effect purchase of Medicines from the public undertakings without inviting tenders and also recommends to allocate necessary amount in the budget provision to meet the requirements of Animal Husbandry Department. The Committee urges the department to ensure quality of medicines before purchasing.
7	29	„	In the case of ₹ 3.39 crore which remained unspent due to the delay occurred in the upgradation of a vaccine manufacturing laboratory at Palode, the Committee sternly reproaches the transferring of unutilised central fund in TSB account credited to State revenue instead of refunding the amount and opines that the money allotted by the Central Government for a particular scheme should not be utilised for any other purpose.
8	30	„	While considering the non incurring of expenditure of ₹ 4.07 crore out of the total allotment of ₹ 6.18 crore for the period 2006-08 for Livestock Insurance Scheme named Gosureksha in Alappuzha and Palakkad, the Committee distressfully is critical of the unreasonable target set by the department and strongly recommends to implement the Gosureksha Scheme state-wide and take steps to utilise the unspent amount to achieve the desired target.

(1)	(2)	(3)	(4)
9	31	Agriculture (Animal Husbandry)	In the case of downward trend of cattle population indicated in the Census of 1996 as compared to that of 1987 and the decreased output of milk from 24.20 lakh litres in 1998-99 to 21.18 lakh litres in 2006, the Committee firmly recommends to increase the subsidy in order to avoid loss to dairy farmers and to boost milk production.
10	32	„	The Committee, on hearing that sufficient land and fund are not available for fodder cultivation, recommends that barren revenue lands, unused lands in the custody of various Government Departments, Public Sector Undertakings etc. shall be handed over to respective Panchayats/ local bodies for fodder cultivation with the aid of Self Help Groups.