4.1 Functioning of the Animal Husbandry and Dairying Department

Highlights

The main objectives of the Animal Husbandry and Dairying Department are to provide health care and breeding facilities for livestock to upgrade and conserve indigenous breeds, control quality of animal feed, milk and milk products and provide self-employment through dairying. Audit of functioning of the department revealed that the targets for increasing the production of milk, eggs and wool were fixed in the Eleventh Five Year Plan but no targets were set to increase the number of livestock. The department had performed well so far as achievement of the targets of production of milk and eggs were concerned but there was a decrease in the number of livestock as per the livestock census 2007. There were instances of parking of funds outside the Government Account; non-receipt of utilisation certificates; tardy implementation of poultry, piggery and dairy development programmes and inadequate control over the quality of animal feed, milk and milk products, besides substantial delays in execution of works relating to construction, repairs and renovation of veterinary institutions.

Utilisation certificates of ₹ 35.20 crore were furnished to Government of India without obtaining details of expenditure for ₹ 20.47 crore from executing agencies.

(Paragraphs 4.1.7.4)

Out of 1,128 beneficiaries, 281 beneficiaries could not get livestock insurance claims, due to inadequate scrutiny of the terms and conditions of the insurance policy by the department.

(Paragraph 4.1.7.6)

Incentive money amounting to ₹ 2.73 crore was paid in excess to beneficiaries under the Murrah Development Scheme.

(Paragraph 4.1.8.2)

Artificial insemination services were outsourced at a cost of ₹ 14.35 crore without following the prescribed procedure in order to have competitive rates.

(Paragraph 4.1.8.3)
Against the target of establishing 1,100 dairy units, only 445 units were set up under the Hi-tech Commercial Dairy Scheme.

(Paragraph 4.1.8.8)

No system was evolved to watch renewal of licences of manufacturers/dealers of compound cattle feed and to draw samples of milk and milk products of milk plants to check their quality.

(Paragraph 4.1.8.9)

Three major works were entrusted to the Haryana Police Housing Corporation instead of the Public Works Department, resulting in extra expenditure of ₹1.19 crore.

(Paragraph 4.1.9.1)

Monitoring by the department was not effective and there was no internal audit system in place.

(Paragraph 4.1.11)

4.1.1 Introduction

The Animal Husbandry and Dairying Department is responsible for providing health care and breeding facilities for the precious livestock of the State. The department implements the policies/programmes of the Government relating to animal husbandry and is responsible for enforcement of the provisions of Acts and Rules of the State Government and Government of India (Appendix 4.1).

The main objectives of the department are to:

- provide veterinary health care and diagnostic facilities;
- provide quality breeding services to enhance productivity;
- upgrade and conserve indigenous breeds;
- control the quality of animal feed, milk and milk products;
- extend veterinary education and training and
- promote dairying for self-employment.

The Government set up the Haryana Livestock Development Board (HLDB) in January 2000 for boosting livestock breeding programmes which mainly included development of cattle and buffalos; production and distribution of semen straws for artificial insemination (AI) in cows/buffalos; production and sale of feed, fodder, seeds, etc.
The department implemented 31 schemes, out of which 17 were State Plan, 10 Centrally sponsored and four Central Plan (sharing basis) schemes (Appendix 4.2).

### 4.1.2 Organisational set-up

The Financial Commissioner and Principal Secretary to the Government of Haryana (FCPS), Animal Husbandry and Dairying Department is the administrative head at the Government level and is responsible for implementation of Government policies, programmes/schemes relating to animal husbandry and dairying. The Director General (DG) is the head of the department and the Chief Controlling Officer. He is assisted by five Joint Directors (JDs), five Deputy Directors (DDs) and a Gaushala Development Officer at the Headquarters located at Panchkula. In the field, there are 21 Deputy Directors at the district level and 47 Sub-Divisional Officers (SDOs). The department runs two farms for piggery and poultry located at Ambala and Hisar and two sheep development units located at Bhiwani and Hisar, a veterinary vaccine production centre and the Haryana Veterinary Training Institute.

At the time of creation of the State of Haryana in 1966, the number of veterinary institutions was only 314, which increased to 2,789 institutions in April 2008. No new institution was opened thereafter up to March 2011.

### 4.1.3 Audit objectives

The main audit objectives were to assess whether:

- perspective and annual plans were prepared for livestock development;
- the financial management was effective and efficient;
- implementation of the various schemes by the department was effective;
- manpower management was adequate and effective; and
- the internal controls were adequate and monitoring, internal audit and vigilance arrangements were effective.

### 4.1.4 Audit criteria

The audit criteria were as under:

- Five Year Plan document and Annual Action Plans;

---

1 Civil Veterinary Hospitals: 364, Hospital-cum-Breeding Centres: 509; Regional Artificial Insemination Centre: 60; Civil Veterinary Dispensaries: 1,040; Stockmen Centre: 744; Semen Bank: 13 and others: 59.
• Government notifications and instructions issued from time to time for the implementation of State as well as Centrally sponsored schemes;
• Acts, Rules and Regulations of the Government and departmental Manuals;
• Provisions of the Punjab Budget Manual and the Punjab Financial Rules/Treasury Rules as adopted by Haryana; and
• Procedures prescribed for monitoring, internal audit and vigilance at various levels.

4.1.5 Audit scope and methodology

Records relating to the functioning of the department for the years 2008-11 were test-checked in the office of the DG at Panchkula and 26 (Appendix 4.3) out of 101 field offices.

An entry conference was held with FCPS, Animal Husbandry and Dairying Department and DG in April 2011 wherein the audit objectives, audit criteria and scope of audit were discussed. An exit conference was held in August 2011 with FCPS and DG Animal Husbandry and Dairying Department wherein the audit findings were discussed. Views of officers of the department were kept in view while finalising the performance audit report.

Audit observations

4.1.6 Planning

4.1.6.1 Five-Year Plan and Annual Plans

The department planned its activities (Appendix 4.4) with reference to the Eleventh Five-Year Plan (2007-12) for achievement of its goals and objectives. Annual programmes were prepared wherein targets for various activities were fixed and budget estimates for achieving these targets were prepared. It was observed that no survey to assess the existing veterinary infrastructure in the field was conducted. Further, the Annual Plans were not based on feedback from district offices. DG stated (June 2011) that neither was the comprehensive data base in respect of requirement of manpower, material and existing veterinary infrastructure available nor was the survey conducted to assess the requirements.

A scrutiny of the Eleventh Five-Year Plan revealed that the department fixed physical targets in respect of production of milk, eggs and wool but did not fix targets for increasing the number of livestock. It was observed that there was decrease in the number of buffalos, sheep, camels, etc. as per the latest livestock
census of 2007. However, the number of poultry and other animals doubled as detailed below:

Table: 1 Status of livestock, poultry and other animals

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Category</th>
<th>As per 17th Livestock Census 2003 (in thousands)</th>
<th>As per 18th Livestock Census 2007 (in thousands)</th>
<th>Increase (+)/decrease (-) (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Livestock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Cattle</td>
<td>1,540</td>
<td>1,552</td>
<td>(+) 12</td>
</tr>
<tr>
<td>2</td>
<td>Buffalos</td>
<td>6,035</td>
<td>5,953</td>
<td>(-) 82</td>
</tr>
<tr>
<td>3</td>
<td>Sheep</td>
<td>633</td>
<td>601</td>
<td>(-) 32</td>
</tr>
<tr>
<td>4</td>
<td>Goat</td>
<td>460</td>
<td>538</td>
<td>(+) 78</td>
</tr>
<tr>
<td>5</td>
<td>Pigs</td>
<td>120</td>
<td>134</td>
<td>(+) 14</td>
</tr>
<tr>
<td>6</td>
<td>Camels</td>
<td>50</td>
<td>39</td>
<td>(-) 11</td>
</tr>
<tr>
<td>7</td>
<td>Others (Horses, Ponies, Mules, Donkeys and Dogs)</td>
<td>605</td>
<td>233</td>
<td>(-) 372</td>
</tr>
<tr>
<td>8</td>
<td>Total livestock</td>
<td>9,443</td>
<td>9,050</td>
<td>(-) 393</td>
</tr>
<tr>
<td>9</td>
<td>Poultry and other animals</td>
<td>13,619</td>
<td>28,785</td>
<td>(+) 15,166</td>
</tr>
</tbody>
</table>

Source: Departmental figures.

The department should have set targets for increasing the number of livestock in the State. Latest data regarding the numbers of livestock available with the department was of 2007 only. The DG stated (August 2011) that the thrust of the department was on improvement of the quality of livestock and not on increasing the number. It was also stated during the exit conference that despite the decrease in the number of livestock, the per capita availability of animal products had increased. It is, however, felt that increase in the production of milk, wool, etc. would not be possible in the long run without increasing the number of livestock.

### 4.1.7 Financial management and budgetary control

Budgets set the annual financial agenda for each department and are the most important tools for ensuring financial discipline. It is, therefore, imperative that budget preparation is marked by due care and diligence. Monitoring the progress of expenditure against well formulated budget targets is an important management oversight function. Poor budgetary control not only results in inefficient use of scarce financial resources but also hampers achievement of organisational objectives.

#### 4.1.7.1 Budget provision and expenditure

As laid down in para 5.3 of the Punjab Budget Manual as adopted by Haryana, the budget estimates of ordinary expenditure should be framed as accurately as possible. All items of expenditure that can be foreseen should be provided for and included under the proper sub-heads. The department had been receiving Plan and Non-Plan funds under Head 2403-Animal Husbandry and 2404-Dairy
Development. Funds were also provided under the Head 2401-Crop Husbandry by the Government of India (GOI) for implementation of the Rashtriya Krishi Vikas Yojna (RKVY). Details of budget provisions and expenditure under these heads of account during 2008-11 were as under:

Table 2: Budget provisions and expenditure

<table>
<thead>
<tr>
<th></th>
<th>2008-09 Final grant/ appropriation</th>
<th>Expenditure</th>
<th>2009-10 Final grant/ appropriation</th>
<th>Expenditure</th>
<th>2010-11 Final grant/ appropriation</th>
<th>Expenditure</th>
<th>Total Final grant/ appropriation</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2403</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>145.47</td>
<td>150.16</td>
</tr>
<tr>
<td>State Plan</td>
<td>50.21</td>
<td>52.25</td>
<td>44.94</td>
<td>48.32</td>
<td>50.32</td>
<td>49.59</td>
<td>145.47</td>
<td>150.16</td>
</tr>
<tr>
<td>State Non-Plan</td>
<td>191.18</td>
<td>185.83</td>
<td>232.48</td>
<td>240.55</td>
<td>247.24</td>
<td>248.96</td>
<td>670.90</td>
<td>675.34</td>
</tr>
<tr>
<td>Central Plan</td>
<td>1.97</td>
<td>1.96</td>
<td>0.98</td>
<td>0.97</td>
<td>0.93</td>
<td>0.94</td>
<td>3.88</td>
<td>3.87</td>
</tr>
<tr>
<td>Central Plan sharing basis</td>
<td>4.34</td>
<td>4.66</td>
<td>3.09</td>
<td>3.06</td>
<td>1.84</td>
<td>1.84</td>
<td>9.27</td>
<td>9.56</td>
</tr>
</tbody>
</table>

| 2404           |                                   |             |                                   |             |                                   |             | 6.18                             | 6.42        |
| State Plan     | 2.12                              | 2.18        | 2.01                              | 2.19        | 2.05                              | 2.05        | 6.18                             | 6.42        |
| State Non-Plan | 1.16                              | 1.16        | 1.36                              | 1.36        | 1.33                              | 1.23        | 3.85                             | 3.75        |

| 2401           |                                   |             |                                   |             |                                   |             | 67.84                           | 67.23       |
| RKVY (GIA)     | 10.52                             | 10.52       | 23.12                             | 22.51       | 34.20                             | 34.20       | 67.84                           | 67.23       |
| Total          | 261.50                            | 258.56      | 307.98                            | 318.96      | 337.91                            | 338.81      | 907.39                           | 916.33      |

Source: Appropriation Account.

The DG intimated (August 2011) that excess expenditure during 2009-10 was mainly due to payment of arrears of pay to employees on the recommendations of the Sixth Pay Commission for which appropriate provision was not made in the budget. During 2010-11, the savings were mainly under the Integrated Murrah Development Programme for which the funds were received from GOI. Similarly, under anotherCentrally Assisted scheme, ASCAD\(^2\), funds of ₹ 3.37 crore could not be utilised as the supply of the vaccine was made by GOI free of cost. Further, saving of ₹ 30 lakh under Sheep and Wool Development Scheme was due to non-release of funds by GOI.

4.1.7.2 Parking of funds outside the Government Account

Paragraph 2.10 (b)(5) of the Punjab Financial Rules, as applicable to Haryana provides that no money should be withdrawn from the treasury unless it is required for immediate disbursement. Further, the Finance Department had banned (March 2009) drawing of money from the Consolidated Fund and keeping the same outside the Government Account in any shape. It was observed that 18 drawing and disbursing officers (DDOs) had drawn funds relating to various schemes from the treasury in advance of requirement and kept the same in bank accounts. Funds amounting to ₹ 4.15 crore remained outside the Government account in the bank accounts (between April 2010 and January 2011) of these DDOs (Appendix 4.5). Interest amounting to ₹ 13.68 lakh accrued thereon was

\(^2\) Assistance to States for Control of Animal Diseases.
lying in the bank accounts. Drawal of funds in advance of requirement and parking the same in bank accounts was in violation of the financial rules.

4.1.7.3 Non-adjustment of advances

The DG had drawn (March 2009-March 2010) an amount ₹ 4.76\textsuperscript{3} crore under RKVY. The amount was advanced to HLDB and Deputy Director, Animal Husbandry, Fatehabad for supply of bulls to Panchayats, organizing study tours, strengthening of Fodder Seed Farm, Hisar, etc. The DG was required to obtain details of expenditure from the concerned officers along with refund of unspent amounts, if any. It was observed during test check of records that despite a lapse of one to two years of drawal of funds, the unspent amounts had neither been refunded nor had the details of expenditure been obtained from HLDB/Deputy Director, Animal Husbandry, Fatehabad as detailed below:

- An amount of ₹ 2.40 crore drawn in March 2009 was paid to HLDB in adjustment of the amount taken for payment of incentive money to farmers under Murrah Development Scheme. However, as per HLDB records, the amount of advance received from HLDB was only ₹ 2.10 crore. As such, there was excess refund of ₹ 0.30 crore to the Board.

- An amount of ₹ one crore drawn in March 2009 was paid to HLDB for supply of 400 quality Murrah bulls to Panchayats. However, the details of Panchayats to whom the bulls were supplied, were neither available with the department nor with HLDB.

- An amount of ₹ 13 lakh was advanced (March 2009) to HLDB for organising livestock shows (₹ six lakh) and organising study tours under RKVY (₹ seven lakh). It was observed that an amount of ₹ 8.79 lakh was spent on study tours and the remaining amount of ₹ 4.21 lakh was lying unspent with HLDB.

- An amount of ₹ 13.77 lakh was advanced (March 2010) to the Deputy Director, Animal Husbandry and Dairying, Fatehabad for organising study tours. However, the adjustment account for this amount had not been submitted by the concerned officer (August 2011).

- An amount of ₹ 1.09 crore was drawn (March 2010) for strengthening of a fodder seed farm at Hisar. Out of this, a sum of ₹ 92.80 lakh was deposited with Haryana Police Housing Corporation (HPHC) for construction of a boundary wall and the remaining amount of ₹ 16.20 lakh was advanced to the Haryana Agro Industries Corporation for supply of instruments. However, details of expenditure/utilisation certificates were not furnished by them as of August 2011.

\textsuperscript{3} March 2009: ₹ 3.63 crore and March 2010: ₹ 1.13 crore.
4.1.7.4 Receipt of funds from other sources

The department also received funds from the Haryana Rural Development Fund (HRDF), GOI through PWD (B&R) on the recommendation of the Twelfth Finance Commission (TFC) for repairs and renovation of veterinary institutions in the State and from the Revenue Department (Head: 2245-Relief on account of natural calamities) for purchase of preventive veterinary medicines for medical care of cattle wealth against any epidemics and curative treatment of diseases, which occurred due to floods/heavy rains. The details are given below:

Table 3: Funds from other sources

<table>
<thead>
<tr>
<th></th>
<th>Revenue Department</th>
<th>HRDF</th>
<th>GOI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to 2008-09 Allocation</td>
<td>--</td>
<td>29.52</td>
<td>20.00</td>
<td>49.52</td>
</tr>
<tr>
<td></td>
<td>Expenditure</td>
<td>29.52</td>
<td>20.00</td>
<td>49.52</td>
</tr>
<tr>
<td>2008-09 Allocation</td>
<td>0.30</td>
<td>--</td>
<td>10.00</td>
<td>10.30</td>
</tr>
<tr>
<td></td>
<td>Expenditure</td>
<td>--</td>
<td>10.00</td>
<td>10.30</td>
</tr>
<tr>
<td>2009-10 Allocation</td>
<td>--</td>
<td>--</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Expenditure</td>
<td>--</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>2010-11 Allocation</td>
<td>1.00</td>
<td>2.00</td>
<td>4.00</td>
<td>7.00</td>
</tr>
<tr>
<td></td>
<td>Expenditure</td>
<td>1.00</td>
<td>2.00</td>
<td>7.00</td>
</tr>
<tr>
<td>Total</td>
<td>Allocation</td>
<td>1.30</td>
<td>31.52</td>
<td>39.00</td>
</tr>
<tr>
<td></td>
<td>Expenditure</td>
<td>1.30</td>
<td>31.52</td>
<td>39.00</td>
</tr>
</tbody>
</table>

Source: Departmental figures.

Scrutiny of the records of financial management of the above funds revealed the following deficiencies:

- Funds received from the Haryana Rural Development Fund

HRDF Board provided (July 2007 to May 2010) funds of ₹31.52 crore to the department for reconstruction of 159 unsafe and irreparable buildings. Unspent amounts along with interest were required to be refunded to the Managing Director, HRDF Board.

Scrutiny of records of the DG revealed that the whole amount of ₹31.52 crore was kept in bank accounts and earned interest of ₹89.91 lakh up to July 2010. The amounts along with interest were further disbursed to Additional Deputy Commissioners (ADC) of the respective districts for execution of works after a gap of two to eight months of the receipt of funds. The ADCs of the concerned districts released funds to the Executive Engineers, Panchayati Raj after gaps of one to three months and also earned interest by keeping funds in bank accounts. None of the ADCs refunded the interest earned except for ADC Panipat as separate bank accounts were not opened by them. Six Executive Engineers, Panchayati Raj of the test-checked districts also earned interest of ₹63.32 crore which was lying in their bank accounts.

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Neither did the department nor the HRDF Board ask the agencies to refund the amount of interest earned. Even the executing agencies did not refund the same themselves. This was irregular and interest should have been refunded to the HRDF Board.

- **Government of India grants on the recommendation of Twelfth Finance Commission**

As per the recommendations of the Twelfth Finance Commission (TFC), the department received a sum of ₹ 39 crore from GOI for improvement of 1,311 buildings during 2006-11. The funds were placed at the disposal of HLDB and were further released to the executing agencies through the ADCs of the concerned districts.

Scrutiny of the records of the DG of the department revealed that utilisation certificates (UCs) were sent to GOI through the Finance Department before the close of each financial year on the basis of release of grants to the executing agencies without ascertaining the actual utilisation of funds. The UCs should have been issued to GOI on the basis of details of expenditure furnished by executing agencies.

It was further observed that details of expenditure were not received in a large number of cases out of funds released during 2006-10 as per details given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds released</th>
<th>Work completed</th>
<th>Unspent Amount</th>
<th>Outstanding amount in Court cases</th>
<th>Total pending details of expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Details of expenditure received</td>
<td>Details of expenditure not received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior to 2008-09</td>
<td>20.08</td>
<td>13.18</td>
<td>6.80</td>
<td>0.09</td>
<td>0.01</td>
</tr>
<tr>
<td>2008-09</td>
<td>10.05</td>
<td>1.25</td>
<td>8.80</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2009-10</td>
<td>5.07</td>
<td>0.30</td>
<td>4.77</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>35.20</td>
<td>14.73</td>
<td>20.37</td>
<td>0.09</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Source: Data supplied by Director General

It is evident from the above that the details of expenditure worth ₹ 20.47 crore were pending against the executing agencies. Thus, the UCs furnished by the department to GOI were false and misrepresented the facts.

### 4.1.7.5 Failure in recovering milk cess

The Government levied (September 2001) a cess at 10 paise per litre per day on milk plants under Section 6 of the Haryana Murrah Buffalo and other Milk Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act 2001. The cess was required to be recovered quarterly on the basis of licensing capacity of the plants. Penalty at two per cent was leviable for non-deposit of cess in time. Scrutiny of records of HLDB revealed that 27 milk plants deposited cess amounting to ₹ 21.98 crore during 2002-11 against the due amount of ₹ 83.29 crore. Thus, a sum of ₹ 61.31 crore remained to be recovered from the milk plants.
HLDB intimated (February 2011) that the amount could not be recovered as the milk plant owners had moved the Court, the decision of which was pronounced by the Punjab and Haryana High Court only in May 2010 in favour of the Board and that efforts were being made to recover the cess amount. The amount has not been recovered (March 2011) in spite of decision of the Court in May 2010. DG intimated (August 2011) that FCPS had written demi-officials letters to all Deputy Commissioners to extend help in recovering the cess from defaulting milk plants owners under the Land Revenue Act.

4.1.7.6 Livestock insurance

A livestock insurance scheme was launched by GOI with the objective of safeguarding livestock owners from any loss due to death of their livestock. The scheme was initially approved (2006-07) by GOI for five districts of the State on pilot basis and was further extended to 10 more districts of the State. The scheme was to be implemented on sharing basis (Central share: 50 per cent, State share: 25 per cent and beneficiary share: 25 per cent). Further, the expenditure on payment of honorarium to veterinary practitioners for issue of medical certificates and on publicity was to be borne by GOI. HLDB was designated as the nodal agency by the department to implement the scheme. HLDB received a sum of ₹ 10.32 crore from GOI towards the scheme during the years 2006-11 (prior to 2008-09: ₹ 5.32 crore, 2008-09: ₹ one crore, 2009-10: ₹ three crore and 2010-11: ₹ one crore). The Government was to contribute ₹ 4.91 crore during this period. As part of their contribution, the Government released only ₹ 1.50 crore (2008-09: ₹ 0.50 crore, 2009-10: ₹ one crore). Thus, the Government released less share amounting to ₹ 3.41 crore.

The amount was released as advance to the insurance companies through the concerned Deputy Directors of the districts. Information regarding the actual expenditure incurred was not available with the department/HLDB. HLDB submitted UCs to the extent of ₹ 10.19 crore to GOI without obtaining actual expenditure from field offices, thereby misrepresenting the facts.

Another scheme on the same pattern titled Special Livestock Insurance Scheme launched by the Government in 2007-08 was formulated for the benefits of Scheduled Caste families engaged in rearing livestock in the State. According to the scheme, the livestock was to be insured by the insurance company and in cases of death, the claims were to be paid by the company.

Scrutiny of records revealed that private sector insurance companies (Reliance and ICICI Lombard) rejected 281 claims, on grounds not mentioned in the tenders.
tenders, these insurance companies did not include any such clause for non-coverage of insured animals on these grounds. The conditions were included on the insurance cover note by these companies which should have been objected to by the department/HLDB. Thus, due to failure of the department on this aspect, beneficiaries were deprived of the benefit of the insurance cover provided by the Government despite their 25 per cent contribution for insurance premia.

4.1.7.7 Non-achievement of revenue targets

The department was earning revenue by sale of piglets, eggs, wool and other products from the farms. Revenue estimates projected under animal husbandry activities were not achieved during 2010-11 as detailed below:

**Table 5: Targets and achievement of revenue receipts**

<table>
<thead>
<tr>
<th>Receipt Head</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Targets</td>
<td>Actual Receipts</td>
<td>Targets</td>
<td>Actual Receipts</td>
</tr>
<tr>
<td>Animal Husbandry</td>
<td>262.00</td>
<td>255.92</td>
<td>300.00</td>
<td>445.27</td>
</tr>
<tr>
<td>Dairy Development</td>
<td>Not fixed</td>
<td>2.22</td>
<td>Not fixed</td>
<td>4.08</td>
</tr>
<tr>
<td>Total</td>
<td>258.14</td>
<td>449.35</td>
<td>133.64</td>
<td>841.13</td>
</tr>
</tbody>
</table>

*Departmental figures subject to reconciliation*

The DG stated (August 2011) that the shortfall of 68 per cent in realisation of revenue during 2010-11 under Animal Husbandry was on account of less receipts from piggery and poultry farms due to less allocation of funds for running these farms. As a result of this, parent stock of birds/pigs had to be reduced. It is felt that the department should have got adequate allocation of funds from the Government for smooth running of piggery and poultry farms.

4.1.8 Programme implementation

As per the Eleventh Five Year Plan, the department fixed targets to bring the production level at 61.20 lakh from 54.05 lakh tonnes of milk, 25,722 lakh from 14,198 lakh eggs and 13.60 lakh kg from 23.52 lakh kg wool by 2012. The achievements against these targets up to March 2011 was as under:

**Table 6: Production of milk, eggs and wool**

<table>
<thead>
<tr>
<th>Item</th>
<th>Target</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk (in lakh tonnes)</td>
<td>61.20</td>
<td>57.45</td>
<td>60.06</td>
<td>62.50</td>
</tr>
<tr>
<td>Eggs (in lakh)</td>
<td>25.722</td>
<td>38,131.97</td>
<td>38,522.86</td>
<td>41,500</td>
</tr>
<tr>
<td>Wool (in lakh kgs)</td>
<td>13.60</td>
<td>12</td>
<td>12.49</td>
<td>12.80</td>
</tr>
</tbody>
</table>

*Source: Data supplied by Director General*

As is evident from the above table, the production targets set in the Eleventh Five Year Plan were achieved, except in the case of wool production. No targets were fixed for production of piglets in the Eleventh Five Year Plan.
The department implemented 31 schemes, out of which 17 were State Plan, 10 Centrally sponsored and four Central Plan (sharing basis) schemes.

### 4.1.8.1 State livestock breeding policy

The State livestock breeding policy for cattle and buffalos notified in January 2010 envisaged that indigenous and exotic breed levels should be maintained at equal level. The policy also envisaged genetic upgradation of indigenous cattle and buffalos and increase in the quantity of milk and other livestock produce. It was also envisaged that indiscriminate breeding and propagation of poor germplasm would be avoided and the entire livestock population would be brought under organized breeding through artificial insemination (AI) or natural insemination (NI). To achieve the objectives, all the area veterinary surgeons and supervisory officers of districts were required to ensure use of only quality bulls in the breeding programme.

It was observed that data regarding exotic breeds of cattle and buffalos was not collected while conducting the livestock census in 2007. In the absence of data, it could not be ensured whether the level of exotic breeds was up to the level of 50 per cent. DG stated (August 2011) that data to ascertain the level of exotic breeds could not be collected phenotypically\(^\text{10}\) during the livestock census and that the level of 50 per cent exotic breeds was maintained by suitably designing the breeding methods and back-crossing of crossbreed animals with indigenous bulls in the State. The reply is not convincing as the data of exotic breed could have been collected with the help of owners of animals while conducting the livestock census to ascertain the level of exotic breeds.

It was further observed that the department was not maintaining data of NIs. The DG stated (August 2011) that NIs were carried out through stray bulls or by the quality bulls supplied by the department to Gram Panchayats but no record of NIs was maintained. Thus, the department had not supervised NIs as per the requirement of the State Livestock Breeding Policy.

As per information supplied by the department, against the target of 60 lakh AIs, 62.23\(^\text{11}\) lakh AIs were carried out in the State during the years 2008-11. The department provided AI services at its institutions and at doorsteps to the farmers at a very low rate of ₹ 20 (at institution) and ₹ 70 (at doorsteps). It also fixed targets for AI at institutions and doorsteps. Scrutiny of the data regarding AIs at doorsteps revealed that against the target of providing doorstep services for 10.89 lakh AIs, services were provided for 0.65 lakh AIs during 2008-11, which was only six per cent of the target. In Jind and Panchkula districts, the achievement was zero per cent. The DG intimated (May 2011) that the densely established network of veterinary institutions in the State had lowered the number of AI at doorsteps. As the overall achievement of AIs was higher than targets and the shortfall was only in respect of AIs at doorsteps, the possibility of carrying out the AI at doorsteps and showing the same as having been carried out at

\(^{10}\) The observable physical or biochemical characteristics of an organism.

\(^{11}\) 2008-09:19,48,400, 2009-10:20,37,600 and 2010-11:22,37,100
institutions for misappropriation of the difference of rate of ₹ 50 per AI cannot be ruled out. The FCPS, Animal Husbandry and Dairying Department, while admitting the possibility of misappropriation, assured during the exit conference that the procedure would be streamlined and strict action would be taken against erring officials.

4.1.8.2 Murrah Development Scheme

Murrah buffalos have been recognised to be the animal of the 21st century and the State was proud to be the home-tract of this best buffalo breed of the world. There was a great demand of this high-yielding breed not only from within India but outside the country as well. Most of the States procured breeding stock from Haryana for upgradation of their low producing buffalos. In order to encourage farmers to adopt this high milk-yielding variety of buffalos viz Murrah, the department was providing incentives since 2006-07 for such buffalos under the Murrah Development Scheme.

In 2007-08, owners of buffalos which gave more than 11 kg of milk were provided incentives (₹ 3,000 for buffalos producing milk between 11 and 15 kg; ₹ 6,000 for those producing between 15 and 20 kg and ₹ 10,000 for those producing above 20 kg). On the basis of the Chief Minister’s announcement in a rally held in September 2008, a proposal to increase the rates of incentives was submitted to the Government, which was approved in May 2009, subject to the condition that the owners of buffalos giving milk above 13 kg would be provided incentives of ₹ 5,000 for 13-16 kg, ₹ 10,000 for 16-19 kg and ₹ 15,000 for above 19 kg. Audit observed that the enhanced rates12 of incentives were paid in March 2009 by the department on the basis of the Chief Minister’s announcement in September 2008, without waiting for the formal orders of the Government. This irregular action resulted in excess payment of ₹ 2.7313 crore. The DG stated (August 2011) that the case of ex-post-facto sanction of enhanced rates of incentives was under consideration of the Government.

It was further noticed that funds for payment of incentives under the scheme were drawn at the end of the financial year and were kept in bank accounts outside the Government Account. In seven test-checked districts, a total amount of ₹ 4.7214 crore was drawn in March 2010 which was disbursed by the Chief Minister in a public function at Sonipat in March 2011 i.e. after one year of the drawal of funds. Thus, the funds were kept outside the Government account for one year awaiting the Chief Minister’s function.

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12 ₹ 5,000 for 11 to 15 kg; ₹ 10,000 for 15 to 20 kg and ₹ 15,000 for above 20 kg.
4.1.8.3 **Outsourcing of Artificial Insemination Services**

M/s J K Trust, Thane made a presentation of their project for providing AI services in rural areas to the Chief Minister in a meeting held in June 2006, wherein the Chief Minister desired that outsourcing of AI services should be done in the Mewat and Shivalik area as a pilot project. Thereafter, the department sent (October 2006) a proposal to the Government for outsourcing AI services, stating that the staff posted in the Mewat and Shivalik areas get themselves transferred and the institutions remain without staff. FCPS, Animal Husbandry and Dairying Department desired (February 2007) that the department should call expressions of interest for outsourcing AI services. Thereafter, expressions of interest were called for in November 2007 and three NGOs (Gram Swarajya Sansthan Hisar, BAIF Development Research Foundation, New Delhi and M/s J.K Trust, Thane) expressed their interest in taking up the project. Applications of NGOs except for M/s J. K. Trust were rejected on the grounds that the information/certificate/document in regard to the experience/capability/dependability/technical know how/ accomplishment of such work was not furnished. Scrutiny of records, however, revealed that these documents had been furnished by them. It was also observed from the expression of interest of BAIF Development Research Foundation, New Delhi that the NGOs has been working in AI field since 1970 and their projects were running in 12 States. The proposals of the two NGOs were, therefore, rejected wrongly. Another reason for rejection of expression of interest was that the NGOs had not attached the demand draft for consideration of their expressions of interest. This minor issue could have been settled by the Government with the NGO for a project involving such a huge amount in order to ensure fair competitive bidding. Even project proposals were not called for from them. The department entered into an agreement with the M/s J.K.Trust in August 2008 for setting up 145 centres for AI services in the Mewat and Shivalik areas (Mewat: 115, Shivalik 30). Thereafter, the project was got approved (September 2008) from the State Level Sanctioning Committee (SLSC) of RKVY. However, the SLSC approved the project with the condition that proper procedure for outsourcing should be adopted and detailed guideline should be framed after consultation with Directors, Central Institute of Research on Buffalos and the National Dairy Research Institute. However, no such exercise was carried out as the department had already entered into an agreement with M/s J K Trust in August 2008. A sum of ₹2.84 crore was given as advance to the trust in March 2009 for setting up of centres within one year.

As per the targets, 11,600 calves were expected in the first year up to March 2011 and 87,000 calves in five years (up to March 2015), against which the achievement was only 541 calves in the first year. Thus, the achievement of targets by the Trust was only five per cent.

During the exit conference, the DG stated that a minimum of 10 months were required for calving after insemination and the shortfall in calving was due to late setting up of AI centres. Scrutiny of records revealed that the progress report submitted by M/s J.K.Trust was of March 2011 which was of 18 to 22 months after setting up of 93 AI centres, as the centres were established between May 2009 and
August 2009. As such, the progress of AI centres was not up to the mark.

Despite the fact that the performance of the Trust was poor, the department signed (December 2010) another MOU with the Trust for establishing 2,000 centres in the State without calling for expressions of interest and following the same procedure i.e. presentation to the Chief Minister in October 2010 and thereafter getting approval from the State Level Sanctioning Committee of RKVY. As of March 2011, the department had given an advance of ₹ 11.51 crore to the Trust.

The DG stated (August 2011) that the work was entrusted to the Trust on the basis of past experience. The reply is not acceptable as performance of the Trust was very poor at the time of entering new agreement in December 2010 and the prescribed procedure of calling fresh expression of interest to have competitive rates, should have been followed by the department.

Thus, the work of setting up of AI centres was entrusted to J.K Trust by violating the procedures and keeping aside the norms of financial propriety, showing undue favour to the Trust.

4.1.8.4 Poultry Development Programme

Poultry and hatchery farms were set up at Ambala and Hisar to provide quality chicks at reasonable prices to farmers for setting up their own poultry farms. It was observed that hatching machines of both the farms, installed in 1979, were old and outdated. The hatchery work at Ambala was stopped in 2007, as the maintenance cost of the hatching machinery was very high. As the production of chicks was stopped, the eggs were sold in the market. The hatchery at Hisar was working but the running cost was very high and it was incurring losses.

Funds of ₹ 72.30 lakh (Ambala: ₹ 40 lakh and Hisar: ₹ 32.30 lakh) were released by the Government under the Centrally Sponsored scheme- ‘Assistance to State Poultry Farms’ in the year 2006-07. As per the sanction, both the field offices were to create revolving funds of ₹ 15 lakh for purchase of parent stock, feed, medicine, vaccine and marketing. Sale proceeds of the eggs and chicks etc were also required to be credited to this account.

The remaining funds were to be spent towards strengthening of infrastructure, repairs, renovation of sheds, training, strengthening of laboratories and marketing of birds and backyard poultry, etc.

The Assistant Poultry Development Officer, Ambala spent the entire amount of ₹ 25 lakh on infrastructure development through the Executive Engineer, Panchayati Raj, training, marketing, etc. but no efforts were made to replace the outdated machinery. The revolving fund of ₹ 15 lakh had come down to ₹ 9.15 lakh due to uneconomic operation of the farm.

In Hisar, funds of ₹ 16.80 lakh were lying in bank accounts as the proposal sent by the Hisar Farm in June 2007 for purchase of machinery worth ₹ six lakh (approximately) was not approved by the DG despite their pursuance. Only an amount of ₹ 0.50 lakh was spent on marketing of birds and backyard poultry.

The hatching work at Ambala was not carried out and the farm at Hisar continued
to incur losses and the entire amount of ₹ 15 lakh provided to run the hatchery was exhausted (March 2011).

The DG stated (August 2011) that the proposals for purchase of machinery were not approved and no funds were provided by GOI for the purpose. The reply is not convincing as funds were provided for strengthening of infrastructure which include machinery. Further, the department should have made adequate provision for the purchase of hatchery machinery to make the farms functional.

4.1.8.5 Poultry Disease Investigation and Feed Analytical Laboratory

The Poultry Disease Investigation and Feed Analytical Laboratory at Ambala had been set up to test poultry feed samples and diagnose diseases of livestock and poultry and to provide guidance to the farmers. The laboratory officers, after testing samples, were required to provide technical guidance and recommend treatment of sick animals and birds free of cost to farmers. The laboratory analysed 34,401 \(^{15}\) samples against the target of 34,805 \(^{16}\) during 2008-11.

It was observed that the department was not drawing samples of poultry feed from the market to ensure availability of good quality feed for the birds. The Poultry Disease Investigation Officer, Ambala City stated (July 2011) that the targets were met by visiting the site as and when there was outbreak of diseases among the poultry birds. He also stated that there was no Act which empowered the department to collect poultry feed samples from the market. Thus, there was a need to make some rules to empower the department to take samples from the market to have a check over the quality of poultry feed.

4.1.8.6 Piggery Development Programme

Pig breeding plays an important role in improving the socio-economic status of people belonging to weaker sections of the society. Two State level piggery farms at Ambala and Hisar are engaged in the breeding of piglets of superior exotic breed (large white Yorkshire), which are sold to breeders for breeding.

The position of pig breeding in these farms during the last three years was as under:

<table>
<thead>
<tr>
<th>Year</th>
<th>Farm</th>
<th>Opening balance</th>
<th>New birth</th>
<th>Total birth</th>
<th>Died</th>
<th>Sold</th>
<th>Closing balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>Ambala</td>
<td>122</td>
<td>481</td>
<td>603</td>
<td>18</td>
<td>412</td>
<td>173</td>
</tr>
<tr>
<td></td>
<td>Hisar</td>
<td>144</td>
<td>453</td>
<td>597</td>
<td>45</td>
<td>368</td>
<td>184</td>
</tr>
<tr>
<td>2009-10</td>
<td>Ambala</td>
<td>173</td>
<td>294</td>
<td>467</td>
<td>9</td>
<td>336</td>
<td>122</td>
</tr>
<tr>
<td></td>
<td>Hisar</td>
<td>184</td>
<td>444</td>
<td>628</td>
<td>15</td>
<td>420</td>
<td>193</td>
</tr>
<tr>
<td>2010-11</td>
<td>Ambala</td>
<td>122</td>
<td>286</td>
<td>408</td>
<td>7</td>
<td>334</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>Hisar</td>
<td>193</td>
<td>338</td>
<td>531</td>
<td>18</td>
<td>360</td>
<td>153</td>
</tr>
</tbody>
</table>

Source: Data supplied by the department.

\(^{15}\) 2008-09: 12,884, 2009-10: 12,759 and 2010-11: 8,758 (up to November 2010).

\(^{16}\) 2008-09: 11,595, 2009-10: 11,615 and 2010-11: 11,595.
As is evident from the above table, the breeding of piglets decreased during 2008-11. The DG stated (May 2011) that breeding of piglets had to be reduced due to less demand from breeders. The reply is not convincing as scrutiny of records disclosed that the parent stock of pigs was reduced due to inadequate budget provision for their feed in 2009-10.

In the Eleventh Five Year Plan, a provision of ₹ 50 lakh was made to ensure supply of feed to the animals housed in the existing Pig Breeding Farms at Ambala and Hisar and to set up new baras17 in these farms to meet the constant increasing demand of the pig farmers as well as keeping in view the requirement of beneficiaries for setting up the piggery units. It was observed that this was not implemented, as a result of which, the parent stock of pigs had to be reduced in the existing pig farms. The DG stated (June 2011) that since the Scheduled Caste beneficiaries were provided benefits under other schemes of the department meant for them, the scheme was not implemented. The reply is not convincing as implementation of other schemes for SC beneficiaries had no link with this scheme because this scheme was for strengthening piggery farms to provide piglets to breeders.

### 4.1.8.7 Hi-Tech Dairy Shed Scheme

Under the Centrally sponsored RKVY, the department was providing subsidy of ₹ 1.50 lakh to educated unemployed youth of the age of 18 years and above desirous of constructing modern dairy sheds of a minimum of 20 milch animals adopting all scientific practices. The scheme launched in 2009-10 provided subsidy of only ₹ 1.50 lakh out of the total estimated cost of ₹ six lakh for dairy sheds and ₹ 4.50 lakh was to be arranged by the beneficiaries themselves. The subsidy was to be disbursed to the beneficiaries (i) who followed approved design/drawings and specifications of the shed (ii) who had got training from the department/Haryana Agriculture University, Hisar or any other such institutions. During the period 2009-11, against the receipt of 61218 application, 35319 applicants were provided subsidy. The DG stated (August 2011) that the remaining applicants could not be provided subsidy due to shortage of funds.

In Jhajjar district, subsidy of ₹ 37.50 lakh was disbursed to 25 beneficiaries during 2009-11 on the basis of completion certificates of Veterinary Surgeons supported with the photographs of sheds. Scrutiny of records revealed that none of these sheds were constructed according to approved drawings and specifications.

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17 Surrounded area for keeping pigs.
19 2009-10: 194 and 2010-11: 159.
High Tech Dairy Shed at Sherpur, District Ambala constructed as per specifications and design.

High Tech Dairy Shed at Nangla, District Jhajjar not as per design.

High Tech Dairy Shed at Khungai, District Jhajjar

High Tech Dairy Shed at Jahangirpur, District Jhajjar

High Tech Dairy Shed at Sikandarpur, District Jhajjar

High Tech Dairy Shed at Silani, District Jhajjar

Further, only six out of 25 beneficiaries were trained in dairy from approved institutions.
During the exit conference, the FCPS, Animal Husbandry and Dairying Department viewed the matter seriously and stated that it would be investigated and appropriate action taken against the defaulters.

### 4.1.8.8 Hi-Tech Commercial Dairy

The scheme of Hi-Tech Commercial Dairy as a new State Plan scheme was introduced in 2008-09. The scheme aimed at generating self-employment in the dairy sector by establishing new hi-tech commercial dairy units of 20 or more milch animals and extension of the existing dairy units. Under the scheme, the beneficiaries were to be provided loans by the banks and subsidy by the Government.

The department was to sponsor loan applications to banks and was to provide 15 per cent subsidy in respect of the term loans, subject to a maximum of ₹1.50 lakh. The subsidy was to be released in advance on sanction of loans to the financing banks. The farmers were required to set up their units within a period of three months. In case, the loanees did not set up units, the banks were to refund the subsidy amounts to the department.

Against the target of establishing 1,100 dairy units during 2008-11, only 445 units were set up. A total of 1,423 applications were received by the department during 2008-11, out of which 866 applications were found in order and the same were sponsored to the banks. However, the banks sanctioned loans in 445 cases and subsidy was released in all these cases. The department attributed (August 2011) the shortfall to the fussy approach of bankers in sanctioning loans. It was observed that neither did the department ask for the reasons for non-sanction of loans from banks nor did the banks intimate the same. This shows that the department had not made proper liaison with banks to implement the scheme, as a result of which the objective of employment generation could not be achieved to the expected level.

### 4.1.8.9 Quality control of feed, milk and milk products

- The Government passed the Regulations of Compound Cattle Feed, Concentrate and Mineral Mixture in 1999 to ensure that the quality of cattle feed, concentrate and mineral mixtures was as per the specifications of the Bureau of Indian Standards (BIS). Under this, manufacturers/dealers/sellers were to get themselves registered with the department and obtain licences by paying the prescribed fees.

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22  Manufacturer: ₹ 1,000 license fee and renewal ₹ 500 after every three years; Dealer ₹ 500 license fee and renewal ₹ 250 every three years.
Scrutiny of records revealed that after issue of licences, the department did not ensure that manufacturers and dealers had renewed their licences after the expiry of the prescribed period of three years. This resulted in a loss of revenue of ₹ 5.3223 lakh to the Government in eight test-checked districts. Besides, the department could not ensure that the feed manufactured/sold was as per BIS specifications as quality control officers were not entitled to draw samples from the market. In the absence of proper quality checks, the animals were exposed to the risk of consuming sub-standard feed.

The DG stated (August 2011) that interested persons who want to continue their business get their licences renewed while others stop dealing in the business. The reply is not acceptable as the department had not carried out any exercise to ascertain whether non-renewal of licences was due to closure of businesses or not.

Quality control of milk and milk products is covered under the Milk and Milk Products Orders (MMPO), 1992, which is administered by the department of Animal Husbandry and Dairying under the Ministry of Agriculture, GOI. MMPO prescribes registration of plants processing milk of more than 10,000 litres per day. GOI has designated the DG to register those milk plants of the private sector as well as the Co-operative sector which are handling milk up to two lakh litres per day. As of March 2011, 47 milk plants were registered with the department and were carrying on business in the State. The department should have ensured the quality of milk and milk products by surprise checks and obtaining samples from these units. However, this was not done, though a dairy laboratory of the department was functioning at Rohtak since 1978-79 to analyse the presence of fat, bacteria, etc. in milk. The laboratory was analysing samples brought by consumers only. Thus, adequate steps to ensure supply of good quality of milk and milk products by these registered milk plants were not taken by the department.

4.1.8.10 Production of veterinary vaccines

Haryana Veterinary Vaccine Institute, Hisar had been established to manufacture vaccines for the State. The position of the vaccines manufactured by the institute was as follows:

- Ambala: ₹ 0.48 lakh
- Bhiwani: ₹ 0.24 lakh
- Fatehabad: ₹ 0.97 lakh
- Hisar: ₹ 0.76 lakh
- Kaithal: ₹ 0.28 lakh
- Karnal: ₹ 1.03 lakh
- Kurukshetra: ₹ 0.69 lakh
- Rewari: ₹ 0.87 lakh

Ambala: ₹ 0.48 lakh, Bhiwani: ₹ 0.24 lakh, Fatehabad: ₹ 0.97 lakh, Hisar: ₹ 0.76 lakh, Kaithal: ₹ 0.28 lakh, Karnal: ₹ 1.03 lakh, Kurukshetra: ₹ 0.69 lakh and Rewari: ₹ 0.87 lakh.
during the last three years was as under:

### Table 8: Showing the production of vaccines

(Doses in lakh)

<table>
<thead>
<tr>
<th>Name of the vaccine</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Achievement</td>
<td>Target</td>
</tr>
<tr>
<td>Haemorragic Septicemia vaccines</td>
<td>100.00</td>
<td>101.33</td>
<td>100.00</td>
</tr>
<tr>
<td>Enterotoxaemia vaccine</td>
<td>1.00</td>
<td>1.40</td>
<td>1.00</td>
</tr>
<tr>
<td>Black quarter vaccine</td>
<td>6.00</td>
<td>6.62</td>
<td>6.00</td>
</tr>
<tr>
<td>Sheep pox vaccines</td>
<td>6.00</td>
<td>6.80</td>
<td>6.00</td>
</tr>
<tr>
<td>Peste de Petits Ruminants vaccine</td>
<td>6.00</td>
<td>7.50</td>
<td>6.00</td>
</tr>
<tr>
<td>Swine fever vaccine</td>
<td>0.70</td>
<td>0.71</td>
<td>0.70</td>
</tr>
<tr>
<td>Total</td>
<td>119.70</td>
<td>124.36</td>
<td>119.70</td>
</tr>
</tbody>
</table>

Source: Data supplied by the department.

As is evident from the above, there was decrease in production of vaccines to the extent of 33.56 per cent in 2009-10 and 21 per cent in 2010-11 in comparison to the year 2008-09. Targets were also not achieved in 2009-10 and 2010-11. The Director of the Institute stated (April 2011) that the targets of the bacterial vaccines production could not be achieved due to unavailability of the bottles as a case for purchase of bottles through Director, Supplies and Disposals, Haryana could not be prepared. Secondly, the old lyophilizer\(^\text{24}\) was out of order and purchase of a new one could not be made as the same was pending with the Director, Supplies and Disposals, Haryana. Thus, improper planning for purchase of these important items led to shortfall in production of vaccines.

It was noticed that the institute had been manufacturing vaccines without a proper licence from the Drug Controller since 2005. As the department did not fulfil the international standards, the licensing authority banned (December 2010) the manufacturing of vaccines and the institute stopped manufacturing of vaccines from February 2011. The Institute’s Director stated (May 2011) that some modifications in the building had been suggested by the Joint Inspection Committee and compliance of the same was under process. The DG stated during the exit conference that manufacturing in the plant had been re-started from July 2011. However, the licence was still to be obtained.

### 4.1.8.11 Scheme for setting up of a Veterinary Council in the State

In order to control and regulate the practices of the veterinary profession and its conduct apart from educating veterinary professionals, the Haryana Veterinary Council was established in 1989-90 as a statutory body under the Indian Veterinary Council Act, 1984. Under the Central Plan Scheme, ‘Setting up of Veterinary Councils in States’ on sharing basis (50:50), grants-in-aid were provided to run the council. The council was required to submit UCs along with audited accounts to

\[^{24}\text{Lyophilizer is a machine used for manufacturing drugs.}\]
GOI every year. It was observed that audited accounts were not submitted by the council. The scrutiny of its expenditure statements for the years 2008-09 and 2009-10 revealed that there were savings of ₹ 5.21 lakh and ₹ 5.37 lakh respectively from grants-in-aid. The unutilised grants-in-aid were required to be refunded to the Government or were to be adjusted in future demands. The unspent amount was neither refunded to GOI nor adjusted in future demands.

### 4.1.8.12 Opening of new veterinary dispensaries

Under the Eleventh Five Year Plan, 200 new civil veterinary dispensaries (CVD) were targeted to be opened. It was observed that despite spending ₹ 24.02 crore out of ₹ 24.50 crore provided under the Five Year Plan, only 145 CVDs were opened during 2007-11. The DG attributed (June 2011) the shortfall to imposition of a ban on creation/upgradation of new posts. Thus, the veterinary institutions were not opened as planned under the Eleventh Five Year Plan.

### 4.1.9 Construction, Repair and Renovation works

#### 4.1.9.1 Avoidable payment of departmental charges

As the Public Works Department (PWD) was doing the work of departments without levying departmental charges from August 2005, the execution of all the works of construction and maintenance for Government departments was to be entrusted to the PWD. Prior approval of the Government was required to entrust any civil work to any other agency. Further, in order to effect economy in expenditure, before entrusting work to any other agency, the department was to ensure that the departmental charges would not be levied by the executing agency.

It was noticed that the department, in contravention of the above, entrusted the following works to the Haryana Police Housing Corporation (HPHC) and agreed to pay departmental charges of ₹ 1.19 crore as detailed below:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of work</th>
<th>Cost of the work</th>
<th>Departmental charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Pet Clinic, Panchkula</td>
<td>7.97</td>
<td>0.72</td>
</tr>
<tr>
<td>2.</td>
<td>Construction of Veterinary Polyclinic at Rohtak</td>
<td>3.24</td>
<td>0.29</td>
</tr>
<tr>
<td>3.</td>
<td>Strengthening of Fodder Seed Farm, Hisar</td>
<td>2.15</td>
<td>0.18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1.19</strong></td>
<td></td>
</tr>
</tbody>
</table>

This would entail an extra expenditure of ₹ 1.19 crore. The DG stated (August 2011) that the FCPS, Home Department in a meeting held in June 2011 agreed that HPHC would charge six per cent departmental charges and that PWD was also levying five per cent departmental charges. The reply is not convincing as the PWD had not been levying departmental charges from August 2005.

The department would incur extra expenditure of ₹ 1.19 crore on execution of three works on account of departmental charges, by entrusting the works to HPHC instead of PWD.
4.1.9.2 **Construction of Veterinary Polyclinics**

As per a policy decision (2003) of the Government, one veterinary polyclinic was to be established in each district in the State in a phased manner.

The National Bank for Agriculture and Rural Development (NABARD) sanctioned (August 2004) a loan of ₹ 2.84 crore to the department for setting up veterinary polyclinics at Bhiwani and Sonipat. The Government was to contribute ₹ 15 lakh. Thus, the total cost of the work was ₹ 2.99 crore. The project was to be completed by 31 March 2007.

Test check of records with the DG revealed that administrative approval for both the works was accorded (June 2005) by the Government for ₹ 3.29 crore (Bhiwani: ₹ 1.45 crore and Sonipat: ₹ 1.84 crore) which was revised in February 2008 to ₹ 4.01 crore (Bhiwani: ₹ 1.95 crore and Sonipat: ₹ 2.06 crore). The project was completed in December 2008 at a cost of ₹ 3.99 crore. Thus, due to delay in completion of the project, the Government had to bear an extra expenditure of ₹ one crore from its own resources. The DG stated (May 2011) that the delay was procedural. The reply is not convincing because as per the agreement with NABARD, the State Government was to assure completion of the project within the time schedule by providing additional manpower and resources but this was not done.

Further, as per an inspection report of the Chief Architect, Haryana (March 2011), the quality of the work of Bhiwani Polyclinic was very poor and was neither executed by skilled manpower nor supervised by any Engineer and did not conform to drawing, design and specifications. The work of the Sonipat Polyclinic was also found to be poor and not in accordance with the drawing, design and specifications. No action had been taken by the department against the executing agency for carrying out the poor work. The DG stated (August 2011) that comments of the concerned executing agency on the observations of the Architecture Department had been sought and appropriate action would be taken on receipt of the same.

4.1.9.3 **Construction of Pet Clinic at Panchkula**

The department decided (December 2005) to entrust the work of construction of the building of a pet animal clinic at Panchkula to Chaudhry Charan Singh Haryana Agriculture University (HAU), Hisar.

Against the estimate of ₹ 4.03 crore (including 10 per cent departmental charges), funds of ₹ two crore (₹ one crore each in March 2006 and March 2007) were released to the HAU. Though HAU offered (11 September 2007) not to charge departmental charges, the work was withdrawn (27 September 2007) from HAU because of non-starting of the construction work. The work was entrusted to HPHC which submitted (November 2008) a rough cost estimate for ₹ 6.38 crore (including 10 per cent departmental charges). The increase in the estimated cost was due to cost escalation. Finally, the work was completed (August 2009) at a
cost of ₹ 7.97 crore (including departmental charges). The department had so far released ₹ 7.92 crore to HPHC.

Thus, the execution of work was delayed due to change of the executing agency which resulted in escalation of cost of ₹ 3.94 crore. Had the work been entrusted to HAU initially, cost overrun including departmental charges would have been avoided.

DG stated (August 2011) that the delay in completion of the building was not due to change of the construction agency but due to circumstances beyond their control. It was further stated that HAU had never offered exemption from payment of departmental charges and HPHC had not been paid any departmental charges. The reply is not correct as the FCPS, Agriculture Department had intimated (April 2007) to the FCPS, Animal Husbandry and Dairying Department that HAU would not levy departmental charges on the works of their department. Further, the delay occurred due to starting of the construction procedure i.e. preparation of estimates, calling of tenders, etc. afresh by HPHC. As regards payment of departmental charges, the department released ₹ 7.92 crore to HPHC against expenditure of ₹ 7.97 crore including departmental charges. The balance amount had also been adjusted by HPHC out of funds deposited by the department for other works.

4.1.9.4 Lack of monitoring of execution of works

As stated earlier, the HRDF Board provided (July 2007 to May 2010) funds of ₹ 31.52\(^{25}\) crore to the department for reconstruction of 159 unsafe and irreparable buildings. The funds were required to be utilised within six months of the release of funds.

Scrutiny of records revealed that initially the whole amount of ₹ 31.52 crore was kept in bank accounts by DG. The amounts along with interest of ₹ 89.91 lakh were further disbursed to the Additional Deputy Commissioners (ADC) of the respective districts for execution of works after a gap of two to eight months of the receipt of funds. The ADCs of the concerned districts released funds to the Executive Engineers (EE), Panchayati Raj after gaps of one to three months. Thus, there were substantial delays in reaching the funds to the executing agencies. As per information supplied by the department, only 12 works (Hisar Division) were completed and remaining 147 works were incomplete as of March 2011. The department also did not have the details of actual expenditure incurred by the executing agencies. The department should have obtained monthly statements of expenditure from the ADCs and the status of work in order to monitor the execution of works. However, the department did not have details of expenditure, which indicates lack of monitoring at the DG level for the execution of work.

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\(^{25}\) July 2007: ₹ 29.52 crore and May 2010: ₹ Two crore.

\(^{26}\) Ambala Division: 36, Gurgaon Division: 33, Hisar Division: 55 and Rohtak Division: 35.
The DG stated (August 2011) that the EEs, Panchayati Raj were under the control of the district administration and the department had no direct control over them. The reply is not convincing as the department should have monitored the execution of works by pursuing the matter with the district administration.

Similarly, a sum of ₹ 97.24 lakh was drawn (January 2010) by the department under the scheme ‘Construction/Renovation/Repair of Veterinary Institution for the year 2009-10’. The funds were disbursed to six Deputy Directors of Animal Husbandry through demand drafts for onward transmission to the concerned executing agencies. As per practice, the DG was required to obtain acknowledgements of the receipt of the drafts issued to the Deputy Directors. It was observed that the department had not obtained the acknowledgment of drafts and did not know the status of execution of works despite the lapse of one and half years.

On this being pointed out (April 2010) by Audit and taking up of the matter by the DG with the concerned Deputy Directors, it came to notice (November 2010 and May 2011) that two drafts amounting to ₹ 45.24 lakh were not traceable. No action was taken to trace the lost drafts or get duplicate drafts. This shows that the department had not evolved a proper mechanism to ensure execution of works.

4.1.9.5 Lack of supervision over TFC works

As per a decision taken (January 2006) at a meeting with FCPS, Finance Department regarding budget allocation for maintenance of Government buildings on the recommendations of TFC, works up to ₹ three lakh were to be got executed through Panchayati Raj Institutions (Block Samitis) under the control and supervision of a committee comprising the Sub-Divisional Officer (Civil), the Sub-Divisional Officer (AH), the Veterinary Surgeon (VS) in charge of the area and a representative of the concerned Gram Panchayat. Similarly, works above ₹ three lakh were to be executed through the EE, Panchayati Raj under the control and supervision of a committee comprising the Deputy Commissioner, Deputy Director (AH), VS and Gram Panchayat of the area.

As stated earlier, the department received ₹ 39 crore from GOI on the recommendations of TFC for improvement of 1,311 buildings of veterinary hospitals, dispensaries and stockman centres. The funds were placed at the disposal of HLDB and were released (₹ 35.20 crore up to 2009-10 and ₹ four crore in 2010-11) to Panchayati Raj institutions through ADCs of the districts.

28 Executive Engineer, Provincial Divisions, Public Works Department (Buildings and Roads) and Executive Engineer, Panchayati Raj.
29 Jhajjar: ₹ 37.16 lakh and Palwal: ₹ 8.08 lakh.
30 Stockman centres are small veterinary dispensaries.
31 ₹ 20 lakh were released out of the interest earned.
It was observed during test check that such committees did not exercise supervision and control over the execution of works though 899 works with the value of each work being less than ₹ three lakh and 412 works with the value of each work being above ₹ three lakh were to be executed. Thus, there was lack of administrative control over the execution of works.

### 4.1.10 Human Resource Development

#### 4.1.10.1 Shortage of staff

As of March 2011, there were 11,291 sanctioned posts, against which 8,014 posts were filled up and the remaining 3,277 posts (29 per cent) were vacant as tabulated below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Sanctioned posts</th>
<th>Filled in</th>
<th>Vacant</th>
<th>Percentage of shortage of staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I</td>
<td>117</td>
<td>79</td>
<td>38</td>
<td>32</td>
</tr>
<tr>
<td>Class II including Veterinary Surgeons</td>
<td>1,022</td>
<td>818</td>
<td>204</td>
<td>20</td>
</tr>
<tr>
<td>Class III</td>
<td>3,775</td>
<td>3,290</td>
<td>485</td>
<td>13</td>
</tr>
<tr>
<td>Class IV</td>
<td>6,377</td>
<td>3,827</td>
<td>2,550</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>11,291</td>
<td>8,014</td>
<td>3,277</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Data supplied by department.

It is evident from the above table that there were shortages of staff ranging between 13 and 40 per cent under various cadres.

Shortage of manpower in all the cadres affected the implementation of various programmes as well as veterinary services being provided by the department had to outsource these AI services. Many of the Veterinary Surgeons/Veterinary Livestock Development Assistants were having charge of more than one hospital/dispensary located at different places which also affected their working.

The DG, while admitting the fact that veterinary services were affected due to shortage of staff, stated (August 2011) that the department had already sent demands to the Haryana Public Service Commission, Haryana Staff Selection Commission and the Haryana Group D Selection Committee to fill up the vacant posts.

#### 4.1.10.2 Irregular adjustment of staff

The Chief Secretary to the Government of Haryana imposed (December 1996) a total ban on change of headquarters of employees on three-four months basis as this was considered as another kind of transfer.
In the units test-checked, the salaries of 163 officials were drawn by the offices under the orders of the DG though they were working at places other than their places of regular posting (Appendix 4.6). This adjustment without proper transfer orders of the Government was irregular and against the orders of the Chief Secretary. Further, the work suffered at places where the staff was actually posted and being paid. The DG stated (August 2011) that adjustments were made for smooth functioning of institutions and proper utilisation of human resources. The reply is not convincing as such adjustments should have been done by regular transfer orders after rationalisation of manpower.

4.1.11 Monitoring and evaluation

4.1.11.1 Internal Controls

Internal control provides reasonable assurance to the Management about the compliance of applicable rules and regulations. The internal control system in the department was inadequate for implementation of schemes, monitoring of execution of works, etc. as discussed in the foregoing paragraphs.

4.1.11.2 Complaint Cases

A Complaint Cell had been established in the office of DG to attend to the complaints of the public as well as of departmental officers/officials. As per records submitted by the DG, nine complaints received prior to 2008-09 were outstanding with the department and 269 new complaints were received during 2009-11. Out of a total of 278 complaints, only 108 complaints were disposed off by the department and the remaining 170 (61 per cent) complaints were under process (March 2011). Such a large number of outstanding complaints indicated lack of monitoring of complaint cases. The DG stated (August 2011) that out of 171, only 20 complaints had been disposed off and the remaining complaints would also be disposed off soon.

4.1.11.3 Non-disposal of condemned stores/vehicles

Financial Rules require that physical verification of stores should be conducted once in a year and unserviceable disposable articles should be got condemned from the competent authority. These unserviceable articles, machinery or vehicles should be disposed off by following departmental procedures and the revenue realized should be credited to the Government so that these funds could be utilised by the Government for future plans. In the test-checked units, it was observed that condemned stores/machinery/vehicles valuing ₹ 25.20 lakh (Appendix 4.7) were lying with them. The DG stated (August 2011) that the department had already taken steps to dispose off the condemned stores/vehicles.
4.1.11.4 Internal Audit System

With a view to improve the overall quality of work and reduce errors/irregularities, there should be an internal audit system in all Government departments. Audit observed that there was no internal audit system in place in the department. One post of Accounts Officer was sanctioned for conducting internal audit but the officer was carrying out the duties of the Drawing and Disbursing Officer at the Directorate. The DG, while admitting the facts, stated (August 2011) that a proposal to strengthen the Internal Audit Cell was under process.

4.1.11.5 Management information system and monitoring meetings

The DG, as head of the department, was responsible for monitoring and evaluation of the implementation of programmes, schemes and other activities of the department. Monthly progress reports of each scheme/programme were submitted to the Directorate by the DDOs at the district level which were merely compiled but the data was not utilised as a management tool. The FCPS of the department as well as the DG held meetings with the field staff to review and monitor the schemes/programmes from time to time. However, there was no centralized database of schemes and programmes for monitoring. As a result, the monitoring at DG level was on an ad-hoc basis.

4.1.12 Conclusion

The department had not set targets of increasing livestock in the Eleventh Five Year Plan. The financial management of the department was not efficient as there were instances of parking of funds outside the Government Account, non-adjustment of advances, failure in recovering huge amount of milk cess, etc. The objectives of the department of providing artificial insemination facilities and increasing production of milk and eggs were achieved to a large extent but there was negligible increase in the number of livestock. Further, the functioning of the department was inadequate as there were instances of tardy implementation of poultry, piggery and dairy development programmes. There was inadequate control over the quality of animal feed, milk and milk products, etc. Inadequate scrutiny of terms and conditions of a livestock insurance policy resulted in losses to the beneficiaries. Instances of lack of monitoring over the execution of works, avoidable expenditure on payment of departmental charges and sub-standard execution of works were also observed. Besides, there was no internal audit system in place in the department.

4.1.13 Recommendations

- The department should set targets for increasing the number of livestock.
The schemes for development of poultry, piggery and dairy need to be implemented properly and effectively.

Proper agreements should be made with insurance companies to ensure that all the beneficiaries receive the benefits of livestock insurance.

The department should evolve a proper system to enforce control over the quality of animal feed, milk and milk products.

The department should evolve a proper system to monitor the execution of works.

Works should normally be executed through the Public Works Department to avoid payment of departmental charges.

The internal audit system should be strengthened.

These points were demi-officially referred to the FCPS, Animal Husbandry and Dairying Department in May 2011. Reply had not been received (August 2011).

Chandigarh
Dated:  
(Onkar Nath)
Principal Accountant General (Audit), Haryana

Countersigned

New Delhi
Dated:  
(Vinod Rai)
Comptroller and Auditor General of India