

CHAPTER IV : MINISTRY OF AGRICULTURE

Department of Agriculture and Co-operation

National Cooperative Development Corporation

4.1 Failure to achieve intended objectives

Inadequate project appraisal leading to unsatisfactory performance of the Integrated Reservoir Fisheries Development Project, besides causing in an investment of Rs 3.19 crore not fructifying.

The small reservoirs of the country, spread over nearly 1.5 million hectares, form one of the most potential fish producing resource were mostly derelict and production potential remained untapped. With the objective for systematic development of reservoir fisheries, NCDC¹ under the Ministry of Agriculture sanctioned in March 1992 a scheme for IRFDP² to be set up at Akola and Bhandara in Maharashtra with financial assistance of Rs 5.66 crore (Rs 5.40 crore as loan and Rs 26.28 lakh as subsidy) to State Government of Maharashtra. The project was to be completed by March 1998. The amount sanctioned/released under the scheme was as under:

Table 4.1(i) : Amount sanctioned and released

(Rs in lakh)

	Akola			Bhandara		
	Amount sanctioned	Amount released	Percentage of release	Amount sanctioned	Amount released	Percentage released
Loan	231.89	125.01	54	307.68	177.93	58
Subsidy	11.36	8.08	71	14.92	8.42	56

Although the envisaged completion period of the project had expired, only Rs 3.19 crore (60 *per cent*) out of the sanctioned assistance of Rs 5.66 crore could be released.

Further, while the percentage release in respect of loan component was 54 and 58 for projects at Akola and Bhandara respectively, it was 71 and 56 *per cent* for the projects against subsidy component.

It was also revealed that there was considerable shortfall in achievements ranging between 2 to 100 *per cent* in both of the projects as would be seen from the table below:

¹ National Cooperative Development Corporation

² Integrated Reservoir Fisheries Development Project

Table 4.1(ii) : Shortfall in achievements

Sl.No	Name of the Component	Akola			Bhandara		
		Targets	Achievements	Percentage in shortfall	Targets	Achievements	Percentage in shortfall
1(a)	Cages (Nos.)	100	41	59	120	120	
(b)	Nursery	16	12	25			
(c)	Fish Screen (Nos.)	47	10	79			
2(a)	Fishing Boats	180	104	42	256	251	2
(b)	Nylon nets	8790	6417	27	10275	10275	
(c)	Drag nets	10	2	80	68	68	
(d)	Mechanical Boats	6	4	33			
3(a)	Ice plants	1		100	1	0	100
(b)	Fish Handling Plant	34	1	97	71	8	89
(c)	Kiosks	10	5	50	10	5	50
(d)	Transport vehicles	2	1	50	3	2	33

While none of the ice plants could be set up, the position was more or less the same against fish handling plant.

The performance in respect of certain parameters envisaged and actually realised under the scheme was as under:

Table 4.1(iii) : Performance parameters actually realised

Parameter	Akola			Bhandara		
	Projected	Achieved	Shortfall (in %)	Projected	Achieved	Shortfall (in %)
Fish production (in ton) per annum	1516	448	70	2,379	1048	56
Training (Nos.)	1572	358	77	2218	1071	52
Income for Fisherman (Rs)	7270	3000	59	7270	2800	61

From the above, it would be seen that there was considerable shortfall in the achievements of the objectives envisaged.

Audit scrutiny further revealed that investment on the project was stopped due to non-retention of water in the ponds/reservoir for four to six months in a year, non-utilisation of the component for fish screens and fish handling plants on account of non-receipt of permission from the irrigation authorities and short repayment period which made the component unviable.

Further, in the appraisal done by NCDC overlooking the following investigations also had a bearing on the viability of the project.

- (i) Soil analysis was essential for determining the fertility and productivity of fish ponds/reservoirs and retention of water. This was not conducted.

In reply, NCDC stated that soil analysis had limited impact and was not the only factor determining fish production and as such, the anticipated production was taken up as per the production model. It was further stated that making the soil analysis compulsory at the time of appraisal would have taken a long time having impact on the project itself. The plea of NCDC is not tenable since soil played an important role in determining the feasibility of fish ponds.

- (ii) The appraisal done by NCDC was based on secondary instead of the primary data viz. reservoir morphometry and water residence time, physio-chemical characteristics of water and soil etc. which could be obtained from CICFRI³, Barrackpore, West Bengal. NCDC stated that CICFRI conducts research on selected reservoirs and does not monitor physio-chemical parameters of reservoirs. NCDC, however, failed to clarify whether any efforts were made in this regard.
- (iii) Permission of the Irrigation Department of Government of Maharashtra for building basic infrastructure viz. installation/erection of fish screens and fish handling sheds which was necessary for stocking of fish catch was not ensured by NCDC. This was accepted by NCDC.

Further, a scrutiny of the minutes of the deliberations of the 14th meeting of the SLC⁴ held in September 1998 also revealed overlooking realities of the project which were paramount for its success. This was indicative of the fact that the technical appraisal done by NCDC was weak. This ultimately resulted in an investment of Rs 3.19 crore not fructifying.

The project could utilise only 60 *per cent* of the sanctioned assistance but failed to achieve the intended objectives/results.

NCDC in their reply in September 1999 admitted shortfalls identified in the scheme and stated that no significant progress was expected in the project keeping in view the investment made. The reply is not tenable as the benefits envisaged in the scheme could not be achieved.

The matter was referred to the Ministry in August 2000; their reply was awaited as of February 2001.

³ Central Institute of Capture Fisheries and Research Institute

⁴ State Level Coordination Committee

Coconut Development Board

4.2 Loss due to injudicious investment

Retention of surplus funds in current account/short term deposits resulted in loss of interest of Rs 21.87 lakh.

CDB¹ had surplus income of Rs 6.80 crore as on 31 March 1998. From 1 April 1998 to 28 June 1998, the amount was retained in current account. The CDB lodged a sum of Rs 5 crore from 29 June 1998 to 11 January 1999 in short term deposits of shorter durations up to 11 January 1999 for 30 days, 46 days and 51 days fetching interest at six *per cent*, seven *per cent* and eight *per cent* respectively. As there was little prospect for utilisation of the funds in the immediate future, the CDB should have invested the amount on long term investments yielding higher rate of interest. Had such an investment in term deposits bearing interest of 10.5 *per cent* been made during April 1998 to January 1999, the CDB would have earned interest income of Rs 39.37 lakh. The actual interest received during July-December 1998 on the short term deposits worked out to Rs 17.50 lakh only. Thus, the CDB lost income of Rs 21.87 lakh due to its poor management of surplus funds.

Ministry stated in September 2000 that funds were retained in current accounts to meet establishment expenditure and to facilitate release of grants in the first quarter of 1998-99 to State Governments which fulfil the pre-requisites for release of grants. The reply was not tenable because budget allocation and release of funds to respective State Governments was a regular affair for which surplus funds at the end of a financial year need not have been kept in reserve and retained in current account and short term deposits. Audit scrutiny of cash flow of the CDB also revealed that the funds kept in short term deposits were not required for release of money to the State Governments. The release of grants during 1998-99 commenced only after receipt of the first instalment of grants of Rs 7.60 crore in July 1998. Against Rs 17.60 crore received from Government of India in July and December 1998, the grants released to State Governments till February 1999 amounted to Rs 16.55 crore only. Bulk of the release of grant to State Governments occurred in the third and fourth quarters. As such, the surplus funds available with the CDB as of March 1998 which was almost entirely revenue generated by the CDB from its various activities (Rs 5.81 lakh only being the unspent grant out of the surplus of Rs 6.80 crore), should have been invested in more income yielding deposits.

Thus, routine investment of funds in current account/short term deposits deprived the CDB of additional interest of Rs 21.87 lakh.

¹ Coconut Development Board