

## CHAPTER VI: MINISTRY OF AGRICULTURE

### Department of Animal Husbandry and Dairying

#### 6.1 Non-recovery of liquidated damages and under utilisation of vessels

**Failure of the Director, Integrated Fisheries Project to levy liquidated damages for belated deliveries of vessels led to non-recovery of Rs 18.24 lakh including other charges of Rs 3.61 lakh, besides under utilisation of vessels.**

The Director, Integrated Fisheries Project entered into an agreement with M/s. Bharati Shipyard Private Ltd, Bombay for construction of two fishing vessels at a cost of Rs 3.66 crore in September 1991.

As per the terms of agreement, the first vessel was to be delivered by July 1992 and the second by October 1992. The agreement also, *inter alia* provided for levy of liquidated damages for delay in delivery of vessels.

It was, however, noticed that the vessels were delivered only in May 1995. Yet, Director, Integrated Fisheries Project did not impose penalty on the firm for belated supply of vessels despite provision in agreement, which resulted in loss of Rs 18.24 lakh including other charges of Rs 3.61 lakh to the Government.

Besides, the two vessels could not be used for regular fishing operations due to defects in construction 'MFV Lavanika' was continuously laid off due to stern tube leak and shortage of crew and 'MFV Tharangini' was put into restricted operation during June to December 1996. The former vessel was out at sea only for 218 days during 1995-99 while the latter was used for fishing for 78 days during 1995-97 and did not ply during 1997-99 for want of staff.

Thus, expenditure of Rs 3.66 crore incurred on acquisition of the two vessels turned out to be largely unproductive.

While accepting the facts, Ministry stated in September 1999 that issue of additional payment of Rs 79.11 lakh on account of foreign exchange variation and cost escalation as well as the extent of liquidated damages to be recovered from firm was under consideration with them. The decision of Ministry was, however, awaited as of October 2001.

## 6.2 Loss of revenue

**Inspection of imported plants and seeds was not conducted by the Plant Protection Officer, Kalimpong resulting in loss of Rs 1.66 crore and risk of import of infected plant materials into India.**

The Plants, Fruits and Seeds (Regulation of import into India) Order 1989 issued by the Ministry provides that

- No consignment shall be imported into India without a valid permit.
- All applications for a permit to import consignments shall be sent by the importer to the Plant Protection Adviser one month in advance and the permit issued shall be valid for six months.
- All consignments of plants and seeds shall be imported into India only through authorised Customs Stations as may be notified by the Central Government from time to time.
- The consignment, on arrival at an entry point, shall be inspected, and, if necessary, fumigated or disinfected by the Plant Protection Adviser or any other officer duly authorized by him on his behalf and may be accorded quarantine clearance or require, in public interest, destruction of the consignment or return of the same to the country of origin.
- The importer of the consignment or his agent shall pay to the Plant Protection Adviser or any officer duly authorized by him in this behalf, the fees prescribed from time to time for inspection, fumigation and disinfection before the release of the consignment.

The Plant Quarantine Station at Panitanki, West Bengal at Indo Nepal Border, an authorized entry point for plant and plant materials functions under the control of the Plant Protection Officer (PPO). Plant Quarantine Station, Kalimpong for inspection of the consignments imported from Nepal and collection of the inspection fees. The station commenced functioning from September 1987 with staff strength of one PPO and six other staff members.

Audit found in November 2000 that the PPO did not inspect imported consignments of agricultural products for the period since inception in September 1987 to July 2000. The Customs authorities, for whom it was obligatory to release these consignments only after such inspection and clearance certificate by the PPO, also failed to discharge their duty and released the imported consignments without such inspection. It was noticed that the Superintendent of Customs, Panitanki Land Customs Station wrote to the Assistant Commissioner of Customs, Naxalbari Division only in December 1998 seeking instructions in this regard. Due to non-receipt of instructions, the Superintendent of Customs, Panitanki

Land Customs Station did not refer any consignment of imported plant material to the PPO till July 2000. Inspections by the PPO commenced only from August 2000.

As a result of the foregoing acts of negligence and omission the following irregularities occurred:

1. From September 1987 to July 2000 all consignments of imported plant material were allowed into the country without necessary certification from the PPO. This negligence and failure resulted in the risk of import of infected plant material into the country and a revenue loss of Rs 1.66 crore for the period April 1994 to July 2000. The PPO, however, could not furnish figures pertaining to period from September 1987 to March 1994 though called for by Audit.
2. Since PPO did not carry out a single such inspection of infected plant material, a large part of the expenditure incurred during the period September 1987 to July 2000 on his office amounting to Rs 81.59 lakh was infructuous.
3. The Customs authorities were also at fault in releasing the consignments without inspection and certification from the PPO.
4. The case calls for investigation both by the Customs authorities and Ministry of Agriculture for such serious lapses, which, besides causing financial losses, also exposed the country to the risk of entry of infected plant material into the country.

The matter was referred to the Ministry in June 2001; their reply was awaited as of November 2001.