

CHAPTER III

INTEGRATED AUDIT

ANIMAL HUSBANDRY, DAIRYING AND FISHERIES DEPARTMENT

3.1 Integrated Audit of Fisheries Department

Highlights

Tamil Nadu with its coastline of 1,076 km is a leading State in the country in fish production. There are 591 marine fishing villages with a fisherman population of about 6.90 lakh. The prime responsibility of the Fisheries Department is to judiciously balance and enhance fish production with sustained conservation of resources, as well as to improve the socio-economic standards of fishermen.

- Funds amounting to Rs 24.48 crore remained unutilised for more than a year.

(Paragraph 3.1.6.7)

- Lack of infrastructure and deficiencies in the implementation of schemes resulted in annual production ranging from only 3.08 lakh tonnes to 3.97 lakh tonnes of marine fish during 2004-09, as against the State's potential of 7.19 lakh tonnes per year.

(Paragraph 3.1.7.1)

- Non-maintenance of ponds in usable condition, non-raising of fingerlings in ponds as per the norms of the Indian Council of Agricultural Research and poor fish production from reservoirs resulted in annual production ranging from only 0.87 lakh tonnes to 1.66 lakh tonnes of inland fish during 2004-09, as against the State's potential of 2.46 lakh tonnes per year.

(Paragraph 3.1.8.1)

- During 2004-07, only 954 (9.54 per cent) houses were constructed against 10,000 houses sanctioned for free distribution to fishermen.

(Paragraph 3.1.9.1)

- Non-receipt of adequate Central funds delayed the settlement of diesel subsidy claims of fishermen. Claims amounting to Rs 26.49 crore were still to be settled.

(Paragraph 3.1.9.2)

- Out of 1,564 posts sanctioned for the Department, 554 were vacant. Vacancies in technical posts constituted 35 to 40 per cent of the total vacancies which could affect the successful implementation of various programmes intended for improvement of marine/inland fisheries.

(Paragraph 3.1.10.1)

3.1.1 Introduction

Tamil Nadu is one of the States on the east coast, having a coastline of 1,076 km (13 *per cent* of the country's coastal line) with 13 coastal districts and 591 fishing villages. Of the east coast States, Tamil Nadu accounts for the maximum catch and ranks third in the total marine fish production¹ in the country. The present level of fish production in the State from inland and marine resources is 5.58 lakh tonnes. The State earned Rs 1,813 crore from marine exports, which was 13.41 *per cent* of the country's total marine exports during 2007-08.

The State has 1.90 lakh sq. km of Exclusive Economic Zone (EEZ) (9.4 *per cent* of the India's EEZ) and a continental shelf of about 41,412 sq. km. The State has a fisherman population of 6.90 lakh from 591 marine fishing villages scattered along the coast. There are three major fishing harbours, four minor fishing harbours and 363 fish landing places in the State.

The major objectives of the Fisheries Department are to :

- encourage fisher-folk to exploit under-utilised fish resources and to reduce fishing pressure on inshore areas;
- augment aquatic resource production in inshore areas by conserving measures, stock enhancements, establishing artificial reefs, etc;
- promote sustainable eco-friendly aquaculture practices;
- strengthen infrastructure for fish landing and marketing;
- ameliorate the socio-economic conditions of fisher-folk through welfare measures and
- give an impetus to ornamental fish culture and deep sea fishing, including tuna fishing.

3.1.2 Organisational structure

The Secretary to Government, Animal Husbandry, Dairying and Fisheries Department is the administrative head of the Department. The Commissioner of Fisheries (COF) is the head of the Department at the State level. At the field level, the State is divided into six regions headed by three Joint Directors of Fisheries and three Deputy Directors of Fisheries who are assisted by 44 Assistant Directors of Fisheries (ADF). For construction activities, a separate Engineering Wing, with one Superintending Engineer at Chennai and two Executive Engineers (EE) at the field level are functioning.

Besides, the Tamil Nadu Fisheries Development Corporation Ltd² and Tamil Nadu State Apex Fisheries Co-operative Federation Ltd³ are also functioning

¹ The first three are Kerala: 6.70 lakh tonnes, Gujarat : 6.07 lakh tonnes and Tamil Nadu : 4.26 lakh tonnes – (Source : Central Marine Fisheries Research Institute- Fish landing details for 2008).

² The Corporation objectives are fish seed production and stocking in reservoirs, fish processing and marketing and operating diesel outlets.

³ The Federation objectives are providing credit of all types including production, investment, marketing and welfare credits and providing technical, administrative, financial assistance to primary co-operative societies.

in the State to assist the Department in achieving its objectives. The organisational setup of these agencies is given in **Appendix 3.1**.

3.1.3 Audit objectives

The objectives of the integrated audit of the Department were to assess:

- the adequacy of financial management;
- the extent of budgetary controls;
- the effectiveness of programme implementation in increasing fish production and ensuring welfare of fisherfolk;
- the adequacy of manpower to implement the various programmes and
- the effectiveness of the internal audit system of the Department.

3.1.4 Audit criteria

The audit criteria against which the audit objectives were assessed are given below:

- The Tamil Nadu Marine Fishing Regulation Act, 1983, the Coastal Aquaculture Authority Act, 2005 and rules and regulations framed thereunder by GOI/State Government.
- Budget Manual of the Government of Tamil Nadu.
- Departmental Manual.
- Programme/scheme guidelines issued by GOI/ State Government.
- GOI/State Government orders on sanctioning of funds.

3.1.5 Audit coverage, methodology and sampling

The audit was conducted during February to June 2009 in the Secretariat, the office of the COF, four regional offices⁴, offices of 13⁵ Assistant Directors of Fisheries including one Staff Training Institute at Chennai, the Superintending Engineer (Fishing Harbour Project Circle) Chennai, the Executive Engineer (Fishing Harbour Project Division) Nagercoil, the Tamil Nadu Fisheries Development Corporation, Chennai and Tamil Nadu State Apex Fisheries Co-operative Federation, Chennai. The audit covered the period from 2004-05 to 2008-09.

⁴ Chennai, Coimbatore, Madurai and Thoothukudi.

⁵ ADFs (Marine), Chennai, Cuddalore and Ramanathapuram ; ADFs (Inland), Madurai, Metturdam and Villupuram ; ADFs (Extension & Training), Colachel; ADF (Fishing Harbour Management Wing), Thoothukudi ; ADFs (Aquaculture), Chidambaram and Ramanathapuram ; ADF (Research), Chennai; ADF(Exploratory), Kanyakumari and Staff Training Institute, Chennai.

The audit objectives and audit criteria were discussed with the Secretary to Government, Animal Husbandry, Dairying and Fisheries Department on 20 April 2009. The audit findings are based on the evidence collected from the records of the auditees and the replies furnished by the officers concerned. The audit findings were discussed with the Secretary to Government, Animal Husbandry, Dairying and Fisheries Department on 17 August 2009.

Out of 44 offices of ADFs, 13 were selected on the basis of the stratified random sampling method. The 44 ADF Offices were stratified on the basis of their functionality and within each stratum, the offices were arranged in the ascending order of expenditure incurred during 2007-08 and random numbers were generated so as to select 25 *per cent* of the total units in each category. One office of the Executive Engineer (Fishing Harbour Project Division) was selected out of the two offices, based on the random sampling method.

3.1.6 Allocation and expenditure

Allotment of funds vis-à-vis expenditure and savings are shown in **Table 1**.

Table 1 : Budget Allocation and Expenditure

(Rupees in crore)

Year	Budget Allocation			Expenditure	Savings	Percentage of saving
	Original	Supplemental	Total			
2004-05	68.25	11.93	80.18	68.81	11.37	14
2005-06	79.91	33.46	113.37	65.83	47.54	42
2006-07	99.31	15.34	114.65	75.75	38.90	34
2007-08	110.91	2.68	113.59	78.92	34.67	31
2008-09	120.73	11.01	131.74	80.59	51.15	39

(Source : Appropriation Accounts)

Audit noticed deficiencies in budgeting and expenditure control which are discussed in the following paragraphs :

3.1.6.1 Budgeting

Savings ranged between 14 and 42 per cent, supplementary provisions were in excess of requirements and surrender of funds ranged between 12 and 41 per cent

Budgeting was not realistic in view of the persistent and substantial savings ranging between 14 to 42 *per cent* during 2004-09.

Each year, supplementary provisions were obtained without justification, as the savings at the end of the year were more than the supplementary provisions during 2005-09. Persistent excess supplementary provisions indicated that the actual requirements for implementation of the schemes were not properly assessed and the expenditure was not monitored regularly.

Excess budgetary provisions forced the Department to surrender funds in the range of 12 to 41 *per cent* of the budget provisions. This indicated the absence of a mechanism for monitoring and reviewing expenditure as well as estimating the actual needs of the Department as detailed in **Table 2**.

Table 2 : Substantial surrenders

Year	Total budget provision	Surrender	Percentage
	(Rupees in crore)		
2004-05	80.18	9.37	12
2005-06	113.37	46.45	41
2006-07	114.65	38.06	33
2007-08	113.59	34.08	30
2008-09	131.74	51.97	39

(Source: Appropriation Accounts)

3.1.6.2 Inflated receipts

Receipts of the Department were inflated due to bringing of fishermen's contributions into the Government account

To alleviate the sufferings marine fishermen and women face during the lean seasons, the Government operates two schemes⁶. Under these schemes, each fisherman/fisherwoman contributes Rs 75 per month for eight months, totaling Rs 600 in a year and the Government also contributes the same amount. During lean months, Rs 1,200 is distributed to each beneficiary in four equal monthly instalments. As per GOI's instructions, the beneficiaries' contributions are to be kept in a savings account in a nationalised bank in the name of the Director of Fisheries.

It was noticed that the Department treated the beneficiaries' contributions as State receipts and remitted them into the Government account. Later, the Department withdrew the entire amount including the beneficiaries contributions under the expenditure head and disbursed the money to the beneficiaries. Thus remittance of the beneficiaries' contributions to the Government account resulted in inflation of Government receipts (about 80 per cent) during the period 2004-09 as detailed in **Table 3**.

Table 3: Inflated receipts

Year	Total receipts of the Department	Contribution made by fisherfolk under the two schemes	Percentage of inflated receipts to total receipts
	(Rupees in crore)		
2004-05	12.74	10.78	85
2005-06	17.44	13.63	78
2006-07	18.20	14.70	81
2007-08	21.27	16.40	77
2008-09	19.55	14.93	76

(Source: Appropriation Accounts and Budget documents)

The Department stated (August 2009) that Assistant Directors of Fisheries had been instructed to remit the beneficiary contributions in the bank account in the name of the COF from 2009-10 onwards.

⁶ (i) National Savings-cum-Relief Scheme for marine fishermen is a GOI scheme meant for providing financial assistance to fishermen during the lean season.
(ii) Savings-cum-Relief Scheme for marine fisherwomen is a State scheme meant for providing financial assistance to fisherwomen during the lean season.

3.1.6.3 Non-availing of Government of India's assistance

Non-availing of GOI assistance due to delay in utilisation of funds received earlier

(a) Government of India (GOI) sanctioned Rs 1.80 crore in 2005-06 under the Centrally Sponsored Scheme of Motorisation of Traditional Crafts, the expenditure of which was to be shared equally between the State and GOI. The State Government contributed Rs 1.80 crore towards its share. Under the scheme, Rs 20,000 was to be given as subsidy to each beneficiary for purchase of out-board engines⁷ for unmotorised fishing boats. However, the Department utilised Rs 3.48 crore (97 per cent) including the State share during 2005-09. The State Government could not fully utilise the funds released by GOI in 2005-06 and the State's proposal (December 2006) for Central assistance for 2006-07 was turned down by GOI. The State did not seek any funds during 2007-08. In 2008-09, GOI released (October 2008) only Rs 50 lakh towards its share.

Thus, belated utilisation of Government of India funds by the Department resulted in non-availing of funds under the scheme during 2006-07 and 2007-08. This deprived the beneficiaries of the chance to get engines at subsidised rates to convert their traditional boats to motorised boats.

(b) Under the Centrally Sponsored Scheme, 'Development of Inland Fisheries and Aquaculture', GOI released Rs 1.25 crore during 1990-91 to 1995-96. The State was to release a matching grant of the same amount for the same period. However, the State Government sanctioned only Rs 2 crore, out of which, Rs 1.62 crore had been drawn and disbursed to Brackish Water Fish-farmer Development agencies⁸ to implement the scheme.

The State Government sanctioned the balance amount of Rs 88.07 lakh in November 2006 after a delay of 13 years and the utilisation certificate was furnished to GOI in May 2008. Audit noticed that since the utilisation certificate for the amount released by GOI had not been sent, the funds required by the State in subsequent proposals during 2002-06 were not sanctioned by GOI. Even though GOI had given administrative approval for the implementation of the Development of Inland Fisheries and Aquaculture during 2006-07 at a cost of Rs 9 crore, no funds had been released so far.

Thus, the inordinate delay in release of funds by the State Government, coupled with delays in furnishing of the utilisation certificate to GOI resulted in non-availing of GOI assistances for the last seven financial years for coastal aquaculture development.

3.1.6.4 Lease rents and royalty

Non-revision of lease rent and non-realisation of Government receipts in time

The Fisheries Department leased out its reservoirs to the Tamil Nadu Fisheries Development Corporation (TNFDC) on rent and royalty as fixed by the Government. As per a Government order of June 2007, TNFDC was required to pay lease at seven per cent on the annual value of the assets and royalty depending on the grades⁹ of fish catches from reservoirs. The

⁷ Separate engine which can be fitted to an unmotorised boat, whenever necessary.

⁸ Agencies established to popularise brackish water aquaculture activity, headed by Chief Executive Officers in the rank of Assistant Director of Fisheries under the Chairmanship of the District Collectors.

⁹ Fish are generally categorised under four grades, i.e. I, II, III and IV. Prawns etc are classified as special grade.

Government instructed (June 2007) the Department to form a Committee to assess the present value of assets so as to fix the rent. However, the Department sent a proposal only in February 2009 to the Government to form the Committee. The Committee was still to be formed and the Department was still to revise the lease rent in respect of five reservoirs whose leases had been renewed for 30 years, from July 2007 onwards.

It was observed that the royalty amount due upto March 2005 alone worked out to Rs 54.52 lakh after adjusting Rs 14 lakh payable by the Department to TNFDC. For the years 2005-09, the royalty amounts due for collection were still to be calculated as the Department did not have the details of the fish catches from the reservoirs. Thus by not revising lease rents and not working out the royalty charges, the Department could not ensure the realisation of Government revenues in time.

3.1.6.5 Auction of conch shells pending

Non-auctioning of conch shells worth Rs 1.12 crore

Prior to 1993-94, conch shells were being extracted from the sea and sold by the Department. After the introduction (April 1993) of the licence system for conch fisheries, the procurement and sale of conches by the Department was stopped. However, as of March 2009, 3.89 lakh conches valued at Rs 1.12 crore remained undisposed and were available with the ADF Ramanathapuram and Thoothukudi. Even though the Government permitted (2005) the Department to dispose of the conches through the open tender system, the Department could not finalise the procedure to auction them. Thus, potential Government revenue of Rs 1.12 crore could not be realised.

3.1.6.6 Interest liability

Avoidable interest liability of Rs 2.13 crore

(a) The Government availed (March 2001) of a loan of Rs 5 crore with an interest rate of 15 *per cent* from the National Co-operative Development Corporation (NCDC) under the 'Integrated Marine Fisheries Development Programme'. The COF withdrew the funds and transferred (2001) the same to the Tamil Nadu State Apex Fisheries Co-operative Federation Ltd (TAFCOFED) to implement the programme. TAFCOFED utilised only Rs 69 lakh upto October 2002. In order to avail of a reduced rate of interest offer of NCDC, the Government repaid Rs 4.31 crore to NCDC in November 2003 and availed of the loan at an interest rate of 10 *per cent* in December 2003. However, again TAFCOFED could not spend the entire amount of borrowed funds and refunded Rs 4.31 crore to the Government in March 2007, thus creating an additional liability of interest payment of Rs 2.05 crore to the Government.

(b) In a dispute between the Department and a contractor in execution of a work¹⁰, the Department was ordered to pay Rs 10.99 lakh to the contractor as per the High Court's order in September 2001. The Government sanctioned the funds in March 2002 but for want of budgetary support, the Department was not able to settle the dues of the contractor as per the orders of the Court. The amount was finally paid to the Registrar of the High Court in July 2007. Due to the delay, the Department had to pay interest at the rate of 12 *per cent* per annum to the contractor up to the date of payment. Thus, non-provision of the required funds and the inordinate delay in honouring the Court's order resulted in additional liability of interest payment of Rs 7.58 lakh for the Department.

¹⁰ Construction of Quay wall at Valinokkam in Ramanathapuram District.

Drawal of Rs 24.48 crore in advance in 11 cases

3.1.6.7 Drawal of funds in advance

As per codal provisions, no money on any account is to be drawn in advance of requirement or transferred to deposit accounts as reserve in order to prevent it from lapsing so as to utilise the funds in subsequent financial years. However, Audit noticed that during 2004-09, funds sanctioned for implementation of various schemes, except under the scheme 'Tamil Nadu Irrigated Agriculture Modernisation and Water Bodies Restoration and Management Project', were drawn and credited to the Personal Deposit Account of the COF. Based on the sanction of the COF, the funds credited to the Personal Deposit Account were later released to the field units. In 11 cases, funds amounting to Rs 24.48 crore were drawn in advance between March 2005 and March 2008 and utilised in subsequent years, indicating that the requirements of funds were not properly assessed and drawals were not need based as given in **Appendix 3.2**.

3.1.6.8 Non-closure of Personal Deposit Account

As per the provisions of the Tamil Nadu Financial Code, Personal Deposit Accounts are to be closed at the end of each financial year. However, the Personal Deposit Account of COF was not closed every financial year during 2004-08. In 2008-09, the Personal Deposit account was closed by transferring Rs 66.36 lakh to a savings bank account instead of crediting the amount to the concerned service head of the Government Account.

Parking of Rs 44.78 crore outside Government Account in four cases

3.1.6.9 Parking of Government funds

(i) Government sanctioned (1991-94) Rs 1.40 crore for an aquaculture estate at Tharuvikulam in Toothukudi district. The funds were drawn and transferred (December 1991 and July 1993) by the COF to TNFDC for execution of the work. However, TNFDC could utilise only Rs 0.14 crore towards consultancy fees, site clearance etc. and the balance amount of Rs 1.26 crore remained outside the Government Account for 15 years, without being utilised for the purpose for which it was sanctioned.

(ii) Similarly, out of Rs 70 lakh released (March-July 2007) to TNFDC/TAFCOFED for development of post-harvest infrastructure facilities in the State, unspent funds of Rs 41 lakh remained with TNFDC/TAFCOFED as of March 2009.

(iii) Government entrusted (April 2008) the upgradation and maintenance of an auction hall at Chinnamuttam fishing harbour to TNFDC and permitted upgradation works from its own sources with subsidy from the Marine Products Export Development Authority (MPEDA). Meanwhile, based on a proposal of the COF to upgrade the hall in order to meet international quality standards and to complete the work before 31 March 2008, as per the requirements of MPEDA, Government sanctioned (May 2008) Rs 50 lakh under World Bank-aided Tsunami Reconstruction project. The COF withdrew (May 2008) the amount and kept it in a savings bank account. Thus

Rs 50 lakh received by the COF under the World Bank-aided Tsunami reconstruction project remained blocked for over one year.

(iv) A total amount of Rs 42.61 crore relating to the Free Housing Scheme for fishermen was lying unutilised (March 2009) with various agencies like DRDA, Fisheries Co-operative societies and the Engineering Wing of the Department.

Thus, release of funds far in advance of requirement resulted in parking of the funds and defeated the objectives of the programme.

3.1.7 Programme management

The fishing sector is broadly classified into the marine fisheries sector and the inland fisheries sector. The Department implements various programmes to achieve sustainable fish production through involvement of marine and inland fisherfolk, to strengthen the infrastructural facilities for fish landing and marketing and to ensure the socio- economic welfare of fisherfolk.

The activities of the Department were carried out through the implementation of various schemes under the State Plan, Centrally sponsored schemes (100 per cent share) and Centrally sponsored shared schemes during 2004-09.

3.1.7.1 Utilisation of marine resources

Export of marine fish products decreased from 15.35 per cent in 2004-05 to 11.65 per cent in 2008-09

The marine fisheries potential of the State was estimated at 7.19 lakh tonnes¹¹ against the all India potential of 39.34 lakh tonnes. The marine fish production of the State and the export of marine products from the State during 2004-09 are given in **Table 4**.

Table 4: Marine fish production and export

Year	Fish production from marine fisheries (in lakh tonnes)	Marine products exported		State's contribution in country's export of marine products (in per cent)
		Tamil Nadu	India	
		(in tonnes)		
2004-05	3.08	70,809	4,61,329	15.35
2005-06	3.90	72,418	5,12,164	14.14
2006-07	3.92	72,883	6,12,641	11.90
2007-08	3.93	72,644	5,41,701	13.41
2008-09	3.97*	61,735**	5,30,020**	11.65

* Provisional figures up to March 2009 ** Provisional figures up to February 2009

(Source : Endeavour Reports and particulars obtained from the Department)

Despite some improvement in marine fish production during 2005-08, the marginal decline in the State's contribution to all-India export of marine fish products from 15.35 per cent in 2004-05 to 11.65 per cent in 2008-09 indicated that the potential of marine fisheries was still to be optimally exploited by the State.

Deficiencies in the implementation of programmes aimed to improve marine fisheries are discussed below :

¹¹ As per Tenth Five Year Plan documents : 3.69 lakh tonnes up to 50 m depth and 3.50 lakh tonnes beyond 50 m depth.

3.1.7.2 Non-utilisation of offshore fish resources

Non-utilisation of off-shore fish resources due to non-implementation of planned schemes

The Government proposed (2002) to acquire five vessels of 18 metres length fitted with AL402 engines to facilitate fishing in the area of 50 to 70 metres depth during the Tenth Plan at a cost of Rs 3.25 crore. It also planned to supply 500 intermediate range fishing boats to fisherfolk at 25 *per cent* subsidy. The outlay for this was estimated at Rs 2.50 crore. The Department did not take any effective action to implement either of the schemes. Even though GOI offered assistance for introducing intermediate range fishing boats, the Department did not send any proposal to GOI. Thus, the Government lost the opportunity to optimise the utilisation of offshore fish resources.

3.1.7.3 Non-exploration of fishery resources

Absence of survey boats led to non-conduct of surveys

The State Government reorganised (June 2000) the Department of Fisheries on functional lines and exclusively created two offices at Kanyakumari and Chennai for exploring marine fishery. The objective of exploratory fisheries was to create a database of varieties of fish, availability of fish in various seasons and locations and dissemination of important findings of surveys to fisherfolk. Audit, however, noticed that no survey had been conducted from April 2007 onwards by ADF, Kanyakumari and from July 2001 onwards by ADF, Chennai for want of survey boats. Thus, the objective of creation of these two offices to disseminate data on fish availability to the fisherfolk was not served.

3.1.7.4 Artificial Reef

Scheme for fabrication and laying of artificial reef not yet taken up

An artificial reef is an underwater habitat for marine life which is helpful in increasing the productivity of the ecosystem. Fish congregate in these areas for food, shelter and breeding purpose, leading to an increase in their production.

Government sanctioned (2007-09) Rs 40 lakh for fabrication and laying of artificial reefs in Kancheepuram, Kanyakumari, Thanjavur and Thiruvallur districts. Efforts of the COF to execute the work through TAFCOFED failed due to lack of engineering staff to execute the work. The COF decided (December 2008) to fabricate and lay the artificial reefs through the Central Marine Fisheries Research Institute, Cochin (CMFRI). Rupees 40 lakh was given to CMFRI in December 2008 and February 2009 to implement the programme. However, despite the availability of funds since May 2007, the scheme had not been taken up (May 2009).

3.1.7.5 Sea ranching programme

Under sea ranching programme, Rs 40 lakh remained unutilised with the Commissioner of Fisheries.

Coastal fish habitats are affected by pollution, reduction in mangrove cover, sedimentation as well as excess fishing pressure in the inshore region. In order to redress the problems of over-exploitation and to stall depletion of inshore resources, the scheme of sea ranching of commercial shrimps was launched in March 2003.

Under the programme, the Department was to stock 15-20 day post-larvae seed collected from hatcheries. After rearing them, the fingerlings were to be released in the sea. The Government sanctioned Rs 1.28 crore in December 2004 to ranch 53 million shrimp seeds at 12 places in five coastal

districts¹². The implementation of the programme was entrusted to TAFCOFED. The tenders for supply of fish seed and feed were finalised in October 2005. TAFCOFED, however, even after four years, could utilise only Rs 1.08 crore for rearing and stocking of 48 million shrimp seeds and Rs 20 lakh remained unutilised.

Further, Government sanctioned Rs 20 lakh in June 2008 for sea ranching in five more places. As of March 2009, unutilised Government funds of Rs 40 lakh were available under this scheme with the COF. Thus, the objective of the scheme was still to be fully achieved.

3.1.7.6 Construction of fishing harbours

Three fishing harbours not yet constructed

The existing fishing harbours and landing centres in the State provided safe berthing for less than 20 per cent (2,200 boats) of the total mechanised boats available in the State. All the fishing harbours were established prior to 1994. The introduction of Hazard Analysis and Critical Control Point (HACCP) and European Union norms¹³ for import of sea food from developing countries necessitated the development of infrastructural facilities for hygienic handling of fish.

The State Government's proposal to construct three¹⁴ fishing harbours at an estimated cost of Rs 94.05 crore during the Tenth Plan period was at various stages of implementation as detailed in **Table 5**.

Table 5: Status of construction of fishing harbours

Place	Date of initial sanction and estimated cost	Date of revised administrative sanction and revised cost	Present stage of work (May 2009)	Audit observation
Colachal	September 2006 Rs 23.50 crore	June 2008 Rs 27.10 crore	Work of construction of breakwater was awarded in October 2008 and to be completed in two years	The construction of wharf, dredging etc., to be taken up after completion of breakwater. Thus there was scope for further cost escalation and time over run
Thengai - pattinam	December 2005 Rs 30.55 crore	March 2009 Rs 40 crore	Tendering under progress	Even as tendering was not completed, there was scope for further cost escalation
Poombuhar	Estimated at a cost of Rs 40 crore. Clearance from Archaeological Department was awaited.			

(Source : Records of Fisheries Department)

3.1.7.7 Modernisation of fishing harbours

Modernisation of fishing harbours at four places not taken up

As a long-term rehabilitation measure to support the livelihood of fishermen affected by the tsunami, Rs 18.62 crore was sanctioned (October 2005) under the World Bank aided 'Emergency Tsunami Reconstruction Project' for reconstruction and modernisation of four¹⁵ fishing harbours and Rs 2.57 crore was released (October 2005) by Government. The Department entrusted the

¹² Nagapattinam, Pudukottai, Ramanthapuram, Thanjavur and Thoothukudi.

¹³ A systematic approach to identification, assessment and control of hazards like biological, chemical and physical contamination of commercial food products, recognised by the World Health Organisation, Food and Agriculture Organisation etc.

¹⁴ Colachel, Poombuhar and Thengapattinam.

¹⁵ Chinnamuttam, Mallipattinam, Nagapattinam and Pazhayar.

preparation of a detailed project report (DPR) for the purpose to a consultant, viz. M/s SMEC International Private Ltd., Australia in September 2007. The consultant submitted a DPR to the Department for one harbour viz. Chinnamuttam, although for all the four harbours DPRs were to be submitted within 12 months from the date of entrustment of the work of preparation of the DPRs. The Department had so far spent (April 2009) just Rs 0.44 crore as against Rs 2.57 crore received for this purpose and Rs 2.13 crore remained unutilised. The work of modernisation of the fishing harbours was still to take off as of March 2009.

3.1.7.8 Construction of Fish Landing Centres

Out of 22 fish landing centres in the State, only 11 were in use

There were 363 fish landing places¹⁶ in the State's coastal area. However, Fish Landing Centres¹⁷ (FLCs) had been constructed only in 22 places. Of the 22 FLCs constructed, only 11 were in use as detailed below.

(a) Of the 13 FLCs constructed prior to 2000, only two FLCs were being used. Kottaipatinam was in full use and another one at Rameswaram was being used partially. Of the remaining 11 FLCs, one FLC was used by the Navy and 10 FLCs are not being used due to siltation (March 2009).

(b) Of the 20 FLCs proposed to be constructed during 2000-09, nine FLCs were constructed and were being used. Of the remaining 11 FLCs, the one proposed in Veerapandipattinam was abandoned due to public protest and in 10 other places¹⁸, the FLCs sanctioned under the Tsunami Rehabilitation programme during 2007-08 were at the tendering stage.

Thus, the intended objective of providing FLCs at these 21 places was still to be achieved.

3.1.7.9 Maintenance of Fish Landing Centres

Absence of proper arrangements for maintenance of fish landing centres

Proper arrangement for maintenance of FLCs is essential to ensure hygiene. Audit, however, observed that no arrangements had been made for the maintenance of nine FLCs¹⁹ constructed in 2004. The Department's efforts to entrust (2006) the maintenance of FLCs to TAFCOFED failed as it expressed its inability to do the work. Even though the Government decided (April 2007) to hand over the management of FLCs to stakeholders like fishermen's co-operative societies, fish product exporters etc., no follow-up action was taken up for the proper maintenance of the nine FLCs by the Department.

¹⁶ Places on the seashore where fishermen unload their catches.

¹⁷ Places where facilities for unloading of fish catches and for repairing traditional and small sized mechanised fishing vessels are available.

¹⁸ Annamalaicherry in Thiruvallur District, Ekkiyarkuppam in Villupuram District, Kadalur Periyakuppam in Kancheepuram District, Keezharakarai in Ramanathapuram District, Periya Mangodu in Thiruvallur District, Periyathalai in Thoothukudi District, Mugathuvarakuppam in Thiruvallur District, R.Pudupattinam in Pudukottai District, Thresapuram and Uvari in Tirunelveli District.

¹⁹ Arcottuthurai and Nagapattinam in Nagapattinam District, Jagathapattinam in Pudukottai District, Mandapam and Soliyakudi in Ramanathapuram District, Mudasalodai in Cuddalore District, Pulicat in Thiruvallur District, Punnakayal in Thoothukudi District and Sethubavachatram in Thanjavur District.

In the four²⁰ test-checked units, the Assistant Director Fisheries (ADF) confirmed the absence of proper maintenance arrangements for FLCs and attributed the non-maintenance to shortage of manpower.

3.1.7.10 Absence of guidelights

Guidelights²¹ should be available in coastal areas for the safe return of fisherfolk who venture out to sea. Despite this, it was found that guidelights were available only in 53 places as against 363 marine fish landing places in the State. Of the available 53 guidelights, only 38 were in working condition as of March 2009. The absence of guidelights could affect the safety of fishermen working at night.

3.1.7.11 Infrastructure for enforcement of Marine Fisheries Regulation Act, 1983

Non-availability of patrol boats for monitoring the use of banned boats and nets

In order to conserve sea stock, the Government imposed a ban on operation of mechanised boats for a specific period every year and also on use of certain types of nets under the Tamil Nadu Marine Fisheries Regulation Act, 1983. In 1999, Government purchased five patrol boats for Rs 4.50 crore for enforcement of the Act. The boats had not been operated for the past nine years. Though this was commented upon in the CAG's Audit Report of 1999-2000, the Department had not taken any action either to use the boats or to dispose of them. As no new boats were purchased for this purpose during 2004-09, effective monitoring of banned boats and nets could not be ensured as required under the Tamil Nadu Marine Fisheries Regulation Act, 1983.

3.1.7.12 Registration of fishing vessels

The Tamil Nadu Marine Fisheries Regulation Act, 1983 provides for registration of all fishing vessels by the Fisheries Department. As of March 2009, 5,596 mechanised fishing boats, 15,513 *vallams*²² and 29,668 catamarans were registered. However, in the two test-checked offices²³, the Department reported that 376 boats (five *per cent*) were not registered.

3.1.8 Inland fisheries

The total inland water resources available in the State were estimated at 3.70 lakh hectares²⁴. These included water bodies such as reservoirs, irrigation tanks (major and minor), seasonal tanks, ponds, rivers, backwaters, hatcheries and swamps.

²⁰ Mudasalodai in Cuddalore district, Pulicat in Thiruvallur district, Mandapam and Soliyakudi in Ramanathapuram district.

²¹ Masonry pillars in the shore providing light to enable fisherfolk to navigate their crafts safely to the shore during night time and during inclement weather conditions.

²² A country craft similar to a Catamaran.

²³ ADF, Chinnamuttam and Ramanathapuram.

²⁴ Reservoirs: 0.52 lakh hectares, major Irrigation and long seasonal tanks: 0.97 lakh hectares; minor Irrigation and short seasonal tanks and ponds: 1.58 lakh hectares and estuaries, backwaters and swamps: 0.63 lakh hectares.

3.1.8.1 Underutilisation of inland water resources

The total potential of inland fisheries was estimated in the State Plan document at 2.46 lakh tonnes per year. As against this, the actual fish production from inland fisheries during 2004-09 varied between 0.87 lakh tonnes and 1.66 lakh tonnes as shown in **Table 6**.

Table 6: Inland fish production

Year	Inland fish production (in lakh tonnes)
2004-05	0.87
2005-06	1.57
2006-07	1.60
2007-08	1.65
2008-09	1.66

(Source: Endeavour Reports of the Department)

Deficiencies in the implementation of programmes to improve inland fisheries are discussed below:

3.1.8.2 Fish seed production

To produce more fish and conserve fish species, the Government undertakes the production of quality fish seeds. The fish seed production involves three main stages *viz.* (i) maintenance of brood fish for breeding in ponds, (ii) hatching of eggs and (iii) rearing of young fish at various stages like post larva, early fry, late fry and fingerlings. The early fry are reared in nursery ponds for about 15 days. Late fry are grown in rearing ponds to the stage of fingerlings in 30 to 90 days. The fingerlings so reared, are stocked in reservoirs and ponds for ultimate fish production.

Shortfall in production of 7.20 crore fish seeds in the States.

In six districts, seed production was only 18 to 47 per cent of the total requirement

The average inland fish production per annum in the State was 1.29 lakh tonnes. To attain this, the requirement of the State was 23.20 crore fingerlings. As against this, the fingerling production including the private sector was only 16 crore. The remaining 7.20 crore fingerlings were obtained from neighbouring States. The district-wise fingerling production in six districts for which details were available indicated that only 18 to 47 *per cent* of the total requirement was produced in the districts as detailed in **Appendix 3.3**. Departmental records showed that one of the reasons for the decrease in fish seed production was the mismatch between the breeding season and the availability of water in the tanks.

3.1.8.3 Seed production centres

In eight seed production centres, only 52 to 62 per cent of early fry was produced during 2004-09

The Department had eight seed production centres with breeder ponds covering 10.5 hectares. Only eight hectares (75 *per cent*) of the brood area was in usable condition and operation (March 2009). Though the total production capacity was 40.25 crore of early fry per annum, the targets were fixed in the range of 27.50 crore to 31.35 crore during 2004-09. The actual early fry production against the target fixed during the same period ranged between 15.60 crore (52 *per cent*) and 16.96 crore (62 *per cent*) of the production capacity (**Appendix 3.4**).

3.1.8.4 Fish seed rearing centres

In 28 fish seed rearing centres, only about 50 per cent of the targeted fingerlings were produced

There are 28 fish seed rearing centres in the State with a seed rearing area of 18.5 hectares. As of March 2009, only 10 hectares of rearing area was in usable condition and in operation and 8.5 hectares were under repairs. The actual fingerlings production during 2004-09 was only about 50 per cent of the targets fixed (**Appendix 3.5**). Of the 28 centres, the actual fingerling production was less than 25 per cent of the targets fixed in three to 11 centres during 2004-09. The major reason for not utilising the optimum capacity in controlled conditions by the Department to produce early fry and fingerlings was the absence of bigger ponds for seed production. Audit noticed that 33 per cent of breeder ponds, 46 per cent of nursery ponds and 34 per cent of rearing ponds, were unusable, as shown in **Table 7**.

Table 7: Status of ponds in use

Sl. No.	Nature of ponds	Total ponds	No. of ponds in use	Percentage of facilities in use
1.	Breeder ponds	60	40	67
2	Nursery ponds	521	283	54
3	Rearing ponds	91	60	66

(Source: Departmental reports/records)

The details of area of total ponds (Breeder, Nursery and Rearing) and the status of ponds are given in **Appendix 3.6**. Out of a total of 1,86,715 sq.m of ponds area, 67,811 sq.m. (36 per cent) was unusable. Vacancies in technical posts like Fishery Overseers etc and non-availability of water contributed to the reduced production of fish seed.

3.1.8.5 Fish production from reservoirs

In the 52 reservoirs of the Department, the targets fixed for stocking of fingerlings were achieved. However, the expected exploitation could not be achieved

There are 52 reservoirs under the control of the Department. These reservoirs are stocked with quality fingerlings by the Department. The Department fixes targets for stocking and exploitation of table fish in reservoirs. These targets are fixed based on the productivity of the reservoirs during previous years.

The targets and achievements for stocking in the reservoirs during 2004-09 are shown in **Table 8**.

Table 8: Stocking of fingerlings in reservoirs

Year	Target for stocking	Achievement	Percentage of actual
	(in lakh)		
2004-05	94.61	88.78	93
2005-06	94.61	84.53	89
2006-07	90.90	87.50	96
2007-08	91.60	96.95	105
2008-09	92.35	NA	NA

NA – Not Available

(Source: Endeavour reports of the Department)

Though the Department achieved 89 to 105 *per cent* of the targets fixed for stocking during 2004-08, it could not achieve the expected exploitation as shown in **Table 9**.

Table 9: Exploitation of fish in reservoirs

Year	Stocked variety			Unstocked variety			Total		
	T	A	P	T	A	P	T	A	P
	(in tonnes)			(in tonnes)			(in tonnes)		
2004-05	643.50	251.83	39	828.20	302.67	37	1417.70	554.50	39
2005-06	643.50	352.02	55	828.20	667.47	81	1417.70	1019.49	72
2006-07	720.05	498.28	69	1061.10	684.80	65	1781.15	1183.08	66
2007-08	726.85	429.38	59	1069.15	679.10	64	1796.00	1108.48	62
2008-09	860.79	N.A		1095.95	N.A		1956.74	N.A	

T : Target A : Achievement P : Percentage NA : Not Available

(Source: Periodical reports of the Department)

Audit noticed that the targets for stocking and exploitation were fixed based on the fish productivity of the reservoirs in the previous years and were not based on the norms of the Indian Council of Agricultural Research. As per these norms, the size of the fingerlings for stocking should be 10 cm, whereas the sizes of the ponds available with the Department in the reservoir for seed rearing were not adequate to raise fingerlings beyond five to six cm. As the sizes of the ponds were small, fingerlings were raised up to only six cm and the targets were fixed based on the production of such fingerlings. One of the reasons for not achieving the expected exploitation was stocking of fingerlings of lesser size.

3.1.8.6 Cage culture of fishes in water bodies

Non-implementation of cage culture of fishes in Aliyar Reservoir

Cage culture of fishes is rearing of fishes from fingerlings to table fish in enclosures which permit water exchange and waste removal. Cage culture of fishes can be adopted in perennial water bodies where there is sufficient water depth.

To improve inland fish production, the Government sanctioned (May 2005) Rs 5 lakh for cage culture in Aliyar Reservoir. The implementation of this pilot project was entrusted to the Tamil Nadu Fisheries Development Corporation (TNFDC). Under this project, 22 cages were created and 11,800 fish seeds were stocked in cages at a cost of Rs 3.58 lakh. However, the implementation of the scheme was discontinued (May 2006) due to damage caused to the cages by heavy winds. Considering the speed of the winds and the high tide, TNFDC decided to implement the project in Amaravathy reservoir. However, no action had been taken to implement the project in Amaravathy reservoir so far.

In March 2008, under the National Agriculture Development Programme (NADP), Government sanctioned Rs 10.50 lakh for cage culture in inland water bodies. The amount sanctioned was drawn and deposited in the Personal Deposit Account of the COF in April 2008. Later, in May 2008, Rs 10.50 lakh was released to TNFDC to implement the scheme in the Aliyar reservoir. As of March 2009, Rs 11.92 lakh remain unutilised and available with TNFDC.

3.1.8.7 Propagation of an endangered species

Poor planning led to non-propagation of an endangered species, viz ‘mahseer’

Establishment of a ‘mahseer’ hatchery at Sholaiyar dam to propagate the endangered mahseer fish artificially was contemplated in 1998. During 2007-08, the Department established the hatchery at a cost of Rs 18.17 lakh. However, no fingerlings of mahseer fish had been raised in the hatchery as of May 2009 as the collection of mahseer breeders from the reservoirs was difficult. The Department attributed (April 2009) the non-propagation to the difficulty in collection of breeder seeds from the dam which had a minimum water level of 135 feet as the mahseer fish were a bottom dwelling variety. Considering the dam’s minimum water level and dwelling habit of the endangered species, the Department could have planned to get the breeder fish from other sources. Thus poor planning resulted in the Department not being able to propagate the endangered species even after 10 years of launching of the programme.

3.1.8.8 Implementation of World Bank assisted project

Shortfall in physical achievement of three activities under IAMWARM project

The Tamil Nadu Irrigated Agriculture Modernisation and Water bodies Restoration and Management Project (IAMWARM) is a World Bank funded project, which aims to improve the productivity of water and agriculture for enhancing farm income by convergence of line Department activities using water as an integrated approach.

Under this project, Rs 17.30 crore was approved by the World Bank for the Fisheries Department. During 2007-09, 25 sub-basins were selected for implementation of this project at a cost of Rs 6.90 crore. Though eight activities²⁵ were undertaken by the Department under this project, the physical achievements against the targets fixed in respect of three activities, namely, (i) establishment of seed banks in irrigation tanks, (ii) fish seed rearing in cages and (iii) ornamental fish culture, ranged between seven to 27 per cent as shown in **Table 10**.

Table 10: Physical achievements under IAMWARM Project

Name of the activity	Target (in numbers)	Achievement in numbers (percentage)
Fish seed bank	11	3 (27)
Fish seed rearing in cages	74	5 (7)
Ornamental fish culture	9	1 (11)

(Source: Periodical reports)

As against the sanctioned amount of Rs 6.90 crore, the Department had so far spent only Rs 4.02 crore as detailed in **Appendix 3.7**, indicating slow progress in the implementation of the project. The objective of the project to improve the productivity of water was not achieved due to the Department’s incapacity

²⁵ 1. Aquaculture in farm ponds, 2 .Establishment of seed banks in irrigation tanks
3. Fish seed rearing in cages, 4 .Ornamental fish culture, 5. Improvement to Government fish seed farms, 6. Supply of fishing implements, 7. Kiosks and 8. Aquaculture in irrigation tanks.

to establish farm ponds, fish seed tanks, fish seed rearing in cages, ornamental fish culture etc., as planned under this project.

3.1.8.9 Overlapping of schemes

Activities taken up under IAMWARM were not to be undertaken under any of the State/Centrally sponsored schemes. Audit noticed that activities like provision of kiosks, construction and improvement to fish seed farms and aquaculture in irrigation tanks were taken up under two schemes viz. 'National Agricultural Development Programme' and IAMWARM.

3.1.8.10 Absence of cold storage facilities

Non-operation of cold storage facilities established in four places

The Government sanctioned (August 2006) establishment of cold storage facilities including ice plants with cold storage facilities, ice crushers, insulated transport vehicles and kiosks (fish stalls) at a cost of Rs 90 lakh in four²⁶ places under the 'Assistance to States for Infrastructure Development for Exports and allied activities Scheme'. The Department established the cold storage facilities during 2007-08. Procurement of vehicles for the cold storage facilities was made through TAFCOFED. Audit noticed that none of the cold storage facilities were operational as of March 2009 because no agency had been appointed to maintain them. Though the maintenance of cold storage facilities was entrusted to TAFCOFED, owing to shortage of technical manpower, TAFCOFED transferred the four vehicles to the Department for maintenance and upkeep.

Thus, as of March 2009, cold storage facilities for fisherfolk to stock the fish was not available in the Government sector.

3.1.8.11 Non-supply of bicycles

Non-procurement and supply of 91 bicycles

Government sanctioned (August 2004) Rs 6 lakh for supply of 200 bicycles fitted with ice boxes to fish vendors in order to ensure supply of safe and hygienic fish to customers. Fifty *per cent* of the cost of each bicycle was to be met from Government subsidy and the balance from the beneficiary. The procurement and supply of bicycles to fisherfolk was entrusted to the Tamil Nadu Fisheries Development Corporation (TNFDC) in September 2004. The details of actual procurement and supply of the bicycles with ice boxes as of August 2008 are as shown in **Table 11**.

Table 11: Procurement and supply of ice boxes and bicycles

No. of bicycles purchased	No. of ice boxes purchased	Procurement cost (Rupees in lakh)	Fishermen benefited	
			Bicycle	Icebox
9	100	3.83	9	68

(Source: Scheme files)

The Department had not taken any effective action to procure and supply the remaining bicycles and iceboxes as planned. As of March 2009, a sum of Rs 2.16 lakh remained unutilised and available with the Department.

²⁶ 1. Arokiapuram, 2. Jagathapattinam, 3. Soliakudy and 4. Therespuram.

The Department stated (August 2009) that bicycles were not procured in one lot, as storing of huge number of a bicycles would create storage problems and would result in damages to bicycles due to rust etc.

3.1.9 Implementation of welfare schemes

Improving the socio-economic standards of fisherfolk was one of the prime responsibilities of the Department. Deficiencies in the implementation of major welfare schemes are discussed in the succeeding paragraphs.

3.1.9.1 Fishermen Free Housing scheme

As against the target of 10,000 houses, only 954 houses were constructed under the Fishermen Free Housing Scheme. A sum of Rs 42.61 crore remained unspent with the Department

In order to alleviate the lot of fisherfolk, free houses were to be provided under two schemes viz. (i) Fishermen Free Housing Scheme (State) and (ii) Development of Model Fishermen Village Scheme (Centrally Sponsored Scheme, shared by the State and GOI in the ratio of 50:50)

The details of funds sanctioned and houses constructed under these schemes during 2004-07 were as shown in **Table 12**.

Table 12: Achievement under Fishermen Free Housing scheme

Year	No. of houses sanctioned		Amount released (Rupees in crore)		Houses constructed	Expenditure incurred as of March 2009 (Rupees in crore)
	Under the State Scheme	Under the GOI Scheme	Under the State Scheme	Under the GOI Scheme		
2004-05	2000	2000	7.40	8.00	844	1.66
2005-06	2000	2000	7.40	0.75	49	0.71
2006-07	2000	-	7.40	-	61	0.78
Total	6000	4000	22.20	8.75	954	3.15

(Source: Scheme files of Fisheries Department)

Audit noticed that the unit cost of a house under the Centrally Sponsored Scheme was Rs 40,000 whereas under the State Scheme, it was Rs 37,000. The unit cost of Rs 37,000 per unit was fixed in 1998-99 and the same was adopted for sanctioning of funds in 2006-07. As the Department could not construct the houses within the sanctioned amount of Rs 37,000 per unit, the Department decided (2005-06) to allow beneficiaries to construct their houses on their own and to release the funds in stages. However, only 110 houses were constructed as of February 2009, against the target of 6,000 houses during 2005-07.

Due to non-utilisation of funds sanctioned earlier, the GOI released only Rs 74.60 lakh out of Rs 4 crore sanctioned in 2005-06. For the years 2006-09, GOI did not sanction any funds for the scheme. As of March 2009, Rs 42.61 crore (relating to the period 1991-92 to 2006-07) remained unspent under these schemes and were available with implementing agencies like DRDAs, Fisheries Co-operative Societies and Fishing Harbour Project Divisions. Thus, release of funds without ensuring utilisation, resulted in

blocking of the funds on one hand and non-provision of free houses to the fisherfolk on the other hand.

The Department stated (August 2009) that the houses could not be constructed within the unit cost of Rs 37,000 and that fisherfolk took time to hand over the sites to the executing agencies, causing delays in constructing the houses.

3.1.9.2 Diesel subsidy to beneficiaries

Backlog in payment of diesel subsidy

To help mechanised fishing boat operators, GOI reimburses excise duty by way of subsidy towards purchase of high speed diesel (HSD) under the Centrally sponsored scheme for 'Marine Fisheries, Infrastructure and Post Harvest operations'. Under the scheme, Rs 1.50 per litre is to be paid as subsidy to the fisherfolk. GOI and the State Government shared the subsidy at Rs 1.20 per litre and Rs 0.30 per litre respectively. If payment of sales tax on purchase of HSD was exempted by the State, GOI would pay Rs 1.50 per litre as subsidy to the fisherfolk.

Based on the State's claim, GOI released funds every year to the State. Details of subsidy claimed by the State and released by GOI under the scheme during 2006-09 are given in **Table 13**.

Table 13: Receipt of diesel subsidy from GOI

(Rupees in crore)

	2006-07	2007-08	2008-09
Subsidy claimed	12.66	19.91	29.49
Subsidy received	2.59	3.00	3.00
Subsidy pending as of March 2009	26.49 (cumulative)		

(Source: Diesel subsidy claim records)

As per the State's proposal, Rs 26.49 crore was to be obtained from GOI towards diesel subsidy as of March 2009. Since GOI released subsidy under this scheme on the basis of availability of funds and the annual release of subsidy was Rs 3 crore, the backlog in payment of subsidy increased to Rs 26.49 crore.

The Department stated (August 2009) that as and when proposals were received from the fisherfolk, amounts were disbursed to fisherfolk, on first-come first serve basis. The reply is not acceptable as diesel subsidy claims of Rs 26.49 crore remained to be settled to them as of March 2009.

3.1.9.3 Group accident insurance scheme

Insurance claim were pending for more than five years

To provide insurance cover to fisherfolk, GOI implements a 'Group Accident Insurance Scheme' as a component of 'National Scheme of Welfare of

Fishermen'. Under this scheme, both the State and GOI pay (on 50:50 basis) a total annual premium of Rs 14 to the National Federation of Fishermen's Co-operatives (FISHCOPFED) for each fisherman registered with the fishermen's co-operative societies. Under this scheme, fishermen are insured for Rs 50,000 against death and Rs 25,000 towards partial permanent disability. Audit noticed that 260 out of 700 claims made by the Department were pending as of March 2009. Of the 260 claims, 113 claims (45 per cent) were pending for more than five years.

The pendency in settling the claims indicated lack of co-ordination between the Department and FISHCOPFED and the Department's lackadaisical attitude in providing financial assistance to the families of the affected fishermen.

3.1.10 Human Resource Management

3.1.10.1 Shortage of manpower

Of the sanctioned strength of 1,564 posts, 554 posts were kept vacant

As against the sanctioned strength of 1,564 posts of the Department, 554 posts (35 per cent) were vacant as of March 2009. Vacancies in the posts of Inspectors of Fisheries, Research Assistants and Sub-Inspectors of Fisheries, who would be responsible for facilitating hygienic handling of fish, collecting information on fish landing, supplying quality seeds and enforcing the Marine Fisheries Regulation Act, constituted 35 to 40 per cent of the total vacancies. Audit noticed that in all the test-checked offices, the Inspectors of Fisheries were holding additional charge of one or two posts. Keeping the technical posts vacant would, in the long run, severely affect successful implementation of various programmes intended for improvement of marine and inland fisheries.

3.1.10.2 Functioning of Training Institute

Non-conducting of refresher course for service officers for the past five years

In order to impart orientation training to fresh recruits and service officers once in every five years and to acquaint them on developments in the fisheries sector, a Staff Training Institute was established in 1962. Audit noticed that the syllabus for the orientation course was 30 years old. Though the Department constituted (April 2008) a committee to revise the syllabus based on latest technologies and developments in fisheries, revision of the syllabus was still to be done. Thus the main objective of running the institute for training technical personnel of the Department remained largely unachieved as the syllabus had not been revised after incorporating the recent developments in the fisheries sector. Audit also noticed that no refresher course had been conducted during the past five years for service officers.

3.1.10.3 Training in operation and maintenance of boats

During 2004-09, only 122 fishermen were trained in operation and maintenance of boats and modern fisheries

In order to make adequate manpower available for the operation and maintenance of boats and modern fisheries, there were five²⁷ offices of ADF (extension and training) in the State. Out of the five offices, training was imparted by four offices. Audit noticed that during the period 2004-09, only 122 fishermen were trained. The details of persons trained in the four offices

²⁷ Colachal, Mandabam, Nagapattinam, Radhapuram and Thoothukudi.

are furnished in **Appendix 3.8**. The Department attributed the poor intake to lack of opportunities in the Government sector for the trained youth.

3.1.11 Internal control mechanism

3.1.11.1 Non-conducting of inspections by Commissioner of Fisheries

No inspection of regional offices conducted by Commissioner of Fisheries during 2004-09

As per the departmental manual, the Deputy Director of Fisheries at Headquarters Office should inspect the Regional Offices under his control every year. Though there were six Regional Offices under the Commissioner's control, not a single office was inspected by him during 2004-09.

Similarly, the Regional Directors have to inspect annually the subordinate offices under their control. However, Audit noticed that the Chennai Regional Director of Fisheries did not inspect any field unit during 2004-09. In reply, the Department stated (August 2009) that suitable instructions had been issued to all the Superintendents of the offices of Commissioner of Fisheries to complete the work.

3.1.11.2 Internal audit

Pendency in internal audit ranged between 76 and 100 per cent during 2004-09

All the offices of the Department are to be audited by internal audit parties once in a year as per the departmental manual. There are 54 field units/offices in the State. Even though a separate wing was functioning for conducting internal audit of field units, 31 to 81 *per cent* of its sanctioned posts were vacant during 2004-09. The pendency in internal audit of field units by the internal audit parties ranged between 76 and 100 *per cent* as shown in **Table 14**.

Table 14: Pendency in Internal Audit

Year	2004-05	2005-06	2006-07	2007-08	2008-09
Number of offices to be audited	54	54	54	54	54
Number actually audited	13	5	1	Nil	Nil
Number to be audited	41	49	53	54	54
Percentage of pendency	76	91	98	100	100

(Source: Records of Internal Audit Wing)

Audit noticed that no audit plans had been prepared by the Department during 2004-09 to conduct internal audit and there were pendencies in internal audit. The Department stated (August 2009) that as soon as the posts were filled up, suitable action would be taken to reduce the pendency.

3.1.11.3 Non-auditing of Federation accounts

Annual Accounts of TAFCOFED not audited since 2001-02

There are 589 Primary Co-operative Societies in the State and TAFCOFED is the State level apex Fisheries Co-operative Society. The COF is the functional Registrar of all fisherfolk co-operative societies in the State. As per the

Tamil Nadu Co-operative Societies Act, the Registrar is to audit the accounts of every Co-operative Society within six months from the closure of the financial year or such further period, not exceeding nine months in aggregate.

It was observed that the annual accounts of TAFCOFED were audited (September 2008) only up to 2000-01, after a delay of eight years. As funds were transferred by COF under various schemes to TAFCOFED for implementation of schemes, lack of audit of the accounts gave scope for irregularities, misappropriation, misutilisation of funds etc. The Department stated (August 2009) that the Director of Co-operative Audit had been requested to depute an auditor in the rank of Co-operative Audit Officer to clear the pendency of audit.

3.1.11.4 Non-maintenance of Registers

Non-maintenance of register of valuables by Commissioner of Fisheries

As per the departmental manual, a Register of Valuables is to be maintained by all departmental officers to record the receipts received in the form of demand drafts/cheques. This register was not maintained by COF during 2004-09. All the cheques/DDs received by the Commissioner from field units towards refund of unspent money under various schemes were sent to banks for realisation without any proper accounting of cheques/DDs received. Thus, the accounting of all cheques/DDs received by the Commissioner was not ensured. In reply, the Department stated (August 2009) that a separate Register of Valuables had since been opened to record the receipt of valuables.

3.1.12 Conclusion

Budgetary provisions were made in excess of requirements, which resulted in substantial surrenders year after year. Delays in utilisation of sanctioned funds, non-auctioning of conch shells worth Rs 1.12 crore since the last 10 years, delays in revising lease rent for leased reservoirs, drawal of funds in advance etc., indicated that the Department's financial management was not satisfactory. Non-maintenance of ponds in usable condition, less fish production from reservoirs and delays in establishing new fishing harbours and fish landing centres resulted in under-utilisation of inland fishery/ marine fishery resources of the State.

3.1.13 Recommendations

- Provision of funds should be made after assessment of project requirements and schemes should be implemented speedily to avoid excess budgetary provisions and substantial surrenders at the end of the year.
- The Commissioner of Fisheries should ensure the realisation of Government revenues in time.

- Drawal of funds in advance and keeping them in personal deposit accounts in order to avoid lapse of funds, should be curtailed and monitored at the Government level.
- Schemes intended for providing infrastructural facilities for marine fisheries should be stepped up and completed within a time-bound schedule.
- Ponds in the Government sector should be maintained in usable condition and adequate infrastructure should be provided for raising fingerlings as per the norms of the Indian Council of Agricultural Research.
- Government should speed up construction activities under the Fishermen Free Housing scheme and settle the diesel subsidy claims of fishermen without any delays.

The above points were referred to Government in September 2009. Reply had not been received (October 2009).

Chennai
The

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Principal Accountant General (Civil Audit)
Tamil Nadu and Puducherry

Countersigned

New Delhi
The

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Comptroller and Auditor General of India