CHAPTER II

CHAPTER II
PERFORMANCE AUDIT

AGRICULTURE DEPARTMENT

2 Implementation of National Agriculture Development Programme

Executive Summary

Introduction

National Agriculture Development Programme, a Centrally Sponsored scheme, aimed at four *per cent* annual growth in the agricultural sector during the XI Five Year Plan period (2007-12) by ensuring holistic development of agriculture and allied sectors. Government of India assistance for the programme depended on the funds allocated in the State Plan and expenditure incurred by the State Government for agriculture and allied sectors. The programme envisaged implementation of projects through various Departments of Government and the primary responsibility of identification, selection and implementation of projects vested with the State Government. The State achieved growth rate of more than four *per cent* during 2010-15, except during 2012-13, which witnessed negative growth. Given this background, the Performance Audit on Implementation of National Agriculture Development Programme by Agriculture Department was conducted.

Planning

The Department failed to prepare agricultural plan for the XII Five Year Plan period to ensure the selection of projects based on agro-climatic conditions, natural resources, etc., in the districts and implemented nine projects with an expenditure of ₹ 40.90 crore against the stipulations of State Level Sanctioning Committee. Shelf of projects was not prepared on the basis of inputs from the districts for prioritisation of projects, resulting in dropping of some sanctioned projects.

Financial Management

Government of Tamil Nadu failed to utilise Government of India grant of ₹ 36.62 crore during 2010-15 for implementation of projects in agriculture and allied sectors. Imprudent financial management resulted in blocking of funds of ₹ 86.26 crore in Personal Deposit/Savings bank accounts. Programme funds of ₹ 45.06 crore were diverted for implementation of awareness programme, despite availability of funds under Agricultural Technology Management Agency.

Project Impact

Sanction of projects without definite timelines, incorrect site selection, failure to ascertain measurable output and delay in completion of projects resulted in avoidable and unfruitful expenditure of ₹ 25.25 crore, besides non-achievement of envisaged objectives of the projects.

Monitoring

Lack of third party evaluation of the sanctioned projects and deficiencies in the web based monitoring of the programme indicated weak internal control.

2.1 Introduction

National Agriculture Development Programme (NADP), a Centrally Sponsored scheme, aimed at four *per cent* annual growth in the agricultural sector during the XI Five Year Plan period (2007-12) by ensuring holistic development of agriculture and allied sectors[6]. The guidelines for implementation of NADP, issued (August 2007) by Government of India (GOI), were revised in January 2014 for XII Five Year Plan period (2012-17) to achieve the desired growth rate. State Plan document envisaged five *per cent* growth in agriculture and allied sectors during the period 2012-17. GOI assistance for NADP depended on the funds allocated in the State Plan and expenditure incurred by the State Government for agriculture and allied sectors. The programme envisaged implementation of projects through various Departments of Government, Autonomous Bodies and Public Sector Undertakings. The primary responsibility of identification, selection and implementation of projects vested with the State Government.

In Tamil Nadu, various Central and State schemes like National Food Security Mission (NFSM), Integrated Scheme of Pulses, Oilseeds and Maize, Seed Village Scheme (SVS) and Integrated Horticulture Development Scheme were implemented for development of agriculture. During the XI Plan period, the State had achieved growth rate of 7.47 *per cent* during 2010-11 and 9.95 *per cent* during 2011-12. During XII Plan period, the State witnessed negative growth rate (-11.11 *per cent*) in 2012-13 due to deficit in normal rainfall and it increased to 7.33 *per cent* during 2013-14. However, the State could achieve only 4.94 *per cent* growth rate during 2014-15.

2.2 Organisational setup

Agriculture Department, headed by the Agriculture Production Commissioner and Principal Secretary to Government (APC), is the nodal Department for effective co-ordination and implementation of the scheme through implementing agencies. Government of Tamil Nadu (GoTN) nominated (October 2007) Tamil Nadu Watershed Development Agency (TAWDEVA) as the nodal agency for consolidating the project proposals and placing in State Level Sanctioning Committee (SLSC) meetings for consideration and approval of projects.

2.3 Audit objectives

Performance Audit was conducted to assess whether:

- Planning for formulation of projects was effective and according to the guidelines of the scheme;

[6] Allied sectors include Animal Husbandry, Crop Husbandry, Dairy Development, Fisheries, Plantation and Agricultural Marketing, etc.

- Financial management ensured adequate and timely availability of funds and their effective and economic utilisation;
- Projects were implemented economically, efficiently and effectively as envisaged in the guidelines, besides achievement of the intended objectives; and
- Internal control and monitoring was adequate.

2.4 Audit criteria

Audit criteria were sourced from:

- Five Year Plans for 2007-12 and 2012-17 and Annual Plans for the period from 2010-11 to 2014-15;
- Comprehensive State Agriculture Plan (CSAP) and District Agriculture Plans (DAPs);
- NADP guidelines issued by GOI and individual project proposals and guidelines;
- Economic Survey Report and Evaluation Studies conducted by nominated agencies on the projects;
- State General Financial and Accounting Rules/procedure; and
- Information on NADP available in the website of Ministry of Agriculture, GOI.

2.5 Scope and methodology of Audit

The implementation of NADP in the State involved execution of specific projects sanctioned in the 20 defined sectors[7]. Performance Audit was conducted from March to September 2015 and covered test check of specific projects during the period 2010-15. The projects executed in these sectors were stratified and 33 out of 280 projects in 11 sectors[8], implemented in 11 districts[9], were selected for detailed scrutiny; covering minimum of 25 *per cent* of expenditure by adopting simple random sampling with replacement method. In order to assess field level implementation, 25 *per cent* of the block level offices were also checked.

[7] i) Agriculture Mechanisation ii) Animal Husbandry iii) Co-operatives/Co-operation iv) Crop Development v) Dairy Development vi) Extension vii) Fertiliser and Integrated Nutrient Management viii) Fisheries ix) Horticulture x) Innovative Programmes/Others xi) Information Technology xii) Integrated Pest Management xiii) Marketing and Post Harvest Management xiv) Micro / Minor irrigation xv) Natural Resource Management xvi) Non-Farm activities xvii) Organic Farming/Bio-Fertilisers xviii) Research (Agriculture/ Horticulture/ Animal Husbandry/ etc.) xix) Seed and xx) Sericulture.

[8] i) Agriculture Mechanisation ii) Animal Husbandry iii) Crop Development iv) Dairy Development v) Horticulture vi) Innovative Programmes/Others vii) Information Technology viii) Integrated Pest Management ix) Marketing and Post Harvest Management x) Non-Farm activities and xi) Seed.

[9] Chennai, Coimbatore, Cuddalore, Madurai, Salem, Thanjavur, Theni, Tiruvarur, Tiruppur, Tiruvannamalai and Vellore.

Audit scope, coverage and methodology were discussed in the Entry Conference held on 4 March 2015 with the APC and Heads of all implementing agencies including TAWDEVA. Audit findings were also discussed with the APC and Heads of implementing agencies in the Exit Conference (21 December 2015) and their views have been considered while finalising the report. The reply of the Government, received in January 2016, has also been considered. We acknowledge the co-operation extended by Agriculture Department and other agencies in providing us the necessary records and information.

Audit Findings

2.6 Planning

2.6.1 Non-preparation of DAP/CSAP for XII Plan period

One of the main objectives of NADP (Paras 2.1, 3.1 and 3.2 of NADP guidelines, 2007) was preparation of agriculture plans for the districts and the State, based on agro-climatic conditions, availability of technology and natural resources. These plans would present the vision for agriculture and allied sectors within the overall development perspective of the district and the State, considering the financial requirement. It was observed that though GoTN had prepared DAPs/CSAP for XI Plan period in 2008-09, the same were not prepared for XII Plan period (2012-17) till the date of Audit. However, based on the revised NADP guidelines (January 2014), the work was entrusted (March 2014) to Tamil Nadu Agricultural University (TNAU) by TAWDEVA.

It was noticed that 22 projects were approved (April 2012) by SLSC for the year 2012-13, with the condition to ensure that the projects were reflected in DAPs, before according sanction by GoTN. However, GoTN sanctioned nine out of 22 projects, despite non-preparation of DAP for the period 2012-17, and an expenditure of ₹ 40.90 crore was incurred for the projects.

Thus, the objective of the scheme for selection of projects based on agro-climatic conditions, availability of technology and natural resources in the districts for achievement of overall development could not be fulfilled due to non-preparation of DAPs/CSAP for the XII Plan period, besides execution of nine projects against the stipulations of SLSC.

Government replied that the preparation of draft DAPs would be completed by January 2016. It was proposed to implement projects, pertaining to the year 2016-17, based on the updated DAPs. Further, the nine projects would also be included in the DAPs.

2.6.2 Projects proposed without definite time-lines

NADP guidelines, 2007 and 2014 (Paras 2.6 and 8.3) envisaged that States would initiate specific projects for agriculture and allied sectors with clear objectives and definite time-lines. It was, however, noticed that 181 out of 420 projects, sanctioned during 2010-15 for ₹ 998.82 crore, were not proposed with definite time-lines for completion and this included 14 out of the 33 test checked projects. Out of 14, seven projects were completed within one year; three projects were completed with a delay of five to 22 months over and above one year; and others were still in progress even after 23 to 46 months from the date of sanction.

Government replied that, henceforth, all projects would be proposed with clear objectives and definite time-lines.

2.6.3 Absence of shelf of projects for prioritisation

NADP guidelines, 2007 (Para 3.5) envisaged preparation of shelf of projects for posing to SLSC under project based approach. Atleast 75 *per cent* of the total NADP funds were available for project based approach. The nodal agency was required to compile projects from each district and prioritise these projects before submission to SLSC for approval.

Scrutiny of records relating to Agriculture Department in four test checked districts revealed that shelf of projects was not prepared for their prioritisation, based on the inputs received from the districts, resulting in sanction and subsequent dropping of 13 sanctioned projects for ₹ 93.39 crore which was diverted to other NADP projects.

Government replied that separate shelf of projects would be prepared in future.

2.6.4 Deficiencies in planning SLSC meetings

2.6.4.1 Inadequate convening of meetings

As per the NADP guidelines, 2007 (Para 5.3), the project proposals submitted by the nodal agency are to be discussed and approved in the meetings of the SLSC. Based on the approval of the projects by SLSC, GOI released the funds for implementation of the projects. The guidelines (Para 6.4) also stipulated a minimum of one meeting every quarter for approval of projects and reviewing the implementation of schemes.

It was seen that only eight meetings, as against the required 20, were held during 2010-15. Absence of quarterly meetings resulted in belated sanction of projects. For instance, though GOI communicated (April/May 2011) the allotment of funds for the year 2011-12, delayed convening of SLSC meeting (July 2011) had resulted in belated sanction (October 2011 onwards) of projects by GoTN.

Government, in the Exit Conference, stated that convening of more meetings would be considered in future.

2.6.4.2 Delay in finalisation of agenda

NADP guidelines, 2007 (Para 5.4) envisaged forwarding the agenda along with the gist of projects at least 15 days in advance to enable GOI representatives to participate meaningfully in the SLSC meetings. GOI amended (July 2008) the guidelines directing the States to constitute a Committee under Chairmanship of APC for finalising the agenda for the SLSC meetings. The Committee was required to meet on monthly basis.

Though GoTN constituted the Committee in September 2008, it met only on three occasions as against the required 60 during 2010-15. The time-line of 15 days was also not adhered to, in the circulation of agenda to GOI in six out of eight meetings of SLSC conducted, during 2010-15. It was further noticed that 15 new project proposals, eight permissions and 16 ratification orders were proposed and approved as table agenda, instead of communicating to GOI in advance, during 2010-15.

Absence of periodical meetings of the Committee had resulted in delayed finalisation and submission of agenda to GOI and initiation of projects as table agenda during the SLSC meeting, thereby deprived, NADP divisions of GOI, adequate time for detailed scrutiny of project proposals.

Government stated that the projects were proposed through table agenda considering the exigencies like drought, flood, etc. It was assured, in the Exit Conference, that necessary instructions would be issued to the line Departments to avoid table agenda to the maximum extent possible.

2.6.5 Selection of ineligible projects

NADP guidelines, 2007 (Para 2.6) envisaged that the States would initiate specific projects for agriculture and allied sectors excluding forestry and wildlife. However, in deviation to the guidelines, two projects[10] related to forestry were proposed and approved (April 2012) by SLSC. Both the projects were taken up for execution by TNAU. While one project was completed (March 2014) at a cost of ₹ 11.95 lakh, another project, in which an amount of ₹ 1.69 crore was spent (August 2015), is scheduled to be completed in March 2016.

Government replied that these projects, envisaging techno-economic feasibility study for increasing the forest cover outside forest area and to improve green belt to reduce air pollution, were implemented based on policy directions by GOI under National Forest Policy. It was also stated that the income from agro-forestry components would enhance investment in agriculture. The reply is not acceptable as specific projects for forestry are excluded for assistance under NADP.

2.6.6 Selection of unsuitable site leading to delay in execution of project

With a view to help the farmers and trading community, a project was proposed for *Establishment of vegetable market at Madurai* with modern facilities like cold storage, grading and sorting hall, at a cost of ₹ 85 crore for completion within two years. SLSC approved (April 2010) ₹ 85 crore for the project with stipulations, to appoint a consultant to co-ordinate the operational aspects before commencing the project, to conduct techno-feasibility study and to form a High Level Monitoring Committee with a GOI member. GoTN sanctioned (August 2010) ₹ 30 crore and nominated Engineering Wing of Tamil Nadu State Agriculture Marketing Board (TNSAMB) with directions to commence the project with due approval of GOI. Scrutiny of records revealed that the site was identified, without proper feasibility study, and was subsequently changed to two other locations due to water stagnation and public agitation at the chosen sites. Though an alternative site (fourth) had been identified (August 2014), the same was not transferred by Department of Agriculture (December 2015).

[10] (i) Techno-economic feasibility of wood based agro-forestry models (₹ 11.95 lakh). (ii) Design and development of urban forestry models to combat environmental pollution (₹ 1.69 crore).

Thus, identification of site without feasibility study, despite instructions from SLSC, had resulted in non-utilisation of approved amount of ₹ 85 crore for more than five years, besides non-achievement of the intended objective**.**

Government replied that the process of land transfer and establishment of vegetable market was under progress.

2.6.7 Overlapping in implementation of schemes

NADP guidelines, 2007 (Paras 3.1, 3.2 and 6.3.4) envisaged non-duplication of efforts or resources under NADP. Test check of records revealed instances, of overlapping of NADP projects with existing GOI schemes, as detailed below:

- Certified paddy seeds were distributed to farmers as one of the components of the project *Paddy Mission* under NADP, implemented by Agriculture Department during 2013-14. It was noticed that certified seeds were also distributed to farmers under another centrally sponsored, *Seed Village Scheme* implemented during 2013-14. However, the subsidy allowed to farmers under NADP scheme, in Vellore district, was ₹ five per kg as against ₹ 17.50 per kg under SVS. This resulted in preference of farmers for the scheme with higher subsidy. Consequently, there was short achievement of distribution target by 34 *per cent* under NADP as compared to excess achievement of distribution target by 56 *per cent* under SVS.
- Similarly, National Mission on Micro Irrigation (NMMI) guidelines envisaged financial assistance at ₹ 11,200 per ha for installation of drip irrigation facilities to farmers. State Micro Irrigation Committee issued guidelines (February 2011) for implementation of NMMI and communicated the release of subsidy for drip irrigation only from NMMI funds instead of NADP funds. However, GoTN with the approval of SLSC, sanctioned (October 2011) *Special programme on Oil Palm Area Expansion* by Agriculture Department with financial assistance of ₹ 15,000 per ha for drip irrigation under NADP funds also. The total avoidable expenditure incurred for drip irrigation under NADP instead of NMMI funds worked out to ₹ 0.92 crore.

Government assured that all the centrally sponsored schemes would be converged for fixation of subsidy element to avoid excess expenditure or overlapping.

2.7 Financial Management

The projects were executed utilising the grants from GOI. NADP funds were allocated and released by GOI in two distinct streams *viz*., Stream I and Stream II. NADP guidelines, 2007 (Paras 7.1.6 and 7.2.1) envisaged utilisation of atleast 75 *per cent* of the allocated amount for specific projects under Stream I and maximum of 25 *per cent* of allocation for strengthening of existing State schemes and filling the resource gaps under Stream II. State Government was permitted to utilise total allocation of funds for Stream I projects. In addition to the above, GOI launched scheme based grants to States as sub-schemes from 2010-11.

The details of approval by SLSC, GOI allocation and release, GoTN sanction for projects and actual expenditure (as on 31 March 2015) incurred were as follows:

Table 2.1: Details of approval, sanction and expenditure

(₹ in crore)

Year	SLSC approval	GOI allocation	GOI release	GoTN sanction	Actual expenditure
2010-11	263.69	250.03	250.03	222.69	215.99
2011-12	429.25	333.06	333.06	359.30	331.91
2012-13	652.74	669.68	613.27	667.05	636.35
2013-14	758.94	301.53	269.96	293.93	298.48
2014-15	385.09	298.95	298.95	245.60	245.92
Total	**2,489.71**	**1,853.25**	**1,765.27**	**1,788.57**	**1,728.65**

(Source: Details furnished by TAWDEVA)

- As against the GOI release of ₹ 1,765.27 crore, GoTN could utilise ₹ 1,728.65 crore and the balance amount of ₹ 36.62 crore was not spent till March 2015. The percentage of utilisation of funds during 2010-15 ranged between 82 and 111 *per cent.*
- The excess utilisation of funds during 2012-14 was due to excess sanction of funds by the GoTN based on GOI allocation. However, effective pursuance was not made for availing the complete allocation.
- Non-utilisation of released funds, which resulted in blocking of funds in Personal Deposit (PD)/Savings bank accounts, is discussed in the subsequent Paragraphs.

2.7.1 Submission of incorrect Utilisation Certificates

While releasing the funds, GOI instructed the States to submit the Utilisation Certificates (UCs) for the utilisation of NADP funds at the end of the financial year. It was, however, noticed that GoTN submitted UCs for the total GOI release of ₹ 1,765.27 crore during 2010-15. Further scrutiny of records revealed that the UCs submitted by GoTN also included ₹ 36.62 crore, which was not released by GoTN, and unspent amount of ₹ 86.26 crore lying in PD account/Savings bank account of implementing agencies.

Government accepted that UCs were given based on physical achievement of the project or supply orders placed and the allotted funds were utilised in the ensuing season.

2.7.2 Blocking of funds

GoTN sanctioned (August 2012 and August 2014) four projects[11] and released (March 2013, September and October 2014) ₹ 19.94 crore for implementation, through Tamil Nadu Medical Services Corporation, under Animal Husbandry and Veterinary Services Department. Despite lapse of one to three years, the

[11] (i) Establishment of a new Anthrax Spore Vaccine Production Laboratory of Good Management Practice (GMP) at Institute of Veterinary Preventive Medicine (IVPM), Ranipet, (ii) Establishment of Poultry Disease Diagnostic Laboratory at Palladam, (iii) Additional upgradation of Bacterial Vaccines Production Laboratory to GMP standard at IVPM, Ranipet and (iv) Provision of Modern Veterinary Diagnostic Aids to Veterinary Institutions.

projects were yet to commence due to non-finalisation of contract, resulting in blocking of ₹ 19.94 crore in the PD account of the Corporation (June 2015).

Similarly, GoTN sanctioned 11 projects during 2010-15 for implementation by TNSAMB under Agriculture Department and released (November 2010 to December 2014) ₹ 36.35 crore. Of the same, unspent amount of ₹ 7.98 crore was kept in the PD account of the Board for one to five years and no action was taken by the Department to intimate the Government for utilisation of funds in other eligible projects.

Government stated that the delay in completion of tender process had resulted in non-utilisation of released funds and assured effective utilisation of the same.

2.7.3 Non-utilisation of interest

As per the instructions of GOI, the interest accumulated from the NADP funds was to be treated as additional grants-in-aid to NADP. Scrutiny of records revealed that funds of ₹ 58.34 crore were kept in the Savings bank accounts of the implementing agencies and earned interest of ₹ 10.17 crore. Despite GOI instructions, the interest earned was not transferred to the scheme account (March 2015).

Government stated that action had been initiated for collection of details regarding accrual of interest and unspent savings for utilisation in the projects.

2.7.4 Diversion of funds

GOI released the funds for implementation of the projects approved by SLSC. Scrutiny of records revealed that ₹ 78.29 crore out of ₹ 368.10 crore (21 *per cent*) approved by SLSC for implementation of 32 projects, was diverted to other projects, during 2010-15, with ratification orders from SLSC. It was also noticed that ₹ 8.87 crore out of ₹ 45.09 crore (20 *per cent*) sanctioned by GOI for implementation of five special schemes (sub-schemes) was diverted for projects implemented under normal NADP scheme, resulting in non-achievement of the proposed objective of the projects, especially sub-schemes.

Government stated that the diversion of funds within the projects and between normal and sub-schemes was subsequently ratified by SLSC. The reply is not acceptable as diversion of funds had impacted the objective of the sanctioned projects.

2.7.5 Unwarranted sanction of administrative expenditure

NADP guidelines, 2007 (Para 3.6) permitted utilisation of upto one *per cent* of funds for incurring administrative expenditure including payments to consultants, project related recurring expenses, staff costs, etc. GoTN, with the approval of SLSC, sanctioned ₹ 10.77 crore towards administrative expenditure during 2011-15.

Scrutiny of records revealed that though GoTN sanctioned ₹ 2.06 crore towards administrative expenditure during 2011-12, no expenses were incurred by TAWDEVA. Despite this, GoTN further sanctioned NADP funds of ₹ 8.71 crore during 2012-13 (₹ 5.91 crore) and 2014-15 (₹ 2.80 crore) towards administrative expenditure. The total expenditure incurred by TAWDEVA, during 2012-15, for staff and other administrative expenses, was ₹ 1.23 crore. Thus, injudicious sanction of further funds, without ensuring the utilisation of funds sanctioned earlier, had resulted in blockage of scheme funds amounting to ₹ 8.71 crore.

Government assured to take necessary steps for utilisation of funds for implementation of projects in future.

2.7.6 Utilisation of funds in contravention of GOI instructions

GOI emphasised utilisation of Agricultural Technology Management Agency (ATMA) funds to meet the expenditure towards training, awareness camps and publicity. GOI also instructed that it was not advisable to utilise the NADP funds when the ATMA funds remained unutilised at the end of the year.

The funds availability under ATMA and expenditure incurred out of NADP funds for mass awareness programme (Uzhavar Peruvizha) during 2011-14 were as follows:

(₹ in crore)

Year	Funds available in ATMA as on 31 March	Expenditure for mass awareness programme out of NADP funds
2011-12	19.02	4.51
2012-13	18.20	36.17
2013-14	7.84	44.00
Total	**45.06**	**84.68**

(Source: Details furnished by Department)

GoTN utilised ₹ 84.68 crore of NADP funds towards awareness programme despite availability of funds under ATMA. Had expenditure been incurred as per the instructions of GOI, ₹ 45.06 crore could have been utilised for implementation of other NADP projects.

Government replied that the Farmers mass contact programme was a part of DAP/SAP and NADP funds were utilised, after obtaining ratification from SLSC, for implementation of the schemes during XII Plan period. The reply is not acceptable as DAPs/SAP was not finalised for XII Plan period and diversion of NADP funds for awareness programme was in contravention of instructions.

2.7.7 Ineligible expenditure

As per GOI instructions, recurring expenditure like manpower hiring, Petrol Oil Lubricants (POL), computers and consumables and transport charges were not to be incurred from the project funds but to be charged to administrative expenditure. It was noticed that the Agriculture Department incurred ₹ three crore towards POL and transport charges during 2011-14 from project funds in contravention of GOI instructions.

It was also noticed that in respect of the projects implemented by TNAU, 15 *per cent* of the project cost was allowed to be retained as institutional charges from the project funds. The total institutional charges allowed to be retained for the projects implemented during 2010-14 worked out to ₹ 0.88

crore. Payment of institutional charges, over and above the administrative charges, reduced the availability of funds for implementation of other projects.

While accepting the fact, Government stated that deduction of institutional charges from project funds had since been stopped.

2.8 Programme Management

2.8.1 Physical progress of projects

The status of projects sanctioned under NADP during 2010-15 and their progress (as on 31 March 2015) is as follows:

Table 2.2: Details of status of projects sanctioned under NADP

Year	Projects sanctioned	Projects completed	Projects in progress	Projects dropped		Projects not implemented/ abandoned	
				Number	Project cost (₹ in crore)	Number	Project cost (₹ in crore)
2010-11	54	51	1	1	3.99	1	30.00
2011-12	95	86	3	4	10.99	2	3.17
2012-13	149	123	19	6	74.99	1	0.44
2013-14	53	51	2	-		-	-
2014-15	69	37	28	2	3.42	2	15.23
Total	**420**	**348**	**53**	**13**	**93.39**	**6**	**48.84**

(Source: Details furnished by the TAWDEVA)

Out of 420 projects, 348 were completed and 53 projects were in progress due to delay in completion of civil/electrical works/ procurement of equipments, non-identification of suitable site, etc. Of the remaining 19 projects, 13 projects involving funds of ₹ 93.39 crore were dropped as they were technically not feasible, lapse of season, etc., and six projects sanctioned at a cost of ₹ 48.84 crore were abandoned or not implemented due to delay in land allotment, non-compliance of standards for equipment, etc.

Production oriented projects

2.8.2 Precision Farming

Based on the proposal of Horticulture Department, SLSC approved (April 2010) the project, *Precision farming*[12] for Horticulture crops, which included installation of drip irrigation system and supply of Water Soluble Fertilizers (WSF). Scrutiny of records relating to implementation of the above project revealed that

- the target area of precision farming was reduced from 800 to 500 ha in Salem district due to incorrect assessment of requirement and difficulty expressed by field level officers.
- in Madurai district, 150 (70.79 ha) out of 409 (232.80 ha) farmers were supplied (2010-11) WSF for utilisation in drip irrigation, despite non-installation of the drip irrigation, resulting in wasteful expenditure of ₹ 14.16 lakh.

Similarly, *Precision farming project* for agricultural crops was sanctioned (July 2012) for implementation in 2,000 ha at a cost of ₹ 5.22 crore for

12 Method of farming crops with technology upgradation, which would result in saving of valuable resources like water and energy.

enhancement of yield by 40 to 50 *per cent*. The project envisaged supply of inputs like WSF with 50 *per cent* subsidy under NADP and installation of drip irrigation through NMMI funds. Project was implemented in two years *i.e.,* 2012-13 (899 ha) and 2013-14 (1,101 ha) by incurring expenditure of ₹ 5.22 crore due to staggered procurement and distribution of WSF.

- It was observed that in two out of seven test checked districts, the increase in production ranged between 11 and 32 *per cent* as against the target of 40 to 50 *per cent* due to delay in distribution of critical inputs.
- Further, WSF procured at a cost of ₹ five lakh in 2013-14, was not distributed to farmers in Vellore.
- In another case, in Mannargudi Block in Tiruvarur district, critical inputs for 20 ha were purchased (March 2014) for ₹ 5.07 lakh but distributed belatedly (June 2015) to beneficiaries, due to non-installation of drip irrigation, after the expiry of the project year (2012-13).

Thus, non-observance of revised guidelines during release of funds, delayed procurement of critical inputs and non-distribution of WSF had resulted in short achievement of the envisaged objectives of the projects.

Government stated that the two components could not be implemented in time due to long process involved in the installation of Micro Irrigation under NMMI.

2.8.3 Millets Mission

In order to revive traditional millet cultivation with modern technologies, SLSC sanctioned (January 2014) the project of *Millets Mission 2014-15* to achieve productivity of 4,000 kg per ha. The project included supply of inputs *viz.*, liquid bio fertilisers, fungicides, hybrid seeds etc., to farmers. Though Director of Agriculture instructed (May 2014) district level officers to supply inputs to farmers during the major sowing season (June/July), District Level Agricultural Procurement Committee was belatedly constituted (July 2014) for procurement of inputs. GoTN sanctioned (October 2014) the project under NADP for ₹ 3.64 crore. Delayed constitution of the Committee and delay in sanction resulted in distribution of inputs, with delay ranging from four to seven months, in the six[13] test checked districts.

Government replied that, in future, the defects would be rectified and the scheme would be completed within time.

2.8.4 Failure to ascertain measurable output

State Plan document (2012-2017) envisaged enhancement of production of rice, pulses, etc., by adopting strategies like distribution of subsidy for certified paddy seeds, popularising System of Rice Intensification (SRI) technology, etc. The project proposals for *Paddy Mission*, *Pulses Mission* and

[13] Cuddalore (5 months), Madurai (4 months), Salem (5 months), Thanjavur (7 months), Theni (6 months) and Tiruppur (5 months).

Millet Mission contemplated measurable outcomes to ascertain the improved yield.

Scrutiny of records revealed that Agriculture Department did not formulate any modality to ascertain the outcome of the technology in respect of projects sanctioned and implemented under NADP. In the absence of modalities to ascertain the outcome of technology, Audit could not ascertain whether the department achieved the measurable output in terms of increase in area, production and productivity, as envisaged in the project proposals.

Government assured that the Audit observation would be considered and followed in future.

Implementation of sub-schemes

2.8.5 Special Programme on Oil Palm Area Expansion

GOI initiated (April 2011) *Special Programme on Oil Palm Area Expansion*, as a sub-scheme of NADP, to augment production of palm oil. Accordingly, Agriculture Department proposed the project with the objective of enhancing area under oil palm to attain self sufficiency in edible oil production. As per the guidelines for the sub-scheme, read with cultivation practices issued by the Director of Oil Palm Research, oil palm is a humid crop that requires evenly distributed annual rainfall of 250 to 400 cm to get assured irrigation conditions. The plantations normally commence fruit bearing from fourth year onwards and continue to bear fruits for about 25 years.

The programme targeted for the area of 7,500 ha, during the three year period 2011-14. It provided for supply of planting material, subsidy for area expansion during first year, maintenance subsidy for three years, provision of drip irrigation, intercropping, etc. Based on the approval of SLSC, GoTN sanctioned (October 2011, October 2012 and August 2013) ₹ 27.54 crore for 2011-14. The sanction included subsidy for planting material at ₹ 10,000 per ha, area expansion during first year at ₹ 6,000 per ha, maintenance subsidy of ₹ 3,500 and ₹ 4,500 per ha for second and third years respectively, besides subsidies to other components.

The details of physical target with achievement for the area expansion and the actual expenditure for area expansion, including maintenance incurred under the programme during 2011-14, were as follows:

Year	Physical (in ha)		Actual expenditure (₹ in crore)	Survival (in ha)		
	Target	Achievement		2012-13	2013-14	2014-15
2011-12	3,500	2,210	4.69	1,620 (73)	1,085 (49)	746 (34)
2012-13	2,500	1,084	2.22		756 (70)	534 (49)
2013-14	1,500	927	1.75			667 (72)
Total	**7,500**	**4,221**	**8.66**			

(Figures in bracket depict percentages)

The survival of the palm plantations was in the decreasing trend every year and the actual survival of the saplings in the fruit bearing year (fourth year) was only 34 *per cent*.

As against the total expenditure of ₹ 8.66 crore incurred during 2011-15 towards planting material and maintenance thereof, the expenditure incurred towards the planting materials and maintenance of 54 *per cent* of palms not survived worked out to ₹ 4.53 crore **(Annexure -2),** besides expenditure towards other components like pest management and irrigation facilities.

Scrutiny of records in the test checked three[14] out of 11 implementing districts revealed that annual rainfall was less than the minimum requirement stipulated in the guidelines. It was also noticed that Vellore district was recognised as drought prone area in the DAP (2008-12). Despite this, these three test checked districts were also selected for implementation of the project, which resulted in wasteful expenditure of ₹ 1.10 crore, incurred on 68 *per cent* of the plantations which did not survive.

Thus, incorrect selection of site for the project had resulted in wasteful expenditure of ₹ 4.53 crore, incurred for planting and maintenance of palm saplings, which did not survive besides non-achievement of the objective of enhanced edible oil production.

Government stated that the poor survival of plantations was also due to uprooting of crops due to fluctuating market prices. It was also stated that the plantations required support price like paddy and stated that the scheme was implemented on experimental basis. However, the fact remains that the districts were taken up for implementation of the project without considering the agro-climatic conditions.

2.8.6 Perimetro Vegetable Cluster Development Programme

Based on the initiative of GOI, Horticulture Department proposed the project for sub-scheme *Perimetro Vegetable Cluster Development Programme* at Coimbatore including three[15] adjoining districts during 2012-13, with the objective of increased area of cultivation of vegetable crops. The programme envisaged conduct of baseline survey, cluster formation, supply of inputs for cultivation and post-harvest management and infrastructural facilities. With the approval of SLSC, GoTN sanctioned (October 2012) and released (July 2013) ₹ 17.00 crore to four districts. An expenditure of ₹ 9.87 crore was incurred (July 2015), leaving unspent amount of ₹ 7.13 crore.

Scrutiny of records revealed that the baseline survey to assess the potential of the village in production and to motivate the farmers for cluster approach was not conducted, resulting in creation of only 28 *per cent* of clusters till July 2015. Despite achievement of 78 *per cent* vegetable cultivation, post-harvest components like establishment of collection centre, retail outlets, and procurement of transportation vehicles were pending completion in three districts. In the test checked Tiruppur district, Market Aggregator to co-ordinate the wholesale buyers/traders with the farmers had not been appointed thereby impacting the receipt of fair price to the produce.

Government replied that the project commenced in October 2013 after the issue of orders for implementation through Tamil Nadu Horticulture Development Agency. It was assured that implementation of the project was in progress and would be completed before October 2016.

[14] Cuddalore, Tiruvarur and Vellore.

[15] Erode, Nilgiris and Tiruppur.

Non-observance of guidelines/instructions

2.8.7 Non-adherence to instructions of SLSC

SLSC approved (March 2013) two projects on *Paddy Mission* and *Pulses Mission* under NADP with instructions to adhere to the norms for payment of subsidy as envisaged in the guidelines of National Food Security Mission issued during April 2012 and June 2013. Scrutiny of records revealed that GoTN provided additional subsidy of ₹ 4.81 crore under NADP, as compared to NFSM guidelines, as indicated below:

Project	Pulses Mission				Paddy Mission			
	Maximum subsidy for improved technology		Seed production subsidy		Subsidy for SRI technology		Subsidy for weedicide	
	NFSM	NADP	NFSM	NADP	NFSM	NADP	NFSM	NADP
Subsidy	₹ 5,000 per ha	₹ 7,500 per ha	₹ 10 per kg	₹ 15 per kg	With-drawn	₹ 3,000 per ha	₹ 500 per ha	₹ 750 per ha
Actual achievement		4,994 ha		2,917 MT		5,000 ha		23,872 ha
Additional subsidy (₹ in crore)		1.25		1.46		1.50		0.60
Total subsidy (₹ in crore)	**4.81**							

Scrutiny of records in the test checked districts[16] revealed that additional expenditure of ₹ 1.37 crore (Pulses Mission - ₹ 0.79 crore and Paddy Mission - ₹ 0.58 crore) was incurred under these projects.

Thus, the Department incurred additional and avoidable expenditure of ₹ 4.81 crore, which was in contravention of SLSC approval and irregular utilisation of GOI funds.

2.8.8 Procurement without the approval of SLSC

Dairy Development Department proposed for provision of 1,000 milk analysers with printer and weighing scale to increase efficiency and accuracy of milk testing and to reduce the staff at co-operative milk societies through automation. Based on the approval of SLSC (September 2012), GoTN sanctioned (October 2012) ₹ 6.20 crore.

It was observed that

- As against the sanction for 1,000 numbers, Dairy Development Department procured 1,722 milk analysers[17], without seeking approval of SLSC for the additional 722 numbers.
- 297 out of 1,722 (17 *per cent*) analysers were not functioning (July 2015). Of the 297 analysers, 42 were not functioning during the warranty period and effective steps were not taken to rectify the defects and only six out of 17 districts had entered into Annual Maintenance Contracts.

16 Pulses Mission – Cuddalore, Salem, Thanjavur, Theni, Tiruppur, Tiruvarur and Vellore; Paddy Mission - Cuddalore, Salem, Thanjavur, Tiruvarur and Vellore.

17 Excess procurement out of the amount saved due to low tender rate and non-procurement of printers and weighing scales.

Government agreed to obtain necessary ratification orders for the additional milk analysers procured and also stated that contracts would be entered into for maintenance.

2.8.9 Utilisation of mobile veterinary vehicles for administrative purpose

In order to provide veterinary services and breeding support to farmers at their door steps, SLSC approved (April 2012) *Procurement of mobile veterinary units* and GoTN sanctioned (August 2012) ₹ 2.05 crore. Animal Husbandry Department procured (January 2013) 31 mobile units for ₹ 1.65 crore. Scrutiny of records revealed that 28 out of 31 mobile units were diverted for utilisation by various administrative officers whose vehicles were condemned and due to non-sanction of additional posts of Veterinary Assistant Surgeons and Drivers. This not only resulted in non-utilisation of vehicles for the intended purpose but was also indicative of procurement of vehicles without ascertaining availability of staff.

Government stated that the proposal of the Department for sanction of required posts was under consideration.

Infrastructure projects

2.8.10 Establishment of market complex with cold storage

To reduce the post-harvest losses, estimated at 25 to 40 *per cent* in respect of fruits and vegetables, and to provide basic facilities to the farmers for storing and marketing their produce, 12 cold storages, three market complexes and eight market complexes with cold storage were approved by SLSC during 2010-15 at a cost of ₹ 47.42 crore. Of these, 20[18] were completed with delay of four months to two years from the date of sanction by GoTN. Market complexes in three districts[19] were under progress (July 2015). The following Audit observations were made in this regard:

- Market complex with cold storage sanctioned (October 2011) at Gobichettipalayam, Erode district and completed (July 2013) incurring an expenditure of ₹ 3.96 crore, could not be put to use (September 2015), due to non-availability of uninterrupted power supply.
- Though Deputy Director (Agri Business), Tiruchirappalli reported (March 2011) non-utilisation of the six existing cold storage units in Tiruchirappalli district to their optimal level, GoTN sanctioned (October 2011) a banana market complex with cold storage at Srirangam in Tiruchirappalli district and the same was completed (December 2013) incurring ₹ 3.99 crore and commissioned (June 2014). Scrutiny of records revealed that the cold storage was utilised at only two *per cent* of the installed capacity of 1,000 MT during 2014-15 and was not utilised thereafter (July 2015).

  Government replied that only a particular variety of banana was stored in the cold storage and its market surplus was very low. Efforts would

18 12 cold storages, one market complex and seven market complexes with cold storage.
19 Nilgiris, Ramanathapuram and Coimbatore.

be made to utilise the facility by storing the agricultural produce during 2016.

- Detailed scrutiny of the selected project, *Establishment of market complex with cold storage and traders shop* at Mettupalayam, revealed that the same could also not be put to use due to following reasons:

  Based on the request of the Agriculture Marketing Board, Revenue Department identified (December 2010) 3.42 ha of poramboke land in Chikkadasampalayam village for the project and intimated requirement of acquisition of private land for approach road. SLSC approved (April 2012) the project and GoTN sanctioned (July 2012) ₹ 4.60 crore. For acquiring the land for approach road, Board negotiated (November 2012) and finalised the rate as ₹ 13.17 lakh. The construction was commenced (December 2012) and completed (June 2014) including procurement of machinery at ₹ 4.21 crore. The building was taken over (June 2014) by the Board. However, acquisition of private land for approach road was pending completion (July 2015) for want of funds from Agriculture Marketing Board.

Government stated (December 2015) that the negotiation process was under progress and it would be finalised soon.

2.8.11 Creation of new farmers market

Department of Agricultural Marketing and Agri Business proposed *Creation of new farmers market (Uzhavar sandhai),* to enable farmers to directly sell their agricultural produce, to get a better price. GoTN, with the approval of SLSC, sanctioned (July 2010) the project for ₹ 6.59 crore for creation of 25 new farmers markets and 167 additional shops, in the existing farmers market. Construction of buildings, for 24 farmers market and additional shops commenced (November 2010) and was completed with the expenditure of ₹ 6.27 crore between December 2010 and July 2011. However, the construction of a farmer market, at Aduthurai, could not be taken up due to non-identification of land till the date of Audit.

Scrutiny of records revealed that ₹ 4.48 lakh was diverted and utilised (May 2011) for renovation of the existing farmer market at Kannagi Nagar, Kancheepuram district without the approval of SLSC. As the market was not functioning (September 2012), for want of arrival of produce, the expenditure incurred was unfruitful.

The new market at Edappadi, Salem was constructed (August 2011) on the land belonging to Hindu Religious Charitable Endowment Department and Administrative Sanction for assignment of land was pending (June 2015). Three out of 24 new markets created were not functioning due to non-arrival of agricultural produce.

Government stated that the urbanisation had resulted in reduced arrival of agricultural produce to the established markets. It was also stated that the land cost for market at Edapadi would be settled with proper sanction.

2.8.12 Modernisation of State Seed Farms

GoTN, with the approval of SLSC, sanctioned (December 2012) ₹ 15.23 crore for *Modernisation of State Seed Farms for strengthening of quality seed production* in 41 Seed Farms during 2012-14. The project included civil works, procurement of machinery and creation of irrigation facilities. Though the civil work and irrigation facilities were completed (March 2014) after incurring an expenditure of ₹ 10.79 crore, the same could not be made functional due to non-procurement of machinery and agricultural implements (September 2015), which had resulted in unfruitful expenditure of ₹ 10.79 crore.

Government stated (December 2015) that the procurement of machinery was cancelled due to higher rates quoted by tenderers. It was also stated that the savings were diverted for infrastructure development of the State Seed Farms and the works were under progress.

Projects on facility management

2.8.13 Installation of solar pumpsets

Agriculture Department proposed *Distribution of solar energised pumps*, with 50 *per cent* subsidy, to mitigate high-entry cost barriers for renewable technologies. Based on the approval of SLSC (April 2012), GoTN sanctioned (December 2012) distribution of 500 solar pumps with the funding pattern which included 30 *per cent* subsidy from Ministry of New and Renewable Energy (MNRE) funds. The contract for the pumps was finalised (June 2013) without ascertaining the funding pattern of MNRE. As MNRE funds were available only after completion of the project, GoTN sanctioned (December 2014) 30 *per cent* contribution for the pumps. Of the 500 pumps, 485 pumps were installed and others were in progress (September 2015). Thus, implementation of project, without ascertaining the funding pattern, led to non-installation of solar pumpsets for two years from the date of sanction.

Department stated that MNRE funds had since been credited (December 2015) to State Government account.

2.8.14 Establishment of liquid nitrogen plant

Animal Husbandry Department proposed (April 2011) *Establishment of fully automatic Liquid Nitrogen plant* at Ooty, for production of liquid nitrogen, in order to utilise in artificial insemination programme and to overcome the shortage of supply of frozen semen straws. Based on the approval (July 2011) of SLSC, GoTN sanctioned (October 2011) the project and transferred the amount of ₹ 5.50 crore to Tamil Nadu Medical Services Corporation for implementation. In the meantime, the site was shifted (April 2012) from Ooty to Eachenkottai due to logistical issues. Tenders, invited on two occasions (December 2011 and May 2012), were not finalised due to absence of response and receiving a single tender respectively. Department revised (December 2012) the project to outsource procurement of liquid nitrogen and for storage and supply to veterinary institutions in 10 districts by installation of 3,000 litre silo tanks besides construction of building. GoTN permitted (August 2013) the Department to utilise the services of Public Works Department (PWD) to construct the building in 10 districts for ₹ 3.40 crore and Tamil Nadu Livestock Development Agency for installation of silo tanks for ₹ 1.25 crore and ₹ 0.65 crore for supply of Liquid Nitrogen. PWD completed nine out of 10 buildings and handed these over (May 2014 to December 2015) to the implementing Department.

Citing huge evaporation loss in 3,000 litre silo tanks, Department again modified (November 2014) the project for procurement of 600 transport containers of 50 litre capacity without the approval of SLSC. Procurement orders were issued (June 2015) to Indian Oil Corporation Limited. While 540 containers were received, the supply of balance containers was in progress (November 2015).

Thus, absence of proper feasibility study resulted in re-location, revision and subsequent modification of the scope of the project, besides non-achievement of envisaged objective, even after five years.

Government replied that the modifications in the objective of the project were on account of price variations and cost effectiveness. It also stated that necessary ratification proposals would be submitted to SLSC shortly. The reply confirms that the Department did not take effective measures for early completion of project.

Upgradation of Laboratories

2.8.15 Accreditation to State Pesticide Testing Laboratories

State Pesticides Testing Laboratories (SPTLs) enforced the statutory provisions of the Insecticides Act, 1968 and the Insecticides Rules, 1971 for assuring quality pesticides to the farmers. In order to achieve a formal recognition of their competency, GoTN, with the approval of SLSC, sanctioned (July 2012) National Accreditation Board for Testing and Calibration Laboratories, Accreditation to two SPTLs at Coimbatore and Kancheepuram and construction of buildings for six SPTLs for ₹ 6.69 crore. Construction of buildings in six SPTLs was completed between March 2014 and June 2015. Despite incurring an expenditure of ₹ 2.03 crore, towards creation of infrastructure for two SPTLs, their accreditation process was pending completion (March 2015) due to non-sanction of manpower and administrative expenses.

Government stated that the process of accreditation would be completed in a phased manner.

2.8.16 Establishment of Residue Laboratories

TNAU proposed *Strengthening the existing Pesticide Residue Laboratory and establishment of Regional Laboratory* (RL) to analyse, monitor and mitigate the level of contamination of different agricultural crop produce. SLSC (April 2010) approved establishment of RL at Madurai (₹ 50.40 lakh) and procurement of Liquid Chromatography Mass Spectrometry (LCMS) to strengthen RL at Coimbatore (₹ 0.75 crore). SLSC also suggested for assessing the impact before sanctioning additional RL. GoTN sanctioned (November 2010) ₹ 1.25 crore for the project.

Scrutiny of records revealed that instead of LCMS for Coimbatore, TNAU procured minor equipments valuing ₹17.28 lakh for three[20] laboratories between December 2011 and March 2012 and incurred recurring expenditure of ₹ 8.02 lakh (August 2013). The unspent balance of ₹ 99.40 lakh was retained by the TNAU.

In the meantime, Phase II of the project was sanctioned (October 2011) for establishment of pesticide Residue laboratory at Tiruchirappalli and for procurement of LCMS to Laboratory at Coimbatore for ₹ 1.17 crore. Expenditure of ₹ 1.17 crore was incurred and equipment were installed (June 2013 and December 2013) at Tiruchirappalli and Coimbatore.

However, on receipt of the revalidation orders (January 2014) for Phase I, TNAU purchased (February/March 2015) another LCMS for Coimbatore at ₹ 69.74 lakh and equipments for Madurai college at ₹ 29.71 lakh and installed them (May and July 2015), which resulted in purchase of two LCMS equipment for Coimbatore in excess of requirement.

Government replied that two units were being used for teaching, research and analysing outside samples. The reply is not acceptable as the machine procured in 2013 was put to use only from April 2015 and only 40 tests were performed, utilising the machines alternatively during 2015-16, due to absence of skilled manpower.

Information Technology projects

2.8.17 Implementation of computerisation in Regulated Markets

Based on the proposal of Director of Agricultural Marketing and Agri Business for *Development of web based software to Regulated Markets* (RM) with the objective of dissemination of transparent market information to farmers, GoTN, with the approval of SLSC, sanctioned (October 2011) ₹ 2.50 crore.

Technical Committee, constituted (November 2011) for finalisation of specifications, recommended comprehensive software to automate all aspects of marketing including outside yard operations. Department invited tenders (January 2012) and work was awarded (May 2012) to a consultant for ₹ 2.35 crore for completion within three months and for provision of man power and maintenance for one year along with data entry of transactions. Department incurred expenditure of ₹ 1.25 crore (June 2015) and the balance was pending payment.

Scrutiny of records revealed the following:

- Though the Technical Committee had recommended comprehensive software, Department limited the scope of work to auction module which resulted in continued dependence on manual records.
- Analysis of RM software and data revealed the absence of input, validation, output and logical controls as detailed below:

[20] Coimbatore, Madurai and Tirunelveli.

- Acceptance of non-standardised data, duplicate records and blanks in unique fields like traders-identification, farmer details.
- Non-generation of customised and consolidated reports requiring manual intervention
- Non-codification of unique identification for farmers and traders for effective data capturing
- No audit trails to identify and detect unauthorised access, modification to data, programs and table structure.
- Differences in the data captured and manual registers on the quantum of trading during November 2012 to December 2013 in eight selected RMs in four districts, indicating absence of transparent market information to farmers.
- Though the project envisaged connectivity of 20 RMs with the server installed at the Head office, they were not connected (December 2015) due to absence of connectivity.

In view of these deficiencies, the web based software could not be put into use for more than 18 months despite incurring expenditure of ₹ 1.25 crore.

Government replied that a technical committee had been formed to monitor and recommend proper implementation. Government, in the Exit Conference, also assured the rectification of the control defects by the existing contractor.

2.8.18 Comprehensive Input Supply Management System

Agriculture Department proposed *Computerisation of 398 Agricultural Extension Centres* (AECs) in the State to address the gaps in the manual maintenance of inputs inventory, provision of internet connectivity to link seed certification and testing process. APC emphasised that the project would hasten the process of supply of inputs to farmers and ensure time bound supply. GoTN sanctioned (August 2013) ₹ 5.45 crore which included procurement of hardware for ₹ 4.50 crore, enhancement of software ₹ 0.10 crore and broadband charges ₹ 0.84 crore.

The Department, instead of enhancing the existing software, diverted the sanctioned amount of ₹ 0.10 crore for payment of recurring broadband charges without the approval of SLSC. Non-enhancement of software had resulted in non-provision of linkages to seed certification and testing process, absence of provision for ascertaining the validity period and issue of inputs on the basis of first-in-first-out system, facility for cancellation of the bills by the users instead of administrators and absence of audit trails.

The analysis of data entered in the system revealed the following deficiencies:

- Out of 9,057 seed samples tested by the Department of Seed Certification (April 2014 to June 2015), 282 samples failed seed tests and absence of provision for linkages to seed certification and testing had resulted in non-ensuring the germination quality and purity of seeds.

- The data included 2,210 seed lot numbers with length less than 15 characters as against the standard of minimum 15 characters of seed lot numbers prescribed under Para XVIII of Indian Minimum Seed Certification Standards 2013. This resulted in absence of facility to maintain identity of seed, tracing back to its origin, accounting and inventory maintenance.
- The data contained 4,736 duplicate bills out of 40,337 bills, rendering the data unreliable. The reports generated on the basis of the data would result in inaccurate Management Information System and indicated absence of output controls.
- Though agreement terms for the supply of inputs stipulated for the materials to have minimum validity of nine months from the date of supply, in 994 out of 3,690 lots, inputs (value ₹ 7.28 crore) with less than nine months validity period were accepted in 299 AECs of 30 districts during 2014-15, indicating absence of validation control.
- Out of 36,503 cases of sales to farmers during the period April and May 2015 in 233 AECs in 29 districts, in 7,713 cases the data exhibited the sale of expired goods.
- A comparison of data entered in the module with the manual data revealed discrepancy in the stock register, remittance register and cash registers of AECs, indicating the data captured in the system as unreliable.

Despite incurring an expenditure of ₹ 5.45 crore towards the project, absence of enhancement of the software and discrepancy in the data resulted in non-achievement of the objective of the project.

Government replied that the deficiencies would be rectified in the subsequent version of the Module.

2.9 Monitoring and Evaluation

2.9.1 Evaluation

As per Para 6.3.6 of the NADP guidelines, 2007, SLSC was responsible for initiating evaluation studies from time to time as may be required. Even though, TAWDEVA entrusted (March 2011) the work of evaluation of 12 projects in seven districts to Director of Evaluation and Applied Research, the reports were received only for three projects (September 2015) and the balance reports were awaited for the reasons not on record.

SLSC advised (April 2012) TAWDEVA for initiation of third party evaluation on important projects. NADP Guidelines, (January 2014) envisaged (Para 12.3) compulsory third party monitoring and evaluation of 25 *per cent* of the sanctioned projects. However, no such monitoring and evaluation was conducted resulting in absence of third party evaluation of projects.

Government, in the Exit Conference, stated that action would be taken shortly for conducting evaluation study and third party evaluation on NADP projects.

2.9.2 Web based monitoring

NADP guidelines, 2007 envisaged (Para 5.2 (v)), establishment of Information Technology based and web enabled Management Information System by the nodal agency, for online monitoring of the programme and the same was established during 2010.

Audit observed the following deficiencies in the available web based data:

- All the projects approved by SLSC were assigned individual project identification numbers. It was, however, noticed that 17 project identification numbers were not created.
- 11 cases of duplicate project Identification Numbers; and project identification numbers available in RKVY portal but not in TAWDEVA data (10 cases) and vice versa (15 cases).

While accepting the deficiencies, TAWDEVA stated (September 2015) that, in the RKVY portal, data was being uploaded only for those projects for which sanctions were accorded by GoTN whereas Identification Numbers were also created for projects approved and awaiting sanctions from GoTN and that for about 15 projects pertaining to 2011-12 and 2012-13, the project IDs were not created. It was further stated that the discrepancies would be resolved by taking up the matter with the Agriculture Division of National Informatics Centre.

Government stated that the deficiencies were due to some technical snag.

2.10 Conclusion

Implementation of National Agriculture Development Programme in Tamil Nadu revealed that the nodal agency failed to prepare agricultural plan for the XII Plan period, ensure the selection of projects based on agro-climatic conditions and natural resources in the districts, besides implementing nine projects with an expenditure of ₹ 40.90 crore against the stipulations of SLSC. Absence of shelf of projects, for prioritisation, resulted in dropping of some sanctioned projects. Instances of overlapping of GOI schemes were also noticed. GoTN failed to utilise GOI grant of ₹ 36.62 crore during 2010-15 for implementation of projects in agriculture and allied sectors. Imprudent financial management resulted in blocking of funds of ₹ 86.26 crore in PD/Savings bank accounts. GoTN diverted ₹ 45.06 crore, for awareness programme from NADP funds despite availability of funds under ATMA. Sanction of projects without definite timelines, incorrect site selection, failure to ascertain measurable output and delay in completion of projects resulted in avoidable and unfruitful expenditure of ₹ 25.25 crore besides non-achievement of envisaged objectives. There were shortcomings also in evaluation of projects, web monitoring and internal control.

2.11. Recommendations

State Government may

- Ensure preparation of agricultural plans and shelf of projects for selection and prioritisation of projects based on agro-climatic conditions, availability of technology and resources.

- Strengthen the system of financial control in implementation of projects by ensuring complete and effective utilisation of funds sanctioned for the intended objectives and avoid diversion of funds.
- Formulate a mechanism for effective project management involving approval of projects with definite timelines and measurable outputs.
- Ensure conducting of periodic meetings of SLSC and Monitoring Committee to effectively monitor the implementation of projects. Third party evaluation of implemented projects may also be ensured.