Section - B

Chapter - II

Performance Audit

Chapter-II

Performance Audit

Agriculture and Cooperation Department; and Animal Husbandry, Dairy Development and Fisheries Department

2. Implementation of Rashtriya Krishi Vikas Yojana

2.1 Introduction

Agriculture supports over 50 *per cent* of the rural households and thereby plays a vital role in India's economy. Concerned by sharp decline in growth in Agricultural Sector after the mid-1990s, mainly due to consistent decrease in investment in the Sector by the State Governments, the Government of India (GoI)[150] launched (2007-08) the Rashtriya Krishi Vikas Yojana (RKVY). The scheme was aimed at achieving annual growth rate of four *per cent* in Agricultural Sector during XI Plan period by ensuring holistic development in agriculture and allied sectors. GoI later extended the Scheme to XII Plan period (2012-13 to 2016-17) with the aim of achieving and sustaining the desired annual growth rate. The Scheme was further extended upto 2019-20 as 'RKVY-Raftaar – Remunerative approach for agriculture and allied sector rejuvenation'. Upto 2014-15, GoI provided 100 *per cent* assistance under Special Additional Central Assistance and from 2015-16 onwards, GoI had been providing 60 *per cent* assistance as Centrally Sponsored Scheme and the remaining 40 *per cent* was being provided by State Government. In AP State, the Scheme was being implemented in various agriculture and allied sectors like agriculture, horticulture, animal husbandry, fisheries, etc.

Objectives of the scheme

- To incentivise the States to increase public investment in agriculture and allied sectors;
- To provide flexibility and autonomy to States in the process of planning and executing agriculture and allied sector schemes;
- To ensure the preparation of agriculture plans for the districts and the States based on agro-climatic conditions, availability of technology and natural resources;
- To ensure that the local needs/crops/priorities are better reflected in the agriculture plans of the State;
- To achieve the goal of reducing yield gaps in important crops through focused interventions;
- To maximise returns to the farmers in agriculture and allied sectors; and

[150] Department of Agriculture and Cooperation (DAC), Ministry of Agriculture, GoI.

- To bring about quantifiable changes in the production and productivity of various components of agriculture and allied sectors by addressing them in a holistic manner.

2.2 Process of planning and funds flow

The Agriculture Department, the state level nodal agency for the overall implementation of RKVY, places RKVY project proposals before the State Level Project Screening Committee (SLPSC[151]) which, after thorough verification, sends a copy of the project proposals to GoI[152] for its remarks. The project proposals along with the remarks of GoI are placed before the State Level Sanctioning Committee (SLSC[153]) for approval. Once SLSC sanctions the projects, the GoI releases funds to the State Government. On receipt of funds from GoI, the State Government adds its share and releases funds to the Nodal Agency (Agriculture Department) which in turn releases funds to different implementing departments/agencies.

2.3 Scope and Methodology of Audit

Performance Audit on the implementation of RKVY in the State was conducted covering the four year period from 2014-15[154] to 2017-18. As per the information furnished by the Agriculture Department, 479 projects with an aggregate cost of ₹1302.62 crore were implemented during 2014-18 under twenty sectors in the State and the expenditure thereon at the end of March 2018 was ₹1,116.19 crore[155] (sector wise details in ***Annexure-8***). Of this, three major sectors, *viz* - Agriculture, Animal Husbandry and Horticulture to which 68 *per cent* project cost (₹881.98 crore) was allocated (expenditure: ₹765.04 crore), were selected for audit. In these three sectors, Audit selected four (out of 13) districts (Anantapuramu, Guntur, Krishna and SPSR Nellore) through Stratified Random Sampling method, classifying the districts into four categories[156] based on the total expenditure incurred in the districts on the selected sectors.

The details of the number of projects sanctioned under the three selected sectors (Agriculture, Horticulture and Animal Husbandry) during the four year period 2014-15 to 2017-18 covered in audit, their project cost and the expenditure incurred as of March 2018 are shown in Table 2.1:

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[151] SLPSC consists of Principal Secretary, State Agriculture Department (chairperson) with heads of agriculture and allied sectors and the State agricultural universities as members.

[152] Department of Agriculture and Cooperation (DAC), Ministry of Agriculture.

[153] SLSC consists of the Chief Secretary (Chairperson), Principal Secretary, Agricultural and Cooperation Department (Member-Secretary); the Secretaries of Finance, Planning, Panchayat Raj/Rural Development/Water Resources/Irrigation, Secretaries/Directors of agriculture and allied Departments, Representatives of State Agricultural Universities and Representatives of GoI (not below the rank of Joint Secretary) from agriculture and allied sectors and the Planning Commission as its members.

[154] i.e., the year in which the State was bifurcated.

[155] 2014-15: ₹263.54 crore, 2015-16: ₹321.10 crore, 2016-17: ₹370.98 crore and 2017-18: ₹160.57 crore

[156] Expenditure of more than ₹80 crore : Anantapuramu district; ₹60 crore to ₹80 crore : Guntur district; ₹40 crore to ₹60 crore : Krishna district; and ₹20 crore to ₹40 crore : SPSR Nellore district

Table 2.1 – Stream wise total projects sanctioned under selected sectors during 2014-15 to 2017-18 and expenditure as of March 2018

(₹ *in crore*)

Stream	*For entire State*			*In Selected districts*		
	No. of projects	***Project cost***	***Expenditure***	***No. of projects***	***Project cost***	***Expenditure***
Production Growth	95	432.61	368.72	67	78.82	61.73
Infrastructure & Assets	114	376.28	327.64	48	95.02	52.03
Sub-Schemes	18	62.88	60.06	3	2.81	1.42
Administrative expenses	0	10.21	8.62	0	0	0
Total	**227**	**881.98**	**765.04**	**118**	**176.65**	**115.18**

*(**Source:** Information furnished by CDA)*

In the four selected districts, 101 projects costing ₹165.18 crore (out of 118 projects costing ₹176.65 crore) were covered in audit. The expenditure incurred thereon was ₹105.56 crore.

Audit was conducted (March - July 2018) through examination of records and obtaining information through audit enquiries at the Commissionerates/ Directorates of Agriculture, Horticulture and Animal Husbandry at State level and their unit offices in the selected districts.

An Entry Conference was held (April 2018) with the Commissioner of Agriculture, Commissioner of Horticulture and Deputy Director of Animal Husbandry wherein the audit objectives, scope and methodology of audit were discussed. An Exit Conference was also held (February 2019) with the Special Chief Secretary, Agriculture and Cooperation Department, Principal Secretary, Animal Husbandry, Dairy Development and Fisheries Department and other officers of the implementing departments to discuss the audit observations.

2.4 Audit objectives

The Performance Audit was conducted with the objective to examine whether:

- Planning of the scheme was efficient and in accordance to the RKVY Guidelines.
- Funds for the scheme were planned and provided timely and in accordance with the guidelines.
- The RKVY scheme was implemented economically, efficiently and effectively and achieved the intended outcomes.

2.5 Sources of Audit criteria

Following were the audit criteria for this Performance Audit:

- Guidelines for RKVY issued (in 2007, 2014 and 2017) by the Ministry of Agriculture, GoI.
- Guidelines issued (March 2008) by the Planning Commission for preparation of Comprehensive District Agriculture Plan (C-DAP Manual);
- Approved State/District Agriculture Plans and State Agriculture

Infrastructure Development Plans;

- Minutes of SLSC Meetings, Detailed Project Reports (DPRs) of the approved Projects; and
- Other Guidelines/Instructions issued by the GoI, GoAP and HoDs for implementation of RKVY.

2.6 Acknowledgement

Audit acknowledges the cooperation extended by the Agriculture, Horticulture and Animal Husbandry Departments during this Performance Audit.

Audit findings

During the period from 2014-15 to 2017-18, ₹1,302.62 crore were released by GoI and GoAP for implementation of RKVY in the State and the expenditure to the end of March 2018 was ₹1,116.19 crore. The year-wise details of releases and expenditure are shown in Table 2.2 below:

Table 2.2 – Details of funds released (funds spent and unspent funds) for the years 2014-15 to 2017-18

(***₹ in crore***)

Year	Amount released for RKVY			Amount spent during the year*	Amount unspent as at the end of each year	Percentage of amount unspent in the year	Date of last UC for full amount#
	GoI	GoAP	Total				
2014-15	263.54	0	263.54	244.40	19.14	7.26	28.11.2015
2015-16	192.66	128.44	321.10	90.75	230.35	71.74	14.11.2016
2016-17	222.59	148.39	370.98	112.00	258.98	69.81	02.08.2017
2017-18	208.20	138.80	347.00	160.57	186.43	53.73	04.05.2018
	886.99	**415.63**	**1302.62**	**607.72**	**694.90**	**53.35**	

* *The Department furnished the figures of expenditure incurred to the end of March 2018. The year wise details of expenditure incurred 'during' these years were, however, not furnished. Hence, the above amounts have been worked out based on the amounts of GoI's share remained unspent at the end of each year and revalidated by GoI for the next year.*

The total expenditure as per the last UC for funds received for each year was - 2014-15: ₹263.54 crore; 2015-16: ₹321.10 crore; 2016-17: ₹370.98 crore and 2017-18: ₹172.09 crore

*(**Source:** Records of CDA and SAMETI)*

As seen from the above, the State could not fully utilise the funds released in any of the four years. The percentage of unspent balances was abnormally high (ranging between 71.74 *per cent* and 53.73 *per cent*) in three years (2015-16 to 2017-18). The non-utilisation of funds was mainly due to delays in receipt of funds by the implementing departments/agencies and also poor implementation of some of the approved projects (as discussed in Paragraph 2.9 and 2.10 *ibid*) due to non-assessment of farmers' needs and improper planning in infrastructure projects. These issues are detailed in the following paragraphs.

2.7 Planning

2.7.1 Preparation of the State and District Level Plans

RKVY Guidelines - 2007 stipulated that each State shall have comprehensive State Agricultural Plan (SAP) for the Five Year Plan period. SAP is the overall plan of the State aimed towards projecting the requirements for development of agriculture and allied sectors. The SAP is to be prepared by integrating the District Agriculture Plans (DAPs) which are to be prepared for each district duly taking into account the financial requirements of the district and the resources that would be available from various schemes. The SAP will also include the proposals for infrastructure projects. The DAPs/SAP present the vision for development of agriculture and allied sectors.

As per the RKVY guidelines - 2014, the States shall also prepare State Agriculture Infrastructure Development Programme Plan (SAIDP) in similar manner. SAIDP is a shelf of projects proposed under the 'Infrastructure and Assets' stream of RKVY. The SAIDP is a consolidation of the requirements of infrastructure identified in DAPs/SAP.

It was observed that the SAP/DAPs were earlier prepared for XI Plan period, i.e., up to 2011-12. Agricultural Plans for the XII Plan period (2012-13 to 2016-17) were, however, not prepared up to the year 2015-16. It was only in February 2015 that the Commissioner and Director of Agriculture (CDA) had engaged the National Academy of Agricultural Research Management (NAARM) for preparation of SAIDP and the AP Productivity Council (APPC) for preparation of SAP and DAPs, with a stipulation to complete the work in four months. The agencies, however, started the work only after release of advance amount by CDA in June 2015. The agencies submitted the plans for the four years period 2015-19 in February 2016 and the Department approved them in May 2016, i.e., after completion of the year 2015-16. Thus, the scheme was implemented without DAPs/SAP/SAIDP during the period from 2012-13 to 2015-16. Absence of State/District plans indicate that the scheme was implemented without assessing the local requirements for overall development of agriculture and allied sectors.

Government accepted (February 2019) the above audit observation.

2.7.2 Non-assessment of farmers' needs

The Manual on Comprehensive District Agricultural Plans (DAPs) issued (March 2008) by the Planning Commission stipulates the following steps for preparation of Comprehensive DAPs - (1) Gather the statistical profile of the district to understand the strengths, weaknesses, opportunities and threats; (2) Constitute Agricultural Planning Units at Village, Block/Mandal and District levels; (3) At village level, planning should be done in consultation with all sections, especially weaker, women and disadvantaged sections through Gram Sabhas and maintain the record of meetings conducted to assess the needs.

It was observed that the two agencies engaged for preparation of SAIDP/ SAP/DAPs prepared the plans by obtaining inputs from the district/divisional offices of implementing departments through data sheets. There was, however, no record to show that either the agencies or the departmental officers had taken the inputs from the District/Mandal/Village Level Agricultural Planning Units for preparation of the Plans. In the minutes of Gram Sabhas and other village level meetings available with the district, division and mandal level offices in test checked districts also, there was no evidence that inputs from the farmers were sought and obtained for preparation of the Plans. Thus, the State/District agriculture plans were prepared without assessing the farmers' needs in each district.

Due to preparation of the plans without considering the farmers' needs, some of the approved projects were not implemented/poorly implemented in test checked districts, as the farmers did not show interest in them (refer Para 2.9).

Government replied that the issues raised by Audit would be taken care of in future.

2.7.3 Delays in submission, screening and approval of project proposals

Every year, the departments of agriculture and allied sectors prepare Detailed Project Reports (DPRs) for each sub-scheme/component proposed to be taken up under RKVY during the year. The proposals are screened by the State Level Project Screening Committee (SLPSC) and projects are sanctioned by the State Level Sanctioning Committee (SLSC) after which the GoI releases its share of funds to the State in two instalments. On receipt of funds, the GoAP adds its share and releases to the Nodal Agency, which in turn releases funds to the implementing departments/agencies.

For effective and timely implementation of the projects, it was essential that sanction of SLSC for the proposed projects is obtained before the start of the year. GoI also instructed (November 2014) that SLSC should approve projects for next financial year before end of previous financial year. There was, however, no mechanism in the State to ensure timely submission/approval of projects. It was observed that in respect of all the four years (i.e., 2014-18) covered in audit, the SLSC sanctions for the proposed projects were obtained only after the start of the year, as shown in Table 2.3:

Table 2.3 – Dates of screening/sanctioning of projects and release of GoI funds

Year	Dates of receipt of DPRs by Nodal Agency	Dates of SLPSC Meetings	Dates of SLSC Meetings	Dates of release of funds by GoI	
				1st instalment	2nd instalment
2014-15	February to March 2014	13 June 2014	30 July 2014	01 August 2014 01 October 2014	17 December 2014
			09 Sept 2014	01 October 2014 19 February 2015	17 December 2014 26 March 2015
2015-16	May to July 2015	18 May 2015	07 August 2015	09 September 2015 02 December 2015	09 March 2016
			26 February 2016	09 March 2016	
2016-17	April to June 2016	16 June 2016	22 July 2016	19 August 2016	04 January 2017
			24 October 2016	04 January 2017 21 February 2017	--
2017-18	December 2016 to March 2017	06 February 2017	28 April 2017	30 May 2017 27 July 2017	04 January 2018 15 January 2018

*(**Source:** Records of CDA)*

In respect of three out of the four years (2014-15 to 2016-17), the SLSC sanctions were obtained in July/August (i.e., four to five months after the start of the financial year). In respect of the year 2017-18, the SLSC sanction was obtained in April 2017 (nearly one month after the commencement of the financial year). Delays in SLSC meetings were because of the late receipt of project proposals/DPRs from the implementing departments/agencies and the consequent delays in screening of project proposals by the SLPSC. In three years (2014-15 to 2016-17), the DPRs were received by Nodal Agency in first quarter of the year and screening of projects was done only after start of the year (May/June) while in 2017-18, though the screening by SLPSC was done in February 2017 (i.e., before start of the year), the SLSC meeting was held only in April 2017, after receiving all the DPRs.

The sanction of projects by the SLSC after the commencement of the financial year led to delays in receipt of GoI share by one to four months. The State could get the first instalment funds from GoI only in August/September during 2014-15 to 2016-17 and in May during 2017-18.

Delays in screening/sanction of projects and consequent delay in release of funds led to delays in implementation of projects and delivery of benefits to farmers. These issues are detailed in the subsequent paragraphs.

Government, while accepting the audit observation stated that such delays would be avoided in future.

2.8 Financial management

Every year, after receipt of funds from GoI, the State Finance Department adds the State's share and issues Budget Release Order (BRO) for the total amount and accords administrative sanction for drawing the amount. The office of the Commissioner and Director of Agriculture (CDA) draws the amount and adjusts to Personal Deposit (PD) account of Director, State Agricultural Management and Extension Training Institute (SAMETI), who in turn releases funds to different implementing departments/agencies (From August 2017 onwards, the CDA has been directly releasing the funds to implementing departments). The HoDs of the respective sectors release funds to their field offices for implementing the Scheme.

2.8.1 Delays in release of funds to implementing departments

As detailed in Paragraph 2.7.3, the release of scheme funds by GoI was delayed by one to four months in all the four years (2014-15 to 2017-18). It was also observed that even after receipt of funds from GoI, there was further time lag of 64 to 188 days[157] in release of funds by GoAP to the implementing departments. These time lags occurred at various stages – i.e., (i) submission of proposals by CDA and issue of administrative sanction by Finance Department (17 to 83

[157] 2014-15: 71 to 110 days; 2015-16: 71 to 119 days; 2016-17: 64 to 188 days and 2017-18: 98 to 165 days (Department did not submit full details of all the releases for the year 2017-18).

days), (ii) drawal of funds by CDA and crediting in to the PD account of SAMETI (3 to 47 days) and (iii) release of funds by SAMETI to the implementing departments (5 to 151 days).

The first instalments of the funds reached the implementing departments only in November during the three years from 2014-15 to 2016-17 and in September in the year 2017-18. The second instalments could therefore be released to implementing departments only in the subsequent years. This made it difficult for the sectoral departments to implement projects within the year in which they were sanctioned. For example, the Mini Sheep/Goat units and Ksheerasaagar projects under the Animal Husbandry Department were approved by SLSC in July 2014. The funds, however, for these projects reached the implementing department/districts only in February/March 2015 and implementation of these projects commenced only in 2015-16.

Due to non-utilisation of funds released in the respective years during 2014-15 to 2017-18, the State had to carry forward the funds remaining unutilized at the end of the year amounting to ₹19.14 crore, ₹230.35 crore, ₹258.98 crore and ₹186.43 crore respectively, to the subsequent years by obtaining permission of GoI for revalidation.

Government assured to avoid such delay in future.

2.8.2 Diversion of RKVY funds

As per the procedure stipulated in paras 7 to 10 of the RKVY Guidelines, the GoI releases RKVY funds only for the projects approved for the year by the SLSC. The interest earned on the RKVY funds was to be utilised for implementing the RKVY projects only. It was, however, observed that the Director of Animal Husbandry (DAH) had diverted (February 2015 to November 2017) the interest received on RKVY funds amounting to ₹10.41 crore to the State funded schemes and other activities, which did not fall under the approved RKVY projects as under:

- ₹8.21 crore in 2016-17 and 2017-18 to meet the expenditure under the State funded 'Ooruraa Pasu Graasa Kshetralu' programme[158];
- ₹2.00 crore in December 2015 for insuring animals enrolled under Ksheerasaagar scheme taken up with the State Plan funds; and
- ₹0.20 crore paid (February 2015 and July 2017) for other purposes like salary of Veterinary Assistant Surgeon and amounts paid to Animal Welfare Board/societies.

Government, while accepting the above audit observations, replied that out of the ₹10.41 crore diverted, an amount of ₹8.22 crore had been recouped (May 2015/January 2018) and the remaining amount (₹2.19 crore) would be recouped in due course.

[158] Cultivation of fodder involving self help groups/entrepreneurs/organisations.

2.8.3 RKVY funds kept outside Government Account

In the RKVY guidelines, there was no specific provision as to whether the scheme funds were to be operated through Government account, Personal Deposit (PD) Accounts or bank accounts. Rule 7 and Rule 9 of the Andhra Pradesh Treasury Code stipulate that Government servants shall not deposit the moneys withdrawn from the Government Account in a Bank. The Government Order[159] (April 2000) also stipulate that no amounts shall be withdrawn from PD account and kept in banks in order to avoid lapse of funds.

It was observed that there was no uniformity in the procedure followed for operation of RKVY funds by the three test checked departments:

- In Agriculture Department, the SAMETI/CDA and the four test checked District Offices had kept the RKVY funds in PD Accounts. In addition to the PD Accounts, three district offices (Anantapuramu, Nellore and Krishna districts) also operated savings bank accounts for RKVY funds. Joint Director of Agriculture (JDA), Guntur did not furnish the details of bank accounts.
- In Horticulture Department, the Commissioner of Horticulture (CoH) kept the RKVY funds in a PD Account. All the eight Assistant Directors of Horticulture in the test checked districts, however, kept RKVY funds outside the Government Account in savings bank (SB) accounts.
- In Animal Husbandry Department, the DAH maintained a PD Account for receiving the RKVY funds. The DAH was, however, drawing the funds from the PD Account and depositing in to a savings bank account for subsequent utilisation. In all the four test checked districts, the district officers were keeping RKVY funds in savings banks accounts.

At the end of March 2018, unspent funds amounting to ₹35.57 crore were lying in 14 saving bank accounts of the test checked offices of three test checked departments. (Details in ***Annexure-9***).

Keeping the scheme funds outside Government Account was contrary to the provisions of the AP Treasury Code and the Government order dated 22 April 2000 indicating weak internal controls in management of public funds, as withdrawls from bank accounts are not subjected to treasury check.

Government did not furnish any reply to the above audit observation.

Implementation of projects in the selected sectors

In the four selected districts, 118 projects costing ₹176.65 crore (expenditure: ₹115.18 crore) were implemented under the three selected sectors during the four year period. Of these, 101 projects costing ₹165.18 crore (expenditure: ₹105.56 crore) were examined in audit.

[159] GO Ms.No.43 of Finance and Planning (FW:W&M) Department dated 22 April 2000.

Table 2.4 – Details of projects examined in audit

	Number of projects	Project Cost (₹ in crore)	Expenditure (₹ in crore)
Agriculture Department	27	76.22	48.97
Horticulture Department	63	57.56	42.89
Animal Husbandry Department	11	31.40	13.70
Total	***101***	***165.18***	***105.56***

Audit observations on implementation of projects under the selected sectors in the test checked districts are discussed below:

2.9 Projects not implemented/poorly implemented due to non-assessment of farmers' needs

The State had prepared the State/District agriculture plans without assessing the farmers' needs in each district. Further, the RKVY guidelines stipulate that Detailed Project Reports (DPRs) shall be prepared for each of the RKVY projects incorporating all essential ingredients like, feasibility studies, anticipated benefits, timelines for implementation, etc. Audit, however, observed that the DPRs did not contain the details of feasibility studies conducted, if any, to assess the ground level requirements of the farmers in various districts in physical terms and the level of willingness of the farmers to avail the benefits under the proposed projects. There was no evidence in the records of the line departments to show that adequate publicity was given either in Gram Sabhas or through print/electronic media to generate awareness about the projects among the farmers.

- It was noted that due to lack of response from farmers, the line departments failed to implement or inadequately implemented some of the projects proposed by them and approved by the SLSC during the 2014-15 to 2017-18. Audit findings with reference to these projects are detailed in Table 2.5 below:

Table 2.5 – Projects poorly implemented due to lack of response from farmers

S. No.	Audit observations on projects poorly implemented	
	Agriculture Department	
1	***Project: Supply of Seed Storage Bins***	
	Districts: Anantapuramu, Guntur, Krishna and Nellore	
	Total amount allocated : ₹1.32 crore	*Amount spent : Nil*
	The GoAP had been implementing the Seed Village Scheme since 2005 with an objective of increasing the production of certified/foundation seeds locally. To enable the farmers to store the processed seed for use in the next year, the Department had proposed to supply seed storage bins to farmers at 50 *per cent* subsidy under RKVY scheme. It was observed that in the year 2013-14, the Department had targeted supply of 3,980 storage bins to the farmers in the State (cost: ₹1.02 crore). Due to poor response from farmers, however, it could	

<table>
<tr><th>S. No.</th><th colspan="2">Audit observations on projects poorly implemented</th></tr>
<tr><td></td><td colspan="2">supply only 2,036 bins (expenditure: ₹0.52 crore), which was 51 per cent of the target. Despite negligible response from farmers, non-achievement of targets in 2013-14 and without analysing the underlying reasons, the Department obtained SLSC sanction (September 2014) again for the year 2014-15 for an amount of ₹5 crore for this project. The CDA released (April/ May 2015) the amount to all districts in the State for supply of 19,512 seed storage bins to farmers. Of this, ₹1.32 crore was released to the four test checked districts[160] for supply of 5,162 seed storage bins. The test checked district offices, however, could not identify even a single beneficiary as there was no demand from farmers. JDA, Anantapuramu replied that farmers did not prefer seed storage bins as they faced problems in germination of pulses and groundnut seeds when stored in storage bins and they preferred gunny/jute bags which consume less space for storage and were easy for transportation. As per the information furnished by the Department, there was no response from farmers across the State and the achievement was nil for year 2014-15. All the districts returned the unutilized amount of ₹5.50 crore (including unutilised amount of ₹0.50 crore of the year 2013-14) to the CDA due to non-implementation. In fact, the JDAs of Anantapuramu and Krishna districts stated that they had not sent any proposals for seed storage bins in both the years. This indicates that the project was proposed/implemented without assessing the basic problems of farmers.

Government replied that the project was not completed during 2013-14 due to late commencement (February 2014). Government did not offer any reasons for failure of the project during the year 2014-15. It was, however, noted that the project proposals for the year 2014-15 were approved only in September 2014, by which time the low response of farmers and the fact of availability of unutilised funds would have been known to the Department. Proposing the project again in 2014-15 (with higher targets) without assessing or analysing the performance of previous year indicates improper planning in proposing projects/stipulating targets.</td></tr>
<tr><td rowspan="3">2</td><td colspan="2">Project: Establishment of Vermi Hatcheries</td></tr>
<tr><td colspan="2">Districts: Anantapuramu, Krishna, Guntur and Nellore</td></tr>
<tr><td>Total amount allocated: ₹0.30 crore</td><td>Amount spent : ₹0.13 crore</td></tr>
<tr><td></td><td colspan="2">Agriculture Department proposed to provide subsidy of ₹one lakh (50 per cent of estimated cost) to farmers for ‘Establishment of Vermi Hatcheries’[161] for growing earthworms locally for use in vermi-composting[162]. The Department obtained (July 2014) SLSC sanction for ₹1.30 crore (for 130 hatcheries) in the State. The CDA initially allocated (September 2014) 108 hatcheries to the 13 districts and released ₹1.08 crore in March 2015. Out of this, 30 hatcheries (amount released: ₹0.30 crore) were allotted to the four test checked districts. These districts could identify beneficiaries and implement only 15 units (subsidy paid: ₹0.13 crore) as of May 2018 due to lack of response from farmers. Reasons for lack of response from farmers were not on record. It was further noted that the funds of ₹0.36 crore allocated for this project previously in 2012-</td></tr>
</table>

160 Anantapuramu: ₹79.44 lakh (3100 bins), Krishna: ₹16.96 lakh (662 bins), Nellore: ₹16.66 lakh (650 bins) and Guntur: ₹19.22 lakh (750 bins).

161 A Vermi Hatchery unit comprises of a vermi-bed constructed under a shed, construction of a godown, procurement of a weighing machine, a stitching machine and other implements for facilitating vermi-composting.

162 Vermi-composting is a process where various species of worms are used to convert organic waste into fertilizer.

S. No.	Audit observations on projects poorly implemented	
	13 was still available with the four test checked districts pending implementation. Despite this, the Department had again fixed new targets for the year 2014-15 to these districts, which could achieve only 50 *per cent* of these new targets.	
	Horticulture Department	
3	***Project: Shade net houses***	
	Districts: Anantapuramu, Guntur and Krishna	
	Total amount allocated: ₹5.55 crore	*Amount spent: ₹0.89 crore*
	Shade-net houses[163] (SNHs) are used to achieve higher rate of germination and quality of vegetable seedlings and also to facilitate cultivation of vegetables during summer seasons. Under this project for 2014-15, the SLSC sanctioned ₹1.20 crore for providing subsidy to farmers for procurement of SNHs. Under this project, 50 *per cent* of the cost of SNHs was to be paid as subsidy. The Department was to identify beneficiaries who were willing to install SNHs with the subsidy provided under RKVY. For 2014-15, the CoH had set a target of 85 units of 200 Sqm. size shade-net houses (SNHs) and 16 units of 1000 Sqm. size SNHs to Anantapuramu and Guntur districts (amount allocated: ₹0.98 crore) to be provided to beneficiaries. Due to lack of response from farmers, the department could identify only 60 beneficiaries for the 200 Sqm. size and 8 beneficiaries for the 1000 Sqm size SNHs, incurring subsidy expenditure of ₹0.42 crore. The Department again set a target of 129 units (₹4.57 crore) of 1000 Sqm. SNHs to Anantapuramu, Guntur and Krishna districts, for 2015-16 to 2017-18. In the absence of adequate number of willing farmers coming forth, however, only 24 units (₹0.47 crore) could be provided. Poor response for this project indicated that the project was sanctioned without assessing the needs/ willingness of the farmers. Government did not furnish the reasons for lack of response for this project. The ADH, Penukonda replied that the farmers considered 200 Sqm. and 1000 Sqm. as small units and wanted 2000 Sqm./4000 Sqm. SNHs. ADH, Anantapuramu replied that the same project was exhaustively covered under the MIDH[164] and hence could not meet targets under RKVY. The reply confirms the audit finding that the project was included in RKVY without assessing the farmers' needs. Further, repeated inclusion of SNHs of unwanted dimension without assessing the required size dimension of the SNHs in the yearly programmes, indicates improper planning.	
4	***Project: Farm fresh Vegetables on wheels***	
	Districts: Anantapuramu, Guntur and Krishna	
	Total amount allocated: ₹0.62 crore	*Amount spent: ₹0.20 crore*
	Under this project, the Department proposed to provide 50 *per cent* subsidy to farmers associations and self help groups for purchasing a van to enable them to sell their farm produce using it as a mobile unit. This was aimed at minimising post harvesting losses, avoid loss of nutritional value of vegetables during transportation and thereby increase the income of farmers. This project was	

163 Shade Net House is a structure enclosed by agro nets or any other woven material to allow required sunlight, moisture and air to pass through the gaps. It creates an appropriate micro climate conducive to the plant growth.

164 Mission for Integrated Development of Horticulture (another Centrally sponsored scheme).

S. No.	Audit observations on projects poorly implemented	
	included under RKVY in all the four years from 2014-15 to 2017-18. During this period, CoH allocated ₹0.62 crore to three out of four test checked districts (Anantapuramu, Krishna and Guntur) for 31 vehicles under the "Farm Fresh Vegetables on Wheels project". There was, however, poor response from farmer groups. Only 10 farmer groups came forward and availed benefit in these districts (subsidy paid: ₹0.20 crore) during 2014-16 as against the total target of 21 units for these two years. Despite non-achievement of targets, the CoH again allotted 10 units to these three districts during 2016-18 and the districts could not identify any beneficiary (April 2018). In Anantapuramu district, the achievement was nil in all the four years (target: 11 units, ₹0.22 crore). Anantapuramu division replied that six vehicles were supplied in 2012-13, but farmer groups did not come forward in 2014-15 in spite of best efforts. Penukonda division replied that the CoH allocated funds for several projects to the Division though not sought/required by them. It is evident from the reply that the project was included and targets were set without assessing the needs of farmers in each district.	
	Animal Husbandry Department	
5	***Projects: Silage Bale making units, Jowar Stover Pelletisation units and Legume Pelletisation units***	
	Districts: Anantapuramu, Guntur, Krishna and Nellore	
	Total amount allocated: ₹9.37 crore	*Amount spent: ₹0.09 crore*
	The livestock in the State face fodder shortage in summer season, forcing the farmers for distress sale of their livestock and bear financial losses. To enhance fodder production, the Department proposed (June 2016) to encourage farmers to set up units to convert Jowar crop residue (stover), Groundnut Crop residue (haulms) and protein rich subabul leaves (which are normally wasted) into pellets, for use as fodder for livestock during summer. SLSC sanctioned (July 2016) ₹15.80 crore to support the Farmers' Producers Organisations (FPOs) in setting up Jowar Stover Pellet Manufacturing units and Legume Pelletisation units with 75 *per cent* subsidy during 2016-17. Similarly, to enhance the availability of dry and green fodder during drought/ cyclone seasons and to increase the milk production, the SLSC accorded sanction (July 2016) for ₹40 crore to support the FPOs/enterprising farmers for setting up silage bale making units[165] with 75 *per cent* subsidy. It was noted that before proposing the projects, the Department did not conduct any study to assess the willingness of farmers to form Farmer Interest Groups (FIGs)/FPOs. In the DPRs (June 2016), the Department proposed to organise farmers into FIGs and FPOs and encourage/sensitise them to set up Silage Bale making units and Jowar Stover/Legume Pelletisation units. The Department had mentioned in the DPRs that a private agency[166] had come forward to train the farmers in the technology, infrastructure procurement and marketing of the product and in nurturing and supporting the FPOs in this aspect. There was, however, nothing on record to indicate that any such agency was involved in providing training to the farmers. As a result, no FPOs were formed in the four test checked districts. As against	

165 Silage is a grass or other green fodder compacted and stored in air tight conditions without first being dried for use during lean seasons. Silage bale making unit (consisting of harvester-cum-chaffer and bales-cum-wrapper) facilitates cutting the silage and making bales.

166 M/s United Phosporous Limited (UPL) with its co-partner M/s Creamline Dairy Products Ltd.

<table>
<tr><th>S. No.</th><th colspan="2">Audit observations on projects poorly implemented</th></tr>
<tr><td></td><td colspan="2">the 30 Jowar Stover Pellatisation units and 30 Legume Pelletisation units allotted to the four test checked districts, the Department could not identify even a single beneficiary. The entire amount of ₹3.61 crore released (October 2017) to these districts remained unutilised in bank accounts of the district offices (June 2018).

Similarly, as against the 60 silage bale making units allocated to these districts, only 13 applications (Anantapuramu: six; Nellore: two; Krishna: five and Guntur: Nil) were received and only one applicant (in Krishna) had procured the unit and availed a subsidy of ₹0.09 crore, as of June 2018. The remaining amount of ₹5.67 crore was lying unutilised with the districts as of June 2018. Audit further observed the following:

• The SLSC accorded sanction (in principle approval) for the Silage Bale making units, Jowar Stover/Legume Pelletisation units in July 2016 with instructions to the Department to provide clarifications on the observations made by GoI on the funding pattern for these projects. The AH Department took nearly six months to submit (February 2017) clarifications to GoI. The GoI communicated approval for the projects in March 2017. Though the Nodal Agency had received the RKVY funds in October 2016, it released funds to the DAH in March 2017, i.e., after getting GoI's approval for the projects. Thus, these projects were not implemented in the year 2016-17. Even after receipt of funds, the DAH allocated physical and financial targets to the districts and released funds for the above projects only in September 2017 (i.e., after six months). Reasons for this delay were not on record.

As per the latest information furnished by Department, no beneficiaries were identified in the State (January 2019) against the target of 97 Jowar Stover Pellatisation units and 97 Legume Pelletisation units. The entire amount of ₹11.66 crore allotted to the State for these two projects remained unutilised.

Government accepted that Jowar Stover/Legume Pelletisation units could not be implemented due to lack of response from farmers. It was further replied that subsidy could be provided for only 58 silage bale making units in the State against the target of 254 units. The reply was, however, silent on the efforts made/proposed for formation of FIGs/FPOs in the State.

Thus, improper planning in launching the projects without assessing farmers' willingness and failure to promote farmer groups led to non-implementation of these projects and the objective of increasing fodder availability during lean seasons had not been achieved.</td></tr>
<tr><td rowspan="3">6</td><td colspan="2">Project: Azolla units</td></tr>
<tr><td colspan="2">Districts: Anantapuramu, Guntur, Krishna and Nellore</td></tr>
<tr><td>Total amount allocated: ₹2.89 crore</td><td>Amount spent: Nil</td></tr>
<tr><td></td><td colspan="2">Azolla[167], which is mainly used as green manure in paddy, has tremendous potential to meet the growing demand for fodder. To produce Azolla on massive scale (for use in fodder pellets) and to provide alternative source of income to farmers, the Department proposed to distribute Azolla culture kits to women farmers with 90 per cent subsidy. GoI approved (March 2017) the project for ₹30.15 crore (83,750 units). The DAH allocated (September 2017) only 32,098 units costing ₹9.39 crore, (₹72.22 lakh for 2,469 units for each district) and released the funds in October 2017. The reasons for delay in allocation of</td></tr>
</table>

[167] Azolla is an aquatic floating fern which is rich in protein, Calcium and Iron and can be used as a bio-fertilizer, a mosquito repellent, a bio-scavenger.

S. No.	Audit observations on projects poorly implemented
	targets/funds to the districts were not on record. In the test checked districts, not even a single beneficiary was identified (total target: 9,876 units) due to lack of response from farmers. Out of the total of ₹2.89 crore allocated to the test checked districts, an amount of ₹0.32 crore was transferred from Krishna district to Prakasam district (for the same project) and ₹2.57 crore remained idle with the district offices (July 2018). It was observed that the project was introduced despite the fact that it was neither included in the District/State Plans. Willingness of farmers was not assessed (either in Gram Sabhas or otherwise) before proposing the project. No awareness was created either in Gram Sabhas or through publicity. Government replied that as against the target of 32,098 units, the achievement was 6,755 units (i.e., 21 *per cent*) with an expenditure of ₹1.98 crore. The reply is, however, silent about reasons for the low achievement even after more than one year since release of funds.

- The five projects mentioned (at S.Nos.4, 5 and 6) in Table 2.5 above were aimed at providing benefits to farmer groups. Before proposing these projects, however, the implementing departments did not assess the existence/status of farmers groups and willingness of farmers to form groups/to avail the proposed benefits. Further, the efforts made by the departments to promote formation of farmers groups and to educate them about the benefits under the proposed projects were also not on record. As a result, the achievement under these projects was extremely poor due to lack of response.
- It was also noticed that in some cases (projects at S.Nos. 1 to 4 in Table 2.5 above), the implementing departments repeatedly included projects in the yearly programmes, allocated targets to the districts despite the fact that the targets for these projects were not achieved in earlier years and funds already allocated were not utilised. Repeated inclusion of projects despite failure to implement them in earlier years indicates improper planning in deployment of RKVY funds. This led to non-implementation of projects and funds allocated to such projects remaining unutilised for long periods.

Due to the failure to implement the above projects, the percentage of funds utilisation under the above mentioned projects in test checked districts was only 6.5 *per cent* (₹1.31 crore) out of the total funds of ₹20.05 crore released which was very poor.

Recommendation:

The implementing departments should ensure that the needs of farmers and the level of their willingness to take benefits are assessed properly before proposing the projects, so as to avoid non-implementation of approved projects at a later stage due to lack of response from farmers.

2.10 Non-implementation of departmental infrastructure projects

During the four year period 2014-18, under the three test checked Sectors in the four test checked districts, the SLSC had accorded approval for construction/ strengthening of 10 Government infrastructure facilities/buildings (total project cost: ₹21.05 crore), aimed at providing essential services to the farming community. Audit noted that due to improper planning, revision of proposals/ costs, abnormal delays in finalisation of lands/estimates and identification of implementing agencies, etc., none of these projects were completed, while some projects did not even commence as of July 2018, as described in Table 2.6:

Table 2.6 – Status of departmental infrastructure projects sanctioned to the test checked districts

<table>
<tr><th>S. No.</th><th colspan="2">Details of the projects and their status</th></tr>
<tr><td></td><td colspan="2">Agriculture Department</td></tr>
<tr><td>1</td><td colspan="2">Establishment of Fertilizer Quality Control (FQC) Labs</td></tr>
<tr><td></td><td colspan="2">Fertilizer is a critical and costly input in farming. To monitor the quality of fertilizers supplied to farmers, the Agriculture Department collects fertilizer samples and tests them in Fertilizer Quality Control (FQC) Laboratories to ensure that they confirm to the prescribed quality standards. The SLSC sanctioned (August 2015/February 2016) construction of new buildings for four FQC Labs (at a total cost of ₹four crore) in Anantapuramu, Guntur, Krishna (later changed to Amaravati in Guntur district) and Nellore districts under RKVY 2015-16.
It was observed, however, that none of these labs were completed/established even after three years of sanction, as detailed below:</td></tr>
<tr><td>(i)</td><td colspan="2">Fertilizer Quality Control Lab at Anantapuramu</td></tr>
<tr><td></td><td>Project cost: ₹1.40 crore</td><td>Expenditure : ₹0.77 crore</td></tr>
<tr><td></td><td colspan="2">The existing FQC Lab at Anantapuramu was situated in a rented building. Initially, the Department obtained SLSC sanction (August 2015) for construction of composite building for FQC lab cum administrative block at a cost of ₹one crore, without identifying the site and without preparing accurate estimates. The CDA allocated (September 2015) these funds to the JDA and instructed to identify land and prepare line estimates for the building. Land for the building was identified in December 2015. Later, the Executing Agency – the AP Education and Welfare Infrastructure Development Corporation (APEWIDC) submitted (February 2016) the work estimate for an amount of ₹1.35 crore. The Department obtained sanction of SLSC for the additional amount of ₹0.40 crore (including ₹5 lakh towards miscellaneous expenses) in July 2016.
Based on the administrative sanction issued (March 2016) by the CDA for ₹one crore, the APEWIDC invited tenders (July 2016) and awarded part of the work (with estimated value of ₹84.18 lakh) to a contractor in December 2016 and the contractor completed (December 2017) the work entrusted. Though the SLSC sanction for the additional amount of ₹0.35 crore was obtained in July 2016, the CDA accorded administrative sanction for the balance work only in March 2017. After inviting fresh tenders, APEWIDC entrusted the balance work to another contractor in July 2017 for completion within four months. But the contractor commenced work after delay of nine months in April 2018 and executed work valuing only ₹5.23 lakh (out of ₹25.58 lakh) as of September 2018 for reasons</td></tr>
</table>

S. No.	Details of the projects and their status	
	not on record. Further, the JDA procured (April 2017) Organic/Bio-fertilizer testing equipment at a cost of ₹9.23 lakh (out of ₹20 lakh sanctioned for this purpose in 2014-15) without completion of the lab building. The equipment could not be put to use due to non-completion of the new building.	
(ii)	***Fertilizer Quality Control Lab at Bapatla***	
	Project cost : ₹1.40 crore	*Expenditure : Not furnished*
	Without identifying the site and without preparing accurate estimate, the Department obtained SLSC sanction (August 2015) for ₹one crore for construction of FQC building at Bapatla. The CDA allocated (September 2015) the funds to JDA, Guntur and instructed to identify land and prepare line estimates for composite lab. The Department took eight months to identify (May 2016) the site for the construction of the building. After preparation of estimate for this work (₹1.40 crore) by the Roads and Buildings (R&B) Department, the sanction of SLSC was obtained for additional amount of ₹0.40 crore in July 2016. The CDA released (April – December 2016) ₹1.40 crore to the JDA, Guntur for construction of FQC Lab. The JDA transferred ₹one crore to the R&B Department in September 2016. Though the JDA stated (September 2018) that the work was in progress, even the details of the agreement, progress of work/expenditure and the reasons for non-completion of work were not available with the JDA indicating that there was no monitoring on the progress of the work by the JDA.	
(iii)	***Fertilizer Quality Control Lab at Amaravati***	
	Project cost : ₹2.82 crore	*Expenditure: ₹0.18 crore*
	The Department initially proposed to construct the FQC lab in Krishna district and obtained (August 2015) sanction of SLSC for ₹one crore for the work. Later, GoAP changed (August 2016) the location to Amaravati in Guntur district. The Department identified the AP Medical Services and Infrastructure Development Corporation (APMSIDC) as the executing agency and concluded a Memorandum of Understanding with it only in January 2017. The APMSIDC submitted (April 2017) an estimate for ₹2.82 crore for the work. The Department obtained additional sanction of SLSC for ₹0.75 crore in April 2017 (SLSC sanction for the remaining amount was yet to be obtained as of August 2018). Though the decision to change the location to Amaravati was made in August 2016, without considering this change, the SAMETI released ₹one crore to the PD Account of JDA, Krishna (instead of JDA, Guntur) in October 2016. JDA, Krishna failed to transfer the funds to JDA, Guntur and ₹one crore kept in PD account lapsed in March 2018. An amount of ₹50 lakh released[168] in the year 2013 for setting up of the FQC lab in a rented building (kept in a savings bank account) was transferred (August 2018) to the executing agency. There was no record to show that the lapsed amount of ₹one crore was redrawn and transferred to executing agency. The JDA also did not furnish details of further funds received, if any, and transferred to APMSIDC. As per the status report obtained (August 2018) by JDA from APMSIDC, in response to an audit enquiry, the work was entrusted to a contractor only in May 2018 and was in progress (expenditure: ₹0.18 crore). Thus, improper planning in firming up the location of FQC/project cost,	

[168] Under the centrally sponsored 'National Project on management of Soil Health and Fertility'.

S. No.	Details of the projects and their status	
	identification of executing agency and release of funds, the commencement of construction of the project approved in August 2015 had been delayed by three years.	
(iv)	***Fertilizer Quality Control Lab at Nellore***	
	Project cost : ₹1.40 crore	*Expenditure: Nil*
	SLSC sanction for construction of FQC building was obtained (February 2016) without identifying the site. After obtaining sanction of SLSC, the CDA allocated (May 2016) ₹one crore to the JDA and instructed to identify land and prepare estimates. Site for construction was, however, allotted after 18 months in December 2017. Meanwhile, the estimated cost of the project was revised and additional sanction for ₹40 lakh was obtained in July 2016. The District Collector approved (December 2017) AP Education and Welfare Infrastructure Development Corporation (APEWIDC) as the executing agency for the work. The amount of ₹one crore (received in October 2016) was, however, not transferred to APEWIDC, before it lapsed in March 2018 due to non-utilisation. The remaining amount of ₹40 lakh (received in August 2017) was lying idle in the PD account of the JDA. No funds were released to the executing agency, *i.e.*, APEWIDC as of June 2018 and the work was yet to be taken up.	
2	***Fertilizer Coding Centre (FCC) at Amaravati***	
	Project cost : ₹1.30 crore	*Expenditure: ₹0.15 crore*
	Fertilizer Coding Centre (FCC) is intended to assign code numbers to the fertilizer samples collected from all over the State. Such coding is aimed to maintain secrecy and to prevent any malpractices while testing. Under the RKVY programme for the year 2015-16, the SLSC sanctioned (August 2015) an amount of ₹one crore for construction of a new FCC for AP at Amaravati, Guntur district. The CDA allocated (September 2015) the funds of ₹one crore and instructed JDA, Guntur to obtain estimates for FCC building. The Department identified the executing agency (APMSIDC) and signed a Memorandum of Understanding in January 2017, i.e., after 15 months. The APMSIDC submitted (April 2017) an estimate for ₹1.30 crore for the work. Department obtained SLSC sanction for the additional amount in April 2017. Meanwhile, the CDA released funds of ₹one crore to the JDA in October 2016. As per the status report of the work furnished (August 2018) by APMSIDC, the work was awarded to a contractor only in May 2018 (i.e., after more than two years from the sanction of the project). Reasons for delay in award of work were not on record. As of August 2018, an expenditure of ₹0.15 crore was incurred. Thus, due to delay in identification of executing agency, preparation of estimates and award of work led to non-completion of the FCC building even after three years.	
3	***DNA Fingerprinting & Transgenic Crops Monitoring Laboratory at Amaravati***	
	Project cost : ₹5.86 crore	*Expenditure: ₹0.20 crore*
	To ensure the quality of the seed supplied to farmers in the State, the Department proposed to set up a DNA Fingerprinting and Transgenic Crops Monitoring Laboratory (DFTCM Lab) with advanced facilities for testing seeds for genetic purity, varietal genuineness, seed health, etc. The SLSC sanctioned (July 2014/ August 2015) an amount of ₹1.50 crore for the year 2014-15 and ₹4.36 crore for the year 2015-16 for establishment of DFTCM Lab at Amaravati.	

S. No.	Details of the projects and their status	
	The CDA released ₹2.87 crore to JDA, Guntur in three instalments (March 2015, May 2016 and March 2017). The JDA transferred ₹two crore to the executing agency - APMSIDC in March 2017. The Department, however, identified the site and handed it over to APMSIDC only in September 2017. APMSIDC entrusted the work to a contractor in July 2018, i.e. after nearly four years from the date of sanction of project. The work was in progress (expenditure: ₹20 lakh) as of August 2018. The delay in identification/handing over of the site had delayed the commencement of work. Thus, the objective of establishment of DFTCM Laboratory in the State has not been achieved even after four years since SLSC sanction.	
4	***Strengthening of State Seed Farm at Ghantasala, Krishna district***	
	Project cost : ₹0.44 crore	*Expenditure : ₹0.02 crore*
	State Seed Farms were established to produce and distribute foundation seed[169] of various crops to farmers. The State had 10 seed farms with an area of 921.56 Ha. Under the RKVY programme for 2017-18, the SLSC sanctioned (April 2017) an amount of ₹12 crore for strengthening of the existing State Seeds Farms across the State. Out of this, an amount of ₹43.75 lakh was allocated for the Seed Farm at Ghantasala in Krishna district. The Department obtained approval (April 2017) of SLSC without proper assessment and accurate estimates of the work. Later, the scope of the project was revised (November 2017) to ₹63.23 lakh with an increase in the cost of fencing, construction of new office building additionally and deletion of construction of godown, for reasons not on record. CDA released funds in December 2017 and the JDA, Krishna addressed the Panchayat Raj Department (PRD) in April 2018 for taking up the civil works. The works were yet to be taken up (July 2018).	
	Horticulture Department	
5	***Establishment of Farmers Training Centres***	
	Farmers Training Centres (FTCs) are intended to provide training to the farmers and field staff on the latest technologies in adoption of high yielding varieties of horticulture crops and farming techniques. SLSC approved (February 2016) the proposal of Horticulture Department for construction of eight FTCs in the State at a total cost of ₹3.20 crore. Of these, two FTCs were proposed in two of the test checked districts – (1) at Kantheru village, Thadikonda Mandal in Guntur district and (2) at Penukonda in Anantapuramu district at a cost of ₹40 lakh each. Audit findings with regard to implementation of this project in these two districts are as follows:	
(i)	***Farmers Training Centre at Penukonda in Anantapuramu district***	
	Project cost : ₹0.40 crore	*Expenditure : Not furnished*
	Mandal Praja Parishad, Penukonda had agreed (May 2016) to provide site for the FTC building within its premises. But, alienation of land was done after six months in November 2016. There were delays in constitution of District Level Committee (DLC) and approval (June 2017) of the plans/ estimates by DLC and directing the Panchayat Raj Department (PRD) to take up the work. PRD	

169 Foundation Seed are produced using the Breeder Seed and are supplied to farmers who in turn use them for producing Certified Seed.

S. No.	Details of the projects and their status	
	entrusted (October 2017) the work to a contractor in October 2017 for ₹30.28 lakh for completion by April 2018. It was observed that only foundations were completed and the work was not in progress. ADH, Penukonda stated that the contractor stopped the work due to increase in cost of materials. The date of stoppage of work, details of expenditure and the action proposed to complete the balance work were not on record. There was also no correspondence between the ADH and the PRD in the matter. This indicates lack of monitoring/ pursuance by the ADH. Thus, while the delays in alienation of land and formation of DLC led to delay in commencement of work, the stoppage of work by the contractor and lack of pursuance by the department led to non-completion of FTC building even after two years. Consequently, the objective of providing training facilities to farmers in the district had not been achieved.	
(ii)	***Farmers Training Centre at Kantheru, Guntur district***	
	Project cost : ₹0.40 crore	*Expenditure : ₹0.17 crore*
	The Department proposed to construct the FTC building in the Horticulture Farm in Kantheru village. Though the SLSC approved the project in February 2016, the Department got the work estimates prepared in August 2016 and obtained approval of District Level Committee for the estimate belatedly in November 2016. The CoH accorded administrative approval and released ₹40 lakh to the ADH in November 2016. ADH released (April 2017/February 2018) ₹20 lakh to the Panchayat Raj Department (PRD). The PRD entrusted the work to a contractor in March 2017 (i.e., after one year from the SLSC sanction) at a cost of ₹33.11 lakh for completion by September 2017. Due to delays in execution by the contractor, this was later extended up to July 2018 (with penalty of ₹0.25 lakh). As per the correspondence made by PRD, work valuing ₹16.59 lakh was completed and was in progress as of May 2018. Thus, while award of work was delayed by one year due to the delays in various stages, the work was not completed due to slow progress by the contractor. The objective of providing training facilities to farmers in the district had not been achieved despite availability of funds.	
	Animal Husbandry Department	
6	***Establishment of State Institute of Animal Disease Investigation and Research***	
	Project cost : ₹5.63 crore	*Expenditure : ₹0.25 crore*
	After the bifurcation of the State, a need was felt for establishing a State level Institute with modern equipment for disease investigations/ diagnostics to cater to the needs of livestock in the residual State of Andhra Pradesh. The SLSC sanctioned (July 2016) ₹5.63 crore for 'Establishment of State Institute of Animal Disease Investigation and Research' (later renamed as Veterinary Biological Research Institute - VBRI) at Vijayawada. The DAH released ₹5.57 crore to the Joint Director, VBRI, Vijayawada in September 2017, that is after more than one year from the date of sanction. This amount included ₹4.17 crore for lab equipment, ₹60 lakh for civil works and ₹80 lakh for recurring expenditure. It was observed that the Technical Committee constituted by Government for finalisation of the site for construction of VBRI recommended (October 2016) that it is advisable to set up the VBRI on 10-15 acres of land so as to accommodate facilities like Effluent Treatment Plant, Bio-waste management facilities for disposal of infected material, animal carcass, etc. The	

S. No.	Details of the projects and their status
	land for construction of VBRI had, however, not been finalised so far (February 2019). The expenditure incurred under the project was only ₹24.94 lakh, that too for procurement of lab equipment (which are being used by the staff of VBRI presently functioning from the Regional Laboratory, Vijayawada). Thus, due to non-finalisation/allotment of site even after two years of sanction, the VBRI had not been established and the funds of ₹5.32 crore remained unutilised. The objective of establishing a fully equipped State level VBRI to cater to the needs of livestock farmers of the residual AP State was yet to be achieved.

Thus, the projects sanctioned during July 2014 to April 2017 had either not commenced so far or had not been completed where it had been commenced. As against the total amount of ₹21.05 crore allotted to the above projects, an expenditure of only ₹1.74 crore had been incurred so far. Due to non-completion/non-commencement of the projects, the objective of creating departmental infrastructure to provide common services to farmers had not been achieved.

Recommendation:

In respect of the departmental infrastructure projects, the implementing departments should initiate the preliminary procedures like selection of site, preparation of detailed estimates, identification of implementing agencies, etc. well in advance so as to avoid delays in commencement/completion of the projects.

2.11 Other deficiencies noticed in implementation of projects

Audit noticed other deficiencies like non-observance of operational guidelines in selection of beneficiaries/sanction of subsidy, improper implementation, etc. in some of the projects, as detailed below:

Horticulture Department

2.11.1 Area Expansion project

Area Expansion project aimed at bringing additional area under identified Fruit crops (Perennial/Non-perennial) / Plantation crops / Spices with improved varieties / hybrids was implemented under RKVY in all the four years covered in audit. The project was to be implemented as per guidelines of the Mission for Integrated Development of Horticulture (MIDH)[170]. Under this component, subsidy ranging from ₹16,000 to ₹50,000 per hectare (based on the type of crop) is given to the beneficiaries. During the four year period (2014-18) ₹22.04 crore was allocated for area expansion in 6,426 Ha against which achievement was 8,778 Ha. This project was implemented in two of the test checked districts (Anantapuramu and Krishna). As against the target of 3,119.30

170 A centrally sponsored scheme.

Ha (allocation of ₹5.77 crore), the achievement in these districts as of April 2018 was 2,925.54 Ha by incurring an expenditure of ₹5.48 crore.

In these two districts, 3,354 beneficiaries were provided subsidy (₹5.48 crore) for different crops. On test check of files relating to 577 beneficiaries to whom subsidy of ₹1.07 crore was paid during 2014-18, it was observed that the Department, while providing subsidy to the beneficiaries, did not comply with the stipulated guidelines as discussed below:

Absence of Photographs: Guidelines stipulated that the selection of beneficiaries should be done in most transparent manner. Inspection of the fields should be done by the Horticulture Officer (HO) concerned before approval of a beneficiary for area expansion. Department should also maintain proper documentation of various steps (*viz*., land preparation/pitting, planting, etc.) and physical evidence in the form of photographs of the land taken before and after plantation was to be obtained. It was observed that photographs of the vacant land of the beneficiary, taken before sanction of subsidy, were not available in 576 out of the 577 test checked cases. In 111 cases, the photographs taken after plantation were not available. In the absence of photographs there was lack of transparency in the selection of beneficiaries and payment of subsidy.

Out of 466 cases where photographs after plantation were available, in 157 cases, the photographs showed fully grown crops (Banana: 70; Papaya: 51; Pomegranate: 34; and Guava: 2 cases). This indicates that subsidy (₹24.76 lakh) was provided for already existing crops and not for fresh area expansion.

Government replied that there may be chances of photographs missing due to meager staff, heavy work load and also because of absence of farmer at the time of inspection. It was further replied that crops like banana and papaya would be matured at the time of release of payments and that guidelines would be strictly followed in future. The reply is contrary to the fact that photographs were to be taken at the time of plantation and not at the time of making the payment.

2.11.2 Erection of permanent pandals

Under RKVY, subsidy of 50 *per cent* of the expenditure up to ₹one lakh per acre for a maximum of one hectare land was provided to farmers for erection of permanent pandals for creepers such as grapes, gourds, etc. In all the four years from 2014-15 to 2017-18 covered in audit, 1483 Ha (financial: ₹36 crore) was targeted in the State and this was achieved fully. In the four test checked districts, the Department had provided subsidy for permanent Pandals in an area of 666.96 Ha against the target of 825.08 Ha and paid a subsidy of ₹16.94 crore during the period 2014-18.

In two test checked districts (Anantapuramu and Krishna), subsidy of ₹11.34 crore was paid to 921 beneficiaries of which, records relating to 244 beneficiaries to whom a total subsidy of ₹2.72 crore was paid were examined in audit. The deficiencies observed are as follows:

Absence of Inspection Reports and Photographs: The operational guidelines for this project issued by the CoH stipulated that inspection of the fields should be done by the Assistant Director of Horticulture (ADH) before selection of a beneficiary and by the Horticulture Officer (HO) after erection of pandals. Further, the Department should obtain photographs of the land prior to erection of pandals, at all stages of erection and also after completion of erection of pandals.

- Inspection reports before sanction of subsidy were not available in any of the 244 test checked cases. Inspection reports after erection of pandals were also not available in 43 cases.
- The photographs taken in all three stages (*viz*., prior to sanction of subsidy, during and after erection of pandals) were available only in 14 cases. Photographs taken prior to sanction of subsidy/erection of pandals were not available in 208 cases. Of these, in 33 cases, photographs taken after erection of pandals were also not available.

Absence of photographs/inspection reports indicates lack of transparency in selection of beneficiaries/providing subsidy under the project.

Government replied that lack of photographs may be due to meagre staff and absence of the concerned farmer at the time of site visits. The fact, however, was that absence of photographs was contrary to the guidelines. And in the absence of stage wise photographs/inspection reports, there was no assurance that subsidy was provided to only genuine beneficiaries.

2.11.3 Training to farmers

With a view to increasing productivity in horticulture crops, the Department proposed to impart trainings and conduct exposure visits to farmers for capacity building, creating awareness on new techniques, professional upliftment, etc. This component was included under the RKVY programme in all the four years (2014-18) covered in audit. During this period, the target for the four test checked districts was to provide training to 11,669 farmers (funds allocated: ₹1.55 crore). As against this, the districts provided training to 7,822 farmers (i.e., 67 *per cent* of the target) by spending ₹1.02 crore. It was further noted that though the test checked districts could not meet the targets and utilise the amount allocated for trainings fully in the earlier years, the Department had allocated funds again in the subsequent years. For example, as against a target of training of 3,730 farmers in the year 2016-17, the four test checked districts could provide training to only 1,222 farmers and could not utilise an amount of ₹11.31 lakh. Again in 2017-18, these districts were given a target of training 3,672 farmers, against which the districts provided training to only 1,866 farmers with a shortfall of 1,806 farmers.

Government replied that training component is available under other Central and State Plan schemes also and hence the targets were not achieved under RKVY. The consistent shortfalls in achieving targets in training, however, indicate improper planning in proposing this project under RKVY.

Animal Husbandry Department

2.11.4 Calf Rearing (Sunandini) Programme

To increase the milk production in the State, the Department introduced (June 2013) the 'Calf Rearing Programme' (also known as 'Sunandini'). Under this scheme, female calves[171] are enrolled at the age of three-four months. The Department was to supply 260 Kgs of nutritional feed in the first year and 610 Kgs of feed in the second year at 75 *per cent* subsidy to each calf up to 24 months/28 months of age. This was intended to bring early maturity in female calves and increase the number of lactations/milk production. Under the RKVY programme for the year 2014-15, the SLSC accorded sanction for providing the second year feed for the 15,130 calves enrolled in 2013-14.

Audit observed that as against the target of 15,130 calves to which second year feed was to be provided in 2014-15, the DAH released (September 2015) funds (₹5.58 crore) for only 7,447 female calves (i.e., only 49.22 *per cent*) based on the requirements given by district officers. Out of the four test checked districts, the project was implemented in three districts (except Nellore). Audit observed that:

- In case of Anantapuramu district, the DAH accorded sanction for second year feed for only 174 calves (as against 594 calves enrolled in 2013-14) and released funds belatedly in September 2015. JDAH, Anantapuramu, however, did not supply feed to any beneficiary and the amount of ₹13.05 lakh was lying idle in a savings bank account (June 2018).
- In Krishna district, out of the 1,425 calves enrolled in 2013-14, the second year support in 2014-15 was given to 1,381 female calves only, for reasons not on record.
- In Guntur district, though the Department supplied the second year feed to all the 1,710 enrolled calves, only 595 Kgs feed per calf was given instead of the stipulated quantity of 610 Kgs due to increase in the cost of feed.

Non-supply of second year feed to enrolled calves defeated the intended objective of the scheme. The scheme was not continued in the subsequent years for reasons not on record.

Government replied that there was shortfall in providing second year's feed as the beneficiaries did not come forward for the same. This indicates that the Department could not generate awareness among farmers about the benefits of nutritious feed being provided with 75 *per cent* subsidy under the project.

[171] cross bred/graded Murrah female calves born out of artificial insemination.

2.12 Monitoring

In a scheme like RKVY which covers multiple activities/projects involving different implementing departments/agencies, monitoring assumes greater importance for effective utilisation of the scheme funds and achievement of the intended objectives. The following deficiencies were observed in monitoring of the implementation of RKVY:

2.12.1 Monitoring of utilization of RKVY funds

As per RKVY guidelines, every year, the GoI (Department of Agriculture) releases 50 *per cent* of its share of annual allocation as first instalment to the State Government. GoI releases the second installment on submission of utilisation certificates (UCs) for 60 *per cent* of first installment and 100 *per cent* utilisation of previous year's releases. The details of funds released by GoI/GoAP under RKVY during the four years period 2014-18 and the amounts for which UCs were submitted to GoI by the Commissioner & Director of Agriculture (CDA) up to May 2018 are shown in Table 2.7

Table 2.7 – Funds released under RKVY and UCs submitted for the period 2014-18

(₹ *in crore*)

Year	Funds released for RKVY			Amount of UC	Date of last UC
	GoI share	GoAP share	Total		
2014-15	263.54	0	263.54	263.54	28.11.2015
2015-16	192.66	128.44	321.10	321.10	14.11.2016
2016-17	222.59	148.39	370.98	370.98	02.08.2017
2017-18*	208.20	138.80	347.00	172.09	04.05.2018
Total	**886.99**	**415.63**	**1302.62**	**1127.71**	

* *For the year 2017-18, the GoI had released ₹208.20 crore to GoAP. Out of this, an amount of ₹1.69 crore (together with State's share of ₹1.13 crore) was released by GoAP in 2018-19.*

*(**Source:** Records of the Agriculture Department)*

As seen from the above table, the CDA had furnished UCs for ₹1,127.71 crore out of the total funds of ₹1,302.62 crore released by GoI and GoAP under RKVY. There was, however, no assurance that the UCs submitted truly reflect the actual expenditure. As detailed in the preceding paragraphs, the implementing departments did not implement or partially implemented several projects sanctioned for the above mentioned years and the unutilised funds were either lying in PD accounts or bank accounts of implementing agencies. Further, the funds were either surrendered or lapsed after submission of UCs by CDA. Some of such cases are shown in ***Annexure-10.***

It was also noted that:

- There was no mechanism in the CDA to obtain any monthly/quarterly reports from the implementing agencies about the year-wise/project-wise physical and financial targets and achievements and the year-wise funds remaining unutilised with the implementing agencies/districts.

- The PD accounts maintained in the test checked Departments were not exclusive to funds of RKVY but also included funds for other State/Central schemes. These offices did not maintain separate cash books and separate ledgers for RKVY funds. Thus, the balances shown in these ledgers did not reflect accurately the position of unspent balances.

In the absence of proper accounting system and appropriate reporting mechanism, the exact amount of unutilised RKVY funds was difficult to ascertain.

Recommendations:

Government should ensure that appropriate mechanisms are put in place in the implementing departments for proper accounting of the receipts and expenditure of RKVY funds so as to have control over the funds which remain un-utilised.

Government/Nodal Agency/implementing departments should put in place a suitable monitoring mechanism by prescribing/obtaining monthly/quarterly progress reports on the year-wise/project-wise physical/financial targets and achievements.

2.12.2 Review/monitoring by SLSC on RKVY implementation

As per RKVY Guidelines (2014), in addition to sanctioning of projects, the functions of SLSC, inter alia, included monitoring the progress of each project sanctioned by it, review and ensure that the projects/schemes were implemented as per guidelines, undertaking field studies and initiating evaluation studies. The guidelines also stipulated that the SLSC shall meet at least once in a quarter.

It was observed that the SLSC met only seven times during four year period covered in audit as against the minimum of 16 meetings required. As seen from the minutes of these meetings, the SLSC had met only to accord sanctions for projects proposed under RKVY. The minutes contained the overall statistics regarding the progress of implementation of projects by the implementing departments, but did not contain any critical review/discussion about the shortfall in achievements and the reasons thereof. No directions were given by the SLSC on meeting the shortfalls.

Government replied that SLSC reviews the progress of projects of various sectors before approving the project proposals of next year. It was stated that, in future, progress of projects will be indicated in the minutes. While acknowledging the response of the Government, it was noted that the SLSC, while reviewing the projects, needs to also indicate course corrections, where necessary. Reasons for holding such few review meetings of SLSC were not given.

Recommendation:

The State Level Sanctioning Committee should conduct the prescribed number of meetings and also critically review the progress of implementation of the projects and reasons for shortfalls and make efforts to improve the efficiency in the scheme implementation.

2.12.3 RKVY - Management Information System

Ministry of Agriculture, GoI had put in place a web based RKVY Management Information System (MIS) to capture the information relating to the projects approved under RKVY each year, fund releases, physical/financial targets and achievements, outputs, outcomes, etc. and to make the information available for public view. As per guidelines, the nodal agencies of respective States would be responsible for timely submission and updating the data online regularly (preferably on fortnightly basis). From the information available on the RKVY-MIS, it was observed that the Agriculture Department of the GoAP was not uploading/updating the data in the MIS. For example, in the Year wise physical and financial progress report, the data for the year 2014-15 was showing incorrect figures and not updated. The 'Project wise Financial Expenditure Report' for the year 2014-15 (downloaded in October 2018) showed the total expenditure as ₹2968.39 crore, whereas the total funds released and the expenditure for the year was ₹263.54 crore (as per the UC furnished to GoI in November 2015). Data for 2015-16 to 2017-18 was not uploaded. By not uploading and updating the data in the RKVY-MIS, the objective of online monitoring of the Scheme and disclosure of information to the general public was not being achieved.

Government replied that the portal is periodically updated but due to technical problems some parameters were not uploaded. It was, however, observed that the data for years 2015-16 to 2017-18 had not even been uploaded.

2.12.4 Evaluation of RKVY by third party

The RKVY guidelines stipulated that 25 *per cent* of the sanctioned projects shall be taken up for third party evaluation compulsorily, by an agency every year. It was noted that out of the four years covered in audit, the Department got third party evaluation conducted (2015) in respect of only one year, i.e., 2014-15. The Department did not take up any third party evaluation of projects implemented during the next three years (2015-16, 2016-17 and 2017-18). Thus, there was no independent assurance about the effectiveness of the projects implemented in the State under RKVY scheme.

Government did not furnish the reasons for not taking up third party evaluation of projects implemented during 2015-16 to 2017-18.

Recommendation:

The Nodal Agency (Agriculture Department) should expedite third party evaluation of the scheme so as to have independent assurance on the

effectiveness of the projects implemented under the scheme.

2.13 Outcomes of Scheme implementation

The RKVY scheme was launched by GoI with an overall objective of achieving four *per cent* annual growth in Agriculture and allied sectors during XI Plan period. Later, the GoI extended the Scheme up to 2016-17 and again up to 2019-20 with the aim of achieving and sustaining the desired annual growth rate. In achieving this outcome at the National level, the States were required to implement and achieve the objectives set out under the RKVY scheme detailed in Para 2.1 *ibid*.

The Gross State Domestic Product (GSDP) of agriculture and allied sectors and growth rate achieved by the State of Andhra Pradesh during 2014-15 to 2017-18 are as follows:

Table 2.8 - GSDP of agriculture and allied sectors of State and growth rate achieved during 2014-15 to 2017-18

Year*	At current prices		At constant prices (base year 2011-12)		Contribution of the sector to total GSDP of the State (%)
	GSDP (₹ in crore)	Growth rate (%)	GSDP (₹ in crore)	Growth rate (%)	
2014-15	148196	14.92	112200	3.55	27.57
2015-16	172531	16.42	120927	7.78	27.10
2016-17	207881	20.49	138957	14.91	28.22
2017-18	252847	21.63	163635	17.76	29.84

* *2015-16: Second revised estimates; 2016-17: First revised estimates and 2017-18: Advance estimates.*
*(**Source:** Socio-economic Survey 2017-18 published by Planning Department, GoAP)*

As seen from the above table, the overall growth rate of the agriculture and allied sectors for the State was showing steady increase in the last two years. The contribution of the sector to total GSDP was showing healthy trend in the last four years. The contribution of Agriculture Sector to GSDP when compared to the contribution of Horticulture, Livestock and Fisheries sectors to GSDP, was however, showing a negative trend during 2014-15 to 2016-17. On the other hand, the growth rate in horticulture, livestock and fisheries sectors was steady during this period, as shown in Table 2.9:

Table 2.9 – Growth rates achieved in agriculture, horticulture, livestock and fisheries and their contribution to GSDP during 2014-15 to 2017-18

Year*	Agriculture		Horticulture		Livestock		Fishing	
	Growth rate (%)	Contri-bution to GSDP (%)	Growth rate (%)	Contri-bution to GSDP (%)	Growth rate (%)	Contri-bution to GSDP (%)	Growth rate (%)	Contri-bution to GSDP (%)
2014-15	-0.35	8.37	1.81	6.61	4.92	7.66	13.56	4.33
2015-16	-13.16	6.63	5.10	6.34	16.14	8.12	38.93	5.49
2016-17	-7.01	5.59	28.16	7.36	15.71	8.51	26.64	6.30
2017-18	12.30	5.63	17.16	7.74	13.05	8.64	30.84	7.40

*(**Source:** Socio-economic Survey 2017-18 published by Planning Department, GoAP)*

It was also observed that there has been steady decrease in the land under cultivation (net sown area) in the State, which declined from 67.96 lakh Ha in 2010-11 to 60.77 lakh Ha in the year 2016-17[172] (figures for 2017-18 were not yet available). Thus, though the State had been achieving steady overall growth rate in agriculture and allied sectors, the negative growth rate in agriculture per se and the reduction in net sown area indicate that the schemes including RKVY implemented in agriculture sector in the State was not resulting in making cultivation of agriculture crops remunerative to farmers.

Further, the projects implemented under RKVY by various sectors were aimed at reduction in input/operational costs of farmers, increasing the production/ productivity of crops, milk and meat and increasing the income of small and marginal farmers. There was, however, no mechanism in the implementing departments for recording the data of production, yield, income, etc. of the RKVY beneficiaries before and after implementation of the projects. In the absence of this data, the extent of achievement of the intended outcomes of the RKVY projects was difficult to ascertain.

In the Exit Conference, the Government accepted that there was no mechanism to record the specific outcomes of RKVY.

The Gross State Domestic Product (GSDP) of agriculture and allied sectors in the State of Andhra Pradesh during 2014-15 to 2017-18 was ₹5,35,719 crore. In these four years the State had invested a total amount of ₹31,362.22 crore on agriculture and allied sectors. The total outlay on RKVY during this period was ₹1302.62 crore, which works out to 0.24 per cent of GSDP and 4.15 per cent of the total expenditure on agriculture and allied sectors. Thus, the impact of the implementation of RKVY on the agriculture and allied sectors in the state would only be marginal. Even this marginal impact has been undermined by the fact that only 85.69 per cent (₹1,116.19 crore) of the allocated funds were utilized.

[172] Source: Socio-economic Survey 2017-18 – GoAP.