

COMPTROLLER AND AUDITOR GENERAL REPORT

Reviews of Red Oil Palm Project and Katchal Rubber Project of Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited

Red Oil Palm Project

The Project was sanctioned and entrusted to the Corporation by the Government of India (GOI) in the year 1979 for raising 2400 hectares to be extended to 5000 hectares in the second phase. Prior to that, Andaman Forest Department had already raised plantation over an area of 160 hectare during 1975-76 which was also transferred to the Corporation. Up to 1985-86, ROP plantation was raised over a total area of 1593 hectares including 160 hectares. Thereafter no progress on plantation was made as GOI had imposed a ban in January 1986 on further expansion of plantation of ROP in these Islands. The performance of the project always remained poor and loss of Rs.35.31 crore was incurred during the last five years ending March 2003 due to low yield of Fresh Fruit Bunches as compared to the projected yield. It further incurred a loss of Rs.2.24 crore during the above years due to extraction of oil from Fresh Fruit Bunches lower than the International Standards. The Central Agricultural Research Institute (CARI) made a scientific study during February 1996 and felt in their report that no major environmental impact was being caused with the ROP plantation in Little Andaman. However, due to the ban, the project could not be expanded. Committee on Public Undertaking during their study tour (January 2001) to the Corporation opined that Government should take note of the CARI recommendations. However, nothing has been done in this regard so far.

Katchal Rubber Project

This project was approved by GOI in the year 1968 for rehabilitation/settlement of Tamil repatriates from Sri Lanka. Initially it was undertaken by the Rubber Board, later on transferred to Ministry of Agriculture and finally transferred to the Corporation on 1 April, 1983. A total 614.84 hectare of land was involved in the plantation of Rubber trees. The performance of the project never remained satisfactory during the period from 1968 to 1979 and as such have become old and the yield has gone down as the Rubber trees yield latex for about 25 to 28 years. Though replantation was proposed, the same was not carried out due to huge losses of the project and future uncertainty about the prices of raw rubber and also in view of the Hon'ble Supreme Court's orders of May 2002. Prior to that only a small portion of 30 hectare was replanted by incurring an expenditure of Rs.52.44 lakh. The losses of the project ranged between Rs.1.05 crore to Rs.1.86 crore during the last five year ending March 2002. M/s. Tata Consultancy Services in their report of May 2002 and COPU in their recommendations of July 2001 have recommended closure of this activity, as in the opinion of COPU, it is a rehabilitation project and should not be run by a commercial Corporation.

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