

CHAPTER III
INTEGRATED AUDIT

AGRICULTURE DEPARTMENT

3.1 Integrated Audit of Agriculture Department

Highlights

Agriculture Department is to promote agricultural production and productivity, improve the performance of seed farms, farm mechanisation and farmers' training programmes to bring about a socio-economic development of the State. A review of the functioning of the Department revealed the following shortcomings.

Annual Plans were prepared at the directorate level without ascertaining regional priorities and needs from field functionaries and beneficiaries.
(Paragraph 3.1.7)

Rupees 14.47 lakh meant for Oilseed Production Programme was diverted to other purposes, resulting in shortfall in distribution and production of certified oilseeds.
(Paragraph 3.1.8 (iii))

Sale proceeds of farm produce amounting to Rs.15.43 lakh was utilised for departmental expenditure, instead of depositing into Government account.
(Paragraph 3.1.9 (iv))

An expenditure of Rupees 39.50 lakh meant for purchase of rat traps and rodenticides for rodent control in three hill districts appears to have been misappropriated.
(Paragraph 3.1.9 (xi))

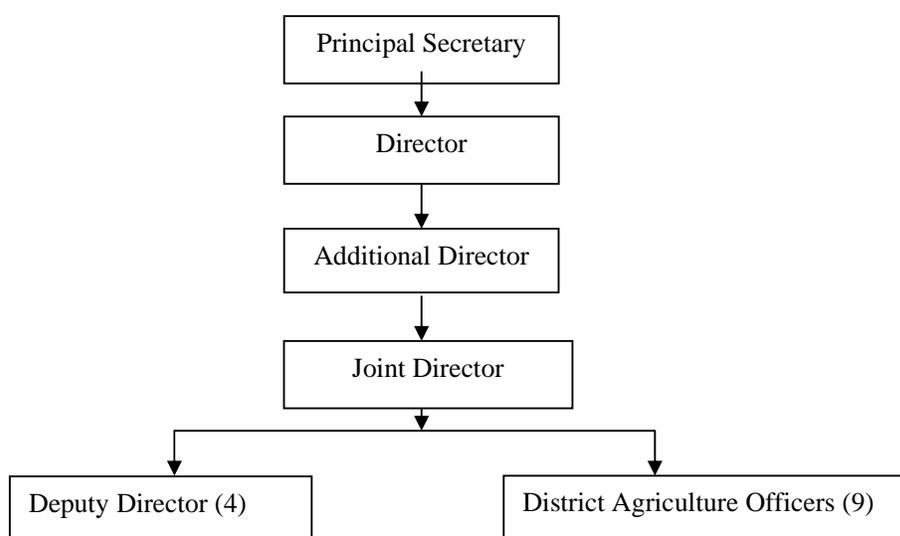
3.1.1 Introduction

Manipur has a total geographical area of 22,327 square km comprising four valley districts (2,238 square km) and five hill districts (20,089 square km). About ten *per cent* of the State's geographical area of only 2,340 square km is under cultivable area and seventy *per cent* of the population is mainly dependent on agriculture and allied activities. Agriculture and allied services contribute about 27 *per cent* of the Gross State Domestic Product (GSDP). Contribution of Agriculture alone to the GSDP is about 24 *per cent*. Agriculture in the State largely depends on rain as irrigation system has not been fully developed.

The objective of Agriculture Department is to promote agricultural activities by implementing various programmes such as production and distribution of High Yielding Variety and hybrid variety of seeds, promotion of farm mechanization, increasing cropping intensity through soil and water conservation activities. The Department also undertakes farmers training programmes and other specific activities as required.

3.1.2 Organizational Set up

The Principal Secretary (Agriculture) is the administrative head of the Department. The agricultural activities are managed through the Department headed by the Director, who is assisted by the Additional Director, Joint Director and a number of Drawing and Disbursing Officers (DDO)¹. The organizational set up of the Department is as given in the chart below:



3.1.3 Scope of Audit

Integrated audit of the Department for the period 2004-09 was conducted during April to July 2009 covering an expenditure of Rs.127.54 crore (59 per cent of total expenditure) in respect of 17 (out of 29) offices² that were selected by simple random sampling without replacement method.

¹ Three Agriculture Officers, two Executive Engineers, one Assistant Engineer and eight other DDOs.

² (i) Director of Agriculture (ii) District Training officer, (iii) Dy. Director (State Mechanised Farm) (iv) Executive Engineer (Custom Service Centre) (v) Rice Research Station, Wangbal (vi) Seed Analyst, Mantripukhri (vii) Dy. Director (Chemistry) (viii) Agriculture Officer (Plant Protection) (ix) Agriculture Officer (Marketing Intelligence Mantripukhri (x) Cotton Development Officer, Mantripukhri (xi) Assistant Engineer (MI-I) (xii) Agriculture Officer (Public Relations) (xiii) to (xvii) District Agriculture Officer of Thoubal, Churachandpur, Bishnupur, Imphal East and Ukhrul.

3.1.4 Audit Objectives

The review was undertaken to assess whether:

- the programmes were planned properly and implemented efficiently;
- the funds provided for the programmes were utilized properly;
- the implementation was monitored to achieve the desired objectives;
- an effective internal control mechanism existed; and
- the available human resources were effectively utilized.

3.1.5 Audit criteria

Audit findings were benchmarked against the following criteria:

- National Agriculture Policy 2000
- Macro Management of Agriculture (MMA) guidelines
- Plan documents
- General Financial Rules

3.1.6 Audit Methodology

Audit methodology included selection of auditee units, holding of entry conference (May 2009) with the auditee management, scrutiny of records, analysis of data and documentary evidences to arrive at audit findings, conclusions and recommendations. An exit conference was held (October 2009) with the departmental officers to discuss the audit findings and replies of the Department, wherever available, had been incorporated at the appropriate places.

Audit findings

The important points noticed during the review are discussed in the succeeding paragraphs.

3.1.7 Planning

The Department is to prepare perspective plan by giving thrust in achievement of self sufficiency in foodgrains by increasing production of foodgrains, cropping intensity, quality seed production, farm mechanisation and development of skill and technology. As per Macro Management of Agriculture (MMA) guidelines, the State Agriculture Plans should be based on the District Agriculture Plans (DAPs). These should indicate physical targets and benefit stream in terms of area, production and productivity level, backed by concrete action plans to achieve these targets. However, these were prepared at the directorate level without ascertaining regional priorities and needs from field functionaries and beneficiaries. Target and achievement for distribution of quality seeds had no basis and were fixed in an *ad-hoc* manner. As a result targets for distribution of quality seed, organisation of trainings for

farmers for capacity building and production of certified seeds by the farmers could not be achieved.

3.1.8 Financial Management

As per General Financial Rules, budget estimates should be prepared based on inputs from lower formations. The Department however, prepared the budget estimates at the directorate level based on the previous year's budgeted figures and without collecting inputs from the districts, in violation of financial rules. Thus, the needs of the district level programmes have been sidelined, as their inputs had not been considered during budget preparation.

(i) Allocation and expenditure

The allocation of fund and expenditure trend of the Department is given in the table below:

Table 1

(Rupees in crore)

Year	Funds made available				Expenditure incurred			
	Plan	Non-Plan	CSS*	Total	Plan	Non-plan	CSS*	Total
2004-05	7.82	13.92	7.04	28.78	5.68	15.74	5.38	26.80
2005-06	7.78	17.11	15.18	40.07	7.61	18.53	14.66	40.80
2006-07	8.88	14.92	18.18	41.98	8.74	15.10	15.52	39.36
2007-08	11.77	17.11	20.17	49.05	11.77	16.81	20.09	48.67
2008-09	15.11	19.08	48.10	82.29	15.70	19.31	27.37	62.38
Total	51.36	82.14	108.67	242.17	49.50	85.49	83.02	218.01

* Centrally Sponsored Scheme

(Source: Detailed Appropriation Accounts)

As seen from the table above, while the Department could spent the fund made available at its disposal during 2004-08, it under-performed during 2008-09 with a savings of Rs.19.91 crore (24 per cent). However, there was savings of CSS funds in all the years while there was excess of expenditure under non-plan head barring 2007-08. This is an indication of the fact that the Department was unable to spend the developmental funds under CSS while non-developmental expenditure under non-plan was being exceeded.

Further, test-check of records revealed that in five cases during 2006-09 the Department released central funds to the implementing agencies with a delay ranging from 43 to 106 days, in violation of MMA guidelines to pass on the central funds to the implementing agencies within 14 days of their receipt. The delay in release of fund affected the timely implementation of farmer's field training and demonstration of post harvest technology.

(ii) Retention of heavy cash balance

As per Central Treasury Rules, money should not be drawn unless it is required for immediate disbursement. The directorate however, retained large cash balances at the close of the financial years during 2004-09 as follows:

(Rupees in lakh)

Year end	March 2005	March 2006	March 2007	March 2008	March 2009
Amount retained	120	27.11	93.43	19.50	36.03

The closing balance of March 2009 was inclusive of Rs.10.12 lakh drawn during July 2003 for payment of compensation to three retrenched staff and salary of one clerk under suspension. The Department admitted (October 2009) the fact and stated that amount could not be disbursed pending finalisation of court case/departmental inquiry and that would be deposited into treasury. Reasons for retention of heavy balances for other cases were not furnished to Audit.

(iii) Diversion of funds

The GOI sanctioned (June 2008) Rs.30.80 lakh³ for distribution and production of certified seeds under Oilseed Production Programme (OPP). Of this, the Department diverted Rs. 14.47 lakh⁴ to other areas viz. Rs.3.40 lakh for organizing Farmers Field School, Rs.9 lakh on trainings, Rs.1.37 lakh for purchase of petroleum and Rs.0.70 lakh for stationery and miscellaneous items. The diversion has resulted in shortfall in distribution of certified seeds by 11.21 MT and production of certified seeds by 11 MT.

The Department stated (October 2009) that organization of Farmers Field School, and farmers training, miscellaneous expenses on petroleum, stationery etc. were sanctioned by the Administrative Department. The reply was not acceptable as the central assistance were specifically meant for distribution and production of certified seeds under OPP.

(iv) Revenue realization

There were 12 seed multiplication farms of the Department of which only five were operational. Position of revenue generated by these farms during 2004-09 from the sale of farm products is as below:

Table 2

(Rupees in lakh)

Year	Revenue target	Revenue achievement	Percentage of shortfall
2004-05	5.25	1.64	69
2005-06	5.25	1.19	77
2006-07	6.60	1.23	81
2007-08	13.20	1.30	90
2008-09	23.30	2.05	91

(Source: Departmental records)

The table disclosed that while revenue achievement has remained stagnant, the Department's projection of revenue target during 2007-09 was

³ Distribution of certified seeds: Rs.20.80 lakh (2600 quintal @ Rs.800 per quintal) and Production of certified seeds: Rs.10 lakh (2000 quintal @ Rs. 500 per quintal).

⁴ Rs.8.97 lakh (Distribution of certified seeds) and Rs.5.50 lakh (Production of certified seeds)

unrealistically high, resulting in sharp increase in percentage of shortfall of revenue realisation.

The Department stated (October 2009) that the farms are semi-research and not revenue earning farms. The farms lack infrastructure such as approach road, irrigation channels, ponds *etc.*

The Department's reply is not acceptable because revenue targets should have been more realistic, based on the past trends of revenue collection as also on the constraints in the infrastructure. Further, the Department needs to also emphasise on revenue collection in order to improve their infrastructure.

3.1.9 Programme Execution

(i) Targets and achievements of production

Production of major crops *viz.* rice, wheat, maize, pulses, oilseeds and sugarcane against the targets during 2004-09 are as shown below:

Table 3

(In thousand MT)

Year	Rice		Wheat		Maize		Pulses		Oilseeds		Sugarcane	
	T	A	T	A	T	A	T	A	T	A	T	A
2004-05	517	457	4	3	34	32	19	18	24	22	240	224
2005-06	528	393	5	5	35	29	19	20	24	22	260	237
2006-07	539	418	5	5	36	32	20	19	24	23	280	255
2007-08	559	516	5	5	38	32	21	21	25	25	286	263
2008-09	572	518	5	5	42	36	23	23	26	26	298	298
Total	2715	2302	24	23	185	161	102	101	123	118	1364	1277

(Source: Annual Plan and Administrative Report) (T-indicates target and A-indicates achievement)

There were adequate productions of wheat, pulses, oilseeds and sugarcane *vis-à-vis* their targets during 2004-09. However, there were substantial shortfall in the production of rice (15 *per cent*) and maize (13 *per cent*), of which rice is the main crop of the State. The shortfall was attributed by the Department (October 2009) to uneven rainfall and poor irrigation facilities in the State. Audit scrutiny however, disclosed that shortfall in production of major crops was partially due to irregular distribution of seeds, non-training of farmers and unequipped soil testing laboratories, as discussed in the succeeding paragraphs.

(ii) Irregular drawal of funds

As per GFR, fully vouched contingent bills supported by actual bills should be drawn only when the services were rendered or the supplies made. However, during 2006-09, three DDOs⁵ drew Rs.360.64 lakh from the treasury before execution of the works or receiving supplies by presenting fully vouched contingent bills supported by abstract of cost of the works and proforma bills of the firms.

⁵ Dy. Director (Soil Chemist), District Training Officer and Agriculture Officer (Hqtrs)

The Department stated (October 2009) that the funds were drawn on such bills due to urgency. The reply is not acceptable as drawal of advance on account of urgency is to be made on Abstract Contingent bills and then adjusted by Detailed Countersigned Contingent bills at a later date.

In another case, the Directorate drew (August 2008) Rs.8.68 lakh for purchase of fertilizers (Rs. 4.63 lakh) and sprayers (Rs 4.05 lakh) on a fully vouched contingent bill on the basis of 21 proforma bills received from three suppliers. The stock register recorded receipt of the fertilizers and sprayers between 2 June and 1 July 2008. However, the proforma bills enclosed with the contingent bill recorded that the fertilisers and the sprayers had not been received as of August 2008.

Thus, entries of the stock register cannot be accepted. As such, drawal of Rs.8.68 lakh on a fully vouched contingent bill without actually receiving the materials was not in order.

As the advance payments were drawn on fully vouched contingent bills, their regularisation by DCC bill at a later date is doubtful and therefore, the payments are risk with financial irregularities.

(iii) Deposit of sale proceeds

The State Mechanised Farm, Lamphelpat and Seed Multiplication Farm, Chakpikarong realized an amount of Rs.1.52 lakh and Rs.0.40 lakh respectively as sale proceeds of farm produce during 2007-08. The amount was neither reflected in the cash book nor credited to the Government account. When pointed out by Audit (June 2009), the Lamphelpat farm deposited (October 2009) the amount into Government account while in the case of Chakpikarong farm, no remedial action of the Department has been furnished (December 2009).

(iv) Irregular utilisation of sale proceeds

Test-check of yield stock register of the State Mechanised Farm, Lamphelpat revealed that sale proceeds of 84.42 MT of paddy and 13.70 MT of mustard seeds, valued at Rs.15.43 lakh for the years 2007-09 were not traceable (October 2009) in the departmental records. In clarification, it was stated that some of the farm produce had been given to labourers in lieu of wages while sale proceeds of the rest were utilized for maintenance of the farm machinery. The reply was not acceptable as departmental receipts cannot be used for expenditure and kept outside the consolidated fund of the State.

(v) Distribution of HYV and quality seeds

High Yield Variety (HYV) and quality seeds are meant to increase production of foodgrains. The distributions of HYV/quality seeds during 2007-09 are as follows:

Table 4

(Quantity in MT)

Year*	Paddy		Maize		Oilseeds		Pulses	
	Target	Achievement (percentage)*	Target	Achievement (percentage)*	Target	Achievement (percentage)*	Target	Achievement (percentage)*
2007-08	3100	3097 (100)	313	200 (64)	450	34 (8)	987	132 (13)
2008-09	5850	5850 (100)	313	200 (64)	260	25 (10)	361	25 (7)

* Targets for the years 2004-07 not furnished by the Department and Percentage figures are rounded off.
(Source: Departmental records)

The above table disclosed that except for distribution of paddy seeds, there were significant shortfalls of distribution of quality seeds in respect of other crops during 2007-09. The under-distribution of quality oilseeds during 2008-09 was partially due to diversion of Rs.14.47 lakh to other areas as already discussed in Paragraph 3.1.8 (iii). Reasons for significant shortfall of distribution of HYV/quality seeds in respect of maize and pulses were not on record.

In respect of paddy seeds, the Department procured only 1,255.66 MT⁶ seeds during 2008-09 and there was no record to show that additional seeds had been procured for distribution during the year. Therefore, its claim of distribution of 5,850 MT of paddy seeds is doubtful. Besides, in the absence of distribution register or beneficiary list, the departmental claim of *cent per cent* achievement of distribution of paddy seeds could not be vouchsafed.

(vi) Implementation of Oil seed Production Programme

The GOI sanctioned (June 2008) Rs.30.80 crore as subsidy under Oil seed Production Programme (OPP) for the year 2008-09 as financial assistance for distribution of 2,600 quintals of certified seeds (Rs.20.80 lakh) and for production of 2,000 quintals certified seeds (Rs.10 lakh). GOI assistance was to be limited to Rs.800 per quintal for seed distribution and Rs.500 per quintal for seed production.

Out of Rs.20.80 lakh for seed distribution, the Department diverted an amount of Rs.8.97 lakh and spent the remaining amount of Rs.11.83 lakh on procurement of 247.50 quintals of certified Mustard seed (137.50 quintals) and Soya bean seed (110 quintals) and distributed them to farmers without realising any amount from them.

Out of Rs.10 lakh for seed production, an amount of Rs.5.50 lakh was diverted and the remaining amount of Rs. 4.50 lakh was utilised for production of 450 quintals of seeds without realising any amount from them. The details are shown in the table below:

⁶ HYV: 1000MT, Upland rice: 250 MT and Hybrid seed: 5.66 MT

Table 5

(Rupees in lakh)

Particulars of scheme	Expenditure incurred	Quantity (in quintal)	Rate per quintal (in Rupee)	Admissible subsidy per quintal (in Rupee)	Farmers' contribution per quintal (in Rupee)	Amount unrealised from farmers (Admissible GOI subsidy)
(1)	(2)	(3)	(4)	(5)	(6)(4-5)	(7)(3x6(5))
Distribution of certified seeds	11.83	137.50 (Mustard) 110.00 (Soya bean)	5100(Mustard) 4375(Soya bean)	800	4300 (Mustard) 3575 (Soya bean)	9.85 (1.98)
Production of certified seeds	4.50	450.00	1000	500	500	2.25 (2.25)
Total	16.33	697.50				12.10 (4.23)

Source: Departmental records

Thus, due to diversion of funds and non-realisation of contribution from the farmers, implementation of OPP during 2008-09 could not be fully achieved and resulted in shortfall of 2,352.50 quintal of seed distribution and 1,550 quintal of seed production.

The Department stated (November 2009) that financial assistance for seed distribution was given free of cost to poor farmers and assistance for seed production @ Rs.1,000 per quintal was provided as per MMA 2008 guidelines. The reply was not acceptable because distribution of seeds free of cost was a deviation from approved work plan. Besides, non-realisation of farmers' contribution resulted in less coverage of other beneficiaries. Financial assistance for seed production at a higher rate of Rs.1,000 per quintal against admissible amount of Rs.500 per quintal was also not acceptable because the guidelines were issued in July 2008 while the sanction was issued in June 2008.

(vii) Integrated Pest Management programme

The GOI provided financial assistance of Rs. 800 per beneficiary for purchase of knapsack sprayer. The extra cost, if any, was to be borne by the beneficiary himself.

During 2005-08, the Department procured 2,299 knapsack sprayers costing Rs.28.21 lakh at the rate of Rs.1,227 per sprayer. Therefore, the beneficiary was required to contribute Rs.427 per sprayer from his side. However, the Department distributed the sprayers without realising any contributions from the beneficiaries, resulting in lesser coverage of beneficiaries.

While admitting the case, the Department stated (October 2009) that it bore the entire expenditure as the beneficiaries were poor and assured that strict compliance of financial assistance as per approved plan would be followed in future.

(viii) Farmers Field Schools

MMA guidelines provide for organisation of Farmers Field Schools (FFS) to impart field training to help farmers in capacity building of crop production and protection technologies.

During 2006-07, the District Training Officer (DTO) drew (March 2007) Rs.25.84 lakh and handed it over to the Agriculture Officer (AO) (SUBACS⁷) for conducting 152 FFSs. During 2007-08, Rs.25.50 lakh was drawn (September 2007) for conducting 150 FFSs by five non-Government Organisations (NGOs) (Rs.4.25 lakh for 20 FFSs) and eight DAOs (Rs.21.25 lakh for 130 FFSs). However, relevant records in support of the expenditure like the locations of the FFSs, the programme schedule, areas to be covered and the list of facilitators and farmers who attended the training was not produced to Audit for detailed scrutiny. Further, expenditure of Rs.21.25 lakh made by DAOs was not reflected in the cash book. In the absence of these vital records in support of organising field trainings, the expenditure of Rs.51.34 lakh spent on 302 FFSs could not be vouchsafed.

The Department stated (October 2009) that 152 FFSs of 2006-07 was continued up to May 2007 and relevant records of 150 FFSs of 2007-08 were called for from the NGOs and the DAOs concerned. The fact, however, remains that despite pointing out (April to July 2009) by audit, no records have been produced as of December 2009.

(ix) Soil Testing Laboratories

MMA guidelines provide financial assistance of Rs.10 lakh for strengthening of an existing Soil Testing Laboratory (STL) with micronutrient testing facilities, Rs.5 lakh in case of STL without micronutrient testing facilities, and Rs.10 lakh in case of establishment of a new STL without micronutrient testing facilities.

The Department purchased (November 2008) 126 number of ten different equipments from a local supplier at a cost of Rs.65 lakh for setting up of three new STLs⁸, for strengthening three STLs⁹ and one mobile STL. The purchase was made without calling for open tenders on the pretext of urgency.

As per work plan 2008-09, the existing Stalls were to be strengthened by procuring Atomic Absorption Spectrophotometer (AAS) for micronutrient testing facilities. However, the Department did not purchase any AAS, in absence of which testing of micronutrient of soil could not be conducted. As a result, judicious and balanced use of chemical fertilizers based on AAS soil test could not be ensured.

Though procurement of AAS was included in their work plan, the Department stated (October 2009) that procurement of AAS is not permissible under MMA guidelines. The stand taken by the Department is not correct as AAS can be procured for strengthening of STLs as per the guidelines.

Further, test-check of stock register revealed that 126 different equipments received in November 2008 remained in stock as of September 2009, even after one year of their procurement. Thus, not only the urgency in

⁷ Sugarcane based cropping scheme.

⁸ at Ukhrul, Tamenglong and Senapati districts

⁹ at Bishnupur, Thoubal and Imphal West districts

procurement and non-observance of tender norms was not proved but also the objective of early strengthening and setting up of the STLs was defeated. The Department stated (October 2009) that equipments had been issued to the DAOs.

(x) *Doubtful execution of works*

The State Government sanctioned (October 2008) Rs.20 lakh for two items of works viz., land shaping of State Mechanised Farm(SMF), Lamphelpat (Rs. 6.93 lakh) and renovation of irrigation channels of SMF, Lamphelpat and Rice Research Station (RRS), Wangbal (Rs.13.07 lakh). The amount was drawn and paid to the Assistant Engineer (Refrigeration) in October 2008 for execution of the works.

During test-check of the work, measurement books (MB) of 12 works were produced, which showed a single item of work viz. earthwork excavation that was carried out by two local contractors. Other records like technical sanctions, estimates, tenders, work-orders and pay bills to the contractors could not be produced. The record of the MB did not indicate the locations where the earth excavation had been executed or the lead for disposal of the excavated earth. The MBs only showed a total quantity of 13,614 cum of ordinary rock had been excavated at a total cost of Rs.22.48 lakh as against Rs.20 lakh sanctioned by the Government. It was not clear as to how rocks could be encountered at the clayey and marshy Lamphelpat area.

The Department stated (October 2009) that the work was executed departmentally and that the observations were noted for future compliance. The reply, however, is a contradiction of their MBs records that showed that the work was done through contractors. Further, RRS, Wangbal had earlier stated (May 2009) that they were not aware of the execution of the work. As such, actual execution of the works in the absence of vital documents was doubtful.

(xi) *Implementation of rodent control programme*

The State Government sanctioned Rs. 25 lakh (August 2008) and Rs.15 lakh (January 2009) for rodent pest management in three rodent affected hill districts of Churachandpur, Tamenglong and Chandel.

The Agriculture Officer (Plant Protection) purchased (March 2009) 16,336 rat traps (Rs.24.50 lakh) and 7,500 kg of rodenticide (Rs.15 lakh) from a local firm¹⁰. The balance amount (Rs.0.50 lakh) was utilised for purchase of stationery articles which was not provided in the approved works plan.

It was recorded on the vouchers that receipt of the materials had been entered in the stock register on 21.10.2008 and 18.3.2009. However, the entry of the vouchers could not be cross verified with relevant supply orders and stock registers, as these records were not produced for verification. Further, the District Agriculture Officers (DAO) (Churachandpur, Tamenglong, and

¹⁰M/s Emoinu Traders, Imphal

Chandel) stated (August 2009) that they had not received any rodent control equipment/chemicals, indicating that the programme was not implemented in the affected districts. Thus, an amount of Rs.39.50 lakh for control of rodent menace appears to have been misappropriated.

The Department stated (October 2009) that relevant supply orders; stock receipt and issue register was maintained in the office of the Agriculture Office (Plant Protection). The reply of the Department was not acceptable as they could not produce the relevant records to audit as of December 2009 and audit contention was further strengthened by the statement (August 2009) of the DAOs of the three hill districts affected by rodents.

3.1.10 Manpower Management

Periodical review of deployment of staff should be conducted for optimal utilisation of manpower. As of March 2009, there was 1,173 staff *vis-à-vis* sanctioned strength of 1,211 staff. Despite having shortage of 38 staff only, no staff was posted in three¹¹ DDOs. The Regional Pulse and Oilseed Development Farm, Gamphazol incurred an expenditure of Rs.87.85 lakh as pay and allowances of 15 staffs even though no production or activity was carried out in the farm during 2004-09. Similarly, though the Executive Engineer (Custom Service Centre) office did not have any tractors or vehicles, the number of tractor drivers was increased from eight to nine and handymen four to twelve during 2004-09, incurring an expenditure of Rs.90.27 lakh on their remuneration.

While admitting the fact, the Department stated (October 2009) that action would be taken for proper deployment and manpower utilisation.

3.1.11 Internal Control

Internal control system is a process by which an organization directs its activities to achieve its objectives. Despite having five operating seed production farms, the Department did not carry out any physical verification of their produce. Therefore, pilferage, loss or deterioration, if any, remained undetected. Further, out of 20 departmental vehicles, nine were off-road since May 2001. However, no action to repair or dispose them has been taken as of May 2009. The Department noted (October 2009) the observation of seed production farms and stated that stock verification would be conducted. However, no reply had been furnished (December 2009) in respect of off-road vehicles.

Thus, the internal control mechanism adopted in the Department is weak and needs further strengthening.

3.1.12 Monitoring

National Policy for Farmers 2007, *inter alia* envisaged that State should have an effective mechanism for continuous feedback from the farmers to ensure

¹¹ (i) EE (K&SL); (ii) AE (MI-I) and (iii) AE (MI-II)

that measures taken under the policy address the problems of farmers. However, the Department did not maintain any feedback database from the farmers.

3.1.13 Conclusion

State agricultural planning lacked emphasis on regional priorities and needs of field formation and beneficiaries. Retention of huge cash balances at year-ends, diversion of funds, low revenue realisation of departmental farms, drawal of advances through fully vouched bills and utilisation of departmental receipts instead of depositing them into Government accounts warrants rigid streamlining of financial management and the ways expenditure are controlled. While implementation of Oil Production Programme and Soil Testing Laboratories programmes deviated from the works-plans, the review also exposed more serious issues in distribution of quality seeds, organisation of farmers' field training, rodent control measures and execution of works at two departmental farms that needs further investigation. The Department also needs to revamp their man-power utilisation and their internal control measures.

3.1.14 Recommendations

- The State Government should strengthen planning process and give more focus on regional priorities and needs of field formations and framers.
- Financial management should be strengthened effectively.
- The State seed multiplication farms need to be strengthened so that objectives of the schemes could be achieved as far as possible.
- Monitoring and implementation mechanism should be strengthened to ensure implementation of the schemes in an effective and time bound manner.