

CHAPTER III

CHIEF CONTROLLING OFFICER BASED AUDIT

DEPARTMENT OF HORTICULTURE AND SOIL CONSERVATION

3.1 Chief Controlling Officer Based Audit of Department of Horticulture and Soil Conservation

The Department of Horticulture and Soil Conservation is responsible for improving crop productivity to meet nutritional requirement of the people and for combating *jhuming*¹ and food scarcity through self-reliant ventures and production of adequate number of quality plants through departmental progeny orchards. Review of the functioning of the Department revealed that all the progeny orchards, except Regional Potato Farm, Mao remained non-operational. The overall achievement in area expansion for vegetable and root crops undertaken by the Technology Mission was more than what was targeted during 2006-11. The audit of the Department brought out the following main issues:

Highlights

₹ 48 lakh meant for construction of District Office, Kangpokpi was irregularly drawn on Form number TR 30 without vouchers.

(Paragraph 3.1.8.3)

MAGFRUIT factory earned total revenue of ₹ 0.90 lakh during 2006-11 after incurring expenditure of ₹ 2.39 crore on inputs and pay and allowances of staff indicating lack of viability of the fruit processing unit.

(Paragraph 3.1.9.2)

Against the All India average potato production of 6.04 to 7.42 MT per acre, the Regional Potato Farm, Mao produced only 1.94 to 4.28 MT per acre during 2006-09 indicating poor performance of the farm.

(Paragraph 3.1.9.3.4)

Payment of rates as per Manipur Schedule of Rates 2006 instead of the rates approved in the Detailed Project Report resulted in extra expenditure of ₹ 16.32 lakh.

(Paragraph 3.1.9.5.3)

¹ Shifting cultivation

Payment of inadmissible Excise Duty and Sales Tax and higher price for purchase of shade nets and passion fruits plants resulted in excess payment of ₹ 29.75 lakh.

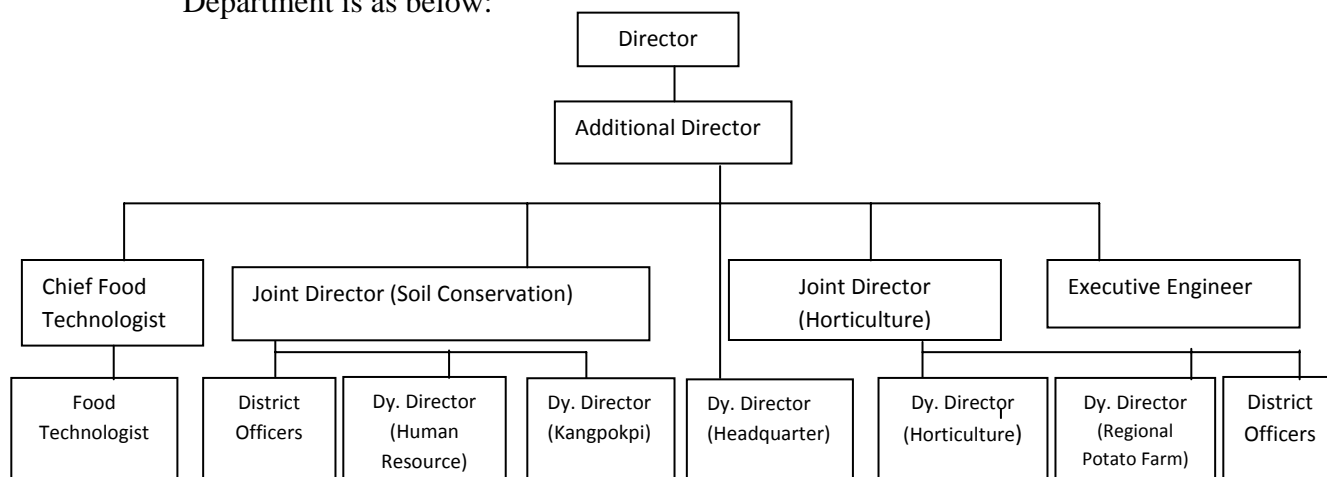
(Paragraphs 3.1.9.6.4 (a) and (b))

3.1.1 Introduction

The State has a total geographical area of 22,327 sq. km out of which 20,094 sq. km is hilly. Endowed with varied agro-climatic conditions ranging from sub-tropical to temperate, abundant rainfall and wide range of soil types, the State is suitable for cultivation of horticultural crops. The identified area for growing horticultural crops is recorded as 2,77,064 hectares. As of March 2011 about 72,062 hectares (26 per cent) had been covered under different horticultural crops. The main objective of the Department is development of horticulture and conservation of soil. The Department envisaged various programme/development activities in the field of horticulture, soil and water conservation for improving crop productivity to meet nutritional requirements of the people and for enhancing horticultural productivity and production.

3.1.2 Organisational set-up

The Commissioner, Horticulture and Soil Conservation Department (H&SC) is the administrative head of the Department and the Director is its functional head and the Chief Controlling Officer (CCO). The organisational set up of the Department is as below:



3.1.3 Scope of Audit

The CCO based audit of the Department was carried out during April to August 2011 covering the functioning of the Department during 2006-11. The records of the Directorate of Horticulture and Soil Conservation and 10 offices² (out of 21)

² (1) Chief Food Technologies; (2) Regional Potato Farm, Mao; (3) Project Co-ordinator, National Watershed Development Project for Rainfed Areas; (4) District Officer, Senapati; (5) District officer, Ukhrul; (6) District Officer, Bishnupur; (7) District Officer, Thoubal; (8) Project Director, Barak River Valley

were selected on simple random sampling without replacement basis for a detailed examination. Of the total expenditure of ₹ 171.53 crore incurred during the period on 17 state plan schemes and three centrally sponsored schemes, audit test-checked an expenditure of ₹ 109 crore (64 *per cent*) incurred by the selected audited entity on eight state plan schemes³ (out of 17 schemes) and three centrally sponsored schemes⁴.

3.1.4 Audit objectives

The CCO-based audit of the Department was carried out to assess whether:

- the programmes of the Department were planned and implemented efficiently;
- the funds provided for the programmes were properly utilised and procedure, rules and regulations specified thereof were complied with;
- human resources were optimally utilised; and
- an effective internal control and monitoring mechanism existed.

3.1.5 Audit criteria

Audit findings were benchmarked against the following criteria:

- General Financial Rules;
- Guidelines of Schemes/Projects;
- Detailed Project Reports; and
- Instructions/orders issued by the Government from time to time.

3.1.6 Audit methodology

An entry conference was held on 26 April 2010 with the Commissioner and the Director, Horticulture and Soil Conservation wherein the audit objectives, audit criteria and scope of audit were discussed. Photographic evidence and physical verification of implementation of different schemes were also taken into consideration to substantiate audit observations. An exit conference was also held on 21 October 2011 with the Commissioner, the Director and officers from the

Development Board; (9) Project Director, Eastern Border Area Development Authority and (10) Mission Director, Technology Mission for Integrated Development of Horticulture

³ (i) Upgradation & Development of Infrastructure for Horticulture Administration (ii) Multiplication of Foundation Seed Potato (iii) Development of Fruit Preservation Factory (iv) Control of Shifting Cultivation & (v) Land Development for Small and Marginal Farmers (vi) Upgradation and infrastructure development of Soil Conservation and Administration (vii) Strengthening of the Horticulture Infrastructure Service (viii) Development of Infrastructure/ Construction of Building

⁴ (i) Soil Conservation for enhancing productivity of degraded lands in the catchment of River Valley and Flood Prone River, (ii) National Watershed Development Programme for Rainfed Areas and (iii) Technology Mission for Integrated Development of Horticulture.

Department wherein audit findings were discussed and the replies of the Department have been incorporated in the review at appropriate places.

Audit findings

The important issues noticed during the course of audit are discussed in the succeeding paragraphs.

3.1.7 Planning

Proper planning is a *sine-qua-non* for successful implementation of any scheme. The Department formulated a long-term planning by preparing perspective plans since 2007 to chart out the main activities to be undertaken by the Department. This was followed by annual plans to focus on the requirement of the Department during a particular year. However, these plan documents did not address the important issues of departmental farms, planting material and infrastructural development.

Operation of departmental farm is an important activity of the Department for boosting horticultural produces of the State. Out of eight⁵ departmental farms, one had been occupied by the Army and one had been demolished. Of the remaining six farms, only one was fully operational and other five were in an abandoned stage. Thus, there was a special need for revival of the departmental farms. However, there was no clear action plan in the plan documents for the revival of these sick farms, which was one of the major strategies for boosting horticultural production.

The initially projected target of planting material during 2007-12 in the perspective plan was reduced substantially in subsequent annual plans without attributing any reason. Farm-wise allocation of funds and production targets were also not reflected in the plan documents.

There was also no information on annual achievement of planting material in these documents which would facilitate the Department in identifying loopholes and taking corrective action. Except for 2007-08, no fund was earmarked for activities directly related to development activities of the farms like cost of seeds, fertilizer *etc.* This indicates that no coherent effort was made in planning for improvement of the farms.

Infrastructure developed at Mantripukhri *viz.*, bio-control, tissue culture, leaf analysis laboratories and integrated mushroom unit were demolished without any alternative arrangement in other location indicating lack of proper planning.

⁵ (i) Regional Potato Farm, Mao (400 ha), (ii) Progeny Orchard cum Nursery Farm, Maram (57ha), (iii) Vegetable Seed Multiplication Farm, Liyai (40ha), (iv) Soil Conservation Research Farm, Gelzang (28ha), (v) Horticulture Research Station, Tuibong, Churachandpur (16ha-occupied by the army), (vi) Progeny Orchard-cum-Nursery Farm, Mantripukhri (3ha-demolished), (vii) Progeny Orchard-cum-Cashewnut Development Farm, Jiribam (28ha) and (viii) Thawai Mahadev Farm (20 ha)

Thus, the Department needs to improve its planning with proper logistics and infrastructural support for optimal achievement of the objectives of the Department.

3.1.8 Financial Management

The Annual budget should be prepared based on the inputs from the field formations. The Department prepared annual budget based on annual plan but this was centrally done at the Directorate level without inputs from field formations.

3.1.8.1 Budget provision and expenditure

The Budget provision and Expenditure during the last five years were as shown in table below:

Table 1

Year	Budget		Expenditure		Saving (-) Excess (+)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2006-07	21.39	10.95	21.09	10.63	(-) 0.30	(-) 0.32
2007-08	22.60	12.05	19.96	11.78	(-) 2.64	(-) 0.27
2008-09	20.58	13.21	18.77	13.31	(-) 1.81	(+) 0.10
2009-10	19.92	15.21	19.92	14.67	-	(-) 0.54
2010-11	28.85	23.22	28.80	21.86	(-) 0.05	(-) 1.36

Source: Detailed Appropriation Accounts

There were persistent savings both under the Plan and the Non-Plan heads barring 2008-09. The Department stated (October 2011) that savings under the Plan head were due to non-release of funds by the State Government, and savings under non-plan head were due to non-finalization of computerised personal information system of employees, termination of ad-hoc employees *etc.*

Further audit scrutiny of the documents revealed that a sum of ₹ 25 lakh meant for Rodent Control scheme was not drawn during 2006-07 due to non-receipt of Special Plan assistance from the GOI. In the case of land development scheme, an amount of ₹ 8 lakh was not encashed due to late receipt of permission for drawal Abstract Contingent during 2007-08. During 2008-09 the bank refused to honour a bill of ₹ 56.25 lakh due to late submission of bill on 31 March 2009 which resulted in saving in that particular year. This indicates that the Department had not properly monitored the availability of funds and thereby failed in proper utilisation of scarce resources.

3.1.8.2 Rush of expenditure

Prudent and sound financial management requires that public expenditure be evenly phased during the course of a financial year. Rush of expenditure particularly at the close of the financial year indicates lack of proper financial planning and management. Audit scrutiny of the records of the Directorate revealed that in every year during the period 2006-11, 40 to 57 per cent of the

total plan expenditure was incurred during the month of March alone indicating poor financial control as shown in table below:

Table 2

(₹ in lakh)

Year	Total expenditure	Expenditure in March alone	Percentage of expenditure in March alone
2006-07	2108.52	846.41	40
2007-08	1995.71	1137.47	57
2008-09	1876.68	883.34	47
2009-10	1991.71	905.10	45
2010-11	2879.28	1261.37	44

Source: Data collected from Accountant General (A&E) office

The Department attributed (October 2011) the reasons for rush of expenditure in the month of March to delay in release of funds by the State Finance Department. However this situation has improved after Finance Department liberalised and decentralised sanction of funds from 2010 as per the Delegation of Financial Powers conferred to the Administrative Secretaries, Head of Department and Head of Office. The reply of the department is not correct as major portion of expenditure continued to be incurred even in March of 2010-11.

3.1.8.3 *Drawal of funds*

Contingent charges should be drawn from the treasury by presenting Abstract Contingency (AC) bills in Form Treasury Rules 31 (Rule 308 of Central Treasury Rules). This needs to be regularised subsequently by presenting Detailed Countersigned Contingency (DCC) bills duly supported by vouchers. However, the Directorate drew an amount of ₹ 48 lakh on Form Treasury Rule 30 (March 2011) on Fully Vouched Contingent (FCC) bill for construction of office of the Deputy Director at Kangpokpi supported by the estimates of work. This should have been drawn on AC bill. Since the amount had been drawn on as FCC bill, its subsequent adjustment through DCC bill by submitting actual vouchers cannot be watched in Accountant General's Office. Therefore, drawal on form Treasury Rule 30 in this instance was fraught with the risk of misappropriation.

The Department stated (October 2011) that the drawal was made with the approval of Government. The Finance Department vide their letter dated 24 January 2011 authorised the Department to draw the amount through fully vouched contingent bill. However, the fact remains that the action of the Department was in violation of Rule 308 of Central Treasury Rules and fraught with financial risk.

3.1.9 *Programme Implementation*

During 2006-11 the Department implemented three centrally sponsored schemes and seventeen state plan schemes. Audit observations in respect of

implementation of schemes (eight State Plan schemes⁶ and three CSS⁷) are discussed in the succeeding paragraphs.

3.1.9.1 Target and achievement of production

As per the Departmental records, the availability of vegetables in the State is about 59 gram per capita per day against the recommended dietary requirement of 280 gram per capita per day. In order to fill this gap, the Department aims to attain 4 *per cent* and 10 *per cent* growth in fruit and vegetables production per annum respectively during the XI Five Year Plan period. The achievement in production of fruits and vegetables during 2006-11 is shown below:

Table 3

(In MT)

Year	Fruits			Vegetables		
	Target	Achievement (per cent of growth over previous year)	Shortfall (per cent)	Target	Achievement (per cent of growth over previous year)	Shortfall (per cent)
2006-07	NA	35112 (NA)	-	NA	31072 (NA)	-
2007-08	36140	36140 (3)	-	32570	32570 (5)	-
2008-09	37587	37587 (4)	-	34841	34841 (7)	-
2009-10	42365	37587 (0)	4778 (11)	40333	34841 (0)	5492 (14)
2010-11	46599	37587 (0)	9012 (19)	48023	34841 (0)	13182 (27)

Sources: Departmental records

The above table reveals that except for fruit production in 2008-09, the Department could not achieve the growth rate of fruit and vegetable production as envisaged in the XI Five Year Plan. During the last three years from 2008-11, the production of horticultural produce remained stagnant. As such, there was no positive impact on horticultural production in the vastly agrarian economy of the State.

The department stated (October 2011) that growth rate of fruits and vegetables should have been three and five *per cent* and attributed the reasons for stagnant production during the last three years to natural calamities such as drought and flood and further added that it would embark on strengthening the technology, revival of progeny orchard and nurseries for production of quality planting material to enhance productivity rate. The reply is not acceptable as the growth rates targeted by the Department as per XI Five Year Plan document was four (fruits) and 10 (vegetables) *per cent* respectively. Further, no proper planning was done nor any action taken to counter such natural calamities which have occurred on continuous basis year after year.

⁶ (i) Upgradation & Development of Infrastructure for Horticulture Administration (ii) Multiplication of Foundation Seed Potato (iii) Development of Fruit Preservation Factory (iv) Control of Shifting Cultivation & (v) Land Development for Small and Marginal Farmers (vi) Upgradation and infrastructure development of Soil Conservation and Administration (vii) Strengthening of the Horticulture Infrastructure Service (viii) Development of Infrastructure/ Construction of Building

⁷ (i) Soil Conservation for enhancing productivity of degraded lands in the catchment of River Valley and Flood Prone River, (ii) National Watershed Development Programme for Rainfed Areas and (iii) Technology Mission for Integrated Development of Horticulture.

State Plan Schemes

As on March 2011, the Department implemented 17 State Plan schemes for production of potato seeds, control of shifting cultivation, strengthening of infrastructural facilities etc. Out of these, audit test-checked eight schemes. The important findings noticed in audit are discussed below:

3.1.9.2 Fruit Preservation Factory

With the objective of production of food products and to act as a ready market for sale of produces of farmers, the MAGFRUIT (Manipur Agricultural Garden Fruit) factory was established in 1960 at Agriculture Complex, Sanjenthong. This was the only state-owned fruit processing unit. During the peak of its activities, the factory could produce variety of fruit products and exported some of them to other countries. At present the factory is running at Lamphelpat (February 2011) and is producing squash of pineapple, orange, lemon and passion fruit.

Target and achievement of production of fruit products and revenue during the period under review were as below:

Table 4

Year	Production (In MT)			Revenue (In ₹)	
	Target	Achievement	Shortfall (Per cent)	Target	Achievement
2006-07	NA	NA	NA	NA	NA
2007-08	6.80	4.25	2.55 (38)	NA	NA
2008-09	6.80	5.10	1.70 (25)	NA	10,000
2009-10	6.80	6.38	0.42 (6)	1,00,000	70,000
2010-11	6.80	4.50	2.30 (34)	NA	10,000

Source: Departmental records

The table reveals that shortfall in production vis-à-vis target ranged from 6 to 38 *per cent* indicating poor performance of the unit. The Department, however, did not fix any target for revenue generation except in 2009-10 which was also not achieved. The Department stated (October 2011) that the factory was handicapped after damage by fire in 2001. The factory is being operated as a small processing unit and not managed on commercial basis. However, with a proposal to shift the factory at Food Park, the revival of the factory is under consideration.

Till date (October 2011), no action has been taken up in this regard nor clear-cut plan framed for the proposed shifting to Food Park. Thus, it is apparent that the Department had not initiated any action to revamp the factory by creating the required infrastructure with modern machinery, shifting to an appropriate site, even after a lapse of ten years since its damage by fire.

Further, the factory could earn a total revenue of only ₹ 0.90 lakh⁸ during 2006-11 while a sum of ₹ 2.39 crore⁹ was spent on input of material and on pay and

⁸ 2006-07: Nil; 2008-09: ₹ 10,000; 2009-10: ₹ 70,000; 2010-11: ₹ 10,000

allowances of its staff. Further, Audit scrutiny revealed that during 2006-11, no budget allocation was made for revamping the factory. The Department stated (October 2011) that up to 2007-08, there were no facilities for marketing of the products and sale through open counter started only from 2008-09. Thus, unless the factory is able to meet its operational costs from its own resources, operation of the factory depending on budgetary support of the Government may not be viable.

3.1.9.3 Operation of departmental farms

The Department owns eight¹⁰ departmental progeny orchard cum nurseries with a total net area of 592 ha to provide quality planting materials to the farmers, of which Horticulture Research Station, Churachandpur had been occupied (1999-2000) by the Army and Progeny Orchard-cum-Nursery Farm, Mantripukhri were demolished for construction of Capitol Complex in 2010. Of the six existing farms, only Regional Potato Farm (RPF) Mao, remained fully operational. The Department has not taken any action to revamp the sick farms. The Department stated (June 2011) that the progeny orchards could not be revived due to constraint of fund. The reply is not acceptable because no fund proposal had been made to revive the sick farms.

3.1.9.3.1 Regional Potato Farm, Mao

The Regional Potato Farm, Mao was established in 1970 with the objective of producing quality seeds to meet the requirement of the seven North Eastern States¹¹. The total area of the farm was 1054 acres (427 hectares) of which the cultivable area was 400 to 455 acres. Annually, one-fourth of the cultivable area was available for cultivation following a three years crop rotation¹² basis.

3.1.9.3.2 Sustainability of the farm

Cost of cultivation and proceeds from sales during the years 2006-11 of the farm were as under:

⁹ 2006-07: ₹ 29.00 lakh; 2007-08: ₹ 32.58 lakh; 2008-09: ₹ 38.60; 2009-10: ₹ 41.77; 2010-11: ₹ 66.83

¹⁰ (i) Regional Potato Farm, Mao (400 ha), (ii) Progeny Orchard cum Nursery Farm, Maram (57ha), (iii) Vegetable Seed Multiplication Farm, Liyai (40ha), (iv) Soil Conservation Research Farm, Gelzang (28ha), (v) Horticulture Research Station, Tuibong, Churachandpur (16ha), (vi) Progeny Orchard-cum-Nursery Farm, Mantripukhri (3ha), (vii) Progeny Orchard-cum-Cashewnut Development Farm, Jiribam (28ha) and (viii) Thawai Mahadev Farm (20ha)

¹¹ (i) Arunachal Pradesh; (ii) Assam; (iii) Manipur; (iv) Meghalaya; (v) Mizoram; (vi) Nagaland and (vii) Tripura

¹² An area brought under cultivation in a particular year is not cultivated in the subsequent three years to preserve fertility of the soil.

Table 5

(₹ in lakh)

Year	Cost of cultivation (cost of input and labour)	Sale proceeds	Excess of cost of cultivation over sale proceeds (<i>per cent</i>)
2006-07	21.81	14.05	7.76 (55)
2007-08	21.81	5.00	16.81 (336)
2008-09	20.25	5.68	14.57 (257)
2009-10	14.12	8.40	5.72 (68)
2010-11	16.12	0.53	15.59 (2941)

Source: Departmental records

Though the objective of the farm was production of quality seeds, its operation at least at break-even-point is also important for self sustenance. However, from the above table, it is evident that all through the five years the farm could not meet even the cost of cultivation from its sale proceeds. The excess of cost of cultivation over sale proceeds ranged from ₹ 5.72 to ₹ 16.81 lakh.

The Department stated (October 2011) that majority of its production in 2010-11 was reserved for plantation in 150 acres of farm land during 2011-12 and as such it could earn only ₹ 0.53 lakh. For other years where the Farm registered very low sale proceeds except 2006-07, it did not furnish any clarification. Given the circumstances where the production of farm had shown a continuous declining trend of plantation area from 72 acre in 2006-07 to 42.5 acre in 2010-11, the Department's action to undertake plantation in 150 acres in 2011-12 appears unviable and may further aggravate the excess of expenditure over sale proceeds. The mis-match between cost of cultivation and sale proceeds raises doubt about sustainability of the farm and under such circumstances it is difficult to envisage as to how the farm could meet the need of the farmers of the North Eastern states in the long run.

3.1.9.3.3 Loss due to shrinkage during godown storage

The Department did not fix any standard norms for shrinkage of potato seeds during storage. Audit scrutiny of records revealed that in majority of cases, the shrinkage loss ranged from 17 to 22 *per cent*. However, in the following periods, percentage of shrinkage was exorbitantly high which ranged from 31 to 42 *per cent*.

Table 6

Period of storage	Stage	Variety	Quantity stored	Loss due to shrinkage	
				Quantity	Percentage
20/9/06 to 20/12/06 (3 months 2 days)	Certified	K- Jyoti	63463 kg	19853 kg	31
18/8/08 to 2/3/09 (6 months 15 days)	Foundation- I	K- Kanchan	1373 kg	573 kg	42
22/6/10 to 23/2/11 (8 months 2 days)	NS- IV	K- Jyoti	19828 kg	7355 kg	37
Overall			84664 kg	27781	33

Source: Compiled from the stock register of the Regional Potato Farm, Mao

The Department stated (October 2011) that the shrinkage percentage was wrongly recorded and it should have been 20 to 24 *per cent*. The reply of the Department is

not acceptable as scrutiny of stock register revealed that the farm produced 84664 kg of the above stated two categories during the period September 2006 to February 2011. Of this, 43273 kg had been sold/issued to the farm for replantation and 13610 kg had been discarded. The remaining 27781 kg was lost in shrinkage (33 per cent). Such high percentage of shrinkage was bound to result in loss of revenue.

3.1.9.3.4 Performance of the farm

Potato breeder seed is purchased from the Central Potato Research Institute at Shimla and multiplied into foundation/certified seed in the farm. Area under cultivation and production of the farm during the period 2006-11 were as below:

Table 7

(in MT)

Year	Potential area (in acre)	Area covered (in acre)	Target for production (in MT)	Production (in MT)	Production per acre	All India average production (per acre)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2006-07	400	72	280	308	4.28	6.04
2007-08	400	70	280	136	1.94	7.42
2008-09	400	65	260	164	2.52	6.38
2009-10	400	40	160	136	3.40	Not available
2010-11	455	42.5	170	122.50	2.88	-do-

Source: Departmental records (columns 1 to 5) and web-site of Central Potato Research Institute (column 6)

During 2006-11, production per acre ranged from 1.94 to 4.28 MT while All India Average production of potato during 2006-09 ranged from 6.04 to 7.42 MT per acre. Thus, the average production of the farm was much lower than that of the All India average production indicating poor performance of the farm. The Department stated (October 2011) that the crops were harvested during rainy season and attributed the reasons for low production to rotting in the field. The reply is not convincing as the wastage could have been avoided or reduced if the harvesting was done after the rainy season. No reason for harvesting during rainy season when the chances of rotting is high was available on record.

3.1.9.4 Watershed Development Project in Shifting Cultivation Area

The Watershed Development Project in shifting cultivation areas was in operation in the State since 1995-96. The scheme aimed at overall development of *jhum* areas on watershed basis, reclaiming the land affected by shifting cultivation and socio-economic upgradation of *jhumia* families living in these areas to encourage them to go in for settled agriculture.

3.1.9.4.1 Excess Expenditure

During 2007-11, District Officer, Ukhrul, constructed contour trenches, bunds and terraces on daily wages basis. Audit scrutiny of records of execution of such works during 2010-11 revealed that mandays required per hectare for the above works were as 61, 61 and 123 respectively and was fixed by the Department as such.

However, during the preceding years (2007 to 2010), the Department utilized more mandays than that of 2010-11 for execution of these works thereby resulting in an excess payment of ₹ 23.18 lakh (**Appendix-3.1**).

The Department stated (October 2011) that the variation in mandays was because of differences in soil condition and the expenditure incurred on the execution of the works did not exceed the funds provided by the Ministry. The reply of the Department is not acceptable as **Appendix-3.1** clearly reveals that the mandays bear an inverse relation to the labour rate. Whenever the labour rate was ₹ 47.65, the quantum of mandays increased and whenever the labour rate was ₹ 72.40 the mandays decreased. This clearly shows that this was an attempt to exhaust the available fund and it has no discernible link with the soil condition. Moreover, the Department nowhere recorded the type of soil involved in any of the work executed.

3.1.9.4.2 *Idle constructions*

Watershed projects are taken up to develop hill slopes of *jhum* areas through soil and water conservation measures and to reduce further land degradation to encourage and assist *jhumia* families in developing *jhum* land and improve vegetative measures and productive uses.

Such projects generally include construction of structures like contour trenches, contour bunding, contour terracing, gully plugging, earthen dam, brush wood dam, small farm pond, water harvesting structures and raising of nursery etc in the arable and non-arable land.

Joint physical inspection of the watershed¹³ with representatives of the Department at *Rangajak kong* in Ukhrul district found that no plantations were carried out in some of the terraces, no nursery was raised inside the nursery shed and the farm pond for water harvesting was eroded (August 2011) despite construction of contour terraces as early as 2008-09, as can be seen from the photographs below:



Thus, the constructions did not serve the purpose for which these were carried out.

¹³ The amount involved was not determinable.

The Department stated (October 2011) that some of soil and water conservation measures were completed during 2008-09 and some were still continuing. Various items of works such as pre-plantation, raising of nursery and farm ponds and tree plantations have now been completed. The reply is not acceptable as construction of contour terraces was an annual affair. This should have been followed by plantations in the same year as construction of these structures without plantation would render the structures unfruitful. However, the Department did not take any action and no photographic evidences could be shown to Audit to substantiate its claims.

Centrally Sponsored Schemes

There were three Centrally Sponsored Schemes implemented in the State for conserving soil in river valley and flood control prone river, watershed development in rainfed areas, and integrated development of horticulture. All these schemes were selected for test-check and the important findings noticed are discussed in the succeeding paragraphs.

3.1.9.5 Soil Conservation in the catchments of River Valley and Flood Prone River

The project is a *cent per cent* Centrally Sponsored Scheme of the Ministry of Agriculture, Government of India to prevent degradation of land, soil erosion, improvement of land capability and promotion of land use. The Department had taken up treatment of the Dhansiri river catchment in five micro watershed projects during 2006-2009 and treatment of the Laini river catchment comprising 17 micro watersheds was taken up since 2008-09. The position of funds received and expenditure during 2006-11 is shown in the table below:

Table 8

(₹ in lakh)

Year	Funds received	Expenditure
2006-07	163.93	163.93
2007-08	453.00	453.00
2008-09	430.50	430.50
2009-10	453.00	453.00
2010-11	500.00	500.00

Source: Departmental records

3.1.9.5.1 Construction of engineering structures

As per guidelines for Soil Conservation in River Valley and Flood Prone River, engineering structures should not be constructed in the first year of the project but only in the second or third year so as to ensure that the vegetative measures like vegetative hedge, vegetative fencing, sowing and plantation *etc.*, undertaken during the first year acquire some definite shape before supplemental engineering structures were put up in the second or third year.

Audit scrutiny of records relating to implementation of “Soil Conservation for enhancing productivity of degraded lands in the catchments of river valley

projects and Flood Prone River” revealed that under the Dhansiri (Choheirulok watershed) and the Laini River Valley Project, engineering structures of ₹ 51.30 lakh (Dhansri: ₹ 14.44 lakh and Laini: ₹ 36.86 lakh) were constructed during 2006-07 and 2008-09 in the first year of the project in violation of the scheme guidelines. No justification was given for preponing construction of such engineering structures.

The Department stated (October 2011) that while issuing annual technical sanction by the GOI it was mentioned that preponement of work could be done in case funds were available and as such engineering structures were incorporated in the first year of the project itself. As such structures were constructed in first year itself without ensuring stabilization of catchment area with plantation, the stability of the structures could not be ensured as envisaged in the guidelines.

3.1.9.5.2 Soil testing

The objective of soil testing is to assess the fertility status of the soil and to enable farmers to use appropriate doses of fertilizers for better soil management and increase of horticultural produces. Given the importance of soil testing, Ministry of Agriculture instructed to issue soil health cards to all the farmers of the watershed before starting the Watershed Development programme.

The Department procured seven Soil testing kits for ₹ 1.65 lakh during 2007-08. However, there was no record for issue of such kits to the soil testing experts and no soil health cards were also issued to the farmers (August 2011) of the project area¹⁴. Therefore, farmers might have carried out different plantations without the benefit of knowledge of suitable plant in the project area.

Admitting the fact stated above, the Department stated (October 2011) that soil testing was done by the concerned officers and issue of soil health cards was also initiated in the beginning of the project but it was discontinued as most of the farmers were illiterate and they asked for verbal recommendations and in future training or workshop would be organised in this regard. The reply is not acceptable as both verbal recommendation and soil cards should have been issued as Maintenance of Soil Health Cards would enable the farmers a reference to soil health in future and thus ensure a better soil management.

3.1.9.5.3 Excess expenditure

During 2007-10 the Department constructed 22 water harvesting structures in 11 villages at a total cost of ₹ 36.18 lakh. The Department paid the cost of execution of the works to the Watershed Associations as per rates prescribed in the Manipur Schedule of Rates 2006, as detailed below:

¹⁴ Senapati and Ukhrul districts.

Table 9

			(In ₹)
Sub-heads	Quantity executed	Rate per unit	Amount
Earth work in			
(a) Loose/soft soil	15502.31 cum	36.50	565834
(b) Hard/dense soil	29586.406 cum	46.90	1387602
(c) Hard shale	21904.024 cum	75.50	1653754
(d) Additional lift	28973.205 cum	6.90	199915
Clearing jungle	6775 sqm	1.10	7453
Total			38,14,558

Source: Departmental records

However, the payment was made by restricting the amount to ₹ 36.18 lakh. No reason was recorded for restricting the payment.

As per guidelines, construction of water harvesting structures should be done with the participation of the beneficiaries. The detailed project report (DPR) contemplated a rate of ₹ 81.40 per manday (rate of casual labour prevalent in the State). Hence, construction of the structures should have been carried out with the participation of the beneficiaries and wages should have been paid as per labour rate in the DPR. Thus, had the work been executed as per rates provided in the DPR, the cost of construction would have been only ₹ 19.86 lakh (**Appendix-3.2**). Thus, payment as per rates prescribed in MSR instead of rates in the DPR had resulted in excess expenditure of ₹ 16.32 lakh. Reasons for using MSR rates instead of the DPR rates were not available on record.

The Department stated (October 2011) that payment for the cost of excavation of water harvesting structure was made on the basis of cost norm laid down by the GOI as well as DPR and not on the basis of MSR 2006. The reply of the Department is not acceptable as examination of records revealed that payment was made on the basis of rates prescribed in MSR 2006.

3.1.9.5.4 Maintenance of Projects

Land degradation being a continuous process, protection of watershed through various measures such as structural and biological regeneration is of paramount importance. For this purpose, a corpus of funds was to be established in respect of each watershed for maintaining and repairing structures, and regeneration of biological resources created under the programme. An amount up to two *per cent* of the project fund equally shared by the GoI and State Government of the total investment in the watershed was to be set aside to create this corpus fund.

Audit scrutiny of records revealed that no corpus fund was established for the projects taken up in the catchment of Dhansiri (Choheirulok watershed) completed in 2008-09. The amount of ₹ 5.45 lakh set aside in the project as corpus was given to the concerned watershed secretary as maintenance cost without ensuring establishment of the Corpus. There was no contribution towards maintenance of the project from the State Government in violation of the

guidelines, in the absence of which maintenance of the projects could not be ensured.

While admitting the fact, the Department stated (October 2011) that though the funds were set aside for maintenance of community assets, corporate body for utilisation of the fund was yet to be formed (February 2012). However, the fact remains that the release of the earmarked funds to the secretary of the watershed association was not in order.

3.1.9.6 Technology Mission for Integrated Development of Horticulture

“Technology Mission for integrated development of horticulture” aims at convergence and synergy among numerous ongoing horticulture development programmes to achieve horizontal and vertical integration to ensure adequate, appropriate and timely attention to production, post-harvest management and consumption chain and to maximise economic, ecological and social benefits. The Technology Mission is implemented through four Mini-Missions (MM), one of which *viz.* MM-II is implemented by the Department.

3.1.9.6.1 Area expansion

(i) One of the major activities under MM II is to increase production through area expansion. Target and achievement of area expansion during 2006-11 were as below:

Table 10

(Area in ha)

Year	Fruits		Vegetables & root crops		Spices	
	Target	Achievement	Target	Achievement	Target	Achievement
2006-07	4800	4800	1100	1100	1000	1000
2007-08	4300	4300	2750	2750	305	305
2008-09	2200	1654	2194	4973	Nil	Nil
2009-10	6530	4550	4590	4590	1000	1000
2010-11	2981	2860	1935	1505	280	280
Total	20811	18164	12569	14918	2585	2585

Source: Departmental records

The above table reveals that against the total target of 20,811 ha for area expansion under fruits, the Department achieved 18164 ha only with a shortfall of 2647 ha. However, under vegetable and root crops, the area expansion achieved vis-à-vis was more than the target set by the Department.

The Department stated (October 2011) that the fruit plants were procured from outside the state and from abroad due to the demolition of all the departmental progeny orchards. The delays and damages in the transit led to shortfall in achievement of target.

(ii) Further, as per guidelines, plantations of fruit plants were to be maintained up to two years *viz.*, second year maintenance for one year old plantations and third year maintenance for two year old plantations. However, targets for

maintenance of fruit plants were fixed without considering the quantum of such plantations made in the previous years as shown below:

Table 11

(Area in ha)

Year	Actual plantation	Target for maintenance (one year old plants)		Target for maintenance (two year old plants)	
		to be fixed	Fixed	to be fixed	Fixed
2006-07	4800	-		-	
2007-08	4300	4800	4417	-	
2008-09	1654	4300	4300	4800	4421
2009-10	4550	1654	2390	4300	4300
2010-11	2860	4550	4200	1654	2390

Source: Departmental records

The above table shows that programme for maintenance had not been fixed based on the plantation taken up in the previous years. Thus, the Department did not carry out maintenance of plantation as per guidelines. In its reply the Department admitted (October 2011) that the pattern of maintenance as envisaged in the guideline could not be followed due to demand/request of the farmers. The failure in complying with the guidelines exposes the risk of non-survival of saplings due to lack of care.

(iii) As per guidelines, area expansion should follow a cluster approach through selection of beneficiaries in contiguous areas covering the whole village to derive benefit from the common infrastructure such as community tank, plant protection, plasticulture and others.

Audit scrutiny of records revealed that implementation of area expansion was not done in cluster approach and beneficiaries were not selected from the contiguous area. Area expansion was not linked with components like community water tanks for irrigation, plant protection etc., thus, depriving the beneficiaries of the advantages of cluster approach, as envisaged in the guidelines.

The Department stated (October 2011) that it would endeavour for selection of beneficiaries in cluster approach covering the whole village where all the productivity components like community tank, plant protection would be linked together.

3.1.9.6.2 Construction of water sources

(a) Community tanks constructed at individual farm land

To ensure irrigation for the horticulture crops round the year, assistance at the rate of ₹ 1 lakh for providing irrigation to one hectare of area was admissible for construction of community tanks with a maximum of ₹ 10 lakh, if 10 hectares of land was to be covered. The assistance was to be provided to a group of farmers of the community for constructing pucca community tanks so that the intended benefit was maximised.

However, the Department provided assistance of ₹ 50 lakh to 50 individual farmers¹⁵ during 2006-07 instead of providing assistance to groups of beneficiaries for construction of water storage tanks in contravention of the guidelines. The basis on which these beneficiaries were selected was also not available on record. In fact, no community tanks were actually constructed as all the tanks constructed were in the farm land of individual beneficiaries. Construction of tanks in the farm lands of the individual farmers deprived the community of their benefits. Further, in some cases, kutchha tanks were constructed instead of pucca tanks in violation of the guidelines, which cannot be expected to last long as pucca ponds, as there was a risk of their being covered by the weeds and reduction in holding capacity. As such, kutchha tanks are not expected to provide sufficient water for irrigation.

The Department stated (October 2011) that due to non-availability of *khas* (common land) land for construction of community tanks, assistance for construction of community tanks was given to individual farmers. This reply is not acceptable as non-availability of *khas* land was not supported by certificates from the Revenue Department of the Government.

(b) Delay in construction and loss of interest

The Department deposited CSS fund of ₹ 2.32 crore (June 2009: ₹ 1.72 crore and May 2010: ₹ 60 lakh) to the Minor Irrigation Department (Work Agency) for construction of Community tanks to provide irrigation facility to the farmers covering 580 acres of irrigation potential.

However, the Work Agency refunded (September 2010) the amount as the Horticulture Department could not furnish the list of beneficiaries. Thereafter, the Department deposited the refunded amount in a saving account of the Department (October 2010). Thus, non-construction of the tanks deprived the farmers of the benefits of irrigation facilities. Further, by depositing the money to the Work Agency before selection of beneficiaries resulted in loss of interest of ₹ 8.41 lakh. Details are shown in table below:

Table 12

Date of release of amount to the Agency	Amount released	Date of refund by the Agency	Date of deposit to the Bank	No. of months the fund was lying with the Agency	Interest
26/6/2009	17225290	10/9/2010	18/10/10	15	$(17225290 \times 3.5/100 \times 15/12) = ₹ 753606$
5/5/2010	6000000	10/9/2010	18/10/10	5	$(6000000 \times 3.5/100 \times 5/12) = ₹ 87500$
				Total	₹ 841106

Source: Departmental records

The Department stated (October 2011) that it could not give list of beneficiaries in advance as the selection of beneficiaries was done after consultation with the local Member of the Legislative Assembly and the amount refunded by the Minor

¹⁵ Imphal East-3; Imphal West-5; Thoubal-7; Bishnupur-5; Churachandpur-7; Senapati-5; Tamenglong-5; Chandel-3; Ukhrul-6; Moreh-2; Jiribam-2. Altogether tanks for 50 ha were constructed.

Irrigation Department was utilised for construction of community tanks by the Department itself. The reply of the Department is not acceptable as there was sufficient time (May to September 2010) to select the beneficiaries.

3.1.9.6.3 Assistance for plastic mulching and green houses

(a) Plastic Mulching

Plastic mulching is the covering of soil around the root zone of plant with a plastic film which is an effective practice to restrict weed growth, conserve moisture and reduce the effect of soil borne diseases through soil solarization. As per guidelines, an assistance at 50 *per cent* of the cost of plastic film subject to a ceiling of ₹ 7000 per ha was admissible. Since it would be difficult for the supplier to supply the plastic film to individual farmers, the implementing agency in the state was required to arrange to procure the same in bulk as per the estimated requirement for a quarter/six months/year. Fifty *per cent* farmers' contribution was to be collected in advance or at the time of supply of film by implementing agency to the farmers.

During 2006-10, the Department procured 69017 kgs. of mulch film for ₹ 1.28 crore and distributed to 1534 beneficiaries without realising contributions from them. This resulted in excess payment of subsidy to the beneficiaries to the tune of 50 *per cent* of the cost of mulch film which worked out to ₹ 64 lakh (50 *per cent* of ₹ 1.28 crore).

The Department stated (October 2011) that the farmers were not willing to contribute their share. However, considering the importance of mulch films, these had been distributed to the interested farmers without collecting their share. Not only was this a clear violation of the guidelines but also has further reduced the coverage of farmers under the scheme.

(b) UV stabilised film (Green house)

The Green-house technology is used to protect the plants from adverse climatic conditions. The Scheme guidelines provide for construction of Green-house structures by the beneficiaries themselves by using the local material with ultra violet (UV) stabilised film for protected cultivation of horticulture crops. Assistance at the rate of 50 *per cent* of the cost for covering up to 1000 sq m at the rate of ₹ 325 per sq m for hi-tech and ₹ 125 per sqm for normal Green-house respectively was admissible.

During 2006-10, the Department purchased 3,06,529 kgs. (16,24,605 sqm) of UV stabilised film for ₹ 7.25 crore and the same was distributed to 5776 beneficiaries without collecting their contribution though payment was to be restricted to 50 *per cent* of the cost which however, had been paid at 100 *per cent*. This resulted in excess payment of subsidy to the farmers to the tune of ₹ 3.62 crore.

The Department stated (October 2011) that the cost of material like bamboo and labourers was borne by the farmers. The reply is not acceptable as the assistance

in respect of UV films was to be restricted to 50 *per cent* of the cost which the Department failed to follow.



During joint physical inspection it was seen that ultra violet film in Thoubal district was not used for nurseries/plantation purpose and instead plants, grasses and weeds were growing inside the shed as seen from the photograph. Thus, the purpose for which ultra violet film was provided stands defeated.

(c) Shade Net Houses

Shading nets are being used for raising nurseries, indoor plants, hardening of tissue cultured platelets and growing of vegetables as it provides relief to the plants from the scorching sunlight, high winds, direct rainfall as well as insects and pests. As per guidelines, assistance at the rate of ₹ 14 per sqm or 50 *per cent* of the cost whichever was lower for a maximum of 500 sqm area per beneficiary was admissible.

During 2007-08 to 2009-10, the Department procured shade nets of 332153 sq m for ₹ 1.07 crore and distributed to 964 beneficiaries without collecting the 50 *per cent* contribution from the farmers. This had resulted in excess payment of subsidy to the tune of ₹ 53.50 lakh.

The Department stated (October 2011) that the cost of labour and materials required for construction of the structure was borne by the farmers which might be treated as 50 *per cent* contribution of the farmers. The reply is not acceptable as assistance for the shade nets was to be restricted to 50 *per cent* of the cost of shade nets as per provisions of Guidelines, which the Department failed to follow.

Further, during site inspection it was noticed that the shade nets were used as cow shed from the cow dungs that littered the floor of the shade net as evident from the photograph below:



Thus, apart from failure to recover contribution of 50 *per cent* of the cost from the beneficiaries having the potential of reducing coverage of beneficiaries, the facility was also being used for purposes other than intended thus defeating the very objective of the scheme.

3.1.9.6.4 Excess payment

(a) Procurement of Shade nets

During 2005-10, the Department placed five supply orders to M/s Essen Multiplack, Rajkot, Gujarat for procurement of 3.32 lakh sqm of shade nets costing ₹ 1.52 crore.

The item ultraviolet stabilised shade nets were exempted from Excise Duty (ED)¹⁶ and Sales Tax (ST)¹⁷. However, the rate quoted by the firm was inclusive of ED and ST. Based on the rates quoted by the firm, the Department released the payment. Thus, allowing element of ED and ST on non-taxable goods resulted in excess payment of ₹ 21.46 lakh to the firm (**Appendix-3.3**).

The Department stated (October 2011) that no excise duty and sales tax had been charged by the supplier. The reply is not acceptable as the rate quotation of the supplier was inclusive of ED and ST; based on which the final payment had been made. No action to recover the excess payment made was available on record.

(b) Procurement of passion fruit plants

During 2008-09, the Department procured 2,07,297 grafted passion fruits plants (grafted Kaveri variety passion fruits) from M/s Global Agro Solution, Nasik. The firm quoted a rate of ₹ 40 per plant. However, the Department erroneously paid ₹ 44 per plant resulting in an excess payment of ₹ 8.29 lakh¹⁸, which was yet to be recovered.

¹⁶ Excise Duty ranging from 8 to 16 per cent.

¹⁷ Sales tax ranging from 4 to 5 per cent.

¹⁸ 4x207297=829188

The Department stated (October 2011) that it procured tissue cultured plants of passion fruit the rate of which was ₹ 44 per plant. The reply of the Department is not acceptable as the supply order placed with the firm was for grafted passion fruit plant and not for tissue cultured plant.

3.1.9.6.5 Non-receipt of fruit plants

In order to create profitable niche areas and to be more innovative by taking up plantation of kiwi, chestnut and walnut in the hill districts of Manipur during 2010-11, the Department placed one supply order to Florence Flora Marketing, Sahakarnagar, Bangalore for supply of 760 walnut, 750 chestnut and 2800 kiwi plants at a total cost of ₹ 48.73 lakh. The Department paid (December 2010) ₹ 48.73 lakh as advance. As per terms and conditions of the supply order, the firm was to supply the plants within one month from the date of order. However, the firm had not supplied the plants as of February 2012. The plants were to be planted during January-March. Due to failure of the supplier in supplying the fruit plants within the planting season, the Department could not implement the scheme in time.

While confirming the audit observation, the Department stated (October 2011) that the procurement of the plants required quarantine clearance from the Forest Departments and as such the firm could not supply the plants in time. The reply of the Department itself confirms that the scheme could not be implemented during 2010-11 and the amount remained infructuous, which questions the action of the Department in making the advance payment without first ascertaining the hurdles in the supply of seeds.

3.1.9.6.6 Demolition of laboratories and infrastructure

Implementation of MM-II requires creation/construction of laboratory and infrastructure. For this purpose, from the year 2004 to 2006 the Department constructed one mushroom unit and three other laboratories at a total cost of ₹ 1.71 crore at Mantripukhri. However, during 2010 all these structures were demolished for construction of Capitol Complex to house the High Court and the Civil Secretariat at this site without any alternative arrangement for installation of the important infrastructure, thus frustrating the very objective of the Mission. This also has the potential of impeding development of mushroom culturing and depriving the farmers of laboratory facilities.

3.1.9.6.7 Drip Irrigation System

As a part of fertigation¹⁹ technology for promoting production, the Department introduced a drip irrigation system for feeding adequate water to banana, grape, papaya plants *etc.* For this purpose, the Department purchased (2006-11) 415 sets of drip irrigation system from one firm²⁰ at Maharashtra at a total cost of ₹ 2.42 crore inclusive of installation charges varying from ₹ 5000 to ₹ 6888 per unit.

¹⁹ A technique to provide dissolved fertilizers to crops.

²⁰ M/s Jain Irrigation System Ltd.

Of these, 393 had been issued to the districts and 22 were in stock as of August 2011. Of the 393 issued to the districts, 298 had been installed while 95 were yet to be installed (February 2012). Of the 298 installed, the Company installed only 92 numbers while the remaining 206 were installed by the departmental experts without the help of the company. As such installation charges of ₹ 14.19 lakh paid to the company in respect of these 206 units were excessive as shown in the table below.

Table 13

Year	Number of sets purchased	Value paid (including installation charges)	Installation charge per unit	Installed without the assistance of the Company	Excess payment (Col 4 x Col 5)
(1)	(2)	(3)	(4)	(5)	(6)
2006-07	59	2847112	5388	0	0
2007-08	102	5689662	6041	0	0
2008-09	208	12804000	6888	129	888552
2009-10	46	2831898	6888	45	309960
2010-11	0	0	6888	32	220416
Total	415	24172672		206	1418928

Source: Departmental records

The Department stated (October 2011) that all the drip irrigation systems were installed by the company. The reply is not acceptable as the Service Engineer of the Company certified (August 2011) that company had installed only 92 drip irrigation systems.

3.1.9.6.8 Purchase of Sprinklers

Sprinkler is a device to water the soil and plant foliage with the network of pipes. During 2007-09, the Department procured (February 2008 and May 2009) 29 sprinklers at the total cost of ₹ 14.31 lakhs. However, out of the 29 sprinklers procured, only four had been installed as of August 2011 and the remaining 25 were yet to be installed. The Department, however, stated (October 2011) that all the sprinklers had been installed in the selected farmers' field by the company. However, date-wise records of installation with certificate of installation signed by the beneficiaries could not be furnished to Audit, in the absence of which the reply of the Department could not be verified.

3.1.9.6.9 Centre of Excellence

Under the Mission, the District Horticulture Officer of each district was required to select a compact area as a Centre of Excellence. Such Centre should have all the essential components such as water tanks, drip irrigation system, multi-crop nursery, green house, vermi-compost unit, model floriculture centres and integrated mushroom units. The location of the Centre should be easily approachable, preferably on the main road or nearby. This was to be developed in close coordination with ICAR which would provide quality planting material and the required technology for making the Centre a success story. But the

Department did not establish any such Centre in any of the districts of the State. Thus, the objective envisaged in the guidelines could not be achieved.

The Department attributed (October 2011) reason for non-establishment of Centre of excellence to non-availability of compact area comprising of 10 to 20 ha. The reply of the Department is not acceptable as these could have been established in the Departmental progeny orchards of Liyai (Senapati), Gelzang (Churachandpur), Jiribam (Imphal East) and Thawai Mahadev (Ukhrul) which have individually 10 to 35 ha of culturable area. The Department failed in its initiative to develop such centres having the potential of significantly increasing horticultural produces.

3.1.9.6.10 Human Resource Development: Training

Human resource development through training and demonstration was an integral part of the Mission. Training of farmers, entrepreneurs, field level workers and officers was to be taken up under this programme. A farmer was entitled to an assistance of ₹ 400 for training within the district.

During 2010-11, the Department organised 40 district level trainings in different districts of the state, wherein 4324 trainees participated. But the Department paid the assistance at higher rates ranging from ₹ 700 to ₹ 2500 per trainee and incurred an expenditure of ₹ 56.02 lakh on this account resulting in excess payment of ₹ 38.73 lakh.

While admitting the fact, the Department stated (October 2011) that although the payments had been made in excess, this was in consideration of the distances to be covered by the trainees in attending the training classes. The reply of the Department is not acceptable as the guidelines do not provide for assistance at higher rates owing to distance.

3.1.10 Human Resource Management

As on March 2011, the Department was having 752 men on its roll against the sanctioned strength of 935 functioning with a manpower shortage of 20 *per cent*. Major key-posts of 27 Agriculture Officers/Horticulture Development Officers responsible for carrying out the various activities of the Department were lying vacant, thus acting as a major hurdle in implementation of various schemes/programmes of the Department.

During their visit (May 2005) to Regional Potato Farm, Mao, the team of Central Potato Research Institute, ICAR recommended immediate appointment of two Virologists and one Bio-technologist for successful operation of the Farm. However, the Department did not take any action in this regard (February 2012), reasons for which were not available on record. Appointment of these specialists could have helped the farm in avoiding crop diseases.

3.1.11 Internal Controls

Internal control system is a management tool which provides reasonable assurances that the organization's objectives are being achieved and the entity is functioning in an economical, efficient and effective manner. The following lapses in internal control were noticed during the course of audit:

- The Regional Potato Farm, Mao did not keep records of field weight and godown weight of the varieties of farm produces in its Yield Stock Register, except in the cases of Nucleus Seed (NS)-II and NS-III for the year 2010. Variety-wise quantity of utilisation of potato in the farm for plantation was not recorded in their records in many cases exposing the risk of pilferage and mixing up of varieties.
- Guidelines for National Watershed Development Programme for Rainfed Area (NWDPPRA) and also guidelines for Watershed Development Project in Shifting Cultivation Area (WDPSCA) envisaged that District Nodal Agency should announce a panel of Chartered Accountants for audit. The President Watershed Association (WA) was to send the audited utilisation statement every year to the Agency within six months from the end of the financial year. During the XI Five Year Plan there were 110 WAs and ₹ 17.45 crore was released to them for implementation of the NWDPPRA scheme. However, none of the WAs submitted audited utilisation certificates to the Agency during the period 2007-11, in contravention of the guidelines. Further, records of the District Officers, Ukhru, Senapati and Project Directors, EBADA and BRVDB revealed that during the XI Five Year Plan (2007-12) there were 40 WAs under WDPSCA scheme. However, none of the WAs submitted audited utilisation certificates to the Agency during the period 2007-11, in contravention of the guidelines.

3.1.12 Monitoring and Evaluation

The Department did not have an independent Monitoring Committee during the period 2006-09, which however, was constituted only in January 2010.

The State Nodal Agency was required to periodically review the implementation of River Valley projects at least once in a year. The State Nodal Agency constituted in 2008 did not review the programme. With a view to improving the monitoring system, a website for the scheme has been launched. The activity-wise data for the implementation of the watershed programmes was to be fed monthly, quarterly, six monthly, and annually into the website. However, the Department did not feed any data in the website. This was indicative of poor monitoring.

3.1.13 Conclusion

The planning of the Department lacked logistical and infrastructural support, which in turn hampered optimal achievement of its targets and objectives. Financial management of the Department suffered due to violation of financial rules such as persistent rush of expenditure at the fag end of the year. Though the

Department set for itself a target of four and ten *per cent* growth for fruit and vegetables production per annum, the production remained stagnant during 2008-09 to 2010-11. All the departmental progeny orchards other than the Regional Potato Farm, Mao remained non-operational resulting in procurement of fruit plants from outside the State. This affected the expansion of area under fruits under Technology Mission. Appropriate and timely maintenance of the fruit plants under Technology Mission could not be ensured. However, the overall achievement in expansion of area under vegetable and root crops undertaken by the Technology mission exceeded what was targeted during 2006-11. There was no regular monitoring of the schemes implemented by the Department.

3.1.14 Recommendations

- The objectives and targets of plan documents require more focus on logistics and infrastructural support with need-based planning for optimal results.
- Financial management requires meticulous monitoring of funds needed and expenditure to avoid savings, excess of expenditure and rush of expenditure at the fag end of the year. Special attention needs to be given to check advance payment through fully vouched contingent bills as such practices have the potential of serious financial irregularities.
- The Department should make concerted efforts to revive MAGFRUIT factory as it has the potential of earning revenue as well as providing employment opportunities in the State.
- Efforts should also be made with all seriousness to revamp the sick farms with adequate budgetary support so as to ensure self sustainability. This would reduce the dependence on outside agencies for quality plants.
- Expansion of area under fruits and vegetable under Technology Mission should be done in cluster approach through selection of beneficiaries from contiguous areas so as to maximise benefits.
- Proper monitoring of implementation of various schemes is required, focussing on loopholes in implementation so as to ensure corrective action for achieving effective and economic results.