

## CHAPTER III – CHIEF CONTROLLING OFFICER BASED AUDIT

### AGRICULTURE DEPARTMENT

#### 3.1 Chief Controlling Officer based Audit of Agriculture Department (Directorate of Agriculture)

*The Directorate of Agriculture is responsible for bringing about substantial growth in the State's agricultural sector through the implementation of various state sector and central sector/centrally sponsored schemes designed to accelerate agricultural production, augment crop productivity levels, increase the use of fertilizers, free distribution or sale at subsidized prices of improved seeds, fertilizers and agricultural implements, etc. Although the Directorate was able to bring about a marginal increase in the area under cultivation during the review period, agricultural production, however, declined.*

#### *Highlights*

Misreporting of expenditure by the Directorate of Agriculture to the GOI in respect of central sector/centrally sponsored schemes.

(Paragraph 3.1.8.2)

Funds were parked under "8443-Civil Deposits" year after year to avoid lapse of funds. Also, funds amounting to ₹ 13.03 crore received by the Directorate of Agriculture were not disbursed but kept in 'current' account with two banks.

(Paragraphs 3.1.8.3 & 3.1.8.4)

There was decline in production and fall in productivity per hectare of the two largest crops grown in the State.

(Paragraph 3.1.10)

Agricultural equipment procured by the Directorate of Agriculture without assessing requirement resulted in blockade of funds to the tune of ₹ 37.40 lakh.

(Paragraph 3.1.14.1)

In West Garo Hills District, there was an unproductive expenditure of ₹ 99.76 lakh on idle staff.

(Paragraph 3.1.19)

### 3.1.1 Introduction

Meghalaya is basically an agrarian State as about 81 *per cent* of its total population lives in rural areas whose mainstay of economic income is agriculture<sup>1</sup>. The State's main crops in terms of descending value of output during 2007-08<sup>2</sup> were paddy (₹ 191.27 crore), potato (₹ 97.07 crore), turmeric (₹ 39.83 crore), ginger (₹ 29.13 crore), tomato (₹ 15.22 crore), cauliflower (₹ 12.45 crore), cabbage (₹ 12.39 crore), arecanut (₹ 12.03 crore) and maize (₹ 11.56 crore). These crops, together, accounted for 57 *per cent* of the total value of the State's agricultural output of that year. As per the Directorate of Economics and Statistics, Government of Meghalaya (GOM), the State's Gross Domestic Product was ₹ 12,502 crore in 2009-10, of which agriculture accounted for ₹ 2,048 crore i.e., 16.38 *per cent*.

The Directorate of Agriculture is responsible for the management of agricultural activities in Meghalaya and is one of the three<sup>3</sup> directorates functioning under the Agriculture Department, GOM. The prime objective of the Directorate is to "*intensify its policies and programmes thereby accelerating the growth of foodgrains production and also to augment crop productivity levels, especially important cash crops*"<sup>4</sup> to bring about substantial growth in the State's agricultural sector.

### 3.1.2 Organisational set up

The Commissioner and Secretary, Agriculture Department is the administrative head of the Directorate and the Director of Agriculture (DoA) its functional head and the chief controlling officer (CCO). The organisational set up of the Directorate of Agriculture is given below:

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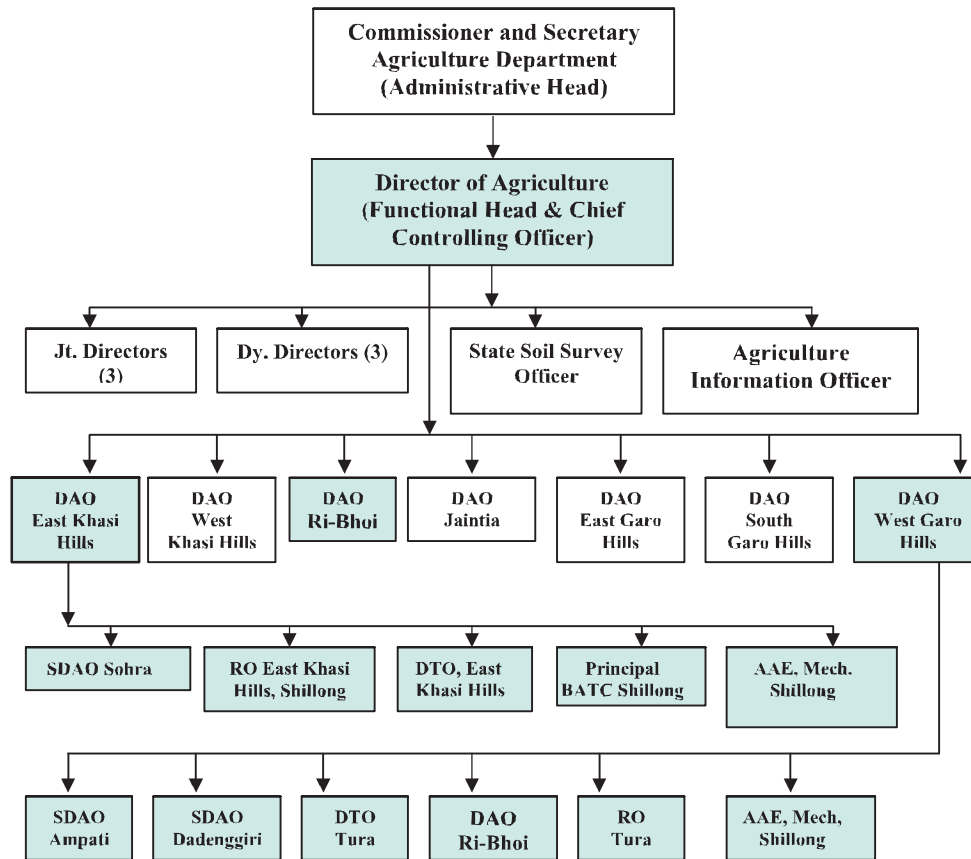
<sup>1</sup> Annual Administrative Report 2008-09, Department of Agriculture, Government of Meghalaya.

<sup>2</sup> Year up to which data compiled by the Directorate of Economics & Statistics, Government of Meghalaya.

<sup>3</sup> The other two being the Directorate of Horticulture and Directorate of Minor Irrigation.

<sup>4</sup> Annual Administrative Report 2008-09, Department of Agriculture, Government of Meghalaya.

Chart 1.1



**Note:** Offices covered under this review shaded.

DAO: District Agriculture Officer; SDAO: Sub-Divisional Agriculture Officer; RO: Research Officer; DTO: District Training Officer; BATC: Basic Agricultural Training Centre; AAE: Assistant Agriculture Engineer, Mechanical.

### 3.1.3 Scope of audit, sampling and audit methodology

Functioning of the Directorate during the period 2005-06 to 2009-10 was reviewed through a test check (June - August 2010) of the records of the Directorate at Shillong, three offices<sup>5</sup> of District Agriculture Officers of East Khasi Hills, West Garo Hills and Ri-Bhoi districts and their subordinate offices (refer to the organisational chart in the preceding paragraph). The three offices of District Agriculture Officers covered under this review received 34 *per cent* of the total funds made available to the Directorate during 2005-06 to 2009-10 under central sector/centrally sponsored schemes and State's Plan and Non-plan budgetary allocations and accounted for 32 *per cent* of the Directorate's total expenditure in the same period.

<sup>5</sup> out of a total of seven District Agriculture Offices in the State.

During 2005-06 to 2009-10, the Directorate implemented 21 central sector/centrally sponsored schemes<sup>6</sup> and 56 state schemes. The records relating to the execution of 27 of these schemes, selected in the manner as indicated in **Table 1**, were also seen during the course of test check of the Directorate and selected offices.

**Table 1**

Expenditure on schemes during 2005-10 (up to December 2009)	Total number of schemes	Percentage of schemes selected for review	Number of schemes selected* by Audit
> ₹ one crore	25	50	13
> ₹ 50 lakh < ₹ one crore	18	25	05
< ₹ 50 lakh	34	25	09
<b>Total</b>	<b>77</b>		<b>27</b>

\* selected on random basis

Before the commencement of audit, an entry conference was held on 26 May 2010 with the Joint Director and other officers of the Directorate and the Deputy Secretary of the Department of Agriculture, where audit objectives, criteria and methodology were explained. During the course of review, audit evidences and observations were formulated on the basis of records made available, discussions with officials of the Directorate and physical verification (wherever considered necessary). An exit conference was held on 04 November 2010 with directorate/departmental officials to discuss the audit findings. The written replies furnished by the Directorate and views expressed at the exit conference by the directorate/departmental officials have been considered and suitably incorporated in this review.

#### **3.1.4 Audit Objectives**

The Audit objectives were to examine:

- the overall efficiency and effectiveness of the Directorate;
- economy, efficiency and effectiveness in execution/implementation of schemes; and,
- effectiveness of monitoring and evaluation system.

#### **3.1.5 Audit Criteria**

Audit findings were benchmarked against the following criteria:

- State Financial Rules and Works Code;
- State/Central guidelines of schemes/projects;
- detailed project reports of selected projects; and
- monitoring mechanisms prescribed, if any.

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<sup>6</sup> Generally, Centrally Sponsored Schemes are partly funded by the Central and State Governments and Central Sector Schemes are 100 per cent funded by the Central Government.

### 3.1.6 Acknowledgement

Audit acknowledges the cooperation extended by various officials of the Directorate at Shillong and officials of the offices and subordinate establishments of the District Agriculture Officers in East Khasi Hills, Ri-Bhoi and West Garo Hills Districts to the Audit personnel in carrying out this assignment.

### 3.1.7 Audit Findings

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

### 3.1.8 Financial Management

#### 3.1.8.1 Defective budgeting

Sound financial management is an essential pre-requisite for the effective and efficient functioning of any organisation. The budget provision, actual allotment and expenditure of the Directorate, under the state sector, during the review period were as under:

**Table 2: Budget provision, actual allotment and expenditure**

(Rupees in crore)

Year	Budget provision		Actual allotment		Expenditure		Savings (-) Excess (+)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2005-06	30.43	14.36	11.99	14.40	11.70	14.64	(-)0.29	(+) 0.24
2006-07	38.05	15.17	13.83	15.20	13.76	15.52	(-) 0.07	(+) 0.32
2007-08	75.00	16.75	23.80	16.75	23.95	16.66	(+) 0.15	(-)0.09
2008-09	67.95	18.77	22.82	18.77	22.52	18.61	...	(-) 0.17
2009-10	22.85	27.70	22.06	27.63	22.06	27.63	....	...
<b>Total</b>	<b>234.28</b>	<b>92.75</b>	<b>94.20</b>	<b>92.75</b>	<b>93.99</b>	<b>93.06</b>		

Source: The Directorate of Agriculture

The above data shows that under the 'Plan' component, the actual allotment fell short of the budget provision in each year of the period under review. As against the total budget provision of ₹ 234.28 crore under the 'Plan' head during 2005-10, the actual allotment was ₹ 94.20 crore (40 per cent). The Directorate stated (July 2010) that the shortfall every year was due to "budget cuts". The reply has to be viewed in the light of the fact there was recurring mismatch between actual allotment *vis-à-vis* budget provisions year after year and also, despite the shortfall in allotment *vis-à-vis* budget provision under the 'Plan' component, the Directorate still had savings in two out of the five years under review. This indicated defective budgeting practices. The Directorate should have prepared budget in a more realistic manner keeping in mind the reality of the previous year.

Under the 'Non-Plan' head, expenditure exceeded the allotment in two years and there were savings in another two years of the five-year period under review.

In exit conference it was stated (November 2010) that the Directorate placed demand as per its requirement but money allotted was not as per their demand.

### **3.1.8.2 Misreporting of expenditure to Government of India**

In addition to funds received under the state sector as shown in Table 2, the Directorate also received funds from the Government of India (GOI) for central sector and centrally sponsored schemes during 2005-10 as under:

**Table 3**

( Rupees in lakh)

Year	Central sector schemes		Centrally sponsored schemes	
	Fund received	Expenditure	Fund received	Expenditure
2005-06	11.28	11.28	1258.84	1258.84
2006-07	136.76	136.76	992.54	992.54
2007-08	17.12	17.12	1082.23	1082.23
2008-09	35.05	35.05	1441.15	1441.15
2009-10	47.63	47.63	1441.19	1441.19
<b>Total</b>	<b>247.84</b>	<b>247.84</b>	<b>6215.95</b>	<b>6215.95</b>

Source: The Directorate of Agriculture

It was seen that the Directorate, through physical/financial reports on central sector/centrally sponsored schemes periodically submitted to the GOI, had reported that the entire money received under these schemes had been spent in the financial year that the funds were received. This position was however, incorrect as in every year of the review period, the Directorate had been parking funds under "8443- Civil Deposits" The Directorate was therefore, culpable of misreporting facts to the GOI.

### **3.1.8.3 Parking of Central and State funds under "8443- Civil Deposits"**

Central and State funds, released to the Directorate by the Finance Department, GOM in the month of March every year during the review period were parked by the Directorate under the head "8443 - Civil Deposits" to avoid lapse of funds. The details are given in the table below. These sums were subsequently taken out of "8443-Civil Deposits" in the subsequent financial year on instructions from Finance Department.

**Table 4**

( Rupees in lakh)

Year	Amount kept in "Civil Deposit"		Date of release	
	State	Central	State	Central
2005-06	313.75	816.14	05.06.2006	05.06.2006
2006-07	624.71	1126.41	24.05.2007	24.05.2007
2007-08	824.71	185.77	13.05.2008	13.05.2008
2008-09	1162.58	1474.57	12.06.2009	12.06.2009
2009-10	2154.73	1484.11	22.06.2010	12.07.2010

Source: The Directorate of Agriculture

The above practice was a violation of Rule 211 of the Meghalaya Treasury Rules, 1985 which expressly prohibits the drawal of money in anticipation of demand or to prevent lapse of budget grants.

#### 3.1.8.4 Retention of huge undisbursed funds in banks

Scrutiny of the cashbook of the Directorate revealed that undisbursed central and state funds, drawn by the Directorate during 2000-01 to 2009-10, were kept in two 'current' accounts with banks. The amounts were as under:

**Table 5**

(Rupees in crore)

Year	Amounts under State Scheme	Amounts under Central Scheme	Total
	(Balance as on 31 March each year)		
2000-01	0	0.04	0.04
2001-02	0.02	0.01	0.03
2002-03	0.04	0.10	0.14
2003-04	0.05	0.66	0.71
2004-05	0.32	0.76	1.08
2005-06	0.61	0.47	1.08
2006-07	1.07	1.18	2.25
2007-08	1.08	1.72	2.80
2008-09	2.05	2.34	4.39
2009-10	0.51	-	0.51
<b>Total</b>	<b>5.75</b>	<b>7.28</b>	<b>13.03</b>

Source : The Directorate's Cash Book

The retention of undisbursed funds to the tune of ₹ 13.03 crore by the Directorate is a violation of Rule 211 of the Meghalaya Treasury Rules, 1985. Reasons for keeping the funds in bank accounts were not furnished, although called for.

#### 3.1.8.5 Unadjusted Abstract Contingent Bills

Rule 232 of the Meghalaya Treasury Rules, 1985 stipulates that Controlling Officers have to submit Detailed Countersigned Contingent (DCC) Bills directly to the Accountant General (AG) against the drawal of Abstract Contingent (AC) Bills within a month from the date of drawal.

Scrutiny of records of the Directorate revealed that the Director of Agriculture had drawn an amount of ₹ 14.08 lakh between March 2005 and March 2010 through seven AC Bills as shown in **Table 6**. The corresponding DCC Bills were yet to be submitted to the AG as of September 2010. Failure to submit the same was not only irregular but also indicated deficiency in the internal control systems of the Directorate. Moreover, it was a situation fraught with the risk of misappropriation.

**Table 6**

Sl No.	Names of the Drawing and Disbursing Officers from whom DCC bills were awaited	Month & year of drawal	Purpose for which drawn	Amount (in rupees)
1.	District Agriculture Officer, Ri-Bhoi	March 2005	TA for Exposure Trip	66,415
2.	District Agriculture Officer, East Garo Hills, Williamnagar	March 2006	TA for Exposure Trip	48,750
3.	District Agriculture Officer, East Garo Hills, Williamnagar	March 2007	TA for Exposure Trip	60,000
4.	Asstt. Agriculture Engineer (Mechanical), Shillong	March 2008	Running of agricultural machineries	7,47,900
5.	District Training Officer (Farmers Training Centre) West Garo Hills, Tura	July 2009	Farmers training	1,80,000
6.	District Agriculture Officer, East Garo Hills, Williamnagar	February 2010	Farmers training	1,60,000
7.	District Agriculture Officer, West Khasi Hills, Nongstoin	March 2010	Farmers training	1,45,000

*Source : The Directorate of Agriculture*

### **3.1.8.6 Rush of Expenditure**

Scrutiny of records of the Directorate revealed that in every year during the period 2005-10, 75 to 83 *per cent* of the total expenditure under the 'Plan'<sup>7</sup> component of the state sector budget had occurred in the last quarter of the financial year as shown below:

**Table 7**

(Rupees in lakh)

Year	Expenditure in first three quarters	Expenditure in 4 <sup>th</sup> quarter	Total expenditure	Percentage of expenditure in 4 <sup>th</sup> quarter
2005-06	296.12	873.48	1169.60	75
2006-07	323.94	1052.16	1376.10	76
2007-08	401.67	1993.73	2395.40	83
2008-09	412.33	1839.57	2251.90	82
2009-10	464.63	1741.17	2205.80	79

*Source: The Directorate of Agriculture*

Prudent and sound financial management dictates that public expenditure be evenly phased during the course of a financial year. The Director stated (September 2010) that the rush of expenditure in the last quarter was due to non-receipt of sanctions in time. Since this was a recurring problem year after year, the Directorate should have taken the initiative to address this problem, in consultation with other Government agencies involved, to streamline the process so as to avoid the bulk of the expenditure in the last quarter of the financial year.

<sup>7</sup> Non-Plan component of state sector budget comprises, in the main, establishment expenditure. There was no rush of expenditure in this segment.



### 3.1.9 Failure to carry out statewide surveys and soil testing of agricultural lands

To effectively carry out the mandate of accelerating the growth of foodgrain production in the State, extensive surveys and soil testing of agricultural land is essential as this exercise would identify the different crops most suitable to be grown in different parts of the State and in addition, identify uncultivated arable land which could be brought under cultivation. However, no such survey or soil testing of agricultural lands was undertaken in the State.

In response to an audit query, the Department stated (July 2010) that “*since the State was not cadastrally surveyed, suitable area under different crops cannot be ascertained*”. The reply is unacceptable as a ‘cadastral’ survey is essentially an exercise to determine the value, extent and ownership of land as a basis of taxation and therefore, its absence or otherwise, does not in any way hamper or prevent the Directorate from independently carrying out survey and soil testing of agricultural land in the State.

During the Exit Conference, the Department stated that piece-meal survey had been carried out at district levels and efforts would be made to get statewide data.

### 3.1.10 Decline in agricultural production and productivity

During the period 2005-06 to 2008-09<sup>8</sup>, the area under cultivation in Meghalaya increased by a mere 0.82 per cent while agricultural production actually decreased by 2.31 per cent over the same period as shown in the table below:

Table 8

Sl No	Crops	2005-06		2008-09		Increase (+)/Decrease(-)	
		Area under cultivation (in Ha)	Production (in MT)	Area under cultivation (in Ha)	Production (in MT)	Area (Ha)	Production (MT)
1.	Foodgrains	1,29,799	2,38,842	1,31,559	2,35,601	(+) 1,760	(-) 3,241
2.	Oil Seeds	9,975	6,692	9,994	7,020	(+) 19	(+)328
3.	Fibre Crops	15,684	63,479	15,233	59,251	(-) 451	(-) 4,228
4.	Other Crops	801	694	756	686	(-) 45	(-) 8
<b>Total</b>		<b>1,56,259</b>	<b>3,09,707</b>	<b>1,57,542</b>	<b>3,02,558</b>	<b>(+)1,283</b>	<b>(-) 7,149</b>

Source: Department of Agriculture.

In terms of productivity per hectare it can be seen that the yield per hectare in respect of foodgrains had declined from 1.84 MT per hectare in 2005-06 to 1.79 MT per hectare in 2008-09 while the yield per hectare in respect of fibre crops had declined from 4.05 MT per hectare in 2005-06 to 3.89 MT per hectare in 2008-09.

The decline in agricultural production and fall in productivity of the two largest crops grown in the State was partly attributable to the failure of the Directorate to carry out state-wide soil testing of agricultural land and take appropriate measures to address

<sup>8</sup> Figures for 2009-10 not available

the problem. In exit conference, the Department stated that decline in production was due to lesser rainfall in these years as most of the cultivation were rainfed as irrigation potential created by the Irrigation Directorate was very low (10-12 *per cent*) and also due to pest problem. While creation of irrigation potential was not in the hands of the Directorate, the problem of pests was within the control of the Directorate. However, the Directorate did not provide any information regarding the measures being taken to tackle the pests.

### **Implementation of schemes**

During 2005-06 to 2009-10, the Directorate executed/implemented a total of 77 central sector/centrally sponsored and state sector schemes of which 27 were selected for review by audit. The results of this examination are enumerated in the succeeding paragraphs.

#### **3.1.11 National Watershed Development Projects for Rainfed Areas**

National Watershed Development Projects for Rainfed Areas (NWDPRAs) is a 100 *per cent* centrally sponsored scheme launched in 1990-91. The broad objectives of the NWDPRAs were conservation, development and sustainable management of natural resources; enhancement of agricultural productivity and production in a sustainable manner, restoration of ecological balance in degraded areas, *etc.* Under NWDPRAs, funds are also provided for livestock support system for landless families.

##### **3.1.11.1 Rendition of incorrect Utilisation Certificate**

During the Tenth Plan period (2002-03 to 2006-07), 78 projects were taken up in the State under the NWDPRAs and completed. During the Eleventh Plan period (2007-08 to 2011-12), another 78 projects were taken up and are scheduled to continue till the end of the Plan period. The funds received from the GOI under the scheme and expenditure thereagainst reported through Utilisation Certificates (UC) submitted by the Directorate to GOI during 2005-10 were as under:

**Table 9**

(Rupees in lakh)

Year	Fund allotted by GOI	Date of allotment of fund by		Expenditure for the year reported by DoA to GOI	Date of release of the fund by GOM from "Civil Deposits"
		GOI to GOM	GOM to DoA		
2005-06	447.70	30.06.05 to 30.09.05	31.03.06	447.70	05.06.06
2006-07	669.50	23.05.06 to 15.09.06	31.03.07	669.50	24.05.07
2007-08	617.00	06.06.07 to 14.06.07	31.03.08	617.00	13.05.08
2008-09	628.56	06.08.08 & 29.12.08	31.03.09	628.56	16.05.09
2009-10	1036.00	28.09.09 & 08.02.10	31.03.10	1036.00	12.07.09

Source: The Directorate of Agriculture.

Funds received from GOI under the NWDPRAs were released by the State Finance Department on the last day of each of the financial years 2005-10. Consequently, to prevent lapse of the amounts, the Directorate, under instructions of the Finance Department parked the funds under the head ‘8443 – Civil Deposits’<sup>9</sup>. The Directorate would then subsequently withdraw this amount from “Civil Deposits”, again on instructions of Finance Department, in the next financial year and start incurring expenditure thereagainst. This situation was inexplicable considering that funds were released by GOI to the State Government well in advance. Further, the UCs furnished by the Directorate to GOI showed that the money had been spent in the financial year in which it had been received.

It was further observed that the above situation was not confined only to the NWDPRAs but was a problem with other centrally sponsored schemes also. This is brought out in the subsequent paragraphs of this review.

### ***3.1.11.2 Diversion of funds on activities not covered under NWDPRAs***

It was seen that the sanctions of the Agriculture Department, GOM authorizing expenditure under the NWDPRAs covered projects such as revival of common natural resources, augmenting ground water potential, repair/restoration/upgradation of existing assets such as village tanks, water harvesting structures, etc.- activities in sync with the objectives of the scheme.

Test check of records of 15 projects executed during the Tenth Plan period and 28 ongoing projects in the Eleventh Plan in the three districts covered under the review however revealed that 35 community halls, 10 footpaths and seven footbridges, projects not covered under the objectives of the NWDPRAs or authorised by the sanctions of the GOM, were constructed at a total cost of ₹ 21.37 lakh, ₹ 6.49 lakh and ₹ 2.27 lakh respectively.

### ***3.1.11.3 Execution of work without recording measurement***

During the period under review in the three selected districts, ₹ 4.51 crore was incurred on construction works (cement concrete work, earth work, brick work, etc.) in 70 NWDPRAs projects executed departmentally through deployment of muster roll labourers/beneficiaries. However, no records like Measurement Book (MB), Outturn Statement of Works done and Utilisation Statement of Materials were maintained. As per Rule 237 of Meghalaya Financial Rules (MFR), the MB is “a most important record, since it is the basis of all accounts of quantities, whether of work done by daily labour or by piece or by contract.” Non-maintenance of proper records was a contravention of the Rule in the absence of which, the quantum of work carried out could not be verified in audit.

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<sup>9</sup> Except in March 2008 when the DoA retained the funds in a bank account and released in May 2008.

#### **3.1.11.4 Purchases made without inviting quotations/ tenders**

Rule 8(1) of the Meghalaya Preferential Stores Purchase Rules, 1990 stipulates that any department making any purchase of any items of stores shall invite open quotations/tenders. It was observed that in the three selected districts during the period under review, ₹ 1.33 crore was spent on procurement of construction materials (hardware, cement, wood, stone chips, sand, etc.) in 70 NWDPRAs projects during the review period without inviting tenders/quotations or issue of supply orders.

#### **3.1.11.5 Physical Target and Achievement**

The physical target of coverage area and achievement thereof during 2005-10 under NWDPRAs was as under:

**Table 10**

(area in hectare)

Year	Physical target	Physical achievement
2005-06	5,089	4,412
2006-07	17,479	17,485
2007-08	8,434	5,120
2008-09	8,934	4,726
2009-10	8,934	9,148

It can be seen that area coverage during two years was marginally more than what was targeted while in the remaining years the shortfall ranged from 13 (2005-06) to 47 per cent (2008-09).

Reasons for the shortfall, though called for, was not furnished.

#### **3.1.11.6 Field Visits**

Joint physical verification with departmental officers conducted (October 2010) in eight completed watershed projects (four projects in West Garo Hills District and four in East Khasi Hills District) revealed the following:

- Two out of six inspected fishery-cum-water harvesting ponds were found abandoned in East Khasi Hills District and similarly, three out of five inspected were found abandoned in West Garo Hills.
- Both the Plant nurseries inspected in East Khasi Hills District were found abandoned.
- Five out of seven pig sties inspected in East Khasi Hills District were without pigs and similarly, both the pigs sties inspected in West Garo Hills District had no pigs.
- In West Garo Hills District, of the thirteen poultry sheds inspected twelve were without any chicks and the other was non-existent.

No impact study was carried out by the Department to ascertain if benefits such as development and sustainable management of natural resources; enhancement of agricultural productivity and production in a sustainable manner, restoration of ecological balance in degraded areas, *etc.* has been achieved. However, instances of completed projects being abandoned raises doubt on the veracity of completion reports of these projects, especially in view of the fact that large number of works was executed departmentally and there was no record in support of the measurement of the work carried out.

### 3.1.12 Scheme on ‘Development of Maize through Cluster Approach’

The state sector scheme Development of Maize through Cluster Approach (DoMCA) was implemented in the State from 2007-08 with the objective of increasing foodgrain production “*by providing full package of practices as demonstration in order to attain self-sufficiency by growing high yielding varieties of maize.*” The scheme also aimed to “*enhance the farmer’s economy and lessen import of feed from outside the State.*”

The State-wide outlay and expenditure under the scheme during 2007-10 and the corresponding figures for the three districts covered in this review were as below:

**Table 11**

(Rupees in lakh)

Year	State-wide		Three districts covered in this review					
	Allocation	Exp	Allocation			Expenditure		
			WGH <sup>10</sup>	EKH	RB	WGH	EKH	RB
2007-08	150.00	156.28	25.98	19.00	20.55	25.95	19.00	20.55
2008-09	120.00	119.98	25.00	14.50	18.50	25.00	14.50	18.50
2009-10	192.45	192.32	35.35	24.30	26.40	35.35	24.30	24.00
<b>Total</b>	<b>462.45</b>	<b>468.58</b>	<b>86.33</b>	<b>57.80</b>	<b>65.45</b>	<b>86.30</b>	<b>57.80</b>	<b>63.05</b>

Source: The Directorate of Agriculture

During the period 2007-10, the three districts covered in this review accounted for 45 per cent and 44 per cent of the total budgetary allocation and expenditure respectively under the scheme.

#### 3.1.12.1 Impact of the scheme

Data furnished by the Directorate, exhibited in the table below, showed that the implementation of the scheme in two<sup>11</sup> of the selected districts did not have any palpable impact on maize production or on the area cultivated under the crop.

<sup>10</sup> WGH: West Garo Hills; EKH: East Khasi Hills; RB: Ri-Bhoi.

<sup>11</sup> Data for East Khasi Hills District not furnished, although called for.

**Table 12**

Districts	2007-08		2008-09		2009-10	
	Area Covered (Ha)	Production (MT)	Area Covered (Ha)	Production (MT)	Area Covered (Ha)	Production (MT)
Ri-Bhoi	831.00	2077.00	576.60	1439.00	655.45	1638.00
West Garo Hills	4428.00	7095.00	4428.00	7055.00	4446.00	6988.00
East Khasi Hills	507.00	760.50	304.20	456.36	357.00	535.38

Source: The Directorate of Agriculture

From the above table it can be seen that despite an expenditure of ₹ 2.07 crore under the scheme in the three districts

- in Ri-Bhoi District, both area coverage and production declined by 21 per cent in 2009-10 compared to the position of 2007-08;
- in West Garo Hills District, although the area cultivated increased marginally by 0.41 per cent, production came down by 1.51 per cent.
- in East Khasi Hills District both area coverage and production declined by 30 per cent.

### 3.1.12.2 Short coverage of area

Scrutiny of records of the DAO, West Garo Hills District revealed that during 2007-08 to 2009-10, ₹ 49.10 lakh was sanctioned under the DoMCA scheme for purchase of fertilizer/organic manure and plant protection chemicals to cover a total area of 2658.50 hectare i.e, @ ₹ 0.018 lakh per hectare. As against this, only 1186.28 hectare was covered at an expenditure of ₹ 48.58 lakh. Thus, apart from the short coverage of 1472.22 hectare, this also resulted in excess expenditure of ₹ 27.23 lakh<sup>12</sup>.

During the Exit Conference, the Directorate stated that less coverage was due to increase in cost of seeds, fertilizers, manures, etc. The Directorate ought to have approached the State Government to enhance the amount in view of escalation in input costs.

### 3.1.13 Scheme on Multiple Cropping through Cluster Approach

The state sector scheme, Multiple Cropping through Cluster Approach (MCCA) was implemented from 2005-06. Since 2007-08, the MCCA was being implemented in areas with assured water supply only. Under the scheme, high yielding variety seeds, improved fertilizer, organic manure, plant protection chemicals, etc. are provided free of cost to farmers with the objective of increasing productivity, encouraging farmers to grow crops two or three times a year at the same location and thus giving them additional income.

<sup>12</sup> ₹ 27.23 lakh = actual expenditure of ₹ 48.58 lakh minus (₹ 0.018 lakh X 1186.28 hectare)

The State-wide allocation and expenditure under the scheme during 2005-10 and the corresponding figures for the three districts covered in this review were as below:

**Table 13****( Rupees in lakh)**

Year	State-wide		Three districts covered in this review					
	Alloca- tion	Expen- diture	Allocation			Expenditure		
			WGH <sup>13</sup>	EKH	RB	WGH	EKH	RB
2005-06	112.00	112.00	21.39	19.32	11.28	21.39	19.32	11.28
2006-07	123.20	122.36	23.41	20.95	12.62	23.40	20.95	12.61
2007-08	150.00	150.16	24.79	38.24	16.90	24.79	38.24	17.96
2008-09	150.00	149.66	23.89	22.68	22.09	23.89	22.31	22.08
2009-10	200.00	173.99	31.10	31.10	26.00	31.10	29.93	26.00
<b>Total</b>	<b>735.20</b>	<b>708.17</b>	<b>124.58</b>	<b>132.29</b>	<b>88.89</b>	<b>124.57</b>	<b>130.75</b>	<b>89.93</b>

Source: The Directorate of Agriculture

During the period covered under review, the three selected districts accounted for 47 per cent and 49 per cent of total allocation and expenditure respectively under the scheme.

### 3.1.13.1 Late distribution of seeds

Scrutiny of records revealed that in East Khasi Hills and West Garo Hills Districts during the period 2005-10, paddy seeds was distributed to farmers after the sowing season as below:

- The DAO, East Khasi Hills during 2005-06 received 400.60 quintal (ql). of paddy seed for Kharif season from suppliers between 06 June and 20 June 2005 which was subsequently issued to farmers between 09 June and 23 June 2005, whereas the sowing season for Kharif paddy is April to May. Similarly, during 2008-09 the DAO, East Khasi Hills received 97 ql of paddy seed for Kharif season between 07 June and 25 June 2008 of which 17 ql was issued to farmers on 10 June 2008. The date of issue of the remaining 80 ql of seed was not available on record nor could be furnished by the DAO.
- During 2005-06 the DAO, West Garo Hills received 2.70 ql of paddy seed for Kharif season from suppliers on 02 December 2005 which was way beyond the sowing season for Kharif (April to May) and Rabi (October to November). Similarly, during 2006-07 the DAO received 13.20 ql of paddy seed between 06 December and 31 December 2006 after both the Kharif and Rabi sowing season were over. In the stock register maintained by the DAO, the dates of issue of the aforesaid quantities of seed were not on record.

<sup>13</sup> WGH - West Garo Hills district; EKH - East Khasi Hills district; RB – Ri-bhoi district



### 3.1.13.2 Impact of the Scheme on productivity

The area covered and actual production under MCCA in the three selected districts during the review period was as below:

**Table 14**

Year	East Khasi Hills		Ri-bhoi		West Garo Hills	
	Area covered (Hectare)	Production (MT)	Area covered (Hectare)	Production (MT)	Area covered (Hectare)	Production (MT)
2005-06	1553.16	449.90	1300.00	1105.00	1658.00	500.00
2006-07	1074.00	209.62	1350.00	1106.50	1660.00	1700.00
2007-08	998.00	1102.50	1260.00	980.00	1590.00	1510.00
2008-09	1563.00	459.80	1340.00	1108.00	1682.00	2800.00
2009-10	1608.00	548.90	1360.00	1121.00	1605.00	1825.00

Source : DAOs of Selected districts

It can be seen that

- Area covered under the scheme in the three selected districts increased marginally from 4511.16 hectare in 2005-06 to 4573 hectare in 2009-10;
- Production under the scheme in the three selected districts increased by 70 per cent from 2054.90 MT in 2005-06 to 3494.90 MT in 2009-10.
- Productivity per hectare
  - in West Garo Hills District went up almost four-fold from 0.30 MT per hectare (2005-06) to 1.14 MT per hectare (2009-10);
  - in East Khasi Hills District went up from 0.29 MT (2005-06) to 0.34 MT (2009-10);
  - in Ri-Bhoi District declined from 0.85 MT (2005-06) to 0.82 MT (2009-10).

The impact of implementation of scheme was mixed as the productivity in one selected district went up substantially and in another selected district it was marginal and in third selected district it actually came down.

### 3.1.14 Scheme on Popularisation of Improved Agricultural Equipment

The objective of the state sector scheme Population of Improved Agricultural Equipment (PIAE), implemented from 2005-06, was to accelerate agricultural production by providing improved implements to the farmers at a subsidised rate. Under the scheme, the Directorate centrally procures farm machinery and implements, which are then distributed to the DAOs in the districts for sale to the farmers at a 50 per cent subsidy.

The funds allocated for the scheme in the State and expenditure thereagainst during 2005-10 were as under:



Table 15

(Rupees in lakh)

Year	Fund allocated	Expenditure
2005-06	11.00	10.40
2006-07	12.10	07.57
2007-08	15.00	14.77
2008-09	15.00	10.93
2009-10	10.00	Nil

Source: The Directorate of Agriculture

### 3.1.14.1 Unrealistic assessment of agricultural implements/equipment

Under the scheme, procurement of Agricultural equipment was made centrally by the Directorate for ₹ 42.42 lakh during 2005-09 and the same were distributed to seven DAOs for selling to the farmers at 50 per cent subsidised rates. Out of the total equipment worth ₹ 42.42 lakh, articles worth ₹ 37.40 lakh (88 per cent) were still lying in stock as on 01 April 2010.

In the three selected offices of the District Agricultural Officers (DAO), it was seen from stock records that during the five-year period ending 2009-10,

- The DAO, East Khasi Hills District received agricultural equipment costing ₹ 0.94 lakh during 2005-06 of which equipment costing ₹ 0.75 lakh were still in stock as on 01 April 2010. In addition, during 2007-08 and 2008-09 equipment worth ₹ 2.88 lakh were received of which items costing ₹ 2.11 lakh were in stock as on 01 April 2010. Thus, out of a total value of ₹ 3.82 lakh of equipment received during 2005-09, items costing ₹ 2.86 lakh were unsold as on 01 April 2010.
- The DAO, Ri-Bhoi District received equipment costing ₹ 7.26 lakh during 2006-07 of which items costing ₹ 6.55 lakh were still in stock as on 01 April 2010. During 2007-08 equipment costing ₹ 3.59 lakh were received and all these items were lying unsold as on 01 April 2010. Thus, equipment valued at ₹ 10.14 lakh received during 2005-08 remained unsold as on 01 April 2010.
- The DAO, West Garo Hills district received equipment costing ₹ 6.18 lakh during 2005-09 of which items worth ₹ 2.06 lakh were sold leaving a balance stock of ₹ 4.12 lakh lying unsold as on 01 April 2010.

In sum, the three DAOs received agricultural implements/equipment costing ₹ 20.85 lakh during 2005-10 of which ₹ 17.12 lakh (82 per cent) were lying in stock as on 01 April 2010.

It was further noticed that the Directorate was procuring the equipment/implements under the scheme without ascertaining the actual requirements of the farmers from the DAOs. In a communication (August 2006) to the Directorate, the DAO, West Khasi Hills had stated that farmers were not willing to purchase the materials under the scheme with the result that the office was saddled with the care/maintenance of these

materials which was troublesome and suggested that sale of locally manufactured agricultural implements at subsidized rates was more preferable.

There was nothing to indicate that the Directorate had revisited the scheme in view of the farmer's lukewarm response or considered the suggestion of the DAO, West Khasi Hills District.

During the Exit Conference, the Department admitted that requirement was not assessed before procurement and proper awareness programme was also not taken up.

### **3.1.15 Fertilizer Distribution scheme**

The objective of the State sector scheme Fertilizer Distribution (FD) was to provide subsidy on cost of fertilizers so as to help farmers procure fertilizers at reasonable prices. The scheme also provided subsidy on transport of fertilizers so that the same are made available at uniform rates to farmers in the State. The subsidies are aimed to encourage the use of fertilizers by farmers so as to maintain fertility of the soil so that they benefit from better performance and good yield of their crops.

#### **3.1.15.1 Short availing of subsidy**

The budgetary allocation for subsidies (price and transport) during each of the five years ending 2009-10 and the amount thereof actually availed in the State as a whole and in the three selected districts are as follows:

**Table 16**

(Rupees in lakh)

Year	State			Three selected districts		
	Subsidy Allotted	Subsidy availed	Unavailed subsidy (in per cent)	Subsidy Allotted	Subsidy availed	Unavailed subsidy (in per cent)
2005-06	33.00	29.77	10	23.59	20.49	3.10
2006-07	21.83	18.75	14	16.86	13.93	2.93
2007-08	35.00	26.40	25	23.50	16.59	6.91
2008-09	34.00	28.79	15	22.82	19.62	3.20
2009-10	40.00	26.00	35	25.92	15.93	9.99

Source: The Directorate of Agriculture

It can be seen from the above that

- for the State as a whole, the budgetary allotment was not fully utilized in all the years and the unutilized subsidy had progressively increased during the five-year period from 10 per cent in 2005-06 to 35 per cent in 2009-10;
- the share of the subsidy for the three selected districts ranged between 65 per cent and 77 per cent during 2005-10 and during the same period percentage of unavailed subsidy ranged between 13 per cent and 39 per cent.

### 3.1.15.2 Impact of the scheme

Under the FD scheme, an authorised wholesaler sells fertilizers to the authorized retailers and on the basis of such quantities sold, the former then claims the subsidy from the Directorate. The quantum of fertilizers targeted for procurement each year and the quantum actually procured by the authorized wholesalers (and for which subsidy was claimed/given) during 2005-06 to 2009-10 is given below:

**Table 17**

(in MT)

Year	Fertilizers targeted for procurement			Fertilizers actually procured & distributed		
	Urea	DAP	MOP	Urea	DAP	MOP
2005-06	3636	2000	506	3933	1535	522
2006-07	2723	1096	354	2548	809	310
2007-08	3961	2000	1082	3686	1178	895
2008-09	3933	1917	1051	4589	1026	1112
2009-10	5055	1940	1532	4544	599	1202

Source: The Directorate of Agriculture

With reference to the scheme's objective of encouraging the use of fertilizers, it can be seen from the above that

- the objective has met with limited success as the total quantity of fertilizers procured increased by only 6 per cent during the five-year period from 5,990 MT in 2005-06 to 6,345 MT in 2009-10;
- the actual procurement of Urea increased by 16 per cent as against the targeted increase of 39 per cent during the period 2005-06 to 2009-10; however, in three out of the five years under review, procurement of Urea fell short of the target by 6, 7 and 10 per cent in 2006-07, 2007-08 and 2009-10 respectively;
- the procurement of DAP fertilizer fell consistently short of annual targets and the shortfall ranged from 23 per cent (2005-06) to 69 per cent (2009-10); in the three years ending 2009-10 the shortfall was on an increasing trend and was 41, 46 and 69 per cent in 2007-08, 2008-09 and 2009-10 respectively;
- although the procurement of MOP fertilizer was targeted to increase by 203 per cent during the period 2005-06 to 2009-10, the actual increase was 130 per cent only over the same period; in three out of the five years under review, actual procurement of MOP fertilizer fell short of the target by 12, 17 and 28 per cent in 2006-07, 2007-08 and 2009-10 respectively.

The FD scheme's objective of maintaining fertility of the soil so that farmers benefit from better performance and higher yields also was not achieved as overall agricultural production in the State decreased by 2.31 per cent during the five-year period 2005-10.

During the Exit Conference, the Department stated that receipt of fertilizers depend on availability of the same with the suppliers and agreed that the matter needed to be addressed through proper co-ordination.

### **3.1.16 Jute Technology Mission II**

The Jute Technology Mission II (JTM), a centrally sponsored scheme, was introduced from 2007-08. Expenditure on the scheme is shared in the ratio 90:10 between the Central and State Governments. The scheme's objective is to increase the area and production of jute and to improve the quality of jute fibre through post harvest operations. The budgetary allotment and expenditure under the JTM is given below:

**Table 18**

( Rupees in lakh)

Year	Fund allocated	Expenditure
2007-08	8.79	8.79
2008-09	18.87	18.87
2009-10	15.81	Nil

Source: The Directorate of Agriculture

#### **3.1.16.1 Impact of the scheme in the selected districts**

Jute of two varieties, viz., 'Jute' and 'Mesta', is cultivated in the districts of East Garo Hills, West Garo Hills and South Garo Hills of the State. The impact of the scheme on the cultivated area and production in these districts was as below:

**Table 19**

District	2006-07				2008-09*			
	Jute		Mesta		Jute		Mesta	
	Area under cultivation (Ha)	Production (Bales)	Area under cultivation (Ha)	Production (Bales)	Area under cultivation (Ha)	Production (Bales)	Area under cultivation (Ha)	Production (Bales)
East Garo Hills	217	1769	140	642	208	1023	70	320
West Garo Hills	3436	32413	3303	15063	3433	32122	3288	15000
South Garo Hills	314	1127	962	4473	310	1443	818	3726
<b>Total</b>	<b>3967</b>	<b>35309</b>	<b>4405</b>	<b>20178</b>	<b>3951</b>	<b>34588</b>	<b>4176</b>	<b>19046</b>

Source : The Directorate of Agriculture and DAO, West Garo Hills

\* figures for 2009-10 not made available by the Directorate for East Garo Hills and South Garo Hills Districts; hence, analysis done for 2008-09 for which figures were available for all three districts

From the above it can be seen that

- the area under Jute cultivation had marginally decreased from 3,967 hectare in 2006-07 (the year prior to the introduction of the scheme) to 3,951 hectare in 2008-09; production of Jute also fell by 2 per cent in the same period;

- the area under Mesta cultivation and production had decreased by 5 and 6 *per cent* respectively.
- in respect of West Garo Hills District ( one of the three selected districts), it was seen that the area under Jute cultivation had fallen by 24 hectare from 3,436 hectare in 2006-07 to 3,412 hectare in 2009-10 and Jute production had also fallen by 383 bales from 32,413 bales in 2006-07 to 32,030 bales in 2009-10; the area cultivated under Mesta had fallen by 32 hectare from 3,303 hectare in 2006-07 to 3,271 hectare in 2009-10 and production by 700 bales from 15,063 bales in 2006-07 to 14,363 bales in 2009-10.

Thus, with respect to the scheme’s objective of increasing the area under cultivation, it can be seen that the area under Jute cultivation in the State decreased marginally while the area under Mesta cultivation declined by 5 *per cent*. In West Garo Hills District, the area under Jute and Mesta cultivation had both declined. Total production (Jute and Mesta) decreased by 1,853 bales in 2008-09 and productivity remained static at 6.6 bales.

During the Exit Conference, the Directorate stated that Jute was not a very popular crop. The reply is not tenable as the objective of the scheme was to popularise jute cultivation by increasing area coverage and production.

### 3.1.17 Agriculture Engineering (Workshop) Plan scheme

The Agriculture Engineering (Workshop) Plan (AEP) was a state sector scheme with the objective of creating infrastructure within the Directorate for repair and maintenance of agricultural machinery hired out by the Directorate to farmers at subsidised rates. Under this scheme, agriculture workshops were in operation at the district headquarters of Shillong, Tura, Jowai, Nongstoin and Williamnagar.

#### 3.1.17.1 Meagre revenue generated from hiring of machinery

The scrutiny of records of the Assistant Agriculture Engineers (Mechanical) [AAE] at Tura and Shillong were covered under this review. In respect of the latter it was observed that during the period 2005-06 to 2009-10, the AAE, Shillong incurred an expenditure of ₹ 18.01 lakh on repair and maintenance of the following machinery against which revenue earned was only ₹ 1 lakh as under:

**Table-20**

(Rupees in crore)

Sl.No	Machinery	Amount spent on repair maintenance	Total revenue earned
1.	Bulldozer No.251172	7.87	0.96
2.	Bulldozer No.25113183	6.81	0.04
3.	Leyland Truck	2.90	-
4.	Mini Dozer	0.43	...
<b>Total</b>		<b>18.01</b>	<b>1.00</b>

It was also observed that an amount of ₹ 36.50 lakh was spent on pay and allowances of drivers and operators of the above equipment during the same period. In effect, against an outgo of ₹ 54.51 lakh during 2005-10, income during the same period was only ₹ 1.02 lakh.

### **3.1.18 Lack of quality testing facilities and delay to establish a laboratory**

The Directorate procures agricultural inputs like seeds, fertilizers and pesticides which are then sold to farmers in the State every year at subsidised prices. Since huge quantities<sup>14</sup> of these commodities are sourced every year from different suppliers/producers, it is imperative that samples are tested to ensure that farmer's get good quality seeds, fertilizers, pesticides *etc.* It was observed that the Directorate did not have any seed, fertilizer or pesticide testing laboratory in the absence of which, the quality of the agricultural inputs sold to the farmers could not be vouchsafed. The Directorate stated (July 2010) that periodically the samples are sent to Faridabad for testing on selective basis.

It was noticed that the GOI, Ministry of Agriculture had released ₹ 40 lakh in March 2002 to the Directorate for setting up a State Pesticide Testing Laboratory (SPTL) at Upper Shillong with a capacity to analyze 1000 samples of pesticides per annum. The work of construction of the facility was taken up in September 2003 by the Executive Engineer, East Khasi Hills Irrigation Division (executing agency for the project) and stipulated to be completed by March 2004. Although an expenditure of ₹ 38.24 lakh had been incurred up to March 2009, the executing agency was yet to hand over the building to the Directorate as of September 2010. Further, there was nothing on record to indicate that the Directorate had ever taken up this issue with the executing agency. Scrutiny of records further revealed that ₹ 50.28 lakh was sanctioned by the State Government in March 2008 for purchase of equipment for the laboratory which, as of September 2010, was yet to be utilised.

Thus, failure to commission the SPTL even after a lapse of six and half years has resulted in unproductive expenditure of ₹ 38.24 lakh and blockade of funds to the tune of ₹ 50.28 lakh.

During the Exit Conference, the Department stated that some tests were conducted in laboratories of Research Officers and since the laboratories were not notified, samples were also required to be sent to outside agencies. However, the matter has been taken up with GOI to get the laboratories notified.

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<sup>14</sup> in 2009-10 the procurement by the DoA was (i) fertilisers : 10,367 MT (ii) seeds: 15,061 ql (iii) pesticides: 6,474 litres and 15,154 kg

### 3.1.19 Manpower Management

According to the information made available to Audit, the total sanctioned strength of the Directorate was 1,205 as against which men-in-position was 1,070. The Directorate was thus operating with a Manpower shortage of 11 *per cent*.

To implement the state sector scheme “**Land Use Survey**” in West Garo Hills District, a subordinate office of the Assistant Agronomist Land Use Survey (AALUS), Tura functioned under the DAO, West Garo Hills with effect from 26 August 1994. Consequent on the post of Assistant Agronomist falling vacant from 01 April 1996, the employees<sup>15</sup> under the Land Use Survey Scheme were brought under the administrative control of the Research Officer (RO), Tura.

Scrutiny of records of the RO revealed that although the scheme was discontinued since 2000-01, the service of the employees employed under the scheme were not utilized elsewhere till date (November 2010). An amount of ₹ 99.76 lakh was incurred on pay and allowances, wages, office expenditures and travelling expenses of staff provided for and employed under the aforementioned scheme during 2000-10. Thus, the entire expenditure of ₹ 99.76 lakh was unproductive besides resulting in staff remaining idle and without work. This, despite the overall shortage of manpower in the Directorate, a fact confirmed by Audit during the course of inspection of the office. The RO while admitting the fact stated (June 2010) that the services of the idle staff would be utilized when projects under the “Land Use Survey” scheme is implemented in the District.

It is interesting to note that not once did the RO bring the situation to the notice of the Directorate so that the employees could be gainfully deployed elsewhere on other duties.

During the Exit Conference, Department assured that measures would be taken to re-deploy the staff.

### 3.1.20 Monitoring, evaluation and internal control

The efficiency and effectiveness of any department as well as the successful implementation of any scheme/project/program is crucially dependent on the existence of a robust monitoring and evaluation mechanism within the department to ensure that the achievement of departmental/program/scheme objectives are periodically monitored and evaluated against predetermined physical/ financial targets, timeliness, *etc*.

It was observed that the Directorate had a Monitoring and Evaluation Cell (MEC) set up in September 1977 and staffed by 10 persons. Scrutiny of records revealed that

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<sup>15</sup> One post each of Assistant Agricultural Engineer, Upper Division Clerk, Lower Division Clerk, Driver, Peon and two posts of Mondols



although the Directorate executed 77 central sector/centrally sponsored schemes and state sector schemes during 2005-06 to 2009-10, the progress/execution of none of these schemes had ever been monitored on a regular basis by the Cell. During the same period it had prepared evaluation reports of only four state sector schemes against 56 state sector schemes in operation during the review period.

Internal Control provides reasonable assurance to the management that organisational objectives are achieved, financial interests and assets of the organisation safeguarded, regular feedback and reliable information on the functioning of the organisation is made available to management so that mid-course corrections and effective interventions can be made, where called for.

One post of an Internal Auditor sanctioned in July 1970 by Government for carrying out internal control functions of the Directorate. It was observed that the Internal Auditor in the Directorate was solely engaged in assisting the accounts branch in audit matters only. No internal audit of any subordinate office under the Directorate had ever been conducted during the period under review.

During the Exit Conference the Department admitted Monitoring and Evaluation was lacking and assured that action would be taken to strengthen it. However, the Department did not comment on absence of any norms for internal control and inspection.

### ***3.1.21 Failure to enforce accountability for non-settlement of inspection reports***

The irregularities noticed during the local audit conducted by the Principal Accountant General (Audit) (PAG) are communicated through Inspection Reports (IRs) to the Heads of offices inspected with a copy to the next higher authorities. A half-yearly report of pending IRs is sent by the PAG to the Secretary of the concerned administrative department to facilitate monitoring of the action on the reports.

As of June 2010, 32 paragraphs relating to 16 IRs, in respect of the offices under the Directorate, were outstanding either due to non-receipt of replies or the replies being incomplete. The details are as under:

**Table 21**

<b>Sl. No.</b>	<b>Year</b>	<b>Number of outstanding IRs</b>	<b>Number of outstanding paragraphs</b>
1.	1992-93 to 2005-06	8	14
2.	2006-07	1	3
3.	2007-08	1	2
4.	2008-09	2	5
5.	2009-10	4	8
	<b>Total</b>	<b>16</b>	<b>32</b>



Pendency of IRs even from 1992-93 indicated failure of the concerned Controlling Officers to initiate action in regard to the points raised in the IRs. The concerned Secretary of the Department also failed to ensure timely action by the concerned Controlling Officers and thus the control of the administrative department of the controlling officers was not adequate.

### 3.1.22 Conclusion

Financial management in the Directorate needs to be improved in view of defective budgeting practices followed and violation of financial rules such as retention of huge undisbursed funds in bank accounts, persistent rush of expenditure at the fag end of the financial year and non-clearance of AC bills in time. The objectives of the state sector/central sector/centrally sponsored schemes commented in this review were mostly not achieved. Despite implementing a total of 77 schemes during 2005-06 to 2009-10, the area under cultivation in the State had increased by only 0.82 per cent while agricultural production had actually declined by 2.31 per cent over the same period. The Directorate did not have any pesticide/fertilizer/seed testing or quality control facility and a State Pesticide Testing Laboratory for which funds were provided by GOI in March 2002 was yet to be operationalised.

### 3.1.23 Recommendations

- ⌘ **Budget should be prepared on a realistic basis and timely release and proper utilisation of funds with reference to planned activities should be made mandatory.**
- ⌘ **Efforts should be made to increase the production and productivity of the crops by establishing proper synergy with the other agencies, in general and with irrigation authorities, in particular.**
- ⌘ **Considering the importance of providing good quality agricultural inputs to the farmers, steps should be taken to operationlise the SPTL on priority basis and consider setting up of more quality control/testing facilities.**
- ⌘ **The existing manpower should be properly deployed to avoid idling of manpower.**
- ⌘ **Carry out a cost-benefit analysis and decide on the viability of continuing to operate age old machineries given the high maintenance costs *vis-à-vis* meagre revenue inflows.**
- ⌘ **The internal control, monitoring and evaluation mechanism should be strengthened and the impact of the schemes should be periodically assessed.**

§ **Internal audit should be undertaken in respect of all units to evaluate the efficacy of the internal control system.**

The matter was reported to the Government in October 2010; reply was awaited (November 2010).