

Chapter 1

Introduction

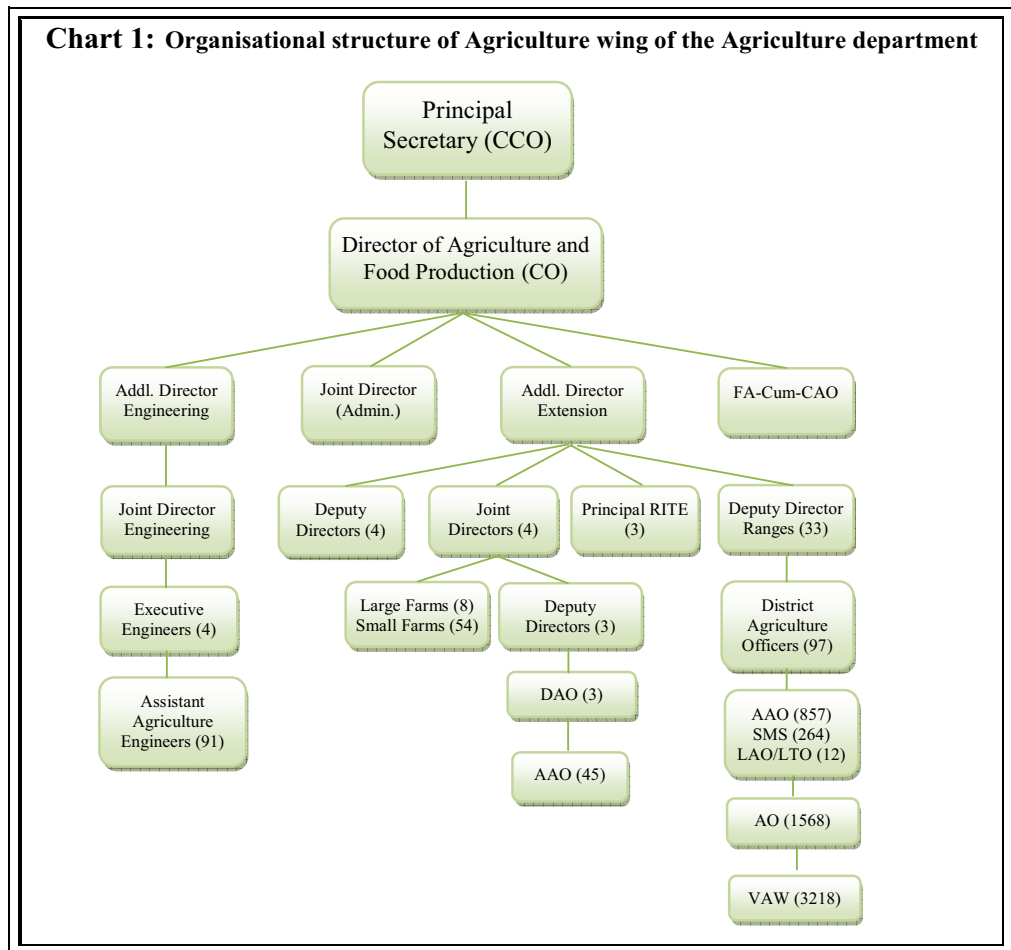
1.1 Introduction

Odisha is an agrarian State. Out of the total geographical area of 155.71 lakh hectares in the State, only 64.09 lakh hectares (41 *per cent*) was cultivable land of which 40.17 lakh hectares (63 *per cent*) have acidic soil, about four lakh hectares suffer from salinity and three lakh hectares from water logging indicating the need for special interventions like soil testing and administration of adequate dose of appropriate fertiliser and micro-nutrients, engineering and land/crop management (Odisha State Agriculture Policy 2008). Almost 83 *per cent* of the population of the State live in rural areas as per Census 2011 (Provisional) while 70 *per cent* of the population depend on agriculture for their living and livelihood. Rice has been the main crop of the State constituting 75 *per cent* of the cultivable area followed by oil seeds and pulses. Agriculture is still regarded as the mainstay of the State's economy providing food and livelihood security to the rural poor.

The broad objective of the State Agriculture Department was to increase agricultural production and productivity as well as farmers' welfare. Keeping in line with the National Agriculture Policy (NAP) 2000, the State Agriculture Department framed (July 2008) State Agriculture Policy (SAP) 2008. The Policy aimed at achieving a growth rate of four *per cent* in the agriculture sector on a sustainable basis and enhancing productivity of important crops to match with the national average. Some of the major Centrally sponsored schemes under implementation in the State were National Food Security Mission (NFSM), *Rashtriya Krishi Vikas Yojana* (RKVY), Work Plan Schemes and Support to Extension Reforms. Some of the State plan schemes under implementation were *Jalanidhi*, input subsidy, popularisation of agricultural machinery and implements, agricultural marketing etc.

1.2 Organisational structure

The Principal Secretary is the Chief Controlling Officer (CCO) of the Agriculture Department. The Director of Agriculture is the functional implementation head and Controlling Officer (CO) of the Agriculture wing of the Department. The Director is assisted by two Additional Directors (one each for the Engineering and Extension wings), six Joint Directors of Agriculture (JDA), seven Deputy Directors of Agriculture (DDA) and one Financial Advisor-cum-Chief Accounting Officer at the Headquarters. The Development Commissioner-cum-Additional Chief Secretary of the Planning and Coordination Department assisted by a Special Secretary also prepares the annual State Agriculture Plans for the Department.



The JDAs remained in charge of various functional activities like Engineering wing, Farms and Seeds, Information etc. The Additional Director (Extension) who is incharge of field functions (extension services) is assisted by Deputy Directors of Agriculture (33), District Agriculture Officers (97), Assistant Agriculture Officers (857), Subject Matter Specialists (264), Agriculture Overseers (1568) and Village Agriculture Workers (3218). Similarly, the Additional Director (Engineering) is assisted by Executive Engineers (4), Assistant Agriculture Engineers (91) and other subordinate staff. Besides, three Regional Training Institutes were also functioning under the Department at Bolangir, Mahisapat and Rangeilunda. Experimental Seed Farms (eight large under Farm Superintendents and 54 small under DDAs) were also functioning under the Department. There were 366 Drawing and Disbursing Officers (DDOs) under the Agriculture Department of which 183 were functioning under Agriculture Wing. There were 97 agricultural districts within 30 revenue districts.

1.3 Reasons for selection of the Department

Agriculture Department is one of the most important departments of the Government as it was directly responsible for increasing farmers' income by reducing cost of inputs of farming and ensuring remunerative price for their agricultural produce. The SAP 2008 aimed at shifting from subsistence agriculture to a more profitable commercial variety through various interventions. It was important to assess whether this shift in strategy was backed up by provision of adequate inputs and effective extension service for capacity building of farmers to be able to shift to the new regime and reap benefits out of such shift.

Net area sown in the State decreased from 58.45 lakh hectares in 2001-02 to 55.74 lakh hectares in 2009-10 despite ₹ 1974.49 crore being spent during this period on agriculture through the budget route and ₹ 99.92 crore during 2006-10 through off budget route. Besides, production of food grains went down from 75.4 lakh MT in 2001-02 to 73.93 lakh MT in 2008-09 and then increased to 75.51 lakh MT in 2009-10. The cultivated area under paddy declined to 68 *per cent* of total cultivable area (61.80 lakh hectares¹) of the State in 2010-11 compared to 72 *per cent* during 2006-07. Even, yield rate of paddy consistently remained below the national average during 1997-2011 as indicated in *Appendix-1*. Despite being an agrarian State, the share of agriculture and animal husbandry sector in the Gross State Domestic Product at current prices was around 18 *per cent* during 2008-10. This prompted us to conduct Chief Controlling Officer (CCO) based Audit of Agriculture Wing of Agriculture Department.

1.4 Audit objectives

The objectives of this audit were to assess whether:

- Perspective plan and Annual Action Plans (AAP) for the agricultural sector for operationalising the new State Agricultural Policy 2008 were prepared and if so, whether the plans were adequate and effective;
- the strategies for comprehensive agricultural growth with all forward and backward linkages were adequate and effective to achieve the objectives of the new policy;
- internal control system including compliance to laws, rules and regulations were in place and effective;
- inspection and monitoring was adequate and efficient, contributed to economic, efficient and effective management of the operation in the department and that error signals were promptly and adequately acted upon.

¹ As per SAP 2008, the cultivable area of State was 64.09 lakh hectares. However, Agriculture Department has furnished 61.80 lakh hectares as total cultivable area for the period covered under audit (2006-11).

1.5 *Audit criteria*

The criteria were drawn from following list of documents.

- Overall mandate given to Agriculture Wing/Directorate of Agriculture by State Government;
- State Agriculture Policy (SAP) 2008;
- Eleventh Five Year Plan, Annual Plans and Action Plans;
- Provisions of Odisha General Financial Rules, Odisha Treasury Code, Odisha Budget Manual and Odisha Public Works Account Code etc;
- Instructions, circulars and guidelines of specific schemes of Central and State Governments;
- Prescribed monitoring mechanism

1.6 *Scope and methodology of Audit*

Audit of the activities of the Agriculture Wing of the Department covering the period 2006-11 was undertaken during April 2011 to July 2011 through test check of records of 55 (30 *per cent*) out of the total of 183 Drawing and Disbursing Officers (DDOs) of Agriculture wing of the Agriculture Department (*Appendix-2*). These 55 DDOs were selected on the basis of Stratified Random Sampling without Replacement (SRSWOR) considering the expenditure incurred by the DDOs during 2009-10 as the criteria. The 55 DDOs included 32 District Agriculture Officers (DAOs) in charge of agricultural growth in the concerned district, seven Deputy Directors of Agriculture (DDA) in charge of sale of seeds including experimental seed farms under them and administration over field officers of the concerned districts, four Soil Chemists responsible for soil testing, one training institute and 11 other State level /sub-district level officers. Besides, we visited the offices of (i) Odisha State Seed Corporation (OSSC), (ii) Agriculture Promotion and Investment Corporation of Odisha Limited (APICOL), and (iii) Institute on Management of Agricultural Extension (IMAGE) for collection of information as these agencies provided support services to the Department.

The audit objectives, audit criteria as well as scope and methodology of audit were discussed with the CCO-cum-Principal Secretary of the Department in an entry conference held on 12 May 2011. The audit findings were also discussed in an exit conference with the CCO on 24 November 2011; the response of the CCO has been appropriately incorporated in the report.

The draft report on audit was issued to the CCO-cum-Principal Secretary in November 2011 and June 2012; reply was awaited (July 2012).

1.7 Organisation of audit findings

The findings of audit as a result of such test check of records are discussed in the chapters as detailed below:

Chapter 2	Planning
Chapter 3	Strategy for comprehensive agricultural growth
Chapter 4	Input management
Chapter 5	Management of agricultural subsidy
Chapter 6	Implementation of schemes
Chapter 7	Human resource management
Chapter 8	Internal control system