

**Chapter III**  
**Planning and Implementation**



# Chapter III

## Planning and Implementation

### 3.1 Planning

Proper planning is essential for bringing holistic growth of horticulture in the State. A long-term action plan (Perspective Plan) and roadmap based on reliable database enables prioritisation of funds and multiyear schemes and preparation of Annual Action Plans. It also enables evaluation of actual transfer of intended benefits of schemes being implemented to the targeted groups and allow midcourse correction in consistence with the priorities and goals set forth in the Perspective Plan.

Further, State Level Committee in its report (June 2018) on “Status and Strategy for Up-scaling of Horticulture in Manipur” recommended for assessment of the actual area and production status of horticultural crops in the State so as to enable preparation of reliable State Perspective Plan or Roadmap.

Audit, however, observed that the Department had not made any such assessment even after a lapse of over three years. The Department also did not have any Perspective Plan and Annual Action Plans for prioritising of available resources for specific interventions or strategies in identified areas, regions and groups for the State as a whole during the Audit period 2015-16 to 2019-20. To achieve holistic growth of horticulture in the State, formulation of Perspective Plan and Annual Plan would help in adoption of suitable strategies and also facilitate systematic implementation of schemes/projects for horticulture development to achieve expected outcomes in identified priorities of the State.

The Department stated during Exit Conference (April 2022) that efforts would be made to prepare the Plans as per the Guidelines in future.

#### 3.1.1 Perspective Plan of specific Scheme

As per MIDH Operational Guidelines (Para 4.8 and 5.1), State Level Agency shall prepare Perspective Plan and Road Map for overall development of horticulture. The Perspective Plan should invariably contain information on geography and climate, potential of horticulture development, availability of land, SWOC<sup>9</sup> analysis, strategy for development and plan of action proposed to be taken to achieve goals in each district of the State.

Audit observed that no Perspective Plan was prepared till 2016-17 since introduction of the scheme in 2014-15. The Perspective Plan prepared for the period from 2017-18 to 2021-22 contained mainly year-wise Physical and Financial targets for various components under MIDH. There was no information on potential of horticulture development, availability of land, SWOC analysis, and district-wise plan of action as required under the Guidelines. Thus, the Perspective Plan (2017-18 to

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<sup>9</sup> SWOC=Strengths, Weaknesses, Opportunities and Challenges.

2021-22) was not based on field survey and assessment of actual requirements, gaps and needs of the areas.

In reply, the Department stated (April 2022) that district-wise potential areas, agro-climatic conditions, market potential, production data and SWOC analysis had been taken into account while preparing perspective plan.

The reply of the Department is not based on facts as the Perspective Plan did not contain such information.

### **3.1.2 Annual Action Plans of specific Scheme**

As per MIDH guidelines {Para 4.8 (c)}, SHM should conduct base-line survey and feasibility studies to determine the status of horticulture production, potential and demand to form the basis for preparation of AAP. Further, the guidelines (Para 5.2 and 5.3) stipulated that SHM shall prepare Annual Action Plans by consolidating AAPs of all the districts and vetted by the SLEC. Area expansion should be determined based on availability of planting material and a seed/planting material sub-plan was to be prepared separately as part of AAP.

Audit observed that SHM had not conducted any baseline survey and feasibility studies. The AAPs (2015-16 to 2019-20) were prepared without the actual field level data. Identification of beneficiaries also lacked transparency as no publicity was found to have been given through Newspapers and electronic media for selection of beneficiaries. Moreover, in majority of the cases, neither land ownership documents were available nor site survey reports for determining feasibility of the selected sites maintained. Besides, seed/planting materials sub-plan was not included in AAPs and it was also not based on District AAPs as no AAPs were prepared by the District Horticulture Office. Thus, implementation of AAPs without actual baseline survey and field level data was haphazard leading to non-achievement of the desired outcomes in horticulture development.

During Exit Conference, the Department stated (April 2022) that base line survey would be conducted and approval of District Mission Committee for the District plans would be obtained in future.

### **Conclusion**

- The Department did not make any assessment of actual area and production of horticultural crops of the State to enable preparation of reliable action plans and roadmaps even after a lapse of three years. No Perspective Plan was prepared till 2016-17 since introduction of the scheme in 2014-15.
- The Perspective Plan prepared for the period from 2017-18 to 2021-22 contained mainly year-wise Physical and Financial targets for various components under MIDH. There was no information on potential of horticulture development, availability of land, SWOC analysis, and District-wise plan of action as required under the guidelines.

- The AAPs (2015-16 to 2019-20) were prepared without the actual field level data. Identification of beneficiaries also lacked transparency. The AAPs did not include seed/planting materials sub-plan and was not based on District AAPs as the same were not found prepared by the district horticulture office.

### Recommendations

- *State Government should conduct assessment of actual area and production status of horticultural crops in the State as recommended by the State Level Committee in its report (June 2018) to enable preparation of reliable State Perspective Plan or Roadmap for the State.*
- *State Government should ensure that Perspective Plan and AAP are based on field and beneficiary surveys and after assessing gaps and requirements of the area, so as to achieve desired outcomes for horticulture development in the State through effective implementation of schemes.*

## 3.2 Implementation

### 3.2.1 Overall status of horticulture crops

The Department implemented three Centrally Sponsored Schemes, seven NEC funded projects and eight State Schemes for increasing the production of crops. The trend of area under cultivation, production and productivity of horticulture crops is given in the table below:

**Table 3.1: Area production and productivity of crops**

Crops	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Per cent Increase (+)/ Decrease (-) (during 2019-20 over 2014-15)
Fruits	Area	55.66	51.12	50.58	47.61	46.94	47.32	-14.98
	Production	533	468	454	469	455	456	-14.45
	Productivity	9.58	9.15	8.98	9.85	9.69	9.64	0.63
Vegetables	Area	29.29	34.36	59.29	45.16	45.51	34.93	19.26
	Production	298	315	330	332	355	356	19.46
	Productivity	10.17	9.17	5.57	7.35	7.80	10.19	0.17
Spices	Area	10.47	16.47	6.92	8.99	9.08	8.12	-22.45
	Production	144	82	80	104	128	128	-11.11
	Productivity	13.75	4.98	11.56	11.57	14.10	15.76	14.61
Total	Area	<b>95.42</b>	<b>101.95</b>	<b>116.79</b>	<b>101.76</b>	<b>101.53</b>	<b>90.37</b>	<b>-5.29</b>
	Production	<b>975</b>	<b>865</b>	<b>864</b>	<b>905</b>	<b>938</b>	<b>940</b>	<b>-3.59</b>
	Productivity	<b>10.22</b>	<b>8.48</b>	<b>7.40</b>	<b>8.89</b>	<b>9.24</b>	<b>10.40</b>	<b>1.80</b>

Area- in '000 hectares; Production – in '000 MT, Productivity MT/ha.

Source: Economic Survey Manipur 2020-21 (Production) and HAPIS Website (Area).

It could be seen from the above that

- The cultivated area under fruits was 55.66 thousand hectares in 2014-15 and it declined to 47.32 thousand hectares in 2019-20 while production also decreased from 5.33 lakh MT to 4.56 lakh MT respectively. However, productivity increased marginally from 9.58 MT/ ha in 2014-15 to 9.64 MT/ ha in 2019-20.

- The cultivated area under Vegetables, which increased from 29.29 thousand hectares (2014-15) to 59.29 thousand hectares (2016-17), declined to 34.93 thousand hectares in 2019-20. Production of vegetables increased from 2.98 lakh MT to 3.56 lakh MT from 2014-15 to 2019-20 while productivity increased from 10.17 MT/ha in 2014-15 to 10.19 MT/ ha in 2019-20.
- In case of spices, the area under production declined from 10.47 to 8.12 thousand hectares whereas production fell from 1.44 to 1.28 lakh MT from 2014-15 to 2019-20. Productivity of spices increased from 13.75 MT/ha in 2014-15 to 15.76 MT/ ha in 2019-20.

Thus, cultivated area under fruits and spices declined during the five year period from 2014-15 to 2019-20 despite substantial expenditure of ₹ 14.56 crore<sup>10</sup> under area expansion component of MIDH.

### 3.2.1.1 Target and achievement in Area Expansion under MIDH

SHM took up Area Expansion component under MIDH to increase areas under improved varieties of horticultural crops during 2015-16 to 2019-20 and a total expenditure of ₹ 27.40 crore was incurred for purchase and supply of various inputs (planting materials, fertilisers, pesticides *etc.*) to beneficiaries. The targets and achievements of area expansion under different crops as part of MIDH scheme were as under:

**Table 3.2: Targets and achievements**

Name of crops	Financial (₹ in crore)		Physical (in ha)		Percentage of achievement	
	Target	Achievement	Target	Achievement	Financial	Physical
Fruits	18.43	13.28	4,624.00	3,327.90	72	72
Vegetables	15.15	11.71	6,060.53	4,683.66	77	77
Flowers	2.03	1.13	442.00	209.56	56	47
Spices	1.57	1.28	1,048.00	851.78	82	81
<b>Total</b>	<b>37.18</b>	<b>27.40</b>	<b>12,174.53</b>	<b>9,072.90</b>	<b>74</b>	<b>75</b>

*Source: Target and Achievement Report.*

Against the Physical target of 12,174.53 hectares, 9,072.90 hectares (75 per percent) was shown to have been achieved with financial achievement of ₹ 27.40 crore (74 per cent) as against the Financial target of ₹ 37.18 crore. The shortfall in Area Expansion was the highest at 53 per cent in respect of flowers and it was lowest at 19 per cent in case of spices.

### 3.2.1.2 Comparison of achievement reported under MIDH vis-à-vis HAPIS Data

In order to analyse the relationship between the above Physical achievement under MIDH vis-à-vis the position existing in the State, details of area coverage under various horticulture crops during 2014-15 to 2019-20 as available in Horticulture Area Production Information System (HAPIS) website were examined. The details are as given below:

<sup>10</sup> Fruits- ₹ 13.28 crore and Spices- ₹ 1.28 crore.

**Table 3.3: Area under various horticulture crops (in thousand hectares)**

Crops	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Fruits	55.66	51.124	50.577	47.605	46.939	47.32
Vegetables	29.29	34.36	59.293	45.156	45.514	34.93
Flowers	0.81	0.167	0.067	0.126	0.103	0.058
Spices	10.47	16.47	6.923	8.992	9.083	8.117

Source: HAPIS<sup>11</sup> Website.

Comparison of MIDH and HAPIS data shows that physical achievement of Area Expansion reported under MIDH scheme during the five years' period from 2015-16 to 2019-20 did not match with the overall increase/ decrease in area coverages under various crops as per official data in HAPIS website.

During Exit Conference, the Department stated (April 2022) that the issues will be addressed to ensure availability of reliable horticulture Area and Production data in the State.

### 3.2.1.3 Physical and Financial achievement in Sampled districts

Audit further analysed the area coverage under various crops before MIDH intervention upto 2014-15 and after five years of MIDH intervention upto 2019-20 in four sampled districts to see the impact of the scheme on the ground.

The Physical and Financial achievement of Area Expansion reported under MIDH during 2015-16 to 2019-20 was as below:

**Table 3.4: Physical and Financial Achievements of area expansion under MIDH in the four sampled districts**

(Physical in ha; Financial- ₹ in lakh)

Crop	Ukhrul		Senapati		Imphal East		Bishnupur	
	Phy	Fin	Phy	Fin	Phy	Fin	Phy	Fin
Fruits	247.5	154.71	198.33	156.47	651	236.40	336	116.80
Vegetables	169.5	42.25	143.2	35.81	704	175.92	786.22	199.06
Flowers	18	11.39	29.78	18.39	46	23.75	6	3
Spices	57	8.55	82	12.3	52	7.80	46	6.90
<b>Total</b>	<b>492</b>	<b>216.9</b>	<b>453.31</b>	<b>222.97</b>	<b>1453</b>	<b>443.87</b>	<b>1174.22</b>	<b>325.76</b>

Source: Target and Achievement Report. Phy-Physical; Fin-Financial

The position of area coverage under various horticulture crops in the four sampled districts during 2014-15 and 2019-20 as available in HAPIS website was as given below:

**Table 3.5: Areas under cultivation in the four sampled districts**

(Area in hectares)

Crop	Ukhrul		Senapati		Imphal East		Bishnupur	
	2014-15	2019-20	2014-15	2019-20	2014-15	2019-20	2014-15	2019-20
Fruits	6,590	7,613	9,284	7,294	3,719	2,533	4,726	5,161
Vegetables	1,949	2,157	6,524	7,211	4,719	4,028.7	4,727	4,121
Flowers	115	12.03	107	14.7	-	10.8	-	11.8
Spices	912	557	1,737	667	2,065	165	1,455	997
<b>Total</b>	<b>9,566</b>	<b>10,339.03</b>	<b>17,652</b>	<b>15,186.7</b>	<b>10,503</b>	<b>6,737.5</b>	<b>10,908</b>	<b>10,290.8</b>

Source: HAPIS Website.

<sup>11</sup> Horticulture Area Production Information System.

It can be seen from above two tables (**table 3.4 and 3.5**) that MIDH data showed Physical achievement ranging between 453.31 ha and 1453 ha of Area Expansion in various crops by incurring ₹ 12.09 crore in four sampled districts during 2015-16 to 2019-20. However, as per HAPIS' website, the position showed a declining trend between the period from 2014-15 to 2019-20 in all the three sampled districts except in respect of Ukhrlul.

Further analysis of HAPIS data revealed that while area coverages under Fruits cultivation increased marginally by 15 *per cent* in Ukhrlul and nine *per cent* in Bishnupur, there was sharp decline in Senapati and Imphal East District by 21 *per cent* and 32 *per cent* respectively despite the substantial expenditure to the tune of ₹ 3.92 crore in these two districts (Senapati- ₹ 1.56 crore and Imphal East- ₹ 2.36 crore). In all the four sampled districts, except for Vegetables in Ukhrlul and Senapati, the area coverage under horticulture crops actually declined despite substantial expenditure of ₹ 4.67 crore<sup>12</sup> under MIDH by SHM.

It is thus evident that mere supply of inputs without verification of the actual condition of Area Expansion and subsequent maintenance of the new plantation did not translate into actual Physical achievement of Area Expansion for 3572.53 ha in the four sampled districts intended by the scheme. The approach or strategy adopted by SHM for Area Expansion needs review to achieve actual physical outcomes.

### **3.2.1.4 Purchase of planting material/vegetable seeds for Area Expansion**

#### **(a) Irregular purchase of Planting Material from Unaccredited Nurseries (Private Suppliers)**

As per MIDH Guidelines for new gardens, the planting material for Area Expansion should be sourced from Accredited Nurseries.

Details of planting material<sup>13</sup> and vegetable seeds<sup>14</sup> purchased from 23 different suppliers during the period 2015-16 to 2019-20 are as given below:

**Table 3.6: Year-wise expenditure on purchase of planting materials/Vegetable seeds**

Year	Cost of planting materials/seeds (₹ in lakh)	Number of suppliers
2015-16	739.90	09
2016-17	111.43	03
2017-18	710.86	13
2018-19	665.81	07
2019-20	354.20	11
<b>Total</b>	<b>2,582.20</b>	<b>23 different suppliers</b>

*Source: Supply order copies and Vouchers.*

Scrutiny of records revealed that planting material valued ₹ 1.78 crore out of the total value of ₹ 25.82 crore purchased during 2015-16 to 2019-20 were sourced from

<sup>12</sup> Vegetables (Imphal East- ₹ 175.92 lakh and Bishnupur- ₹ 199.06 lakh), Flowers- ₹ 56.53 lakh and Spices- ₹ 35.55 lakh.

<sup>13</sup> Fruits-Kiwi, Papaya, Peach, Pear, Plum, Guava, Pineapple *etc.*

<sup>14</sup> Cabbage, Cauliflower, Cucumber, Water Melon, Peas *etc.*



two<sup>15</sup> Accredited Nurseries. Whereas the planting material valued ₹ 24.04 crore was purchased from 21 unaccredited Nurseries (private suppliers) in violation of the scheme Guidelines despite as many as 33 accredited Nurseries available in the North Eastern States alone and another 406 accredited Nurseries in other states of India.

Thus, the expenditure of ₹ 24.04 crore towards purchase of planting material from unaccredited Nurseries (private suppliers) was in violation of the Guidelines. The Department should strictly enforce the extant Guidelines to ensure purchase of quality planting material from the accredited Nurseries.

In reply, the Department stated (April 2022) that due to reluctance of accredited Nurseries outside the State to supply planting material to Manipur, Vegetables seeds and Tissue Culture plants were procured from proprietary firms outside the State and Ginger & Pineapple Suckers were procured locally.

The reasons put forward by the Department was however not supported by any documentary evidence.

***(b) Avoidable extra expenditure on purchase of planting material.***

During September 2015 to May 2017, SHM purchased 17,213 kiwi planting material @ ₹ 480/plant from M/s Himalayan Florica, New Delhi which was not an accredited nursery. On receipt of complaints (May 2018) from the farmers, SHM entrusted the District Offices (Ukhrul and Senapati) to purchase Kiwi planting material by themselves. The District Offices purchased (July-November 2018) kiwi planting material from M/s Ngamthung Agri-horti Multipurpose Nursery, Arunachal Pradesh, an Accredited Nursery, @ ₹ 280/plants.

Thus, SHM purchased 17,213 kiwi saplings by incurring extra expenditure of ₹ 34.43 lakh.

In reply, Department stated during Exit Conference (April 2022) that the firm M/s Namthung was neither accredited nor a recognised planting material importer during 2015 to 2017. The firm was accredited only during 2019.

The reply of the Department is factually incorrect as Namthung Agri-horti Multipurpose Nursery, Arunachal Pradesh has been selling Kiwi Planting material since 2006-07 and was accredited in 2016.

***(c) Doubtful expenditure on supply of planting materials***

Scrutiny of records revealed that:

- Stock register of SHM headed by the Mission Director indicated that Pineapple suckers (8,61,980) worth ₹ 43.10 lakh were issued (May 2017) to Ex-Officio Project Officer, Imphal East District for Area Expansion in 130 ha under 2016-17 (1<sup>st</sup> Instalment). However, then District Officer confirmed (April 2021) that no Pineapple suckers were actually received. Hence, the expenditure of ₹ 43.10 lakh incurred for Area Expansion of Pineapple of 130 ha was doubtful.

<sup>15</sup> (i) Ngamthung Agri-horti Multipurpose Nursery, Arunachal Pradesh and (ii) Daffodils Nursery, Assam.

- SHM headed by the Mission Director paid ₹ 182.10 lakh during the period May 2018 to October 2018 to M/s Pineapple & Ginger Farm, Andro (Imphal East) for supply of 31,32,080 Pineapple suckers for Area Expansion of 476 ha and 72,858 kg of ginger for Area Expansion of 170 ha. However, the materials had not been received even after a lapse of over two years as of March 2020. Action taken to recover the amount was not on record.
- The Ex-Officio Project Officer, Imphal East District paid ₹ 46.70 lakh to unaccredited local supplier<sup>16</sup> in two instalments (₹ 23.35 lakh each in February 2018 and April 2018) for supply of 9,34,000 Pineapple suckers for Area Expansion of 130 ha under Pineapple cultivation. However, the planting material was yet to be received till the date of audit (April 2021) even after a lapse of over three years. Action taken to secure the supply of material was not on record.

Thus, full payment of advance to the suppliers of ₹ 2.72 crore<sup>17</sup> in the above three cases without receipt of materials is not only irregular, but also points to suspected misappropriation of scheme funds. Moreover, objective of the scheme for Area Expansion to the extent of 906 ha (Pineapple-736 ha and Ginger-170 ha) remained to be achieved for two to three years as of March 2020.

The Department should initiate immediate action to recover the paid amount from the local suppliers to avoid loss of public funds permanently.

In reply, the Department stated (April 2022) that the planting material (8,61,980 pineapple suckers) was distributed by the then Minister (H&SC) and MLA Keirao AC to the beneficiaries and the planting material of 31,31,080 Pineapple suckers and 72,858 kg of Ginger was issued to the concerned Ex-Officio Project Officers. Further, the Department stated that clarification has been sought from the concerned Ex-Officio Project Officer regarding non-receipt of 9,34,000 Pineapple suckers.

Audit reiterated that in the absence of any evidence of receipt and issue of Pineapple suckers by the Ex-officio Project Officer, Imphal East, distribution of 8,61,980 Pineapple suckers as claimed by the Department is doubtful.

Moreover, the reply of the Department that 31,31,080 Pineapple suckers and 72,858 kg of Ginger was issued to the concerned Ex-Officio Project Officers is not acceptable as no documentary evidence such as delivery challan to confirm the delivery of materials to SHM by M/s Pineapple & Ginger Farm, Andro (Imphal East) as well as Stock Register indicating date of receipt and issue of the materials duly authenticated by SHM were furnished for verification in Audit.

### **3.2.1.5 Maintenance of Fruit crops for Area Expansion**

As per MIDH Guidelines, funding for perennial crops was allowed in three instalments, 60 *per cent* of cost as first instalment, and 20 *per cent* of cost each year as first and second year maintenance cost. For non-perennial crops, funds were given

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<sup>16</sup> Pineapple & Ginger Farm, Andro (Imphal East).

<sup>17</sup> ₹ 43.10 lakh + ₹ 46.70 lakh + ₹ 182.10 lakh.

in two instalments, 75 per cent of the cost as first instalment and 25 per cent cost as first year maintenance cost. The first and second maintenance assistances were admissible subject to the survival rate of 75 per cent and 90 per cent of the plantations in the second and third year respectively.

The details of expenditure incurred during 2015-16 to 2019-20 in the four sampled districts for new plantations of horticulture crops and their maintenance were as below:

**Table 3.7: Plantation and maintenance cost in the four sampled districts**

(Physical: in ha and Financial: ₹ in lakh)

District	Perennial Crops		Non-Perennial crops		Maintenance Cost <sup>18</sup>		
	Physical	Financial	Physical	Financial	Perennial		Non-Perennial
					1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>
Ukhrul	213	139.4	34.5	15.31	57.70	89.10	3.84
Senapati	190.56	151	7.78	5.47	48.92	44.49	2.28
Imphal East	80	43.68	571	192.72	9.57	9.6	72.76
Bishnupur	73	25.03	263	91.79	9.20	13.33	32.19
<b>Total</b>	<b>556.56</b>	<b>359.11</b>	<b>876.28</b>	<b>305.29</b>	<b>125.39</b>	<b>156.52</b>	<b>111.07</b>

Source: Target and Achievement Report.

It can be seen that the first instalments of ₹ 3.59 crore for perennial crops<sup>19</sup> and ₹ 3.05 crore for non-perennial crops<sup>20</sup> were incurred for purchase and supply of inputs such as planting materials, manures, etc., during the five-year period of 2015-16 to 2019-20 in the four sampled districts for Area Expansion of 1,432.84 ha.

Audit further observed that expenditure of ₹ 2.82 crore and ₹ 1.11 crore for maintenance of perennial and non-perennial crops respectively was incurred for purchase and supply of various inputs in the four sampled districts without verification of actual survival of the new crops in violation of the Guidelines.

The Department should review as to how subsequent expenditure was incurred towards maintenance cost without ensuring fulfilment of the conditions of survival rate of 75 per cent and 90 per cent of the plantations in the second and third year respectively as laid down in the Guidelines and take corrective action as appropriate to avoid such recurrence in future.

During Exit Conference (April 2022), the Department accepted the audit observation and stated that the issue will be addressed in future.

### 3.2.1.6 Establishment of Nurseries for Area Expansion

SHM provided financial assistance under MIDH for establishment of Hi-tech<sup>21</sup> Nurseries and Small Nurseries<sup>22</sup> @100 per cent of the cost or maximum of ₹ 25 lakh/ha and ₹ 15 lakh/ha respectively, for public sector. For private sector,

<sup>18</sup> Including maintenance cost for plantations taken up prior to 2015-16.

<sup>19</sup> Crops such as Kiwi, Guava, Litchi, Lemon, Orange, Peace, Pear, Plum, Passion fruit, Apple and Grapes.

<sup>20</sup> Crops such as Banana, Pineapple and Papaya.

<sup>21</sup> Nurseries having an area between 1 to 4 ha with a capacity to produce 50,000 plants per ha per year.

<sup>22</sup> Nurseries having an area of upto 1.00 ha with a capacity to produce 25,000 plants per ha per year.

financial support was allowed for Hi-tech Nurseries @ 40 per cent of cost or maximum of ₹ 10 lakh/ha, and 50 per cent for cost for Small Nurseries or maximum of ₹ 7.5 lakh/ha. Nurseries were established to meet the requirement of planting material for Area Expansion and rejuvenation programme during 2015-16 to 2019-20.

Scrutiny of records and Joint Inspection revealed the following observations:

**(a) Small Nurseries (private sector)**

The SHM sanctioned ₹ 157.50 lakh for establishment of 21 Small Nurseries (private sector) in the State. Out of which, ₹ 82.50 lakh was released for establishment of 11 Small Nurseries (private sector) in four sampled districts (Ukhrul, Senapati, Imphal East and Bishnupur).

However, the required approval of SLEC was obtained only for three nurseries (₹ 22.5 lakh= ₹ 7.5 x 3) at Kachai (Ukhrul), Tusom (Ukhrul) and Taphou Pudunamei (Senapati). As a result, payment of ₹ 60 lakh (₹ 82.5 lakh – ₹ 22.5 lakh) against the other eight private Small Nurseries was unauthorised. Moreover, these six Nurseries were given excess amount of ₹ 16.12 lakh above the permissible 50 per cent of the cost in violation of the Scheme Guidelines. Details are as given below.

**Table 3.8: Excess financial assistance on establishment of nurseries**

(₹ in lakh)

Sl. No.	Beneficiary	Location	District	Cost based on expenditure voucher	Assistance payable @ 50 per cent	Assistance paid	Excess Assistance
1	Ayo Keishing	Nambashi	Ukhrul	6.75	3.375	7.5	4.125
2	Huikap Farmers Group	Poiroukhongjin	Imphal East	12	6	7.5	1.5
3	Th. Inaobi	Huikap	Imphal East	12	6	7.5	1.5
4	C L Yaoreila	Thiwa	Senapati	12	6	7.5	1.5
5	Poiroukhongjin Women Welfare Association	Poiroukhongjin	Imphal East	7.5	3.75	7.5	3.75
6	The Young Farmers Club	Moirangpurel	Imphal East	7.5	3.75	7.5	3.75
<b>Total</b>				<b>57.75</b>	<b>28.88</b>	<b>45</b>	<b>16.125</b>

Source: Bill/Voucher copies and Bank Statement.

Further, in respect of the approved three Nurseries<sup>23</sup> stated above, no supporting vouchers for ₹ 22.50 lakh released have been obtained by SHM for the last 11 to 39 months as on March 2020. None of the 11 Nurseries funded in the four sampled districts have been accredited till March 2021 as required and thus the quality of planting material produced by these Nurseries could not be ensured.

Joint inspection (August 2021) of eight (₹ 60 lakh) out of 11 Nurseries in the four sampled districts revealed the following deficiencies:

<sup>23</sup> (i) N. Kaikho, Taphou Village, Senapati District, (ii) C.T. Raishang, Tusom Village, Ukhrul and (iii) Paona Ps, Kachai Village, Ukhrul.

**Table 3.9: Deficiencies observed in the nurseries physically verified**

Beneficiary	Location	District	Observation during physical verification
Paona Ps	Kachai	Ukhrul	No shade house. Not equipped with irrigation system (Sprinkler/drip irrigation).
N. Kaikho	Taphou Pudunamei	Senapati	No mother plants block was present. Polyhouse found damaged and lying idle.
Leesana Foundation	Maibam	Bishnupur	Polyhouse not installed. Vegetative propagation not started.
C L Yaoreila	Thiwa	Senapati	No irrigation facility. Shade house lying idle. No polyhouse and mother block found.
Poiroukhongjin Women Welfare Association	Poiroukhongjin	Imphal East	Mother Plant block not found, no irrigation facility such as sprinkler or drip irrigation. Shade house lying idle.
M. Shyamchandra Singh	Naodakhong	Bishnupur	No polyhouse found installed. No irrigation facilities.

Thus, it is evident from above that six out of eight Nurseries inspected were found to be unfit for producing high quality planting material as envisaged in the scheme, rendering the expenditure of ₹ 60 lakh towards establishing these Nurseries wasteful. The envisaged production of 1.50 lakh<sup>24</sup> high quality planting material per annum from the said six Nurseries for Area Expansion and rejuvenation was also not achieved.

The following photographs show the Nurseries lying idle:



*Shade Net house of Nursery unit of CL Yaoreila at Thiwa (Senapati District) lying idle with no irrigation facilities, no mother plants block and no polyhouse*



*Nursery Unit of N. Kaikho at Taphou Pudunamei (Senapati District) lying idle with no mother plant block*



*Nursery of Leesana Foundation at Nambol Maibam (Bishnupur District) lying idle with no polyhouse structure*



*Nursery unit of Poiroukhongjin Women Welfare Association at Poiroukhongjin (Imphal East) lying idle with no mother plants block and no irrigation facilities*

<sup>24</sup> Each nursery was to produce 25,000 planting materials.



During Exit Conference (April 2022), the Department accepted the audit observation and stated that the beneficiaries have been instructed to make the Nurseries fully functional.

***(b) Hi-tech Nurseries (Public)***

Eight small Hi-tech Nurseries of ₹ 25 lakh each were approved by SLEC in August 2015. Out of the eight small Hi-tech Nurseries, one project for rapid multiplication of quality planting material of Guava was taken up in one sampled district of Ukhruul at Thawai Mahadeva Farm at a cost of ₹ 28.14 lakh during September 2015 to May 2016. During May to September 2018, additional amount of ₹ 10 lakh was incurred for upgradation of the farm to meet accreditation norms.

Joint inspection (March 2021) of the farm revealed that Polyhouses, Shade net Houses, Water Tanks were already lying idle due to lack of irrigation facilities and maintenance. Not a single Guava had been produced since the establishment of the Nursery as shown in the pictures:



***Shade house with no irrigation facilities, dried up planting materials (Ukhrul district)***



***Guava mother plants found destroyed by fire (Ukhrul district)***



***Tubular polyhouse lying idle (Ukhrul district)***



***Completely damaged polyhouses (Ukhrul district)***

Thus, expenditure of ₹ 38.14 lakh towards establishment of Hi-tech Nurseries (₹ 28.14 lakh) and its upgradation (₹ 10 lakh) at Thawai Mahadeva Farm (Ukhrul) was wasteful and failed to achieve the intended objective of producing quality planting materials. Thus, the envisaged production of 50,000 number of Guava per hectare (per annum) was not achieved due to poor planning for the Hi-tech Nurseries.

In reply, the Department stated (April 2022) that the Nurseries will be made functional to produce the targeted quality planting materials and seek accreditation of the farms at the earliest.

### 3.2.1.7 Development of Progeny Orchard cum Nursery (POCN)

Under State Plan, a scheme for development of Progeny Orchard cum Nursery was taken up in four State Departmental Farms at Mao Maram, Thawai Mahadeva, Gelzang and Jiribam. The primary objective of the farms was to provide quality planting material to the farmers.

The Department incurred a total of ₹ 1.43 crore for production of planting material such as guava, lime, lemon *etc.*, in the four Departmental farms for sales during 2015-16 to 2019-20. The cost of production of planting material and sales proceeds were as given below:

**Table 3.10: Comparison of cost of production and Sale Proceeds**

(₹ in lakh)

Year	Farm at Mao-Maram		Farm at Thawai Mahadeva		Farm at Gelzang		Farm at Jiribam	
	Cost of production	Sale Proceeds	Cost of production	Sale Proceeds	Cost of production	Sale Proceeds	Cost of production	Sale Proceeds
2015-16	6.00	0.00	6.00	0.00	6.00	0.00	6.00	0.00
2016-17	4.00	0.00	8.00	3.00	4.00	0.00	6.00	0.37
2017-18	4.00	0.30	8.00	3.01	5.00	0.00	6.00	0.25
2018-19	8.25	0.10	14.50	9.71	7.75	0.00	21.40	1.02
2019-20	7.91	0.10	4.00	0.07	3.68	0.00	6.19	0.23
<b>Sub-Total</b>	<b>30.16</b>	<b>0.50</b>	<b>40.50</b>	<b>15.79</b>	<b>26.43</b>	<b>0.00</b>	<b>45.59</b>	<b>1.87</b>
<b>Total</b>	<b>Cost of production = 142.68</b> (30.16 + 40.50 + 26.43 + 45.59) <b>Sale Proceeds = 18.16</b> (0.50 + 15.79 + 0 + 1.87)							

*Source: Bill/Voucher copies and Challan Copies.*

Thus, the four Departmental farms could realise only ₹ 18.16 lakh from sale proceeds of planting material as against the total cost of production of ₹ 1.43 crore. The sale proceeds of planting material from/for the Departmental farm at Gelzang was nil as against the total cost of production of ₹ 26.43 lakh. Non-recovery of the cost of production from the sale proceeds indicated poor performance of the four Departmental farms.

Joint inspection (February and March 2021) of three out of four Departmental farms (Farm at Mao-Maram, Thawai Mahadeva and Gelzang) revealed that farms were without maintenance and the assets were lying idle with no sign of production of planting material as shown in photographs:



**Damaged shade net at Maram Farm**



**Hi tech polyhouse lying idle at Maram Farm**



**Encroachment inside farm land at Maram**



**Idle Polyhouse at Thawai Farm**



**Damaged water tank at Thawai Farm**



**Idle Tissue culture Lab at (Thawai)**



**Primary Nursery Centre at Gelzang Farm lying idle**



**Office building (Gelzang)**



**Water tank at Gelzang firm lying idle**

Thus, the Departmental farms did not set specific target for production of planting material and also failed to achieve the objective of producing quality planting material for the farmers and expenditure of ₹ 97.09 lakh against three Departmental farms inspected remained unproductive due to non-utilisation of the existing assets already created. This clearly indicates that there was no monitoring by the Department. The Department should review the working of the farms and take steps to revive the farms for production of quality planting material by setting specific targets.

During Exit Conference (April 2022), the Department stated that close monitoring will be done and the production centres would be made fully functional to enable supply of quality planting material to the farmers at the earliest.

### **3.2.1.8 Multiplication of Potato Foundation Seeds**

#### **(a) Production and non-recovery of cost of cultivation**

Under State Plan, the scheme of Multiplication of Potato Foundation Seeds was implemented at State owned Regional Seed Potato Production Farm situated at Mao established in 1970 with the objective of producing quality potato foundation seeds. The total area of the farm was 1070 acres of which the cultivable area was 600 acres.



The farm incurred a total of ₹ 3.82 crore for producing quality potato foundation seeds during 2015-16 to 2019-20. Year-wise details of cultivated area, cost of cultivation, production and proceeds from sales were as below:

**Table 3.11: Details of cultivated area, cost of cultivation, production and sale proceeds**

(₹ in lakh)

Year	Cultivated Area <sup>25</sup> (Acre)	Production <sup>26</sup> (MT)	Production per acre	Cost of cultivation	Sale proceeds	Cost of cultivation over sale proceeds
2015-16	80	33.57	0.42	80.63	10.06	70.57
2016-17	80	209.34	2.62	76.41	07.62	68.79
2017-18	80	212.00	2.65	88.99	10.55	78.44
2018-19	60	31.80	0.53	91.99	0.00	91.99
2019-20	40	24.60	0.61	43.84	0.60	43.24
<b>Total</b>	<b>340</b>	<b>511.31</b>	<b>6.83</b>	<b>381.86</b>	<b>28.83</b>	<b>353.03</b>

Source: Muster Roll and Challan copies.

It can be seen from the above table that the production per acre during 2015-16 to 2019-20 ranged from 0.42 MT to 2.65 MT. The production per acre decreased by 80 per cent in 2018-19 and by 77 per cent in 2019-20 as compared to the production per acre during 2017-18. Moreover, the farm could not meet the cost of cultivation from its sale proceeds in any of the years and the excess cost of cultivation over sale proceeds ranged from ₹ 43.24 lakh in 2019-20 to ₹ 91.99 lakh during 2018-19.

The Department needs to review the cause for decreasing trend of production per acre and non-recovery of cost of cultivation so as to make the farm sustainable in the future to produce quality potato foundation seeds for supplying to the farmers.

During Exit Conference (April 2022), the Department stated that efforts will be made to maximise potato production in future.

### **(b) Doubtful expenditure**

Further, audit scrutiny of muster rolls revealed that there was discrepancy between potato cultivated area and harvested area in 2017-18 and 2018-19 as detailed below:

**Table 3.12: Discrepancy between cultivated area and harvested area**

(Area in acres)

Year	Cultivated Area	Harvested Area	Discrepancies
2017-18	80	60	20
2018-19	60	30	30
<b>Total</b>	<b>140</b>	<b>90</b>	<b>50</b>

Source: Muster Roll copies.

It can be seen from the above table that in 2017-18 and 2018-19, the total harvested area as against the cultivated area was less by 50 acres. The amount of ₹ 17.71 lakh paid for cultivation of 50 acres in excess of the harvested area was found to be unnecessary and hence doubtful. (Details in **Appendix 3.1**). The State Government

<sup>25</sup> As per Muster Roll.

<sup>26</sup> Production was for the area cultivated in the previous year (Potato plantation took place during January to March and harvested in June to August).

should verify the genuineness of the expenditure incurred by the Department to avoid loss of public money under intimation to Audit.

The reply of the Department is still awaited (April 2022).

### **Conclusion**

- Against the Physical target of 12,174.53 hectares, 9,072.90 hectares (75 per cent) was shown to have been achieved with Financial achievement of ₹ 27.40 crore (74 per cent) as against the Financial target of ₹ 37.18 crore. The shortfall in Area Expansion was the highest at 53 per cent in respect of Flowers and it was lowest at 19 per cent in case of Spices. However, the physical achievement reported under MIDH scheme during the five years' period from 2015-16 to 2019-20 did not match with the overall position of area coverages under various crops of the State as per official data in Horticulture Area Production Information System (HAPIS) website.
- Even after five years of MIDH intervention by SHM and despite substantial expenditure of ₹ 15.69 crore during the five years' period from 2015-16 to 2019-20, the overall area under Fruits, Spices and Flowers declined considerably by 15 per cent to 93 per cent respectively. Even in respect of Vegetables, the area coverage declined (41 per cent) from 59.29 thousand hectares in 2016-17 to 34.93 thousand hectares in 2019-20.
- In the four sampled districts, it was noticed that as per MIDH data Physical achievement ranged between 453.31 ha and 1453 ha of Area Expansion in various crops during 2015-16 to 2019-20. However, as per HAPIS' website, the position showed a declining trend between the period from 2014-15 to 2019-20 in all the three sampled districts except in respect of Ukhrul.
- In violation of the Guidelines, planting material valued ₹ 24.04 crore was purchased from 21 unaccredited Nurseries (private suppliers) during 2015-16 to 2019-20 despite as many as 33 Accredited Nurseries were available in the North Eastern States alone and another 406 Accredited Nurseries in other states of India.
- Expenditure of ₹ 2.25 crore incurred in two separate cases for purchase of 39,94,060 Pineapple suckers and 72.86 MT of Ginger by the Mission Director of SHM for total Area Expansion of 606 ha for Pineapple and 170 ha for Ginger cultivation respectively was doubtful as the materials valuing ₹ 43.10 lakh stated to have been issued to Ex-Officio Project Officer, Imphal East was not received even after a lapse of over four years. Besides, Pineapple suckers and Ginger for which ₹ 1.82 crore was paid to "M/s Pineapple & Ginger Farm, Andro, Imphal East" had not been received even after a lapse of two years as on March 2020.
- Further, an amount of ₹ 46.70 lakh paid for purchase of 9,34,000 Pineapple suckers by Ex-officio Project Officer to "M/s Pineapple & Ginger Farm, Andro, Imphal East" for Area Expansion of 130 ha under Pineapple cultivation was yet

to be received even after a lapse of over three years and the expenditure was doubtful.

- In violation of Guidelines, ₹ 2.82 crore and ₹ 1.11 crore was incurred for maintenance of perennial and non-perennial crops respectively in the four sampled districts without ensuring survival rate of 75 per cent and 90 per cent of plantations in the second and third years respectively.
- Under MIDH, ₹ 82.50 lakh was released for establishment of 11 Small Nurseries in four sampled districts, of which only three private nurseries were approved by SLEC but SHM paid ₹ 60 lakh without the approval of SLEC to eight private Nurseries. None of the 11 private Nurseries had been accredited till March 2020 as emphasised in the scheme.
- Eight out of 11 Nurseries were inspected, six Nurseries after incurring ₹ 45 lakh were found unfit for producing 1.50 lakh high quality planting material per annum due to lack of required infrastructure. Similarly, expenditure of ₹ 38.14 lakh incurred towards establishment of Hi-tech Nursery (₹ 28.14 lakh) and its upgradation (₹ 10 lakh) at Thawai Mahadeva Farm (Ukhrul) was wasteful and the envisaged production of 50,000 quality Guava per hectare (per annum) was not achieved due to lack of irrigation facilities, maintenance and poor planning.
- Under State Plan, an amount of ₹ 1.43 crore was spent for production of planting material such as guava, lime, lemon, etc., in the four Departmental farms. The assets of three out of the four departmental farms jointly inspected were lying idle without any maintenance and without any sign of producing planting materials on the day of inspection even after incurring expenditure of ₹ 97.09 lakh.
- During the last five years from 2015-16 to 2019-20, *Regional Seed Potato Farm at Mao* spent ₹ 3.82 crore for producing quality foundation seeds. However, the production per acre decreased by 80 per cent in 2018-19 and by 77 per cent in 2019-20 as compared to the production per acre during 2017-18. Moreover, the farm could not meet the cost of cultivation from its sale proceeds in all the five years' period.

### Recommendations

- *State Government should review the reporting system under MIDH to confirm as to whether the actual field level data are collected for reporting the Physical achievement to ensure its reliability, and reconcile with the official data of HAPIS for reporting of the actual achievement of the scheme.*
- *Department should initiate immediate action to recover the paid amount from the local supplier of Pineapple suckers and Ginger to avoid loss of public funds permanently. Further, State Government may conduct investigation for the suspected misappropriation at the earliest and responsibility should be fixed for misappropriation of Government funds.*

- *State Government should investigate the irregularities w.r.t the payment of ₹ 60 lakh, made to small nurseries without obtaining required approval of SLEC and fix responsibility of the erring officials within a specified time frame. Department should also initiate necessary action to recover excess amount paid to nurseries concerned.*
- *Department should review the present system of providing maintenance assistance for perennial and non-perennial crops without actual verification of crops survival on the ground and ensure fulfilment of the conditions by the beneficiaries as per guidelines before providing such maintenance cost.*
- *State Government should review the position of Nurseries (Public and Private) funded under MIDH to identify deficiencies in their infrastructure and to take necessary steps for meeting accreditation norms for obtaining accreditation in the future as envisaged in the Scheme.*
- *State Government should review as to why the assets already created in the Departmental farms are remaining idle with no sign of production of planting material despite incurring expenditure of ₹ 1.43 crore with a view to reviving the farms for producing high quality planting material.*
- *Department needs to review the causes for the decreasing trend of production of Potato Foundation Seeds per acre and non-recovery of the cost of cultivation by Regional Seed Potato Production Farm so as to make the farm sustainable in the future to produce quality Potato Foundation Seeds.*

### **3.2.2 Production and promotion of technology**

#### **3.2.2.1 Mushroom Production**

##### **(a) Under MIDH**

Under MIDH, SHM released ₹ 5.81 crore for setting up of 46 Mushroom production units (₹ 3.68 crore), 16 Spawn production units (₹ 1.05 crore) and 12 Compost making units (₹ 1.08 crore) in the State during 2015-16 to 2019-20.

An amount of ₹ 2.22 crore out of ₹ 5.81 crore was released to 29 beneficiaries for setting up of 21 Mushroom production units (₹ 1.68 crore), five Spawn production units (₹ 30 lakh), and three Compost making units (₹ 24 lakh) in the four sampled districts (Bishnupur, Imphal East, Senapati and Ukhrul).

Joint inspection (August 2021) conducted for 28 units<sup>27</sup> funded at the cost of ₹ 2.14 crore in the sampled districts revealed the following position:

- a) Five Mushroom Production units (25 MT capacity) funded at the cost of ₹ 40 lakh and one Spawn Production unit (₹ 6 lakh) and one Compost production unit (₹ 8 lakh) were not found at site.

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<sup>27</sup> 20 Mushroom production units (₹ 1.60 crore), five spawn production units (₹ 30 lakh) and three compost units (₹ 24 lakh).

- b) 16 production units funded at the cost of ₹ 1.24 crore {12 Mushroom Production units costing ₹ 96 lakh with 60 MT capacity @ 5 MT per unit, two Spawn production units (₹ 12 lakh), and two Compost units (₹ 16 lakh)} as given in **Appendix 3.2** } were lying idle without any activity.
- c) Two Mushroom Production units with 10 MT capacity (₹ 16 lakh), one each at Bishnupur District and Senapati District remained incomplete for 23 to 34 months as on 31 March 2020. Photographs of the two incomplete Mushroom Production units on the date of physical verification are shown below:



- d) Three production units {one Mushroom Production unit with 5 MT capacity (₹ 8 lakh) at Bishnupur District, and two Spawn Production units (₹ 12 lakh) at Bishnupur and Imphal East Districts} were found operational.

It can be seen from above that out of the total amount of ₹ 2.14 crore released to beneficiaries for setting up of 28 production units test checked in the four sampled districts, seven production units (₹ 54 lakh) were not found at site. Whereas, 16 production units (₹ 124 lakh) were lying idle without any production activities, two units (₹ 16 lakh) remained incomplete for 23 to 34 months. Only three production units of ₹ 20 lakh (nine *per cent* of the total expenditure) were actually functional.

Thus, SHM failed to ensure effective utilisation of the amounts paid to the beneficiaries to achieve the intended objective even in the four sampled districts. The Department should review the position in the State and take corrective steps to prevent wasteful expenditure of public funds.

In reply, the Department accepted the audit observation and stated (April 2022) that the beneficiaries have been instructed to construct the production units not found at sites, and to complete the incomplete units at the earliest. Department also instructed to make the idle units functional.

### **(b) Under State Plan**

Under State Plan, one Mushroom Development scheme was implemented at Thoubal at the cost of ₹ 11.84 lakh during 2015-16 to 2019-20 by the District Office, Thoubal. The year-wise cost of Mushroom and Spawn Production and sale proceeds of Spawn and Mushroom during the period 2015-16 to 2019-20 was as below:



**Table 3.13: Comparison cost of production and Sale Proceeds**

(₹ in lakh)

Year	Cost of Production	Sale proceeds of Spawn and Mushroom	Cost of cultivation over sale proceeds (per cent)
2015-16	2.00	0.53	1.47
2016-17	1.992	0.44	1.55
2017-18	1.998	0.44	1.56
2018-19	2.50	0.40	2.10
2019-20	3.35	0.00	3.35
<b>Total</b>	<b>11.84</b>	<b>1.81</b>	<b>10.03</b>

Source: Bill/Voucher and Challan copies.

Thus, against the total cost of production of Spawn and fresh Mushroom of ₹ 11.84 lakh, only ₹ 1.81 lakh was realised from the sales of the Spawn and Mushroom. The cost of production to the extent of ₹ 10.03 lakh was yet to be recovered, indicating poor performance.

Joint inspection (April 2021) revealed that machineries such as Autoclave, Hot Air Oven, Incubator, Refrigerator and Laminar Flow were lying idle as shown below:



*Autoclaves lying idle*

*Incubators lying idle*

*Laminar flow lying idle*

Thus, Department needs to review the working of the unit to ensure utilisation of the existing machineries to enhance production of Mushroom and Spawn by setting specific targets and imparting training to operate the machines to the staff.

The reply of the Department is still awaited (April 2022).

### 3.2.2.2 Creation of Water Sources for increasing production

SHM took up scheme under MIDH for constructing individual farm ponds of 1200 cum to ensure life-saving irrigation to horticulture crops for increasing production. Funding for farm pond (300-micron plastic/RCC lining) was provided @ 50 per cent of the cost or maximum of ₹ 62.5/cum and ₹ 75/cum of storage capacity for plain and hill areas respectively. In respect of unlined farm ponds funding was to be reduced by 30 per cent i.e. ₹ 43.75/cum and ₹ 52.5/cum for plains and hills respectively.

SHM released ₹ 3.92 crore for construction of 483 individual farm ponds in the State during 2015-16 to 2019-20. In the four sampled districts (Ukhrul, Senapati, Imphal East and Bishnupur), an amount of ₹ 1.46 crore was paid for construction of 183 individual farm ponds.

Audit, however, observed that the details of the ponds such as their sizes, types of ponds (lined/unlined), and the area of horticulture crops irrigated by these farm ponds were not on record. In the absence of DPRs and projected area to be irrigated, it was not possible to assess the area of horticulture crops irrigated by these ponds. Joint inspection (August 2021) of 29 individual ponds out of 183 individual ponds constructed in the four sampled districts revealed the following:

- (i) Only two ponds<sup>28</sup> were lined ponds and the remaining 27 ponds were unlined ponds.
- (ii) 26 ponds (01 lined & 25 unlined ponds) were smaller than the prescribed size of 1200 cum ranging from 20.9 cum to 1189 cum.
- (iii) Each beneficiary in the plain areas and hill areas was given a fixed rate of ₹ 75,000 and ₹ 90,000 respectively irrespective of the size and types of the ponds constructed in violation of the Guidelines. The excess payment made to beneficiaries worked out to ₹ 16.42 lakh (**Appendix 3.3**).
- (iv) Ten<sup>29</sup> out of 29 individual ponds inspected (Sl. No 2, 8, 9, 11, 13, 17, 18, 26, 28 and 29 in the **Appendix 3.3**) funded at the cost of ₹ 8.25 lakh had no area under horticulture crops in nearby areas, whereas, 19 ponds (₹ 14.72 lakh) with water for irrigation had horticulture crop cultivation in nearby areas. The actual area irrigated had not been assessed by the Department.

Thus, failure of SHM to adhere to the Scheme Guidelines resulted in excess expenditure of ₹ 16.42 lakh towards construction of 29 individual ponds. Moreover, while 26 ponds constructed were below the prescribed size, ten of them (₹ 8.25 lakh) failed to provide irrigation to horticulture crops as there was no cultivation of horticulture crops in the surrounding area. The total area irrigated by the farm ponds after incurring huge expenditure of ₹ 3.92 crore should be ascertained to know the extent of impact of the scheme.

In reply, Department stated (April 2022) that the prescribed size of ponds could not be achieved as the cost norm has not been revised since 2014. Proper survey will be done before selection of beneficiaries henceforth to ensure availability of horticulture plantation in the area.

The Department should adhere to the Scheme Guidelines to achieve Scheme objective and to avoid overpayment of Scheme funds.

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<sup>28</sup> Th. Solomon, Purul (Senapati District) and Danai Bliss Hanah, Purul Akutpa (Senapati District).

<sup>29</sup> Three ponds had no water, four ponds were being used for fish farming and the remaining three were not being utilised for any specific purpose.

### 3.2.2.3 Protected cultivation

#### (a) Naturally Ventilated Greenhouse/ Polyhouse

As per Scheme Guidelines of MIDH, SHM was to provide financial assistance for construction of Naturally Ventilated Tubular Greenhouse/Polyhouse @ 50 per cent of cost and at the maximum of ₹ 609.50 per sqm. The balance cost was to be borne by the beneficiaries.

SHM incurred ₹ 13.72 crore for construction of 207 (82,957 sqm) Naturally Ventilated Tubular Polyhouses for cultivation of high value crops such as flowers, King Chilli, Capsicum, Tomatoes, etc., in the State during 2015-16 to 2019-20. An amount of ₹ 5.80 crore was incurred for 92 beneficiaries in the four sampled districts (Bishnupur, Imphal East, Senapati and Ukhrul) for construction of 92 (34941 sqm) Naturally Ventilated Tubular Polyhouses as per details given below:

**Table 3.14: Details of payments made for construction of tubular polyhouses**

(₹ in lakh)

District	No. of Beneficiaries	Total Area of Polyhouse (Sqm)	Cost of Polyhouse	Cost to be borne by SHM @ ₹ 609.50/Sqm	Cost to be borne by beneficiaries	Cost actually borne by	
						SHM	Beneficiaries
Ukhrul	12	4,978	83.63	30.34	53.29	81.41	2.22
Senapati	17	6,034	101.37	36.78	64.59	99.59	1.78
Imphal East	38	14,219	251.09	86.66	164.43	238.69	12.40
Bishnupur	25	9,710	164.24	59.18	105.06	160.40	3.84
<b>Total</b>	<b>92</b>	<b>34,941</b>	<b>600.33</b>	<b>212.96</b>	<b>387.37</b>	<b>580.09</b>	<b>20.24</b>

Source: Supply Orders, Stock Registers and information furnished by SHM.

Audit observed from above that SHM incurred ₹ 5.80 crore for 92 beneficiaries in the four sampled districts against the admissible amount of ₹ 2.13 crore resulting in excess expenditure to the extent of ₹ 3.67 crore in violation of the Scheme Guidelines. Against the required contribution of ₹ 3.87 crore, only ₹ 20.24 lakh was collected from the beneficiaries by SHM indicating weak monitoring in implementation.

Joint inspection (September 2021) of 21 Polyhouses (₹ 1.24 crore) in the four sampled districts revealed that ten Polyhouses (₹ 58.48 lakh) were found utilised for the intended purpose covering a total area of 3,400 Sqm. While four Polyhouses (₹ 26.88 lakh) having an area of 1,600 Sqm were partially utilised for cultivation, the remaining seven Polyhouses (₹ 38.64 lakh) for total area of 2300 Sqm were lying idle for lack of irrigation facilities or utilised as storage houses and for poultry farming as detailed below:

**Table 3.15: List of Polyhouses lying idle**

Sl. No.	Name of Beneficiary	Location	Area of Polyhouse (Sqm)	Cost (₹ in lakh)	Remarks
1	Thotmaya Ragui	Awontang (Ukhrul District)	500	8.4	Found utilised for poultry farming. Polyhouse was torn
2	Chinaongam Luikham	Kharaphung, (Ukhrul District)	300	5.04	Found utilised for poultry farming



Sl. No.	Name of Beneficiary	Location	Area of Polyhouse (Sqm)	Cost (₹ in lakh)	Remarks
3	Leiyachon Sangkhro	Wino Bazar, (Ukhrul District)	300	5.04	Lying idle with no source of irrigation. Poultry structures inside the polyhouse
4	P.K Dasou Wilson	Nagri Khullen village, (Senapati District)	300	5.04	Lying idle used as storage house
5	Lucy Kaje	Makhrelui, (Senapati District)	300	5.04	Lying idle due to lack of irrigation source
6	Y. Tomba Singh	Andhro Loupachum (Imphal East District)	300	5.04	Lying idle and low lying area and frequently flooded
7	I. Saratchandra Singh	Tronglaobi Awang, Bishnupur (Bishnupur District)	300	5.04	No cultivation and used for storing straw
<b>Total</b>			<b>2,300</b>	<b>38.64</b>	

Photographs of idle Polyhouses at Khararpung (Ukhrul), Makhrelui (Senapati), Tronglaobi (Bishnupur) and Andro Loupachum (Imphal East) are shown below:



Thus, SHM incurred excess expenditure of ₹ 3.67 crore for 92 beneficiaries towards construction of 92 Naturally Ventilated Tubular Polyhouses beyond the maximum admissible limit in the four sampled districts in violation of the Guidelines. Further, ₹ 38.64 lakh incurred for construction of seven Polyhouses covering 2300 sqm remained unfruitful as they were not utilised for the purpose of crop cultivation.

In reply, Department stated (April 2022) that the beneficiaries could not contribute their share as they were poor farmers and they have assured proper utilisation of the Polyhouses which were lying idle.

The Department should adhere to the Scheme Guidelines to achieve Scheme objective and to avoid overpayment of Scheme funds.

***(b) Avoidable extra/excess payment in procurement.***

Under MIDH, SHM incurred (November 2018) ₹ 1.23 crore for purchase of material for construction of 20 Tubular Polyhouses of size 300 sqm each under 2018-19 (2<sup>nd</sup> Instalment) from M/s Sheel Biotech Limited, Delhi @ ₹ 6.15 lakh per polyhouse.

Audit, however, observed that Polyhouse of the same size was available @ ₹ 4.95 lakh at a local supplier (M/s Wahengbam Irrigation Enterprises). Thus, purchase of 20 Tubular Polyhouses at a higher rate resulted in avoidable extra expenditure of ₹ 24 lakh. SHM failed to follow due diligence in procurement.

In reply, the Department stated (April 2022) that Tubular Polyhouses with specific components, design and superior quality were purchased from M/s Sheel Biotech, a Delhi based reputed firm.

The reply of the Department is not acceptable as no specifications were laid down in the supply orders issued to M/s Sheel Biotech. Since the materials were available in the State at much lower price, the Department incurred avoidable extra expenditure.

***(c) Tubular Shade Net House***

As per Scheme Guidelines of MIDH, SHM was to provide financial assistance for construction of Tubular Shade Net House @ 50 per cent of cost and at the maximum of ₹ 408 per sqm. The balance cost was to be borne by the beneficiaries.

SHM released ₹ 1.55 crore for construction of 36 (12,232 sqm) Tubular Shade Net Houses in the State during 2015-16 to 2019-20. An amount of ₹ 50.74 lakh was paid for construction of 12 (4,033 Sqm) Tubular Shade Net Houses in the four sampled districts (Bishnupur, Imphal East, Senapati and Ukhrul) as per details given below:

**Table 3.16: Details of payment for construction of Tubular Shade Net Houses**

*(₹ in lakh)*

District	No. of Beneficiaries	Total Area of Shade Net House (Sqm)	Cost of Shade Net House	Cost to be borne by SHM @ ₹ 408/Sqm	Balance Cost to be borne by beneficiaries	Cost actually borne by SHM	Cost borne by Beneficiaries
Ukhrul	2	600	7.68	2.45	5.23	7.46	0.22
Senapati	1	400	5.12	1.63	3.49	5.12	0.00
Imphal East	6	1,800	23.04	7.34	15.70	22.38	0.66
Bishnupur	3	1,233	15.78	5.03	10.75	15.78	0.00
<b>Total</b>	<b>12</b>	<b>4,033</b>	<b>51.62</b>	<b>16.45</b>	<b>35.17</b>	<b>50.74</b>	<b>0.88</b>

*Source: Supply Orders, Stock Registers and information furnished by SHM.*

Audit observed from above that SHM incurred ₹ 50.74 lakh for 12 beneficiaries for construction of 12 (4,033 Sqm) Tubular Shade Net Houses in the four sampled districts against the admissible amount of ₹ 16.45 lakh, resulting in excess expenditure of ₹ 34.29 lakh.

Joint Inspection (December 2021) of seven Shade Net Houses (₹ 28.58 lakh) for a total area of 2233 Sqm @ ₹ 1280 per Sqm in two sampled districts (Imphal East-05 & Bishnupur-02) revealed that four Shade Net houses (₹ 18.34 lakh) of total area of

1433 Sqm as shown in the following photographs had been dismantled either due to wear and tear or inability to take up plantation:

**Photographs of four dismantled Shade Net Houses**



While one<sup>30</sup> Shade Net house (₹ 2.56 lakh) of 200 Sqm area constructed in January 2019 was found without any plantation, another<sup>31</sup> Shade Net House (₹ 5.12 lakh) of 400 Sqm area was partially utilised for cultivation of vegetables. Only one<sup>32</sup> Shade Net House (₹ 2.56 lakh) of 200 Sqm area was found to be fully utilised.

Thus, failure of SHM to adhere to the Scheme Guidelines had resulted in excess expenditure of ₹ 34.29 lakh towards construction of Tubular Shade Net Houses. Further, ₹ 20.90 lakh incurred for construction of five Shade Net Houses covering 1633 Sqm was wasteful as four of them had been dismantled and one was lying without any plantation.

The State Government should review the position for the whole State and corrective action be taken to avoid possible loss of public funds and to prevent such large-scale irregular expenditure of Scheme funds by SHM in future.

In reply, Department stated (April 2022) that the dismantled shadehouses will be reinstalled within a short period and the structures would be utilised for the intended purposes.

<sup>30</sup> Shade Net House of S. Robertson Singh at Kongba Laishram Leikai.

<sup>31</sup> Shade Net House of Hantaeo Hangshing at K. Vengnom.

<sup>32</sup> Shade Net House of H. Devan Singh at Yairipok Top.



### 3.2.2.4 Rejuvenation and Canopy Management

Under MIDH, assistance @ 50 per cent of the cost subject to a maximum of ₹ 20,000/ha limited to two ha per beneficiary is provided for rejuvenation and canopy management to increase production of orchards and plantations having low productivity.

During 2015-16 to 2019-20, ₹ 2.54 crore was incurred for rejuvenation/canopy management (purchase of tool kits and fertilisers *etc.*) in 1270 ha in the State. In the four sampled districts (Ukhrul, Senapati, Imphal East and Bishnupur), ₹ 72.06 lakh<sup>33</sup> was incurred for rejuvenation in 360.32 ha<sup>34</sup> areas.

Audit noticed that SHM incurred expenditure in the four sampled districts without conducting field surveys to identify unproductive/senile orchards requiring rejuvenation or canopy management. No yield data was collected and assessed before and after rejuvenation without which no meaningful intervention could be carried out for increasing production through rejuvenation. Thus, the actual achievement towards increasing production of Orchards and plantation by incurring ₹ 72.06 lakh for 212 beneficiaries in the four sampled districts could not be assessed.

Moreover, 33 beneficiaries in Ukhrul district were provided cash assistance of ₹ 72,065.00 each instead of supplying tool kits and fertiliser over and above the maximum permissible limit of ₹ 40,000 per beneficiary (₹ 20,000 x 2) in violation of the Scheme Guidelines which resulted in excess assistance of ₹ 10.58 lakh<sup>35</sup>.

The reply of the Department is still awaited (April 2022).

### 3.2.2.5 Pollination Support through Bee-Keeping

Under MIDH, in order to maximise production, assistance is provided @ 40 per cent of the cost for each of the Beekeeping activities such as setting up bee colonies, purchase of bee hives and bee keeping equipment subject to a maximum of ₹ 800 each for Bee colony and Bee hive and ₹ 8,000 for equipment including honey extractor. The balance cost was to be borne by the beneficiaries.

During 2015-16 to 2019-20, ₹ 3.02 crore was incurred towards purchase and distribution of Bee colonies, Bee hives and other Bee keeping equipment in the State. In the four sampled districts (Ukhrul, Senapati, Imphal East and Bishnupur), ₹ 1.25 crore was incurred for purchase and distribution of Bee colonies, Bee hives and other Bee keeping equipment to 3,549 beneficiaries as detailed below:

Table 3.17: Expenditure for Pollination Support

(₹ in lakh)

District	Bee Colony		Beehive		Equipment (Honey Extractor, Food Grade Container)		Total Cost
	No.	Cost	No.	Cost.	No.	Cost	
Ukhrul	390	3.12	385	5.59	104	4.60	13.31

<sup>33</sup> Ukhrul- ₹ 44.46 lakh, Senapati- ₹ 20.6 lakh, Imphal East- ₹ 3.0 lakh and Bishnupur- ₹ 4.0 lakh.

<sup>34</sup> Ukhrul-222.32 ha, Senapati- 103 ha, Imphal East-15 ha and Bishnupur-20 ha.

<sup>35</sup> 33 x (₹ 72,065-₹ 40,000)=₹ 10.58 lakh.

District	Bee Colony		Beehive		Equipment (Honey Extractor, Food Grade Container)		Total Cost
	No.	Cost	No.	Cost.	No.	Cost	
Senapati	360	2.88	355	5.35	102	3.62	11.85
Imphal East	1,507	12.05	1373	18.52	494	18.0	48.57
Bishnupur	1,529	12.23	1374	19.24	540	19.76	51.23
<b>Total</b>	<b>3,786</b>	<b>30.28</b>	<b>3487</b>	<b>48.7</b>	<b>1240</b>	<b>45.98</b>	<b>124.96</b>

Source: Supply Orders, Stock Registers and information furnished by SHM.

As per Guidelines, out of the total cost of ₹ 124.96 lakh, 40 per cent of the cost i.e. ₹ 49.98 lakh was to be borne by SHM and the balance cost of ₹ 74.98 lakh was to be borne by the beneficiaries. However, no beneficiary contribution was collected and the entire cost of ₹ 124.96 lakh was borne by SHM resulting in extension of excess assistance of ₹ 74.98 lakh. Audit also noticed that no field survey to identify as to whether the beneficiaries were actually cultivating horticulture crops or not was taken up.

In reply, the Department stated (April 2022) that the beneficiaries, being small and marginal farmers, could not contribute their share. Further, the Department stated that the cost of Bee colonies had been borne by the beneficiaries.

The reply is not acceptable as the Department failed to collect the beneficiaries shares in violation of the MIDH Guidelines. Moreover, the cost of Bee colonies was borne by the Department by incurring ₹ 30.28 lakh in the four sampled districts alone as depicted in **Table 3.17**.

### 3.2.2.6 Horticulture Mechanisation

Under MIDH, assistance is provided for procurement of power operated machines like tractors and power tillers with the objective of improving farm efficiency and reduce drudgery of farm work force. As per Guidelines, assistance is permissible for a maximum of ₹ 1.00 lakh and ₹ 0.75 lakh for tractor and per power tiller respectively. The balance cost of the machineries was to be borne by the beneficiaries.

During 2015-16 to 2019-20, SHM incurred ₹ 2.55 crore as assistance for purchase of 91 tractors and 219 power tillers in the State. Out of ₹ 2.55 crore, ₹ 1.27 crore was incurred in the four sampled districts as assistance for purchase of 42 tractors and 113 power tillers for 155 beneficiaries as detailed below:

**Table 3.18: Expenditure incurred for purchase of Tractors and Power Tillers**

(₹ in lakh)

Sl. No.	District	Tractor / Power tiller	Rate of subsidy per unit	No of beneficiary	Expenditure incurred	No of beneficiary not in the approved list	Expenditure incurred
1	Imphal East	Tractor	1.00	30	30	20	20
		Power Tiller	0.75	20	15	12	9
2	Bishnupur	Tractor	1.00	07	07.00	06	06
		Power Tiller	0.75	58	43.50	53	39.75
3	Ukhrul	Tractor	1.00	01	1.00	01	01.00
		Power Tiller	0.75	07	5.25	04	3.00

Sl. No.	District	Tractor / Power tiller	Rate of subsidy per unit	No of beneficiary	Expenditure incurred	No of beneficiary not in the approved list	Expenditure incurred
4	Senapati	Tractor	1.00	04	4.00	03	3.00
		Power Tiller	0.75	28	21.00	25	18.75
<b>Total</b>				<b>155</b>	<b>126.75</b>	<b>124</b>	<b>100.50</b>

*Source: Beneficiary Lists and bills/vouchers.*

Audit scrutiny revealed that the financial assistance was released directly to five dealers<sup>36</sup> on behalf of the beneficiaries. However, relevant documents for actual purchase of the machineries by the beneficiaries such as tax invoices and delivery challans were not available. In the absence of these documents, whether the expenditure of ₹ 1.27 crore was actually incurred for the approved items in the four sampled districts could not be ascertained.

Further audit scrutiny revealed that out of the 155 beneficiaries provided subsidy, 124 (80 per cent) beneficiaries were not found in the approved beneficiary lists submitted to SHM by the concerned Ex-Officio Project Officers which was irregular and resulted in depriving the approved beneficiaries.

The Department should confirm the actual supply of machineries as envisaged in the scheme and ensure extending the benefits to approved beneficiaries only.

In reply, the Department stated (April 2022) that beneficiaries chose the machineries on their own and after deposition of the matching share to the concerned firm and submission of relevant documents (vouchers, quotation *etc.*) SHM released the subsidies to the dealer.

However, Audit had not received the related purchase documents such as tax invoices and delivery challans till date (April 2022) for verification.

### **Conclusion**

- The SHM failed to ensure proper utilisation of funds paid to beneficiaries for production of Mushroom, Spawn and Compost in four sampled districts and the intended objective was not achieved even in the four sampled districts. Out of the total 20 Mushroom Production units with 100 MT capacity costing ₹ 1.60 crore funded under MIDH, only one unit (5 MT) costing ₹ 8 lakh at Bishnupur district was operational. Five units (25 MT) costing ₹ 40 lakh were not found at site, 12 Production units (60 MT) costing ₹ 96 lakh were lying idle without any activity and two Mushroom units (10 MT) costing ₹ 16 lakh remained incomplete for 23 to 34 months (March 2020).

Out of total of five Spawn Production units costing ₹ 30 lakh funded under MIDH, two units costing ₹ 12 lakh at Imphal East and Bishnupur were found operational. One unit costing ₹ 6 lakh was not found at site and two units costing ₹ 12 lakh were lying idle. In respect of Compost making unit, out of the total

<sup>36</sup> East India Machines, Machelva Agro Machineries, Jamunalal Mangilal & Co, Nganbi Motors, Kakwa and MI Tractors & Machines.

three units costing ₹ 24 lakh, one unit costing ₹ 8 lakh was not found at site and two units costing ₹ 16 lakh was lying idle.

- Under State Plan, one Mushroom development unit at Thoubal implemented at a cost of ₹ 11.84 lakh during audit period was not achieving the expected outputs as the machineries were lying idle.
- Of the 29 individual ponds jointly inspected out of 183 individual ponds constructed in the four sampled districts, for creation of water source for providing life saving irrigation to horticulture crops for increasing production, only 19 ponds (66 per cent) costing ₹ 14.72 lakh constructed had horticulture crops cultivated in nearby areas. Whereas 10 ponds (₹ 8.25 lakh) constructed did not have nearby area under horticulture crops cultivation. The actual area of irrigation had not been assessed by the Department. An amount of ₹ 16.42 lakh was paid to the 29 beneficiaries in excess of the prescribed amount.
- 21 Polyhouses (₹ 1.24 crore) jointly inspected for total area of 7,300 sqm out of 92 Polyhouses constructed in the four sampled districts, seven Polyhouses (₹ 38.64 lakh for 23,00 sqm area) were lying idle due to lack of irrigation facilities or utilised as store house or poultry farming in deviation of the intended purpose. An amount of ₹ 3.67 crore was paid in excess to 92 beneficiaries towards construction of Polyhouses beyond the permissible limit in violation of the Guidelines. Similarly, an amount of ₹ 34.29 lakh was paid in excess to 12 beneficiaries for construction of 12 Tubular Shade Net Houses (4033 sqm) against admissible limit. In joint inspection of seven Shade Net Houses (28.58 lakh) out of 12 Shade Net Houses constructed in the four sampled districts, four Shade Net Houses (₹ 18.34 lakh) were found dismantled and one Shade Net house (₹ 2.56 lakh) was found without any crop cultivation.
- An amount of ₹ 72.06 lakh incurred on rejuvenation for a total area of 360.32 ha in the four sampled districts without conducting field survey to identify or verify unproductive/senile orchards was not prudent. In Ukhrul district, financial assistance of ₹ 10.58 lakh was paid in excess to 33 beneficiaries in violation of the Guidelines.
- An amount of ₹ 1.25 crore was incurred for purchase and distribution of Bee colony, Bee hives, other Bee keeping equipment under MIDH to 3549 beneficiaries without assessing whether the beneficiaries were actually cultivating horticulture crops in nearby areas. No beneficiary contribution to the extent of ₹ 74.98 lakh had been collected so far.
- An amount of ₹ 1.27 crore paid directly to five dealers for providing financial assistance for purchase of 42 tractors and 113 power tillers to 155 beneficiaries could not be verified whether actual purchase and distribution of machineries were made to the beneficiaries due to lack of documentary evidence. Moreover, 124 out of 155 beneficiaries were not found in the approved beneficiaries list, thereby depriving the eligible beneficiaries.

## **Recommendations**

- *State Government should review all 74 production units (Mushroom, Spawn and Compost) funded at a cost of ₹ 5.81 crore and take corrective steps to commence production activities and prevent wasteful expenditure of public funds.*
- *State Government should review all the 483 individual farms ponds funded under MIDH and assess total area irrigated by these ponds to ascertain the impact of the schemes and take corrective action to ensure proper utilisation of public funds.*
- *State Government should review the position of Polyhouses and Shade Net Houses in the entire State and take possible corrective action to avoid loss of public funds and ensure that the Polyhouses and Tubular Shade Net Houses are made operational. State Government should also initiate immediate action to recover the excess amount paid and fix responsibility of the official (s) concerned for overpayment of Scheme Fund violating the scheme guidelines.*
- *Department should initiate immediate action to recover the paid amount from the local supplier of Pineapple suckers and Ginger to avoid loss of public funds permanently. Further, State Government may conduct investigation for the suspected misappropriation at the earliest and responsibility should be fixed for misappropriation of Government funds.*
- *State Government should ensure that financial assistance for rejuvenation and canopy management are extended to eligible beneficiaries only after identifying the ownership of the orchards and actual field level conditions and avoid excess payment of financial assistance.*
- *State Government should take up necessary steps to collect contributions from the beneficiaries for Bee keeping activities as per the Guidelines.*
- *State Government should confirm the actual supply of machineries as envisaged in the scheme and ensure extending the benefit to approved beneficiaries only. State Government should also investigate the irregularities in providing subsidy other than the approved beneficiaries and fix responsibility of the erring officials within a specified time frame.*