



सत्यमेव जयते

**Report of the  
Comptroller and Auditor General of India  
on  
Performance Audit of  
Development and Promotion of Horticulture  
for the year ended 31 March 2020**



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest



Latitude: 24.5422  
Longitude: 93.78783  
Elevation: 174.29m  
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**GOVERNMENT OF MANIPUR**  
*Report No. 3 of 2022*



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## TABLE OF CONTENTS

PARAGRAPH	PARTICULARS	PAGE(S)
	Preface	v
	Executive Summary	vii
<b>CHAPTER I: INTRODUCTION AND AUDIT FRAMEWORK</b>		
1.1	Introduction	1
1.2	Organisational set-up	1
1.3	Audit Objectives	2
1.4	Audit Scope and Methodology	2
1.5	Audit Criteria	4
1.6	Acknowledgement	4
<b>CHAPTER II: FINANCIAL MANAGEMENT</b>		
2.1	Budget Provision and Expenditure	5
2.2	Short receipt of funds and delay in release of funds	5
2.3	Rush of Expenditure	7
2.4	Non-submission of Detailed Countersigned Contingent Bills	10
2.5	Diversion of funds	11
2.6	Doubtful/ Irregular expenditure	12
<b>CHAPTER III: PLANNING AND IMPLEMENTATION</b>		
3.1	Planning	19
3.1.1	Perspective Plan of specific Scheme	19
3.1.2	Annual Action Plans of specific Scheme	20
3.2	Implementation	21
3.2.1	Overall status of horticulture crops	21
3.2.1.1	Target and achievement in Area Expansion under MIDH	22
3.2.1.2	Comparison of achievement reported under MIDH <i>vis-à-vis</i> HAPIS Data	22
3.2.1.3	Physical and Financial achievement in Sampled districts	23
3.2.1.4	Purchase of planting material/vegetable seeds for Area Expansion	24
3.2.1.5	Maintenance of Fruit crops for Area Expansion	26
3.2.1.6	Establishment of Nurseries for Area Expansion	27
3.2.1.7	Development of Progeny Orchard cum Nursery (POCN)	31

<b>PARAGRAPH</b>	<b>PARTICULARS</b>	<b>PAGE(S)</b>
3.2.1.8	Multiplication of Potato Foundation Seeds	32
3.2.2	Production and promotion of technology	36
3.2.2.1	Mushroom Production	36
3.2.2.2	Creation of Water Sources for increasing production	38
3.2.2.3	Protected cultivation	40
3.2.2.4	Rejuvenation and Canopy Management	44
3.2.2.5	Pollination Support through Bee-Keeping	44
3.2.2.6	Horticulture Mechanisation	45
<b>CHAPTER IV: POST-HARVEST MANAGEMENT, PROCESSING AND MARKET INFRASTRUCTURE</b>		
4.1	Construction of Integrated Pack houses and Pack houses	49
4.2	Construction of Pre-cooling unit/ Cold rooms (Staging)	51
4.3	Refrigerated Transport Vehicles	53
4.4	Construction of Cold Storage	54
4.5	Establishment of Cold Chain System	56
4.6	Establishment of Ripening Chamber	57
4.7	Establishment of Primary Processing Units	58
4.8	Re-establishment of Magfruit Factory	61
4.9	Creation of market infrastructure	63
<b>CHAPTER V: HORTICULTURE PROMOTION AND EXTENSION SERVICES</b>		
5.1	Promotion of Farmers Producers Organisation (FPOs)	69
5.2	Human Resource Development	71
5.3	Model Horticulture Centre at three locations: Ngarumphung, Tupul and Haipi	72
5.4	Development of Floriculture	75
5.5	Establishment of Orchards in Hill Areas	79
5.6	Monitoring and Evaluation	82
<b>APPENDICES</b>		
Appendix 2.1	Statement showing delay in release of MIDH fund to the Project implementing agency	87
Appendix 2.2	Statement showing delays in release of NEC fund and delays in submission of Utilisation Certificates	88
Appendix 3.1	Statement showing excess utilisation of man-days during 2017-18 and 2018-19	89
Appendix 3.2	Details of Mushroom Units Lying Idle	90
Appendix 3.3	Details of excess payment made for construction of ponds	92
Appendix 4.1	Result of Joint Inspection of Pack Houses	94
Appendix 4.2	Processing Units Lying idle/incomplete	96

<b>PARAGRAPH</b>	<b>PARTICULARS</b>	<b>PAGE(S)</b>
Appendix 4.3	Statement showing Penalty Leviable for delay in supply of materials	98
Appendix 5.1	Statement of Procurement without Open Tender	98
Appendix 5.2	Statement showing details of inputs procured from directorate but not found installed, received or noticed during physical verification	100
Appendix 5.3	Statement showing ventilated polyhouses lying idle/utilised	101
Appendix 5.4	Procurement without Open Tender	101
	<b>GLOSSARY</b>	
	Glossary of Abbreviation	103





## ***PREFACE***

*This Stand Alone Report of the Comptroller and Auditor General of India containing the results of Performance Audit of Development and Promotion of Horticulture in Manipur for the year ended 31 March 2020 has been prepared for submission to the Governor of Manipur under Article 151 of the Constitution of India.*

*The Horticulture and Soil Conservation Department is responsible for horticulture development and soil and water conservation to promote growing and management of fruits, vegetables including tubers, ornamental, aromatic and medicinal crops, spices and to intervene and support plantation of crops and their processing including value addition and marketing. The focus of the audit is to assess on area expansion, post-harvest management of horticulture crops and other aspects of horticulture development in the State.*

*Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*



# **Executive Summary**



# Executive Summary

## About the Report

The Report is about the results of Performance Audit of Development and Promotion of Horticulture in Manipur conducted during September 2020 to August 2021 covering the period from 2015-16 to 2019-20. The audit included examination of records maintained in the Office of the Director of Horticulture & Soil Conservation and Mission Director, State Horticulture Mission. In addition, records in the District offices of Ukhrul, Senapati, Imphal East, Bishnupur, Kangpokpi, Tamenglong, Thoubal Districts and three Departmental Farms were examined.

## What has been covered in this audit

In this Performance Audit we have focused on area expansion and post-harvest management of horticulture crops in the State. We assessed the implementation of one Centrally Sponsored Scheme namely, Mission for Integrated Development of Horticulture (MIDH), three projects funded by North Eastern Council (NEC) viz., (i) Re-establishment of Magfruit factory, (ii) Model Horticulture centres at three locations, and (iii) Model Floriculture centres at three locations and six State Plan Schemes viz., (i) Mushroom Development, (ii) Development of progeny orchard cum nursery, (iii) Development of floriculture, (iv) Establishment of orchards in hill areas, (v) Multiplication of foundation potato seeds, and (vi) Construction of cold storage. We have benchmarked our audit findings against the criteria derived from the Guidelines of MIDH, NEC, Annual Action Plans, General Financial Rules and other applicable Government orders and Circulars.

## What have we found

We found significant areas for improvement in the development and promotion of Horticulture in the State as highlighted below:

## Financial Management

### *Budget Provision and Expenditure*

During 2015-16 to 2019-20, the Department could spend a total of ₹ 329.39 crore and surrendered ₹ 26.62 crore as against ₹ 452.27 crore budget provision with a saving of ₹ 96.26 crore (21.28 per cent). There were persistent savings over the years ranging from 12.13 per cent to 26.99 per cent which indicated weak budgetary management.

*(Paragraph 2.1, Page 5)*

### *Short receipt of funds and delay in release of funds*

Under MIDH, there were shortfalls in receipt of funds by the State from GoI and by the Department from the State to the extent of ₹ 43.73 crore and ₹ 4.87 crore respectively. The delays in transfer of funds received from GoI by the State government to the

implementing Department ranged from 16 to 268 days and corresponding State share ranged from 15 days to 237 days.

*(Paragraph 2.2(a), Page 5)*

Under NEC, the delays in transfer of funds received from NEC by the State government to the implementing Department ranged from 108 days to 374 days and corresponding State share from five days to 989 days. Submission of UC for NEC Projects was delayed for three months to 36 months.

*(Paragraph 2.2(b), Page 6)*

### ***Rush of Expenditure***

During 2015-16 to 2019-20, the expenditure in March as against the total expenditure of corresponding financial year ranged from 10 *per cent* to 75 *per cent* under MIDH, 90 *per cent* to 100 *per cent* under NEC and one *per cent* to 100 *per cent* for State Plan Schemes.

*(Paragraph 2.3, Page 7)*

### ***Non-submission of Detailed Countersigned Contingent (DCC) Bills***

The Department was yet to submit DCC bills for ₹ 76.26 crore drawn through 31 AC bills. The percentage of funds drawn through AC bills ranged from 57 *per cent* to 100 *per cent* of the total expenditures against the sampled schemes which indicated large scale breach of financial discipline in the Department.

*(Paragraph 2.4, Page 10)*

### ***Diversion of funds***

Under State Plan, scheme funds to the extent of ₹ 12.40 lakh were diverted for other purposes in respect of two schemes (*Development of Floriculture and Development of Progeny Orchard-cum-Nursery*).

*(Paragraph 2.5, Page 11)*

### ***Doubtful/ Irregular expenditure***

Expenditure of ₹ 20.61 lakh towards Multiplication of Potato Foundation Seeds was doubtful due to anomalies in payment and lack of supporting documents.

Under MIDH, expenditure of ₹ 1.75 crore incurred for “Pineapple Value Chain Development” was doubtful as Joint Physical Verification could not locate the four nurseries at sites including one Rural market, three Collection Centres and four Pack houses for which expenditure was incurred.

*(Paragraph 2.6, Page 12)*

### ***Recommendations***

- *State Government needs to review and strengthen its budgetary management to ensure optimal utilisation of budget provisions to avoid persistent savings.*
- *State Government may ensure timely submission of Utilisation Certificates and DCC bills by the Department.*

- *State Government should investigate doubtful expenditure of ₹ 1.96 crore under State Plan (Multiplication of Potato Foundation Seeds) and under MIDH (Special Interventions) to take action as appropriate and to recover scheme funds from the defaulting beneficiary and officials responsible under Manipur Public Servants' Personal Liability Act, 2006.*

## Planning

### *Perspective Plan of specific Scheme*

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. 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 did not contain information on potential of horticulture development, availability of land, SWOC analysis, and District-wise plan of action as required under the guidelines.

*(Paragraph 3.1.1, Page 19)*

### *Annual Action Plans (AAPs) of specific Scheme*

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.

*(Paragraph 3.1.2, Page 20)*

## 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 whole 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.*

## Area Expansion and Production of planting material

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

Against the Physical target of 12174.53 hectares, 9072.90 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. However, the physical achievement reported under MIDH scheme from 2015-20 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.

*(Paragraph 3.2.1.1, Page 22)*

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

During 2015-16 to 2019-20, planting materials valuing ₹ 24.04 crore was purchased from 21 unaccredited Nurseries (private suppliers) in violation of the Scheme Guidelines, 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.

***(Paragraph 3.2.1.4(a), Page 24)***

***Avoidable extra expenditure on purchase of planting material***

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

***(Paragraph 3.2.1.4(b), Page 25)***

***Doubtful expenditure on supply of planting materials***

Expenditure of ₹ 2.25 crore incurred by SHM for purchase of 39,94,060 Pineapple suckers and 72.86 MT of Ginger was doubtful as the then Ex-Officio Project Officer of Imphal East confirmed non-receipt of Pineapple suckers worth ₹ 43.10 lakh stated to have been issued by SHM. Besides, no documentary evidence such as delivery challan and stock register were available in SHM for Pineapple suckers and Ginger for which ₹ 1.82 crore was paid to “M/s Pineapple & Ginger Farm, Andro, Imphal East”.

Further, Pineapple suckers worth ₹ 46.70 lakh paid by the then Ex-Officio Project Officer to “M/s Pineapple & Ginger Farm, Andro, Imphal East” was yet to be received even after a lapse of over three years.

***(Paragraph 3.2.1.4(c), Page 25)***

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

In violation of Guidelines, ₹ 3.93 crore was spent for maintenance of crops 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.

***(Paragraph 3.2.1.5, Page 26)***

***Establishment of Small Nurseries (private sector)***

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 emphasized in the scheme. Six out of 8 Nurseries inspected were found unfit for producing high quality planting materials.

***(Paragraph 3.2.1.6(a), Page 28)***

***Establishment of Hi-tech Nurseries (Public)***

Expenditure of ₹ 38.14 lakh incurred towards establishment of Hi-tech Nursery 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.

*(Paragraph 3.2.1.6(b), Page 30)*

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

Under State Plan, an amount of ₹ 1.43 crore was spent for production of planting materials 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 after incurring expenditure of ₹ 97.09 lakh.

*(Paragraph 3.2.1.7, Page 31)*

#### ***Production and non-recovery of cost of cultivation of Potato Foundation Seeds***

During 2015-16 to 2019-20, *Regional Seed Potato Farm at Mao* incurred expenditure of ₹ 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.

*(Paragraph 3.2.1.8(a), Page 32)*

#### ***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.*

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

#### ***Mushroom Production***

Under MIDH, out of 20 Mushroom Production units costing ₹ 1.60 crore jointly inspected, only one unit (₹ 8 lakh) at Bishnupur district was found operational. Five units (₹ 40 lakh) were not found at sites, 12 units (₹ 96 lakh) were lying idle without any activity and two units (₹ 16 lakh) remained incomplete for 23 to 34 months (March 2020).

Out of five Spawn Production units costing ₹ 30 lakh jointly inspected, two units costing ₹ 12 lakh 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 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 production 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.

*(Paragraphs 3.2.2.1(a)&(b), Pages 36 & 37)*

#### ***Creation of Water Sources for increasing production***

Of the 29 individual ponds jointly inspected, only 19 ponds 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. A total amount of ₹ 16.42 lakh was paid to 29 beneficiaries in excess of the admissible amount.

*(Paragraph 3.2.2.2, Page 38)*

#### ***Protected cultivation***

Out of 21 Polyhouses (₹ 1.24 crore) jointly inspected 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 for poultry farming in deviation of the intended purpose. A total amount of ₹ 3.67 crore was paid to 92 beneficiaries in excess of the admissible amount.

Out of seven Shade Net Houses jointly inspected, four (₹18.34 lakh) were found dismantled and one (₹ 2.56 lakh) was found lying idle. Also, a total amount of ₹ 34.29 lakh was paid to 12 beneficiaries in excess of the admissible amount.

*(Paragraph 3.2.2.3, Page 40)*

### ***Rejuvenation and Canopy Management***

Expenditure of ₹ 72.06 lakh incurred on rejuvenation 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.

*(Paragraph 3.2.2.4, Page 44)*

### ***Pollination Support through Bee-Keeping***

Expenditure of ₹ 1.25 crore was incurred for purchase and distribution of Bee colonies, Bee hives and other Bee keeping equipments under MIDH for 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.

*(Paragraph 3.2.2.5, Page 44)*

### ***Horticulture Mechanisation***

₹ 1.27 crore paid directly to five dealers for purchase of 42 tractors and 113 power tillers for distribution to 155 beneficiaries could not be verified 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.

*(Paragraph 3.2.2.6, Page 45)*

### ***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.*

### **Post-Harvest Management, Processing and Market Infrastructure**

#### ***Construction of Integrated Pack Houses and Pack Houses***

Out of four Integrated Pack Houses (₹ 85 lakh) and 38 Pack Houses (₹ 76 lakh) inspected jointly in the four sampled districts, three Pack Houses (₹ 6 lakh) were not found at sites, three Integrated Pack Houses (₹ 60 lakh) and 16 Pack Houses (₹ 32 lakh) were utilized as living/drawing rooms, kitchen or for dwelling purposes. One Integrated Pack Houses (₹ 25 lakh) and six Pack Houses (₹ 12 lakh) remained incomplete for over two to four years as on August 2021.

*(Paragraph 4.1(a)&(b), Pages 49 &50)*

#### ***Construction of Pre-cooling unit/ Cold rooms (Staging)***

Joint Physical Verification of four Pre-cooling units (₹ 50 lakh) in two sampled districts revealed that one unit (₹ 12.5 lakh) was not found at the site, one unit (₹ 12.5 lakh) was lying incomplete for 15 months and two units (₹ 25 lakh) remained idle due to improper site selection and lack of related activity/demands.

Four Cold Rooms (Staging) (₹ 30 lakh) installed in two sampled districts were below the approved installed capacity to the extent of 100 MT thereby resulting in excess financial assistance of ₹ 25 lakh. Out of three Cold Rooms (Staging) (₹ 22.5 lakh ) jointly inspected, two Cold Rooms (₹ 15 lakh) at Huikap, Imphal East and Chothe-Bishnupur were not located at the production sites were lying idle/unutilised and the third one at Moirang Kampu Sajeb, Imphal East (₹ 7.5 lakh) was also lying idle/unutilised as Mushroom production activity of the beneficiary was yet to resume.

*(Paragraphs 4.2 (a)&(b), Page 52 & 53)*

#### ***Refrigerated Transport Vehicles***

₹ 26 lakh was paid for purchase of two Refrigerated Transport Vehicles with installed capacity of 18 MT. However, only 3.72 MT capacity was found installed with a

shortfall of 14.28 MT resulting in excess payment of ₹ 20.64 lakh. Further, one vehicle was an old vehicle fitted with defunct refrigeration system, which indicated that the release amount was not utilized for the intended purpose.

***(Paragraph 4.3, Page 53)***

### ***Construction of Cold Storage***

Against an amount of ₹ 1.80 crore released for construction of three Cold Storages of total capacity of 3600 MT in two sampled districts, three Cold Storages of only 298 MT were constructed with a shortfall of 3302 MT resulting in excess payment of ₹ 1.65 crore. Two Cold Storages (196 MT) were lying idle since July 2018 and October 2019 and one Cold Storage (102 MT) remained incomplete since October 2018.

***(Paragraph 4.4, Page 54)***

### ***Establishment of Cold Chain System***

An amount of ₹ 5.08 crore (after deduction of ₹ 32.45 lakh for Agency Charge, GST and Labour Cess) crore sanctioned for establishment of Cold Chain system (January 2020) was irregularly drawn before commencement of the work to prevent lapse of budget grant and deposited in the Scheme Bank Account, outside the Government Account. Without obtaining necessary financial clearance (PIB<sup>1</sup> clearance) and preparation of DPR, the Department had spent ₹ 1.13 crore till March 2021. The Scheme remained incomplete even after lapse of over one year since the drawal of ₹ 5.08 crore and the amount of ₹ 4.27 crore was lying in the Scheme Account.

***(Paragraph 4.5, Page 56)***

### ***Establishment of Ripening Chamber***

Ripening Chamber was not found constructed during Joint Physical Verification though ₹ 50 lakh had been paid to one beneficiary (*Development Organisation Andro Kendra*) in four instalments during the period from October 2018 to September 2019.

***(Paragraph 4.6, Page 57)***

### ***Establishment of Primary Processing Units***

An amount of ₹ 3.54 crore was released to 22 beneficiaries for setting up of 22 processing units for processing of items such as ginger, turmeric, chilli, fruits and vegetables, etc. Six PPUs (₹ 66.91lakh) were not found at the sites. Nine PPUs (₹ 93.91 lakh) were found lying idle. Two PPUs (₹ 50.87 lakh) remained incomplete due to incomplete Civil works and non-procurement of machineries even after a lapse of one to two and half years (December 2017 to February 2020) of payments made by SHM. Further, there was excess assistance of ₹ 1.14 crore to three beneficiaries. Thus, 17 (₹ 2.12 crore) out of 22 PPUs jointly inspected failed to achieve the intended benefits.

***(Paragraph 4.7, Page 58)***

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<sup>1</sup> PIB=Public Investment Board.

### ***Re-establishment of Magfruit Factory***

Under NEC Scheme, an amount of ₹ 826.21 lakh (₹ 685.44 lakh –NEC share plus ₹ 140.77 lakh –State share) was released to the Department for the project “Re-establishment of Magfruit Factory”, out of which an amount of ₹ 806.44 lakh had been spent leaving a balance of ₹ 19.77 lakh lying unutilised with the Department as on March 2020. But the project remained incomplete for more than four years. The Joint Inspection noticed that Civil structures such as collapsible shutter, rolling shutter of DG set, overhead water tank, power connection, *etc.* had not been taken up even after a lapse of five years and ten months. None of the machineries had been installed and many of them were lying exposed to the open with risk of being damaged.

***(Paragraph 4.8, Page 61)***

### ***Creation of market infrastructure***

An amount of ₹ 5.92 crore was paid to 53 beneficiaries for construction of 35 Rural Markets (₹ 4.57 crore) and 18 Retail Markets (₹ 1.35 crore) without ascertaining the cost and specifications of actual works executed at sites. Seven markets for ₹ 70 lakh (total prescribed area of 794.68 sqm) were not found at the sites. 22 Rural Markets and six Retail Markets were constructed below the prescribed dimension aggregating to 1723.09 sqm.

***(Paragraph 4.9, Page 63)***

### ***Recommendations***

- *State Government should review the position of the assets created in the State under MIDH for Post-harvest management such as Integrated Pack houses, Pack houses, Pre-cooling units, Cold Rooms (Staging), Refrigerated Transport Vehicles, Cold Storages, Primary processing units and Rural Markets to identify deficiencies to take corrective action to prevent misutilisation of Scheme funds and ensure that the assets created are operationalised to achieve the intended objectives.*
- *State Government should investigate non-construction of seven Rural Markets six Primary processing units, one Ripening Chamber, one Pre-cooling unit and three Pack houses funded under MIDH to take action as appropriate and to recover Scheme funds from the defaulting beneficiaries and Officials responsible under Manipur Public Servants’ Personal Liability Act, 2006.*
- *State Government should investigate the issue of excess assistance paid in violation of the Scheme Guidelines in respect of three Cold Storages, three Primary processing units, four Cold Rooms and two Refrigerated Transport Vehicles to take action as appropriate and to recover the excess amount. The cases of the old Refrigerated Transport Vehicle fitted with defunct refrigeration system and the construction of the Rural Markets below the prescribed standards should be investigated and appropriate action should be taken to fix responsibility.*
- *State Government should ensure completion of the assets funded under MIDH which are remaining incomplete till date such as the Cold Storage at Kwasiphai, Bishnupur, six Pack Houses, one Pre-cooling unit, two Primary processing unit)*

including two projects “Establishment of cold chain system” under State plan and “Re-establishment of Magfruit Factory” under NEC to achieve the intended objective of the scheme for which the funds had been incurred.

- State Government should investigate the irregularities pointed out by audit including tendering process w.r.t ‘Re-establishment of Magfruit Factory’ and fix responsibility of the erring officials within a specified time frame.

## **Horticulture Promotion and Extension Services**

### ***Promotion of Farmers Producers Organisation (FPOs)***

An amount of ₹ 2.54 crore (SFAC – ₹ 145.20 lakh and IGS – ₹ 108.90 lakh) was paid by SHM for promotion of seven Farmers Producers Organisation (FPO) in the State for mobilization of 7,000 farmers for formation of seven FPOs. However, only 3,362 farmers (52 *per cent*) were mobilized as on November 2020, resulting in short mobilization of 3,638 farmers. As on December 2020, SFAC had utilised ₹ 68.97 lakh only out of ₹ 145.20 lakh paid by SHM thereby ₹ 76.23 lakh remained unutilised with SFAC. No UCs for ₹ 108.90 lakh paid to IGS had been obtained by SHM.

***(Paragraph 5.1, Page 69)***

### ***Human Resource Development***

Against the physical target for providing Skill Development training to 1101 farmers, no Skill Development training was provided. Against the target of 11,400 farmers to be trained within the State, only 3,952 farmers (35 *per cent*) were trained. No training for Supervisors and Entrepreneurs was imparted. Despite shortfall of physical target for providing Skill Development training, Supervisors and Entrepreneurs training and training of farmers within and outside the State, an amount of ₹ 72.63 lakh was diverted for other purposes.

***(Paragraph 5.2, Page 71)***

### ***Model Horticulture Centre at three locations: Ngarumphung, Tupul and Haipi***

Under NEC funding, ₹ 12 crore was sanctioned for establishment of Model Horticulture Centres at three locations. The Department had received ₹ 5.62 crore and the balance amount of ₹ 5.97 crore of NEC share and ₹ 41.36 lakh of State share was yet to be received till March 2020, after a lapse of four years and the project remained incomplete even after a lapse of two years as on March 2021.

Audit noticed that structures and machineries worth ₹ 84.76 lakh were not found at three project sites. Further, Contour earth bunding, Gabion work, Compost pit and Water harvesting pond costing ₹ 45.64 lakh (released to the beneficiaries) were not executed. Eight Naturally Ventilated Polyhouses (₹ 1.32 crore) were lying unutilized/idle.

***(Paragraph 5.3, Page 72)***

### ***Development of Floriculture***

Under NEC funding, ₹ 8.58 crore was sanctioned for establishment of Model Floriculture Centres at three locations and was to be completed by January 2021. Even after a delay of six months from completion date, an amount of ₹ 4.91 crore was yet to be released to the Department as of March 2020. The Department had spent ₹ 297.15 lakh leaving a balance of ₹ 70.07 lakh.

Three Polyhouses, six Low Cost Polyhouses and three Mist Chambers costing ₹ 85.37 lakh were lying idle/unutilized since June 2019 and ₹ 36.28 lakh spent towards procurement of planting material and inputs were not found cultivated or utilized at the three Centres.

Under State plan scheme “Development of Floriculture”, an amount of ₹ one crore was paid to M/s ZOPAR Exports Private Limited, Shillong for construction of Polyhouses and cultivation of Flowers for setting up of eight Model Floriculture Centres in four districts. Audit noticed that only three Centres out of eight had Flower plantations, but the remaining five Centres funded at a cost of ₹ 62.06 lakh for a total area of 2500 sqm was lying idle without Flower plantations even after a lapse of 17 months from date of installation.

*(Paragraphs 5.4(a)&(b), Pages 75 & 77)*

### ***Establishment of Orchards in Hill Areas***

Under State Plan, a total amount of ₹ 2.15 crore was incurred towards Establishment of 52 Orchards in Hill Areas during 2015-16 to 2018-19. Out of 12 Orchards jointly inspected, eight Orchards (₹ 30.92 lakh) of eight beneficiaries were not found at site, whereas two Orchards (₹ 8.74 lakh) were found destroyed due to road expansion and pond construction and only two Orchards were found partially established.

*(Paragraph 5.5, Page 79)*

### **Recommendations**

- *The State Government should initiate steps for completion of formation of Farmers Producers Organisations (FPOs) by mobilising the targeted number of farmers and also to ensure that the FPOs are functional for enhancing farming and organizational skills of the cultivators. Utilisation Certificates of the amount already paid to IGS should be obtained in a timely manner to ensure proper utilisation of funds.*
- *The State Government should investigate the matter of non-execution of the work “Establishment of Model Horticulture Centres” funded under NEC and to take action as appropriate and to prevent loss of public funds.*
- *The State Government should ensure that all the assets already created for eight Naturally Ventilated Polyhouses under Model Horticulture Centre, three Polyhouses, six Low Cost Polyhouses and three Mist Chambers under Model Floriculture Centres, five floriculture centres under “Development of*



*Floriculture” are made operational to achieve the intended objectives of the schemes.*

- *The State Government should review the position of the Orchards funded under the State Plan scheme and take appropriate corrective action to recover funds as appropriate from the beneficiaries to prevent mis-utilisation of funds.*
- *The State Government should strengthen Monitoring and Evaluation arrangement in the Department to ensure effective implementation of the scheme, proper utilisation of funds and achievement of scheme objectives.*



# **Chapter I**

## **Introduction and Audit Framework**



# Chapter I

## Introduction and Audit Framework

*A Performance Audit on 'Development and Promotion of Horticulture' covering the period from 2015-16 to 2019-20 revealed inadequate planning, poor financial management, wasteful/idle/excess expenditure.*

### 1.1 Introduction

The Horticulture and Soil Conservation Department is responsible for horticulture development and soil and water conservation to promote growing and management of fruits, vegetables including tubers, ornamental, aromatic and medicinal crops, spices, and to intervene and support plantation of crops and their processing including value addition and marketing. In order to achieve the above objective, the Department took up various activities by implementing schemes/projects as under:

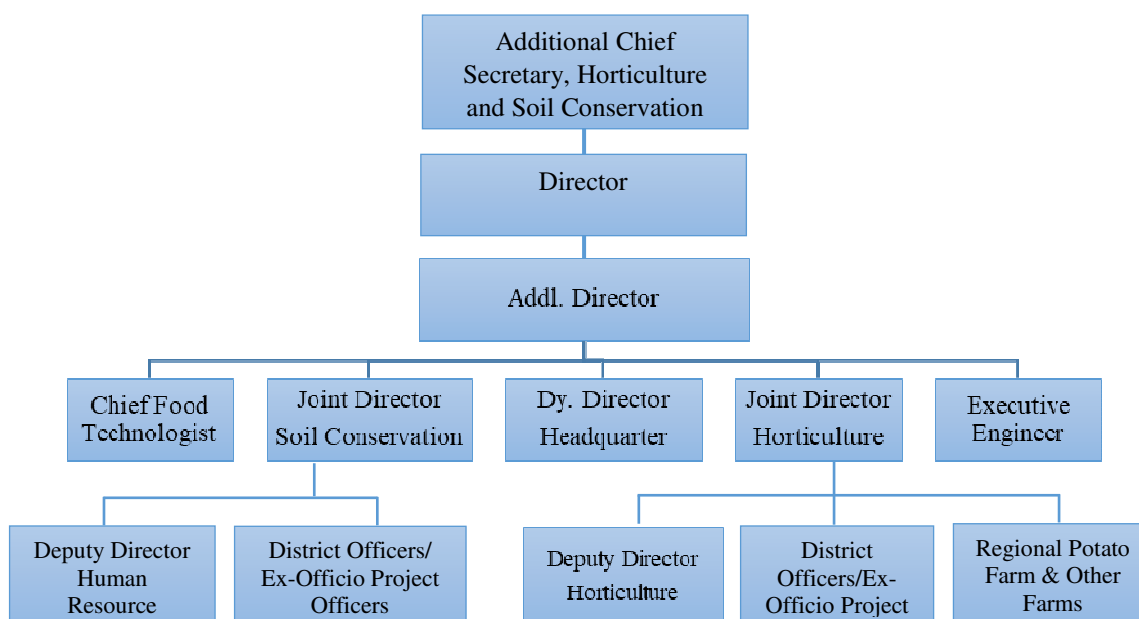
- Centrally Sponsored Schemes – Mission for Integrated Development of Horticulture (MIDH), Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) and Rashtriya Krishi Vikas Yojana (RKVY);
- North Eastern Council (NEC) funded Projects – Re-establishment of Magfruit Factory, Establishment of Model Horticulture and Model Floriculture Centres *etc.*; and
- State Plan Schemes – Establishment of Orchards in hill areas of Manipur, Development of Floriculture, Development of Progeny Orchard cum Nursery, *etc.*

Mission for Integrated Development of Horticulture (MIDH) is a major intervention of Government of India (GoI) from 2014-15 for holistic growth of the horticulture sector covering fruits, vegetables, root and tuber crops, mushrooms, spices, flowers *etc.* This scheme provided financial assistance for various activities *viz.*, setting up of nurseries, area expansion, rejuvenation of unproductive, old, and senile orchards, protected cultivation, creation of water resources, horticulture mechanisation and creation of post-harvest management and marketing infrastructures, *etc.* Under NEC and State Plan funding, important projects include establishment of model floriculture and horticulture centres to serve as focal units for development of horticulture and floriculture in the State, re-establishment of Magfruit factory, *etc.*

### 1.2 Organisational set-up

The Additional Chief Secretary, Horticulture and Soil Conservation, who is also Chairman of the State Level Executive Committee (SLEC), is the administrative head of the Department. At the Directorate level, the Director is the functional head. The organisational set up of the Department is as shown below:

**Chart 1.1: Organisational Structure**



For MIDH scheme, funds received by State Government from the Ministry of Agriculture and Farmers' Welfare are transferred to Manipur Horticulture Development Society (MHDS) headed by Chief Secretary who in turn releases the same to the State Horticulture Mission (SHM) headed by the Mission Director and 12 District Officers who are the Ex-Officio Project Officers for implementation of MIDH. For State Plan and NEC funded projects, the funds are released to the Directorate Office who in turn releases the same to the District Offices.

### **1.3 Audit Objectives**

The Performance Audit was conducted to assess whether:

- effective planning process was in place for fixing priorities for State/ different districts/ regions in consonance with the diverse agro climate features and whether various schemes/projects for increase of production area and productivity of Horticulture Crops were planned effectively;
- implementation of the schemes/projects and provision and utilisation of funds was efficient and effective and has resulted in increased acreage of horticultural crops and diversification of horticultural production as envisaged;
- there was promotion of technology, extension, post-harvest management, processing and marketing for holistic growth of horticulture sector in consonance with comparative advantage of each State/region; and
- monitoring and evaluation system were adequate and effective.

### **1.4 Audit Scope and Methodology**

The Performance Audit (PA) covered the period from 2015-16 to 2019-20. During this period, the Department implemented three Centrally Sponsored Schemes, seven

NEC projects and eight State Plan Schemes. The details of sample selection of schemes/projects for audit examination were as under:

**Table 1.1 Statement showing sample selection of schemes/projects**

Sample selected (Total of schemes/ project)	Name of the Schemes/Projects selected	Remarks
<b><i>Centrally Sponsored schemes</i></b>		
<b>1 (3<sup>1</sup>)</b>	Mission for Integrated Development of Horticulture (MIDH).	MIDH was selected being the main scheme implemented by the Department for horticulture development, constituting 78 <i>per cent</i> of total expenditure of three schemes. Two districts each from Hills (Ukhrul and Senapati) and Valley (Imphal East and Bishnupur) were selected through Simple Random Sampling Without Replacement.
<b><i>Projects funded under North Eastern Council (NEC)</i></b>		
<b>3 (7<sup>2</sup>)</b>	(i) Re-establishment of Magfruit factory at Nilakuthi, Imphal (ii) Model Horticulture centres at three locations: Ngarumphung, Tupul and Haipi, and (iii) Model Floriculture centres at three locations: Litan, Sendra and Panam Garden	These projects were selected based on judgemental sampling considering their importance and expenditure which constituted 95 <i>per cent</i> of total expenditure of all seven schemes.
<b><i>Projects/Schemes funded under State Plan</i></b>		
<b>6 (8<sup>3</sup>)</b>	(i) Mushroom Development, (ii) Development of progeny and orchard cum nursery, (iii) Development of floriculture, (iv) Establishment of orchards in hill areas, (v) Multiplication of foundation potato seeds, and (vi) Construction of cold storage.	These projects were selected based on judgemental sampling considering their significance and their expenditure constituting 75 <i>per cent</i> of total expenditure of all eight schemes.

An Entry Conference was held on 14 September 2020 with the State Government wherein audit objectives, scope, criteria and methodology of the PA were discussed.

Audit was conducted during September 2020 to August 2021 by test check of records in Directorate/SHM office at State level, four sampled District offices (Ukhrul, Senapati, Imphal East and Bishnupur). In addition, records in three District Offices

<sup>1</sup> The other two Schemes are (i) PMKSY and (ii) RKVY.

<sup>2</sup> The other four Schemes are (i) Amelioration of Acid Soil on Horticulture Crop Area (ii) Extension of Potato Breeding Regional Farm-Mao and (iii) Organising State Level Orange Festival and (iv) Development of Floriculture in Manipur.

<sup>3</sup> The other two schemes are (i) Strengthening of Horticulture Information System and (ii) Assistance to Small and Marginal Farmers for increasing Agriculture Production.

of Kangpokpi, Tamenglong, Thoubal Districts and three Departmental Farms were test checked for NEC and State Plan Schemes. An Exit conference was held on 6 April 2022 wherein the audit findings were discussed and the replies of the Department have been incorporated as appropriate in the report.

### **1.5 Audit Criteria**

Audit findings were benchmarked against the criteria derived from the following sources:

- Operational Guidelines of MIDH;
- NEC Guidelines and other relevant scheme/project guidelines/Detailed Project Reports;
- Annual Action Plans;
- Circulars, Notifications, Sanction Orders, *etc.* issued by the GoI/State Government from time to time; and
- General Financial Rules.

### **1.6 Acknowledgement**

Audit acknowledges the co-operation and assistance extended by the authorities of the Department of Horticulture and Soil Conservation, Government of Manipur during the conduct of Performance Audit.



**Chapter II**  
**Financial Management**



## Chapter II

# Financial Management

The Mission for Integrated Development of Horticulture (MIDH) is a Centrally Sponsored Scheme implemented on cost-sharing basis between the Government of India and the State Governments. In respect of Manipur which falls under the category of North-East and Himalayan States, the cost is shared between Government of India and the States in the ratio of 90:10. For NEC funded projects, the cost is shared between NEC and the State in the ratio of 90:10 whereas State Plan Schemes are fully funded by State Government.

### 2.1 Budget Provision and Expenditure

The budget provision and expenditure of Horticulture Department during 2015-16 to 2019-20 were as follows:

**Table 2.1: Budget Provision and Expenditure**

Year	Budget	Expenditure	Surrender	Savings ( <i>Percentage of Savings</i> )
<b>2015-16</b>	85.20	58.74	5.67	20.79 (24.40)
<b>2016-17</b>	88.62	68.07	9.80	10.75 (12.13)
<b>2017-18</b>	85.82	67.05	2.89	15.88 (18.50)
<b>2018-19</b>	98.19	71.69	0.0	26.50 (26.99)
<b>2019-20</b>	94.44	63.84	8.26	22.34 (23.65)
<b>Total</b>	<b>452.27</b>	<b>329.39</b>	<b>26.62</b>	<b>96.26 (21.28)</b>

*Source: Appropriation Accounts.*

As can be seen in the above table, the budget provision depicted an increasing trend in 2016-17 and 2018-19 and decreasing trend in 2017-18 and 2019-20. However, expenditure depicted a fluctuating trend during two years (2017-18 and 2019-20). There were persistent savings ranging from 12.13 *per cent* to 26.99 *per cent*. Against total budget provision of ₹ 452.27 crore, the total expenditure was ₹ 329.39 crore with an average saving of 21.28 *per cent* during 2015-16 to 2019-20. Persistent savings against the budget provision indicated weak budgetary management.

In reply, the Department stated (April 2022) that persistent savings were due to unutilised funds on account of salaries, medical reimbursement, arrears, *etc.*

Audit however observed that the Department failed to surrender the anticipated savings at the end of the financial year over a period of five years which was indicative of inadequate budgetary control.

### 2.2 Short receipt of funds and delay in release of funds

#### (a) MIDH scheme

Funds for MIDH were to be shared between GoI and the State in the ratio of 90 *per cent* and 10 *per cent* respectively. The first instalment of Central share was to be released after approval of the Annual Action Plan (AAP) and the second

instalment was to be released after utilisation of substantial amount of the first instalment and release of state matching share to the implementing agencies.

The position of receipts of funds during 2015-16 to 2019-20 *vis-à-vis* the annual approved amounts was as under:

**Table 2.2: Approved Amounts and Actual Receipts of Funds**

(₹ in crore)

Year	AAP Approved Amount			Receipt of funds		Short receipt of	
	Total	GoI share	State share	GoI share	State share	GoI share	State share
2015-16	41.67	37.50	4.17	35.75	3.97	1.75	0.20
2016-17	35.55	31.99	3.55	10.00	1.11	21.99	2.44
2017-18	35.55	31.99	3.55	24.00	2.66	7.99	0.89
2018-19	41.11	37.00	4.11	25.50	2.83	11.50	1.28
2019-20	30.00	27.00	3.00	26.50	2.94	0.50	0.06
<b>Total</b>	<b>183.88</b>	<b>165.48</b>	<b>18.38</b>	<b>121.75</b>	<b>13.51</b>	<b>43.73</b>	<b>4.87</b>

Source: AAP, Fund Release Order Copies.

As against the total approved GoI share of ₹ 165.48 crore, the State Government received ₹ 121.75 crore with a shortfall of ₹ 43.73 crore during 2015-16 to 2019-20. This was mainly due to delay in release of funds by the State Government to the implementing Department. The time taken by the State Government in releasing the funds received from the Ministry ranged from 16 to 268 days with further delays in releasing the corresponding state matching share ranging from 15 to 237 days. Due to short receipt of GoI share by the State Government, there was short receipt of State Share of ₹ 4.87 crore by the Department during 2015-16 to 2019-20. In 2016-17, the State could not avail the second instalment as the first instalment was not released and utilised in time by the State Government (released in March 2017 though received from Ministry in July 2016). In other years, the time gap between receipt of first and second instalments from the Ministry ranged from 147 days to 242 days. Details are given in *Appendix 2.1*.

On being pointed out by audit, the Department stated that the delay in release of fund was due to financial constraint of the State Government and in some cases, the delay was attributed to time taken in finalisation of the beneficiaries' list.

The reply furnished by the State Government was not justified as the funds received from GoI was to be released to the Implementing Agencies within the timelines stipulated in the Scheme Guidelines.

#### **(b) NEC projects**

As per NEC Guidelines, funds along with the state matching share were to be transferred by the State Government to the Implementing Agency or project authority within 30 days from the date of release of funds from NEC. The Utilisation Certificates were to be submitted within 12 months of the closure of the financial year.

Position of release of NEC funds and release of state matching share by the State Government to the implementing agency and the status of the projects were as under:

**Table 2.3: Position of release of funds and status of the project implementation**

Sl. No.	Details	Date of Sanction	Status of completion as on March 2020	Delay <sup>4</sup> in release of NEC funds and (SMS*) in days	Time overrun (in months) as on March 2020
		Target date of completion			
1	Re-establishment of Magfruit Factory	June 2015	Incomplete	154 to 188 (188 to 989)	46
		May 2016			
2	Model Horticulture Centre at three locations: Ngarumphung, Tupul and Haipi, Manipur	March 2016	Incomplete	108 to 374 (21 to 622)	12
		March 2019			
3	Establishment of Model Floriculture Centre at Litan, Kamjong District, Sendra, Bishnupur District and Panam Garden, Andro Imphal East District, Manipur	February 2018	Incomplete	315 (5 to 366)	Nil
		Jan 2021			

*Source: Fund Release Order copies of the Ministry and State Government and other Departmental records. \*State Matching Share.*

As can be seen from the above table, the delay in release of funds to the Implementing Department by the State Government ranged from 108 days to 374 days for NEC funds and five days to 989 days for release of state matching share involving ₹ 17.55 crore (58 per cent) of the total funds sanctioned for the above three projects.

Further, a total of ₹ 10.13 crore released during December 2019 to February 2020 by NEC was yet to be transferred to the Implementing Department even after delays ranging from five to 72 days as on March 2020. This has delayed submission of Utilisation Certificates (UCs) for three months to 36 months (Details are given in *Appendix 2.2*) and which resulted to some extent in the projects remaining incomplete for 12 months to 46 months as on March 2020 in respect of two projects (Sl. No. 1 and 2 above).

In reply, the Department stated (April 2022) that delay in submission of UCs was attributable to the receipt of funds from NEC towards the close of the financial year.

Audit however observed that the State Government delayed transfer of funds to the Implementing Department to the extent of 108 days to 374 days after receipt of funds from NEC. This needs to be addressed to allow timely completion of Projects.

### **2.3 Rush of Expenditure**

As per Rule 62(3) of General Financial Rules 2017, rush of expenditure, particularly in the closing months of the financial year shall be regarded as breach of financial propriety and should be avoided.

The details of expenditures during 2015-16 to 2019-20 and in March alone in respect of MIDH scheme were as below:

<sup>4</sup> Details are in *Appendix 2.2*.

**Table 2.4: Total Expenditure vis-à-vis Expenditure in March alone (MIDH)**

(₹ in lakh)

Year/ Project		MIDH
2015-16	Total expenditure	2,083.33
	Expenditure in March ( <i>in per cent</i> )	208.33 (10)
2016-17	Total expenditure	2,999.00
	Expenditure in March ( <i>in per cent</i> )	1,299 (43)
2017-18	Total expenditure	2,666.07
	Expenditure in March ( <i>in per cent</i> )	2,000 (75)
2018-19	Total expenditure	2,833.33
	Expenditure in March ( <i>in per cent</i> )	1,111.11 (39)
2019-20	Total expenditure	2,944.44
	Expenditure in March ( <i>in per cent</i> )	1,444.44 (49)
<b>Total Expenditure (Expenditure in March)</b>		<b>13,526.17 (6,062.88)</b>

Source: Detailed Appropriation Accounts and Fund Release order copies.

It can be seen from the above table that, out of the total expenditure of ₹ 135.26 crore for implementation of MIDH, ₹ 60.63 crore (45 per cent) was incurred in March alone. The expenditure in March as against total expenditure of corresponding financial year during 2015-16 to 2019-20 ranged from 10 per cent to 75 per cent.

The details of expenditure during 2015-16 to 2019-20 and in March alone in respect of sampled NEC projects scheme were as below:

**Table 2.5: Total Expenditure vis-à-vis Expenditure in March alone (NEC)**

(₹ in lakh)

Year/ Project		Re-establishment of Magfruit Factory	Model Horticulture Centre at 3 Locations	Establishment of Model Floriculture Centre at 3 Locations
2015-16	Total expenditure	342.72	0	0
	Expenditure in March ( <i>per cent</i> )	0 (0)	NA	NA
2016-17	Total expenditure	0	225	0
	Expenditure in March ( <i>per cent</i> )	NA	0 (0)	NA
2017-18	Total expenditure	418.88	25	0
	Expenditure in March ( <i>per cent</i> )	418.88 (100)	0 (0)	NA
2018-19	Total expenditure	64.61	286.37	342.22
	Expenditure in March ( <i>per cent</i> )	64.61 (100)	257.73 (90)	342.22 (100)
2019-20	Total expenditure	0 (0)	25	25
	Expenditure in March ( <i>per cent</i> )	0	25 (100)	25 (100)
<b>Total Expenditure</b>		<b>826.21</b>	<b>561.37</b>	<b>367.22</b>

Source: Detailed Appropriation Accounts and Fund Release order copies.

NA – Not applicable.

It can be seen from the above table that in respect of Re-establishment of Magfruit Factory, the entire expenditure was made in March for the years 2017-18 and 2018-19. Similarly, the entire expenditure for Model Horticulture Centre at three locations was made in March during 2019-20 and it was up to 90 per cent in 2018-19. In case of Establishment of Model Floriculture Centre at three locations, 100 per cent of the expenditure was made in March during 2018-19 and 2019-20.

The details of expenditure during 2015-16 to 2019-20 and in March in respect of sampled State plan projects scheme were as below:

**Table 2.6: Total Expenditure vis-à-vis Expenditure in March alone (State Plan)**

(₹ in lakh)

Year/ Project		Mushroom Development	Development of progeny orchard cum nursery	Establishment of orchards in hill areas	Development of floriculture	Multiplication of foundation potato seeds	Construction of cold storage
2015-16	Total expenditure	2.00	24.00	19.998	6.78	80.63	Nil
	Expenditure in March (in per cent)	2.00 (100)	24.00 (100)	19.998 (100)	6.78 (100)	58.34 (72)	NA
2016-17	Total expenditure	1.99	22.00	0.00	0.82	76.41	Nil
	Expenditure in March (in per cent)	1.99 (100)	22.00 (100)	NA	0.82 (100)	52.63 (69)	NA
2017-18	Total expenditure	1.999	22.997	20.00	2.99	88.99	Nil
	Expenditure in March (in per cent)	0.999 (50)	5.998 (26)	20.00 (100)	0.81 (27)	48.78 (55)	NA
2018-19	Total expenditure	2.50	55.71	175.00	100.00	91.99	Nil
	Expenditure in March (in per cent)	1.00 (40)	34.71 (62)	175.00 (100)	100.00 (100)	55.53 (60)	NA
2019-20	Total expenditure	3.35	21.78	0.00	0.00	43.84	540
	Expenditure in March (in per cent)	2.85 (85)	0.24 (1)	NA	NA	27.99 (64)	0.0 (0.0)
<b>Total</b>		<b>11.84</b>	<b>146.49</b>	<b>214.99</b>	<b>110.59</b>	<b>381.86</b>	<b>540.00</b>

Source: Detailed Appropriation Accounts and Fund Release Order copies.

Audit observed that:

- (i) **Mushroom Development:** An amount of ₹ 8.84 lakh which constituted 75 per cent of the total expenditure of ₹ 11.84 lakh was incurred in March. The entire expenditure in 2015-16 and 2016-17 was made in March. During 2017-18 to 2019-20, expenditure in March ranged from 40 per cent to 85 per cent.
- (ii) **Development of Progeny Orchard cum Nursery:** ₹ 86.95 lakh (59 per cent) of the total expenditure of ₹ 146.49 lakh was incurred in March. The entire expenditure during 2015-16 and 2016-17 was incurred in March. In 2017-18, while expenditure in March was 26 per cent in 2018-19 it was to the extent of 62 per cent. The expenditure in March in 2019-20 was only one per cent of total expenditure of the year.
- (iii) **Establishment of Orchard in Hill Areas:** Entire expenditure of ₹ 2.15 crore of 2015-16, 2017-18 and 2018-19 was incurred in March. No expenditure was made during the remaining two years in 2016-17 and 2019-20.
- (iv) **Development of Floriculture:** ₹ 108.41 lakh (98 per cent) of the total expenditure of ₹ 110.59 lakh was incurred in March. The entire expenditure during 2015-16, 2016-17 and 2018-19 was done in March. During 2017-18,

expenditure in March was 27 per cent and no expenditure was incurred in 2019-20.

- (v) **Multiplication of Foundation Potato Seeds:** ₹ 2.43 crore (64 per cent) of the total expenditure of ₹ 3.82 crore was incurred in March. During 2015-16 to 2019-20, expenditure in March ranged from 55 per cent to 72 per cent.
- (vi) **Construction of Cold Storage:** The only expenditure of ₹ 5.40 crore incurred in 2019-20 was in February 2020. There was no expenditure in remaining years.

Thus, against the total expenditure of ₹ 14.06 crore in respect of the above six State Plan Schemes, an amount of ₹ 6.62 crore (47 per cent) was incurred in March during the last five years of which ₹ 2.15 crore (32 per cent) which constituted 100 per cent of the total expenditure of the scheme “Establishment of Orchards in Hill Areas” was incurred in March.

Rush of expenditure particularly in the closing months of the financial year constituted breach of financial propriety and discipline which compromised on effective spending of public money.

During Exit Conference (April 2022), the Department agreed with the audit observation and stated that the rush of expenditure was due to release of fund at the fag end of the year by the Finance Department which was beyond the control of the Implementing Department.

#### **2.4 Non-submission of Detailed Countersigned Contingent (DCC) Bills**

As per Central Treasury Rules (Rule 308 and Rule 309), as adopted by state of Manipur, Abstract Contingent (AC) bills should be regularised by Detailed Countersigned Contingent (DCC) bills. AC bills should not be drawn without certificate to the effect that DCC bills in respect of earlier AC bills drawn more than a month before have been submitted to the Controlling Officer.

The position of drawal of AC bills and outstanding DCC bills during 2015-16 to 2019-20 for the sampled scheme/projects was as shown below:

**Table 2.7: Details of Outstanding AC Bills**

(₹ in lakh)

Name of Scheme/Project	Amount drawn	AC/Grants in Aid bill no. and date	% of funds drawn through AC bills/Grants-in-aid bills vis-à-vis Total expenditure	Delays in months as on March 2020
Mission for Integrated Development of Horticulture	1,875.00	41 and 42 of October 2015	57 % (7749.30 ÷ 13527.07)	38 (DCC bill submitted January 2019)
	208.33	113 of March 2016		47
	1,700.00	17, 18 and 19 of August 2016		42
	1,299.90	96,97,98,99 and 100 of March 2017		35
	400.00	61, 62 and 63 of January 2018		25
	266.07	76, 77, and 78 of February 2018		24



Name of Scheme/Project	Amount drawn	AC/Grants in Aid bill no. and date	% of funds drawn through AC bills/Grants-in-aid bills vis-à-vis Total expenditure	Delays in months as on March 2020
	2,000.00	121, 122, 123 and 145 of March 2018		23
<b>Sub-total</b>	<b>7,749.30</b>			
Re-establishment of Magfruit Factory	342.72	90 of Dec 2015	100 % (826.21 ÷ 826.21)	11(DCC bill submitted in December 2016)
	418.88	132, 134 and 135 of March 2018		23
	64.61	120 of March 2019		11
<b>Sub-total</b>	<b>826.21</b>			
Model Horticulture Centre at three locations	225.00	20 of Aug 2016	95.54 % (536.37 ÷ 561.37)	27 (DCC bill submitted in December 2018)
	286.37	107 and 120 of March 2019		11
	25.00	107 of March 2020		Nil
<b>Sub-total</b>	<b>536.37</b>			
Model Floriculture Centre at three locations	342.22	72 and 121 of March 2019	100 % (367.22 ÷ 367.22)	11
	25.00	108 of March 2020		Nil
<b>Sub-total</b>	<b>367.22</b>			
Construction of Cold Storage	<b>540.00</b>	01 of February 2020	100 % (540 ÷ 540)	1
Development of Floriculture	<b>100.00</b>	125 and 126 of March 2019	90% (100 ÷ 110.59)	11
<b>Total</b>	<b>10,119.10</b>			

Source: Copies of AC and DCC Bills.

As can be seen from the above, against ₹ 101.19 crore drawn through 36 AC bills, DCC bills were due for ₹ 100.69 crore (34 AC bills) as on March 2020. However, only three DCC bills of ₹ 24.43 crore had been submitted with delays ranging from 11 to 38 months. The DCC bills for the remaining amount of ₹ 76.26 crore drawn through 31 AC bills were outstanding as on March 2020, with delays ranging from one month to 47 months, in violation of the extant Rules. It was also noticed that the percentage of funds drawn through AC bills ranged from 57 per cent to 100 per cent of total expenditure made against the sampled scheme/projects, which indicated that established procedure of payment through presentation of bills/vouchers was bypassed and AC bills system was resorted to for almost the entire expenditure.

Non-submission of DCC bills was fraught with risk of misappropriation and breach of financial discipline. Further, in the absence of DCC bills, whether the public money was actually spent for the purpose for which it was sanctioned could not be vouchsafed in audit.

In reply, the Department stated (April 2022) that preparation of outstanding DCC bills is in progress and will be submitted shortly.

## 2.5 Diversion of funds

As per Rule 26 of the General Financial Rules, expenditure should be incurred for the purpose for which funds have been provided.

Audit noticed diversion of funds in respect of two State Plan Schemes as per details given below:

- (i) *Development of Floriculture:* During 2015-16 to 2019-20, a total of ₹ 1.10 crore was incurred towards development of floriculture by the Director of the Horticulture Department of which ₹ 8.59 lakh was diverted during 2015-16 to 2017-18 towards miscellaneous expenditures for repairing of vehicles, purchase of flower pots, celebration of Nupi Lal, Martyr's day, etc., in violation of the scheme guidelines.
- (ii) *Development of Progeny Orchard cum Nursery:* During 2018-19, ₹ 3.81 lakh meant for Development of Progeny Orchard was diverted towards procurement of flowers for various State functions (₹ 2.81 lakh- by Directorate Office) and towards DTE (₹ 0.50 lakh each by DO, Senapati and Churachandpur) which was not permissible under guidelines and hence irregular.

In reply, the Department stated (April 2022) that diversion of fund was due to insufficient fund under relevant head of account which shall not recur in future.

## **2.6 Doubtful/ Irregular expenditure**

### **(a) Multiplication of foundation potato seeds**

Audit noticed that six fully vouched bills amounting to ₹ 20.61 lakh were drawn during March 2018 to March 2020 for implementation of State Plan Scheme "Multiplication of foundation potato seeds". The details are shown in the table below:

**Table 2.8: Doubtful Expenditure**

(₹ in lakh)

Sl. No.	Bill No. and date	Amount	Purpose	Name of Supplier	Remark
1	141 of March 2018	3.81	Purchase of Farm Yard manure (350 MT) with loading/unloading charges	D Daikho (Song Song village) H Akha (Kalinamei village) and Kh Lokho (Rabunamei village)	There was mismatch between actual payment made and payee details in the bill body.
2	150 of March 2018	3.09	Purchase of vermicompost (12.70 MT) and organic fertiliser (3451 Kg)	M/s Haobijam Agrotech and Nahakpam Food and Beverage	Paid to the personal account of N. Joymati Devi, the then Deputy Director.
3	148 of March 2019	2.39	Construction of 2 compost pits.	Departmentally taken up	Credited in the DDO account. Also, no vouchers for labour and materials were available for verification.
4	152 of March 2020	3.71	Purchase of sprinkler, vermicompost, sprayer, weeder and garden pea from 3 suppliers.	Agrotech, Haobijam Agrotech	Supply Order bill was submitted (January 2020) prior to issue of supply order (March 2020). No stock register for receipt and issue of

Sl. No.	Bill No. and date	Amount	Purpose	Name of Supplier	Remark
					the materials were furnished for verification.
5	149 of March 2018	4.79	Construction of bench terrace, renovation of old bench terrace and clearance of land slips.	No Work Order and Agreements available.	Paid to M/s FA Enterprises, Sagolband
6	161 of March 2019	2.82	Renovation of rest house and repairing of staff quarter.	Departmentally taken up	Paid to the personal account of Longpinao Shimry Rinya (Bio-technologist engaged on contract basis) and no vouchers for labour and materials were available.
	<b>Total</b>	<b>20.61</b>			

*Source: Bill/Voucher copies and Bank Statement.*

It can be seen from the above table that payments of ₹ 13.00 lakh (Sl. No. 1 to 4) were made either to individuals who were not suppliers or credited to the DDO Account thereby resulting in irregular expenditure. An amount of ₹ 4.79 lakh was paid to a firm for construction/renovation of bench terrace and clearance of land slips. However, no work order and agreement for entrusting the work to the said firm was available. Further, for the work of renovation of rest house and repairing of staff quarter taken up departmentally at a cost of ₹ 2.82 lakh, there were no supporting documents for engagement of labour and purchase of materials. Thus, the expenditure of ₹ 7.61 lakh was doubtful.

In view of the reasons stated above, the expenditure of ₹ 20.61 lakh was doubtful. The matter should be verified by the Government to ascertain the authenticity of the expenditure and action as appropriate initiated to avoid loss of public money.

### **(b) Special Interventions**

As per scheme guidelines of MIDH, for innovative interventions, upto 50 per cent of the project cost can be funded. Projects costing above ₹ one crore requires approval of Executive Committee (EC) of Ministry of Agriculture & Farmers' Welfare, Government of India. A provision of ₹ 1.75 crore was made in the Annual Action Plan (2017-18) under special interventions for enhancement of pineapple value chain in Imphal East District.

SHM accordingly prepared a DPR amounting to ₹ 3.26 crore (₹ 1.75 crore to be funded from MIDH and ₹ 1.51 crore from beneficiary contribution) based on pineapple value chain analysis conducted by the National Institute of Agricultural Marketing (NIAM), Jaipur. The State Level Executive Committee (SLEC) approved (August 2018) the DPR and SHM forwarded it (September 2018) to the Ministry of Agriculture. However, the Ministry did not approve funding of the project (January 2019) but advised to approach DoNER Ministry for funding.

Scrutiny of records revealed that SHM incurred expenditure to the extent of ₹ 1.75 crore during a period of just five months between June to October 2018 from MIDH funds without the approval of the Executive Committee (EC) of the Ministry as per the details given below:

**Table 2.9: Details of payment made for Pineapple Value Chain Development at Imphal East**  
(Amount ₹ in lakh)

Sl. No.	Details of items	Amount paid (₹ in lakh)	Date of payment	To whom paid	Remarks
1	For supply of 17.20 lakh pineapple sucker @ ₹ 5 per sucker for establishment of four Nurseries (Private) of 10 ha each at Angtha, Lembakhul, Poirou Tongba & Ngarangphung (Total 40 ha).	17.20	26-06-2018	L. Dojendra Singh (Contractor)	As per Stock Register, the pineapple suckers (17.20 lakh in number) were reported as received/issued (June-July 2018) to cluster heads of the four Nurseries. However, joint inspection (August 2021) with SHM could not find the stated four Nurseries at the sites.
		47.30	30-06-2018		
		21.50	10-07-2018		
2	For construction of one Rural Market at Thambalnu market (Area=167.35 Sqm).	13.75	24-07-2018	L. Dojendra Singh (Contractor)	Joint inspection (August 2021) found that the Rural market was not constructed.
3	For supply of 56,000 Sqm of Black Mulching films to be used in the four nurseries (Area =14 ha)	11.76	07-09-2018		Supply orders and record of receipt and distribution of the Black Mulching Films could not be produced to Audit for verification. It is further pointed out that installation of mulching films after plantation is not possible.
4	For construction of three collection centres and four pack houses (Area=216 Sqm)	16.375	19-09-2018		Joint inspection (August 2021) found that the collection centres and pack houses were not constructed.
		16.375	27-10-2018		
<b>Sub-Total</b>		<b>144.26</b>			
1	Survey & Investigation for selection of 40 ha area for Value Chain development	5.00	27-06-2018	Departmental Farm, Khonghampat	Report of survey and investigation and expenditure vouchers were not produced to Audit for verification.
		3.71	10-07-2018		
2	Farmers' Fair and training programme (158 Farmers to be trained)	1.97	27-10-2018		Supporting documents for training and farmers' fair actually conducted were not produced to Audit for verification.
		6.46	22-10-2018		
3	For purchase of farm yard manure -2,0000 kg @ ₹ 18 per kg (for use in 40 ha area Nursery)	3.60	10-07-2018	The bill produced by firm is doubtful as this supplier <sup>5</sup> does not sell Farm Yard Manures. Stock register indicated issue of the farm yard	

<sup>5</sup> M/s Khangembam Enterprises, Thangmeiband Lourung Pural-Imphal West.

Sl. No.	Details of items	Amount paid (₹ in lakh)	Date of payment	To whom paid	Remarks
					manure to General Secretary, Development Organisation, Andro Kendra (DOAK). However, no records of distribution to beneficiaries were produced to Audit for verification.
4	Purchase of 220 battery operated sprayer, growth hormones, pesticides	6.00	11-07-2018		Stock register indicated issue of the items to General Secretary, DOAK. However, no records of distribution to the beneficiaries were produced to Audit for verification.
		4.00	24-07-2018		
<b>Sub-total</b>		<b>30.74</b>			
<b>Grand Total</b>		<b>175.00</b>			

*Source: Bill/Voucher copies and Bank Statement.*

It is seen from the above that an amount of ₹ 144.26 lakh was paid a beneficiary<sup>6</sup> for purchase of pineapple suckers (₹ 86 lakh), construction of rural market (₹ 13.75 lakh), black plastic mulching films (₹ 11.76 lakh) and collection centres and pack houses (₹ 32.75 lakh) during the period between June and October 2018.

Audit, however, observed that though as per Stock Register, 17.20 lakh pineapple suckers valued at ₹ 86 lakh were recorded as received and issued to cluster heads of four nurseries, but Joint Inspection (August 2021) conducted with SHM could not find the four nurseries at the stated sites<sup>7</sup>.

Joint Inspection further revealed that Rural Market (₹ 13.75 lakh) and Collections Centres and Pack houses (₹ 32.75 lakh) were not constructed at the sites. It is further pointed out that payment of ₹ 11.76 lakh made in September 2018 against purchase of black plastic mulching films for the above stated four nurseries did not have any supporting documents of their actual receipts and its subsequent distribution even after three years of the release of fund as of March 2020.

In view of the position explained above, payment of ₹ 144.26 lakh made by SHM to the beneficiary<sup>8</sup> for incurring expenditure towards the purchase of pineapple suckers, black plastic mulching films, construction of rural market and collection centres and pack houses was doubtful and suspected to have been misappropriated and resultantly the objective of filling the gaps for Pineapple Value Chain Development in Imphal East District had not been achieved.

Further scrutiny of records revealed that expenditure shown as incurred by Departmental farm of SHM towards survey and investigation for selection of 40 ha area for value chain development (₹ 8.71 lakh), farmers' fair and training programme (₹ 8.43 lakh), purchase of farm yard manure (₹ 3.60 lakh) and purchase of sprayer, growth hormone, pesticides (₹ 10 lakh) was doubtful in the absence of any

<sup>6</sup> Shri L. Dojendra Singh (Contractor).

<sup>7</sup> Angtha, Lembakhul, PoirouTongba and Ngarangphung (Private Nurseries).

<sup>8</sup> Shri L. Dojendra Singh (Contractor).

supporting documents. Consequently, expenditure of ₹ 30.74 lakh by SHM could not be vouchsafed in Audit and misappropriation of funds cannot be ruled out.

Thus, expenditure of ₹ 1.75 crore by SHM on account of payment made to the beneficiary (₹ 144.26 lakh) and to the Department farm (₹ 30.74 lakh) for the purpose of Value Chain Development of Pineapple in Imphal East District was doubtful and the amount was suspected to have been misappropriated.

The State Government should conduct investigation and fix responsibility for the lapses and take action to recover the scheme funds from the defaulting beneficiaries under Manipur Public Servants' Personal Liability Act, 2006.

In reply, Department stated (April 2022) that the four Nurseries could not be identified during Joint Physical Verification due to absence of Cluster Heads of the nurseries. Photographs of the said four (4) Nurseries are being submitted to Audit. Strong instructions had been given for completion of Rural Market, Collection Centres and Pack houses. Further, the Department stated that black plastic mulching films were purchased and distributed to the beneficiaries. Documents for execution of survey and investigation works, records of training and purchase of farm yard manure, growth hormones, *etc.*, are being traced out.

The reply of the Department is not acceptable as Joint Physical Verification represented by AO (MIDH) could not locate the four nurseries stated to have been established even after three visits. In the absence of any geotagging evidence, the authenticity of the photographs furnished could not be authenticated. Further, the Department is yet to submit documentary evidence for purchase and distribution of black plastic mulching films to the above stated nurseries including the survey and investigation report till date (April 2022). The factual position should be verified by an independent agency.

### **Conclusion**

- The Department could spend a total of ₹ 329.39 crore as against ₹ 452.27 crore budget provision during 2015-16 to 2019-20 with a shortfall of ₹ 96.26 crore (21.28 *per cent*). There were persistent savings ranging from 12.13 *per cent* to 26.99 *per cent* which indicated weak budgetary management. The shortfall in receipt of funds by the State from GoI and by the Department from the State was to the extent of ₹ 43.73 crore and ₹ 4.87 crore respectively during the same period.
- Under MIDH, the delay in transfer of funds received from GoI to the Department ranged from 16 to 268 days and the State share to the implementing Department ranged from 15 days to 237 days. The delay in transfer of GoI funds received from NEC to the Department ranged from 108 days to 374 days and the State share to the implementing Department ranged from five days to 989 days. Submission of UC for NEC Projects was delayed for three months to 36 months.
- Under MIDH, the expenditure at the fag end of the financial years during 2015-16 to 2019-20 ranged from 10 *per cent* to 75 *per cent* of the total

expenditure. Under NEC schemes, it ranged from 90 *per cent* to 100 *per cent*. In respect of State Plan Schemes, 47 *per cent* (₹ 6.62 crore) of the total expenditure (₹ 14.06 crore) was incurred in March during the period 2015-16 to 2019-20 of which ₹ 2.15 crore (32 *per cent*) constituting 100 *per cent* of the total expenditure in one scheme (*Establishment of Orchards in Hill Areas*) was incurred in March.

- The Department was yet to adjust ₹ 76.26 crore drawn for different sub schemes through 31 AC bills for which DCC bills were due as on March 2020. The delay in adjustment ranged from one to 47 months. 57 *per cent* to 100 *per cent* of the total expenditure has been drawn through AC bills bypassing presentation of bills/vouchers procedures, which indicated large scale breach of financial discipline in the Department.
- Under State Plan, scheme funds to the extent of ₹ 12.40 lakh were diverted for other purposes in respect of two schemes (*Development of Floriculture and Development of Progeny Orchard-cum-Nursery*). Expenditure of ₹ 20.61 lakh towards *Multiplication of potato foundation seeds* was doubtful/irregular due to anomalies in payment, lack of supporting documents, *etc.* Under MIDH, expenditure of ₹ 1.75 crore incurred for “*Pineapple Value Chain Development*” paid to one beneficiary and Departmental farm was doubtful as Joint verification could not locate the four nurseries at sites including *one Rural market, three Collection Centres and four Pack houses* for which expenditure was incurred.

### Recommendations

- *State Government needs to review and strengthen its budgetary management to ensure optimal utilisation of budget provisions to avoid persistent savings and for effective utilisation of available funds throughout the year.*
- *State Government may ensure timely submission of UCs by the Department and DCC bills within prescribed timelines under the Rules.*
- *State Government should investigate doubtful expenditure of ₹ 1.96 crore under State Plan (Multiplication of Potato Foundation Seeds) and under MIDH (Special Interventions) to take action as appropriate and to recover scheme funds from the defaulting beneficiary and officials responsible under Manipur Public Servants’ Personal Liability Act, 2006.*





**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 firm 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.*



**Chapter IV**  
**Post-Harvest Management,  
Processing and Market  
Infrastructure**



# Chapter IV

## Post-Harvest Management, Processing and Market Infrastructure

### 4.1 Construction of Integrated Pack houses and Pack houses

With a view for effective handling of harvested horticulture crops, MIDH included provision for extending financial assistance @ 50 per cent of project cost (maximum of ₹ 25 lakh for construction of Integrated Pack houses<sup>37</sup> and maximum of ₹ 2 lakh for construction of Pack houses). The balance cost was to be borne by the beneficiaries.

#### (a) Integrated Pack houses:

SHM extended a total financial assistance of ₹ 1.95 crore to nine beneficiaries in the State for construction of nine Integrated Pack houses during 2015-16 to 2019-20. In the four sampled districts (Bishnupur, Imphal East, Senapati and Ukhrul), ₹ 85 lakh was released to four beneficiaries for construction of four Integrated Pack houses. Joint inspection (January 2021 to August 2021) revealed that three (₹ 60 lakh) out of the four Integrated Pack houses (₹ 85 lakh) were utilised as kitchen, drawing room/living room or private residence in violation of the Scheme Guidelines and one remained incomplete for over two and half years till the date of audit (July 2021) as shown in the following table and photographs:

**Table 4.1: Details of Integrated Pack houses**

Sl. No.	Beneficiary & proposed site	Amount paid (₹ in lakh)	Remarks
1	Tuimi Lolly Hamleikhong-Ukhrul	25.00	Paid ₹ 15 lakh (September 2015), ₹ 4 lakh (October 2015) and ₹ 6 lakh (December 2015). The structure was utilised as kitchen cum drawing room and no facilities for sorting, grading, washing and weighing, etc.
2	Urup Farmer Association (Secy: M. Sushil Meitei) Urup-Imphal East	17.50	Paid ₹ 17.5 lakh (August 2015). The structure was utilised as <b>dwelling house</b> with no facilities for sorting, grading, washing and weighing, etc.
3	Kwasiphai Rural Farmer Association (Vice-President-Sanathoi) Kwasiphai-Bishnupur	17.50	Paid ₹ 10 lakh (October 2015), ₹ 2.5 lakh (November 2015) and ₹ 5 lakh (December 2015). The structure was utilised as <b>dwelling house</b> and no facilities for sorting, grading, washing and weighing were provided.
4	Integrated Rural Area Development Organisation (Secy-R.K Pholmani Singh) Kwasiphai-Bishnupur	25.00	Paid ₹ 5 lakh (January 2018), ₹ 15 lakh (October 2018) and ₹ 5 lakh (January 2019). The construction was yet to be completed.
<b>Total</b>		<b>85.00</b>	

*Source: Bills/Vouchers and Joint Physical Verification Report.*

<sup>37</sup> with facilities for conveyor belt, sorting, grading, washing, drying and weighing of the crops (fruits and vegetables).



*Integrated Pack house of Tuimi Lolly at Hamleikhong (Ukhrul) utilised as Kitchen and Drawing Room*



*Integrated Pack house of Sushil Meitei at Urup (Imphal East) utilised as living room*



*Integrated Pack house of Sanathoi at Kwasiphai (Bishnupur) utilised as private residence*



*Incomplete Integrated Pack house of Integrated Rural Area Development Organisation (IRADO) at Kwasiphai, Bishnupur*

The diversion of Scheme funds for personal purposes was not only irregular but also defeated the objective of creating infrastructure for handling harvested horticulture crops.

In reply, Department stated (April 2022) that the beneficiaries have been instructed to properly utilise the Integrated Pack houses and to complete the incomplete structure.

### **(b) Pack houses**

SHM extended a total financial assistance of ₹ 6.20 crore to 310 beneficiaries in the State for construction of 310 pack houses during 2015-16 to 2019-20. In the four sampled districts (Bishnupur, Imphal East, Senapati and Ukhrul) ₹ 2.50 crore was released to 125 beneficiaries for construction of 125 Pack houses.

Audit observed that in 38 (₹ 76 lakh) Pack houses jointly inspected in the four sampled districts out of 125 Pack houses (₹ 2.50 crore), only 13 Pack houses (₹ 26 lakh) were completed and functioning as intended, whereas three Pack houses (₹ 6 lakh) were not found at the site and 16 Pack houses (₹ 32 lakh) were utilised for dwelling purposes, and the remaining six Pack houses (₹ 12 lakh) were incomplete for over two to four years till the date of audit (August 2021) (Details are given in *Appendix 4.1*). The following photographs show Pack houses being utilised for dwelling purposes/remaining incomplete:



**Pack house of T. Sanayaima Singh at Utlou Makha Leikai (Bishnupur District) utilised as private residence**



**Pack house of Joinu Dangmei at Chothe (Bishnupur District) utilised as private residence**



**Pack house of L. Adenkumar at Khoijuman (Bishnupur District) lying incomplete**



**Pack house of L. Ichou Singh at Sansabi (Imphal East District) lying incomplete**

Thus, out of total Scheme fund of ₹ 1.61 crore released by SHM for construction of Integrated Pack houses (₹ 85 lakh) and Pack houses (₹ 76 lakh) inspected in the four sampled districts, only ₹ 26 lakh was utilised for the intended purpose (13 Pack houses) of post-harvest management, indicating a shortfall of 84 per cent.

The remaining expenditure of ₹ 1.35 crore incurred failed to achieve the intended objective of the Scheme as three Pack houses (₹ 6 lakh) were not found at the site, ₹ 92 lakh spent for 16 Pack houses and three Integrated Pack houses was diverted for dwelling purpose and ₹ 37 lakh spent against one Integrated Pack house and six Pack houses remained incomplete for over two to four years as of 31 March 2021.

In reply, the Department stated (April 2022) that instructions have been given to the beneficiaries to construct the Pack houses not found at site and to complete the incomplete Pack houses and utilise the constructed Pack houses for intended purposes.

The above situation indicated lack of monitoring and widespread mis-utilisation of MIDH Scheme funds in the SHM. The State Government should conduct investigation to fix responsibility and take necessary corrective action to prevent further mis-utilisation of public funds.

#### **4.2 Construction of Pre-cooling unit/ Cold rooms (Staging)**

Under MIDH, during 2015-16 to 2019-20, the State Horticulture Mission extended financial assistance of ₹ 62.5 lakh and ₹ 37.5 lakh for construction of five Pre-

cooling units and installation of five Cold rooms (staging)<sup>38</sup> of 30 MT @ 50 per cent of the project cost or maximum of ₹ 12.5 lakh and ₹ 7.5 lakh respectively and the balance cost was to be borne by the beneficiaries.

**(a) Pre-cooling units**

Audit scrutiny of records revealed that SHM released ₹ 50 lakh to four beneficiaries for construction of four Pre-cooling units in two sampled districts (Bishnupur & Imphal East). The details and results of our joint physical verification are given below:

**Table 4.2: Details of the Pre-cooling units**

(₹ in lakh)

Location	Details of Beneficiaries	Financial Assistance released	Remark
(1) Huikap, Imphal East	H. Ibohanbi, President Nongpok Imphal Loumi Sinmi Apunba Loop, Huikap	12.5	Paid ₹ 4.5 lakh (Jan 2019), ₹ 6.75 (Feb 2019) and ₹ 1.25 lakh (March 2019). Pre-cooling unit was not found as the structure had been demolished for construction of office building of Young Farmers club.
(2)Naranseina, Bishnupur	O. Leenthongambi Devi, Naranseina	12.5	Paid ₹ 8.0 lakh (April 2020), ₹ 4.5 lakh (May 2020) The pre-cooling unit was not yet completed and found abandoned. The site was located in the residential area and not at the cultivation site.
(3) Chothe Bishnupur	Joinu Dangmei, Bishnupur	12.5	Paid ₹ 11.25 lakh (Feb 2019), ₹ 1.25 lakh (June 2019). The unit was lying idle due to no demand from the beneficiaries as the unit was not constructed near the cultivation site.
(4) Moirangkampu Sajeb, Imphal East	RK Binita, Proprietor Binita Mushroom Centre	12.5	Paid ₹ 11.25 lakh (Feb 2019) and ₹ 1.25 lakh (March 2019). The unit was lying idle as there was no mushroom production activity.
<b>Total</b>		<b>50.00</b>	

*Source: Bills/Vouchers and Joint Physical Verification Report.*

One Pre-cooling unit (₹ 12.5 lakh) at Huikap, Imphal East (Sl. No. 1) was not found at the site. While one unit at Sl. No 2 (₹ 12.5 lakh) was lying incomplete for 15 months, the other two units at Sl. No. 3 and 4 (₹ 25 lakh) remained idle due to improper site selection and lack of the related activity/demands.

Thus, failure of the SHM to ensure monitoring of proper implementation of the work and absence of due diligence after the funds were released to the beneficiaries rendered the expenditure of ₹ 50.00 lakh incurred for Pre-cooling units for rapid cooling of freshly harvested crops wasteful and unproductive.

<sup>38</sup> Pre-cooling unit is a specialised cooling system to rapidly cool down freshly harvested produce and for subsequent travel in the cold-chain. The Cold room (staging) is an insulated and refrigerated chamber and a necessary combination for Pre-cooling unit and serves as a transient staging space to temporarily store preconditioned fresh produce, awaiting transport link to a distribution point (a cold store close to market).

In reply, the Department stated (April 2022) that instructions have been given to the beneficiaries to make the Pre-cooling units operational at the earliest.

**(b) Cold room (Staging)**

Audit further observed that four Cold rooms installed in two sampled districts (Bishnupur & Imphal East) out of five Cold rooms installed in the State were of only 5 MT each as against the approved capacity of 30 MT for which ₹ 30 lakh (₹ 7.5 lakh each) was released by SHM. This has resulted in payment of excess financial assistance amounting to ₹ 25 lakh<sup>39</sup> in violation of the Scheme Guidelines. Action to recover the excess amount paid to the four beneficiaries was not on record.

Joint inspection of three of the four Cold rooms in the sampled districts revealed that two Cold rooms (₹ 15 lakh) at Huikap, Imphal East and Chothe-Bishnupur were not located at the production sites (Cold Rooms should be installed in conjunction with pack houses at the actual horticulture farms) and were lying idle due to lack of related activity and demand for the past 19 months as on 30 April 2021. The Cold Room installed at Moirang Kampu Sajeb, Imphal East was also found lying idle as the Mushroom Production activity was yet to resume.

Thus, due to lack of serious monitoring and due diligence on the part of SHM during implementation of the work, there was shortfall in installed capacity of Cold rooms to the extent of 100 MT resulting in excess payment of ₹ 25 lakh to four beneficiaries which remained unrecovered for the past 19 months as of 30 April 2021. Further, expenditure of ₹ 22.50 lakh for three Cold rooms (15 MT Capacity) was wasteful as they were not functional.

In reply, the Department stated (April 2022) that instructions have been given to the beneficiaries to make the Pre-cooling units operational.

The above situation indicated the need for urgent review as to how MIDH Schemes are being implemented by SHM to ensure accountability of those responsible to prevent mis-utilisation of public funds.

**4.3 Refrigerated Transport Vehicles**

Under MIDH, State Horticulture Mission released ₹ 26 lakh for purchase of two Refrigerated Transport Vehicles of 9 MT each at the rate of 50 *per cent* of the cost upto a maximum of ₹ 13.00 lakh to two beneficiaries in two sampled districts as per details given below:

<sup>39</sup> {(₹ 7.5-1.25) x 4} to the four beneficiaries.

**Table 4.3 Details of beneficiaries and capacities for Refrigerated Transport Vehicles***(₹ in lakh)*

Details of beneficiaries	Capacity of the Vehicle (MT)		Amount payable	Amount paid	Excess payment
	To be installed	Actually installed			
Development Organisation, Andro Kendra (DOAK)- (Imphal East District)	9	1.64	2.36	13.00 (on June 2018)	10.64
M/s Pakhangba Fruits & Vegetables Processing Industries, Ningthoukhong. (Bishnupur District)	9	2.08	3.00	13.00 (on June 2018)	10.00
<b>Total</b>	<b>18</b>	<b>3.72</b>	<b>5.36</b>	<b>26.00</b>	<b>20.64</b>

*Source: Bills/Vouchers and Joint Physical Verification Report.*

Joint inspection (April 2021), however, revealed that against the installed capacity of 18 MT in two refrigerated vehicles for which ₹ 26 lakh was paid to the above two beneficiaries, only 3.72 MT capacity was found to be installed in two vehicles with a shortfall of 14.28 MT in deviation of the Scheme Guidelines. This has resulted in excess payment of ₹ 20.64 lakh (₹ 1.44/MT).

Audit further observed that DOAK's vehicle was an old vehicle<sup>40</sup> fitted with defunct refrigeration system. It is evident that the released amount of ₹ 13 lakh was not used for purchase of new vehicle with the approved capacity. The other vehicle was also yet to be utilised for want of demand or linkage with the farmers.

Thus, SHM failed to ensure that the released amount of ₹ 26 lakh was utilised for the purpose for which it was paid and there was shortfall of installed capacity of 14.28 MT for Refrigerated Transport Vehicle.

In reply, Department stated (April 2022) that beneficiaries have assured to rectify the shortfalls in the capacity of vehicles and would make the defunct refrigeration unit functional at the earliest.

#### **4.4 Construction of Cold Storage**

Under MIDH, the State Horticulture Mission (SHM) released ₹ 3.30 crore as financial assistance for construction of Cold Storages for Fruits and Vegetables to reduce Post-harvest losses to six beneficiaries in the State during 2015-20 @ 50 per cent of the project cost with maximum of ₹ 5,000/MT capacity and the balance was to be borne by the beneficiaries.

Scrutiny of records revealed that in two sampled districts (Bishnupur & Imphal East), ₹ 1.80 crore was released to three beneficiaries for setting up of three Cold Storages as per details given below:

<sup>40</sup> Registered in the name of one L. Kaka Singh (RC. No AS 25CC 5498).



Table 4.4: Details of Cold Storages in the Sampled Districts

(₹ in lakh)

Location of Cold Storage	Beneficiary	Capacity of Cold Storage Units (MT)		Amount admissible	Amount released	Excess Amount paid	Remark
		To be installed	Actually installed				
Thambalnu Market, Imphal East	Development Organisation Andro Kendra-Poiroupat Lamkhai	1,600	151	7.55	80.00	72.45	Lying idle since inauguration (July 2018). There was no power supply.
Kyamgei, Imphal East	Manipur Rural Service Association-Kyamgei	1,000	45	2.25	50.00	47.75	Lying idle since October 2019 (Payment of last instalment). There was no power supply.
Kwasiphai, Bishnupur	Pakhangba Fruits & Vegetable Industries, Ningthoukhong	1,000	102	5.10	50.00	44.9	Incomplete with a delay of over two years and nine months from payment of first instalment (October 2018).
<b>Total</b>		<b>3,600</b>	<b>298</b>	<b>14.9</b>	<b>180.00</b>	<b>165.1</b>	

Source: DPRs, Bills/Vouchers and Joint Physical Verification Report.

Joint inspection (April 2021 to June 2021) revealed that two out of three cold storages (₹ 1.30 crore) appearing at Sl. No. 1 and 2 above were lying idle since July 2018 and October 2019 respectively. The other cold storage (₹ 50.00 lakh) remained incomplete since October 2018 till date of audit (June 2021).

Audit further observed that against the approved total installed capacity of 3600 MT for the three Cold Storages, only 298 MT was actually found constructed with a shortfall of 3,302 MT. The total financial assistance admissible for the three Cold Storages (₹ 5,000/MT) as per the actual installed capacity worked out to ₹ 14.9 lakh only thereby leading to excess payment of ₹ 1.65 crore.

The following photographs show the incomplete/non-functional Cold Storage units.



Idle cold storage unit at Thambalnu Market



Incomplete cold storage unit at Kwasiphai



Idle Cold Storage unit at Kyamgei-Imphal East

Thus, SHM paid a total excess financial assistance of ₹ 1.65 crore to the above three beneficiaries for construction of Cold Storages in violations of the Scheme Guidelines. Expenditure of ₹ 1.80 crore incurred towards setting up of the three Cold Storages for reducing Post-harvest losses of horticulture produce remained unfruitful

since July 2018. The intended potential capacity of 3,600 MT of the Cold Storage was not achieved and even 298 MT capacity Cold Storages constructed was not operational till the date of Audit (June 2021).

It may be noted that these audit findings were the result of test check and joint inspection of three out of six Cold Storages approved for construction by SHM. The Department should conduct inspection to identify similar lapses in other cases and recover excess payment, if any, to avoid mis-appropriation of public funds.

In reply, the Department stated (April 2022) that while the cost of machineries and other inputs have escalated, but the cost norms for subsidy/assistance was of 2014. As such the Department is left with no option other than compromising on the size of the Cold Storage Units. Further, the Department stated that the power supply has been installed at Thambalnu Market and Kiyamgei Cold Storages will be operational in the coming season. Also, Cold Storage at Kyamgei, Imphal East is now operational.

The reply is not acceptable as the Department incurred extra expenditure of ₹ 1.65 crore in violation of the Scheme Guidelines. The Government may furnish Third Party Inspection Report on the status and readiness of the Cold Storage units to Audit for verification.

#### **4.5 Establishment of Cold Chain System**

Under the State Plan, the Department sanctioned ₹ 540 lakh for the work “Establishment of Cold Chain System” in January 2020 in three<sup>41</sup> districts. This included construction of 15 collection centres (five each in these districts), three Integrated Pack houses (one each in these districts), three Pre-Cooling Chambers (one each in these districts), four Cold Rooms (one each in Imphal West and Imphal East and two in Churachandpur) and two Cold Storages (one each in Imphal West and Churachandpur).

Audit found that:

- ₹ 5.08 crore (after deduction of ₹ 0.32 crore for Agency Charges, GST and Labour Cess) was drawn by the Department in February 2020 before commencement of the work to prevent lapse of budget grant and deposited in the Bank Account, outside the Government Account. Till the date of audit (March 2021), only ₹ 1.13 crore had been spent by the Department for the scheme and the balance amount of ₹ 4.27 crore remained parked in the Bank Account for over one year. This was in violation of Rule 290 of the Central Treasury Rules under which no money should be drawn from the treasury unless required for immediate disbursement. Moreover, keeping Scheme funds outside the Government Accounts was irregular under Government Order (April 2011).

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<sup>41</sup> Churachandpur, Imphal East & Imphal West.

- As against ₹ 28.73 lakh Agency Charges to be deposited in Government Account, the Department deposited only ₹ 19.56 lakh resulting in short deposit of ₹ 9.17 lakh from the Scheme Bank Account for over one year.
- No PIB clearance was obtained for the project cost of ₹ 5.40 crore in violation of the limit of ₹ 3 crore under Delegation of Financial Powers Rules, 1995. Expenditure sanction accorded by the Finance Department without the approval of the PIB was irregular.
- No feasibility study was undertaken nor was Detailed Project Report prepared by the Department for taking up the projects. There was no assurance about the viability of the project till date.
- The status of completion of different components of the Scheme as on the date of Audit (March 2021) was as below:

Table 4.5: Status of different components of the Scheme

Component	Quantity to be constructed	Status as on March 2021		
		Imphal West	Imphal East	Churachandpur
Collection Centre	Five in each district	Only two have been started and 80 per cent completed.	five constructed and 80 per cent completed.	None of them have been started.
Integrated Pack House	One in each district	Not started.	Started and 29 per cent completed.	Started and 40 per cent completed.
Pre-cooling Chambers	One in each district	Not started.	Started and 79 per cent completed.	Not started.
Cold Rooms	One each in Imphal West & Imphal East and two in Churachandpur	Started and 68 per cent completed.	Not started.	One is 68 per cent completed and the other not started.
Cold storage	One each in Imphal West and Churachandpur	Started and 60 per cent completed.	NA	Started and 56 per cent completed

Source: Estimates, Bills/Vouchers furnished by Department.

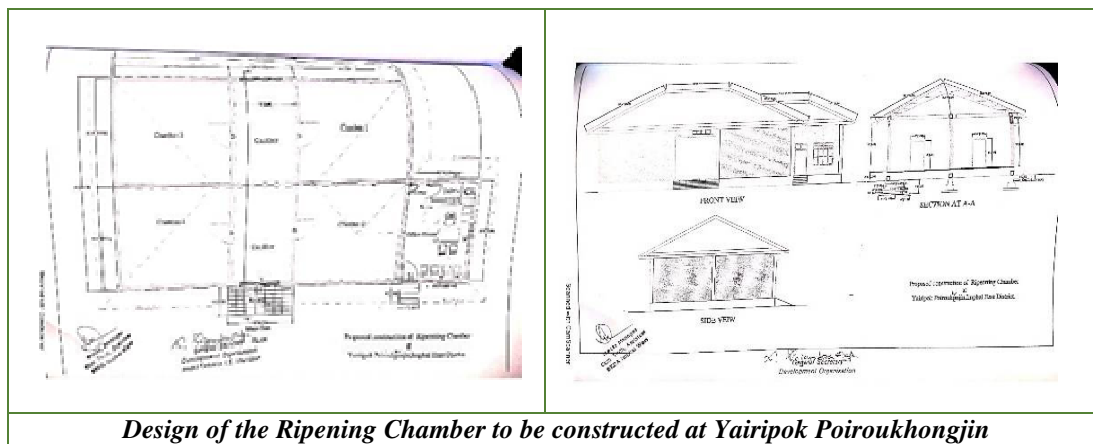
Thus, even after a lapse of over one year from drawing an amount of ₹ 5.40 crore, the project remained incomplete after incurring an expenditure of ₹ 1.13 crore and the balance of ₹ 4.27 crore was lying in the Scheme account, resulting in non-achievement of the intended benefits.

In reply, Department stated (April 2022) that the balance amount of ₹ 9.17 lakh Agency Charge has now been deposited and the construction work is now 90 per cent complete. Machineries have been installed which will be in operation shortly.

#### 4.6 Establishment of Ripening Chamber

Under MIDH, as part of extending financial assistance (@ 50 per cent of the capital cost) to farmers for helping them to obtain remunerative prices and reducing Post-harvest losses, SHM approved a project for setting up of 'Ripening Chamber 100 MT capacity for ripening of fruits and vegetables' at Yairipok Poiroukhongjin in Imphal East District.

Audit noticed that ₹ 50.00 lakh<sup>42</sup> was released to one beneficiary (Development Organisation, Andro Kendra) in four instalments during the period from November 2018 to September 2019 for construction of the Ripening Chamber, as per the design given below:



*Design of the Ripening Chamber to be constructed at Yairipok Poiroukhongjin*

However, Joint Inspection (December 2020) revealed that the Ripening Chamber was yet to be procured even after a lapse of over two years from the payment of the first instalment (November 2018).

It is evident that payments were released by SHM to the beneficiary in a routine manner over a period of 11 months without ensuring that the approved project is actually executed. Moreover, SHM failed to exercise due diligence to avoid misutilisation of MIDH funds by the selected beneficiary by not linking release of instalments with utilisation of funds already released and actual work progress at the site.

Audit recommends that proper investigation should be conducted to recover the amount from the defaulting beneficiary and responsibility be fixed to prevent such recurrence in future.

Thus, due to the above reason, SHM failed to achieve the objective of helping farmers to get remunerative prices and reducing Post-harvest losses by setting up of Ripening Chamber (100 MT capacity).

In reply, the Department stated (April 2022) that the construction of Ripening Chamber at Poiroukhongjin will be completed shortly. The reply of the Department points to the fact that the assistance was released without monitoring the actual implementation of the project and thus was fraught with the risk of misappropriation.

#### **4.7 Establishment of Primary Processing Units**

Under MIDH, SHM extended financial assistance for setting up Primary Processing Units (PPU) for processing of perishable horticulture crops for value addition and reducing Post-harvest losses @ 55 per cent of the project cost with maximum of ₹ 13.75 lakh and the balance of the cost was to be borne by the beneficiary.

<sup>42</sup> Paid ₹ 34 lakh plus another ₹ 17 lakh (November 2018), ₹ 10 lakh (March 2019) and ₹ 6 lakh (September 2019).

SHM released financial assistance of ₹ 8.61 crore to 67 beneficiaries for construction of 67 processing units for different horticulture produce during 2015-16 to 2019-20. The assistance ranged from ₹ 5 lakh to ₹ 99 lakh. In the four sampled districts (Bishnupur, Imphal East, Senapati and Ukhrul), ₹ 3.54 crore was released to 22 beneficiaries for setting up of 22 processing units for processing of items such as ginger, turmeric, chilli, fruits and vegetables, etc.

Joint Inspection (December 2020/August 2021) of all 22 processing unit sites revealed that only 5 units (₹ 1.43 crore) out of 22 PPUs were completed and functional whereas the remaining 17 PPUs (₹ 2.12 crore) were either not found at site or remained incomplete or were lying idle as detailed below:

(i) Six PPUs (₹ 66.91 lakh) shown below were not found at the actual site:

**Table 4.6: Details of Primary Processing Units not found at sites**

Beneficiary	Proposed sites	Financial Assistance paid ( In lakh)	Remark
(1) Development. Organisation Andro Kendra(DOAK).	Poirou Khongjin (Imphal East)	12.00	PPU for Spices (Ginger, Turmeric and Chilly). Paid ₹ 6.00 lakh (December 2017) and ₹ 6.00 lakh (January 2018).
(2) M/s Modern Fruit & Vegetable Processing Industry, Kyamgei.	Kyamgei Maning Leikai (Imphal East)	10.00	PPU for fruits and vegetables (Pineapple, Orange, Lemon and Chilly). Paid ₹ 5.00 lakh (June 2018) and ₹ 5.00 lakh (July 2018).
(3) M/s S.I Mushroom Processing Unit, Ningthoukhong Kha-Khunou.	Ningthoukhong Kha Khunou (Bishnupur)	10.00	PPU for mushrooms. Paid ₹ 5.00 lakh (June 2018) and ₹ 5.00 lakh (July 2018).
(4) Development Organisation Andro Kendra(DOAK).	Poirou Khongjin (Imphal East)	13.75	PPU for Spices (Ginger, and Turmeric). Paid ₹ 6.875 lakh (June 2018) and ₹ 6.875 lakh (July 2018).
(5) M/s R.R Spices Production Centre, Ningthoukhong.	Ningthoukhong Kha Khunou (Bishnupur)	10.58	PPU for Spices (Ginger, Turmeric, coriander and dry Chilly). Paid ₹ 5.00 lakh (December 2019) and ₹ 5.58 lakh (May 2020).
(6) M/s Poiroukhongjin Laishram Leikai Farmers Association.	Poiroukhongjin (Imphal East)	10.58	PPU for Spices (Ginger and Turmeric). Paid ₹ 9.52 lakh (December 2019) and ₹ 1.06 lakh (February 2020).
<b>Total</b>		<b>66.91</b>	

**Source: Bills/Vouchers and Joint Physical Verification Report.**

It is evident from above that ₹ 66.91 lakh was paid to six beneficiaries for setting up PPUs in two separate instalments each, in a routine manner without ensuring that funds were paid for actual works executed at site for the intended purpose.

Action taken to recover the amount from the above six defaulting beneficiaries was not found on record. These audit findings were the result of test check and Joint Inspection of only 22 out of 67 processing units. Audit recommends that proper investigation should be conducted to identify similar lapses in other cases and responsibility be fixed to prevent such recurrence in future.

(ii) Nine PPUs (₹ 93.91 lakh) were found lying idle due to non-availability of raw material, power supply or non-installation of purchased machineries. Further, two

PPUs (₹ 50.87 lakh) remained incomplete due to incomplete civil work and non-procurement of machineries even after a lapse of one year to two and half years (December 2017 to February 2020) of payment made by SHM. Details of PPUs are given in **Appendix 4.2**.

Photographs showing incomplete processing unit at Bishnupur and idle processing unit at Marou, Ukhurul are given below:



*M/s Pakhangba Fruits & Vegetable Processing Industry, Ningthoukhong, Bishnupur (₹ 40 lakh -incomplete PPUs)*



*M/s Shimray Fruits & Spices Processing at Marou, Ukhurul (₹ 10 lakh-machineries lying idle)*

(iii) Further audit scrutiny revealed that there was excess assistance of ₹ 1.14 crore to three beneficiaries as detailed below:

**Table 4.7: Excess payment of assistance**

				(₹ in lakh)
Sl. No.	Beneficiary	Maximum subsidy payable as per guideline	Subsidy actually paid	Excess subsidy
1	M/s Kangla Food Products, Nambol	13.75	99.00	85.25
2	Pakhangba Fruits & Vegetables Processing industry	13.75	40.00	26.25
3	M/s Athoi Ahen Enterprises	13.75	16.00	2.25
<b>Total</b>		<b>41.25</b>	<b>155.00</b>	<b>113.75</b>

*Source: Bills/Vouchers and Bank Statement.*

Thus, it is evident that expenditure of ₹ 2.12 crore incurred in four selected districts towards setting up of PPUs for reducing Post-harvest losses of horticulture produce failed to achieve the intended objective in 17 out of 22 cases (77 per cent) test checked and jointly inspected by audit.

In reply, the Department stated (April 2022) that the beneficiaries have assured construction of the units not found at site and for proper utilisation of the units which were lying idle. Further, the Department stated that subsidies given to the three firms listed at **Table 4.7** were as per approval of SLEC and within the limit of 50 per cent of maximum permissible cost of ₹ 800 lakh/ project.

The reply of the Department is not tenable as the maximum permissible assistance for establishing a Primary Processing unit as given in **Table 4.7** is ₹ 13.75 lakh (55 per cent of ₹ 25 lakh) only. The cost norm of 50 per cent of maximum permissible cost of ₹ 800 lakh/project quoted by Department is applicable only for J&K, Himachal and Uttarakhand.

#### 4.8 Re-establishment of Magfruit Factory

A project of “Re-establishment of Magfruit Factory” (estimated cost of ₹ 9.52 crore) was approved (June 2015) by NEC to be completed by May 2016. The objectives of the project *inter alia* included enhancing processed food, reducing Post-harvest losses and employment generation. Construction of civil component of the factory building, boundary wall and internal road, *etc.*, was entrusted (September 2015) to Manipur Tribal Development Cooperation (MTDC) whereas procurement and installation of Plants and Machineries was taken up by the Department.

Audit observed that:

- NEC had released its full share of ₹ 856.80 lakh<sup>43</sup> to the State Government in three instalments of which ₹ 685.44 lakh had been transferred to the Implementing Agency together with ₹ 140.77 lakh State Share. Out of the total amount of ₹ 826.21 lakh (₹ 685.44 lakh *plus* ₹ 140.77 lakh) received by the Implementing Agency, ₹ 806.44 lakh had been spent, thereby leaving a balance of ₹ 19.77 lakh lying unutilised with the Department as on March 2020. Moreover, the balance amount of ₹ 171.36 lakh released by NEC in December 2019 was yet to be transferred to the Implementing Agency by the State Government despite a delay of 26 months (up to March 2022) beyond 30 days of release of fund by NEC;
- An MoU was signed with MTDC (11 September 2015) for construction of factory building. Due to lack of timeline for completion of work in the MoU, the Department could not take action to charge penal interest from the Agency for not completing the work even after four and half years (September 2015 to March 2020) from handing over the work as provided in the MoU.
- Tenders (November 2018) for supply of Plants and Machineries<sup>44</sup> for ₹ 294.70 lakh from five bidders were rejected on the ground of non-submission of ISO certificate, performance statement, less turn over, *etc.*

However, one bidder *viz.*, M/s Bajaj Process Pack Ltd. was accepted despite non-submission of documents required for the technical bid such as GSTR-3B, copy of PAN card and valid manufacturing license. Competitive pricing was not ensured by the Department in award of supply order (23 July 2019) to the firm valuing ₹ 294.95 lakh. Thus, the selection process lacked transparency and undue favour was extended to the firm.

- Against the supply order (23 July 2019) for plants and machineries for ₹ 294.95 lakh, material valued at only ₹ 70.95 lakh was supplied within the stipulated six months, whereas material valued at ₹ 170.59 lakh was supplied after a delay of 20 to 181 days, and material valued ₹ 53.41 lakh was yet to be supplied as on the date of audit (January 2021) with a delay of 366 days. The total penalty leviable for delay in supply worked out to ₹ 23.87 lakh as shown in **Appendix 4.3**.

<sup>43</sup> ₹ 342.72 lakh in June 2015, ₹ 342.72 lakh in August 2017 and ₹ 171.36 lakh in December 2019.

<sup>44</sup> Canning and bottling equipment, Fruit Juice and RTS Beverages equipment, Dehydration equipment, Boiler and Water Plant and Laboratory equipment and machineries.

However, audit observed that no penalty had been levied from the above firm which is an extension of undue benefit to that extent.

- As on March 2021, Civil structures such as collapsible shutter for loading and unloading area, rolling shutter of DG set, six numbers of overhead water tank, power connection for running the machineries, lightening conductor had not been taken up even after a lapse of five years and ten months. None of the machineries had been installed and many equipment were lying exposed in the open with the risk of being damaged. Few photographs are shown below:



*Collapsible shutter of unloading area not yet fitted*



*Collapsible shutter of loading area not yet fitted*



*Vegetable washer lying outside without protective measure*



*R.O. water plant lying outside*



*Straight line exhaust lying exposed*



*Other machineries kept without protection from sunlight or rain*

Thus, the objectives of enhancing processed food, reducing Post-harvest losses and generating employment had not been achieved. The expenditure of ₹ 806.44 lakh and ₹ 19.77 lakh lying unspent with the Department remained unfruitful even after more than four years.

In reply, the Department stated (April 2022) that the amount of ₹ 19.77 lakh has been utilised and NEC share of ₹ 171.36 lakh has been transferred and partially utilised leaving a balance of ₹ 32.02 lakh only. Regarding selection of the Supplier, all documents required for the technical bid were submitted by the Supplier. Further, all pending works have been completed and all the machineries and equipment lying outside have been shifted inside the factory premises. Penalty for delayed supply was not done as Supply was hampered due to COVID-19 pandemic and late payment to the Supplier by the Department.

The fact remains that the factory is yet to be operative even after more than four years and penalty to the extent of ₹ 23.87 lakh was not levied from the Supplier for delayed supply. The Department is also silent on the status of material worth ₹ 51.4 lakh yet to be supplied by the firm. The GSTR-3B of firm pertains to December 2021 whereas the firm was selected in July 2019 indicating that the firm was selected



despite non-submission of GSTR-3B of the relevant year thereby extending undue favour to the firm.

#### 4.9 Creation of market infrastructure

With a view to strengthening the existing horticulture markets and encouraging investments from private and cooperative sectors, the State Horticulture Mission (SHM) implemented a scheme “*Creation of market infrastructure*” under MIDH for setting up Whole Sale Markets, Rural Markets and Retail Markets by providing financial assistance up to 55 per cent of the cost of work and up to 50 per cent of the work cost subject to a maximum of ₹ 13.75 lakh and ₹ 7.5 lakh for each Rural and Retail Market respectively. The balance cost of the work was to be borne by the beneficiary.

The SHM released financial assistance of ₹ 11.16 crore to 102 beneficiaries (Societies, SHGs and Individuals) for construction of 64 Rural Markets (₹ 8.31 crore) and 38 Retail Markets (₹ 2.85 crore) during 2015-16 to 2019-20. Further scrutiny of records revealed that in the four sampled districts (Bishnupur, Imphal East, Senapati and Ukhrul), payment of ₹ 5.92 crore was made to 53 beneficiaries for construction of 35 Rural Markets (₹ 4.57 crore) and 18 Retail Markets (₹ 1.35 crore) without ascertaining the costs and specification of actual work executed at the site.

Joint Inspection of 27 Rural Markets (₹ 3.47 crore) and 15 Retail Markets (₹ 1.12 crore) revealed that seven markets (4 Rural Markets and 3 Retail Markets) stated to have been constructed (₹ 70.00 lakh) were not located at the actual sites as per details given below:

**Table 4.8: Details of markets not constructed at site**

Sl. No.	Types of markets (Rural/Retail)	Proposed sites	Details of Beneficiaries	Financial Assistance released (₹ in lakh)	Remark
1	Rural	Keinou (Bishnupur)	Kangleipak Farmers' Producer Co-Ltd., (Kwakeithel Moirangpurel Leikai)	10.00	Paid ₹ 3.0 lakh (October 2015), ₹ 4.0 lakh (November 2015) and ₹ 3.0 lakh (December 2015). During inspection, a newly constructed storage house was shown as market shed in deviation of the prescribed design.
2	Rural	Oinam (Bishnupur)	Oinam Awang Leikai Women Development Association (Oinam)	10.00	Paid ₹ 5.0 lakh (May 2015) and ₹ 5.0 lakh (August 2015). No market was found at site.
3	Retail	Naranseina (Bishnupur)	N. Manihar Singh, (Naranseina)	7.50	Paid ₹ 4.0 lakh (August 2017) and ₹ 3.5 lakh (January 2019). Private grocery shop was shown as retail market.
4	Rural	Thambalnu Bazar (Imphal East)	Thambalnu Bazar Board (Yairipok)	13.75	Paid ₹ 6.0 lakh (January 2019), ₹ 6.37 lakh (February 2019) and ₹ 1.375 lakh (March 2019). No market was found at site.
5	Rural	Kaina Govindaji Lamkhai (Imphal East)	Development Organisation-Andro Kendra (Poiroupat Lamkhai)	13.75	Paid ₹ 6.875 (April 2019) and ₹ 6.875 (May 2019). No market was found at site.
6	Retail	Andro Santhei National Park (Imphal East)	Poiroukhongjin Laishram Leikai Farmers Association	7.5	Paid ₹ 6.75 (December 2019) and ₹ 0.75 lakh (February 2020). No market was found at site.

Sl. No.	Types of markets (Rural/Retail)	Proposed sites	Details of Beneficiaries	Financial Assistance released (₹ in lakh)	Remark
			(Poiroukhongjin Laishram Leikai)		
7	Retail	Andro Torongthel (Imphal East)	Poiroukhongjin Laishram Leikai Farmers Association (Poiroukhongjin Laishram Leikai)	7.5	Paid ₹ 3.75 lakh (December 2019), ₹ 3.0 lakh (December 2019) and ₹ 0.75 lakh (February 2020). No market was found at site.
<b>Total</b>				<b>70.00</b>	

*Source: Bills/Vouchers and Joint Physical Verification Report.*

Audit further observed that Department failed to adhere to the prescribed funding norms (55 per cent and 50 per cent) of the cost of work and that though payments to beneficiaries were made in two to three instalments, the actual execution of work was not ensured. Moreover, action taken to recover the unspent amount from the defaulting beneficiaries was not found on record.

Joint Inspection further revealed that the size of 22 of the 23 Rural Markets constructed were below the prescribed size (167.35 sqm) which ranged from 46.45 sqm to 166.25 sqm, and six of the 12 Retail Markets constructed below the prescribed size of 41.76 sqm ranged between 27.87 sqm and 36.23 sqm. Photographs of the smallest Rural and Retail Markets constructed at sites are given below:



**Smallest rural market at Vakho Village-Senapati (46.45 sqm as against 167.35 sqm)**



**Smallest retail market at Heingang Awang Leikai (27.87 sqm as against 41.76 sqm)**

It may be noted that these audit findings have been noticed during Joint Inspection of only 42 out of 102 rural/retail markets. The State Government may identify similar cases in the remaining markets stated to have been constructed and take necessary corrective action.

Thus, non-construction of seven markets (total prescribed Area of 794.68 Sqm<sup>45</sup>), and construction of 22 Rural Markets and six Retail Markets below the prescribed sizes aggregating to 1,723.09 Sqm compromised on the objective of strengthening the market infrastructures by encouraging investment from private sectors as envisaged in the Scheme.

In reply, Department stated (April 2022) that construction of Rural Market at Thambalnu Bazar (Sl. No. 4 of Table 4.8) has been completed and Retail Market at

<sup>45</sup> (4 x 167.35) + (3 x 41.76)=794.68 Sqm.

Santhei Natural Park, Andro (Sl. No. 6 of Table 4.8) has been constructed as Retail outlet. The remaining five markets will be constructed within a short period.

The Government may conduct Third Party Inspection of the sites and a Report thereof may be furnished to Audit for verification.

### Conclusion

- Out of four Integrated Pack Houses (₹ 85 lakh) and 38 Pack Houses (₹ 76 lakh) inspected jointly in the four sampled districts, three Pack Houses (₹ 6 lakh) were not found at sites, three Integrated Pack Houses (₹ 60 lakh) and 16 Pack Houses (₹ 32 lakh) were utilised as living/ drawing rooms, kitchen for dwelling purposes. One Integrated Pack Houses (₹ 25 lakh) and six Pack Houses (₹ 12 lakh) remained incomplete over two to four years as on August 2021. Only 13 Pack Houses (₹ 26 lakh) were completed and used for intended purposes.
- None of the four Pre-cooling units in two sampled districts inspected were utilised and thus remained unproductive, as one unit (₹ 12.5 lakh) was not found at site, another unit (₹ 12.5 lakh) was lying incomplete for 15 months and the other two units (₹ 25 lakh) remained idle due to improper site selection and lack of related activity/demands.
- Four Cold Rooms (Staging) (₹ 30 lakh) installed in two sampled districts were below the approved installed capacity to the extent of 100 MT thereby resulting in excess financial assistance of ₹ 25 lakh. Out of three Cold Rooms (Staging) (₹ 22.5 lakh ) Jointly Inspected, two Cold Rooms (₹ 15 lakh) at Huikap, Imphal East and Chothe-Bishnupur were not located at the production site were lying idle/unutilised and the third one at Moirang Kampu Sajeb, Imphal East (₹ 7.5 lakh) was also lying idle/unutilised.
- ₹ 26 lakh was paid for purchase of two Refrigerated Transport Vehicles with installed capacity of 18 MT. However, only 3.72 MT capacity was found installed with a shortfall of 14.28 MT resulting in excess payment of ₹ 20.64 lakh. Further, one vehicle was an old vehicle fitted with defunct refrigeration system, which indicated that the release amount was not utilised for the intended purpose.
- Against an amount of ₹ 1.80 crore released for construction of three Cold Storages of total capacity of 3600 MT in two sampled districts, three Cold Storages of only 298 MT were constructed with a shortfall of 3,302 MT resulting in excess payment of ₹ 1.65 crore. Two Cold Storages (196 MT) were lying idle since July 2018 and October 2019 and one Cold Storage (102 MT) remained incomplete since October 2018.
- Under State Plan, ₹ 5.08 crore sanctioned for establishment of Cold Chain system (January 2020) was irregularly drawn and deposited in the Scheme Bank Account, outside the Government account in violation of Central Treasury

Rules. Without obtaining necessary financial clearance (PIB<sup>46</sup> clearance) and preparation of DPR, the Department had spent ₹ 1.13 crore till March 2021. The Scheme remained incomplete even after lapse of over one year since the drawal of ₹ 5.40 crore and the amount of ₹ 4.27 crore was lying in the Scheme Account.

- An amount of ₹ 50 lakh was released to one beneficiary (*Development Organisation Andro Kendra*) in four instalments during the period from October 2018 to September 2019 for construction of one Ripening Chamber (100 MT). However, the project was not found at site even after a lapse of over two years from the date of payment of first instalment, which indicated that payments were made without ascertaining whether the approved project was executed by the beneficiary on ground.
- An amount of ₹ 3.54 crore was released to 22 beneficiaries for setting up of 22 processing units for processing of items such as ginger, turmeric, chilli, fruits and vegetables, etc. Six PPU (₹ 66.91 lakh) were not found at the actual site. Nine PPU (₹ 93.91 lakh) were found lying idle due to non-availability of raw materials, power supply or non-installation of the purchased machineries. Two PPU (₹ 50.87 lakh) remained incomplete due to incomplete Civil works and non-procurement of machineries even after a lapse of one to two and half years (December 2017 to February 2020) of payment made by SHM. Further, there was excess assistance of ₹ 1.14 crore to three beneficiaries. Thus, 17 (₹ 2.12 crore) out of 22 PPU jointly inspected failed to achieve the intended benefits.
- Under NEC Scheme, an amount of ₹ 826.21 lakh (₹ 685.44 lakh –NEC share plus ₹ 140.77 lakh –State share) was released to the Department for the project “Re-establishment of Magfruit Factory”, out of which an amount of ₹ 806.44 lakh had been spent leaving a balance of ₹ 19.77 lakh lying unutilised with the Department as on March 2020. But the project remained largely incomplete for more than four years. The Joint Inspection noticed that Civil structures such as collapsible shutter for loading and unloading area, rolling shutter of DG set, six numbers of overhead water tank, power connection for running the machineries, lightening conductor had not been taken up even after a lapse of five years and ten months. None of the machineries had been installed and many of them were lying exposed to the open with risk of being damaged.
- An amount of ₹ 5.92 crore was paid to 53 beneficiaries for construction of 35 Rural Markets (₹ 4.57 crore) and 18 Retail Markets (₹ 1.35 crore) without ascertaining the cost and specifications of actual works executed at site. Seven markets for ₹ 70 lakh (total prescribed area of 794.68 sqm) were not found at the site. 22 Rural Markets and six Retail Markets were constructed below the prescribed dimension aggregating to 1723.09 sqm.

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<sup>46</sup> PIB=Public Investment Board.

## Recommendations

- *State Government should review the position of the assets created in the State under MIDH for Post-harvest management such as Integrated Pack houses, Pack houses, Pre-cooling units, Cold Rooms (Staging), Refrigerated Transport Vehicles, Cold Storages, Primary processing units and Rural Markets to identify deficiencies to take corrective action to prevent misutilisation of Scheme funds and ensure that the assets created are operationalised to achieve the intended objectives.*
- *State Government should investigate non-construction of seven Rural Markets six Primary processing units, one Ripening Chamber, one Pre-cooling unit and three Pack houses funded under MIDH to take action as appropriate and to recover Scheme funds from the defaulting beneficiaries and Officials responsible under Manipur Public Servants' Personal Liability Act, 2006.*
- *State Government should investigate the issue of excess assistance paid in violation of the Scheme Guidelines in respect of three Cold Storages, three Primary processing units, four Cold Rooms and two Refrigerated Transport Vehicles to take action as appropriate and to recover the excess amount. The cases of the old Refrigerated Transport Vehicle fitted with defunct refrigeration system and the construction of the Rural Markets below the prescribed standards should be investigated and appropriate action should be taken to fix responsibility.*
- *State Government should ensure completion of the assets funded under MIDH which are remaining incomplete till date such as the Cold Storage at Kwasiphai, Bishnupur, six Pack Houses, one Pre-cooling unit, two Primary processing unit) including two projects "Establishment of cold chain system" under State plan and "Re-establishment of Magfruit Factory" under NEC to achieve the intended objective of the scheme for which the funds had been incurred.*
- *State Government should investigate the irregularities pointed out by audit including tendering process w.r.t 'Re-establishment of Magfruit Factory' and fix responsibility of the erring officials within a specified time frame.*



**Chapter V**  
**Horticulture Promotion and**  
**Extension Services**





# Chapter V

## Horticulture Promotion and Extension Services

### 5.1 Promotion of Farmers Producers Organisation (FPOs)

Under MIDH, assistance is provided for promotion of Farmers Producers Organisation to mobilise farmers and build their capacity to collectively leverage their production and marketing strength. The assistance is to be provided as per norms issued by Small Farmers Agri-business Consortium (SFAC), New Delhi.

During 2015-16 to 2019-20, SHM incurred ₹ 2.54 crore for promotion of seven FPOs in the State as detailed below:

**Table 5.1: Detail of FPOs in the State under MIDH**

(₹ in lakh)

Sl. No.	Name of FPOs	Number of Farmers			Total cost of the Project	Actual expenditure	Target date of completion
		To be mobilised	Actually mobilised (as on November 2020)	Shortfall			
1	Shepoumramth Farmer Producer Company Limited (Senapati District)	1,000	1,023	Nil	163.00	145.20	June 2018
2	Areeinu Farmer Producer Company Limited (Imphal East District)	1,000	620	380			
3	Thingtangpa Farmer Producer Company Limited (Churachandpur District)	1,000	603	397			
4	Tamenglong Farmer Producer Company Limited (Tamenglong District)	1,000	533	467			
<b>Sub-total</b>		<b>4,000</b>	<b>2,756<sup>47</sup></b>	<b>1,244</b>	<b>163.00</b>	<b>145.20</b>	
5	Korou FPO (Kakching District)	1,000	249	703	116.33	108.90	June 2021
6	Sadar FPO (Kangpokpi)	1,000	297	940			
7	Chandel FPO (Chandel District)	1,000	60	751			
<b>Sub-total</b>		<b>3,000</b>	<b>606</b>	<b>2,394</b>	<b>116.33</b>	<b>108.90</b>	
<b>Grand total</b>		<b>7,000</b>	<b>3,362</b>	<b>3,638</b>	<b>279.33</b>	<b>254.10</b>	

*Source: Bills/Vouchers and Progress Report.*

<sup>47</sup> Excluding the excess 23 number of farmers mobilised in Senapati District.

SHM entrusted (May 2015) Small Farmers Agribusiness Consortium (SFAC), New Delhi for identification of Resource Institution (RI) for undertaking the task of promoting the four FPOs at Sl. No. 1 to 4 by mobilising 4,000 farmers at a total cost of ₹ 163.00 lakh @ ₹ 4,075 per farmer. SFAC identified its empanelled Resource Institution *i.e.* Indian Grameen Services (IGS) for the task with the stipulation to complete the project by June 2018. Accordingly, SHM had paid ₹ 145.20 lakh to SFAC in three instalments during the period from June 2015 to August 2020.

However, Audit noticed that, against the target for mobilisation of 4,000 farmers by June 2018, only 2,756 farmers (69 *per cent*) had been mobilised (as on November 2020) with a shortfall of 1244 farmers despite delay of over two years. As on December 2020, SFAC had utilised ₹ 68.97 lakh only out of ₹ 145.20 lakh paid by SHM thereby ₹ 76.23 lakh remained unutilised with SFAC (₹ 14.83 lakh for 42 months & ₹ 61.40 lakh for four months).

Further audit scrutiny revealed that SHM engaged (July 2018) directly IGS as Resource Institution for promoting another three FPOs mentioned at Sl. No 5 to 7 at the cost of ₹ 116.33 lakh despite the dismal performance of IGS and again paid to IGS ₹ 108.90 lakh in five instalments during the period from October 2018 to August 2020. IGS had mobilised only 606 (20 *per cent*) farmers (as on November 2021) as against the target for mobilisation of 3,000 farmers in Kangpokpi, Chandel and Kakching Districts despite delay of five months. No Utilisation Certificates for ₹ 108.90 lakh has been obtained from IGS by SHM.

Thus, against the total target for mobilisation of 7,000 farmers for formation of seven FPOs in seven districts, the Resource Institution (IGS) could mobilise only 3,362 farmers (52 *per cent*) as on November 2020 resulting in short mobilisation of 3,638 farmers. The intended objective of the scheme component was not achieved to that extent and Utilisation Certificate of ₹ 1.85 crore was yet to be obtained by SHM.

In reply, Department stated (April 2022) that the slow progress of mobilisation of farmers was due to unavoidable circumstances such as communication problems, scattered habitation of the farmers *etc.* Further, the Department stated that IGS was engaged as it was well experienced in mobilisation of farmers and IGS could not complete the task within the stipulated time due to lockdown.

The reason put forward by the Department is not based on facts as the Department/IGS was actually aware of the communication issues and scattered habitation of the farmers.

## 5.2 Human Resource Development

Under MIDH, Human Resource Development Programme such as training of farmers, entrepreneurs, field level workers and Officers are to be taken up. Also, assistance for organising training courses for Supervisors, Entrepreneurs and Gardeners are admissible.

The target and achievements for various trainings during 2015-16 to 2019-20 was as follows:

**Table 5.2: Details of trainings conducted during 2015-16 to 2019-20**

(₹ in lakh)

Sl. No	Type of Training	Target		Achievement		Remarks
		Physical	Financial	Physical	Financial	
1	Supervisors and Entrepreneurs	Not specified	20.00	Nil	20	Utilised arbitrarily for construction of training hall.
2	Gardeners	1,101	195.62	Nil	52.63	No Gardener training was held. ₹ 15 lakh was utilised for construction of training hall. The balance expenditure of ₹ 37.63 was incurred for distribution of planting materials to 4274 farmers in Chandel District under Krishi Kalyan Abhiyan. Also, ₹ 16.42 lakh meant for training of 100 farmers was lying in SHM account.
3	Farmers training within the State	11,400	114.00	3952	89.16	108 Farmers were provided Skill development training (Gardeners Training) at Krishi Vigyan Kendras (KVKs) which was not initially emphasised. 1940 farmers, 385 farmers and 1519 farmers were provided training for one, two and three days respectively. There was shortfall of 7448 farmers for training.
4	Farmers training outside the State	Project based as per actual	26.11	78	14.96	78 farmers were trained at Institute of Horticulture Technology (Noida), Jain Irrigation System Ltd. (Gujarat) and Indian Institute of Horticulture Research (Bangalore).
5	Exposure visits of farmers outside the State	Project based as per actual	54.07	152	33.62	152 farmers visited CIPHET (Ludhiana), Jain Irrigation System (Gujarat), Sahara Organic Resort (Rajasthan), Central Institute of Horticulture

Sl. No	Type of Training	Target		Achievement		Remarks
		Physical	Financial	Physical	Financial	
						(Nagaland), Daffodils Nursery (Assam) etc.
6	Staff study tour to progressive States	1,797	71.81	165	29.59	165 Staff visited ICAR (Barapani-Meghalaya), Central Institute of Horticulture Research (Nagaland) etc.
	<b>Total</b>		<b>481.61</b>		<b>239.96</b>	

*Source: As furnished by SHM.*

It is clear from the above table that as against the physical target for providing Skill Development training to 1,101 farmers (Sl. No 2), no Skill Development training was provided. Against the target of 11,400 farmers to be trained within the State, only 3,952 farmers (35 per cent) were trained. No training for Supervisors/ Entrepreneurs was imparted.

In violation of the Scheme Guidelines, an amount of ₹ 35 lakh was diverted for construction of training hall at Khonghampat (Imphal East) and ₹ 37.63 lakh was diverted for distribution of planting material to 4,274 farmers under KKA which was irregular.

Thus, despite shortfall of physical target for providing Skill Development training, Supervisors and Entrepreneurs training and training of farmers within and outside the State, an amount of ₹ 72.63 lakh was diverted for other purposes.

In reply, Department stated that ₹ 35 lakh was utilised for construction of Training Hall since the Department did not have any training infrastructure and the utilisation of ₹ 37.63 lakh in Chandel District under KKA was as per the instruction of the Ministry.

The fact remains that an amount of ₹ 72.63 lakh was diverted for other purposes resulting in shortfall in providing training to the extent of 65 per cent and no Skill Development training was provided to 1,101 farmers as per the target.

### **5.3 Model Horticulture Centre at three locations: Ngarumphung, Tupul and Haipi**

Under NEC funding, the project was sanctioned (16 March 2016) at an estimated cost of ₹ 12 crore to be completed in three years (15 March 2019). The objective of the project was to promote sustainable use of natural resource for higher productivity and augment income of rural farmers.

Audit scrutiny of records revealed that NEC had released its share of ₹ 10.80 crore<sup>48</sup> to the State Government in three instalments during March 2016 and February 2020. However, ₹ 5.97 crore of NEC funds and ₹ 41.36 lakh State share was yet to be transferred to the Department by the State Government as on March 2020. Only an

<sup>48</sup> ₹ 2.25 crore (March 2016), ₹ 2.58 crore (February 2018) and ₹ 5.97 crore (February 2020).

amount of ₹ 4.83 crore of NEC fund and State share of ₹ 78.64 lakh had been released to the Department and the amount of ₹ 5.62 crore had been spent by the Department as on March 2020.

The significant audit observations are discussed below:

- (i) Goods valued ₹ 3.73 crore were purchased from 10 suppliers (Details are given in *Appendix 5.1*) during November 2016 to April 2019 without call of open tender/e-tender<sup>49</sup> in violation of GFR. No purchase was made from GEM portal in violation of O.M dated 27 September 2017 for goods and services above ₹ 25,000. This indicated that transparency, competitiveness fair and equitable treatment of suppliers was not complied with, by the Department.
- (ii) Joint Inspection (January and April 2021) of model centres revealed that structures/inputs/machineries valued ₹ 84.76 lakh were not found at the three project sites. The details are given in *Appendix 5.2*. Few photographs are shown below:



*No drip irrigation structures installed at Haipi centre (Kangpokpi District)*



*No drip irrigation structures installed at Tupul Centre (Tamenglong District)*

*Steel frame water tank not installed at Ngarumphung (Ukhrul District)*



Thus, non-implementation of the Scheme component at the three project sites indicated that the objective of the project for promotion of sustainable use of natural resource for higher productivity and augmenting income for rural farmers had not been achieved.

<sup>49</sup> Procurement should be made through e-tender for goods valuing ₹ 20 lakh and above.

(iii) Joint Inspection further revealed that works valued ₹ 45.64 lakh were not found executed at the sites by the three beneficiary societies<sup>50</sup> as per details given:

**Table 5.3: Details of work not executed by the beneficiary societies**

Activity to be taken up by Society	Cost per unit	Physical target ( <i>quantity executed</i> )			Value of work not executed
		Ukhrul	Kangpokpi	Tamenglong	
Contour earth bunding	0.516 per Ha	8.84 Ha (Nil)	7 Ha (Nil)	3.5 Ha (Nil)	9.98
Gabion Work	0.028 per cum	310 cum (Nil)	234 cum (Nil)	255 cum (Nil)	22.37
Water Harvesting pond	0.726 per unit of 240 sqm	3 units -720 sqm (2 unit -500 sqm)	2 units -480 sqm (1 unit -167.23 sqm)	2 units - 480 sqm (1 unit -223 sqm)	2.39 <sup>51</sup>
Compose Pit	0.737 per unit of 10.8 cum	6 units -64.8 cum (2 units -4.16 cum)	5 units -54 cum (2 unit -6.116 cum)	5 units -54 cum (1 unit - 2.83 cum)	10.90 <sup>52</sup>
<b>Total</b>					<b>45.64</b>

Source: DPRs, Bills/Vouchers and Joint Physical Verification Report.

(iv) It was also noticed that eight naturally ventilated Polyhouses (Ukhrul-3, Kangpokpi-3 and Tamenglong-2) installed at a cost of ₹ 1.32 crore were lying unutilised/idle. The details are shown in **Appendix 5.3** Some photographic evidence of Polyhouses lying unutilised/idle are as shown below:



**Polyhouse No. 2 for Tamenglong Centre lying idle/uncultivated**



**Polyhouse No-1 for Ukhrul lying idle/uncultivated**

<sup>50</sup> Ngarum Agri & Hortigrowers Society of Ukhrul, Model Horticulture Development Centre of Kangpokpi and GLP Horticulture Society of Tamenglong.

<sup>51</sup>  $\{(720+480+480) - (500+167.23+223) / 240\} \times 0.726$ .

<sup>52</sup>  $\{(64.8+54+54) - (4.16+6.116+2.83) / 10.8\} \times 0.737$ .



***Polyhouse for Ukhrul Centre lying idle/uncultivated***



***Polyhouse No-1 at Haipi lying idle/uncultivated***



***Polyhouse No-2 at Haipi lying idle/uncultivated***

It can be seen from above, the Model Horticulture Centres at three locations (Ngarumphung, Tupul and Haipi) were yet to be completed (April 2021) now for over two years. As most of the structures, inputs and machineries were not installed or found at the sites, it is clear that project was not implemented properly on the ground. Moreover, the completed structures remained idle/unutilised.

Thus, the objective of promoting sustainable use of natural resource in 243 ha area for higher productivity and incomes for rural farmers remained to be achieved even after a lapse of two years.

In reply, Department stated (April 2022) that henceforth all purchases would be made through open tender/e-tender/GeM. The structures/machineries which were earlier removed for repair would be reinstalled except four Solar plates for Tamenglong centre which had been stolen and complaint lodged at Noney Police Station. Contour earth bunding, Gabion works, Water harvesting ponds and Compost pits were executed to some extent and the actual volume of works would be determined. Maximum utilisation of Naturally Ventilated Polyhouses would be ensured, which were lying idle.

Government may consider conducting Third Party Inspection and report thereof on the actual status of the project at the sites may be furnished to Audit for verification.

## **5.4 Development of Floriculture**

### **(a) Under NEC**

Under NEC funding, the project “Model Floriculture Centre at Litan, Kamjong District, Sendra, Bishnupur District and Panam Garden, Andro Imphal East District” was approved (26 February 2018) at an estimated cost of ₹ 8.58 crore with the stipulation to be completed within 3 years *i.e.* by January 2021. The objective of the project was to serve as focal unit for the Development of Floriculture in the State and training-cum-demonstration centre for Post-harvest handling and processing of commercial flowers, and to demonstrate new technology of flower cultivation to the growers.

Audit scrutiny revealed that NEC had released ₹ 5.52 crore to the State Government. However, only ₹ 367.22 lakh had been transferred to the Department including state share of ₹ 59.22 lakh leaving a balance of ₹ 2.44 crore Central Share and ₹ 2.11 lakh

State Share with the State Government as on March 2020. The Department had spent ₹ 297.15 lakh leaving a balance of ₹ 70.07 lakh lying unutilised as of March 2020.

The significant audit observations are discussed below:

(i) Materials worth ₹ 1.22 crore were procured (April 2015 to January 2020) from five suppliers (*details shown in Appendix 5.4*) without call of open tender and not from GeM portal thereby violating the extant rules and instructions for procurement of Goods & Services.

(ii) Joint inspection (March and August 2021) revealed that three Polyhouses, six low-cost Polyhouses and three Mist Chambers installed in June 2019 at the cost of ₹ 85.37 lakh were lying idle/unutilised. These can be seen from the following photographs:



**Polyhouse at Litan Centre (Ukhrul District) lying idle/unutilised**



**Low Cost Polyhouse at Litan Centre (Ukhrul District) lying idle/unutilised**



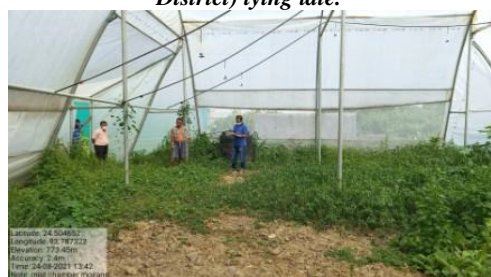
**Mist chamber at Litan Centre (Ukhrul District) lying idle in Ukhrul**



**Low cost polyhouse at Sendra (Bishnupur District) lying idle.**



**Polyhouse at Sendra (Bishnupur District) lying idle**



**Mist chamber at Sendra (Bishnupur District) lying idle**



**Mist chamber at Panam Garden (Imphal East District) lying idle**



**Badly damaged Low cost polyhouse at Panam Garden (Imphal East District) lying idle**



(iii) ₹ 16.05 lakh spent (January 2020) towards procurement of planting material (Rose and Anthurium) was not found cultivated in the three centres. Various inputs (tool kits, fertilisers *etc.*) worth ₹ 20.23 lakh were found unutilised. Thus, expenditure of ₹ 36.28 lakh for the centre was wasteful.

The project of Model Floriculture Centre at Litan, Kamjong District, Sendra, Bishnupur District and Panam Garden, Andro Imphal East District was yet to be completed even after delays over six months from the stipulated date of completion. It is also evident that the completed structures costing ₹ 85.37 lakh were lying idle/unutilised, and some of the inputs valued ₹ 36.28 lakh were not found cultivated or utilised. As such funds to the extent of ₹ 2.44 crore from Central Share and ₹ 2.11 lakh from State Share had not been released to the Department. Consequently, the objective of the project to serve as focal unit for Development of Floriculture in the State for a total envisaged area of 130 ha remained to be achieved even after delay of six months from completion date.

In reply, Department stated (April 2022) that henceforth all purchases would be made through open tender/e-tender or through GeM. Maximum utilisation of the created assets would be ensured and plantations at Polyhouses, Low-cost Polyhouses and Mist Chamber which were earlier lying unutilised/idle due to Covid-19 Pandemic have started.

The Government may consider conducting Third Party Inspection and report thereof on the actual status of the project at the sites may be furnished to Audit for verification.

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

Under the State Plan scheme of “Development of Floriculture” the Department sanctioned ₹100 lakh (March 2019) for establishment of eight model Floriculture Centres, two each in Senapati, Ukhrul, Kangpokpi and Tamenglong for setting up of a model floriculture business, creating awareness to farmers by providing training and motivating them to grow flowers for commercial purpose to enhance their income. As on March 2020, an expenditure of ₹100 lakh had been incurred towards construction of Polyhouses and cultivation of Flowers in the Polyhouses.

Audit noticed that:

- An MoU was signed (February 2019) between the Department and M/s ZOPAR Exports Private Limited, Shillong for setting up floriculture centres for Carnation/Gypsophylla in the State of Manipur without call of open tender. Accordingly, the Department entrusted (April 2019) M/s ZOPAR Exports Private Limited the work of establishment of eight floriculture centres at a cost of ₹ one crore.

- Joint Inspection<sup>53</sup> of eight model Floriculture Centres revealed that flower plantations were found in only three centres but the remaining five centres were lying idle with no flower plantation as given below:

**Table 5.4: Details of the Floriculture Centres**

Sl. No.	Name of Beneficiary	Location (District)	Flower	Status of the centres
<b>Centres where plantation was done</b>				
1	H. Havei William	Purul (Senapati)	Carnation	Carnations were found planted in the Polyhouse.
2	Thanglenhao Kipgen	Turibari Village (Kangpokpi)	Carnation	Carnations were found planted in the Polyhouse.
3	Kaphongwon R	Sirarakhong (Ukhrul)	Carnation	Carnations were found planted successfully in the Polyhouse
<b>Centres where plantation was not done</b>				
1	P. H Kiihne Dumai	Tahamzam Agritech, Senapati Bazar (Senapati)	Carnation	The polyhouse was lying idle with no flower plantation. No source of irrigation observed.
2	David Panmei	Utopia (Tamenglong)	Gypsophylla	One part was found utilised as Garage and other part as kitchen garden.
3	Gaikhangdam Thaimai	Rangkung (Tamenglong)	Gypsophylla	The polyhouse was lying idle with no flower plantation.
4	E. Robi	Mayangkhang (Kangpokpi)	Carnation	Polyhouse was utilised as kitchen garden and no carnation found planted. Beneficiary stated that flowers were damaged by flood as the site was in low lying area.
5	VS Rinchui	Thoyee Village (Ukhrul)	Carnation	No plantation of carnation found in the Polyhouse. Beneficiary stated it was due to lack of water source.

*Source: Progress Report and Joint Physical Verification Report.*

The following photographs show the five floriculture centres lying idle:



*Floriculture Centre of David Panmei at Utopia-One part was utilised as garage and other as kitchen garden. No plantation of Gypsophylla*

<sup>53</sup> Senapati in February 2021 Ukhrul & Kangpokpi in March 2021 & Tamenglong in April 2021.



*Floriculture Centre of Gaikhangdam Thamei at Rangkung lying idle*



*Floriculture Centre of P.H Kiihne Dumai at Senapati lying idle*



*Floriculture Centre of E Robi at Mayangkhang with vegetable plantation instead of carnation plantation*



*Floriculture centre of V S Rinchui of Thoyee Village with vegetable plantation instead of carnation plantation*

Thus, an expenditure of ₹ 62.06 lakh<sup>54</sup> incurred towards establishment of five centres for a total area of 2,500 Sqm did not achieve the objective of establishing model Floriculture Centres even after a lapse of 17 months from the date of installation.

In reply, Department stated (April 2022) that the Scheme was implemented as a pilot project on Build-Operate and Transfer (BOT) model with a view to linking the production of flowers with the market on a buy-back basis with the well experienced firm. The plantations of Carnation and Gypsophylla were carried out in full swing but marketing could not be done due to COVID-19 pandemic.

## 5.5 Establishment of Orchards in Hill Areas

Under State plan, the Department implemented the scheme for establishing 52 Model Orchards in hill areas during 2015-16 to 2019-20 to enhance income of farmers for various fruits (Lemon, Orange, Kiwi, Litchi, Dragon fruit, Avocado, etc.) as per details given below:

<sup>54</sup> 3 units @ ₹ 12.64 lakh/unit for Carnation and 2 units @ ₹ 12.07 lakh for Gypsophylla.

Table 5.5: Details of Orchards in the Districts

(₹ in lakh)

District	2015-16		2017-18		2018-19		Total	
	No. of Orchards	Expenditure	No. of Orchards	Expenditure	No. Orchards	Expenditure	No. of Orchards	Expenditure
Ukhrul including Kamjong	1	3.81	2	4.17	7	35.61	10	43.59
Senapati	1	2.54	1	2.50	5	25.49	7	30.53
Tamenglong	2	3.81	2	3.33	6	29.31	10	36.45
Chandel	1	2.54	2	3.33	4	19.52	7	25.36
Churachandpur and Pherzawl	1	3.81	2	4.17	6	29.57	9	37.55
Kangpokpi	1	3.48	1	2.50	4	20.54	6	26.52
Tengnoupal	0	0	0	0	3	14.96	3	14.96
<b>Total</b>	<b>7</b>	<b>19.99</b>	<b>10</b>	<b>20.00</b>	<b>35</b>	<b>175.00</b>	<b>52</b>	<b>214.96</b>

Source: Sanction Copies and Bills/Vouchers. \*Scheme was not taken up during 2016-17 and 2019-20.

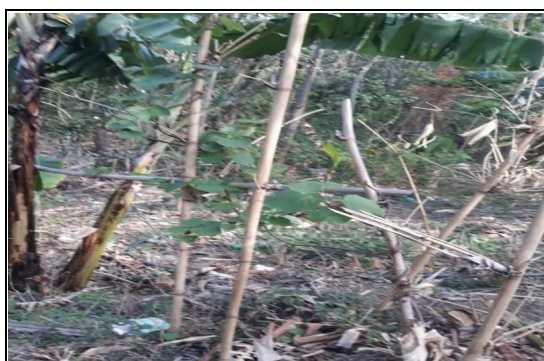
A total amount of ₹ 2.15 crore was spent during the three-year period of 2015-16 to 2018-19. A Joint Inspection conducted (April 2021) for 12 Orchards (Tamenglong-6 and Kangpokpi-6) out of 52 Orchards established during 2015-16 to 2019-20 revealed the following position:

Table 5.6: Result of Physical Verification of the Orchards

Sl. No.	Name of Beneficiary	Location	Fruit Crop	Result of Physical Verification
<b>Tamenglong District</b>				
1	David Panmei	Utopia	Orange	No Orchard was found at the proposed site despite reported expenditure of ₹ 1.67 lakh. Beneficiary stated that Orange Saplings and Barbed wire received had been utilised in the already existing Orange Orchard at Azuram (Barak).
2	Namthanga Panmei	Duiluan (Wairangba)	Litchi	No Orchard was found and the beneficiary stated that no assistance had been received from the Department. Reported amount of ₹ 2.54 lakh for the Orchard is suspected to have been misappropriated.
3	G. Mary	Khongjarol Khunkha	Orange	No new Orchard was established. Beneficiary stated that Orange saplings provided by the Department had been utilised for gap filling in the already existing orchard. No Compost pit and barbed wire fencing were found constructed though ₹ 2.96 lakh had been paid for same.
4	Khiuluwang Kamei	Chaengdai	Orange	Orchard was found destroyed due to road expansion. No pond, compost pit and barbed wire fencing were constructed though ₹ 3.86 lakh had been paid for.

Sl. No.	Name of Beneficiary	Location	Fruit Crop	Result of Physical Verification
5	Kungliangliu Kamei	Namkaolong	Orange	No Orchard was found. Beneficiary stated the Orchard had been destroyed for construction of pond. Thus, expenditure of ₹ 4.88 lakh incurred for the Orchard was wasteful.
6	Lucy Dangmei	Thangal	Orange	Though ₹ 4.88 lakh had been paid to the beneficiary. No Orchard was found established. Beneficiary showed few barbed wire coils procured.
<b>Kangpokpi District</b>				
7	A.B Thomas	Konsakhul	Lime	Out of 500 Lime plants received by the beneficiary, only around 50 (10 per cent) plants survived. No soil survey and technical guidance had been done by the Department.
8	Ngahboi Kipgen	New Selsi	Soft Pear	No Orchard was found. Thus, expenditure of ₹ 3.48 lakh incurred for the Orchard was wasteful.
9	Dangsinglung Dangmei	Nunggang Village	Kiwi	No Orchard was found. Only one Kiwi found planted at the residence of the beneficiary. Thus, expenditure of ₹ 5.13 lakh for the Orchard was doubtful.
10	D. Pouthailung	Siangai Namdai	Kiwi	No Kiwi Orchard was found. Only about five Kiwi plants found planted amidst the thick forest. Thus, expenditure of ₹ 5.13 lakh for the Orchard was doubtful.
11	K, Seikholen Chiru	Nungsai Chiru	Kiwi	No Kiwi Orchard was found. The beneficiary stated that Kiwi Plants could not survive due to lack of plantation knowledge. Thus, ₹ 5.13 lakh incurred for the Orchard was wasteful.
12	Th. Dingam	Parengba Village	Kiwi	Around 70 Kiwi plants survived and the Orchard site was maintained.

It can be seen from above that while two out of 12 Orchards inspected were found partially established (Sl. No 7 and 12), the other two orchards (Sl. No 4 and 5) were found destroyed due to road expansion and pond construction. No Orchards were found established at the site in respect of the other eight beneficiaries. Few Photographs are shown below:



*Orchard of Dangsinglung Dangmei at Nunggang Village with only one Kiwi plant*



*Orchard of Khiuluwang Kamei at Chaengdai found destroyed due to road expansion*



Thus, ₹ 39.66 lakh paid to 10 beneficiaries<sup>55</sup> towards establishment of model orchards with envisaged coverage area of 10.37 ha in the sampled districts was found to be wasteful/doubtful. This was seen only in the case of 12 beneficiaries in two districts inspected. The Department should review the position and carry out evaluation of the Scheme impact in the remaining 40 Orchards so that corrective action may be taken to prevent such recurrence of wasteful expenditure in future.

In reply, Department stated that the Orchards in Kangpokpi District could not be properly established due to high mortality of the crops owing to lack of proper plantation knowledge of the beneficiaries. In respect of Tamenglong District, the Department accepted that the orchard of (Lucy Dangmei) is yet to be established and the orchard of David Panmei had been established in a different location. Further, the Department stated that Namthanga Panmei was given assistance for establishment of orchard.

The reply suggests that capacity building/training was not properly done as discussed in **Paragraph 5.2** and the implementation of the scheme had not been properly monitored. Further, the Department is yet to furnish the approval of the competent authority for change of site and photograph of the new site cannot be authenticated in the absence of geotagged evidence. The beneficiary (Namthanga Panmei) himself has denied receipt of financial assistance for establishment of Orchard which may be ascertained by the Government. Action taken to make the Orchards (₹ 2.15 crore) functional may be furnished to Audit for verification.

## **5.6 Monitoring and Evaluation**

The State Level Executive Committee (SLEC) was responsible for overseeing the implementation of MIDH programme in the State. The District Mission Committee (DMC) was to carry out the objectives of the mission through project formulation, implementation and monitoring.

Audit observed that though SLEC meetings were conducted for approval of Annual Action Plans and Project based components, however, no separate meetings were held for monitoring/reviewing of the progress of the works done by SHM during

<sup>55</sup> Eight orchards not found at sites and two orchards destroyed.

2015-16 to 2019-20. Similarly, there were no records of monitoring of the scheme/projects in the districts by the DMC.

During 2015-16 to 2019-20, Ministry conducted two inspections and suggested the following for SHM:

- adhere to cost norms and pattern of assistance envisaged under MIDH;
- train district level officers to post the monthly progress on HMNEH web site from respective districts;
- give special emphasis on accreditation of nurseries; and
- integrate pineapple with poly-mulching to solve soil erosion and obnoxious weeds.

However, the SHM had failed to adopt the above recommendations. There were innumerable cases of excess payment of subsidies as discussed in the Report and District Offices were not posting monthly progress themselves and the Nurseries established during 2015-16 to 2019-20 had not been accredited as yet. Further, a State Level Monitoring Committee (SLMC) was constituted only in February 2019 and visited five districts during May to September 2019 though MIDH was implemented since 2014-15. However, no records of other monitoring visits were available for audit scrutiny.

Though the Department was required to conduct evaluation studies for MIDH Scheme, the SHM had not conducted evaluation studies during 2015-16 to 2019-20. No monitoring and evaluation reports were available for NEC and State Plan schemes. Thus, Monitoring and Evaluation system were not adequate and effective.

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

### Conclusion

- An amount of ₹ 2.54 crore (SFAC – ₹ 145.20 lakh and IGS – ₹ 108.90 lakh) was paid by SHM for promotion of seven Farmers Producers Organisation (FPO) in the State for mobilisation of 7,000 farmers for formation of seven FPOs. Against the target of mobilisation of 7,000 farmers (SFAC – 4,000 farmers and IGS – 3,000) for formation of seven FPOs in seven districts, only 3,362 farmers (52 *per cent*) were mobilised as on November 2020, resulting in short mobilisation of 3,638 farmers. As on December 2020, SFAC had utilised ₹ 68.97 lakh only out of ₹ 145.20 lakh paid by SHM thereby ₹ 76.23 lakh remained unutilised with SFAC (₹ 14.83 lakh for 42 months & ₹ 61.40 lakh for four months). No UCs for ₹ 108.90 lakh paid to IGS had been obtained by SHM.
- Against the physical target for providing Skill Development training to 1,101 farmers, no Skill Development training was provided. Against the target of 11,400 farmers to be trained within the State, only 3,952 farmers (35 *per cent*) were trained. No training for Supervisors Entrepreneurs was imparted. Despite shortfall of physical target for providing Skill Development training, Supervisors and Entrepreneurs training and training of farmers within and outside the State, an amount of ₹ 72.63 lakh was diverted for other purposes.

- Under NEC funding, ₹ 12 crore was sanctioned for establishment of Model Horticulture Centres at three locations. The Department had received ₹ 5.62 crore and the balance amount of ₹ 5.97 crore of NEC share and ₹ 41.36 lakh of State share was yet to be received till March 2020, after a lapse of four years and the project remained incomplete even after a lapse of two years as on March 2021.

Audit noticed that structures and machineries worth ₹ 84.76 lakh were not found at three project sites. Further, Contour earth bunding, Gabion work, Compost pit and Water harvesting pond costing ₹ 45.64 lakh (released to the beneficiaries) were not executed. Eight Naturally Ventilated Polyhouses (₹ 1.32 crore) were lying unutilised/idle.

- Under NEC funding, ₹ 8.58 crore was sanctioned for establishment of Model Floriculture Centres at three locations and was to be completed by January 2021. Even after a delay of six months from completion date, an amount of ₹ 4.91 crore was yet to be released to the Department as of March 2020. The Department had spent ₹ 297.15 lakh leaving a balance of ₹ 70.07 lakh.

Three Polyhouses, six Low Cost Polyhouses and three Mist Chambers costing ₹ 85.37 lakh were lying idle/unutilised since June 2019 and ₹ 36.28 lakh spent towards procurement of planting material and inputs were not found cultivated or utilised at the three Centres.

- Under State plan scheme “Development of Floriculture”, an amount of ₹ one crore was paid to M/s ZOPAR Exports Private Limited, Shillong for construction of Polyhouses and cultivation of Flowers for setting up of eight Model Floriculture Centres in four districts. Audit noticed that only three Centres out of eight had Flower plantations, but the remaining five Centres funded at a cost of ₹ 62.06 lakh for a total area of 2500 sqm was lying idle without Flower plantations even after a lapse of 17 months from date of installation.
- Under State Plan, a total amount of ₹ 2.15 crore was incurred towards Establishment of 52 Orchards in Hill Areas during 2015-16 to 2018-19. Out of 12 Orchards jointly inspected, eight Orchards (₹ 30.92 lakh) of eight beneficiaries were not found at site, whereas two Orchards (₹ 8.74 lakh) were found destroyed due to road expansion and pond construction and only two Orchards were found partially established.

### **Recommendations**

- *State Government should initiate steps for completion of formation of Farmers Producers Organisations (FPOs) by mobilising the targeted number of farmers and also to ensure that the FPOs are functional for enhancing farming and organisational skills of the cultivators. Utilisation Certificates of the amount already paid to IGS should be obtained in a timely manner to ensure proper utilisation of funds.*



- *State Government should ensure that the targeted number of farmers are mobilised by the IGS or take back the amount paid to the agency.*
- *State Government should investigate the matter of non-execution of the work “Establishment of Model Horticulture Centres” funded under NEC and to take action as appropriate and to prevent loss of public funds.*
- *State Government should ensure that all the assets already created for eight Naturally Ventilated Polyhouses under Model Horticulture Centre, three Polyhouses, six Low Cost Polyhouses and three Mist Chambers under Model Floriculture Centres, five floriculture centres under “Development of Floriculture” are made operational to achieve the intended objectives of the schemes.*
- *State Government should review the position of the Orchards funded under the State Plan scheme and take appropriate corrective action to recover funds as appropriate from the beneficiaries to prevent mis-utilisation of funds.*
- *State Government should strengthen Monitoring and Evaluation arrangement in the Department to ensure effective implementation of the scheme, proper utilisation of funds and achievement of scheme objectives.*



(Athikho Chalai)

**Imphal**  
**The 05 January 2023**

**Principal Accountant General (Audit), Manipur**

**Countersigned**



(Girish Chandra Murmu)

**New Delhi**  
**The 17 January 2023**

**Comptroller and Auditor General of India**



# **APPENDICES**



## Appendix 2.1

(Reference: Paragraph No. 2.2(a))

## Statement showing delay in release of MIDH fund to the Project implementing agency

AAP Year	Inst	Central/State	Amount	Date of Release	Date of release by State Government	Time Taken	Time gap b/w release of Central and Corresponding State Share	Time gap b/w First and Second Installment
2015-16	Ist	Central	1875	02-07-2015	20-10-2015	110	-	-
	Ist	State	208.33	-	26-03-2016	-	158	-
	2nd	Central	1156	29-02-2016	03-08-2016	156	-	242
	2nd	Central	544	14-03-2016	03-08-2016	142	-	-
	2nd	State	188.89	-	28-03-2017	-	237	-
2016-17	Ist	Central	1000	14-07-2016	28-03-2017	257	-	-
	Ist	State	111.01	-	28-03-2017	-	0	-
2017-18	Ist	Central	360	04-07-2017	04-01-2018	184	-	-
	Ist	Central	240	04-07-2017	29-03-2018	268	-	-
	Ist	State	40	-	04-01-2018	-	0	-
	Ist	State	26.07	-	29-03-2018	-	0	-
	2nd	Central	1800	15-01-2018	14-03-2018	58	-	195
	2nd	State	200	-	29-03-2018	-	15	-
2018-19	Ist	Central	1550	25-07-2018	23-11-2018	121	-	-
	Ist	State	172.22	-	27-02-2019	-	96	-
	2nd	Central	1000	13-03-2019	29-03-2019	16	-	231
	2nd	State	111.11	-	30-03-2019	-	0	-
2019-20	Ist	Central	1350	06-09-2019	21-10-2019	45	-	-
	Ist	State	150	-	06-01-2020	-	77	-
	2nd	Central	1300	31-01-2020	17-03-2020	46	-	147
	2nd	State	144.44	-	17-03-2020	-	0	-

## Appendix 2.2

(Reference: Paragraph No. 2.2(b))

## Statement showing delays in release of NEC fund and delays in submission of Utilisation Certificates

(₹ in lakh)

Name of Project	Sanctioned Cost	Particulars	Amount released	Date of release by NEC	Amount released by state to PIA	Date of release by state to PIA	Due date of release <sup>1</sup>	Delay in days	Date of submission of UC	Due date of submission of UC	Delay in submission of UC (month) as on March 2020
Model Horticulture Centre at three location	1200	NECs share (1 <sup>st</sup> Inst)	225.00	16-03-2016	225.00	01-08-2016	15-04-2016	108	06-07-2017	01-04-2017	3
		State share	25.00	NA	25.00	28-12-2017	15-04-2016	622	19-02-2019	01-04-2017	23
		NECs share (2 <sup>nd</sup> Inst)	257.73	07-02-2018	257.73	18-03-2019	09-03-2018	374	04-02-2020	01-04-2019	10
		State share	28.64	NA	28.64	13-03-2019	09-03-2018	369	04-02-2020	01-04-2019	10
		NECs share (3 <sup>rd</sup> Inst)	597.27	11-02-2020	0.00	NA	10-03-2020	21	Not yet submitted	01-04-2021	NA
		State share	25.00	NA	25.00	31-03-2020	10-03-2020	21	Not yet submitted	01-04-2021	NA
Model Floriculture Centre at three location	858	NECs share (1 <sup>st</sup> Inst)	308.00	26-02-2018	308.00	05-02-2019	27-03-2018	315	18-02-2020	01-04-2019	10
		State share	34.22	NA	34.22	28-03-2019	27-03-2018	366	18-02-2020	01-04-2019	10
		NECs share (2 <sup>nd</sup> Inst)	243.96	24-02-2020	0.0	NA	25-03-2020	5	Not yet submitted	01-04-2021	NA
		State share	25.00	NA	25.00	31/03/2020	25-03-2020	5	Not yet submitted	01-04-2021	NA
Re-establishment of Magfruit	952	NECs share (1st Inst)	342.72	16-06-2015	342.72	16-12-2015	15-07-2015	154	05-08-2016	01-04-2017	No delay
		State Share	38.08	NA	38.08	30-3-2018	15-07-2015	989	23-03-20	01-04-2017	36
		NECs share (2nd Inst)	342.72	24-08-2017	294.39	29-03-2018	23-09-2017	187	20-02-2019	01-04-2019	No delay
					48.33	30-3-2018	23-09-2017	188	20-02-2019	01-04-2019	No delay
		State Share	38.08	NA	38.08	30-3-2018	23-09-2017	188	23-03-2020	01-04-2019	12
		SMS of last Inst	64.61	NA	64.61	30-03-2019	18-01-2020	No delay	23-03-2020	01-04-2020	No delay
NECs share 3 <sup>rd</sup> Inst	171.36	19-12-2019	0.0	NA	18-01-2020	72	NA	01-04-2021	NA		
<b>Total</b>	<b>3010</b>		<b>2,767.39</b>		<b>1,754.8</b>						

<sup>1</sup> NEC share must be released within one month of release from NEC along with the State Matching Share

## Appendix 3.1

(Reference: Paragraph No. 3.2.1.8(b))

## Statement showing excess utilisation of man-days during 2017-18 and 2018-19

Sl. No.	Particulars of field operation	Man-days required per Acre	2017-18			2018-19			Difference (excess man-days)	Rate of wages	Excess expenditure
			Mandays utilised (80 Acre)	Time of utilisation	Man-days required (60 Acre)	Man-days utilised (60 Acre)	Time of utilisation	Man-days required (30 Acre)			
	(1)	(2)	(3)	(4)	(5 = 2 x 60)	(6)	(7)	(8 = 2 x 30)	9 = (3+6) - (5+8)	(10)	(11 = 9 x 10)
1	Grass/shrub cutting	22	-	-	-	1,520	Oct, Nov 18	660	860	225	1,93,500
2	Terrace side dressing	20	-	-	-	1,200	Nov, Dec 18	600	600	225	1,35,000
3	Ploughing	12	960	Nov-17, Jan & Feb 18	720	720	Nov, Dec 18	360	600	225	1,35,000
4	Organic fertiliser application	4	320	Nov-17	240	240	Nov, Dec 18	120	200	225	45,000
5	Soil digging & treatment	4	320	Jan & Feb 18	240	240	Dec-18	120	200	225	45,000
6	Potato plantation	50	4,000	Jan, Feb & Mar 18	3,000	3,000	Jan-19	1,500	2,500	225	5,62,500
7	Weeding / intercultural operation	20	-	-	-	1,200	Feb Mar 19	600	600	225	1,35,000
8	Earthing-up operation	32	-	-	-	1,920	Feb Mar 19	960	960	225	2,16,000
9	Spraying of organic pesticide/fungicide/insecticide	16	-	-	-	960	Apr May 19	480	480	225	1,08,000
10	Rogueing	12	-	-	-	720	Apr May 19	360	360	225	81,000
12	Terrace side grass cutting	17	-	-	-	1,020	Apr May 19	510	510	225	1,14,750
	<b>Total</b>		<b>5,600</b>		<b>4,200</b>	<b>12,740</b>		<b>6,270</b>	<b>7,870</b>		<b>17,70,750</b>

### Appendix 3.2

(Reference: Paragraph No. 3.2.2.1(a))

#### Details of Mushroom Units Lying Idle

Sl. No.	Beneficiary	location	Details of payment	Remarks	Physically verified	Inst	Remark
<b>Mushroom Production Unit</b>							
1	M Noren Singh	Bishnupur Kha Ward No-5 (Bishnupur District)	Paid ₹ 7.2 lakh (Jan 2019) and ₹ 0.80 lakh (Mar 2019)	Not functional on the day of visit. The beneficiary stated that cleaning was done for undertaking new cultivation. He used to earn ₹ 8 lakh/annum from Mushroom cultivation.	Jul-21	2018-19 (1st)	New Cultivation about to start
2	Ch Sanjoy	Irengbam (Bishnupur District)	Paid ₹ 4 lakh (Dec 2019), ₹ 3.20 lakh (Jan 2020) and ₹ 0.80 lakh (Feb 2020)	Mushroom cultivation not found carried out on the day of physical visit. The beneficiary cited shortage of raw material and marketing problem due to COVID Pandemic as reasons for not taking up Mushroom cultivation.	Jul-21	2019-20 (1st)	halted due to COVID
3	Top Chingtha Development Organisation (Arambam Sanayaima)	Top Chingtha Laimang (Imphal East)	Paid ₹ 7.2 lakh (Dec 2019) and ₹ 0.80 lakh in Feb 2020.	The joint team found the unit lying locked and idle	Aug-21	2019-20 (1st)	Found locked and lying idle
4	Young Farmers Group-(Th. Achouba Singh)	Huikap (Imphal East)	Paid ₹ 7.2 lakh (Jan-2019), ₹ 0.80 lakh (March 2019).	No cultivation was taking place on the day of the visit.	Aug-21	2018-19 (1st)	No Cultivation
5	Huikap Makha Leikai Women Progressive Association (H. Rani Devi)	Huikap Makha Leikai (Imphal East)	Paid ₹ 7.2 lakh (Jan-2019), ₹ 0.80 lakh (March 2019).	The unit was lying idle. No sign of mushroom cultivation was observed.	Aug-21	2018-19 (1st)	lying idle
6	Humuleima Lamjing Meiralup-Moirangpurel	Moirangpurel (Imphal East)	Paid ₹ 7.2 lakh (Jan-2019), ₹ 0.80 lakh (March 2019).	There was no mushroom cultivation. The unit was lying idle.	Aug-21	2018-19 (1st)	lying idle



Sl. No.	Beneficiary	location	Details of payment	Remarks	Physically verified	Inst	Remark
	(Sh. Ranjana Leima)						
7	Rural Development Society- Moirangpurel (Kh. Somorjit Singh)	Moirangpurel, Maning Leikai (Imphal East)	Paid ₹ 6 lakh (April-2019), ₹ 2 lakh (June 2019).	There was no mushroom cultivation. The unit was lying idle.	Aug-21	2018-19 (2nd)	lying idle
8	Urup Farmers Association (M. Sushil Meitei)	Urup Makha Leikai (Imphal East)	Paid ₹ 6 lakh (July 2015), ₹ 1.20 lakh (August 2015) and ₹ 0.80 lakh (August 2015-Bani Super Store)	Lying idle since 2019 (damaged by flood)	Mar-21	2014-15 (2nd)	lying idle
9	PLLFA (L. Dojendra Singh)	Yairipok Yambem (Imphal East)	Paid ₹ 7.2 lakh (Dec-2019), ₹ 0.8 lakh (Feb-2020).	one unit was found constructed at the residence of N. Gambhir Singh. The beneficiary (N. Gambhir Singh) stated that no money had been received from PLLFA..	Aug-21	2019-20 (1st)	completed but lying idle
10	Yambem Mathak Leikai G.P Watershed Management Committee (M. Modhu Singh)	Yambem (Imphal East)	Paid ₹ 7.2 lakh (Jan-2019), ₹ 0.80 lakh (March 2019).	Lying idle as no helpers/workers were available due to COVID Pandemic	Aug-21	2018-19 (1st)	Temporarily lying idle due non-availability of helper due to COVID Pandemic
11	Yambem Farmers club (Ch. Khamba Meetei)	Yiripok, Yambem Mayai Leikai (Imphal East)	Paid ₹ 6 lakh (April 2019), ₹ 2 lakh (June 2019)	Lying idle as no helpers/workers were available due to COVID Pandemic	Aug-21	2018-19 (2nd)	Temporarily lying idle due non-availability of helper due to COVID Pandemic
12	Vareichung Memorial Thiwa Horti C S LTD	Thiwa	Paid ₹ 7.2 lakh (Dec 2019), ₹ 0.80 lakh (Feb 2020).	No commercial production had started.	Feb-21	2019-20 (1st)	No Cultivation started
<b>Spawn Making Unit</b>							
13	I Saratchandra	Tronglaobi (Bishnupur District)	Paid ₹ 5.4 lakh (Feb 2019) and ₹ 0.60 (July 2019)-for procuring machineries from AB Scientific Instruments-	The beneficiary stated that spawn production was halted recently due to less demand owing to COVID Pandemic. The unit was found	Jul-21	2018-19 (1st)	lying idle

Sl. No.	Beneficiary	location	Details of payment	Remarks	Physically verified	Inst	Remark
			Keishampat Thokchom Leikai	functioning. The Beneficiary stated that he could earn ₹ one lakh/annum approximately.			
14	Huikap Makha Leikai Women Progressive Association (H. Rani Devi)	Huikap Makha Leikai (Imphal East)	Paid ₹ 3 lakh (Jan 2019), ₹ 2.4 (Feb 2019) and ₹ 0.60 lakh (March 2019)	One Autoclave and one Laminar flow was lying idle at the residence of the beneficiary. No separate work shed was found.	Aug-21	2018-19 (1st)	Lying idle
<b>Compost Unit</b>							
15	Huikap Farmers Group (K. Tomba Singh)	Huikap	Paid ₹ 3.5 lakh (Jan 2017), ₹ 3.7 lakh (Feb 2017) and ₹ 0.80 lakh (June 2017)	Piggery shed shown as compost making unit without any equipment or tool for compost making	Aug-21	2015-16 (2nd)	lying idle and not utilised for intended purpose
16	A. Leinungshi Devi	Tiger Camp	Paid ₹ 3.5 lakh (Dec 2016), ₹ 3.7 lakh (Feb 2017) and ₹ 0.80 lakh (June 2017)	Not found functional	Aug-21	2015-16 (2nd)	lying idle and not found functional

### Appendix 3.3

(Reference: Paragraph No. 3.2.2.2(iii & iv))

#### Details of excess payment made for construction of ponds

Sl. No.	Beneficiary	Location (District)	Volume (Cum)	Rate/Cum payable	Assistance payable	Assistance paid (₹)	Excess Assistance (₹)
1	J. Ramreingam	Phalee (Ukhrul)	20.9	52.5	1,097.25	90,000	88,902.75
2	Priyokumar Oinamcha	Naranseina (Bishnupur)	70.79	43.75	3,097.06	75,000	71,902.94
3	P. Thabal Singh	Ngaikhong Khunou (Bishnupur)	84.95	43.75	3,716.56	75,000	71,283.44
4	Th.Solomon	Purul (Senapati)	84.95	52.5	4,459.88	91,809	87,349.12
5	D. Joy R. Naga	Potshangbam (Bishnupur)	91.75	43.75	4,014.06	75,000	70,985.94
6	L. Shyamkumar Singh	Sunusiphai (Bishnupur)	113.27	43.75	4,955.56	75,000	70,044.44
7	Leesana Foundation	Irengbam (Bishnupur)	127.42	43.75	5,574.63	75,000	69,425.38

Sl. No.	Beneficiary	Location (District)	Volume (Cum)	Rate/Cum payable	Assistance payable	Assistance paid (₹)	Excess Assistance (₹)
8	K. Ibotombi Singh	Khoijuman (Bishnupur)	127.42	43.75	5,574.63	75,000	69,425.38
9	CL Thingpamla	Thiwa (Senapati)	135.92	52.5	7,135.80	90,000	82,864.20
10	W. Amusana Singh	Bishnupur (Bishnupur)	141.58	43.75	6,194.13	75,000	68,805.88
11	P. Keshworkumar Singh	Ngaikhong Khunou (Bishnupur)	169.9	43.75	7,433.13	75,000	67,566.88
12	Deli Lokho	Song song (Senapati)	178.39	52.5	9,365.48	90,000	80,634.53
13	W Robindro	Sanjenbam (Imphal East)	353.96	43.75	15,485.75	75,000	59,514.25
14	S . Dillip Singh	Huikap (Imphal East)	424.75	43.75	18,582.81	75,000	56,417.19
15	Tensubam Tomba Singh	Huikap (Imphal East)	424.75	43.75	18,582.81	75,000	56,417.19
16	Ch Saratchandra	Moirangkampu (Imphal East)	424.75	43.75	18,582.81	75,000	56,417.19
17	S Kinai	Purul Akhutpa (Senapati)	424.75	52.5	22,299.38	90,000	67,700.63
18	Hriini Obey	Purul Atongba (Senapati)	509.7	52.5	26,759.25	90,000	63,240.75
19	M Biren	Seijang (Imphal East)	530.94	43.75	23,228.63	75,000	51,771.38
20	S Amumacha Meitei	Sagolmang (Imphal East)	566.33	43.75	24,776.94	75,000	50,223.06
21	L. Seityabala Devi	Kwasiphai (Bishnupur)	679.6	43.75	29,732.50	75,000	45,267.50
22	Leesana Foundation	Nambol Maibam (Bishnupur)	679.6	43.75	29,732.50	75,000	45,267.50
23	Soraisam Jotin Singh	Huikap (Imphal East)	707.92	43.75	30,971.50	75,000	44,028.50
24	Maibam Jiten	Huikap (Imphal East)	991.08	43.75	43,359.75	75,000	31,640.25
25	Sapam chanu memi	Chana (Imphal East)	1061.88	43.75	46,457.25	75,000	28,542.75
26	Ch. Sanjitkumar Singh	Kakyai Nambol (Bishnupur)	1189.31	43.75	52,032.31	75,000	22,967.69
27	S. Lukhoi Singh	Huikap (Imphal East)	1223	43.75	53,506.25	75,000	21,493.75
28	Th Robinson Lanah	Purul Akutpa (Senapati)	1274.26	52.5	66,898.65	90,000	23,101.35
29	Danai Bliss Hanah	Purul Akutpa (Senapati)	1359.21	52.5	71,358.53	90,000	18,641.48
<b>Total</b>					<b>6,54,965.76</b>	<b>2,29,6809</b>	<b>1,64,1843.29</b>

### Appendix 4.1

(Reference: Paragraph No. 4.1 (b))

#### Result of Joint Inspection of Pack Houses

Sl. No	Beneficiary	Location	Result of Physical Verification	Financial Assistance released (₹ in lakh)	Remark
1	CS Paul Khavangpam	Dungrei-Khaivatang (Ukhrul)	The Pack house was found constructed and located in the production site.	₹ 1.00 lakh each in June & July 2018.	Ok
2	Alexandrina vanai	Purul Akutpa (Senapati)	Structure in good condition	₹ 2.00 lakh in April 2019	Ok
3	L Ramrak	Thiwa (Senapati)	Pack house was utilised for dwelling house purpose	₹ 2.00 lakh in April 2019	not utilised for intended purpose
4	Nelson Chalak	Thiwa (Senapati)	Pack house made with wooden materials was found utilised for stroage of wooden products. Not at cultivation site, only saw mill was noticed.	₹ 1.2 lakh (Nov2019), ₹ 0.60 lakh (December 2019) ₹ 0.20 lakh (Feb 2020)	not utilised for intended purpose
5	Jagamlung Dangmei	Bishnupur Ward-3 (Bishnupur)	No pack house was constructed. The team was shown the residence of the beneficiary	₹ 1.80 lakh (October 2016) & ₹ 0.20 lakh in May 2017.	not utilised for intended purpose
6	Kh(o) Sakhi Devi	Nambol Thiyam (Bishnupur)	the structure was left abandoned before completion and constructed next to the resident of the beneficiary.	₹ 1.80 lakh in Oct 2016, 0.20 lakh in June 2017	Incomplete
7	L. Adenkumar Singh	Khoijuman (Bishnupur)	the structure made adjacent to the resident of the beneficiary was not yet completed and abandoned	₹ 1.80 lakh in Oct 2016, 0.20 lakh in May 2017	Incomplete
8	L. Ibohal Singh	Keinou Thongthak (Bishnupur)	the pack house was made adjacent to the resident of the beneficiary and also utilised as office room of the farmers club.	₹ 1.80 lakh in Oct 2016 & 0.20 lakh in June 2017	not utilised for intended purpose
9	N. Sanathoi Singh	Nachou (Bishnupur)	there was no construction of pack house. The team was shown the resident of the beneficiary as pack house	₹ 1.80 lakh in Oct 2016, 0.20 lakh in may 2017	not utilised for intended purpose
10	T. Sanayaima Singh	Utlou Makha Leikai (Bishnupur)	the structure was utilised as dwelling house and not constructed at the cultivation site	₹ 1.80 lakh in Oct 2016, 0.20 lakh in June 2017	not utilised for intended purpose
11	Th. Nutanchandra Singh	Khoijuman (Bishnupur)	the pack house in pucca structure was constructed and found functional.	₹ 1.80 lakh in Oct 2016, 0.20 lakh in June 2017	Ok
12	H. Iboyaima Singh	Kwasiphai (Bishnupur)	pack house in pucca structure was noticed at the cultivation site. The beneficiary was not available for verification	₹ 2.00 lakh in February 2019	Ok
13	K. Biren Singh	Ningthoukhong (Bishnupur)	The Pack house was found constructed and located in the production site.	₹ 2 lakh in Nov 2017	Ok
14	K. Dhaneshwor Singh	Kwasiphai (Bishnupur)	pack house in pucca structure was constructed at the cultivation site	₹ 2.00 lakh in February 2019	Ok

Sl. No	Beneficiary	Location	Result of Physical Verification	Financial Assistance released (₹ in lakh)	Remark
15	K. Tomba Singh	Ningthoukhong (Bishnupur)	the structure made in kutchra was not yet completed and abandoned	₹ 2.00 lakh in February 2019	Incomplete
16	N. Bijen Singh	Kwasiphai (Bishnupur)	there was no construction of pack house at the worksite. The team was shown an extension of the dwelling house of the beneficiary.	₹ 2.00 lakh in February 2019	not utilised for intended purpose
17	Leesana Foundation	Nambol Maibam (Bishnupur)	construction work not yet completed	₹ 2 lakh in Jan 2019	Incomplete
18	D. Joy R. Naga	Potshangbam (Bishnupur)	the pack house was constructed at the cultivation site.	₹ 1.8 lakh in Jan 19 & ₹ 0.20 lakh in Mar 19	Ok
19	I. Vicky Singh	Ningthoukhong (Bishnupur)	No pack house was found constructed at the worksite	₹ 1.8 lakh in Jan 19 & ₹ 0.20 lakh in Mar 19	Not found
20	L. Premila Devi	Naranseina (Bishnupur)	No pack house was found constructed at the worksite. The team was shown a extension of the resident of the beneficiary made in kutchra structure.	₹ 1.80 lakh in Jan 19 & ₹ 0.20 lakh in March 19	not utilised for intended purpose
21	R.K Sunibala Devi	Utlou (Bishnupur)	structure was constructed next to the resident of beneficiary and also utilised as room extension / dwelling purpose of the beneficiary.	₹ 1.80 lakh in Jan 19 & ₹ 0.20 lakh in April 19	not utilised for intended purpose
22	Th. Ananda Singh	Irengbam (Bishnupur)	pack house made in kutchra structure located at the cultivation site was noticed	₹ 1.80 lakh in Jan 19 & ₹ 0.20 lakh in June 19	Ok
23	L. Shyamkumar Singh	Sunusiphai (Bishnupur)	the pack house was constructed at the cultivation site.	1.80 lakh in Dec 19 & 0.20 in Feb 20	Ok
24	L. Ichou Singh	Sangsabi (Imphal East)	the structure made in kutchra was not yet completed.	1.80 lakh in Oct 16, 0.20 lakh in Jun 17	Incomplete
25	S. Amumcha Meitei	Sagolmang Mamang (Imphal East)	the pack house was found constructed.	1.80 lakh in Oct 16, 0.20 lakh in Jun 17	Ok
26	Ch. Nabachandra	Moirangkampu Sajeb (Imphal East)	pack house was not found constructed. The team was shown a grocery shop dealing with commercial branded and non branded household items	1.80 lakh in Oct 16, 0.20 lakh in Jun 17	not utilised for intended purpose
27	A. Gopen Singh	Andro (Imphal East)	the pack house was constructed at the cultivation site but utilised as dwelling house of the beneficiary	1.80 lakh in Oct 16, 0.20 in Jun 17	not utilised for intended purpose
28	Y. Sajou Singh	Andro (Imphal East)	No pack house was constructed. The team was shown the dwelling house of the beneficiary as pack house	1.80 lakh in Oct 16, 0.20 in Jun 17	not utilised for intended purpose
29	H. Tombi Devi	Andro (Imphal East)	No pack house was constructed. The team was shown the dwelling house of the beneficiary as pack house	1.80 lakh in Oct 16, 0.20 in Jun 17	not utilised for intended purpose

Sl. No	Beneficiary	Location	Result of Physical Verification	Financial Assistance released (₹ in lakh)	Remark
30	Sh. Pabitra Singh	Andro (Imphal East)	No pack house was constructed. The team was shown the dwelling house of the beneficiary as pack house	1.80 lakh in Oct 16, 0.20 in Jun 17	not utilised for intended purpose
31	Ph. Ranjana Devi	Andro (Imphal East)	the pack house constructed in kutcha was not yet completed	1.80 lakh in Oct 16, 0.20 in Jun 17	Incomplete
32	Ph. Nabakishor	Andro (Imphal East)	the pack house constructed in kutcha was utilised as dwelling house	1.80 lakh in Oct 16, 0.20 in Jun 17	not utilised for intended purpose
33	H. Ibohalbi Singh	Taretkhul (Imphal East)	the pack house was found constructed	1.80 lakh in Jan 2019, 0.20 lakh in Mar 2019	Ok
34	Sapam Cahnu Memi	Chana (Imphal East)	pack house in kutcha was constructed at the cultivation site.	1.80 lakh in Jan 2018, 0.20 in march 2019	Ok
35	Th. Nabachandra Singh	Moirangpurel (Imphal East)	Pack house was found constructed.	1.80 + 0.20 lakh in June 2019,	Ok
36	L. Babita Devi	Poiroukhongjin (Imphal East)	the pack house was not found constructed at the worksite	1.80 lakh in Nov 2019, 0.20 lakh in Feb 2020	Not found
37	Th. Ranjita Devi	Huikap (Imphal East)	the structure was claimed to have demolished but photographs/evidence of completed structure prior to demolition could not be furnished.	1.80 lakh in Nov 2019, 0.20 lakh in Feb 2020	Not found
38	S. Chanunganbi Chanu	Sagolamang (Imphal East)	the pack house made in pucca with CGI sheet roofing was constructed at the residence of the beneficiary.	1.80 lakh in Dec 2019, 0.20 lakh in Feb 2020	not utilised for intended purpose

## Appendix 4.2

(Reference: Paragraph No 4.7 (ii))

### Processing Units Lying idle/incomplete

Sl. No.	Beneficiary	Proposed sites	Financial Assistance paid (₹ in lakh)	Remark
<b>PROCESSING UNITS LYING IDLE</b>				
1	Agri & Allied Welfare Organisation, Yairipok (Secy., N. Manaobi Singh)	Thambalnu Market Complex-Imphal East	10.00	The unit was for processing of pineapple. Paid ₹ 5.00 lakh (May 2017) and ₹ 5.00 lakh (July 2017). There was no sign of commercial operation. Power connection was not there. No finished product could be seen.
2	Good Samaritan Foundation, Senapati, (N. Joyson, Project Director)	Sorbung Village, Senapati	9.00	The unit was for processing of ginger, turmeric, cardamom and chilli. Paid ₹ 4.50 lakh (June 2017) and ₹ 4.5 lakh (November 2017). There was no sign of commercial operation. Power connection was not there. No finished product could be seen.

Sl. No.	Beneficiary	Proposed sites	Financial Assistance paid (₹ in lakh)	Remark
3	M/s Shimray Fruits & Spices Processing Industry (Proprietor- A. Shimray)	Marou Village-Ukhrul	10.00	The unit was for processing of turmeric, fruits and vegetables. Paid ₹ 5.00 lakh (February 2018) and ₹ 5.00 lakh (March 2018). Machineries were found dump in godown and workshed utilised as kitchen-shed. The beneficiary stated non-availability of raw materials.
4	M/s M. S Jerome Socio Economic & Environment Development Services, Emesiiphro, Senapati, (Secy.- M.S Jerome)	Emesiiphro, Senapati	10.00	The unit was for processing of ginger, turmeric, banana, orange etc. Paid ₹ 5.00 lakh (June 2018) and ₹ 5.00 lakh (November 2018). The machineries were yet to be installed owing to non-construction of workshed.
5	M/s Pai Chara Fruit & Veg. Processing Unit, (Proprietor- Khokho Charabuni)	Tadubi, Senapati	10.00	The unit was for processing of fruits and vegetables (Plum, Peace, Passion Fruit etc.) Paid ₹ 5.00 lakh (September 2018) and ₹ 5.00 lakh (November 2018). The machineries were lying idle in the residence of the beneficiary due to non construction of workshed.
6	M/s Luyang Agro Industry, Bamonkampu, Kalika (Proprietor-S. Nanda Singh,)	Bamonkampu, Kalika Imphal East	10.00	The unit was for processing of mushroom and tree beans. Paid ₹ 5.00 lakh (July 2018) and ₹ 5.00 lakh (November 2018). The machineries were lying idle due to lack of power connection.
7	M/s Happy Beverages, CMC Hospital Road, Koirengai (Proprietor-S. Rishikumar singh)	CMC Hospital Road, Koirengai-Imphal East	13.75	The unit was for processing of ginger. Paid ₹ 6.875 lakh (July 2019) and ₹ 6.875 lakh (September 2019). The machineries were yet to be installed due to non construction of work shed.
8	M/s Fruit & Spices Production Co-operative Society, Nambol Kongkham. (Secy.-Ph. Tapashkumar Sharma)	Nambol Kongkham, Bishnupur	10.58	The unit was for processing of ginger and turmeric. Paid ₹ 9.52 lakh (December 2019) and ₹ 1.06 lakh (February 2020). The machineries were lying idle without installation.
9	M/s Purnima Industries, Chingmeirong Mamang Leikai (Proprietor- Smt. A. Duveiro)	Chingmeirong, Mamang Leikai, Imphal East	10.58	The unit was for processing of ginger and turmeric. Paid ₹ 9.52 lakh (December 2019) and ₹ 1.06 lakh (February 2020). The machineries were lying idle without installation.
<b>Total</b>			<b>93.91</b>	
<b>INCOMPLETE PROCESSING UNITS</b>				
1	Pakhangba Fruits & Vegetable Processing Industry, Ningthoukhong (Proprietor-K. Biren Singh)	Kwasiphai Village Bishnupur	40.00	The unit was for processing of fruits, turmeric and ginger. Paid 14.00 lakh (December 2017), 16.00 lakh (January 2019) and 10 lakh (February 2019).
2	M/s A.K Food Processing Centre, Kiyamgei Mayai Leikai (Proprietor-AK. Santabi singh)	Kiyamgei Mayai Leikai Imphal East	10.87	The unit was for processing of spices (Turmeric, Ginger, Garlic etc) Paid 6.87 lakh (June 2018), 4.00 lakh (July 2019).
<b>Total</b>			<b>50.87</b>	

### Appendix 4.3

(Reference: Paragraph No. 4.8)

#### Statement showing Penalty Leviable for delay in supply of materials

Date of Supply	Value of Materials supplied	Value of materials undelivered	Period of delay for undelivered materials	Delay in days (in week)	Penalty @ 0.5 % on value of materials undelivered	10% of value of undelivered materials	Penalty leviable
27-11-2019	70,95,216	22399989	1/2/20 to 20/2/20	19 (2.71)	3,03,520	22,39,999	3,03,520
20-02-2020	69,58,661	15441328	20/2/20 to 29/7/20	160 (22.86)	17,64,944	15,44,133	15,44,133
29-07-2020	72,56,728	8184600	29/7/20 to 30/7/20	1(0.14)	5,729	8,18,460	5,729
30-07-2020	28,43,504	5341096	30/7/20 to 31/1/21	185 (26.43)	7,05,826	5,34,110	5,34,110
<b>Total Penalty Leviable</b>	<b>2,41,54,109</b>						<b>23,87,492</b>

### Appendix 5.1

(Reference: Paragraph No. 5.3 (i))

#### Statement of Procurement Without Open Tender

Sl. No.	Date of supply order	Name of supplier	Value of supply (₹)	Items	Quantity
1	18-11-2016	M/S Electro Plus	17,30,000	Solar powered water pump 5 HP	1 Nos
2	18-11-2016	M/S Tilak Aakriti Services	29,60,000	Steel frame water tank	2 Nos
3	18-11-2016	M/S ZOPAR	49,50,000	Naturally ventilated polygreen house (1000 sqm per unit, steel tubular)	3 units
4	18-11-2016	M/s ZO Agritech	5,04,000	HDPE geo membrane pond liner	1575 sqm
5	23-11-2016	M/S Jamunalal Mangilal	11,71,600	Power Tiller 9-12 HP	4 Nos
6	23-11-2016	M/S Kaiser Auto & Engg. works	59,500	Kirloskar Diesel Engine 7 HP	1 Nos
7	02/01/2018	M/S ZOPAR	16,49,640	Naturally ventilated polygreen house (1000 sqm per unit, steel tubular)	1unit
8	02/01/2018	Kaiser Auto Engg	1,09,600	Kirloskar Diesel Engine (one 5 HP & one 7 HP water pump)	2 Nos
9	16-04-2019	M/S Wahengbam Irrigation Enterprises	24,10,000	Drip irrigation system for vegetable	2 Ha
				Drip irrigation with fertigation for papaya	2 Ha
				Drip irrigation for other fruits	6 Ha
				Water sprinkler system	8 Ha
10	16-04-2019	M/S Wahengbam Irrigation Enterprises	44,85,000	Solar powered water pump 3 HP with 1 km pipeline	2 Nos



Sl. No.	Date of supply order	Name of supplier	Value of supply (₹)	Items	Quantity
				Solar powered water pump 5 HP with 1 km pipeline	1 No
11	16-04-2019	M/S Tulip Agritech	65,60,000	Naturally ventilated polygreen house (1000 sqm per unit, steel tubular)	4 units
12	16-04-2019	M/S Tulip Agritech	28,50,000	Solar dryer tunnel (12 X 18)	6 units
13	16-04-2019	M/S Tilak Aakriti services	29,60,000	Steel frame water tank	2 Nos
14	16-04-2019	M/S Tilak Aakriti services	1,89,600	Knapsack sprayer	26 Nos
				Tool Kits	14 Nos
				Hitech Sprayer	4 Nos
15	26-04-2019	M/S Tulip Agritech	66,800	Baby corn planting material	334 Kgs
16	26-04-2019	M/S TAS Agro Pvt Ltd	18,51,400	Organic Zinc granule (5 Kg per bag)	20 bags
				Organic megacal	10 litre
				Organic MG	8 litre
				Push	9 litre
				Safe	9 litre
				Neem Powder (10 Kg per bag)	140 bags
				NPK (1 Kg bag) @ 242.86 per kg	6250 bags
				Micronutrients	100 litre
17	26-04-2019	M/S Daffodil nursery Old	27,21,180	Litchi planting material	600 Nos
				Orange planting material	700 Nos
				Soft pear planting material	840 Nos
				Cherry planting material	600 Nos
				Stevia planting material	687860 Nos
			<b>3,72,28,320</b>		

## Appendix 5.2

(Reference: Paragraph No. 5.3 (ii))

Statement showing details of inputs procured from directorate but not found installed, received or noticed during physical verification

(₹ in lakh)

Sl. No.	Name of supplier	Item of supply	Amount paid	Ngarumphung Centre (Ukhrul District)	Tupul Centre (Tamenglong District)	Haipi Centre (Kangpokpi District)	Result of physical verification	Money value of inputs not installed or received
1	M/s ZO Agritech	1575 sqm of HDPE geo membrane pond liner	5,04,000	Not found installed	Not found installed	Found Installed	1075 sqm of pond liner not installed at UKL & TML	3,44,000
2	M/S Wahengbam Irrigation Enterprises	Drip irrigation system for 18 Ha	24,10,000	Not found installed			Not installed in all 3 centre	24,10,000
3	M/S Tilak Aakriti services	2 Nos of Steel frame water tank	29,60,000	Not found installed		Not allocated	Not installed in UKL & TML	29,60,000
3	M/S Wahengbam Irrigation Enterprises	3 Solar submersible water pump, 3 & 5 HP with 1 Km pipeline	44,85,000	Installed	Not found installed	Installed	1 solar submersible pump (3 HP ) was not installed at TML	13,80,000
4	M/S Jamunalal Mangilal	4 Power tiller 9-12 HP	11,71,600	3 power tiller not noticed		1 power tiller noticed	3 power tillers were not noticed at UKL & TML	878,700
5	M/s Kaiser Auto Engg	3 Kirloskar Diesel engine	1,69,100	Not found installed	Not found installed	Found installed	2 Diesel Engine (5 HP & 7 HP) was not installed	1,09,600
6	M/S Daffodil nursery	600 Litchi planting material	1,44,000	Not allocated	Allocated but not received	Not allocated	No planting material was received	1,44,000
	M/S Daffodil nursery	700 Orange planting material	1,68,000	Not allocated	Allocated but not received	Not allocated	No planting material was received	1,68,000
	M/S Daffodil nursery	840 Soft pear planting material	2,01,600	Not allocated	Not allocated	600 received	Short receipts-240 (840-600)	57,600
	M/S Daffodil nursery	600 Cherry planting material	1,44,000	Not allocated	Not allocated	500 received	Short receipts-100 (600-500)	24,000
<b>Total</b>			<b>1,23,57,300</b>					<b>84,75,900</b>

### Appendix 5.3

(Reference: Paragraph No. 5.3 (iv))

#### Statement showing ventilated polyhouses lying idle/utilised

Sl. No.	Date of supply order	Name of supplier	Value of supply (₹)	Item	Quantity	Ngarumphung centre (Ukhrul District)	Tupul Centre (Tamenglong District)	Haipi Centre (Kangpokpi District)	Date	Amount paid (₹)
1	18-11-2016	M/S ZOPAR	49,50,000	Naturally ventilated polygreen house (1000 sqm per unit, steel tubular)	3 units	1	0	2	05-12-2016	24,75,000
									12-05-2017	24,75,000
2	02/01/2018	M/S ZOPAR	16,49,640	Naturally ventilated polygreen house (1000 sqm per unit, steel tubular)	1 unit		1	0	21-03-2018	9,89,784
									24-07-2018	6,59,856
3	16-04-2019	M/S Tulip Agritech	65,60,000	Naturally ventilated polygreen house (1000 sqm per unit, steel tubular)	4 units	2	1	1	14-08-2019	38,24,814
									04-01-2020	26,24,000
									21-01-2019	111186*
<b>Total</b>			<b>1,31,59,640</b>							<b>1,31,59,640</b>

### Appendix 5.4

[Reference: Paragraph No. 5.4 (a) (i)]

#### Procurement without Open Tender

Sl. No.	Date of supply order	Name of supplier	Value of supply (₹)	Item	Quantity	Ukhrul	Imphal East	Bishnupur
1	15-04-2019	M/S Tulip Agritech	50,80,320	Naturally ventilated polygreen house (1008 sqm per unit)	3 Nos	1	1	1
2	15-04-2019	M/S Wahengbam Irrigation Enterprises	6,20,400	Low cost polyhouse, Bamboo structure (6 unit of 200 sqm per unit)	6 Nos	2	2	2
3	15-04-2019	M/S Tilak Akriti Services	12,32,235	Knap sack sprayers	15	5	5	5
				Plastic crates	300	100	100	100
				Plastic Bag	727 kg	240	247	240
				NPK (19-19-19)	199 kg	132	134	132
				NPK (13-00-45)	199 kg			

Sl. No.	Date of supply order	Name of supplier	Value of supply (₹)	Item	Quantity	Ukhrul	Imphal East	Bishnupur
				Micronutrient	350 ltr	116	117	117
				Neem Cake	700 kg	233	234	233
				Neem oil	225 ltr	75	75	75
				Plant protection, trichoderma viride(kg)	251	83	85	83
				Plant protection, pseudomonas fluorescence(kg)	250	83	84	83
				Plant protection, pseudomonas fluorescence(500ml)	27	9	9	9
4	15-04-2019	M/S Tulip Agritech	1,99,974	Growing media (Sterilize coco peat)	550	183	184	183
				Growing media (Sterilize coco peat)	400	133	134	133
				Growing media (vermiculite)	213	71	71	71
5	15-04-2019	M/S Tulip Agritech	2,64,000	Electric power water pump	3	1	1	1
				PH meter	3	1	1	1
				EC meter	3	1	1	1
				Soil testing kits	3	1	1	1
6	15-04-2019	M/S Tulip Agritech	28,36,800	Hi-tech, propagation structure/mist chamber (3 unit of 240 sqm per unit)	3	1	1	1
7	15-04-2019	M/S Tas Agro Pvt. Ltd.	3,27,300	Horticulture tool kit	30	10	10	10
				Plastic mulching flim	18	6	6	6
8	14-01-2020	M/S Daffodil Nursery old	1,20,000	Rose	3,000	1,000	1,000	1,000
			14,85,000	Anthurium	9,000	3,000	3,000	3,000
<b>Total</b>			<b>1,21,66,029</b>					

# **GLOSSARY**



## GLOSSARY OF ABBREVIATIONS

(Report of of the Comptroller and Auditor General of India on Performance  
Audit of Development and Promotion of Horticulture for the year ended  
31 March 2020, Government of Manipur)

<b>Abbreviation</b>	<b>Expanded form</b>
AAP	Annual Action Plan
AC	Abstract Contingent
BOT	Build-Operate and Transfer
DCC	Detailed Countersigned Contingent
DMC	The District Mission Committee
DOAK	Development Organisation Andro Kendra
EC	Executive Committee
FPOs	Promotion of Farmers Producers Organisation
HAPIS	Horticulture Area Production Information System
IGS	Indian Grameen Services
KVKs	Krishi Vigyan Kendras
MHDS	Manipur Horticulture Development Society
MIDH	Mission for Integrated Development of Horticulture
MTDC	Manipur Tribal Development Cooperation
NEC	North Eastern Council
NIAM	National Institute of Agricultural Marketing
PIB	Public Investment Board
PMKSY	Pradhan Mantri Krishi Sinchayee Yojana
POCN	Progeny Orchard cum Nursery
RKVY	Rashtriya Krishi Vikas Yojana
SFAC	Small Farmers Agribusiness Consortium
SHM	State Horticulture Mission
SLEC	The State Level Executive Committee
SWOC	Strengths, Weaknesses, Opportunities and Challenges
UCs	Utilisation Certificates







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