

**CHAPTER-III  
CIVIL DEPARTMENTS**

**SECTION –A - REVIEWS**

**AGRICULTURE DEPARTMENT**

**3.1 Working of Agriculture Department**

**Highlights**

*The functioning of the Agriculture Department was marred by deficient budgetary and financial management. Expenditure control mechanism was not functional and there was considerable savings under Plan grants. Programme management was inadequate and achievement was over-reported. Man power management was inefficient as indicated by large number of vacancies in technical cadre. The department failed to achieve any significant increase in the productivity of major agricultural crops.*

Poor budgetary control resulted in persistent savings under Plan grants ranging from 3 per cent (2000-2001) to 73 per cent (1997-98). Heavy cash balance at the end of each year ranged from Rs.5.03 crore to Rs.17.13 crore during 1998-99 to 2001-02 indicating poor implementation of the programme.

(Paragraphs 3.1.6 & 3.1.7)

Against the requirement of seeds ranging from 2305 MT to 2578 MT per year to be distributed, seeds actually distributed ranged from 576 MT to 931 MT during the period from 1997-98 to 2001-02 resulting in shortfall in distribution of seeds ranging from 62 per cent to 75 per cent.

(Paragraph 3.1.19)

The department incurred nugatory expenditure of Rs.1.34 crore during 1990-2000 towards payment of idle salary of the staff deployed in a defunct seed farm.

(Paragraph 3.1.27)

Due to poor functioning of State Seed Farm, Merapani, the department sustained a loss of Rs.1.44 crore, in production of certified and quality seeds during 1997-02.

(Paragraphs 3.1.28 & 3.1.29)

Against the target of 2875 MT seeds required to be distributed during 1997-2002 under National Pulses Development Programme, the department reported achievement of 2352 MT seeds while actual distribution of seeds was 664.70 MT. Thus achievement reported was inflated by 59 per cent.

(Paragraph 3.1.34)

Receipt and disbursement of funds of Rs.5.82 crore under National Watershed Development Project in Rainfed Area were not recorded by the DDOs of 8 implementing agencies, test checked, in their cash book, indicating gross failure in maintaining cash books and was fraught with risk of misappropriation.

(Paragraphs 3.1.43 & 3.1.44)

The Government incurred an additional liability of payment of interest of Rs.77.07 lakh calculated @ 12 per cent per annum during the period from April 2001 to June 2002 due to non utilisation and delay in utilisation of borrowed funds.

(Paragraph 3.1.47)

### *Introduction*

**3.1.1** Nagaland is basically a rice growing state. About 70 per cent of the population depends on agriculture and rice constitutes around 75 per cent of the total production of food grains. Besides, wheat, maize and pulses are also grown. To increase production and also productivity in the State, Agriculture Department provides high yield variety seeds to selected farmers free of cost, fertilizers and farm machinery at subsidised rates and training in modern technology of farming system. It was estimated that with the existing growth rate, the population of the State would be 18.99 lakh by the end of the 9<sup>th</sup> Plan period. Keeping in view the national goal to make each state self sufficient in production of food grains, a target of 4.5 lakh MT food grains per year to be achieved by the end of 2001-02 was fixed by the State Government increasing cultivable area from 1,90,000 hectares to 2,70,135 hectares.

### *Organisational set up*

**3.1.2** The Secretary, Agriculture Department was responsible for implementation of various agricultural schemes. In implementation, he is assisted by 5 Joint Directors and 15 Deputy Directors including 3 Subject Matter Specialists of the rank of Deputy Director. In the districts the schemes were implemented by District Agricultural Officers (DAOs) and at sub-divisional level by Sub-Divisional Agriculture Officers (SDAOs). Works related to Agriculture were looked after by Senior Agricultural Engineer of Engineering Section.

**Audit coverage**

**3.1.3** A review of the working of Agriculture Department for the period 1997-2002 was conducted between April and June 2002 by Audit through test check of records of the Directorate Office, 4 DAOs<sup>1</sup> (out of 8), 4 SDAOs<sup>2</sup> (out of 22), SDO (Store), Dimapur, and one State Seeds Farm, Merapani (out of 2), covering an expenditure of Rs.53.56 crore (40 per cent ). The results of audit are discussed in the succeeding paragraphs.

**Budgetary control**

**3.1.4** The budget manual prescribed that budget proposal should be based on estimates received from the field units. It was noticed that Plan and non-Plan budget proposals of the department were prepared at the Directorate office without any estimates from the field units. However, the proposals were drastically reduced by the Finance Department ranging from 30 per cent (1997-98) to 44 per cent (2001-02) without allowing any lump-sum provisions for increased DA and posts to be filled up.

**3.1.5** Plan budgets were prepared by the department on adhoc basis in anticipation of grants to be received from GOI and loans from other financial institutions without receiving any information of allocation of funds by GOI for implementation of various schemes. The department stated (October 2002) that Plan budgets were prepared after obtaining administrative approval from GOI. As no detailed estimates of Plan budgets were made available to audit, the basis of proposals could not be verified. It was noticed that provisions were made in the budget each year for setting up crop demonstration farm at Sukruzu without its implementation due to financial constraints. It was, further, noticed that though Potato Seed Farm, Helipong became defunct since 1990, provisions were made in the budget each year against the farm. This indicated that little control was exercised by the controlling officer of the department leading to mismanagement in budgetary process.

**Financial management**

**3.1.6** The department is operating one grant and 5 major heads of accounts. The budgetary provisions made and the expenditure incurred by the department between 1997-98 and 2001-02 are shown below:

**Table No.3.1 (Rupees in crore)**

<b>A - Non-Plan grants.</b>					
Year	Original provision	Supplementary provision (includes re-appropriation)	Total provision	Total expenditure	Savings (-) Excess(+)
(Rupees in crore)					
1997-98	8.33	---	8.33	15.99	(+)7.66 (92)
1998-99	8.86	0.13	8.99	9.26	(+)0.27 (3)
1999-2000	10.11	---	10.11	10.46	(+)0.35 (3)
2000-01	11.57	2.50	14.07	13.79	(-)0.28 (2)
2001-02	12.67	(-)3.39	9.28	13.48	(+)4.20 (45)
<b>Total</b>	<b>51.54</b>	<b>(-)0.76</b>	<b>50.78</b>	<b>62.98</b>	<b>(+)12.20</b>
<b>B - Plan grants.</b>					
1997-98	7.48	0.02	7.50	1.99	(-)5.51 (73)
1998-99	7.50	12.13	19.63	11.02	(-)8.61 (44)
1999-2000	7.37	6.67	14.04	11.39	(-)2.65 (19)

<sup>1</sup> Dimapur, Mokokchung, Phek and Zunheboto.

<sup>2</sup> Nuiland, Tuli, Akuluto and Pfutsero.

2000-01	13.91	10.77	24.68	23.95	(-)0.73 (3)
2001-02	20.61	(-)0.42	20.19	15.77	(-)4.42 (22)
<b>Total</b>	<b>56.87</b>	<b>29.17</b>	<b>86.04</b>	<b>64.12</b>	<b>(-)21.92</b>

Source: Budgets and Appropriation Accounts.

Figures in bracket represent percentage.

**3.1.7** It would be seen that there were persistent savings under Plan grants ranging from 3 per cent (2000-2001) to 73 per cent (1997-98). The savings were mainly due to poor implementation of schemes, excess supplementary provision and excess provisioning at the estimate stage, as analysed by audit. The department stated (June 2002) that savings were due to restrictions imposed by Government on drawal of funds. Under non-Plan, there was excess expenditure (92 per cent) in 1997-98. The Director of Agriculture attributed (June 2002) the reasons of excess to implementation of Revision of Pay (ROP) Rules (1993) without any provision in the budget. This reply is not acceptable as the department was well aware that these Rules were effective from 1 April 1994, and should have provided for their impact including arrears during the year 1997-98.

**3.1.8** Of the total reported Plan expenditure of Rs.64.12 crore during 1997-98 to 2001-02, actual expenditure was only Rs.53.77 crore. It was noticed that there were heavy cash balances at the end of each year ranging from Rs.5.03 crore (1998-99) to Rs.17.13 crore (2001-02) due to release of funds by GOI as well as by State Government in the last quarter of the financial year and mostly in March and keeping of funds in Civil Deposit as analysed by audit. This indicated financial mismanagement.

#### *Funds kept in Civil Deposit*

**3.1.9** Records of the Directorate indicated that funds amounting to Rs.15.86 crore were drawn, for implementation of various schemes, in March but deposited to Civil Deposit during 2000-2002 without any implementation of the schemes as stated below-

Table No.3.2

Date of drawal	Amount (Rupees in crore)	Name of the Schemes
31/3/2001	2.10	NWDPRRA
- do -	2.89	Agricultural Link Roads
- do -	0.35	Agricultural Marketing
- do -	0.13	ICDP-Rice
28/3/2002	7.85	Agricultural Link Roads
- do -	1.80	NWDPRRA
- do -	0.46	Agricultural Marketing
- do -	0.14	ICDP-Rice
- do -	0.12	State Seeds Farms
- do -	0.02	Sugarcane Development
<b>Total</b>	<b>15.86</b>	

**3.1.10** It was noticed that the above deposits were made as per Finance Department's order reportedly due to financial constraints. While the funds were obtained as grants from Government of India and from other financial institutions as negotiated loan (Agricultural Link Roads Scheme), keeping the funds in Civil Deposit on the grounds of financial constraints was not justified. This not only affected programme implementation but also increased the

interest payment liability on unutilised borrowed funds. While these funds from Central Government and Central agencies were used to augment cash balance of the State Government, the purpose for which these were drawn was not served.

### ***Manpower management***

**3.1.11** Manpower management involves planning and placement of the services of an individual worker at a right place and at right time to optimally utilise his services in functioning of an establishment, a project or a programme.

**3.1.12** Data furnished by the department showed that against the total sanctioned strength of 1621 posts of officers and subordinate staff, 232 posts were not filled up as on June 2002. Out of 12 agriculture sub-divisions created during 7<sup>th</sup> Plan period (1987-92), the post of subordinate staff of 4 sub-divisions only were created and filled up during the last 10 years. It was noticed that the posts of key functionaries like Agriculture Officer (111 posts : 52 *per cent* ), Agriculture Inspector (75 posts : 87 *per cent*) and Village Extension Worker (35 posts : 8 *per cent*) were not filled up. The department stated (October 2002) that the posts could not be created due to ban on creation of new posts and acute shortage of man power was due to bifurcation of Horticulture Department from Agriculture Department.

**3.1.13** Further, it was noticed that the deployment of manpower was not based on any norm, as some offices had no key persons posted while other had large number of them. This resulted in irrational distribution of officers and staff in different offices. While 5 SDAO offices did not have a single Agriculture Officer, 19 offices (6 DAOs and 13 SDAOs) did not have any Agriculture Inspectors. 4 SDAOs had only one Village Extension Worker (VEW), while 10 SDAOs had these workers ranging from 10 to 16. This distribution of staff had aggravated the problem caused by acute shortage in some cadres mentioned above.

**3.1.14** The Director stated (June 2002) that deployment of staff in field units was made as per sanctioned posts. However, as no details of sanctioned strength office wise were furnished, this contention cannot be accepted. Offices running without any key persons could not carryout their functions. This urgently calls for a serious review of manpower policy.

### ***Production of food grains***

**3.1.15** The department is implementing Integrated Cereal Development Programme (ICDP), Accelerated Maize Development Programme (AMDP), National Pulses Development Programme (NPDP), Improved Seeds and Minikits Programme for production of food grains in the State. The table below shows the targets fixed by the department based on population vis-à-vis requirement of food grains and of production thereon during 1997-2002.

Table No.3.3

Year	Projected population (in lakh)	Requirement of food grains (in thousand MT)	Production targeted (in thousand MT)	Achievement reported by department (in thousand MT)
1997-98	15.84	347	250	214
1998-99	16.58	363	301	283
1999-2000	17.34	380	331	300
2000-01	18.15	397	366	311
2001-02	18.99	416	450	355
<b>Total</b>		<b>1903</b>	<b>1698</b>	<b>1463 (86 per cent)</b>

Source:- Departmental records

**3.1.16** Though the projected achievement was 86 per cent the basis of assessment was not made available. The Director stated in June 2002 that assessment was made through crop cutting survey done throughout the year. Records of test checked units, however, revealed that production reports had been prepared by the units without any basic record and feed back.

**3.1.17** The Planning and Co-ordination Department stated that none of the programme under the agricultural sector could achieve 9<sup>th</sup> Plan target due to inadequate allocation of funds. This contention of the Planning and Co-ordination Department about the lack of funds is not tenable as there were overall savings under Plan grants each year during 1997-98 to 2001-02. Excepting 2000-01 when the utilisation of Plan funds was 97 per cent, in other years it ranged between 27 and 81 per cent as shown in the table below:

Table No. 3.4

(Rupees in crore)

Year	Funds (Plan grants available)	Expenditure	Savings
1997-98	7.50	1.99	5.51 (73)*
1998-99	19.63	11.02	8.61 (44)
1999-2000	14.04	11.39	2.65 (19)
2000-01	24.68	23.95	0.73 (3)
2001-02	20.19	15.77	4.42 (22)
<b>Total</b>	<b>86.04</b>	<b>64.12</b>	<b>21.92 (25)</b>

Source: Budget and Appropriation Accounts

**3.1.18** To extend the benefit of these programmes all farmers were to be covered over a period of time. The field units, test checked, failed to furnish total number of farmers under their jurisdiction except DAO, Phek making it difficult to ascertain the number yet to be covered. Records of the DAO, Phek showed that against 15,450 farmers, the coverage of farmers ranged from 776 to 2750 per year. For production of rice, maize and pulses, seeds at an average of 45 kg, 25 Kg and 20 kg respectively per hectare are required and 31 per cent to 47 per cent of requirement of seeds as stated by the department (October 2002) were supplied to the farmers. Calculated at these rates, an analysis of requirement of seeds for distribution was done by audit and actual

\* Figure in bracket represents percentage.

distribution thereagainst as per records of SDO (Store), are shown in the table below:

*Table No.3.5*

Year	Area covered (in hectare)	Requirement of seeds* (in MT)	Requirement of seeds @ 31 per cent * (in MT)	Seeds actually distributed (in MT)	Percentage of shortfall in distribution
1997-98	183	7435	2305	576	75
1998-999	190	7660	2375	713	70
1999-2000	199	7955	2466	637	74
2000-01	199.50	7925	2457	931	62
2001-02	212	8315	2578	858	67

*\* In this calculation, crop-wise break-up of cultivated area (Cl.2) was considered and requirement was separately calculated for the three crops.*

**3.1.19** The above table indicates that against the requirement of seeds for distribution ranging from 2305 MT to 2578 MT, seeds actually distributed ranged from 576 MT to 931 MT indicating a shortfall ranging between 62 per cent to 75 per cent. This shortfall had naturally affected both production and productivity.

#### *Stores and stock management*

**3.1.20** Proper store management consists of timely procurement and issue of stores economically, efficiently and effectively after assessment of actual requirement. It was, however, noticed that agricultural inputs were procured without assessment of yearly requirement and also during the sowing seasons. and distributed to the farmers at the end of the seasons. Table below shows the year wise procurement and requirement of agricultural inputs.

*Table No.3.6*

Year	Requirement of seeds (in MT)	Procurement of seeds (in MT)	Less procured (in MT)
1997-98	7435	576	6859
1998-99	7660	713	6947
1999-2000	7955	637	7318
2000-2001	7925	931	6994
2001-2002	8315	858	7457
<b>Total</b>	<b>39290</b>	<b>3715</b>	<b>35575</b>

**Source : Departmental figures**

**3.1.21** This indicated laxity in planning and management of stores.

**3.1.22** The SDO (Store), Dimapur, was vested with the responsibility of receipt and issue of stock procured centrally and issuing stock certificate on the body of the suppliers bills before payment. Records of the Directorate office showed that payments were released after recording stock certificate by the officials of the Directorate office. Test check of suppliers bills with reference to records maintained by SDO (Store) disclosed short receipt of stores and stock of 332.9 MT fertilisers, 21.4 MT pulses, 7.1 MT paddy seeds and pesticides (quantity not mentioned) valued at Rs.59.50 lakh in respect of 5 bills drawn between March 2000 and December 2001.

***Procurement of stock at higher rates***

**3.1.23** Records of the Directorate showed that various agricultural inputs were procured through the local suppliers and not from the manufacturing company or firms without obtaining any rates. It was noticed that during 1999-2000, the department procured 566.5 MT oil seeds, 180.7 MT pulses and 231.3 MT wheat and maize seeds through local suppliers and payments were made at the maximum retail price of the National Seeds Corporation in addition to taxes, instead of issue price. This resulted in excess payment of Rs.44.11 lakh.

***Programme Management***

***State Seeds Farms***

**3.1.24** Merapani (400 hectare) and Tizit (70 hectare) seeds farms were established during 3<sup>rd</sup> and 4<sup>th</sup> Plan periods with the objective of attaining self sufficiency in producing quality seeds. It was, however, noticed that land measuring 200 hectares (out of 400 hectare) and 20 hectares (out of 70 hectare) respectively of the farms could only be developed and brought under cultivation till June 2002. The department stated (October 2002) that the remaining area could not be brought under cultivation due to funds constraint, lack of proper infrastructure and irrigation facilities. The farms contributed quality seeds ranging from 24 *per cent* (2000-01) to 41 *per cent* (1997-98) only, with reference to actual distribution of seeds, the remaining seed being procured from outside the state. Thus, it was noticed that the objectives of the farms were not fulfilled despite incurring expenditure of Rs.40 lakh each year on maintenance of these farms.

**3.1.25** The contention of financial constraints is not tenable as adequate provisions for infrastructure development of the farms were made in the budgets each year, but the department failed to carry out any development work. The department also stated that despite adequate budget provision, there was drastic reduction of funds upto 50 *per cent* which resulted in failure to achieve the target.

***Nugatory expenditure on defunct farm***

**3.1.26** The Potato Seeds Farm, Helipong (400 hectare) was established in 1976 under NEC programme with the objective of producing disease free potato seeds. Records showed that out of the 400 hectares of land, only 5 hectares was developed and brought under farming till 1990 when the farm was handed over to the State Government for its maintenance under State Plan. Neither was any development work implemented nor was there was any production since its handing over to the State. The department stated (April 2002) that the farm became defunct since 1990 due to law and order problem in the State.

**3.1.27** However, it was noticed that pay and allowances of 8 subordinate staff and wages of 10 permanent labourers amounting to Rs.1.34 crore were borne by the department during 1990-2000 without any production in the farm and without utilising the services of the staff, till the transfer and attachment of the staff including its establishment to DAO, Tuensang in June 2000. This indicated that lack of proper planning resulted in payment of salary and wages to idle employees and workers.



### ***Working of Merapani Seed Farm***

**3.1.28** The farm was established in 1968 with an area of 400 hectare. Records of the farm indicated that out of 400 hectares of cultivable land, land measuring 165 hectares for paddy and 35 hectares for mustard seeds were developed and brought under cultivation during 1997-2002. In the State, the average yield per hectare is 1.5 MT for paddy and 1.0 MT for mustard seeds. Calculated at this rate, it appeared that against 1240 MT paddy and 175 MT mustard seeds required to be produced in the farm during 1997-2002, 990 MT paddy and 31 MT mustard seeds were actually produced. While the shortfall in production of paddy was 20 *per cent*, the shortfall of mustard seeds was 82 *per cent*. It was, further, noticed that the production of mustard seeds was drastically reduced from 17 MT in 1996-97 to 0.5 MT in 2001-02, due to aphid infestation. No initiative was taken by the farm during the period for pest control.

**3.1.29** Records indicated that against the total value of seeds of Rs.43.47 lakh produced in the farm during 1997-2002, the cost of production including salary of the staff was Rs.187.51 lakh, which resulted in loss of Rs.144.04 lakh. The department stated (October 2002) that the actual total cost of production was Rs.51.62 lakh. The reply is not tenable as the salary of the staff was not taken into account while calculating loss in maintenance of the farm. The high cost of production was due to engagement of labourers ranging from 80 to 150 through out the year in ploughing and cultivating manually despite availability of 3 tractors, 2 powertillers and 2 pumpsets. The farm machinery remained idle ever since its procurement in 1994-95 as no funds for its fuel was provided to the farm. Thus, there was an idle investment of Rs.12.04 lakh on farm machinery and also payment of idle salary to 3 tractor drivers, 2 helpers and one mechanic amounting to Rs.23.71 lakh.

### ***Setting up of Seed testing laboratory facility not implemented***

**3.1.30** In order to supply quality and certified seeds to the farmers, the department decided to set up one seed testing laboratory at Dimapur during 8<sup>th</sup> Plan period with the installed capacity to analyse 5000 samples in a year. Accordingly, construction of an air-conditioned building was completed, laboratory equipments and furniture for the laboratory were procured at the end of 1996-97 at a total cost of Rs.10.60 lakh. Further, though an amount of Rs.14.69 lakh was drawn (March 2001) for procurement of laboratory chemicals etc. it remained unutilised till the end of 2001-02 and the seed testing laboratory could not be made operational. This was stated to be due to occupation of the building by army personnel. This resulted in idle investment of Rs.10.60 lakh without fulfilling the objective of setting up seed testing facility.

### ***Demonstration farm - Pfutsero***

**3.1.31** This demonstration farm with an area of 10 hectares was established in 1989 at Pfutsero with the idea of providing crop demonstration to the rural farmers on various pulses and vegetables. It was noticed that no records of demonstration to the farmers were maintained by the office. It was stated (June 2002) by the SDAO that no funds were provided for organising demonstration, and for development and maintenance of the farm. As such, no demonstration was organised.

**3.1.32** However, the farm started producing potato, pea and other vegetables after developing an area of 4 hectares from 1997-98. It was noticed that against the total cost of production including wages of labourers and salary of watch and ward staff of Rs.13.27 lakh during 1997-2002, only Rs.1.31 lakh (10 *per cent*) was realised as sale proceeds of potato and vegetables produced in the farm. This indicated inefficient functioning of the farm besides deviation from its main objective of providing demonstration to local farmers.

#### ***National Pulses Development Programme (NPDP)***

**3.1.33** This is a Centrally sponsored scheme being shared between Central and State Governments at the ratio 75:25. Of the total funds of Rs.432.62 lakh (Central share Rs.357 lakh; state share Rs.75.62 lakh) released by Governments during 1997-2002, Rs.328.76 lakh was spent in implementation indicating 76 *per cent* utilisation of funds. The following are the targets and achievements reported by the department under the programme during 1997-2002.

**Table No.3.7**

<b>Components of the programme</b>	<b>Target</b>	<b>Achievement reported</b>	<b>Actual achievement</b>
Distribution of seeds(MT)	2875 MT	2352 MT	664.70 MT
Seed village programme	1684 MT	1520 MT	---
Farmers training	280 Nos.	255 Nos.	---

**3.1.34** The above table indicates that against the target of 2875 MT seeds to be distributed to the farmers, the department reported achievement of 2352 MT seeds while the actual distribution of seeds was 664.70 MT as per records of SDO (Store), Dimapur, test checked. Thus, the performance of the department was over reported by 59 *per cent*. In respect of the other 2 components, the department spent Rs.44.30 lakh, but the cash books of 8 field units, test checked, did not indicate receipt of scheme funds for these components. The field units also failed to produce any records regarding implementation of seed village programme and farmer's training.

**3.1.35** Further, as per scheme, seeds were required to be distributed well in time and before the start of sowing seasons so as to increase the production and productivity. But the records of SDO (Store), Dimapur, indicated distribution of seeds at the end or after the sowing seasons as shown in the table below :

**Table No.3.8**

<b>Name of the pulses</b>	<b>Month in which seeds to be distributed</b>	<b>Sowing Seasons</b>	<b>Seeds distributed (in MT)</b>	<b>Date of distribution of seeds</b>
Field pea	September	October-November	325.70	November
Gram	September	- do -	42.00	- do -
Lentil	September	- do -	52.80	- do -
Arhar	March	April-May	74.50	May-June
Rajmah	February	March	34.50	- do -
Cow pea	February	March-April	71.60	- do -
Green gram	March	April-May	34.00	- do -
Black gram	March	- do -	29.60	- do -
<b>Total</b>			<b>664.70</b>	

**3.1.36** The above table indicates that the department failed to follow the time schedules in distribution of seeds to the farmers. This late distribution of seeds

was mainly due to delayed procurement of seeds which affected both production and productivity.

***Integrated Cereal Development Programme in Rice based Cropping Areas (ICDP-Rice)***

**3.1.37** This is a Centrally sponsored scheme funded at the ratio 75:25 between the Central and State Governments. The programme aimed at improving the productivity in the State through field demonstration, farmer's training on modern technology. Besides, paddy and wheat seeds are to be distributed to the farmers free of cost.

**3.1.38** Out of the total funds of Rs.276.98 lakh (Central share Rs.232.53 lakh) received by the department during 1997-2002, Rs.235.48 lakh (85 *per cent*) was spent in implementing the programme. Against the 100 *per cent* reported achievement in distribution of seeds (2281.50 MT) by the department during the period 1997-2002, actual distribution of seeds was 1230.70 MT as per records of SDO (Store), and seeds procured locally. The details of funds received, seeds procured and distributed are shown in the table below:-

**Table No. 3.9**

Period	Total funds available	Expenditure incurred	Achievement in distribution of seeds reported	Actual distribution (percentage)
1997-2002	Rs.276.98 lakh	Rs.235.48 lakh	2281.50 M.T	1230.70 M.T (54)

**3.1.39** Thus, the short distribution of seeds by 46 *per cent* adversely affected production and productivity.

**3.1.40** The department spent Rs.28 lakh on 2 components of field demonstration and farmer's training but the expenditure could not be vouchsafed through test check of records of the 8 field units implementing the programme. Records of the field unit test checked also did not indicate receipt of funds for field demonstration and farmers training.

***National Watershed Development Project for Rainfed Area (NWDPR)***

**3.1.41** This is a *per cent* Centrally assisted scheme aimed to conserve moisture in arable and non arable lands through contour vegetative measures, agroforestry, dry land horticulture, organic farming and house hold production system. Under NWDPR, the department is implementing 81 projects covering all the districts in the State.

**3.1.42** Records showed that out of the total funds of Rs.22.55 crore released by Government during 1997-98 to 2001-02, Rs.17.50 (78 *per cent*) crore were spent as of March 2002, while utilisation certificate was furnished to Government of India for Rs.22.35 lakh. Of the unspent balance, Rs.1.80 crore were still lying in Civil Deposit (June 2002).

**3.1.43** Though Rs.5.82 crore was disbursed by the Directorate during 1997-2001, to 8 implementing agencies test checked, for implementation of 21 projects under their control the cash books of the implementing agencies did not indicate receipt of any funds and disbursement under NWDPR.

**3.1.44** All the DDOs of implementing agencies, test checked, stated that vouchers for the funds received from Directorate office were sent to the Directorate and no other separate records were maintained. As such, the expenditure of Rs.5.82 crore could not be vouchsafed in audit. Failure to maintain the cash book was fraught with the risk of misappropriation or loss of Government money. The disbursing officers also failed to maintain individual project registers showing year wise receipt of funds, various components implemented, component wise expenditure and the beneficiaries covered under the programme. This indicated that the controlling officer of the department failed to enforce financial discipline as well as internal control in the department.

#### *Agricultural link roads*

**3.1.45** The objective of this programme was to establish linkage with the agricultural potential areas for better communication and transport of agricultural products to the market with a view to uplifting the socio-economic status of the rural masses. Till the 8<sup>th</sup> Plan period the department could not complete construction of 212 km roads (out of 450 km) in respect of 81 link roads due to financial constraints.

**3.1.46** In the 9<sup>th</sup> Plan period, the department decided to take up construction of 92 link roads (303 km) including 81 incomplete link roads to be financed by National Agricultural Bank for Rural Development (NABARD) as negotiated loan under Rural Infrastructure Development Fund (RIDF V&VI). Under RIDF, 90 *per cent* of the project cost would be met from loan (carrying 12 *per cent* interest) and the balance from State share. Of the total project cost of Rs.27.83 crore, it was noticed that Rs.16.09 crore was released by NABARD between March 2000 and February 2002. But the matching State share of Rs.1.61 crore was not released by Government due to financial constraints.

**3.1.47** Test check of the records of the Engineering Wing revealed that the department spent Rs.5.91 crore and constructed 146.5 km of roads (out of 559 km) in case of 92 linkroads indicating utilisation of funds by 37 *per cent* only. It was, however, noticed that not a single link road out of 81 roads taken up prior to 8<sup>th</sup> Plan period could be completed, and the objective of uplifting the socio-economic status of rural masses remained unfulfilled. The department stated (October 2002) that the project was likely to be completed by 2003.

**3.1.48** Further, out of unspent balance of Rs.10.18 crore, Rs.7.85 crore was kept unproductively in Civil Deposit, Rs.1.98 crore remained in chest and Rs.0.35 crore were not released by Government. Delay in utilisation of the funds created liabilities of interest payment of Rs.77.07<sup>3</sup> lakh on unutilised borrowed funds for the period from April 2001 to June 2002 calculated at the rate of 12 *per cent* per annum.

#### <sup>3</sup> *Calculation of Interest:-*

$\frac{820 \text{ lakh} \times 12 \text{ per cent} \times 5 \text{m}}{12} =$	Rs.41.00 lakh	(From 2/2002 to 6/2002)
$\frac{289 \text{ lakh} \times 12 \text{ Per cent} \times 7 \text{m}}{12} =$	Rs.20.23 lakh	(4/2001 to 10/2001)
$\frac{198 \text{ lakh} \times 12 \text{ Per cent} \times 8 \text{m}}{12} =$	<u>Rs.15.84 lakh</u>	(11/2001 to 6/2002)
	<b>Rs.77.07 lakh</b>	

***Monitoring and Evaluation***

**3.1.49** The department stated (June 2002) that a monitoring committee including the members from ICAR and Nagaland University was constituted to physically survey the implementation of various schemes. But the number of its members and dates of constitution and meeting and record of physical verification were not made available.

***Recommendations***

**3.1.50** Optimum utilisation of allocated funds needs to be stressed with proper budgeting, and flow of funds to the implementing agencies.

Efficient procurement of agricultural inputs.

Timely schedule in distribution of inputs especially seeds.

Proper evaluation and monitoring of programme.