

## CHAPTER III

### AGRICULTURE DEPARTMENT

#### *Chief Controlling Officer based audit of Agriculture Department*

*Agriculture Department plays a vital role in the socio economic development of a State. The main objectives of the Department are to minimise the gap between the requirement and production of foodgrain, ensure food security and improve the economic condition of the people. The Department has also declared "Food for all by 2020". To achieve these objectives, the Department implements various State Plan Schemes and Centrally Sponsored Schemes including schemes under Macro Management of Agriculture and Rasthriya Krishi Vikas Yojana. Construction of Agri Link Roads, financed by NABARD, was also taken up under RIDF X and XV. Audit revealed deficiencies in the planning process, financial management, programme management, human resource management, internal control and monitoring.*

#### *Highlights*

**Planning process in the Department was flawed as it was done at the Directorate level without ascertaining regional priorities and needs from field functionaries and beneficiaries. Figures of targets and achievement in foodgrain production which formed the basis of plan documents were also not reliable.**

*(Paragraph 3.7)*

**Budgeting was unrealistic as there were persistent savings under plan and excess under non-plan during 2005-10.**

*(Paragraph 3.8.1 & 3.8.3)*

**Contingency bills for payment of casual labourers amounting to ₹ 0.44 crore was irregularly drawn by Joint Director, State Agricultural Research Station, Mokokchung from Major Head of Account 2405-Fisheries and 2505-Rural Employment during 2005-06 till August 2010.**

*(Paragraph 3.8.6)*

**Scheme funds amounting to ₹ 10.33 crore was paid to officers in charge of schemes/programmes during 2009-10 for which proper records were not maintained by them.**

*(Paragraph 3.8.7)*

**The actual participation of the user community in implementation of the scheme was minimal. There was a lack of transparency in transactions and the records were also not reliable.**

*(Paragraph 3.9)*

### **3.1 Introduction**

Nagaland is a predominantly agrarian economy as more than 72 *per cent* of the working population is engaged in agriculture. Agriculture Department, therefore, plays a vital role in the socio economic development of the State. The Department is responsible for planning, formulation and implementation of various schemes/programmes for improving the living standard of the farming community. The main objectives of the Department are to minimise the gap between requirement and production of foodgrain, ensure food security and improve the economic condition of the people. The Department has also declared “Food for all by 2020”. To achieve these objectives, the Department implements various State Plan Schemes (SPS) and Centrally Sponsored Schemes (CSS) including schemes under Macro Management of Agriculture (MMA) and Rashtriya Krishi Vikas Yojana (RKVY). The major schemes implemented by the Department and taken up for audit scrutiny are National Watershed Development Programme for Rainfed Areas under MMA, Farm Mechanisation under SPS, MMA and RKVY and Construction of Agriculture Link Roads funded with negotiated loan from NABARD.

### **3.2 Organisational set up**

The Department is headed by a Principal Secretary who is also the Agriculture Production Commissioner of the State. He is assisted by an Additional Secretary, a Deputy Secretary and an Under Secretary at the Administrative level and a Director at the executive level. The Director of Agriculture is assisted by an Additional Director, 7 Joint Directors and 14 Deputy Directors in the Directorate and 8 District Agricultural Officers and 21 Sub Divisional Agricultural Officers in the districts and sub-divisional headquarters.

### **3.3 Scope of Audit**

The performance audit was conducted during June to October 2010 and covered the period from 2005-10. Of the 36 auditable units, 17 units viz. the Directorate of Agriculture, 5 out of 8 District Agricultural Officers, 7 out of 21 Sub Divisional Agricultural Officers, one Store, Agricultural Research Station, Yisemyong, Deputy Director, Sugarcane, Dimapur and Integrated Extension Training Centre, Medziphema were taken up for audit. Joint physical verification of selected schemes/projects implemented in the selected districts/sub-divisions was also conducted along with the departmental officers. The selection of districts/sub-divisions/schemes and projects was done by ‘Stratified Monetary Unit’ of sampling.

### **3.4 Audit objectives**

The objective of audit was to evaluate the performance of the Department in the following areas:

- Planning
- Financial Management
- Programme Management

- Monitoring
- Internal control
- Human Resource Management
- Vulnerability to Fraud and Corruption
- Regularity issues

### 3.5 Audit criteria

Audit objectives were bench-marked against the following criteria:

- i) Plan documents
- ii) Survey Reports
- iii) Scheme Guidelines
- iv) Detailed Project Reports
- v) General Financial Rules/Central Treasury Rules
- vi) Departmental Codes and Manuals, Policies, Rules and Regulations

### 3.6 Audit Methodology

An 'Entry Conference' was held (9 June 2010) with the Department to discuss the audit objectives and audit criteria. Records pertaining to the period from April 2005 to March 2010 were examined in the offices of the Director of Agriculture and other selected units. A few Projects/Schemes were also physically verified by the Audit Party along with departmental representatives. An 'Exit Conference' was held (22 November 2010) wherein the audit findings were discussed. The replies/comments of the Department and the State Government have been incorporated wherever appropriate.

### Audit Findings

### 3.7 Planning

The Department had prepared five year plans, coinciding with the 10<sup>th</sup> and 11<sup>th</sup> Five Year Plans, in which physical and financial targets for area to be covered and production of foodgrain, oilseeds and other crops were set. Annual Plans were also prepared setting out the physical and financial targets of all activities during that year and the achievements during the previous years. The Nagaland Agricultural Policy was also formulated in 2009 with the aim of achieving 'Food for all by 2020' wherein a 'Road Map for Vision 2020' was laid down. The physical and financial targets and achievements during the period from 2005-06 to 2009-10 as reported by the Department is shown in the table:

*Table: 3.1*

Year	Foodgrain production ('000 MT)			Financial (Rupees in crore)	
	Target	Achievement	Shortfall	Approved outlay	Actual expenditure
2005-06	457.44	423.87	33.57	13.20	13.20
2006-07	463.95	436.11	27.84	15.25	15.25
2007-08	500.04	479.72	20.32	23.39	23.39
2008-09	510.45	515.30	(+) 4.85	23.58	23.58
2009-10	561.87	NA	--	27.41	NA

*Source: Departmental records*

It can be seen that though there was shortfall in foodgrain production in all the years except 2008-09, the financial targets were always met. Further, it was seen that the target set for foodgrain production during 2009-10 i.e., 5,61,870 MT is far below the target of 7,32,000 MT set for 2010 in the 'Roadmap for Vision 2020'.

As per Macro Management of Agriculture (MMA) guidelines, the States would have to ensure that the Work Plan under MMA is suitably integrated with the District Agricultural Plans (DAPs) and the State Agriculture Plan (SAP). It was also to be certified that there will be no overlapping of the activities undertaken, including those taken up under RKVY. The Work Plan under MMA was to incorporate year-wise physical and financial targets, enumerate the expected outcomes under each scheme, contain concrete action plans to achieve these targets and set benchmarks/parameters against which the performance under the scheme could be evaluated during the 11<sup>th</sup> Plan. However, Work Plans were prepared year-wise at the Directorate level without ascertaining regional priorities and needs from field functionaries and beneficiaries. Neither SAP nor separate DAPs under MMA were prepared and the Work Plans were also not integrated with the Nagaland Agricultural Policy or the Five Year Plans of the Department. The physical and financial targets and achievements thereagainst incorporated in the Work Plan are shown in the table:

**Table: 3.2**

Year	Foodgrain production ('000 MT)			Financial (Rupees in crore)	
	Target	Achievement	Shortfall	Approved outlay	Actual expenditure
2005-06	457.44	422.87	34.57	16.00	16.00
2006-07	463.95	436.11	127.84	22.00	15.93
2007-08	500.04	479.72	20.32	26.65	20.49
2008-09	510.45	515.30	(+) 4.85	19.90	19.90
2009-10	561.87	NA	NA	21.75	NA

Source: Departmental records

It can be seen that targets and achievements for foodgrain production under MMA is the same as reported in the Annual Plans of the Department. However, the approved outlay and the actual expenditure were of MMA. It was also noticed that the Work Plan for 2009-10 was prepared almost at the end of the year (November 2009) thereby affecting the implementation of the programme.

Further, overlapping of activities in the districts/sub-divisions cannot be ruled out as many of the components under MMA/RKVY and State Plan schemes are the same and the district/sub-divisional officers were not aware under which scheme/project funds were being released to them.

Thus, planning process in the Department was flawed to the extent that the Work Plans were being prepared belatedly and there were scope for overlapping of activities in the districts/sub-divisions.

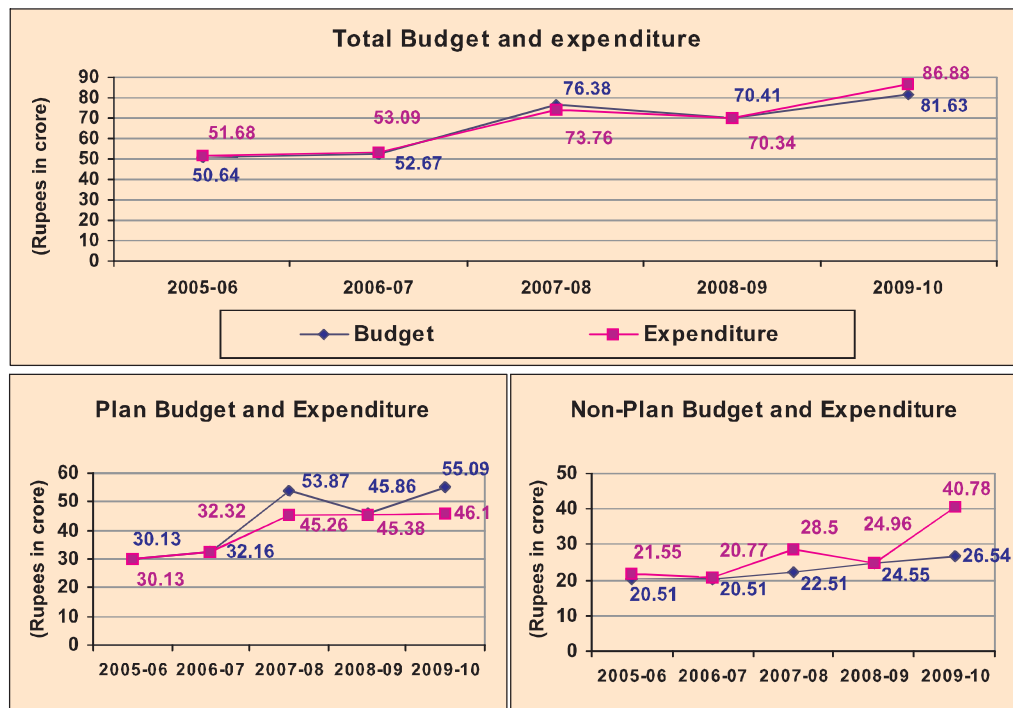
The Department stated (December 2010) that the shortfall from target was due to natural calamities such as delayed monsoon, flash flood, landslide and outbreak of pests and diseases. They also accepted the fact that there could be lack of proper record keeping in the Districts/Sub-divisions.

### 3.8 Financial Management

Proper financial management through budgetary control and adherence to financial rules are essential for optimal utilisation of resources. The Department had 36 Drawing and Disbursing Officers as of March 2010. The Director was responsible for preparation and submission of budget estimates to the Finance Department through the Administrative Department. Findings related to budget and expenditure, preparation of budget, submission of utilisation certificates etc., are detailed in the following paragraphs.

#### 3.8.1 Budget and Expenditure

The budget allocation for Agriculture Department is made under Grant No.48 and ranged from ₹ 50 crore to ₹ 81 crore per year during 2005-10 as shown in the chart below:



(Source: Detailed Appropriation Accounts)

A review of the budget provision and expenditure during 2005-06 to 2009-10 revealed that:

- The variations in total budget and total expenditure are minor and ranged from savings of ₹ 2.63 crore in 2007-08 to excess of ₹ 5.25 crore in 2009-10. This is attributable to the excess expenditure under non-plan being offset by the savings under plan particularly during 2007-08 and 2009-10.
- The more significant savings under Plan was ₹ 8.61 crore during 2007-08 and ₹ 8.99 crore during 2009-10 which indicated the inability of the Department to implement its budgeted projects and programmes. These savings are despite the fact

that most of the funds provided under plan are drawn, on many occasions at the fag end of the year, and either kept in bank account, retained as cash balance or shown as paid to the implementing officers as detailed in *paragraph 3.8.7*.

- There was huge excess of ₹ 5.98 crore during 2007-08 and ₹ 14.24 crore during 2009-10 under Non-plan which indicates unrealistic budgeting without inputs from all the districts and sub-divisions.
- The savings and excess were much more substantial at the Minor/Sub Head level. Some instances of huge excess and substantial savings at this level are shown in the table:

*Table: 3.3*

Year	Head of Account	Excess (+)/ Savings (-) (₹ in crore)
2005-06	2415-277-01—Integrated Extension Training Centre	(+) 1.04
2007-08	2401-00-108-23—National Pulses Development Project	(-) 1.02
	2401-800-11 —NWDPR	(-) 2.29
	2401-00-01—Direction	(+) 3.85
	2401-00-02—Subordinate Establishment	(+) 11.11
	2401-00-103-06—Supply of improved seeds	(-) 1.84
	2401-00-103-07—Seed Farm	(-) 1.14
	2401-00-104-04—Agricultural farm	(+) 2.24
	2401-00-108-01 —Sugarcane development	(+) 1.36
	2401-00-109-02—Agricultural Information & Publicity	(-) 3.27
	2415-277-01—Integrated Extension Training Centre	(+) 2.23
	4401-00-800-01—Direction	(-) 3.93
2009-10	2401-00-001-01-Direction	(+) 14.26
	2401-00-800-08—Pilot Project on Multiple Cropping	(-) 9.15

*Source: Detailed Appropriation Accounts*

- Plan expenditure grew at a rate of 50 *per cent* from ₹ 30.13 crore in 2005-06 to ₹ 45.26 crore in 2007-08. Thereafter, the growth rate was negligible and dropped by 2 *per cent* during 2008-09 to 2009-10. This indicates less stress on developmental activities during the last two years.
- Non-plan expenditure (mainly salaries) increased from ₹ 21.55 crore during 2005-06 to ₹ 40.78 crore in 2009-10, a growth rate of 89 *per cent*. The growth rate during 2009-10 was particularly considerable at 63 *per cent*. This is going to increase further with the increase in salaries consequent upon the implementation of the 6<sup>th</sup> Pay Commission.

Thus, it is evident that budgeting was unrealistic in view of the substantial savings under plan and excess under non-plan especially during 2007-08 and 2009-10.

### **3.8.2 Preparation of budget**

As per General Financial Rules, budget estimates should be prepared based on inputs from sub-ordinate offices. The Department however, prepared the budget estimates at the directorate level based on the previous year's budgeted figures and without collecting inputs from the districts. Though monthly expenditure statements in respect

of non-plan expenditure were collected from the districts and compiled at the Directorate, no actual benefit was derived from this exercise as is evident from the huge excess expenditure over budget in non-plan. Further, cross-check revealed differences in the figures compiled in the Directorate during 2009-10 and expenditure figures collected from the selected units. Some major differences noticed are shown in the table:

Table: 3.4

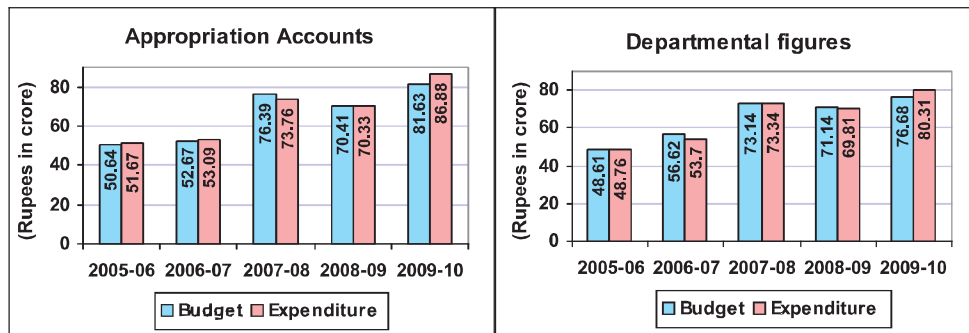
Name of unit	Expenditure as per financial progress report compiled at the Directorate	Expenditure as per figures collected by audit from the unit	Difference
	<i>(Rupees in lakh)</i>		
DAO, Kohima	105.62	111.71	6.09
SDAO, Tseminyu	33.13	35.90	2.77
SDAO, Nuiland	49.52	48.16	-1.36
DAO, Mokokchung	141.68	139.16	-2.52
SDAO, Mangkolemba	47.64	49.57	1.93
SDAO, Tizit	48.06	43.06	-5.00
SDAO, Satakha	33.40	31.79	-1.61
SDAO, Akuluto	38.37	39.50	1.13

Source: Departmental records

Thus, it is evident that the process of collecting monthly accounts from the districts and compiling it in the Directorate is not efficient and needs to be improved so that it can be utilised for preparation of budget.

### 3.8.3 Reconciliation of figures of expenditure

According to rules, it is the responsibility of the Chief Controlling Officer to reconcile the departmental figures of expenditure with the figures in the books of the Treasury and the Accountant General (Accounts & Entitlement) regularly so as to have proper control over the flow of expenditure as well as to detect any misclassification, misappropriation or fraud and to incorporate necessary corrections, wherever necessary, before finalisation of annual accounts. It was however observed that, except during 2007-08, reconciliation was done once every year while finalising the annual accounts by the Accountant General. However, departmental figures of expenditure did not agree with the figures of Accountant General (A&E) as shown below:



The differences in the budget figures are attributable to the inaccurate reporting of final grants to the Accountant General (Accounts and Entitlement) by the Finance Department.

#### **3.8.4 Poor financial control**

The Finance Department, Government of Nagaland communicates the final grants, re-appropriation of funds and surrender of funds during the year in respect of each Demand to the Accountant General (Accounts & Entitlement) at the end of each financial year.

Scrutiny of records in the Directorate of Agriculture, however, revealed that funds amounting to ₹ 12.41 crore, shown as surrendered by the Finance Department in respect of Demand No.48-Agriculture during 2009-10, were actually drawn by the Department as shown in the table:

**Table: 3.5**

<b>Head of Account</b>	<b>Amount (Rupees in lakh)</b>
<b>Revenue Section:</b>	
2551—North Eastern Areas: 01—Crop Husbandry 800—Other Expenditure 800 (1) Integrated Agriculture Development in NE Areas	46.35
<b>Capital Section:</b>	
4401—Capital Outlay on Crop Husbandry 800—Other Expenditure 800 (5)—Agri Link Road 800 (6)—Estt. of NE Expo 800 (7)—NREGA	300.00 680.00 200.00
4408—Capital Outlay on Food Storage & Warehousing 02—Storage and Warehousing 800—Other Expenditure 800 (4)—Maintenance	14.68
<b>Total:</b>	<b>1241.03</b>

*Source: Detailed Appropriation Accounts and Departmental records*

This shows lack of co-ordination between the Department and the Finance Department as also complete absence of financial control.

#### **3.8.5 Submission of false Utilisation Certificates**

The State Government is required to submit utilization certificates (UCs) in Form GFR 19-A to GOI to facilitate release of further funds against CSS. It was seen that false UCs were submitted to GOI certifying that “the whole amount sanctioned against the scheme in these years were fully utilized, that the unspent balance of the previous year was NIL and that the balance remaining unutilized to be surrendered to Government was NIL” though the funds were retained in cash or in Civil Deposit (August 2010). Some instances during 2009-10 are shown in table below:



Table: 3.6

Sl. No	Name of Scheme	Amount received from GOI	Amount in Civil Deposit	Balance in Cash Book	Total unutilized amount	Remarks
1.	Macro Management of Agriculture (MMA)	24.75 <sup>1</sup>	3.94	1.70	5.64	UC issued for the whole amount received.
2.	Rastriya Krishi Vikas Yojana (RKVY)	20.38 <sup>2</sup>	0.69	3.05	3.74	UC issued for the whole amount received.
<b>Total:</b>		<b>45.13</b>	<b>4.63</b>	<b>4.75</b>	<b>9.38</b>	

Source: Departmental records

It was also seen that ₹ 1.50 crore being additional allocation for Farm Mechanisation under MMA, which could not be drawn as GOI sanction was received only on 31 March 2010, was shown as utilized in the UC. Further, an amount of ₹ 14.23 crore relating to the Soil and Water Conservation Department was shown as utilized in the UCs without receiving any UC or report from them.

Thus, it is evident that UCs are being submitted to the GOI in a perfunctory manner though funds were not actually utilized or even received.

### 3.8.6 Irregular drawal

Budget provision for non-plan under Demand No.48-Agriculture is made under the Major Head of Account 2401-Crop Husbandry, 2415-Agricultural Research & Education and 2552-North Eastern Areas (Regional Potato Seed Farm, Helipong). Expenditure of the Department under these heads only is accounted for in the Appropriation Accounts.

Scrutiny of records in State Agricultural Research Station, Yisemyong and cross-check in Mokokchung Treasury revealed that contingency bills for payment of casual labourers amounting to ₹ 0.44 crore was drawn from Major Head of Account 2405-Fisheries and 2505-Rural Employment during 2005-06 till August 2010 as shown in the table:-

Table: 3.7

Head of Account	Year	Amount drawn (₹ )
2405-Fisheries	2005-06	5,80,500
	2006-07	8,08,000
	2007-08	3,37,500
	2008-09	1,35,000
	2009-10	12,58,400
	2010-11 (upto August)	7,12,800
<b>Total</b>		<b>38,32,200</b>
2505-Rural Employment	2007-08	5,62,500
<b>Grand total:</b>		<b>43,94,700</b>

Source: Departmental records

<sup>1</sup> Agriculture (₹ 21.75 crore) and Soil & Water Conservation (₹ 3 crore)

<sup>2</sup> Agriculture (₹ 9.15 crore) and other Allied Deptts. ₹ 11.23 crore.

It was further seen that the Joint Director, SARS, Yisemyong had made these irregular drawals based on specific orders received from the Director of Agriculture. It is also not clear how the Treasury Officer had passed these bills for payment as budget provision for the Department did not exist under MH-2405 and 2505.

Thus, it is evident that financial control by the treasuries is lax and needs to be strengthened.

### ***3.8.7 Payment of scheme funds to schematic officers***

Scrutiny of Cash Book and other related records revealed that payments against schemes/programmes were made by the Department to officers in charge of schemes/programmes and treated as final expenditure. During 2009-2010, a huge amount of ₹ 10.33 crore was paid to officers for implementation of schemes/programmes as detailed in *Appendix-3.1*.

On enquiry, it was stated that the said officers are neither maintaining any subsidiary Cash Book/payment registers nor are they operating any bank accounts. In the absence of further records, Audit could not verify whether the scheme funds released to the officers were actually and fully utilized for the purpose for which it was sanctioned. There was also no monitoring on the part of the Department to ensure utilisation of the funds for the purpose for which it was sanctioned. This was therefore, fraught with risk of fraud and misappropriation.

## **3.9 Programme Management**

The Department implements several Centrally Sponsored Schemes and State Plan Schemes for improving the standard of living of the farming community and for bringing about socio-economic development of the State. Two major components under Macro Management of Agriculture (National Watershed Development Programme in Rainfed Areas and Farm Mechanisation) and Construction of Agriculture Link Roads (funded by NABARD) were taken up by audit for test check. Some projects under these schemes were also physically verified along with departmental officers. The result of audit of these schemes is detailed in the following paragraphs.

### ***3.9.1 National Watershed Development Programme in Rainfed Areas***

The National Watershed Development Programme in Rainfed Areas (NWDPR) was launched in Nagaland during the 8<sup>th</sup> Five Year Plan with the main objectives of conservation, development and sustainable management of natural resources, enhancement of agricultural productivity and production in a sustainable manner, restoration of ecological balance in the degraded and fragile rainfed ecosystems by turning these areas green, reduction in regional disparities between irrigated and rainfed areas and creation of sustained employment opportunities for the rural community. The Programme was continued during the 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> Plan.

During the 10<sup>th</sup> Five Year Plan, 100 Micro Watershed Projects were taken up for implementation at a cost of ₹ 26.21 crore and a completion report was also submitted to the GOI. Another 120 Micro Watershed Projects were taken up during the 11<sup>th</sup> Five Year Plan, at a projected cost of ₹ 55.71 crore (₹ 9.71 crore during 2007-08 and ₹ 46 crore<sup>3</sup> for the remaining years of 11<sup>th</sup> Plan). The WARASA<sup>4</sup> Jan Sahbhagita guidelines were applicable during 2007-08 and the new 'Common Guidelines for Watershed Development Projects' are applicable from 2008-09 onwards.

Records relating to the projects were test checked in the Directorate<sup>5</sup> and the selected districts/sub-divisions<sup>6</sup>. Joint physical verification of 7<sup>7</sup> completed projects under 10<sup>th</sup> Plan and 8 ongoing projects<sup>8</sup> under 11<sup>th</sup> Plan was also taken up. Audit findings on the implementation of the programme are outlined below:-

**(i) Selection of Projects:** As per scheme guidelines, reports of Land Degradation Mappings prepared by National Remote Sensing Agency and All India Soil and Land Use Survey should be utilized for identification of the watersheds to be taken up. A certificate that no other watershed project would be taken up in the same watershed was also to be obtained from the Deputy Commissioner. Other activities like demarcation and prioritization of watersheds, identification of villages having prioritized watersheds and eligibility criteria of watershed villages were to be completed before selection of the watershed projects. Though the Director stated that project identification/selection was done by the District Nodal Officers (DAOs) along with the Village Chairmen as per guidelines, no records to prove adherence to the selection procedures could be furnished to audit at the Directorate or in the Districts.

**(ii) Participation of user community:** In the Guidelines of NWDPR (WARASA Jan Sahbhagita effective from 2000), it is mandatory for 'watershed development' to be planned, implemented, monitored and maintained by the watershed communities themselves. The role of official agencies were to be more that of facilitators and coordinators. Guidelines require that a District Nodal Agency was to be identified at the district level and a committee under the District Nodal Officer consisting of 4 representatives from major line departments in the district, one from an NGO, one from District Rural Development Agency, one from a research organization/Krishi Vigyan Kendra (KVK) and one representative from rural engineering department/Public Works Department/Irrigation Department was to be constituted to carry out over all management and supervision of the programme. This agency was to function as a sub-committee of the District Watershed Committee (DWC) chaired by

<sup>3</sup> As per restructured strategic plan due to revision of Guidelines

<sup>4</sup> Watershed Areas' Rainfed Agricultural Systems Approach

<sup>5</sup> Programme Guidelines, DPRs of 20 selected projects under 10<sup>th</sup> Plan, Model DPR for projects under 11<sup>th</sup> Plan, Bills prepared and drawn, payment details from the Cash Book, Completion Report in respect of 10<sup>th</sup> Plan projects, progress reports in respect of 11<sup>th</sup> Plan projects

<sup>6</sup> Individual payment registers for projects under 11<sup>th</sup> Plan

<sup>7</sup> Kohima: *Tsuseru*; Zunheboto: *Ache*; Mokokchung: *Ashitongpang and Tzubapang*; Dimapur: *Vihokhu and Zuheshe* and Mon: *Hongkong Garden*.

<sup>8</sup> Kohima: *Cheidepezou and Dzonzon*; Dimapur: *Tchushuneyu and Pughubo*; Mokokchung: *Lenjalu*; Zunheboto: *Kukiye-Lukhai* and Mon: *Zangkhaio and Lokha*

the Deputy Commissioner of the District and consisting of members drawn from line departments, KVK, NGOs and chairmen of selected Watershed Associations. Centrality of community participation i.e., involvement of primary stakeholders in planning, budgeting, implementation, and management of watershed projects is among the guiding principles of the common guidelines<sup>9</sup> for watershed development projects. To ensure this aspect, the guidelines envisage constitution of Watershed Development teams, Self Help Groups and User Groups.

The Director of Agriculture was the State Nodal Officer and the District Agricultural Officers (DAOs) were the District Nodal Officers. However, the Deputy Commissioner of the District, members of other line departments, KVKs, NGOs, PWD etc., were not part of the selection or implementation of the watershed projects at any stage. In practice, all activities under the project were carried out exclusively by officers and staff of the Agriculture Department. It was seen that in many projects, DAOs were the DNOs, Project Implementing Agencies and also the Watershed Development Team Leaders (WDTLs). In several other projects, Agricultural Officers or Agriculture Field Assistants under the DAOs were the WDTLs. It was also seen that bank accounts, mandatory under the scheme, were jointly operated by the District Nodal Officer and the WDTL. Further, no evidence that Self Help Groups and User Groups were constituted was furnished to audit.

Thus, it is evident that the actual participation of the user community in implementation of the scheme was minimal.

**(iii) Lack of transparency in transactions:** Guidelines applicable for projects under the 10<sup>th</sup> plan require that project account in the name of the Watershed Association was to be opened in the local branch of any Nationalised Bank/Co-operative Bank. The Common Guidelines applicable for projects under the 11<sup>th</sup> Plan require the Watershed Committees to open separate bank accounts to receive funds for the watershed projects to be utilized for undertaking its activities.

In reply to a query, the Director stated that project accounts were opened for all the projects. Bank account numbers could be furnished for only 12<sup>10</sup> out of the 120 projects implemented under 11<sup>th</sup> Plan. It was also stated by the Director that details of project accounts opened for projects under 10<sup>th</sup> Plan is available in the respective districts. However, it was also seen during physical verification that project accounts were opened only in Vihokhu (Dimapur), Ashitongpang and Tzubapang (Mokokchung) projects but were not opened for the projects in the other three districts. Further, project funds were not routed through the bank accounts but shown as paid in cash by the DAOs/SDAOs in violation of guidelines. Findings regarding transfer of funds to the districts/sub-divisions are detailed in *paragraph 3.13*.

The Department accepted the fact (December 2010).

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<sup>9</sup> Applicable from 2008-09 onwards

<sup>10</sup> out of 100 projects (10<sup>th</sup> Plan) and 12 out of 120 projects (11<sup>th</sup> Plan)

**(iv) Unreliability of records:** Funds were drawn by the Directorate for implementation of the projects according to activities outlined in the work plan/annual plans which were identical across all the 220 projects. A Completion Report was also submitted to the GOI wherein the project-wise physical and financial achievement for 100 micro watersheds during the 10<sup>th</sup> Plan period were outlined. It was, however, seen during physical verification that there were wide variations in the activities actually taken up and those outlined in the bills for drawal of funds/completion report. Several project components stated to have been completed as per the Completion Report had never been taken up. This was also confirmed from the checklist of activities carried out and submitted by the team leaders of the State Monitoring Teams particularly in respect of Thuseru Project in Kohima District wherein most of the activities were shown as ‘nil’. These variations were more obvious in the projects verified in Mon district where project activities, unlike in other districts, were oriented mostly towards tea plantations. Thus, bills prepared and drawn, records maintained at the Directorate and district levels and actual activities were not comparable and raise doubts about the veracity of the records maintained. This also proves that implementing officials had been vested with wide discretionary powers for spending project funds once they were drawn.

**(v) Non-constitution of SLNA:** According to Guidelines applicable from 2008-09, a dedicated State Level Nodal Agency (SLNA) headed by the APC/Principal Secretary of the Department and having an independent bank account was to be constituted by the State Government within a period of 6 months. Funds for the programme were to be transferred directly to the account of SLNA and not into the State Government budget. However, SLNA has not been constituted even 2 years after adoption of the new Guidelines and Central funds continue to be routed through the State budget in violation of Guidelines.

The Department accepted the fact (December 2010)

### 3.9.2 Implementation of Farm Mechanisation Scheme

Under the Scheme, assistance in the form of subsidy for procurement of equipment like tractors, power tillers, pump-sets etc., was to be provided to the farmers under State Plan Schemes, MMA and RKVY to save manual labour, increase efficiency and enhance agricultural productivity. Funds made available under these programmes for farm mechanization during the period from 2005-06 to 2009-10 is as shown in the table below:

**Table: 3.8**

Year	MMA	RKVY	SPS	Total
	(₹ in crore)			
2005-06	1.00	--	0.30	1.30
2006-07	1.00	--	0.28	1.28
2007-08	1.15	0.13	0.25	1.53
2008-09	1.99	0.35	0.30	2.64
2009-10	2.85	0.89	0.30	4.04
<b>Total:</b>	<b>7.99</b>	<b>1.37</b>	<b>1.43</b>	<b>10.79</b>

Source: Departmental records

It was seen during audit that the district officers/sub-divisional officers were not involved in the implementation of the scheme as it is centralized in the Directorate. The procedure followed for identification of beneficiaries could not be furnished despite several requisitions. During 2009-10, it was seen from the Cash Book that ₹ 4.03 crore was drawn against the scheme out of which ₹ 1.42 crore was kept in Civil Deposit (CD), ₹ 76.56 lakh retained in cash balance, ₹ 62.50 lakh paid to a supplier<sup>11</sup> and ₹ 1.12 crore paid to a Deputy Director in charge of the Scheme. However, it was seen from the registers furnished that the whole amount drawn is shown as subsidy paid to beneficiaries and signatures obtained from them. Supply Order for procurement of the machines (Power tillers, pump sets etc.) had been issued by the Director and the total bill, including the farmers share was submitted by the Firm. A certificate was also recorded on the bill to the effect that the farmers share *plus* the subsidy component was to be paid to the firm. However, it was not known how the farmers share is collected by the Department for payment to the firm. The procedure followed by the Department is neither transparent nor comprehensible and could not be clarified despite several requisitions. It could also not be stated how funds deposited in CD and retained in cash could be paid to beneficiaries. Thus, genuineness of the registers maintained showing payment of subsidies to beneficiaries could not be established. Further, it could not be confirmed whether the benefits of the scheme are reaching the genuine farmers.

The Department stated (December 2010) that the amount kept in CD and in Cash Book have already being paid to the Supplier and ₹ 1.12 crore was received by the Dy. Director on request by the Supplier.

But the fact remains that the procedure followed by the Department is not transparent and genuineness of the records maintained could not be established.

### **3.9.3 Construction of Agri Link Roads**

Construction of Agri Link Roads was taken up by Agriculture Department under RIDF X (2004-05 to 2008-09) and RIDF XV (2009-10 onwards) funded with negotiated loan from NABARD. As per records, 50 roads were completed under RIDF X at a total cost of ₹ 22.41 crore and 56 roads at a projected cost of ₹ 35 crore were taken up under RIDF XV. Joint physical verification of 5<sup>12</sup> roads under RIDF X and 8<sup>13</sup> roads under RIDF XV were also conducted. Audit findings are summarised below:

**(i) Selection of Projects:** It was stated by the Director that the State Level Committee under the Chairmanship of Minister selected the projects under RIDF X and XV based on list of projects surveyed and submitted by the DAOs. However, except for Mokokchung district, no other district could furnish the list of projects to audit. DAO, Mokokchung had done preliminary survey at the district level and a report was sent to

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<sup>11</sup> Kevi Angami, Kohima

<sup>12</sup> Kohima: *Touphema* and *Merema-Dziiyike*; Zunheboto: *Asuphuto*; Dimapur: *Vihokhu-Shokuba* and *Mon: Langmeing*.

<sup>13</sup> Kohima: *Gariphema*; Zunheboto: *Ayiche Saghemi* and *Sukhalu*; Dimapur: *Domokhia* and *Hovishe*; Mokokchung: *Chungtia* and *Mopungchukit* and *Mon: Ngangching*

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the Directorate in October 2003 and some projects out of these were taken up under RIDF X and some under RIDF XV. The DAOs of Zunheboto and Dimapur stated that identification and selection of projects were done at higher level/by VIPs. Though DAOs of Mon and Kohima stated that they were involved in the selection/identification of projects, no records to substantiate their statement were furnished. Further scrutiny revealed that in practice, the selection was done on VIPs intervention and a list of selected projects sent from the Directorate to the districts. The DAOs then conducted preliminary survey of the already selected project. Thus, the selection process was conducted and finalized at the Directorate/VIP level without survey/feasibility studies or feedback from the field functionaries and the utilisation of the roads for the purpose for which they were constructed is doubtful.

**(ii) Thin spread of resources:** It was seen from the Detailed Project Report prepared for the 56 roads (280 km with average of 5 km per road) taken up under RIDF XV that, except for minor variations, the estimate for all the roads was identical and the length of the roads varied from 4.70 to 5.30 km. As per the original proposal for some roads selected in Mokokchung, the required road length varied from 8 km to 16 km. However, these were limited to an average of 5 km. It was also stated by the beneficiaries that this was not sufficient as they do not reach the agricultural areas/fields in most of physically verified projects. No evidence that the Department had conducted preliminary survey and prioritised the projects to be undertaken based on utility like agricultural activity in the area etc. could not be furnished. A DPR was prepared for construction of 50 roads at a cost of ₹ 35 crore and submitted<sup>14</sup> to NABARD. However, it was seen that NABARD had given sanction (October 2009) for 56 roads at the same cost of ₹ 35 crore. It is, therefore, evident that the DPR was prepared at the Directorate without conducting any preliminary survey and assessing the needs of the beneficiaries but was solely for the purpose of availing loan from NABARD. The funds sanctioned was then divided equally for the 56 selected roads. Thus, the utility of many of these roads for the intended purpose after completion is doubtful.

**(iii) Non-release of State share:** Negotiated Loan was sanctioned (December 2004) by NABARD under RIDF X with the condition that 80 per cent of the project cost (₹ 22.41 crore) will be funded by NABARD and the balance 20 per cent (₹ 5.60 crore) has to be provided as State Share. Subsequently, the State Government decided that it will provide 10 per cent of the project cost and that the balance 10 per cent will be contributed by the concerned beneficiary village by way of labour input. A commitment was also made in the drawal application submitted (September 2005) to NABARD that provision for the State Share has been/will be made in the budget for the year. However, budget provision was not made in any of the years and the State share was not released by the State Government. It was seen from the Final Bills that the Department had deducted 20 per cent (₹ 5.60 crore) from the contractor's bill since the State share of 10 per cent had not been released by the State Government

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<sup>14</sup> Date not made available.

and the beneficiaries contribution had not been realised. This has resulted in a liability of ₹ 5.60 crore on the State Government.

Thus, there was a violation of the condition imposed by NABARD. Besides, a further liability of ₹ 2.80 crore was also undertaken by the State Government.

**(iv) Implementation of projects:** Physical verification revealed that the estimates prepared, measurements recorded in the MBs, bills prepared and actual implementation were not comparable. Several items of work included in the estimates/MBs and Bills were actually not executed as detailed below:

**(a) Merema-Dzuyike Agri Link Road under RIDF X (Kohima)**

The Estimate for the work was framed by the Directorate for a total amount of ₹ 67.90 lakh which included mainly two items of work viz., earthwork in formation cutting/embankment formation (₹ 53.25 lakh) and 15 pipe culverts (₹ 14.65 lakh). Work Order for an amount of ₹ 64.81 lakh (including State Share: ₹ 13.99 lakh) was issued in March 2005. It was also stated in the terms and conditions of the work order that the 'Nagaland SOR for Roads & Bridges, 2003 (SOR 2003)' shall be applied. However, it was seen from the MB that though the 15 culverts were not constructed, the total value of work done was ₹ 65.22 lakh. This was limited as per work order to ₹ 64.81 lakh and payment of ₹ 51.85 lakh (after deducting 10 per cent State share and 10 per cent beneficiary contribution: ₹ 12.96 lakh) was made to the contractor in 6 RA Bills<sup>15</sup>. Further scrutiny revealed that the increase in the value of work done was due to enhancement in the quantity and rate of one item of work viz., excavation in 'Soft rock & shale with blasting' from 3712.50 cu.m to 16,077 cu.m and from ₹ 96/cu.m to (wrongly included in the estimate framed) ₹ 160.50/cu.m (actual rate as per SOR 2003) respectively.

This has led to construction of a road without the requisite culverts being constructed. Besides, construction of road without the required culverts was not only a deviation from the estimate but was also fraught with the risk of the road being washed away and remaining un-usable during the rainy season.

**(b) Domokhia Agri Link Road under RIDF XV (Dimapur)**

Construction of Domokhia Agri Link Road, Dimapur was included under RIDF XV in the list of projects compiled though it was not included in the list of applications received by the Directorate. Estimate for the work (5 km) was framed for ₹ 52.62 lakh with the major items of work being earthwork excavation (₹ 32.83 lakh) and hume pipe culvert (₹ 19.79 lakh) and work order was issued in December 2009. It was seen from the MB that work commenced in February 2009, before issue of the work order and the work is in progress (October 2010). Value of work done as per MB and 1<sup>st</sup> RA Bill was ₹ 33.12 lakh which included cutting of trees etc. (₹ 63,000), clearing and grubbing road land etc (₹ 1.15 lakh) and earthwork excavation including for drains for

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<sup>15</sup> Date of payment not recorded in the MBs and Bill copies not furnished.



5.07 km (₹ 31.34 lakh). Payment of ₹ 8.67 lakh<sup>16</sup> was also made to the contractor. It was, however, seen during physical verification that around 4 km of the road was an old village road and only around 600 metres were freshly cut. It was also stated by the beneficiaries that the existing road was only paved with sand gravel and no drains were made. Thus the estimate, measurements and work done as recorded in the MB is suspected to be fictitious.



### 3.10 Human Resource Management

#### 3.10.1 Deployment of manpower

The performance of the Department and efficient implementation of schemes/programmes depends on availability of qualified manpower. The Department had not carried out a scientific assessment of manpower requirements, category and position-wise, taking into account the present and future requirements and well defined work norms. It was also seen that manpower deployment across the 5 selected districts were uneven though the same schemes/programmes are implemented in all the districts. It was seen that 6 Agriculture Officers (AOs) were deployed in Kohima, 7 in Mokokchung, and 5 in Dimapur. However, there were only 2 AOs each in the remote districts of Zunheboto and Mon. Similarly, there were 30 Agriculture Field Assistants in Dimapur, 26 in Mokokchung, 22 in Mon and 21 in Kohima. However, there were only 10 AFAs in Zunheboto. It was further seen that 6 AOs and 12 AFAs were deployed under Jt. Director, Sugarcane, Dimapur where no programmes/schemes are implemented.

#### 3.10.2 Wasteful expenditure on idle staff

The office of the Joint Director, Sugarcane, Dimapur was established in 1960 for maintenance and supervision of the departmental Sugarcane Farm covering 100 hectares and a Workshop for bulldozer and tractors. The produce from the farm was supplied to the Nagaland Sugar Mill Company Ltd. till production in the mill was discontinued in 1989 (finally closed down in September 2001). Though the Workshop was also handed over to Horticulture Department when it was bifurcated from Agriculture Department during 1994, the mechanics and bulldozer/tractors drivers of the Workshop were retained by the Department. After closure of the Sugar Mill, the officers and staff ceased to have any function or activity and became idle. However,

<sup>16</sup> After deduction of 4 per cent work contract tax on ₹ 9.03 lakh (Sanction during the year).  
Date of payment not recorded.

no action was taken by the Department to deploy the idle staff to those offices which were functioning with shortage of manpower.

Scrutiny revealed that the office had incurred an expenditure of ₹ 6.62 crore on the pay and allowances of these idle employees (84 employees from July 2005 to August 2007: ₹ 2.42 crore and 78 employees from September 2007 to September 2010: ₹ 4.20 crore). Further, this establishment is the biggest in terms of number of employees and expenditure on pay and allowances after the Directorate.

Thus, the Department is incurring wasteful expenditure on the pay and allowance of these idle employees year after year.

The Department stated (December 2010) that there is a proposal for redeployment of field staff to other Districts/Sub-Divisions where there is a shortage of staff.

### **3.11 Monitoring and Evaluation**

Regular online monitoring of schemes under MMA, both at the Central and State Level, was to be carried out. However, no evidence that this was being done regularly could be furnished to audit.

WARASA Sahbhagita guidelines for NWDPRAs projects envisage formation of Management Committees at the National, State, District and Watershed level to review and guide the programme. Periodic review of progress, particularly during implementation phase at each of the levels was to be undertaken and suitable standard formats for reporting progress were to be evolved. Concurrent and post project impact evaluation by Internal as well as External Agencies were also to be carried out. It was seen that though State Level Monitoring teams headed by Officers from the Directorate had visited some of the projects and submitted reports, there was no evidence of any corrective action being taken on the basis of these reports. It was stated by the Director that North Eastern Regional Institute of Water and Land Management and Financial Corporation of India (FCI), Mumbai had conducted monitoring and evaluation in respect of NWDPRAs projects under 10<sup>th</sup> Plan. Impact evaluation of a few random NWDPRAs projects under 10<sup>th</sup> Plan were also stated to have been conducted by the FCI, Mumbai. However, their reports were awaited (October 2010).

As per DPR prepared for Agricultural Link Roads (RIDF XV), monitoring and evaluation was to be done by the APC and Principal Secretary, Agriculture Department at the State level. The Director of Agriculture was to directly monitor the projects. The DAOs/SDAOs along with the Junior Engineers of the Department were to monitor and supervise the work at the district/subdivisional level. However, no evidence of monitoring/supervision done at the State or District level could be furnished to audit.

### 3.12 Internal Control Mechanism

#### 3.12.1 Non-preparation of Departmental Manual

Departmental Manual of a Department contain rules, regulations, procedures, instructions and prescribed formats and periodicity of reports/returns to be submitted to the appropriate authorities etc., apart from guidelines for execution of schemes/projects. This is essential for the guidance of the officers and staff in carrying out their duties and also for exercising proper internal control over the activities of an organization.

Although the Department is one of the oldest departments in the State, no Departmental Manual has been prepared till date. There is also no clear demarcation of functional responsibilities at various levels. Non-preparation of Departmental Manual indicates lack of accountability at various levels in the Department.

#### 3.12.2 Absence of internal audit

Internal Audit is an independent function within the organization, providing periodic evaluation on the level of compliance with the departmental rules and procedures.

There is no arrangement for internal audit in the Department. Internal audit has also not been conducted by the Directorate of Treasuries and Accounts in the Directorate of Agriculture or in any of the districts/sub-divisions covered by audit.

### 3.13 Vulnerability to Fraud and Corruption

#### 3.13.1 Remittance of funds to districts/subdivisions/beneficiaries

All funds for developmental activities are drawn by the Directorate and recorded in their Cash Book. Funds meant for the District/Sub-divisional offices are then disbursed to them through cash/bank draft.

During scrutiny of records in the selected districts and sub-divisions, it was seen that funds received from the Directorate for implementation of schemes/projects are not being recorded in the Cash Book but in a large number of payment registers maintained scheme wise/project wise. Therefore, the quantum of actual funds received by the districts/subdivisions under various programmes/schemes could not be verified by audit.

- ₹ 0.89 crore being first installment of NWDPR (11 Plan) was drawn (August 2007) by the Directorate and shown as paid (October 2007) to 8 DAOs and one SDAO. However, receipt of ₹ 0.57 crore was not recorded in the payment registers of the selected districts as detailed in the table.

Table: 3.9

Sl No.	Payment made to	Date of payment	Amount (₹ in crore)
1.	DAO, Kohima	05.10.07	0.13
2.	DAO, Zunheboto	--do--	0.11
3.	DAO, Mokokchung	--do--	0.11
4.	DAO, Dimapur	--do--	0.09
5.	DAO, Mon	--do--	0.13
	<b>Total:</b>		<b>0.57</b>

Source: Departmental records

- The date and mode of receipt of funds from the Directorate is not being recorded in the payment registers maintained in Kohima, Zunheboto, Mokokchung Dimapur and Mon Districts. The concerned District/Sub-divisional Agriculture Officers also stated, in reply to a query, that funds meant for implementation of schemes are being received from the Directorate in Cash. However, information collected from the SBI, Lerie Branch, Kohima revealed that the following amounts meant for implementation of NWDPRAs were paid by Demand Draft during 2009-10 to the concerned districts as shown in the table.

Table: 3.10

(₹ in crore)

DD No. & date	Amount	Paid to	Scheme	Amount recorded in Directorate Cash Book and payment registers in the district	Difference
888312/ 10.06.2009	0.26	DAO, Mokokchung	NWDPRA (1 <sup>st</sup> installment for 2008-09)	0.49	0.23
	0.24	DAO, Zunheboto	--do--	0.47	0.23
	0.24	DAO, Dimapur	--do--	0.47	0.23
	0.24	DAO, Mon	--do--	0.46	0.22
	0.40	DAO, Kohima	--do--	0.71 <sup>17</sup>	0.31
	0.29	DAO, Mokokchung	NWDPRA (1 <sup>st</sup> installment for 2009-10)	0.51	0.22
	0.27	DAO, Zunheboto	--do--	0.48	0.21
	0.27	DAO, Mon	--do--	0.48	0.21
	0.27	DAO, Dimapur	--do--	0.48	0.21
	0.45	DAO, Kohima	--do--	0.63	0.18
<b>Total:</b>	<b>2.93</b>			<b>5.18</b>	<b>2.25</b>

Source: Departmental records

It can be seen that only ₹ 2.93 crore (57 per cent) of the total funds (₹ 5.18 crore) in these two occasions have been given by Demand Draft. The mode of payment and actual receipt of the balance amount of ₹ 2.25 crore (43 per cent) could not be verified. Further, the mode of payment and actual receipt of ₹ 2.11 crore (2<sup>nd</sup>

<sup>17</sup> Including ₹ 14.40 lakh meant for Peren district.

instalment for 2008-09) shown as paid (June 2009) to the above mentioned five districts in the Cash Book of the Directorate could also not be verified.

- It was seen from payment registers maintained by DAO, Mokokchung that only a portion of the funds meant for NWDPPRA (11<sup>th</sup> Plan) are being received through DD and credited in the Bank Accounts of individual projects jointly operated by the DAO and Watershed Team Leader<sup>18</sup>. The balance amount shown as paid to the DAO, Mokokchung in the Cash book of the Directorate is recorded as having been received in Cash by the DAO as detailed in the table.

*Table: 3.11*

Year	Installment	Amount received through DD	Amount shown as received in cash	Total (recorded in Directorate cash book)
				(₹ in crore)
2007-08	2 <sup>nd</sup>	0.39	0.26	0.65
	3 <sup>rd</sup>	0.20	0.11	0.31
2008-09	1 <sup>st</sup>	0.26	0.23	0.49
	2 <sup>nd</sup>	0.26	0.23	0.49
2009-10	1 <sup>st</sup>	0.29	0.22	0.51
	2 <sup>nd</sup>	0.29	0.22	0.51
<b>Total:</b>		<b>1.69</b>	<b>1.27</b>	<b>2.96</b>

Source: Departmental records

It can be seen from the above table that 42.81 per cent (₹ 1.27 crore out of ₹ 2.96 crore) of the funds meant for Mokokchung district was paid in cash. Thus, audit could not verify the actual receipt of funds amounting to ₹ 1.27 crore in the district.

All transfer of funds from the Directorate to the districts/sub-divisions and thereafter to the beneficiaries should be done only through the Bank to ensure transparency. The present practice of recording funds received from the Directorate in several registers has to be discontinued. All funds received should be recorded first in the Cash Book of the District/Sub-divisional Officers.

### 3.13.2 Discrepancy between Cash Book and Bank Account

Cross check of the Cash Book of the Directorate with the Bank Statement of the Account maintained in SBI, Lerie Branch, Kohima revealed that the balance in the bank was always less than the balance shown in the Cash Book during 2009-2010. The difference ranged from ₹ 1.36 crore to ₹ 10.89 crore as shown in the table.

<sup>18</sup> SDAO or AO under the DAO.

Table: 3.12

Sl. No.	Month	Closing balance as per Cash book	Closing balance as per bank statement	Difference
1	April/2009	22.38	11.49	10.89
2	May/2009	15.64	7.44	8.20
3	June/2009	7.93	3.11	4.82
4	July/2009	3.80	0.90	2.90
5	August/2009	2.73	0.12	2.61
6	September/2009	1.91	0.16	1.75
7	October/2009	7.12	3.61	3.51
8	November/2009	8.36	1.33	7.03
9	December/2009	14.59	6.04	8.55
10	January/2010	11.68	7.67	4.01
11	February/2010	4.52	3.16	1.36
12	March/2010	26.11	21.12	4.99

Source: Departmental records

It was seen that reconciliation of the Cash Book and the Bank Account was never done. Besides, since the balance in the Cash Book was always more than the balance in the bank, it was evident that all the payments were not being entered in the Cash Book and are therefore understated and unreliable. Thus, it is evident that there was outgo of Government money without it being accounted for which is vulnerable to fraud and misappropriation.

The Department stated (December 2010) that the differences occurred due to payment of inevitable advances which were not entered into the Cash Book. The fact however, remains that payment of Government money without being entered in the Cash Book is in violation of rules and is fraught with the risk of misappropriation. Further, the Department has also not carried out the reconciliation between the Cash Book and Bank Account for ascertaining and reconciling the difference.

### 3.13.3 Non-receipt of scheme funds in the districts/subdivisions

As mentioned above, funds received from the Directorate are maintained in a large number of payment registers maintained scheme-wise/project-wise in the districts/sub-divisions and complete verification of receipt of funds from the Directorate could not be done. However, cross check of scheme funds shown as paid in the Cash Book of the Directorate to DAOs and SDAOs and the payment registers made available to audit in the districts/sub-divisions revealed that ₹ 3.16 crore were not received by them as shown in the table.

Table: 3.13

Sl. No.	District/Sub-division	Year	Amount (₹ in crore)
1.	DAO, Zunheboto	2006-07	0.27
2.	DAO, Mokokchung	2005-06 to 2009-10	0.56
3.	Jt. Director, SARS Yisemyong	2005-06 to 2007-08	0.30
4.	SDAO, Tuli	2005-06 to 2009-10	0.12
5.	SDAO, Mongkolemba	2005-06 to 2009-10	0.14
6.	DAO, Dimapur	2005-06 to 2009-10	0.62
7.	SDAO, Niuland	2005-06 to 2009-10	0.28
8.	Jt. Director, Sugarcane, Dimapur	2005-06 to 2008-09	0.34
9.	SDO (Store), Dimapur	2005-06	0.07
10.	DAO, Mon	2005-06 to 2009-10	0.32
11.	SDAO, Tizit	2005-06 to 2006-07	0.14
<b>Total:</b>			<b>3.16</b>

Source: Departmental records

Thus, an amount of ₹ 3.16 crore shown as paid to the DAOs and SDAOs by the Director for implementation of schemes is vulnerable to misappropriation at either end.

#### 3.13.4 Non-receipt of payment made for preparation of DAPs in the districts

It was seen that an amount of ₹ 1.10 crore was drawn (March 2008) by the Director against expenditure for the preparation of District Action Plans under RKVY for the 11 districts in the State and the whole amount was shown as paid to the DAOs, consultant and schematic officers in the Cash Book of the Directorate. Scrutiny of records in the 5 selected districts revealed that against payment of ₹ 0.45 crore, only ₹ 0.17 crore was received by them as shown in the table below:

Table: 3.14

District	Rupees in crore	
	Amount paid to the Districts as per the Directorate records	Amount received by DAOs
Kohima	0.09	0.02
Dimapur	0.09	0.04
Mokokchung	0.09	0.02
Zunheboto	0.09	0.02
Mon	0.09	0.07
<b>Total</b>	<b>0.45</b>	<b>0.17</b>

Source: Departmental records

Thus, 0.28 crore shown as paid to the districts were not actually received by them and may have been utilized for purposes other than for which it was sanctioned.

The Department stated (December 2010) that there may be mistakes while recording in the Cash Book and will be rectified. But the fact remains that an amount of ₹ 0.28 crore had not been received in the five test-checked districts and therefore, the expenditure could not be vouchsafed by audit.

### **3.14 Conclusion**

Planning process in the Department was flawed as Annual Work Plans of schemes/programmes were not integrated with State Agriculture Plan or District Agriculture Plans and the targets set in the State Agriculture Policy could not be met. The Department needs to gear up its activities to achieve its vision of 'Food for all by 2020'. Budgeting was unrealistic in view of persistent savings under Plan and huge excess expenditure under Non-plan. Financial management was deficient due to lack of coordination with the Finance Department and huge payments made to scheme/programme officers without proper accountability. Programme management was defective as the process of selection of beneficiaries/projects and implementation of schemes was not as per norms. Cash Book and records maintained for projects/schemes were inadequate and not reliable in view of large cash transactions and resultant lack of transparency especially in the devolution of scheme funds from the Directorate to the districts/sub-divisions.

### **3.15 Recommendations**

- Planning should be revamped if the vision of 'Food for all by 2020' is to be achieved;
- Budgetary and financial controls should be strengthened for optimum utilisation of resources;
- Programme management should be made more transparent and guidelines followed;
- Internal audit should cover all the activities of the Department; and
- Large cash transactions should be avoided to contain vulnerability to fraud.