

9 State Specific Findings

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9.1 Andhra Pradesh

9.1.1 Background

Andhra Pradesh has 23 districts covering three geographical regions viz. Coastal Andhra, Rayalaseema and Telangana. In Andhra Pradesh out of the gross cropped area of 144.89 lakh hectare covering agriculture, horticulture and plantations, the area covered under agriculture (field crops) is 120.44 lakh ha. The major crops sown in the state are rice, pulses, oilseeds; cotton and chillies etc.

Four districts (Guntur, Kadapa, Karimnagar and Warangal) and eight mandals (Amaravathi, Narasaraopet, Duvvur, Proddutur, Sircilla, Jagityal, Jangoan and Mahabubabad) i.e. two mandals in each district were selected for the detailed audit scrutiny.

9.1.2 Audit Findings

9.1.2.1 Unrealistic assessment of fertilizer

- Soil testing is necessary in order to ascertain the availability of primary and secondary nutrients in the soil so as to provide specific recommendations for the requirement of different fertilizers. However, out of the 120.44 lakh ha of land holding, the Department of Agriculture was conducting soil tests for approximately 4.60 lakh (4% only) land holdings per year only. At this rate, it would take about 26 years to get all the land holdings tested. Lack of soil assessment would adversely affect the yield.
- The assessment of requirement of fertilizers was not based on recommendations of panchayat samithis, but was done simply by adding 10 to 15 per cent to the highest consumption during the preceding five years. No procedures for assessment of fertilizer requirement were prescribed by the Commissioner and Director of Agriculture to be followed by the district / mandal level agriculture officers.
- In Guntur district, during 2008-09 (Kharif and Rabi seasons), due to shift in crop pattern¹⁵ of major crops like maize, cotton and chillies, there was a sudden increase in fertilizer demand, which was not taken into consideration by the Department of Agriculture.
- In actual practice, farmers were using more than 4 to 6 times than the recommended doses, especially for commercial crops. This further confirms that the projection of requirement was neither scientific nor realistic.

9.1.2.2 Availability of Fertilizer including buffer stock

- 27000 MT of DAP was to be maintained as per the instructions of DoF dated 28.7.2008 during 2006-09. But no buffer stock of DAP was maintained upto September 2008 i.e., Kharif 2008.

¹⁵During 2008-09 paddy, 56233 ha. Chillies 5808 ha. Maize, 60201 ha and cotton 15902 ha were cultivated in more areas than normally cultivated.

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- In Guntur district during 2008-09 (Kharif and Rabi seasons), adequate quantities of fertilizer were not supplied in time to the farmers which led to agitations by farmers.
- In the remaining three test checked districts (Kadapa, Karimnagar and Warangal) delay in supply of fertilizer was noticed.
- Though the department stated that delay in supply of fertilizer had no adverse effect on agriculture crops but during survey, farmers opined that the late application of fertilizers resulted in lesser yields.

9.1.2.3 Receipt of fertilizer and its distribution

The actual consumption was less than the requirement in all the fertilizer as given below:

Table 9.1- Difference between fertilizer consumption and requirement in Andhra Pradesh

(In Lakh MT)

Year	Product	Requirement	GOI Supply plan	Actual consumption	Area covered (in lakh ha)
2006-07	DAP	6.69	6.69	6.04	112.85
	UREA	28.29	28.29	22.29	
	Complex	19.64	19.64	15.45	
	MOP	5.21	5.21	4.03	
2007-08	DAP	8.24	8.24	6.94	119.68
	UREA	28.31	27.50	25.12	
	Complex	20.64	20.64	14.09	
	MOP	5.55	5.55	4.49	
2008-09	DAP	9.00	8.50	8.87	123.20
	UREA	29.50	27.50	27.33	
	Complex	23.00	18.50	15.81	
	MOP	6.00	5.85	6.03	

In Karimnagar district, to substitute Single Super Phosphate (SSP), the Joint Director of Agriculture had procured 2498.95 MTs of Triple Super Phosphate (TSP) during October 2008. However, only 763.60 MTs (31%) was utilized, and the balance 1635.35 MTs (69%) was lying in the godowns of AP Markfed without utilization, as of June 2009. According to the Department, the farmers were not willing to utilize TSP.

9.1.2.4 Huge variations in requirement, supply plan and actual receipts:

In two test checked districts (Karimnagar and Guntur) out of four, the quantities as per supply plan were less than the requirement projected by the district authorities as detailed below:

Table 9.2- Difference between supply plan and projected requirements in Andhra Pradesh

District	Product	Requirement (MT)	GOI Supply plan (MT)	Actual consumption (MT)	Area covered (in ha)
(1)	(2)	(3)	(4)	(5)	(6)
Guntur	DAP	89852	71580	84130	831838
	UREA	265088	145746	217874	
	Complex	212143	133840	174791	
	MOP	59715	42753	26480	
Karim nagar	DAP	61632	63101	67362	728700
	UREA	193095	254701	230082	
	Complex	86253	81503	81559	
	MOP	62256	45899	42077	
Warangal	DAP	40677	44232	45875	587988
	UREA	203250	177733	185042	
	Complex	93305	65545	62009	
	MOP	35405	46491	40026	
Kadapa	DAP	50661	31811	37158	429450
	Urea	50344	41104	63981	
	Complex	69892	57380	50489	
	MOP	26496	19066	17708	

However, the actual consumption of fertilizer was more than the supply plan. Inadequate supplies of fertilizer led to agitations by the farmers.

9.1.2.5 Transportation of fertilizer upto the Mandal level

The manufacturers were supplying the fertilizers up to the 1st stocking point/rake point only (which are located mostly at district headquarters). The dealers were lifting their quota from these points by incurring additional amount towards transportation and handling charges, which, in turn, were passed on to the farmers.

9.1.2.6 Availability of fertilizers at remote places

Even after issue of instructions by the district collector, Guntur regarding equitable distribution of fertilizers (DAP, MOP and other complex fertilizers) to all the dealers for easy access to farmers in remote areas also, the Mana Gromor Centres of Coromandel Fertilizers Ltd. (CFL) were allotted fertilizers more than the prescribed percentage. Consequently, the farmers were forced to rush to mandal headquarters where Mana Gromor centres exist, incurring additional expenditure on travel and transportation of fertilizer.

9.1.2.7 Consumption of fertilizers

There is no regulation with regard to quantity of fertilizer to be supplied by restricting it to recommended quantity per each crop. As a result, the use of chemical fertilizers is more than the recommended doses which resulted in higher subsidy burden on GOI and adverse effect by way of deterioration of soil fertility.

9.1.2.8 Quality control and testing of laboratories:

- 41 to 57 per cent of the non-standard samples were declared as standard in re-analysis during 2006-09, casting doubts on the reliability and authenticity of the entire samples and the process itself.
- For the years 2006-07 and 2007-08, recoveries recommended in respect of non standard samples along with **Form J** (particulars of fertilizers samples) were not made available to audit by the Commissioner and Director of Agriculture, Andhra Pradesh, Hyderabad.
- For the year 2008-09, out of 329 non standard cases, details of only 74 cases were furnished to Dept. of Fertilizer for recovery.
- Legal action was yet to be initiated in 232 cases of non standard fertilizers as of November 2009. The period of cases ranged from 1 to 5 years as seen from statistical returns. However, case wise details were not made available to audit.

9.1.2.9 Good Practices – Fertilizer Coding Centre

- In order to maintain secrecy during the process of fertilizer analysis a Fertilizer Coding Centre (FCC) was established at Hyderabad during 2004. The FCC acts as a centralized coding centre for referring the samples to any one of the existing fertilizer analysis laboratories at random. The samples drawn by the Fertilizer Inspectors received at this Centre are assigned a secret code number, and referred to any of the existing five Laboratories. After analysis, the result sheet is sent by the Assistant Director of Agriculture (ADA), FCO Lab to the ADA, FCC who in turn decodes and incorporates the

other particulars of the sample in the analysis report and sends the final report to the Fertilizer Inspector from whom the sample was received.

9.1.3 Results of dealer and farmer survey

9.1.3.1 Dealer Survey

Responses from 49 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	12	37	
Out of 49 dealers, 37 dealers stated that they were not getting the required quantity of fertilizers and there was delay in supply also.				
		No Limit	Limited	Others
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	9	38	2
		Yes	No	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	31	18	
Out of 49, 31 dealers stated that the company should supply the fertilizers directly to the dealer point instead of rake point to avoid extra financial burden on transportation and lifting charges.				
		Yes	No	Others
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	11	37	1
		Yes	No	
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	15	34	
34 dealers stated that they were facing problems in supply of fertilizers to farmers in time due to delay in receipt of fertilizers from the firms.				
		Yes	Others	
6.	Are farmers demanding small quantity bags of fertilizers from you?	1	48	
		Yes	No	
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	39	10	

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Recommendations: Dealers

- The companies are not supplying fertilizers on Freight on Lorry (FOL) basis and all the companies' are supplying linked project which may be avoided.
- All fertilizers of all manufacturers may be supplied to all the dealers through AP Markfed.
- Farmers may be educated about proper utilisation of fertilizer and balanced use of bio/organic fertilizer.

9.1.3.2 Farmer Survey

Responses from 242 farmers are summarized below:-

Questions		Response			
		Cooperative	Dealer	Both	No comments
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	89	86	65	2
		Yes	No		
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	167	75		
		MRP	Higher than MRP	No comments	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	121	110	11	
		Yes	No		
4.	Did the dealer give you a receipt for your sales?	214	28		
		Yes	No		
5.	Do you know the maximum prices for fertilizers fixed by Government?	194	48		
		Yes	No		
6.	Do you have enough money to buy your full requirement of fertilizers?	179	63		
229 farmers stated that they did not have Kisan Credit Cards.					
		Yes	No	Yes, but Report not received	
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so	91	130	21	

that you get the maximum yield of crops?		
130 farmers stated that soil was not tested from their land holdings.		
	Yes	No
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	99 143
Out of 242 farmers, 97 farmers stated that they faced problems due to non availability of fertilizer in time and in required quantity.		
	Yes	No
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	41 201
	Yes	No
10.	Do you need fertilizers in small quantity bags?	25 217
	Yes	No
11.	Overall, are you satisfied with the supply of fertilizers to you?	178 64
	Yes	No
12.	Have you faced any other problems in supply of fertilizers?	72 170

9.1.3.3 Results of field visit to fertilizer dealers

Field visit to test-checked fertilizer dealers revealed instances of inadequate supply/ stock of fertilizers, sale of other items along with fertilizers (with the possibility of forced sale), and non-display of fertilizer prices, as revealed by the following photographs:

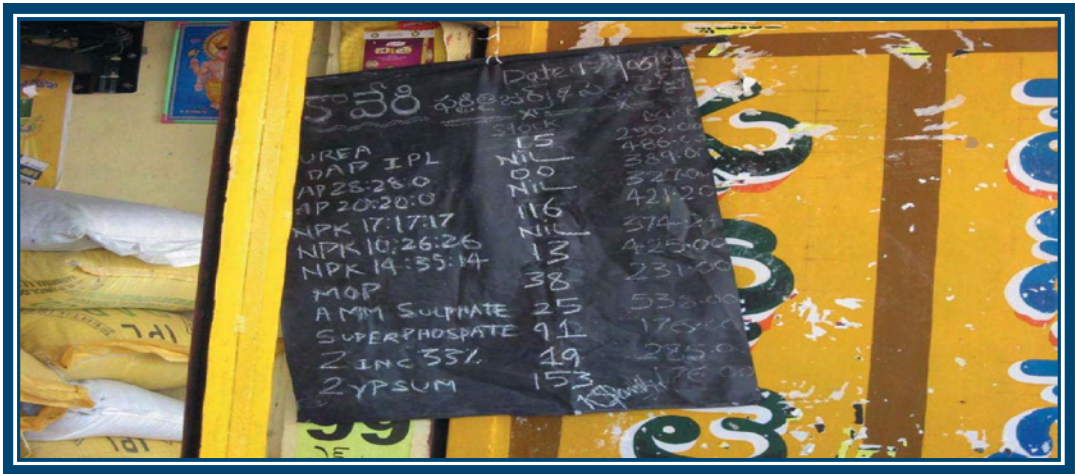


Inadequate supply of fertilizers-Kadapa district

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Inadequate supply of fertilizers - Karimnagar district



Inadequate supply of fertilizer, Jangaon block, Warangal district (Sl. No.5 dealer survey)



Sale of other items along with fertilizers -Amaravati District



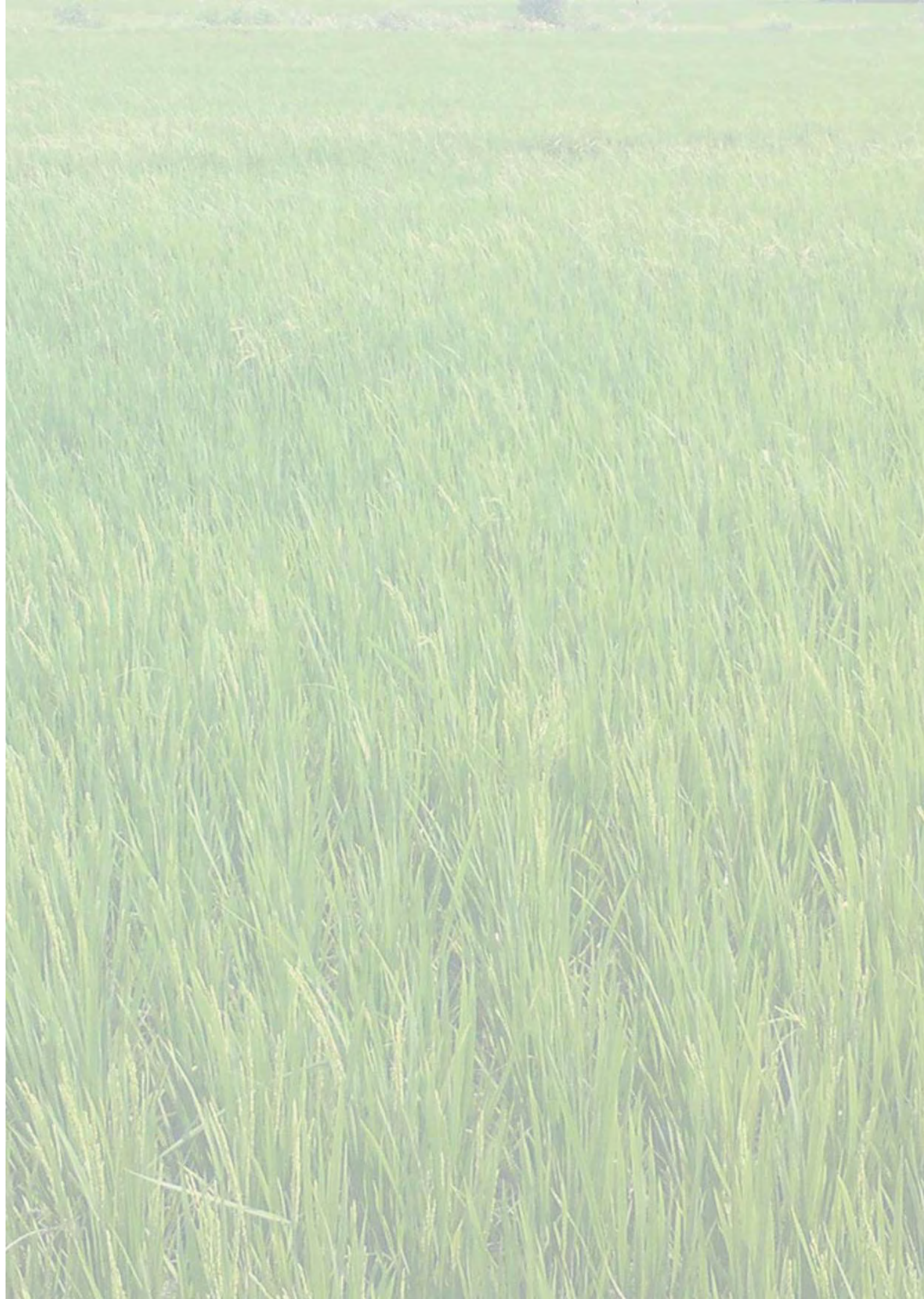
Sale of other items along with fertilizers -Jagtial Block – Karimnagar District (Item No. 9 of farmer survey)



Sale of other items along with fertilizers- Jagtial Block, Karimnagar district (Item No. 9 of farmer survey)

రాధిక ఫర్టిలైజర్స్				
సరుకు వివరము	K.G	రేటు	నిల్వ	రిమార్క్స్
28-28-0	50			
యూరీయా	50			
NPK-17-17-17	50			
DAP-18-46-0	50			
20-20-0-15	50			
రిమోనియంస్ ఫస్ట్	50			
NPK-14-35-14	30			
NPK-19-19-19	50			
NPK-14-28-14	50			
16-20-0-15	50			

Rates were not displayed on the board – Narasaraopet block, Guntur District



9.2 Assam

9.2.1 Background

Assam has 27 districts with a gross cropped area of 31.14 lakh hectare. Gross cropped area irrigated in the State decreased from 1.26 lakh hectare in 2006-07 to just 0.89 lakh hectares in 2007-08. Only 3.23 per cent of the cropped area was irrigated in the State.

Records of the Director of Agriculture, four District Agriculture Officers (DAOs), five manufacturers of fertilizer, and 12 dealers and 60 farmers in each of the four sampled districts (Kamrup, Jorhat, Dhubri and Hailakandi) were selected for detailed audit scrutiny.

9.2.2 Audit findings

9.2.2.1 Assessment of fertilizer requirements

- The requirement projected was based on previous year's consumption.
- No norms/standards had been used for calculating the requirement of fertilizers based on the type of crop, irrigated/non-irrigated area, soil health and other local factors.
- During 2006-09, the gap between requirement projected in Zonal Input Conference and the actual sales ranged between 6 and 90 per cent in respect of DAP, MOP, SSP and Urea as per details given in the Table below:

Table 9.3 – Gap between requirement and actual sales in Assam

Manufacturer	Name of Product	Requirement (MT)	Availability/ consumption (MT)	Procurement / Quantity sold (MT)	Gap in MT (%) (Col. 3 – 5)	Excess (+)/Less (-) In MT (%) (Col. 4 – 5)
1	2	3	4	5	6	7
2006-07						
IPL, BVFCL, TCL, IFFCO, Teesta, PPL	DAP	35000	70544	20611	14389 (41)	(+)49933 (71)
	MOP	70000	82865	41306	28694 (41)	(+)41559 (50)
	SSP	38000	109675	15570	22430 (59)	(+)94105 (86)
	Urea	205000	194405	191474	13526 (7)	(+)2931 (2)
2007-08						
IPL, BVFCL, TCL, IFFCO, Teesta	DAP	65000	74829	9530	55470 (85)	(+)65299(87)
	MOP	80000	92434	40408	39592 (49)	(+)52026(56)
	SSP	75000	113234	14887	60113 (80)	(+)98347(87)
	Urea	230000	195414	193343	36657 (16)	(+)2071(01)
2008-09						
IPL, BVFCL, TCL, IFFCO, Teesta	DAP	103000	68929	10446	92554 (90)	(+)58483(85)
	MOP	106000	95270	94301	11699 (11)	(+)969 (01)
	SSP	110000	94780	23464	86536(79)	(+)71316 (75)
	Urea	240000	223477	224589	15411 (6)	(-) 1112(01)
Total		1357000	14,15,856	8,79,929	477071	(+)535927

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- There was excess availability of 5,35,927 MT of different categories of fertilizer as compared to quantity procured during 2006-09 which ranged between 1 and 87 percent.
- As per table the requirement for the 3 years was 13,57,000 MT where the availability (ie at the 1st stocking point) was 14,15,856 MT. Against this the quantity sold was only 8,79,929 MT. Hence there was an excess of 5,35,927 MT of different categories of fertilizer at the end of 2008-09.
- There was substantial mismatch between requirement and supply. Field visits also revealed excess stocking of fertilizer due to this mismatch, as indicated photographically below:



Excess stock of fertilizer at First Stocking point of ASWC, Teesta Beltola, Agro Industries Ltd., Guwahati



Excess stock of fertilizer First stocking point of BVFCL (Gopi Store) Dhubri district

9.2.2.2 Distribution and Sale

- In the four selected districts (Kamrup, Dhubri, Jorhat and Hailakandi) less DAP was sold than the quantity allocated by 59 per cent, 99 per cent, 98 per cent and 95 per cent respectively. In Kamrup and Jorhat, urea was sold in excess of the allocation by 53 per cent and 26 per cent respectively. And in Dhubri and Hailakandi the actual sale was less than the allocation by 54 per cent and 59 per cent.
- In Kamrup, actual sale of MOP was 73 per cent more than allocation and in, Dhubri, Jorhat and Hailakandi, the actual sale was less than allocation by 73 per cent, 23 per cent and 100 per cent respectively.
- From the above, it is clearly evident that equitable distribution of fertilizers among districts could not be achieved by the Department due to lack of proper assessment of requirement monitoring of sales of fertilizers by the manufacturers/importers.

9.2.2.3 Short accountal of Fertilizers

Scrutiny of records of selected 48 dealers (22 whole sale and 26 retail sale) of 4 sampled districts with the records of manufacturers revealed that 5776.70 MT fertilizers (5116.70 MT Urea, 200.00 MT SSP and 460.00 MT DAP) valued Rs. 281.70 lakh shown as sold to seven whole sale dealers by the manufacturers were not received by the dealers during May 2008 to December 2008 as depicted below:

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Table 9.4- Distribution of Fertilizer from 1st stockist point to Dealers for the year 2008-09

(Quantity in MT)

Name of District	Name of Dealers	Name of Manufacturers	Name of Product	Quantity sold by Manufacturers	Quantity received by dealers	Difference Excess(+) Less (-)	Value (Rs. in lakh)
Hailakandi	Manikuddin Sodial	BVFCL	Urea	515	415	100	5
		IFFCO (NAFED)	Urea	185	100	85	4
	Azizur Rahman Barbhuyan	BVFCL	Urea	57.9	0	58	3
		IFFCO (NAFED)	Urea	20	0	20	1
	Abdul Matin Barbhuyan	BVFCL	Urea	240	203	37	2
		IFFCO (NAFED)	Urea	60	0	60	3
Dhubri	Mahamaya Agro Service	NAFED (IFFCO)	Urea	80	0	80	4
		NARAMAC(IFFCO)	Urea	705	0	705	32
Jorhat	Krishi Sarothi (Nitul Baruah)	BVFCL/NEFED	Urea	5984	4349	1635	76
		NAFED, Jorhat	IFFCO	1536	916	619	21
Kamrup	NAFED, Kamrup	IFFCO	Urea	3272	2195	1077	52
		IPL	Urea	454	182	272	13
	NEREMAC	IFFCO	Urea	2601	2233	368.55	18
		Total (Urea)			15710	10593	5116.7
Hailakandi	Manikuddin Sodial	NAFED (Ghy)	DAP	10	0	10	1
Kamrup	NEREMAC	IFFCO	DAP	555	105	450	43
Total (DAP)				565	105	460	44
Dhubri	Mahamaya Agro Service	Teesta Agro Industries Ltd.	SSP	200	0	200	7
		Total (SSP)			200	0	200
Grand Total				16475	10698	5776.70	282

Thus, manufacturers claimed subsidy without supplying 5776.70 MT fertilizers to the dealers. Also, the chances of black marketing cannot be ruled out.

9.2.2.4 Delay /Non -submission of Proforma A& B

- Proforma 'A' containing details of sales invoices and other supportive documents has to be submitted by the manufacturers/importers to the State Government within a period of 60 days of the calendar month of sales. There were delays, ranging between 13 and 105 days, beyond the prescribed period of 60 days in submission of Proforma 'A' by M/s Indian Potash Limited during 2007-08.

- Delay ranging between 27 and 174 days, beyond the prescribed period of 90 days was noticed in submission of Proforma 'B' by the Directorate of Agriculture to Department of Fertilizers in respect of M/s IPL during 2007-08.
- Further, in 2008-09, delays ranging between 15-252 days were noticed in submission of Proforma 'B' by Department in respect of M/s BVFCL, M/s IPL and Teesta Agro Industries Ltd.

As Proforma 'A' is the basic document for the certification of sale by the State Government for payment in the case of de-controlled fertilizers, delay in sending Proforma 'A' would consequently result in delay of the certification of sales through Proforma 'B'. This fact was admitted by the State Agriculture Department.

9.2.2.5 Non-certification/Non-authentication of subsidy claims by the statutory auditor/authority of the company.

- Subsidy claims in Proforma 'A' for 57274.30 MT amounting to Rs. 118.67 crore of M/s IPL for the month of July 2008 to March 2009 did not contain signature of the Chief Executive or Authorized Signatory of the company, and were also not certified by the Statutory Auditor of the company during 2008-09.
- The claim of IFFCO in Proforma 'B' for the sale of 385 MT of DAP, involving subsidy of Rs. 21.61 Lakh, in June 2006 to STATFED was forwarded by the Director of Agriculture to the Department of Fertilizers without obtaining the lifting certificate from the buyer due to the closure of the organization (STATFED).

9.2.2.6 Buffer Stock

- Although IPL was required to maintain the prescribed buffer stock of 5000 MT of MOP during 2006-07, 5000 MT each of DAP and MOP during 2007-08 and 2008-09, yet it maintained the buffer stock of MOP 5000 MT only in March 2009 during the entire period of 2006-09.

9.2.2.7 Dealers without valid license

- Six retail dealers were carrying out the fertilizer business without valid license from the state agriculture department, while another four could not produce a copy of their license to the audit.



Audit Team visiting the premises of a retail dealer (Gopendra Mohan Roy), Lala block, Hailakandi District with an expired license

9.2.2.8 Quality Control

9.2.2.8.1 Shortfalls in testing of fertilizers by the Quality control laboratories

- The fertilizer quality control laboratory at Guwahati did not achieve targets for testing of fertilizers during 2006-07 to 2008-09, as per details given below. The shortfall ranged from 59 to 93 percent.

Table 9.5 – Shortfall in testing of fertilizer samples in Assam

Year	Target	No. of samples received for test		Total	Shortfall (Per cent)	No. of Sub-standard Samples
		From Assam	From Other States			
2006-07	500	10	24	34	466(93)	6
2007-08	500	137	27	164	336(67)	-
2008-09	500	162	44	206	294(59)	2

9.2.2.8.2 Improper furnishing of samples data

- Five samples were forwarded with a memorandum in Form 'J' (particulars of fertiliser samples) instead of Form 'K' (Memorandum to accompany fertilizer sample for analysis) by the DAO Jorhat. Samples were received after a delay ranging between 6 to 20 days.

- Samples were collected from lot of very small quantity of fertilizer which ranged between 0.03 MT to 0.20 MT.
- In respect of two cases, source of collection of quantity in the lot was not mentioned in Form 'J'.

9.2.2.9 Absence of control over dealers

- Checking of records of the manufacturers and wholesale dealers of four selected districts, it was seen that during May 2008 to December 2008, the dealers had purchased 32158.866 MT of various types of controlled and decontrolled fertilizers and sold 30361.486 MT fertilizers to retail dealers. But no wholesale dealer except NAFED, NERAMAC & Agri. Fertilizer Marketing Co-op Society Ltd. of Kamrup district could furnish details of sale of fertilizer to retail dealers. One retail dealer (Krishi Mahal, Dhubri) maintained only receipts of fertilizer without any details of sale.
- The distribution of fertilizers from first stockist point to retail dealers could not be checked as systematic records showing receipt and sale to farmers were not kept by all retail dealers. Thus, the veracity of sale to farmers by the retail dealers of fertilizer could not be verified. The probability of black marketing of fertilizer could not be ruled out.

9.2.2.10 Monitoring

- Director of Agriculture and the District/Block level officers were responsible for monitoring availability of fertilizers and checking the quality of fertilizer, to verify stock at first stocking points as well as dealers' records and also to collect samples for testing quality of fertilizers supplied.
- During scrutiny, no such monitoring reports were available for verification.
- Scrutiny of records of laboratory at Guwahati revealed that target set for testing the samples were not achieved due to non-collection of samples by the field level officers.

9.2.3 Results of dealer and farmer survey

9.2.3.1 Dealer Survey

Responses from 48 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	Others
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	16	31	1
30 dealers stated that they were not getting required quantity of fertilizer in time.				

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		No Limit	Limited	Others
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	35	6	7
		Yes	No	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	18	30	
		Yes	No	
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	10	38	
		Yes	No	Others
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	8	37	3
		Yes	No	Others
6.	Are farmers demanding small quantity bags of fertilizers from you?	26	18	4
		Yes	No	Yes, report not received
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	11	36	1

9.2.3.2 Farmer Survey

Responses from 240 farmers are summarised below:-

	Questions	Response			
		Cooperative	Dealer	Both	Others
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	2	194	2	42
		Yes	No	Others	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	4	232	4	
		MRP	Others		
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP © MOP (d) other fertilizers in the last 1 or 2 seasons?	0	240		
		Yes	No		
4.	Did the dealer give you a receipt for your sales?	12	228		
		Yes	No	No comments	

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5.	Do you know the maximum prices for fertilizers fixed by Government?	6	233	1
		Yes	No	Others
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	27	211	2
		Yes	No	Others
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	23	216	1
		Yes	No	
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	174	66	
		Yes	No	No comments
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	36	196	8
		Yes	No	
10.	Do you need fertilizers in small quantity bags?	220	20	
		Yes	No	Others
11.	Overall, are you satisfied with the supply of fertilizers to you?	61	165	14
		Yes	No	No comments
12.	Have you faced any other problems in supply of fertilizers?	168	64	8

From the above survey responses, it is evident that out of 240 farmers, 194 farmers were buying the fertilizer from private dealers. They were all paying higher prices than MRP. 228 farmers did not get receipts, 216 stated that no soil tests were conducted, 174 stated that they were not getting the required quantity and 221 farmers were in the favour of small quantity bags of fertilizer.



9.3 Bihar

9.3.1 Background

Bihar has 38 districts; total geographical area is 93.6 Lakh hectares. The gross cropped area is 75.82 lakh hectares. Major crops grown are paddy, wheat, lentils, sugarcane, and jute. Six districts and 12 blocks in Bhagalpur (Goradih, Sultanganj), Chapra (Chapra and Nagra), Darbhanga (Baheriand Manigachi), Gaya (Gayasadar, Khijar Sarai), Motihari (Raxaul, Dhaka) and Purnea (Baisi and Srinagar) were selected for detailed audit scrutiny.

9.3.2 Audit Findings

9.3.2.1 Assessment of fertilizer

- No norms were laid down for calculating the requirement of fertilizer based on type of crop, irrigated/ non-irrigated area, soil health and other local factors.
- The requirement of various types of fertilizers was projected at the Directorate level only considering the previous years' consumption data (without input from district and lower levels) and not based on the irrigated/non-irrigated area, soil health and other local factors. This requirement was generally based on adding 10 to 20 per cent to the highest consumption of the last 3 years.
- Even the previous year's consumption data was not realistic as break up of consumption data at the district level was not available.
- The assessed requirement of fertilizer was not properly broken down Block wise. The supply at district level was broken down block wise not on the basis of cultivable land, but on the basis of number of Panchayats in the block without any documentation.
- Consumption was based on the basis of supply made by the fertilizer company.

9.3.2.2 Availability of fertilizer

- Farmers/ dealers complained that there were shortages and they had problem in procuring fertilizer during crop period. However, no norms were fixed to regulate the sale of fertilizer.
- Farmers also complained that they had to pay much higher rates for purchase of fertilizer, and were not getting the required quantity, which affected the crop adversely.
- Our field audit revealed shortage of fertilizer during the crop period in several areas as given below:

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Non-availability of fertilizers at Adarsh Madhuban KSSSS, Madhuban, Motihari District



Non-availability of fertilizers at Shekhar Fert., Bheldi, Parsa, Chapra District



Non-availability of fertilizers at Bajrang Traders, Kumari Devi Chok, Motihari District



Non-availability of fertilizers at Aman Krishi Kendra, Goradih Block, Bhagalpur District

9.3.2.3 Verification of stock

- Verification of sales was never done in the four selected districts.
- Certification was done and bills were verified on the basis of quantities entered in the stock registers of the buffer stock. However no physical verification of stock was conducted.

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- The stipulated procedure for verification of sales beyond 1st stock point upto farmers level were not followed.
- No certification was done of the fertilizers received by whole sale from rake points in other districts.
- There were discrepancies between the quantity as per despatch (101126.10 MT) data of the companies at the district level and quantity of fertilizers received (79932.60 MT) by the first stocking point dealers in the test checked districts during the period April 2008 to December 2008, the difference being 21193.45 MT of fertilizer involving subsidy of Rs.14.60 crore as given below:

Table 9.6 – Discrepancies in Despatch Data in Bihar

Sl.No	Name of Manufacturer	Product	Qty despatched (MT)	Qty received (MT)	Difference (MT)	Amount (Rs. in Crore)
1.	KRIBHCO, Hazira	Urea	1373.60	1151.40	222.20	0.12
2.	Indogulf, Jagdishpur(IGFL)	Urea	36543	24521.20	12021.80	6.24
3.	RCF, Thal	Urea	15284.8	13408.35	1876.45	1.87
		MOP	1321.80	767.20	554.60	1.13
6.	KSFL	Urea	18319.5	14611.85	3707.65	3.10
7.	Nagarjuna Fertilizer Chemicals Ltd.,	Urea	5144.4	3825.6	1318.8	0.32
8.	TCL	Urea	5185.7	4356.6	829.1	0.54
9.	IPL	DAP	6557.7	6526.1	31.6	0.10
		Urea	10461.80	10332.35	129.45	0.15
10.	PPL	MOP	933.75	431.95	501.80	1.03
	Total		101126.05	79932.6	21193.45	14.60

9.3.2.4 Buffer Stock

- 15000 MT DAP (2006-07), 30000 MT DAP for 2007-09, 9000 MT MOP for 2006-09 and 50000 MT Urea also was to be maintained as buffer stock, but was not always available which resulted in crisis of fertilizers at peak crop season.

9.3.2.5 Quality control

- For 38 districts, there was only one quality control laboratory in Patna. Shortage of laboratories resulted in inadequate testing facilities.
- Out of 18640 samples to be drawn in the state, only 1688 (9.05 per cent) samples were drawn, 1578 tested and 110 (6.5 per cent) left without analysis.

- In the test-checked districts, the shortage in the samples actually drawn ranged between 36 and 99 per cent in 2006-07, 58 to 99 per cent in 2007-08 and 33 to 99 per cent in 2008-09.
- During 2007-08 , out of 6.22 lakh MT of various kinds of fertilizers received in the test checked districts, only 416 samples were taken against 6217 required for testing and 17 were declared as non standard.
- Further in 2008-09 out of 7.46 lakh MT of all fertilizers received, only 464 samples were taken against 7464 required for testing and 10 were declared as non standard.
- In the test-checked districts, no samples were drawn from retail dealers/ co-operative societies, or Central Storage Scheme (CSS) warehouse functioning as buffer of the fertilizer company.
- In the test-checked district, fertilizer inspectors were not posted, and the District Agriculture Officers/ Block Agriculture Officers were collecting the samples.
- The test results of fertilizers declared as non-standard were not intimated to the dealers. Further, by the time samples were declared as non-standard, the stock had already been sold.
- 23.25 MT of sub-standard (SSP) fertilizer was lying in the godown at Purnea since November 2008.

9.3.2.6 Soil testing

- Shortfall in soil testing vis-à-vis targets ranged between 28 and 36 per cent during 2006-07 to 2008-09.

9.3.3 Results of dealer and farmer survey

9.3.3.1 Dealer Survey:

Responses from 70 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	24	46	
		No Limit	Limited	Others
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	64	3	3
		Yes	No	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	45	25	

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		Yes	No
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	14	56
		Yes	No
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	20	50
		Yes	No
6.	Are farmers demanding small quantity bags of fertilizers from you?	54	16
		Yes	No
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	8	62

9.3.3.2 Farmer Survey:

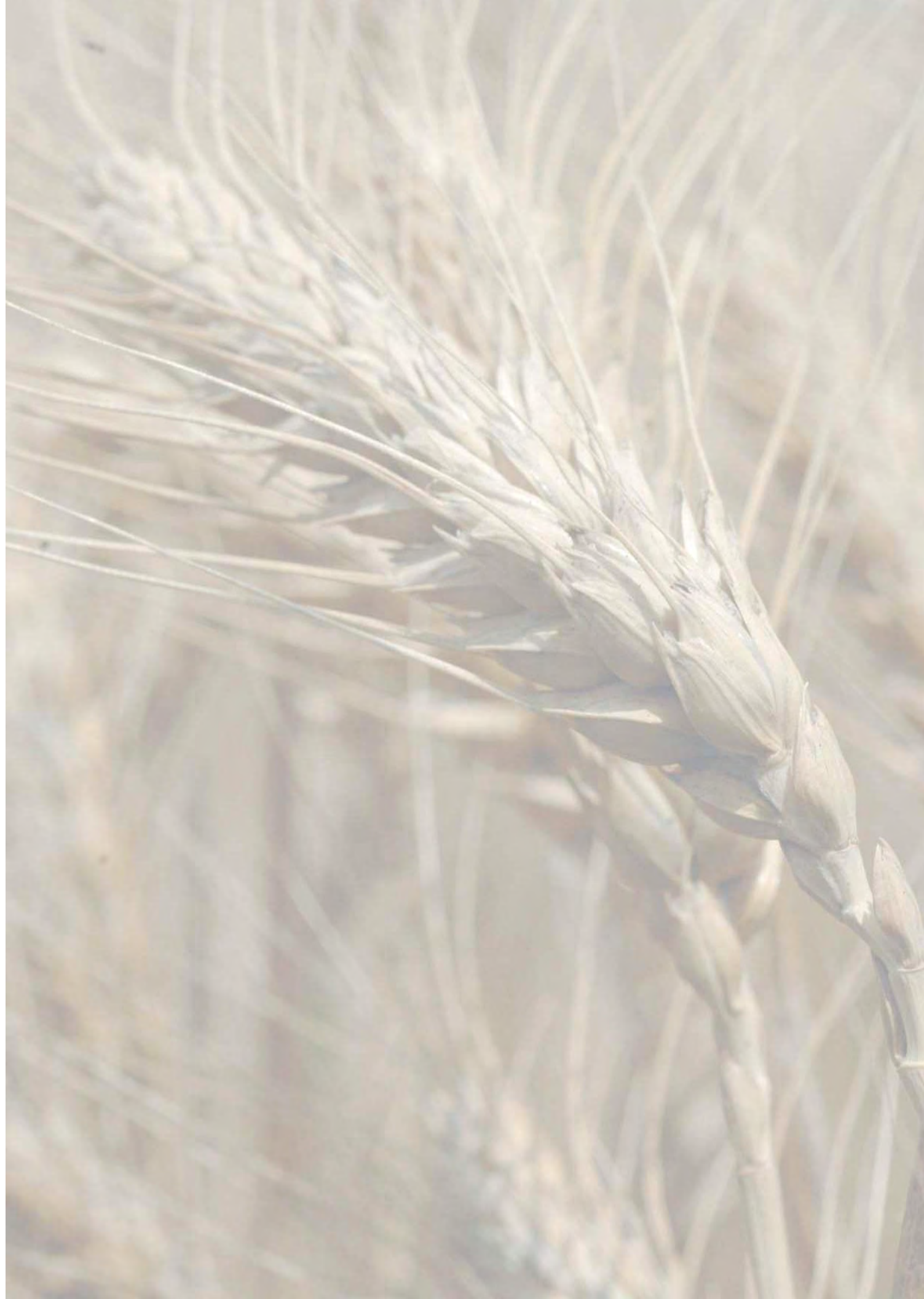
Responses from 360 farmers are summarized below:-

Sl.No.	Questions	Response			
		Cooperative	Dealer	Both	Others
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	5	70	31	254*
		Yes	No		
2.	Are the quantities of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	0	360		
		MRP	Higher than MRP	No Comments	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP © MOP (d) other fertilizers in the last 1 or 2 seasons?	0	93	267	
		Yes	No		
4.	Did the dealer give you a receipt for your sales?	3	357		
		Yes	No		
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	10	350		
		Yes	No		
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	72	288		

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		Yes	No
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	2	358
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	325	35
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	103	257
10.	Do you need fertilizers in small quantity bags?	349	11
11.	Overall, are you satisfied with the supply of fertilizers to you?	35	325
12.	Have you faced any other problems in supply of fertilizers?	242	118

From the above survey response, it is evident that out of 360, 254 farmers were buying the fertilizers from the unregistered dealers. 253 farmers were buying the fertilizer from private dealer, due to this, were paying higher price than MRP. 349 farmers did not get receipts, 349 farmers stated that no soil tests were conducted, 298 farmers stated that they were not getting the required quantity and 346 farmers were in the favour of small quantity bags of fertilizers. 93 farmers stated that they had to pay more than the MRP and 92 farmers stated that they were not getting the fertilizer in time. Further, 57 farmers stated that due to non availability of shop nearby, they had to cover long distance to procure the fertilizers.



9.4 Chhattisgarh

9.4.1 Background

Chhattisgarh has gross cropped area of 57.32 lakh ha. Paddy is the principal crop and the central plains of Chhattisgarh are known as the rice bowl of central India. Other major crops are coarse grains, wheat, maize, groundnut, pulses and oilseeds.

Audit scrutiny covered the four districts (Raipur, Durg, Bilaspur and Sarguja) and eight blocks, as also the Fertilizer Quality Control Laboratory (FQCL) situated at Raipur.

9.4.2 Audit findings

9.4.2.1 Assessment of fertilizer

- No norms/standards or guidelines were laid down for calculating requirement of fertilizers. The assessment of requirement was done on the basis of actual consumption of fertilizers in the last few years, increased by a certain percentage. Thus, the assessment was not made on a scientific basis.

9.4.2.2 Availability of fertilizer

- There were excess/short supply of fertilizers against the targets in three of the four selected districts as detailed below:

Table 9.7 – Gap between demand and availability of fertilizers in Chhattisgarh

(Quantity in MT)

Period	District	Target (Demand) (MT) A	Stockings (Availability) (MT) B	Distribution (MT) C	Difference between demand and availability (A-B)
Kharif 2006	Durg	97,300	99,756	97,952	2,456
	Raipur	1,20,035	1,71,173	1,37,386	51,138
	Bilaspur	97,175	99,360	95,912	2,185
Rabi 2006-07	Durg	25,995	45,943	23,527	19,948
	Raipur	60,075	47,442	26,516	-12,633
	Bilaspur	30,370	43,930	30,271	13,560
Kharif 2007	Durg	1,40,330	1,20,616	1,11,672	-19,714
	Raipur	1,80,595	1,82,229	1,62,492	1,634
	Bilaspur	1,13,835	99,740	1,14,823	-14,095
Rabi 2007-08	Durg	30,201	49,797	28,701	19,596
	Raipur	34,200	61,761	34,794	27,561

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Kharif 2008	Bilaspur	32,800	39,690	31,831	6,890
	Durg	1,26,150	1,17,869	1,15,847	-8,281
	Raipur	1,73,050	1,88,545	1,69,199	15,495
Rabi 2008-09	Bilaspur	1,10,550	1,20,168	1,11,533	9,618
	Durg	34,586	60,122	28,367	25,536
	Raipur	44,370	84,252	42,162	39,882
	Bilaspur	29,901	44,273	33,192	14,372

(Source: Data supplied by District Offices and compiled by Audit.)

- No rationing system was followed for sale of fertilizers.
- Our field audit showed excess stocking of fertilizers (excess of projected requirement over consumption) in Dhamdha Block , Durg District, as per the photographic evidence depicted below:



Excess stocking of fertilizer at Dani Krishi Kendra-Dhamdha Block, Durg District

9.4.2.3 Verification of Sales

- There were delays in the receipt of Proforma A from the manufacturers/importers and subsequent certification and issue of Proforma B. The delay in issuing Proforma B ranged from 30 to 200 days.
- The verification was done on the basis of entries in the stock registers and bill books of the dealers, which was then reported by the DDAs to the DA. No physical verification of stock was, however, found to have been carried out. Also, there was neither any process of verification of sales beyond the first point sale i.e. upto the farmer level, nor did any check exist for examining the genuineness of the party to which the sale was made.

9.4.2.3.1 Non-maintenance of Buffer Stock

- Although the Govt. of India had directed maintenance of buffer stock of 5000 M.T. for the Kharif 2009, this was not maintained due to the shortage in supplies.

9.4.2.4 *Quality Control*

The FQCL, at Raipur is the only notified fertilizer testing laboratory in the State of Chhattisgarh.

9.4.2.4.1 Shortage of manpower and equipment

- Against the sanctioned strength of 17 posts, only 10 posts were filled.
- As per the Manual, against the 25 items of equipment for analysis of chemical fertilizers, only 17 items of equipment were available.
- Shortages in analysis of samples ranged between 8 per cent and 32 per cent during the period 2006-09 as summarized below:-

Table 9.8 – Shortfall in testing of samples in Chhattisgarh

Year	Target	samples received	Achievement	Shortfall	%age shortfall
2006-07	3675	3386	3367	308	8.38
2007-08	5626	3404	3371	2255	13.02
2008-09	3670	2516	2503	1167	31.68

(Source: Data furnished by DDA, FQCL and compiled by audit)

9.4.2.4.2 Sale of non-standard fertilizers

- It was noticed that by the time the intimation of the samples being declared non-standard fertilizers was sent to the dealers/retailers and the stop sale orders issued to ban the sale of balance quantity of non-standard fertilizers, the stock had already been sold. The value of such stock was Rs.2.00 crore (Rs 0.36 crore in Durg, Rs.1.11 crore in Raipur, Rs 0.25 crore in Bilaspur & 0.28 crore in Surguja).

9.4.2.5 *Other Findings*

9.4.2.5.1 Sale of fertilizers by cooperative societies without valid registration under FCO

- In the four selected districts, all the 588 Co-operative Societies (Durg-182, Raipur-206, and Surguja-64 and Bilaspur-136) were engaged in the business of retail sale of fertilizers without any certificate of registration from the appropriate authority, which was against the provisions of FCO. No action had been initiated by the State Government.
- In response, the Dy. Directors of Agriculture in Durg and Surguja districts stated that action was being initiated.

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9.4.2.5.2 Unauthorized sale of fertilizers by private dealers.

- As per clause 8 and 19 (a) of FCO, the registration of the dealer is to be cancelled if he is found selling non-standard fertilizer. In Durg district, the following five private dealers whose registration certificates were cancelled for selling non-standard fertilizers, continued to sell fertilizers.

Table 9.9 – Private dealers with cancelled registration certificates in Durg District, Chhatisgarh

Sl	Name of dealer/retailer	Date of issue of cancellation of Registration
1	Ms. Agrawal Commercial Co., Durg	7919 dated 3-11-08
2	Ms. Baghmar Krishi Kendra, Dondi	9957 dated 25-12-07
3	Ms. Sushil Krishi Kendra, Dhamdha	175 dated 4-1-08
4	Ms. Krishi Vikas Kendra, Durg	9953 dated 29-12-07
5	Ms. Greenfield, Durg	298 dated 9-1-09

9.4.2.6 Wastage of subsidy on non-saleable fertilizers and other losses.

- It was noticed that a quantity of 268.875 MT of non-saleable fertilizers (DAP, SSP, Complex) was lying in the various Krishi Upaj Mandies, Sangrahan Kendra since March 1994.

9.4.3 Results of dealer and farmer survey

9.4.3.1 Dealer Survey

Responses from 48 dealers are summarized below:-

Sl. No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	8	40	
		No Limit	Limited	Others
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	21	24	3
		Yes	No	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	3	45	
		Yes	No	Others
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	33	9	6

		Yes	No	Others
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	34	12	2
		Yes	No	Others
6.	Are farmers demanding small quantity bags of fertilizers from you?	10	36	2
		Yes	No	Others
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department?	42	5	1

As can be seen, most of the dealers indicated that they were not getting the required amount of fertilizers. However, the majority indicated that they were limiting the quantity of fertilizers. Welcome feature was that the majority of dealers had undergone testing of samples from their stocks during the past three years.

9.4.3.2 Farmer Survey:

Responses from 240 farmers are summarized below:-

Sl. No.	Questions	Response		
		Cooperative	Dealer	Both
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	156	56	28
		Yes	No	Others
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	77	146	17
		MRP	Other	No Comments
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	210	13	17
		Yes	No	
4.	Did the dealer give you a receipt for your sales?	194	46	
		Yes	No	No response
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	147	84	9
		Yes	No	Others
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	72	162	6

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		Yes	No	Yes, but Report not received
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	38	201	1
		Yes	No	Others
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	57	178	5
		Yes	No	No response
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	26	205	9
		Yes	No	Other
10.	Do you need fertilizers in small quantity bags?	120	113	7
		Yes	No	Others
11.	Overall, are you satisfied with the supply of fertilizers to you?	206	27	7
		Yes	No	Others
12.	Have you faced any other problems in supply of fertilizers?	49	177	14

As can be seen above, most of the farmers are aware of MRPs of fertilizers and have purchased fertilizers at MRPs. Most of them did not face problems in getting their full requirement of fertilizers. However, most farmers did not have enough money to buy their full requirement and did not get their soil tested.

9.5 Gujarat

9.5.1 Background

Gujarat has 26 districts, with a total geographical area of 196024 Sq.km. The cropped area is 122.02 lakh hectares. The principal crops are wheat, bajra, rice, maize, groundnut, mustard, sesame, pigeon pea, green gram, gram, cotton and sugarcane. Gujarat is the largest producer of castor, tobacco, isabgul, and the second largest producer of sesame seeds, cotton and groundnut.

Four districts ¹⁶(Ahmedabad, Junagadh, Surat, and Kutch), eight blocks¹⁷, 48 dealers and 124 farmers were selected for detailed audit scrutiny, as also three Fertilizer Quality Control Laboratories.

9.5.2 Audit Findings

9.5.2.1 Assessment of fertilizer requirements

- No norms/standard were laid down for assessing the requirement of fertilizer based on the type of crops, irrigated/non-irrigated area, soil health and other local factors.
- The year-wise assessment, consumption and shortfall/ excess in assessment (crop wise) for the period 2006-08 is depicted as under :

Table 9.10 – Gap between assessment and consumption in Gujarat

Year	Assessment		Consumption		Shortfall (+) / Excess (-) in Assessment (-)	
	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi
2006-07						
UREA	700000	730000	774639	800124	74639	70124
DAP	275000	275000	275296	281015	296	6015
MOP	65000	95000	58755	90802	(-)6245	(-)4198
2007-08						
UREA	850000	900000	878644	927057	28644	27057
DAP	275000	300000	306896	363027	31896	63027
MOP	70000	100000	83360	95769	13360	(-)4231

¹⁶ Ahmedabad, Junagadh, Surat, Kutch

¹⁷ Ahmedabad: Sanand, Bavla; Junagadh: Junagadh, Keshod; Surat: Kamrej, Bardoli; Kutch: Bhuj, Bhachau.

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- The estimates were prepared by increasing the actual consumption of the previous year by a certain percentage, although there were no written instructions/office orders to this effect.
- Fertilizer requirement for the district were not sent by the Dy. Director of Agriculture of the concerned district for the Zonal Agriculture Input Conference. These were prepared at the State level without such inputs from lower levels.
- Further, no meetings with the farmers/ co-operatives and other stakeholders at district level were held for assessment of the fertilizers. Also, the Panchayat Samitis/block Samitis were not involved in the assessment of fertilizer requirement.
- The variation between requirement and actual supply ranged between 1 per cent (Urea Kharif 2008-09) to 23 per cent (DAP Kharif 2008-09). During survey of dealers, farmers and the Co-operative societies, the farmers complained of short supply and stated that they had to purchase fertilizer from other blocks.

9.5.2.2 Availability of Fertilizer:

9.5.2.2.1 Non-receipt of fertilizer

- There were discrepancies between the quantity of despatch data of the companies at the district level and the quantity of fertilizers received by the first stocking point dealers in the test checked districts during the period April 2008 to December 2008 of 2837 MT of fertilizer involving subsidy of Rs 2.13 crore as shown below:

Table 9.11 – Discrepancies in despatch data in Gujarat

Sl.No.	Name of Unit	Product	Qty despatched (MT)	Qty received (MT)	Difference in Qty (In MT)	Subsidy amount (Rs. In crore)
1	KRIBHCO, Hazira	Urea	4216	1636	2580	1.37
2	HINDALCO	DAP	214	0	214	0.66
3	IFFCO, Kalol	Urea	33	0	33	0.07
4	GNVFC	NPK	10	0	10	0.03
	Total		4473	1636	2837	2.13

9.5.2.2.2 Absence of system of ensuring sale to genuine farmers

- No norms were fixed by the State Government to regulate sale of fertilizer so as to ensure authenticity of sales to genuine farmers, especially in view of the complaints of short supply.
- In 126 cases of nine dealers, the sales were being effected without considering purchaser identification and the requirement as per land holding in order to ascertain that sales were being made to genuine farmers for agriculture purposes. **Annexe 9.1**

9.5.2.2.3 Irregular sale to manufacturer of NPK fertilizers resulted in payment of subsidy of Rs. 82.95 crore.

- Three dealers sold 36250 MT fertilizer (urea, DAP, MOP and complex) during 2007-10 (upto September 2009) to their sister concerns against wholesale/retail license for manufacturing different NPK fertilizers not subsidised under FCO and for which no MRP had been fixed by the Government. Sale of subsidised fertilizers to manufacturers of NPK fertilizer resulted in irregular payment of subsidy of Rs. 82.95 crore.

9.5.2.2.4 Non-maintenance of Buffer Stock

- As per the instructions of Government of India Department of Fertilizer Order dated 28-07-2008, M/s Indian Potash Ltd had to maintain buffer stock of 5000 MT each of DAP and MOP during 2008-09. However, this buffer stock was not maintained.

9.5.2.3 Verification of sales by State Government

9.5.2.3.1 Process of verification of Sales

- In respect of first point sales in the State, on receipt of copy of proforma 'A' from the units, the Director of Agriculture sends 20 per cent randomly selected sales to the Deputy Director of Agriculture of the District for verification of receipt by the dealers. However, the Agriculture Officer of the block was just signing the statement received from the manufacturer. No sales invoices, delivery challan, physical verification of stock etc. had been verified by the Agriculture Officer of the block, as the State Government had granted relaxation from submission of delivery challans to GSFC, GNFC, IFFCO, and KRIBHCO, which were the major manufacturing companies in State.
- Further, no verification of subsequent sales (beyond first point sales) up to the farmers' level had been carried out.

9.5.2.3.2 Delay in submission of Proforma 'B'

The State Government was required to certify and submit Proforma 'B' within 30 days. However, there were delays in submission of Proforma 'B' (as of May 2009) by the Director of Agriculture in respect of the following four units for:

- Rashtriya Chemical Fertilizers (RCF)
- NIRMA Ltd (from April 2008 onwards)
- Tungbhadra Fertilizer Ltd (from June 2008 onwards)
- Shriram Fertilizers and Chemicals Ltd. (from October 2008 onwards)

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9.5.2.4 Quality Control

9.5.2.4.1 Inadequate staff

- There were 21 vacancies (Asstt. Director of Agriculture-2, Agriculture Officers-17, Chemist-2) in the three Fertilizer laboratories at Bardoli (4), Junagarh (10) and Gandhinagar (7).

9.5.2.4.2 Delay in intimation of test results to the dealer

- Survey of dealers revealed that there was delay in intimation to the dealers of the test results of fertilizers declared as non-standard, by which time, the stock had been sold. Hence, the non-standard fertilizer was used by the farmers without knowing the quality.

9.5.2.4.3 Non-conduct of test of all components

- It was noticed that laboratories had conducted scrutiny of only the main components (Urea-Total Nitrogen; DAP-Total Nitrogen, Ammonical Nitrogen, Ammonium Citrate, Phosphate; MOP-Potash) of the fertilizer only as against the requirement of FCO, 1985 that all components should be examined to certify fertilizer as of the prescribed standard.

9.5.2.4.4 Non follow-up of fertilizers declared as non-standard

- 124 court cases for the period 2006-07 to 2008-09 were pending in courts. There was no instance of seizure of the lot of non standard fertilizers nor was any recovery of subsidy proposed in respect of non-standard fertilizer samples. This resulted in irregular payment of subsidy to the extent of Rs.9.86 crore.

9.5.3 Results of dealer and farmer survey

9.5.3.1 Dealer Survey

Responses from 48 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	39	9	
		No Limit	Limited	Others
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	37	6	5
		Yes	No	Others
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	2	45	1
		Yes	No	Others

4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	21	18	9
		Yes	No	Others
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	31	14	3
		Yes	No	Others
6.	Are farmers demanding small quantity bags of fertilizers from you?	5	40	3
		Yes	No	
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	29	19	

Most of the dealers indicated that they were getting the required quantity of fertilizers and were able to supply fertilizers without limit to farmers. In a majority cases, samples of stocks had been selected for quality tests during the last three years.

9.5.3.2 Farmer Survey

Responses from 240 farmers are summarized below:-

Questions		Response		
		Cooperative	Dealer	
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	228	12	
		Yes	No	Others
2.	Is the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	3	234	3
		MRP	Higher than MRP	No comments
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP © MOP (d) other fertilizers in the last 1 or 2 seasons?	229	0	11
		Yes	No	
4.	Did the dealer give you a receipt for your sales?	240	0	
		Yes	No	
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	199	41	
		Yes	No	Others
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	212	27	1
		Yes	No	
7.	Did you get your soil tested, to find out the	110	130	

Performance Audit of Fertilizer Subsidy

	exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?			
		Yes	No	No comments
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	97	142	1
		Yes	No	
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	13	227	
		Yes	No	
10.	Do you need fertilizers in small quantity bags?	10	230	
		Yes	No	
11.	Overall, are you satisfied with the supply of fertilizers to you?	222	18	
		Yes	No	
12.	Have you faced any other problems in supply of fertilizers?	58	182	

The vast majority of farmers indicated that they know the MRPs and bought fertilizers at the MRPs. However, the majority did not get their soil tested to find out the exact requirement of different types of fertilizers.

Our field audit revealed adamaged godown in Sanand block, Ahmedabad District as depicted below:



Damaged fertilizer godown of GSFC in Sanand block, Ahmedabad District

Our field audit revealed despite availability of stock (as depicted below), the farmers were facing shortage in Sanand block , Ahmedabad District (as indicated in the farmers survey):



Availability of fertilizer stock at Balaji Enterprises, Sanand block, Ahmedabad District



9.6 Haryana

9.6.1 Background

Haryana has 21 districts divided under four divisions namely Ambala, Rohtak, Gurgaon and Hissar. The total geographical area of the state is 44.20 lakh ha. The cropped area of the state is 36.20 lakh ha. The main crops cultivated are rice, wheat, vegetables, temperate fruits, tropical fruits, exotic vegetables and herbal and medicinal plants.

Four districts viz. Faridabad, Hissar, Karnal and Sonapat and eight blocks (two from each district), viz. Ballabgarh, Faridabad, Barwala, Hansi-I, Indri, Nissing, Gannaur and Mundlana were selected for detailed audit scrutiny.

9.6.2 Audit findings

9.6.2.1 Assessment of fertilizer requirement

- Requirement was calculated season-wise (Kharif/Rabi) based on the previous year's consumption. Panchayat Samitis/Block Samitis, etc. were not involved in assessment of the fertilizer requirement. Assessment was for the whole district, and, not based on geographical factors and soil composition which would vary across blocks.
- The availability of Urea and DAP in the State was more than the projected requirement and consumption was more or less equal to requirement during 2006-09. In respect of NPK and MOP, except in 2007-08, availability was lower than the projected requirement, and consumption was far below the requirement.

Details of requirement, availability and consumption of fertilizers during 2006-07 to 2008-09 were as under:

Table 9.12 – Requirement, availability and consumption of fertilizers in Haryana

(In MT)

	Urea	DAP	MOP	NPK
2006-07				
Requirement	17,50,000	5,60,000	40,000	55,000
Availability	18,47,610	7,00,919	27,085	38,208
Consumption	16,71,016	4,90,985	22,610	29,071
Percentage of availability against requirement	105.58	125.16	67.71	69.47
Percentage of consumption against availability	90.44	70.05	83.48	76.09
Percentage of consumption against requirement	95.49	87.68	56.53	52.86
2007-08				

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	Urea	DAP	MOP	NPK
Requirement	18,50,000	5,75,000	45,000	55,000
Availability	21,78,666	6,85,948	37,142	51,808
Consumption	18,28,838	5,15,263	29,028	38,581
Percentage of availability against requirement	117.77	119.30	82.54	94.20
Percentage of consumption against availability	83.94	75.12	78.15	74.47
Percentage of consumption against requirement	98.86	89.61	64.51	70.15
2008-09				
Requirement	20,25,000	6,00,000	46,000	64,500
Availability	20,02,057	8,50,062	51,757	34,410
Consumption	17,89,204	6,60,121	38,396	29,102
Percentage of availability against requirement	98.87	141.68	112.52	53.35
Percentage of consumption against availability	89.37	77.66	74.19	84.57
Percentage of consumption against requirement	88.36	110.02	83.47	45.12

9.6.2.2 Short supply of DAP in peak consumption period

Availability of DAP was more than requirement during 2006-09 in the State. However, it was observed that, in Karnal district, against the requirement of 34500 MT of DAP during the main sowing seasons of wheat i.e. October - November 2008, the availability and sale of DAP were 29787 MT and 21416 MT respectively.

9.6.2.3 Non-maintenance of Buffer stock

It was observed that no Buffer Stock of MOP (7000 MT each) was maintained during 2006-09. In the case of DAP, buffer stock of 31,666 MT and 11,330 MT only was maintained against the prescribed limit of 35000 MT and 40000 MT respectively during the year 2006-07 and 2007-08.

9.6.2.4 Quality Control

- In the Quality Control laboratories at Hissar and Karnal, as against the staff strength of 27 posts, only 22 technical and supporting staff were in position.
- There was a shortfall of 33 per cent in samples analysed during years 2006-07, 2007-08, and 2008-09 against the annual capacity of 3400 during 2006-08 and 5100 in 2008-09.
- 34 samples collected during April 2006 to November 2008 were declared as non-standard but neither was any action taken to stop sale/use of non-standard fertilizers, nor were recoveries proposed to the Department of Fertilizers. Further, in 23 other

cases where the samples were found non-standard, information regarding initiation of action such as disallowance of subsidy, stoppage of sale, etc. was not furnished to audit.

9.6.2.5 Discrepancies in fertilizer receipts

- Verification of details of despatch of fertilizer of M/s IPL revealed that against the despatch of DAP of 5376.65 MT in September 2008, the actual receipt was 5285.25 MT in Palwal district, resulting in short supply of 91.40 MT and excess subsidy of Rs.0.28 crore.

9.6.3 Results of dealer and farmer survey

9.6.3.1 Dealer Survey:

Responses from 51 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	Others
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	24	26	1
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	No Limit	Limited	Others
		28	22	1
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	Yes	No	No comments
		6	44	1
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	Yes	No	Others
		28	21	2
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	Yes	No	
		34	17	
6.	Are farmers demanding small quantity bags of fertilizers from you?	Yes	No	Others
		7	43	1
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	Yes	No	Others
		33	15	3

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As can be seen, the majority of fertilizer dealers were not getting the required quantity and type of fertilizers, and a large proportion were also adopting limits for sale of fertilizers to farmers.

9.6.3.2 Farmer Survey

Responses from 242 farmers are summarized below:-

S.No.	Questions	Response		
		Cooperative	Dealer	Both
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	192	28	22
		Yes	No	Others
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	65	173	4
		MRP	Others	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	2	240	
		Yes	No	Others
4.	Did the dealer give you a receipt for your sales?	218	22	2
		Yes	No	Others
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	215	25	2
		Yes	No	
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	168	74	
		Yes	No	Yes, but Report not received
7.	Have you got your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	99	142	1
		Yes	No	Others
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	53	183	6
		Yes	No	Others
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	29	204	9

		Yes	No	Others
10.	Do you need fertilizers in small quantity bags?	31	205	6
11.	Overall, are you satisfied with the supply of fertilizers to you?	208	24	10
12.	Have you faced any other problems in supply of fertilizers?	62	172	8

The vast majority of farmers did not buy fertilizer on the MRPs and also did not get their soil tested for finding out the exact requirement of fertilizers.

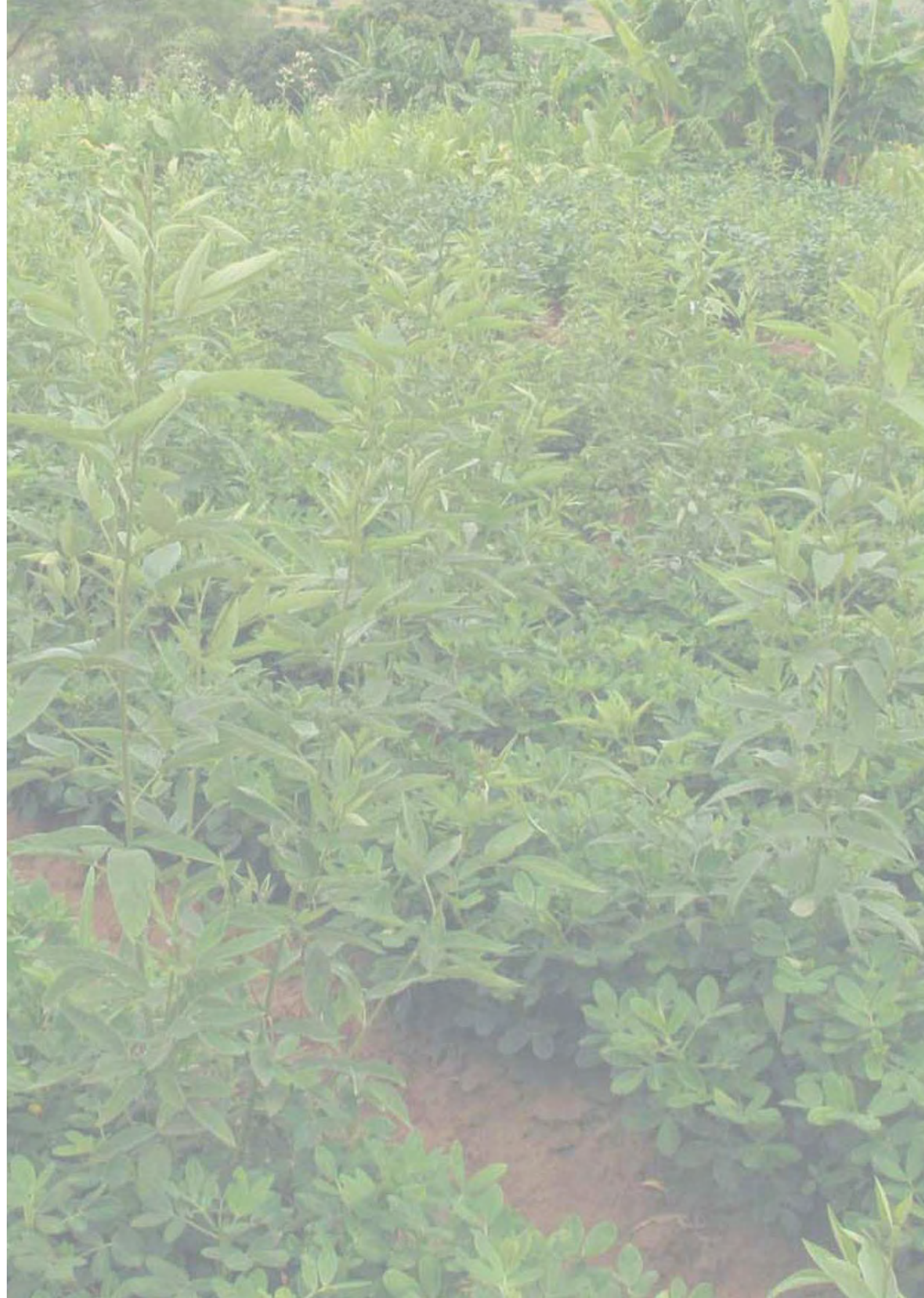
Our field audit revealed excess availability of fertilizer stock over the requirement at Faridabad District, and keeping wheat instead of fertilizers in the godown at Gannaure, Sonapat District, as depicted below photographically:



Excess availability of fertilizers at Shri Balaji Khad Bhandar, Faridabad



Stocking of wheat instead of fertilizers at Gannaure, Sonapat District



9.7 Himachal Pradesh

9.7.1 Background

Himachal Pradesh has 12 districts. Out of the total geographical area of 55.67 lakh hectares, the net sown area is 5.83 lakh hectares. Agriculture is the main occupation. The principal crops are wheat, barley, pulses, gram, oilseeds, vegetables, potato and ginger.

Two districts and two blocks in each district - Kangra (Bajjnath and Kangra) and Kinnaur (Kalpa and Nichar) - and two Fertilizer Quality Control Laboratories (Hamirpur and Sundernagar) were selected for detailed audit scrutiny.

9.7.2 Audit findings

9.7.2.1 Assessment of Fertilizer requirements

- The assessment of requirement of Fertilizers for the State was being done by the Department on the basis of the previous year's sales reported by HIMFED and IFFCO. The requirements so assessed were being presented at the Zonal Input Conference on fertilizers.
- The State Agriculture Department stated (in March 2010) in the exit conference that it was difficult to assess the actual requirements keeping in view the climate conditions of the State. The reply is not acceptable as unrealistic assessment of fertilizer had led to shortages of fertilizers.

9.7.2.2 Norms to regulate sale of Fertilizer

- The State Government had not devised any norms to regulate the sale of Fertilizers such as Calcium Ammonium Nitrate (CAN), Muriate of Potash (MoP), Single Super Phosphate (SSP) and Ammonium Sulphate (AS), for which GoI is providing subsidy. However, in respect of Urea and NPK Fertilizers, since the State Government was providing additional subsidy of Rs. 200 and Rs. 500 per MT respectively, it had stipulated a norm of three bags of the above categories of Fertilizers per ration card per cropping season.

9.7.2.3 Availability and shortages of Fertilizers

- During 2006-09, against the requirement of 3,53,400 MTs of different types of Fertilizers, actual supply was 3,21,133 MTs resulting in an overall shortage of 32,267 MTs.
- Supply of 19430 MTs of NPK 10:26:26 was received during Rabi 2007-08 (7221 MTs) and Kharif-Rabi 2008-09 (12209 MTs) without any requirement. During Rabi 2008-09 against the requirement of 7500 MTs of NPK 15:15:15, actual supply received was 12863 MTs. This indicates that the farmers were compelled to purchase these categories against short supply of NPK 12:32:16.

State Agriculture Department accepted the audit findings (in March 2010) in the exit conference.

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- Field audit also revealed excess supply of fertilizers over requirement, as depicted below photographically.



HIMFED Store, Shongtong. Kinnaur- Excess supply without any requirement



HIMFED, Indora- Excess supply over requirement

9.7.2.4 Sales of Fertilizers

9.7.2.4.1 Verification of sales by the State Governments

- Bills for subsidy claims for supplier and manufacturers of Fertilizers were certified on the basis of receipt of Fertilizers certified by the 1st sale points of HIMFED and by the member Cooperative Societies of IFFCO, and not on the basis of physical verification of receipts of Fertilizers/stock entries thereof.
- In Kangra block, test check of records of four out of six member societies of IFFCO revealed that the quantity of Fertilizers shown as sold/released to them by IFFCO had not reached the premises/stores of the said Societies as its stock and issue/sales entries could not be verified from their records viz. respective registers/ledgers. The details of such cases involving subsidy amounting to Rs. 8.18 lakh (GOI: Rs. 8.07 lakh; State Government: 0.11 lakh) are given as under:

Table 9.13 – Unverifiable sales in Kangra block, Himachal Pradesh

Sr. No.	Name of Societies	Fertilizer	Year	Quantity of Fertilizer in MTs			No. of bags	Amount of subsidy involved (In Rupees)			
				Quantity sold/ released by IFFCO	Actual qty. received as per records of societies	Excess qty. shown by IFFCO as sold		GOI		State Govt.	
								Basic rate per bags	Amount	Rate per bag	Amount
1.	Ichhi	Urea	2008-09	87	62	25	500	704	3,52,000	10	5,000
2.	Sahoura	Urea	2008-09	62	47	15	300	704	2,11,200	10	3,000
3.	Dagwar Mandal	Urea	2008-09	32	29	3	60	704	42,240	10	600
4.	(i) Ghurkhari Kachyayari	Urea	2008-09	37	34.5	2.5	50	704	35,200	10	500
	(ii) Ghurkhari Kachyayari	NPK -GR-2	2007-08	5	-	5	100	1660	1,66,000	25	2,500
					Total:	50.5			8,06,640		11,600

Source: Data compiled by audit from the records of IFFCO and concerned IFFCO member societies

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9.7.2.4.2 Non-accounting and irregular sale of fertilizers

- The Agriculture Department had not prescribed any procedure to verify the stock position and sale accounts either at the 1st sale points or at sub-dealers, depot holder's level. During field survey, the following irregularities in sale of Fertilizers at 1st sale point, subdealers and depot holders were noticed in audit.
- In Kalpa block (Kinnaur district) between February 2007 and March 2009, 143.75 MT of different type of Fertilizers was sold by the Incharge Shongtong godown of HIMFED (1st sale point) to four dealers as per details given in **Annexe 9.2**. Records of these dealers revealed that neither were any entries made in the stock register, nor were any sales account maintained in support of fertilizers further supplied by them to the farmers.
- During survey, the farmers of the Kalpa block stated (June-July 2009) that the dealers were involved in unauthorised private sale of Fertilizers at higher prices than the MRP on the pretext of purchasing it from undisclosed sources outside Kinnaur district and no action was taken by any authority to check such malpractices. In the absence of any proof of receipt and sales, the possibility of diversion of Fertilizers to the open market for black marketing by these sub-dealers after purchasing it from the 1st sale point could not be ruled out. The subsidy involved in this case was Rs. 30.14 lakh (GOI: Rs. 29.59 lakh; State Government: Rs. 0.55 lakh).
- Shortage of 30.250 MT of fertilizer valued at Rs. 3.04 Lakhs was noticed at first sale point of HIMFED at Shongtong (Kinnaur district) in May 2009. The shortages were not investigated as of November 2009.
- Short deposit of sale proceed of Rs. 6.04 lakh by Incharge of Shongtong godown was also noticed.

9.7.2.4.3 Sale of Fertilizer without recording identification of farmers

- At the HIMFED godown at Jeori (1st sale point of Nichar block), 76.2 MTs of Fertilizers involving subsidy of Rs 7.22 lakh was shown to have been sold to individuals/farmers without recording their particulars/identification (ration card number etc.) The possibility of sale of Fertilizers in the black market could not be ruled out.

9.7.2.4.4 Sale of Fertilizers at prices exceeding Maximum Retail Price (MRP)

- Telangi Fruit Processing & Marketing Sabha Limited, Telangi (a sub-dealer in Kinnaur district) had sold 815 bags of different Fertilizers at prices higher than the MRP during November 2008 to March 2009, resulting in over charging of Rs. 0.28 lakh from the farmers.

9.7.2.4.5 Sale of Fertilizers at higher rate by 1st sale point

- The incharge of 1st sale point at Shongtong (Kinnaur district), sold 145 bags (7.250 MT) of NPK 10:26:26 to the Telangi Fruit Processing and Marketing Sabha Ltd. in November

2008 at the rate of Rs. 386.85 per bag against the sale rate of Rs. 327.85 per bag (excluding subsidy and commission). Again in March 2009, 70 bags (3.500 MTs) of NPK 15:15:15 were also sold to the above sub-dealer at the rate of Rs. 256 per bag against the sale rate of Rs. 226.50 per bag (excluding subsidy and commission).

9.7.2.5 Quality Control

- Out of two Agriculture Development Officers deployed in the Quality Control laboratory at Sundernagar, one officer posted since November 2006 had not been imparted the requisite technical training at the Central Fertilizer Quality Control Laboratory, Faridabad. In the laboratory at Hamirpur, no Laboratory Assistants were provided during 2006-09.
- Against the annual analysing capacity of 1000 samples in each laboratory, percentage achievement was 74, 65 and 60 during the years 2006-07 to 2008-09 respectively.
- Although samples of Fertilizers were collected from the 1st sale point dealers, the results were never communicated to them.

9.7.3 Results of dealer and farmer survey

9.7.3.1 Dealer Survey

Responses from 30 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	Others
1.	Are you getting the required quantity and type of Fertilizer from your source (1st stocking point or wholesaler) in time?	0	25	5
		No Limit	Limited	Others
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	25	0	5
		Yes	No	Others
3.	Are you facing any problems in transportation etc. in lifting your requirement of Fertilizers?	2	24	4
		Yes	No	Others
4.	Do you have adequate credit facilities so as to lift your requirement of Fertilizers?	26	0	4
		Yes	Others	
5.	Are you able to supply Fertilizers as per demand to the farmers on time? What are your problems?	26	4	

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		Yes	Others	
6.	Are farmers demanding small quantity bags of Fertilizers from you?	26	4	
		Yes	No	Yes, report not received
7.	Have any samples been selected in the last 3 years from your stock for Fertilizer quality testing by the Agriculture Department? What were the results?	0	23	7

Most of the dealers indicated that they were not getting the required quantity and type of fertilizers and their samples had not been selected for quality fertilizers.

9.7.3.2 Farmer Survey

Responses from 124 farmers are summarized below:-

Sl.No.	Questions	Response		
		Cooperative	Dealer	Both
1.	Are you buying Fertilizers from the authorised dealer/ co-operative society?	99	19	6
		Yes	No	
2.	Are the quantities of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	1	123	
		MRP	Higher than MRP	No comments (MRP not known)
3.	What are the prices at which you have bought Fertilizers (a) urea (b) DAP (c) MOP (d) other Fertilizers in the last 1 or 2 seasons?	25	32	67
		Yes	No	
4.	Did the dealer give you a receipt for your sales?	0	124	
		Yes	No	
5.	Do you know the maximum prices for Fertilizers fixed by Government (Audit team may show the MRP list of various Fertilizers to the farmer)?	1	123	
		Yes	No	
6.	Do you have enough money to buy your full requirement of Fertilizers? What are your problems?	59	65	

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		Yes	No	Yes, but Report not received
7.	Did you get your soil tested, to find out the exact requirement of different types of Fertilizers for your land, so that you get the maximum yield of crops?	0	88	36
8.	Did you face any problems in getting your full requirement of Fertilizers in time for the season?	122	1	1
9.	Does the dealer force you to buy any other item along with the Fertilizers that you want?	0	124	
10.	Do you need Fertilizers in small quantity bags?	124	0	
11.	Overall, are you satisfied with the supply of Fertilizers to you?	1	123	
12.	Have you faced any other problems in supply of Fertilizers?	123	1	

Most of the farmers did not know the MRPs of fertilizers and bought fertilizers at prices higher than MRP. All of them wanted fertilizers in small quantity bags, and most of them did not get their soil tested for assessing the exact requirement of fertilizers.

Our field audit showed numerous deficiencies in depiction of rates, stock etc. by the dealers, shortages despite availability of fertilizers, and considerable demand for fertilizers, as depicted below photographically.



Non-indication of rates, stock as on date, phone no. for complaint etc. at HIMFED Store, Paprola, and Kangra District. Most of the farmers were not aware of the MRP fixed by Government of India (Sl. No 2).



HIMFED Store, Paprola, Kangra District - though the supply was more than the requirement, yet the farmers were not getting the required quantity as per farmers' survey (sl. No. 11 and 12)



Persons waiting for their requirement of IFFCO fertilizers outside the Ichhi CAS Society, Ichhi, Gaggal

325208

राजस्टर्ड अमेस : राजस्थान
राजस्थान - 325208.

12/05

INCLUSIVE OF TAXES
255.45 M.P. RS. 252.00

A.P.O.

D.A.P.O.

9.8 Jammu & Kashmir

9.8.1 Background

Jammu and Kashmir has a geographical area of 2.22 lakh Kms and has three distinct regions comprising Kashmir Valley, Jammu Division and Ladakh. The total cultivable area according to revenue records (March 2007) was 24.16 lakh hectares, out of which 7.42 lakh hectares (31 per cent) was the net sown area. The main crops are rice, wheat, maize, tobacco, pulses and grape seed etc.

Four districts, Jammu, Kathua, Anantnag and Baramulla and eight blocks Marh, R.S.Pura, Banoti, Hiranagar, Shahbad, Shangus, Pattan and Uri were selected for detailed audit scrutiny.

9.8.2 Audit Findings

9.8.2.1 Assessment of fertilizer

- The fertilizer requirement in Kashmir Division is being assessed on the basis of fertilizer dosages recommended by the Sher-e-Kashmir University of Agriculture, Sciences and Technology (SKUAST), for cultivation of agricultural/horticulture crop, on area basis. In Jammu Division, the assessment was being done on the basis of cropped area and the previous year's off-take.
- However, no orders/instructions had been issued to district/block level Agricultural Offices for assessment of fertilizer requirements. For assessment at the district/block level, there was nothing on record to indicate that meetings were held with the farmers and there was involvement of panchayat samiti / block samiti in the assessment.
- Based on the dosages of fertilizer recommended by SKUAST for paddy and maize on area basis, the requirement for these two crops alone worked out to 41360 MT of Urea, 29920 MT of DAP and 8840 MT of MOP. However, the total requirements of the Kashmir Division projected to Government of Jammu and Kashmir was 40200 to 40650 MT of Urea, 15675 to 17500 MT of DAP and 4000 to 5565 MT of MOP during the three kharif seasons.

In respect of Jammu Division the positions of cropped area, projections and off take of fertilizers were as under:

Table 9.15 – Cropped area, requirement and offtake of fertilizers in Jammu Division

Season	Cropped Area in hectares	Projections			Off take previous seasons		
		UREA	DAP	MOP	UREA	DAP	MOP
		←-----Metric Tonne -----→					
Kharif 2006	392702	33000	15200	4300	20711	7273	402
Kharif 2007	392616	40420 (95%)	31700 (391%)	11961 (2875%)	15711	6943	336
Kharif 2008	367290	25000 (59%)	15000 (116%)	5000 (1388%)	15890	5381	227
Rabi 2006-07	303878	30000	17500	5000	15802	14087	440
Rabi 2007-08	314909	25000 (58%)	15000 (6%)	4000 (1036%)	16546	12718	508
Rabi 2008-09	331675	25000 (51%)	16250 (28%)	4000 (687%)	19927	13227	526

Percentage denote increases/decreases of projections compare to off take of previous seasons

- In Kharif crop, though the cropped area declined from 392702 Hectares (2006) to 392616 Hectares (2007) and 367290 Hectares (2008), yet the projections in respect of Urea increased from 33000 MT (2006) to 40420 MT (2007) but decreased to 25000 MT (2008).
- In respect of DAP, the projections increased from 15200 MT (2006) to 35700 MT (2007) and decreased to 15000 MT (2008) which resulting in uneven projections of DAP against the previous years' off take, ranging from 391 per cent to 116 per cent during Kharif 2007 and Karif 2008.
- For MOP, the projection increased from 4300 MT (2006) to 11961 MT (2007) and decreased to 5000 MT (2008). These projections were far in excess of the previous years off take, ranged from 2875 per cent to 1388 per cent during Kharif 2007 and 2008 respectively and 1036 to 687 per cent in respect of Rabi Crop.

From the above it is evident that the assessment of requirement was not based on any scientific method or even the previous year's consumption.

- The two Directorates of Horticulture in Kashmir and Jammu Divisions reported the area under horticultural crops year wise and the requirements of fertilizers projected on land use basis to the administrative department for the different seasons as given below. However, the same was not included in the data furnished in the zonal conferences.

Table 9.16 – Requirement of fertilizers for horticultural crops

Sl. No	Particulars	2006				2007				2008			
		Jammu		Kashmir		Jammu		Kashmir		Jammu		Kashmir	
1	Actual area(hec)	88191		107925		93471		101038		99199		134791	
2	Requirement (MT)	Rab	Khr	Rab	Khr	Rab	Khr	Rab	Khr	Rab	Khr	Rab	Khr
	UREA	315	258	7825	7825	376	395	8524	8524	400	423	8801	8801
	DAP	458	-	10253	-	596	-	11080	-	450	-	13200	-
	MOP	168	170	15829	-	228	230	25573	-	202	210	26401	-

In short, the overall assessment of requirement of fertilizers projected by the State at the Zonal Input Conferences was deficient and adhoc, and lacked a scientific basis.

9.8.2.2 Sale of subsidized fertilizer to cattle feed manufacturing units involving primary subsidy of Rs.91.09 Lakh.

- Records of Jammu and Kashmir Agro Industries Development Corporation Limited showed that 162 MT of Urea (IFFCO, Chambal & NFL) involving subsidy of Rs.22.81 lakh was irregularly sold during 2006-09 to its Cattle Feed Manufacturing Unit at Jammu. Five private cattle feed manufacturing units of Jammu Division had also purchased 484.920 MT of Urea from various retail dealers during 2006-2009 involving subsidy of Rs. 68.28 lakh as detailed below:

Table 9.17- Irregular sale of fertilizer to private cattle feed manufacturers

Sl.No	Name of Cattle Feed Manufacturer	Quantity in MT	Subsidy involved (Rs. Lakh).
1	M/s Shalimar Cattle Feeds Pvt. Ltd., Bari Brahamna, Jammu	313.900	44.20
2	M/s Shaktiman Cattle Feeds Pvt. Ltd., Bari Brahamna, Jammu.	5.350	0.75
3	M/s Kashmir Feed Industries (Regd), Bari Brahamna, Jammu.	49.900	7.03
4	M/s Himalaya Poultry & Cattle Feed, Bari Brahamna, Jammu.	15.400	2.17
5	M/s S.S. Industries, Gangyal, Jammu	100.370	14.13
Total		484.920	68.28

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Audit scrutiny showed that no dealer had maintained the records of sales; hence the factual position about the correctness of these sales and the name of the manufacturers could not be ascertained.

- Irregular sale of 646.92 MT of subsidized fertilizers by the lifting agency and dealers involving subsidy of Rs.91.09 lakh had been pointed out to the State Government (November 2009). Reply is awaited.

9.8.2.3 Verification of sales

- First point sales only were being verified as per the lifting certificates issued by the lifting agencies M/s Jammu & Kashmir Cooperative and Marketing Federation (JAKFED), Agro Industries Development Corporation Ltd. (AIDCL) and Cooperative Marketing Societies (CMS).

9.8.2.4 Quality Control

Audit scrutiny revealed deficiencies in testing infrastructure in the Quality Control Laboratories in Jammu and Srinagar:

- An Atomic Absorption Spectrophotometer (AAS) prescribed for analyzing micro-nutrients, purchased in February 2002 for the (Jammu) laboratory was unserviceable. In the Jammu laboratory, vacuum dessicator, Indian standard sieves, sample grinder, top pan balance and deionizer required for testing were not available in the laboratory. In the laboratory at Srinagar, water bath cum shaker, magnetic stirrer, sample grinder, glass water distillation apparatus and de-ionizer required for testing were either not available or were un-serviceable.
- As per the Fertilizer (Control) Order 1985 (Sch.1), specification of various fertilizers had been indicated. For checking these specifications, the laboratory was required to conduct tests in respect of these fertilizers. However, audit check of the records and the tests conducted in the laboratory in respect of two districts of Jammu (excluding samples lifted from rake point) and Kathua for the year 2008-09 showed that all the tests were not carried out in the laboratory as detailed below:

Table 9.18 – Shortfall in quality testing

Name of District	Type of Fertilizer	Samples tested	Tests required to be conducted	Tests actually conducted	Tests not conducted	Details of tests not conducted
Jammu	UREA 46% N	56	224	168	56	Biuret per cent by weight
-do-	DAP 18-46-0	70	490	280	210	1. Moisture % by weight. 2. Total Nitrogen in the form of Urea. % by weight 3. Water soluble phosphate % by weight.
-do-	MOP	5	20	10	10	1. Moisture % by weight. 2. Sodium as NaCl % by weight.

Kathua	UREA 46% N	22	88	65	23	Biuret per cent by weight & Total Nitrogen in one case.
-do-	DAP 18-46-0	4	28	16	12	1. Moisture % by weight. 2. Total Nitrogen in the form of Urea. % by weight 3. Water soluble phosphate % by weight.
-do-	MOP	9	36	18	18	1. Moisture % by weight. 2. Sodium as NaCl % by weight.
-do-	NPK12:32:16	40	320	160	160	1. Moisture % by weight. 2. Ammoniacal nitrogen % by weight. 3. Nitrogen in the form of Urea % by weight. 4. Water soluble phosphate % by weight.

- Results in respect of 368 samples for the year 2006-07 to 2008-09 sent to the quality control laboratories were not received. The reasons for not analyzing these samples and non-intimation of results, if any, were sought from the laboratory, but were not intimated.
- One sample of DAP of IFFCO collected from Panthal, Udhampur District on 22 August 2007 and received in the laboratory on 27 August 2007 was analysed only on 24 September 2007 beyond the stipulated limit of 30 days. The results indicated that the sample was not according to the specification in respect of particle size.

9.8.2.5 Unauthorized business of fertilizers

- The Jammu and Kashmir Co-operative Supply and Marketing Federation, the main lifting agency in the State has no valid license. License for carrying on the business was only issued to the federation in November 2009, after the omission was pointed out (October 2009).
- Most of the Co-operative Marketing Societies and some private dealers dealing with sale of fertilizers do not have valid licenses as required under the FCO 1985. In certain cases it was noticed that the Societies / Dealers having retail license were doing sale of fertilizers as wholesale dealers.
- Stock registers as required under clause 35 (1) (a) in form – N of the Fertilizer (Control) Order 1985 had not been maintained by the dealers.
- Cash memos in support of sale of fertilizers in Form – M required to be issued by the dealer as per clause 5 of Fertilizer (Control) Order 1985 had not been maintained and no cash / credit memos were issued.

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- Purchase bills in support of purchase of fertilizers were not available with the dealers (except those functioning as lifting agencies). Only challans showing the quantity of material received were available with the dealers in some cases.

9.8.3 Results of dealer and farmer survey

9.8.3.1 Dealer Survey

Responses from 47 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizers from your source (1st stocking point or wholesaler) in time?	10	37	
		No Limit	Limited	Others NA
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	44	0	3
		Yes	No	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	14	33	
		Yes	No	
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	25	22	
		Yes	No	
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	8	39	
		Yes	Others	
6.	Are farmers demanding small quantity bags of fertilizers from you?	26	21	
		Yes	No	
7.	Have any samples been selected in the last 3 years from your stock for fertilizers quality testing by the Agriculture Department? What were the results?	37	10	

As can be seen above, most of the dealers indicated that were not getting the required quantity of fertilizers in time, and, in true, were not able to supply fertilizers as per demand. They also confirmed demand from farmers of supply of fertilizers in small bags.

9.8.3.2 Farmer Survey

Responses from 240 farmers are summarized below:

Sl.No.	Questions	Response		
		Cooperative	Dealer	Both
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	0	0	240
		Yes	No	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate?	0	240	
		MRP	Higher than MRP	Others
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	0	238	2
		Yes	No	
4.	Did the dealer give you a receipt for your sales?	9	231	
		Yes	No	
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	97	143	
		Yes	No	
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	185	55	
		Yes	No	
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	12	228	
		Yes	No	
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	191	49	
		Yes	No	
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	0	240	
		Yes	No	

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10.	Do you need fertilizers in small quantity bags?	138	102
		Yes	No
11.	Overall, are you satisfied with the supply of fertilizers to you?	54	186
		Yes	No
12.	Have you faced any other problems in supply of fertilizers?	206	34

Survey results revealed that almost all the farmers were purchasing the fertilizer at prices higher than the MRP, and were not getting the receipt were not getting the receipt for their purchase. Most of them did not know the MRP, their soil was not tested. Most of them were in favour of small quantity bags.

9.9 Jharkhand

9.9.1 Background

Jharkhand has 24 districts with a total of 18.04 Lakh hectares of net sown area covering 25 percent of the total geographical area. 92 per cent of the total cropped area is unirrigated. The agricultural economy of the State is characterized by dependence on nature, low investment, low productivity, mono-cropping with paddy as the dominant crop, inadequate irrigation facilities and small and marginal holdings.

Three districts and six blocks, namely Ranchi (Ormanjhi and Bundu), East Singhbhum (Ghatshila and Jamshedpur Sadar) and Deoghar (Sarath and Deoghar Sadar) were selected for detailed audit scrutiny.

9.9.2 Audit findings

9.9.2.1 Incorrect assessment of fertilizer requirement

- During 2006-09, the assessment of fertilizer requirement was prepared in consultation with the lead fertilizer supplier i.e IFFCO and other manufacturers. There was no correlation between the dose prescribed by Birsa Agricultural University (BAU)/Directorate of Agriculture (DoA) and that projected by the DoA in the Zonal Agriculture Input Conference. The District and Block Agricultural Officers and farmers were not involved in the assessment process. The gap between the two ranged from 31 to 92 per cent during 2006-09, as indicated below (**Table 9.19 A**):

Table 9.19 – Gap between requirement as per prescribed doses and consumption

Requirement of fertilizers		Urea (MT)	DAP(MT)	SSP (MT)	MOP(MT)
Year 2006-07					
A	As prescribed by DoA/BAU	2,72,109	1,76,976	87,404	74,113
B	As placed by department	1,84,000	1,15,000	5,500	7,000
C	Shortage in quantity & in percentage (A-B)	88,109 32%	61,976 35%	81,904 94%	67,113 91%
D	Available	1,69,678	78,151	4,775	704
E	Consumption	1,62,437	67,733	4,310	704
F	Shortfall in consumption (A-E)	1,09,672 (40%)	1,09,243 (62%)	83,094 (95%)	73,409 (99%)

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Year 2007-08						
A	As prescribed by DoA/BAU	2,81,035	1,76,988	98,644	77,318	
B	As placed by department	2,00,000	77,700	7,050	6,950	
C	Shortage in quantity & in percentage (A-B)	81,035 (20%)	99,288 (56%)	91,594 (93%)	70,368 (91%)	
D	Available	1,69,295	77,997	5,673	10,341	
E	Consumption	1,53,592	74,244	5,436	8,652	
F	Shortfall in consumption (A-E)	1,27,443 (45%)	1,02,744 (58%)	93,208 (94%)	68,667 (89%)	
Year 2008-09						
A	As prescribed by DoA/BAU	2,89,265	2,00,979	1,09,665	81,215	
B	As placed by department	2,00,000	1,05,000	1,00,000	13,000	
C	Shortage in quantity & in percentage (A-B)	89,265 (31%)	95,979 (48%)	99,665 (91%)	68,215 (84%)	
D	Available	1,62,147	82,971	01	16,334	
E	Consumption	1,48,773	80,342	01	13,750	
F	Shortfall in consumption (A-E)	1,40,492 (49%)	1,20,637 (60%)	1,09,664 (100%)	67,465 (83%)	

Table 9.19 A - Total shortfall during 2006-09

Year		Urea (MT)	DAP(MT)	SSP(MT)	MOP(MT)
2006-09	Total shortfall in quantity i.e. shortage in quantity indented <i>vis-à-vis</i> the prescribed quantity	2,58,409 (31%)	2,57,243 (46%)	2,73,163 (92%)	2,05,696 (88%)
2006-09	Total shortfall in consumption i.e. shortage in quantity consumed <i>vis-à-vis</i> the prescribed quantity	3,77,607 (45%)	3,32,624 (60%)	2,85,966 (97%)	2,09,541 (90%)

Note: Year wise calculation of fertilizers as per recommendation of DoA/BAU prescribed in Kisan Diary 2008 and Booklet Kharif 2009.

- The consumption of fertilizers has almost kept pace with the availability of fertilizers in the state which indicates that inadequate projection of requirement and consequent non-availability of adequate supply of fertilizers is the root cause of poor consumption of fertilizers in the state which adversely affects the productivity of crops. Also inadequate availability of fertilizers is fraught with the risk of black marketing.
- SSP, being an important fertilizer, was recommended for particular crops for better yield. However, against the requirement of 1.09 Lakh MT of SSP during 2008-09, the supply and consumption was nil.

9.9.2.2 Non fixation of norms for sale of fertilizers

- No norms were fixed by the Government to regulate the sale of fertilizer, so as to ensure its sale to genuine farmers.

9.9.2.3 Diversion of fertilizers

- Test check of 25 cases revealed that 12689 MT of de-controlled fertilizers were despatched during 2008-09 from Hatia, Daltonganj, Koderma and Jasidih rake points/notional warehouses to other districts where the rake point was co-terminus with the district and was in operation. Instead of despatching the fertilizers to the block headquarters in its coverage area, they were despatched to other districts. The possibility of this practice creating temporary shortage in a particular area and consequently abetting black marketing and hoarding could not be ruled out.

9.9.2.4 Verification of Sales

- There were substantial delays in the issue of Proforma B by the State Government ranging from 6 days to 723 days.
- There were no processes for verification of sales beyond the 1st stocking point sale upto the end users viz. the farmers.
- Verification was done on the basis of details in Proforma 'A' and Stock register of dealers.
- Proforma 'A' of Tata Chemical Limited (TCL) for the month of August 2008, for supply/sale of 1457.35 MT of fertilizers (i.e. DAP imported 741.200 MT, Indigenous DAP Grade II 243.150 MT, MOP 168 MT and NPK 10:26:26-305 MT) involving subsidy of Rs.5.29 crore, was irregularly certified almost seven months in advance i.e. in January 2008 by the DoA. This casts doubts on the authenticity of the process for certification of Proforma 'A'.

9.9.2.5 Quality control

- Only one Quality Control Laboratory existed in Jharkhand. Out of 26 items of equipment, 13 were functional and two were lying un-installed as of October 2009, and the remaining items of equipment were non-functional since 2007-08.

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- Against the analyzing capacity of 6045 samples (2015 sample per year) during 2006-09, only 2043 (34 per cent) samples were analysed.

9.9.2.6 *Other interesting points*

9.9.2.6.1 Non-strengthening of Dealers' network

- None of the fertilizers companies, except IFFCO, were adequately represented by their authorized dealers in the State.
- Despite the instruction of the DOA to the fertilizer companies to establish dealers network in all the districts / blocks, the fertilizer companies failed to establish the dealers network in all the district/blocks. The fertilizer trade in the entire State was controlled by just 15 to 39 dealers. There were no dealers in the districts of Dhanbad, Simdega, Jamtara, Dumka and Pakur. This placed the fertilizers in these districts at the mercy of dealers from other districts.

9.9.2.6.2 Sale of non-standard fertilizers

- Test check of records of 1st stock point of IFFCO at Ranchi revealed that 2586.75 MT of DAP, involving subsidy amounting to Rs. 10.81 crore, arrived at Hatia rake point on 22 July 2008, and was left in the open on the platform and exposed to rain for four days from 22 – 25 July 2008. The quality of DAP deteriorated, and the DAP was sold without any quality test, resulting in irregular supply of non-standard fertilizer to the farmers.

9.9.2.6.3 Irregular sale of fertilizers to NGOs

- In Ranchi district, 725.30 MT of different types of fertilizers were sold by M/s Krishi Vikas Kendra and M/s Vidya Beej Bhandar, dealers to NGOs during 2008-09. Audit could not ascertain whether the fertilizers were sold to NGOs for agricultural purpose or not. Thus, mis-utilisation of fertilizers for purpose other than agriculture or diversion could not be ruled out.

9.9.2.6.4 Doubtful sale of fertilizers

- Test check of records revealed that 978.10 MT of different types of fertilizers, involving subsidy of Rs.2.25 crore was purchased by M/s Green Centre, Ranchi a dealer representing four manufacturer/companies during the period from April 2008 to December 2008. However, the invoices did not bear the registration number of the vehicle which transported the fertilizers to the dealer's godown. Thus, the possibility of adjustment of sale, only to claim the fertilizer subsidy, could not be ruled out.

9.9.2.6.5 Short receipt of fertilizers

- It was noticed that a PPL rake (RR no.212001374 dated 22-8-2008) of fertilizers was received at Hatia rake point (25 August 2008), from which 76 MT (MOP), 37 MT(NPK 10) and 37 MT (NPK 20) was allocated by the company to the District Godown, Madhupur

but the same was not found included in the buffer stock. This resulted in short account of fertilizers involving subsidy of Rs.48.90 lakh.

9.9.2.6.6 Non Functional Rake points

- The State Government approved eight rake points for the State, out of which, four, namely Tata Junction, Sahibganj, Hazaribagh and Dhanbad, were nonfunctional. There was a strong possibility of supply of fertilizers being adversely affected in districts where rakes were not functional and consequent increase in price burden on end users.

9.9.3 Results of dealer and farmer survey

9.9.3.1 Dealer Survey

Responses from 22 dealers are summarized below:-

Sl. No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	13	9	
		No Limit	Limited	
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	21	1	
		Yes	No	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	14	8	
		Yes	No	
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	6	16	
		Yes	No	Others
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	9	10	3
		Yes	No	
6.	Are farmers demanding small quantity bags of fertilizers from you?	16	6	
		Yes	No	Yes, report not received
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	16	4	2

Most of the dealers indicated problems in transportation for lifting, as well as inadequate credit facilities.

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9.9.3.2 Farmer Survey

Responses from 190 farmers are summarized below:-

Sl.No.	Questions	Response			
		Cooperative	Dealer	Both	others
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	11	155	22	2
		Yes	No	Others	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	5	183	2	
		MRP	Higher than MRP	No comments	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	0	0	190	
		Yes	No	Only from cooperative	
4.	Did the dealer give you a receipt for your sales?	10	167	13	
		Yes	No		
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	4	186		
		Yes	No	No comments	
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	20	169	1	
		Yes	No	Yes, but Report not received	
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	4	183	3	
		Yes	No	Others	
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	109	67	14	
		Yes	No	Others	

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9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	10	174	6
		Yes	No	
10.	Do you need fertilizers in small quantity bags?	172	18	
		Yes	No	Others
11.	Overall, are you satisfied with the supply of fertilizers to you?	79	110	1
		Yes	No	No comments
12.	Have you faced any other problems in supply of fertilizers?	134	54	2

As seen above, the vast majority of farmers did not know the MRPs for fertilizers did not have enough money to buy their full requirement of fertilizers, did not get their soil tested for finding out the exact requirement of fertilizers, and needed small quantity bags of fertilizer.



9.10 Karnataka

9.10.1 Background

Karnataka has 29 districts with a total geographical area of 191791 sq. km and cropped area of 100.69 lakh hectares. The major crops are cereals, pulses, cotton, and commercial crops like oilseeds, sugarcane and tobacco. Four districts (Chickmagalur, Haveri, Mandya, and Udupi) and eight blocks (two in each district) were randomly selected for detailed audit scrutiny.

9.10.2 Audit Findings

9.10.2.1 Assessment of fertilizer requirement

- The criteria for calculating the requirement were previous year's district wise consumption, best season consumption, seasonal conditions, crop coverage and diversification and discussions with lead fertilizer unit as well as other manufacturers during monthly meetings. However, in the test checked districts the requirement was projected on the basis of previous year's consumption data as well as by increasing 10 per cent. Consumption data was based on the supplies made by the manufacturers at the district level. Hence, the projection of fertilizer was not realistic/scientific.

9.10.2.2 Availability of fertilizer

- There are no norms to regulate sale of fertilizers. Only during short / delayed supply, were the sales monitored by the staff of the Agriculture Department.
- There was substantial variation between the assessed requirement and supply of fertilizers during the period 2006-07 to 2008-09. The shortfall in respect of supply of Urea, DAP, MOP, and Complexes ranged from 5 per cent to 59 per cent and the excess supply over requirement ranged between 2.34 per cent to 26.37 per cent.

Table 9.20 – Variation between assessed requirement and supply of fertilizers

(Quantity in MT)

Year	Urea			DAP			NPK		
	Required	Supply	Difference in per centage	Required	Supply	Difference in per centage	Required	Supply	Difference in per centage
2006-07	1225000	1253628	-2.34	580000	437584	24.55	1113000	786711	29.32
2007-08	1350000	1281988	5.04	605000	764511	-26.37	1117000	799204	28.45
2008-09	1375000	777616	43.45	820000	567696	30.77	1120000	459218	59

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Year	MOP			Others		
	Required	Supply	Difference in per centage	Required	Supply	Difference in per centage
2006-07	383000	358013	6.52	200411	121755	39.25
2007-08	455000	504622	-10.91	195100	165862	14.99
2008-09	515000	278800	45.86	218000	90802	58.35

- In some districts, shortages of fertilizers were reported.

9.10.2.3 Verification of stock

- There were delays in issue of Proforma 'B', ranging from 1 to 85 days, as summarised below:

Table 9.21 – Delays in issue of Proforma 'B'

Month	Name of the Company	Date of submission of proforma 'A'	Date of submission of Proforma 'B'	Delay in days
April 2008	M/s Deepak Fertilizers	9-5-2008	28.10.2008	82
April 2008	M/s Fertilizer & Chemicals Travancore Ltd.	12-7-2008	28.10.2008	17
April 2008	M/s GSFC Ltd.	29-7-2008	28.10.2008	1
April 2008	M/s IFFCO Ltd.	3-7-2008	28.10.2008	26
April 2008	M/s IPL Ltd.	28-5-2008	28.10.2008	63
April 2008	M/s M.C.F. Ltd.	20-6-2008	28.10.2008	40
April 2008	M/s R.C.F. Ltd.	6-5-2008	28.10.2008	85
April 2008	M/s ZIL Ltd.	28-6-2008	28.10.2008	32
May 2008	M/s Coromandal Fertilizers Ltd.	4.7.2008	28.10.2008	25
July 2008	M/s Coromandal Fertilizers Ltd.	23.9.2008	15-12-2008	NIL
July 2008	M/s Deepak Fertilizers	6-9-2008	15-12-2008	10
July 2008	M/s Fertilizer & Chemicals Travancore Ltd.	17-9-2008	15-12-2008	NIL
July 2008	M/s IFFCO Ltd.	28-8-2008	15-12-2008	18
July 2008	M/s IPL Ltd	14-8-2008	15-12-2008	32
July 2008	M/s M.C.F. Ltd.	22-8-2008	15-12-2008	24

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Month	Name of the Company	Date of submission of proforma 'A'	Date of submission of Proforma 'B'	Delay in days
July 2008	M/s R.C.F. Ltd.	21-8-2008	15-12-2008	25
July 2008	M/s ZIL Ltd.	5-8-2008	15-12-2008	51
August 2008	M/s GSFC Ltd.	15.9.2008	15-12-2008	1
October 2008	M/s Coromandal Fertilizers Ltd.	4-12-2008	9.4.2009	36
October 2008	M/s Deepak Fertilizers	21-11-2008	9.4.2009	49
October 2008	M/s Fertilizer & Chemicals Travancore Ltd.	29-11-2008	9.4.2009	41
October 2008	M/s GSFC Ltd.	29-11-2008	9.4.2009	41
October 2008	M/s IFFCO Ltd.	17-11-2008	9.4.2009	53
October 2008	M/s IPL Ltd.	18-11-2008	9.4.2009	52
October 2008	M/s M.C.F. Ltd.	15-12-2208	9.4.2009	25
October 2008	M/s R.C.F. Ltd.	18-12-2008	9.4.2009	22
October 2008	M/s ZIL Ltd.	1-12-2008	9.4.2009	39

- In the test checked period in the test checked districts, it was noticed that physical verification of stock was not conducted.

9.10.2.4 Quality control

- The required number of technical and supporting staff was not in position. Against the sanctioned strength of 41 posts, 15 positions were vacant in the four laboratories in the State, as summarised below:

Table 9.22 – Shortage of staff in quality control laboratories in Karnataka

Sl.No.	Post	Sanctioned	Filled	Vacant
1	Deputy Director	4	3	1
2	Agricultural Officers	21	12	9
3	Laboratory Assistant	8	5	3
4	Laboratory Attenders	8	6	2

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9.10.3 Results of dealer and farmer survey

9.10.3.1 Dealer Survey

Responses from 48 dealers are summarized below:

Sl.No.	Questions	Response		
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	Yes	No	
		5	43	
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	No Limit	Limited	
		43	5	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	Yes	No	
		26	22	
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	Yes	No	
		45	3	
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	Yes	No	
		47	1	
6.	Are farmers demanding small quantity bags of fertilizers from you?	Yes	No	
		37	11	
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	Yes	No	Yes, but report not received
		30	6	12

Most dealers did not receive the required quantity of fertilizer in time, while 22 dealers' were having problems in lifting the fertilizer, as it was not supplied at the door step of the dealer. Most dealers also stated that farmers were demand of small bags of fertilizers.

The dealers requested fertilizer to be supplied on F.O.R. basis in order to avoid subsequent problems like loading and unloading etc.

9.10.3.2 Farmer Survey

Responses from 240 farmers are summarized below:-

Questions	Response		
	Cooperative	Dealer	Both
1. Are you buying fertilizers from the authorised dealer/ co-operative society?	112	66	62
	Yes	No	
2. Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate?	9	231	
	MRP	Higher than MRP	Others
3. What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	110	129	1
	Yes	No	Both
4. Did the dealer give you a receipt for your sales?	155	83	2
	Yes	No	
5. Do you know the maximum prices for fertilizers fixed by Government?	195	45	
	Yes	No	Others
6. Do you have enough money to buy your full requirement of fertilizers? What are your problems?	76	163	1
	Yes	No	Others
7. Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	62	177	1
	Yes	No	
8. Did you face any problems in getting your full requirement of fertilizers in time for the season?	168	72	
	Yes	No	
9. Does the dealer force you to buy any other item along with the fertilizers that you want?	20	220	
	Yes	No	
10. Do you need fertilizers in small quantity bags?	174	66	

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11.	Overall, are you satisfied with the supply of fertilizers to you?	Yes	No
		105	135
12.	Have you faced any other problems in supply of fertilizers?	Yes	No
		145	95

Farmer survey results revealed that most of the farmers stated that they were getting the fertilizer at prices higher than the MRP and were also facing problems in getting sufficient quantity of fertilizers in time. Most farmers were also in favour of small quantity bags.

9.11 Kerala

9.11.1 Background

Kerala has 14 districts with total net cropped area of 21.05 lakh hectares (2007-08), covering 54.16 percent of the total geographical area. The main crops of the State are spices, rubber, coconut, plantain and paddy.

Two districts (Kottayam and Palakkad) and two blocks in each district (Kaduthuruty, Kanjirappally, Alathur and Palakkad) were selected for detailed audit scrutiny, besides two Quality Control Laboratories at Pattambi and Thiruvananthapuram.

9.11.2 Audit findings

9.11.2.1 Assessment of fertilizer requirements

- The assessment of requirement was not based on type of crop, increase/decrease in crop area, cropping pattern, area under irrigation etc. Instead, it was calculated by adding five per cent to the highest consumption during the last five years up to 2007-08. During 2008-09, the requirement was calculated by taking 10 per cent increase over the consumption during the previous seasons, except for DAP for which an increase of 25 per cent was taken.
- Consumption was calculated on the basis of receipt of fertilizer by whole sellers/retailers during the season. The total of the subsidy claims/sales reports submitted by the manufacturers was taken as the consumption for the season.

9.11.2.2 Availability and consumption

- Shortfall in DAP and MOP ranged between 5 per cent and 25 per cent, and excess ranged between 12 per cent and 33 per cent of the requirement during 2006-09. Shortfall in other complex fertilizers was more pronounced and it ranged between 44 to 76 per cent as detailed below:

Table 9.23 – Shortfall in availability of fertilizers

(Quantity in MT)

Item	Year	Requirement	Receipt	% of excess/short receipt
Urea	2006-07	146032	136120	-6.79
	2007-08	138600	138597	-
	2008-09	147500	155511	+5.43
DAP	2006-07	16877	22545	+33.58
	2007-08	22798	17061	-25.16
	2008-09	25500	24063	-5.64
MOP	2006-07	129631	123508	-4.72
	2007-08	130685	110149	-15.71

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Factomphos & other 20:20	2008-09	133000	150085	+12.85
	2006-07	130736	140683	+7.61
	2007-08	150605	117767	-21.80
	2008-09	156000	166515	+6.74
Other complexes				
(10:26:26, 15:15:15, 17:17:17, 19:19:19, Single Super Phosphate and Ammonium Sulphate)	2006-07	56238	13312	-76
	2007-08	36177	11430	-68
	2008-09	21300	11860	-44

Year wise details of receipt and consumption of urea, DAP, MOP and complexes for the period 2006-09 are as depicted below:

Table 9.24–Receipt and consumption of fertilizers

(Quantity in MT)

Item	Year	Receipt	Consumption	Difference
Urea	2006-07	136120	125422	10698
	2007-08	138597	133831	4766
	2008-09	155511	162702	(-)7191
DAP	2006-07	22545	24015	(-)1470
	2007-08	17061	17760	(-)699
	2008-09	24063	26043	(-)1980
MOP	2006-07	123508	118416	5092
	2007-08	110149	116446	(-)6297
	2008-09	150085	150956	(-)871
Factomphos & other 20:20	2006-07	140683	131996	8687
	2007-08	117767	131127	(-)13360
	2008-09	166515	149177	17338
Other complexes				
(10:26:26, 15:15:15, 17:17:17, 19:19:19)	2006-07	13312	13754	(-)442
	2007-08	11430	11050	380
	2008-09	11860	14405	(-)2545

- From the above table it is evident that the consumption of DAP was higher than the receipt during all the three years as well as in MOP during 2007-09, Factomphos, 20:20 during 2007-08 and other complexes during 2006-07 and 2008-09.

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- In the case of the selected districts, there were variations between requirement and consumption of almost all fertilizers during 2008-09 showing that the supply was not based on assessed requirement as follows:

Table 9.25 – Variation between requirement and consumption of fertilizers

(Quantity in MT)

District	Urea			MOP			DAP			NPK Complexes*		
	Requirement	Consumption	Difference	Requirement	Consumption	Difference	Requirement	Consumption	Difference	Requirement	Consumption	Difference
Kottayam	17649	20979	3330	19241	19281	40	5854	9845	3991	14257	23151	8894
Palakkad	21505	27919	6414	13560	19420	5860	3813	880	-2933	32136	40640	8504

*NPK complexes include 17:17:17, 10:26:26, Factomphos, 20:20, Rock Phosphate, Ammonium Sulphate, SSP and 15:15:15

Source: Directorate of Agriculture

- Further, most of DAP and the major portion of urea and MOP were sold to mixing units. A wholesale dealer in Palakkad was selling the urea, MOP and DAP to the mixing units in Ernakulam. The details of the quantity of urea, DAP and MOP sold to mixing units in the case of certain dealers test checked for the period April 2008 to December 2008 were as under:

Table 9.26 – Fertilizers sold to mixing units

(Quantity in MT)

District	Urea			DAP		MOP	
	Unit	Total sale	Purchased by mixing units	Total sale	Purchased by mixing units	Total sale	Purchased by mixing units
Kottayam	FACT Kumaranalloor	4181.90	2362.00 (56.48%)	2741.00	2681.00 (97.81%)	1710.00	1009.00 (59%)
	A wholesale dealer in Kottayam *	1369.35	889.80 (65%)	417.35	415.80 (99.63%)	760.80	347.00 (45.61%)
Palakkad	FACT Depot	6475.75	154.00 (2.38%)	260.00	40.00 (15.38%)	3322.80	70.00 (2.11%)
	A wholesale dealer in Palakkad	4964.65	2200.00 (44.31%)	181.15	181.15 (100%)	1874.35	650.00 (35%)

*Of the sale effected to mixing units, major portion was to a mixing unit under the same management.

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- The MRP of the different grade of mixture fixed by the association of mixing units, in the State are much higher than that fixed by the GOI as per details given below:

Table 9.27- Differences in MRPs of mixtures in Kerala

MRP fixed by GOI		MRP fixed by Mixing Units		
Product	Price (Rs)	Product	Price (Rs) w.e.f Aug 2008	Price (Rs) w.e.f Oct 2008
20:20:0:13	6295	18:18:(18):18	9800	9800
15:15:15:0	5121	20:0:10	6060	5785
17:17:17:0	5804	12:12:6	8300	6910
19:19:19:0	6487	10:10:4	7480	6300
		12:12:12	8700	7588
		10:10:10	7860	6690
		15:10:6	8040	6925

The State Government has no role in fixing the price of the mixtures. Clearly, a large portion of subsidised fertilizer supplies is going into fertilizer mixture sold at relatively higher prices, thus unduly benefiting the mixing units by breaking the “subsidy chain”. Furthermore, the farmers are not getting good quality fertilizers at in the subsidized price, thereby defeating the Government of India’s prime objective that the subsidy should be benefit the farmers.

9.11.2.3 Verification of subsidy claims

- Delays ranged from 10 to 60 days beyond the prescribed time limit of 90 days in submission of Proforma ‘B’ to Department of Fertilizer.

9.11.2.4 Cross border transportation

- There were reports of illegal cross border transportation of fertilizer to other states in the print/visual media. However, no report, as of October 2009, was available in the Directorate on action taken at the districts.

9.11.2.5 Quality Control

- As against eight sanctioned posts of Fertilizer Analysts (four in each laboratory at Thiruvananthapuram and Pattambi), only seven persons were in position, of which three Analysts were not trained at the Quality Control Laboratory and Training Institute, Faridabad and were thus, ineligible for appointment as Fertilizer Analyst as per Clause 29 A of FCO, 1985.
- Shortfalls in testing of the samples ranged from 10 per cent to 36 per cent during 2006-09 as depicted below:

Table 9.28 – Shortfall in testing of quality samples

Year	Quality Control Lab, Thiruvananthapuram				
	Capacity/Target fixed	Received	Tested ¹⁸ (% age of Target)	Non standard	Rejected without testing # ¹⁹
2006-07	2790	2333	2266(81%)	136	166
2007-08	2790	2107	1907(68%)	21	109
2008-09	2790	2395	2415(87%)	65	78

Year	Quality Control Lab, Pattambi					
	Capacity	Target fixed	Recd	Tested* (% over targets)	Non standard	Rejected without testing #
2006-07	2500	2210	2255	2261(90%)	243	159
2007-08	2500	2230	1703	1594(64%)	114	57
2008-09	2500	2230	1864	1838(74%)	150	59

- In 66 to 89 per cent of the non-standard cases of sub-standard fertilizers detected during 2006-07 to 2008-09, even preliminary reports were pending, defeating the very purpose of quality testing. Also, there were no specific systems/criteria in sampling procedures so as to periodically cover all the wholesale/retail dealers/mixing units.
- The sampling covered mostly retail dealers and the samples taken were those of straight fertilizers of reputed manufacturers. Samples from mixing units/mixtures/wholesale dealers were seldom taken. For example, all the 60 samples drawn during 2006-07 to 2008-09 in Alathur block and 47 samples out of 53 in Kanjirappally block were from retail dealers only.
- A scrutiny of the register maintained by the Agriculture Department for recording the details of non-standard fertilizer samples had revealed that 92 per cent of the total non-standard inorganic fertilizer samples for the years 2007-08 and 2008-09 were mixtures. Hence, quality of mixer fertilizers produced by the mixing units was not upto the standard.
- The department was aware of the low quality products of mixing units; however, no steps were taken to improve the quality of the mixtures produced by them or to take immediate action against erring units. Further, a major portion of the urea, MOP and

¹⁸ Including carried over from previous years.

¹⁹ Since not received in prescribed form.

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DAP received in the State on the basis of the requirement submitted by the Director of Agriculture was utilised by the mixing Units in the State to produce low quality mixtures at higher prices.

- Dealer-wise details of samples taken from Kaduthuruthy block (77 samples) and Palakkad Block (66 samples) were not received by audit.
- Hence, the quality of fertilizers distributed in the State could not be ensured, because of lack of follow up action and inadequate coverage in sampling.

9.11.3 Results of dealer and farmer survey

9.11.3.1 Dealer Survey

Responses from 24 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	12	12	
		No Limit	Limited	Others
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	3	20	1
		Yes	No	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	9	15	
		Yes	No	
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	11	13	
		Yes	No	
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	8	16	
		Yes	No	
6.	Are farmers demanding small quantity bags of fertilizers from you?	12	12	
		Yes	No	Results were not recd
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	17	4	3

Most of the dealers indicated that they were not able to supply fertilizers as per demand to farmers, and were also limiting supplies to farmer. They were also facing problems in transportation in requirement of fertilizers.

9.11.3.2 Farmer Survey

Responses from 120 farmers are summarized below:-

Sl. No.	Questions	Response		
		Cooperative	Dealer	
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	115	5	
		Yes	No	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	12	108	
		MRP	Higher than MRP	No comments
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	49	16	55
		Yes	No	No comments
4.	Did the dealer give you a receipt for your sales?	92	25	3
		Yes	No	
5.	Do you know the maximum prices for fertilizers fixed by Government?	43	77	
		Yes	No	
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	86	34	
		Yes	No	
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	73	47	
		Yes	No	
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	46	74	
		Yes	No	No Comments
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	28	80	12

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10.	Do you need fertilizers in small quantity bags?	Yes	No
		89	31
11.	Overall, are you satisfied with the supply of fertilizers to you?	Yes	No
		109	11
12.	Have you faced any other problems in supply of fertilizers?	Yes	No
		11	109

Most of the farmers indicated that they did not know the MRPs for fertilizers, and needed fertilizers in small quantities. Overall, they were satisfied with the supply of fertilizers.

9.12 Madhya Pradesh

9.12.1 Background

Madhya Pradesh has 50 districts, with a total geographical area of 307.56 lakh hectares, and gross cropped area is 204.19 lakh hectares. Out of this, the gross irrigated area is 58.28 lakh hectares. The State is divided into 5 crop zones²⁰. There are four types of soils in Madhya Pradesh, namely shallow and medium black soil, deep medium black soil, alluvial soil and mixed red and black soil. The major crops are rice, wheat, soya bean, jowar, maize, BT cotton and gram.

Seven districts and two blocks in each districts i.e., Betul (Betul, Multai), Bhopal (Fanda, Berasia), Chhatarpur (Chhatarpur, Naugaon), Indore (Indore, Sanwer), Khandwa (Khandwa, Pandhana), Ratlam (Jaora, Ratlam) and Satna (Sohawal, Rampur Baghelan) were selected for detailed audit scrutiny, in addition to, two fertilizer quality control laboratories at Bhopal and Indore.

9.12.2 Audit Findings

9.12.2.1 Assessment of fertilizer requirements

- No circulars/ guidelines for assessing the requirement of fertilizers were issued by the Director of Agriculture to the district offices. No norms/standards were laid down for calculating the requirement of fertilizers based on the type of crop, irrigated/non-irrigated area, soil health and other local factors, discussions/meetings with Panchayat Samiti, Block Samiti, suggestions of farmers, number of major, medium, small and marginal farmers etc. In many cases, demands were not even sent from the district level, and even when the districts sent the demands, the figures were changed at the Directorate level.
- The demand for the fertilizers sent by the selected districts (2006-07 to 2008-09) and the final demand decided by the Directorate of Agriculture, Bhopal is given as under:

Table 9.29 – Discrepancies in projected demand in Madhya Pradesh
(In MT)

Year	Name of the District	Demand sent by the DDAs (Fig in MT in terms of N, P, K)		Final demand decided by the Directorate (In MT)	
		Kharif	Rabi	Kharif	Rabi
2006-07 to 2008-09	Betul	Nil	12385	10288	14225
		12324	15221	12067	15437
		12110	16446	15494	16536
2006-07 to 2008-09	Bhopal	1522	Nil	5147	13469
		1773	14792	5122	14191
		4543	15254	6901	14528
2006-07 to 2008-09	Chhatarpur	4502	28448	5424	24991
		5644	26312	8488	24860
		6100	Nil	10034	26477
2006-07 to 2008-09	Indore	10670	Nil	12410	37416

²⁰ Five crops zones are Rice zone, Wheat rice zone, Wheat zone, Wheat-jowar zone and Cotton jowar zone.

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2006-07 to 2008-09	Khandwa	23626	41908	24446	45026
		33845	40433	40883	38035
		Nil	Nil	25088	18350
		Nil	Nil	24363	22161
2006-07 to 2008-09	Ratlam	25267	Nil	25205	15497
		19482	26226	19496	22145
		21905	22963	21905	26631
2006-07 to 2008-09	Satna	23555	23702	30820	24649
		Nil	Nil	9674	25292
		14058	Nil	13910	25111
		14211	30496	14762	25987

- In response to audit enquiry, the Deputy Directors of Agriculture (DDsA) of the test checked districts stated that demands were decided on the basis of previous year's consumption.
- During 2006-07 to 2008-09, in some seasons, consumption was much higher than demand ranging from 2.43 per cent to 66.7 per cent and in some other seasons, demand was much higher than consumption, ranging from 17 per cent to 47 per cent.

Table 9.30 – Variation between demand and consumption

(In MT)

Name of the District	Year and Season	Demand of DDAs (Fig. in terms of N, P, K)	Consumption	Excess consumption over demand
Chhatarpur	Rabi 2008-09	26477	30320	3843* (15%)
	Rabi 2006-07 & 2007-08	49851	26402	23449 (47%)
	Kharif 2006, 2007 and 2008	23946	13268	10678 (45%)
Indore	Kharif 2006	12410	20680	8270* (66.7%)
	Kharif 2007	24446	32980	8534* (34%)
	Rabi 2006-07	37416	39890	3393* (9%)
Ratlam	Kharif 2006	19496	19970	474* (2.43%)
	Kharif 2007	21905	23956	2051* (9.3%)
	Kharif 2008, Rabi 2006-07 to 2008-09	104235	69874	34361 (32%)
Betul	Kharif 2006 to Rabi 2008-09	84047	68609	15438 (18%)
Bhopal	Kharif 2006, 2007 and 2008	17170	9746	7424 (43%)
	Rabi 2006-07 to 2008-09	42188	34993	7195 (17%)
Khandwa	Kharif 2006 to Rabi 2008-09	130664	102575	28089 (21%)

*Excess demand over consumption.

(Source- Information collected from DDsA of respective districts)

- During the verification of godowns and the scrutiny of records provided by the DDsA, it was found that huge quantity of closing stock as on March 2009 was dumped in the godowns. In the test checked seven districts, 32463²¹ MT of fertilizer was lying with the private wholesalers at the end of March 2009. Of this, 727 MT of Urea was lying in company account in Ratlam.

9.12.2.2 Consumption of fertilizer

- In some seasons, per hectare consumption of fertilizers was much above the recommended dosage ranging from 9 per cent to 162 per cent in the selected districts while in some other seasons, per hectare consumption was much lower than the recommended dosage which ranged from 7 per cent to 97 per cent.

Table 9.31 – Variation between recommended dosage and actual dosage (Quantity in MT)

Name of the District	Year and Season	Recommended dosage in terms of N:P:K (kg/hectare)	Actual dosage used in terms of N:P:K	Excess dosage over recommended dosage (Kg/hectare)
Chhatarpur	Kharif 2008	85.61	100.87	18%
	Rabi 2007-08	79.70	97.72	18.02 (22.6%)
Indore	Rabi 2008-09	77.33	202.67	125.34 (162.08%)
	Rabi 2006-07	145.15	227.09	81.95 (56%)
	Rabi 07-08	144.7	199.77	55 (38%)
	Rabi 08-09	105.75	192.2	86.47 (81%)
Khandwa	Kharif 2007	121.95	143.32	21.37 (17.53%)
	Kharif 2008	122.07	133.25	11.18 (9.15%)
	Rabi 06-07	167	226	59 (35.39%)
Ratlam	Rabi 06-07	61.38	110.36	49 (79%)
	Rabi 07-08	59.81	97.67	37.86 (63.3%)
Betul	Kharif 2006	120.68	25.3	95.38 (79%)
	Rabi 2007-07	151.85	87.4	64.45 (42.44%)
Bhopal	Kharif 2007	124.8	27.22	97.58 (78.18%)
	Rabi 07-08	153.4	88.6	64.8 (42%)
	Kharif 2008	123.96	28.69	95.27 (76.85%)
	Rabi 08-09	144.1	89.53	54.57 (37.86%)
	Rabi 06-07	131.05	120.56	10.49 (8%)
	Rabi 07-08	126	118.61	7.39 (5.8%)
	Kharif 2006	119.4	28.56	90.84 (76%)
	Kharif 2007	119.03	33.83	85.2 (71%)
Chhatarpur	Kharif 2008	119.7	36.71	82 (69%)
	Kharif 2007	81.08	34.20	46.88 (58%)
Indore	Rabi 2006-07	122.27	110.09	12.18 (10%)
	Kharif 2006	121.76	90.58	31.18 (25%)
Khandwa	Kharif 2006	142	65	77 (54%)

²¹ Bhopal-10500 MT, Indore-4465 MT, Satna-4031 MT, Khandwa-2863 MT, Betul-6573 MT, Ratlam- 2418 MT, Chhatarpur- 1613 MT

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Ratlam	Kharif 2007	134.99	65.63	69.36 (51.5%)
	Rabi 07-08	164	141	23 (14%)
	Kharif 2008	135	81.23	53 (39.82%)
	Rabi 08-09	169.1	144.1	25 (14%)
	Kharif 2006	151.31	67.2	84.11 (55.5%)
Satna	Kharif 2007	150.53	78.2	72 (48%)
	Kharif 2008	147.5	62.1	85.4 (57%)
	Kharif 2006	98	38	60
	Rabi 06-07	109	74.36	34.64 (32%)
	Kharif 2007	104	43	61 (58%)
	Rabi 07-08	111.8	98.35	13.45 (12%)
	Kharif 2008	102	68.8	33.2 (33%)
	Rabi 08-09	112.56	64.30	48.26 (42%)

Source: Informatin collected from DDsA of respective districts.

- The proportion of actual usage of N:P:K was not balanced and not as per recommendations, as detailed below, resulting in imbalanced application of nutrients and consequential adverse effects on the soil.

Table 9.32–Imbalanced application of nutrients

Name of the District	Recommended proportion (In terms of %)			Actual Usage (In terms of %)		
	N	P	K	N	P	K
Betul	41.5%	41.5%	15%	65.5%	27.5%	5.6%
Bhopal	32.54%	52.3%	15%	54.53%	42.37%	3.09%
Chhatarpur	42.2%	49%	9.6%	51%	48%	0.9%
Indore	32.54%	52.1%	15.34%	50.52%	38.8%	10.66%
Khandwa	44.97%	38.76%	16.24%	53.77%	32.2%	13.58%
Ratlam	40.34%	45.98%	13.61%	51.44%	38.66%	10.39%
Satna	41.44%	44.99%	13.56%	54.2%	42.33%	2.01%

Source: Informatin collected from DDsA of respective districts.

9.12.2.3 Compilation of Consumption Data

- Fertilizers sold in Cooperative sectors (District Marketing Officer, MP Agro and Oil Federation) and in private sector through wholesalers was treated as final consumption, although these agencies were the wholesalers (1st sale points) and not the retailers (last sale points).
- DDsA of the districts reported consumption of 5.76 lakh MT, whereas the District Marketing Officers reported consumption of 6.37 lakh MT (a total of cash sales and sales to cooperative society retailers and not farmers). On the other hand, the consumption

reported by the cooperative banks was 5.82 Lakh MT, instead of 5.76 Lakh MT of actual sales to the farmers.

Table 9.33 – Discrepancies in sales figures

Name of the District	Period	Sale figures of DDA (A)	Sale figures of DMO			Sale figures of Co- operative society (actual)			
			Cash sales (B1)	Sale to society (B2)	Total (B3)	(C)	(A-B3)	(B2-C)	Remaining stock as on 31.03.09 in society's godown (MT)
Betul	2006-07 to 2008-09	78680 MT	7986.55	68589.30	76575.85	70395.7 MT	2104.15	-1806.4	1483.8
Bhopal		39449.05	2880.515	37301.485	40182	42130.4	-732.95	-4828.92	1323.85
Chhatarpur		52904	6939	50290	57229	43246	4325	7044	1443
Indore		201792	18861.2	182930.8	201792	169248	Nil	13682.8	7556
Khandwa		80049	598	89442	90040	83667	-9991	5775	4621
Ratlam		109360	5627.7	101783.7	107411.4	127141	-1948.6	-25357.3	1998
Satna		63616	18171.6	45102.6	63274.26	43998.9	341.74	1103.7	483.3
Total		575850.05	61060.625	575439.885	636504.51	579827	60654.46	-4387.12	18908.95

- As on 31.03.09, 18909 MT of fertilizer was lying in the godowns of the cooperative societies, which had already been reported as sold by the DDsA. In short, the reported data on consumption of fertilizer was unreliable.
- The same dealer could have the license for retail as well as wholesale sale. In such cases, the stock of wholesale accounts may be transferred to the retail account. Thus, though the figures depicted sale of fertilizers, stock was often still lying in the retail account. This provided an opportunity for wholesalers to create a fabricated crisis of fertilizers shortage, which could lead to black marketing. Many surveyed farmers complained that they had to pay higher prices than the prescribed rate during the crisis.
- There was a huge difference between the consumption data provided by the Director of Agriculture, Bhopal and the DDsA of the districts.

Table 9.34 – Differences between consumption data

(In MT)

Year	District	Consumption data of Director of Ag., Bhopal (in terms of N,P and K)	Consumption data reported by DDsA of the districts (In terms of N,Pand K)	Difference
2006-07 to 2008-09	Betul	72402	68609	3793
	Bhopal	53120	44739	8381
	Chhatarpur	65725	69990	29281
	Indore	519712	468374	51338
	Khandwa	110249	102575	7674
	Ratlam	137505	113800	23705
	Satna	82903	75081	7822

9.12.2.4 Availability of fertilizer

- During dealer/farmer's survey, the cooperative societies and the farmers complained that during the peak season, farmers faced a shortage of fertilizers and they had to rush from one block to another and had to pay higher prices (Rs.350 to Rs. 500 per bag of Urea) for purchasing the fertilizers.

9.12.2.5 Usage of standard subsidized fertilizers as raw material for manufacturing mixture of fertilizers

- In Bhopal district, mixture plants had purchased huge quantity of standard fertilizers (Urea, DAP, MOP, SSP) from companies as dealers and also from other dealers and used it as raw material for preparing N, P, K mixtures which were sold at higher prices, thus breaking the "subsidy" chain.
- The details of fertilizers purchased by one mixture plant during last three years were as under:

Table 9.35 – Details of fertilizers purchased by one mixture plant

Name of the Mixture Plant	Year	Quantity purchased (MT)
AP India Biotech Pvt. Ltd., Deewanganj, Raisen	2007-08	5138.84
	2008-09	5658.76
	Up to 31.10.09	948.65

- In contrast, the farmer's survey revealed that there was demand for standard fertilizers i.e. Urea, DAP, MOP etc. and not for mixtures.
- In the scrutiny of bills of private dealers, it was found that on the bills only 'farmers' was written instead of the farmer's name and address. In the absence of the same, the genuineness of the sale could not be verified.

- During survey, dealers stated that the companies did not provide the fertilizers on FOR (freight on road) basis and they had to bear freight charges, due to which the cost of fertilizers went above the MRP.

9.12.2.6 Verification of despatch data

- During the verification of the supply of fertilizers by the manufacturing companies to the first sale points of the districts during the period May 2008 to December 2008 vis-à-vis the despatch data, a difference of 177.3 MT was noticed involving subsidy of Rs.71 lakh.

Table 9.36 – Discrepancies in Despatch Data

Manufacturer	Product	Qty Despatched (MT)	Qty Received (MT)	Difference(MT)	Amount (Rs. in Crore)
IPL	MOP	2957.3	2932.25	25.05	0.03
	DAP	91096.35	90944.10	152.25	0.68
Total		94053.65	93876.35	177.3	0.71

9.12.2.7 Verification of sales

- It was noticed that there was no system in place to verify the authenticity of sales to genuine farmers. Physical verification of the stock was not conducted, except for district Indore.
- There were no guidelines to limit the sale of fertilizer. No records relating to identification and land holding of the farmers were being verified for the cash sales of fertilizers. Thus, any person could purchase any quantity of fertilizer in cash from private dealers, institutional agencies and cooperative societies.
- There were 115 cases in which the limit of 60 days for Proforma 'A' was not adhered to by the Companies (May-08 to December-08)
- In 51 cases, Proforma 'B' were not sent to Govt. of India within the prescribed limit of 90 days by Directorate (May-08 to December-08).
- Due to non-physical verification of the stock of godowns/ first stocking points of the selected districts, it was noticed that 1097.818 MT damaged fertilizers (due to seepage) was still lying in the godowns since last one to five years for which the subsidy had already been taken by the Manufacturer.

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Table 9.37 - Damaged fertilizers lying in godowns

Name of the supplier	Name of the product	Quantity (MT)	Receipt Date
District Ratlam			
GNVFC	Narmada Urea	8.7	03.09.2009
CFCL	Urea	0.75	23.09.09
GNVFC	N. Urea	12.7	05/08 to 12/08
KRIBHCO	Imported Urea	426.868	-do-
NFL	Urea	0.550	Old stock
Sriram Fertilizers	Urea	2.50	15.09.09
Total		452.068	
District- Indore			
Shriram	Urea	12.75	Old Stock
GSFC	Ammonium Sulphate	198.75	Old Stock
KRIBHCO	Urea	4.5	Old Stock
IFFCO	Urea	12	Old Stock
Kribhco and IFFCO	Urea	1	Old Stock
SPEAK	DAP	6.8	06.08.2000
Total		235.8	
District- Betul			
Birla Balwan & IPL	DAP	2	Last 6 months
NFL	UREA	4.2	Last three years
Mixture	Mixture	2.6	-
Nirma	Super Phosphate	55	9.11.09 (Seepage)
RCF	UREA	105	10.11.09 (seepage)
KRIBHCO	Urea	2.35	12.10.09
Total		171.15	
District- Bhopal			
IFFCO	Urea	3.25	1.25 MT from 31.03.07 & 2 MT from 21.07.09
KRIBHCO	Urea	.65	
Total		3.90	
District-Khandwa			
IFFCO (Mark Fed. Godown)	10:26:26	67	
	12:32:16	31.55	
	Mixture of all companies	.35	Seepage
IPL (Godown)	DAP	2.1	Seepage and damaged
	MOP	10.65	
	Urea	8	
	SSP	99	
Total		218.65	

District-Satna			
Seepage of all companies	Urea	10.8.50	Last 5 years
DMO Godown Sherganj	Urea	2.3	Last 5 years
IPL godown, Pateri	Urea	1	Seepage
Agrawal Brothers	Urea	1	Seepage
	DAP	1.1	Seepage
Total		16.25	
Grand Total		1097.818	

(Source- Information collected from stock position of first sticking points of respective districts)

9.12.2.8 Buffer Stock

- Buffer stock was not being maintained by the institutional agencies.

9.12.2.9 Quality control

- In the two laboratories i.e. Bhopal and Indore, 5 posts of technical staff were found to be vacant. There was shortfall of 24 to 66 percent in testing of samples vis-à-vis capacity as detailed below:

Table 9.38 – Shortfall in testing of samples

District	Year	Capacity	Samples tested	Shortfall
Bhopal	06-07	2000	1520	480 (24%)
	07-08	2000	1269	731 (36%)
	08-09	2000	887	1113(55%)
Indore	06-07	2500	1178	1322 (52%)
	07-08	2500	957	1543 (61.72%)
	08-09	2500	848	1652 (66%)

9.12.2.9.1 Delay in intimation of test results

- 2637 MT of MAP of IPL, (received on 21.11.07) was declared non-standard, however, 947 MT had already been sold to the farmers and the remaining 1690 MT of MAP was still lying in the godowns.

9.12.2.10 Other Findings

9.12.2.10.1 Sale of adulterated fertilizers without registration certificate

- In Satna district, a dealer was selling duplicate adulterated fertilizer in the bags of standard companies. An FIR against the dealer was launched by the Agriculture Department, and the matter was under trial at the time of audit.

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9.12.2.10.2 Usage of subsidized fertilizer (Urea) for non-agricultural purpose

- In Bhopal, subsidized fertilizer (Urea) was irregularly sold to a distillery, which was not for agriculture purposes and farmers.

9.12.2.10.3 Trading of fertilizers without having valid license

- In district Chhattarpur, 113 cooperative societies were selling fertilizers since 1998, but none of the societies had a valid license for the trade of fertilizers. During 2006-09, these societies sold 57763 MT of Urea/ Super Phosphate/DAP/12:32:16/ Potash.

9.12.3 Results of dealer and farmer survey

9.12.3.1 Dealer Survey

Responses from 78 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	Others
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	33	44	1
2.		No Limit	Limited	Others
	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	45	29	4
3.		Yes	No	
	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	16	62	
4.		Yes	No	Others
	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	51	18	9
5.		Yes	No	Others
	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	34	42	2
6.		Yes	No	Others
	Are farmers demanding small quantity bags of fertilizers from you?	12	64	2
		Yes	No	Yes, but report not received

7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	59	14	5
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Most of the dealers indicated that they were not getting the required quantity and type of fertilizers, and, in turn, were not able to supply fertilizers as per demand to farmers in time.

9.12.3.2 Farmer Survey

Responses from 295 farmers are summarized below:-

Sl No.	Questions	Response		
		Cooperative	Dealer	Both
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	234	51	10
		Yes	No	Others
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	28	266	1
		MRP	Others	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	138	157	
		Yes	No	Others
4.	Did the dealer give you a receipt for your sales?	200	78	17
		Yes	No	
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	32	263	
		Yes	No	Others
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	107	187	1
		Yes	No	Yes but report not received

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7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	59	230	6
		Yes	No	
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	161	134	
		Yes	No	Others
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	69	210	16
		Yes	No	
10.	Do you need fertilizers in small quantity bags?	135	160	
		Yes	No	Others
11.	Overall, are you satisfied with the supply of fertilizers to you?	156	137	2
		Yes	No	Others
12.	Have you faced any other problems in supply of fertilizers?	153	138	4

Most of the farmers did not know the MRP, and were not buying fertilizers at MRP had also not got their soil tested for assessing the requirement of fertilizer. A significant proportion also complained that dealers we items along with fertilizers.

9.12.3.3 Field visits

Field visit by audit teams revealed instances of opened fertilizer bags and damaged fertilizers, as evidenced below:



Fertilizer lying as if condemned (Betulganj block, Betul District)



Fertilizer bags kept opened (Khandwa block, Khandwa District)

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Damaged fertilizer (Khandwa block, Khandwa District)



Damaged fertilizer (Ratlam block, Ratlam District)

9.13 Maharashtra

9.13.1 Background

Maharashtra has 35 districts with a total geographical area of 308000 Sq. Km, gross cropped area of 226.55 Lakh hectares (2008-09), and net sown area of 174.47 Lakh hectares. The main crops cultivated are rice, wheat, jowar, bajra, sugarcane and cotton.

Five districts and ten blocks i.e., Amaravati (Anjangaoin Surji, Chikhaldara), Latur (Chakur, Nilanga), Osmanabad (Tuljapur, Lohara), Pune (Bhor, Junner) and Sangli (Kadegaon, Palus) and three Fertilizer Testing Laboratories situated at Amravati, Aurangabad, and Pune were selected for detailed scrutiny.

9.13.2 Audit findings

9.13.2.1 Assessment of fertilizer requirements

- As per instruction issued by the Commissionerate of Agriculture (CoA), the district wise demand of fertilizers in Kharif and Rabi seasons was to be assessed based on maximum consumption of fertilizers during the last three years, cropping pattern and irrigation facility in the district.
- However, it was seen in audit that the Agricultural Officers had collected the sale data of previous years from the dealers concerned and furnished them to the ADOs who in turn sent the information to the Deputy Director of Fertilizer (DDF), Pune instead of assessing the requirement as per the instructions of the CoA.
- An analysis of data revealed that excess supply compared to the maximum consumption of the last three years was made in respect of all fertilizers for the year 2006-07. For the year 2007-08, there was short supply for Urea, DAP, MOP, SSP and Complexes. In 2008-09, excess supply was seen in respect of Urea, DAP and MOP, while there was short supply of SSP and Complexes. The short supply of fertilizer ranged from 8 to 54 per cent during 2007-08.
- The excess supply of fertilizers ranges from 11 to 28 percent during 2006-07 and 11 to 23 percent during 2008-09. The short supply of fertilizer ranged from 8 to 54 per cent during 2007-08.

Table 9.39 Short/ excess supply of fertilizers

Year	DEMAND/REQUIREMENT (in M.T.)					SUPPLY (in M.T.)				
	I					II				
	Urea	DAP	MOP	SSP	Complexes	Urea	DAP	MOP	SSP	Complexes
2006-07 (Kharif)	194000	78500	21700	78000	163900	175082	75762	21185	57823	116711
2006-07 (Rabi)	160000	56100	34650	57700	154220	131476	51634	33464	42672	101804

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2006-07	354000	134600	56350	135700	318120	306558	127396	54649	100495	218515
2007-08 (Kharif)	222000	97500	25300	85900	176640	169782	66364	27226	43388	133795
2007-08 (Rabi)	174100	67800	38060	52800	159150	116379	34588	32843	22732	67366
2007-08	396100	165300	63360	138700	335790	286161	100952	60069	66120	201161
2008-09 (Kharif)	230000	121000	30800	92000	210250	184337	76311	30627	29616	107364
2008-09 (Rabi)	184500	86000	42500	52000	189200	184832	76262	49241	47707	97515
2008-09	414500	207000	73300	144000	399450	369169	152573	79868	77323	204879

Year	Maximum consumption during the last three years					Excess/short supply (II-III)				
	III					IV				
	Urea	DAP	MOP	SSP	Complexes	Urea	DAP	MOP	SSP	Complexes
2006-07 (Kharif)	140040	51721	15387	45797	100040	35042	24041	8052	12026	16671
2006-07 (Rabi)	123753	40601	27309	43598	111039	7723	11033	6155	-926	-9235
2006-07	263793	92322	42696	89395	211079	42765	35074	14207	11100	7436
2007-08 (Kharif)	174816	75673	21356	61811	130898	-5034	-9309	5870	-18423	2897
2007-08 (Rabi)	135505	44374	33439	46442	111808	-19126	-9786	-6853	-17453	-44442
2007-08	310321	120047	54795	108253	242706	-24160	-19095	-983	-35876	-41545
2008-09 (Kharif)	187441	79369	26347	64541	133677	-3104	-3058	4280	-34925	-26313
2008-09 (Rabi)	140012	43860	35516	44540	113720	44820	32402	13725	3167	-16205
2008-09	327453	123229	61863	109081	247397	41716	29344	18005	-31758	-42518

- No norms were prescribed for regulating the sale of fertilizers.

9.13.2.2 Delay in submission of Proforma 'A' and Proforma 'B'.

There was delay in submission of Proforma 'A' by the manufacturers ranging from 3 to 105 days and 3 to 88 days in submission of Proforma 'B' by the DDF.

9.13.2.3 Excess/Short supply of fertilizers in contravention to monthly supply plan.

- On the basis of the allotments finalised in the Zonal Conferences, district- wise supply plan was finalized at the Commissionerate level and uploaded on the online Fertilizer Monitoring System (FMS). However, the companies did not supply fertilizers as per the supply plan during the years 2006-07 to 2008-09, which resulted in uneven supply of various kinds of fertilizers, as given below:

**Table 9.40 – Uneven supply of fertilizers
2006-07 (Kharif & Rabi)**

(Quantity in MT)

Sr. No.	Fertilizers Grade	Requirement	Monthly Plan	Despatch Data	Excess/Short (e-d)
(a)	(b)	(c)	(d)	(e)	(f)
1	DAP	625000	625000	654353	29353
2	MOP	300000	300000	280704	-19296
3	NPK	1359000	1359000	1171156	-187844
4	SSP	655000	655000	665155	10155
5	Urea	1900000	1900000	1985361	85361

2007-08 (Kharif & Rabi)

(Quantity in MT)

Sr. No.	Fertilizers Grade	Requirement	Monthly Plan	Despatch Data	Excess/Short (e-d)
(a)	(b)	(c)	(d)	(e)	(f)
1	DAP	705000	613500	552642	-60858
2	MOP	305000	305000	326352	21352
3	NPK	1377000	1278760	1209083	-69677
4	SSP	725000	725000	436721	-291279
5	Urea	2120000	2150000	2130697	-19303

2008-09 (Kharif & Rabi)

(In MT)

Sr. No.	Fertilizers Grade	Requirement	Monthly Plan	Despatch Data	Excess/Short (e-d)
(a)	(b)	(c)	(d)	(e)	(f)
1	DAP	860000	878524	941670	63146
2	MOP	372700	494292	496018	1726
3	NPK	6965000	1225618	1009404	-216214
4	SSP	6965000	12908	44895	31987
5	Urea	2325000	2226912	2121100	-105812

9.13.2.4 Non verification of fertilizer stock

- As per the instructions issued by the CoA, 20 per cent stock verification of fertilizers was required to be conducted by ADOs within 30 days from the date of supply of fertilizer to the district. However, this was not done in the test-checked districts i.e., Amravati, Latur, Osmanabad and Pune for certain lots, which ultimately led to non-submission of reports to the DDF during the period 2006-09, as detailed in **Annexe 9.3**. The DDF proposed to release the balance Proforma 'B' to the DoF without verification of these supplies, which is in contravention of the COA instructions.

9.13.2.5 Differences between the stock shown in invoices and entry in stock book of dealers

- Scrutiny of records of various wholesalers/retailers in the test checked districts revealed that in 11 cases, the quantity of fertilizers shown in the invoices as furnished by the manufacturers and also by some wholesalers did not agree with the quantity of fertilizers shown in the stock books of certain dealers. It was observed that either less quantity of fertilizers was shown in the stock books or the quantities of fertilizers that were shown as despatched as per invoices were not recorded at all in the stock books. When the dealers were asked to furnish the bill books (sale details) to verify the sale of fertilizers of that particular lot, they did not provide those to audit. In the absence of verification of the bills, chances of irregular sale of fertilizers in the black market cannot be ruled out. Details are indicated in **Annexe 9.4.**

9.13.2.6 Difference between closing stock and opening stock

- Scrutiny of records of dealers in sampled districts revealed that certain quantity of fertilizers remained unsold by the dealers as on 31 March 2009. However, while carrying forward, either nil balance or less quantity was shown in the stock registers as on 01 April 2009. Thus, chances of black marketing could not be ruled out as detailed in **Annexe 9.5**

9.13.2.7 Sale of DAP at higher rate than the MRP

- A Co-operative society, M/s Nilanga Taluka Shetkari Sahakari Kharedi Vikri Sangh Ltd., Nilanga, District Laturhad sold (June 2008 and August 2008) 196 bags (50 Kg each) of DAP at the rate of Rs 500 per bag instead of MRP of Rs 486 per bag on the ground that it had made its own arrangement for transportation from Latur to Nilanga by incurring Rs 1275 and added the same to the cost of fertilizer.

9.13.2.8 Non issue of bills in form 'M' for sale of fertilizer

- In Amravati, it was revealed that 19 MT of DAP and Urea was sold (June 2008) for Rs. 1,58,600 without issue of printed cash memo (form 'M').

9.13.2.9 Quality Control.

- It was noticed that the DDF had proposed deduction of 1671.80 MT only against 7168.48 MT of non-standard fertilizers of P&K while sending Proforma 'B'.
- There was shortfall ranging from 26 per cent to 38 per cent in the analysis of samples in the selected laboratories during 2006-08 as depicted below:

Table 9.41 – Shortfall in testing

Year	Name of the Laboratory	Annual analyzing capacity	No. of samples analysed	Shortfall	Short fall in Per cent
1	2	3	4	5	6
2006-07	Amaravati	3600	2244	1356	38
	Aurangabad	3100	2041	1057	34
	Pune	4200	3075	1125	27
2007-08	Amaravati	3600	2222	1378	38
	Aurangabad	3100	2252	848	27
	Pune	4200	3097	1103	26

9.13.3 Results of dealer and farmer survey

9.13.3.1 Dealer Survey

Responses from 69 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	Others
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	26	43	
		No Limit	Limited	
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	65	4	
		Yes	No	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	40	29	
		Yes	No	
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	52	17	
		Yes	No	
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	26	43	

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		Yes	No
6.	Are farmers demanding small quantity bags of fertilizers from you?	18	51
		Yes	No
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	56	13

Most of the dealers indicated that they were not getting the required quantity of fertilizers and, in turn, were not able to supply fertilizers as per demand to the farmers in time.

9.13.3.2 Farmer Survey

Responses from 300 farmers are summarized below:-

Questions		Response		
		Cooperative	Dealer	Both
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	36	238	26
		Yes	No	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	0	300	
		MRP	Others	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	246	54 (More than MRP)	
		Yes	No	
4.	Did the dealer give you a receipt for your sales?	293	7	
		Yes	No	
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	228	72	
		Yes	No	
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	157	143*	

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		Yes	No
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	116	184
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	183	117
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	70	230
10.	Do you need fertilizers in small quantity bags?	67	233
11.	Overall, are you satisfied with the supply of fertilizers to you?	147	153
12.	Have you faced any other problems in supply of fertilizers?	183	117

Farmer survey results revealed that out of 240, 54 farmers purchased fertilizer at more than the MRP (Urea ranging Rs.252 to Rs.350 per bag and DAP from Rs.500 to Rs.600 per bag). 72 farmers did not know the MRP. 184 farmers stated that soil tests were not conducted and they were not at all aware that the soil can be tested also. 70 farmers stated that they were forced to buy other items than fertilizer. 67 farmers stated that they required small quantity bags. 183 farmers stated that they were not satisfied because they are not getting the fertilizer in time. 143 farmers stated that they had purchased fertilizers by taking loans from money lenders and banks.



नशनल फर्टिलाइजर्स लिमिटेड

~~एन.एफ.एल.~~
NATIONAL FERTILIZERS LIMITED

~~किमान यूरिया~~

किसान की पहली पसन्द
N-46%
WEIGHT: GROSS 50.13 Kg. NET 50 Kg.

लिमिटेड

9.14 Manipur

9.14.1 Background

Manipur has a geographical area of 22,327 sq km comprising four valley districts (Imphal East, Imphal West, Thoubal and Bishnupur) and of five hill districts (Ukhrul, Senapati, Tamenglong, Churachandpur and Chandel). The cropped area is 2.24 lakh hectares. The main crops are horticultural crops like fruits (banana, pineapple, citrus etc) and vegetable, spices, aromatic and medicinal plants and floriculture.

Two districts and four blocks i.e., Thoubal (Thoubal, Kakching) and Chandel (Chakpinkarong, Chandel), were selected for detail scrutiny.

9.14.2 Audit Findings

9.14.2.1 Assessment of fertilizer

- The requirement of fertilizers was projected on the basis of previous years' consumption.
- The gap between assessed requirement and consumption of urea in the state during the years 2006-07 to 2008-09 ranged from 41 to 59 per cent. By contrast, consumption of DAP and SSP during 2006-07 exceeded the assessed requirement by 13 and 9 per cent respectively. There was no consumption of MAP against the assessed requirement of 410 MT (2006-07) and 400 MT (2008-09). This casts doubts on the reliability of the assessed requirements.

9.14.2.2 Availability of Fertilizer

- The allocation and availability of urea in the State during 2006-07 to 2008-09 was as follows:

Table 9.42 – Allocation and availability of urea in Manipur
(Quantity in MT)

Year	ECA allocation			Availability of urea			Consumption	Shortfall in availability	Percentage of shortfall in availability
	Kharif	Rabi	Total	Kharif	Rabi	Total			
2006-07	37000	14200	51200	25249	3021	28270	28342	22930	45
2007-08	35000	10500	45500	24467	6754	31221	28762	14279	31
2008-09	20000	12500	32500	16812	2232	19044	19142	13456	41

(Source: Departmental records)

- The shortfall in availability of urea during 2006-07 to 2008-09 ranged from 31 to 45 per cent. Also, as can be seen above, the consumption broadly traced the availability, which further confirms the deficiency in assessment of requirement.

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- The allocation and availability of urea in the selected districts of Thoubal and Chandel during 2006-07 to 2008-09 are as shown below:

Table 9.43 – Allocation and availability of urea in Thoubal and Chandel districts

(Quantity in MT)

Year		ECA allocation			Availability of urea			Excess/ shortfall
		Kharif	Rabi	Total	Kharif	Rabi	Total	
2006-07	Thoubal	8630	3400	12030	10727	1835	12562	532
	Chandel	-	300	300	-	-	-	(-) 300
2007-08	Thoubal	5120	3900	9020	8383	2408	10791	1771
	Chandel	-	72	172	-	-	-	(-) 172
		100						
2008-09	Thoubal	0	0	0	5940	1224	7164	

(Source: Departmental records)

* No district-wise allocation for the year 2008-09 was made by the Department.

- In Thoubal district, the availability of urea during 2006-07 to 2007-08 was in excess of the allocation. By contrast, no urea was lifted during 2006-07 to 2008-09 in Chandel district.

9.14.2.3 Verification of Sales

- In respect of decontrolled fertilizers, first point sales reported through proforma B were verified only on the basis of affidavits from the dealer. In respect of urea, verification was made by obtaining delivery challans from the dealers. However, the State Government did not adopt any mechanism for verification of sales beyond the first point sales up to the farmers' level; also, no physical verification of stock was conducted.

9.14.2.4 Quality Control

- There was no testing laboratory in the State, nor was any sample drawn by the CFQCTI, Faridabad or its regional laboratories.

9.14.2.5 Non Issue of Receipts

- The dealers did not issue cash or credit memos to the purchasers, which was in violation of Clause 5 of FCO 1985.

9.14.2.6 Non Display of stock position and Price List

- Test check of 12 dealers (wholesale or retail) revealed that none of them displayed the stock position and price list of the fertilizers in their respective places of business, in violation of clause 4 of the Fertilizer Control Order.

9.14.2.7 Non-disposal of Confiscated fertilizers

- The Sub-Divisional Police Officer, Chandel under FIR No. 20 (10) 2008 seized (October 2008) 93.50 MT of fertilizers (Urea: 61.50 MT; Potash: 32 MT) worth Rs.4.40 lakh²² at Molnom village of Chandel district, while being smuggled to Myanmar. The Additional Deputy Commissioner, Chandel ordered (20.11.2008) the fertilizers seized in 12 trucks had been confiscated under Section 6A of Essential Commodities Act, 1955 and the same be unloaded at Kakching Police Station (Thoubal District) for onward handing over to the Director of Agriculture for final disposal or sale by auction. The fertilizers were still lying in Kakching Police Station (November 2009).



***Confiscated fertilizers of 93.50 MT lying at Kakching Police Station
(Thoubal District)***

²² 1230xRs.241.50+640xRs.222.75

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9.14.3 results of dealer and farmer survey

9.14.3.1 Dealer Survey

Responses from 15 dealers are summarized below:-

Sl.No.	Questions	Response	
		Yes	No
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	0	15
		No Limit	Limited
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	4	11
		Yes	No
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	9	6
		Yes	No
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	1	14
		Yes	No
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	0	15
		Yes	No
6.	Are farmers demanding small quantity bags of fertilizers from you?	13	2
		Yes	No
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	0	15

The dealers indicated that they were not receiving adequate quantity of fertilizers and were in turn not able to supply fertilizers as per demand to farmers. Further, no samples had been selected for quality tests.

9.14.3.2 Farmer Survey

Responses from 120 farmers are summarized below:-

Questions		Response	
		Coop	Pvt.Dealer
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	0	120
		Yes	No
2.	Are the quantities of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	0	120
		MRP	Others
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	0	120
		Yes	No
4.	Did the dealer give you a receipt for your sales?	4	116
		Yes	No
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	16	104
		Yes	No
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	17	103
		Yes	No
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	1	119
		Yes	No
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	103	17
		Yes	No
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	10	110
		Yes	No
10.	Do you need fertilizers in small quantity bags?	104	16
		Yes	No
11.	Overall, are you satisfied with the supply of fertilizers to you?	31	89
		Yes	No
12.	Have you faced any other problems in supply of fertilizers?	103	17

Not single surveyed farmers had bought fertilizers at the MRP. The vast majority faced problems in getting their full requirement of fertilizers, did not have enough money to buy their full requirement of fertilizers and demand supply of fertilizers in small quantity bags.



9.15 Meghalaya

9.15.1 Background

Meghalaya has 7 districts with a total area of 22429 Sq km. The cropped area is 2.13 lakh hectares. The main crops of the State are rice and maize, horticulture crops like orange, lemon, pineapple, guava, litchi, banana, Jackfruit, etc., and cash crops like Potato, Ginger, Turmeric, Black Pepper, Cotton, Jute, Mustard and Grape seed etc.

Two districts and two blocks in each district - East Khasi Hills (Khadarshnong-Laitkroh and Pynursla) and West Garo Hills (Selsella and Dalu) - were selected for detailed audit scrutiny.

9.15.2 Audit Findings

9.15.2.1 Assessment of fertilizer

- No specific norms/standards had been laid down for assessment of the requirement of fertilizers based on the type of crop, irrigated/ non-irrigated area, soil health and other local factors. The requirement of various types of fertilizers was projected on the basis of previous year's consumption data received from MECOFED and other wholesale dealers in the State.

9.15.2.2 Availability of Fertilizer requirement

- There were substantial variations between the assessed requirement and actual supply of fertilizers during 2006-09. The year-wise details of shortfall in supply of fertilizers are given below:

Table 9.44 – Shortfall in supply of fertilizers

Year	Requirement /MT			Actual Supply/MT			Shortfall/MT (%)		
	Urea	DAP	MOP	Urea	DAP	MOP	Urea	DAP	MOP
2006-07	6300	3120	625	5440	2482	397	860	638	228
							(-14)	(-20)	(-36)
2007-08	6550	3850	930	4885	1589	547	1665	2261	383
							(-25)	(-59)	(-41)
2008-09	7850	4150	1490	7400	3850	976	450	300	514
							(-6)	(-7)	(-35)

Source: Information furnished by the Director of Agriculture

- The variation/shortfall between the requirement and actual supply of Urea, DAP and MOP during 2006-07 to 2008-09 ranged between 6 per cent and 25 per cent in respect of Urea, 7 per cent and 59 per cent in respect of DAP and 35 per cent and 41 per cent in respect of MOP.

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9.15.2.3 Verification of Sale

- Verification of monthly sales of decontrolled fertilizers was done on the basis of certificates of sales submitted by MECOFED and purchase certificate in respect of private Wholesale Dealers submitted by the District Agriculture Officers concerned.
- No process for verification of sales beyond the first point sales upto the farmer levels existed, so as to ensure authenticity of sale to genuine farmers.

9.15.2.4 Delay in submission of Proforma A

- There were delays beyond the admissible limit of 60 days in submission of Proforma 'A' by M/S Teesta Agro Industries Limited, Jalpaiguri, West Bengal against the sale of Single Super Phosphate (SSP) for the months of May, June, August and September 2006 and December 2006 to March 2007 to the Director of Agriculture, Meghalaya in September 2007, the delays ranged between 15 and four months.

9.15.2.5 Quality Control

- 14 samples were drawn by the District Agriculture Officers/ District Horticulture Officers of East Khasi Hills, West Khasi Hills and Jaintia Hills Districts during 2007-08 and 2008-09 of which 4 samples of 2007-08 and 3 samples of 2008-09 were declared as non-standard by the quality control laboratories. It was, however, observed that no documentation of the test results was made. Besides, neither was the entire quantity of confiscated fertilizers, nor any recovery from concession in respect of the non-standard fertilizer samples proposed by the DAO. Thus, the non-standard fertilizers were used as such by the farmers, without knowing the quality of fertilizers.

9.15.3 Results of dealer and farmer survey:

9.15.3.1 Dealer Survey

Responses from 18 dealers are summarized below:-

Sl.No.	Questions	Response	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	Yes	No
		15	3
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	No Limit	Limited
		5	13
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	Yes	No
		16	2
		Yes	No

4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	6	12
		Yes	No
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	3	15
		Yes	No
6.	Are farmers demanding small quantity bags of fertilizers from you?	5	13
		Yes	No
	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	1	17

Most dealers indicated that they were facing problems in transportation of fertilizers as well as credit facilities, and were, in turn, unable to supply fertilizers as per demand to the farmer. Samples in respect of only one out of 18 dealers had been selected for quality testing.

9.15.3.2 Farmer Survey

Responses from 116 farmers are summarized below:-

Sl. No.	Questions	Response			
		Cooperative	Dealer	Both	Others
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	32	77	0	7
		Yes	No		
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	0	116		
		MRP	Others		
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	0	116		
		Yes	No		
4.	Did the dealer give you a receipt for your sales?	54	62		
		Yes	No		
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	30	86		
		Yes	No		

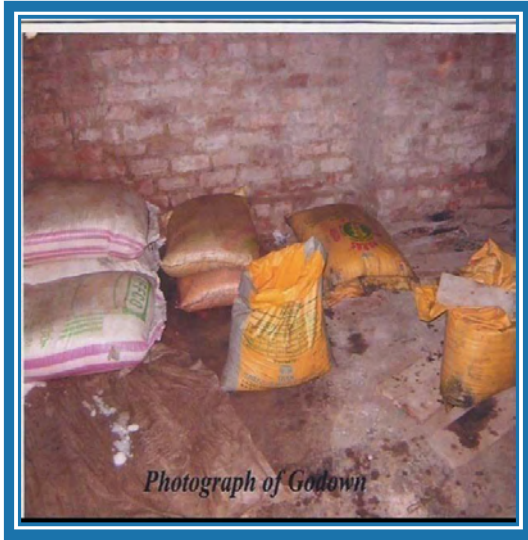
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6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	0	116	
		Yes	No	
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	49	67	
		Yes	No	
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	65	51	
		Yes	No	
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	0	116	
		Yes	No	
10.	Do you need fertilizers in small quantity bags?	75	41	
		Yes	No	
11.	Overall, are you satisfied with the supply of fertilizers to you?	39	77	
		Yes	No	Others
12.	Have you faced any other problems in supply of fertilizers?	38	49	29

All the surveyed farmers indicated that they were purchasing fertilizers at rates other than the MRP and also indicated that did not have enough money to buy their full requirement of fertilizers. Most of them also indicated that they needed fertilizers in small quantity bags.

9.15.3.3 Field visit

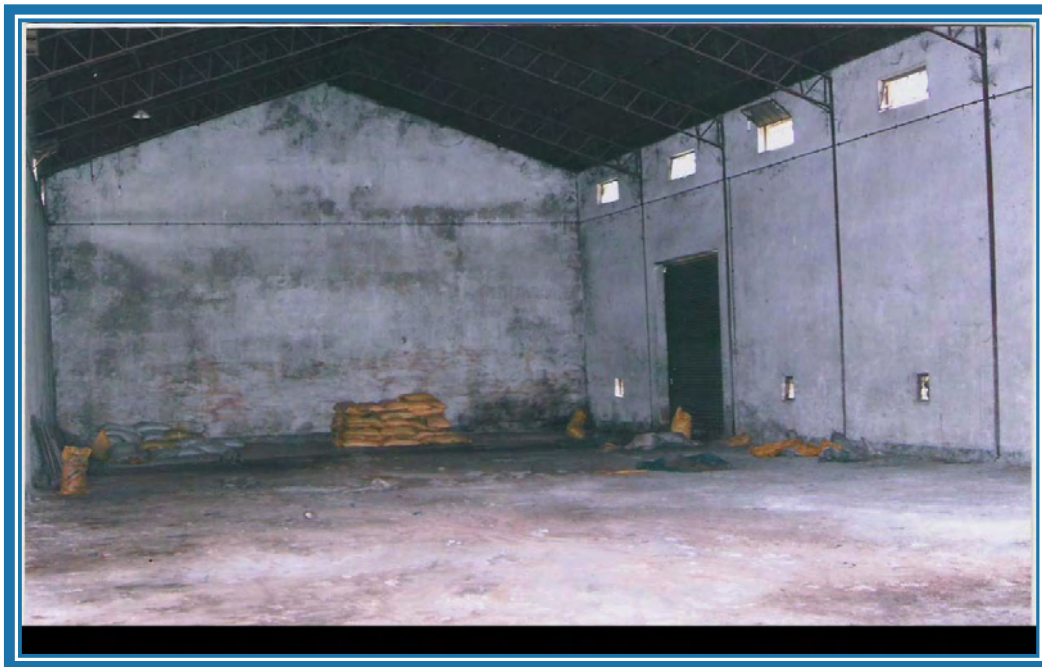
Field visit by our audit teams revealed instances of open fertilizer bags, dilapidated godowns, as well as empty godown (indicating non-availability of fertilizers), as depicted below:



*A whole sale godown at Rajabala,
West Garo Hill district - Fertilizer
remained open*



*Mawlongghat, Shillong -
Dilapidated Godown*



M/s MECOFED, Mawlong, Shillong- Non- availability of Fertilizer



9.16 Nagaland

9.16.1 Background

- Nagaland has a geographical area of 16579Sq.Km, and cropped area is 3.22 lakh hectares. Topography is very severe with hill ranges, deep gorges and steep terrain, and about 65 to 70 *per cent* of the population is dependent on agriculture for their livelihood. The major land use pattern is shifting cultivation, locally known as 'JHUM'. Hence, use of chemical fertilizers is minimal.

9.16.2 Audit Findings

9.16.2.1 Assessment of fertilizer requirement

- The assessment of requirement was made on the basis of the sales data collected from dealers in the State. Assessment and consumption of fertilizers for the period from 2006-07 to 2008-09 were as follows:

Table 9.45 – Assessment and consumption of fertilizers

(Quantity in MT)

Name of fertilizer	Season	2006-07			2007-08			2008-09		
		Assessed Requirement	Consumption	Percentage*	Assessed Requirement	Consumption	Percentage*	Assessed Requirement	Consumption	Percentage*
Urea	Kharif	414	279	67	400	312	78	400	356	89
	Rabi	714	233	33	487	404	83	300	200	67
DAP	Kharif	234	223	96	350	249	71	300	268	89
	Rabi	534	257	48	314	258	82	240	165	69
MOP	Kharif	42	62	148	100	128	128	130	93	72
	Rabi	117	62	53	137	113	82	135	76	56
SSP	Kharif	74	74	100	100	95	95	100	111	111
	Rabi	132	37	28	112	104	92	77	50	65

*Percentage indicates consumption over assessed requirement.

(Source: Departmental figures)

- The average consumption with reference to assessed requirement varied from 33 to 89 *per cent* in the case of Urea and from 48 to 96 *per cent* in respect of DAP during the period from 2006-07 to 2008-09. Pattern of consumption vis-à-vis assessed requirement of MOP and SSP showed a mixed trend of shortfall and excess consumption during these years.

9.16.2.2 Ineffective monitoring of sales and distribution

Against the assessed requirement of 1972 MT of DAP during 2006-07 to 2008-09, the Department submitted a consumption report for 1420 MT. However, the manufacturer claimed subsidy for only 70 MT of DAP, which was also certified by the Department. Thus, the Department submitted exaggerated consumption report of 1350.300 MT to GOI.

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Chances of the existence of black marketing of fertilizer in the State also cannot be ruled out.

- Cross verification of data collected (May 2008 to December 2008) from the dealers with the assessment made by the department further revealed that there was variation between assessment and consumption as detailed below:

Table 9.46 – Variation between assessment and consumption of fertilizers (Quantity in MT)

Name of fertilizer	Assessment made by the department	Consumption (Departmental figure)	Consumption as per the verification	Difference (4-3)
1	2	3	4	5
Urea	520	344	945.55	601.55
DAP	380	227	487.77	260.77
MOP	210	113	180.25	67.25
SSP	135	94	132.41	38.41

No mechanism was put in place by the Agriculture Department to monitor the position of lifting, sale and distribution of fertilizers.

9.16.2.3 Non formulation of fertilizer policy

- The State Government did not formulate any norms to regulate the sale of fertilizers. Bulk sales were also noticed from the dealers located at Dimapur.
- The Department while accepting the facts (October 2009) stated that decontrolled fertilizer like DAP was not available with the company (IFFCO) during the seasons and the dealers had to depend on the dealers of Assam for supply which caused cost escalation.

9.16.2.4 Verification of Sales

- Procedures such as independent verification of sales by obtaining copies of sales invoices, delivery challans, sales tax payment receipts, stock registers, physical verification of stock etc. were not carried out by the Department before forwarding claims for subsidy.

9.16.2.5 Sale of Fertilizer above the MRP

- The prices paid by the farmers exceeded the Government notified MRP with the excess ranging from 141 to 288 per cent in respect of urea, 171 to 235 per cent in respect of DAP and 213 to 359 per cent in respect of MOP, as tabulated below:

Table 9.47 – Sale of fertilizers above MRP

(Rs per MT)

Fertilizers	2008-09		2008-09 Selling price as per farmers response			
	MRP	SP (as per the dealers response)	Kohima District		Dimapur District	
			Jakhama Block	Kohima Block	Nuiland Block	Dhansiripar Block
Urea	Rs.4830	Rs.6800 to Rs.8000	Rs.10000	#	Rs.8500	Rs.12000
DAP	Rs.9350	Rs.16000 to Rs.17500	Rs.18000	#	Rs.18000	Rs.22000
MOP	Rs.4455	Rs.9500 to Rs.11000	Rs.10000	#	Rs.16000	Rs.12000

During Survey, farmers replied that they did not use chemical fertilizers.

9.16.2.6 Quality Control

- Neither was there any quality control checking laboratory in the State, nor were samples of fertilizers collected from the distribution chain of dealers to end user during the last three years for quality checks. Thus the prescribed objective of providing quality fertilizers to the farmers in Nagaland could not be ensured.

9.16.2.7 Non-existence of monitoring mechanism

- District level stock points/primary godowns were not open by any of the fertilizer manufacturing units in the State.

9.16.3 Results of dealer and farmer survey

9.16.3.1 Dealer Survey

Responses from 3 dealers are summarized below:-

Sl.No.	Questions	Response	
		Yes	No
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	2	1
		No Limit	Limited
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	3	0
		Yes	No
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	3	0

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		Yes	No
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	3	0
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	3	0
6.	Are farmers demanding small quantity bags of fertilizers from you?	3	0
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	0	3

9.16.3.2 Farmer Survey

Responses from 80 farmers are summarized below:-

Questions		Response		
		Cooperative	Dealer	Others
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	1	55	24
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	Yes	No	Others
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	MRP	No	Others
4.	Did the dealer give you a receipt for your sales?	Yes	No	Others
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	Yes	No	Others
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	3	76	1

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		Yes	No	Others
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	1	78	1
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	30	19	31
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	2	44	34
10.	Do you need fertilizers in small quantity bags?	52	2	26
11.	Overall, are you satisfied with the supply of fertilizers to you?	7	35	38
12.	Have you faced any other problems in supply of fertilizers?	34	16	30

In addition to purchase at higher than MRPs, the vast majority of farmers also indicated their preference for small quantity bags, since they did not have enough money for buying their full requirement of fertilizers. Further, they did not get their soil tested to assess the exact requirement of fertilizers.



9.17 Orissa

9.17.1 Background

Orissa has 30 districts, with a total geographical area of 155707 Sq. km. The cropped area is 57.37 lakh hectares. Rice, pulses, oil seeds, jute, roselle, sugarcane, coconut and turmeric are the important crops. There are also cash crops like tea, cotton and rubber. The state contributes one-tenth of the rice production in India.

Five districts (Bolangir, Jharsuguda, Naupada, Jagatsinghpur and Mayurbhanj) and 10 blocks i.e. two blocks in each district (Agalpur, Puintala, Jharsuguda, Lakhanpur, Boden, Naupada, Balikuda, Nuagaon, Badasahi and Shyamakhunta) were selected for detailed audit scrutiny.

9.17.2 Audit Findings

9.17.2.1 Assessment of Fertilizer requirement

- Though the assessment of fertilizer requirements at the district level was finalised after a strategy committee meeting held by the District Collector in the presence of representatives of different fertilizer manufacturers and the District Agricultural Officers (but without any involvement of the farmers), the Directorate of Agriculture who consolidated the assessments, projected the State's requirement by adding 5 to 10 per cent of quantity to the previous years' consumption.
- Soil-testing reports aimed at use of balanced doses of fertilizer as per the soil health condition were not considered while preparing the assessment of fertilizer requirements.

9.17.2.2 Demand and supply of fertilizers

- The supply and actual consumption of fertilizers per hectare consumption shown in the Zonal Agriculture Input Conference was not realistic, as would be seen from the following details:

Table 9.48 – Assessment, allocation, receipt and consumption of fertilizers in Orissa

<i>(Quantity in MT)</i>					
Year	Assessment	Allocation	Actual receipt	Consumption	Less consumption against assessment
2006-07	886384	871600	860286	819646	66738 (8%)
2007-08	1143700	1077600	908332	909859	233841 (20 %)
2008-09	1369370	1143320	1019801	1052232	317138 (23%)

In fact, the consumption was closer to the allocation rather than the project requirements.

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9.17.2.3 Sale of fertilizer at higher price.

- In Mayurbhanj and Bolangir districts, various types of fertilizers were sold at rates higher than the MRP fixed and the excess ranged between Rs 12.66/kg and Rs 72.66/kg. During beneficiary interviews, it transpired that 6 dealers were found selling fertilizers beyond MRP.

9.17.2.4 Non maintenance of separate account

- Certain wholesalers, who acted as retailers, did not issue separate sale receipts but issued a single receipt to a group of farmers for the total sale of that day and did not maintain separate accounts for wholesale and retail sales. Further, they refused to release quantity to other registered retailers.
- The wholesalers of Jagatsinghpur, Bolangir, Mayurbhanj and Jharsuguda released their entire/maximum quantity to their own retail point and maintained complete monopoly of trading in the district.
- Out of 23 dealers, nine dealers transferred the entire quantity to their own retail account as given below:

Table 9.49 – Transfer of quantity to own retail account

SI No.	District	Name of the Dealer	Wholesale FCO No	Valid up to	Retail FCO No	Valid up to	Location
1	J.S.Pur	A.K.Roy	3/1.4.05	22.7.11	2/08-09	22.7.11	Balikuda
2		Maneka Bhandar	3/24.6.2002	31.3.11	2/08-09	31.3.11	Naugaon
3		Archana Bhandar	5/1.4.05	31.3.11	3/04-05	31.3.11	Naugaon
4		K.V.Nigam	6/1.4.05	31.3.11	4/04-05	31.3.11	Naugaon
5	Mayurbhanj	A.P.Saha	25/00-01	1.5.12	4/00-01	7.8.09	Baripada
6		R.K.Saha	30/96-97	31.3.11	1/07-08	31.3.11	Baripada
7		Anupama Entp.	45/03-04	11.8.09	46/03-04	10.8.09	Baripada
8	Bolangir	Sahoo Trading	206/07-08	12.3.11	205/07-08	12.3.11	Bolangir
9		Gopal Fert. Store	146/07-08	29.10.11	147/07-08	27.11.08	Club Para
10		K.K.Chapadia	35/08-09	3.6.12	7/08-09	5.7.11	Patnagarh
11		Garg Fertilizer	90/08-09	12.5.12	8/08-09	30.3.09	Kantabanji
12		Samaleswari Fert.	210/07-08	26.3.11	155/07-08	3.8.10	Tusra
13		Krusha Seva Kendra	2/08-09	31.3.11	158/07-08	3.8.10	Agalpur
14		S.Kumar M. Kumar	70/06-07	31.8.12	15/07-08	16.10.10	Jharsuguda

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Sl No.	District	Name of the Dealer	Wholesale FCO No	Valid up to	Retail FCO No	Valid up to	Location
15	Jharsuguda	Jhadeswar Marketing C.S.	46/05-06	31.8.11	45/05-06	31.8.11	Jharsguda
16		Shiv Prasad Shyam Sunder	67/81-82	31.3.11	68/81-82	31.3.11	Jharsguda
17		Shiv Sunder Aloo Bhandar	87/07-08	22.6.10	88/07-08	22.6.10	Jharsguda
18		D.P.Agrawala	12/72-73	31.3.11	58/76-77	31.3.11	Jharsguda
19	Nuapada	Lakhmania Brothers, Kh.Road	35/08-09	13.7.2011	177/07-08	03.7.2010	Kh.Road
20		Tej Raj Pareshmal Khariar Road	1/04-05 Ren 19/07-08)	24.4.2010	26/07-08	31.5.2010	Kh. Road
21		Atul Steels Khariar Road	84/06-07		173/07-08	9.4.2010	Khaariar Road
22		Sharma Fertilizer Raj Khariar	110/06-07	6.1.2010	3/05-06	7.6.2008	Raj Khariar (Not renewed)
23		S.K.Trivedi, Raj Khariar	36/08-09	7.7.2011	90/06-07	23.8.2009	Raj Khariar (Not renewed)

9.17.2.5 Existence of unregistered dealers engaged in fertilizer trading.

- Four co-operative societies (Jharsuguda-3 and Agalpur-1) and one dealer in Agalpur block in Bolangir were engaged in sale of fertilizers without any FCO registration certificate and on the basis of co-operative license for pesticide sale.

9.17.2.6 Tagging of other products with sale of fertilizer

- One manufacturer, M/s CFL forcibly tagged 5 kg of sulphur to every 100 kg of Gromor (GAP), and one kg Mahazinc to every 100 kg of NFCL Urea to the dealers. The dealers, in turn, sold Gromor to the farmers at a cost of Rs. 500 /- to Rs.550/- per bag, including the cost of sulphur as against the MRP of Rs. 389/- per bag, and Nagarjuna Urea at Rs. 260 including the cost of Mahazinc, against MRP of Rs.250.80 per bag. During survey, the farmers expressed displeasure against short supply of Gromor and the need to pay extra cost

9.17.2.7 Verification of sales by State Government (before payment of concession):

- No reports of verification of sales certified in Proforma B were maintained and made available by the Director of Agriculture to audit. Shortage of 65.550 MT fertilizers at

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Markfed additional storage point Balikuda block was noticed by the MARKFED authorities during physical verification (**Annexe 9.6**), against which payment of subsidy of Rs.13.40 lakh was received by manufacturer. Markfed ordered recovery of Rs. 4.07 lakh against the Sales Assistant and an amount of Rs.0.35 lakh has been recovered (August 2009).

9.17.2.8 Quality control

- There was shortfall in the receipt of samples vis-à-vis the targets in two quality control laboratories at Bhubhaneswar and Sambalpur ranging from 9 to 22 percent during 2006-09 as detailed below:

Table 9.50 – Shortfall in receipt and analysis of samples

Year	No. of samples targeted		Samples received and analysed		Declared non – standard	
	Bhubaneswar	Sambalpur	Bhubaneswar	Sambalpur	Bhubaneswar	Sambalpur
2006-07	2050	1450	1726 (84%)	1126 (78%)	41	36
2007-08	2050	1450	1714 (84%)	1282 (88%)	50	27
2008-09	2050	1450	1639 (80%)	1318 (91%)	34	26

Scrutiny of records revealed that the following irregularities in the sample testing during 2006-09:

- 41 samples drawn in November 2007 were sent to the laboratory on 31.12.2007 and 25 samples collected during 3.9.08 to 30.9.08 were sent on 29.10.2008 i.e much after the prescribed period of 7 days.
- In District Bolangir, against the target of 200 samples for each year only 93, 61 and 24 samples were submitted to the laboratory during 2006-09 respectively.
- In Jharsuguda and Nuapada districts, no samples were collected during 2006-09.
- The Dy. Director of Agriculture (DDA), Cuttack in November 2008 intimated to the DDA (QC) that 5 MT. of PPL 18:46 sample drawn from M/s L.N. Fertilizer, Kendrapara on 6.9.2008 was declared non-standard and the report was received only on 10 October 2008, by which time the entire quantity was fully consumed by the farmers. No recovery/seizure was suggested.
- Similarly from M/s CFL railway rake point, Cuttack, a sample was drawn on 1.9.2008 out of the total stock of 100 MT of NPK 10:26:26 and declared as non-standard on 4.10.08, but the entire stock was sold and confirmation of total receipt was furnished.

9.17.2.9 Inter district transfer of 30 MT IFFCO Urea.

- One wholesale dealer of Kesinga in Kalahandi district had issued an invoice in time in favour of a party from village Alatura under M.Rampur for 600 bags of IFFCO urea, but the fertilizer was unloaded in the godown premises of a third party named as M/s Ruzul Enterprises at Priyadarshni Market complex Saintala (Bolangir district). An FIR on the matter stands registered in the Saintala Police Station; however, progress in the matter was awaited (September 2009).

9.17.3 Results of dealer and farmer survey**9.17.3.1 Dealer Survey**

Responses from 60 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	32	28	
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	No Limit	Limited	
		60	0	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	Yes	No	Other
		14	44	2
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	Yes	No	
		37	23	
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	Yes	No	
		60	0	
6.	Are farmers demanding small quantity bags of fertilizers from you?	Yes	No	
		9	51	
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	Yes	No	Yes, report not received
		0	37	23

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All the dealers indicated that they were able to supply fertilizers as per demand, and although samples were selected in some cases, the test reports were in no case received in time.

9.17.3.2 Farmer Survey

Responses from 309 farmers are summarized below:-

Sl.No.	Questions	Response	
		Cooperative/Dealer	Others
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	286	23
		Yes	No
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	0	309
		MRP	Higher than MRP
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	236	73
		Yes	No
4.	Did the dealer give you a receipt for your sales?	63	246
		Yes	No
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	236	73
		Yes	No
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	193	116
		Yes	No
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	40	269
		Yes	No
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	59	250

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		Yes	No
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	90	219
10.	Do you need fertilizers in small quantity bags?	173	136
11.	Overall, are you satisfied with the supply of fertilizers to you?	273	36
12.	Have you faced any other problems in supply of fertilizers?	59	250

Most of the farmers indicated that they are buying fertilizers at the MRP, but have not got their soil tested for assessing the requirement of fertilizers. They also wanted fertilizers in small quantity bags. A significant proportion complained about dealers forcing them to buy other items along with the fertilizers.



9.18 Punjab

9.18.1 Background

Punjab has 20 districts, with a total geographical area of 50.36 lakh hectares. The cropped area is 41.70 lakh hectares (83 per cent) out of which 40.60 lakh hectares (97 per cent) are irrigated. Cropping intensity in the State is 189 *per cent*, with a consumption of 213 Kg of fertilizers per hectare.

Four districts and two blocks in each district - Amritsar (Chogawan, Verka), Bathinda (Rampura Phul, Bathinda), Faridkot (Faridkot, Kot Kapura) and Ludhiana (Ludhiana, Khanna)- were selected for detailed audit scrutiny, along with the two fertilizer quality control laboratories at Faridkot and Ludhiana.

9.18.2 Audit findings

9.18.2.1 Assessment of requirement of fertilizers

- The assessment of requirement of fertilizers was not being received from all the Chief Agriculture Officers (CAOs) regularly in the office of the Director of Agriculture. Instead, the Director of Agriculture used the data of previous year's consumption with minor adjustments for calculating the requirement of fertilizers for the subsequent year.
- Soil tests were being carried out regularly, but the analytical reports of these tests were not considered while assessing the fertilizer requirement.
- Panchayat Samiti/Block Samiti, farmers' co-operatives and other stakeholders at district level were not involved in the assessment of the fertilizer requirement.
- The available data of assessment of requirement in respect of Amritsar and Ludhiana Districts for the period 2007-09 revealed that there were wide variations ranging from (-) 61 per cent to 93 per cent in respect of major fertilizers between the projections furnished by the CAOs and that of the Director of Agriculture, which showed that the requirement and consumption figures supplied by the districts were not used for ultimate district wise projection at the Zonal Conference.

The actual consumption (supply) of MOP and NPK complex was far below the requirement assessed on the pattern of previous year's consumption.

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Table 9.51 – Consumption and Requirement of MOP and NPK Complex

(Quantity in MT)

Year	MOP					NPK (Complex)			
	Season	Assessed Require-ment	Consump-tion	Difference	Percent diff.	Assessed Require-ment	Consump-tion	Difference	Percent diff
2006-07	Kharif	55000	32543	22457	41	30000	20206	9794	33
	Rabi	35000	15858	19142	55	66000	48989	17011	26
	Total	90000	48401	41599	46	96000	69195	26805	28
2007-08	Kharif	60000	40954	19046	32	31000	19362	11638	38
	Rabi	35000	16210	18790	54	66000	8878	57122	87
	Total	95000	57164	37836	40	97000	28240	68760	71
2008-09	Kharif	60000	58032	1968	3	31000	25895	5105	16
	Rabi	35000	23444	11556	33	70000	23522	46478	66
	Total	95000	81476	13524	14	101000	49417	51583	51

- The variation between the projected requirement and consumption (actual supply) was 46, 40 and 14 per cent for MOP and 28, 71 and 51 per cent for NPK (Complex) for the years 2006-07 to 2008-09 respectively.

9.18.2.2 Quality control

- The annual sample testing capacity of the two laboratories is 3500 samples. The details of samples drawn, tested/retested and action taken on the test reports are given in the following table:

Table 9.52 – Shortfall in drawing and testing of samples

Year	Number of Samples taken	Declared non-standard	Declared passed on retesting	Declared non-standard on retesting	Cases filed in the court	Cases referred to police	Issued warning	No. of seizures made
2006-07	3429	45	20	25	20	2	3	2
2007-08	3524	90	38	52	6	35	11	15
2008-09	3146	15	10	5	0	4	0	0
Total	10099	150	68	82	26	41	14	17

- Out of 150 samples (1.5 per cent) originally declared non-standard, 82 samples were finally proved non-standard during 2006-09.

- During 2006-07, out of the 25 cases declared non-standard, subsidy to the tune of 40.150 MT of DAP and 8.70 MT of ASP (20:20:0) was recommended for disallowance in respect of only five cases only. Legal proceedings were started in the remaining 20 cases.
- During 2007-08, out of the 52 non-standard declared cases, seizures were actually made in 14 cases. In six cases (out of 14) of non-standard samples of DAP, recommendation for disallowance of subsidy to GOI was made in respect of 187.95 MT, which was lying with the dealers at the time of drawing samples, whereas the total billed quantity of the sample fertilizer was 1062.40 MT. Similarly, in respect of the remaining eight non-standard samples of MAP, recommendation for disallowance of subsidy was made for 71.20 MT, the quantity lying with the dealers, whereas the billed quantity was 163.00 MT.
- In respect of the five cases declared non-standard during 2008-09, neither subsidy was disallowed, nor any legal proceedings were initiated.
- In respect of eight cases declared as non-standard during December 2007 and January 2008 in Jalandhar, the stop sale orders were issued as late as July 2009. The stop sale orders were meaningless, as by that time the whole stock lying with the dealers had already been sold.
- Due to the long prescribed time period of 52 days for drawal of samples, their despatch to the laboratory for analysis and reporting back the results, the department failed/could not stop the sale of 1250.35 MT of non-standard DAP and 234.20 MT of MAP to the farmers in time, which were part of 6732.45 MT of DAP and 2519.55 MT of MAP received at various rake points at Ludhiana, Jalandhar and Bathinda. This defeated the very purpose of timely quality checks to ensure the supply of quality fertilizers to the farmers.

9.18.2.3 Verification of Stock

- Except Amritsar District, no periodical checking of the stocks was done in the other three districts (i.e. Bathinda, Faridkot and Ludhiana), which was attributed by the Department to shortage of technical field staff.

9.18.3 Results of dealer and farmer survey

9.18.3.1 Dealer Survey

Responses from 48 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	Others
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	40	5	3
		No Limit	Limited	

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2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	48	0	
		Yes	No	Others
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	4	42	2
		Yes	No	Others
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	46	1	1
		Yes	No	
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	38	10	
		Yes	No	
6.	Are farmers demanding small quantity bags of fertilizers from you?	0	48	
		Yes	No	
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	48	0	

9.18.3.2 Farmer Survey

Responses from 240 farmers are summarized below:-

Questions		Response		
		Cooperative	Dealer	
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	240	0	
		Yes	No	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	0	240	
		MRP	Others	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	240	0	
		Yes	No	Others
4.	Did the dealer give you a receipt for your sales?	238	0	2
		Yes	No	
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	240	0	

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		Yes	No	
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	201	39	
		Yes	No	
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	240	0	
		Yes	No	Others
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	239	0	1
		Yes	No	
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	0	240	
		Yes	No	
10.	Do you need fertilizers in small quantity bags?	0	240	
		Yes	No	No Comments
11.	Overall, are you satisfied with the supply of fertilizers to you?	222	15	3
		Yes	No	No Comments
12.	Have you faced any other problems in supply of fertilizers?	0	230	10

The surveys of dealers and farmers did not show up significant deficiencies.



9.19 Rajasthan

9.19.1 Background

Rajasthan has 33 districts with a geographical area of 342 lakh hectares. The total sown area during 2008-09 was 152 lakh hectares. The principal crops are food grains, oilseeds, cotton and sugarcane.

Five districts and ten blocks (two blocks in each district) Alwar (Behror, Thanagazi), Chittorgarh (Bhoopalsagar, Chittorgarh), Jaipur (Amber, Sanganer), Jhalawar (Jhalrapatan, Manoharthana), Sriganganagar (Sriganganagar, Srikaranpur) - were selected for detailed scrutiny. Three fertilizer testing laboratories were also selected for scrutiny.

9.19.2 Audit findings

9.19.2.1 Assessment of fertilizer requirements

- Requirement was being assessed at the Directorate level, keeping in view the consumption of fertilizers in the previous five years and total area sown in the State assuming normal rain fall. However, the assessed requirement was not based on assessments at the district/ block level, casting doubts on its robustness.

9.19.2.2 Availability of fertilizer

- No norms were prescribed to regulate sale of fertilizer.
- The farmers were advised to use fertilizers as per recommendations made in the Soil Health Card. However, Soil Health Cards were issued only to five per cent of farmers against total number of land holders of the State as detailed below:

Table 9.53 – Issue of soil health cards

S. No.	Year	Total No .of land holders	Total No. of cards issued during the year	Percentage of cards to total land holders
1	2006-07	58,19,203	3,20,443	5.50
2	2007-08	58,19,203	3,00,047	5.15
3	2008-09	58,19,203	3,00,345	5.16

- Actual supply of fertilizers was less than the assessed requirement, with the gap ranging from 1 per cent to 24 per cent during the period of 2006-07 to 2008-09 (except kharif-2006 for which details were not provided by the Department) as detailed below:-

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Table 9.54 – Variation between supply and requirement of fertilizers

Season	Requirement of fertilizers (MT)	Actual supply (MT)	Variation (MT)	Percentage of variation
Rabi- 2006-07	12,21,000	12,12,057	(-) 8,943	1
Kharif- 2007	10,40,000	9,21,988	(-) 1,18,012	11
Rabi- 2007-08	15,40,000	11,69,633	(-) 3,70,367	24
Kharif- 2008	10,60,000	10,47,737	(-) 12,263	1
Rabi- 2008-09	14,28,000	11,07,099	(-) 3,20,901	22

- The fertilizer-wise position of lesser supply against requirement in the case of major four fertilizers (Urea, DAP, SSP and MOP) ranged from two per cent to 84 per cent during the same period. However, in some cases, actual supply was in excess of requirement, with the excess ranging from five percent to 73 per cent during this period, as indicated in **Annexe 9.7**.

9.19.2.3 Short supply

- Short supply against the supply plan ranged from 4 per cent to 20 per cent during this period as detailed below:-

Table 9.55 – Short supply vis-a-vis supply plan

S. No.	Season	Supply plan (MT)	Actual supply (MT)	Short(-)/ Excess(+) supply (MT)	Percentage of Short supply
1.	Rabi- 2006-07	13,40,000	12,12,057	(-) 1,27,943	10
2.	Kharif- 2007	10,10,000	9,21,988	(-) 88,012	9
3.	Rabi- 2007-08	10,95,648	11,69,633	(+) 73,895	-
4.	Kharif- 2008	13,06,697	10,47,737	(-) 2,58,960	20
5.	Rabi- 2008-09	11,57,733	11,07,099	(-) 50,634	4

- Shortage in Month-wise actual supply against supply plan ranged from two to 31 per cent (Urea), from 2 to 100 per cent (DAP), from 18 to 99 per cent (SSP) and from 1 to 100 per cent (MOP) during the period October 2007 to March 2009. (**Annexe 9.8**).

9.19.2.4 Verification of sales by State Government (before payment of concession)

- First Point sales were being verified on the basis of stock registers, bills of company and other records. However, no mechanism for verification of sales beyond first sale point upto farmer level had been evolved.

9.19.2.4.1 Delay in sending proforma 'A' and 'B'

- Proforma 'A' were received at the Directorate of Agriculture with delays ranging from two to 49 days, three to 254 days and 12 to 47 days for DAP, SSP and MOP respectively after the prescribed period of sixty days during 2006-07 to 2008-09 as detailed below:

Table 9.56 – Delays in receipt of Proforma 'A'

S.No	Fertilizer	Subject	2006-07	2007-08	2008-09	Total
1.	DAP	Proforma 'A' delayed	2 (4 to 5 days)	4 (18 to 49 days)	7 (2 to 47 days)	13 (2 to 49 days)
2.	SSP	Proforma 'A' delayed	24 (3 to 254 days)	18 (3 to 82 days)	24 (5 to 218 days)	66 (3 to 254 days)
3.	MOP	Proforma 'A' delayed	1 (12 days)	Nil	2 (17 to 47 days)	3 (12 to 47 days)

- Proforma B was sent to the GOI with delays ranging 3 to 588, 3 to 543 and 4 to 185 days for DAP, SSP and MOP respectively against the prescribed period of 90 days from receipt of Proforma-'A' during 2006-07 to 2008-09 as detailed below:

Table 9.57 – Delay in sending proforma 'B'

S.No	Fertilizer	Subject	2006-07	2007-08	2008-09	Total
1	DAP	Proforma 'B' delayed	68 (4 to 588 days)	62 (3 to 197 days)	25 (5 to 150 days)	155 (3 to 588 days)
2	SSP	Proforma 'B' delayed	99 (14 to 543 days)	100 (3 to 511 days)	61 (8 to 25 days)	260 (3 to 543 days)
3	MOP	Proforma 'B' delayed	11 (4 to 127 days)	12 (5 to 185 days)	3 (7 to 58 days)	26 (4 to 185 days)

- Proforma 'B' in respect of DAP of 4.31 lakh MT, SSP of 1.51 lakh MT and MOP of 0.34 lakh MT was sent to the GOI during 2006-07 to 2008-09, without verification. The actual verification reports from DDAs were obtained after sending the Proforma 'B' or even not obtained till November 2009. The details are as under:

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Table 9.58 – Irregular Proforma B without verification reports

Sl. No	Fertilizer	Subject	Unit	2006-07	2007-08	2008-09	Total
1	DAP	Quantity of proforma 'B' sent	M.T.	4,35,775	3,66,754	5,48,803	13,51,332
		Unverified quantity included in proforma 'B'	M.T.	1,41,337	75,741	2,13,822	4,30,900
2	SSP	Quantity of proforma 'B' sent	M.T.	1,99,025	1,73,389	1,74,567	5,46,981
		Unverified quantity included in proforma 'B'	M.T.	51,931	55,859	42,789	1,50,579
3	MOP	Quantity of proforma 'B' sent	M.T.	8,996	19,735	18,856	47,587
		Unverified quantity included in proforma 'B'	M.T.	4,849	12,996	15,807	33,652

9.19.2.5 Buffer Stock

- The prescribed stock of urea was not maintained during 8 out of 14 months from September 2007 to March 2009, excluding the lean period of February to April as relaxed by the GOI. The shortage in the State ranged from 38 to 95 per cent as detailed below:-

Table 9.59 – Shortage in buffer stock

(In MT)

Sl.No	Month of shortage	Balance prescribed	Maximum balance kept inclusive of receipt and issue	Shortage	Percentage of shortage
1	Sept-07	50,000.00	11,751.20	38,248.80	76
2	Jan-08	50,000.00	4,116.00	45,884.00	92
3	Aug.-08	49,418.65	30,451.00	18,967.65	38
4	Sep.-08	49,418.65	20,254.40	29,164.25	59
5	Oct-08	49,418.65	20,153.75	29,264.90	59
6	Nov.-08	49,418.65	19,129.25	30,289.40	61
7	Dec.-08	49,418.65	18,314.00	31,104.65	63
8	Jan-09	49,418.65	2,466.40	46,952.25	95

- The location-wise position of buffer stock was more adverse in Jodhpur, Banswara, Jaipur and Pali (Sumerpur) districts, where shortage ranged from 80 to 100 per cent during the peak season of requirement (September 2008 to January 2009).

9.19.2.6 Quality Control

- Three test checked Quality Control Laboratories had 18 analysts as per their sanctioned strength, but 4 analysts were not having the prescribed training from the Central Fertilizer Quality Control and Training Institute, Faridabad.
- There was shortfall in the analysis of samples ranging from 11 to 38 per cent, vis-à-vis the capacity of the laboratories during 2006-09 as detailed below:

Table 9.60 – Shortfall in analysis of samples

S.No.	Year	Capacity of labs (No. of samples)	Actual number of samples analyzed	Total distribution of fertilizers (MT)
1	2006-07	8,000	4,951 (62%)	19,92,618
2	2007-08	8,000	7,123 (89%)	20,63,971

9.19.3 Results of dealer and farmer survey**9.19.3.1 Dealer Survey**

Responses from 64 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	11	53	
		No Limit	Limited	
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	64	0	
		Yes	No	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	33	31	
		Yes	No	Others
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	15	43	6
		Yes	No	
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	15	49	

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		Yes	No
6.	Are farmers demanding small quantity bags of fertilizers from you?	39	25
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	44	20

Dealer survey results revealed that most of them are not receiving the required quantity of fertilizers and were also facing problems in transportation in lifting the fertilizers. In turn, they were not able to supply the fertilizers as per the demands of the farmer. A significant proportion of dealers did not have samples taken for testing in the last 3 years.

9.19.3.2 Farmer Survey

Responses from 300 farmers are summarized below:-

Questions		Response		
		Cooperative	Dealer	Both
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	47	116	137
		Yes	No	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	0	300	
		MRP	Higher than MRP	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP © MOP (d) other fertilizers in the last 1 or 2 seasons?	100	200	
		Yes	No	
4.	Did the dealer give you a receipt for your sales?	111	189	
		Yes	No	
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	63	237	
		Yes	No	

6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	134	166
		Yes	No Yes, but Report not received
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	3	286 11
		Yes	No
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	241	59
		Yes	No
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	156	144
		Yes	No
10.	Do you need fertilizers in small quantity bags?	193	107
		Yes	No
11.	Overall, are you satisfied with the supply of fertilizers to you?	76	224
		Yes	No
12.	Have you faced any other problems in supply of fertilizers?	242	58

The vast majority of farmers were getting fertilizer at prices higher than the MRP ranging as follows: Urea Rs. 252 to Rs.400, DAP Rs.487 to 680, SSP Rs.198 to Rs.270 where the MRP of these fertilizers are Rs.251/- Rs. 486/- and SSP Rs.197/- per bag respectively. 286 farmers stated that their soil was not tested, and 11 stated that reports of soil tests were not received. 241 farmers stated that they were not getting the required quantity and in time. 156 farmers stated that they were forced to purchase other products like Zinc, Potash, pesticides etc. 193 farmers preferred small quantity bags.

9.19.3.3 Field visits

Field visits by our audit teams revealed instances of non-display of rates and available stock, as well as shortages (as reflected in survey responses) despite availability of stock.

Performance Audit of Fertilizer Subsidy

माया एग्रो सैल्स

दिनांक

नाम	उत्तरक	वजन	स्टॉक
यूरिया			
सी. ए. एन.			
सु. फासफेट			
डी. ए. पी.			
पोटास			
बेगोर 30EC.			
एडोसफान 35EC.			
मोनोकोटोफोस 36SL.			
क्लोरोपायरिफोस 20EC.			
मिथाईल पैराथोऑन 2.0P.			

हजार प्रतीष्ठान से बीना बील के कोई भी आयात विक्रय नहीं किया जाता है
और बीना बील के कोई कृषक कृषी आयात से जाता है व उससे
है कृषी पर जाती है तो उससे प्रतिष्ठान की

2009/12/19

*Rates and quantity in stock as on date were not displayed in board –
Bhankrota, Jaipur.
(Sl. No. 5 of Farmer survey)*

मुंबील इन्टरआईजेज

क्र.	वस्तुचे नांव	किलो	मूल्य	रिहात
1	फेनवालेट 20% EC	1 kg	5.10	
2	गोव्हिरोफॉस 36% EC	1 kg	5.10	
3	सायपरमेथ्रीन 10% EC	1 kg	5.10	
4	सायपर मीमिन 25% EC	1 kg	5.10	
5	त्रेलामीन 50% EC	1 kg	5.10	
6	डाईनेट 30% EC	1 kg	5.10	
7	हैचीडान 50% EC	1 kg	5.10	
8	इंडोसुल्फोन 35% EC	1 kg	5.10	
9	क्लोरिडान 35% EC	1 kg	5.10	
10	अक्लीप्रोपीन	1 kg	5.10	
11	हेरीमेट 10% WP	1 kg	5.10	
12	अरीना	1 kg	5.10	

PYROXOFOP-PROPANYL 15%
(CLODINAFOP-PROPYRGL 18% WP)

Milwin
Fast Emergency Weeds

2009/11/10

Rates and quantity in stock as on date were not displayed in board - Sri Ganganagar(Sl. No. 5 of Farmer survey)

वरुण सीड्स एंड फर्टिलाइजर
46 पुरानी धान मण्डी

वस्तु	कृय	रटोक	वस्तु	कृय	रटोक
1. पूरिया					
2. सीडगी					
3. कुल					
4. खेतास					
जिक					

हमारी दुकान पर बिना मिल के कोई माल नहीं मिलेगा !

*Rates and quantity in stock as on date were not displayed in board -
Sriganganagar.(Sl. No. 5 of Farmer survey)*



Despite the availability of stock the farmers faced shortages - M/s Balkishan Omprakash, Sriganganagar. (Sl.No. 8 of farmer survey)



9.20 Tamil Nadu

9.20.1 Background

- The state of Tamil Nadu has 32 Districts with a total geographical area of 130058 Sq.Km. The gross cropped area in 2007-08 was 58.15 Lakh hectares, and net cropped area was 50.61 Lakh hectares. The gross irrigated area was 32.52 Lakh hectares, while the net irrigated area was 28.64 Lakh hectares. The principal crops grown are paddy, cholam, cumbu, ragi, pulses, sugarcane, groundnut (dry), and cotton.
- Five districts (Dharmapuri, Kancheepuram, Madurai, Thanjavur and Tiruchirappalli), 10 blocks (two block in each district), and 3 Fertilizer Control Laboratories (Kancheepuram, Thanjavur at Kumbakonam and Tiruchirappalli) were selected for detailed audit scrutiny. In addition, a survey of 30 farmers and six dealers in each block was conducted.

9.20.2 Audit Findings

9.20.2.1 Assessment of fertilizer requirement

- Joint Directors of Agriculture (JDA) finalised the requirement of the fertilizers in each district based on cropped area and recommendations made by the Tamil Nadu Agriculture University, Coimbatore in consultation with the Assistant Director of Agriculture (ADA) of the block concerned. However, no documentation was available in the JDA office or at Block ADA's office. At the state level, the requirement was calculated by adding a certain percentage to the highest consumption (supply made to First Stock Point) in the best Rabi/Kharif season in a district, which was then projected at the Zonal Conference.
- No discussions were held with block samitis or farmers for finalizing the district level requirement.
- The percentage of short supply of fertilizers vis-à-vis assessed requirements ranged from 3 to 26 (Urea), 12 to 20 (DAP), 2 to 24 (MOP), 14 to 66 (SSP) and 9 to 56 (NPK Complexes). The percentage of excess supply vis-à-vis assessed requirements ranged from 3 to 9 (Urea), 10 to 28 (DAP), 11 to 34 (MOP).

9.20.2.2 Availability and distribution of fertilizers

- During 2007-08 there was acute shortage of DAP in the State due to stoppage of production and reduction in import of DAP. Hence, based on GoI direction, Tamil Nadu Marketing Federation (TANFED) was nominated as the nodal agency for procuring DAP from the importers, which was distributed to the farmers through Primary Agricultural Co-operative Banks (PACBs). PACBs insisted on production of land holdings certificate from the revenue officials each season for the purchase of DAP by farmers. Farmers found it very difficult in getting the certificate as the land possessed by the farmers was on lease and certificate was issued in the name of the land owner. Hence, though DAP was available, farmers could not get the same and had to use low nutrient value

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complex fertilizers in the place of DAP. In certain PACBs, only members of the PACB were given the fertilizer.

9.20.2.3 Soil Testing

- The organic matter content in most of the soils of Tamil Nadu is low and widespread deficiency of micronutrients was noticed all over the State. The Government of Tamil Nadu, therefore, decided in 2006 to distribute soil health cards for the farm holdings (80 Lakh) in a phased manner to adopt the practice of application of macro and micro nutrients based on the soil test reports. However, out of the total 80 lakh farm holdings in the State, so far only 13.67 lakh (17.09 per cent) Soil Health Cards were issued during 2006-09. (4.72 Lakh-2006-07, 5.06 Lakh-2007-08 and 3.89 Lakh -2008-09).
- There are 19 stationary and 16 mobile soil testing laboratories (STL) in the State. The annual target of soil testing for Stationary STL is 5,28,000 and for Mobile STL 2,88,000. In case of 19 stationary STL, the shortfall in staff ranged between 46 and 54 percent
- The percentage of short drawal of soil samples ranged from 2 to 84. The position in 2008-09 was very alarming with short drawal ranging from 63 per cent to 84 per cent in six blocks Lalgudi, Manachanallur (Tiruchirappalli district); Kattankulathur, Acharapakkam (Kancheepuram district) and Palacode, Morappur (Dharmapuri district).
- The details of performance of STLs in the sampled districts for the period 2006-09 are given below:

Table 9.61 – Performance of Soil Testing Laboratories in Tamil Nadu

Target	Tiruchirappalli			Kancheepuram			Dharamapuri		
	33000			33000			26400		
Year	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
OB	-	2946	8811	3733	4086	4984	6354	8463	12637
Receipt	32571	29600	11346	17049	24917	8304	27684	27882	7369
Rect from other STLs	-	4553	-	3879	-	-	-	-	-
Analysis	25576	22265	19747	20575	24019	4858	11872	21179	6459
Transfer to other STL	4049	6023	-	-	-	-	13703	2559	10047
Closing balance	2946	8811	410	4086	4984	3446	8463	12637	3500

- From the above it is clear that the STLs did not receive sufficient number of samples during the year 2008-09. The three STLs had closing balance of soil samples 2006-07

15495, 2007-08 26432 and 2008-09 7356. The closing balance represented 20 per cent, 32 per cent and 27 per cent respectively of the receipts in the laboratories for the concerned year. This closing balance was apart from the transfer made to other STLs. The period of closing balance ranged from one month to six months. This indicated that the soil samples were not tested and soil health cards issued immediately to the farmer for adopting the recommendation for his next season. A scrutiny of STL records indicated that the soil results were issued only after one or two seasons from the month of receipt.

9.20.2.4 Receipt of soil samples from the field units

- The target for the receipt of soil samples from the agricultural field offices and their actual receipt in respect of sample districts are given below:

Table 9.62 – Receipt of soil samples

District	2006-07			2007-08			2008-09		
	Target	Receipt	Shortfall	Target	Receipt	Shortfall	Target	Receipt	Shortfall
Tiruchirappalli	21600	10620	10980(51)	21600	5983	15617(72)	21600	6165	15435(71)
Kancheepuram	28320	17049	11271(40)	28320	19713	8607(30)	28320	5797	22523(80)
Dharmapuri	13440	6442	6998(52)	13440	11014	2426(18)	13440	3793	9847(72)

(Figures in the bracket denotes percentage of shortfall)

- The percentage of short receipt of soil samples during 2006-07 to 2008-09 ranged from 18 to 80. The position during 2008-09 was very alarming and the short receipt ranged from 71 per cent to 80 per cent in the above three districts.

9.20.2.5 Non verification of sales/stock

- No physical verification of stock was done by the block officials. In certain cases the stock was moved out to the retailers by the first stock point without even unloading the stock and invoices were sent subsequently. Hence even if the supply details were received on the same day the physical verification could not be done as verification beyond the first stock point was not carried out by the block officials.

9.20.2.6 Supply of concessional fertilizers to physical and granulation mixing units.

- The state Government did not report the quantum of concessional fertilizers consumed by the mixing units, except Salem District, to GOI. During 2007-08 to 2008-09, the mixing units utilised 5.46 lakh MTs various fertilizers, which were procured at concessional rates meant for farmers, thus breaking the “subsidy chain”.

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- The percentage of Standard mixture found non-standard ranged from 34 to 53. Non standard mixture was not seized, as the entire quantity had already been sold to farmers.

9.20.2.7 Quality control

- There are 14 Fertilizer Control Laboratories (FCL) functioning in the State with an analyzing capacity of 17,500 samples for enforcing quality control. In the 14 FCLs, only 26 posts were filled against 44 posts of analytical staff.
- In the different blocks of 3 test-checked districts of Kancheepuram, Dharmapuri, Thanjavur, the shortfall in drawal of samples for testing ranged from 34 to 75 per cent during 2008-09.
- The shortfall in receipt of samples in FCLs ranged from three percent (Tiruchirappalli 2007-08) to 52 per cent (Kumbakonam 2008-09).
- The results were communicated to the block after 20 to 30 days from the receipt of samples, by which time, stock was sold out. No deduction was made in respect of standard mixtures which were declared as non-standard.
- 2269.58 MT of straight/complex fertilizers declared as non-standard (DAP, NPK, MOP and SSP) was not seized during 2006-09.

9.20.3 Results of dealer and farmer survey

9.20.3.1 Dealer Survey

Responses from 60 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	Others
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	33	24	3
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	No Limit	Limited	
		51	9	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	20	39	1
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	Yes	No	Others
		26	31	3

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		Yes	No	Yes, with condition
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	28	24	8
		Yes	No	Others
6.	Are farmers demanding small quantity bags of fertilizers from you?	28	28	4
		Yes	No	Yes, report not received
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	41	15	4

9.20.3.2 Farmer Survey

Responses from 300 farmers are summarized below:-

Questions		Response			
		Cooperative	Dealer	Both	Others
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	60	95	139	6
		Yes	No	Others	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	165	105	30	
		MRP	Others	No comment	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	0	285	15	
		Yes	No	Others	
4.	Did the dealer give you a receipt for your sales?	269	15	16	
		Yes	No		
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	122	178		

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		Yes	No	Others
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	134	162	4
		Yes	No	Yes, but Report not received
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	61	231	8
		Yes	No	Others
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	108	175	17
		Yes	No	Others
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	16	278	6
		Yes	No	Others
10.	Do you need fertilizers in small quantity bags?	173	120	7
		Yes	No	Others
11.	Overall, are you satisfied with the supply of fertilizers to you?	246	20	34
		Yes	No	Others
12.	Have you faced any other problems in supply of fertilizers?	45	231	24

The vast majority of farmers indicated that they were buying fertilizers at prices other than MRPs. While the majority of surveyed farmers did not face problems in getting their requirement of fertilizers, most did not have enough money to buy their full requirement of fertilizers and needed fertilizers in small quantity bags.

9.21 Tripura

9.21.1 Background

The State has 4 districts and a total area of 10,492 sq km. Net cultivated area is 2.8 lakh hectares and irrigated area is 61000 hectares. The major horticulture/plantation crops are pineapple, oranges, coconut, tea, rubber, forest plantations etc. Fruit crops in the State are grown without application of any chemical fertilizer.

Besides the concession given by the Govt. of India, the burden of farmers is further shared by the State Govt. by providing concession in the form of subsidy @ Rs. 420/- per MT for urea; @ Rs. 380 per MT for SSP; @ Rs. 500/- per MT for MOP and Rs. 760/- per MT for DAP for sale through Govt. channel only.

Two Districts - West Tripura and North Tripura, - and two blocks²³ in each District were selected for detailed scrutiny.

9.21.2 Audit Findings

9.21.2.1 Assessment of fertilizer requirement

- Assessment of requirement of fertilizer was done while preparing the Perspective Plan at every Agriculture Sub Division based on the standard recommended dose, and 3 years average consumption for the period ending 1996-97. However, the plan was revised in 2004-05 as the target so fixed was quite high. For example the projected requirement of fertilizer for the year 2004-05 was reduced from 111156 MT (575 kg per hectare) to 46000 MT (130 kg per hectare) in the revised perspective plan.
- No norms/standards had been laid down for calculating the requirement of fertilizers based on the type of irrigated/non-irrigated area, soil health and other local factors.

9.21.2.2 Un-utilized fertilizer stocks

- There was a substantial gap between the requirements as assessed in the revised perspective plan and actual consumption of fertilizer, which varied between 30 to 52 per cent during the last 3 years as given below:

²³ Dukli, Kalyanpur Block, Panisagar and Kadamtala

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Table 9.63 – Gap between requirement and actual consumption of fertilizers in Tripura

(Quantity in MT)

Year	Item	Urea	RP	MOP	SSP	Total
2006-07	Requirement	31145	6600	5500	12375	55620
	Consumption	20865	1931	4165	12237	39198
	Difference	10280	4669	1335	138	16422
	Variation (%)	33.01	70.74	24.27	1.12	29.53
2007-08	Requirement	33740	7200	6000	13500	60440
	Consumption	15877	5296	3656	8505	33334
	Difference	17863	1904	2344	4995	27106
	Variation (%)	52.94	26.44	39.07	37.00	44.85
2008-09	Requirement	37370	8000	6700	15000	67070
	Consumption	15976	5078	4626	6185	31865
	Difference	21394	2922	2074	8815	35205
	Variation (%)	57.25	36.53	30.96	58.77	52.49

- While preparing the Perspective Plan, the District Officers were not asked to communicate the District-wise requirements for inputs placed before the GOI before/during Rabi and Kharif Zonal Conferences.

9.21.2.3 Verification of reported data

- The department had not adopted any system for regulating distribution of fertilizer to the farmers. Sales were made without any verification of farmer's identification and quantum of land holding, despite complaints of delayed supplies.

9.21.2.4 Availability and Shortages

- During surveys, retail dealers and farmers complained that due to delay in supply of fertilizer, the farmers had to buy fertilizers at higher rate than MRP from the market
- There were substantial variations between the allocations and actual supply of urea as detailed in table below:

Table 9.64 – Variation between requirement and actual supply of urea

Year	BVFCL ECA allocation	IFFCO ECA allocation	Actual Lifting by Govt. channel	Actual lifting by Co- op channel	Actual lifting Private Channel	Per centage of lifting Col.4 over Col .2	Per centage of lifting Col.5 over Col .3	Per centage of lifting Col.6 over Col .2
1	2	3	4	5	6	7	8	9
2006-07	26000	4000	5474	2102	13190	21	53	50.71
2007-08	22600	2000	3750	3501	8626	17	175	38.16
2008-09	22500	5000	2481	4391	9104	11	88	40.46

9.21.2.5 Verification of Sales

- There were delays, ranging from 1-12 months in the receipt of 'Proforma A' during 2006-09 from the units.
- On the basis of the stock entry certificate, Proforma 'B' is certified and sent to the Govt. of India. However, no evidence of actual verification of stores by the Inspectors was noticed.

9.21.2.6 Quality Control

- No samples were collected for testing from private wholesaler and retail dealers for fertilizer transported by road, thereby leaving the fertilizers transported by road out of quality assurance. Only samples collected from railway rakes were tested from Central Fertilizer Quality and Training Institute, Faridabad.
- There was delay in getting the test results of fertilizer. By the time the results were received, the fertilizer had already been sold.
- 27% to 42% of samples tested during the last 3 years were found to be non-standard.
- No proposal for recovery of Rs.3.33 crore was initiated by the State Govt. during the last 3 years (2006-09) on account of supply of sub standard fertilizers.

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9.21.3 Results of dealer and farmer survey

9.21.3.1 Dealer Survey

Responses from 24 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of Fertilizer from your source (1st stocking point or wholesaler) in time?	8	16	
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	No Limit	Limited	Others
		18	5	1
3.	Are you facing any problems in transportation etc. in lifting your requirement of Fertilizers?	Yes	No	
		12	12	
4.	Do you have adequate credit facilities so as to lift your requirement of Fertilizers?	Yes	No	
		7	17	
5.	Are you able to supply Fertilizers as per demand to the farmers on time? What are your problems?	Yes	No	
		5	19	
6.	Are farmers demanding small quantity bags of Fertilizers from you?	Yes	No	
		19	5	
7.	Have any samples been selected in the last 3 years from your stock for Fertilizer quality testing by the Agriculture Department? What were the results?	Yes	No	Yes but not recd
		4	19	1

Dealers survey result revealed that out of 24 dealers, 12 dealers stated that they were facing problems in transportation for lifting the fertilizer, 19 dealers stated that they could not supply the fertilizer in time as per the demand of farmers. Further, 19 dealers stated that samples were not taken from their stock.

9.21.3.2 Farmer Survey

Responses from 120 farmers are summarized below:-

Questions		Response			
		Cooperative	Dealer	Both	Others
1.	Are you buying Fertilizers from the authorised dealer/ co-operative society?	6	34	77	3
		Yes	No	Others	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	0	119	1	
		MRP	Others	No comments	
3.	What are the prices at which you have bought Fertilizers (a) urea (b) DAP (c) MOP (d) other Fertilizers in the last 1 or 2 seasons?	0	118	2	
		Yes	No	No comment	
4.	Did the dealer give you a receipt for your sales?	1	118	1	
		Yes	No	Others	
5.	Do you know the maximum prices for Fertilizers fixed by Government (Audit team may show the MRP list of various Fertilizers to the farmer)?	64	55	1	
		Yes	No	Others	
6.	Do you have enough money to buy your full requirement of Fertilizers? What are your problems?	7	109	4	
		Yes	No	Yes, but Report not received	
7.	Did you get your soil tested, to find out the exact requirement of different types of Fertilizers for your land, so that you get the maximum yield of crops?	17	70	33	
		Yes	No	Others	
8.	Did you face any problems in getting your full requirement of Fertilizers in time for the season?	103	12	5	
		Yes	No	Others	
9.	Does the dealer force you to buy any other item along with the Fertilizers that you want?	3	114	3	

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		Yes	No	Others
10.	Do you need Fertilizers in small quantity bags?	117	0	3
		Yes	No	Others
11.	Overall, are you satisfied with the supply of Fertilizers to you?	8	79	33
		Yes	No	Others
12.	Have you faced any other problems in supply of Fertilizers?	47	59	14

The vast majority of farmers stated that they were buying fertilizers at prices other than MRP, and faced problems in getting their full requirement of fertilizers. They also needed fertilizers in small quantity bags, since they do not have enough money to buy their full requirement of fertilizers.

9.22 Uttar Pradesh

9.22.1 Background

Uttar Pradesh has 71 Districts, with a geographical area of 242 lakh hectares. The net cultivated area is 166 lakh hectares, out of which 132 lakh hectares is irrigated. The total gross cropped area is 254 lakh hectares.

Agriculture is the main source of livelihood of more than half of the state's total working force. The main crops of the state are paddy and wheat.

Seven districts and two blocks in each district were selected for detailed audit scrutiny, as given below:

Table 9.65 – Districts and blocks selected for detailed audit scrutiny

Serial No.	Name of Region	Name of the district selected	Name of the Blocks
1	Eastern U.P.	Barabanki	Dariyabad and Siddhaur
2		Gorakhpur	Bansgaon and Belghat
3		Varanasi	Harhua and Pindra
4	Western U.P.	Aligarh	Bijauli and Ekraabad
5		Bulandshahar	Bulandshahr and Unchagaon
6		Moradabad	Dilari and Moondapandey
7	Disrtict touching international boarder	Lakhimpur Kheri	Lakhimpur and Mohammadi

Out of four fertilizer quality control laboratories, three laboratories were selected for audit scrutiny.

9.22.2 Audit findings

9.22.2.1 Assessment of Requirement of subsidized fertilizers

- The assessment of requirement of fertilizer at the district level was not done in the test checked districts except in Gorakhpur for 2008-09, that too, only on the basis of cropped area, without holding meetings with farmers, co-operatives etc. and without taking into account the factors such as cropping patterns etc.
- Instead, the assessment of fertilizer requirement for the state was projected by the Agriculture Department by increasing the previous year's consumption of fertilizer. The consumption and assessed requirement of fertilizer for the years 2006-09 was as follows:

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Table 9.66 – Requirement and offtake of fertilizers in UP

(In lakh MT)

Name of product	Offtake by farmers (Lakh MT)	Requirement (Lakh MT)	Increase/decrease of requirement over last year's offtake by farmers	
	2005-06	2006-07	Percentage	
Urea	45.98	50	(+)4.02	9
Ammonium Sulphate	0.15	0.3	(+)0.15	100
MOP	1.67	2.3	(+)0.63	38
DAP	12.17	14.5	(+)2.33	19
SSP	3.03	2.75	(-)0.28	9
NPK complex	7.34	8.7	(+)1.36	19
	2006-07	2007-08		
Urea	51.67	55	(+)3.33	6
Ammonium Sulphate	0.12	0.2	(+)0.08	67
MOP	1.24	3	(+)1.76	142
DAP	13.21	15	(+)1.79	14
SSP	2.7	3	(+)0.30	11
NPK complex	6.93	8.75	(+)1.82	26
	2007-08	2008-09		
Urea	52.54	57	(+)4.46	8
Ammonium Sulphate	0.08	0.2	(+)0.12	150
MOP	1.16	2.5	(+)1.34	116
DAP	13.24	16	(+)2.76	21
SSP	1.34	3	(+)1.66	124
NPK complex	7.05	10.5	(+)3.45	49
	2008-09	2009-10		
Urea	54.57	55	(+)0.43	1
Ammonium Sulphate	0.24	0.3	(+)0.06	25
MOP	2.46	1.85	(-)0.61	25
DAP	14.46	17	(+)2.54	18
SSP	2.39	3	(+)0.61	26
NPK complex	7.06	8.5	(+)1.44	20

9.22.2.2 Availability and distribution of fertilizer

- In the test checked districts, availability of fertilizer was not as per the month wise supply plan uploaded by the various fertilizer companies during April 2008, to December 2008, as detailed below:
- Short supply of DAP in Barabanki and Lakhimpur Kheri ranged between 7 to 78 per cent and excess supply of DAP in Aligarh, Bulandshahr, Gorakhpur Moradabad and Varanasi ranged between 6 to 139 per cent.
- Short supply of Urea against supply plan in Barabanki, Bulandshahar Gorakhpur and Lakhimpur Kheri ranged between 8 to 71 per cent and excess supply of urea in Aligarh, Moradabad and Varanasi ranged between 6 to 75 per cent.
- Short supply of MOP in Barabanki, Lakhimpur Kheri and Moradabad ranged between 41 to 100 per cent and excess supply of MOP in Aligarh, Bulandshahar, Gorakhpur and Varanasi ranged between 159 to 722 per cent.
- Short supply of NPK in Aligarh, Barabanki, Bulandshahr, Lakhimpur Kheri and Moradabad ranged between 18 to 100 per cent and excess supply of NPK in Gorakhpur and Varanasi ranged between 126 to 148 per cent.
- In seven test checked districts the actual supply of DAP was in excess of the supply ranging by 6 per cent to 139 per cent. In case of urea in these districts, excess actual supply against the supply plan ranging from 6 per cent 75 per cent during April 2008 to December 2008. Likewise in MOP, the excess actual supply ranging from 41 per cent to 722 per cent. Excess actual supply of NPK was ranging from 18 per cent to 148 per cent. Details are in **Annexe 9.9**.
- There was inappropriate use of fertilizer nutrients during 2006-07 to 2008-09 which resulted in very high consumption of nitrogenous fertilizer in Bulandshahar and Varanasi (2006-07), Barabanki, Bulandshahar, Gorakhpur, Moradabad and Varanasi (2007-08), Barabanki, Bulandshahar, Gorakhpur, Moradabad and Varanasi (2008-09), ranging between 148 kg to 300 kg per hectare. There was high consumption of Phosphates in Varanasi district in all the three years. (**Annexe 9.10**)
- P and K nutrients were used in very low quantity in all the test checked districts, except Varanasi, ranging between 21 to 56 kg per hectare and 3 kg to 22 kg per hectare respectively. Further, the consumption ratio of N P K fertilizer nutrients was very low and inappropriate in the districts of Bundelkhand Region during 2006-07 to 2008-09. This would indicate short supply in these districts. (**Annexe 9.11**)

9.22.2.3 Verification of fertilizer sales

- There were delays in submission of Proforma 'B' by the Directorate of Agriculture to DoF, ranging from one month to two years in the test checked districts.

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- In four test checked districts, namely Aligarh, Bulandshahar, Lakhimpur Kheri and Varanasi, physical verification was not conducted during 2008-09, while in the remaining three districts i.e. Barabanki, Gorakhpur and Moradabad, physical verification of stock was done only at the time of raid and collection of samples of fertilizer.
- Sale and purchase of fertilizer, in wholesale from one district to another district were noticed during 2008-09 in six test checked districts in contravention of the State Government Orders.

9.22.2.4 Quality Control and Testing

- Targets of samples of fertilizer to be analyzed during 2006-07 to 2008-09 were not achieved and shortfall ranged from 24 to 37 per cent as detailed below:

Table 9.67 – Shortfall in testing of samples in Uttar Pradesh

Year	At State level		Shortfall (in percent)
	Target	Achievement	
2006-07	15000	11433	24
2007-08	15000	10072	33
2008-09	15000	9454	37

- In the test checked laboratories, the targets of sample analysis of fertilizer during 2006-07 to 2008-09 were not achieved, and shortfall ranged from 13 to 72 per cent.

Table 9.68 – Shortfall in testing of samples in test-checked laboratories

Name of the laboratories	Target	2006-07		2007-08		2008-09	
		Ach.	Short fall (in %)	Ach.	Short fall (in %)	Ach.	Short fall (in %)
Alambagh, Lucknow	5500	5541	--	4771	13	4178	24
Rehman Kheda, Lucknow	1500	490	67	415	72	743	50
Varanasi	3000	2389	20	2404	19	2388	20

- Testing equipments in three test checked laboratories (Alambagh, Rehman Kheda and Varanasi) were not in proper working conditions as they had become very old and some of them were declared unusable. In Alambagh and Rehman Kheda laboratories, six items of equipment were lying unusable and in Varanasi, 25 items of equipment were lying unusable.
- 4 technical staff were short against the sanctioned strength of 8 Assistant Analysts in the three laboratories at Alambagh, Rehman Kheda and Varanasi.

9.22.2.5 Other Points

- In Sadhan Sahkari Samiti, Hardoi, block Bijauli, Aligarh non-saleable 37 bags of DAP and 40 bags of Urea and in Sadhan Sahkari Samiti, Bilpur, block Bijauli, Aligarh, non-saleable 132 bags of Urea were dumped for the last 20 years.
- In Kisan Seva Sahkari Samiti, Khanpur, Bulandshahar, non-saleable 303 bags of Urea were dumped for more than 20 years.



Non-saleable bags of urea in Kisan seva sahkari samiti, Khanpur, Bulandshahar



Non saleable fertilizers lying in the FSS godown at Khanpur

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Fertilizer kept in a very poor condition (moisture) - SSS Dewradbabu, Bansgaon block, Gorakhpur District

9.22.3 Results of dealer and farmer survey

9.22.3.1 Dealer Survey

Responses from 84 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	Others
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	52	30	02
		No Limit	Limited	Others
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	63	18	3
		Yes	No	Others
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	28	54	2
		Yes	No	Others
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	74	7	3
		Yes	No	Others
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	63	19	2
		Yes	No	Others
6.	Are farmers demanding small quantity bags of fertilizers from you?	27	55	2

		Yes	No	Yes , report not received
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	32	50	2

Dealer survey results revealed that out of 84 dealers, 30 stated that they were not getting the required type and quantity in time, 27 dealers stated that farmers were demanding small quantity bags, 50 dealers stated that samples were not tested from their stock and 58 dealers stated that they faced scarcity in supply of DAP at peak crop season.

9.22.3.2 Farmer Survey:

Responses from 420 farmers are summarized below:-

Questions		Response		
		Cooperative	Dealer	Both
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	131	66	223
		Yes	No	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	135	285	
		MRP	Higher than MRP	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	415	05	
		Yes	No	
4.	Did the dealer give you a receipt for your sales?	266	154	
		Yes	No	
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	136	284	
		Yes	No	Others
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	392	21	7
		Yes	No	
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	19 (but they did not get any results)	401	

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		Yes	No
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	268	152
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	12	408
10.	Do you need fertilizers in small quantity bags?	207	213
11.	Overall, are you satisfied with the supply of fertilizers to you?	303	117
12.	Have you faced any other problems in supply of fertilizers?	303	117

Survey of 420 farmers revealed that 135 stated that the fertilizer supply was rationed, 284 farmers did not know the MRP. 401 farmers stated that their soil was not tested and 19 stated that their soils were tested but results were not received. 268 farmers stated that they were facing problems in getting the required quantity, while 207 stated that they preferred small quantity bags. 152 farmers stated that they had to face problem in getting DAP in the peak season.

9.23 Uttarakhand

9.23.1 Background

Uttarakhand has 13 districts, with a total geographical area of 53483 Sq. Km. The net sown area is 765150 Hectares out of which the net irrigated area is 345020 Hectares (2006-07). The principal crops grown in the State are rice, wheat, barley, maize, sugarcane, pulses and oil seeds.

Three districts i.e. Pithoragarh, Dehradun, and Udham Singh Nagar and six blocks²⁴ (two blocks in each district) were selected for detailed audit scrutiny. In addition, two fertilizer quality control laboratories at Rudrapur and Srinagar were selected for audit scrutiny.

9.23.2 Audit findings

9.23.2.1 Assessment of fertilizer requirement

- The assessment of requirement of fertilizers in the State, at all levels, was based on consumption of last year/ season instead of type of crop, irrigated/ non-irrigated area and other local factors. Thus, the assessment could not be termed as scientifically determined.
- Panchayat Samiti and Block Samiti were not involved in the assessment of fertilizer requirement.
- No data regarding per hectare consumption of fertilizer was available in the State, apart from the consolidated report in the Zonal Conference booklet.

9.23.2.2 Verification of sales by State Government

- Verification was done only at the first stocking point itself. No process for verification of sale up to the farmer level existed.

9.23.2.3 Delay in Proforma B

- There were delays in issue of Proforma-'B'. The details are as under:

Table 9.69- Delays in issue of proforma B

Year	DAP	Complex	SSP	MOP
Period of delay (range in days)				
2006-07	7 to 319	6 to 165	5 to 671	7 to 330
2007-08	8 to 385	8 to 113	107 to 390	50 to 385
2008-09	21 to 292	26 to 293	14 to 293	26 to 264

²⁴ Gangolihat, Munsyari, Sahaspur, Doiwal, Khatima and Gadarpur

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9.23.2.4 Quality Control

Shortfall in the drawal of samples for the two selected quality control laboratories ranged between 31 per cent and 85 per cent during 2006-09, as depicted below.

Table 9.70 – Shortfall in drawal of samples for test checked quality control laboratories

Name of laboratory	2006-07			2007-08			2008-09		
	Capacity No.of samples	Actually drawn	Shortfall	Capacity No.of samples	Actually drawn	Shortfall	Capacity No.of samples	Actually drawn	Shortfall
FQCL, Rudrapur	400	278	122 (31%)	400	198	202 (51%)	400	155	245 (61%)
FQCL, Pauri	400	206	194 (49%)	400	125	275(69%)	400	61	339(85%)

An analysis of the drawal of samples from Dehradun and Pithoragarh districts revealed substantial shortfalls, as depicted below:

Table 9.71 – Shortfall in drawal of samples in Dehradun District

Year	Target	Achievement	Shortfall w r t target
2006-07	100	57	43 (43%)
2007-08	100	21	79 (79%)
2008-09	100	22	78 (78%)

Table 9.72 – Shortfall in drawal of samples in Pithoragarh District

Year	Target	Achievement	Shortfall w. r. t. target	Lots received	Shortfall w. r. t. lots received
2006-07	20	4	16 (80%)	NA	NA
2007-08	20	7	13 (66%)	NA	NA
2008-09	20	2	18 (90%)	16	14 (87%)

- In 13 cases, recoveries amounting to Rs 16.03 lakh on account of quantities declared non standard were not proposed, while issuing Proforma 'B' during 2006-09.
- The laboratory at Srinagar, Pauri was in poor condition, and few of the equipment were being used by the soil testing analysts, as no fertilizer analyst was posted there.



Bricks lying atop non functional Atomic Absorption Spectrophotometer at Srinagar, Pauri laboratory

9.23.2.5 Other points

- The store room for fertilizers at Dasaithal, Gangolihat was damp and poorly lit while scrap items were found kept with fertilizer bags at Oligaon, Gangolihat (as seen in the photographs).



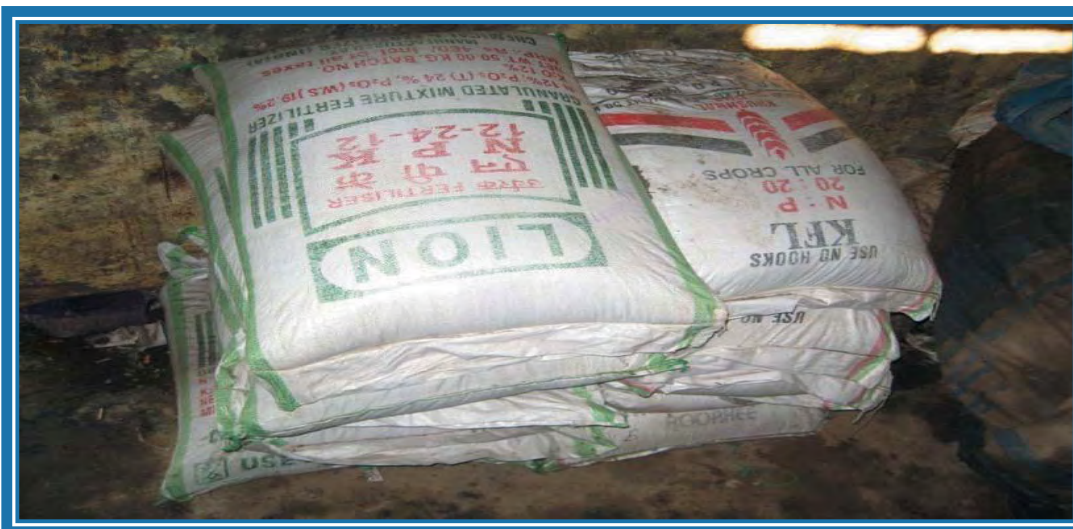
Damp and poorly lit store at Dasaithal, Gangolihat, Pithoragarh District

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Fertilizer Bags lying with scrap item at Oligaon, Gangolihat, Pithoragarh District

- One hundred seventy bags of NPK at Dineshpur and 10 bags of NPK at Udham Singh Nagar of unknown manufacturing origin were seized and FIRs lodged.



Confiscated NPK -12:24:12 at KSS, Khatima South, Udham Singh Nagar District

9.23.3 Results of dealer and farmer survey

9.23.3.1 Dealer Survey

Responses from 36 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	Others
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	27	7	2
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre.	No Limit 12	Limited 22	Others 2
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	Yes 6	No 28	Others 2
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	Yes 32	No 2	Others 2
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	Yes 33	No 1	Others 2
6.	Are farmers demanding small quantity bags of fertilizers from you?	Yes 18	No 16	Others 2
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	Yes 15	No 19	Yes, but report not recd. 2

A majority of dealers indicated that they were limiting sales of fertilizer to farmers and samples had not been selected for quality tests.

9.23.3.2 Farmer Survey

Responses from 180 farmers are summarized below:-

Questions	Response			
	Cooperative	Dealer	Both	Others
1. Are you buying fertilizers from the authorised dealer/ co-operative society?	169	1	6	4
	Yes	No	Others	

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2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	31	2	147
		MRP	Other than MRP	No comments
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP © MOP (d) other fertilizers in the last 1 or 2 seasons?	147	16	17
		Yes	No	Others
4.	Did the dealer give you a receipt for your sales?	123	45	12
		Yes	No	Others
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	71	93	16
		Yes	No	Others
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	74	100	6
		Yes	No	Yes, report not received
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	28	141	11
		Yes	No	Others
8.	Did you face any problems in getting your full requirement of fertilizers in time for the season?	68	110	2
		Yes	No	Others
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	10	162	8
		Yes	No	Others
10.	Do you need fertilizers in small quantity bags?	115	63	2
		Yes	No	Others
11.	Overall, are you satisfied with the supply of fertilizers to you?	124	51	5
		Yes	No	Others
12.	Have you faced any other problems in supply of fertilizers?	61	98	21

Most of the farmers indicated that they did not have enough money to buy the full requirement of fertilizers, did not get their soil tested, and needed fertilizers in small quantity bags.

9.24 West Bengal

9.24.1 Background

West Bengal has 18 districts with net sown area (52.94 lakh hectares) constituting 61 *per cent* of the total geographical area, the number of farmers in the state is 69.91 lakhs and as of 2008-09, the gross cropped area was 98.01 Lakh Hectare. Rice is the principal crop along with maize, pulses, oilseeds, wheat, barley, potato, vegetables, jute, tea, tobacco and sugarcane.

Four districts – Bardhaman and Paschim Medinipur in South Bengal and Malda and Jalpaiguri in North Bengal (regions) and two blocks in each district were selected for detailed audit scrutiny. In addition, six dealers and 30 farmers in each of the eight selected blocks in four districts were surveyed. Performance of three Fertilizer Testing Laboratories at Tollygunge, Medinipur and Berhampore was also reviewed.

9.24.2 Audit findings

9.24.2.1 Assessment of fertilizer requirements

- The State Government had fixed norms of consumption of fertilizers per hectare, based on types of crops to be cultivated. However, the same norm was fixed for all blocks in a district, irrespective of soil health and irrigation facility. Although block wise requirement of fertilizers for each season was assessed on the basis of type of crops grown, this was not projected at the state level.
- The requirement of fertilizers for each season was assessed on the basis of previous years' consumption in consultation with Lead Fertilizer Supplier and Fertilizer Association of India, but was not based on the type of crops to be cultivated and soil fertility level.
- Per hectare consumption of fertilizers in Bardhaman and Malda districts was much more than the State average during each of the years from 2006-07 to 2008-09. The per hectare consumption in Jalpaiguri district was much less than the State average, although it increased by 95 *per cent* in 2008-09 as compared to the consumption in 2007-08.

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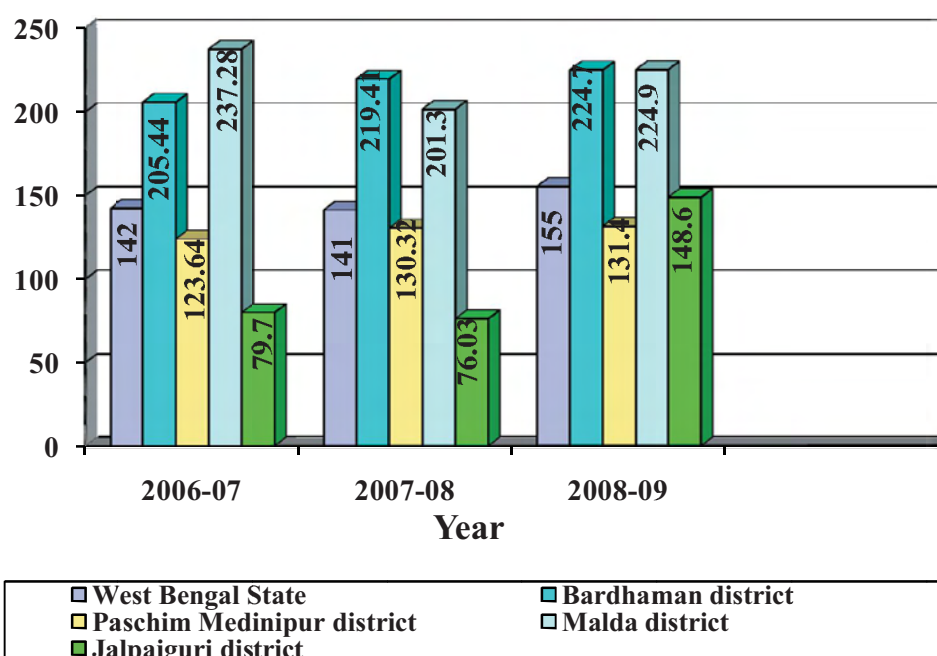


Figure 9.1 – Variation in consumption of fertilizers across districts in West Bengal

- In the absence of soil testing, farmers were not aware of required dose of fertilisers to be applied on their land. As a result, farmers were using fertilizers more than the required doses resulting in high rate of per hectare consumption.

9.24.2.2 Verification of subsidy claims

- No physical verification of receipt of fertilizers was conducted by the Deputy Director of Agriculture.
- There was no process for verification of sales beyond the first sale point up-to the farmer level. There was also no mechanism for physical verification of stock of fertilizers at the dealers' point.
- There were no norms to ration/regulate sale of fertilizers to ensure equitable distribution of fertilisers to farmers.
- There were discrepancies between the quantity of despatch data of the companies at district level and the quantity of fertilizers received by the first stocking point dealers in the test checked districts during the period from May 2008 to December 2008. A difference of 24174.85 MT was noticed involving an amount of Rs. 64.93 crore subsidy as shown in **Annexe 9.12**. Fertilizer subsidy was, however, paid by Gol on the basis of the quantities of fertilizers received in districts by first stocking point dealers as certified by

DDsA of respective districts without conducting physical verification of the quantities of fertilizers actually received by first stocking point dealers.

9.24.2.3 Availability and shortage of fertilizers

- Requirement vis-à-vis supply of different categories of fertilizers during the years from 2006-07 to 2008-09 were as under:

Table 9.73 – Requirement and supply of fertilizers in West Bengal

(In '000 MT)

	2006-07			2007-08			2008-09		
	Requirement	Supplied	% of shortfall	Requirement	Supplied	% of shortfall	Requirement	Supplied	% of shortfall
Urea	1200	1166	3	1255	1167	7	1300	1165	10
DAP	410	374	9	451	378	16	486	380	22
MOP	358	286	20	364	276	24	415	459	-11
SSP	450	374	17	445	301	32	445	371	17
NPK*	618	597	1	706	642	9	749	722	4
Total	3036	2797	7	3221	2764	14	3395	3097	9

(Source: Minutes of Zonal Agricultural Input Conference on Fertilizers)

*Complex fertilizer containing mixture of N, P and K in various proportions.

- There was short supply in respect of each item of fertilizer during each of the years 2006-07 to 2008-09 (except in case of MOP during 2008-09) as compared to the requirements.
- In case of complex fertilizer (NPK), the shortfall in supply was less significant during 2006-07 while in other cases, the shortfall varied from 3 to 33 per cent of requirement during each of the years 2006-07 to 2008-09.
- There was skewed distribution i.e. lesser supply in distant and disjointed districts having no rake points in comparison to requirement, and in sharp contrast, higher supply in districts having better accessibility.
- All the districts, except one, (Uttar Dinajpur- border district) received fertilizers much less than the requirements, irrespective of availability of rake points.

9.24.2.4 Sale of fertilizers at higher rate

- Manufacturers were supplying fertilizers up to the rake points and dealers were lifting their quota from rake points to their godowns by incurring additional expenditure towards transportation and handling charges. However, prices paid by farmers, as indicated through the farmers' survey, were substantially higher than MRPs. The price list and daily stock position were not displayed in the dealers' shops. As a result, farmers were not aware of MRPs and availability of stock of fertilizers.

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Table 9.74 – Prices of fertilizers vis-a-vis MRP

Category	MRP per bag of 50 Kg (Rs)		Procurement price per bag of 50 Kg (Rs)
	Up to 17.06.2008	w.e.f 18.06.2008	
Urea	251.00	251.00	250.00 to 300.00
DAP	486.00	486.00	485.00 to 600.00
MOP	231.66	231.66	250.00 to 300.00
NPK 10:26:26	434.00	374.00	400.00 to 500.00
SSP (P)	177.00	177.00	280.00 to 340.00

(Source: GoWB order No. 1372 (20)-Inpt/12F-04/08 dated 28.07.2008 and survey reports)

9.24.2.5 Diversion of fertilizer to other districts

- Records of dealers revealed that three dealers in Bardhaman district sold 950 MT of fertilizers to dealers in other districts as detailed in **Annexe 9.13**. Although fertilizers were allotted district-wise on the basis of assessed requirement of each district, inter district sale of fertilizers was not restricted.

9.24.2.6 Smuggling of fertilizers

- 548.331 MT of fertilizers worth Rs 177.89 lakh were seized by the Border Security Force (BSF) during January to September 2008.

Table 9.75 – Seizure of smuggled fertilizer in West Bengal

District	Quantity seized (MT)	Value of seized fertilizers (Rupees in lakh)
Murshidabad	323.757	105.03
Nadia	28.391	9.21
North and South 24 Parganas	53.502	17.36
Maldah and Dakshin Dinajpur	142.681	46.29
Total	548.331	177.89

(Source: Report of Inspector General of South Bengal Frontier Headquarters, BSF)

- There was no restriction in issuing licences to dealers in border area (740 licenses had been issued to various dealers in the border areas for procurement and sale of fertilizers and foodgrains). In certain cases, four to five members of a family had been issued dealer permits (in the names of wife, sons, daughters, etc) without any justification. Thus, issue of large number of permits and inflow of disproportionate quantity of goods

to the border areas, facilitated smuggling of goods (including fertilizer) across the border. The Department had no monitoring mechanism over the performance of dealers in border areas, in order to prevent smuggling of fertilizers across the border.

9.24.2.7 Verification of sales by State Government

- Receipts of fertilizers in the districts were certified by the Department only on verification of stock registers of first stocking point dealers. There was no system of physical verification of stocks at any level.
- There were delays ranging from 2 to 94 days beyond the stipulated 60 days in receipt of proforma 'A' from the manufacturers during April 2006 to December 2008.
- There were delays ranging from 1 to 665 days (after the allowable time limit of 90 days) in sending proforma 'B' to DOF by the Directorate of Agriculture in respect of fertilizers received during April 2006 to December 2008.

9.24.2.8 Discrepancy in sale of fertilizers

- The Stock Registers of both the whole sale dealers and retailers were not maintained properly. Leakage of fertilizers beyond the targeted beneficiary could not be ruled out, as there were discrepancies between quantities of fertilizers received by retail dealers and those recorded in the registers of wholesale dealers from whom the fertilizers were purchased.
- There was no mechanism to reconcile the sales and receipts of fertilizers amongst the dealers at various levels (wholesalers, retailers etc).

9.24.2.9 Non -maintenance of Buffer Stock (Urea)

- The shortfall in maintenance of buffer stock in each month during the peak periods (May to December) ranged from 61 to 99 per cent and 40 per cent to 77 per cent during the years 2007 and 2008 respectively.
- Buffer stock was required to be maintained at 10 specified locations; however it was maintained at only six specified locations, while four locations had been changed.
- The buffer stock of the required quantity of 50000 MT of urea was not maintained during the peak season. Further, the required stock of 5000 MT of Urea was not maintained at each buffer stocking point, and the stock varied from 1000 to 4000 MT. There was no stock at some specified stocking points.

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9.24.2.10 Quality control Lab

There are three Fertilizer Quality Control Laboratories (at Tollygunge, Behrampore and Medinipur) in West Bengal. We found that:

- Against the sanctioned posts of 43 posts in the three labs, only 34 posts have been filled.
- There were shortages of equipment in all the laboratories, as depicted below:

Table 9.76 – Shortage of equipment in quality control laboratories

Sl No.	Name of equipment required as per norm	Available (Yes) or Not available (No)		
		Tollygunge	Medinipur	Berhampore
1	Spectrophotometer	Yes	Yes	No
2	Muffle Furnace	Yes	Yes	No
3	Karl Fischer titrator	No	Yes	No
4	Water bath- cum-shaker	No	Yes	No
5	Kjeldhal Digestion and Distillation unit.	Yes	Yes	No
6	Magnetic Stirrer	No	No	Yes
7	Vacuum Dessicator	Yes	No	No
8	Indian Standard Sieves	No	No	No
9	Sample Grinder	Yes	No	No
10	Top Pan Balance	Yes	Yes	No
11	Deioniser	No	No	No
12	Atomic Absorption Spectrophotometer	Yes	Yes	No

(Source: Replies furnished by Agricultural Chemists of FQCLs)

- Only 52 to 73 per cent of the capacity of each of the three laboratories was utilized during 2006-07 to 2008-09. The percentage of samples declared non-standard to number of samples tested ranged from 4 to 16.
- Show cause notice and warning were issued to the dealers in all 649 cases of non-standard samples. However, in 2006-07, in all 216 cases, no action was initiated. In 2007-08, out of 198 cases, in only three cases, stocks were seized and prosecution launched. In 2008-09, out of 235 cases, in three cases, stocks were seized and prosecution launched.

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- In the four test checked districts, only 54 per cent of targeted of samples were collected during 2006-09 as shown below:

Table 9.77 – Shortfall in collection of samples

Test checked Districts	Year	Target of collection of samples	Number of samples collected and sent for testing	Percentage of samples sent for testing to target of collection	Number of samples analyzed	Number of samples found non-standard
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Bardhaman	2006-07	550	234	43	59	1
	2007-08	550	201	37	50	0
	2008-09	550	168	31	42	5
	Total	1650	603	37	151	6
Jalpaiguri	2006-07	-	No record	No record	No record	No record
	2007-08	-	No record	No record	No record	No record
	2008-09	130	66	51	66	7
	Total	130	66	51	66	7
Paschim Medinipur	2006-07	254	248	98	248	18
	2007-08	254	206	81	206	18
	2008-09	254	131	52	131	2
	Total	762	585	77	585	38
Malda	2006-07	173	124	72	124	2
	2007-08	208	153	74	153	2
	2008-09	208	161	77	161	8
	Total	589	438	74	438	12
Grand total		3131	1692	54	1240	63

(Source: Figures furnished by DDsA of selected districts)

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9.24.2.11 Production of foodgrains

- Although the per hectare consumption of fertilizer in Bardhaman district increased by 7 per cent in 2007-08 and 9 per cent in 2008-09 as compared to the consumption in 2006-07, yield per hectare decreased by 4 per cent and 8 per cent during the respective years.
- Similarly, the yield per hectare decreased by 4 per cent in Malda district during 2008-09 despite 12 per cent increase in per hectare consumption of fertilizer as compared to the year 2007-08.
- In Jalpaiguri district, the yield per hectare decreased by 10 per cent in 2007-08 although there was minor decrease (5 per cent) in fertilizer consumption during 2007-08 as compared to 2006-07, whereas per hectare consumption of fertilizer increased by 86 per cent in 2008-09 even though the yield per hectare decreased by 7 per cent as compared to 2006-07. Further, the yield in Jalpaiguri was much less than the State average during each of the years 2006-09.

Table 9.78 below indicates the production of food grains and yield rate vis-à-vis per hectare consumption of fertilizer (NPK) in the selected districts as well as in the State as a whole during the years from 2006-07 to 2008-09:

Table 9.78 – Comparison of production of foodgrains and fertilizer consumption

Selected districts	Years	Production of food grains (in thousand tonnes)			Yield Rate (in kg per hectare)	Consumption of fertilizer per hectare (kg)
		Cereals	Pulses	Total foodgrains		
West Bengal State	2006-07	15820.5	154.4	15974.9	2510	142
	2007-08	15902.6	158	16060.5	2521	141
	2008-09	16167.1	129.7	16296.8	2493	155
Bardhaman district	2006-07	1973.6	1.4	1975	3043	205.44
	2007-08	1865.5	0.8	1866.3	2917 (- 4%)	219.41 (7%)
	2008-09	1881.9	1.5	1883.4	2804(-8%)	224.70 (9%)
Paschim Medinipur district	2006-07	1815.9	3.4	1819.3	2576	123.64
	2007-08	1816.5	4.3	1820.8	2747	130.32
	2008-09	1863.5	3.0	1866.5	2569	131.40
Malda district	2006-07	613.0	22.5	635.5	2667	237.28
	2007-08	643.1	24.2	667.3	2890	201.30
	2008-09	803.4	17.9	821.3	2762(4%)	224.90(-12%)
Jalpaiguri district	2006-07	475.5	2.1	477.6	1823	79.70
	2007-08	437.2	2.2	439.4	1633(10%)	76.03 (5%)
	2008-09	453.7	2.2	455.9	1704 (-7%)	148.60 (86%)

Percentage indicates the increase and decrease of yield.

(Source: Economic Review)

9.24.3 Results of dealer and farmer survey

9.24.3.1 Dealer Survey

Responses from 48 dealers are summarized below:-

Sl.No.	Questions	Response		
		Yes	No	
1.	Are you getting the required quantity and type of fertilizer from your source (1st stocking point or wholesaler) in time?	7	41	
2.	Do you give fertilizers to the farmers without any limit or is there some limit like 1 bag of DAP per acre?	No Limit	Limited	
		48	0	
3.	Are you facing any problems in transportation etc. in lifting your requirement of fertilizers?	30	18	
4.	Do you have adequate credit facilities so as to lift your requirement of fertilizers?	Yes	No	Not required
		15	21	12
5.	Are you able to supply fertilizers as per demand to the farmers on time? What are your problems?	7	41	
6.	Are farmers demanding small quantity bags of fertilizers from you?	Yes	No	
		31	17	
7.	Have any samples been selected in the last 3 years from your stock for fertilizer quality testing by the Agriculture Department? What were the results?	Yes	No	Yes , report not received
		8	26	14

Survey of 48 dealers revealed that 30 dealers stated that they were facing problems in transportation, because they had to lift fertilizers directly from rake points at their own cost and accordingly they sold the fertilizers to the farmers at prices higher than MRP. 31 dealers stated that farmers were preferring small quantity bags, 26 dealers stated that samples

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were not taken for testing from their stock, and 14 stated that sample test reports were not received.

9.24.3.2 Farmer Survey

Responses from 240 farmers are summarized below:-

Questions		Response		
		Cooperative	Dealer	Both
1.	Are you buying fertilizers from the authorised dealer/ co-operative society?	233	6	1
		Yes	No	
2.	Are the quantity of fertilizers sold to you rationed? E.g., 5 bags DAP/ration card, 1 bag of DAP per acre etc. Please indicate.	3	237	
		MRP	Others	
3.	What are the prices at which you have bought fertilizers (a) urea (b) DAP (c) MOP (d) other fertilizers in the last 1 or 2 seasons?	0	240	
		Yes	No	Others
4.	Did the dealer give you a receipt for your sales?	11	154	75
		Yes	No	
5.	Do you know the maximum prices for fertilizers fixed by Government (Audit team may show the MRP list of various fertilizers to the farmer)?	9	231	
		Yes	No	
6.	Do you have enough money to buy your full requirement of fertilizers? What are your problems?	56	184	
		Yes	No	Yes, but Report not received
7.	Did you get your soil tested, to find out the exact requirement of different types of fertilizers for your land, so that you get the maximum yield of crops?	31	175	34
		Yes	No	
8.	Did you face any problems in getting your full requirement of fertilizers in time for the	171	69	

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	season?			
		Yes	No	
9.	Does the dealer force you to buy any other item along with the fertilizers that you want?	128	112	
		Yes	No	
10.	Do you need fertilizers in small quantity bags?	176	64	
		Yes	No	Others
11.	Overall, are you satisfied with the supply of fertilizers to you?	74	162	4
		Yes	No	
12.	Have you faced any other problems in supply of fertilizers?	164	76	

Farmer survey results revealed that out of 240 farmers, 232 did not know the MRP, 175 farmers stated that their soil was not tested, while 34 did not get the test reports. 176 farmers demanded small quantity bags. Almost all the farmers stated that artificial crisis were created by dealers during peak seasons and they were forced to purchase fertilizers at rates much higher than even normal market prices which were more than MRP. 162 farmers stated that they were not satisfied with the supply of fertilizers.