

CHAPTER-II

ECONOMIC SECTOR

CHAPTER II

ECONOMIC SECTOR

2.1 Introduction

The financial profile of Government departments under Economic Sector for the year ending 31 March 2022 is given in **Table 2.1.1**.

Table 2.1.1: Budget provision and expenditure of major State Government departments under Economic Sector during the years 2020-21 & 2021-22

(₹ in crore)

Sl. No.	Name of Department	2020-21		2021-22	
		Total Budget provision	Expenditure	Total Budget provision	Expenditure
1.	Public Works	945.51	943.34	1,626.97	1,596.23
2.	Agriculture	275.85	221.77	322.29	269.98
3.	Community & Rural Development	1,090.19	1,080.63	902.00	904.98
4.	Power	107.21	105.31	585.55	686.81
5.	Forestry and Wildlife	196.39	200.51	229.92	231.27
6.	Industries	429.05	428.72	312.75	307.13
7.	Secretariat Economic Services	21.67	21.92	557.21	558.21
8.	Transport	46.68	14.68	18.06	16.06
9.	Tourism	28.05	27.57	84.92	79.93
10.	Fisheries	40.40	39.70	33.63	33.21
11.	Co-operation	25.11	25.03	33.62	34.47
12.	Soil & Water Conservation	109.90	102.86	130.43	130.33
13.	Animal Husbandry and Veterinary	168.50	155.92	188.22	176.64
14.	Dairy Development	12.49	12.50	13.50	13.63
15.	Irrigation	279.19	268.63	189.56	188.31
16.	Census Survey and Statistics	85.21	84.96	19.36	19.15
17.	Food and Civil Supplies	6.80	-19.59	32.16	32.44
18.	Scientific Research	610.86	482.85	6.67	6.63
19.	Finance (Public Debt + Loans to Government Servants)	569.69	569.42	1162.59	2,504.54
	Total	5,048.75	4,766.73	6,449.41	7,789.95

Source: Detailed Appropriation Accounts and Appropriation Accounts 2020-21 and 2021-22.

2.1.1 Planning and conduct of Audit

The audit process starts with the risk assessment of various Government departments based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. During 2020-21, expenditure worth ₹ 4,413.33 crore (including expenditure pertaining to previous years audited during the year) and during 2021-22, ₹ 4,803.06 crore worth of expenditure (including expenditure pertaining to previous years audited during the year) was audited under Economic Sector. The audit findings have been communicated to the departments concerned through 16 Inspection Reports (IRs) issued in 2020-21 and 22 IRs in 2021-22.

The chapter on Economic Sector contains four Compliance Audit Paragraphs as discussed in the following paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

FISHERIES DEPARTMENT

DIRECTORATE OF FISHERIES

2.2 Wasteful expenditure

Injudicious selection of the site for setting up of modern and hygienic fish market at Saiden, Nongpoh led to its non-utilisation even after more than three years of completion, resulting in idle expenditure of ₹ 1.44 crore.

National Fisheries Development Board (NFDB), Department of Animal Husbandry, Dairying & Fisheries, Ministry of Agriculture and Farmers Welfare, Government of India (GoI) accorded (December 2015) approval of ₹ 1.65 crore under NFDB 2015-16 for construction of modern and hygienic fish market at Saiden, Nongpoh with a fund sharing ratio of 55:45 between the NFDB and Government of Meghalaya (GoM). The objective of the project was to improve the livelihood of the fish farmers of the State by providing proper storage facilities and hygienic fish market for selling the harvested fish. The project included construction of (i) proper fish market building, (ii) fencing, (iii) approach road (MBT) to the fish market, (iv) rainwater harvesting, (v) installation of 11KV transformer, (vi) purchase of 22 deep freezers and two Syntex water storage tanks.

The land for construction of the fish market at Saiden village, Nongpoh measuring an area of 2,902.50 sqm was donated (September 2015) by the Dorbar Shnong, Saiden. As per Deed of Agreement executed (12 July 2019) between the Dorbar Shnong, Saiden and the Department of Fisheries, the fish market, on completion, was to be handed over to the Dorbar Shnong who shall be solely responsible for its operational expenses and maintenance, *etc.*

Scrutiny (May 2022) of records of the Director of Fisheries (DoF) and Superintendent of Fisheries, Ri Bhoi (SoF-RB) showed that the NFDB's share of ₹ 90.68 lakh was released as subsidy to the DoF in three instalments⁸ between December 2015 and March 2018, while the State share of ₹ 74.19 lakh was released (March 2017 and March 2019) in two instalments⁹. Out of the total fund of ₹ 1.65 crore, the DoF released an amount of ₹ 1.44 crore¹⁰ to the SoF-RB who carried out the work departmentally. The SoF-RB completed the work at a total expenditure of ₹ 1.44 crore (**Appendix-2.2.1**). The fish market was inaugurated on 17 August 2018, but was handed over to the Executive Committee, Dorbar Shnong, only on 12 July 2019¹¹ *i.e.*, almost a year after the inauguration of the market. Reasons for delay in handing over the market complex to Dorbar Shnong, as per the MoA were not available on record. Further, the Department

⁸ ₹ 9.07 lakh on 10.12.2015, ₹ 36.27 lakh on 25.07.2016 and ₹ 45.34 lakh on 28.03.2018.

⁹ ₹ 37.09 lakh in March 2017 and ₹ 37.10 lakh in March 2019.

¹⁰ Balance ₹ 20.81 lakh (₹164.87 lakh - ₹144.06 lakh) is lying unutilised in the bank account of the DoF.

¹¹ After 327 days of the inauguration.

stated (21 September 2022) that the delay in handing over the market complex to Dorbar Shnong was on account of delay in installation of transformer and water pump.

Audit observed that in less than eight months of operation, the Headman, Saiden Village reported (29 February 2020) that they could not continue the management of this market complex and had completely stopped operations because shopkeepers were frustrated due to slow progress of business owing to low volume of customers. While reporting the above, the Executive Committee sought permission of the Fisheries Department to allow selling of other items like meat, vegetables, fruits, *etc.* to attract multiple consumers at least at the initial stage of operation. Permission for the same was granted by the Department on 19 May 2020. However, the fish market remains non-operational.

The GoM decided (30 September 2020) to invite Expression of Interest (EoI) for leasing out the fish market. Accordingly, the DoF, through the Director, Information and Public Relation, GoM, gave wide publicity (September 2021 and December 2021) of the EoI, which evoked no response. Thus, the idea of leasing out the fish market also proved unsuccessful.

To ascertain the actual location and the physical status of the assets, a joint physical verification (JPV) was conducted (12 May 2022) by the audit team and the SoF-RB. During JPV, audit observed that the market building was constructed 6.2 km away from Nongpoh market. The facilities/ assets created like main building comprising 22 stalls, filter tank for liquid waste, deep tube-well, DG set, 22 deep freezers and transformer, were lying idle. Some of the photographs taken during the JPV are given below:



The above facts suggest that no feasibility study was conducted before deciding on the site for construction of the modern fish market.

Thus, construction of the market at Saiden village, Nongpoh, 6.2 kms away from Nongpoh main market, without any feasibility study, has resulted in low footfall at the fish market and the market remained un-utilised even after passage of more than three years from the date of its completion. This resulted in idle expenditure of ₹ 1.44 crore

besides defeating the main objective of providing a modern and hygienic market for fish farmers for marketing their produce.

On this being pointed out, the Director of Fisheries stated (July 2022) that the site was approved because (i) the existing market did not have space to house a modern hygienic market, (ii) the land was provided free of cost and (iii) the location being only 200 meters from Guwahati-Shillong National Highway seemed technically ideal for logistic purposes. The DoF further added (October 2022) that joint survey and spot inspection between the officials of the Department of Fisheries and NFDB was conducted on 15 October 2015 and added further that feasibility of the project has also been reviewed with the stakeholders (Saiden Village Dorbar) and fish farmers of Ri Bhoi district.

However, the Director failed to furnish any recorded evidence of joint survey/ spot inspection or review meetings with stakeholders. Further, the initial reply of the DoF suggests that no feasibility study was conducted by the Department and the land provided free of cost by the Dorbar Shnong, Saiden was the only criteria for selection of the site for construction of a modern fish market.

AGRICULTURE & FARMERS' WELFARE DEPARTMENT

2.3 Implementation of Pradhan Mantri Kisan Samman Nidhi Yojana

2.3.1 Introduction

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme, a central sector scheme with 100 *per cent* GoI funding operated under Direct Benefit Transfer (DBT) mode, was launched in February 2019 to provide income support and risk mitigation for farmers. Under this scheme, eligible farmers get income support of ₹ 6,000 *per annum* for meeting expenses relating to agriculture and allied activities, as well as for domestic needs. The financial support is released in three equal instalments of ₹ 2,000 every four months.

2.3.1.1 Salient features and process of the scheme

The salient features¹² of the scheme are as under:

1. Payment of ₹ 6,000 per farmer family per year in three instalments of ₹ 2,000 each to be released in the months of April-July, August-November and December-March each year.
2. A landholder farmer's family is defined as "a family comprising of husband, wife and minor children, who own cultivable land as per land records of the State". Only one person from the defined farmer family is entitled to the scheme benefits, provided that the person is the landowner as per records.
3. Initially, the scheme was for small and marginal farmers with landholdings up to two hectares but was expanded *w.e.f.* 01 June 2019 to cover all farmer families irrespective of the size of the landholding. Farmers falling in certain specified categories¹³, denoting better economic status, are not covered under the scheme.
4. Identification of the beneficiaries is to be based on the existing land ownership systems in the states and payment is to be made only to those families whose

¹² As per Revised Operational Guidelines of PM-KISAN. (<http://www.pmkisan.gov.in/Documents/Revised%20Operational%20Guidelines%20%20PM-Kisan%20Scheme.pdf>).

¹³ All Institutional landholders and farmer families in which one or more of its members belong to the following categories (i) Former and present holders of constitutional posts, (ii) Former and present Ministers/ State Ministers and former/present Members of Lok Sabha/ Rajya Sabha/ State Legislative Assemblies/ State Legislative Councils, former and present Mayors of Municipal Corporations, former and present Chairpersons of District Panchayats, (iii) All serving or retired officers and employees of Central/ State Government Ministries /Offices/Departments and its field units, Central or State PSEs and Attached offices /Autonomous Institutions under Government as well as regular employees of Local Bodies (excluding Multi-Tasking Staff (MTS)/Class IV/Group D employees), (iv) All superannuated/ retired pensioners whose monthly pension is ₹ 10,000/- or more (excluding MTS/ Class IV/ Group D employees), (v) All persons who paid income tax in the last assessment year, (vi) Professionals like Doctors, Engineers, Lawyers, Chartered Accountants and Architects registered with Professional bodies and carrying out profession by undertaking practices, (vii) Non-resident Indians (NRIs) in terms of the provisions of the Income Tax Act, 1961.

names figure in the land records, with exceptions made for North Eastern States and Jharkhand.

5. In the case of joint ownership of land where multiple farmers' families have their names recorded for a single landholding, all such families are eligible, provided they are not otherwise excluded under the scheme guidelines.

2.3.1.2 Identification, registration and validation process of beneficiaries

Responsibility of identification of beneficiaries and of ensuring correctness of beneficiary details lies entirely with the State/UT Governments. Apart from the list of farmers directly uploaded by the State Government, eligible farmers seeking scheme benefits may also directly register both through off-line mode *i.e.*, by submitting a form to the authorities, and online modes *i.e.*, through PM-KISAN web portal, mobile app and through Common Service Centres. However, payments was to be released only after verification of beneficiary details by the State Government concerned.

Beneficiary information/data, uploaded by States/UTs, is validated at the first stage by the PM-KISAN portal, and then forwarded for uploading on the Public Financial Management System (PFMS) for beneficiary account validation. After successful validation of beneficiary information by PFMS, the beneficiaries are combined in 'lots'¹⁴ by the PM-KISAN Central team. These lots are then 'opened' to states/UTs for verification and subsequent 'closure' on the PM-KISAN portal *i.e.*, the states/ UTs verify the beneficiary data and close the lots on the portal itself. For every successful closure of one 'lot', a 'Request for Fund Transfer' (RFT) is generated by State/UT authorities after these are digitally signed. The RFTs are processed as per the category of the beneficiaries *i.e.*, under General, Scheduled Caste and Scheduled Tribe corresponding with budgetary allocations. States may at times also exercise the 'stop payment' option in respect of deceased/ineligible farmers.

Aadhaar (AA biometric identification) linking has been made mandatory since 01 December 2019, and all payments are to be made only after the beneficiary data has been seeded with unique biometric identification number. Exemption from linking with unique biometric identification was granted to beneficiaries from the States of Assam and Meghalaya as well as UTs of Jammu & Kashmir and Ladakh till 31 March 2021.

2.3.2 Audit objectives, scope, and methodology

The Compliance Audit (CA) on the "Implementation of PM-KISAN" covering the period between 2018-19 and 2020-21 was conducted during August 2021 to October 2021 to examine whether (i) the process of identification, verification and selection of beneficiaries was as per prescribed guidelines; and (ii) payments to beneficiaries are made in a timely manner.

¹⁴ Consisting of a variable number of beneficiaries, as per requirement.

The audit involved scrutiny of records of the Directorate of Agriculture, Meghalaya, data available in PM-KISAN portal and the beneficiary documents at meg-e-district portal of 11 District Agriculture Offices (DAOs). The beneficiaries' records (land documents, Election Photo Identity Cards (EPICs), bank passbooks, etc.) as available in meg-e-district portal¹⁵ of 11 DAOs were test-checked in Audit.

2.3.3 Physical and Financial coverage of the Scheme

As on 31 March 2021, the total number of farmers/beneficiaries who have received PM-KISAN scheme benefit was 1,85,526 farmers. Year-wise position of beneficiaries and expenditure under PM-KISAN during 2018-19 to 2020-21 are given in **Table 2.3.1**:

Table 2.3.1: Physical and financial coverage during 2018-21

Year	No. of beneficiaries	No. of instalments	Amount (₹ in crore)
2018-19 (February 2019)	25,155	25,155	5.03
2019-20	1,07,976	2,13,035	42.61
2020-21	1,85,526	5,28,755	105.75
Total		7,66,945	153.39

Source: PM KISAN portal.

As seen from **Table 2.3.1**, the beneficiary enrolment under the scheme increased by 637.53 per cent from 25,155 in 2018-19 to 1,85,526 in 2020-21. Similarly, the amount of funds transferred to beneficiaries' account has also increased from ₹ 5.03 crore (2018-19) to ₹ 105.75 crore (2020-21).

2.3.4 Audit Findings

The audit findings are discussed in succeeding paragraphs:

2.3.4.1 Landholding system in Meghalaya for eligibility under PM-KISAN

Government of India (GoI), being aware of the prevailing landholding system in some of the North Eastern States (including Meghalaya), has provided, under Paragraph 3.5 of Operational Guidelines of PM-KISAN (pre-revised), for development of alternate implementation mechanism for eligibility of farmers for the scheme in these States.

Accordingly, Ministry of Agriculture and Farmers' Welfare (MAFW) had set up a High-Level Committee¹⁶ (HLC) to consider proposals of land use validation in North Eastern States. The HLC, in its order dated 27 November 2019, stated that there has to be some documentary proof of farmers cultivating clan/community land as on 01 February 2019 which is the cut-off date for land ownership.

In view of the above, GoM laid down the revised format of certificates for identification of beneficiaries for community and clan land in which the land ownership was required

¹⁵ The registration of farmers and uploading of beneficiary documents were carried out by the Common Service Centers at meg-e-district portal and verified by the DAOs at the portal before uploading the same in PM KISAN portal.

¹⁶ The members consisting of Minister of Agriculture & Farmers' Welfare, Minister of Development of North Eastern region (DONER), Minister of Rural Development, Chief Ministers of concerned North East States and Joint Secretary (Farmers Welfare) as Member Secretary.

to be confirmed within the cut-off date *i.e.*, on or before 01 February 2019. The certificates are required to be issued by the Headman or *Nokma* (Traditional chief) and countersigned by the District Agriculture Officer (DAO)/Agriculture Development Officer (ADO)/Horticulture Development Officer (HDO) and by the Deputy Commissioner (DC)/Additional Deputy Commissioner (ADC) of the district. This format of documentary certificate for clan land and community land for identification of farmers under PM-KISAN was sent (April 2020) by GoM to GoI for approval. However, the format is yet to be approved (February 2023) by GoI. The Agriculture Department, GoM is disbursing the benefits based on the draft format.

(A) Invalid/ incomplete land documents: Examination of records of the Director of Agriculture showed that no survey of land was carried out in Meghalaya and there were no records of *patta*¹⁷ being issued by GoM/Traditional chief to farmers.

To assess the authenticity of the land documents based on which the beneficiaries were selected, Audit had randomly selected 4,400 beneficiaries¹⁸ (3,995 individual land, 202 clan land, 109 community land, 89 lease land and five forest land) which involved payment of ₹ 4.05 crore in 20,236 instalments at the rate of ₹ 2,000 each. Test-check of the submitted land documents revealed the following:

- Certificates issued by the Headman/*Nokma/Sordar/Doloi* certifying that the beneficiaries/farmers of possessed agricultural land were without countersignature of DAO/ADO/HDO and the DC/ADC as specified in the format in respect of clan land (202 beneficiaries) and community land (109 beneficiaries), in contravention of the prescribed scheme norms.
- Certificates issued for clan and community land did not certify the fact that the ownership has been confirmed within the cut-off date *i.e.*, on or before 01 February 2019, as per Operational Guidelines and HLC meeting dated 27 November 2019.
- The alternate implementation mechanism for eligibility of farmers in Meghalaya as per HLC meeting dated 27 November 2019 was meant only for clan and community lands. However, the certificates issued by the Headmen/*Nokma/Sordar/Doloi* for clan and community land were also issued for individual land (3,995 beneficiaries), lease land (89 beneficiaries) and forest land (five beneficiaries). No land documents was obtained from individual land, lease land and forest land holders as proof of having cultivable land.

Thus, the genuineness/ credibility of 4,400 test checked beneficiaries under PM KISAN scheme remained doubtful since their eligibility under the scheme was not scrutinised by any of the Government authorities as prescribed. As such, payment of ₹ 4.05 crore made to them could not be vouchsafed in Audit. Moreover, Audit observed that the Agriculture Department did not have any data on the quantum of land owned by the

¹⁷ A land deed issued by the Traditional Chief (Raja)/Government to an individual or organisation.

¹⁸ 400 land documents each selected randomly as available in meg-e-district portal of 11 DAOs.

beneficiaries. In the absence of any credible land data, it is not known what extent of agriculture/ cultivatable land has benefited from the scheme.

The Directorate stated (January 2022) that it was difficult to get the land documents of each farmer in view of the peculiar land holding system in Meghalaya.

The reply is not acceptable because requirement of the certificates issued by the Headmen/*Nokma/Doloi/Wahdadar* for clan and community land, to be duly countersigned by DAO/ADO/HDO and by the DC/ ADC in support of necessary documentary proof of land, was made mandatory by the HLC in view of the peculiar land holding system in Meghalaya. However, the format has not been followed by the District Agriculture Offices (DAOs) of the districts for clan and community land in contravention of the prescribed scheme norms. Further, the same format of certificates meant for clan and community land were also used for individual land, lease land and forest land in contravention of the HLC instructions.

2.3.4.2 Absence of reliable beneficiary database

Paragraph 4.1 of Operational Guidelines of PM KISAN stipulates that states shall prepare database of eligible beneficiary landholder farmer families in the villages capturing the name, age, gender, category (SC/ST), Aadhaar number together with any other prescribed documents for purposes of identification such as driving licence, voter ID card, NREGA job card, or any other identification documents issued by Central/State/UT Governments or their authorities, *etc.*, bank account number and the mobile number of the beneficiaries. The responsibility of identifying the landholder farmer family eligible for benefit under the scheme shall be of the State/UT Government.

The Directorate issued (February 2019) the implementation strategy to the DAOs of all districts for implementation of PM-KISAN wherein GoM had decided that the initial phase of implementation will cover the villages already undertaken in the 10th Agriculture Census (2015-16) of the total villages of the State. Besides, all the enumerators who undertake Agriculture Census at the district in different blocks were instructed to undertake the validation of documents and necessary information of the farmers.

Audit observed from records of the Directorate that the database of Agriculture Census 2015-16¹⁹ contained information of 51,165 farmers only, of which 7,499 farmers²⁰ were extended the benefits of PM-KISAN as of March 2021. On the contrary, as per information uploaded on the PM-KISAN portal, the total number of beneficiaries who had already been extended the benefits of the scheme were 1,85,526 farmers, as of March 2021.

The Director, while accepting the audit observation, stated (January 2022) that the Agriculture Census 2015-16 was carried out only in sampled villages. As such, the Directorate did not have the full database of the farmers. The Director further added

¹⁹ The Agriculture Census 2015-16 was done only for 20 *per cent* of the sample, not the entire State.

²⁰ Based on matching of the names in the agricultural census 2015-16 and PM Database.

that the Directorate would conduct census of 100 *per cent* of the farmers in the State in the next Agriculture Census.

The reply confirms the fact that the Government did not possess reliable statistics on eligible beneficiaries for extending the benefits of PM-KISAN. In this scenario, the reliability of the data uploaded by the Directorate on the PM-KISAN portal is questionable, and veracity of genuine beneficiaries being covered under the scheme remains uncertain.

2.3.4.3 Cropped area declared under PM KISAN Scheme exceeding the State total cropped area

As per PM-KISAN guidelines, potential beneficiaries of the scheme are necessarily required to possess cultivatable land. In order to avail the scheme, the beneficiary was required to furnish proof of land holding by way of land documents. As already highlighted in **Paragraph 2.3.4.1**, due to the special nature of land holding in Meghalaya, the beneficiaries were allowed to produce documents such as certificate, in lieu of land documents, duly certified by Headman/*Nokma/Doloi*, as proof of cultivatable land in possession of the beneficiary.

Audit scrutiny of PM-KISAN data for the period from 2018-19 to 2020-21 showed that out of the total 1,85,526 beneficiaries covered under the Scheme, declaration of cultivatable land was available for 1,11,572 (60 *per cent*) of the total beneficiaries of PM-KISAN. Audit further noted that the total cultivatable land declared by the beneficiaries of PM-KISAN measured 9,72,477.06 ha.

Audit however noticed from records of the Directorate of Economics & Statistics, GoM that the total cropped area in Meghalaya was 3,12,166 ha in 2018-19 and 3,09,424 ha in 2020-21. This was in stark contrast to the total cultivatable land of 9,72,477.06 ha in possession of the 1,11,572 beneficiaries covered under PM KISAN. It is also pertinent to mention here that 73,954 beneficiaries did not furnish any declaration of cultivatable land being possessed by them.

Thus, the PM-KISAN benefits apparently have been extended to cover cultivatable land far in excess of the total cultivatable land of the State. The land area being covered under the Scheme exceeded the total cultivatable land by a whopping 6.63 lakh ha (214 *per cent*).

Audit therefore concluded that the genuineness of the beneficiaries being covered under the Scheme is doubtful and the risk of claims by ineligible beneficiaries cannot be ruled out. Further, adequacy of the scrutiny done by DAOs concerned and DoA before registering the beneficiary under the scheme was questionable.

2.3.4.4 Utilisation of beneficiary database of other schemes for PM KISAN

As per Paragraph 3 of Operational Guidelines, the databases of Pradhan Mantri Fasal Bima Yojana (PMFBY)²¹, Soil Health Cards (SHCs)²² and Socio Economic and Caste Census (SECC), can also be utilised for registration of farmers under PM-KISAN.

The Director of Agriculture stated (January 2022) that the Department did not have the database of PMFBY scheme beneficiaries and SECC database. Regarding Soil Health Card (SHC), there were 1,14,629 beneficiaries, of which only 8,097 SHC beneficiaries (7.06 per cent) had been covered under the PM-KISAN scheme.

The Directorate stated (January 2022) that the convergence of beneficiary databases of SHCs with PM-KISAN was not possible in Meghalaya due to lack of data in SHC database maintained in digital mode.

Thus, the Directorate had failed to utilise the database of other similar schemes for registrations under PM KISAN scheme as envisaged in the Operational Guidelines.

2.3.4.5 Benefits extended to both husband and wife

As per Paragraph 2.3 of Operational Guidelines, a Small and Marginal landholder farmer family is defined as “a family comprising of husband, wife and minor children who collectively own cultivable land up to two hectares as per land records of the concerned State/ UT”. This implies that either a husband or a wife which is considered as a ‘Family’ are eligible for the benefits under PM-KISAN.

Examination of PM-KISAN portal data and meg-e-districts portal data of 11 DAOs revealed that during the period 2018-19 to 2020-21, 3,923 female²³ beneficiaries had received benefits under PM-KISAN. However, on verification of beneficiaries’ documents like EPIC cards from meg-e-districts portal, it was observed that husbands of these beneficiaries had also received instalments under PM-KISAN, though they were not eligible to be covered under the scheme as their spouses were already registered as beneficiaries. Thus, benefits worth ₹ 3.15 crore paid to husbands of the beneficiaries were therefore irregular. The district-wise position of such irregular payments was as under:

²¹ PMFBY scheme was launched in India by Ministry of Agriculture & Farmers welfare, New Delhi from Kharif 2016 season onwards. The scheme aims at supporting sustainable production in agriculture sector by way of (i) Providing financial support to farmers suffering crop loss/damage arising out of unforeseen events, (ii) Stabilising the income of farmers to ensure their continuance in farming, (iii) Encouraging farmers to adopt innovative and modern agricultural practices, (iv) Ensuring flow of credit to the agriculture sector which will contribute to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.

²² Soil Health Card (SHC) is a card issued to the farmers to assess the current status of soil health.

²³ In Meghalaya majority of the population followed matrilineal system, hence female beneficiaries (wife) are considered as the genuine beneficiary.

Table 2.3.2: District-wise position of ineligible beneficiaries

Sl. No.	Name of the District	No. of ineligible beneficiaries	Amount paid to ineligible beneficiaries (Husband)
1.	East Garo Hills	235	23,26,000
2.	East Jaintia Hills	183	15,60,000
3.	East Khasi Hills	48	2,32,000
4.	North Garo Hills	112	11,78,000
5.	Ri Bhoi	151	14,10,000
6.	South Garo Hills	45	3,00,000
7.	South West Garo Hills	1,697	1,10,24,000
8.	South West Khasi Hills	176	19,16,000
9.	West Garo Hills	955	93,24,000
10.	West Jaintia Hills	59	4,02,000
11.	West Khasi Hills	262	18,00,000
Total		3,923	3,14,72,000

The above facts indicated lack of proper verification of documents submitted for registration at the district level (DAOs) since further audit analysis of the database showed that the DAOs, while uploading the data of the beneficiaries, had uploaded the name of husband under the column 'Father' instead of 'Husband'.

On this being pointed out, the Director stated (January 2022) that registrations of farmers were carried out through the Common Service Centres (CSCs) which led to many of the documents not being properly verified. Hence, many of the ineligible beneficiaries got the benefits of the scheme.

2.3.4.6 Transfer to ineligible banks account

As per Paragraph 8.1 (b) (ii) of Operational Guidelines, the correctness of beneficiary details is to be ensured by State/UT Governments and speedy reconciliation should be ensured in case of wrong/incomplete bank details of the beneficiary.

Scrutiny of PM-KISAN data in meg-e-district portal and the bank account statements pertaining to the period from 2018-19 to 2020-21 showed the following:

- Names of 33 beneficiaries with same bank account numbers have been registered twice on different dates and scheme benefits have been transferred to 66 beneficiaries registered in 'same name with same bank accounts numbers but different registration no. and date'. This resulted in duplication of beneficiaries and extension of undue scheme benefits to 33 beneficiaries amounting to ₹ 3.22 lakh (**Appendix-2.3.1**).
- Against 584 beneficiaries, only 276 bank accounts have been registered as detailed in **Table 2.3.3**.

Table 2.3.3: Statement showing linking of bank account with multiple beneficiaries

Particulars	No. of bank account(s)	Total no. of beneficiaries	Irregular payment (in ₹)
Same bank account no. registered in the name of five beneficiaries	01	05	48,000
Same bank account no. registered in the name of four beneficiaries	03	12	1,24,000
Same bank account no. registered in the name of three beneficiaries	23	69	5,82,000
Same bank account no. registered in the name of two beneficiaries	249	498	18,30,000
Total	276	584	25,84,000

Thus, transfer of scheme benefits amounting to ₹ 25.84 lakh²⁴ to 308 (584-276) beneficiaries through other beneficiaries' bank accounts was not only irregular but indicated absence of proper scrutiny and validation of documents/records at the time of registration. Audit observed that one of the main reason for such anomalies was absence of unique data-field in respect of beneficiaries.

The Directorate, while accepting the audit observation, stated (January 2022) that the CSCs and the district offices failed to detect the anomalies in the bank accounts of the beneficiaries and also that the PFMS did not reject such beneficiaries.

2.3.4.7 Denial of benefits due to non-follow up of PFMS reports

Paragraph 8.1 (b) (ii) of the Operational Guidelines stipulated that speedy reconciliation in case of wrong/incomplete bank details of the beneficiary should be ensured. Further, SOP dated 14 January 2020 for transaction failure issued by MAFW stipulated that the records for which the response received from PFMS is “transaction failure” and where the States have to take corrective measures, only those records will be opened to the States/UTs for correction under the Correction Module.

Examination of PFMS reports showed that payments to 4,160 beneficiaries were rejected by PFMS as on 31 March 2021 as detailed in **Table 2.3.4**.

Table 2.3.4: Details of rejected transactions during the period 2018-19 to 2020-21

Sl. No.	Reasons for rejection	No. of beneficiaries
1.	Unique biometric identification number should be of 12 digits and must pass the algorithm provided by UIDAI.	43
2.	Bank name is not as per PFMS Bank Master	02
3.	Rejected by bank, as per bank account number is invalid	1,537
4.	Rejected by bank, account no. does not exist in bank	2,100
5.	Rejected by bank, account status is closed	264
6.	Duplicate beneficiary name, bank account no. and bank name not allowed for same scheme	48
7.	IFSC Code either not present or currently inactive in the bank branch	14
8.	Invalid gender value. It should be F/M/T	05
9.	Rejected due to no response received from banks within specified days	147
Total		4,160

Source: PM Kisan portal.

²⁴ Considering first registered beneficiary with the bank account no. as the only eligible farmer.

The above indicates that the Directorate and the DAOs did not carry out proper scrutiny/ verification of records/information while uploading the details of the beneficiaries in the PM-KISAN portal, resulting in denial of 4,069 beneficiaries (excluding 43 beneficiaries of Sl. No. 1 and 48 beneficiaries of Sl. No. 6 who were not eligible) of the scheme benefits.

The Directorate stated (January 2022) that necessary instructions had been issued to the district offices to reconcile the PFMS reports.

2.3.4.8 State Project Monitoring Unit not set up

Paragraph 6.3 of Operational Guidelines stipulated that in line with Central Project Monitoring Unit, a State Project Monitoring Unit (SPMU) should be set up. This SPMU shall be tasked with the responsibility of overall monitoring of the scheme and shall be headed by Chief Executive Officer (CEO). SPMU shall also undertake publicity campaign (Information, Education and Communication-IEC).

Out of the amount earmarked for the first instalment, 0.25 per cent of that amount and 0.125 per cent for the subsequent instalments will be transferred by MAFW to State/UT Governments to cover the expenditure on their SPMUs, if established and for meeting other related administrative expenses including cost to be incurred for procurement of stationery, field verification, filling of prescribed formats, their certification and uploading as well as incentive for field functionaries, publicity, etc.

It was observed that SPMU was yet to be set up (March 2021) in the State. Thus, due to non-setting up of SPMU, funds towards administrative expense to the tune of ₹ 0.20 crore had not been received from GoI as shown in **Table 2.3.5**.

Table 2.3.5: Details of loss of administrative expenses during the period 2018-21

Year	No. of instalments	Amount (₹ in crore)	Percentage of administrative expenses	Amount of administrative expenses
2018-19	25,155	5.03	0.25	0.01
2019-20	2,13,035	42.61	0.125	0.05
2020-21	5,28,755	105.75	0.125	0.13
Total	7,66,945	153.39		0.20

Source: PM Kisan portal.

Further, non-setting up of PMU at the State level also resulted in absence of overall monitoring at higher level leading to various shortcomings in the implementation of the scheme in the State as pointed out in the preceding paragraphs.

The Directorate stated (January 2022) that the matter regarding setting up of the SPMU will be taken up with the Government.

2.3.4.9 Monitoring

Paragraph 7.1 of the Operational Guidelines provides that the State Government shall notify the State and District Level Review/Monitoring Committee.

GoM set up (February 2019) a Departmental Implementation and Monitoring Committee on PM-KISAN and the District Level Committee. The State Level Committee was headed by the Director of Agriculture and District Level Committee by

the Deputy Commissioner. The terms of reference of the District Level Committee were as given below:

- To work out the details and the process of implementing the scheme (PM-KISAN) in the respective district based on the guidelines issued by GoI and GoM.
- To validate and finalise the list of beneficiaries under the Scheme.

However, as discussed in the preceding paragraphs, the Committees at the State level as well as district level failed to fulfil their roles and responsibilities in the following areas:

- Identification, verification, updating and deletion of ineligible beneficiaries under the scheme (**Paragraph 2.3.1.2**).
- To prevent payment against ineligible beneficiaries and to recover the payment already made to ineligible beneficiaries (**Paragraph 2.3.4.6**).
- To promptly rectify failed transactions due to rejection by PFMS (**Paragraph 2.3.4.7**).

The Directorate stated (January 2022) stated that virtual meetings have been held between the State Nodal Office (SNO) with all DAOs from time to time to discuss cases of ineligibility and death cases.

2.3.5 Conclusion

The implementation of PM-KISAN by Government of Meghalaya was found deficient in many respects. Land holding document/record, which is the main criterion for identification/selection of beneficiaries for the scheme, was not checked properly and the laid down norms had not been followed. The District Agriculture Officers were not following the prescribed format of land holding certificate by the MAFW and HLC. The genuineness of the beneficiaries being covered under the Scheme is doubtful and the risk of claims by ineligible beneficiaries cannot be ruled out since land area being covered under the Scheme exceeds the total cultivable land by a whopping 6,63,053.07 ha (214 per cent). The Department is yet to link beneficiaries' data with unique biometric identification seeded data. Updation and validation of beneficiary's data have not been done properly. All these deficiencies had resulted in extension of scheme benefits to many ineligible beneficiaries such as payment of scheme benefits to both husband and wife, double payment to same beneficiaries and transfer of scheme benefits to multiple beneficiaries with same bank account. Non-setting up of PMU at the State level also resulted in absence of overall monitoring at higher level.

2.3.6 Recommendations

Based on the foregoing paragraphs, following recommendations are made:

1. *The State Government should conduct survey of land to ensure identification of farmers/beneficiaries based on land holding system as per instructions of the MAFW and HLC.*
2. *The State Government may ensure that certificate of land holding is not allowed to be uploaded without the counter-signature of the designated authority.*

3. *The Government may investigate the reasons for not following the scheme norms by the District Agriculture Offices (DAOs) of the districts and fix responsibility accordingly.*
4. *The State Government may carry out a comprehensive review of the land records submitted by the beneficiaries to rule out fraudulent claim of scheme benefits and fix responsibility of the officials involved in deficient scrutiny of documents.*
5. *The State Government may adjust payments made to both husband and wife from subsequent instalments or recover the amount and responsibility be fixed after detailed investigation.*
6. *Immediate steps should be taken to link registered beneficiaries with unique biometric identification seeded data and make it mandatory for new registration.*
7. *The banks may be instructed to ensure the updation of KYC documents of all beneficiaries before releasing any future payments.*
8. *The State Government may investigate issues of double payment and registration of different beneficiaries with same bank account numbers and fix responsibility accordingly. The double payments may be adjusted from subsequent instalments or recovered from respective beneficiaries.*
9. *The Department should ensure that corrective action is taken promptly against failed transactions so that Scheme benefits are not denied/ delayed to eligible beneficiaries.*
10. *The State Government may expedite setting up of SPMU at State level for overall monitoring of the scheme besides ensuring availability of funds for administrative expenses.*
11. *Monitoring should be strengthened so as to eradicate ineligible beneficiaries and include left-out eligible beneficiaries.*

The matter was reported to the Government (October 2022); their reply is awaited (March 2023).

DIRECTORATE OF HORTICULTURE

2.4 Unfruitful expenditure

Due to lack of a coordinated approach in implementation of the project for modernisation and upgradation of Fruit Processing Unit at Dainadubi, North Garo Hills, the project remained incomplete even after ten years of the initial sanction of the project. The expenditure incurred on the project amounting to ₹ 1.11 crore not only proved infructuous but also deprived the local farmers of the economic benefits of modernised fruit processing facility.

The Fruit Processing Unit (FPU) at Dainadubi in North Garo Hills (NGH) district, established in 1964, is a Government facility under the Department of Agriculture²⁵ (Horticulture Wing). The FPU is engaged in processing of locally grown horticulture products like fruits and herbs into marketable products like fruit jam, pickles, fruit juice and fruit squash and tinned fruits. The installed capacity of the unit is 30 metric tonne per annum (TPA). In the year 2011, Government of Meghalaya (GoM) proposed modernisation of the plant as many of the processing and packaging machineries had become defunct, production had become stagnant and the FPU could not generate any profit.

With the objective to upgrade the FPU at Dainadubi from its current installed capacity of 30 TPA to 66 TPA and to modernise the machinery, the Agriculture Department, GoM, sanctioned (March 2012) ₹ 1.87 crore (**Appendix-2.4.1**). The modernisation of the FPU included construction of main processing unit, office building, godown, etc. at the old site and installation of plant and machinery therein. The entire amount of ₹ 1.87 crore was withdrawn from the Treasury and credited in the bank account of the Director of Horticulture (DoH) in November 2012.

Audit scrutiny (September 2020) of records of the DoH revealed the following:

1. There was an inordinate delay in commencement of the work as the Department took two years and four months from the date of sanction of the project, to decide (August 2014) that the work was to be executed departmentally through the District Horticulture Officer (DHO), North Garo Hills, Resubelpara. The Directorate took a further two months to release (October 2014) the fund (₹ 1.81 crore²⁶) to DHO, Resubelpara. The DHO, Resubelpara commenced the work in December 2014 *i.e.*, after two years and eight months from the date of sanction of the project.
2. Shortly after the commencement of work, the Assistant Director of Horticulture (ADoH), Fruit Preservation, Dainadubi, reported (14 January 2015) to the Directorate that the site for construction of the modern factory was not suitable being in a low-lying area and at risk of flooding and the design of the plant was not as per drawing and site plan. The ADoH further reported that the proposal for

²⁵ Now renamed as 'Agriculture and Farmers' Welfare Department'.

²⁶ The balance amount of ₹ 6.34 lakh was paid to Meghalaya Industrial Development Corporation (MIDC) towards professional fees for preparation of the DPR.

construction of steam-generating boiler installation room in the front area of the factory was not in conformity with the technical specification of the food law and factory regulation and blamed the DHO, Resubelpara for not consulting a technical expert. No action was found to have been taken by the DoH in this regard. Subsequently, after three months of commencement of the work, the local NGOs forcefully stopped (09 April 2015) the construction work. At the time of stoppage of work, an expenditure of ₹ 26.48 lakh had been incurred on the project.

3. The Department entrusted (09 October 2015) the remaining work to the Engineering Wing of the District Rural Development Agency (DRDA), North Garo Hills, Resubelpara as deposit work and transferred (30 October 2015) the unutilised amount of ₹ 1.54 crore²⁷ to the Deputy Commissioner *cum* Chairman, DRDA, Resubelpara. The DRDA issued (16 June 2017)²⁸ work order at a tendered value of ₹ 1.54 crore with the direction to complete the work within 18 months *i.e.*, by December 2018.
4. Audit observed that before placing of the work order, DRDA, Resubelpara had submitted (08 February 2016) a revised estimate amounting to ₹ 97.33 lakh²⁹ for civil works, as against the original estimates of ₹ 75.94 lakh citing cost escalation. Though the revised estimates were forwarded (03 April 2016) by DoH to the Government for approval, the Government instructed (30 May 2016) DoH to obtain technical approval of the competent authority as per the instructions of the Planning Department and to re-submit the same. Audit observed that DoH had not obtained technical sanction from the competent authority till date (March 2023). In the meantime, DRDA, Resubelpara went ahead with the work and incurred an expenditure of ₹ 84.04 lakh as of February 2023 with physical progress as detailed in **Table 2.4.1**.

Table 2.4.1: Physical progress of work

Sl. No.	Particulars	Physical progress (in per cent)	Remarks
1.	Main processing unit	90	--
2.	Office building	0	Yet to be started
3.	Godown	0	In progress
4.	Toilet block	0	Yet to be started
5.	Plant and machinery	0	Yet to be procured

5. The above sequence of events suggests that the ADoH, Fruit Preservation, Dainadubi raised false concerns on the selected site and design of the work as implemented by DHO, Resubelpara as the project was executed at the same site and with the same design and specifications by DRDA, Resubelpara without any objection being raised by the ADoH, Fruit Preservation, Dainadubi or the NGOs. The false concerns raised by the ADoH led to undue delay in the execution of the project and had a cost implication of ₹ 21.39 lakh (cost escalation of the remaining part of civil work).

²⁷ ₹ 186.90 lakh – (₹ 26.48 lakh + ₹ 6.34 lakh).

²⁸ Revised work order was issued on 4 November 2017.

²⁹ The revised estimate was based on PWD (Building) SOR 2013-14 as against original SOR of 2010-11.

6. It is also pertinent to mention here that while the work of modernising the FPU has been dragging on for eight years, the Government has incurred a total expenditure of ₹ 5.70 crore on salary, wages and other operational expenses associated with the FPU, which is lying defunct since October 2021³⁰. During 2016-17 to 2021-22, all the operational expenses the FPU amounting to ₹ 5.70 crore was funded by the State Government as detailed in **Table 2.4.2**.

Table 2.4.2: Operational expenses of the FPU during 2016-17 to 2021-22

(₹ in lakh)

Year	Salary of officers/ staff	Wages for muster rolls	Materials & Supplies	Machinery & equipment	Miscellaneous expenditure ³¹	Total expenditure	Sale proceeds collected
2016-17	34.55	18.00	20.00	0.00	2.40	74.95	6.57
2017-18	37.55	15.30	20.00	1.98	11.13	85.96	2.22
2018-19	46.57	23.97	47.50	8.00	13.93	139.97	1.80
2019-20	42.87	17.00	0.00	0.00	0.00	59.87	5.85
2020-21	44.99	37.84	18.25	0.32	8.45	109.85	1.82
2021-22	57.49	41.39	0	0	0.39	99.27	1.53
Total	264.02	153.50	105.75	10.30	36.30	569.87	19.79

Source: Information furnished by the Department.

7. In the meantime, Audit conducted joint physical verification (22 October 2022) with the officials of the DHO, ADoH, Dainadubi and DRDA Resubelpara and observed that the work was lying incomplete as shown in the photographs below:



Condition of existing FPU



Incomplete New FPU

Thus, even after incurring expenditure of ₹ 1.11 crore³² on the modernisation project, the plant is nowhere ready for operations.

On this being pointed out, the DoH stated (November 2022) that the delay in completion of the FPU at Dainadubi was due to stoppage of works between October 2018 to September 2020 as there was shortage of construction materials owing to protest by various NGOs for the implementation of Citizenship Amendment Act (CAA) and due to COVID pandemic.

³⁰ Production was stopped since October 2021.

³¹ Office expenditure, advertisement, publicity, and other charges.

³² ₹ 26.48 lakh by DHO, Dainadubi + ₹ 84.04 lakh by DRDA.

The Directorate's reply does not address the issue of delay of eight years in completion of the project.

Audit assessment of the project also showed that not only the work of construction of the modern processing unit is lying incomplete, but there is also no progress in creation of other essential infrastructure like procurement and installation of machinery and equipment, construction of office space and godown, *etc.* The Directorate's reply has not thrown any light on its plans for completion of the project and operationalisation of the commercial activities in near future.

Most importantly, in the absence of technical sanction and consequent approval of the revised estimates submitted by the Directorate to the Government, the future of the said modernised FPU looks uncertain, which has not only rendered the unfruitful expenditure of ₹ 1.11 crore incurred as on date, but has also resulted in denial of economic benefits of a modernised fruit processing unit in North Garo region to the farmers.

The matter was reported to the Government (December 2022); their reply is awaited (March 2023).

Recommendation: *The State Government may investigate the matter and fix responsibility on the official(s) concerned for inordinate delay in completion of project.*