

# **Chapter I**

## **Introduction and Audit Framework**



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## Introduction and Audit Framework

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

### 1.1 Introduction

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

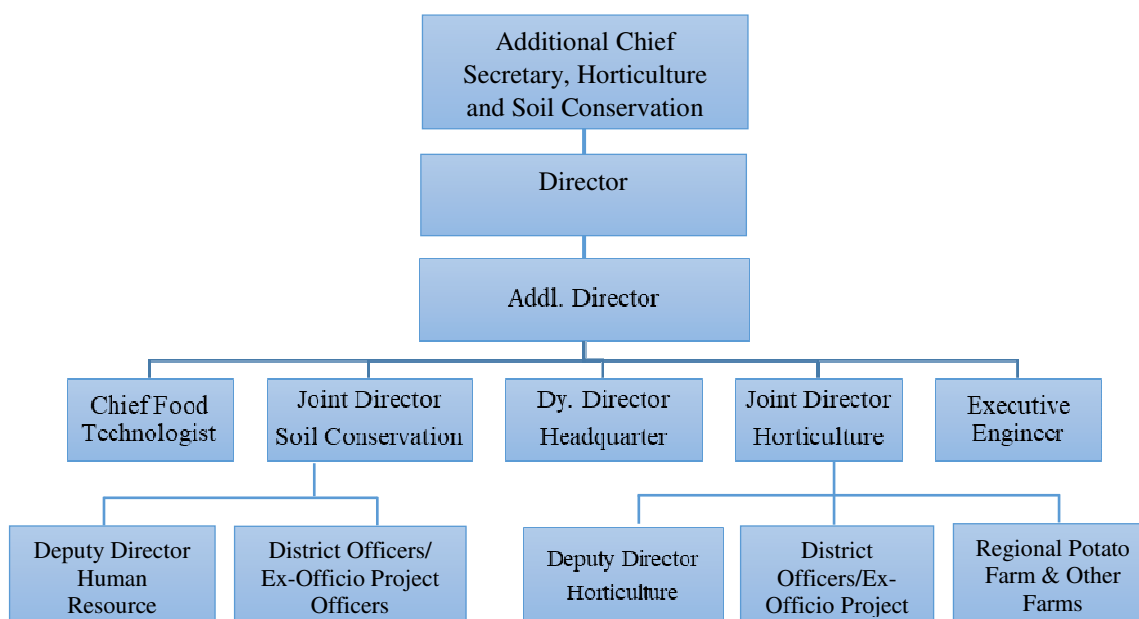
- Centrally Sponsored Schemes – Mission for Integrated Development of Horticulture (MIDH), Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) and Rashtriya Krishi Vikas Yojana (RKVY);
- North Eastern Council (NEC) funded Projects – Re-establishment of Magfruit Factory, Establishment of Model Horticulture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

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

### 1.2 Organisational set-up

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

**Chart 1.1: Organisational Structure**



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

### **1.3 Audit Objectives**

The Performance Audit was conducted to assess whether:

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

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

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

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

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

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

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

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

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

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

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

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

### **1.5 Audit Criteria**

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

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

### **1.6 Acknowledgement**

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