

Chapter II
Financial Management

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The Mission for Integrated Development of Horticulture (MIDH) is a Centrally Sponsored Scheme implemented on cost-sharing basis between the Government of India and the State Governments. In respect of Manipur which falls under the category of North-East and Himalayan States, the cost is shared between Government of India and the States in the ratio of 90:10. For NEC funded projects, the cost is shared between NEC and the State in the ratio of 90:10 whereas State Plan Schemes are fully funded by State Government.

2.1 Budget Provision and Expenditure

The budget provision and expenditure of Horticulture Department during 2015-16 to 2019-20 were as follows:

Table 2.1: Budget Provision and Expenditure

Year	Budget	Expenditure	Surrender	Savings (<i>Percentage of Savings</i>)
2015-16	85.20	58.74	5.67	20.79 (24.40)
2016-17	88.62	68.07	9.80	10.75 (12.13)
2017-18	85.82	67.05	2.89	15.88 (18.50)
2018-19	98.19	71.69	0.0	26.50 (26.99)
2019-20	94.44	63.84	8.26	22.34 (23.65)
Total	452.27	329.39	26.62	96.26 (21.28)

Source: Appropriation Accounts.

As can be seen in the above table, the budget provision depicted an increasing trend in 2016-17 and 2018-19 and decreasing trend in 2017-18 and 2019-20. However, expenditure depicted a fluctuating trend during two years (2017-18 and 2019-20). There were persistent savings ranging from 12.13 *per cent* to 26.99 *per cent*. Against total budget provision of ₹ 452.27 crore, the total expenditure was ₹ 329.39 crore with an average saving of 21.28 *per cent* during 2015-16 to 2019-20. Persistent savings against the budget provision indicated weak budgetary management.

In reply, the Department stated (April 2022) that persistent savings were due to unutilised funds on account of salaries, medical reimbursement, arrears, *etc.*

Audit however observed that the Department failed to surrender the anticipated savings at the end of the financial year over a period of five years which was indicative of inadequate budgetary control.

2.2 Short receipt of funds and delay in release of funds

(a) MIDH scheme

Funds for MIDH were to be shared between GoI and the State in the ratio of 90 *per cent* and 10 *per cent* respectively. The first instalment of Central share was to be released after approval of the Annual Action Plan (AAP) and the second

instalment was to be released after utilisation of substantial amount of the first instalment and release of state matching share to the implementing agencies.

The position of receipts of funds during 2015-16 to 2019-20 *vis-à-vis* the annual approved amounts was as under:

Table 2.2: Approved Amounts and Actual Receipts of Funds

(₹ in crore)

Year	AAP Approved Amount			Receipt of funds		Short receipt of	
	Total	GoI share	State share	GoI share	State share	GoI share	State share
2015-16	41.67	37.50	4.17	35.75	3.97	1.75	0.20
2016-17	35.55	31.99	3.55	10.00	1.11	21.99	2.44
2017-18	35.55	31.99	3.55	24.00	2.66	7.99	0.89
2018-19	41.11	37.00	4.11	25.50	2.83	11.50	1.28
2019-20	30.00	27.00	3.00	26.50	2.94	0.50	0.06
Total	183.88	165.48	18.38	121.75	13.51	43.73	4.87

Source: AAP, Fund Release Order Copies.

As against the total approved GoI share of ₹ 165.48 crore, the State Government received ₹ 121.75 crore with a shortfall of ₹ 43.73 crore during 2015-16 to 2019-20. This was mainly due to delay in release of funds by the State Government to the implementing Department. The time taken by the State Government in releasing the funds received from the Ministry ranged from 16 to 268 days with further delays in releasing the corresponding state matching share ranging from 15 to 237 days. Due to short receipt of GoI share by the State Government, there was short receipt of State Share of ₹ 4.87 crore by the Department during 2015-16 to 2019-20. In 2016-17, the State could not avail the second instalment as the first instalment was not released and utilised in time by the State Government (released in March 2017 though received from Ministry in July 2016). In other years, the time gap between receipt of first and second instalments from the Ministry ranged from 147 days to 242 days. Details are given in *Appendix 2.1*.

On being pointed out by audit, the Department stated that the delay in release of fund was due to financial constraint of the State Government and in some cases, the delay was attributed to time taken in finalisation of the beneficiaries' list.

The reply furnished by the State Government was not justified as the funds received from GoI was to be released to the Implementing Agencies within the timelines stipulated in the Scheme Guidelines.

(b) NEC projects

As per NEC Guidelines, funds along with the state matching share were to be transferred by the State Government to the Implementing Agency or project authority within 30 days from the date of release of funds from NEC. The Utilisation Certificates were to be submitted within 12 months of the closure of the financial year.

Position of release of NEC funds and release of state matching share by the State Government to the implementing agency and the status of the projects were as under:

Table 2.3: Position of release of funds and status of the project implementation

Sl. No.	Details	Date of Sanction	Status of completion as on March 2020	Delay ⁴ in release of NEC funds and (SMS*) in days	Time overrun (in months) as on March 2020
		Target date of completion			
1	Re-establishment of Magfruit Factory	June 2015	Incomplete	154 to 188 (188 to 989)	46
		May 2016			
2	Model Horticulture Centre at three locations: Ngarumphung, Tupul and Haipi, Manipur	March 2016	Incomplete	108 to 374 (21 to 622)	12
		March 2019			
3	Establishment of Model Floriculture Centre at Litan, Kamjong District, Sendra, Bishnupur District and Panam Garden, Andro Imphal East District, Manipur	February 2018	Incomplete	315 (5 to 366)	Nil
		Jan 2021			

*Source: Fund Release Order copies of the Ministry and State Government and other Departmental records. *State Matching Share.*

As can be seen from the above table, the delay in release of funds to the Implementing Department by the State Government ranged from 108 days to 374 days for NEC funds and five days to 989 days for release of state matching share involving ₹ 17.55 crore (58 per cent) of the total funds sanctioned for the above three projects.

Further, a total of ₹ 10.13 crore released during December 2019 to February 2020 by NEC was yet to be transferred to the Implementing Department even after delays ranging from five to 72 days as on March 2020. This has delayed submission of Utilisation Certificates (UCs) for three months to 36 months (Details are given in *Appendix 2.2*) and which resulted to some extent in the projects remaining incomplete for 12 months to 46 months as on March 2020 in respect of two projects (Sl. No. 1 and 2 above).

In reply, the Department stated (April 2022) that delay in submission of UCs was attributable to the receipt of funds from NEC towards the close of the financial year.

Audit however observed that the State Government delayed transfer of funds to the Implementing Department to the extent of 108 days to 374 days after receipt of funds from NEC. This needs to be addressed to allow timely completion of Projects.

2.3 Rush of Expenditure

As per Rule 62(3) of General Financial Rules 2017, rush of expenditure, particularly in the closing months of the financial year shall be regarded as breach of financial propriety and should be avoided.

The details of expenditures during 2015-16 to 2019-20 and in March alone in respect of MIDH scheme were as below:

⁴ Details are in *Appendix 2.2*.

Table 2.4: Total Expenditure vis-à-vis Expenditure in March alone (MIDH)

(₹ in lakh)

Year/ Project		MIDH
2015-16	Total expenditure	2,083.33
	Expenditure in March (in per cent)	208.33 (10)
2016-17	Total expenditure	2,999.00
	Expenditure in March (in per cent)	1,299 (43)
2017-18	Total expenditure	2,666.07
	Expenditure in March (in per cent)	2,000 (75)
2018-19	Total expenditure	2,833.33
	Expenditure in March (in per cent)	1,111.11 (39)
2019-20	Total expenditure	2,944.44
	Expenditure in March (in per cent)	1,444.44 (49)
Total Expenditure (Expenditure in March)		13,526.17 (6,062.88)

Source: Detailed Appropriation Accounts and Fund Release order copies.

It can be seen from the above table that, out of the total expenditure of ₹ 135.26 crore for implementation of MIDH, ₹ 60.63 crore (45 per cent) was incurred in March alone. The expenditure in March as against total expenditure of corresponding financial year during 2015-16 to 2019-20 ranged from 10 per cent to 75 per cent.

The details of expenditure during 2015-16 to 2019-20 and in March alone in respect of sampled NEC projects scheme were as below:

Table 2.5: Total Expenditure vis-à-vis Expenditure in March alone (NEC)

(₹ in lakh)

Year/ Project		Re-establishment of Magfruit Factory	Model Horticulture Centre at 3 Locations	Establishment of Model Floriculture Centre at 3 Locations
2015-16	Total expenditure	342.72	0	0
	Expenditure in March (per cent)	0 (0)	NA	NA
2016-17	Total expenditure	0	225	0
	Expenditure in March (per cent)	NA	0 (0)	NA
2017-18	Total expenditure	418.88	25	0
	Expenditure in March (per cent)	418.88 (100)	0 (0)	NA
2018-19	Total expenditure	64.61	286.37	342.22
	Expenditure in March (per cent)	64.61 (100)	257.73 (90)	342.22 (100)
2019-20	Total expenditure	0 (0)	25	25
	Expenditure in March (per cent)	0	25 (100)	25 (100)
Total Expenditure		826.21	561.37	367.22

Source: Detailed Appropriation Accounts and Fund Release order copies.

NA – Not applicable.

It can be seen from the above table that in respect of Re-establishment of Magfruit Factory, the entire expenditure was made in March for the years 2017-18 and 2018-19. Similarly, the entire expenditure for Model Horticulture Centre at three locations was made in March during 2019-20 and it was up to 90 per cent in 2018-19. In case of Establishment of Model Floriculture Centre at three locations, 100 per cent of the expenditure was made in March during 2018-19 and 2019-20.

The details of expenditure during 2015-16 to 2019-20 and in March in respect of sampled State plan projects scheme were as below:

Table 2.6: Total Expenditure vis-à-vis Expenditure in March alone (State Plan)

(₹ in lakh)

Year/ Project		Mushroom Development	Development of progeny orchard cum nursery	Establishment of orchards in hill areas	Development of floriculture	Multiplication of foundation potato seeds	Construction of cold storage
2015-16	Total expenditure	2.00	24.00	19.998	6.78	80.63	Nil
	Expenditure in March (in per cent)	2.00 (100)	24.00 (100)	19.998 (100)	6.78 (100)	58.34 (72)	NA
2016-17	Total expenditure	1.99	22.00	0.00	0.82	76.41	Nil
	Expenditure in March (in per cent)	1.99 (100)	22.00 (100)	NA	0.82 (100)	52.63 (69)	NA
2017-18	Total expenditure	1.999	22.997	20.00	2.99	88.99	Nil
	Expenditure in March (in per cent)	0.999 (50)	5.998 (26)	20.00 (100)	0.81 (27)	48.78 (55)	NA
2018-19	Total expenditure	2.50	55.71	175.00	100.00	91.99	Nil
	Expenditure in March (in per cent)	1.00 (40)	34.71 (62)	175.00 (100)	100.00 (100)	55.53 (60)	NA
2019-20	Total expenditure	3.35	21.78	0.00	0.00	43.84	540
	Expenditure in March (in per cent)	2.85 (85)	0.24 (1)	NA	NA	27.99 (64)	0.0 (0.0)
Total		11.84	146.49	214.99	110.59	381.86	540.00

Source: Detailed Appropriation Accounts and Fund Release Order copies.

Audit observed that:

- (i) **Mushroom Development:** An amount of ₹ 8.84 lakh which constituted 75 per cent of the total expenditure of ₹ 11.84 lakh was incurred in March. The entire expenditure in 2015-16 and 2016-17 was made in March. During 2017-18 to 2019-20, expenditure in March ranged from 40 per cent to 85 per cent.
- (ii) **Development of Progeny Orchard cum Nursery:** ₹ 86.95 lakh (59 per cent) of the total expenditure of ₹ 146.49 lakh was incurred in March. The entire expenditure during 2015-16 and 2016-17 was incurred in March. In 2017-18, while expenditure in March was 26 per cent in 2018-19 it was to the extent of 62 per cent. The expenditure in March in 2019-20 was only one per cent of total expenditure of the year.
- (iii) **Establishment of Orchard in Hill Areas:** Entire expenditure of ₹ 2.15 crore of 2015-16, 2017-18 and 2018-19 was incurred in March. No expenditure was made during the remaining two years in 2016-17 and 2019-20.
- (iv) **Development of Floriculture:** ₹ 108.41 lakh (98 per cent) of the total expenditure of ₹ 110.59 lakh was incurred in March. The entire expenditure during 2015-16, 2016-17 and 2018-19 was done in March. During 2017-18,

expenditure in March was 27 per cent and no expenditure was incurred in 2019-20.

- (v) **Multiplication of Foundation Potato Seeds:** ₹ 2.43 crore (64 per cent) of the total expenditure of ₹ 3.82 crore was incurred in March. During 2015-16 to 2019-20, expenditure in March ranged from 55 per cent to 72 per cent.
- (vi) **Construction of Cold Storage:** The only expenditure of ₹ 5.40 crore incurred in 2019-20 was in February 2020. There was no expenditure in remaining years.

Thus, against the total expenditure of ₹ 14.06 crore in respect of the above six State Plan Schemes, an amount of ₹ 6.62 crore (47 per cent) was incurred in March during the last five years of which ₹ 2.15 crore (32 per cent) which constituted 100 per cent of the total expenditure of the scheme “Establishment of Orchards in Hill Areas” was incurred in March.

Rush of expenditure particularly in the closing months of the financial year constituted breach of financial propriety and discipline which compromised on effective spending of public money.

During Exit Conference (April 2022), the Department agreed with the audit observation and stated that the rush of expenditure was due to release of fund at the fag end of the year by the Finance Department which was beyond the control of the Implementing Department.

2.4 Non-submission of Detailed Countersigned Contingent (DCC) Bills

As per Central Treasury Rules (Rule 308 and Rule 309), as adopted by state of Manipur, Abstract Contingent (AC) bills should be regularised by Detailed Countersigned Contingent (DCC) bills. AC bills should not be drawn without certificate to the effect that DCC bills in respect of earlier AC bills drawn more than a month before have been submitted to the Controlling Officer.

The position of drawal of AC bills and outstanding DCC bills during 2015-16 to 2019-20 for the sampled scheme/projects was as shown below:

Table 2.7: Details of Outstanding AC Bills

(₹ in lakh)

Name of Scheme/Project	Amount drawn	AC/Grants in Aid bill no. and date	% of funds drawn through AC bills/Grants-in-aid bills vis-à-vis Total expenditure	Delays in months as on March 2020
Mission for Integrated Development of Horticulture	1,875.00	41 and 42 of October 2015	57 % (7749.30 ÷ 13527.07)	38 (DCC bill submitted January 2019)
	208.33	113 of March 2016		47
	1,700.00	17, 18 and 19 of August 2016		42
	1,299.90	96,97,98,99 and 100 of March 2017		35
	400.00	61, 62 and 63 of January 2018		25
	266.07	76, 77, and 78 of February 2018		24

Name of Scheme/Project	Amount drawn	AC/Grants in Aid bill no. and date	% of funds drawn through AC bills/Grants-in-aid bills vis-à-vis Total expenditure	Delays in months as on March 2020
	2,000.00	121, 122, 123 and 145 of March 2018		23
Sub-total	7,749.30			
Re-establishment of Magfruit Factory	342.72	90 of Dec 2015	100 % (826.21 ÷ 826.21)	11(DCC bill submitted in December 2016)
	418.88	132, 134 and 135 of March 2018		23
	64.61	120 of March 2019		11
Sub-total	826.21			
Model Horticulture Centre at three locations	225.00	20 of Aug 2016	95.54 % (536.37 ÷ 561.37)	27 (DCC bill submitted in December 2018)
	286.37	107 and 120 of March 2019		11
	25.00	107 of March 2020		Nil
Sub-total	536.37			
Model Floriculture Centre at three locations	342.22	72 and 121 of March 2019	100 % (367.22 ÷ 367.22)	11
	25.00	108 of March 2020		Nil
Sub-total	367.22			
Construction of Cold Storage	540.00	01 of February 2020	100 % (540 ÷ 540)	1
Development of Floriculture	100.00	125 and 126 of March 2019	90% (100 ÷ 110.59)	11
Total	10,119.10			

Source: Copies of AC and DCC Bills.

As can be seen from the above, against ₹ 101.19 crore drawn through 36 AC bills, DCC bills were due for ₹ 100.69 crore (34 AC bills) as on March 2020. However, only three DCC bills of ₹ 24.43 crore had been submitted with delays ranging from 11 to 38 months. The DCC bills for the remaining amount of ₹ 76.26 crore drawn through 31 AC bills were outstanding as on March 2020, with delays ranging from one month to 47 months, in violation of the extant Rules. It was also noticed that the percentage of funds drawn through AC bills ranged from 57 per cent to 100 per cent of total expenditure made against the sampled scheme/projects, which indicated that established procedure of payment through presentation of bills/vouchers was bypassed and AC bills system was resorted to for almost the entire expenditure.

Non-submission of DCC bills was fraught with risk of misappropriation and breach of financial discipline. Further, in the absence of DCC bills, whether the public money was actually spent for the purpose for which it was sanctioned could not be vouchsafed in audit.

In reply, the Department stated (April 2022) that preparation of outstanding DCC bills is in progress and will be submitted shortly.

2.5 Diversion of funds

As per Rule 26 of the General Financial Rules, expenditure should be incurred for the purpose for which funds have been provided.

Audit noticed diversion of funds in respect of two State Plan Schemes as per details given below:

- (i) *Development of Floriculture:* During 2015-16 to 2019-20, a total of ₹ 1.10 crore was incurred towards development of floriculture by the Director of the Horticulture Department of which ₹ 8.59 lakh was diverted during 2015-16 to 2017-18 towards miscellaneous expenditures for repairing of vehicles, purchase of flower pots, celebration of Nupi Lal, Martyr's day, etc., in violation of the scheme guidelines.
- (ii) *Development of Progeny Orchard cum Nursery:* During 2018-19, ₹ 3.81 lakh meant for Development of Progeny Orchard was diverted towards procurement of flowers for various State functions (₹ 2.81 lakh- by Directorate Office) and towards DTE (₹ 0.50 lakh each by DO, Senapati and Churachandpur) which was not permissible under guidelines and hence irregular.

In reply, the Department stated (April 2022) that diversion of fund was due to insufficient fund under relevant head of account which shall not recur in future.

2.6 Doubtful/ Irregular expenditure

(a) Multiplication of foundation potato seeds

Audit noticed that six fully vouched bills amounting to ₹ 20.61 lakh were drawn during March 2018 to March 2020 for implementation of State Plan Scheme "Multiplication of foundation potato seeds". The details are shown in the table below:

Table 2.8: Doubtful Expenditure

(₹ in lakh)

Sl. No.	Bill No. and date	Amount	Purpose	Name of Supplier	Remark
1	141 of March 2018	3.81	Purchase of Farm Yard manure (350 MT) with loading/unloading charges	D Daikho (Song Song village) H Akha (Kalinamei village) and Kh Lokho (Rabunamei village)	There was mismatch between actual payment made and payee details in the bill body.
2	150 of March 2018	3.09	Purchase of vermicompost (12.70 MT) and organic fertiliser (3451 Kg)	M/s Haobijam Agrotech and Nahakpam Food and Beverage	Paid to the personal account of N. Joymati Devi, the then Deputy Director.
3	148 of March 2019	2.39	Construction of 2 compost pits.	Departmentally taken up	Credited in the DDO account. Also, no vouchers for labour and materials were available for verification.
4	152 of March 2020	3.71	Purchase of sprinkler, vermicompost, sprayer, weeder and garden pea from 3 suppliers.	Agrotech, Haobijam Agrotech	Supply Order bill was submitted (January 2020) prior to issue of supply order (March 2020). No stock register for receipt and issue of

Sl. No.	Bill No. and date	Amount	Purpose	Name of Supplier	Remark
					the materials were furnished for verification.
5	149 of March 2018	4.79	Construction of bench terrace, renovation of old bench terrace and clearance of land slips.	No Work Order and Agreements available.	Paid to M/s FA Enterprises, Sagolband
6	161 of March 2019	2.82	Renovation of rest house and repairing of staff quarter.	Departmentally taken up	Paid to the personal account of Longpinao Shimry Rinya (Biotechnologist engaged on contract basis) and no vouchers for labour and materials were available.
	Total	20.61			

Source: Bill/Voucher copies and Bank Statement.

It can be seen from the above table that payments of ₹ 13.00 lakh (Sl. No. 1 to 4) were made either to individuals who were not suppliers or credited to the DDO Account thereby resulting in irregular expenditure. An amount of ₹ 4.79 lakh was paid to a firm for construction/renovation of bench terrace and clearance of land slips. However, no work order and agreement for entrusting the work to the said firm was available. Further, for the work of renovation of rest house and repairing of staff quarter taken up departmentally at a cost of ₹ 2.82 lakh, there were no supporting documents for engagement of labour and purchase of materials. Thus, the expenditure of ₹ 7.61 lakh was doubtful.

In view of the reasons stated above, the expenditure of ₹ 20.61 lakh was doubtful. The matter should be verified by the Government to ascertain the authenticity of the expenditure and action as appropriate initiated to avoid loss of public money.

(b) Special Interventions

As per scheme guidelines of MIDH, for innovative interventions, upto 50 per cent of the project cost can be funded. Projects costing above ₹ one crore requires approval of Executive Committee (EC) of Ministry of Agriculture & Farmers' Welfare, Government of India. A provision of ₹ 1.75 crore was made in the Annual Action Plan (2017-18) under special interventions for enhancement of pineapple value chain in Imphal East District.

SHM accordingly prepared a DPR amounting to ₹ 3.26 crore (₹ 1.75 crore to be funded from MIDH and ₹ 1.51 crore from beneficiary contribution) based on pineapple value chain analysis conducted by the National Institute of Agricultural Marketing (NIAM), Jaipur. The State Level Executive Committee (SLEC) approved (August 2018) the DPR and SHM forwarded it (September 2018) to the Ministry of Agriculture. However, the Ministry did not approve funding of the project (January 2019) but advised to approach DoNER Ministry for funding.

Scrutiny of records revealed that SHM incurred expenditure to the extent of ₹ 1.75 crore during a period of just five months between June to October 2018 from MIDH funds without the approval of the Executive Committee (EC) of the Ministry as per the details given below:

Table 2.9: Details of payment made for Pineapple Value Chain Development at Imphal East
(Amount ₹ in lakh)

Sl. No.	Details of items	Amount paid (₹ in lakh)	Date of payment	To whom paid	Remarks
1	For supply of 17.20 lakh pineapple sucker @ ₹ 5 per sucker for establishment of four Nurseries (Private) of 10 ha each at Angtha, Lembakhul, Poirou Tongba & Ngarangphung (Total 40 ha).	17.20	26-06-2018	L. Dojendra Singh (Contractor)	As per Stock Register, the pineapple suckers (17.20 lakh in number) were reported as received/issued (June-July 2018) to cluster heads of the four Nurseries. However, joint inspection (August 2021) with SHM could not find the stated four Nurseries at the sites.
		47.30	30-06-2018		
		21.50	10-07-2018		
2	For construction of one Rural Market at Thambalnu market (Area=167.35 Sqm).	13.75	24-07-2018	L. Dojendra Singh (Contractor)	Joint inspection (August 2021) found that the Rural market was not constructed.
3	For supply of 56,000 Sqm of Black Mulching films to be used in the four nurseries (Area =14 ha)	11.76	07-09-2018		Supply orders and record of receipt and distribution of the Black Mulching Films could not be produced to Audit for verification. It is further pointed out that installation of mulching films after plantation is not possible.
4	For construction of three collection centres and four pack houses (Area=216 Sqm)	16.375	19-09-2018		Joint inspection (August 2021) found that the collection centres and pack houses were not constructed.
		16.375	27-10-2018		
Sub-Total		144.26			
1	Survey & Investigation for selection of 40 ha area for Value Chain development	5.00	27-06-2018	Departmental Farm, Khonghampat	Report of survey and investigation and expenditure vouchers were not produced to Audit for verification.
		3.71	10-07-2018		
2	Farmers' Fair and training programme (158 Farmers to be trained)	1.97	27-10-2018		Supporting documents for training and farmers' fair actually conducted were not produced to Audit for verification.
		6.46	22-10-2018		
3	For purchase of farm yard manure -2,0000 kg @ ₹ 18 per kg (for use in 40 ha area Nursery)	3.60	10-07-2018	The bill produced by firm is doubtful as this supplier ⁵ does not sell Farm Yard Manures. Stock register indicated issue of the farm yard	

⁵ M/s Khangembam Enterprises, Thangmeiband Lourung Pural-Imphal West.

Sl. No.	Details of items	Amount paid (₹ in lakh)	Date of payment	To whom paid	Remarks
					manure to General Secretary, Development Organisation, Andro Kendra (DOAK). However, no records of distribution to beneficiaries were produced to Audit for verification.
4	Purchase of 220 battery operated sprayer, growth hormones, pesticides	6.00	11-07-2018		Stock register indicated issue of the items to General Secretary, DOAK. However, no records of distribution to the beneficiaries were produced to Audit for verification.
		4.00	24-07-2018		
Sub-total		30.74			
Grand Total		175.00			

Source: Bill/Voucher copies and Bank Statement.

It is seen from the above that an amount of ₹ 144.26 lakh was paid a beneficiary⁶ for purchase of pineapple suckers (₹ 86 lakh), construction of rural market (₹ 13.75 lakh), black plastic mulching films (₹ 11.76 lakh) and collection centres and pack houses (₹ 32.75 lakh) during the period between June and October 2018.

Audit, however, observed that though as per Stock Register, 17.20 lakh pineapple suckers valued at ₹ 86 lakh were recorded as received and issued to cluster heads of four nurseries, but Joint Inspection (August 2021) conducted with SHM could not find the four nurseries at the stated sites⁷.

Joint Inspection further revealed that Rural Market (₹ 13.75 lakh) and Collections Centres and Pack houses (₹ 32.75 lakh) were not constructed at the sites. It is further pointed out that payment of ₹ 11.76 lakh made in September 2018 against purchase of black plastic mulching films for the above stated four nurseries did not have any supporting documents of their actual receipts and its subsequent distribution even after three years of the release of fund as of March 2020.

In view of the position explained above, payment of ₹ 144.26 lakh made by SHM to the beneficiary⁸ for incurring expenditure towards the purchase of pineapple suckers, black plastic mulching films, construction of rural market and collection centres and pack houses was doubtful and suspected to have been misappropriated and resultantly the objective of filling the gaps for Pineapple Value Chain Development in Imphal East District had not been achieved.

Further scrutiny of records revealed that expenditure shown as incurred by Departmental farm of SHM towards survey and investigation for selection of 40 ha area for value chain development (₹ 8.71 lakh), farmers' fair and training programme (₹ 8.43 lakh), purchase of farm yard manure (₹ 3.60 lakh) and purchase of sprayer, growth hormone, pesticides (₹ 10 lakh) was doubtful in the absence of any

⁶ Shri L. Dojendra Singh (Contractor).

⁷ Angtha, Lembakhul, PoirouTongba and Ngarangphung (Private Nurseries).

⁸ Shri L. Dojendra Singh (Contractor).

supporting documents. Consequently, expenditure of ₹ 30.74 lakh by SHM could not be vouchsafed in Audit and misappropriation of funds cannot be ruled out.

Thus, expenditure of ₹ 1.75 crore by SHM on account of payment made to the beneficiary (₹ 144.26 lakh) and to the Department farm (₹ 30.74 lakh) for the purpose of Value Chain Development of Pineapple in Imphal East District was doubtful and the amount was suspected to have been misappropriated.

The State Government should conduct investigation and fix responsibility for the lapses and take action to recover the scheme funds from the defaulting beneficiaries under Manipur Public Servants' Personal Liability Act, 2006.

In reply, Department stated (April 2022) that the four Nurseries could not be identified during Joint Physical Verification due to absence of Cluster Heads of the nurseries. Photographs of the said four (4) Nurseries are being submitted to Audit. Strong instructions had been given for completion of Rural Market, Collection Centres and Pack houses. Further, the Department stated that black plastic mulching films were purchased and distributed to the beneficiaries. Documents for execution of survey and investigation works, records of training and purchase of farm yard manure, growth hormones, *etc.*, are being traced out.

The reply of the Department is not acceptable as Joint Physical Verification represented by AO (MIDH) could not locate the four nurseries stated to have been established even after three visits. In the absence of any geotagging evidence, the authenticity of the photographs furnished could not be authenticated. Further, the Department is yet to submit documentary evidence for purchase and distribution of black plastic mulching films to the above stated nurseries including the survey and investigation report till date (April 2022). The factual position should be verified by an independent agency.

Conclusion

- The Department could spend a total of ₹ 329.39 crore as against ₹ 452.27 crore budget provision during 2015-16 to 2019-20 with a shortfall of ₹ 96.26 crore (21.28 *per cent*). There were persistent savings ranging from 12.13 *per cent* to 26.99 *per cent* which indicated weak budgetary management. The shortfall in receipt of funds by the State from GoI and by the Department from the State was to the extent of ₹ 43.73 crore and ₹ 4.87 crore respectively during the same period.
- Under MIDH, the delay in transfer of funds received from GoI to the Department ranged from 16 to 268 days and the State share to the implementing Department ranged from 15 days to 237 days. The delay in transfer of GoI funds received from NEC to the Department ranged from 108 days to 374 days and the State share to the implementing Department ranged from five days to 989 days. Submission of UC for NEC Projects was delayed for three months to 36 months.
- Under MIDH, the expenditure at the fag end of the financial years during 2015-16 to 2019-20 ranged from 10 *per cent* to 75 *per cent* of the total

expenditure. Under NEC schemes, it ranged from 90 *per cent* to 100 *per cent*. In respect of State Plan Schemes, 47 *per cent* (₹ 6.62 crore) of the total expenditure (₹ 14.06 crore) was incurred in March during the period 2015-16 to 2019-20 of which ₹ 2.15 crore (32 *per cent*) constituting 100 *per cent* of the total expenditure in one scheme (*Establishment of Orchards in Hill Areas*) was incurred in March.

- The Department was yet to adjust ₹ 76.26 crore drawn for different sub schemes through 31 AC bills for which DCC bills were due as on March 2020. The delay in adjustment ranged from one to 47 months. 57 *per cent* to 100 *per cent* of the total expenditure has been drawn through AC bills bypassing presentation of bills/vouchers procedures, which indicated large scale breach of financial discipline in the Department.
- Under State Plan, scheme funds to the extent of ₹ 12.40 lakh were diverted for other purposes in respect of two schemes (*Development of Floriculture and Development of Progeny Orchard-cum-Nursery*). Expenditure of ₹ 20.61 lakh towards *Multiplication of potato foundation seeds* was doubtful/irregular due to anomalies in payment, lack of supporting documents, *etc.* Under MIDH, expenditure of ₹ 1.75 crore incurred for “*Pineapple Value Chain Development*” paid to one beneficiary and Departmental farm was doubtful as Joint verification could not locate the four nurseries at sites including *one Rural market, three Collection Centres and four Pack houses* for which expenditure was incurred.

Recommendations

- *State Government needs to review and strengthen its budgetary management to ensure optimal utilisation of budget provisions to avoid persistent savings and for effective utilisation of available funds throughout the year.*
- *State Government may ensure timely submission of UCs by the Department and DCC bills within prescribed timelines under the Rules.*
- *State Government should investigate doubtful expenditure of ₹ 1.96 crore under State Plan (Multiplication of Potato Foundation Seeds) and under MIDH (Special Interventions) to take action as appropriate and to recover scheme funds from the defaulting beneficiary and officials responsible under Manipur Public Servants’ Personal Liability Act, 2006.*

