

Executive Summary

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About the Report

The Report is about the results of Performance Audit of Development and Promotion of Horticulture in Manipur conducted during September 2020 to August 2021 covering the period from 2015-16 to 2019-20. The audit included examination of records maintained in the Office of the Director of Horticulture & Soil Conservation and Mission Director, State Horticulture Mission. In addition, records in the District offices of Ukhrul, Senapati, Imphal East, Bishnupur, Kangpokpi, Tamenglong, Thoubal Districts and three Departmental Farms were examined.

What has been covered in this audit

In this Performance Audit we have focused on area expansion and post-harvest management of horticulture crops in the State. We assessed the implementation of one Centrally Sponsored Scheme namely, Mission for Integrated Development of Horticulture (MIDH), three projects funded by North Eastern Council (NEC) viz., (i) Re-establishment of Magfruit factory, (ii) Model Horticulture centres at three locations, and (iii) Model Floriculture centres at three locations and six State Plan Schemes viz., (i) Mushroom Development, (ii) Development of progeny 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. We have benchmarked our audit findings against the criteria derived from the Guidelines of MIDH, NEC, Annual Action Plans, General Financial Rules and other applicable Government orders and Circulars.

What have we found

We found significant areas for improvement in the development and promotion of Horticulture in the State as highlighted below:

Financial Management

Budget Provision and Expenditure

During 2015-16 to 2019-20, the Department could spend a total of ₹ 329.39 crore and surrendered ₹ 26.62 crore as against ₹ 452.27 crore budget provision with a saving of ₹ 96.26 crore (21.28 per cent). There were persistent savings over the years ranging from 12.13 per cent to 26.99 per cent which indicated weak budgetary management.

(Paragraph 2.1, Page 5)

Short receipt of funds and delay in release of funds

Under MIDH, there were shortfalls in receipt of funds by the State from GoI and by the Department from the State to the extent of ₹ 43.73 crore and ₹ 4.87 crore respectively. The delays in transfer of funds received from GoI by the State government to the

implementing Department ranged from 16 to 268 days and corresponding State share ranged from 15 days to 237 days.

(Paragraph 2.2(a), Page 5)

Under NEC, the delays in transfer of funds received from NEC by the State government to the implementing Department ranged from 108 days to 374 days and corresponding State share from five days to 989 days. Submission of UC for NEC Projects was delayed for three months to 36 months.

(Paragraph 2.2(b), Page 6)

Rush of Expenditure

During 2015-16 to 2019-20, the expenditure in March as against the total expenditure of corresponding financial year ranged from 10 *per cent* to 75 *per cent* under MIDH, 90 *per cent* to 100 *per cent* under NEC and one *per cent* to 100 *per cent* for State Plan Schemes.

(Paragraph 2.3, Page 7)

Non-submission of Detailed Countersigned Contingent (DCC) Bills

The Department was yet to submit DCC bills for ₹ 76.26 crore drawn through 31 AC bills. The percentage of funds drawn through AC bills ranged from 57 *per cent* to 100 *per cent* of the total expenditures against the sampled schemes which indicated large scale breach of financial discipline in the Department.

(Paragraph 2.4, Page 10)

Diversion of funds

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*).

(Paragraph 2.5, Page 11)

Doubtful/ Irregular expenditure

Expenditure of ₹ 20.61 lakh towards Multiplication of Potato Foundation Seeds was doubtful due to anomalies in payment and lack of supporting documents.

Under MIDH, expenditure of ₹ 1.75 crore incurred for “Pineapple Value Chain Development” was doubtful as Joint Physical 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.

(Paragraph 2.6, Page 12)

Recommendations

- *State Government needs to review and strengthen its budgetary management to ensure optimal utilisation of budget provisions to avoid persistent savings.*
- *State Government may ensure timely submission of Utilisation Certificates and DCC bills by the Department.*

- *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.*

Planning

Perspective Plan of specific Scheme

The Department did not make any assessment of actual area and production of horticultural crops of the State to enable preparation of reliable action plans and roadmaps. No Perspective Plan was prepared till 2016-17 since introduction of the scheme in 2014-15.

The Perspective Plan prepared for the period from 2017-18 to 2021-22 did not contain information on potential of horticulture development, availability of land, SWOC analysis, and District-wise plan of action as required under the guidelines.

(Paragraph 3.1.1, Page 19)

Annual Action Plans (AAPs) of specific Scheme

The AAPs (2015-16 to 2019-20) were prepared without the actual field level data. Identification of beneficiaries also lacked transparency. The AAPs did not include seed/planting materials sub-plan and was not based on District AAPs as the same were not found prepared by the district horticulture office.

(Paragraph 3.1.2, Page 20)

Recommendations

- *State Government should conduct assessment of actual area and production status of horticultural crops in the State as recommended by the State Level Committee in its report (June 2018) to enable preparation of reliable State Perspective Plan or Roadmap for the whole State.*
- *State Government should ensure that Perspective Plan and AAP are based on field and beneficiary surveys and after assessing gaps and requirements of the area, so as to achieve desired outcomes for horticulture development in the State through effective implementation of schemes.*

Area Expansion and Production of planting material

Target and achievement in Area Expansion under MIDH

Against the Physical target of 12174.53 hectares, 9072.90 hectares (75 per cent) was shown to have been achieved with Financial achievement of ₹ 27.40 crore (74 per cent) as against the Financial target of ₹ 37.18 crore. However, the physical achievement reported under MIDH scheme from 2015-20 did not match with the overall position of area coverages under various crops of the State as per official data in Horticulture Area Production Information System (HAPIS) website.

(Paragraph 3.2.1.1, Page 22)

Irregular purchase of Planting Material from Unaccredited Nurseries (Private Suppliers)

During 2015-16 to 2019-20, planting materials valuing ₹ 24.04 crore was purchased from 21 unaccredited Nurseries (private suppliers) in violation of the Scheme Guidelines, despite as many as 33 accredited Nurseries were available in the North Eastern States alone and another 406 accredited Nurseries in other states of India.

(Paragraph 3.2.1.4(a), Page 24)

Avoidable extra expenditure on purchase of planting material

SHM purchased 17,213 kiwi saplings by incurring extra avoidable expenditure of ₹ 34.43 lakh.

(Paragraph 3.2.1.4(b), Page 25)

Doubtful expenditure on supply of planting materials

Expenditure of ₹ 2.25 crore incurred by SHM for purchase of 39,94,060 Pineapple suckers and 72.86 MT of Ginger was doubtful as the then Ex-Officio Project Officer of Imphal East confirmed non-receipt of Pineapple suckers worth ₹ 43.10 lakh stated to have been issued by SHM. Besides, no documentary evidence such as delivery challan and stock register were available in SHM for Pineapple suckers and Ginger for which ₹ 1.82 crore was paid to “M/s Pineapple & Ginger Farm, Andro, Imphal East”.

Further, Pineapple suckers worth ₹ 46.70 lakh paid by the then Ex-Officio Project Officer to “M/s Pineapple & Ginger Farm, Andro, Imphal East” was yet to be received even after a lapse of over three years.

(Paragraph 3.2.1.4(c), Page 25)

Maintenance of Fruit crops for Area Expansion

In violation of Guidelines, ₹ 3.93 crore was spent for maintenance of crops in the four sampled districts without ensuring survival rate of 75 per cent and 90 per cent of plantations in the second and third years respectively.

(Paragraph 3.2.1.5, Page 26)

Establishment of Small Nurseries (private sector)

Under MIDH, ₹ 82.50 lakh was released for establishment of 11 Small Nurseries in four sampled districts, of which only three private nurseries were approved by SLEC but SHM paid ₹ 60 lakh without the approval of SLEC to eight private Nurseries. None of the 11 private Nurseries had been accredited till March 2020 as emphasized in the scheme. Six out of 8 Nurseries inspected were found unfit for producing high quality planting materials.

(Paragraph 3.2.1.6(a), Page 28)

Establishment of Hi-tech Nurseries (Public)

Expenditure of ₹ 38.14 lakh incurred towards establishment of Hi-tech Nursery at Thawai Mahadeva Farm (Ukhrul) was wasteful and the envisaged production of 50,000

quality Guava per hectare (per annum) was not achieved due to lack of irrigation facilities, maintenance and poor planning.

(Paragraph 3.2.1.6(b), Page 30)

Development of Progeny Orchard cum Nursery (POCN)

Under State Plan, an amount of ₹ 1.43 crore was spent for production of planting materials such as guava, lime, lemon, *etc.*, in the four Departmental farms. The assets of three out of the four Departmental farms jointly inspected were lying idle without any maintenance after incurring expenditure of ₹ 97.09 lakh.

(Paragraph 3.2.1.7, Page 31)

Production and non-recovery of cost of cultivation of Potato Foundation Seeds

During 2015-16 to 2019-20, *Regional Seed Potato Farm at Mao* incurred expenditure of ₹ 3.82 crore for producing quality foundation seeds. However, the production per acre decreased by 80 *per cent* in 2018-19 and by 77 *per cent* in 2019-20 as compared to the production per acre during 2017-18. Moreover, the farm could not meet the cost of cultivation from its sale proceeds in all the five years' period.

(Paragraph 3.2.1.8(a), Page 32)

Recommendations

- *State Government should review the reporting system under MIDH to confirm as to whether the actual field level data are collected for reporting the Physical achievement to ensure its reliability, and reconcile with the official data of HAPIS for reporting of the actual achievement of the scheme.*
- *Department should initiate immediate action to recover the paid amount from the local supplier of Pineapple suckers and Ginger to avoid loss of public funds permanently. Further, State Government may conduct investigation for the suspected misappropriation at the earliest and responsibility should be fixed for misappropriation of Government funds.*
- *State Government should investigate the irregularities w.r.t the payment of ₹ 60 lakh, made to small nurseries without obtaining required approval of SLEC and fix responsibility of the erring officials within a specified time frame. Department should also initiate necessary action to recover excess amount paid to nurseries concerned.*
- *Department should review the present system of providing maintenance assistance for perennial and non-perennial crops without actual verification of crops survival on the ground and ensure fulfilment of the conditions by the beneficiaries as per guidelines before providing such maintenance cost.*
- *State Government should review the position of Nurseries (Public and Private) funded under MIDH to identify deficiencies in their infrastructure and to take*

necessary steps for meeting accreditation norms for obtaining accreditation in the future as envisaged in the Scheme.

- *State Government should review as to why the assets already created in the Departmental farms are remaining idle with no sign of production of planting material despite incurring expenditure of ₹ 1.43 crore with a view to reviving the farms for producing high quality planting material.*
- *Department needs to review the causes for the decreasing trend of production of Potato Foundation Seeds per acre and non-recovery of the cost of cultivation by Regional Seed Potato Production Farm so as to make the farm sustainable in the future to produce quality Potato Foundation Seeds.*

Production and promotion of technology

Mushroom Production

Under MIDH, out of 20 Mushroom Production units costing ₹ 1.60 crore jointly inspected, only one unit (₹ 8 lakh) at Bishnupur district was found operational. Five units (₹ 40 lakh) were not found at sites, 12 units (₹ 96 lakh) were lying idle without any activity and two units (₹ 16 lakh) remained incomplete for 23 to 34 months (March 2020).

Out of five Spawn Production units costing ₹ 30 lakh jointly inspected, two units costing ₹ 12 lakh were found operational. One unit costing ₹ 6 lakh was not found at site and two units costing ₹ 12 lakh were lying idle. In respect of Compost making unit, out of the total three units costing ₹ 24 lakh, one unit costing ₹ 8 lakh was not found at site and two units costing ₹ 16 lakh was lying idle.

Under State Plan, one Mushroom production unit at Thoubal implemented at a cost of ₹ 11.84 lakh during audit period was not achieving the expected outputs as the machineries were lying idle.

(Paragraphs 3.2.2.1(a)&(b), Pages 36 & 37)

Creation of Water Sources for increasing production

Of the 29 individual ponds jointly inspected, only 19 ponds costing ₹ 14.72 lakh constructed had horticulture crops cultivated in nearby areas whereas 10 ponds (₹ 8.25 lakh) constructed did not have nearby area under horticulture crops cultivation. The actual area of irrigation had not been assessed by the Department. A total amount of ₹ 16.42 lakh was paid to 29 beneficiaries in excess of the admissible amount.

(Paragraph 3.2.2.2, Page 38)

Protected cultivation

Out of 21 Polyhouses (₹ 1.24 crore) jointly inspected in the four sampled districts, seven Polyhouses (₹ 38.64 lakh for 23,00 sqm area) were lying idle due to lack of irrigation facilities or utilised as store house or for poultry farming in deviation of the intended purpose. A total amount of ₹ 3.67 crore was paid to 92 beneficiaries in excess of the admissible amount.

Out of seven Shade Net Houses jointly inspected, four (₹18.34 lakh) were found dismantled and one (₹ 2.56 lakh) was found lying idle. Also, a total amount of ₹ 34.29 lakh was paid to 12 beneficiaries in excess of the admissible amount.

(Paragraph 3.2.2.3, Page 40)

Rejuvenation and Canopy Management

Expenditure of ₹ 72.06 lakh incurred on rejuvenation of 360.32 ha in the four sampled districts without conducting field survey to identify or verify unproductive/senile orchards was not prudent. In Ukhrul district, financial assistance of ₹ 10.58 lakh was paid in excess to 33 beneficiaries.

(Paragraph 3.2.2.4, Page 44)

Pollination Support through Bee-Keeping

Expenditure of ₹ 1.25 crore was incurred for purchase and distribution of Bee colonies, Bee hives and other Bee keeping equipments under MIDH for 3549 beneficiaries without assessing whether the beneficiaries were actually cultivating horticulture crops in nearby areas. No beneficiary contribution to the extent of ₹ 74.98 lakh had been collected.

(Paragraph 3.2.2.5, Page 44)

Horticulture Mechanisation

₹ 1.27 crore paid directly to five dealers for purchase of 42 tractors and 113 power tillers for distribution to 155 beneficiaries could not be verified due to lack of documentary evidence. Moreover, 124 out of 155 beneficiaries were not found in the approved beneficiaries list, thereby depriving the eligible beneficiaries.

(Paragraph 3.2.2.6, Page 45)

Recommendations

- *State Government should review all 74 production units (Mushroom, Spawn and Compost) funded at a cost of ₹ 5.81 crore and take corrective steps to commence production activities and prevent wasteful expenditure of public funds.*
- *State Government should review all the 483 individual farms ponds funded under MIDH and assess total area irrigated by these ponds to ascertain the impact of the schemes and take corrective action to ensure proper utilisation of public funds.*
- *State Government should review the position of Polyhouses and Shade Net Houses in the entire State and take possible corrective action to avoid loss of public funds and ensure that the Polyhouses and Tubular Shade Net Houses are made operational. State Government should also initiate immediate action to recover the excess amount paid and fix responsibility of the official (s) concerned for overpayment of Scheme Fund violating the scheme guidelines.*
- *Department should initiate immediate action to recover the paid amount from the local supplier of Pineapple suckers and Ginger to avoid loss of public funds*

permanently. Further, State Government may conduct investigation for the suspected misappropriation at the earliest and responsibility should be fixed for misappropriation of Government funds.

- *State Government should ensure that financial assistance for rejuvenation and canopy management are extended to eligible beneficiaries only after identifying the ownership of the orchards and actual field level conditions and avoid excess payment of financial assistance.*
- *State Government should take up necessary steps to collect contributions from the beneficiaries for Bee keeping activities as per the Guidelines.*
- *State Government should confirm the actual supply of machineries as envisaged in the scheme and ensure extending the benefit to approved beneficiaries only. State Government should also investigate the irregularities in providing subsidy other than the approved beneficiaries and fix responsibility of the erring officials within a specified time frame.*

Post-Harvest Management, Processing and Market Infrastructure

Construction of Integrated Pack Houses and Pack Houses

Out of four Integrated Pack Houses (₹ 85 lakh) and 38 Pack Houses (₹ 76 lakh) inspected jointly in the four sampled districts, three Pack Houses (₹ 6 lakh) were not found at sites, three Integrated Pack Houses (₹ 60 lakh) and 16 Pack Houses (₹ 32 lakh) were utilized as living/drawing rooms, kitchen or for dwelling purposes. One Integrated Pack Houses (₹ 25 lakh) and six Pack Houses (₹ 12 lakh) remained incomplete for over two to four years as on August 2021.

(Paragraph 4.1(a)&(b), Pages 49 &50)

Construction of Pre-cooling unit/ Cold rooms (Staging)

Joint Physical Verification of four Pre-cooling units (₹ 50 lakh) in two sampled districts revealed that one unit (₹ 12.5 lakh) was not found at the site, one unit (₹ 12.5 lakh) was lying incomplete for 15 months and two units (₹ 25 lakh) remained idle due to improper site selection and lack of related activity/demands.

Four Cold Rooms (Staging) (₹ 30 lakh) installed in two sampled districts were below the approved installed capacity to the extent of 100 MT thereby resulting in excess financial assistance of ₹ 25 lakh. Out of three Cold Rooms (Staging) (₹ 22.5 lakh) jointly inspected, two Cold Rooms (₹ 15 lakh) at Huikap, Imphal East and Chothe-Bishnupur were not located at the production sites were lying idle/unutilised and the third one at Moirang Kampu Sajeb, Imphal East (₹ 7.5 lakh) was also lying idle/unutilised as Mushroom production activity of the beneficiary was yet to resume.

(Paragraphs 4.2 (a)&(b), Page 52 & 53)

Refrigerated Transport Vehicles

₹ 26 lakh was paid for purchase of two Refrigerated Transport Vehicles with installed capacity of 18 MT. However, only 3.72 MT capacity was found installed with a

shortfall of 14.28 MT resulting in excess payment of ₹ 20.64 lakh. Further, one vehicle was an old vehicle fitted with defunct refrigeration system, which indicated that the release amount was not utilized for the intended purpose.

(Paragraph 4.3, Page 53)

Construction of Cold Storage

Against an amount of ₹ 1.80 crore released for construction of three Cold Storages of total capacity of 3600 MT in two sampled districts, three Cold Storages of only 298 MT were constructed with a shortfall of 3302 MT resulting in excess payment of ₹ 1.65 crore. Two Cold Storages (196 MT) were lying idle since July 2018 and October 2019 and one Cold Storage (102 MT) remained incomplete since October 2018.

(Paragraph 4.4, Page 54)

Establishment of Cold Chain System

An amount of ₹ 5.08 crore (after deduction of ₹ 32.45 lakh for Agency Charge, GST and Labour Cess) crore sanctioned for establishment of Cold Chain system (January 2020) was irregularly drawn before commencement of the work to prevent lapse of budget grant and deposited in the Scheme Bank Account, outside the Government Account. Without obtaining necessary financial clearance (PIB¹ clearance) and preparation of DPR, the Department had spent ₹ 1.13 crore till March 2021. The Scheme remained incomplete even after lapse of over one year since the drawal of ₹ 5.08 crore and the amount of ₹ 4.27 crore was lying in the Scheme Account.

(Paragraph 4.5, Page 56)

Establishment of Ripening Chamber

Ripening Chamber was not found constructed during Joint Physical Verification though ₹ 50 lakh had been paid to one beneficiary (*Development Organisation Andro Kendra*) in four instalments during the period from October 2018 to September 2019.

(Paragraph 4.6, Page 57)

Establishment of Primary Processing Units

An amount of ₹ 3.54 crore was released to 22 beneficiaries for setting up of 22 processing units for processing of items such as ginger, turmeric, chilli, fruits and vegetables, *etc.* Six PPU (₹ 66.91lakh) were not found at the sites. Nine PPU (₹ 93.91 lakh) were found lying idle. Two PPU (₹ 50.87 lakh) remained incomplete due to incomplete Civil works and non-procurement of machineries even after a lapse of one to two and half years (December 2017 to February 2020) of payments made by SHM. Further, there was excess assistance of ₹ 1.14 crore to three beneficiaries. Thus, 17 (₹ 2.12 crore) out of 22 PPU jointly inspected failed to achieve the intended benefits.

(Paragraph 4.7, Page 58)

¹ PIB=Public Investment Board.

Re-establishment of Magfruit Factory

Under NEC Scheme, an amount of ₹ 826.21 lakh (₹ 685.44 lakh –NEC share plus ₹ 140.77 lakh –State share) was released to the Department for the project “Re-establishment of Magfruit Factory”, out of which an amount of ₹ 806.44 lakh had been spent leaving a balance of ₹ 19.77 lakh lying unutilised with the Department as on March 2020. But the project remained incomplete for more than four years. The Joint Inspection noticed that Civil structures such as collapsible shutter, rolling shutter of DG set, overhead water tank, power connection, *etc.* had not been taken up even after a lapse of five years and ten months. None of the machineries had been installed and many of them were lying exposed to the open with risk of being damaged.

(Paragraph 4.8, Page 61)

Creation of market infrastructure

An amount of ₹ 5.92 crore was paid to 53 beneficiaries for construction of 35 Rural Markets (₹ 4.57 crore) and 18 Retail Markets (₹ 1.35 crore) without ascertaining the cost and specifications of actual works executed at sites. Seven markets for ₹ 70 lakh (total prescribed area of 794.68 sqm) were not found at the sites. 22 Rural Markets and six Retail Markets were constructed below the prescribed dimension aggregating to 1723.09 sqm.

(Paragraph 4.9, Page 63)

Recommendations

- *State Government should review the position of the assets created in the State under MIDH for Post-harvest management such as Integrated Pack houses, Pack houses, Pre-cooling units, Cold Rooms (Staging), Refrigerated Transport Vehicles, Cold Storages, Primary processing units and Rural Markets to identify deficiencies to take corrective action to prevent misutilisation of Scheme funds and ensure that the assets created are operationalised to achieve the intended objectives.*
- *State Government should investigate non-construction of seven Rural Markets six Primary processing units, one Ripening Chamber, one Pre-cooling unit and three Pack houses funded under MIDH to take action as appropriate and to recover Scheme funds from the defaulting beneficiaries and Officials responsible under Manipur Public Servants’ Personal Liability Act, 2006.*
- *State Government should investigate the issue of excess assistance paid in violation of the Scheme Guidelines in respect of three Cold Storages, three Primary processing units, four Cold Rooms and two Refrigerated Transport Vehicles to take action as appropriate and to recover the excess amount. The cases of the old Refrigerated Transport Vehicle fitted with defunct refrigeration system and the construction of the Rural Markets below the prescribed standards should be investigated and appropriate action should be taken to fix responsibility.*
- *State Government should ensure completion of the assets funded under MIDH which are remaining incomplete till date such as the Cold Storage at Kwasiphai, Bishnupur, six Pack Houses, one Pre-cooling unit, two Primary processing unit)*

including two projects “Establishment of cold chain system” under State plan and “Re-establishment of Magfruit Factory” under NEC to achieve the intended objective of the scheme for which the funds had been incurred.

- State Government should investigate the irregularities pointed out by audit including tendering process w.r.t ‘Re-establishment of Magfruit Factory’ and fix responsibility of the erring officials within a specified time frame.

Horticulture Promotion and Extension Services

Promotion of Farmers Producers Organisation (FPOs)

An amount of ₹ 2.54 crore (SFAC – ₹ 145.20 lakh and IGS – ₹ 108.90 lakh) was paid by SHM for promotion of seven Farmers Producers Organisation (FPO) in the State for mobilization of 7,000 farmers for formation of seven FPOs. However, only 3,362 farmers (52 *per cent*) were mobilized as on November 2020, resulting in short mobilization of 3,638 farmers. As on December 2020, SFAC had utilised ₹ 68.97 lakh only out of ₹ 145.20 lakh paid by SHM thereby ₹ 76.23 lakh remained unutilised with SFAC. No UCs for ₹ 108.90 lakh paid to IGS had been obtained by SHM.

(Paragraph 5.1, Page 69)

Human Resource Development

Against the physical target for providing Skill Development training to 1101 farmers, no Skill Development training was provided. Against the target of 11,400 farmers to be trained within the State, only 3,952 farmers (35 *per cent*) were trained. No training for Supervisors and Entrepreneurs was imparted. Despite shortfall of physical target for providing Skill Development training, Supervisors and Entrepreneurs training and training of farmers within and outside the State, an amount of ₹ 72.63 lakh was diverted for other purposes.

(Paragraph 5.2, Page 71)

Model Horticulture Centre at three locations: Ngarumphung, Tupul and Haipi

Under NEC funding, ₹ 12 crore was sanctioned for establishment of Model Horticulture Centres at three locations. The Department had received ₹ 5.62 crore and the balance amount of ₹ 5.97 crore of NEC share and ₹ 41.36 lakh of State share was yet to be received till March 2020, after a lapse of four years and the project remained incomplete even after a lapse of two years as on March 2021.

Audit noticed that structures and machineries worth ₹ 84.76 lakh were not found at three project sites. Further, Contour earth bunding, Gabion work, Compost pit and Water harvesting pond costing ₹ 45.64 lakh (released to the beneficiaries) were not executed. Eight Naturally Ventilated Polyhouses (₹ 1.32 crore) were lying unutilized/idle.

(Paragraph 5.3, Page 72)

Development of Floriculture

Under NEC funding, ₹ 8.58 crore was sanctioned for establishment of Model Floriculture Centres at three locations and was to be completed by January 2021. Even after a delay of six months from completion date, an amount of ₹ 4.91 crore was yet to be released to the Department as of March 2020. The Department had spent ₹ 297.15 lakh leaving a balance of ₹ 70.07 lakh.

Three Polyhouses, six Low Cost Polyhouses and three Mist Chambers costing ₹ 85.37 lakh were lying idle/unutilized since June 2019 and ₹ 36.28 lakh spent towards procurement of planting material and inputs were not found cultivated or utilized at the three Centres.

Under State plan scheme “Development of Floriculture”, an amount of ₹ one crore was paid to M/s ZOPAR Exports Private Limited, Shillong for construction of Polyhouses and cultivation of Flowers for setting up of eight Model Floriculture Centres in four districts. Audit noticed that only three Centres out of eight had Flower plantations, but the remaining five Centres funded at a cost of ₹ 62.06 lakh for a total area of 2500 sqm was lying idle without Flower plantations even after a lapse of 17 months from date of installation.

(Paragraphs 5.4(a)&(b), Pages 75 & 77)

Establishment of Orchards in Hill Areas

Under State Plan, a total amount of ₹ 2.15 crore was incurred towards Establishment of 52 Orchards in Hill Areas during 2015-16 to 2018-19. Out of 12 Orchards jointly inspected, eight Orchards (₹ 30.92 lakh) of eight beneficiaries were not found at site, whereas two Orchards (₹ 8.74 lakh) were found destroyed due to road expansion and pond construction and only two Orchards were found partially established.

(Paragraph 5.5, Page 79)

Recommendations

- *The State Government should initiate steps for completion of formation of Farmers Producers Organisations (FPOs) by mobilising the targeted number of farmers and also to ensure that the FPOs are functional for enhancing farming and organizational skills of the cultivators. Utilisation Certificates of the amount already paid to IGS should be obtained in a timely manner to ensure proper utilisation of funds.*
- *The State Government should investigate the matter of non-execution of the work “Establishment of Model Horticulture Centres” funded under NEC and to take action as appropriate and to prevent loss of public funds.*
- *The State Government should ensure that all the assets already created for eight Naturally Ventilated Polyhouses under Model Horticulture Centre, three Polyhouses, six Low Cost Polyhouses and three Mist Chambers under Model Floriculture Centres, five floriculture centres under “Development of*

Floriculture” are made operational to achieve the intended objectives of the schemes.

- *The State Government should review the position of the Orchards funded under the State Plan scheme and take appropriate corrective action to recover funds as appropriate from the beneficiaries to prevent mis-utilisation of funds.*
- *The State Government should strengthen Monitoring and Evaluation arrangement in the Department to ensure effective implementation of the scheme, proper utilisation of funds and achievement of scheme objectives.*

