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Report of the Comptroller and Auditor General of India

For the year ended 31 March 2014

GOVERNMENT OF MANIPUR

Report No. 1 of 2015

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Comptroller and Auditor General
of India

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PREFACE

1. *This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Manipur under Article 151 of the Constitution of India.*

2. *This Report contains significant results of performance audit and compliance audit of the Departments of the Government of Manipur under Social, Economic, Revenue and General Sectors including the Department of Education (Schools), Family Welfare Department, Relief and Disaster Management Department, Rural Development and Panchayati Raj Department, Social Welfare Department, Public Health Engineering Department, Veterinary and Animal Husbandry Department, Forest Department, Public Work Department, Revenue Department, Taxation Department and Transport Department and two Public Sector Undertakings viz. Manipur Tribal Development Corporation Ltd. and Manipur Police Housing Corporation Ltd.*

3. *The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2013-14, as well as those which came to notice in earlier years, but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2013-14 have also been included, wherever necessary.*

4. *The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*

Executive Summary

EXECUTIVE SUMMARY

This Report has been prepared in six chapters. Chapters I to V deal with Social, Economic, Public Sector Undertakings, Revenue and General Sectors, and Chapter VI deals with Follow up of Audit observations. The Report contains two performance audits on Total Sanitation Campaign and Veterinary and Animal Husbandry Department and 20 paragraphs including results of audit on Infrastructure facilities in High and Higher Secondary Schools.

According to existing arrangements, copies of the performance audits and paragraphs were sent to the Administrative Heads of the concerned departments with the request to furnish replies within six weeks. All the performance audits were discussed with the concerned Administrative Heads of the departments and other departmental officers. In respect of 13 paragraphs, reply of the Government/Department was received. Replies had not been furnished by the Government/Department for 7 paragraphs.

CHAPTER I
SOCIAL SECTOR

Compliance Audit Paragraphs

Audit on Infrastructure facilities in High and Higher Secondary Schools: The Department of Education (Schools) of the Government of Manipur is responsible for providing access to affordable quality school education from classes I to XII within easy reach. With the enactment of the Right to Free and Compulsory Education Act, 2009 (RTE Act), the Department has become more responsible for enforcing quality Elementary education which has become a fundamental right. Sarva Shiksha Abhiyan (SSA) was meant for translating this objective into reality in letter and spirit. Another important Centrally Sponsored Scheme that is going hand-in-hand with SSA in the Secondary Education Sector is the Rashtriya Madhyamik Shiksha Abhiyan (RMSA).

It was noticed that the creation of infrastructure for schools suffered due to short release of funds *viz;* construction of classroom, science laboratory room, computer room, library room, art and crafts room and toilet. Science Laboratories, Libraries and Art and craft centres could not be made functional as Laboratory Assistants, Librarians and Art and Craft instructors had not been appointed. Lack of laboratory equipment, Library Books and Art and Craft materials also posed impediments. Improving capacity in ICT skills suffered due to failure to put together the necessary IT infrastructure, Computer Faculty and study materials in the schools. Deployment of teachers was skewed and was not done in proportion to the enrolment, as envisaged in the guidelines.

(Paragraph 1.2)

Family Welfare Department: Expenditure of ₹ 97.93 lakh was incurred in violation of the delegated financial powers.

(Paragraph 1.3)

Relief and Disaster Management Department: Fund allocated under National School Safety Programme amounting to ₹ 65.93 lakh were withdrawn but not accounted for in the Cash Book.

(Paragraph 1.4)

Rural Development and Panchayati Raj Department: MGNREGS fund of ₹ 79.00 lakh was diverted for construction works which were not permissible as per scheme guidelines.

Due to preparation of estimates of works at rates higher than those admissible under MGNREGS, there was excess expenditure to the tune of ₹ 2.83 crore.

(Paragraph 1.5 & 1.6)

Social Welfare Department: A Braille machine procured in 2009 for ₹ 63.17 lakh had been lying unused for want of personnel to operate the machine.

(Paragraph 1.7)

CHAPTER II
ECONOMIC SECTOR

PERFORMANCE AUDIT

Performance Audit on implementation of Total Sanitation Campaign

The main objective of Total Sanitation Campaign (TSC) is to accelerate sanitation coverage in Rural areas so as to make toilets accessible to all by 2022. Public Health Engineering Department (PHED) implements TSC renamed as Nirmal Bharat Abhiyan (NBA) all over the state of Manipur.

The process of planning was devoid of comprehensive assessment of the needs/requirement of rural beneficiaries. Reliable baseline data was not available. There was no community participation in the preparation of PIPs. Financial management was inefficient which resulted in delays in release of funds, short release of State's matching contribution, retention of huge balances and leakage of funds through inadmissible payments and avoidable expenditure. There were neither norms for assessment/identification of IHHL beneficiaries nor for upkeep of the IHHLs by the beneficiaries. As Information, Education and Communication activities were insignificant, dissemination of awareness about the programme amongst the various stake holders was poor. As Social Audit was not implemented there was no monitoring and evaluation as required by the guidelines and efficient and effective delivery of the programme was not ensured.

(Paragraph 2.2)

Performance Audit of Veterinary and Animal Husbandry Department

The Department of Veterinary and Animal Husbandry Services, Government of Manipur is responsible for improving the livestock production to reduce protein hunger and to improve nutritional standards of human populace and also to provide technical support for the maintenance and improvement of livestock in the State.

During the period 2009-14, institutional weakness in the area of planning, implementation and monitoring was noticed. Financial management and accounting was poor resulting in large number of irregularities. Budget estimates were finalised without obtaining inputs from field offices. In the absence of Annual Plan and Perspective Plan for the activities to be carried out, the Department planned for short-term goals rather than being guided by long-term goals.

Though the population of Manipuri Pony had decreased alarmingly from 1037 in 2007 to less than 500 in 2014 and the animal was in danger of extinction, the Department had neither formulated a specific policy for its conservation and development nor taken advantage of GoI initiative for conservation of various Threatened Breeds of Livestock. Measures for improving livestock production and for controlling/prevention of animal diseases were not taken up due to mismanagement and misappropriation in the areas of procurement, stocking/storage and distribution of medicine/vaccines, concentrate feed for livestock, appliances and creation of infrastructure (veterinary hospitals and dispensaries). Available manpower was also not deployed judiciously. Internal control and monitoring mechanism in the Department was weak.

(Paragraph 2.3)

Compliance Audit Paragraphs

Forest Department: The interest free machinery advance paid to the contractor exceeded the contract provision by ₹ 17.66 crore. Further, there was no security for the outstanding advance of ₹ 1.23 crore.

(Paragraph 2.4)

Public Health Engineering Department: The supplier had not delivered DI pipes worth ₹ 1.53 crore even after three years of receiving full payment.

Water charges to the extent of ₹ 7.10 crore were outstanding due to the Department's failure to collect the same.

Misappropriation of Galvanized Iron (GI) pipes worth ₹ 53.08 lakh is suspected as these were not received even after 63 months of making payments.

(Paragraph 2.5, 2.6 and 2.7)

Public Works Department: The Department incurred expenditure of ₹ 25.06 lakh on items of work which were not correlated to the main work.

(Paragraph 2.8)

CHAPTER III
ECONOMIC SECTOR (Public Sector Undertakings)

Overview of Government Companies and Statutory Corporations

As on 31 March 2014, there were ten SPSUs (seven were working and three were non-working), none of which were listed on the stock exchange(s). The State working SPSUs registered a turnover of ₹ 7.03 crore for 2013-14 as per their latest finalised accounts as of September 2014. This turnover was equal to 0.05 *per cent* of State Gross Domestic Product (GDP) for 2013-14. The State SPSUs earned a profit of ₹ 0.78 crore in the aggregate for 2013-14, as per their latest finalised accounts.

(Paragraph 3.1.1)

As on 31 March 2014, the Investment (Capital and Long-Term Loans) in 10 SPSUs (Including three non-working Companies) was ₹ 56.49 crore (Working SPSUs: ₹ 35.25 crore/62.40 *per cent* and Non-working SPSUs: ₹ 21.24 crore/37.60 per *cent*). The Government had not made any investment in those companies during 2013-14.

(Paragraph 3.1.4)

The turnover of working SPSUs increased only marginally from ₹ 6.77 crore in 2008-09 to ₹ 7.03 crore in 2013-14. The percentage of turnover to State GDP however, decreased from 0.09 *per cent* in 2008-09 to 0.05 *per cent* in 2013-14. The overall profit of working SPSUs increased only marginally from ₹ 0.89 crore in 2008-09 to ₹ 1.04 crore in 2013-14. During the year 2013-14, out of seven working SPSUs, four SPSUs earned profit of ₹ 1.75 crore and two SPSUs incurred loss of ₹ 0.71 crore. One working SPSU[1] had not started commercial activities.

(Paragraph 3.1.9 and 3.1.10)

The accounts were in arrears for periods ranging from two years to 26 years. The delays in finalisation of accounts were due to abnormal delay in compilation and approval of the accounts, delay in submission of the same to the Statutory Auditors by the management and delay in adoption of accounts in the Annual General Meeting.

(Paragraph 3.1.13)

[1] The Manipur Food Industries Corporation Ltd.

Compliance Audit Paragraphs

Manipur Tribal Development Corporation Ltd: The company extended undue benefit to suppliers/ transporter by releasing 100 per cent advances (₹ 2.35 crore) to suppliers and making excess payment of ₹ 13.78 lakh to transporter.

The Company released interest free Mobilisation Advance of ₹ 50 lakh to a contractor in violation of extant rules.

(Paragraph 3.2 and 3.3)

Manipur Police Housing Corporation Ltd: Full advance payment to the suppliers without obtaining any safeguard resulted in delay in receipt of materials worth ₹ 1.79 crore.

(Paragraph 3.4)

CHAPTER IV
REVENUE SECTOR

Trend of revenue receipts

During the year 2013-14, the revenue raised by the State Government (₹ 733.40 crore) was ten *per cent* of the total revenue receipts of ₹ 7282.79 crore as against eight per cent in the preceding year (₹ 564.61 crore). The balance 90 *per cent* of receipts of ₹ 6549.39 crore during 2013-14 was from the Government of India.

(Paragraph 4.1.1)

The Tax Revenue raised during 2013-14 (₹ 472.73 crore) increased by 42.03 *per cent* as compared to the previous year (₹ 332.83 crore). The Non - Tax Revenue raised during 2013-14 (₹ 260.67 crore) also increased by 12.46 *per cent* as compared to the previous year (₹ 231.78 crore).

(Paragraph 4.1.2 and 4.1.3)

Response of the Departments/Government towards Audit

In respect of the Inspection reports (IRs) issued upto December 2013, 641 paragraphs involving ₹ 74.24 crore relating to 235 IRs remained outstanding at the end of June 2014.

(Paragraph 4.6)

Compliance Audit Paragraphs

Revenue Department: Undervaluation of properties for the purpose of levying Stamp Duty and Registration Fees resulted in loss of revenue to the extent of ₹ 31.67 lakh to the State exchequer.

(Paragraph 4.12)

Taxation Department: Concealment of purchase turnover resulted in evasion of tax of ₹ 0.52 crore and penalty to the tune of ₹ 1.04 crore.

The Government suffered loss to the tune of ₹ 39.06 lakh due to non-deduction of VAT from unregistered dealers.

The Department failed to realise tax of ₹ 1.19 crore and interest of ₹ 1.48 crore from five dealers.

Due to non-submission of mandatory form "F" even after expiry of the stipulated period, a dealer was liable to pay VAT of ₹ 6.16 lakh and penalty of ₹ 12.32 lakh for submission of incomplete and incorrect returns.

(Paragraph 4.13, 4.14, 4.15 and 4.16)

Transport Department: Non-recovery of professional tax amounting ₹ 72.99 lakh from the permit holders resulted in loss to the State exchequer.

(Paragraph 4.17)

CHAPTER V
GENERAL SECTOR

During 2013-14, against a total budget provision of ₹ 2815.32 crore, a total expenditure of ₹ 2130.25 crore was incurred by 16 Departments under the General Sector. In respect of funds of ₹ 889.45 crore released directly by the Central Government during 2013-14 to the implementing agencies of the State Government for implementation of various programmes of the Central Government, ₹ 35.24 crore was under General Sector.

(Paragraph 5.1)

Expenditure of ₹ 698.34 crore (including expenditure of ₹ 472.63 crore of previous years) under General Sector of the State Government was test checked during 2013-14.

(Paragraph 5.1.1)

CHAPTER VI
FOLLOW UP OF AUDIT OBSERVATIONS

As of November 2014, 2202 Inspection Reports issued from 2003-04 onwards were outstanding for settlement. Even the initial replies, which were required to be received from the Heads of Offices of the Government Departments within four weeks from the date of issue of IRs were not received from the Departments.

(Paragraph 6.4)

Chapter I

Social Sector

CHAPTER-I
SOCIAL SECTOR

1.1 Introduction

The findings based on audit of State Government units under Social Sector are featured in this chapter.

During 2013-14, against a total budget provision of ₹ 3007.41 crore under Social Sector, a total expenditure of ₹ 2337.70 crore was incurred by 16 departments under the Sector. The Department-wise details of budget provision and expenditure incurred there against are shown in **Table 1.1.1.**

Table 1.1.1
Budget Provision and Expenditure of Departments in Social Sector

(₹ in crore)

Sl. No.	Department	Budget Provision	Expenditure
1	Labour & Employment	14.84	14.16
2	Information & Public Relations	7.19	5.46
3	Tribal Affairs & Hill	458.11	422.71
4	Adult Education *	926.43	866.05
5	Education (Schools) *		
6	Education (University) *		
7	Technical Education *		
8	Medical & Health and Family Welfare	417.93	412.17
9	Youth Affairs & Sports	59.77	34.37
10	Social Welfare	333.81	163.39
11	Relief & Disaster Management	19.54	5.50
12	Rural Development & Panchayati Raj	273.48	223.15
13	Arts & Culture	29.64	25.96
14	Minorities & Other Backward Classes	66.29	41.01
15	Consumer Affairs, Food & Public Distribution	29.91	24.24
16	Municipal Administration Housing and Urban Development	370.47	99.53
	Total	**3007.41**	**2337.70**

Source: Appropriation Account
** Separate information not available*

Besides, the Central Government had been transferring a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2013-14 out of ₹ 889.45 crore directly released to different implementing agencies, ₹ 739.78 crore was under Social Sector. The details are shown in **Appendix 1.1.**

1.1.1 Planning and conduct of Audit

Compliance audit is conducted in accordance with annual audit plan. The auditee units are selected on the basis of risk assessment. Areas taken up are selected on the basis of topicality, financial significance, social relevance, internal control system of the units and occurrence of defalcation/ misappropriation/ embezzlement as well as findings of previous Audit Reports. Apart from the above parameters, all departmental important directorates and district level units are audited annually.

Inspection Reports are issued to the heads of units as well as heads of departments after completion of audit. Based on the replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed for inclusion in the Audit Report of C&AG of India.

The test audits were conducted during 2013-14 involving expenditure of ₹ 3459.15 crore including expenditure of ₹ 2913.00 crore of previous years of the State Government under Social Sector, as shown in **Appendix 1.2**. This chapter contains six compliance audit paragraphs as discussed in the succeeding paragraphs.

COMPLIANCE AUDIT

DEPARTMENT OF EDUCATION (SCHOOLS)

1.2 Audit on Infrastructure facilities in High and Higher Secondary Schools

1.2.1 Introduction

The Department of Education (Schools) of the Government of Manipur is responsible for providing access to affordable quality school education from classes I to XII within easy reach. With the enactment of the Right to Free and Compulsory Education Act, 2009 (RTE Act), Elementary education has become a fundamental right. This has made the Department more responsible for enforcing the RTE Act in the State for providing quality School education. Sarva Shiksha Abhiyan (SSA) has taken steps to translate this in letter and spirit. Another important Centrally Sponsored Scheme that is going hand-in-hand with SSA in the Secondary Education Sector is the Rashtriya Madhyamik Shiksha Abhiyan (RMSA). Audit had focused mainly on the implementation of the provision/guidelines of RMSA for the creation of infrastructure in the schools to ensure affordable quality education in schools.

The Principal Secretary (Education – School) was the head of the Education Department. He was assisted by the Director of Education (S). At the District level, there were thirteen Zonal Education Officers[1] (ZEOs). The main focus of the audit was on the existence of prescribed infrastructure in the schools and maintenance of pupil teacher ratio prescribed under SSA/RMSA.

1.2.2 Audit Objectives

The objectives of Audit on infrastructure facilities in High and Higher Secondary Schools were to assess whether:-

- School infrastructure were as per prescribed norms/ standards.
- Pupil-Teacher Ratio in the school was as per norms specified under Sarva Shiksha Abhiyan (SSA)/Rashtriya Madhyamik Shiksha Abhiyan (RMSA).

1.2.3 Audit Criteria

The audit findings were benchmarked against the criteria derived from the following sources:

- Rashtriya Madhyamik Shiksha Abhiyan (RMSA) guidelines;
- Revised Information and Communication Technology (ICT) guidelines; and

[1] ZEO of Imphal East, Imphal West, Bishnupur, Thoubal, Wangoi, Kakching, Jiribam, Churachandpur, Chandel, Ukhrul, Senapati, Tamenglong and Kangpokpi.

- Notifications and instructions issued by the State and Central Governments.

1.2.4 Scope of Audit

Audit of infrastructure facilities in High and Higher Secondary Schools was carried out during April to June 2014 covering the period from April 2009 to March 2014. 74 (62 rural and 12 urban) schools out of the total 1529 Government schools in the State spread across all 9 districts were randomly selected. Records at Mission Directors of SSA and RMSA were also examined.

1.2.5 Audit methodology

In tune with the Annual Audit Plan 2014 - 15, 74 schools were selected through simple Random Sampling (SRS) Method to assess the availability and condition of various infrastructure like toilets, arts and craft room, computer rooms/facilities, science laboratories, libraries and classrooms. The pupil teacher ratio in those schools was also analyzed. At the outset, an audit team conducted compliance audit of the Mission Director - SSA and the Mission Director - RMSA and collected data on infrastructure planned for the selected schools, the fund released and other relevant baseline data. Thereafter, audit teams (six in number) visited the schools to conduct compliance audit and examined the implantation at the school level through scrutiny of records, questionnaires and physical inspection.

1.2.6 Audit findings

The findings of the audit of infrastructure facilities in the 74 Schools are discussed in the succeeding paragraphs.

1.2.6.1 Availability of Infrastructure

During 2009-14, RMSA took up construction works for up-gradation of Junior High Schools (JHS) to High Schools (HS) and strengthening of existing schools. Out of the selected schools, five JHSs were upgraded to HS having one section, 24 JHSs were upgraded to HS having two sections and 43 existing schools were strengthened. RMSA did not take-up any construction work in the remaining three schools. These works were implemented through various agencies like Manipur Development Society (MDS), Engineering Cell under Directorate of Education (Schools) and School Management Development Committee (SMDC).

Audit of records showed that the department had allocated/earmarked ₹ 2232.09 lakhs during the year 2009-10 for upgradation/strengthening of schools. Out of this, ₹ 2165.09 lakhs was to be released in three instalments. The first instalment of the fund which was earmarked for the year 2009-10 was released during 2010-11. Till the date of audit (June 2014), the total amount released for construction works was ₹ 1730.36 lakhs (**Appendix 1.3)**. Due to non-release of full amount, the following construction works were not completed (July 2014).

Table 1.2.1
Status of Various Construction Works

Sl. No.	Item of work	Number of infrastructures to be developed		Status (Nos.)					
				Completed		In progress		Not yet started	
		Number of schools	No. of rooms	No. of schools	No. of rooms*	No. of schools	No. of rooms	No. of schools	No. of rooms
1	Classroom	53	148	45	119	4	13	4	16
2	Computer room	61	61	48	48	3	3	10	10
3	Science Lab. room	55	55	41	41	4	4	10	10
4	Library	49	49	38	38	4	4	7	7
5	Toilet	71	71	58	58	0	0	13	13
6	Art and Craft room	71	71	55	55	6	6	10	10

Source: Departmental Records
**Including constructions dismantled in respect of Bengali High School.*

As target date for completion was not fixed, the progress of work could not be monitored and enforced on account of which various works remained incomplete. On this being pointed out, the Mission Director (MD), State Implementing Society (SIS), RMSA stated (December 2014) that the target dates of completion was to be decided by the construction agencies. The reply of MD SIS, RMSA shows the lack of seriousness to complete the basic infrastructure of the schools in timely manner.

During audit of records in Bengali High School of Imphal West District having 107 enrolled students, it was noticed that five items[2] of work constructed through the SMDC at a cost of ₹ 24.30 lakh were demolished during March, 2013 without intimating SMDC. However staff from SIS, RMSA had visited the school on the day of the demolition. Reasons for the demolition were not available to audit.

Similarly, in Choithar High School of Ukhrul District with 85 enrolled students, eight items[3] of work constructed upto plinth level through Engineering Cell of the Directorate at a cost of ₹ 19.08 lakh under RMSA was demolished by a group of villagers in April 2012. School Authority had intimated the matter to the Zonal Education Officer (ZEO), Ukhrul, but no complaint in the form of First Information Report (F.I.R.) was lodged to the Police by the School Authority. The concerned contractor lodged an F.I.R. with the Ukhrul Police Station on 28 April 2012, but action taken thereon was awaited (December 2014).

On this being pointed out, MD, SIS, RMSA in reply (December 2014) stated that no official information was received from the concerned authority for the reason of the demolitions of the structure in both the schools. Thus, the expenditure of ₹ 43.38 lakh for infrastructure facilities was unfruitful.

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[2] Two classrooms, one science laboratory room, one library, one Art and Craft room, separate toilet for boys and girls with drinking water facility.

[3] Four classrooms and one room each for Head masters/mistress, office room, computer room, science laboratory room, Library, Art and Craft room, and separate toilet for boys and girls with water.

1.2.6.1.1 Class rooms

Para 4.6 of the framework of RMSA Guideline stipulates that the classroom to pupil ratio will be 1:40. The classroom shall be in such a condition that classes could be conducted congenially, can accommodate 40 pupils comfortably with enough space for adequate desks and benches. If number of pupil is more than 40 in a class, there should be at least two sections. As per para 8 of Annexure-III of RMSA Guideline there is a provision for constructing two additional rooms in one section schools and four additional rooms in two section schools at the unit cost of ₹ 5.63 lakh per room including ₹ 1.00 lakh earmarked for furniture. Furniture items include 8 pairs of desks and benches, 1 table and 1 chair for teacher, 2 wooden almirahs and one dustbin. The size of the classroom shall be (7x7) square meter i.e. 49 square meter.

Construction of additional classrooms under RMSA was sanctioned during 2009-10 in 53 out of the 74 selected schools. MD, SIS, RMSA stated (December 2014) that the classrooms in the schools were to be constructed by agencies like Manipur Development Society (MDS), Engineering Cell under Directorate of Education (Schools) and School Management Development Committee (SMDC). The date of completion was to be fixed by the work agencies. Status of construction of classrooms (July 2014) was as shown in **Table 1.2.2.**

Table 1.2.2
Status of Construction of Classrooms

Status of construction	Number of schools	Number of rooms
Not started	4	16
In progress	4	13
Dismantled	1	2
Completed	44	117
Total	**53**	**148**

Source: Departmental Records

Audit noticed that the construction of 117 class rooms was completed in 44 schools. Out of this, 14 classrooms in 6 schools remained unutilised as the same were not handed over to the school authority.

On this being pointed out, SIS, RMSA stated (December 2014) that no official information had been received from the concerned school authority.

1.2.6.1.2 Science Laboratories

The National Focus Group on "Teaching of Science" suggested prevention of marginalisation of experiments in school science curriculum. Science laboratories are needed to promote experimental culture. Para 5.5.5 of Framework for implementation of RMSA states that at least a Science Laboratory along with necessary equipment need to be set up in each secondary school.

Audit noticed that science laboratories were in place in only 45 out of the 74 selected schools. Further, Laboratory Assistants were posted only in two

schools[4]. Though SIS, RMSA had supplied the laboratory equipment to all the selected schools, the same remained idle either due to non appointment of laboratory assistant or non availability of laboratory facilities. This indicates that adequate science practical classes were not conducted in the schools and the objective of promoting experimental culture was not fulfilled.

1.2.6.1.3 Computer rooms

During 2009-10, the State Implementing Society, RMSA sanctioned ₹ 4.60 lakh per school for construction of one computer room each for 165 schools. Out of 165, schools 61 were among the selected schools. The progress of construction of computer rooms as of July 2014 was as shown in **Table 1.2.3.**

Table 1.2.3
Status of Construction of Computer Rooms

Status of construction	Number of schools
Not started	10
In progress	3
Completed	48
Total	**61**

Source: Departmental Records

Examination of records revealed that out of the 48 schools having computer room, 21 schools had utilised their computer room for other purposes due to non availability of adequate classroom *etc*. Details are shown in **Appendix 1.4**.

Further, works in 10 schools had not started and construction in 3 schools were in progress (July 2014). On this being pointed out, MD, SIS, RMSA stated (December 2014) that the implementing agencies were to construct additional classroom, science laboratory, art and craft room *etc.*, and they had taken up the construction as per the priority of the concerned schools and hence the construction of computer room in 10 schools had not been taken up and in 3 schools work was in progress.

The reply of MD, SIS, RMSA shows that works executed by the agencies were not monitored by RMSA.

1.2.6.1.3.1 Availability of computers

The objective of providing computer infrastructure to the schools is to enable the students to get the opportunities for building up their capacity on Information Communication and Technology (ICT) skills and make them learn through computer aided learning process. The source of funds for providing computer infrastructure were from Central Government and State Government in the ratio of 90:10.

Scrutiny of records revealed that a Memorandum of Understanding (MOU) was signed between the Department of Education (Schools), Government of Manipur and M/S ACES Infotech (P) Limited, Kolkata in April 2011 for

[4] Johnstone H.S.S. and Ibotonsana H.S.S.

supply of computer Hardware[5] (at the rate of ₹ 6.40 lakh per school) and for maintenance[6] (at the rate of ₹ 2.70 lakh per school per year) for five consecutive years in 260 schools in the State. As per agreement, the firm should complete the project in four months from the date of signing MOU *i.e.,* by August 2011. As per record available in Directorate of Education(S), the firm had supplied computer with its peripherals and deployed computer instructors in all the 260 schools under the ICT Scheme by November 2012. Scrutiny of records of 61 schools out of 260 schools revealed the following:

- There were no Computer instructors in 35 schools. In 16 schools instructors were absent since January 2014.
- One Computer Instructor had been teaching in one school[7] without any remuneration since April 2012.
- Against an earmarked salary of ₹ 10,000/- per month for computer teacher/instructor in the revised ICT norms, the contractor firm fixed the salary of the IT faculty at ₹ 3,500/- per month.
- Two schools[8] did not receive any IT infrastructure like web camera, scanner, projector, *etc.,* under ICT Scheme though the firm claimed that it had supplied the material to those schools.
- None of the test checked schools were provided educational software such as multimedia based educational software based on Secondary Education and Council of Higher Secondary Education, Manipur for Class IX-X and XI-XII.

The aim of improving infrastructure of the schools for capacity building on Information Communication and Technology (ICT) skills and making them learn through computer aided learning process could not be fulfilled due to non-appointment of required number of computer instructors, non-payment/less payment of salaries to the computer instructors and failure to provide Educational software.

1.2.6.1.4 Libraries

The school library is a centre for learning where all kinds of reading material including teaching tools, learning material, magazines, newspapers *etc.*, are to be made available. School libraries make a difference to students' understanding and achievement and provide support for teaching and learning throughout the school. The school library also plays a key role in the cultural and social life of the students.

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5 Non recurring expenditure such as cost of 10 PCs, including 1 Projector, 1scanner, Web camera, etc, Operating System & Application software, Educational software, Furniture and Teacher's induction training for ₹ 6.40 lakh.

6 Recurring expenditure such as Teacher salary, broad band management charge, electricity charge, P.O.L, Telephone charge, stationery *etc.,* for ₹ 2.70 lakh.

7 Kumar High School

8 Arong High School and Sopeleng High School

The RMSA guidelines provide ₹ 7.00 lakh for construction of a 7x10.60 square meter library room for Government schools having their own building. The amount of ₹ 7.00 lakh includes cost of furniture (₹ 0.25 lakh) to be supplied to schools in kind. Para 5.7.3 also stipulates the need of a regular librarian cum computer instructor to look after the affairs of library as well as ICT activities.

Out of the 74 schools covered by audit, only 49 were selected for construction of library room under RMSA. Till the date of audit (July 2014) construction of library could be completed in only 38 schools as shown in **Appendix 1.5**.

Further out of 40 (including 2 schools having library room not covered under RMSA) schools having library room, only in 29 schools books were provided for Library. Moreover, none of the test checked schools had any Librarian-cum-computer instructors although guideline specified the need and requirement of their services. On this being pointed out, the SIS, RMSA stated (December 2014) that there was no provision of funds for purchase of books for Library and Project approval Board (PAB) had also not sanctioned any funds for this purpose.

However, the fact remained that the State Government could have explored the possibility of funding from other sources according to RMSA guideline. Further, no records were available to indicate that the concerned authorities approached NGOs/Agencies/ Community for purchase of books for equipping of the Libraries. The School inspection (visit) done by higher authority from time to time also did not make any suggestion for improvement of library in the school. Therefore, it was evident that efforts were not made for proper functioning of the libraries in the schools and objective of providing libraries to enhance the knowledge of the students could not be fulfilled.

1.2.6.1.5 Art and Craft

Art and Craft education is important for creating awareness about India's rich cultural heritage and its heritage crafts along with its vibrant diversity. With an emphasis on creative and aesthetic aspects, art and craft is to be treated as a part of the curriculum. As per para 5.6 of the Framework of RMSA guidelines, art and craft subject is to be taught up to class X in every school. Further National Curriculum Framework (NCF) provides that for this purpose appropriate trained teacher should be appointed and a block period of one to one and a half hour is also necessary.

The guidelines also provide ₹ 5.00 lakh for construction of an Art and Craft room with room size of 7x7 square meter with additional 35 *per cent* (for circulation area 20% + wall area 15 %) and total plinth area of around 66 square meters (49 sqm. + 17 sqm.) for Government schools having their own building. This amount includes ₹ 0.40 lakh being cost of furniture to be supplied to schools in kind.

During 2009-10, RMSA selected 224 schools (which included 71 of the sampled schools) for construction of Arts and Craft Room and released ₹ 4.60 lakh per school. The construction work was assigned to MDS, Engineering

Cell of Education (S) and the SMDCs. The works commenced in 2011-12. The progress of construction of Arts and Crafts room in the 71 schools (July 2014) was as shown in **Table 1.2.4.**

Table 1.2.4
Status of construction of Arts and Crafts Room

Status of construction	Number of schools
Not started	10
In progress	6
Completed	54
Dismantled	1
Total	**71**

Source: Departmental Records

No target date was fixed by the work agencies for completion of Art and Craft rooms. The information regarding the date of actual completion was also not available on record.

As seen from table above, Arts and Crafts room had been constructed in 54 schools as of July 2014. However, neither instructors nor requisite material for art and craft classes were made available in any of the schools.

On this being pointed out, the MD, SIS, RMSA stated (December 2014) that there was no provision of funds for purchase of art and craft materials and Project approval Board (PAB) had also not sanctioned any funds for this purpose.

Thus, due to non-appointment of Art and Craft instructors and non-availability of the art and craft material, classes were not conducted in schools. This had defeated the very essence of imparting art and craft knowledge to the students.

The issue regarding non-appointment of Art and Craft instructors were brought to the notice of the Government of Manipur. However, reply has not been received (December 2014).

1.2.6.1.6 Toilet Blocks

In the context of Universalisation of Secondary Education (USE), it is imperative to provide requisite number of toilet blocks in each school, separately for boys, girls, staff and teachers. The Financial Management and Procurement Manual of RMSA suggests for construction of requisite number of separate toilets for boys and girls with drinking water facility in each school separately by providing ₹ 1.50 lakh per block and ensure availability of water in the toilet. Funds for this purpose was released to the work agencies (MDS, Engineering Cell and SMDCs) in 2010-11. Construction of toilets was sanctioned in 71 of the sampled schools out of which construction was completed in 58 (53+5)[9] schools. The target date of completion was fixed by the work agencies. In this regard, the following was observed in audit:

[9] Construction of toilet was completed in 58 schools, but after construction, toilet in 5 Schools was broken.

- In 13 schools, construction of toilet blocks had not started (July 2014). The reasons for non-commencement of works were not made available to audit.
- Audit also noticed (July 2014) that the toilet blocks constructed during 2011-13 were already broken in 5 schools, rendering them unusable. The school authority however, failed to report the matter to the Higher Authority.
- Audit observed that there were no separate toilets for boys and girls in 18 schools out of 53 schools having toilets. This indicates that there was a gender barrier to the students in accessing the toilets in the 18 schools.

Thus, the students were deprived of toilet facilities due to lack of co-ordination among RMSA and school authorities and the objectives of universalisation of Secondary Education was defeated.

1.2.6.1.7 Pupil teacher ratio

As per RMSA and SSA Guidelines, Pupil to Teacher Ratio (PTR) should not be more than 40:1. At least one teacher per class is necessary. Scrutiny of records of 74 schools revealed the following:

In 7 schools (6 rural and 1 urban) Pupil to Teacher ratio were more than 40:1 which shows that there were more than 40 pupils per teacher. This is in contravention of the RMSA and SSA Guidelines. Details are shown in **Table 1.2.5.**

Table 1.2.5
Shortage of Teachers

Sl. No.	Name of school	No. of teachers	No. of sections/ classes	No. of pupil	Minimum required no. of teachers	Shortage in no. of teachers
1	Heirok HHS (R)	22	16	1665	42	20
2	Chamu HS (R)	4	10	210	10	6
3	Chingsui HS (R)	3	8	195	8	5
4	Gelnel HS (R)	9	10	477	12	3
5	Sagang HS (R)	14	8	771	20	6
6	Jiribam HSS. (U)	11	4	673	17	6
7	Wangoo (R)	8	5	617	15	7
Total		**71**			**124**	**53**

Source: Departmental Records

From the table, it is seen that shortage of teachers in the 7 schools ranged from 3 to 20 with a total shortage of 53 teachers in those schools. It was also seen that in 3 schools, number of teachers was less than the number of classes/sections.

In 28 schools it was found that there were some classes/sections having more than 40 pupils. Among these 28 schools, there were 8 schools having some classes/sections with strength of more than 100 pupils. Details are shown in the **Appendix 1.6**. Audit observed that one teacher teaching more than 40 pupils (even more than 100 in some cases) at a particular point of time was

due to either shortage of teacher or excess number of pupil in that particular class/section.

On the other hand in 13 schools (7 urban and 6 rural) the pupil to teacher ratio was less than 7:1 which indicates there were less than 7 pupils per teacher. The details are shown in **Table 1.2.6.**

Table 1.2.6
Excess Teachers

Sl. No.	Name of school	Year	Total strength of teachers	No. of sections/ classes	No. of pupil	No. of pupil per teacher	No. of teachers per section/ class
1	Lilasing W (U)	2013	16	5	100	6.25	3.20
2	Purum Tampak JHS Cdl (R)	2013	18	9	118	6.56	2.00
3	Canchipur HS IW (U)	2013	27	8	85	3.15	3.38
4	Oinam Sawombung Tbl (R)	2013	15	8	96	6.40	1.88
5	Chingtam IE (U)	2013	13	5	85	6.54	2.60
6	Bengali IW (U)	2013	18	5	107	5.94	3.60
7	Heigrujam (R)	2013	13	5	103	7.92	2.60
8	Kha Imphal IW (U)	2013	26	5	68	2.62	5.20
9	Irrom Meijrao IW (R)	2013	12	5	70	5.83	2.40
10	Tuiring Phaisen JHS Ccpur (R)	2013	15	7	64	4.27	2.14
11	Laishram Deva Singh HS IE (U)	2013	21	5	46	2.19	4.20
12	Khurai IE (U)	2013	22	5	55	2.50	4.40
13	Akhui HS Tml (R)	2013	12	5	79	6.58	2.40

Source: Departmental Records

This indicates that there was irrational distribution of teachers in the Government schools.

1.2.7 Conclusion

The creation of infrastructure for schools suffered due to short release of funds viz; construction of classroom, science laboratory room, computer room, library room, art and crafts room and toilet. Science Laboratories, Libraries and Art and craft centres could not be made functional as Laboratory Assistants, Librarians and Art and Craft instructors had not been appointed. Lack of laboratory equipment, Library Books and Art and Craft materials also posed impediments. Improving capacity in ICT skills suffered due to failure to put together the necessary IT infrastructure, Computer Faculty and study materials in the schools. Deployment of teachers was skewed and was not done in proportion to the enrolment, as envisaged in the guidelines.

1.2.8 Recommendations

- The State Government as well as SIS, RMSA needs to pursue vigorously with the work agencies to ensure early completion of construction works.
- The State Government needs to ensure appointing/posting of Laboratory Assistant in each school and providing adequate equipment for Science Laboratories.
- The State Government needs to explore ways to provide Art and Craft material to the Students and books for library and also initiate steps to appoint Art and Craft instructor and Librarian for all the schools.
- Posting of teachers in a school should be proportionate to the enrolment.

FAMILY WELFARE DEPARTMENT

1.3 Irregular Expenditure

Department had incurred expenditure of ₹ 97.93 lakh in violation of the delegated financial powers

Schedule IIA of the Delegation of Financial Powers Rules, 1995 issued by Government of Manipur (DFPR) stipulates the financial powers delegated to Heads of Department for each/individual case for various types of expenditure. The financial powers delegated to the Heads of Department ranged from minimum of ₹ 10,000 to maximum of ₹ 1,00,000 in each instance based on the nature of expenditure. Further, Section 3 (2) forbids the bifurcation of expenditure proposals for the purpose of bringing them under delegated powers, so as to evade sanction from a higher competent authority.

Audit of records (October-November 2013) of Directorate of Family Welfare Department showed that expenditure of ₹ 1.05 crore was incurred through 42 bills during August 2012 to March 2013 towards local purchase of stationery, maintenance & repairs of vehicles, miscellaneous, original works, petty works & ordinary repairs, purchase of furniture and purchase of instruments. The Director accorded administrative approval and expenditure sanction (AA & ES) for the amount paid against each bill. As per financial powers delegated *ibid* the Director was authorized to accord AA & ES of a total of only ₹ 7.05 lakh. Thus, the expenditure incurred exceeded the financial powers delegated by ₹ 97.93 lakh. Details are shown in the **Appendix 1.7**.

The matter was referred to the Department/Government (June 2014); the reply had not been received (December 2014).

RELIEF AND DISASTER MANAGEMENT DEPARTMENT

1.4 Non-accountal of Scheme Funds

Funds allocated under National School Safety Programme amounting to ₹ 65.93 lakh were withdrawn but not accounted for in the Cash Book

Rule 77 (ii) of Central Treasury Rules (CTR) stipulates that all monetary transactions should be entered in the Cash Book as soon as they occur and is to be attested by the Head of the Office in token of check.

Audit of the records (August 2013) of the Director, Relief and Disaster Management showed that a sum of ₹ 65.93 lakh for implementation of National School Safety Programme (NSSP), a cent *per cent* Centrally Sponsored Scheme, was withdrawn through 25 cheques from the bank between 5 June 2013 and 19 July 2013. It was also seen that the amounts withdrawn were neither reflected in the Cash book Nor in the Cheque issue register. There was no Cash Book entry after 3 May 2013 wherin the closing cash balance was stated as ₹ 1.03 crore.

Till the date of audit (August 2013), ₹ 65.93 lakh remained unaccounted in violation of the rules *ibid.* Therefore, chances of embezzlement/ misappropriation of ₹ 65.93 lakh could not be ruled out. On this being pointed out (August 2013), the Director while accepting the audit observation assured that necessary action would be taken.

The matter was referred to the Department/ Government (June 2014). Inspite of requests for comments (August 2014 and October 2014), no reply had been received (December 2014).

RURAL DEVELOPMENT AND PANCHAYATI RAJ

1.5 Diversion of Funds

MGNREGS funds of ₹ 79.00 lakh was diverted for construction works which were not permissible as per scheme guidelines

Section 6.1 of the operational guidelines, 2008 of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) lays down the list of permissible works under the scheme which include water conservation, watershed development, land development, agricultural related works, rural drinking water projects, rural sanitation *etc.* Further, as per Ministry of Rural Development, Government of India's circular dated 30 March 2007, civil works under MGNREGS were not permissible.

Audit of records (January – February 2011 and August 2013) of the District Rural Development Agency (DRDA), Ukhrul showed that the District Programme Coordinator gave administrative approval for construction of five training halls by using MGNREGS funds between January 2009 and

November 2012. The technical sanction for the said works was accorded by Executive Engineer, DRDA, Ukhrul. Accordingly, an amount of ₹ 79.00 lakh was drawn during January 2009 to November 2012 for construction of the five numbers of training halls.

Thus, the Department diverted ₹ 79.00 lakh of MGNREGS funds for construction works which were not permissible as per the extant guidelines of the scheme. The details of diversion of ₹ 79.00 lakh for the five works is shown in **Table 1.5.1.**

Table 1.5.1
Works for Which Fund was Diverted

(₹ in lakh)

Sl. No.	Name of work	Estimated cost	Total Payment	Time of payment
1.	Construction of Training Hall at Phungyar Headquarter	11.00	11.00	January 2009 March 2009 October 2009
2.	Construction of Training Hall at Kamjong Headquarter	11.00	11.00	January 2009 March 2009 October 2009
3.	Construction of Training Hall at Kasom Khullen Headquarter	11.00	11.00	January 2009 March 2009 October 2009
4.	Construction of Training Hall at Litan	11.00	11.00	January 2009 March 2009 October 2009
5	Construction of MGNREGS Training Hall at Mini-Secretariat Campus, Ukhrul	35.00	35.00	November 2012
TOTAL		**79.00**	**79.00**	

Source: Departmental Records

The Department while admitting (November 2014) the audit observation stated that no further construction would be undertaken.

1.6 Excess Expenditure

Due to preparation of estimates of works at rates higher than those admissible under MGNREGS, there was excess expenditure to the tune of ₹ 2.83 crore

Para 7.6.6 of the operational guidelines (2013) of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) provides that contractors shall not execute the works under MGNREGA. Further, as per Para 7.6.5, overhead charges would not be paid to the line departments who render any technical support to the Gram Panchayats (GPs). This means that estimates for MGNREGA works should be devoid of provision for contractor's profit and overhead charges. The rates stipulated in the Manipur Schedule Rate (MSR) 2011 is inclusive of 15 *per cent* towards Contractor's profit and overhead charges. Thus estimate for MGNREGA works should be restricted to 85 *per cent* of Manipur Schedule Rate (MSR) 2011.

Audit of the accounts of the Executive Director (ED), District Rural Development Agency (DRDA), Bishnupur showed that expenditure of ₹ 34.91 crore was incurred on 549 number of works[10] during 2012-13 for which estimates were framed at 92.5 *per cent* of MSR 2011 as against admissible 85 *per cent* of MSR 2011. This led to excess expenditure of ₹ 2.83 crore as shown in **Table 1.6.1.**

Table 1.6.1

(₹ in lakh)

Sl. No.	Particulars	Amount	Remarks
(A)	Total value of work	3,490.95	This is inclusive of 3% contingency charges
	Less contingency charge @ 3%	-101.68	$\{\mathbf{A} \div \frac{(100+3)}{100}\} \text{ X } \frac{3}{100}$
(B)	Net cost of work	3,389.27	This is 92.5 % of MSR 2011 rate
(C)	Cost of work as per norms i.e. 85% of MSR 2011	3,114.47	$\{\mathbf{B} \div (\frac{92.5}{100})\} \text{ X} (\frac{85}{100})$
(D)	Add Contigency charge @ 3 % of **(C)**	93.43	
(E)	Gross amount admissible	3,207.90	**C + D**
Excess payment		**283.05**	**A - E**

The matter was brought to the notice of the ED, DRDA Bishnupur (June 2013 and February 2014) for comments. As no response was received from the ED, the matter was brought to the notice of the Department (May 2014 and July 2014). In response, the Department accepted (September 2014) the audit observation and stated that steps would be taken to avoid such expenditure in future.

SOCIAL WELFARE DAPARTMENT

1.7 Unfruitful Expenditure

A Braille machine procured in 2009 for ₹ 63.17 lakh had been lying unused for want of personnel to operate the machine

Audit of records (May 2013) of the Government Ideal Blind School, Takyel (the School) showed that the Commissioner, Social Welfare Department had issued administrative approval of ₹ 63.82 lakh for purchase of Braillo 440SW Braille Printer from Braillo Norway AS with the objective of establishing a Braille press at the school for printing Braille books for the blind students of Manipur. The amount of ₹ 63.17 lakh was paid in June 2009 to the firm. The Braille printer was delivered at the school in August 2009 and the same was installed in February 2011 after a delay of 19 months. The delay in installing the printer was attributed to non-availability of trained/skilled manpower to operate the machine. Though the supplier was responsible to give training regarding operation of the printer, no such training was provided.

[10] For water conservation and water harvesting, drought proofing, micro irrigation works, land development, flood control and protection and rural connectivity

However, the Braille printer was lying idle till the date of audit (May 2013) as there was no personnel to operate the machine even though the school intimated (June 2010) the administrative department for appointment of requisite staff. It was also noticed that enrolment in the school had increased from 76 in the year 2009 to 129 as on date of audit (May 2013).

Thus, the expenditure of ₹ 63.17 lakh had not been fruitful for the past five years as the machine has been lying idle thereby defeating the objective of having a Braille press in the State. This had also deprived the 129 students enrolled in the school an opportunity to enhance their skills and knowledge as no book had been printed for them with the help of the printer. Moreover, after being idle for such prolonged period, the serviceability of the machine was also questionable.

The Department while admitting (October 2014) the audit observation stated that necessary steps would be taken to avoid such incident in future. The Department had selected (August 2014) Braille Editor, Proof Reader, Binder and Chowkidar for Braille press on contract basis. However, in the absence of qualified person to operate the machinery, the Braille printer was not functional.

Chapter II

Economic Sector

CHAPTER-II
ECONOMIC SECTOR

2.1 Introduction

The findings based on audit of State Government units under Economic Sector are featured in this chapter.

During 2013-14, against a total budget provision of ₹ 3513.79 crore, a total expenditure of ₹ 2080.41 crore was incurred by 18 departments under the Economic Sector. The Department-wise details of budget provision and expenditure incurred there against are shown in **Table 2.1.1.**

Table 2.1.1
Budget Provision and Expenditure of Departments in Economic Sector

(₹ in crore)

Sl. No.	Department	Budget Provision	Expenditure
1	Command area Development Authority	201.90	112.67
2	Agriculture		
3	Sericulture	96.38	45.76
4	Economic and Statistics	33.09	24.59
5	Commerce and Industries	92.11	66.92
6	Co-operation	16.36	15.82
7	Fisheries	33.92	30.96
8	Horticulture and Soil Conservation	35.71	34.00
9	Veterinary and Animal Husbandry	96.45	65.07
10	Science and Technology	9.98	9.05
11	Tourism	231.53	43.57
12	Forest Department (including Environment)	173.10	118.95
13	Irrigation and Flood Control	870.86	175.88
14	Minor Irrigation	91.92	64.45
15	Public Works	638.57	575.10
16	Power	666.84	530.31
17	Public Health Engineering	193.10	138.77
18	Information Technology	31.97	28.54
	Total	**3513.79**	**2080.41**

Source: Appropriation Accounts

Besides, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2013-14, out of ₹ 889.45 crore directly released to different implementing agencies, ₹ 114.43 crore was under Economic Sector. The details are shown in **Appendix 2.1**.

2.1.1 Planning and conduct of Audit

The test audits were conducted during 2013-14 involving expenditure of ₹ 2353.50 crore including expenditure of ₹ 2018.92 crore of previous years of the State Government under Economic Sector, as shown in **Appendix 2.2.** This chapter contains our findings of Performance Audits of two Departments *viz;* Public Health Engineering Department and Veterinary and Animal Husbandry Department and five compliance audit paragraphs as discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.2 Total Sanitation Campaign (TSC)

Highlights

The main objective of Total Sanitation Campaign (TSC) was to accelerate sanitation coverage in Rural areas so as to make toilets accessible to all. Public Health Engineering Department (PHED) implements TSC renamed as Nirmal Bharat Abhiyan (NBA) all over the state of Manipur. The following deficiencies were noticed in implementation of the scheme:

- The State level Annual Implementation Plans (AIPs) were prepared without inputs from the districts. The Annual Implementation Plan did not indicate District/ Block/ Gram Panchayat (GP) wise allocation of physical and financial targets.

(Paragraph 2.2.6.3)

- During the year 2009-2013, the Department could utilise ₹ 54.13 crore (71 *per cent*) against the available funds of ₹ 76.38 crore. Utilisation of funds did not have any uniform pattern and affected the implementation plan.

(Paragraph 2.2.7)

- The State Government deducted ₹ 30.85 lakh as VAT, Departmental Charges and Labour Cess from the state matching share which resulted in short release of funds to that extent.

(Paragraph 2.2.7.1.1)

- The central grants received were released by the State Government to the District Water and Sanitation Missions after a delay ranging from 14 to 400 days.

(Paragraph 2.2.7.1.2)

- The Department incurred avoidable and inadmissible expenditure of ₹ 30.60 lakh on procurement of plastic squatting plates and ₹ 36.73 lakh on construction of Individual Household Latrine (IHHLs) by NGOs.

(Paragraph 2.2.7.3.1 and 2.2.7.3.2)

- During 2009-10 to 2013-14, against target of 3,49,763 IHHLs to be constructed, only 1,91,340 IHHLs were constructed (54.71 *per cent)*.

(Paragraph 2.2.8.1.1)

- There were 9,704 insanitary latrines in the three test audited districts as per census of 2011. However, no programme for conversion of insanitary latrines to sanitary latrines was taken up in the three districts.

(Paragraph 2.2.8.1.3)

- Regular inspection was not conducted by officers at any level to check and ensure the quality of construction works which indicated that the monitoring mechanism was deficient.

(Paragraph 2.2.12.1)

2.2.1 Introduction

Sanitation is one of the basic determinants of quality of life and human development index. The concept of sanitation includes liquid and solid waste disposal, food hygiene as well as personal, domestic and environmental hygiene. Proper sanitation is important not only from the general health point of view but it also has a vital role to play in the individual and social life. Realising the importance of sanitation, the Government of India launched "Total Sanitation Campaign (TSC) programme" in 1999 for sustainable reforms in rural sanitation sector in a time bound manner.TSC was renamed as "Nirmal Bharat Abhiyan (NBA)" in July 2012. The TSC was based on demand driven initiatives and people centric. Cash incentive was to be given after the beneficiary had constructed the toilets and used it. The Swachh Bharat Mission was notified in the year 2014 on mission mode for ensuring hygiene, waste management and sanitation across the nation by the year 2019.

The Guidelines for implementation of NBA envisaged a four tier implementation mechanism to be set up at the State/District/Block/Village level. Gram Panchayats (GPs) were to play a pivotal role in the implementation of NBA. The programme was to be implemented by the Panchayati Raj Institutions (PRIs) at all levels including Mobilisation for the construction of toilets.

The programme was being implemented through eight components of the scheme *viz*. (i) Start-up activities, (ii) Information, Education and Communication (IEC), (iii) Alternate delivery mechanism (Rural Sanitary Mart/Production Centre), (iv) Individual household latrine (IHHL) for Below Poverty Line (BPL) households/families, (v) IHHL for Above Poverty Line (APL) families, (vi) Community Sanitary Complex, (CSC) (vii) Institutional toilets including schools and Anganwadis, and (viii) Solid and Liquid Waste Management (SLWM). In Manipur TSC was implemented in all the nine districts.

2.2.2 Scope of audit

Out of nine districts, one hill district (Senapati) and two valley districts (Imphal East and Bishnupur) were selected for audit by adopting Probability Proportionate to Size sampling. Six blocks (two in each district) were selected by Systematic Random Sampling without Replacement method (SRSWOR). Further, 33 GPs/ Village Water and Sanitation Committees (VWSCs) were selected by adopting SRSWOR method. The period covered by audit was from 2009-10 to 2013-14.

2.2.3 Audit objectives

The objectives of the audit were to ascertain whether:

- Planning for implementation of the scheme at different levels was adequate and effective and was aimed towards achievement of objectives of the scheme; process for the scheme implementation was effective;
- Funds were released, accounted for and utilised by the State Government in compliance with the guidelines issued under the scheme;
- The targets set in terms of number of units under various components of the scheme were sufficient to achieve and sustain the vision of Nirmal Bharat with all GPs attaining Nirmal status;
- The system of selection of beneficiary was transparent, construction and upgradation of infrastructure under various components of the scheme was in compliance with financial and quality parameters set out in the scheme guidelines;
- The information, education and communication strategy under the Scheme was effective in generation of demand of TSC/NBA services through community mobilisation;
- The convergence of the NBA activities with other programmes/ stakeholders as envisaged was effectively achieved; and
- The mechanism in place for monitoring and evaluation of the outcomes of the programme was adequate and effective.

2.2.4 Audit criteria

The Audit criteria were derived from the following sources:

- TSC guidelines 2007, 2010 and 2011 and NBA Guidelines 2012; notification and circulars issued by the Ministry of Drinking Water and Sanitation;
- IEC guidelines 2010 issued by the Ministry;
- State Government orders relating to implementation of the TSC/NBA;
- Guidelines for engagement of Swachchhata Doot/Prerak;
- Guidelines for engagement of skilled and unskilled workers from MGNREGS;
- Guidelines for Nirmal Gram Puraskar;
- Provision of Financial Hand Books; and
- Physical and financial progress reported under Management Information System available on website of the scheme (www.tsc.gov.in).

2.2.5 Audit Methodology

An Entry Conference was held on 26 April 2014 with officers of the Department headed by the Principal Secretary, Public Health Engineering Department (PHED) in which the audit objectives, scope and criteria were explained. Thereafter, the Audit team examined records of the District Water and Sanitation Missions (DWSMs), minutes of the meetings of Manipur State Water and Sanitation Mission (MSWSM) and District Water and Sanitation Missions (DWSMs). Annual Implementation Plan (AIP), District Implementation Plans (DIPs), Cash Books, Vouchers, Memorandum of Understanding (MoU) with Non-Governmental Organisations (NGOs), physical and financial reports *etc* were test checked. Information was collected through questionnaires and joint physical verification of individual households by the Audit team along with DWSM officials. The draft audit report was sent to the Department for comments. Audit findings incorporated in the draft audit report were discussed with the officers of the Department headed by the Principal Secretary, PHED in an Exit Conference held on 25 September 2014. The comments of the Department during the Exit Conference and subsequent replies received have also been incorporated suitably at appropriate places in the report.

Audit findings

The findings of the performance audit on the implementation of the TSC scheme are discussed in the succeeding paragraphs.

2.2.6 Planning process for implementation of the scheme

As per guidelines, the TSC/NBA was to be implemented by the Panchayati Raj Institutions (PRIs) at all levels including Mobilisation for the construction of toilets. However, Public Health Engineering Department implemented the programme in the State without involving PRIs. The plan for implementation of the scheme at different levels is discussed below:

2.2.6.1 Baseline survey not conducted

As per the guidelines, baseline survey (BLS) data is to form the basis for preparation of Project Implementation Plan (PIP). After conducting preliminary survey to assess the status of sanitation and hygiene practices, people's attitude and demand for improved sanitation, *etc.*, DWSMs are to conduct BLS to ascertain the total number of APL/ BPL families, schools, Anganwadi centres, CSCs and responsiveness of the rural community to TSC/ NBA programme. Though the three sampled districts claimed to have conducted BLS in 2013-14 through NGOs, the claim could not be substantiated as the relevant reports could not be produced to audit. In the absence of BLS, the Department did not have reliable data which would form the reference point for preparing the PIP and also serve as a benchmark to evaluate their achievement.

2.2.6.2 Preparation of Project Implementation Plan

As per Guidelines, a long term plan for implementation of the scheme in the form of Project Implementation Plan (PIP) is to be prepared. Preparation of the PIP proposal should be a bottom up approach and should emanate from the Gram Panchayat (GP)[1] and should escalate upwards to the State Scheme Sanctioning Committee (SSSC) who would forward the consolidated PIP of the State to the Ministry of Drinking Water and Sanitation, GoI for placing the same before the National Scheme Sanctioning Committee (NSSC) for its ratification. The PIP should be revised whenever there is a change of category of hardware as a result of baseline survey and also whenever the funding norms changes. Though the funding norms had changed in 2010-11, 2011-12 and 2012-13, the sampled districts did not revise the PIP by conducting baseline survey. It was also noticed that in the draft PIP for 2013-14 prepared by the sampled districts, the number of APL/BPL households as per the PIP and those of the State list (2005-06) did not tally. Scrutiny of data showed that the number of APL households in the PIP was higher by 93,154 as compared to the State list while number of BPL households in the State list was higher by 72,158 as compared to the PIP.

Due to non-revision of PIP, the actual number of eligible BPL/APL households and component wise cost of project could not be ascertained.

2.2.6.3 Preparation of Annual Work Plan

As per guidelines, the Annual Implementation Plan (AIP) was also to be prepared through bottom up approach[2] being consolidation at each stage to form the State AIP and the same had to be got approved by the Plan Approval Committee (PAC) of the Ministry. It was noticed that the DWSMs of the sampled districts did not prepare the District Implementation Plan (DIP). The State AIP was thus prepared without inputs from the districts. Further, the State AIP did not indicate the district/block/GP wise allocation of physical and financial targets. In the absence of such specific allocation, there was scope for manipulation in both the scheme implementation and release of funds.

Analysis of the AIP of the State during the period 2009-10 to 2013-14 showed that financial targets set for 2009-10 was short by ₹ 11.93 crore while the funds available exceeded the financial targets set by ₹ 14.05 crore in 2012-13. Reason(s) for such fluctuation between projection and actuals was not available on record. During 2011-12, against the fund availability of ₹ 13.47 crore, financial target was only ₹ 1.01 crore being expenditure earmarked for Information, Education & Communication (IEC) and Human Resource Development (HRD) activities. Thus, extremes of projections indicate that the planning was unrealistic and failed to anticipate the fund flow. Comparison of the target and fund availability is shown in **Table 2.2.1.**

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1 The upward escalate and approval will be in the following order: block level, district level (DWSM/DWSC), State level (SWSM) and SSSC

2 Order of escalation and consolidation: The GP plan, Block Implementation Plan (BIP), District Implementation Plan (DIP), AIP for the State.

Table 2.2.1
Comparison of target and fund availability

(₹ in lakh)

Year	Target as per AIP	Fund available	Excess (+)/ Short(-)
(1)	(2)	(3)	(4=3-2)
2009-10	2,906.45	1,713.34	-1,193.11
2010-11	2,607.29	1,804.98	-802.31
2011-12	101.12	1,347.06	+1,245.94
2012-13	3,423.42	4,828.65	+1,405.23
2013-14	3,720.12	3,508.92	-211.20
Total	**12,758.40**	**13,202.95**	**444.55**

Source: AIP documents

On this being pointed out, DWSM, Bishnupur stated that DIP would be prepared henceforth. During exit conference, the Director, CCDU while admitting the audit observations stated that BLS was conducted only very recently. The claim of the Director was not acceptable as copy of the BSL report could not be made available to audit.

2.2.6.4 Planning process at State level

In Manipur, TSC was implemented through the Manipur State Water and Sanitation Mission (MSWSM). The apex Committee of MSWSM was chaired by the Chief Secretary with the Principal Secretary (PHED) as the Nodal Secretary and five members[3] from other Departments. Under the Apex Committee, an Executive Committee headed by the Principal Secretary PHED with Chief Engineer PHED as the Member Secretary and nominees from various line Departments was also constituted. The Communication and Capacity Development Unit (CCDU) headed by a Director was set up to deal with the Information, Education and Communication (IEC), Human Resource Development (HRD) and monitoring and evaluation at the State level. CCDU performs the functions of the Water and Sanitation Support Organisation (WSSO). As per GoI's letter (July 2010), CCDU should have State Co-ordinator, HRD specialist, IEC Specialist and Monitoring & Evaluation Specialist. It was noticed that neither State Co-ordinator nor the envisaged Specialists were appointed.

2.2.6.5 Planning process at District Level

At District level, the District Water and Sanitation Mission (DWSM) chaired by the Chief Executive Officer of the Zilla Parishad/District Collector and the Executive Engineer PHED as Member Secretary was responsible for the implementation of TSC/NBA. As per Government of India's letter (July 2010) the recommended staffing for the DWSMs were four consultants (one each for IEC and Equity, Monitoring, Evaluation cum MIS consultant, HRD and Sanitation and Hygiene) and one Hydro Geologist. During the period 2009-10 to 2013-14, the relevant posts were not filled up. A team of experts to review the implementation of the scheme in different blocks though envisaged in the guidelines was also not set up.

[3] Health, Education, Finance, Rural Development & Panchayati Raj and Information & Public Relations

2.2.6.6 Planning process at Block and Gram Panchayat (GP) levels

As per guidelines, Block Resource Centre (BRC) should be set up in the Blocks. At the village level, Gram Panchayat (GP)/Village Water and Sanitation Committee (VWSC) level was also required to be set up. It was noticed in audit that neither were BRCs set up nor were specific personnel engaged for VWSC as the scheme was implemented by PHED.

During exit conference, the Director, CCDU admitted that BRCs were not set up on account of the small size of the State. The Director also stated that the Department was planning to appoint a State Co-ordinator during the current year.

2.2.7 Financial management

Funds released by the Centre and the State and the expenditure incurred under various components of the scheme of the entire State during the period from 2009-10 to 2013-14 were as shown in **Table 2.2.2.**

Table 2.2.2
Fund released by Central and State Government from 2009-10 to 2013-14

(₹ in crore)

Year		Opening Balance	Released during the year	Interest accrued	Total funds available	Expenditure (percentage)	Closing Balance
2009-10	Central	1.52	11.78	0.00	13.30	1.86	11.44
	State	0.77	3.03	0.03	3.83	1.65	2.18
	Sub-total	**2.29**	**14.81**	**0.03**	**17.13**	**3.51(21)**	**13.62**
2010-11	Central	11.44	0.80	0.14	12.38	10.04	2.34
	State	2.18	3.45	0.04	5.67	3.14	2.53
	Sub-total	**13.62**	**4.25**	**0.18**	**18.05**	**13.18(73)**	**4.87**
2011-12	Central	2.34	6.99	0.03	9.36	6.31	3.05
	State	2.53	1.55	0.03	4.11	2.16	1.95
	Sub-total	**4.87**	**8.54**	**0.06**	**13.47**	**8.47(63)**	**5.00**
2012-13	Central	3.05	38.99	0.14	42.18	13.73	28.45
	State	1.95	4.00	0.16	6.11	2.40	3.71
	Sub-total	**5.00**	**42.99**	**0.30**	**48.29**	**16.13(33)**	**32.16**
2013-14	Central	28.45	0	0.76	29.21	9.79	19.42
	State	3.71	2.00	0.17	5.88	3.05	2.83
	Sub-total	**32.16**	**2.00**	**0.93**	**35.09**	**12.84(37)**	**22.25**
Total			**72.59**	**1.5**	**76.38**	**54.13 (71)**	

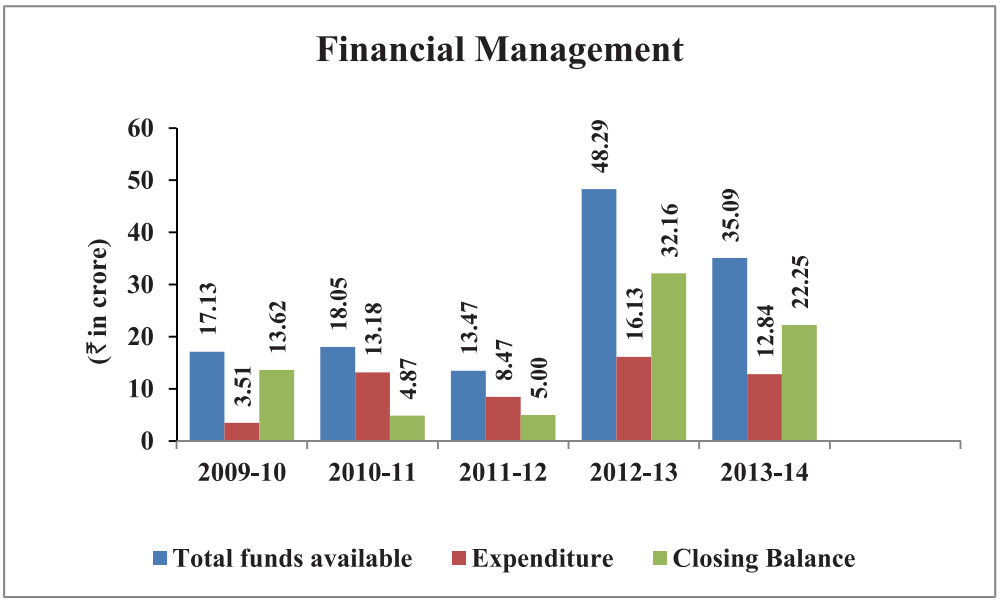
Source: Records furnished by Directorate, CCDU

From the above table it would be seen that during 2009-10 to 2013-14, against the total available funds of ₹ 76.38 crore[4], only ₹ 54.13 crore could be utilised (71 *per cent*) leaving a balance of ₹ 22.25 crore, utilisation of funds ranged from 21 to 73 *per cent.*

The trend of Annual expenditure during 2009-10 to 2013-14 were as shown in the following chart:

[4] Opening Balance (Central): ₹ 1.52 crore + Opening Balance (State): ₹ 0.77 crore + Released during 2009-10 to 2013-14: ₹ 72.59 crore + Interest accrued: ₹ 1.50 crore

Chart 2.2.1
Trend of Annual Expenditure during 2009-10 to 2013-14



Source: Records furnished by Directorate, CCDU

It may be seen from the above that available funds could not be utilised fully in any year. The unspent balance ranged from ₹ 4.87 crore (2010-11) to ₹ 32.16 crore (2012-13). The expenditure was lowest (₹ 3.51 crore) during 2009-10 and highest (₹ 16.13 crore) during 2012-13. Huge unspent balances at the end of each year indicate that utilisation of funds did not have any uniform pattern and also affected the implementation plan and deprived large number of intended beneficiaries.

During exit conference, the Director CCDU accepted the delay in utilisation of funds and stated that the District officials had been instructed to increase their fund utilising capacity.

2.2.7.1 Release of funds

The deficiencies in release of funds are discussed below:

2.2.7.1.1 Short Release of State matching share

As per Guidelines, the State Government was required to release proportionate State share[5] within 15 days of release of Central share. The approved project cost for all the nine project districts was ₹ 11,274.03 lakh (Central: ₹ 7,908.73 lakh; State: ₹ 2,579.50 lakh; and beneficiary share: ₹ 785.80 lakh).

Audit of the records of the Director, CCDU showed that during 2003-04 to 2012-13 the Centre had released its share of ₹ 6,945.57 lakh (87.82% of ₹ 7,908.73 lakh). As such, the State matching share worked out to ₹ 2,265.32

[5] Funding pattern is different for each component. Further in case of IHHLs the funding pattern has changed thrice during the review period while the funding pattern for TSC has changed once during the same period.

lakh (87.82 *per cent* of ₹ 2,579.50 lakh). However, the State had released ₹ 1,549.56 lakh resulting in short release of ₹ 715.76 lakh (₹ 2,265.32 lakh – ₹ 1,549.56 lakh) as shown in **Table 2.2.3.**

Table 2.2.3
Short Release of State matching share

(₹ in lakh)

Project cost (Central: ₹ 7908.73 lakh; and State: ₹ 2579.50 lakh)				
Central Share released		Matching State share required	State share released	Excess (+) Shortfall (-)
Year	Amount			
(upto) 2008-09	1090.68	355.71	187.78	(-) 167.93
2009-10	1177.54	384.09	303.40	(-) 80.69
2010-11	80.30	26.31	345.38	(+) 319.07
2011-12	698.50	227.77	113.00	(-) 114.77
2012-13	3898.55	1271.44	400.00	(-) 871.44
2013-14	Nil	Nil	200.00	(+) 200.00
Total	**6945.57**	**2265.32**	**1549.56**	**(-) 715.76**

Source: Director CCDU

Reasons for short release of State matching share were not on record. The shortfall in release of State matching share resulted in delay in completion of the district projects. Though clarifications were sought, reply from CCDU was awaited (December 2014).

The State Government deducted ₹ 30.85 lakh as VAT, Departmental charges and Labour Cess at source while releasing its matching share though there was no provision in the guidelines for such deductions. Deduction of VAT, Departmental Charges and Labour Cess from the State matching share had resulted in short release of funds to that extent and the shortfall of State matching share increased to ₹ 746.61 lakh (₹ 715.76 lakh + ₹ 30.85 lakh).

During exit conference (September 2014), the Director CCDU admitted that non release of State matching share on time had sometimes slowed down project implementation. He also committed that reply on other matters would also be furnished. Reasons for deduction of VAT from State matching share were sought from the State Government. However, reply was awaited (December 2014).

2.2.7.1.2 Delay in release of Central funds by the State Government

As per Guidelines, the States shall release the Central assistance received along with the State matching share to the District implementing agencies within 15 days of receipt of Central assistance. Examination of records of the Director, CCDU showed that the Central share received by the State during 2009-10 to 2013-14 was not released to the DWSMs in time and the delay ranged from 14 to 400 days as shown in **Table 2.2.4.**

Table 2.2.4
Delay in release of Central funds by the State Government

(₹ in crore)

Receipt from the Centre		Disbursement		Period of delay (in days)
Date	Amount	Date	Amount	
4.1.2010	10.55	23.2.10 to 24.3.10	3.39	35 to 64
		24.3.10 to 23.2.11	7.05	64 to 400
26.3.2010	1.22	23.2.11 to 29.3.11	1.28	319 to 353
19.7.2010	0.80	16.5.11	0.71	286
20.12.2011	6.99	3.1.12 to 18.1.12	6.70	14
30.3.2012	3.89	2.5.12 to 16.5.12	4.22	18 to 32
28.8.2012	9.13	24.10.12 to 25.10.12	9.12	42 to 43
26.3.2013	25.97	22.7.13 to 24.3.14	14.53	103 to 348
Total	**58.55**		**47.00**	

Source: Information furnished by Directorate, CCDU

It could be seen from the above table that during 2009-10 to 2013-14, out of the Central share of ₹ 58.55 crore, MSWSM had released ₹ 47.00 crore to the nine districts leaving a balance of ₹ 11.55 crore with MSWSM. The delay in release of Central funds ranged from 14 to 400 days and retention of funds (₹ 11.55 crore) by the MSWSM violated the scheme guidelines. The reason(s) for the delay was awaited from CCDU (December 2014).

2.2.7.1.3 Non-release of funds to the Gram Panchayats

As per Guidelines, GPs had a pivotal role in the implementation of Nirmal Bharat Abhiyan. The programme shall be implemented by the PRIs at all levels. PRIs would carry out the social mobilisation for the construction of toilets and also maintain the clean environment by way of safe disposal of wastes. PRIs may engage suitable NGOs for inter-personal IEC and training. GPs can also open and operate the Production Centers/Rural Sanitary Marts. The DWSM shall be required to transfer the funds for the works to the GPs within 15 days of receipt of funds. Analysis of records of the three sampled districts showed that all expenditure was incurred at the district level without releasing funds to the GPs for implementation of the programme and the involvement of the PRIs was dispensed with in violation of the provision of the scheme guidelines.

2.2.7.2 Accounting of funds

The State Government followed the system of maintenance of separate bank accounts, accounting of interest, conduct of audit by the Chartered Accountants and submission of Utilisation Certificates (UCs) as prescribed by the GoI. In this connection, the following deficiencies were noticed:

2.2.7.2.1 Delay in conduct of audit of Annual Accounts

As per Guidelines, the accounts of the MSWSM should be audited by a Chartered Accountant selected from a panel approved by the Comptroller and Auditor General of India within six months of the close of the financial year in accordance with the General Financial Rules and the audited statement of accounts should be submitted to the Ministry.

Audit of the records of the Director, CCDU showed that though the Annual Accounts of the MSWSM were audited by the Chartered Accountant, there were instances of delays ranging from three (2011-12) to 22 months (2009-10). This in turn delayed submission of Utilisation Certificates (UCs) thereby causing further delays in release of funds. Reasons for delay in completion of audit were awaited from the CCDU (December 2014).

2.2.7.2.2 Overstatement of State matching share in the Utilisation Certificates furnished – ₹ 41.49 lakh

During December 2011, MSWSM received ₹ 113.00 lakh as State Matching share and another ₹ 41.49 lakh from Loktak Development Authority (LDA) for convergence programme. However, in the Utilisation Certificate (2011-12) the whole amount of ₹ 154.49 lakh (₹ 113.00 lakh + ₹ 41.49 lakh) was shown as State Matching share. As a result, the State Matching share was overstated by ₹ 41.49 lakh. During exit conference the Director, CCDU stated that the overstatement was due to inaccurate accounting.

2.2.7.2.3 Outstanding advance – ₹ 272.75 lakh

Audit of records/ annual accounts of the MSWSM showed that there was an outstanding advance of ₹ 272.75 lakh (March 2014). The position of advances released, adjusted and outstanding during the period covered by audit was shown in **Table 2.2.5.**

Table 2.2.5
Outstanding advance

(₹ in lakh)

Year	Opening Balance	Advance released	Adjusted	Outstanding
2009-10	0	0	0	0
2010-11	0	20.00	0	20.00
2011-12	20.00	185.98	70.88	135.10
2012-13	135.10	221.74	148.60	208.24
2013-14	208.24	68.75	4.24	272.75
Total		**496.47**	**223.72**	

Source: Information furnished by Directorate, CCDU

As seen from the above, during 2010-11 to 2013-14 the MSWSM released a total advance of ₹ 496.47 lakh against which ₹ 223.72 lakh had been adjusted leaving an unadjusted balance of ₹ 272.75 lakh. However, the details of the advances such as purpose, the name of parties and whether the advances were interest bearing or not were not available on records. Therefore, the chances of misappropriation of funds could not be ruled out. Reply for non-adjustment of advances was awaited from the CCDU (December 2014).

2.2.7.2.4 Non-accountal of funds released for observation of IEC activities – ₹ 35 lakh

As per General Financial Rules, all moneys received by or on behalf of the Government either as dues of Government or for deposit, remittance or otherwise, shall be brought into Government Account without any delay, in

accordance with such general or special rules as may be issued under Articles 150 and 283 (1) of the Constitution.

The Government of Manipur released (March 2010) TSC funds of ₹ 15 lakh in favour of the Member Secretary, DWSM (Kangpokpi). Though the amount was drawn from Government account (March 2010), the same was not reflected as a receipt in the accounts of DWSM (Kangpokpi).

Audit of the Cash Book maintained in the office of the Director, CCDU Manipur showed that during October 2012, the Director released ₹ 5 lakh each to four DWSMs (Bishnupur, Imphal East, Kangpokpi and Senapati) for execution of IEC activities. However, the amount of ₹ 20 lakh was not reflected in the Cash Books of the four DWSMs. Further, record for carrying out IEC activities was not available with the four DWSMs.

Reasons, for non-accountal of ₹ 35 lakh by the DWSMs were not on record. As such, misappropriation of funds of ₹ 35 lakh (₹ 20 lakh + ₹ 15 lakh) cannot be ruled out.

2.2.7.3 Utilisation of funds

The deficiencies in utilisation of funds are discussed as below:

2.2.7.3.1 Avoidable expenditure – ₹ 30.60 lakh

As per Rule 5 of General Financial Rules (GFR) 2005, every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Further, as per Rule 151 of GFR, Limited Tender Enquiry from more than three suppliers may be adopted when estimated value of the goods to be procured is up to ₹ 25 lakh. Purchase through limited tender enquiry may be adopted even where the estimated value of the procurement is more than ₹ 25 lakh, if sufficient reasons exist indicating that the demand is urgent and it would not be in public interest to procure the goods through advertised tender and the sources of supply are definitely known.

Audit of records showed that the Director, CCDU invited limited tender for purchase of squatting plates. Accordingly, three firms[6] submitted rate quotations. The Director, CCDU procured (June & July 2010) 15,000 numbers of plastic squatting plates from two firms, *viz*. M/s Nilkamal Ltd., Guwahati (10,000 nos.) and M/s Rotomac Industries, Agartala (5,000 nos.) at the rate ₹ 1,630 per piece for a total cost of ₹ 244.50 lakh. However, M/s Rotomac Industries, Agartala was not a party in the limited tender while M/s Nilkamal Ltd. was the lowest bidder.

Further, CCDU again invited limited tender for purchase of squatting plates (September 2010). In response M/s Nilkamal Ltd. offered to supply at the rate of ₹ 1430 per piece if order was placed for sufficiently large quantity (as

[6] M/s Nilkamal Ltd quoted ₹ 1,655 per plate; M/s Manika Moulds Pvt. Ltd quoted ₹ 1,750 per plate and M/s Nirmal Poly Plas Pvt. Ltd quoted ₹ 1,780 per plate.

compared to ₹ 1,630 per piece for those supplied in June –July 2010) on the ground that the raw materials used for manufacturing squatting plates were duty free and savings on transportation charges for sufficiently large quantity. The rate was finally negotiated at ₹ 1426 per plate. During November 2010 and March 2011, CCDU procured 25,000 squatting plates (having the same specification, quality and type of the squatting plates procured early) for a total amount of ₹ 3.57 crore from two firms at this negotiated rate (M/s Nilkamal Ltd., Guwahati: 20,000 nos. and M/s Sintex Industries Ltd., Kolkata 5,000 nos.).

There were no recorded reasons for resorting to Limited Tender on procurement of squatting plates in both the above cases. In the first tender the quantity of goods to be procured was not spelt out and the number of supplier firms was limited to three only instead of more than three as per provision of GFR. Non adoption of advertised tender enquiry failed to get more competitive rates. Had the Director, CCDU been proactive and negotiated the rate, the earlier lot of 15,000 squatting plates could have been purchased at the rate of ₹ 1,426 per plate thereby avoiding an expenditure of ₹ 30.60 lakh [15,000 X (1630 – 1426)]. In the procurement of 15000 numbers of plastic squatting plates in June-July 2010, the Director CCDU not only incurred extra expenditure but failed to maintain transparency as 5000 plates were purchased from a firm which had not participated in the tender process.

During the exit conference, the Director CCDU stated that the materials were procured as per rates quoted by the firms and so there was no excess payment. The reply is not acceptable. Had the Department indicated the probable quantity to be procured in the notice inviting tender through advertisement, more firms could have participated in the tender process and lower rate could have been obtained.

2.2.7.3.2 Inadmissible Expenditure – ₹ 36.73 lakh

As per TSC Guidelines 2007, the construction of household toilets should be undertaken by the BPL household themselves and on completion and use of the toilet by the BPL household, the cash incentive can be given to the BPL household in recognition of its achievement. The financial pattern including the incentive for BPL household for construction of Individual household latrines was as per the cost of Basic Low Cost Unit. For Model 1 (Up to ₹ 1,500) the contribution percentage among the Government of India (GoI), State and the Household was 60: 20: 20 while for Model 2 (Between ₹ 1,500 and ₹ 2,000) the contribution percentage among the GoI, State and the Household was 30:30:40. No incentive would be admissible if the unit cost is above ₹ 2,000. However, as per guidelines State government may provide for more incentives for household toilet than the amount prescribed above from its own funds.

Examination of the records maintained in the office of the Member Secretary, DWSM Imphal East showed that in violation of Guidelines, the Member Secretary awarded (October 2009) "Construction of 197 IHHLs at Dibong GP, Jiribam" to one NGO at Jiribam at ₹ 5.91 lakh (197 units at the rate of ₹ 3,000

per unit) to be completed within six months. On completion of 100 units the NGO was paid (February 2010) ₹ 3.00 lakh.

During 2009-10, another NGO, *viz.* IKON Foundation, Sagoltongba Bazar also constructed 74 units of IHHL at Top Chingtha GP at a cost of ₹ 2.22 lakh (₹ 3,000 per unit) and the NGO was paid ₹ 2.00 lakh (₹ 2,22,000 – ₹ 22,200) as beneficiary contribution.

As the unit cost of 174 toilets constructed in two GPs was above ₹ 2,000, no incentive was payable as per guidelines. Thus, the payment of ₹ 5.00 lakh (₹ 3.00 lakh + ₹ 2.00 lakh) to the two NGOs for construction of 174 units of toilets was not permissible.

Similarly, in respect of DWSM, Bishnupur, 1,266 IHHLs were constructed through NGOs during 2009-10 and ₹ 31.73 lakh was paid as incentive. The unit cost of the 1,266 latrines constructed was above ₹ 2,000.Therefore, no incentive was payable.

The excess expenditure beyond the permissible limit for construction of IHHLs was not borne by the State Government from its own fund as indicated in the guidelines. Thus, the total expenditure of ₹ 36.73 lakh (Imphal East: ₹ 5.00 lakh + Bishnupur: ₹ 31.73 lakh) for construction of 1440 IHHLs was not in accordance with the guidelines.

Reasons for incurring inadmissible expenditure were not on record.

During exit conference, the Director CCDU stated that the guidelines permit construction of toilets by NGOs. The audit team showed the provision of TSC/NBA guidelines in which there was no provision for construction of IHHL by NGOs. The Director then agreed to re-examine the guidelines.

2.2.7.3.3 Payment made without obtaining completion certificate

As per NBA Guidelines, the construction of household toilets should be undertaken by the BPL household themselves and on completion and use of the toilet by the BPL household, the cash incentive can be given to the BPL household in recognition of its achievement.

In violation of the guidelines, the DWSM Bishnupur paid ₹ 38.65 lakh to one NGO during 2013-14 for construction of 758 IHHLs in four GPs (Pukhrambam: 150; Ngaikhong Khullen: 220, Irengbam: 238 and Leimapokpam: 150) without obtaining completion certificates from the households. In the absence of completion certificates, audit could not ascertain the actual construction of 758 IHHLs.

In their reply the DWSM Bishnupur accepted (August 2014) instances of payment without completion certificate and added that current payments were based on the completion certificate furnished by the Pradhans. Replies in respect of other DWSMs were awaited (December 2014).

2.2.8 Implementation of the Scheme

The deficiencies noticed in the targets and implementation of the scheme is given below:

2.2.8.1 Mismatch of Physical and Financial Progress

As per NBA Guidelines, from 2012-13 onwards, incentives provided to BPL households were extended to APL households restricted to SCs/STs, small and marginal farmers, landless labourers with homestead, physically handicapped and women headed households. The Physical and Financial progress for the construction of IHHLs for the State during the period 2009-10 to 2013-14 were as shown in **Table 2.2.6.**

Table 2.2.6
Mismatch of Physical and Financial Progress

Year	Physical achievement (Nos)	Expenditure (₹in lakh)	Rate of incentive (in ₹)	No. of units to be constructed as per expenditure incurred	Excess physical achievement (Nos)	Financial Implication of excess (₹ in lakh)
2009-10	7,565	136.21	2,000	6,811	754	15.08
2010-11	36,545	867.60	3,000	28,920	7,625	228.75
2011-12	44,671	1413.47	4,000	35,337	9,334	373.36
2012-13	43,917	1243.71	6,000	20,729	23,188	1,391.28
2013-14	26,600	1002.68	6,000	16,711	9,889	593.34
Total	**1,59,298**	**4663.67**		**1,08,508**	**50,790**	**2,601.81**

Physical achievement for 2009-10, 2010-11 &2011-12 does not include APL households. Physical achievement for 2012-13 and 2013-14 is inclusive of APL households.
(Source: Annual Accounts of MSWSM

During 2009-10 to 2013-14, the actual physical achievement was 1,59,298 units. However, only 1,08,508 IHHLs could have been constructed out of expenditure of ₹ 46.64 crore incurred during the period. Hence, the physical achievement reported (1,59,298 IHHLs) was doubtful. Reasons for mismatch of physical and financial progress were not on record.

During the exit conference, the Director CCDU while accepting the observation stated that the physical achievement exceeded the financial achievement as incentives could not be released to the beneficiaries on time.

2.2.8.1.1 Construction of Individual Household Latrines

As per TSC/ NBA Guidelines, a duly completed household sanitary latrine comprises of a toilet unit including a superstructure. The programme aims to cover all the rural families. Incentive as provided under the scheme is extended to all BPL Households, APL Households (from 2012-13 onwards) restricted to SCs/ STs, small and marginal farmers, landless labourers with homestead, physically handicapped and women headed households.

The target and achievement for construction of IHHLs for the entire State during 2009-10 to 2013-14 were as shown in **Table 2.2.7.**

Table 2.2.7
Construction of Individual Household Latrines

Year	IHHL BPL		IHHL APL		Total IIHL	
	Target	Achievement (Percentage)	Target	Achievement (Percentage)	Target	Achievement (Percentage)
2009-10	58,000	7,565 (13)	14,400	8,376 (58)	72,400	15,941(22.01)
2010-11	63,846	36,545 (57)	23,517	13,031 (55)	87,363	49,576(56.74)
2011-12	50,000	44,671(89)	20,000	10,635 (53)	70,000	55,306(79.00)
2012-13	45,000	32,208 (72)	15,000	11,709 (78)	60,000	43,917(73.20)
2013-14	44,000	17,616 (40)	16,000	8,984 (56)	60,000	26,600(44.33)
Total	**2,60,846**	**1,38,605 (53)**	**88,917**	**52,735 (59)**	**3,49,763**	**1,91,340(54.71)**

Source: AIP and CCDU

The targets for construction of IHHLs for BPL and APL households could not be achieved. During 2009-10 to 2013-14 the achievements for BPL households ranged from 13 to 89 *percent* while the achievement for APL households ranged from 53 to 78 *per cent*. Reasons for shortfall and remedial action taken were not on record.

During the exit conference, the Director CCDU accepted the audit observation.

2.2.8.1.2 Engagement of NGOs for construction of household sanitary toilets

The construction of household toilet should be undertaken by the household itself and on completion and use of the toilet the cash incentive should be given to the household in recognition of its achievement. The programme guidelines does not provides for engaging NGOs for construction. Audit of the records of the four DWSMs (*viz.* Bishnupur, Imphal East, Kangpokpi and Senapati) showed that the Member Secretaries of the DWSMs awarded work orders to the NGOs for construction of IHHLs in violation of the guidelines.

In their reply (August 2014) the Member Secretary, DWSM Bishnupur stated that during the initial period, the individual household concerned did not possess the required expertise to construct the IHHLs themselves. Since the achievement of the programme was very low during the period, some reliable NGO's (RSMs) were engaged for the construction work. Since the NGOs were successful in the construction works, construction of IHHLs were awarded to them. In future, efforts would be made to comply with the Scheme Guidelines. However, replies of other DWSMs had not been received (December 2014).

2.2.8.1.3 Non-conversion of Bucket Latrines (Insanitary) to Sanitary Latrines

As per Guidelines, the existing bucket latrines, if any, should be converted to sanitary latrines and the existing pattern for incentive for the targeted beneficiaries shall be identical to that of construction of individual household latrines.

With the aim of eradication of the practice of manual scavenging, the Ministry of Drinking Water and Sanitation directed (February 2013) the State Government that all insanitary latrines including the dry latrines should be converted into sanitary latrines by using NBA resources in case of all households that are found to be eligible under NBA Guidelines. As per Ministry's letter (February 2013), there were 9,704 insanitary latrines (2011 census report) in the three audited districts as shown in **Table 2.2.8.**

Table 2.2.8
Existence of insanitary latrines

Sl. No.	Name of district	No. of insanitary latrines			Total
		Night soil disposed into open drain	Night soil removed by human	Night soil serviced by animal	
1	Bishnupur	2902	1127	68	4097
2	Imphal East	3307	1059	475	4841
3	Senapati	312	236	218	766
Total		**6521**	**2422**	**761**	**9704**

Source: Ministry's letter

However, no programme for conversion of insanitary latrines to sanitary latrines was taken up in the three test-checked districts. Individual households under this category were not identified. Thus, the aim of eradication of the practice of manual scavenging remains unachieved.

During exit conference, the Director CCDU stated that data for existence of any bucket latrines in the State was not available with the Department. The reply was not acceptable as the information available with the Ministry was as per 2011 Census report.

2.2.8.1.4 Construction of Eco-Sanitation

Human excreta and urine are very rich sources of nutrients and can be used as fertilizer. This concept can be promoted for use of composted human excreta and urine as organic fertilizer for kitchen garden and agricultural operations. Eco-Sanitation structures that allow storage of human excreta and urine for composting or converting to usable and safe manure or fertilizer can be taken up under TSC. The concept of waterless urinals can also be promoted particularly for institutional toilet complexes to save precious fresh water.

Audit of records of the three sampled districts showed that only one Eco-San Toilet was constructed in Bishnupur District even though construction of Eco-San Toilet was not included in the PIPs.



Two pans installed inside Eco-Sanitation at Bishnupur District

Construction of Eco-San is to be encouraged as the structure allows converting human excreta to usable and safe fertilizer.

2.2.8.1.5 Results of Joint Inspections

A joint team of audit and the district level officers conducted a survey of 330 beneficiaries (Bishnupur: 60; Imphal East: 120; and Senapati: 150) in 33 GPs/ VWSCs (Bishnupur: 6; Imphal East: 12 and Senapati: 15) of six blocks[7] (two in each of the three districts).



Deplorable IHHL at South Loushing (Kangpokpi DWSC of Senapati District)



Un-hygienic and dilapidated IHHL at Paomata Centre (Senapati District)

During inspection, it was noticed that in 49 cases (Imphal East: 14 and Senapati: 35) toilets were not constructed, 12 toilets (Bishnupur: 4; Imphal East: 8) were without superstructure, in six cases (Imphal East district) only pits were constructed, while five toilets (Imphal East: 4 and Senapati: 1) were

[7] Imphal East-I, Imphal East-II, Bishnupur, Moirang, Saikul and Paomata

dismantled and two beneficiaries (Imphal East: 1 and Senapati: 1) had shifted to other districts.



IHHL without superstructure at Nilakuthi (Imphal East)



Toilet not yet constructed by the beneficiary after receipt of squatting plate at New Salem (DWSC Kangpokpi of Senapati District)

Of the 330 beneficiaries surveyed, 212 beneficiaries (Bishnupur district: 37; Imphal East district: 61 and Senapati district: 114) had no access to piped water supply.



Dismantled IHHL at Paomata Centre (Senapati District)



Incomplete IHHL without super structure at Borayangbi(Bishnupur District)

The Department had paid ₹ 1.63 lakh without construction of 49 IHHLs (Senapati: ₹ 1.05 lakh for 35 IHHLs and Imphal East: ₹ 0.58 lakh for 14 IHHLs). Had the departmental officers conducted inspections, payment of incentives amounting to ₹ 1.63 lakh (Senapati: ₹ 1.05 lakh + Imphal East: ₹ 0.58 lakh) without construction of IHHLs could have been avoided.

During exit conference, the Director stated that the findings of audit were probably true and necessary directions would be given to the field formations for taking corrective action. However, Action taken had not been intimated (December 2014).

2.2.8.1.6 Maintenance of Toilets

As per Guidelines, it is essential to train the community, particularly all the members of the family in the proper upkeep and maintenance of the sanitation facility created. The IEC activities should include awareness of the community on how to maintain the sanitation facilities. The maintenance expenses of individual household sanitary latrines should be met by the households. The maintenance cost of community sanitary complex may be met by the PRIs through appropriate mechanisms like user charges *etc.* The concerned departments should provide adequate funds for maintenance of school/Anganwadi toilets. Any other appropriate funds made available by the State Government to the PRIs/ districts may be utilised.

Audit of records showed that the sampled DWSMs did not conduct any awareness programme on the maintenance of sanitation facilities created thereby defeating the objectives of the scheme.

2.2.8.2 Community Sanitary Complex

Community Sanitary Complex (CSC) is an integral component of the programme and these complexes comprising an appropriate number of toilet seats, bathing cubicles, washing platforms, wash basins, *etc*., can be set up in a place in the village acceptable and accessible to all. Ordinarily, such complexes should be constructed only when there is lack of space in the village for construction of household toilets and the proposal for setting up CSC would be approved by the National scheme Sanctioning Committee (NSSC).

The maximum unit cost for a CSC was ₹ 2.00 lakh and the cost of construction was to be shared amongst the Centre, State and the Community in the ratio of 60:20:20 up to 2009-10 and thereafter at the ratio of 60:30:10. The maintenance of such complexes was very essential for which GP should own the ultimate responsibility. User families may be asked to contribute a reasonable monthly user charge for cleaning and maintenance. Such complexes can also be made at public places, markets, *etc.*, where large scale congregation of people takes place. Suitable maintenance guidelines may be adopted by the community to ensure proper maintenance of the complex.

The targets and achievement for construction of CSCs in the State during the last five years was as shown in **Table 2.2.9.**

Table 2.2.9
Targets and achievements of Community Sanitary Complex

Year	Physical (Nos.)		Financial (₹ in lakh)	
	Target	Achievement (*per cent*)	Target	Achievement (*per cent*)
2009-10	152	58 (38)	239.20	33.84 (14)
2010-11	262	142 (54)	524.00	197.99 (38)
2011-12	115	26 (23)	0.00	86.56
2012-13	91	11 (12)	182.00	47.93 (26)
2013-14	83	12 (14)	166.00	48.60 (29)
Total		**249 (35)**		**414.92**

Source: Information furnished by Directorate, CCDU

As seen from the above table, during 2009-10 to 2013-14 only 249 CSCs were constructed at a cost of ₹ 414.92 lakh. Targets set for construction of CSCs could not be fully achieved in any of the years and the annual physical achievement ranged from 12 to 54 *per cent*. During 2011-12, no fund was provided though the physical target fixed was 115 CSCs.

Further, the target and achievement of Community Sanitary Complexes for the three sampled districts during the last five years were as shown in **Table 2.2.10.**

Table 2.2.10
Target and achievement of Community Sanitary Complexes for the three sampled districts

Year	Bishnupur (Nos.)		Imphal East (Nos.)		Senapati (Nos.)	
	Target	Achievement	Target	Achievement	Target	Achievement
2009-10	12	9	18	1	25	3
2010-11	19	10	35	31	33	5
2011-12	0	1	0	6	0	6
2012-13	1	1	0	0	26	5
2013-14	0	0	0	0	24	0
Total		**21**		**38**		**19**

Source: AIP and information furnished by DWSMs

From the table above, it would be seen that during 2009-10 and 2010-11 the target was not fully achieved in any of the test-checked districts. During 2011-12, district-wise target was not indicated in the Annual Implementation Plan while the achievement in the three sampled districts was 13 CSCs (Bishnupur: one; Imphal East: six; and Senapati: six). In Senapati district, five CSCs were constructed against the target of 26 in 2012-13 and there was no achievement against the target of 24 in 2013-14.

During field inspection, Audit noticed that in six CSCs[8] under Bishnupur (4 nos.) and Senapati (2 nos.) districts, prescribed facilities like bathing cubicles, washing platform and wash basins were not provided. Maintenance of those complexes was also poor.



Poor maintenance of CSC at Keinou under DWSM Bishnupur



CCSC at the roadside of Thinungei under DWSM Bishnupur

[8] (Bishnupur: at Keinou, Thinungei, Kha-Sanjenbam and Thanga GPs) and (Senapati: Maiba, SandangsenbaMaring villages)



CSC without prescribed facilities at Maiba village under DWSM Senapati



CSC without prescribed facilities at Sandangshenba Maring village under DWSM Kangpokpi

During exit conference, the Director CCDU stated that construction of CSCs is not popular. The community generally was not willing to take ownership and maintenance of the complex. However, efforts were being made to achieve the targets.

2.2.8.2.1 Community Share not realised

Examination of records of two DWSMs (Senapati and Bishnupur) showed that 40 CSCs (Bishnupur: 21 nos. and Senapati: 19 nos.) were constructed with an expenditure of ₹ 70.95 lakh during 2009-10 to 2013-14. However, community share (₹ 10.40 lakh) was not collected from the community beneficiaries. Further, the approval of the NSSC for putting up of CSCs could not be produced. Records relating to formation of committee/group for operation and maintenance of CSCs and realisation of user charge were not available with the DWSMs. Construction of 40 CSCs without collecting community share violated the scheme guidelines. While accepting the audit observation, the DWSM Bishnupur stated (August 2014) that community share was deducted from the construction bills. No reply was furnished by DWSM Senapati (December 2014).

2.2.8.3 Institutional Toilets

Institutional toilets consist of school toilets and Anganwadi toilets. Audit findings in this regard are discussed below:-

2.2.8.3.1 School toilets

As per Guidelines, toilets in all types of Government schools should be constructed with emphasis on toilets for girls. Separate toilet units for girls and boys should be provided in all co-educational schools. The number of toilets to be constructed should be adequate to meet the requirements of the school as per the strength of the students attending the school. The funding pattern between Centre and State for construction of toilet for schools is 70: 30. The Administrative Report (2013-14) of PHED stated that target for construction

of toilets (3,919)[9] in all the government schools (2227) had been fully achieved by March 2012.

The target and achievement for construction of school toilets in the entire State during 2009-10 to 2011-12 were as shown in **Table 2.2.11.**

Table 2.2.11
Target and achievement for construction of school toilets in the entire State during 2009-10 to 2011-12

School toilets				
Year	**Target**	**Achievement**	***Percentage***	**Shortfall**
2009-10	2,448	835	34	1,613
2010-11	2,064	1,227	59	837
2011-12	703	703	100	0
Total		**2,765**		

Source: Information furnished by the Directorate, CCDU

As per Administrative Report the construction of all toilets (3,919 including construction prior to 2009-10) of Government Schools was stated to have been completed by March 2012. However, the information such as students' strength, number of differently abled children *etc.,* were not available. In the absence of such data, whether adequate number of toilets were constructed could not be ascertained in audit. The Department's contention that by constructing 703 toilets during 2011-12 the total objective had been fully achieved was not acceptable as target for 2011-12 (i.e 703) was understated by 134 nos. (837-703) considering the shortfall of 837 nos. in 2010-11.

Audit noticed that DWSM Imphal East made payment of ₹ 8.20 lakh (2010-11) for construction of School Sanitary latrines (41) without obtaining completion certificates from the concerned school authorities. Thus, it could not be ascertained whether the construction were actually completed.

As per information from the Director of Education (S) there were 407 Government schools (all co-educational) in Senapati district. As such, a minimum of 814 toilets (407 x 2) had to be constructed. However, only 490 toilets (in 245 schools) were constructed under the programme. Construction of inadequate number of toilets in schools deprived the students of sanitation facilities. Reasons for non-construction of adequate number of school toilets in Senapati district were not on record. However, there was no shortfall in Imphal East and Bishnupur districts.

2.2.8.3.2 Anganwadi toilets

Anganwadis are appropriate institutions for changing the behaviour, mindset and habits of children from open defecation to the use of lavatory through motivation and education. Apart from creation of hardware in the schools, it is essential to impart hygiene education to the children. For this purpose, at least one teacher in each school must be trained in hygiene education who in turn should train the children through interesting activities and community projects that emphasise hygiene behaviour. However, no training was imparted to the

[9] 3919 toilets were inclusive of those constructed prior to 2009-10

teachers and Anganwadi workers which deprived the students of hygiene education to be received from the trained teachers. Reasons for not imparting training in hygiene education in schools/ Anganwadis were not available on record. The target and achievement for construction of Anganwadi toilets during 2009-10 to 2013-14 were as shown in **Table 2.2.12.**

Table 2.2.12
Target and achievement for construction of Anganwadi toilets during 2009-10 to 2013-14

Year	Anganwadi toilets			
	Target	Achievement	*Percentage*	Shortfall
2009-10	1,068	88	8	980
2010-11	1,006	779	77	227
2011-12	197	144	73	53
2012-13	53	53	100	0
2013-14	0	0	0	0
Total		**1,064**		

Source: Information furnished by the Directorate, CCDU

As per the Administrative Report, 2013-14 of PHED, construction of toilets in all Anganwadis (1201 units) had been completed by March 2012. However, as per information furnished by CCDU, 53 Anganwadi toilets were constructed during 2012-13 thereby negating the contents of Administrative Report. Further, the shortfall at the end of the year should be carried forward as the next year's target. From the above table it can be seen that the target of 197 units during 2011-12 was less than the shortfall of 227 units at the end of the previous year by 30 units. The 30 units which were left out of the target were not taken up in the subsequent years and hence toilets were not constructed for those Anganwadi centres. Thus, the claim of full achievement of construction of toilets in all Anganwadi centres during 2009-14 was not acceptable.

As there was no record of baby friendly toilets being designed and approved, construction of baby friendly toilets in the Anganwadi centres in Government buildings was doubtful. Thus the toilets in the Anganwadi centres were not user friendly and could not achieve the objective fully.

During exit conference, the Director CCDU did not offer any comment about baby friendly toilet. However, regarding imparting hygiene education to the children, the Director accepted the audit point and stated that there was a provision of expenditure of 15 *per cent* of the funds for IEC. He assured that necessary instructions would be given to district officials.

2.2.8.4 Rural Sanitary Marts (RSMs) and Production Centres (PCs)

The Rural Sanitary Mart is an outlet dealing with the material, hardware material and designs required for construction of not only sanitary latrines but also other sanitary facilities such as soakage and compost pits, vermi-composting, washing platforms, certified domestic water filters and other sanitation and hygiene accessories required for individuals, families and the environment in the rural areas. Sufficient number of RSMs should be opened

at suitable places to provide material *viz.,* certified domestic water filters, a variety of pans (ceramic, mosaic, fiberglass), services and guidance needed for construction of different types of latrines and other sanitary facilities for a clean environment. Production centres should be opened to produce cost effective affordable sanitary materials at the local level.

DWSM Bishnupur opened three RSMs against the proposal of two during 2006-07. DWSM Imphal East opened three RSMs as per proposal while DWSM Senapati did not open any RSMs against the proposal of one. Though the RSMs were stated to have been opened in the two districts, no revolving fund was released to the RSMs and the activities performed by the said RSMs in implementation of the programme were not identified. The RSMs did not perform their activities and thus failed to provide hygiene accessories, services and guidance for construction of latrines and other sanitary facilities for a clean environment. In violation of the Guidelines, the Department procured squatting plates and issued them to the NGOs entrusted with construction of toilets. As such, the PHE Department performed the activities of the RSMs thereby rendering the existence of RSMs insignificant and defeating the objectives of the guidelines. Reasons for the same were not on record.

During exit conference, the Director CCDU accepted the audit observation.

2.2.8.5 Solid and Liquid Waste Management

Solid and Liquid Waste Management (SLWM) is one of the key components to bring about improvement in the general quality of life in rural areas. Under this component, activities like common and individual biogas plants, low cost drainage, soakage channels/pits, re-use of waste water and system for collection, segregation and disposal of household garbage, *etc.,* can be taken up. The target and achievement of the SLWM for the State as a whole is as shown in **Table 2.2.13.**

Table 2.2.13
Target and achievement of Solid and Liquid Waste Management

Year	Physical		Financial (₹ in lakh)	
	Target	Achievement	Fund provision	Expenditure
2009-10	17042	0	126.18	-
2010-11	250	2	0	-
2011-12	0	0	0	-
2012-13	35	2	0	2.30
2013-14	40	2	480.00	15.18
Total		**6**	**606.18**	**17.48**

Source: Information furnished by Directorate, CCDU

From the above table, it is evident that though the targets were fixed, the execution plan suffered as funds were not provided. As a result, targets could not be achieved. This shows lack of sincerity and deprived the rural people of improved quality of life.

It was further observed that for construction of SLWM there was no approved design, drawing and estimate. In the absence of such approval it could not be ascertained whether the construction was taken up as per the guidelines.

Dovetailing of funds from other Rural Development Programmes like MGNREGS, *etc.,* was also not done. Reasons for improper fixation and non-achievement of targets were not on record.

During exit conference, the Director, CCDU stated that SLWM component was added recently and there were no clear guidelines on the level of involvement of stakeholders, knowledge of technology to be adopted, *etc.* He further stated that the scheme was still at a nascent stage in the country and central guidelines had not been received.

2.2.8.6 Non-providing of Revolving Fund

As per Guidelines, five per cent of the district project outlay subject to a sum of upto ₹ 50.00 lakh can be used as revolving fund. Loan from this revolving fund may be given to Co-operative Societies or SHGs whose credit worthiness is established, for providing cheap finance to their members. This revolving fund can be accessed by APL households not covered for incentives under the guidelines. Loan can also be given for construction of baby friendly toilets in Anganwadi centres.

Examination of records showed that no revolving fund was released to the Cooperative Societies or SHGs. No loan was also provided for construction of baby friendly toilets in Anganwadi centres. Thus, rural poor had been deprived of accessing cheap finance. Replies from the DWSMs were awaited (December 2014).

The Director, CCDU accepted the audit findings.

2.2.8.7 Nirmal Gram Puraskar (NGP)

As per guidelines, the main objective of NGP is to develop open defecation free and clean villages which will act as models for others to emulate by giving incentive to PRIs to sustain the initiative taken by them and to increase social mobilisation in TSC implementation. All Gram Panchayats, Intermediate Panchayats and District Panchayats are eligible to apply for the NGP. AIP should be prepared following the saturation approach highlighting comprehensive sanitation and water coverage on the basis of identification of GPs/ VWSCs that can be made Nirmal during the year/ in the coming year. The enlistment of GPs/ VWSCs should be done in such a manner that all the GPs/ VWSCs in a Block/ District are covered progressively so as to make the State Nirmal. The AIP budgeting should follow the cost norms of NBA[10] and should be compiled to project the financial demand of Central Share during the year.

The State Annual Implementation Plan fixed targets of 67 and 100 for NGP only during 2009-10 and 2013-14 respectively. During 2009-10, only one application was stated to have been received and the same was awarded. During 2012-13 five applications were stated to have been received. However, the relevant records viz., receipt of applications for NGP, conduct of surveys

[10] Para 12.5 of Nirmal Bharat Abhiyan 2012

by the DWSMs/ SWSM/ Ministry, achievement against the target for NGP and release/ utilisation of prize money were not available. In the absence of district AIPs, adoption of saturation process could not be ascertained. Reasons for not fixing the targets through realistic assessment were not found on record.

2.2.9 Selection of beneficiaries

As per guidelines, PIP should be prepared by conducting BLS. However, the DWSMs of the three sampled districts prepared the PIPs without conducting BLS. As per Public Distribution System Control Order 2001, Gram Sabhas/ Local Representative Bodies (where there are no Gram Sabhas) shall finalise the list of beneficiaries belonging to BPL and Antyodaya categories in respect of the area under their jurisdiction.

The DWSMs of the three sampled districts could not produce the list of BPL/ APL families identified by the Gram Sabhas/ Local Representative Bodies for any of the years (2009-10 to 2013-14). In the absence of preparation of PIP by conducting BLS and selection of beneficiaries as identified by Gram Sabhas/ Local Representative Bodies, audit could not ascertain whether the beneficiaries were selected transparently or not.

2.2.10 Information, Education and Communication (IEC) Activities

IEC is an important component of the programme that should lay the basis for successful implementation of TSC. It should be formulated and executed in a manner that would have the triggering effect for voluntary construction of sanitary facilities and maintenance of a clean environment in the village. As per IEC guidelines, it is not a one-time activity but an ongoing process to create demands and for usage, maintenance and upgradation so that sanitation and hygiene become an integral part of rural life and thereby sustainable. It should be conducted at all tiers *viz.* Districts, Blocks and GPs. Interpersonal communication and door to door contact are recognised as the most significant tools for attaining the programme goals. In order to strengthen communication machinery at the village level with participatory social Mobilisation motivators (Swachchhata Doot/ Sanitation Messengers) should be engaged. In addition to Swachchhata Doots, field functionaries like Bharat Nirmal Volunteers, ASHA, Anganwadi workers, School Teachers *etc.,* should be engaged at the village level by giving suitable incentives for demand creation and taking up behaviour change communication. The audit findings are as below:

2.2.10.1 Preparation of detailed IEC Plan

As per Guidelines, each project district should prepare a detailed IEC Annual Action Plan with defined strategies to reach all sections of the community. Observance of Sanitation Day/ Sanitation Week/ Sanitation Fortnight should be essential components of the Annual Action Plan. IEC activities include awareness campaign through print and audio-visual media, pamphlets, posters, wall paintings, *etc.,* emphasised mainly on sanitation and hygiene. However,

monetary incentives which are integral part of the scheme were not disclosed in the IEC activities.

The budget provision and expenditure pattern under IEC for the State as a whole during 2009-10 to 2013-14 were as shown in **Table 2.2.14.**

Table 2.2.14
Budget provision and expenditure pattern under IEC

(₹ in lakh)

Year	Budget provision	Expenditure incurred
2009-10	0	29.28
2010-11	0	37.40
2011-12	0	0.79
2012-13	0	21.26
2013-14	0	67.20
Total	**0**	**155.93**

Source: Director CCDU

As per guidelines, up to 15 per cent of the total project cost should be earmarked for IEC (including start up activities). From the above table it would be seen that no budget provision was made during 2009-10 to 2013-14 in violation of the guidelines. However, during the period from 2009-10 to 2013-14 expenditure ranging from ₹ 0.79 lakh to ₹ 67.20 lakh was incurred on IEC activities. Reasons for incurring expenditure without budget provision were not on record.

Audit of records maintained in the three sampled districts showed that funds for IEC were earmarked in the district projects. However, no detailed IEC Plan was prepared along with the Annual Action Plan. During 2009-10 to 2013-14 the budget provision and expenditure incurred in the three sampled districts were as shown in **Table 2.2.15.**

Table 2.2.15
Budget provision and expenditure incurred in the three sampled districts

(₹ in lakh)

Year	DWSM Bishnupur		DWSM Imphal East		DWSMs Senapati and Kangpokpi	
	Budget Provision	Expenditure	Budget Provision	Expenditure	Budget Provision	Expenditure
2009-10	0	0.40	0	0	0	0
2010-11	0	0	0	3.32	0	0
2011-12	0	0.29	0	9.18	0	0
2012-13	0	15.89	0	0.57	0	0
2013-14	0	23.13	0	5.67	0	0
Totals	**0**	**39.71**	**0**	**18.74**	**0**	**0**

Source: As furnished by respective DWSM

From the above table it would be seen that two DWSMs (Kangpokpi and Senapati) did not conduct any IEC activities. DWSM (Bishnupur) also did not conduct IEC activity during 2010-11 while DWSM (Imphal East) did not conduct IEC activities during 2009-10. No expenditure was also incurred for

engagement of motivators and field functionaries. During 2009-10 to 2013-14, total expenditure on IEC was ₹ 58.45 lakh in the three sampled districts.

Thus, the IEC activities were too limited to bring about necessary behavior change resulting in creation of demand for sanitary facilities in the rural areas. Without effective IEC, construction and sustaining the use of sanitary toilets in the rural areas was also doubtful.

The DWSM Bishnupur stated that motivators would be engaged in the future. However, replies from other DWSMs were awaited (December 2014).

During exit conference, the Director CCDU accepted that scientific planning as required by the Guidelines was not done.

2.2.10.2 Capacity Building of the Manpower engaged for the implementation of the scheme

As per Guidelines, NGOs/ Corporate Bodies of repute *etc.*, should be engaged for conducting training of VWSC and PRI members, block and district functionaries and grassroots functionaries like ASHA and other health, education and related functionaries, Anganwadi workers, *etc.* Self Help Groups (SHGs) should be trained in trades such as masonry work, brick making, toilet pan making and plumbing *etc.,* as also for awareness raising activities. State Resource Centres and Regional/ District Resource Centres should be identified for conducting such training.

However, during the last five years, no such training was organised and no expenditure was incurred for the State as a whole. Reasons for not conducting such training were not on record. Due to non-conduct of required training, the stakeholders and field functionaries were deprived of getting the knowledge of sanitation, health and hygiene which ruled out their involvement in the implementation of the programme. Non-organisation of training in the trades such as masonry work, brick making, toilet pan making and plumbing failed in raising awareness of the SHGs.

2.2.11 Convergence of the scheme with MGNREGS

NBA Guidelines envisage covering the entire community for saturated outcomes with a view to create Nirmal Gram Panchayats. One of the priorities is the appropriate convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Convergence with MGNREGS is important to facilitate the rural households with fund availability for creating their own sanitation facilities.

Audit observed that no convergence programme with MGNREGS was taken up in the three sampled districts. Further, records regarding convergence with Indira Awas Yojana (IAY) were also not available. As convergence with MGNREGS was not taken up, the intended benefit could not be provided to the rural households.

In their reply (August 2014), DWSM Bishnupur stated that convergence programme with MGNREGS would be taken up in consultation with Deputy Commissioner in future. However, replies in this regard from other DWSMs were awaited (December 2014).

2.2.12 Monitoring and Evaluation

As per scheme guidelines, monitoring and evaluation covers the following aspects: Inspection of construction work, State review mission, social audit by Gram Panchayat, observance of Swatchchhata Diwas, observance of Gram Swachchhata Sabha, monitoring, evaluation and research. Deficiencies noticed during the course of audit are discussed below.

2.2.12.1 Inspection of construction work

Monitoring through regular field inspections by officers from the State level and district level was essential for effective implementation of the programme. The inspection should be conducted to check and ensure that construction work has been done in accordance with the norms, the community has been involved in construction and the latrines are not polluting the water sources. Inspection should be done to check whether there has been correct selection of beneficiaries and whether NBA information of a GP has been displayed transparently in the GP by wall painting or special hoarding.

It was noticed in audit that there was no record for inspection by the State level and the district level officers indicating that the programme could not be monitored for ensuring quality of construction work *etc.,* Reply was not received (December 2014) from the Department.

2.2.12.2 State Review Mission

With the scaling up of NBA it was essential that Review Mission arrangements at State Government level are made mandatory. State Review Mission shall be headed by a Joint Secretary level officer of the State Government with at least three members from other linked Departments and independent representatives from reputed organisations in the field of sanitation. A panel of experts at State level should also be set up for conducting reviews into various NBA districts periodically. However, it was noticed that State Review Mission as well as a Panel of experts was not constituted (December 2014). The reasons for not setting up State Review Mission was not on record.

2.2.12.3 Social Audit by Gram Panchayat

As per NBA Guidelines, Social Audit was to be conducted by observing Swachchhata Diwas and Gram Swachchhata Sabha (GSS). Audit findings on observance of Swachchata Diwas and Gram Swachchata Sabha are as follows:

2.2.12.3.1 Observance of Swachchhata Diwas

As per Guidelines, each GP should earmark a particular day of the month named as "Swachchhata Diwas" (Sanitation day) with the objectives of recording the achievements made in previous month in construction of toilets, works undertaken under IEC, HRD and SLWM *etc*., projecting monthly plan for construction of IHHL, School and Anganwadi toilets, IEC events and training *etc*., identifying slip back cases under IHHL and other works that can be undertaken under NBA and verifying expenditure made on various activities in the previous month including disbursement of incentives.

On examination of records of the sampled DWSMs, Audit noticed that no Swachchhata Diwas was observed in any GP thereby failing to create awareness among public about the implementation of the scheme.

2.2.12.3.2 Observance of Gram Swachchhata Sabha (GSS)

A Gram Sabha should be convened by the Secretary, GP as GSS every six months to undertake mandatory review of progress made under various monthly plans and proceedings of Swachchhata Diwas held in the GP. At the Sabha, information as prepared by GP Secretary should be read out by a responsible person of the community, preferably a school teacher/ ex-serviceman and displayed publicly so that people would be given opportunity to question officials, seek and obtain information, verify expenditure, examine the list of beneficiaries and evaluate the quality of work as well as the services of programme officials. "Action taken report" relating to the previous GSS must be read out at the beginning of each GSS. Minutes must be recorded in the minute register to be signed by all participants at the beginning and at the conclusion (after the minutes have been written).The reports of these GSS and the minutes should be submitted to the DWSM/ District Collector within one month for necessary action. The DWSM/ District Collector was responsible for ensuring that social audit was convened timely as per schedule.

Audit of records of the sampled DWSMs showed that during 2009-10 to 2013-14, no social audit was conducted thereby failing to ensure strengthening the elements of transparency, participation, consultation and consent, accountability and grievance redressal in the implementation of NBA.

DWSM Bishnupur stated in their reply (August 2014) that efforts would be made to conduct social audit as per guidelines. However, no replies were furnished by other DWSMs (December 2014).

During exit conference, the Director CCDU while admitting that Social Audit needs to be done stated that Swachchhata Diwas was organised every year. The Director further added that the Department was planning to implement a third party monitoring to ensure quality of implementation. The contention of Swachchhata Diwas being organised every year cannot be accepted as the guidelines stipulate observance of Swachchhata Diwas every month but the relevant records in this regard could not be produced to audit.

2.2.12.4 Evaluation

The State Government should conduct periodical Evaluation Studies on the implementation of NBA. Evaluation studies may be conducted by reputed institutions and organisations. Copies of the reports of those evaluation studies conducted by the State should be furnished to the Government of India. Remedial action should be taken by the State Government on the basis of the observations made in the evaluation studies and also in the concurrent evaluation conducted by or on behalf of the GoI. However, it was noticed in audit that the State Government had not conducted any evaluation studies. As a result, the shortcomings/ deficiencies in implementation of the scheme were not identified and remedial actions were not taken up. Reasons for not conducting Evaluation Studies were not on record.

2.2.12.5 Research

As per Guidelines, Research Institutes, Organisation and NGOs with proven track record in the areas of sanitation and National/ State level institutions involved in the research/ studies on the issue of Health, Hygiene, Water Supply and Sanitation should be involved to study the present technology of human excreta and waste disposal systems in the rural areas. The research/ study outcome should enable improvement of technology making it more affordable and environmentally safe to suit the requirements of different geo-hydrological conditions.

Audit observed that no research/ study on the issue of Health, Hygiene, Water Supply and Sanitation was conducted in the State. Reasons for not conducting research/ study was not on record.

2.2.13 Conclusion

The process of planning was devoid of comprehensive assessment of the needs/requirement of rural beneficiaries. Reliable baseline data was not available. There was no community participation in the preparation of PIPs. Financial management was inefficient which resulted in delays in release of funds, short release of State's matching contribution, retention of huge balances and leakage of funds through inadmissible payments and avoidable expenditure. There were neither norms for assessment/identification of IHHL beneficiaries nor for upkeep of the IHHLs by the beneficiaries. As Information, Education and Communication activities were insignificant, dissemination of awareness about the programme amongst the various stake holders was poor. As Social Audit was not implemented there was no monitoring and evaluation as required by the guidelines and efficient and effective delivery of the programme was not ensured.

2.2.14 Recommendations

- Planning should ensure community participation through "bottom up approach" and generate demand for sanitary facilities.
- Timeline for release of State matching contribution as emphasised in the scheme guidelines should be adhered to.
- Norms for identification of IHHL beneficiaries should be put in place.
- Construction of latrines and upkeep of the same should be ensured through effective monitoring.
- Intensive IEC activities should be taken up at all levels laying emphasis on Interpersonal communication and Community mobilisation.
- State specific Evaluation Studies/Review on TSC/NBA may be conducted by involving reputed organisations and institutions in the field of sanitation for taking further corrective measures.

VETERINARY AND ANIMAL HUSBANDRY DEPARTMENT

2.3 Veterinary and Animal Husbandry Services

Highlights

The Department of Veterinary and Animal Husbandry Services, Government of Manipur is responsible for improving the livestock production to reduce protein hunger and to improve nutritional standards of human populace and also to provide technical support for the maintenance and improvement of livestock in the State. The Performance Audit of Veterinary and Animal Husbandry Services, Government of Manipur showed various deficiencies such as (a) delay in implementation of schemes; (b) lack of proper maintenance of records relating to implementation of the schemes; (c) lack of supervision and proper monitoring *etc.* The important audit findings are highlighted below:

- During 2009-14, the Department made fund provision of ₹ 16 lakh in the budget for two fodder farms which had ceased functioning since 2005. Out of this, ₹ 15.11 lakh was diverted to meet expenditure for office expenses, diesel oil, repairing of vehicles, stationery items *etc.,* of the Directorate.

(Paragraph 2.3.8.5)

- The population of the rare and highly prized Manipuri pony had substantially declined from 1037 in 2007 to less than 500 in 2014 with high risk of extinction. Inspite of this, the Department did not formulate a specific policy for their conservation and development. The Department failed to take advantage of the Government of India's (GOI) initiative for conservation of Threatened Breeds of Livestock in the country for which ₹ 11.68 crore was earmarked by GOI during 2009-14. Incidentally, various States had utilized ₹ 8.91 crore during 2009-14 under GOI's initiative *ibid.*

(Paragraph 2.3.9.1)

- GoI released (December 2004) Grant-in-aid of ₹ 77 lakh for payment to the Manipur Horse Riding and Polo Association (MHRPA) for conservation of Manipuri pony. The Department released (March 2014) the last installment of ₹ 32 lakh to the MHRPA after a lapse of nine years.

(Paragraph 2.3.9.1)

- Records of distribution of chicks for implementation of Rural Backyard Poultry Farming Scheme for the year 2009-10 were not made available to audit. Therefore, there is a possibility of ₹ 30 lakh earmarked for the purpose having been misappropriated.

(Paragraph 2.3.9.2)

- Against receivable royalty of ₹ 129 lakh from the Manipur Milk Producers Co-operative Union Ltd. (MMPCUL), the Department received only ₹ 43.34 lakh.

(Paragraph 2.3.9.4)

- Grant-in-aid of ₹ 160 lakh was given (February 2009 and March 2010) to an Imphal based women society for implementation of Grassland Development including grass reserve at Churachandpur. The Department however, did not carry out supervision, monitoring and physical verification of the implementation of the programme.

(Paragraph 2.3.9.5)

- Vaccines & Appliances worth ₹ 136.72 lakh procured during 2012-13 for implementation of Assistance to State for Control of Animal Diseases (ASCAD) remained un-utilized (September 2014).

(Paragraph 2.3.9.7)

- The Final Report of the Nineteenth Quinquennial Livestock Census, 2012 could not be made available to audit even after two years from the stipulated date of completion of the census.

(Paragraph 2.3.9.9)

- Despite severe shortage of manpower, the Department did not withdraw nine personnel of two departmental firms which were not functioning since 1997-98 and continued to incur expenditure of ₹ 30.35 lakh per annum on salaries for idle manpower.

(Paragraph 2.3.10)

2.3.1 Introduction

The Department of Veterinary & Animal Husbandry Services, Manipur is responsible for all-round development of the livestock in the State. The Department implements various programmes for improving the genetic potential of livestock, providing effective health care to the livestock to prevent and control livestock diseases, improving the feeding management practices and also carries out extension services in the field of animal husbandry. The main health activities undertaken by the Department are clinical treatment, regular vaccination and artificial insemination. As per the Eighteenth Livestock Census, 2007 (Nineteenth Livestock Census, 2012 Report not yet published), the livestock population in the State was 32.75 lakh which included 3.42 lakh cattle, 0.62 lakh buffalo, 1,218 horses and ponies, 3.14 lakh pigs, 23.05 lakh poultry (i.e. fowl, duck turkey, other birds) and 2.51 lakh other animals.

2.3.2 Organizational set up

The Principal Secretary (Department of Veterinary and Animal Husbandry Services) is the Chief Controlling Officer (CCO) and the head of the Department. The Director who is the functional head, is assisted by a Joint Director (Administration), a Deputy Director (Planning), Deputy Directors/Specialists and Veterinary Officers. There is only one Finance Officer who is responsible for all accounting matters. The district offices are headed by Joint Directors and the sub-divisional offices while projects are headed by Deputy Directors/Project Officers.

2.3.3 Scope of audit

The Performance audit on the working of the Veterinary & Animal Husbandry Department was conducted during May to September 2014 covering the period from 2009-10 to 2013-2014. The office of the Directorate of Veterinary & Animal Husbandry Services and nine field offices[11] (out of 23 field offices) were selected for detailed examination by Simple Random Sampling without Replacement (SRSWOR) method.

A total expenditure of ₹ 48.59 crore was incurred during the audit period on implementation of 25 State Plan Schemes (SPS), nine Centrally Sponsored Schemes (CSS), one Non-Lapsable Central Pool of Resources (NLCPR) funded scheme and one North East Council (NEC) funded project.

Audit test-checked an expenditure of ₹ 38.78 crore (80 *per cent*) incurred by the selected audited entity on ten State Plan Schemes[12] (out of 25 SPS), five CSS[13] (out of nine CSS), one NLCPR[14] and one NEC funded project[15].

2.3.4 Audit Objectives

The Audit objectives were to assess whether:

- Plans for the implementation of programmes/ schemes were efficient and effective;
- Financial Management was efficient and adequate funds were provided in a timely manner and utilized for specific purposes;
- Programmes/ schemes were implemented by the Department efficiently, effectively and economically;
- Human resources management was efficient;
- Internal control system and monitoring mechanism were in place and were effective.

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11 (1) Joint Director, Imphal West (2) Joint Director, Bishnupur (3) Joint Director, Churchandpur (4) Joint Director, Ukhrul (5) Deputy Director, Jiribam (6) Deputy Director, Moreh (7) Deputy Director, Dairy (8) Project Officer, Integrated Cattle Development Programme (9) Project Officer, Pony Farm, Tinkai Khunou.

12 (1) Self Employment through Livestock & Poultry Development; (2) Animal Husbandry Buildings; (3) Pony Development Program; (4) 50 % State Share of CSS; (5) Integrated Poultry/Piggery/Dairy Development Program; (6) Imphal Milk Supply Scheme; (7) Rural Dairy Centre; (8) Regional Pony Development Project; (9) Fodder Farm; (10) Marjing Pony Complex

13 (1) Assistance to State for Feed & Fodder Development; (2) Quinquennial Livestock Census; (3) Sample survey on Estimation of egg/milk/meat & wool; (4) Assistant to State for Control of Animal Diseases; (5) Strengthening of existing Veterinary Hospital and Dispensaries

14 (1) Construction of District Veterinary Hospital under NLCPR

15 (1) Murrah Buffalo Rearing Project

2.3.5 Audit Criteria

The Audit criteria were drawn from the following sources to benchmark the audit findings:

- Policy regarding cattle development and the allied activities;
- General Financial Rules (GFRs);
- Central Treasury Rules (CTRs);
- Manual of Financial Procedures, 1999 of Government of Manipur;
- Schemes Guidelines;
- Instructions/Orders/Notifications issued by the State & Central Government from time to time.

2.3.6 Audit Methodology

An Entry Conference was held on 28 April 2014 with officers of the Department headed by the Director, Veterinary & Animal Husbandry Services, Manipur (V&AHS) in which the audit objectives, scope and criteria were explained. Thereafter, the Audit team examined records of the Directorate of V&AHS and nine field offices with regards to implementation of 10 SPS, five CSS, one NLCPR and one NEC funded projects. Apart from text check of records, information and data were collected through questionnaires, joint physical verification by the Audit team along with officials of the Department and interaction with various stake holders in the private sector (like polo clubs and pony farms). The draft audit report was sent to the Department for comments. Audit findings incorporated in the draft audit report were discussed with the officers of the Department headed by the Director, V&AHS in an Exit Conference held on 31 October 2014. The comments of the Department during the Exit Conference and subsequent replies received have also been incorporated suitably at appropriate places in the report.

Audit findings

The audit findings are discussed in the succeeding paragraphs.

2.3.7 Planning process

In order to achieve the Department's objectives and to ensure good governance with a cohesive approach towards animal husbandry, a State policy on various issues was required to be framed. The Perspective and Annual Plans were accordingly required to be drawn up for implementation of various schemes.

The Directorate is responsible for preparation of Perspective Plans and Annual Plans for execution of various schemes. During the audit, however, it was noticed that no such perspective or annual plans were prepared by the Department for implementation of the Schemes. On the contrary, the

Directorate formulated Annual Work Programme for its activities based on the State Planning Department's allocation of Annual Plan fund without taking inputs from the field offices. There was no record of communication of the Directorate seeking basic information from the field offices like infrastructure requirement, training requirement and activities relating to livestock development. The reasons for non-preparation of Perspective Plans and Annual Plans and also for not obtaining inputs from the field offices were not found on record.

In the Exit Conference, the Department stated (October 2014) that the Perspective Plan and the Annual Plan were prepared but could not be produced during audit. However, despite assurance given by the Department, in the Exit Conference, these documents were not made available to audit for verification (December 2014).

Thus, it is evident that the Department functioned without any Perspective Plan and Annual Plan for the period 2009-14.

2.3.8 Financial Management

The Annual Budget should be prepared based on the inputs obtained from the field offices. It was, however, noticed that the Department prepared Annual Budget centrally at the Directorate level without taking inputs from the field offices. Further, the Annual Budgets were prepared by the Department without formulating any Annual Plans. The Department also could not furnish copies of the budget documents submitted to the State Finance Department for verification by audit.

2.3.8.1 Budget outlay and expenditure

The Department receives funds as State Plan fund from the State Government and from Government of India (GoI) as Grant-in-Aid for Central Sponsored Scheme (CSS), North Eastern Council (NEC) and Non-Lapsable Central Pool of Resources (NLCPR) funds.

The budget outlay and expenditure figure of the Department for the period 2009-10 to 2013-14 were as shown in **Table 2.3.1.**

Table 2.3.1
Budget outlay and Expenditure of the Department

(₹ in crore)

Year	Total Grant		Expenditure		Saving (-)/ Excess(+)		Total Saving (-)/ Excess(+)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Amount	Percentage
2009-10	11.19	32.94	7.31	28.52	-3.88	-4.42	-8.30	-18.81%
2010-11	11.66	49.76	11.27	44.65	-0.39	-5.11	-5.50	-8.95%
2011-12	17.37	63.10	12.91	57.70	-4.46	-5.40	-9.86	-12.25%
2012-13	10.68	71.61	4.71	54.85	-5.97	-16.76	-22.73	-27.62%
2013-14	19.37	77.07	12.57	52.50	-6.8	-24.57	-31.37	-32.53%

Source: Appropriation Accounts

There were persistent savings ranging from 8.95 to 32.53 *per cent* in both Plan and Non-Plan Expenditure in all the years. The savings in expenditure during 2009-14 pertained to salaries, infrastructures and development activities. This indicates that the annual budget prepared by the Department were un-realistic. The savings could have been avoided by surrendering and re-appropriation of funds.

2.3.8.2 Rush of Expenditure

As per Rule 56 (3) of General Financial Rules (GFR) 2005, rush of expenditure at year-end is a breach of financial propriety and should be avoided. Scrutiny of records of the Directorate revealed that during 2009-10 to 2013-14, 37 to 59 *per cent* of the total expenditure of the Directorate was incurred in the month of March alone. The details are shown in **Table 2.3.2.**

Table 2.3.2
Rush of Expenditure at the year end

(₹ in lakh)

Sl. No.	Year	Total no of Bills	Total amount for the year	No of bills in March	Total amount for bills in March (Percentage)
1.	2009-10	451	841.39	153 (33.92%)	315.77 (37.52%)
2.	2010-11	589	1,977.98	201 (34.18%)	736.89 (37.25%)
3.	2011-12	593	1,684.64	277 (46.71%)	859.39 (51.01%)
4.	2012-13	451	1,347.47	132 (29.27%)	797.50 (59.18%)
5.	2013-14	474	2,090.45	124 (26.16%)	828.53 (39.63%)

Source: Departmental Records

Reasons for resorting to rush of expenditure at year-end in breach of financial propriety could not be stated by the Department.

2.3.8.3 Parking of fund under the Major Head 8449-Other Deposits

Rule 290 of CTR prohibits drawal of money from treasury without requirement for immediate disbursement. As per financial rules, unspent balances at the end of the year should be transferred back to the Consolidated Fund.

- The Department drew (March 2014) ₹ 118.50 lakh for procurement of 150 Murrah buffaloes and ₹ 42.90 lakh for construction of 143 numbers of buffalo sheds. The amount of ₹ 161.40 lakh[16] was deposited (March 2014) under the Major Head 8449-Other Deposits and lying unutilised for the last five months (September 2014). As the amount was lying unutilised under Major Head 8449- Other Deposits, the Murrah buffaloes were not procured and their sheds were not constructed. As such, there was delay in

[16] ₹ 118.50 lakh + ₹ 42.90 lakh

delivery of the intended benefits to the beneficiaries and also incorrect reporting on utilisaiton of funds to Legislature.

- The Department also drew (March 2014) ₹ 58.32 lakh for construction of infrastructure such as pony shed, fencing, godown, *etc.*, of the Marjing Pony Complex at Heingang. The amount was deposited under Major Head 8449-Other Deposit without utilization. This not only resulted in withdrawal of fund without requirement but had also badly affected the conservation of the pony due to non-construction of the required infrastructure of the newly set up (November 2013) sanctuary.

2.3.8.4 Irregular maintenance of Cash Book

As per Rule 77A of CTR, an erasure or overwriting on an entry made in the Cash Book is strictly prohibited. If a mistake is discovered, it should be rectified by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The Head of Office should initial every such correction and invariably date his initials. Further, the Rule *ibid* provides that at the end of each month, the Head of Office should verify the cash balance in the Cash Book and record a signed and dated certificate to that effect.

Test check of Cash Book of the Directorate showed instances of erasing and overwriting of the entries already made in the Cash Book. The Head of Office did not initial the corrections made as required under provisions *ibid.* Certificate of the Cash Balance by the Head of Office at the end of each month was recorded only upto February 2011. With effect from March 2011, the Drawing and Disbursing Officer (DDO)/Joint Director (Planning) put his undated signature in the Cash Book at the end of each month without recording certification for verification of the Cash Balance.

The practice of carrying out corrections in the Cash Book without proper authentication is not acceptable as it provides scope for misappropriation of public money.

2.3.8.5 Lack of prudency in fund management

The Department had two fodder farms, one at Porompat, Imphal East and the other at Lamphelpat, Imphal West. The farm at Porompat was non-operational since 2005 due to acquisition of the farm land for construction of mini-secretariat, Imphal East. The farm at Lamphelpat was also non-operational since 2005 as the farm land was leased out to the Manipur Horse Riding and Polo Association (MHRPA). Though the two farms were non-operational since 2005, the Department had unreasonably made fund provisions of ₹ 16 lakh for these farms in the budgets during 2010-14 under the "Detailed Head – Salaries, Office Expenses, Domestic Travel Expenses and other Charges" which was not required. It was further observed that out of the said budget provisions of ₹ 16.00 lakh, ₹ 15.11 lakh was diverted by the Department to meet expenditure for office expenses, diesel oil, repairing of vehicles and stationery items *etc.,* of the Directorate.

During the Exit Conference, the Department accepted (October 2014) the audit observation and stated that the provision of the fund was made against the two farms due to shortage of fund. The reply is not acceptable as there was sufficient fund provision of the department in the budget and saving occurred persistently during 2009-14.

2.3.9 Implementation of Programmes/Schemes

2.3.9.1 Conservation and Development of Manipuri Pony

The Manipuri pony is an indigenous breed of Manipur. It is one of the rarest breeds of equine in the world. In general appearance, it is typical of Asiatic variety of ponies which are found in Burma, south-west of China, Thailand Malaysia, Indonesia *etc.* It can travel long distances without a break, carrying heavy loads in the mountain terrain depending only on leaves of the trees and bamboos. It occupies an important place in the creation myth of the Manipuris. The animal is of medium built, standing 110 cm to 130 cm at withers[17]. It prefers fresh grass and does not eat fodder. The ponies roam in herds and live in wild in most of their life. They do not like to stay in enclosed stable. The Manipuri pony reputed for its intelligence is used for game of polo and racing. The chest of the animal is deep and blends into well muscled shoulder which is one of the contributing features enabling the animal to excel in the game of polo and other activities requiring stamina and endurance. Manipur is the birth-place of Polo and the Polo clubs of Manipur are associated with conservation and development of ponies through the game of Polo. The ponies of the Polo clubs were purchased and maintained by the individual players and club members at their own expenses in the interest of the game of Polo.

As per the Eighteenth Livestock Census, 2007, the population of pony in the State was 1037 (male 597; female 440). As the Census report of Nineteenth Livestock Census, 2012 was not made available by the Department, the population of the pony as on 2012 could not be ascertained. However, as stated (September 2014) by the president of the Manipur Horse Riding and Polo Association (MHRPA), the present population of the livestock was less than 500. The Manipuri pony had thus become a threatened breed and was on the brink of extinction due to its dwindling population. During the period of five years from 2009-2014, the Department had taken up the following activities/schemes for conservation and development of Manipur pony:

- Pony Development Program;
- Setting up of Marjing Pony complex;
- Regional Pony Development Project, Tinkai Khunou.

The deficiencies noticed by Audit in implementation of the schemes are discussed below:

[17] Highest part of a horse's back lying at the base of the neck above the shoulders (Oxford Dictionary)

Pony Development Program

The scheme aims to provide financial assistance to the MHRPA for their initiative in conservation and development of Manipuri Pony through the games of Polo.

Audit of records at the Directorate level showed that during 2009-14, the Department released grant-in-aid of ₹ 61.00 lakh to the MHRPA for maintenance of pony and pony farms (i.e. pony feeds, wages for attendants, pony medicines, repairing of infrastructure and office expenses).

It was also noticed that Government of India, Ministry of Agriculture, Department of Animal Husbandry and Dairying released (December 2004) ₹ 77 lakh to the Department for onward transmission to MHRPA. The fund was meant for purchase of ponies, construction of sheds, digging of bore well, establishment of laboratory, purchase of feeds and fodder[18], wages for attendants and training. The amount was encashed by the Department in March 2005. Out of encashed amount of ₹ 77 lakh, ₹ 45 lakh only was released to the MHRPA between July 2005 and January 2006. The balance amount of ₹ 32 lakh was not released to the MHRPA due to misappropriation of the amount by the then Drawing and Disbursing Officer (DDO). The DDO was put under suspension (July 2006).The misappropriated amount however, could not be recovered from the DDO till date of audit (October 2014). The balance amount of ₹ 32 lakh was released (March 2014) to the MHRPA from the State Plan fund without recovering the misappropriated money from the DDO after a lapse of nine years from date of release by the Ministry.

During examination of records, it was further noticed that out of the amount of ₹ 77 lakh released (December 2004) by the Ministry an amount aggregating ₹ 28.44 lakh (37 *per cent)* was spent by MHRPA on procurement of total 39 number of pony as per the details given in **Table 2.3.3.**

Table 2.3.3
Statement showing the cost of the pony in the DPR

Particulars	Number of Pony	Amount (₹ in lakh)	Average Cost (in ₹)
Cost of Male Pony	3	2.16	72,923
Cost of Female Pony	36	26.28	
Total	**39**	**28.44**	

Source: Departmental Records

It could be noticed that MHRPA had procured 39 nos. of pony at average cost of ₹ 72,923 out of the Central fund. Rate justification for assessment of the cost of pony was, however, not on record and not verified by the Department.

Audit of records further showed that MHRPA sold (August 2013) 12 ponies, (four males and eight females) to the National Research Centre on Equines, Bikaner, Rajasthan at the rate of ₹ 30,000 per pony as against the then

[18] During the curse of interactions at their pony farm, the President of MHRPA stated that since the ponies eat only fresh grass, they purchase/engage labour to collect fresh grass which is placed in specially designed elevated feeding trough made of steel bars which allow the older grass to fall off as the ponies feed. At night the ponies are housed in sheds without walls as they do not like to stay in a stable.

prevailing market rate of ₹ 25,000 to ₹ 30,000 for each pony. It was observed that the cost of pony included in the project estimate prepared by the MHRPA was higher by an amount of ₹ 42,923 than that of the selling price of a pony to the National Research Centre on Equines, Bikaner, Rajasthan and the maximum prevailing market rate of pony. Thus, it was evident that MHRPA had purchased 39 ponies without rate justification on account of which avoidable excess expenditure of ₹ 16.74 lakh (₹ 42,923 x 39 Ponies) was incurred from public fund.

Marjing Pony Complex, Heingang

Specific policy for conservation of the Manipuri pony not formulated

The Department set up (November 2013) Marjing Pony Complex at Heingang for rehabilitation and conservation of ponies. The services of one veterinary officer, two veterinary assistants, and four attendants were being utilised since November 2013 for the pony complex in addition to their normal duty. The Department spent ₹ 163.23 lakh on pay and allowance of the personnel. The Department constructed pony shed, fencing, godown *etc.,* of the pony complex at a cost of ₹ 58.32 lakh. However, the Department had not spelt out details of a specific policy for conservation of pony. On account of this many of the endangered ponies remained as stray animals wandering in the heart of the crowded and congested market area, roads and streets of Manipur. The casualness of approach towards pony conservation was obvious from the fact that the records relating to number of ponies in the complex as on date of audit (September 2014) could not made available.

Thus, from the facts narrated above, it was evident that the objective of setting up of Marjing Pony Complex, Heingang was frustrated.



Ponies at crowded place of Kwairamband bazaar (26 June 2014)



Ponies at the median of Imphal Traffic Road (26 June 2014)

Regional Pony Development Project, Tinkai Khunou

Shrinkage Pony Project

The Department set up (1990-91) a Regional Pony Breeding Project at Tinkai Khunou, Senapati district with the objectives to save the Manipuri Ponies from extinction; to produce quality ponies through selective breeding and to serve as a demonstration farm in the State.

Test check of records at the Project Officer, Pony Development Project, Tingkhai Khunou showed that as of March 2009, there were 20 ponies (five males, ten females, two colts and three fillies) in the project. Inspite of the birth of six ponies after March 2009, the number of ponies in the project declined to 13 as on March 2014 due to death of 13 ponies. The ponies died due to diseases associated with pneumonia, snake bite (two ponies) and unknown cause (one pony).

Physical verification of the livestock of the pony farm was not conducted by any competent authority of the Department. On joint spot verification conducted by the audit team with the Project Officer of the farm (September 2014), the number of ponies conserved was found to be four. During the joint physical verification, it was also observed that the pony shed was in inaccessible situation due to overgrown weeds and thorny shrubs. The major portion of the roofing of the 50 capacity pony shed was blown off. In the absence of proper pony shed, the ponies were kept in the open space.



Dilapidated and empty pony shed, Tingkhai Khunou (5 September 2014)



Ponies wandering in the open at the farm without keeping in the shed (5 September 2014)

The office buildings, residential quarters and other infrastructures constructed at the time of establishment of the project were not found existent at the time of physical verification (September 2014). The ponies survived on their own virtue by eating green grasses growing in the vast area of the project site. It was noticed that concentrate feed was given intermittently only till April 2012. Thereafter, no concentrate feed was given to the animals till date of audit (October 2014).

Though the objective of setting of the farm is to produce quality ponies through selective breeding, the number of ponies in the project had declined

from 20 to 13 during 2009-14 due to lack of proper health care, shelter, protection and without regular concentrate feed. At present, the project is manned by a Project Officer and four staffs. The Department spent ₹ 98.79 lakh[19] on pay and allowances of staff and rations of the ponies during 2009-14 inspite of which the number of ponies in the project had declined. Thus the objectives of setting up of the project were not achieved.

It was noticed that the Department's activities towards pony development during 2009-14 were concentrated on day-to-day maintenance of the existing ponies of the departmental pony farm and MHRPA, infrastructure development of the MHRPA and Marjing Pony Complex, Heingang. Activities and efforts to conserve and increase the population of the pony by adopting scientific technique of breeding (e.g. artificial insemination) were not taken up.

There was no clear approach to the problem of conserving and increasing the pony numbers. Though the Polo Clubs of Manipur are associated with conservation and development of ponies through the game of polo, the Department did not take up health care measures like regular vaccination, supply of free medicines for the ponies owned by the Polo Clubs during 2009-14. No financial assistance for pony feeds and other maintenance expenses was also extended to the Polo clubs during 2009-14 resulting in gradual decrease in the number of ponies.

It was also noticed that Government of India, Ministry of Agriculture, Department of Animal Husbandry, Dairying and Fisheries earmarked ₹ 11.68 crore during 2009-14 for conservation of various Threatened Breeds of Livestock in the country[20] out of which ₹ 8.91 crore was utilized by various States for the purpose. The Department however, failed to take advantage of the Government of India's initiative for conservation of the Manipuri pony.

The Department stated (January 2015) that the ponies are bred under natural service. The Department did not have scientific research wing equipped with modern technique nor adequate man power. The NGO working for pony development as well as Polo Clubs in the State did not adopt any scientific technique of breeding like artificial insemination to increase the pony population as they are not able to bear the heavy cost involved in the absence of financial assistance from the Government for the purpose. The reply was not acceptable as the GoI had been investing in conservation of various threatened breeds of livestock in the country of which the Department has failed to take advantage.

2.3.9.2 Poultry Development

As per the Eighteenth Livestock Census, 2007, the population of poultry in the State was 23.05 lakh. The egg and poultry meat production in the State was

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19 ₹ 92.90 lakh—Pay & Allowances, ₹ 5.89 lakh - Ration of ponies

20 Kachchhi Camel Project (Gujarat), Ramnad White Sheep Tanuvas Project (Tamil Nadu), Berari Goat Conservation Project (Maharashtra), Attapady Black Goat Conservation Project (Kerala), Conservation of Naked Neck of Poultry Project (Tripura) etc.

exclusively by the private sectors (private farms and individuals). Inspite of having two poultry farms[21], there was no production of egg and poultry meats by the department during 2009-14. The two poultry farms were non-functional since 2009-10 due to acquisition of the land of the two farms by the State Government for construction of Jawahar Lal Nehru Institute of Medical Science, Porompat and construction of Manipur Legislative Assembly, Mantripukhri. The two poultry farms could not be shifted to the new site provided by the State Government at Khumbong[22] as construction of the infrastructure was pending for completion (December 2014).

However, a beneficiary oriented poultry scheme for distribution of chicks to the beneficiaries was implanted by the Department during 2009-14 as discussed in the succeeding paragraph.

Integrated Poultry Development Programme

In order to encourage poultry keeping, the Department implemented a beneficiary oriented scheme - Rural Backyard Poultry Farming Scheme (RBPFS) by providing Low Input Technology (LIT) birds to the beneficiaries belonging to Below Poverty Line family, Schedule Caste, Scheduled Tribe, women and disabled persons. The budget provision and expenditure during the years 2009-14 were as shown in **Table 2.3.4.**

Table 2.3.4
Budget provision and Expenditure during 2009-14

₹ in lakh

Year	Budget provision	Expenditure
2009-10	30.00	30.00
2010-11	40.00	40.00
2011-12	47.00	47.00
2012-13	75.50	75.50
2013-14	25.00	25.00
Total	**217.50**	**217.50**

Source: Detailed Appropriation Account

Important findings noticed on test check of records at the Directorate for implementation of the schemes are discussed below:

The Department accorded (January 2010) expenditure sanction of ₹ 30 lakh for purchase of 72,456 nos. of Low Input Technology (LIT) chicks of 2-3 weeks old. The then DDO of the Directorate drew (Jan 2010) ₹ 30 lakh based on proforma bills received from two departmental farms[23] for supply of 72,456 nos. of 2-3 weeks old LIT chicks at the rate of ₹ 41.40 per chick. The chicks were to be distributed to 3,019 beneficiaries of various districts at the rate of 24 chicks per beneficiary. There was neither record for delivery of the chicks by the two farms nor records for distribution of the chicks to the beneficiaries. Though specific requisition was made about the issue of chicks, the

[21] (1) Regional Broiler Project, Porompat, and (2) Central poultry farm, Mantripukhri

[22] Date of allotment of land was not available on record.

[23] (1) Central Poultry Farm, Mantripukhri-37,440 nos.: - ₹ 15.50 lakh; and
(2) Broiler Production Farm, Porompat-35,016 nos. : - ₹ 14.50 lakh

Department could not furnish information. Thus misappropriation of ₹ 30 lakh drawn for procurement of LIT chicks cannot be ruled out.

Scrutiny of records further showed that there was delay in distribution of the chicks to the beneficiaries ranging from 760 to 786 days for the years 2010-11 and 2011-12. Distribution of the chicks for the year 2012-13 and 2013-14 are not yet completed. Details are given in **Table 2.3.5.**

Table 2.3.5
Statement showing delay in implementation of the scheme

Year	No of chicks to be distributed	No. of beneficiaries	No of chicks distributed	No of chicks not yet distributed	Target date of completion	Last date of Distribution	Delay in implementation (in days)
2010-11	50,000	2000	50,000	0	31.03.2011	29.04.2013	760
2011-12	58750	2391	58,750	0	31.03.2012	26.05.2014	786
2012-13	51500	1530	22000	29500	31.03.2013	12.10.2013	195
2013-14	31250	1000	10950	20300	31.03.2014	31.5.2014	61

Source: As furnished by the Department

As seen from the above table, due to delay and non-completion of distribution of chicks, the intended benefit of the scheme was not provided timely to the beneficiaries. Irregularities noticed in implementation during 2012-13 and 2013-14 are discussed below:

For distribution of LIT chicks to the beneficiaries under the Rural Backyard Poultry Farming Scheme (RBPFS) for the year 2012-13, the Department deposited ₹ 75.50 lakh (March 2013) to M/s SK Enterprise (the firm) for supply of 51,500 LIT chicks (₹ 41.20 lakh) along with poultry ration (₹ 34.30 lakh)[24]. Till date of audit (September 2014) the Department either did not distributed or could not furnish details of distribution of 29,500 chicks worth ₹ 23.60 lakh[25]. Further, the firm did not supply 407.66 quintals of poultry ration worth ₹ 10.30 lakh.

For distribution of LIT chicks to 1,000 beneficiaries under the RBPFS for the year 2013-14, the Department had paid ₹ 25 lakh (March 2014) to Manipur Livestock Development Board (MLDB) for purchase of 31,250 chicks (at the rate of ₹ 80 per chick) to be distributed to 1,000 beneficiaries[26]. As on date of audit (September 2014) only 10,950 chicks (35 *per cent)* were distributed and the remaining 20,300 chicks worth ₹ 16.24 lakh was not supplied by the MLDB even after six months of receiving payment.

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[24] at the rate of ₹ 80 per chick, the cost for the 51,500 chicks works out to ₹ 41.20 lakh. Though the quantity of poultry feed to be procured was not available, it was noticed that payment for 407.66 quintals was made at the rate of ₹ 2520 per quintal.

[25] **Not distribute:** (1) Joint Director, Bishnupur-2750 nos.; (2) Joint Director, Thoubal-2750 nos., (3) ADC, Kangpokpi-2500 nos., (4) ADC, Chandel-2500 nos., (5) Zilla Parishad, Imphal West-2500 nos., (6) Zilla Parishad, Bishnupur-2500 nos., (7) Zilla Parishad, Imphal East-2500 nos., (8) Zilla Parishad, Thoubal-2500 nos., (9) Joint Director, Ukhrul-2750 nos., (10) Deputy Director (Jiribam)-500 nos, (11) Joint Director, Imphal West – 250 nos., and (12) Joint Director, Senapati – 250 nos.; **Could not furnish information:** (1) ADC, Ukhrul – 2500 nos. and (2) Joint Director, Chandel – 2750 nos.

[26] 750 beneficiaries were to get 31 chicks each while remaining 250 beneficiaries were to be given 32 chicks each.

Thus, expenditure of ₹ 50.14 lakh[27] incurred during 2012-13 and 2013-14 towards LIT chicks under RBPFS remains unaccounted as on date of audit (September 2014) with high risk of misappropriation. Apart from giving undue benefit to the supplier, the BPL families, SC/ST women and disabled persons have been deprived of an opportunity to improve their livelihood and augment their source of income.

The Department stated (December 2014) that the poultry ration and the chicks were distributed to the beneficiaries. The reply is not acceptable as, supporting documents for supply of the poultry ration and chicks and its distribution to the beneficiaries were not made available for verification during the course of audit.

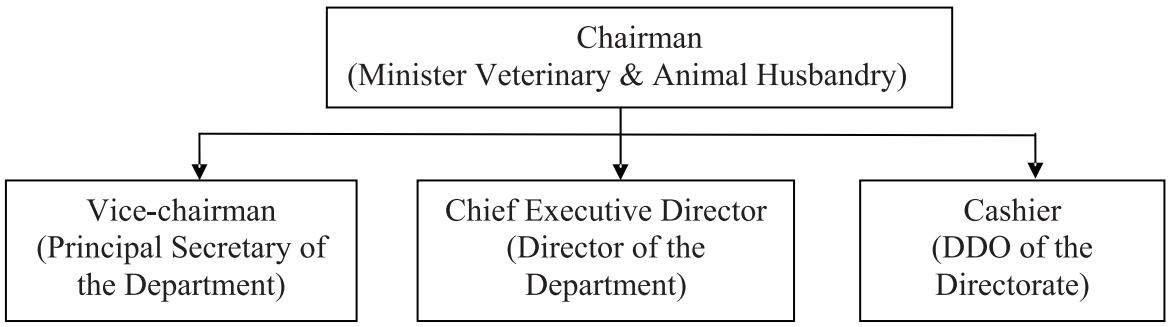
2.3.9.3 Self-Employment through Livestock and Poultry Development

The scheme aims to create self-employment opportunities throughout the year by adopting animal husbandry on large scale for sustainable income of the rural masses of the State.

During audit of the records of the department, following deficiencies were noticed in implementation of the scheme:

MLDB is functioning with three officers of the Veterinary Department and concern Minister as ex-officio bearer as shown in the organization chart below.

Organizational set up of MLDB



A grant-in-aid amounting to ₹ 44.84 lakh was released (March 2010) to MLDB. The Department however, could not furnish details of expenditure incurred by the MLDB against the said grant. MLDB did not submit the mandatory Utilisation Certificate (UC) for ₹ 44.84 lakh to the sanctioning authority. It was further seen that grant-in-aid was usually given to institutions and organisations as a financial assistance for meeting the cost of administrative expenses and pay and allowance of the staff. As MLDB did not incur any expenditure on pay and allowance of staff and did not have a separate establishment for running their office, payment of ₹ 44.84 lakh to MLDB as grant-in-aid was not justified.

[27] ₹ 23.60 lakh for undelivered LIT chicks during 2012-13 + ₹ 10.30 lakh for poultry ration not received during 2012-13 + ₹ 16.24 lakh for undelivered LIT chicks during 2013-14.

During the Exit Conference, the Department stated (October 2014) that the grant-in-aid of ₹44.84 lakh was meant for revolving fund to supply concentrate feed for dairy farmers for milk production. The reply is not acceptable as there was no record of taking approval from the Accountant General (A&E), Manipur for opening of Personal Ledger Account required for operating a revolving fund. Thus, the sanction, accounting and utilization of ₹ 44.84 lakh remains doubtful.

It was also noticed that the Department had released (April 2013) ₹33.70 lakh[28] to MLDB for construction of pig shed and supply of concentrate feeds. MLDB refunded the amount vide cheque No. 140341 dated 16-08-2013 as construction of pig shed and the supply of the concentrate feed were not their concern. The refunded amount was not entered in the Cash Book of the Directorate. The Department stated (December 2014) that the cheque was credited to the account of the Directorate in August 2014 and the fund was utilized for the purpose for which it was sanctioned. The reply was not acceptable because as on date of audit (September 2014), records for crediting the amount in the account of the Directorate and its utilization was not available. In view of this, misappropriation of the entire amount of ₹ 33.70 lakh could not be ruled out.

2.3.9.4 Dairy Development Project

The activities of the Dairy Development for the State were being carried out by the office of the Deputy Director (Dairy), Porompat under Dairy Development Project covering two schemes[29]. The Department's Central Dairy Plant (CDP), Porompat had capacity for processing 10,000 litres of milk and milk products per day. The main objective of the Project is to make available clear, disease-free and wholesome milk and milk products to the public consumers in abundance. It also aims to increase milk production of the State by streamlining marketing of milk through organization of Co-operative Societies and Self-Help Groups of the milk producers. Fund allotment and expenditure incurred during 2009-14 is as given in **Table 2.3.6.**

Table 2.3.6
Allotment of fund and expenditure of the office of the Deputy Director (Diary), Porompat

₹ in lakh

Year	Allotment of fund				Incurring of expenditure			
	Non-Plan		Plan		Non-Plan		Plan	
	Salary	Others	Salary	Others	Salary	Others	Salary	Others
2009-10	80.21	8.95	Nil	46.10	66.73	8.95	Nil	46.10
2010-11	111.18	9.91	Nil	40.00	111.13	9.91	Nil	40.00
2011-12	127.86	12.38	Nil	60.75	124.67	12.38	Nil	60.75
2012-13	194.94	Nil	Nil	10.00	120.62	Nil	Nil	10.00
2013-14	220.45	11.25	Nil	0.95	98.75	11.25	Nil	0.95
Total	**734.64**	**42.49**		**157.80**	**521.90**	**42.49**		**157.80**

Source: Departmental records

[28] ₹ 16.66 lakh for construction of 242 pig shed at the rate of ₹ 6,885 and ₹ 16.04 lakh for providing concentrate feeds for 25 days at the rate of 2 kg per piglet

[29] (i) Imphal Milk Supply Scheme, and (ii) Rural Dairy Centre

With a view to improve performance of the Central Dairy Plant (CDP), Porompat for handling the projected capacity of 10,000 litres of milk per day, a Memorandum of Understanding (MoU) was signed (April 2010) between the Department and Manipur Milk Producers Co-operative Union Ltd. (MMPCUL), Porompat. The MoU was to be effective from 1 July, 2010. As per the MOU, existing infrastructure of the CDP, Porompat comprising of buildings, land, equipment, machineries, assets/properties, business rights, facilities, all the dairy plant *etc.,* along with the existing employees and staff of the Deputy Director (Dairy), Porompat were to be handed over to MMPCUL. The pay and allowance of the staff were to be borne by the Department. MMPCUL was required to pay royalty of ₹ 1 (one) per litre of milk to the Government for utilizing the equipment, machinery, manpower/staff *etc.*

The MoU however, did not spell out the obligations of MMPCUL like the number and breed of cows/buffaloes to be reared, type of the feed, annual schedules of preventive vaccination and supplements and maintenance of overall hygiene. Mechanism for monitoring the performance of MMPCUL was also not indicated in the MOU.

As of March 2014, the Department spent ₹ 4.36 crore on pay and allowance of staff after handing over the milk activities to MMPCUL. The MMPCUL also received ₹ 11.66 crore directly from the GoI as grant-in-aid during 2009-13 as given in **Table 2.3.7.**

Table 2.3.7
Fund received by MMPCUL directly from GoI

Sl. No	Year	Amount (₹ in lakh)
1	2009-10	175.00
2	2010-11	200.00
3	2011-12	373.06
4	2012-13	418.18
5	2013-14	**Not released**
Total		**1,166.24**

Source: State Finance Report for the State

Against the projected capacity of handling 10,000 litres of milk per day, the milk handled by MMPCUL ranged from 1,452 litres (14.52 *per cent*) to 5,309 litres (53.09 *per cent*) per day. Further, as against contemplated royalty of ₹ 1.29 crore[30] payable on the projected capacity, the Department received royalty of ₹ 0.43 crore from MMPCUL during July 2010 to March 2014. The royalty received was short by ₹ 0.86 crore (₹ 1.29 crore – ₹ 0.43 crore).

Thus, inspite of fund investment of ₹ 16.02 crore (₹ 4.36 crore + ₹ 11.66 crore) to the MMPCUL the projected capacity was not achieved which has resulted in short receipt of royalty to the tune of ₹ 0.86 crore.

Rule 3 of General Financial Rules (GFR) 2005 provides that all moneys received by or on behalf of the Government shall be brought into Government account without delay. Further, Rule 27 of CTR provides that all monetary

[30] ₹ 10,000 x 30 x 43 months

transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check. At the end of each month, the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect.

Audit of Cash Book and other relevant records of the Deputy Director (Dairy), Porompat showed that the cash in hand as on 1 July, 2010 (date of effect of MoU) was ₹ 25.79 lakh[31]. Out of this, ₹ 8.93 lakh was paid for procurement of the milk on 31 July 2010. Between 3 August 2010 and 1 December 2010, sale proceeds of milk and milk products amounting to ₹ 2.50 lakh for the period prior to handing over of milk activities to the MMPCUL was also entered in the Cash Book. The revenue of ₹ 19.36 lakh[32] from sale proceeds of milk and milk products as on 1 December 2010 was not remitted to the Government account till 29 March 2011. Between 30 March 2011 and 27 April 2011 no transaction was recorded in the Cash Book. However Cash Book entry was started again on 28 April 2011 with NIL opening balance. On account of failure to exercise necessary checks as per provisions ibid, the unremitted revenue of ₹ 19.36 lakh was misappropriated by the incumbent cashier. Though ₹ 2.50 lakh was recovered (July 2012) and deposited into Government account, the Department did not take action for recovery of the balance amount of ₹ 16.86 lakh.

The Department stated (December 2014) that though the incumbent DDO[33] blamed the incumbent cashier, the amount was misappropriated by the DDO for which he was placed under suspension and departmental enquiry is going on against him.

Audit of departmental records further showed that sale proceeds of milk and milk products amounting to ₹ 9.14 lakh for the period from January 2008 to July 2010 collected by three staff of the office of the Deputy Director (Dairy), Porompat were not remitted to the Government account. Details are given in **Table 2.3.8.**

Table 2.3.8
Quantities and values of sale proceeds of milk not remitted to Government Account

₹ in lakh

Sl. No.	Name of the Staff & Designation	Period	Qnty. Sold	Amount
1.	Th. Achouba Singh, Milk Recorder	05-04-2010 to 21-07-2010	11,037 ltrs.	2.10
2.	N. Ramdas Singh, Dairy Supervisor	23-06-2010 to 21-07-2010	32,476 ltrs.	6.17
3.	A. Sarat Singh, Milk Recorder	Jan. 2008 to May 2008	5,434 ltrs.	0.87
Total				**9.14**

Source: Departmental Records

[31] Opening balance of ₹ 7.34 lakh for unremitted sale proceeds of milk and milk products + ₹ 18.45 lakh as sale proceeds of milk and milk products received for the period prior to handing over of the handling of the dairy activities to the MMPCUL

[32] ₹ 7.34 lakh + ₹ 18.45 lakh - ₹ 8.93 lakh + ₹ 2.50 lakh

[33] Deputy Director (Dairy), Porompat

The officials at serial No. 1 & 2 above were placed under suspension (January 2011). Disciplinary action initiated against the official at Sl. No. 3 was not found on record. The suspension orders of the officials at Sl. No. 1 & 2 were revoked (March & February 2012), subject to the condition that the outstanding due amount would be recovered from their monthly salaries. Against outstanding amount (₹ 2.10 lakh) lying with Th. Achouba Singh, an amount of ₹ 1.50 lakh was deposited (August 2014) to MMPCUL, leaving a balance of ₹ 0.60 lakh. Similarly, total amount lying against N. Ramdas Singh was received and deposited to the MMPCUL. Recovery of the outstanding amount against A. Sarat Singh was not found on record.

The sale proceeds collected as mentioned above pertains to the period prior to handing over of the milk activities to MMPCUL. As such, the amounts were to be deposited to the Government Account. Thus, due to deposit of the stated amount to MMPCUL, there was loss of ₹ 7.67 lakh[34] to the Government.

After the MoU was signed, office of the Deputy Director (Dairy), Porompat did not carry out any activities for procurement, processing, marketing of the milk and milk products. However, the Deputy Director (Dairy), Porompat incurred expenditure of ₹ 92.15 lakh towards construction of structures related to dairy activities, procurement of inputs for running and maintenance of the Central Dairy Plant, Porompat since the date MoU took effect till March 2014. Details are given in **Appendix 2.3**.

Thus, the Deputy Director (Dairy), Porompat gave undue benefits to MMPCUL as the expenditure of ₹ 92.15 lakh towards activities relating to procurement, processing and marketing of milk and milk products was in MMPCUL's favour.

Audit of records showed that between October 2009 and March 2012, the office of the Deputy Director (Dairy), Porompat purchased various items in favour of MMPCUL such as Ammonia Gas, Freon Gas, Argon Gas, Pasteurizing VAT 150, Ageing VAT 250 worth ₹ 22.98 lakh from two dealers[35] located outside the State (as detailed in **Appendix 2.4**). However, there was no delivery challan, supply order, relevant stock register, and utilization records of the above mentioned items. In the absence of these records, fraudulent utilization of ₹ 22.98 lakh could not be ruled out. Department had not furnished reply to the audit observation (December 2014).

2.3.9.5 Assistance to State for Feed & Fodder Development

The Project is a 100 *per cent* Centrally Sponsored Scheme of the Ministry of Agriculture, Government of India for improvement of degraded land as grassland and production of seasonal and perennial green fodder and forage grasses on Government land/ Gochar land/ Community land/Private land. The bio-mass produced would help to minimize the gap between availability and requirement of fodder. The forage obtained was to be utilized as reserves by

[34] ₹ 6.17 lakh deposited by N. Ramdas Singh + ₹ 1.50 lakh deposited by Th. Achouba Singh

[35] 1. M/s Ref Air Corporation, Guwahati, 2. M/s Chadha Sales Pvt. Ltd., Delhi

establishing fodder bank depots. The cheaper bio-mass production would increase the animal production.

The Ministry released (February 2009 and March 2010) ₹ 160 lakh[36] to M/s Sumchinvum Women Society, New Lambulane, Imphal East for implementation of 16 units of project for grassland development including grass reserves (10 acre each) at the rate of ₹ 10 lakh per unit, two in each of eight[37] villages of Churchandpur District as detailed in **Appendix 2.5**. The State Government released ₹ 160 lakh to the society between November 2009 and March 2011.

The Ministry while releasing fund categorically stated that CO4 variety of grass developed by Tamil Nadu Agriculture University, Coimbatore should be grown. Audit of records showed that against the demand of five quintals of CO4 variety of grass (either in seeds/roots) for planting in 160 acres of the farm land, Tamil Nadu Agriculture University, Coimbatore had provided only 2,000 cuttings of grass[38] to the M/s Sumchinvum Women Society, New Lambulane, Imphal East for planting in their farms. Planting of 2,000 cuttings only across the vast project area of 160 acres of private land at the rate of 12.5 cutting per acre[39] appears to be insufficient.

The Department could not state the norms or actual requirement of CO4 variety of grass to be planted by the implementing agency under the scheme. The Department was not aware of the technique for growing CO(CN)4 variety of the grass in a specific area of land. The variety of the grass actually planted at the project site could not be stated by the Department. The Department did not conduct site verification, supervision, monitoring and evaluation of the implementation of the scheme except submission of UC to the Ministry based on the audit certificate of a Chartered Accountant. Thus, actual implementation of the scheme was doubtful.

The Department stated (December 2014) that the site of the project was located at a remote area. There was a monitoring committee comprising Deputy Commissioner of the District, Sub-Divisional Officer and the representative of the Planning Department to carry out supervision, monitoring and physical verification of the implementation of the scheme. The reply is not acceptable as the Department could not produce copy of the order for constitution of the committee and spot verification report.

2.3.9.6 Veterinary Hospitals and Dispensaries under the Department

For providing veterinary services and clinical aids to the various livestock of cattle and poultry, there were 55 veterinary hospitals and 109 veterinary dispensaries in the State prior to the review period. The Department could not furnish details of the number of doctors, specialists and assistants posted at the respective veterinary hospitals and dispensaries.

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[36] ₹ 80 lakh in February 2009 and ₹ 80 lakh in March 2010

[37] (1) Sumchinvum (2) Haijang (3) Tatamjang (4) Maokot (5) V. Munpi (6) Belpuan (7) V. Muallum (8) ManngaiVeng

[38] CO(CN)4 variety

[39] 1 acre = 43,560 sq. ft.

To improve the efficiency of functioning of veterinary services and clinical aids to the livestock, the Department had taken up construction of 34 new (25 under CSS and nine under NLCPR) veterinary hospitals and 50 veterinary dispensaries (under CSS) during the review period. The deficiencies noticed in the management relating to the constructions of the hospitals and dispensaries are discussed in the succeeding paragraph.

2.3.9.6.1 Construction of 25 veterinary hospitals and 50 veterinary dispensaries under Establishment and Strengthening of Veterinary Hospital and Dispensaries (ESVHD).

To improve the efficiency of functioning of veterinary institutions in Manipur, the Ministry of Agriculture, Department of Animal Husbandry, Dairying & Fisheries, GoI, approved (August 2011) a project at a cost of ₹ 952.50 lakh for providing infrastructure and equipment to 25 Veterinary Hospitals and 50 Veterinary Dispensaries with financial on 90:10 cost sharing basis between Centre and State. The approved cost for one hospital was ₹ 14.90 lakh (₹ 13.40 lakh for building; ₹ 1.50 lakh for furniture and equipment) and that of one dispensary was ₹ 11.60 lakh (₹ 10.60 lakh for buildings; ₹ 1 lakh for furniture and equipment).The project was to be implemented during 2011-12. GoI released ₹ 428.63 lakh in August 2011 for construction of 12 veterinary hospitals and 25 veterinary dispensaries. For construction of the remaining veterinary hospitals and veterinary dispensaries ₹ 91.20 lakh was released (March 2014) in lump sum. State Government had released ₹ 421.53 lakh (between March 2012 and October 2013) as central share and ₹ 46.84 lakh as state share.

The Department deposited (between April 2012 and December 2013) ₹ 383.04 lakh to the Manipur Tribal Development Corporation Ltd. (Construction Agency) which was selected at the level of the Government. The basis for selection of the Construction Agency was, however, not found on record. The work was started in May 2012 and was to be completed by May 2013. Department stated (March 2014) that the Construction Agency had completed and handed over 12 veterinary hospitals and 25 veterinary dispensaries. It was however, noticed that construction of veterinary hospital at Chingai and veterinary dispensary at Langol were not completed till the date of audit (July 2014).

As per Stock Register, the Directorate had received (February - March 2012) equipment/ appliance and furniture worth ₹ 42.57 lakh for strengthening of 12 hospitals and 25 dispensaries which were under construction and paid (March 2012) the full amount against purchases. Though the hospitals and dispensaries were stated to have already been completed and handed over (March 2014) by the CA, the items procured were yet to be distributed as on date of audit (September 2014). During the Exit Conference, the Department stated (October 2014) that the equipment/appliances were distributed but due to lack of manpower record could not be maintained. The Department however could not furnish relevant records for distribution of equipment/appliances to support their claim.

A joint physical verification of five hospitals and eight dispensaries[40] was conducted on 29 - 31 December 2014. It was found that one newly constructed hospital (Langjing Achouba) was closed and yet to start functioning. This hospital was not accessible as the approach road leading to the hospital was overgrown with thorny bushes. Three hospitals (Nambol, Wangoi, Awang Sekmai) did not receive equipment/appliances and furniture purchased for strengthening of the hospitals under the scheme. The dispensary at Kumbi was in dilapidated condition with broken concrete floor, blown off roof and a room was being used as urinal. Two rooms of the dispensary at Ningthoukhong were being used for dwelling purpose. Three dispensaries (Khumbong, Lamsang and Khurkhul) did not receive the furniture and equipment/appliances purchased for strengthening the dispensaries under the scheme.



Broken concrete flooring of Kumbi Dispensary (30/12/14)



Ningthoukhong Dispensary used for dwelling purpose (30/12/14)

As per Finance Department, Government of Manipur Office Memorandum dated 13/07/2007 and 20/01/2011, Sales tax (VAT) at the rate of 5.6 *per cent* and Labour Cess at the rate of 1 *per cent* should be deducted at source before releasing the amount to the contractor/Implementing Agency in case of execution of civil work. It was noticed that Construction Agency had not remitted a sum of ₹ 19.49 lakh to Government's account which was deducted as as VAT and Labour Cess from the contractors' bills. Thus, the Construction Agency misappropriated ₹ 19.49 lakh.

2.3.9.6.2 Construction of nine district veterinary hospitals under Non-Lapsable Central Pool of Resources (NLCPR).

To provide minimum needs of veterinary services, as well as clinical aids to the livestock and poultry farmers, the Government of India, Ministry of Development of North East Region (DONER), approved (December 2007) construction of nine district veterinary hospitals at a cost of ₹ 748.92 lakh under NLCPR with financial assistance of 90:10 cost sharing basis between Centre and State. The project was to be completed by December 2009.

The Ministry released ₹ 660.82 lakh (between December 2007 and March 2011). The State Finance Department released (between January 2009 and

[40] (1) Awang Sekmai hospital, (2) Langjing Achouba hospital, (3) Wangoi hospital, (4) Nambol hospital, (5) Moirang hospital, (6) Lamsang dispensary, (7) Khumbong dispensary, (8) Khurkhul dispensary, (9) Kodompokpi dispensary, (10) Samurou dispensary, (11) Keibul dispensary, (12) Ningthoukhong dispensary and (13) Kumbi dispensary.

July 2011) this fund to the Department. The state share of ₹ 73.42 lakh was also released (between April 2009 and March 2011) by the Finance Department.

Though the target date for completion of the project was December 2009, the department extended the completion date up to October 2014 reason for which was not available on record. Inspite of availability of fund, construction of only Bishnupur district veterinary hospital was completed (August 2011) till date of audit. On audit's query regarding reason(s) for non-completion of the work, the Department furnished an evasive reply that the Construction Agency did not complete the work. The reply indicates the lack of earnestness and sincerity on the part of the department to get the work completed at the earliest.

On joint physical verification of the progress of construction of the Imphal West district veterinary hospital at Mekola, it was found that the construction work was abandoned long back after erection of the wall without roofing. The entire structure of the building was overgrown with all sorts of climbers, weeds and bush. Completion of the hospital in the near future appears to be remote.



Construction of Imphal West District Veterinary Hospital, Mekola was Abandoned

The Memorandum of Understanding (MoU) entered with the Department and the Construction Agency (CA) did not stipulate any prescribed timeline for completion of work. In the absence of definite time schedule, the CA did not complete the work (December 2014) even though the required fund had already been deposited with them. Though there was a clause for imposition of penalty at the rate of ₹ 20,000 only per week of delay, the Department could not impose any penalty on the CA due to non-stipulation of dateline of completion. Thus, due to non-completion of the hospitals, the intended benefits of providing veterinary services and clinical aids to the livestock could not be delivered.

While sanctioning of fund for the project by the Ministry, an amount of ₹ 28.24 lakh (₹ 25.42 lakh - Central share & ₹ 2.82 lakh - State share) was included for land development[41] work. The work was executed by a local contractor[42]. As per Departmental records, ₹ 25.69 lakh withdrawn (April 2010) for land development was not paid to the CA. Though the Executive

[41] such as felling of trees, clearing of jungle, levelling of the site

[42] G. Kakhangai Kabui

Engineers of Division No. III & IV[43] had acknowledged receipt of ₹ 24.17 lakh (April 2010), the amount was not recorded in the books of accounts of CA. Thus, misappropriation of ₹ 25.69 lakh could not be ruled out.

2.3.9.7 Assistance to States for Control of Animal Diseases (ASCAD)

Government of India provides assistance to States and Union Territories for control of economically important diseases of livestock and poultry by way of immunization, strengthening of existing States Veterinary Biological Production Units & State Diagnostic Laboratories, holding workshops/seminars and in-service training to Veterinarians and Para-veterinarians. The programme was to be implemented on 75:25 sharing basis between the Centre and the State. However, 100 *per cent* assistance was provided by centre for training and seminar/workshops. As per UCs submitted to the Ministry, the expenditure incurred for implementation of the scheme during 2009-10 to 2013-14 is given in **Table 2.3.9.**

Table 2.3.9
Approved outlay, fund released by the Centre and State Government

₹ in lakh

Sl No	Year	Approved outlay		Fund released by Ministry	Fund released by State government		Expenditure as per UC	
		Central	State		Central	State	Central	State
1.	2009-10	174.46	54.54	150	150	46.40	150.00	46.40
2.	2010-11	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	2011-12	238.79	74.41	150.00 +7.22*	150.00	0.65	22.77	0.65
4.	2012-13	231.32	70.83	Not released	127.23*	42.38	127.15	42.38
5.	2013-14	343.33	107.37	200.00+7.30*	200.00	59.85	200.00	59.85
Total		**987.9**	**307.15**	**514.52**	**627.23**	**149.28**	**499.92**	**149.28**

** Re-validation of unspent balance of previous year.*
Source: Departmental Records

From the above table, it is noticed that during 2011-12, the Centre had released its share of ₹ 150.00 lakh. As against this, the Department could utilize ₹ 22.77 lakh only. The unutilised fund of ₹ 127.23 was revalidated by the Centre for utilisation in 2012-13. Non-utilization of available fund of ₹ 134.45 lakh in 2011-12 was indicative of inefficient management of funds by the Department.

Audit of records at the Directorate showed the following deficiencies in implementation of the scheme:

During 2012-13 vaccines and appliances worth ₹ 136.72 lakh (₹ 65.87 lakh for 17 general medicines; ₹ 70.85 lakh for 62 generic medicines and appliances) were procured for implementation of the scheme. As seen from the Stock Register, none of the medicines procured were distributed to the veterinary institution. Thus, inspite of having sufficient stock of medicines, the Department failed to take the required measures for controlling/prevention of animal diseases in the State during 2012-13.

[43] (i) ₹ 13.43 lakh: Division No. III; (ii) ₹ 10.74 lakh: Division No. IV

During 2013-14, vaccines and appliances worth ₹ 280.52 lakh (₹ 140.19 lakh for 14 general medicines; ₹ 140.33 lakh for 33 generic medicines and appliances) were procured for implementation of the scheme. It was however, noticed that only three of the items procured were fully distributed by the Department. The balance stock of 44 different items worth ₹ 83.73 lakh was not distributed.

The Department did not maintain vital information of the medicines and vaccines procured such as batch number, expiry date, manufacturing date, chemical analysis report of the vaccines and medicines procured. As such, expiry of the medicines and vaccines could not be ascertained.

During Exit Conference, the Department stated (October 2014) that though materials procured were distributed, records could not be maintained due to lack of manpower. The reply is not acceptable as the relevant record for distribution such as indents, signature in acknowledgment for receipts, APRs, stock verification certificate *etc.* were not available. Thus, in the absence of the aforesaid records, the authenticity of distribution of the medicines and appliances of value ₹ 417.25 lakh (₹ 280.53 lakh + ₹ 136.72 lakh) could not be ascertained in audit.

2.3.9.8 Murrah Buffalo Rearing Project

For villagers located in and around the Loktak lake and its catchment areas whose livelihood are affected due to clearance of *phumdi* (floating biomass), Murrah[44] buffaloes are to be distributed free of cost to maintain their livelihood. North East Council (NEC), Shillong, accorded (November 2013) administrative approval of ₹ 496.00 lakh for adoption of Milch Murrah buffalo in and around Loktak Lake and released (November 2013) ₹ 178.56 lakh as 1st installment of the project. As the price of Murrah buffalo had increased during the intervening period of obtaining approval for the project, the Department requested NEC to revise the cost of the project. Accordingly, the NEC accorded (February 2014) revised administrative approval of ₹ 516.71 lakh. The State Government released (March 2014) ₹ 185.43 lakh including State share[45] of ₹ 16.66 lakh. The State Government withheld ₹ 9.79 lakh[46] of NEC share already received.

The Department purchased (December 2013) 968.87 quintal of buffalo concentrate ration worth ₹ 18.68 lakh for distribution to 150 nos. of beneficiaries of Murrah Buffalo Rearing Project. However, till date of audit (September 2014) no Murrah was procured.

The Department stated (December 2014) that 80 Murrah have been received and distributed to the beneficiaries during October-November 2014. Even by the Department's own statement, the buffalo concentrate ration had remained

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44 A species of buffalo

45 The funding contribution of the project was 90 *per cent* by Central Government and 10 *per cent* by the State Government.

46 ₹ 178.56 lakh + ₹ 16.66 lakh - ₹ 185.43 lakh

in stock for almost one year before receipt of the livestock. Due to such long storage, the risk of the concentrate ration being spoilt and not fit for feeding was high. Thus wasteful expenditure of ₹ 18.68 lakh on account of improper planning for procurement of the concentrate ration could not be ruled out.

2.3.9.9 Nineteenth Quinquennial Livestock Census, 2012

Livestock rearing is one of the most important economic activities in rural areas of the country providing supplementary income for most of the families dependent on agriculture. It is a source of nutrition in the form of milk, eggs and meat. The Livestock Census conducted once in every five years is the main source of such data in the country. It is conducted as a fully funded Central Sector Scheme and is implemented through the Animal Husbandry Department of the respective State and Union Territory.

The Nineteenth Quinquennial Livestock Census, 2012 should be conducted in 100 *per cent* villages and wards in all the districts of the State. As in Population Census, primary workers undertake house to house enumeration and ascertain the number, age, sex *etc.,* of livestock and poultry possessed by every household and institution in rural and urban areas. The Nineteenth Quinquennial Livestock Census, 2012 was to be conducted with reference date 15 October 2012, commencing from 15th September 2012 and to be completed by 15 October 2012. Various species of animals and poultry birds possessed by households, enterprises and institutions were to be counted at their site.

The Ministry released (2012-2014) ₹ 119.62 lakh including revalidated amount of ₹ 1.62 lakh for Census. The Department could utilize ₹ 116.97 lakh during 2012-14. Even after lapse of two years from the stipulated date of completion of the Census, the final Census Report could not be made available to audit. In the absence of the Census Report audit could not ascertain status of all round development of the livestock in the State.

The Department drew ₹ 47.32 lakh in March 2013 and February 2014 for payment of TA/DA/Honorarium of 756 officers and officials (624 Enumerators, 106 Supervisors, 21 Scrutiny Officers, and five State Level Livestock Census Officers) for conducting the Nineteenth Quinquennial Livestock Census. Instead of disbursement of the withdrawn amount to the concerned officers and officials, the amount was transferred electronically to the bank account of the Deputy Director (Statistics) of Veterinary and Animal Husbandry department. APRs of the concerned officers and officials were not available.

During the Exit Conference, the Department stated (October 2014) that TA/DA was disbursed through the District Census Officers. APRs were submitted for receipt of money by the concerned District Census Officers. However, APRs for distribution of the TA/DA/Honorarium to the concerned officers/officials who had conducted Census could not be produced to audit. Thus, disbursement of TA/DA/Honorarium of ₹ 47.32 lakh was doubtful.

2.3.10 Human Resource Management

The sanctioned strength and the men in position of the Department as on March 2014 is detailed in **Table 2.3.10.**

Table 2.3.10
Sanctioned strength *vis-à-vis* men in position

Category	Sanctioned strength	Men in position	Vacancies (percentage)
Class I	172	108	64(37)
Class II	17	3	14(82)
Class III	811	642	169(21)
Class IV	1213	753	460(38)
Total	**2213**	**1506**	**707(32)**

Source: Manipur Government Employees List (MGEL)

Due to shortage of manpower in key posts (*i.e.* Class I posts includes 16 doctors and 25 specialists) who were responsible for functioning of hospitals and dispensaries in the State has adversely affected the animal health care programs and animal health activities. Despite the severe shortage of manpower, there were nine personnel including a veterinary officer in two departmental firms[47] which were not functioning since 1997-98. The Department did not initiate any action to withdraw the nine idle personnel. One of the firms was not functioning due to occupation of the firm premises by the paramilitary forces. The other firm was not functioning due to financial constraint to run the firm. Thus payment of ₹ 151.74 lakh as salary during 2009-14 to these nine personnel was not fruitful.

The deployment of human resources in the department was not judicious. Two[48] veterinary hospitals were functioning without veterinary doctors whereas one veterinary officer was posted at a veterinary dispensary[49] where heath care service of the livestock to be provided was less.

2.3.11 Internal Control and Monitoring Mechanism

Internal control system is a management tool which provides reasonable assurances that the organization's objectives are being achieved and the entity is functioning in an economical, efficient and effective manner. The following lapses in internal control and monitoring mechanism were noticed during the course of audit:

Though the Department was operating 36 sub-heads/schemes, Fund Appropriation Register for watching the progress of expenditure incurred against the fund allotment made on each of the Sub-Heads/schemes was not maintained. During the course of audit, it was noticed that proper scheme

[47] (1) Pig Breeding Farm, Tamenglong and (2) Composite Farm, Noney
[48] (1) Langjing Veterinary Hospital and (2) Langol Veterinary Hospital
[49] Lamsang Veterinary Dispensary

records[50] were not maintained and supporting documents for expenditure[51] incurred were not available in many instances. As the reconciliation of accounts was not carried out with the office of the Accountant General (A&E), Manipur correctness of the Department's expenditure figures is doubtful. Though extant guidelines requires audit of the implementing[52] agencies' accounts, the same was not carried out during the period covered under the Performance audit. There was no system in place for effective monitoring of the projects/schemes being implemented by the Department.

2.3.12 Conclusion

During the period 2009-14, institutional weakness in the area of planning, implementation and monitoring was noticed. Financial management and accounting was poor resulting in large number of irregularities. Budget estimates were finalised without obtaining inputs from field offices. In the absence of Annual Plan and Perspective Plan for the activities to be carried out, the Department planned for short-term goals rather than being guided by long-term goals. Though the population of Manipuri Pony had decreased alarmingly from 1037 in 2007 to less than 500 in 2014 and the animal was in danger of extinction, the Department had neither formulated a specific policy for its conservation and development nor taken advantage of G0I initiative for conservation of various Threatened Breeds of Livestock. Measures for improving livestock production and for controlling/prevention of animal diseases were not taken up due to mismanagement and misappropriation in the areas of procurement, stocking/storage and distribution of medicine/vaccines, concentrate feed for livestock, appliances and creation of infrastructure (veterinary hospitals and dispensaries). Available manpower was also not deployed judiciously. Internal control and monitoring mechanism in the Department was weak.

2.3.13 Recommendations

The Government may consider:

- preparing Annual Plan and Perspective Plan;
- formulation of a specific policy for conservation and development of the Manipur pony and to consider the best practices followed by other States under the GOI initiative for conservation of Threatened Breeds of Livestock;
- Strengthening the internal control so as to maintain vital records for implementation of schemes;
- Making Human Resource Management efficient and posting of veterinary doctors wherever required.

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50 Like Project proposal submitted to the Ministry, Project evaluation Report, techno-economic feasibility and viability report; Implementing agency's Registration Certificate and Memorandum of Association etc.

51 Bill copy, supply order, supplier's bill, Stock Register etc., in respect of M/s Sumchinvum Women Society, Manipur Livestock Development Board and Marjing Pony Complex, Heingang

52 M/s Sumchinvum Women Society; Manipur Livestock Development Board

COMPLIANCE AUDIT

FOREST DEPARTMENT

2.4 Undue benefit to Contractor

The interest free machinery advance paid to the contractor exceeded the contract provision by ₹ 17.66 crore. Further, there was no security for the outstanding advance of ₹ 1.23 crore.

As per Clause 5 of the Additional Terms and Conditions of the agreement signed (November 2009) between Loktak Development Authority, Manipur (LDA) and M/S K Pro Infra Works Pvt. Ltd, New Delhi (contractor) for execution of the work "LDA (Sub Head: Management of Phumdi[53] in Loktak Lake)", an interest free advance equal to 10 *per cent* of tendered value or 90 *per cent* of the price of new plant and machinery paid by the contractor whichever was lower can be paid to the contractor. The contractor was to provide satisfactory evidence of the price of plant and machinery to the Project Director of LDA. The advance was to be paid against Bank Guarantee (BG) and the machinery hypothecated to LDA. As per section 31.6 read with section 31.5 of CPWD Works Manual 2007, such advance can be paid against machinery that are required for the work and brought to site by the contractor and should be bearing 10 *per cent* simple interest. These CPWD provision which were part of the draft agreement were deleted in the final agreement signed with the contactor.

Audit of records (November-December 2012) of Project Director, LDA showed that based on the contractor's proposed list of machinery (December 2010) valued at ₹ 26.79 crore, LDA paid (January 2011) interest free plant and machinery advance of ₹ 22.40 crore equal to 10 *per cent* of the tendered amount against BG of the same amount. However, only after six months (June 2011) the contractor procured 25 numbers of trucks valued at ₹ 5.27 crore and hypothecated them with LDA. Thereafter, no machinery was procured.

As per the contract agreement *ibid*, the amount of advance should have been restricted to ₹ 4.74 crore (being 90 *per cent* of ₹ 5.27 crore which was the cost of machinery actually procured). The amount of advance paid exceeded this ceiling by ₹ 17.66 crore (₹ 22.40 crore - ₹ 4.74 crore). The excess payment could have been avoided had the Department adhered to the CPWD norms.

Further, as stated by LDA (August 2013), a sum of ₹ 21.17 crore was recovered (as on May 2013) leaving a balance of ₹ 1.23 crore to be recovered from the contractor. This outstanding advance is unsecured as LDA had already returned (February 2012) all the BGs submitted by the contractor. There was no record of fresh BGs submitted to cover the amount outstanding.

[53] Phumdis are a series of floating of islands, exclusive to the Loktak Lake in Manipur. They cover a substantial part of the lake area and are heterogeneous masses of vegetation, soil and organic matter, in different stages of decay.

Thus, contractor was given undue benefit of interest free advance of ₹ 17.66 crore which was inadmissible. Further an amount of ₹ 1.23 crore as unsecured advance[54] in the hands of the contractor remained unrecovered.

The matter was referred to the Department/Government (August 2014). In response the Department/Government admitted (September 2014) that the contractor had procured only 25 trucks valued at ₹ 5.27 crore which was brought to site in June 2011. The condition for payment of machinery advance as laid down in the CPWD manual was modified in the agreement due to special nature, importance and urgency of the work. The Department also contended that the advance outstanding as of May 2013 was only ₹ 78.29 lakh which would be shortly recovered.

The contention of the Department regarding the amount of advance outstanding was not acceptable as there was arithmetical error in their statement[55] and documents to support their claim were also not furnished. Moreover, the objective of modifying provision of CPWD Manual in the agreement was also defeated as neither was the required machinery procured nor was there efficiency in execution of work (contract had to be rescinded due to slow progress).

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.5 Blocking of Funds

The supplier had not delivered DI pipes worth ₹ 1.53 crore even after three years of receiving full payment

Section 38.6 of CPWD Works Manual 2007 states that wherever advance had been paid against supply order for stores, the officers drawing the money for making such advance payment shall be responsible for its adjustment within a period of one month from the date of the drawal of advance (i.e. material should have been received within one month). Such payment of advance should be restricted to 90 *per cent* of cost on pre-inspected stores where dispatch documents and transit insurance had been produced. Rule 159(1) of General Financial Rules limits the advance payable to 30 *per cent* of contract value if the firm was (1) holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment etc, (2) holding fabrication contracts, turn-key contracts *etc.* The supply orders issued by the Chief Engineer, Public Health Engineering Department (PHED) also stipulated the quantities as stated therein must be delivered within 60 days. In all the above codal provision, a guarantee of equal amount from a Scheduled Bank and transit insurance must be obtained from the supplier.

[54] No BG available. The fitness certificates of the vehicles hypothecated to LDA expired in March 2013.

[55] The department claimed that ₹ 3,66,75,261/- was recovered from six bills of the contractor. The figures stated to be recovered against these six bill add up to only ₹ 2,45,75,261/- . Thus there is an error of ₹ 1,21,00,000/-

Audit of records (December 2013) of the Executive Engineer, Water Supply Maintenance Division-I (the Division) showed that six supply orders were issued (October 2010, December 2010 and March 2011) to M/s Electro Steel Castings Limited, Kolkata for supplying 20,051 Running Meter (RM) of DI pipes of varied sizes ranging from 100 – 300 mm diameter (dia) at a cost of ₹ 4.43 crore for six water supply schemes. The pipes were to be supplied within three months from the date of issuing supply order. The Division paid the full amount of ₹ 4.43 crore (November 2010 and March 2011) as advance to the firm without obtaining any bank guarantee. Till October 2012 the Department received only 12,355.50 RM of DI pipes worth ₹ 2.91 crore. As on date of audit the remaining 7695.50 RM of DI pipes worth ₹ 1.53 crore had not been received even after three years from the date payment was made. Moreover, dispatch documents, pre-inspection reports, transit insurance *etc.,* as required by the codal provision *ibid* were not available. Details are given in **Appendix 2.6.**

Thus, due to non-enforcement of delivery schedule even after three years of making payment, ₹ 1.53 crore of public fund remained blocked besides also entering into a risk of loss of public money as mandatory safeguards in the form of bank guarantee from a scheduled bank was not obtained. Inaction of the Department had also affected implementation/completion of six numbers of water supply schemes sanctioned in 2010-11 which were scheduled for completion within 2013-14[56] thereby depriving the intended beneficiaries.

The matter was referred to the Department/Government (July 2014). The Department in their reply (September 2014) stated that the delivery of pipes could not be completed in time due to refusal of the transporter[57] to deliver the pipes. Another transporter[58] had been engaged and an additional 5015.50 RM worth ₹ 1.11 crore had been received.

The Department's claim of having received additional DI pipes was not acceptable as supporting documents for the additional material claimed to have been received, the safeguard obtained against undelivered material and the action taken for their early delivery though called for (September and October 2014) had not been received (December 2014).

2.6 Non-realisation of outstanding water charges

Water charges to the tune of ₹ 7.10 crore was outstanding due to the Department's failure to collect the same

Section 23(a)(v) read with Section 2(g) of the Manipur Water Supply Act, 1992 provides that the Executive Engineer, Public Health Engineering Department (PHED) may cut off the connection of any premises to which water was supplied under this Act or may turn off such supply if the owner of the premises refuses or neglects to pay a bill of water charges within fifteen

[56] Time for completion of the schemes ranged from 12 to 36 months
[57] M/s Modoli transportation
[58] M/s Sarangjit enterprise

days from the date of the receipt of the bill. Moreover, section 27 of the Act also provided for imprisonment of one month which may be extended to six months or a fine of ₹ 500 which may extend to ₹ 3000, on a person who contravenes any provision of the Act.

Audit of records (July 2013) of the Project Construction Division, PHED, Imphal East and audit (December 2013) of the records of the Executive Engineer, Water Supply Maintenance Division-I, PHED, Imphal West showed that during the period 2011-12 to 2013-14, the Divisions had an outstanding water rent amounting to ₹ 1.31 crore and ₹ 5.79 crore respectively. The major defaulters were domestic users, office, school/college, hostel, hotel, Department tankers, public hydrant, *etc.* Details are shown in A**ppendix 2.7**.

It was noticed in audit that both the divisions had not initiated action against the defaulters in accordance with the provision of the extant Act on account of which an amount of ₹ 7.10 crore (₹ 1.31 crore + ₹ 5.79 crore) remained outstanding as water rent.

The Department in their reply (December 2014) attributed the reason for outstanding water to unwillingness of the defaulters to pay the water rent and lapse of the Divisions while distributing the bills to the consumers. The Department stated that notices had been circulated through electronic and print media.

The reply was not acceptable as the Department could have taken legal action against the defaulters as per the Act *ibid.*

2.7 Suspected misappropriation

Misappropriation of Galvanised Iron (GI) pipes worth ₹ 53.08 lakh is suspected as they were not received even after 63 months of making payments

Rule 159(1) of General Financial Rules stipulates that payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However advance payment limited to 30 *per cent* of the contract value may be made to private firms who are: (1) holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment *etc.*, (2) holding fabrication contracts, turn-key contracts *etc.* Adequate safeguards in the form of bank guarantee *etc.,* should be obtained from the firm for such advance payments. Further as per section 38.6 of CPWD Works Manual 2007, advance payments upto 90% of the cost for supply of stores can be made only for pre-inspected stores and against production of the dispatch documents. Guarantee of equal amount from a Scheduled Bank and transit insurance must be obtained from the supplier. The officers drawing the money for making such advance payment shall be responsible for its adjustment within a period of one month from the date of the drawal of advance.

Audit of records (May 2013) of the office of the Executive Engineer, Public Health Engineering Department (PHED), Senapati Division (the Division) showed that a sum of ₹ 53.08 lakh was paid to M/S Skipper Steel Limited, Kolkata (the firm) as interest free advance for supply of 11,164.00 Running Meter (RM) of GI pipes meant for augmentation of water supply scheme of Purul Atongba as shown in **Table 2.7.1.**

Table 2.7.1
Payment for GI pipes

Sl. No.	Supply order	Quantity (RM)	Amount (₹)	Details of Payment
1	CE/PHE/1-110(3)/2007/3457 Dated 2-1-09	8,010.00	39,89,225.90	Vr. No (11)40 dated 31.3.09
2	CE/PHE/1-110(3)/2007/1677 Dated 24-9-11	3,154.00	13,18,525.14	Vr. No 17 dated 26.9.11
Total		**11,164.00**	**53,07,751.04**	

Though the pipes were to be supplied within 60 days from the date of payment (March 2009 and September 2011), no delivery was made till date of audit (May 2013) and hence the full amount of advance had remained unadjusted. There was no record of safeguards in the form of bank guarantee and other provision *ibid* for the advance paid. Therefore, the payment of ₹ 53.08 lakh as advance was irregular and amounted to undue benefit to the supplier. Moreover, beneficiaries of augmentation of water supply scheme of Purul Atongba were also deprived due to non-receipt of pipes.

On further scrutiny of records, audit observed that the supply order at Sl. No 1 issued in January 2009 was amended vide the supply order at Sl. No 2 issued in September 2011. As the supply was required to be made as per amended supply order at Sl. No 2, the cost of pipes should have been adjusted from the amount already paid against supply order at Sl. No 1. As the firm was paid for the quantities in both the supply orders, there was excess payment of ₹ 39.89 lakh[59].

The matter was referred to the Department/ Government (July 2014). The Department in their reply (September 2014) stated that the materials were supplied against another supply order[60] for which no payment was made. Further, the Department claimed that 10510.60 RM of pipes worth ₹ 55.11 lakh had been received between June 2009 and July 2012.

The reply was not acceptable as the materials stated to have been received by July 2012 was not accounted for in the stock of the Division till the date of audit (May 2013). Moreover, relevant supporting documents though called for (July 2014, September 2014 and October 2014) were not furnished (December 2014).

[59] Total amount paid (₹ 39.89 lakh + ₹ 13.19 lakh) minus amount due (₹ 13.19 lakh)

[60] Supply order no. CE/PHE/1-110(3)/2007/3458 dated 2 January 2009 for 11189 RM of pipes worth ₹ 61.57 lakh.

PUBLIC WORKS DEPARTMENT

2.8 Inadmissible Expenditure

The Department incurred expenditure of ₹ 25.06 lakh on items of works which were not correlated to the main work

As per Rule 21(ii) and 26(ii) of General Financial Rules 2005 (GFR), in respect of the funds placed at his disposal, the Controlling Officer is to ensure that the expenditure is incurred for the purpose for which funds have been provided and the expenditure should not be prima facie more than the occasion demands.

Audit of records (March 2013) of the Executive Engineer, Bridge Division, Public Works Department (the Division) revealed that Administrative Approval and Expenditure Sanction (AA & ES) was accorded (December 2011) for ₹ 3.76 crore for the work "Construction of Protection work i/c approach road Serou Bridge". The approved items of work *inter alia* consisted of floor apron, flexible apron at upstream side and downstream side of the bridge with curtain walls to be executed in plain cement concrete of specified grade (PCC M-15). Removal of earth obstruction and approach road were also to be executed. As per records made available, the Division had executed all items of works proposed in the estimate and ₹ 3.60 crore was paid (March 2012) to the contractor. The work was completed in June 2012.

Scrutiny of the estimate and the payment showed that the Division had inserted quantities/items of work which were not connected with the description of main work as stated above and incurred expenditure of ₹ 25.06 lakh as indicated in **Table 2.8.1.**

Table 2.8.1

Sl. No.	Item of work	Unit	Quantity	Rate (₹ per cum.)	Amount (₹)
1	Cement concrete work for gallery/stepping for puja under SH: Floor Protection (Item No. 5 of estimate)	Cubic meter (Cum)	246.44	7,270.00	17,91,618.80
2	Granite stone slab flooring work with 20 mm thick granite slabs etc. (Item No 7 of estimate)	Cum	82.98	6,360.00	5,27,752.80
3	Painting works in kerbs in black and yellow alternate bands (Item No 8 of estimate)	Cum	2,005.92	93.00	1,86,550.56
Total					**25,05,922.16**

The expenditure of ₹ 25.06 lakh was not admissible as it was incurred on items that were not covered under the purpose for which funds were sanctioned and were also against the extant rule provision *ibid.*

The matter was reported to the Department/ Government (June 2014). The Department replied (September 2014) that the items were indispensable as it was inserted to maintain historical tradition and that the items were approved by the Government. However, the copy of the said approval was not furnished to audit.

The reply was not acceptable as the items were not related to the main work for which the funds were sanctioned.

Chapter III

Economic Sector (PSU)

CHAPTER III
ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

3.1 Overview of Government Companies and Statutory Corporations

Introduction

3.1.1 The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The State SPSUs were established to carry out activities of commercial nature while keeping in view welfare of the people. In Manipur there were ten SPSUs[1] as on 31 March 2014. None of the Companies was listed on the stock exchange(s) (all Government Companies). The State SPSUs play a minor role in the State economy. The State working SPSUs registered a turnover of ₹ 7.03 crore for 2013-14 as per their latest finalized accounts as of September 2014. This turnover was equal to 0.05 *per cent* of State Gross Domestic Product (GDP) for 2013-14. The State SPSUs earned an overall profit of ₹ 0.78 crore in the aggregate for 2013-14, as per their latest finalized accounts as on 30 September 2014.

Audit Mandate

3.1.2 Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government Company includes a subsidiary of a Government Company. Further, a Company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government Companies and Corporations controlled by Government(s) is treated as if it were a Government Company (deemed Government Company) as per Section 619-B of the Companies Act.

3.1.3A The accounts of the State Government Companies (as defined in Section 617 of the Companies Act, 1956) were audited by Statutory Auditors, who were appointed by the CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts were also subject to supplementary audit conducted by the CAG as per the provisions of Section 619 of the Companies Act, 1956.

3.1.3B The Government of India, Ministry/ Department of Company Affairs has notified (September 2013) the Companies Act, 2013. However, the provisions of the new Act shall be applicable on Government Companies from the next accounting year 2014-15 (*viz.* From the accounting periods commencing on or after 1 April 2014) and audit of the accounts of Government companies pertaining to the periods prior to 1 April 2014 shall continue to be governed by the Companies Act, 1956.

[1] Out of ten PSUs, seven are working and three are non-working.

Investment in State SPSUs

3.1.4 As on 31 March 2014, the Investment (Capital and Long-Term Loans) in 10 SPSUs[2] was ₹ 56.49 crore as per details given in **Table 3.1.1**.

Table 3.1.1
Investment in SPSUs

(₹ in crore)

Type of SPSUs	Government Companies		
	Capital	Long Term Loans	Total
Working SPSUs	29.34	5.91	35.25
Non-working SPSUs	16.71	4.53	21.24
Total:	**46.05**	**10.44**	**56.49**

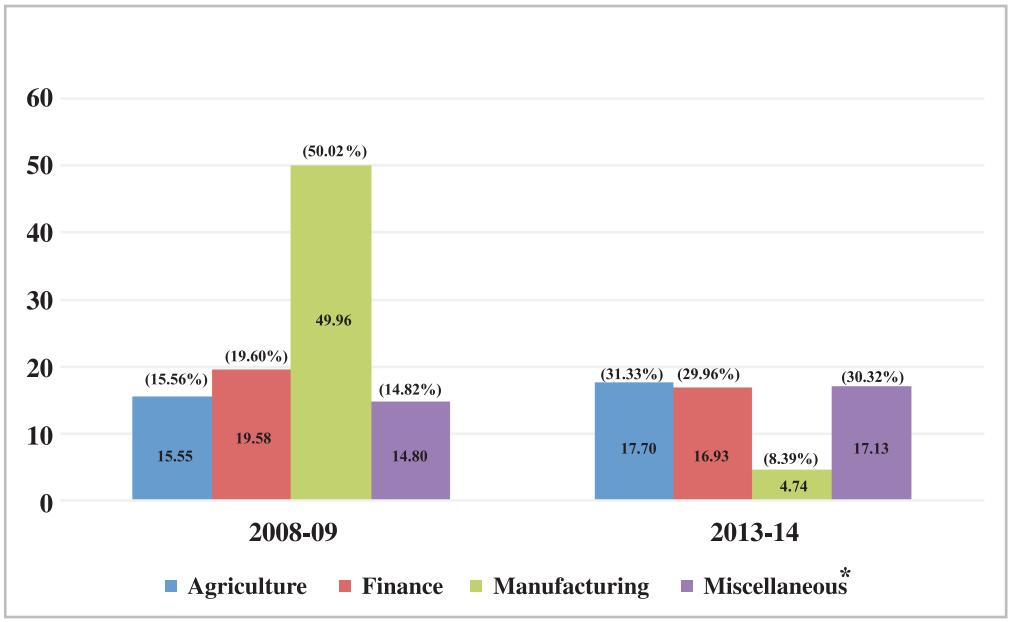
The Government has not made any investment in these companies during 2013-14. A summarised position of Government Investment in State SPSUs is detailed in **Appendix 3.1**.

As on 31 March 2014, 62.40 *per cent* of the total Investment in State SPSUs was in working SPSUs and the remaining 37.60 *per cent* in non-working SPSUs. This total Investment consisted of 81.52 *per cent* towards Capital and 18.48 *per cent* in Long-Term Loans.

3.1.5 The Investment in various important sectors and percentage thereof at the end of 31 March 2009 and 31 March 2014 are indicated in the chart below.

Chart 3.1.1
Investment in Various Important Sectors

(₹ in crore)



(Figures in brackets show the percentage of total investment)
** including investment under Infrastructure*

[2] Including three non-working companies

The total Investment in manufacturing sector decreased from ₹ 49.96 crore in 2008-09 to ₹ 4.74 crore in 2013-14. This decrease was mainly due to exclusion of investment relating to four non-working SPSUs[3] of manufacturing sector which had been liquidated during 2013-14.

Budgetary outgo, grants/subsidies, guarantees and loans

3.1.6 There was no budgetary outgo towards Equity, Loans, Guarantees issued, Loans converted into Equity and Interest waived in respect of SPSUs during the year 2013-14.

Reconciliation with Finance Accounts

3.1.7 The figures in respect of Equity and Loans outstanding as per records of State SPSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2014 is stated **Table 3.1.2**.

Table 3.1.2
Equity and Loans outstanding

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	38.63	40.67	2.04
Loan	-	0.97	0.97

3.1.8 Audit observed that the differences occurred in respect of 8 SPSUs and some of the differences were pending reconciliation over a period of more than 17 years. The Government and the SPSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of SPSUs

3.1.9 The financial results of SPSUs are detailed in **Appendix 3.2.** A ratio of SPSU turnover to State GDP shows the extent of SPSU activities in the State economy. Table below provides the details of working SPSUs' turnover and State GDP for the period 2008-09 to 2013-14.

Table 3.1.3
Working SPSUs' turnover vrs State GDP

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Turnover[4]	6.77	6.51	5.71	3.54	6.48	7.03
State GDP*	7399.36	8254.26	9137.19	11122.61	12910.10(P)	15231.15(P)
Percentage of Turnover to State GDP	0.09	0.08	0.06	0.03	0.05	0.05

** At current price with base year 2004-05. (P) – Provisional estimates, as per information furnished by the Department of Economics and Statistics.*

[3] (i) Manipur Cycle Corporation Ltd.; (ii) Manipur Cement Ltd.; (iii) Manipur Spinning Mills Corporation Ltd.; (iv) Manipur State Drugs and Pharmaceuticals Ltd.

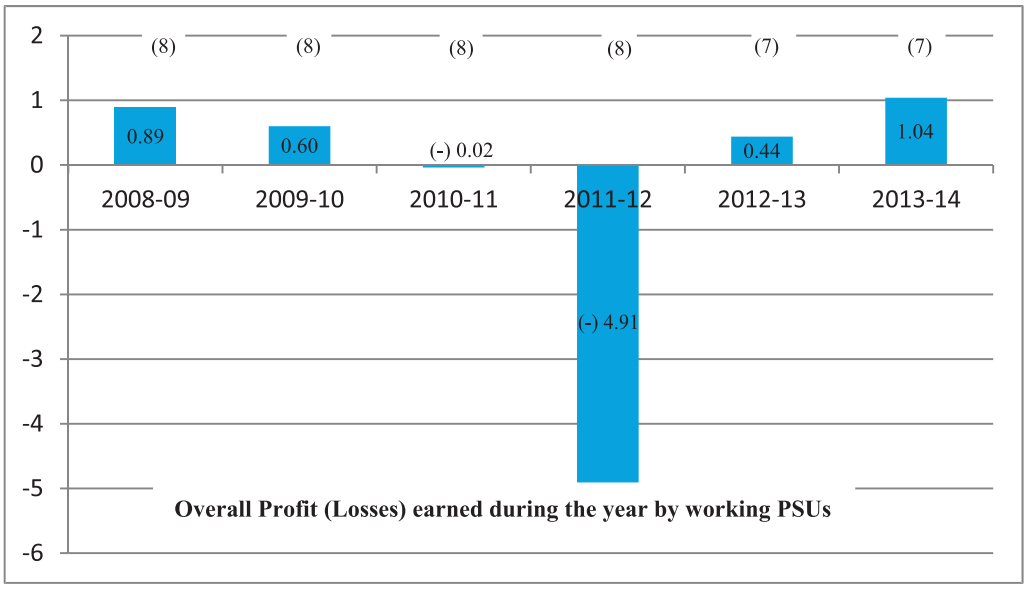
[4] Turnover as per the latest finalised accounts as of 30 September of the respective year

The State GDP showed continuous growth during the years from 2008-09 to 2013-14. On the contrary, the turnover of working SPSUs showed decreasing trend upto 2011-12 and increased thereafter. Thus, over the periods of six years, there was a meagre increase of ₹ 0.26 crore in SPSU turnover from ₹ 6.77 crore (2008-09) to ₹ 7.03 crore (2013-14). As a result, the percentage of turnover to the State GDP had decreased from 0.09 (2008-09) to 0.05 (2013-14) during the period of six years. This was indicative of the fact that the turnover of the working SPSUs was not encouraging as compared to year-wise growth in State GDP figures.

3.1.10 Profits earned/losses incurred by State working SPSUs during 2008-09 to 2013-14 are given below in a bar chart.

Chart 3.1.2
Profits earned/losses incurred by State working SPSUs

(₹ in crore)



(Figures in bracket show the number of working SPSUs in respective years)

During the year 2013-14, out of seven working SPSUs, four SPSUs earned profit of ₹ 1.75 crore and two SPSUs incurred loss of ₹ 0.71 crore. One working SPSU[5] has not started commercial activities. The major contributor to profit was Manipur Industrial Development Corporation Ltd. (₹ 1.33 crore). The losses were incurred by Manipur Handloom & Handicrafts Development Corporation Ltd. (₹ 0.59 crore) and Manipur Tribal Development Corporation Ltd. (₹ 0.12 crore).

[5] The Manipur Food Industries Corporation Ltd.

3.1.11 Some other key parameters pertaining to SPSUs are given in **Table 3.1.4.**

Table 3.1.4
Key Parameters pertaining to SPSUs

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Capital employed (*Per cent*)	2.66	2.08	(-)2.23	(-)14.96	0.71	1.84
Debt	19.50	30.73	31.06	5.91	10.43	10.43
Turnover[6]	6.77	6.51	5.71	3.54	5.35	7.03
Debt/ Turnover Ratio	2.88	4.72	5.44	1.67	1.95	1.42
Accumulated losses	5.22	5.18	6.94	10.37	40.76	45.19

During the period from 2008-09 to 2013-14, the accumulated losses of SPSUs registered significant increase of ₹ 39.97 crore from 5.22 crore (2008-09) to ₹ 45.19 crore (2013-14). The debt-enquiry ratio of SPSUs had improved from ₹ 2.88 crore (2008-09) to ₹ 1.42 crore (2013-14) mainly due to decrease of ₹ 9.07 crore in the Debts from ₹ 19.50 crore (2008-09) to ₹ 10.43 crore (2013-14). There was marginal increase of ₹ 0.26 crore in the turnover of working SPSUs during the period of six years.

3.1.12 The State Government has not formulated (September 2014) any dividend policy.

Arrears in finalization of accounts

3.1.13 The accounts of the Companies for every financial year are required to be finalized within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. The table below provides the details of progress made by the working SPSUs in finalization of Annual accounts by September 2014.

Table 3.1.5
Progress made by the working SPSUs in finalization of Annual accounts

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of Working SPSUs	8	8	8	7	7	7
2.	Number of accounts finalised during the year	2	2	23	17	21	11
3.	Number of accounts in arrears	129	135	142	116	100	98
4.	Average of accounts arrears *per* SPSU (3/1)	16.12	16.87	17.75	16.57	14.28	14
5.	Number of Working SPSUs with arrears in accounts	8	8	8	7	7	7
6.	Extent of arrears (in years)	10 to 26	10 to 27	11 to 28	9 to 27	5 to 26	2 to26

[6] Turnover of working SPSUs as per the latest finalised accounts as of 30 September of the respective years

The accounts were in arrears for the period ranging between two years (In respect of Manipur Electronics Development Corporation Limited) and 26 years (in respect of Manipur Tribal Development Corporation Ltd).

The reasons for delay in finalization of accounts were attributable to:

- Abnormal delay in compilation/ approval of the arrear accounts by the Management and delayed submission of the same to the Statutory Auditors and
- Delay in adoption of the certified accounts by the SPSUs in Annual General Meeting.

3.1.14 In addition to above, there were also arrears in finalisation of accounts by non-working SPSUs. Three non-working SPSUs had arrears of accounts for the period ranging between 19 years (Manipur Pulp and Allied Products Ltd and 30 years (in respect of Manipur Plantation Crop Corporation Limited).

3.1.15 The State Government had invested ₹ 26.63 crore (Equity), in eight SPSUs during the years for which their accounts had not been finalized as detailed in **Appendix 3.3.** Delay in finalization of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

3.1.16 The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalized and adopted by these SPSUs within the prescribed period. However, there were large arrears in finalization of the Annual accounts as discussed in **Para 3.1.13.** Thus, due to arrears in finalization of accounts, net worth of these SPSUs could not be assessed in audit.

3.1.17 ***The Government may take necessary steps to monitor and to ensure timely finalization of accounts with special focus on clearance of arrears and compliance with the provisions of Companies Act, 1956.***

Winding up of non-working SPSUs

3.1.18 There were three[7] non-working SPSUs as on March 2014. The Government may expedite the process of winding up of these non-working SPSUs as their existence is not serving any purpose.

Comments on Annual Accounts and internal Audit

3.1.19 Four working SPSUs forwarded their audited accounts to the Accountant General (Audit) during the period October 2013 to September 2014. Of these three, accounts of one SPSU were selected for supplementary audit, which was completed. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicated that the quality of maintenance of accounts needed to be improved substantially.

[7] Manipur Agro Industries Corporation Ltd., Manipur Plantation Crops Corporation Ltd. and Manipur Pulp & Allied Corporation Ltd.

3.1.20 One of the significant comments in respect of the company selected for supplementary audit is as follows:-

Manipur Electronics Development Corporation Ltd. (2007-08)

Loans and Advances included advances amounting to ₹ 80.51 lakh given to various suppliers/firms which had remained un-adjusted for a long time. No provision for probable loss was made in the accounts. This has resulted in understatement of Loss and overstatement of Loans and Advances by ₹ 80.51 lakh.

3.1.21 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the Companies audited in accordance with the directions issued by the CAG to them under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/ internal control system in respect of four Companies[8] for the year 2012-13 and another one Companies[9] for the year 2013-14 are given in **Table 3.1.6**.

Table 3.1.6
Major Comments Made by the Statutory Auditors

Sl. No.	Nature of comments made by Statutory Auditors	Number of Companies where recommendations were made	Reference to serial number of the Companies as *per* Appendix 3.2
1	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	4	A-1, A-3, A-6, A-7

Disinvestment, Privatization and Restructuring of SPSUs

3.1.22 There were no cases of disinvestment/privatization of SPSUs in the State.

[8] (i) Manipur Industrial Development Corporation Ltd., (ii) Manipur Tribal Development Corporation Ltd. (iii) Manipur Electronics Development Corporation Ltd. (iv) Manipur Handloom & Handicraft Development Corporation Ltd.

[9] (i) Manipur Electronics Development Corporation Ltd.

COMPLIANCE AUDIT

MANIPUR TRIBAL DEVELOPMENT CORPORATION LTD.

3.2 Undue benefit to supplier

The company extended undue benefit to suppliers/ transporter by releasing 100 *per cent* advances (₹ 2.35 crore) to suppliers and making excess payment of ₹ 13.78 lakh to transporter

Rule 159(1) of General Financial Rules (GFR) provides that, ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. The Rule further provides for release of advance to private contractors maximum to the extent of 30 *per cent* of contract value, against various types of contracts including turnkey, fabrication, maintenance contracts, *etc.* The advances so released should be adequately safeguarded in the form of Bank Guarantee (BG) *etc.,* to be obtained from the contractor. Further, to ensure due performance of the contract, the GFR (Rule 158) provide for obtaining of performance security from the contractor.

Manipur Tribal Development Corporation Ltd. (MTDC) placed (July 2010) supply orders worth ₹ 2.35 crore[10] on two Guwahati based firms (Suppliers) for supply of Steel and Cement respectively. MTDC had simultaneously awarded (July 2010) the contract for lifting and transportation of materials to M/s ISS Transport Agency, Imphal (Transporter) at an estimated cost of ₹ 1.44 crore[11]. As time was the essence of the contract, the Transporter was required to complete the transportation and deliver the materials within 45 days from the date of issue of work orders. In the event of any delay in transportation and delivery of material, the Transporter was liable to pay compensation equal to one *per cent* of the contract value for each day of delay subject to maximum of 10 *per cent* of the estimated contract value for transportation work.

Audit of the records (January 2013) showed MTDC had released advance (July 2010) to the suppliers to the extent of 100 *per cent* of the contract value amounting to ₹ 2.35 crore in contravention of the GFR provisions. It was further noticed that as against material worth ₹ 2.35 crore ordered for supply, material worth ₹ 1.28 crore only was delivered to MTDC and balance material (worth ₹ 1.07 crore) was pending for delivery even after 874 days (upto January 2013) after the due date of completion of supply. Details are given in **Appendix 3.4 –A.**

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[10] ₹ 1.02 crore for supply of 278.50 Metric Tonnes (MT) of steel and ₹ 1.33 crore for supply of 2,500 MT of cement to M/s Meghalaya Steel Ltd. and M/s Meghalaya Cement Ltd. respectively

[11] ₹ 18.59 lakh for transportation of steel + ₹ 125.00 lakh for transportation of cement (Cement @ ₹ 5000 *per* MT and Steel @ ₹6,675 *per* MT)

Further scrutiny of records showed that the main reason for delay in receipt of the material was the failure on part of the Transporter to lift the material from supplier's point within stipulated time schedule. Accordingly, MTDC issued (May 2011, July 2011, December 2011 and January 2012) show cause notices to the Transporter for non-lifting of the material in time and warned the latter (Transporter) for taking action under sub-clause 3(a) and /or 3 (b) and 3 (c) of the agreement. It was however, noticed that despite significant delay in transportation and delivery of material (₹ 1.07 crore), MTDC did not take any concrete action against the Transporter like rescinding the contract, forfeiture of the security deposit and imposing of penalty as per the terms of the agreement ibid *etc.,* which resulted in further delay in completion of the contract.

Despite failure of the Transporter to lift the material valuing ₹ 1.07 crore within stipulated time schedule, MTDC released payment valuing ₹ 73.88 lakh to the Transporter against admissible transportation charges of ₹ 60.10 lakh which resulted in excess payment of ₹ 13.78 lakh as per details given in **Appendix 3.4 –B.**

Thus, payment of 100 *per cent* advance to the suppliers contrary to the provisions of GFR and not taking action against the Transporter for delay in delivery of materials tentamounts to undue benefit of ₹ 2.49 crore **(**₹ 2.35 crore + ₹ 13.78 lakh) to the suppliers/transporter and blockade of funds to the tune of ₹ 1.07 crore (to the extent of the value of material not received).

The Management stated (June 2014) that balance quantity of steel was received in full and 300 metric ton of cement was received after audit (January 2013).

The reply of the Management is not tenable as 1286.30[12] MT of cement worth ₹ 68.62 lakh was yet (July 2014) to be received by the MTDC. Further, the Transporter started lifting the material only after the issue was raised by audit (January 2013) and issue of show cause notices (July/December 2013, July 2014) by the Management. Had the Management taken concrete and timely action, unduly delay in lifting of materials by the Transporter could have been avoided. Moreover, the challans produced to audit by the Management in support of their reply regarding delivery of steel/cement did not have mandatory endorsement of taxation check-gates for entry into Manipur for material brought from outside the State. This also raised doubts about authenticity of the challans submitted by the Transporter to MTDC.

[12] 1586.30 MT of cement outstanding as on date of audit minus 300 MT stated to have been received after audit.

3.3 Irregular release of Mobilisation Advance

The Company released interest free Mobilisation Advance of ₹ 50 lakh to a contractor in violation of extant rules

The provisions of CPWD Work Manual (Para 32.5) provided for release of Mobilisation Advance to the contractors against certain specialised and capital intensive works valuing not less than ₹ 2.00 crore at simple interest of 10 *per cent* per annum. The Mobilisation Advance so released should be restricted to 10 *per cent* of the contract value and should be released only after obtaining a Bank guarantee (BG) of equivalent amount from a schedule bank with validity for the contract period.

A Memorandum of Understanding (MOU) was signed (December 2011) between Manipur Tribal Development Corporation Ltd. (MTDC) and Medical & Health Service Department, Government of Manipur (Department) for construction of General Nursing Mid-wifery School at Tamenglong. Accordingly, MTDC awarded (January 2012) five work orders at the tender amount of ₹ 3.34 crore to a local contractor as per details given in **Table 3.3.1.**

Table 3.3.1

Sl. No.	Sub-Head	Work Order amount (₹)	Amount of advance paid(₹)	Time schedule[13]
1	Block A	68,44,026	40,00,000	36 months
2	Block B	72,17,842		
4	Block D	53,42,611		
5	Block E	70,55,296		
3	Block C	69,77,484	10,00,000	
Total		**3,34,37,259**	**50,00,000**	

MTDC paid (November and December 2012) interest free mobilisation advance of ₹ 50 lakh[14] (15 *per cent* of tendered amount) to the contractor against a Bank Guarantee of only ₹ 11 lakh from a non-scheduled bank. The Management while sanctioning interest-free Mobilisation Advance stated that this was done to avoid delay in procurement of construction material by the contractor.

Audit of the records showed that the payment of Mobilisation Advance was irregular on account of the following:

(i) The value of work order ranged between ₹ 53.42 lakh and ₹ 72.18 lakh and hence did not qualify for grant of mobilization advance in accordance with the provisions of CPWD Manual.

(ii) The nature of these works was of normal civil works and did not qualify as specialised work.

[13] From the date of issue of work order

[14] ₹ 40 lakh vide Cheque No. 358624 dated 24.11.2012 & ₹10 lakh Cheque No. 358638 dated 10.12.2012

(iii) Only partial security of ₹ 11 lakh was obtained from a non-scheduled, liquidated bank[15] *viz.* Manipur Industrial Corporation Bank Ltd. The Management failed to ensure adequate Bank Guarantee from a scheduled bank.

(iv) Even after due expiry of the schedule date (December 2014) of completion of the works, none of the five works could be commenced (December 2014) due to non-finalisation of work site.

In view of the above, payment of Mobilisation Advance was irregular and also tentamounts to undue benefit to the contractor.

The matter was referred (June 2014) to the Company/Government. No reply was received yet (December 2014).

MANIPUR POLICE HOUSING CORPORATION LTD.

3.4 Undue advantage to suppliers

Full advance payment to the suppliers without obtaining any safeguard resulted in delay in receipt of materials worth ₹ 1.79 crore

Rule 159(1) of General Financial Rules, (GFR) provides that, ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. The Rule further provides for release of advance to private contractors upto a maximum of 30 *per cent* of contract value, against various types of contracts including turnkey contracts, fabrication contracts, maintenance contracts, *etc.* The advances so released should be adequately safeguarded in the form of Bank Guarantee (BG) *etc.,* to be obtained from the contractor. Further, to ensure due performance of the contract, the GFR (Rule 158) provides for obtaining of performance security from the contractor.

MPHC issued (September/December 2012) supply orders on various suppliers for procurement AC Sheets, CGI Pipes, Rhino board and tiles, Cement and assorted Sanitary items at a total cost of ₹ 6.59 crore. The terms and conditions of the supply order stipulated that the supply orders should be completed within a period ranging between 60 to 185 days or as per schedule of the purchaser. Terms and conditions of the supply orders also provided that penalty as decided best by the Authority will be imposed for delay in completion of supply.

Audit of the records (January 2014) of MPHC showed that contrary to the above provisions of GFR, the Corporation paid 100 *per cent* advance (instead of 30 *per cent)* to the five local firms, amounting to ₹ 6.59 crore during the period from September 2012 to December 2012 . The justification of payment of 100 *per cent* advance was not found on record. Thus, the Corporation paid an advance of ₹ 4.61 crore in excess of the advance permissible under Rule 159 (1) of the GFR. Besides, the advance of ₹ 6.59 crore was given without

[15] Liquidated in September 2002.

obtaining any security like Performance Guarantee, Bank Guarantees *etc.* as per details given in **Appendix 3.5.**

Further scrutiny of records showed that as on July 2014, materials worth ₹ 4.80 crore only was delivered against supply orders worth ₹ 6.59 crore. Thus, the materials worth ₹ 1.79 crore were pending for supply for periods ranging between 392 and 677 days beyond the schedule dates. Inspite of the long delay in delivery of the materials, the Corporation did not impose any penalty on the suppliers in accordance with the terms of the supply order.

Thus, due to irregular release of Mobilisation Advance and not obtaining of the Performance Guarantee from the supplier, the Company failed to secure timely delivery/ supply of materials valuing ₹ 1.79 crore.

The matter was reported to the Company/Government (September 2014) however, no reply was received till date (December 2014).

Chapter IV

Revenue Sector

CHAPTER-IV
REVENUE SECTOR

4.1 Trend of revenue receipts

4.1.1 The tax and non-tax revenue raised by the Government of Manipur during the year 2013-14, the State's share of net proceeds of Union taxes and duties assigned to States and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table 4.1.1**.

Table 4.1.1
Trends of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1	**Revenue raised by the State Government**					
	• Tax revenue	196.04	267.05	368.07	332.83	472.73
	• Non-tax revenue	239.74	259.88	311.53	231.78	260.67
	Total:	**435.78**	**526.93**	**679.60**	**564.61**	**733.40**
2	**Receipts from the Government of India**					
	• State's share of net proceeds of Union taxes	597.56	990.57	1154.03	1317.83	1438.79[1]
	• Grants-in-aid	2839.79	3912.44	3819.92	4937.32	5110.60
	Total:	**3437.35**	**4903.01**	**4973.95**	**6255.15**	**6549.39**
3	**Total receipts of State Government (1 & 2)**	**3873.13**	**5429.94**	**5653.55**	**6819.76**	**7282.79**
Percentage of 1 to 3		**11**	**10**	**12**	**8**	**10**

(Source: Finance Accounts)

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 733.40 crore) was ten *per cent* of the total revenue receipts of ₹ 7282.79 crore as against eight per cent in the preceding year (₹ 564.61 crore). The balance 90 *per cent* of receipts of ₹ 6549.39 crore during 2013-14 was from the Government of India.

4.1.2 The details of tax revenue raised during the period 2009-10 to 2013-14 are given in **Table 4.1.2.**

[1] Includes only the amount booked under the Minor Head 901 - share of net proceeds assigned to the State, booked under the Major Heads 0020 - Corporation tax, 0021-Taxes on income other than corporation tax, 0032 - Taxes on wealth, 0037 – Customs, 0038- Union excise duty, 0044 - Service tax.

Table 4.1.2
Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Taxes on sales, trade *etc.*	146.83	163.28	220.00	227.57	242.20	296.92	250.80	258.52	385.88	395.74	(+) 53.08
2	Motor Vehicles Tax	5.60	4.35	15.00	4.44	15.65	13.21	17.17	15.83	19.57	18.73	(+) 18.32
3	State Excise	5.10	4.70	6.00	6.61	12.11	9.80	8.59	9.93	12.74	9.20	(-) 7.35
4	Stamps and Registration Fees	3.83	4.26	10.00	3.57	15.52	4.82	6.64	5.99	6.26	7.90	(+) 31.89
5	Land Revenue	1.37	0.81	5.00	1.29	1.05	0.84	1.68	1.24	1.09	1.12	(-) 9.68
6	Taxes on duties on electricity	0.39	0.01	0.44	0.003	0.01	0.34	-	0.04	0.44	0.05	(+) 25.00
7	Others	19.15	18.63	32.30	23.57	31.30	42.14	47.95	41.28	65.89	39.99	(-) 3.12
Total		**182.27**	**196.04**	**288.74**	**267.05**	**317.84**	**368.07**	**325.51**	**332.83**	**491.87**	**472.73**	**(+) 42.03**

(Source: Finance Accounts)

The Departments despite being requested (May 2014) and subsequent reminder (August 2014) did not furnish the reasons for variation in receipts from that of the previous year (December 2014).

4.1.3 The details of the non-tax revenue raised during the period 2009-10 to 2013-14 are indicated in **Table 4.1.3.**

Table 4.1.3
Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase(+)/ decrease (-) in 2013-14 over 2012-13
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Miscellaneous General Services	59.1	61.47	200	76.87	99.38	138.33	93.01	75.29	167.38	110.83	(+) 47.20
2	Power	78.39	104.07	160	88.29	250	106.58	177.7	108.3	171.69	96.23	(-) 11.14
3	Interest receipts	38.5	32.73	45	44.65	41.04	25.18	54.03	20.66	30.47	33.1	(+) 60.21
4	Forestry and Wild Life	2.54	2.25	5	2.1	7.73	3.46	2.54	2.94	4.18	3.71	(+) 26.19
5	Major and Medium Irrigation	10.45	7	15	10.49	12.47	8.61	12.69	3.75	10.42	2.42	(-) 35.47
6	Public Works	10.42	17.65	11.46	16.88	21.36	15.13	20.43	6.01	18.31	1.81	(-) 69.88
7	Other Administrative Services	1.34	0.38	1.47	1.08	0.45	2.89	1.3	1.39	3.49	1.18	(-) 15.11
8	Police	0.68	0.94	0.75	0.88	1.14	0.9	1.07	0.99	1.08	1.03	(+)4.04
9	Medical and Public Health	0.41	0.12	0.57	0.12	0.14	0.1	0.15	0.15	0.12	0.29	(+) 93.33
10	Co-operation	0.13	0.16	0.17	0.19	0.2	0.26	0.22	0.33	0.31	0.22	(-) 33.33
11	Other non-tax receipts	7.86	**12.97**	17.21	18.33	25.81	10.09	22.70	11.97	22.32	9.85	(-)17.71
	Total	**209.82**	**239.74**	**456.63**	**259.88**	**459.72**	**311.53**	**385.84**	**231.78**	**429.77**	**260.67**	**(+)12.46**

(Source: Finance Accounts)

The respective Departments reported the following reasons for variation:

Forestry and Wild Life: The increase of revenue during 2013-14 was attributed to increase in harvesting of timber.

Major and medium Irrigation: The decrease was attributed to less receipt of interest on Mobilization Advance, Hire charges of machinery, Water Tax *etc*.

The other Departments despite being requested (May 2014) and subsequent reminder (August 2014) did not intimate the reasons for variation in receipts from that of the previous year (December 2014).

4.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 on two principal heads (other departments had not furnished the information) of revenue amounted to ₹ 11.32 crore of which ₹ 0.07 crore was outstanding for more than five years, as detailed in **Table 4.2.1.**

Table 4.2.1
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2014	Amount outstanding for more than 5 years as on 31 March 2014	Replies of Department
1	Other Taxes on Income and Expenditure	0.14	0.07	Nil
2.	Land Revenue	11.18	Not availble	Nil
Total		**11.32**	**0.07**	

It would be seen from the table that the recovery of ₹ 0.07 crore (the Revenue Department has not furnished the amount of revenue outstanding for more than five years) was pending under the head "Other Taxes on Income and Expenditure" for more than five years. Arrears of ₹ 11.32 crore were pending with the departmental authorities. Revenue amounting to ₹ 0.07 crore pending for recovery for more than five years indicates that the chance of recovery of revenue is remote.

4.3 Arrears in assessments

No information in respect of arrears in assessment was furnished by the Taxation Department though called for (May 2014) and subsequent reminder (August 2014).

4.4 Evasion of tax detected by Department

No information in respect of evasion of tax detected was furnished by the Taxation Department though called for (May 2014) and subsequent reminder (August 2014).

4.5 Pendency of Refund Cases

No information in respect of pendency of refund cases was furnished by the Taxation Department though called for (May 2014) and subsequent reminder (August 2014).

4.6 Response of the Departments/Government towards Audit

The Principal Accountant General (Audit), Manipur conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/ Governments are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the Principal Accountant General within one month from the date of issue of IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

Inspection reports issued upto December 2013 disclosed that 641 paragraphs involving ₹ 74.24 crore relating to 235 IRs remained outstanding at the end of June 2014 as mentioned below along with the corresponding figures for the preceding two years in **Table 4.6.1.**

Table 4.6.1
Details of pending Inspection Reports

	June 2012	June 2013	June 2014
Number of pending IRs	444	221	235
Number of outstanding audit observations	1347	581	641
Amount involved (₹ in crore)	1138.54	66.37	74.24

4.6.1 The department-wise details of the IRs and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in **Table 4.6.2.**

Table 4.6.2
Department wise details of IRs

(₹ in crore)

Sl. No.	Name of Department	Nature of receipts	No. of outstanding IRs	No. of outstanding audit observations	Money value involved
1	Finance	Taxes on sales, trade *etc.*	49	142	23.52
		Passenger & Goods Tax (PGT)	Nil	Nil	Nil
		Other Taxes & Duties on commodities and services (OTD)	Nil	Nil	Nil
		Entertainment & luxury tax *etc.*	Nil	Nil	Nil
2	Excise	State Excise	10	26	3.87
3	Revenue	Land revenue	101	275	28.15
4	Transport	Taxes on Motor Vehicles	62	150	18.17
5	Stamp and Registration	Stamp & Registration Fees	13	48	0.53
Total			**235**	**641**	**74.24**

Audit did not receive replies from the head of the offices within one month from the date of issue of the IRs for 17 IRs issued during 2013-14. This large pendency of the 235 IRs due to non-receipt of the replies is indicative of the fact that the head of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the Principal Accountant General (Audit) in the IRs.

The Government may consider having an effective system for providing prompt and appropriate response to audit observations.

4.6.2 Departmental audit committee meetings

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. However, no departmental audit committee meetings were held during 2012-13.

As can be seen from **para 4.7.1** there is large pendency of IRs. In view of this, the Government may ensure holding of audit committees meetings to expedite clearance and settlement of outstanding audit observations.

4.6.3 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the PAG to the Principal Secretary/ Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Six draft paragraphs were sent to the Principal Secretaries / Secretaries of the respective departments by name between June and September 2014. The Principal Secretaries/ Secretaries of the departments did not send replies to two draft paragraphs despite issue of reminders (November 2014) and the same have been included in this Report without the response of the departments.

4.6.4 Follow up on Audit Reports – summarised position

The internal working system of the Public Accounts Committee, notified in December, 2002 laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall *suo moto* initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. Inspite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. 34 paragraphs (including two performance audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Manipur for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 were placed before the State Legislature Assembly between 19 March 2009 and 11 June 2013. The action taken explanatory notes (ATNs) from the concerned departments on these paragraphs were received late with average delay of one month in respect of each of these Audit Reports. Action taken on explanatory notes in respect of

12 paragraphs/reviews from four departments (Revenue, Taxation, Transport and Home) had not been received for the Audit Reports for the years ended 31 March 2011 and 2012 so far (December 2014).

The PAC discussed 12 selected paragraphs/reviews pertaining to the Audit Reports for the years 2011 and 2012 and its recommendations on 8 paragraphs were incorporated in their 38th and 40th Reports. However, ATNs have not been received in respect of eight recommendations of the PAC from the departments concerned as mentioned in **Table 4.6.3.**

Table 4.6.3

Year	Name of Department	No. of Recommendations
2011	Transport	3
2012	Transport	1
	Taxation	4
Total		**8**

4.7 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/ Audit Reports by the Departments/ Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraph **4.7.1** and **4.7.2** discuss the performance of Land Revenue Department under revenue head 0029 and cases detected in the course of local audit during the last ten years and also the cases included in the Audit Reports for the years 2003-04 to 2013-14.

4.7.1 Position of Inspection Reports

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2014 are tabulated in **Table 4.7.1.**

Table 4.7.1
Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance during the year		
		IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
1	2003-04	Nil	Nil	Nil	12	26	0.86	1	2	0.01	11	24	0.85
2	2004-05	11	24	0.85	12	27	1.24	1	2	0.38	22	49	1.70
3	2005-06	22	49	1.71	6	27	1.29	Nil	2	0.002	28	74	2.99
4	2006-07	28	74	2.99	12	32	2.99	1	Nil	Nil	39	106	5.98
5	2007-08	39	106	5.98	17	40	3.62	3	8	0.05	53	138	9.55
6	2008-09	53	138	9.55	7	24	1.81	Nil	9	0.12	60	153	11.24
7	2009-10	60	153	11.24	14	50	5.91	Nil	2	0.003	74	201	17.15
8	2010-11	74	201	17.15	10	24	2.90	1	4	0.01	83	221	20.04
9	2011-12	83	221	20.04	12	21	2.04	6	13	0.04	89	229	22.04
10	2012-13	89	229	22.04	8	23	3.04	1	Nil	Nil	96	252	25.08
11	2013-14	96	252	25.08	6	28	3.07	1	1	Nil	101	279	28.15

The Government arranges *ad-hoc* Committee meetings between the Department and PAG's (Audit) office to settle the old paragraphs. As would be evident from the above table, against 11 outstanding IRs with 24 paragraphs from 2003-04, the number of outstanding IRs increased to 101 with 279 paragraphs at the end of 2013-14. This is indicative of the fact that adequate steps need to be taken by the Department in this regard to reduce the number of outstanding IRs and paragraphs.

4.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Departments and the amount recovered are mentioned in **Table 4.7.2.**

Table 4.7.2

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases
2003-04	Nil	Nil	Nil	Nil	Nil	Nil
2004-05	Nil	Nil	Nil	Nil	Nil	Nil
2005-06	1	0.02	1	0.02	Nil	Nil
2006-07	1	0.04	1	0.04	Nil	Nil
2007-08	Nil	Nil	Nil	Nil	Nil	Nil
2008-09	Nil	Nil	Nil	Nil	Nil	Nil
2009-10	1	0.06	1	0.06	Nil	Nil
2010-11	Nil	Nil	Nil	Nil	Nil	Nil
2011-12	1	0.03	1	0.03	Nil	Nil
2012-13	Nil	Nil	Nil	Nil	Nil	Nil
Total	**4**	**0.15**	**4**	**0.15**	**Nil**	**Nil**

From the above table it is observed that the progress of recovery even in accepted cases was very slow during the last ten years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases had been put in place by the Department/ Government. Further, the arrear cases including accepted audit observations were not available with the office of the Commissioner, Taxation Department. In the absence of a suitable mechanism, the Department could not monitor the recovery of accepted cases.

The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

4.8 Action taken on the recommendations accepted by the Departments / Government

The draft performance audits (PAs) conducted by the office of the PAG (Audit), Manipur are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These PAs are also discussed in an exit conference and the Department's/Government's views are included while finalizing the Audit Reports.

The following PAs on the Department of Taxation are featured in the last five years Audit Reports. The details of recommendations and their status is given in **Table 4.8.1.**

Table 4.8.1

Year of AR	Name of the PA	No. of recommendations	Details of the recommendations	Status
2008-09	Transition from Sales Tax to Value Added Tax (VAT) System	7	The Government may: ➢ Prescribe a time limit within which all Pre-VAT dealers liable to be registered under the VAT Act will be brought within the ambit of the VAT Act; ➢ Prescribe norms/target for each Inspector, Assistant Commissioner or for any other authority regarding the number of surveys to be conducted during a year; ➢ Direct the Department to prepare a manual for effective administration of the VAT Act and the rules made thereunder and for maintaining data of dubious/risky and bogus dealers; ➢ Put in place a system for periodical scrutiny of the books of the accounts of the dealers under the threshold limit to ensure their registration under the Act; ➢ Revise the format of the returns for providing necessary information like opening and closing stock of goods held by the dealers, discount allowed and tax collected, details of treasury challan and details of the selling dealers *etc.*; ➢ Put in place a mechanism to enable the Department to monitor filing of returns by each registered dealer; and ➢ Strengthen its internal controls and putting in place a separate internal audit wing for the Department.	Compliance to audit observations and recommendations have not been intimated to Audit.
2010-11	Performance Audit on "Declaration forms in Inter-State trade and commerce"	5	The Government of Manipur may consider the following steps to enhance the effectiveness of the machinery for concession and exemption in Inter State sales, branch transfer and transparency in assessment in respect of intra State transactions: ➢ Installing a mechanism to ensure that cross verification of Declaration forms is done diligently by the AAs concerned before accepting the Declaration Forms; ➢ Prescribing a periodic return to monitor the progress made from time to time in cross verification of the Declaration form at the Commissioner of Taxes' level; ➢ Uploading dealers' details, forms issued and utilization thereof in the TINXSYS. Com website for a transparent assessment and as an aid to assessment of State offices as well as other States. Necessary steps may be taken to provide full access to the modules developed and the TINXSYS website; ➢ Putting in place a system to maintain records to watch the receipt of Declaration forms from outside the State and dispatch of Declaration forms to other States; and ➢ Taking early action to install internal audit wing to ensure strict compliance with the provisions of the Act and the Rules by the Assessing/Departmental officers.	Compliance to audit observations and recommendations have not been intimated to audit.

4.9 Audit Planning

The unit offices under various departments are categorized into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter alia* include critical issues in Government

revenues and tax administration *i.e.* budget speech, White Paper on State Finances, reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2013-14, there were 55 auditable units, of which 16 units were planned and 15 units had been audited, which is 27 *per cent* of the total auditable units. Due to critical shortage of staff, one planed unit could not be audited.

4.10 Results of Audit

Position of local audit conducted during the year

Test check of the records of 15 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers, Forest Receipts and other departmental offices conducted during the year 2013-14 showed under assessment/ short levy/ loss of revenue aggregating ₹ 2.69 crore in 19 cases. During the course of the year, no reply was furnished by the Departments regarding under assessment and other deficiencies which were pointed out in audit during 2013-14. The departments had not recovered any amount in 564 cases during 2013-14 pertaining to the audit findings of the previous year.

4.11 Coverage of this Report

This report contains six paragraphs (selected from the audit detections made during the local audit referred to above) involving financial effect of ₹ 5.85 crore.

The Departments/ Government have accepted audit observations involving ₹ 1.53 crore out of which ₹ 0.15 crore had been recovered. The replies in the remaining cases have not been received (December 2014). These are discussed in succeeding paragraphs.

COMPLIANCE AUDIT

REVENUE DEPARTMENT

4.12 Short Realisation of Stamp Duty and Registration Fees

Undervaluation of properties for the purpose of levying Stamp Duty and Registration Fees resulted in loss of revenue to the extent of ₹ 31.67 lakh to the State exchequer

As per Schedule 1 of the Indian Stamp (Manipur Amendment) Act, 1989, Gift Deeds are leviable at the same duty as a conveyance for a consideration equal to the total amount of the property as set forth in such instruments. With effect from 1 April 2012, the rate of Stamp Duty leviable in respect of conveyance is ₹ 3 for every ₹ 100 or part thereof of the consideration. In Municipal areas, an additional Transfer Duty of ₹ 1 for every ₹ 100 shall be levied in land transactions. Further, as per Government of Manipur Notification dated 14 June 1999, Registration Fee of ₹ 15 for value upto ₹ 1000 and ₹ 10 for every addition of ₹ 1000 for the value of the right, title and interest effected shall be levied. With effect from 1 April 2012, the valuation of land in land transactions shall be either at a rate higher than or at a rate not less than the Minimum Guidance Value (MGV) approved by the Government of Manipur for different categories of land throughout the State vide order dated 20 March 2012.

Audit of records of the office of the Sub-Registrars of Imphal West, Imphal East and Thoubal showed that 251 Gift Deeds were presented and registered during the period from 1 April 2012 to 31 March 2013 through which 68.66 hectares of land was transferred. The Sub Registers assessed the value of the properties at ₹ 13.20 lakh (individual property ranging from ₹ 4,000 to ₹ 30,000) and collected revenue of ₹ 0.66 lakh (₹ 0.51 lakh as Stamp Duty and ₹ 0.15 lakh as Registration Fee). On analysis of property records, it was found that on the basis of MGV norms *ibid*, the worth of properties were ₹ 703.55 lakh (individual property ranging from ₹ 4,047 to ₹ 43.02 lakh) for which revenue to the tune of ₹ 32.33 lakh (₹ 25.28 lakh as Stamp Duty and ₹ 7.05 lakh as Registration Fee) should have been levied and collected. Comparative statement of MGV and the rate at which land was valuated is given in **Appendix 4.1**. Details of revenue due, revenue collected and revenue short realised is given in **Appendix 4.2**.

Thus, undervaluation of land property by ₹ 690.35 lakh has resulted in loss of revenue to the extent of ₹ 31.67 lakh (₹ 24.77 as Stamp Duty and ₹ 6.90 as Registration Fee) to the Government.

On this being pointed out, the Sub Register, Imphal East stated that as no price of land was mentioned in the Gift Deed executed, the price of land is fixed at ₹ 5,000 per transaction in most cases for purpose of realizing Registration Fee. The Sub Register, Imphal West stated that the matter was reported to the Government and reply is awaited. The Sub Register, Thoubal stated that they have not received written guidelines from the Government with regards to value fixation of properties in Gift Deeds. These replies are not acceptable as

the copy of the order for MGV for different categories of land was issued in March 2012 to all Sub-Registers apart from publishing in the Extra Ordinary Gazette and uploaded[2] in the Government's official website.

The matter was reported to the Department/Government (August 2014); the reply is awaited (December 2014).

TAXATION DEPARTMENT

4.13 Concealment of purchase turnover

Concealment of purchase turnover resulted in evasion of tax of ₹ 0.52 crore and penalty to the tune of ₹ 1.04 crore.

Where a dealer has filed a self-assessment return under Section 34 (3) of Manipur Value Added Tax (MVAT) Act 2004, the Commissioner of Taxes may under the provisions contained in Section 36 (6) read with Section 39 may proceed to assess the dealer to the best of his judgment if the dealer has filed incomplete and incorrect return for any period or if there is reason(s) to believe that whole or any part of the turnover in respect of any period has escaped assessment or been under-assessed. Further, under Section 36 (7), a dealer who furnishes incomplete and incorrect return for any period shall be liable to pay by way of penalty a sum equal to twice the amount of additional tax assessed.

Audit of records of the Commissioner of Taxes (Taxation zones I, V, VII and IX) showed that the Assessing Authorities concerned finalized (16 November 2012 to 21 October 2013) the assessments of seven[3] dealers under Section 34 (3) of the Act for turnover of purchases of taxable goods from outside the State amounting to ₹ 8.42 crore for the quarters ending June 2012 to June 2013 as declared in their returns. However, analysis of the purchase from outside the State through Form "C" by these dealers[4] during the quarters ending June 2012 to June 2013 showed that their total purchase turnover was worth ₹ 14.71 crore. The concerned Assessing Authorities failed to detect the concealment of purchase turnover by ₹ 6.29 crore (₹ 14.71 crore - ₹ 8.42 crore). Thus, due to concealment of purchase turnover the dealers evaded tax of ₹ 0.52 crore[5]. Besides, penalty to the tune of ₹ 1.04 crore was also leviable.

The Department admitted (September 2014) the audit observation and stated that five dealers were served notice to deposit the due tax and recovered ₹ 5,09,974 from one defaulter dealer[6]. However, in respect of one dealer M/s Manipur Motor, the Department stated that suppressed turnover was reflected in the subsequent quarter. The reply is not acceptable as the Department had not furnished the return (Form 10) of the subsequent quarter to audit. In respect

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2 Link : manipurrev.nic.in/notice2011/govtorder.pdf

3 M/S Dinesh TV Electronics(TIN-14410118118), M/S Navjivan Aushadhalaya (TIN-14510106122), M/S Sharma Bros Scientific Equipments and Instruments Co.(TIN-14210034194), M/s Sangai Traders (TIN- 14110286165), M/s Manipur Motors (TIN- 14010040103), M/s Roopak Agency (TIN-14510078133) and M/S Blue Bell Fashion(TIN-14210020151)

4 As per data available in VAT soft and online Tax Information Exchange System database

5 Tax rate: **13.5%** on ₹ 24004740 and **5%** on ₹ 38798851.

6 M/s Blue Bell Fashion

of M/s Sharma Bros, the Department was yet to take any action (December 2014).

4.14 Non deduction of VAT

The government suffered loss to the tune of ₹ 39.06 lakh due to non-deduction of VAT from unregistered dealers

As per Sec 37(1) read with Section 27 (1) of Manipur Value Added Tax (MVAT) Act 2004, if a dealer fails to get himself registered within two months from the date from which he is first liable to pay tax, the Commissioner shall proceed in such manner as may be prescribed to assess to the best of his judgment the amount of tax due from the dealer in respect of such period and all subsequent periods and also by order impose a penalty of not less than five thousand rupees and not exceeding ten thousand rupees, for each month of default after giving the dealer reasonable opportunity of being heard. Under Section 37 (2) *ibid*, if the Commissioner is satisfied that the default was without reasonable cause, direct the dealer to pay by way of penalty a sum equal to the amount of tax assessed or a sum of rupees ten thousand whichever is more in addition to the tax assessed. Further, Section 65 *ibid* also provides for survey of unregistered dealers from time to time.

Audit of records of the Commissioner of Taxes, Manipur (April – May 2014) showed that the two departments[7] had purchased various items of goods[8] worth ₹ 2.19 crore from 11 numbers of unregistered dealers in connection with the various works undertaken by the two departments. As the dealers were unregistered, Value Added Tax (VAT) of ₹ 19.53 lakh was not deducted from the dealers. Details of procurement and VAT leviable are given in **Appendix 4.3**. It was also noticed in audit that no survey of unregistered firms/dealers were carried out by the Commissioner and no action was taken for imposition of penalty to the tune of ₹ 19.53 lakh on the said dealers by the Commissioner of Taxes as per the extant rules.

Thus, there was a loss to the Government due to non-deduction of VAT from unregistered dealers to the tune of ₹ 19.53 lakh for which a penalty of ₹ 19.53 lakh was also leviable.

On this being pointed out (May 2014), the Deputy Commissioner of Taxes stated that survey would be conducted and efforts would be made to register the unregistered dealers. No time frame for completion of this mandatory task was communicated to Audit. The matter was referred to the Department (June 2014) and Government (August 2014); reply has not been received (December 2014).

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[7] Based on the copy of vouchers made available during audit of Director of Commerce & Industries and Irrigation and Flood Control Division – I, Irrigation and Flood Control Department (IFCD).

[8] Cement, Steel, GCI Sheets, Hard board, Paint, Tile, Water closet and basin.

4.15 Non realisation of tax and interest

The Department failed to realize tax of ₹ 1.19 crore and interest of ₹ 1.48 crore from five dealers

Under Section 28 of the Manipur Value Added Tax (MVAT) Act, 2004 read with Rule 24 (1) (b) of the MVAT Rules, 2005 along with its amendment notification of 16 June 2012, every registered dealer with total turnover exceeding ₹ 40 lakhs shall furnish monthly return within 20 days from the end of the month along with the receipt/Challan for full payment of the tax. As per Section 29 of the Act *ibid,* in case of a dealer failing to do so, the dealer shall be liable to pay interest in respect of the tax payable for the period for which he has failed to furnish return at the rate of 2 *per cent* per month (30 days) from the date the tax had become payable to the date of its payment or to the date of order of assessment, whichever is earlier. Further, under Section 50(4), when a dealer is in default or is deemed to be in default in making the payment under sections 34, 35 and 36[9] be liable to pay simple interest on such amount at the rate of two percent per month from the date of such default for so long as he continues to make default in the payment of the said tax.

Audit of records (May 2014) of Taxation Zones II, III and IX revealed that five dealers[10] had delayed payment of assessed tax to the tune of ₹ 11.21 core for quarters ending between March 2009 to December 2013 by periods ranging from nine days to 1,631 days thereby attracting provisions for levy of interest under section 29 and section 50(4) of the Act *ibid.* Against leviable interest of ₹ 1.54 crore, the Department levied ₹ 6.00 lakh only resulting in non-levy of interest to the tune of ₹ 1.48 crore. Further, out of ₹ 11.21 crore of tax assessed, only ₹ 10.02 crore was paid by the dealers. Thus, the Department failed to realise the outstanding tax ₹ 1.19 crore. Details are given in the **Appendix 4.4**.

While admitting (October 2014) the Audit observation the Department stated that notices had been served to the five dealers to pay the outstanding arrear and interest. Accordingly, one dealer[11] had deposited tax arrears of ₹ 33,52,668 and another two dealers[12] deposited ₹ 10,02,431 as interest to the Government.

Position of realization of the balance amount of tax and interest is awaited (December 2014).

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[9] Section 34 deals with Self-Assessment; Section 35 deals with Provisional Assessment and Section 36 deals with Audit Assessment.

[10] Sangai Traders (TIN-14110286165)/Zone –III, M/s Rajpri Enterprises (TIN-14810386190)/Zone IX, M/s NRL Energy Station, Thoubal (TIN-14710155181)/, M/s House worth (TIN-14920442188)/Zone – III and M/s MGT Motors (TIN - 14310083129)/Zone-II.

[11] M/s Rajpri Enterprise – ₹ 33,52,658

[12] (i) M/s Houseworth – ₹ 91,857
(ii) M/s M.G.T. Motor – ₹ 9,10,574

4.16 Short levy of tax and penalty

Due to non-submission of mandatory form "F" even after expiry of the stipulated period, a dealer was liable to pay VAT of ₹ 6.16 lakh and penalty of ₹ 12.32 lakh for submission of incomplete and incorrect returns

Section 6A of the Central Sales Tax (CST) Act, 1956 read with Rule 12(7) of CST (Registration and Turnover) Rules 1957 states that where a dealer claims exemption on payment of tax in respect of any goods on the ground that the movement of such goods from one State to another was occasioned by reasons of transfer of such goods by him to any other place of his business and not by reason of sale, he is required to submit Form "F" along with the evidence of dispatch of such goods within three months after the end of period to which the declaration relates. If the dealer fails to furnish such declaration, the movement of such goods shall be deemed to have been occasioned as a result of sale and the transaction is taxable at the rate applicable to the sale or purchase of such goods inside the appropriate State under the Sales tax law of that State. The provision for levy of penalty as provided in the State Sales Tax law is applicable *mutatis mutandis* in cases of violation of the provisions of the CST Act and Rules.

Audit of the records of Commissioner of Taxes (Zone III), showed that M/s Nestle India limited (TIN14110006178) was levied Value Added Tax (VAT) of ₹ 10.62 crore for the year 2012-13 on the assessed Gross Turnover of Sales of ₹ 78.89 crore. In the assessment, stock transfer of ₹ 3,90,808 was accepted. However, on cross verification with the balance sheet of the dealer for the year 2012-13 finalized by the Chartered Accountant, it was noticed that the dealer had transferred stock of finished goods worth ₹ 49,53,086 outside the State. This indicates that the dealer did not correctly depict in his returns stock transfer of goods worth ₹ 45,62,278 (₹ 49,53,086 - ₹ 3,90,808). The dealer also failed to submit the mandatory form "F" (May 2014) even after expiry of the stipulated period for submission. In view of above fact, the movement of such goods shall be deemed to have been occasioned as a result of sale. Accordingly the dealer is liable to pay VAT of ₹ 6.16 lakh[13]. Further, submission of incomplete and incorrect returns attracted penalty of ₹ 12.32 lakh[14]. Thus, a total sum of ₹ 18.48 lakh (₹ 6.16 lakh + ₹ 12.32 lakh) is leviable from the defaulting dealer.

On this being pointed out, the Department stated (September 2014) that the stock transfer of goods value ₹ 42.34 lakh had actually been occurred and the Department furnished two Form 'F' which were re-submitted by the dealer in support of the statement. Further, it was also stated that non depiction of stock transfer in the dealer return (Form-10) was due to software problem while filling e-return.

The reply of the Department is not acceptable as mandatory Form 'F' was submitted after expiry of stipulated time. Moreover, assessment of the dealer without requisite Form was already accepted by the Department.

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[13] At the rate of 13.5 % on ₹ 45,62,278 being applicable to the goods

[14] Being twice the amount of additional tax on ₹ 6,15,907 as per provisions of Section 36 (7) of Manipur Value Added Tax Act.

TRANSPORT DEPARTMENT

4.17 Non recovery of professional tax

Non-recovery of professional tax amounting ₹ 72.99 lakh from the permit holders resulted in loss to the State exchequer

Under the provisions of the Manipur Professions, Trades, Callings, and Employment Taxation Act, 1981, the Government of Manipur, by a notification issued in October 2000, appointed the District Transport Officers (DTOs) posted in the districts as additional taxation officers (re-designated as the superintendents of taxes) for collection of Professional Tax (PT) in their jurisdiction. Persons holding permits for taxies, goods vehicles, trucks, buses and three wheelers were required to pay PT at the rate of ₹1000 per annum.

As per section 20(3) of the Act *ibid*, where a person is in default, the amount due shall be recoverable as an arrear of land revenue by one or more of the following processes namely: i) by serving a written notice of demand on the defaulter, ii) by distraint and sale of defaulter's movable property and iii) by attachment and sale of defaulter's immovable property.

Audit of records (July 2012) of the Director of Transport, Manipur, it was noticed that 4709 permits[15] in respect of various types of vehicles were issued during 2010-12. However, professional tax at the prescribed rate cited above amounting to ₹ 72.99 lakh realizable from the permit holders remained unrealized. Moreover, no action was initiated to recover the professional tax due as arrear of land revenue by application of the aforesaid processes. Thus non-recovery of professional tax resulted in loss of revenue to the State exchequer.

On this being pointed out (August 2012), the Director accepted the audit observation and stated that statutory provisions need to be strengthened for prompt realization of professional tax. However, progress on realization of tax dues has not been intimated (December 2014).

The matter was referred to the Department/ Government (June 2014); their reply is awaited (December 2014).

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(in ₹)

Year (1)	No. of Permit issued (2)	Realisable Professional Tax (3) = (2) x 1000 x No. of years for which it is due
2010-11	2590	2590 x 1000 x 2 = 5180000
2011-12	2119	2119 x 1000 x 1 = 2119000
Total		**7299000**

Chapter V

General Sector

CHAPTER-V
GENERAL SECTOR

5.1 Introduction

The findings based on audit of State Government units under General Sector are featured in this chapter.

During 2013-14, against a total budget provision of ₹ 2815.32 crore, a total expenditure of ₹ 2130.25 crore was incurred by 16 Departments under the General Sector. The Department-wise details of budget provision and expenditure incurred thereagainst are shown in **Table 5.1.1.**

Table 5.1.1

Budget provision and expenditure of Departments in General Sector

(₹ in crore)

Sl. No.	Department	Budget Provision	Expenditure
1	Planning	614.17	145.41
2	Election	28.06	27.91
3	Police	1008.64	926.89
4	General Administration	73.19	60.47
5	Finance *	911.61	815.63
6	Local Fund Audit		
7	Printing and Stationery	5.05	5.01
8	Administration of Justice	30.30	23.51
9	Revenue (including Office of Deputy Commissioners)	68.34	59.97
10	Fire Service	10.45	10.33
11	Assembly Secretariat	47.49	39.41
12	Vigilance	2.62	2.42
13	Manipur Public Service Commission	3.67	3.33
14	State Academy of Training	6.12	4.69
15	Governor Secretariat	3.43	3.18
16	Home	2.18	2.09
	Total	**2815.32**	**2130.25**

** Excluding Appropriation No. 2 – Interest Payment and Debt Services*

Source: Appropriation Accounts

Besides, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2013-14, out of total release of ₹ 889.45 crore directly released to different implementing agencies, ₹ 35.24 crore was under General Sector. The details are shown in **Appendix 5.1.**

5.1.1 Planning and conduct of Audit

Test audits were conducted during 2013-14 involving expenditure of ₹ 698.34 crore (including expenditure of ₹ 472.63 crore of previous years) of the State Government under General Sector, as shown in **Appendix 5.2.**

Chapter VI

Follow up of Audit Observations

CHAPTER VI
FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Follow up on Audit Reports

As per the recommendations made by the High Powered Committee[1], *suo moto* explanatory notes on corrective/remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the Departments duly vetted by the Accountant General to the Public Accounts Committee (PAC)/Committee on Public Undertakings (CoPU) within three months[2] from the date of placing of Audit Reports in the Legislature.

Audit Report for the year 2012-13 featured 3 Performance Audits and 19 Compliance Audit paragraph; out of which *suo moto* explanatory notes pertaining to 1 Performance Audit and 13 Compliance Audit paragraphs had been received within the stipulated period of three months. However, in respect of earlier Audit Reports for the years 1999-2012 *suo moto* explanatory notes pertaining to 307 Compliance Audit paragraphs/ Performance Audit were not received within the stipulated period of three months either from the Departments or through the Manipur Legislative Assembly Secretariat.

6.2 Action taken on Recommendation of Public Accounts Committee

The Administrative Departments were required to take suitable action on the recommendations made in the Report of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, Heads of Departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the State Assembly Secretariat.

As of November 2014, the PAC had published 32 Reports excluding one Report on spot visit and seven Reports on regularisation of excess expenditure. These Reports altogether contained 1434 recommendations based on the examination of Audit Reports by the PAC. In respect of 10 Reports (1st Report to 10th Report) of the PAC containing 518 recommendations and 11 Reports (21st to 37th Report, excluding five Reports (excess regularisation) and one Report (Spot visit) containing 219 recommendations, the Action Taken Notes (ATN) had been received and the PAC had published its subsequent reports on the ATN. Of the remaining 697 recommendations, no ATNs were received.

In the case of the CoPU, nine Reports had been published as of November 2014 excluding four Reports of spot visits. Based on the examination of the Audit Reports, the CoPU had published 147 recommendations. No ATN, however, had been furnished by the Departments/Corporations.

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1 High Powered Committee appointed to review the response of the State Governments to the Audit Reports of the Comptroller and Auditor General of India (Shakdher Committee Report)

2 *Suo moto* replies to be furnished within three months; in case Audit paragraphs are not selected by the PAC/COPU during this period.

6.3 Monitoring of Audit Observations

The following committees had been formed at the Government level to monitor the follow up action on audit related matters:

Departmental Audit and Accounts Committees: Departmental Audit and Accounts Committees (DAAC) had been formed (January 2010) by all Departments of the State Government under the Chairmanship of the concerned Departmental Administrative Secretary to monitor the follow up action on Audit related matters. The function of the DAACs were to monitor the progress in disposal of the outstanding audit paras and Inspection Reports issued by the Accountant General and to review and supervise the working of the Departmental Audit and Accounts Sub-Committees constituted. The DAACs were to hold meeting once in three months. During 2013-14, meetings of the Departmental Audit and Accounts Sub-Committee (DAAC) were held during September to December 2013 where 300 paras were settled.

State Audit and Accounts Committee: State Audit and Accounts Committees (SAAC) had been formed (January 2010) at the State Level under the Chairmanship of the Chief Secretary to monitor the progress in disposal of outstanding audit objections and pending Inspection Reports and to review and oversee the working of the Departmental Audit and Accounts Committee (DAAC). The SAAC was to meet once in six months. During 2013-14, no meeting of the SAAC was held.

6.4 Response to Audit Observations and outstanding Inspection Reports

The Principal Accountant General (Audit), Manipur arranges to conduct periodical inspections of Government Departments to test-check transactions and verify the maintenance of accounts and other records according to prescribed rules and procedures. When important irregularities detected during the inspections are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy to the next higher authority.

As of November 2014, 2202 Inspection Reports issued from 2003-04 onwards were outstanding for settlement. Even the initial replies, which were required to be received from the Heads of Offices of the Government Departments within four weeks from the date of issue of IRs were not received from the Departments.

It is recommended that the Government may review the matter and ensure that an effective system exists for: (a) sending replies to the Audit office within the prescribed time schedule; (b) recovering losses/outstanding advances/ overpayments in a time bound manner and (c) promptly sending response to audit observations.

Imphal **(Birendra Kumar)**
The **Principal Accountant General (Audit), Manipur**

Countersigned

New Delhi **(Shashi Kant Sharma)**
The **Comptroller and Auditor General of India**

APPENDICES

Appendix 1.1

(Reference: Paragraph 1.1)

Statement showing details of funds transferred directly to Implementing Agencies under Social Sector

(₹ in lakh)

Sl. No.	Name of Department	Name of Implementing Agencies	Fund released
1	Education*	Manipur State Literacy Mission Authority, Imphal	274.48
		State Implementation Society, RMSA, Manipur	3928.55
		State Implementation Society, SSA, Manipur	13193.93
		National Institute of Technology (NITs) Including Ghani Khan Institute	6350.00
		Jana Shikshan Sansthans, Senapati Imphal West Thoubal	89.84
		Two NGOs for Research Publication and Monitoring	1.72
Sub-Total			***23838.52***
2	Art and Culture	Two NGOs for Archives and Archival Libraries	0.47
		The Public Museum	41.10
		98 NGOs for Promotion and Dissemination of Art and Culture	272.13
		17 Individuals for Promotion and Dissemination of Art and Culture	19.61
Sub-Total			***333.31***
3	Social Welfare	14 NGOs for Assistance to Voluntary Organization for providing Social Defence	91.81
		17 NGOs for Assistance to Voluntary Organization for programmes related to aged	77.46
		4 NGOs for Biotechnology for Social Development	74.09
		Krishi Vigyan Kendra Bishnupur, Care and Share (Cash) Foundation	35.21
		9 NGOs for Comprehensive Scheme for Combating Trafficking	89.63
		44 NGOs for Deen Dayal Disabled Rehabilitation Scheme	316.57
		6 NGOs for National Child Labour Project including GIA to Voluntary Agencies	21.74
		Manipur Mountaineering and Trekking Association for National Programme for Youth and Adolescent Development General Component	31.66
		24 NGOs for Umbrella for protection and Development of Women	148.52
		Rural Development Organization	37.50
		The Organization for Unemployed Women Welfare Association	15.70
		Th. Rajen Singh (Individual Agency)	1.32
Sub-Total			***941.21***
4	Rural Development and Panchayati Raj	District Rural Development Agencies (DRDA) for Aajeevika-(SGSY)/NLRM	364.19
		Nine DRDAs for DRDA Administration	670.76
		DRDA for Rural Housing	3649.98
		Manipur State Rural Development Agency, MGNREGS	23100.00
		State Level Nodal Agency, Manipur for Integrated Water Management Programme (IWMP)	3028.36
		State Water Sanitation Mission, Manipur Imphal	5530.21
		Manipur State Rural Roads Development Agency (MSRRDA)	403.00
Sub-Total			***36746.50***
5	Medical, Health and Family Welfare	Manipur State Medicinal Plants Boards	13.00
		Manipur State AIDS Control Society	1983.68
		State Health Society for NRHM	6377.95
		Manipur Horticulture Development Society for National Missions on Medicinal Plants	105.96

Sl. No.	Name of Department	Name of Implementing Agencies	Fund released
		Manipur State TB Society	255.87
		National Programme for Control of Blindness	224.16
		Sub-Total	***8960.62***
6	Minority and Other Backward Classes	Nine NGOs for Free coaching and allied Scheme for Minorities	59.47
		Wakft Board Manipur for Computerisation of Records of State Wafkt Boards	7.20
		One NGO for Free Coaching for SCs and OBCs	7.35
		Social Reformation and Development Organization	89.30
		Integrated Rural Development & Education Organization	44.30
		Thirty Three NGOs (Grants-in-aid to NGOs for SCs, OBCs, & Research & Training)	77.38
		National Institute of Technology for Top Class Education Scheme for SC	46.64
		Kuki Christian Church	22.02
		22 NGOs for Scheme for Leadership Development of Minority Women	40.07
		Sangai Foundation Agency	1.79
		Imphal East District Boyscouts and Girls Guide Association Agency	1.79
		Sub-Total	***397.31***
7	Labour and Employment	The Manipur State RSBY Society	252.69
		Associate Action for Progressive Development Society, Manipur	500.00
		Manipur skill Development Society	705.39
		13 NGOs for Scheme for the Welfare of Working children in need of care and protection	79.32
		4 NGOs for Step support to Training and Employment Programme for Women	55.32
		Sub-Total	***1592.72***
8	Youth Affairs and Sports	5 NGOs for Promotion of Sports among Disabled	15.64
		Sub-Total	***15.64***
9	Tribal Affairs and Hills	Eleven NGOs for Grants-in-aid for STs including Coaching & allied Scheme and Award for Exemplary service	228.65
		National Institute of Technology for Top Class Education System for ST	8.21
		Sub-Total	***236.86***
10	Municipal Administration and Urban Housing Development	Manipur Urban Development Agency (MUDA)	241.45
		5 Local Institutions for North Eastern Areas	517.90
		Sub-Total	***759.35***
11	Information and Public Relation	Nine NGOs for Advocacy and Publicity	6.41
		Sub-Total	***6.41***
12	Irrigation and Flood Control Department	State Micro Irrigation Committee, Manipur	150.00
		Sub-Total	***150.00***
		TOTAL	**73978.45**

(Source: Finance Accounts)

** includes departments of Education (School), Education (University and Technical Education), and Adult Education, whenever relevant.*

Appendix 1.2

(Reference: Paragraph 1.1.1)

Year-wise details of expenditure audited in respect of Social Sector during 2013-14

(₹ in lakh)

Year	Expenditure incurred
1999-00	13.21
2000-01	10.70
2001-02	37.14
2002-03	54.11
2003-04	131.27
2004-05	395.17
2005-06	591.52
2006-07	1036.99
2007-08	5520.15
2008-09	19327.77
2009-10	23563.07
2010-11	30766.64
2011-12	64756.66
2012-13	145095.87
2013-14	54614.78*
Total	**345915.05**

* As the financial year 2013-14 was not completed during the period of audit, the expenditure was low during 2013-14 as compared to 2012-13.

Appendix 1.3

(Reference: Paragraph 1.2.6.1)

Statement showing construction of various items

Sl. No.	Item	No of school	No of room	Rate (₹)	Total cost (₹)	Net finance (₹)	Amount Released (₹)	Balance (₹)
1	Class room (Upgraded- 4 class room per school)	24	96	463000	44448000	Item-wise splitting amount was not available	Item-wise splitting amount was not available	Item-wise splitting amount was not available
	Class room (Upgraded- 2 class room per school)	5	10	463000	4630000			
	Class room (Strengthening- 2 class room per school)	18	36	463000	16668000			
	Class room (Strengthening- 1 class room per school)	6	6	463000	2778000			
	Sub- total of class room	**53**	**148**	**463000**	**68524000**			
2	Head masters/ Mistress room (1 room per 29 upgraded school)	29	29	460000	13340000			
3	Office room (1 room per 29 upgraded school)	29	29	400000	11600000			
4	Science laboratory room (1 room per 55 school)	55	55	460000	25300000			
5	Computer room (1 room per 61 school)	61	61	460000	28060000			
6	Art and craft room (1 room per 71 school)	71	71	460000	32660000			
7	Library room (1 room per 49 school)	49	49	675000	33075000			
8	Toilet and drinking water (1 room per 71 school)	71	71	150000	10650000			
Total		**418**	**513**		**223209000**	**216509381**	**173035686**	**43473695**

Note: - *Head Masters/ Mistress Room and Office Room were not covered under Infrastructure item in the Thematic Audit of schools.*

Appendix 1.4

(Reference: Paragraph 1.2.6.1.3)

Status of Computer Room and Facility

Sl. No.	Name of school where construction was				Schools where computer instructors are not provided
	Completed	Not constructed	Under progress	Construction completed but utilized for other purpose	
1	N.Tomchou Hr Sec School	Paobitek High School	Chamu H/S	Oinam Sawombung HS	Kamjong HS(Absent)
2	Kamjong High School	Sajik Tampak H/S	Heigrujam H/S	Kiyam Siphai HS	Lalambung HS(Absent)
3	Lalambung High School	New Samtal H/S	Grihang High School	Y. Thingkangphai H/S	Grihang .HS (Absent)
4	Oinam Sawombung HS	Chakpikarong H/S		Larong High School	Paobitek High School (Absent)
5	Yairipok Govt High School	Bengoon High School		Purum Tampak H/S	Y. Thingkangphai H/S (Absent)
6	Jessami High School	Hierok Hr Sec School		Aimol Chingnunghut H/S	Larong High School (Absent)
7	Kasom Khullen High School	Chingsui H/S		Lalambung HS	Sajik Tampak H/S.(Absent)
8	Kumari High School	Choithar H/S		Canchipur H/S	New Samtal H/S.(Absent)
9	Lilasing Khongnangkhong H/S	Ahmedabad H/S		Abdul Ali H/S	Purum Tampak H/S (Absent)
10	Y. Thingkangphai H/S	Sirarakhong		Dolang Khunou H/S	Aimol Chingnunghut H/S (Absent)
11	Larong High School			Lalpani H/S	Practicing H/S (Absent)
12	Purum Tampak H/S			Turing Phaisen H/S	Sekmai Khumbi H/S (Absent)
13	Aimol Chingnunghut H/S			Wangoo H/S	Kiyam Siphai H/S (Absent)
14	Practicing H/S			Akhui H/S	Bengoon High School (Absent)
15	Sekmai Khumbi H/S			Latingkhel H/S	Kha Imphal H/S (Absent)
16	Kiyam Siphai H/S			Sanakeithel Chingshang H/S	Pr. Nilapadma HSS.(Absent)
17	Canchipur H/S			Sopeleng H/S	Chakpikarong H/S (Not provided)
18	Abdul Ali H/S			Songphel Khullen H/S	Chingsui H/S (Not provided)
19	Tora Champhung			Sagang H/S	Chamu H/S (Not provided)
20	Eastern Christian H/S			Kha Imphal H/S	Choithar H/S (Not provided)
21	Kalinagor H/S			Khongdei H/S	Sirarakhong H/S (Not provided)
22	Lalpani H/S				Ahmedabad H/S (Not provided)
23	Jiribam H/S				Kalinagor H/S (Not provided)
24	Wangoo H/S				Lalpani H/S (Not provided)
25	Akhui H/S				Wangoo H/S (Not provided)
26	Latingkhel H/S				Akhui H/S (Not provided)
27	Khurai Girls H/S				Latingkhel H/S (Not provided)
28	Andro H/S				Khurai Girls H/S (Not provided)
29	Chingtam H/S				Andro H/S (Not provided)

Sl. No.	Name of school where construction was				Schools where computer instructors are not provided
	Completed	Not constructed	Under progress	Construction completed but utilized for other purpose	
30	Kha Imphal H/S				Chingtam H/S (Not provided)
31	Arong H/S				Heigrujam H/S (Not provided)
32	Sopeleng H/S				Abdul Ali HS (Not provided)
33	Songphel Khullen H/S				Heirok HSS. (Not provided)
34	Moirangpurel H/S				Sopeleng H/S (Not provided)
35	Heibongpokpi H/S				Songphel Khullen H/S (Not provided)
36	Dolang H/S				Dolang H/S (Not provided)
37	Gelnel H/S				Gelnel H/S (Not provided)
38	Goma Devi H/S				Goma Devi H/S (Not provided)
39	Irang Part-II H/S				Irang Part-II H/S (Not provided)
40	Khongdei H/S				Khongdei H/S (Not provided)
41	Sagang H/S				Turing Phaisen H/S (Not provided)
42	Turing Phaisen H/S				Senvon H/S (Not provided)
43	Senvon H/S				Tora Champhung H/S (Not provided)
44	Sanakiethel Chingshang H/S				Sanakiethel Chingshang H/S (Not provided)
45	Lungphu H/S				Lungphu H/S (Not provided)
46	Pr. Nilapadma H/S				Jessami HS (Not provided)
47	Laishram Deva H/S				Yairipok HS (Not provided)
48	Bengali High School				Sagang HS (Not provided)
49					Oinam Sawombung HS (Not provided)
50					Arong HS (Not provided)
51					Kasom Khullen HS (Not provided)

Appendix 1.5

(Reference: Paragraph 1.2.6.1.4)

Status of Library Construction and Library Facility

Sl. No.	Name of school where construction was			Schools where library books are available
	Completed	Not at all	Under progress	
(1)	(2)	(3)	(4)	(5)
1	Thingkangphai	New Somtal HS	Chamu HS	Johnstone HSS
2	Larong HS	Amedabad	Grihang SPM HS	Lilasing Khongnangkhong HS
3	Purum Tampak HS	Akhui HS	Hundung Kazipphung	Thingkangphai
4	Aimol Chingnunghut	Choithar JHS	Jessami HS	Larong HS
5	Chakpikarong HS	Chingsui JHS		New Somtal JHS
6	Sekmai Khumbi HS	Yairipok HS		Sajik Tampak JHS
7	Kiyam Siphai HS	Heigrujam HS		Purum Tampak JHS
8	Canchipur HS			Aimol Chingnunghut
9	Andro JHS			Sekmai Khumbi JHS
10	Ching-Tam HS			Kiyam Siphai JHS
11	Bengali HS			Bengoon HS
12	Kha-Imphal HS			Canchipur HS
13	Arong JHS			Ching-Tam HS
14	Sopleng JHS			Bengali HS
15	Songphel Khullen			Heigrujam HS
16	Heibongpokpi HS			Kha-Imphal HS
17	Moirangpurel HS			Irom Meijrao
18	Wangoo			Yurembam
19	Netaji Govt. HS			Heibongpokpi HS
20	Jiribam Govt. HSS			Kamjong HS
21	Abdul Ali			Jessami HS
22	Eastern Christian HS			Oinam Sawombung HS
23	Kamjong HS			Tolloi Hr. Sec. Academy
24	Dolang Khunou JHS			Kumari HS
25	Goma Devi			Ibotonsana Girls HSS
26	Irang Part-II			Dolang Khunou JHS
27	Khongdei JHS			Phungyar Govt. HS
28	Sagang			Nila Padma HS
29	Tuiring Phaisen JHS			Laishram Deva Singh HS
30	Sanakeithel Chingshang			
31	Phungyar Govt. HS			
32	Nila Padma HS			
33	Torachambhung			
34	Lungphu JHS			
35	Sajik Tampak HS			
36	Oinam Sawombung HS			
37	Practising HS			
38	Kasom Khullen			

JHS – Junior High School; HS - High School ; HSS – Higher Secondary School

Note:

A. Two schools viz., Johnstone Higher Secondary School (Sl No. 1 of Column 5) and Lilasing Khongnangkhong High School (Sl No. 2 of Column 5) already had library room. Hence out of 74 schools covered for audit, 40 schools were having library room.

B. Library room after construction was demolished in one school, viz Bengali High School (Sl No. 11 of column 2)

Appendix 1.6

(Reference: Paragraph 1.2.6.1.7)

Pupil Teacher Ratio

List of 28 schools having107 numbers of classes/sections with strength of more than 40 pupils per class/section

Sl. No.	Name of School	Number of			No of pupil per one teacher	No of class/section having pupils in the range of										
		Teacher	Pupil	section		< 10	10-19	20-29	30-40	41-50	51-60	61-70	71-80	81-90	91-100	> 100
1	Heirok HHS	22	1665	16	75.68	0	0	0	1	0	0	0	5	3	2	5
2	Eastern HS	18	155	10	8.61	3	3	3	0	1	0	0	0	0	0	0
3	Johnstone HS	70	1046	6	14.94	0	0	0	1	0	1	0	0	0	0	4
4	Chakpikarong HS	15	422	10	28.13	0	0	0	5	3	2	0	0	0	0	0
5	Practising JHS	18	322	11	17.89	1	3	0	4	3	0	0	0	0	0	0
6	Kiyam Siphai JHS	16	200	9	12.50	1	2	4	1	1	0	0	0	0	0	0
7	Sekmai Khumbi JHS	14	415	10	29.64	2	0	2	2	2	1	0	0	0	0	1
9	Ibotonsana	39	379	4	9.72	0	0	0	1	1	0	0	0	0	0	2
10	Frontier	5	198	10	39.60	2	3	4	0	1	0	0	0	0	0	0
11	Kamjong	11	376	6	34.18	0	0	0	1	0	2	2	0	1	0	0
12	N Tomchou HSS	31	543	7	17.52	1	1	2	0	0	0	1	0	0	0	2
13	Andro JHS	16	376	8	23.50	0	1	1	2	1	0	1	2	0	0	0
14	Moirangpurel HS	9	124	5	13.78	0	2	1	1	1	0	0	0	0	0	0
15	Dolang Khunou JHS	9	334	10	37.11	0	0	3	6	1	0	0	0	0	0	0
16	Gelnel	9	477	10	53.00	0	0	0	1	7	2	0	0	0	0	0
17	Irang	11	193	10	17.55	2	5	1	1	1	0	0	0	0	0	0
18	Sagang	14	771	8	55.07	0	0	0	0	0	0	0	0	1	6	1
19	Sanakeithel	8	185	10	23.13	5	1	2	0	2	0	0	0	0	0	0
20	Lungphu JHS	10	151	9	15.10	1	7	0	0	0	1	0	0	0	0	0
21	Phungyar	8	189	8	23.63	3	1	0	2	2	0	0	0	0	0	0
22	Nilapadma HSS	20	290	5	14.50	0	0	0	0	2	1	2	0	0	0	0
23	Lamlong	28	478	5	17.07	0	0	0	0	0	0	0	1	2	0	2
24	Ahmadabad JHS	8	287	8	35.88	0	0	2	4	1	1	0	0	0	0	0
25	Netaji	9	326	5	36.22	0	0	0	0	1	2	0	1	0	1	0
26	Lalpani	8	335	5	41.88	0	0	0	0	1	1	1	0	2	0	0
27	Akhui HS	12	79	5	6.58	1	2	2	0	0	0	0	0	0	0	0
28	Wangoo	8	617	5	77.13	0	0	0	0	0	0	0	1	0	0	4
Total		**446**	**10933**	**215**		**22**	**31**	**27**	**33**	**32**	**14**	**7**	**10**	**9**	**9**	**21**

List of 9 schools having 24 sections with strength of more than 100 pupils per class/section

Sl. No.	Name of School	Number of			No of class/section having pupils in the range of										
		Teacher	Pupil	section	< 10	10-19	20-29	30-39	40-50	51-60	61-70	71-80	81-90	91-100	> 100
1	Heirok HHS	22	1665	16	0	0	0	1	0	0	0	5	3	2	5
2	Johnstone HS	70	1046	6	0	0	0	1	0	1	0	0	0	0	4
3	Sekmai Khumbi JHS	14	415	10	2	0	2	1	3	1	0	0	0	0	1
4	Ibotonsana	39	379	4	0	0	0	1	1	0	0	0	0	0	2
5	N Tomchou HSS	31	543	7	1	1	2	0	0	0	1	0	0	0	2
6	Sagang	14	771	8	0	0	0	0	0	0	0	0	1	6	1
7	Lamlong	28	478	5	0	0	0	0	0	0	0	1	2	0	2
8	Jiribam	11	673	4	0	0	0	0	0	0	0	0	1	0	3
9	Wangoo	8	617	5	0	0	0	0	0	0	0	1	0	0	4
Total		**237**	**6587**	**65**	**3**	**1**	**4**	**4**	**4**	**2**	**1**	**7**	**7**	**8**	**24**

No of schools having less than 7 pupils per one teacher are as follows

Sl. No.	Name of school	Year	Total strength of teacher	No of section/ class	No of pupil	No of pupil per one teacher	No of teacher per section/ class
1	Lilasing **IW**	2013	16	5	100	6.25	3.20
2	Purum Tampak JHS **Cdl**	2013	18	9	118	6.56	2.00
3	Canchipur HS **IW**	2013	27	8	85	3.15	3.38
4	Oinam Sawomb **Tbl**	2013	15	8	96	6.40	1.88
5	Chingtam **IE**	2013	13	5	85	6.54	2.60
6	Bengali **IW**	2013	18	5	107	5.94	3.60
7	Heigrujam **IW**	2013	13	5	103	7.92	2.60
8	Kha Imphal **IW**	2013	26	5	68	2.62	5.20
9	Irrom Meijrao **IW**	2013	12	5	70	5.83	2.40
10	Tuiring Phaisen JHS **Ccpur**	2013	15	7	64	4.27	2.14
11	Laishram Deva Singh HS **IE**	2013	21	5	46	2.19	4.20
12	Khurai **IE**	2013	22	5	55	2.50	4.40
13	Akhui HS **Tml**	2013	12	5	79	6.58	2.40

No of schools having more than 40 pupils per one teacher are as follows

Sl. No.	Name of school	No of teacher	No of section/class	No of pupil	No of pupil per teacher	No of teacher per section/class	Minimum number of teachers required (Col 4/40)	Shortage number of teachers (Col 8 - Col 3)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Heirok HHS (R)	22	16	1665	75.68	1.38	42	20
2	Chamu HS (R)	4	10	210	52.50	0.40	10	6
3	Chingsui HS (R)	3	8	195	65.00	0.38	8	5
4	Gelnel HS (R)	9	10	477	53.00	0.90	12	3
5	Sagang HS (R)	14	8	771	55.07	1.75	20	12
6	Jiribam HSS. (U)	11	4	673	61.18	2.75	17	6
7	Wangoo (R)	8	5	617	77.13	1.60	16	8

Appendix 1.7

(Reference: Paragraph 1.3)

Statement showing irregular expenditure incurred by the Director, Family Welfare Services, Government of Manipur

Sl. No.	Bill No.	Date	Purpose	Nature of Expenditure	Expenditure Incurred (₹)	Extent of Power (₹)	Item no. in Schedule 2A of DFPR	Excess (+) over Financial Power (₹)
1.	33	20-03-2013	Contingent bill payable to M/S V.K. Stationery store Paona Bazar	Local purchase of Stationery	89601	5000	5(1) (iv)	84601
2.	58	30-03-2013	Contingent Bill payable to M/S V.K. Stationery Store Paona Bazar	Local purchase of Stationery	47739	5000	5(1) (iv)	42739
3.	24	20-03-2013	Contingent bill payable to the Dy. Director for payment of vehicle repairing & replacement charge	Maintenance & repairs of Vehicles	92467	15000[1]	5(15)	77467
4.	35	20-03-2013	Contingent bill payable to the Dy. Director for payment of vehicle repairing & replacement charge	Maintenance & repairs of Vehicles	46900	15000	5(15)	31900
5.	40	21-03-2013	Contingent bill payable to the Dy. Director for payment of vehicle repairing & replacement charges.	Maintenance & repairs of Vehicles	114867	15000	5(15)	99867
6.	3	14-08-2012	Contingent bill payable to the Dy. Director for payment of Miscellaneous Expenditure	Miscellaneous	171059	10000	4	161059
7.	4	14-08-2012	Contingent bill payable to the Dy. Director for payment of Miscellaneous Expenditure	Miscellaneous	163765	10000	4	153765
8.	5	16-08-2012	Contingent bill payable to cashier for payment of Miscellaneous Expenditure	Miscellaneous	226299	10000	4	216299
9.	6	16-08-2012	Contingent bill payable to cashier for payment of Miscellaneous Expenditure	Miscellaneous	244217	10000	4	234217
10.	7	16-08-2012	Contingent bill payable to cashier for payment of Miscellaneous Expenditure	Miscellaneous	217057	10000	4	207057
11.	14	22-08-2012	Contingent bill payable to cashier for payment of Miscellaneous Expenditure	Miscellaneous	202359	10000	4	192359
12.	15	22-08-2012	Contingent bill payable to cashier for payment of Miscellaneous Expenditure	Miscellaneous	96428	10000	4	86428
13.	31	20-03-2013	Contingent bill payable to Dy. Director for payment of Miscellaneous Expenditure	Miscellaneous	379504	10000	4	369504

[1] Since the extent of power delegated was not available on recorded, the delegation for the similar item i.e. repair of machinery/equipment Item No 5(16) is taken

Sl. No.	Bill No.	Date	Purpose	Nature of Expenditure	Expenditure Incurred (₹)	Extent of Power (₹)	Item no. in Schedule 2A of DFPR	Excess (+) over Financial Power (₹)
14.	32	20-03-2013	Contingent bill payable to Dy. Director for payment of Miscellaneous Expenditure	Miscellaneous	311059	10000	4	301059
15.	34	20-03-2013	Contingent bill payable to cashier for payment of Miscellaneous Expenditure	Miscellaneous	129801	10000	4	119801
16.	46	22-03-2013	Contingent bill payable to Dy. Director for payment of Miscellaneous Expenditure	Miscellaneous	145400	10000	4	135400
17.	48	22-03-2013	Contingent bill payable to Dy. Director for payment of Miscellaneous Expenditure	Miscellaneous	66409	10000	4	56409
18.	56	30-03-2013	Contingent bill payable to Dy. Director for payment of Miscellaneous Expenditure	Miscellaneous	32850	10000	4	22850
19.	59	30-03-2013	Contingent bill payable to Dy. Director for payment of Miscellaneous Expenditure	Miscellaneous	29835	10000	4	19835
20.	60	30-03-2013	Contingent bill payable to Dy. Director for payment of Miscellaneous Expenditure	Miscellaneous	31825	10000	4	21825
21.	28	20-03-2013	Contingent bill payable to the Dy. Director for payment of Staircase with stair construcion of RH & FW Training centre,R.D. Wing	Original works	320700	50000	2(a)	270700
22.	36	21-03-2013	Contingent bill payable to the Dy. Director for payment of construction of fencing wall & repairing at Training School, Lamphel.	Original works	507841	50000	2(a)	457841
23.	37	21-03-2013	Contingent bill payable to the Dy. Director for payment of construction of fencing wall at FHW Training Centre, Lamphel.	Original works	792412	50000	2(a)	742412
24.	43	22-03-2013	Contingent bill payable to the Dy. Director for payment of charge of PHSC-Heikumakhong.	Original works	548071	50000	2(a)	498071
25.	8	16-08-2012	Payable to L. Surchandra Singh, Director for repairing of staff room on emergency basis (Re-imbursement)	Petty works & ordinary repairs	45131	10000	2(b)	35131
26.	9	16-08-2012	Payable to L. Surchandra Singh, Director for repairing of staff room on emergency basis (Re-imbursement)	Petty works & ordinary repairs	49173	10000	2(b)	39173
27.	10	16-08-2012	Payable to L. Surchandra Singh, Director for repairing of staff room on emergency basis (Re-imbursement)	Petty works & ordinary repairs	49226	10000	2(b)	39226

Sl. No.	Bill No.	Date	Purpose	Nature of Expenditure	Expenditure Incurred (₹)	Extent of Power (₹)	Item no. in Schedule 2A of DFPR	Excess (+) over Financial Power (₹)
28.	11	16-08-2012	Payable to L. Surchandra Singh, Director for repairing of staff room on emergency basis (Re-imbursement)	Petty works & ordinary repairs	44137	10000	2(b)	34137
29.	12	16-08-2012	Payable to L. Surchandra Singh, Director for repairing of staff room on emergency basis (Re-imbursement)	Petty works & ordinary repairs	46805	10000	2(b)	36805
30.	13	22-08-2012	Contingent bill payable to cashier for payment of electrical installaion & fitting charges	Petty works & ordinary repairs	377072	10000	2(b)	367072
31.	21	18-03-2013	Contingent bill payable to the Dy. Director for payment of repairing of PHSC-Tellou	Petty works & ordinary repairs	819883	10000	2(b)	809883
32.	25	20-03-2013	Contingent bill payable to cashier for repairing & renovation charge of F.W. Services Training School, Lamphel on emergency basis	Petty works & ordinary repairs	472852	10000	2(b)	462852
33.	26	20-03-2013	Contingent bill payable to cashier for repairing & renovation charge of F.W. Services Training School, Lamphel on emergency basis	Petty works & ordinary repairs	286100	10000	2(b)	276100
34.	27	20-03-2013	Contingent bill payable to cashier for repairing & renovation charge of ANM TrainingSchool	Petty works & ordinary repairs	178365	10000	2(b)	168365
35.	28	20-03-2013	Contingent bill payable to the Dy. Director for payment of repairing of Staircase with stair construcion of RH & FW Training centre,R.D. Wing	Petty works & ordinary repairs	343362	10000	2(b)	333362
36.	30	20-03-2013	Contingent bill payable to the Dy. Director for payment of repairing CGI Wall fencing IEI items to F.W. Directorate office on emergency basis.	Petty works & ordinary repairs	651410	10000	2(b)	641410
37.	44	22-03-2013	Contingent bill payable to the Dy. Director for payment of repairing & land development of PHSC-Heikrumakhong charges.	Petty works & ordinary repairs	319054	10000	2(b)	309054
38.	52	22-03-2013	Contingent bill payable to Dy. Director for payment of repairing and renovation charges	Petty works & ordinary repairs	177359	10000	2(b)	167359
39.	54	22-03-2013	Contingent bill payable to the Dy. Director for payment of Repairing and renovation at Main Store of Directorate	Petty works & ordinary repairs	603680	10000	2(b)	593680
40.	22	22-03-2012	Contingent bill payable to the Dy. Director for purchase of sofa set	Purchase of furniture	249900	50000	5(1) (ii)	199900

Sl. No.	Bill No.	Date	Purpose	Nature of Expenditure	Expenditure Incurred (₹)	Extent of Power (₹)	Item no. in Schedule 2A of DFPR	Excess (+) over Financial Power (₹)
41.	23	20-03-2013	Contingent bill payable to the Dy. Director for payment of Shamiana, karnat & woolen carpet	Purchase of furniture	278724	50000	5(1) (ii)	228724
42.	47	22-03-2013	Contingent bill payable to Dy. Director for purchase of instrument on emergency basis for implementation of FWP	Purchase of Instruments	496990	50000	5(1) (i)	446990
			Total		**10497688**	**705000**		**9792688**

Appendix 2.1

(Reference: Paragraph 2.1)

Statement showing details of funds transferred directly to Implementing Agencies under Economic Sector

(₹ in lakh)

Sl. No.	Name of the Department	Name of Implementing Agencies	Fund released
1	Science and Technology	S. Kula Women's College	5.00
		Institute of Bioresources and Sustainable Development (IBSD)	14.60
		IBSD for Autonomous R&D Institution	2109.06
		IBSD for Disha programme for Women in Science	4.00
		IBSD for Research and Development Biotechnology	72.94
		Krishi Vigyan Kendra Bishnupur	6.80
		76 NGOs for Design and Technical Development	149.56
		Manipur State Information Technology Society	643.02
		59 NGOs for Human Resource Development (HRD)	102.97
		S.Kula Women's College for HRD Biotechnology	19.00
		Manipur Renewable Energy Development Agency (MANIREDA)	250.20
		International Cooperation Biotechnology	5.59
		D.M. College Of Science for Research Development for Conservation	4.43
		One NGO for Scheme for Quality, Assurance, CODEX, Standards and Research Development	0.42
		S.Kula Women's College for Scheme for Quality, Assurance, CODEX, Standards and Research Development	35.99
		Thirty six Private sector companies for Scheme for Technology Up-gradation/Establishment/Modernization	793.32
		Three NGOs for Science and Technology Programme for Socio Economic Development	14.15
		Manipur Science and Technology Council for State Science and Technology Programme	57.10
		Manipur Science and Technology for Science and Technology Programme for Socio Economic Development	23.96
		Manipur Science and Technology Council	8.00
		United College, Lambung ,Chandel	7.00
		Society's Abbatial Network for Greater Advancement (Sanga)	5.00
		Imphal College for Technology Development Programme	13.7
Sub-Total			***4345.81***
2	Commerce and Industries	Eight NGOs for Baba Saheb Ambedkar Hastashilpa Vikas Yojana	58.82
		Manipur Handlooms and Handicrafts Development Corporation Ltd. Imphal	117.00
		Two NGOs for Comprehensive Handloom Development Scheme (CHDS)	6.90
		One NGO for Handicraft Infrastructure and Technical Development Scheme	10.69
		Sixteen NGOs for Marketing Support and Services & Export Promotion Scheme	53.49
		Life Line Agency for Marketing Support and Services & Export Promotion Scheme	1.61
		Department of Commerce and Industries for NER-Textile Promotion Scheme	18.75
		Twenty NGOs for Promotional Services Institutions and Programme Revenue	29.24
		Department of Commerce and Industries for Infrastructure and Capacity Building	597.44

Sl. No.	Name of the Department	Name of Implementing Agencies	Fund released
		Department of Commerce and Industries for Powerlooms	12.00
		Thirteen NGOs for Research & Development (Handicrafts)	30.54
		Sangai Foundation Agency	2.48
		The Women Welfare and Development Organization	1.00
		The Socio Oriental Fast Industrial Assoiation	0.50
		The Socio Education and Economic Liberty	1.50
		The Lamjing Thawan Associaion	0.50
Sub-Total			***942.46***
3	Forest and Environment	Foundation for Environment and Economic Development Services	16.20
		Two NGOs For Environment Information Education and Awareness	0.80
		Manipur ENVIS Centre on Status of Environment and related issues	66.78
		Manipur Pollution Control Board	48.30
		State Forest Development Agency for Afforestation and Management	1211.77
		Manipur Pollution Control Board for Pollution Abatement	23.74
Sub-Total			***1367.59***
4	Agriculture	Institute of Hotel Management Catering Technology and Applied Nutrition for Assistance to IHMS FCIS etc	100.00
		State Bamboo Steering Committee	1212.53
		State Agricultural Management and Extension Training Institute (SAMETI)	2600.00
		SAMETI for Support to Extension Programme for Extension Reforms	129.00
Sub-Total			***4041.53***
5	Veterinary & Animal Husbandary	Manipur Livestock Development Board	424.00
		Manipur Milk Producers Cooperative Union Ltd.	321.26
Sub-Total			***745.26***
Total			**11442.65**

Source: Finance Accounts

Appendix 2.2

(Reference: Paragraph 2.1.1)

Year-wise details of expenditure audited in respect of Economic Sector during 2013-14

(₹ in lakh)

Year	Expenditure incurred
2001-02	31.34
2002-03	31.59
2003-04	34.15
2004-05	49.29
2005-06	383.83
2006-07	699.28
2007-08	1676.31
2008-09	2392.38
2009-10	3526.76
2010-11	31168.83
2011-12	58803.79
2012-13	103093.96
2013-14	33458.90*
Total	**235350.41**

* As the financial year 2013-14 was not completed during the period of audit, the expenditure was low during 2013-14 as compared to 2012-13.

Appendix 2.3

(Reference: Paragraph 2.3.9.4)

Statement showing expenditures incurred by Deputy Director (Dairy), Porompat in favour of MMPCUL

Bill No. & Date	Particulars	Amount in ₹
2010-11		
31/5.10.10	Construction of godown at Central Dairy Plant, Porompat	400000
32/5.10.10	Construction of a RCC pavement at the newly extension block of Central Dairy Plant, Porompat	300000
34/19.10.10	Purchase of (i) Automatic pouch filling machine and (ii) 1 Milk Can scrubber from M/s Chadha Sales Pvt. Ltd, Delhi for use of Central Dairy Plant, Porompat	534841
37/21.10.10	Purchase of 1,000 kg poly film (printed) from M/s Hee Yai Enterprises BT Road Imphal	99000
38/21.10.10	Purchase of 830 kg of skim milk (powder) from M/s Hee Yai Enterprises BT Road Imphal	97940
39/21.10.10	Purchase of 770 kg of skim milk (powder) from M/s Hee Yai Enterprises BT Road Imphal	90860
40/21.10.10	Purchase of 1,000 kg of poly film (printed) from M/s Hee Yai Enterprises	198000
41/22.10.10	Purchase of equipment for use of Central Dairy Plant, Porompat	23944
42/22.10.10	Purchase of electrical goods for Central Dairy Plant, Porompat	40386
62/3.11.10	Purchase of ammonia gas, freon gas and compressor oil from M/s Ref Air Corporation, Guwahati	151320
91/9.3.11	Reimbursement for purchase of vehicle parts & lubricants for maintenance of Central Dairy Plant, Porompat	37841
2011-12		
28/25.7.11	Purchase of pasteurizing Vat 150-2 nos. and Ageing Vat 250 lts from M/s Chadha Sales Pvt. Ltd, Delhi for use of Central Dairy Plant, Porompat	552554
37/6.9.11	Purchase of printed poly film from M/s Hee Yai Enterprises	499950
38/6.9.11	Strengthening of infrastructure for quality & clean milk production for the year 2011-12 payable to Manipur Milk Producers Corporative Union Ltd.	875000
39/6.9.11	Purchase of bazaar articles & labor charge of cleaning of Central Dairy Plant, Porompat	5715
42/6.9.11	Purchase of 317 kg of Ammonia gas from M/s Ref Air Corporation for maintenance of Central Dairy Plant, Porompat	53890
47/15.9.11	Land development and construction of compound fencing at northern & western side of the pond of Central Dairy Plant, Porompat	750000
48/15.9.11	Fixing of tiles for Ice-Cream Plant at Central Dairy Plant, Porompat during 2011-12 & extension of verandah of Central Dairy Plant, Porompat	650000
57/5.10.11	Purchase of 100 litres of mobile oil @ Rs. 260/kg for maintenance of Central Dairy Plant, Porompat	26000
58/5.10.11	Purchase of 2,400 & 2,200 litres of diesel oil @ Rs. 41.10/litre for maintenance of Central Dairy Plant, Porompat	189060
59/5.10.11	Purchase of Ammonia gas for maintenance of Central Dairy Plant, Porompat	43750
67/4.11.11	Construction of heavy vehicle garage at Central Dairy Plant, Porompat	500000

Bill No. & Date	Particulars	Amount in ₹
71/7.12.11	Construction of a new Effluent Disposal System for proper outlet of Central Dairy Plant, Porompat	1392214
77/22.1.12	Repairing and purchase of spare parts of computers of Central Dairy Plant, Porompat	10634
78/22.1.12	Purchase of stationery items for maintenance of Central Dairy Plant, Porompat	2836
79/22.1.12	Purchase of lubricants/oils for maintenance of Central Dairy Plant, Porompat	5630
85/29.2.12	Purchase of lubricants/oil for maintenance of Central Dairy Plant, Porompat	20000
86/29.2.12	Payable to M/s Ref Air Corporation for purchase of 30 kgs of Argon Gas, 25 kg of Gas R-22 and 15 kg of Freon Gas 404A for maintenance of Central Dairy Plant, Porompat	87375
95/31.3.12	Payable to M/s Ref Air Corporation, Sriram Market, Chatribari Road, Guwahati for purchase of 340 kg of Ammonia Gas	57800
96/31.3.12	Payable to M/s Ref Air Corporation, Sriram Market, Chatribari Road, Guwahati for purchase of Compressor oil of 112 kgs	28000
97/31.3.12	Payable to M/s Ref Air Corporation, Sriram Market, Chatribari Road Guwahati for purchase of 100 kg of Freon gas	50000
2013-14		
41/28.8.13	Singling of approach road of Central Dairy Plant, Porompat	42300
42/24.8.13	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	129000
43/24.8.13	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	252000
62/21.12.13	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	190000
66/21.12.13	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	188000
67/21.12.13	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	50000
68/21.12.13	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	50000
69/21.12.13	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	50000
78/26.2.14	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	130000
79/26.2.14	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	141135
80/26.2.14	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	50000
81/26.2.14	Purchase of diesel oil for use of the Central Dairy Plant, Porompat	60000
82/26.2.14	Purchase of equipment & appliance for use of Central Dairy Plant, Porompat	42300
83/26.2.14	Purchase of equipment & appliance for use of Central Dairy Plant, Porompat	23350
84/26.2.14	Purchase of Canon Tonner NPG 28 for use of Central Dairy Plant, Porompat	42000
Total		**9214625**

Appendix 2.4

(Reference: Paragraph 2.3.9.4)

Statement showing expenditures incurred by Deputy Director (Dairy), Porompat without maintaining proper record of procurement of materials and its utilisation

Sl. No.	Particulars	Amount (in ₹)	Bill No & Date
1	Purchase of 340 kg of Ammonia Gas @ Rs 170/kg from M/s Ref Air Corporation, Sriram Market, Chatribari Road, Guwahati	57800	95 dt 31.3.12
2	Purchase of 112 kg of Compressor oil from M/s Ref Air Corporation, Sriram Market, Chatribari Road, Guwahati	28000	96 dt 31.3.12
3	Purchase of 100 kg of Freon Gas @ 500/kg from M/s Ref Air Corporation, Sriram Market, Chatribari Road, Guwahati	50000	97 dt 31.3.12
4	Purchase of ammonia gas for maintenance of Central Dairy Plant, Porompat	43750	59 dt 5.10.11
5	Purchase of 317 kg of Ammonia gas from Ref Air Corporation Sriram Market, Chatribari Road, Guwahati	53890	42 dt 6.9.11
6	Purchase of Argon Gas, Gas R-22 & Freon Gas from Ref Air Corporation Sriram Market, Chatribari Road, Guwahati	87375	86 dt 29.2.12
7	Purchase of Pasteurizing Vat 150-2 nos. and Ageing Vat 250 lts for use of Central Dairy Plant from M/s Chadha Sales Pvt. Ltd, Delhi	552554	28 dt 25.7.11
8	Purchase of (i) Automatic pouch filling machine and (ii) 1 Milk Can scrubber for use of Senapati Milk Chilling Centre from M/s Chadha Sales Pvt. Ltd, Delhi	534841	33 dt 19.10.10
9	Purchase of (i) Automatic pouch filling machine and (ii) 1 Milk Can scrubber for use of Central Dairy Plant from M/s Chadha Sales Pvt. Ltd, Delhi	534841	34 dt 19.10.10
10	Purchase of ammonia gas, freon gas and compressor oil from M/s Ref Air Corporation, Guwahati	145500	62 dt 3.11.10
11	Purchase of Freon gas from M/s Ref Air Corporation, Guwahati	14400	56 dt 7.10.9
12	Purchase of Ammonia Gas from M/s Ref Air Corporation, Guwahati	64000	57 dt 7.10.9
13	Purchase of cream Separator & butter cunner from M/s Chadha Sales Pvt. Ltd. Delhi	131395	63 dt 9.11.09
Total		**2298346**	

Appendix 2.5

(Reference: Paragraph 2.3.9.5)

Statement showing list of villages, unit cost and number of units for implementation of Grassland Development including Grass Reserves

(₹ in lakh)

Sl. No.	Name of the village	Area per unit	Unit cost	No. of units implemented	Total cost
1	Sunchinvum	10 acre	10	2	20
2	Haijang	10 acre	10	2	20
3	Tatamjang	10 acre	10	2	20
4	Maokot	10 acre	10	2	20
5	V. Munpi	10 acre	10	2	20
6	Belpuan	10 acre	10	2	20
7	V. Muallum	10 acre	10	2	20
8	Manngai Veng	10 acre	10	2	20
Total				**16**	**160**

Appendix 2.6

(Reference: Paragraph 2.5)

Statement of quantities of DI pipes received from M/s Electro Steel Castings Limited, Kolkata by Water Supply Maintenance Division, PHED

Sl. No	Name of Scheme/Agency	Supply order No. & date	Particulars of Pipe		Amount Paid (₹) (e x i)	Date of payment	Date of Receipt	Received Qnty (RM)	Rate (₹ /RM)	Cost of Pipe Received (₹) (h x i)	Balance to be received in RM (₹) (e - h)	Balance Amount (₹) (i x k)
			Size	Ordered quantity (RM)								
(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)	(j)	(k)	(l)
1	Water supply scheme for Haobam Marak (SDF)	CE/PHE/2120 (2)/2009/5636 dt. 2-3-11	DI-200 mm K7	1804.00	4497372	30 Mar 11	03-Jul-11, 07-Jan-12 & 11-Aug-12	1725.00	2493.00	4300425	79.0	196947.00
2	P/L Distribution pipe network to the road widening portion at Waheng Leikai to Ningthemcha Karong & Waheng Leikai to Tera under SDF	CE/PHE/2-120(2)/ 2009/ 4637 dt. 10-12-10	a) DI 300mm K7	1270.00	5454650	30 Mar 11	30-Jun-11, 14-Jul-11 & 28-Oct-12	1121.00	4295.00	4814695	149.0	639955.00
			b) DI-200mm K7	2850.00	7105050	30 Mar 11	15-Jan-12	363.00	2493.00	904959	2487.0	6200091.00
			c) DI 150 mm K7	1360.00	2195040	30 Mar 11	03-Jun-11	1177.00	1614.00	1899678	183.0	295362.00
			Sub-Total	***5480.00***	***14754740***			***2661.00***		***7619332***	***2819.00***	***7135408.00***
3	Extension of treated water to Ima keithel complex from treatment plant at Kangla under SDF	CE/PHE/2-120(2)/ 2009/ 4638 dt. 10-12-10	DI-150mm K7	1220.00	1969080	30 Mar 11	28-May-11	588.50	1614.00	949839	631.5	1019241.00
4	C/o Zonal Reservoir at Lalambung Hillock (SDF)	CE/PHE/2-120(2)/ 2009/5611 dt. 1-3-11	a) DI -200 mm K7	1298.00	3235914	30 Mar 11	25-Dec-11, 14-Jan-12 & 12-Aug-12	1276.00	2493.00	3181068	22.0	54846.00
			b) DI 150 mm K7	1600.50	2583207	30 Mar 11	25-Dec-11, 26-Dec-11 & 28-Dec-11	1600.50	1614.00	2583207	0.0	-
			c) DI-100 mm K7	1798.50	2001731	30 Mar 11		-	1113.00	-	1798.5	2001730.50
			Sub-Total	***4697.00***	***7820852***			***2876.50***		***5764275***	***1820.50***	***2056576.50***

Sl. No	Name of Scheme/Agency	Supply order No. & date	Particulars of Pipe		Amount Paid (₹) (e x i)	Date of payment	Date of Receipt	Received Qnty (RM)	Rate (₹ /RM)	Cost of Pipe Received (₹) (h x i)	Balance to be received in RM (₹) (e - h)	Balance Amount (₹) (i x k)
			Size	Ordered quantity (RM)								
(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)	(j)	(k)	(l)
5	C/O Zonal Reservoir at Kwakeithel Thiyam Leikai (SPA)	CE/PHE/2-120(2)/2009/2328 dt. 25-10-10	a) DI-100 mm K7	3150.00	3505950	20 Nov 10	02-May-11,02-Feb-12 & 28-Apr-11	2513.50	1113.00	2797526	636.5	708424.50
			b) DI-150 mm K7	1000.00	1614000	20 Nov 10	02-May-11	594.00	1614.00	958716	406.0	655284.00
			c) DI-200 mm K7	1200.00	2991600	20 Nov 10	-	-	2493.00	-	1200.0	2991600.00
			Sub-Total	***5350.00***	***8111550***			***3107.50***		***3756242***	***2242.50***	***4355308.50***
6	Realignment of rising main from fishery gate to Cheiraoching	CE/PHE/2120(2)/2009/4639 dt 10-12-10	DI-300mm k9	1500.00	7165500	30 Mar 11	03-Apr-11, 09-Apr-11, 10-Apr-11, 06-Jan-12, 02-Feb-12 & & 28-Oct-12	1397.00	4777.00	6673469	103.0	492031.00
			Grand Total	***20051.00***	***44319094***			***12355.50***		***29063582***	***7695.50***	***15255512.00***

Appendix 2.7

(Reference: Paragraph 2.6)

Details of defaulting consumers and amount defaulted during the period 2011-12 to 2013-14.

Year	Category of consumers	No. of defaulters	Amount(in ₹)
Project Construction Division, Public Health Engineering Department, Imphal East			
2011-12	Domestic	2145	3861851
	School/College	4	28800
2012-13	Domestic	2181	4440600
	School/College	4	28200
2013-14	Domestic	2286	4674600
	School/College	4	28800
Total			**13062851**
Water Supply Maintenance Division-I, Public Health Engineering Department Imphal West			
2011-12	Domestic	10120	18215918
	Public Hydrant	125	448490
	Bulk Supply	5	52108
	Department Tanker	21	28122
	Office	31	599048
	Industry	1	630
	Hotel	7	117000
	Hostel	2	33180
	Hospital	1	10380
2012-13	Domestic	9422	16959057
	Public Hydrant	95	342870
	Bulk Supply	4	362557
	Department Tanker	28	104802
	Office	107	1280800
	School/ College	17	123500
	Factory/ Industry	8	18000
	Hotel	13	238590
	Hostel	1	31806
	Hospital	1	121110
2013-14	Domestic	8991	16183148
	Public Hydrant	95	342219
	Bulk Supply	5	669948
	Department Tanker	25	48671
	Office	84	1008933
	School/ College	15	108400
	Factory/ Industry	13	234000
	Hotel	11	237780
	Hostel	8	19200
Total			**57940267**

Appendix 3.1

(Reference: paragraph 3.1.4)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2014 in respect of Government companies and Statutory corporations)

(Figures in column 5 (a) to 6 (c) are ₹ in lakh)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees) (as on 31.3.2013
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
FINANCE													
1	Manipur Industrial Development Corporation Limited	Commerce & Industries	6/1969	803.00	421.00	-	1224.00	-	-	375.05	375.05	0.30:1 (0.31:1)	41
2	Manipur Film Development Corporation Limited	Arts & Culture	5/1987	6.00	-	-	6.00	-	-	-	-	-	18
3	Manipur Tribal Development Corporation Limited	Tribal Area Backward Classes Development	6/1979	77.50	-	-	77.50	10.00	-	-	10.00	0.13:1 (0.13:1)	139
Sector wise total				**886.50**	**421.00**	**-**	**1307.50**	**10.00**	**-**	**375.05**	**385.05**	**0.29:1 (0.29:1)**	**-**
INFRASTRUCTURE													
4	Manipur Police Housing Corporation Limited	Home	4/1986	2.00	-	-	2.00	-	-	-	-	-	160
Sector wise total				**2.00**	**-**	**-**	**2.00**	**-**	**-**	**-**	**-**	**-**	**-**
MANUFACTURING													
5	Manipur Food Industries Corporation Limited	Commerce & Industries	4/1987	97.66	-	-	97.66	-	-	-	-	-	5
6	Manipur Electronics Development Corporation Limited	-do-	4/1987	376.35	-	-	376.35	-	-	-	-	-	43
Sector wise total				**474.01**	**-**	**-**	**474.01**	**-**	**-**	**-**	**-**	**-**	

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2012-13 (Previous year)	Manpower (No. of employees) (as on 31.3.2013
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
MISCELLANEOUS													
7	Manipur Handloom & Handicrafts Development Corporation Limited	Commerce & Industries	10/1976	1033.75	117.00	-	1150.75	87.12	118.38	-	205.50	0.18:1 (0.18:1)	25
Sector wise total				**1033.75**	**117.00**	**-**	**1150.75**	**87.12**	**118.38**	**-**	**205.50**	**0.18:1 (0.18:1)**	**-**
Total A (All sector wise working Government companies)				2396.26	538.00	-	2934.26	97.12	118.38	375.05	590.55	0.20:1 (0.20:1)	-
B. Non working Government companies													
AGRICULTURE & ALLIED													
1	Manipur Agro Industries Corporation Limited	Agriculture	3/1981	354.78	-	-	354.78	-	-	-	-	-	-
2	Manipur Plantation Crops Corporation Limited	-do-	3/1981	1161.79	-	-	1161.79	-	-	252.57	252.57	-	2
Sector wise total				**1516.57**	**-**	**-**	**1516.57**	**-**	**-**	**252.57**	**252.57**	**-**	**2**
Miscellaneous													
3	Manipur Pulp & Allied Products	Commerce & Industries	10/1988	154.20	-	-	154.20	-	-	199.94	199.94	-	1
Sector wise total				154.20	-	-	154.20	-	-	199.94	199.94	-	1
Total B (All sector wide non-working Government Companies)				1670.77	-	-	1670.77	-	-	452.51	452.51	-	-
Grand Total (A + B)				**4067.03**	**538.00**	**-**	**4605.03**	**97.12**	**118.38**	**827.56**	**1043.06**	**0.22:1 (0.23:1)**	**-**

** Loans outstanding at the close of 2012-13 represent long-term loans only.

Appendix 3.2

(Reference: paragraph 3.1.9)

Summarised financial results of Government companies and statutory corporations for the latest year for which accounts were finalised

(Figures in column 5 (a) to (6) and (8) to (11) are ₹ in lakh)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreci-ation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
FINANCE														
1	Manipur Industrial Development. Corpn. Ltd.	2007-08	2013-14	137.27	-	4.20	133.07	259.98	-	1214.34	(-)3097.67	3430.16	133.07	3.88
2	Manipur Film Development. Corpn. Ltd.	1995-96	2013-14	6.58	-	3.10	3.48	22.24	-	6.00	3.99	65.50	3.48	5.31
3	Manipur Tribal Development. Corpn. Ltd.	1987-88	2013-14	(-)11.71	-	-	(-)11.71	7.06	-	1.00	(-)22.37	101.93	(-)11.71	-
Sector wise total				**132.13**	**-**	**7.30**	**124.84**	**289.28**	**-**	**1221.34**	**(-)3116.05**	**3597.59**	**124.84**	
INFRASTRUCTURE														
4	Manipur Police Housing Corpn. Ltd.	1997-98	2012-13	31.27	-	2.20	29.07	96.02	-	2.00	29.07	60.97	29.07	47.68
Sector wise total				**31.27**	**-**	**2.20**	**29.07**	**96.02**	**-**	**2.00**	**29.07**	**60.97**	**29.07**	**47.68**
MANUFACTURING														
5	Manipur Food Industries Corpn. Ltd.	2002-03	2011-12	-	-	-	-	-	-	78.39	-	109.39	-	-
6	Manipur Electronics Development. Corpn. Ltd.	2011-12	2013-14	12.39	-	2.96	9.43	298.34	-	214.88	(-)644	613.81	9.43	1.54
Sector wise total				**12.39**	**-**	**2.96**	**9.43**	**298.34**	**-**	**293.27**	**(-)644**	**723.2**	**9.43**	

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreci-ation	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
MISCELLANEOUS														
7	Manipur Handloom & Handicrafts Development Corporation Limited	1994-95	2014-15	(-)59.25	-	-	(-)59.25	19.74	-	252.25	(-)546.78	520.59	(-)59.25	-
Sector wise total				**(-)59.26**	**-**	**-**	**(-)59.26**	**19.74**	**-**	**252.25**	**(-)546.79**	**520.59**	**(-)59.25**	**-**
Total A (All sector wise working Government companies)				**116.53**		**12.45**	**104.09**	**703.38**	**-**	**1768.86**	**(-)4277.77**	**4902.35**	**104.09**	**2.12**
B. Non-working Government companies														
AGRICULTURE & ALLIED														
8	Manipur Agro Industries. Corporation Limited	1988-89	2005-06	(-)2.82	-	0.79	(-)3.61	19.02	-	32.25	(-)45.45	(-)18.07	(-)3.61	
9	Manipur Plantation Crops. Corporation Limited	1983-84	2000-01	-	-	-	-	-	-	51.15	-	60.00	-	-
Sector wise total				**(-)2.82**	**-**	**0.79**	**(-)3.61**	**19.02**	**-**	**83.40**	**(-)45.45**	**41.93**	**(-)3.61**	**-**
Miscellaneous														
10	Manipur Pulp & Allied Products Limited.	1994-95	2007-08	(+)2.20	14.29	10.41	(-)22.50	95.11	-	89.31	(-)195.46	71.02	(-)8.21	-
Sector wise total				**(+)2.20**	**14.29**	**10.41**	**(-)22.50**	**95.11**	**-**	**89.31**	**(-)195.46**	**71.02**	**(-)8.21**	**-**
Total B (All sector wise non-working Government companies)				**(-)0.62**	**14.29**	**11.20**	**(-)26.11**	**114.13**	**-**	**172.71**	**(-)240.91**	**112.95**	**(-)11.82**	**-**
Grand Total (A + B)				**115.91**	**14.29**	**23.65**	**77.98**	**817.51**	**-**	**1941.57**	**(-)4518.68**	**5015.3**	**92.27**	**1.84**

[#] Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

[@] Capital employed represents shareholders fund (share capital and reserve & surplus) plus long term borrowing

[$] Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Appendix 3.3

(Reference: Paragraph 3.1.15)

Statement showing Investment made by State Government in PSUs whose accounts are in arrears

A. Working companies

(₹ in lakh)

Name of PSU	Year upto which accounts finalised	Paid up Capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				Year in which Investment have been received
			Equity	Loans	Grants	Others to be specified	
Working Companies							
1. Manipur Industrial Development. Corporation Ltd.	2007-08	1214.34	9.66	-	-	-	1994-95 to 2004-05
2. Manipur Electronics Development. Corporation Ltd.	2011-12	214.88	161.47	-	-	-	2004-05
3. Manipur Handloom & Handicrafts Development. Corporation Ltd.	1994-95	252.25	898.50	-	-	-	1988-89 to 2004-05
4. Manipur Tribal Development. Corporation Ltd.	1987-88	1.00	76.50	-	-	-	1985-86 to 1996-97
5. Manipur Food Industries Corporation Ltd.	2002-03	78.39	19.27	-	-	-	2003-04
Total (A)		**1760.86**	**1165.40**				

B. Non-working companies

(₹ in lakh)

Name of PSU	Year up to which accounts finalised	Paid up Capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				Year in which Investment have been received
			Equity	Loans	Grants	Others to be specified	
Non-working companies							
1. Manipur Pulp & Allied Products Ltd.	1994-95	89.31	64.89				1995-96 to 2003-04
2. Manipur Agro Industries Corporation Ltd.	1988-89	32.25	322.53	-	-	-	1989-90 to 2003-04
3. Manipur Plantation Crops Corporation Ltd.	1983-84	51.15	1110.64	-	-	-	1984-85 to 2001-02
Total (B)		**172.71**	**1498.06**				
Grand Total (A+B)		**1933.57**	**2663.46**	**-**	**-**	**-**	

Appendix 3.4
(Reference: Paragraph 3.2)

A – Statement showing receipt of material against supply order

Name of Supplier	Item to be supplied	Rate inclusive of tax (₹ /MT)	Ordered Quantity (MT)	Value of the Ordered Quantity (₹ lakh)	Date of supply order	Due date for completion of supply	Amount paid as Advance (₹ lakh)	Date of payment	Admissible Advance (₹ lakh)	Excess Advance paid (₹ lakh)	Received Quantity (MT)	Value of Received Quantity (₹ lakh)	Balance Quantity to be supplied (MT)	Value of materials not yet supplied (₹ lakh)	Delay in supply after due date of completion (as on date of audit ie Jan 2013)
M/S Meghalaya Steel Ltd	TMT bars	#	278.5	102.10	27-07-2010	10-09-2010	102.10	27-07-2010	30.63	71.47	216.02	79.23	62.48	22.87	874
M/S Meghalaya Cement Ltd	Cement	5,335	2,500.00	133.36	27-07-2010	10-09-2010	133.36	27-07-2010	40.01	93.35	913.7	48.74	1,586.30	84.62	874
			Total	**235.46**			**235.46**		**70.64**	**164.82**		**127.97**		**107.49**	

The pre tax (VAT @ 4%) rates for various diameters of TMT bars ranged from ₹ 35,200.00 and ₹ 35,400.00

B – Statement showing payment of transportation cost

Name of Supplier	Item to be supplied	Ordered Quantity (MT)	Name of transporter	Date of order	Rate for transportation (₹/MT)	Transportation cost payable for ordered quantity (₹ lakh)	Received Quantity (MT)	Transportation cost payable for received quantity (₹ lakh)	Transportation cost already paid (₹ lakh)	Dates of payment	Excess payment of transportation cost (₹ lakh)
M/S Meghalaya Steel Ltd	TMT bars	278.5	M/S ISS Transport Agency, Imphal	27-07-2010	6,675	18.59	216.02	14.42	13.19	18-15-11 & 02-11-12	-1.23
M/S Meghalaya Cement Ltd	Cement	2,500.00	M/S ISS Transport Agency, Imphal	27-07-2010	5,000	125.00	913.7	45.69	60.69	18-05-11, 15-09-11, 02-11-12 & 16-08-13	15.01
					Total	**143.59**		**60.10**	**73.88**		**13.78**

Appendix 3.5

(Reference: Paragraph 3.4)

Statement showing details of supply orders and materials received

(₹ in crore)

Date of issue of supply order	Due date for completion of supply	Time for completion of supply day	Date of completion	Delay after due date as on July 2014	Ordered Quantity	Value of the Ordered Quantity	Amount paid as Advance	Date of payment	Admissible Advance	Excess Advance paid	Received Quantity as of January 2014	Value of Received Quantity	Balance Quantity to be supplied	Value of materials not yet supplied	Performance Guarantee Received
M/s Rhoy Enterprises Keishampat (Items to supplied: 26BG CGI Sheet of different sizes)															
31-12-2012	04-07-2013	**185**	Not yet completed	392	105 MT	0.98	0.98	31/12/12	0.294	0.686	40.44 MT	0.38	64.56 MT	0.60	NIL
M/s Rhoy Enterpirses Keishampat (Items supplied: Rhino Board and Tiles)															
27-12-2012	25-02-2013	60	Not yet completed	521	Rhino - 119000 No Tiles-83300 No	1.40	1.40	26/12/12	0.42	0.98	Rhino-101110 No Tiles-77600 No	1.24	Rhino-17890 No Tiles-5700 No	0.16	NIL
Meghalaya Cement Limited Meghalaya (Items supplied: TOPCEM Cement)															
22-09-2012	As required by MPHC	As required by MPHC	Not yet completed	677	3000 MT	1.41	1.41	22/09/12	0.423	0.987	2321.7 MT	1.09	678.3 MT	0.32	NIL
M/s L.I.Steel (Items supplied: GI Pipes of different sizes ranging 25 mm diameter to 100 mm diameter)															
03-11-2012	01-02-2013	90	Not yet completed	545	27100 Nos	1.95	1.95	2/11/12 3/11/12	0.585	1.365	26652 Nos	1.92	448 Nos	0.03	NIL
M/s Surendra Mercantile (Items supplied: Assorted sanitary items ranging from 460 no. to 1100 no.)															
03-11-2012	01-02-2013	90	Not yet completed	545	7685 Nos	0.85	0.85	8/11/12 3/12/12	0.255	0.595	2229 Nos	0.17	5456 Nos	0.68	NIL
					TOTAL	**6.59**	**6.59**		**1.977**	**4.613**		**4.80**		**1.79**	

Appendix 4.1
(Reference: Paragraph 4.12)

Comparative statement showing the Minimum Guidance Value (MGV) and the rate at which land was valuated for the purposing of levying stamp duty and registration fee

Sub Register	MGV	Rate at which land was valuated	No of Gift Deeds /Area (*hectare*)	*Per cent*	Remarks
Imphal East	₹ 1/ per Sq ft	₹ 0.03 to ₹ 1.15 per Sq ft	11/ 4.733	36.5%	Residential areas in the districts except those in the Imphal Municipal areas (***Location stated as "Rural"***)
	₹ 50/ per Sq ft	₹ 0.06 to ₹ 6.24 per Sq ft	86 / 7.755	59.9%	Trading and residential areas in interior areas of Imphal Municipal area
	₹ 1lakh/ per hectare	₹ 20,592.23 to ₹ 22,063.37 per hectare	2 /0.469	3.6%	Non irrigated agriculture land
	Total		**99/ 12.9587**		
Imphal West	₹ 50/ per Sq ft	₹ 0.07 to ₹ 24.03 per Sq ft	65 / 2.561	99%	Trading and residential areas in interior areas of Imphal Municipal area
	₹1,200/ per Sq ft	₹ 3.57 to ₹ 16.16 per Sq ft	5 /0.033	1%	Commercial Area
	Total		**70/ 2.594**		
Thoubal	₹ 1/ per Sq ft	₹ 0.01 to ₹ 0.39 per Sq ft	39 /16.793	49.3%	Residential areas in the districts except those in the Imphal Municipal areas
	₹ 350/ per Sq ft	₹ 3.19 to ₹ 19.35 per Sq ft	3 /0.021	0.1%	Yairipiok /Ushoipokpi bazar etc areas of Thoubal District
	₹ 390/ per Sq ft	₹ 1.27 to ₹ 30.97 per Sq ft	5 / 0.135	0.4%	Lilong Bazar are of Thoubal District
	₹ 1lakh/ per hectare	₹ 4,444.44 to ₹ 31,645.57 per hectare	35/ 17.096	50.2%	Non irrigated agriculture land
Total			**82/ 34.045**		

Appendix 4.2
(Reference: Paragraph 4.12)

Abstract of the revenue due and revenue collected

(₹ in lakh)

Sub Register	No of Gift Deeds /Area of land (in hectare)	MGV of land	Value of Land as per Record	Short Valuation	Revenue due			Revenue Realised			Revenue Short Realised		
					Stamp Duty	Registration Fee	Total	Stamp Duty	Registration Fee	Total	Stamp Duty	Registration Fee	Total
Imphal East	99/ 12.958	422.78	5.00	417.78	14.48	4.23	18.71	0.21	0.06	0.27	14.27	4.17	18.44
Imphal West	70 / 2.594	180.76	3.80	176.96	7.23	1.81	9.04	0.16	0.04	0.20	7.07	1.77	8.84
Thoubal	82 / 34.045	100.01	4.40	95.61	3.58	1.00	4.58	0.15	0.05	0.20	3.43	0.96	4.39
Total	**251 / 49.597**	**703.55**	**13.20**	**690.35**	**25.29**	**7.04**	**32.33**	**0.52**	**0.15**	**0.67**	**24.77**	**6.90**	**31.67**

Appendix 4.3

(Reference: Paragraph 4.14)

Statement showing purchase of goods by unregistered dealers

Sl. No.	Name of dealer	Type of goods	Purchase amount inclusive of VAT (₹)	VAT leviable (₹)	Remark
1	M/S Dasumati Cement ,Khurai Thangjam Leikai	Cement	864250	102797	Director of Comm & Ind
2	M/s O. Oken Singh and Sons Cement Store, Kwakeithel Soibam Leikai	Cement	9000000	1070484	Director of Comm & Ind
3	M/s Rajen Steel House, Khuyathong	Steel	4522430	215354	Director of Comm & Ind
4	M/s Ranjan Gupta And Sons Hardware, Thangal Bazar	GCI Sheets	1011254	48155	Director of Comm & Ind
		Hard board	100800	4800	Director of Comm & Ind
		Paint	254000	30211	Director of Comm & Ind
		Tile	44750	5323	Director of Comm & Ind
		Water closet and basin	130000	6190	Director of Comm & Ind
		Sub - Total	**15927484**	**1483314**	
5	M/s B K Agency, Sangaiprou Bazar	Cement	392920	46735	IFCD
		Steel	126076	6004	IFCD
6	M/s B T Cement and M S Steel House, Pangei	Cement	123000	14630	IFCD
		Steel	722370	34399	IFCD
7	M/s Laitonjam Enterprises, Singjamei Sougrakpam Leikai	Cement	475420	56547	IFCD
		Steel	663193	31582	IFCD
8	M/s N P Enterprises, Purana Rajbari	Cement	490620	58356	IFCD
		Steel	798435	38021	IFCD
9	M/s SP Hardware , Electrical and Variety Store, Khabam Lamkhai	Cement	728473	86647	IFCD
10	M/s Sun Hardware Store, Dewlahland	Steel	760455	36212	IFCD
11	M/s Suresh Variety Store, Wangoi Bazar	Cement	360000	42820	IFCD
		Steel	379750	18083	IFCD
		Sub - Total	**6020712**	**470036**	
Total			**21948196**	**1953350**	

Appendix 4.4

(Reference: Paragraph 4.15)

Statement showing short levy of interest

(All amounts in ₹ lakh)

Name of the dealer	Period (Quarter Ending)	Taxable Sales Turnover	Tax Assessed	Tax Paid	Tax Due	Period of default (Days)		Interest leviable	Interest levied	Interest short levied
						From	To			
Sangai Traders (TIN -14110286165)/ Zone-III	Jun-13, Sep-13, Dec-13	225.71	11.29	0.15	11.14	128	160	1.23	-	1.23
M/s Rajpri Enterprises (TIN- 14810386190)/ Zone IX	Mar-13, Jun-13, Sep-13, Dec-13	476.80	64.37	14.60	49.76	127	217	9.55	3.95	5.60
M/s NRL Energy Station, Thoubal(TIN)-14710155181)/	Mar-09, Jun-09, Sep-09, Dec-09, Mar-10, Jun-10, Sep-10, Dec-10, Mar-11, Jun-11, Sep-11, Dec-11, Mar-12	2760.33	443.90	399.17	44.73	66	1631	131.50	2.01	129.49
M/s House worth (TIN-14920442188)/ Zone-III	Jun-13, Dec-13	137.88	18.61	15.60	3.01	38	174	1.12	0.04	1.08
M/s MGT Motors (TIN - 14310083129)/ Zone-II	Mar-13, Jun-13, Sep-13, Dec-13	4357.96	583.31	572.19	11.12	9	365	10.74	-	10.74
Total		**7958.68**	**1121.48**	**1001.71**	**119.77**			**154.14**	**6.00**	**148.14**

Appendix 5.1
(Reference: Paragraph 5.1)

Statement showing details of funds transferred directly to Implementing Agencies under General Sector

(₹ in lakh)

Sl No.	Name of the Department	Name of Implementing Agencies	Fund released
1	Planning	Deputy Commissioner, Imphal West & Deputy Commissioner, Churachandpur for MPs Local Area development Scheme (MPLADS)	1750.00
2	Police (Home)	Manipur Police Housing Corporation Ltd.	1774.00
Total			**3524.00**

Source: Finance Accounts

Appendix 5.2
(Reference: Paragraph 5.1.1)

Year-wise details of expenditure audited in respect of General Sector during 2013-14

(₹ in lakh)

Year	Expenditure incurred
2005-06	153.04
2006-07	88.28
2007-08	142.38
2008-09	686.91
2009-10	724.68
2010-11	4166.37
2011-12	3490.35
2012-13	37810.80
2013-14	22571.56
Total	**69834.37**

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