Report of the Comptroller and Auditor General of India

For the year ended 31 March 2004

GOVERNMENT OF MANIPUR

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PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*

2. *Chapters I and II of this Report contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government respectively for the year ended 31 March 2004.*

3. *The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock, Revenue Receipts, audit of Autonomous Bodies, Statutory Corporation, Government Companies and departmentally run commercial undertakings.*

4. *The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2003-04, as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2003-04 have also been included wherever necessary.*

OVERVIEW

OVERVIEW

This Report includes two chapters containing the observations of Audit on the Finances and Appropriation Accounts of the State for the year 2003-04 and five other chapters with two audit reviews, one long paragraph and 26 other paragraphs dealing with the results of audit of selected schemes, programmes and the financial transactions of the Government and its commercial and trading activities.

Copies of the audit reviews and paragraphs are sent to the Commissioners/Secretaries of the departments concerned by the Accountant General with a request to furnish replies within six weeks. Twenty-five audit paragraphs and two reviews were discussed with the Administrative Commissioners, Secretaries and other officers of the State Government. Replies were received in respect of 25 audit paragraphs and two reviews. Wherever expedient, the departmental views and explanations have been incorporated while preparing this Report.

1. Finances of the State Government

The year 2003-04 witnessed revenue and fiscal deficits for the fifth consecutive year indicating continued macro imbalances in the State. While the revenue deficit decreased from Rs.87 crore in 2002-03 to Rs.44 crore in 2003-04, the fiscal deficit, however, went up from Rs.249 crore in 2002-03 to Rs.286 crore in 2003-04.

Overall revenue receipts increased from Rs.1070 crore in 1999-2000 to Rs.1420 crore in 2003-04 at an average trend rate of 9.15 *per cent*. During the current year, the revenue receipts grew by 6.93 *per cent.* While the revenue receipts from State's own sources declined by 3.28 *per cent*, Central tax transfers increased by 28.19 *per cent* and the grants-in-aid from Government of India increased by 4.22 *per cent* over the last year. State generated only 8.3 *per cent* of revenue receipts from its own sources and continued to remain highly dependent on transfers from the Union Government.

Total expenditure of the State increased from Rs.1577 crore in 2002-03 to Rs.1706 crore in 2003-04. The rate of growth of expenditure during the year was 8.18 *per cent* as compared to 3.88 *per cent* in the previous year.

There was an increase of 49.07 *per cent* in capital expenditure and decrease of 3.84 *per cent* in non-developmental expenditure during 2003-04 over the last year. Debt burden (fiscal liabilities) of the State at the end of 2003-04 was Rs.2300 crore, up by 3.37 *per cent* over the previous year.

(Paragraphs 1.1 to 1.11)

2. Allocative Priorities and Appropriation

The overall saving of Rs.1521.59 crore was the result of saving of Rs.1534.35 crore in 78 cases of grants and appropriations offset by excess of Rs.12.76 crore in five cases of grants. The excess of Rs.12.76 crore required regularisation under Article 205 of the Constitution.

Supplementary provision of Rs.460.70 crore made in 31 cases during the year proved unnecessary in view of aggregate saving of Rs.1124.54 crore. In three cases, supplementary provision of Rs.23.18 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.11.13 crore.

Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. Out of 91 Controlling Officers, 74 Controlling Officers did not reconcile before the final closing.

(Paragraphs 2.3.1 to 2.3.15)

3. Performance reviews

CIVIL

3.1 Thoubal Multipurpose Project

The project, which was initially planned to be completed in seven years (by 1987), has fallen behind schedule by 20 years resulting in the cost of the project escalating from original Rs.47.25 crore to Rs.390 crore. Expenditure of Rs.229.02 crore has already been incurred up to 2003-04.

The rescheduled date of completion (2007) also seems unachievable due to slow progress of work on the project. Only 16 *per cent* of the dam, 29 *per cent* of the spillway and 60 *per cent* of the distribution system has been completed in the last 24 years.

Against the total budget provision of Rs.99.82 crore, actual expenditure on the project was only Rs.68.15 crore during last five years due to issue of less cheque drawal authority to the project divisions by the Government. Central assistance of Rs.21.80 crore obtained for the project during the last three financial years was also diverted and not released to the implementing agency by the State Government.

(Paragraph 3.1)

3.2 Impact of Government policies on quality of Medical and Health Services

Funds provided for medical and health services registered a consistent decline during the last five years coming down from Rs.71.97 crore in 1999-2000 to Rs.63.59 crore in 2003-04. Even funds provided in the budget by the Legislature were not made available fully for the medical and health services of the State.

No new hospitals/health care centres were opened during the last five years and therefore, the health care network registered no expansion during 1999-2004. Higher concentration of health centres in the valley districts and acute shortage in the hill districts were noticed.

Hospitals and health care centres run by the State lacked not only in sophisticated but also in ordinary medical equipment and facilities which are essential for running such health care centres and referral hospitals. Buildings and space in hospitals/health centres at primary and secondary care level were inadequate. Large number of important medical equipment remained non-functional for want of repairs and replacements.

(Paragraph 3.2)

REVENUE

3.3 Sales Tax including Internal Control System prevalent in Taxation Department

Failure in taking effective measures culminated in high rate of non-compliance in filing Sales Tax returns. The number of defaulting dealers who did not file returns was as high as 80 to 83 *per cent* of the total dealers registered during 1999-2000 to 2003-04.

Lack of monitoring system for watching disposal of assessment cases resulted in extreme laxity in finalisation of assessments. Assessments pending with the department ranged between 46 to 73 *per cent* of assessments due based on the returns submitted. Compared to total returns receivable, the shortfall/pendency ranged between 83 to 88 *per cent.*

Internal control mechanism in the Department was weak giving ample scope for concealment/inaccurate furnishing of particulars by dealers and under-assessment resulting in evasion/loss of tax of Rs83.77 lakh including penalty.

(Paragraph 6.7)

4. Audit of transactions (Civil)

Lack of proper planning and defective execution of the project rendered the investment of Rs.1.29 crore on setting up of a cold storage plant at Mantripukhri, Imphal totally unproductive and infructuous. The plant commissioned in June 2000 for storing surplus fruits and vegetables remained non-operative since its commissioning due to lack of demand from farmers and defective design which rendered it unsuitable for low quantity storage.

(Paragraph 4.1)

Excess lifting and distribution of rice under Antyodaya Anna Yojana for an inflated number of beneficiaries instead of the actual number prevailing in the State resulted in loss of Rs.1.20 crore on sale thereof at lower price.

(Paragraph 4.4)

Non-release of Central funds of Rs.42.10 lakh for maintenance of the plantations resulted in failure of plantation with consequent loss of Rs.25.59 lakh.

(Paragraph 4.6)

Against the work of Rs.71.62 lakh executed by OCP India Private Limited, Kolkata, for construction of the second Manipur Bhawan at Salt Lake, Kolkata, the Executive Engineer, Building Division No.II, Imphal paid Rs.104.12 lakh resulting in an overpayment of Rs.32.50 lakh to the company.

(Paragraph 4.13)

Delay in installation and commissioning of Liquid Nitrogen Plant led to blocking of Government money to the tune of Rs.1.28 crore besides loss of Rs.8.90 lakh due to non-acceptance of the lowest rates in purchase of cryocans.

(Paragraph 4.14)

5. Internal Control System

Budgetary controls were not effectively enforced. Additional requirements were not properly assessed and supplementary provisions proved excessive.

Controls to detect and minimise risk of pilferage and loss of stores by annual physical verification were not effectively implemented. No reserve stock limit was fixed.

(Paragraph 5.1)

6. Audit of transactions (Revenue)

Tax of Rs.6.93 lakh was not levied from a dealer on account of non-submission of return/annual statement of accounts.

(Paragraph 6.8)

The Superintendent of Taxes, Sekmai Check Post allowed transporters to transport goods without declaration resulting in non-realisation of Sales Tax and penalty of Rs.50.73 lakh.

(Paragraph 6.10)

Non-application of prescribed rate led to short realisation of Show Tax of Rs.9.34 lakh from cinematograph exhibitors.

(Paragraph 6.11)

7. Commercial

General view of Government companies and Statutory corporation

As on 31 March 2004, there were 15 Government companies (nine working companies and six non-working companies) and one non-working Statutory corporation in the State. The total investment in working Public Sector Undertakings (nine working Government companies) was Rs.79.84 crore.

(Paragraphs 7.1 & 7.2.1)

The accounts of nine working Government companies were in arrears for periods ranging from seven to 22 years.

(Paragraph 7.4.3)

Out of nine working Government companies, three companies had incurred an aggregate loss of Rs.1.47 crore.

(Paragraph 7.5.2)

Two companies, out of three loss incurring working Government companies had accumulated losses aggregating Rs.4.11 crore which exceeded their aggregate paid up capital of Rs.1.85 crore, continued to receive financial support from the Government.

(Paragraph 7.6.2)

The total investment in seven non-working PSUs (six non-working Government companies and one non-working Statutory corporation) was Rs.90.68 crore as on 31 March 2004.

(Paragraph 7.8.1)

Improper planning and inadequate funding led to winding up of the Manipur Food Industry Corporation Limited (MFICL) rendering pre-operational expenditure of Rs.1.09 crore wasteful.

(Paragraph 7.16)

The management of MANITRON made irregular payment of security arrangements charges of Rs.1.79 crore to the Department of Home, Manipur in the work of preparation of Photo Identity Cards.

(Paragraph 7.17.6)

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

In Summary

The year 2003-04 witnessed revenue and fiscal deficits for the fifth consecutive year indicating continued macro imbalances in the State. While the revenue deficit decreased from Rs.87 crore in 2002-03 to Rs.44 crore in 2003-04 (current year), the fiscal deficit, however, went up from Rs.249 crore in 2002-03 to Rs.286 crore in 2003-04.

Revenue of the State consisted mainly of its own tax and non-tax revenue, Central tax transfers and grants-in-aid from Government of India. Overall revenue receipts increased from Rs.1070 crore in 1999-2000 to Rs.1420 crore in 2003-04 at an average trend rate of 9.15 *per cent*. There were, however, significant inter year variations in the growth rates. During the current year, the revenue receipts grew by 6.93 *per cent.* While the revenue receipts from State's own sources declined by 3.28 *per cent*, Central tax transfers increased by 28.19 *per cent* and the grants-in-aid from Government of India increased by 4.22 *per cent* over the last year. State generated only 8.3 *per cent* of revenue receipts from its own sources and continued to remain highly dependent on transfers from the Union Government.

Total expenditure of the State increased from Rs.1577 crore in 2002-03 to Rs.1706 crore in 2003-04. The rate of growth of expenditure during the year was 8.18 *per cent* as compared to 3.88 *per cent* in the previous year.

There was an increase of 49.07 *per cent* in capital expenditure and decrease of 3.84 *per cent* in non-developmental expenditure during 2003-04 over the last year. Debt burden (fiscal liabilities) of the State at the end of 2003-04 was Rs.2300 crore, up by 3.37 *per cent* over the previous year.

High interest rates paid by the Government on its borrowings but low GSDP growth resulted in negative interest spread for the last two consecutive years, violating the cardinal rule of debt sustainability. The finances of the State continue to be dependent on the Central tax transfer and grants-in-aid from Government of India.

1.1 Introduction

The Finance Accounts of the Government of Manipur are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State Government. The lay out of the Finance Accounts is depicted in the Box 1.1.

Box 1.1: Lay out of Finance Accounts

Statement No.1 presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc. in the Consolidated Fund, Contingency Fund and Public Account of the State.

Statement No.2 contains the summarised statement of capital outlay showing progressive expenditure to the end of current year.

Statement No.3 exhibits financial results of irrigation works.

Statement No.4 indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.

Statement No.5 gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.

Statement No.6 gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.

Statement No.7 gives the summary of cash balances and investments made out of such balances.

Statement No.8 depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2004.

Statement No.9 shows the revenue and expenditure under different heads for the current year as a percentage of total revenue/expenditure.

Statement No.10 indicates the distribution between the charged and voted expenditure incurred during the year.

Statement No.11 indicates the detailed account of revenue receipts by minor heads.

Statement No.12 provides accounts of revenue expenditure by minor heads under non-plan, State plan and Centrally sponsored schemes separately and capital expenditure major head wise.

Statement No.13 depicts the detailed capital expenditure incurred during and to the end of the current year.

Statement No.14 shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, etc. up to the end of the current year.

Statement No.15 depicts the capital and other expenditure(other than revenue account) to the end of the current year and the principal sources from which the funds were provided for that expenditure.

Statement No.16 gives the detailed account of receipts, disbursements and balances under the heads of account relating to debt, Contingency Fund and Public Account.

Statement No.17 presents the detailed account of debt and other interest bearing obligations of the Government.

Statement No.18 provides the detailed account of loans and advances given by the Government of Manipur, the amount of loans repaid during the year, the balances at the end of the year and the amount of interest received during the year.

Statement No.19 gives the details of balances of earmarked funds.

1.2 Trend of Finances with reference to previous year

Finances of the State Government during the current year compared to previous year were as under:

(Rupees in crore)

2002-03	Sl. No.	Major Aggregates	2003-04
1328	1.	Revenue Receipts (2+3+4)	1420
65	2.	Tax Revenue	68
57	3.	Non-Tax Revenue	50
1206	4.	Other Receipts:	
		Central Tax Transfer	241
		Grants-in-aid	1061
—	5.	Non-Debt Capital Receipts	—
♦	6.	Recovery of Loans and Advances	♣
1328	7.	Total Receipts (1+5)	1420
1276	8.	Non-Plan Expenditure (9+11+12)	1275
1276	9.	On Revenue Account	1259
255	10.	Of which, Interest Payments	215
—	11.	On Capital Account	16
—	12.	On Loans disbursed	—
301	13.	Plan Expenditure (14+15+16)	431
139	14.	On Revenue Account	205
161	15.	On Capital Account	224
1	16.	On Loans disbursed	2
1577	17.	Total Expenditure (8+13)	1706
249	**18.**	**Fiscal Deficit (17–7)**	**286**
87	**19.**	**Revenue Deficit (9+14–1)**	**44**
6	**20.**	**Primary Deficit (18–10)**	**71**

♦ Rs.0.47 crore.

♣ Rs.0.48 crore

1.3 Summary of Receipts and Disbursements for the year

Table-I summarises the finances of the State Government of Manipur for the year 2003-04 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public accounts receipts and disbursements made during the year as emerging from Statement–1 of Finance Accounts and other detailed statements.

Table 1: Summary of receipts and disbursements for the year 2003-04

(Rupees in crore)

2002-03	Receipts	2003-04	2002-03	Disbursements	2003-04		
			Section-A: Revenue				
					Non-Plan	Plan	Total
1327.99	**I. Revenue Receipts**	1419.71	1415.11	**I. Revenue expenditure**	1259.09	204.38	1463.47
65.16	*Tax revenue*	*68.24*	*650.59*	*General Services*	*622.16*	*3.94*	*626.10*
56.49	*Non-tax revenue*	*49.33*	*461.43*	*Social Services*	*359.57*	*106.34*	*465.91*
188.12	*Share of Union Taxes/Duties*	*240.89*	*303.09*	*Economic Services*	*277.36*	*94.10*	*371.46*
1018.22	*Grants from Government of India*	*1061.25*	—	*Grants-in-aid/ Contributions*	—	—	—
			Section-B: Capital				
—	**II. Miscellaneous Capital Receipts**	—	160.71	**II. Capital Outlay**	16.42	223.97	240.39
0.47	**III. Recoveries of Loans and Advances**	0.48	1.55	**III. Loans and Advances disbursed**	0.09	1.87	1.96
1103.65	**IV. Public debt receipts***	876.61	1014.84	**IV. Repayment of Public Debt**			787.97
—	**V. Contingency Fund**	—	—	**V. Contingency Fund**	—	—	—
698.77	**VI. Public account receipts**	745.71	707.16	**VI. Public Account disbursements**			736.80
(–)159.09	Opening Balance	(–) 327.58	(–) 327.58	Closing Balance			(–) 515.66
2971.79	Total	2714.93	2971.79	Total			2714.93

* Excludes net ways and means advances and overdraft.

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statements of the Finance Accounts for the year 2003-04 and wherever necessary, show these in the light of time series data and periodic comparisons. The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities, and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

The reporting parameters are depicted in the Box 1.2

Box 1.2 : Reporting Parameters

Fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The New GSDP series published by the Bureau of Economics and Statistics Department of the State Government have been used as a base.

For tax revenues, non-tax revenues, revenue expenditure *etc.* buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP.

For most series a trend growth during 1999-2004 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in *Appendix–I.*

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account as defined in Box 1.3.

Box 1.3 – State Government Funds and the Public Account

Consolidated Fund	Contingency Fund	Public Account
All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled 'The Consolidated Fund of State' established under Article 266 (1) of the Constitution of India.	Contingency Fund of State established under Article 267 (2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.	Besides the normal receipts and expenditure of Government which relate to the Consolidated Fund, certain other transactions enter Government Accounts, in respect of which Government acts more as a banker. Transactions relating to provident funds, small savings, other deposits, *etc.* are a few examples. The public moneys thus received are kept in the Public Account set up under Article 266 (2) of the Constitution and the related disbursements are made from it.

1.5 State finances by key indicators

1.5.1 Resources by volumes and sources: Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources *viz.*, market loans, borrowings from financial institutions/commercial banks *etc.*, and loans and advances from Government of India as well as accruals from Public account.

Table 2 shows that the total receipts of the State Government for the year 2003-04 were Rs.3042.51 crore. Of these, the revenue receipts of the State Government were Rs.1419.71 crore only, constituting 46.66 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Manipur

(Rupees in crore)

I.	**Revenue Receipts**		**1419.71**
II.	**Capital Receipts**		**877.09**
	(a)	*Miscellaneous Receipts*	—
	(b)	*Recovery of Loans and Advances*	*0.48*
	(c)	*Public Debt Receipts**	*876.61*
III.	**Contingency Fund Receipts**		—
IV.	**Public Account Receipts**		**745.71**
	(a)	*Small Savings, Provident Fund, etc.*	*121.27*
	(b)	*Reserve Fund*	*5.16*
	(c)	*Deposits and Advances*	*31.82*
	(d)	*Suspense and Miscellaneous*	*44.47*
	(e)	*Remittances*	*542.99*
	Total Receipts		**3042.51**

The source of total receipts under different heads and GSDP during 1999-2004 is indicated in Table 3.

Table 3– Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt-Receipts	Accruals in Public Account		
1999-2000	1070	0.56	143	1035	2249	2740
2000-01	1045	0.52	417	963	2426	3159
2001-02	1177	0.47	655	127	1959	3591
2002-03	1328	0.47	1104	699	3131	3740
2003-04	1420	0.48	877	746	3043	4062

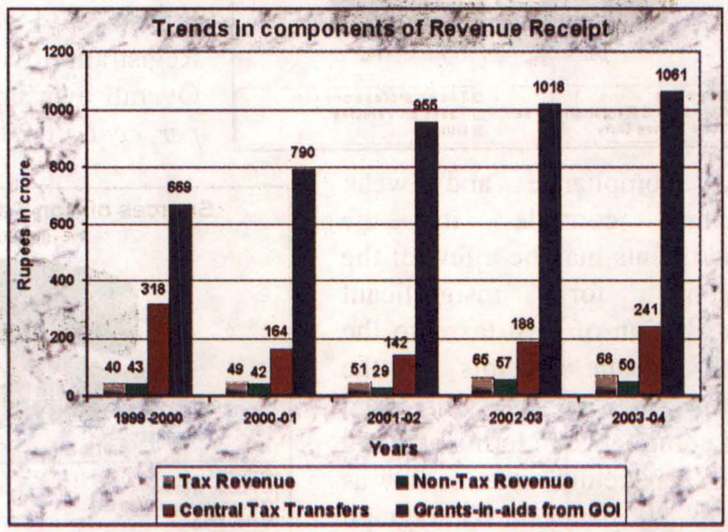
1.5.2 Revenue Receipts: Statement No.11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist mainly of its own tax and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the State's Gross Domestic Product (GSDP) and its buoyancy are indicated in Table 4.

* Excludes ways and means advances and overdrafts.

Table 4: Revenue Receipts – Basic Parameters (Values in Rupees crore and others in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Revenue Receipts	1070.00	1045.00	1177.00	1328.00	1420.00	1208.00
Own Taxes	3.74	4.69	4.33	4.89	4.79	4.52
Non-Tax Revenue	4.02	4.02	2.46	4.29	3.52	3.66
Central Tax Transfers	29.72	15.69	12.06	14.16	16.97	17.43
Grants-in-aid	62.52	75.60	81.14	76.66	74.72	74.39
Rate of Growth	19.29	(–) 2.34	12.63	12.83	6.93	9.15
Revenue Receipts/GSDP	39.05	33.08	32.78	35.51	34.96	34.93
Revenue Buoyancy	2.336	**	0.924	3.092	0.805	0.889
GSDP Growth	8.258	15.292	13.675	4.149	8.61	10.286

The revenue receipts of the State increased from Rs.1070 crore in 1999-2000 to Rs.1420 crore in 2003-04 at an average trend rate of 9.15 *per cent*. There were, however, significant inter-year variations in the growth rates. The increase in revenue receipts during last five years was mainly due to significant increase in grants-in-aid from Government of India from Rs.669 crore in 1999-2000 to Rs.1061 crore in 2003-04. The tax revenue increased from Rs.40 crore to Rs.68 crore and non-tax revenue from Rs.43 crore to Rs.50 crore during last five years. The Central tax transfers, however, declined from Rs.318 crore in 1999-2000 to Rs.241 crore in 2003-04.



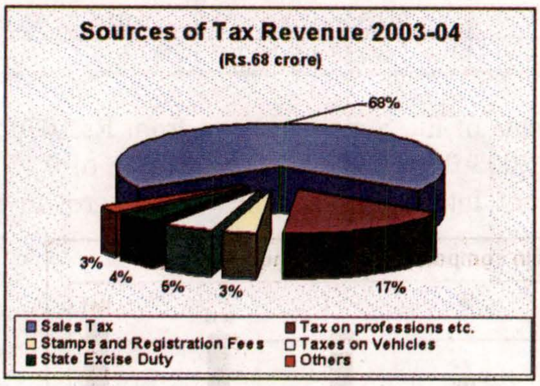
During the current year, the revenue receipts grew by 6.93 *per cent* over the previous year but State's own tax and non-tax revenue decreased by 3.28 *per cent*. The increase in revenue receipts was on account of Central tax transfers which increased by 28.19 *per cent* and grants-in-aid which also went up by 4.22 *per cent* in the current year over 2002-03.

During the five-year period 1999-2004, the State had a buoyant economy with its GSDP growth averaging 10.29 *per cent*. Revenue growth was lower than GSDP growth rate and average buoyancy of revenue receipt during this period was less than one.

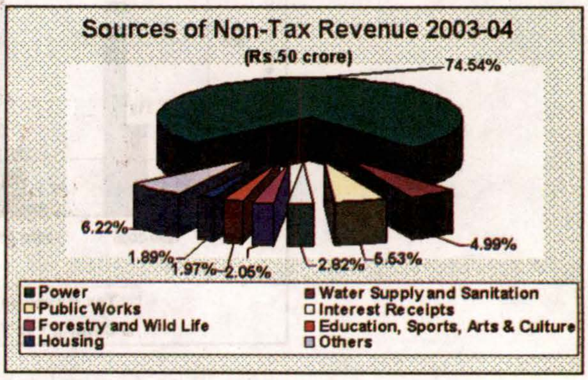
The dependency of the State on grants-in-aid from Government of India was increasing year after year. While only 8.31 *per cent* of the revenue receipts during 2003-04 came from State's own resources comprising of taxes and non-taxes, Central tax transfers and grants-in-aid together contributed 91.69 *per cent* of the total revenue. The State finances are mostly dependent on Central tax transfer and

** Rate of Growth of Revenue Receipts was negative.

grants-in-aid from Government of India. Compared to 1999-2000, the contribution of State's own tax and non-tax revenues in its total revenue receipts increased from 7.76 *per cent* to 8.31 *per cent*. The contribution of grants-in-aid from Government of India increased significantly from 62.52 *per cent* in 1999-2000 to 74.72 *per cent* in 2003-04. The Central tax transfers, however, declined contributing only 16.97 *per cent* of the total revenue receipts in 2003-04 as compared to 29.72 *per cent* in 1999-2000.



Sales Tax was the major contributor (67.58 *per cent*) of State's own tax revenue followed by taxes on Professions, Trades, Callings and Employment (17.08 *per cent*), taxes on Vehicles (4.95 *per cent*), State Excise (4.34 *per cent*), Stamps and Registration fees (3.41 *per cent*) *etc.* Overall own tax–GSDP ratio at 1.67 *per cent* in 2003-04 was very low.



Low compliance and weak internal controls in the departments may be a few of the reasons for insignificant contribution of own taxes to the total revenue receipts of the State. Audit review disclosed that compliance in terms of filing Sales Tax returns was as low as 17 to 20 *per cent* (Paragraph 6.7.5) and weak internal controls gave ample scope for concealment and inaccurate furnishing of information by the dealers

The non-tax revenue of the State was only Rs.50 crore in 2003-04 as compared to Rs.57 crore in the previous year. Of non-tax revenue sources, receipts from Power (74.54 *per cent*), Public works (5.53 *per cent*), Water Supply and Sanitation (4.99 *per cent*), Forestry and Wild Life (2.05 *per cent*) and interest receipts (2.82 *per cent*) were principal contributors.

The current levels of cost recovery (revenue receipts as a percentage of revenue expenditure) in supply of merit goods and services by Government were 0.15 *per cent* for secondary education, 0.73 *per cent* for university and higher education, 2.54 *per cent* for technical education, 0.56 *per cent* for medical and public health and 34.89 *per cent* for water supply and sanitation.

1.6 Application of resources

1.6.1 Trend of growth: Statement No.12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State decreased marginally from Rs.1714 crore in 1999-2000 to Rs.1706 crore in 2003-04.

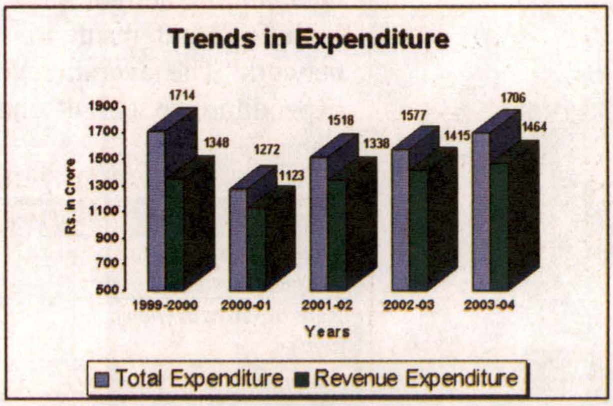
Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table 5 below:

Table 5: Total Expenditure – Basic Parameters
(value in Rs. crore and others in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average/ Trend
Total Expenditure	1714.00	1272.00	1518.00	1577.00	1706.00	1557.00
Rate of Growth	70.47	(–) 25.80	19.37	3.88	8.18	7.62
TE/GSDP Ratio	62.55	40.26	42.28	42.17	42.00	45.03
Revenue Receipts/ TE Ratio	62.43	82.17	77.53	84.21	83.24	77.57
Buoyancy of Total Expenditure with						
GSDP	8.534	*	1.416	0.934	0.950	0.741
Revenue Receipts	3.654	**	1.533	0.302	1.181	0.833

Total Expenditure includes Revenue Expenditure, Capital Expenditure and Loans & Advances.

After a sharp rise of over 70 *per cent* in total expenditure in 1999-2000 there was a drastic fall in 2000-01. In later years, however, the total expenditure increased steadily from Rs.1272 crore in 2000-01 to Rs.1518 crore (2001-02), to Rs.1577 crore (2002-03) and to Rs.1706 crore in 2003-04. The rate of growth of expenditure during the current year was 8.18 *per cent* as compared to 3.88 *per cent* in the previous year. The ratio of revenue receipt to total expenditure improved from 62.43 *per cent* in 1999-2000 to 83.24 *per cent* in 2003-04. This was mainly due to increase in revenue receipts on account of higher grants-in-aid from Government of India and slight decline in total expenditure. The rate of growth of total expenditure was 8.18 *per cent* in the current year as compared to 3.88 *per cent* in 2002-03. The ratio of total expenditure to GSDP, after a sharp fall of over 20 percentage points in 2000-01, hovered around 42 *per cent* in last three years. The increase in total expenditure in 2003-04 was due to increase in expenditure on Economic services by Rs.122 crore which was nearly 94.57 *per cent* of net increase of total expenditure over previous year.



1.6.2 In terms of the activities, total expenditure could be considered as being composed of expenditure on General services, interest payments, Social and Economic services, grants-in-aid and other contributions to institutions, and loans

* Rate of growth of Revenue expenditure was negative.

** Rate of growth of Revenue expenditure and revenue receipts were negative.

and advances. Relative share of these components in total expenditure is indicated in Table 6.

Table 6: Components of Expenditure – Relative share (in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
General Services⊕	25.15	26.73	24.70	25.43	24.62	25.26
Interest Payments	7.70	13.92	12.58	16.17	12.60	12.46
Social Services	33.72	34.44	32.87	33.99	33.00	33.57
Economic Services	33.31	24.85	29.58	24.35	29.66	28.59
Loans and Advances	0.12	0.06	0.27	0.06	0.12	0.12

Expenditure on General services and interest payments which are considered as non-developmental, together accounted for 37.22 *per cent* in 2003-04 as against 32.85 *per cent* in 1999-2000. In the current year, however, the non-developmental expenditure decreased by 3.84 *per cent* over last year.

On the other hand, developmental expenditure *i.e.,* on Social and Economic services together accounted for only 62.66 *per cent* in 2003-04 as against 67.03 *per cent* in 1999-2000. This indicated declining priority for developmental expenditure.

1.6.3 Incidence of Revenue expenditure: In the total expenditure, revenue expenditure had the predominant share. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and revenue receipts and its buoyancy are indicated in Table 7.

Table 7: Revenue Expenditure – Basic Parameters

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Revenue Expenditure (Rupees in crore)	1348	1123	1338	1415	1464	1338
Rate of Growth (*per cent*)	70.42	(–) 16.69	19.15	5.75	3.46	10.20
RE/GSDP	49.20	35.55	37.26	37.83	36.04	38.68
RE as percentage of TE	78.62	88.30	88.13	89.70	85.81	85.89
RE as percentage of RR	125.98	107.46	113.68	106.55	103.10	110.73
Buoyancy of Revenue Expenditure with						
GSDP	8.528	*	1.400	1.387	0.402	0.991
Revenue Receipts	3.651	**	1.516	0.449	0.500	1.115

Overall revenue expenditure of the State increased at an average trend rate of 10.20 *per cent*. Rate of growth of revenue expenditure reached a level of 70.42 *per cent* in 1999-2000 but had decelerated since then. As a result, revenue expenditure – GSDP ratio declined from 49.20 *per cent* in 1999-2000 to 36.04 *per cent* in 2003-04. On an average 85.89 *per cent* of the total expenditure was on current consumption during last five years.

⊕ Excluding interest payments.

* Rate of growth of Revenue expenditure was negative.

** Rate of growth of Revenue expenditure and revenue receipts were negative.

(i) High expenditure on pension payments: Pension payments have increased by 14.48 *per cent* from Rs.145 crore in 1999-2000 to Rs.166 crore in 2003-04. Year-wise break-up of expenditure incurred on pension payments during the years 1999-2000 to 2003-04 was as under:

Table 8

(Rupees in crore)

Year	Expenditure on pension payments	Percentage to total revenue expenditure
1999-2000	145	10.75
2000-01	127	11.31
2001-02	140	10.46
2002-03	167	11.80
2003-04	166	11.33

With the increase in number of retirees, the pension liabilities are likely to increase further in future. The Government of Manipur has however, adopted the new restructured Defined Contribution Pension Scheme of the Government of India *mutatis mutandis* in respect of new entrants to the State's services with effect from 1st January 2005. Under the scheme, new entrants will have to contribute 10 *per cent* of the salary and DA towards Defined Contribution Pension Scheme with matching contribution being provided by the Government of Manipur. The new entrants will not be entitled to pension/family pension under the existing pension rules. The new scheme will therefore, reduce pension liabilities of the State Government in long run but will lead to increased expenditure in initial years on account of matching contributions to be provided by the Government for new entrants in addition to making pension payments to the existing pensioners.

(ii) Interest payment: The Eleventh Finance Commission (August 2000) has recommended that as a medium term objective, States should endeavour to keep interest payment, as a ratio to revenue receipts at 18 *per cent*. It was however observed that the interest payment in Manipur was more then 18 *per cent* of revenue receipts in 2002-03 as shown below:

Table 9

Year	Interest payments (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue expenditure
1999-2000	132	12.34	9.79
2000-01	177	16.94	15.76
2001-02	191	16.22	14.27
2002-03	255	19.20	18.02
2003-04	215	15.14	14.69

Interest payments increased steadily from Rs.132 crore in 1999-2000 to Rs.215 crore in 2003-04 at an average growth rate of 19.89 *per cent* primarily due to ever increasing borrowings. In comparison to previous year, however, the interest payments declined by Rs.40 crore due to less payment of interest on Internal Debt and State Provident Fund. The interest payment was on Internal Debt (Rs.54.94 crore), loans received from Central Government (Rs.124.56 crore) and Small Savings, PF, *etc.* (Rs.35.83 crore).

1.7 Expenditure by Allocative priorities

The expenditure of the State in the nature of plan expenditure, capital expenditure and development expenditure reflects its quality. Higher the ratio of these components to total expenditure, better is the quality of expenditure. Table 10 gives these ratios during 1999-2004 as follows:

Table 10: Quality of Expenditure (*per cent* to total expenditure)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Plan Expenditure	36.16	26.20	24.83	19.04	25.18	26.45
Capital Expenditure	21.26	11.64	11.62	10.22	14.08	14.00
Developmental Expenditure	67.11	59.32	62.62	58.38	62.73	62.23

(Total expenditure does not include Loans and Advances)

All the three components of quality of expenditure indicated relative decline during 1999-2004. In the year 2003-04, share of the plan as well as capital expenditure in the total expenditure was significantly lower compared to 1999-2000. The share of developmental expenditure in total expenditure in the current year was also lower than its share in 1999-2000. However, in the current year 2003-04, the plan, capital and developmental expenditures increased by 43 *per cent*, 49.07 *per cent* and 16.19 *per cent* respectively over the previous year indicating some improvement in the allocative priorities. To assess the impact of Government policies and declining share of quality expenditure, one service (Medical and Health Services) from the social sector was selected by Audit to evaluate adequacy of Medical and Health Services in the State and their preparedness in providing prompt and quality health care services to the people of the State. Audit findings in this regard are contained in Paragraph 3.2 of this Report.

Out of the developmental expenditure of Rs.1069 crore, during the year, social services accounted for 52.67 *per cent* (Rs.563 crore). Expenditure on General Education, Health, Medical and Family Welfare, Water Supply and Sanitation constituted 75.12 *per cent* of the expenditure on Social sector.

Table 11: Social Sector Expenditure

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
General Education	319.75	265.29	274.45	268.47	283.73
Health, Medical and Family Welfare	75.42	66.61	72.20	62.37	74.20
Water Supply and Sanitation	72.69	35.53	46.52	96.99	65.12
Total	**467.86**	**367.43**	**393.17**	**427.83**	**423.05**
As a percentage of expenditure on Social sector	81.06	83.87	78.87	79.79	75.12

Similarly, the expenditure on Economic Services (Rs.506 crore) accounted for 47.33 *per cent* of the development expenditure. Of which, Irrigation and Flood Control, Energy and Transport accounted for 54.42 *per cent.*

Table 12: Economic Sector Expenditure

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Irrigation and Flood Control	77.39	43.38	64.95	52.48	67.60
Energy	217.14	97.91	120.90	103.00	130.73
Transport	73.44	40.94	50.25	72.05	76.70
Total	**367.97**	**182.23**	**236.10**	**227.53**	**275.03**
As a percentage of expenditure on Economic sector	54.82	57.64	52.67	59.28	54.42

1.7.1 *Financial assistance to Local Bodies and other Institutions*

(i) Extent of assistance: The quantum of assistance (Rs.158.21 crore) provided by way of grants (Rs.150.59 crore) and loans (Rs.7.62 crore) to different local bodies *etc.*, during the period of 5 years ending 2003-04 was as follows:

Table 13

(Rupees in crore)

		1999-2000	2000-01	2001-02	2002-03	2003-04
Universities and Educational institutions	Grants	26.36	21.72	30.45	34.10	28.90
	Loans	—	—	—	—	—
Municipal Corporations/ Municipalities	Grants	0.66	0.59	2.45	0.64	1.54
	Loans	—	—	—	—	—
Cooperative Societies and other Cooperative Institutions	Grants	—	0.12	0.94	0.16	0.28
	Loans	1.74	0.06	3.26	—	1.70
Other institutions	Grants	0.36	0.14	0.24	0.53	0.41
	Loans	—	—	—	0.81	0.05
Total	**Grants**	**27.38**	**22.57**	**34.08**	**35.43**	**31.13**
	Loans	**1.74**	**0.06**	**3.26**	**0.81**	**1.75**
Grand Total		**29.12**	**22.63**	**37.34**	**36.24**	**32.88**
Percentage of increase(+)/ decrease(-) over previous year		14.64	(–) 22.28	65.00	(–) 2.95	(–) 9.27
Assistance as a percentage of revenue expenditure		2	2	3	3	2.24

The total assistance at the end of 2003-04 had grown by 12.91 *per cent* over the level of 1999-2000 but decreased by 9.27 *per cent* compared to previous year mainly as a result of decreased assistance to Universities and Educational institutions. The assistance to local bodies as a percentage of total revenue expenditure had remained between two to three *per cent* during 1999-2004.

(ii) Delay in furnishing Utilisation Certificates: Financial rules of Government require that where grants are given for specific purposes, certificates of utilisation are to be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within one year from the date of sanction unless specified otherwise. Detailed information in this regard was not furnished by the State Government/departments though called for in June and August in 2004.

(iii) Delay in submission of accounts: In order to identify the institutions which attract audit under Section 14 and 15 of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971, Government/ Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. Information for the year 2003-04 called for in September 2004 had not been furnished by the departments/Government (December 2004).

The accounts of the 13 institutions/bodies which had been receiving grants of more than Rs.25 lakh continuously from the State Government and others, and the accounts due for audit under Section 14 of the Act, *ibid*, in earlier years, were in arrears. The details are given in *Appendix–II.*

The audit of accounts of Manipur State Legal Service Authority audited under Sections 19 (2) of the Comptroller and Auditor General's (DPC) Act, 1971, were in arrears for the years 2002-03 and 2003-04 due to non-receipt/late receipt of the accounts. Position regarding arrears in accounts of Autonomous District Councils audited under Section 19 (3) of the Act, is discussed in Paragraph 4.16 of this Report.

1.8 Assets and liabilities

In the Government accounting system, comprehensive accounting of the fixed assets like land and buildings *etc.*, owned by Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. *Appendix–III* gives an abstract of such liabilities and the assets as on 31 March 2004 compared with the corresponding position on 31 March 2003. While the liabilities in this statement consist mainly of internal borrowings, loans and advances from the Government of India, accumulated balances from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. *Appendix–III* shows that while the liabilities grew by 9.46 *per cent*, the assets increased only by 6.12 *per cent* reducing the assets liabilities ratio from 1.27 in 2002-03 to 1.23 in 2003-04. The liabilities of Government of Manipur depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to retiring State employees and guarantees issued by the State Government. An abstract of receipts and disbursements of the Government of Manipur for the year 2003-04 is given in *Appendix–IV*. *Appendix–V* exhibits sources and application of funds. *Appendix–VI* depicts the Time series data on State Government Finances for the period 1999-2004.

1.8.1 Incomplete projects: There were 328 incomplete projects in the State as of 31 March 2004 involving capital of Rs.784 crore. Of these, two major and one medium projects involving Rs.421.64 crore are listed in *Appendix–VII.* A review on one major incomplete project (Thoubal Multipurpose Project) has been conducted by Audit and the findings are included in Chapter III of this Report.

1.8.2 Investments and returns: As on 31 March 2004, Government had invested Rs.144 crore in its Statutory Corporations, Government companies and Co-operative Institutions. Government's return on this investment was 0.03 *per cent* in the last five years. With an average interest rate of 9.54 *per cent* being paid by Government on its borrowings, the average annual subsidy amounted to 9.51 *per cent* and the implicit subsidy during the period 1999-2004 was Rs.52.23 crore.

Table 14: Return on Investment

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Investment at the end of the year (Rs. in crore)	87	91	108	115	144	109
Returns (Rs. in crore)	—	—	0.08	—	0.08	0.03
Percentage of returns	—	—	0.07	—	0.06	0.03
Average interest rate paid by Government	8.44	9.34	8.90	11.53	9.50	9.54
Difference between interest rates and return (in *per cent)*	8.44	9.34	8.82	11.53	9.44	9.51
Implicit subsidy (Rupees in crore)	7.34	8.50	9.53	13.26	13.60	10.37

***1.8.3 Loans and advances by State Government*:** In addition to investments in Co-operatives, Corporations and Companies, Government has also been providing support in terms of loans and advances to many of these parastatals. Total outstanding balance as on 31 March 2004 was Rs.57.52 crore. Interest received on such loans had varied from 0.13 *per cent* to 0.63 *per cent* during 1999-2004 (Table 15). Total implicit subsidy during 1999-2004 on such loans was Rs.23.70 crore.

Table 15: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Opening Balance	48.95	50.99	51.29	54.96	56.04	52.40
Amount advanced during the year	2.60	0.82	4.14	1.55	1.96	2.23
Amount repaid during the year	0.56	0.52	0.47	0.47	0.48	0.50
Closing Balance	50.99	51.29	54.96	56.04	57.52	54.20
Net Addition	2.04	0.30	3.67	1.08	1.48	1.73
Interest Received	0.63	0.13	0.22	0.26	0.19	0.28
Interest Received as *per cent* to Loans advanced	1.26	0.25	0.41	0.47	0.33	0.55
Average interest paid by the State (*per cent*)	8.44	9.34	8.90	11.53	9.50	9.54
Difference between interest paid and received (*per cent*)	7.18	9.08	8.49	11.06	9.17	9.00
Implicit subsidy	3.51	4.63	4.35	6.08	5.13	4.71

***1.8.4 Management of cash balances*:** It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) and overdraft from Reserve Bank of India has been put in place. State has not shown any distinct improvement in management of cash balances as WMA facilities were used for 48 days during 2003-04 as against 50 days in 1999-2000. As regards overdraft, the State Government has used this facility for 212 days in 2003-04 as against 102 days in 1999-2000 signifying no improvement in cash management of the Government during 1999-2004.

Table 16: Ways and means and overdrafts of the State and Interest paid thereon

(Rupees in crore)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Ways and Means Advances						
Taken in the year	169.44	209.03	70.31	101.54	247.07	159.48
Outstanding	28.21	41.83	42.40	55.70	55.31	44.69
Interest Paid	1.75	2.03	2.82	3.28	2.99	2.57
Number of Days	50	45	—	—	48	48
Overdraft						
Taken in the year	961.69	982.08	1486.13	1227.45	215.20	974.51
Outstanding	276.84	400.50	497.86	49.75	49.75	254.94
Interest Paid	2.20	5.73	9.12	18.63	1.71	7.48
Number of Days	102	108	142	135	212	140

1.8.5 Undischarged liabilities

***(i) Fiscal liabilities – Public debt and guarantees*:** Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits as may from time to time be fixed by the Act of its Legislature. Table 17 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources and the buoyancy of these liabilities with respect to these parameters.

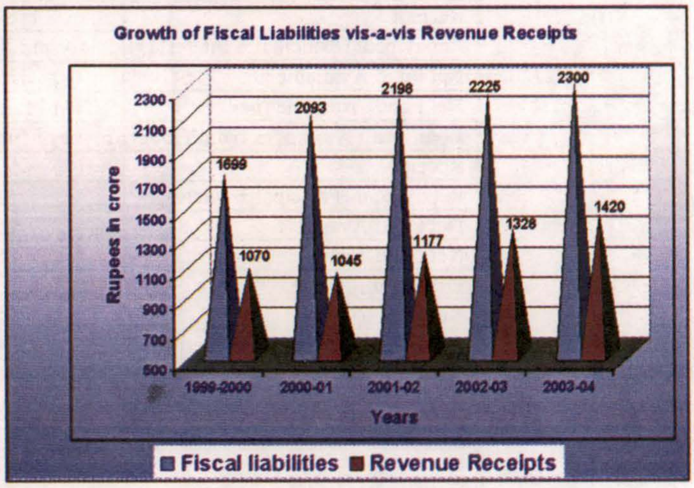
Table 17: Fiscal Liabilities – Basic Parameters (Value in Rupees in crore and ratios in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Fiscal Liabilities$	1699	2093	2198	2225	2300	2103
Rate of Growth	18.81	23.19	5.02	1.23	3.37	9.68
Ratio of Fiscal Liabilities to						
GSDP	62.01	66.26	61.21	59.49	56.62	60.81
Revenue Receipt	158.79	200.29	186.75	167.55	161.97	174.09
Own Resources	2046.99	2300.00	2747.50	1823.77	1949.15	2128.54
Buoyancy of Fiscal Liabilities to						
GSDP	2.278	1.516	0.367	0.296	0.392	0.941
Revenue Receipt	0.975	*	0.397	0.096	0.487	1.058
Own Resources	0.555	2.406	*	0.023	*	0.751

$ Includes Internal Debt, Loans and Advances from GOI and other obligations.

* Revenue Receipts and Own Resources had a negative growth.

Over all fiscal liabilities of the State increased from Rs.1699 crore in 1999-2000 to Rs.2300 crore in 2003-04 on an average rate of 9.68 *per cent* during 1999-2004. The rate of growth of fiscal liabilities after reaching its peak of 23.19 *per cent* in 2000-01 decelerated in later years and stood at 3.37 *per cent* in 2003-04.The ratio of these liabilities to GSDP also decreased from 62.01 *per cent* in 1999-2000 to 56.62 *per cent* in 2003-04. The State's fiscal liabilities stood at 1.62 times of its revenue receipts and 19.49 times of its own resources.



In addition to these liabilities, Government had guaranteed loans raised by various Corporations and others, which at the end of 2003-04 stood at Rs.22 crore. The guarantees are in the nature of contingent liabilities, and the fiscal liabilities together with the contingent liabilities currently exceed 1.63 times the Revenue receipts of the State.

Sustainability of fiscal liabilities is examined in a variety of ways. One of the criteria of fiscal sustainability is the existence of a positive spread between rate of growth of GSDP and the average interest rate. In the case of Manipur, increasing interest rates compared to GSDP growth has resulted in negative interest spread in three out of five years (Table 18). The negative interest spread was as high as (–) 7.38 *per cent* in 2002-03 but came down to (–) 0.89 *per cent* in 2003-04 due to decline in interest rate paid on borrowings.

Table 18: Debt Sustainability-Interest Rate and GSDP Growth (in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average/ Trend
Weighted Interest Rate	8.44	9.34	8.90	11.53	9.50	9.54
GSDP Growth	8.26	15.29	13.68	4.15	8.61	10.29
Interest spread	(–) 0.18	5.96	4.77	(–) 7.38	(–) 0.89	0.74

Another important indicator of the debt sustainability is the net availability of the borrowed funds after payment of principal and interest. Table 19 below gives the position of receipt and re-payment of internal debt and other fiscal liabilities of the State over the last five years. The net funds available from the total receipts on account of public debt, loans and advances from Government of India and other debt receipts (including public account) decreased from 8.06 *per cent* in 1999-2000 to (–) 9.44 *per cent* in 2003-04. Thus the position regarding debt sustainability worsened considerably during last five years.

Table 19 : Net Availability of Borrowed Funds (Rupees in crore)

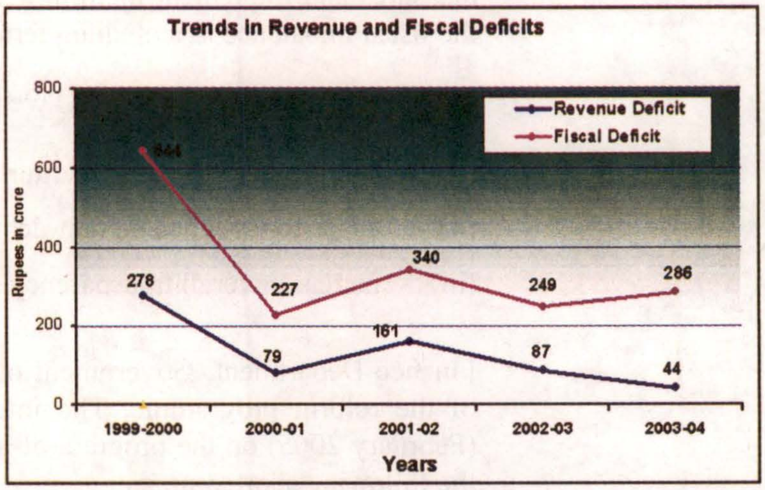
	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Internal debt						
Receipt	1181	1234	1609	1408	812	1248.80
Repayment (Principal + Interest)	1320	1145	1537	1851	706	1311.80
Net Fund Available	(–) 139	89	72	(–) 443	106	(–) 63.00
Net Fund Available (*per cent*)	(–) 11.76	7.21	4.47	(–) 31.46	13.05	(–) 3.70
Loans and Advances from Government of India						
Receipt	93	237	504	1025	527	477.20
Repayment (Principal + Interest)	68	136	663	703	724	458.80
Net Fund Available	25	101	(–) 159	322	(–) 197	18.40
Net Fund Available (*per cent*)	26.88	42.62	(–) 31.55	31.41	(–) 37.38	6.40
Other obligations						
Receipt	425	199	189	145	155	222.60
Repayment (Principal + Interest)	174	172	189	252	205	198.40
Total liabilities						
Receipt	1699	1670	2302	2578	1494	1948.60
Payments	1562	1453	2389	2806	1635	1969.00
Net receipts	137	217	(–) 87	(–) 228	(–) 141	(–) 20.40
Net Funds Available (*per cent*)	8.06	12.99	(–) 3.78	(–) 8.84	(–) 9.44	(–) 1.05

(ii) Off budget borrowings: The Constitution of India provides for State Governments to borrow from Open Market, Financial Institutions and Government of India, upon the security of the Consolidated Fund, within such limits, if any, as may from time to time be fixed by an Act of Legislature of the State. Government of Manipur raised off budget borrowings of Rs.30 crore in 1998-99 from HUDCO for construction of Khuman Lampak Sports Complex as per details furnished by the Finance Department. No off budget borrowings have been made during 1999-2000 to 2003-04.

1.9 Management of deficits

***1.9.1 Fiscal imbalances*:** The deficit in Government accounts represents the gap between its receipts and expenditure. The quantum of the deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. The revenue deficit of the State including power sector, which indicates the excess of its revenue expenditure over revenue receipts, decreased from Rs.87 crore in 2002-03 to Rs.44 crore in 2003-04 (Table 20). The revenue deficit for power sector during 2003-04 stood at Rs.65 crore and the State (excluding power sector) had a revenue surplus of Rs.21 crore. The details of revenue deficit of power sector and the State as a whole are given in *Appendix–VIII*.

The year 2003-04 witnessed revenue deficit for the fifth consecutive year. The deficit, however, showed a steep declining trend from Rs.278 crore in 1999-2000 to Rs.44 crore in 2003-04 mainly due to higher receipt of grants-in-aid from Government of India and low growth of expenditure. The existence of revenue deficit indicated that the revenue receipt of the State Government was not able to meet its revenue expenditure and the Government had to borrow funds to meet its current obligations.



The fiscal deficit which represents the need for additional resources of the Government and its total resource gap, decreased from Rs.644 crore in 1999-2000 to Rs.286 crore in 2003-04.

While the State had persistent revenue deficit, the ratio of revenue deficit to fiscal deficit had decreased from 43.17 *per cent* in 1999-2000 to 15.38 *per cent* in 2003-04. The existence of revenue deficit, however, indicated that the asset base of the State was continuously shrinking. As proportion to the State's GSDP, the revenue deficit was 1.08 *per cent* in 2003-04 as compared to 10.15 *per cent* in 1999-2000. The ratio of fiscal deficit to GSDP declined from 23.50 *per cent* in 1999-2000 to 7.04 *per cent* in 2003-04.

Table 20 : Fiscal Imbalances – Basic Parameters (Values in Rupees in crore and ratios in *per cent*)

	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
Revenue Deficit	(-) 278	(-) 79	(-) 161	(-) 87	(-) 44	(-) 130.00
Fiscal Deficit	(-) 644	(-) 227	(-) 340	(-) 249	(-) 286	(-) 349
Primary Deficit	(-) 512	(-) 50	(-) 149	6	(-) 71	(-) 155
RD/GSDP	(-) 10.15	(-) 2.50	(-) 4.48	(-) 2.33	(-) 1.08	(-) 3.75
FD/GSDP	(-) 23.50	(-) 7.19	(-) 9.47	(-) 6.66	(-) 7.04	(-) 10.10
PD/GSDP	(-) 18.69	(-) 1.58	(-) 4.15	0.16	(-) 1.75	(-) 4.49
RD/FD	43.17	34.80	47.35	34.94	15.38	37.17

(Negative figures indicate deficit)

1.10 Fiscal reforms programmes

1.10.1 The State Government submitted a Medium Term Fiscal Restructuring Policy (MTFRP) 2000-05 to Government of India in compliance to the recommendation of the Eleventh Finance Commission. Thereafter a Memorandum of Understanding (MOU) based on the fiscal situation of the State was signed between the Government of India and the State on 20 June 2002. Accordingly, the State Government is required to take specific and discernible measures and implement them in a structured and time bound manner to correct the fiscal imbalance in a medium term perspective.

The main objectives of the MOU were to:

(i) compress revenue expenditure,

(ii) enhance revenue and non-debt capital receipts to control debt levels, and

(iii) increase overall transparency and efficiency in governance.

Finance Department, Government of Manipur is responsible for implementation of the reform programme. The information furnished by Finance Department (February 2005) on the progress of implementation of the commitments revealed the following shortcomings:

1.10.2 Revenue Expenditure Compression

(i) The Government was to monitor steadfastly its decision to abolish 14,385 posts (Regular Establishment: 9,385 Work Charged Establishment: 5,000). But the Finance Department identified 13,132 posts of which orders for abolition of 12,012 posts (including 4,666 vacant posts) had been issued as on 31 May 2003. The Government is yet to identify/abolish remaining posts (February 2005).

(ii) The Government was to maintain a comprehensive nominal roll of State Government employees/employees of Government owned or funded organisation by 30 September 2002. Finance Department stated (February 2005) that the task of computerisation of nominal rolls entrusted to NIC had been completed however, cross-checking of entries was yet to be done.

(iii) The Government was to evolve an appropriate Voluntary Retirement Scheme (VRS) for Government employees during 2002-03, but the same was yet to be evolved (February 2005).

(iv) The Government was to issue specific order by 30 September 2002 for no fresh grant-in-aid commitments to any institution. Though no fresh commitments were given by Government during 2003-04, the specific order was yet to be issued (February 2005).

(v) A legislative cap was to be introduced by 30 September 2002 on the amount of guarantee to be provided by the State Government for loans to be taken by other entities sponsored by State Government and to exclude totally the private sector from being extended guarantee on their borrowings. Department of Finance intimated (February 2005) that in this regard Legislature had passed in November 2004 a bill which had obtained assent of the Governor.

1.10.3 *Revenue Receipt Enhancement*

As regards commitments made in the MOU on revenue enhancing measures, like revision of taxes and user charges, explore the possibility of lifting prohibition and a cap on announcing new tax concessions, the Government revised the rates of land revenue, hill house tax and drinking water supply during 2002-03. The Finance Department intimated (February 2005) that Government was revising their rates of user charges from time to time.

1.11 Fiscal indicators of the Government of Manipur

The finances of a State should be sustainable, flexible and non-vulnerable. Table 21 below presents a summarised position of Government finances over 1999-2004, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

Table 21: Indicators of Fiscal Health (in *per cent*)

Fiscal indicators	1999-2000	2000-01	2001-02	2002-03	2003-04	Average
I. Resource Mobilisation						
Revenue Receipt/GSDP	39.05	33.08	32.78	35.51	34.96	34.93
Revenue Buoyancy	2.336	*	0.924	3.092	0.805	0.889
Own tax/GSDP	1.460	1.551	1.420	1.738	1.674	1.579
II. Expenditure Management						
Total Expenditure/GSDP	62.55	40.26	42.28	42.17	42.00	45.03
Revenue Receipt/Total Expenditure	62.43	82.17	77.53	84.21	83.24	77.55
Revenue Expenditure/Total Expenditure	78.65	88.30	88.13	89.73	85.81	85.89
Plan Expenditure/Total Expenditure	36.16	26.20	24.83	19.04	25.18	26.45
Capital Expenditure/Total Expenditure	21.26	11.64	11.62	10.22	14.08	14.00
Development Expenditure/Total Expenditure	67.11	59.32	62.62	58.38	62.73	62.23
Buoyancy of TE with RR	3.654	*	1.533	0.302	1.181	0.833
Buoyancy of RE with RR	3.651	*	1.516	0.449	0.500	1.115
III. Management of Fiscal Imbalances						
Revenue deficit (Rs. in crore)	(–) 278	(–) 79	(–) 161	(–) 87	(–) 44	(–) 130
Fiscal deficit (Rs. in crore)	(–) 644	(–) 227	(–) 340	(–) 249	(–) 286	(–) 349
Primary Deficit (Rs. in crore)	(–) 512	(–) 50	(–) 149	6	(–) 71	(–) 155
Revenue Deficit/Fiscal Deficit	43.17	34.80	47.35	34.94	15.38	37.11
IV. Management of Fiscal Liabilities (FL)						
Fiscal Liabilities/GSDP	62.01	66.26	61.21	59.49	56.62	60.81
Fiscal Liabilities/RR	158.79	200.29	186.75	167.55	161.97	174.09
Buoyancy of FL with RR	0.975	*	0.397	0.096	0.487	1.058
Buoyancy of FL with OR	0.555	2.406	*	0.023	(–) 1.028	0.751
Interest spread	(–) 0.18	5.96	4.77	(–) 7.38	(–) 0.89	0.74
Net Funds Available	8.06	12.99	(–) 3.78	(–) 8.84	(–) 9.44	(–) 1.05
V. Other Fiscal Health Indicators						
Return on Investment	0.00	0.00	0.07	0.00	0.06	0.03
BCR (Rs. in crore)	(–) 673	(–) 339	(–) 567	(–) 575	(–) 509	(–) 533
Financial Assets/ Liabilities	1.61	1.45	1.36	1.27	1.23	1.38

* Revenue Receipts, Own Resources, Total Expenditure and Revenue Expenditure had a negative growth.

These ratios indicate a mixed trend. The ratio of own taxes to GSDP had shown slight improvement in the five-year period increasing from 1.46 *per cent* in 1999-2000 to 1.67 *per cent* in 2003-04. The revenue receipt to GSDP ratio though fluctuating has declined from 39.05 *per cent* in 1999-2000 to 34.96 *per cent* in 2003-04. The buoyancy of revenue receipt indicates the nature of the tax regime and the State's increasing access to resources. The revenue buoyancy on an average was less than one and had declined steeply to 0.80 *per cent* in 2003-04.

Various ratios concerning expenditure indicate quality of expenditure and sustainability in relation to resources. All the ratios of quality expenditure showed downward trends. The ratio of plan expenditure to total expenditure declined from 36.16 *per cent* in 1999-2000 to 25.18 *per cent* in 2003-04. The capital expenditure to total expenditure ratio also came down steeply from 21.26 *per cent* in 1999-2000 to 14.08 *per cent* in 2003-04. The ratio of developmental expenditure to total expenditure also registered a downward trend sliding from 67.11 *per cent* in 1999-2000 to 62.73 *per cent* in 2003-04. On the other hand, revenue expenditure to total expenditure increased from 78.65 *per cent* in 1999-2000 to 85.91 *per cent* in 2003-04 indicating that increasingly more expenditure was incurred on establishment, maintenance and services leaving very little capital on formation of assets.

The revenue deficit is the excess of revenue expenditure over revenue receipt and represents the revenue expenditure financed by borrowings *etc.* Evidently, higher the revenue deficit more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus, higher the ratio the worse of the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State.

Revenue and fiscal deficits in Manipur have reduced significantly during last five years but continued revenue and fiscal deficits indicate that the State finances are vulnerable to sources of funding outside its control. Decrease in the ratio of revenue deficit to fiscal deficit from 43.17 *per cent* in 1999-2000 to 15.38 *per cent* in 2003-04 means comparatively lesser application of borrowed funds to meet current consumption. The fiscal deficit, however, went up from Rs.249 crore in 2002-03 to Rs.286 crore in 2003-04.

Ratios of fiscal liabilities to GSDP and revenue receipts are showing decreasing trend since 2000-01 but their levels still remain high. The State should improve the management of its fiscal liabilities and also reduce its fiscal imbalance by further reduction in revenue and fiscal deficits to avoid getting into a debt trap.

There has also been a decline in net availability of funds from its borrowings during last five years due to a larger portion of these funds being used for debt servicing. In fact during last three years, borrowings were not available at all for developmental expenditure as repayments on borrowings exceeded the receipts. In the year 2003-04 alone, repayments exceeded the borrowings by Rs.141 crore.

The State's negligible return (0.03 *per cent*) on investment indicates huge implicit subsidy and utilisation of high cost borrowing for investments that yield nothing. There has been consistent decline in State's ratio of total financial assets to liabilities indicating that asset back up of liabilities is diminishing continuously. The State has to either generate more revenue from out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance from current revenue (BCR) which plays a critical role in determining the plan size, has been negative continuously for five years in a row. A negative BCR affects the plan size and reduces availability of funds for additional infrastructure support and other revenue generating investments.

Thus overall fiscal and financial position of the State is poor and it should speed up the process of fiscal reforms for improving its resource mobilisation, management of expenditure and management of fiscal liabilities.

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

2.1.1 In accordance with the provisions of Article 204 of the Constitution of India, soon after the grants under Article 203 are made by the State Legislature, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the State. The Appropriation Bill passed by the State Legislature contains authority to appropriate certain sums from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 205 of the Constitution of India.

2.1.2 The Appropriation Act includes the expenditure which has been voted by the Legislature on various grants in terms of Articles 204 and 205 of the Constitution of India and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of the amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act.

2.1.3 The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts – 2003-04

2.2.1 The summarised position of original and supplementary grants/ appropriations and expenditure thereagainst is given below:

Total number of Grants/ Appropriations	:	50 (47 Grants; 3 Appropriations)

Table No. 2.1

Total provision and actual expenditure

(Rupees in crore)

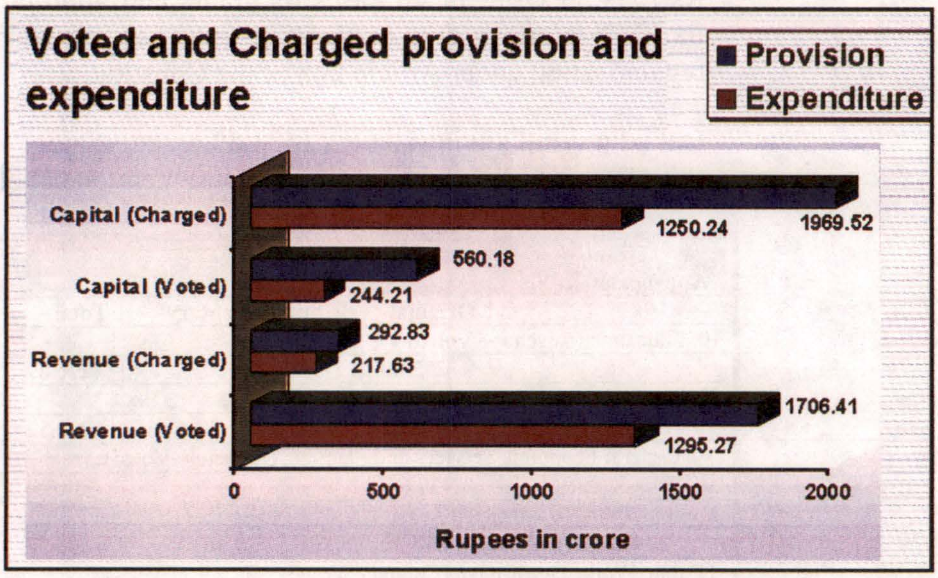
Provision	Amount	Expenditure	Amount
Original Supplementary	3663.49 865.45		
Total Gross Provision	**4528.94**	**Total gross expenditure**	**3007.35**
Deduct – Estimated recoveries in reduction of expenditure	71.39	Deduct – Actual recoveries in reduction of expenditure	51.30
Total net provision	**4457.55**	**Total net expenditure**	**2956.05**

Table No. 2.2

Voted and Charged provision and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1706.41	292.83	1295.27	217.63
Capital	560.18	1969.52	244.21	1250.24
Total Gross :	**2266.59**	**2262.35**	**1539.48**	**1467.87**
Deduct-Recoveries in reduction of expenditure	71.39	—	51.30	—
Total : Net	**2195.20**	**2262.35**	**1488.18**	**1467.87**



The summarised position of actual expenditure, excess and savings during 2003-04 against grants and appropriations was as follows:

Table No. 2.3

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(–)/ Excess (+)
Voted	I. Revenue	1365.37	341.04	1706.41	1295.27	(-) 411.14
	II. Capital	286.21	258.64	544.85	242.26	(-) 302.59
	III. Loans &Advances	12.66	2.67	15.33	1.96	(-) 13.37
Total Voted		**1664.24**	**602.35**	**2266.59**	**1539.49**	**(-) 727.10**
Charged	IV. Revenue	218.12	74.71	292.83	217.63	(–) 75.20
	V. Capital	—	—	—	—	—
	VI. Public Debt	1781.13	188.39	1969.52	1250.24	(–) 719.28
Total Charged		**1999.25**	**263.10**	**2262.35**	**1467.87**	**(–) 794.48**
Appropriation to Contingency Fund (if any)	—	—	—	—	—	—
Grand Total		**3663.49**	**865.45**	**4528.94**	**3007.36**	**(–) 1521.58**

2.3 Fulfilment of allocative priorities

2.3.1 Appropriation by allocative priorities

(i) The overall saving of Rs.1521.59 crore was the result of saving of Rs.1534.35 crore in 78 cases of grants and appropriations offset by excess of Rs.12.76 crore in five cases of grants. The excess of Rs.12.76 crore required regularisation under Article 205 of the Constitution.

Out of overall savings of Rs.1521.59 crore, major savings of Rs.1269.11 crore (83.41 *per cent*) occurred in 10 grants as mentioned below:

(Rupees in crore)

Grant/ Appropriation No.	Grant			Actual Expenditure	Saving
	Original	Supplementary	Total		
10. Education (Revenue –Voted)					
	252.00	24.89	276.89	245.62	31.27
23. Power Department (Revenue – Voted)					
	128.82	161.70	290.52	109.29	181.23
30. General Economic Services and Planning (Revenue- Voted)					
	37.65	—	37.65	12.53	25.12
Appropriation No.2 Interest Payment and Debt Services (Revenue- Charged)					
	214.31	74.46	288.77	215.33	73.44
8 Public Works Department (Capital – Voted)					
	35.32	45.71	81.03	37.40	43.63
22 Public Health Engineering Department (Capital – Voted)					
	52.64	61.76	114.40	58.28	56.12
23 Power Department (Capital – Voted)					
	72.00	19.94	91.94	29.65	62.29
39 Sericulture (Capital – Voted)					
	50.30	—	50.30	—	50.30
40 Irrigation and Flood Control Department (Capital – Voted)					
	32.85	18.47	51.32	24.90	26.42
Appropriation No.2 Interest Payment & Debt Services (Capital – Charged)					
	1781.13	188.39	1969.52	1250.23	719.29

Total	2657.02	595.32	3252.34	1983.23	1269.11

Areas in which major savings occurred in these 10 grants are given in the *Appendix–IX*

(ii) In 40 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 *per cent* of the total provision as indicated in *Appendix–X*. In four of the above cases (Sl. No.20, 25, 33 and 40) the entire provision totalling Rs.56.41 crore was not utilised.

2.3.2 Supplementary provision made during the year constituted 23.62 *per cent* of the original provision as against 23.48 *per cent* in the previous year.

2.3.3 Supplementary provision of Rs.460.70 crore made in 31 cases during the year proved unnecessary in view of aggregate saving of Rs.1124.54 crore as detailed in *Appendix–XI*.

2.3.4 In 25 cases against additional requirement of Rs.80.04 crore, supplementary grants and appropriations of Rs.360.23 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.280.19 crore. Details of these are given in *Appendix–XII*.

2.3.5 The excess of Rs.12.76 crore under five grants requires regularisation under Article 205 of the Constitution. Details of these are given in *Appendix–XIII*.

2.3.6 In three cases, supplementary provision of Rs.23.18 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.11.13 crore as per details given in *Appendix–XIV*.

2.3.7 In 23 cases there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision. Details are given in *Appendix–XV*.

2.3.8 In four cases, expenditure exceeded the approved provisions by Rs.25 lakh or more and also by more than 10 *per cent* of the total provision. Details are given in *Appendix–XVI*.

Excessive/unnecessary re-appropriation of funds

2.3.9 Re-appropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Significant cases where injudicious re-appropriation of funds proved excessive or resulted in savings by over Rs.50 lakh in each case are given in *Appendix–XVII*.

Expenditure without provision

2.3.10 As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs.75.75 crore was incurred in 24 grants/appropriations as detailed in *Appendix–XVIII* without the provision having been made in the original estimates/supplementary demands and no re-appropriation orders were issued.

Anticipated savings not surrendered

2.3.11 According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2003-04, there were 72 cases in which large savings had not been surrendered by the departments. The amount involved was Rs.1474.51 crore. In 44 cases, the amount of available savings not surrendered amounted to more than Rs.1 crore in each case. Details are given in *Appendix–XIX.*

2.3.12 The above instances of budgetary irregularities are reported from year to year in Chapter II of the Audit Report.

Trend of Recoveries and Credits

2.3.13 Under the system of gross budgeting followed by Government the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates.

2.3.14 In nine grants the actual recoveries adjusted in reduction of expenditure (Rs.51.30 crore) were less than the estimated recoveries (Rs.71.39 crore) by Rs.20.09 crore. More details are given in *Appendix–XX.*

Unreconciled expenditure

2.3.15 Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. Out of 91 Controlling Officers, 74 Controlling Officers did not reconcile before the final closing.

Treasury inspection

2.3.16 Results of Treasury inspection carried out during 2003-04 by the Office of the Sr. Deputy Accountant General (A&E), Manipur are as under:

Overpayment of pensionary benefits of Rs.0.91 lakh (including family pension of Rs.0.18 lakh) was made to 14 pensioners due to (i) Non-deduction of commuted portion of pension (ii) Incorrect computation of arrears of pension and (iii) Excess payment of pension/family pension at enhanced rates.

2.4 Excess over provision relating to previous years requiring regularisation

2.4.1 As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.3460.76 crore for the years 1997-98 to 2002-03 is yet to be regularised.

Table No. 2.4

(Rupees in crore)

Year	No. of grants/ appropriations	Grant/Appropriation Number(s)	Amount of excess	Amount for which explanations not furnished to PAC
1997-98	12	5, 11, 16, 21, 26, 34, 44 Appn. 2, 16, 23, 25 and Appn. 2	384.57	384.57
1998-99	8	Appn. 2, 1, 8, 8, 20, 34 Appn. 2 and 23	293.66	293.66
1999-2000	16	1, Appn. 2, 4, 5, 8, 20, 21, 29, 33, 34, 39, 44, Appn. 2, 21, 23 and 25	844.88	844.88
2000-01	9	1, Appn. 2, 5, 8, 21, 23, 26, 27 and 34	85.77	85.77
2001-02	8	Appn. 2, 8, 21, 33,34,41,45 and Appn. 2	895.20	895.20
2002-03	4	Appn. 2, 8, 22 and Appn 2	956.68	956.68
	57	Total:	3460.76	3460.76

CHAPTER III

PERFORMANCE REVIEWS

IRRIGATION AND FLOOD CONTROL DEPARTMENT

3.1 Thoubal Multipurpose Project

Thoubal Multipurpose Project was taken up in 1980 for creating additional irrigation potential, augmenting drinking water supply and generating hydel power. The State Government, however, failed to complete the project even after 17 years of the original schedule date of completion (1987). Due to non-completion of the project, general public in Imphal and surrounding areas continue to face scarcity of safe drinking water, farmers of Thoubal and other districts suffer from lack of irrigation facilities and people in backward tribal villages of Ukhrul and Senapati districts continue to wait for their villages to be electrified. Reasons for delay and irregularities noticed in execution of the project are highlighted below.

Highlights

The project, which was initially planned to be completed in seven years (by 1987), has fallen behind schedule by 20 years resulting in the cost of the project escalating from original Rs.47.25 crore to Rs.390 crore. Expenditure of Rs.229.02 crore has already been incurred up to 2003-04.

(Paragraph 3.1.13)

The rescheduled date of completion (2007) also seems unachievable due to slow progress of work on the project. Only 16 *per cent* of the dam, 29 *per cent* of the spillway and 60 *per cent* of the distribution system has been completed in the last 24 years.

(Paragraph 3.1.6)

Reasons for delay and slow pace of work are inadequate funding by the State Government, delayed release of Central assistance, non-settlement of disputes relating to land acquisition cases and frequent stoppages in work due to poor security arrangements at the project site. The delay in completion has caused potential revenue loss of Rs.31.89 crore to the State Government.

(Paragraphs 3.1.9 to 3.1.13)

Against the total budget provision of Rs.99.82 crore, actual expenditure on the project was only Rs.68.15 crore during the last five years due to issue of less cheque drawal authority to the project divisions by the Government. Central assistance of Rs.21.80 crore obtained for the project during the last three financial years was also diverted and not released to the implementing agency by the State Government.

(Paragraphs 3.1.4, 3.1.5 & 3.1.10)

State Government did not adhere to the terms of sale agreement for acquisition of land to be submerged on completion of the dam and delayed payment of Rs.12.23 crore to the land owners by more than five years thereby incurring an inevitable interest liability of Rs.6.10 crore on these payments.

(Paragraph 3.1.11)

Delay in completion of the project resulted in demand of huge compensation of Rs.36.11 crore by contractors of dam and spillway on account of idling their men and machinery due to frequent and intermittent stoppages of work.

(Paragraph 3.1.15)

Failure to synchronise work on power component with the actual progress of work on the dam led to premature procurement of material and generating sets worth Rs. 2.26 crore for power component. This resulted in blocking of capital of Rs.2.26 crore for more than seven years as the equipment could not be utilised due to non-completion of the dam.

(Paragraph 3.1.17)

Large number of muster rolls were employed without any departmental works, thus incurring an irregular expenditure of Rs.1.58 crore on their remuneration.

(Paragraph 3.1.24)

Introduction

3.1.1 The Thoubal Multipurpose Project, conceived in 1980 at an estimated cost of Rs.47.25 crore, aimed at creating of annual irrigation potential of 33,400 hectares over a cultivable command area of 21,862 hectares, augmenting drinking water supply to Imphal city and surrounding areas by 45.46 MLD[1] and generation of 7.50 MW[2] of hydel power for rural electrification. The project envisaged construction of an earthen dam across Thoubal river at Phayang/Maphou village, 38 km from Imphal city and an RCC barrage at Keithelmanbi, 17 kms downstream of the dam site, with left and right canal systems taking off from the barrage having a total length of 57.115 km. of main canal and 46.92 km of branch canals.

The actual work started in August 1980 and the project was scheduled to be completed in August 1987. But due to slow progress and other reasons, the completion of the project got re-scheduled to October 1994 and then again to March 2007. The cost of the project was also revised to Rs.254 crore in 1997 at 1994 price level and re-estimated to Rs.390 crore at 1997 price level.

[1] Million litres a day
[2] Megawatt

Organisational set up

3.1.2 The Chief Engineer, Irrigation and Flood Control Department (IFCD), Government of Manipur, is the overall in-charge of the project, in the implementation of which he is assisted by an Additional Chief Engineer, three Superintending Engineers and five Executive Engineers in charge of four project divisions and a task force division.

Audit coverage and objective

3.1.3 Records of execution of the project for the period 1999-2000 to 2003-04 maintained by the Chief Engineer, Additional Chief Engineer and four working divisions[3] were test-checked in the review conducted from May to July 2004 to examine the progress of work *vis-à-vis* targets, and efficiency in execution of the project.

Financial management

3.1.4 The budgetary support made available during the last five years and the expenditure thereagainst were as follows:

(Rupees in crore)

Year	Budget provision	Expenditure	Excess (+) Savings (-)	Percentage Excess (+) Savings (-)
1999-2000	23.28	17.77	(-) 5.51	(-) 23.67
2000-01	17.35	10.01	(-) 7.34	(-) 42.31
2001-02	14.36	10.33	(-) 4.03	(-) 28.06
2002-03	22.63	15.55	(-) 7.08	(-) 31.29
2003-04	22.20	14.49	(-) 7.71	(-) 34.72
Total	**99.82**	**68.15**	**(-) 31.67**	**(-) 31.72**

(Source: Departmental figures)

During all the five years reviewed by Audit, there were significant savings ranging between 23.67 *per cent* and 42.31 *per cent* of the budget provision. Out of the total budget provision of Rs.99.82 crore, only Rs.68.15 crore were spent during last five years and Rs.31.67 crore remained unspent.

3.1.5 Persistent savings were due to issue of less cheque drawal authority (CDA) by the Finance Department of the State Government to IFCD. The total budget provision of Rs.99.82 crore for the last five years consisted of Rs.80.60 crore for works and Rs.19.22 crore for salaries. Against the budget provision of Rs.80.60 crore for works, the Finance Department issued CDA for only Rs.45.86 crore against which an expenditure of Rs.49.11 crore was incurred by the project authorities. Thus, enough funds were not made available to the project authorities despite provisions being made in the successive budgets.

Because of CDA restrictions, the expenditure fell short of the prescribed requirement in three years and the State Government therefore, could not avail of the second instalment of Central Loan Assistance (CLA) sanctioned by the

[3] Thoubal Project Division I, Phayang, Thoubal Project Division II, Phayang, Thoubal Project Division IV, Yairipok and Task Force Division, Keithelmanbi.

Government of India under Accelerated Irrigation Benefit Programme (AIBP) for a total amount of Rs.9.28 crore (1998-99: Rs.6.28 crore, 2001-02: Rs.2.50 crore and 2003-04: Rs.0.50 crore).

Accepting the audit observation, the Secretary, IFCD stated (October 2004) that whatever meagre budgetary provisions were made for the project over the years were never allocated in full by the State Finance Department and to make the matter worse even the CLA under Accelerated Irrigation Benefit Programme and Additional Central Assistance (ACA) sanctioned by the Government of India specifically for this project were also not made available in time and adequately.

Physical progress

Percentage completion of various component of the project

3.1.6 Though initially planned to be completed in just seven years (by 1987), the project is nowhere near completion after 24 years of commencement of work on the project. The physical progress of execution of works on various components of the project in terms of percentage completion is given in the table below:

Components of the project	Progress of work by the end of the year (percentage completion of the components)						
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04
Dam	8	10	13	14	14	14	16
Spillway	12	19	24	25	25	28	29
Barrage	100	100	100	100	100	100	100
Main and Branch Canals	68	69	70	71	71	78	80
Distribution systems	50	50	50	50	50	50	60

While the barrage was completed way back in 1991, there was very slow progress on other components since 1997 when the project was rescheduled for completion by 2007. Dam and spillway are also nowhere near completion as just 16 *per cent* and 29 *per cent* of the works on these components have been completed during last 24 years. Work on distribution system remained idle for six years from 1997-98 to 2002-03 and only 10 percent progress was achieved in 2003-04. If the same sluggish rate of progress continues, the target of completing the project by 2007 also seems unachievable.

The Secretary, IFCD in his reply accepted that the progress on these components was far from satisfactory and the project might not be completed by 2007 considering the present trend of funding and disturbed law and order situation in the State.

Physical targets and achievements

3.1.7 Department failed to achieve its targets in most of the components of the project during last five years. Year-wise details of physical targets and achievements for the period from 1999-2000 to 2003-04 are given in the *Appendix– XXI*.

Achievement was very low in earth dam component. Except excavation work, shortfalls were as high as 89 *per cent* on coffer dam, 87 to 99 *per cent* on foundation treatment and 96 *per cent* on earth fill for the dam. In spillway work, there were shortfalls ranging from 99 to 100 *per cent* in four out of seven items of work. The progress under drainage and protection work was also unsatisfactory with shortfall being 86 *per cent*. Shortfall in land acquisition (30 *per cent*) on head works and canals hindered the progress of works on distribution systems.

The Department stated (October 2004) that further execution of distribution systems had been stopped as no additional land within the command area could be brought under irrigation until the reservoir was built after the completion of the dam.

Reasons for delay in the project

3.1.8 The reasons for delay in completion of the project and shortfalls in achieving the targets were inadequate funding, delayed release of Central assistance, problems relating to land acquisition cases and poor security arrangement at the project. These reasons for delay are discussed below:

Inadequate funding

3.1.9 Ensuring availability of requisite funds for the project was essential for smooth progress of work, so as to complete the project by the rescheduled date in 2007. The State Government however failed to meet the funds requirement of the project thereby affecting the pace of execution of works on important components. The position of projected requirement, actual availability of funds and actual expenditure on the project during IXth Plan and first two years of Xth Plan is given in the table below:

(Rupees in crore)

Period		Projected requirement of funds	Funds provided	Actual expenditure
IXth Plan	1997-2002	200	160	71.35
Xth Plan	2002-03	30 – 40	22.63	15.55
	2003-04	30 – 40	22.20	14.55

Despite the project having been delayed considerably, the funds actually made available during IXth Plan and the first two years of the Xth Plan were much less than the projected requirement. Even the funds provided in the budget were also not made available fully due to CDA restrictions, as discussed in para 3.1.5 earlier. At this rate of funding, the project is not likely to be completed by 2007.

While accepting the observation, the Secretary, IFCD stated in October 2004 that with the trend of releasing funds twice or thrice at the most, in a year, instead of on a monthly basis, and not allowing the cheques so issued to be encashed for long periods negated the whole planning process and thereby affected the progress of work.

Delayed release of Central assistance

3.1.10 The project was included for Central Loan Assistance (CLA) under Accelerated Irrigation Benefit Programme since 1997-98 by the Government of India. The Ministry of Finance started providing Additional Central Assistance (ACA) to the project from the year 2001-02. Between 1997-98 and 2003-04, the Government of India released total assistance of Rs.83.84 crore under the two programmes (CLA Rs.58.84 crore ACA Rs.25.00 crore) to the State Government for the project. The position of release of Central assistance to the project is given in the *Appendix–XXII*.

It was noticed in audit that out of Rs.46.50 crore received by the State Government under CLA and ACA during 2001-02 to 2003-04, an amount of Rs.21.80 crore was yet to be released to the project by the State Government (July 2004).

The Secretary, IFCD accepted that Central loan as well as Central assistance provided by the Government of India were not released by the State Government in full to the project.

Non-payment of compensation in land acquisition cases

3.1.11 Of the total 1284.53 hectares of land to be submerged, the Department went ahead in March 1996 to purchase 1146.87 hectares of land extending over six villages having 404 tribal families, at a total cost of Rs.20.70 crore.

According to the terms of the sale agreement signed (March 1996), the Department was to pay the first instalment of Rs.5.91 crore at the time of signing the agreement and the balance Rs.14.79 crore within two years of the signing of agreement, failing which interest at the rate of 12 *per cent* was payable to the villagers whose land was acquired. The first instalment of Rs.5.91 crore was paid in March 1996 but the State Government failed to pay the remaining amount in time. It could pay only Rs.2.56 crore up to March 1998 leaving a balance of Rs.12.23 crore on which interest was payable to the land owners as per agreed terms.

Till September 2003, the Department had paid a total amount of Rs.16.05 crore against the purchase price of Rs.20.70 crore excluding the interest payable for delay. When final payment of the balance was offered by the State Government in September 2003, it was refused by a number of villagers who demanded payment of interest on delayed amounts. They often obstructed the construction activities due to which work had to be stopped off and on.

Failure on the part of the State Government in making full payment as per agreed terms resulted in delay of more than five years in acquisition of land and also in avoidable interest liability of Rs.6.10 crore (up to March 2004).

Further, the State Government could so far rehabilitate only two villages having population of 315 at nearby settlement sites and the fate of remaining four villages remained undecided.

The Secretary, IFCD in his reply (October 2004) accepted the delay in releasing the last instalment of compensation and stated that the matter regarding admissibility of interest payment to the land owners was under consideration of a Committee headed by the Additional Chief Secretary, Government of Manipur and their report was still awaited. He further stated that rehabilitation of remaining four villages would be completed before filling up of the reservoir.

Security related problems

3.1.12 The project is located at the tri-junction of three revenue districts – Imphal, Senapati and Ukhrul. Disturbed law and order situation prevailing in the State had adverse effect on the smooth progress and timely completion of the project. The Government had declared the project site as protected area in October 1982 but no security post was set up till September 1990, although the Department had been persuading the Government for (a) stationing security post of adequate strength on either side of the river with well coordinated security arrangements covering the entire project area, (b) providing static surveillance at strategic points and (c) opening of one police post at the site. As a result, there have been 31 violent incidents between May 1990 to March 2004 in which armed miscreants, extremists, anti-social elements *etc.*, either damaged/destroyed the project buildings/equipment, made extortion demands or attacked, intimidated, abducted or killed project officials, workmen and contractors. The construction activities on the project halted intermittently due to such violent incidents.

Violent incidents at the project site between May 1990 and June 1992 ultimately led to suspension of work for about five years. The security arrangements at the project site were considered inadequate and on three occasions the Department proposed (January 1998, May 1998 and June 1999) closure of works and shifting of machinery to a safer area till such time as congenial atmosphere was restored at the site.

Had there been adequate security arrangements at the site, delay in execution of work could have been minimised.

The Secretary, IFCD informed that security arrangements at the project were reviewed by the Government and a subsidiary security post has been opened very recently as a first step towards strengthening security for the project.

Impact of delay

Time and cost overrun

3.1.13 The original scheduled date of completion of August 1987 had been successively pushed down to October 1994, March 2002 and finally to March 2007. Failure on the part of the State Government to ensure timely completion of the project resulted in escalation in the project cost. The original cost of Rs.47.25 crore was revised to Rs.254 crore in 1997 at 1994 price level and was approved by the Ministry of Water Resources in October 1997. As the project could not be completed by 1997, the cost was again re-estimated to Rs.390 crore (at 1997 prices) for completion by 2007. The progressive expenditure on the project stood at Rs.229.02 crore by the end of March 2004.

Given the present pace of work, the project is not likely to be completed by 2007 which may result in escalation of costs. Even the Chief Engineer, IFCD apprehended that the project would be further delayed and could only be completed earliest by the year 2010 considering the present trend of funding and obstacle/hindrances in construction of the dam and the spillway.

Potential Revenue loss

3.1.14 Due to extreme delays and successive rescheduling, the objectives of the project *viz*., creating irrigation potential of 33,400 hectares of land, supplying clean and safe drinking water to Imphal city and electrifying far flung villages of two hill districts of the State, remained unfulfilled even after 17 years of the original schedule date of completion. The project appraisal report of the Central Water Commission prepared in September 1997 had estimated net revenue generation of Rs.42.80 lakh per year from irrigation and Rs.23.73 lakh per year from sale of raw water to Public Health Engineering Department for supply to Imphal after proper treatment.

The delay in completion of the project has therefore, caused a potential revenue loss to the Government of Rs.7.28 crore (irrigation) and Rs.4.03 crore (water supply) for the period 1988 to 2004 apart from the notional revenue loss of Rs.20.58 crore[4] for the period 1995 to 2004 on account of electricity that could have been generated had the project been completed on schedule. Further, the net value of annual produce after canal irrigation in the area was expected to go up from Rs.3.10 crore to Rs.51.84 crore on completion of the project. Non-completion of the project in time deprived the farmers the benefit of increased agricultural production.

The Secretary, IFCD stated in his reply (October 2004) that the progress of the project was reviewed recently by the Chief Secretary, Government of Manipur, and assured that due attention would be given to speedy implementation of the project in the current and subsequent Plans.

[4] Power generation possible during one year (at mean generation)=365 days x 24 hours x 1450 KW=127, 02, 000 KWH.
Cost of power as billed by Electricity Department = Rs.221,87,732/19002 KWM=Rs.1.62/KWH
Revenue per year=127,02,000 KWH x Rs.1.62=Rs.205.77 lakh
Revenue for 10 years (1995-2004) = Rs.205.77 lakh x 10 years = Rs.20.58 crore.

Execution of works

Dam and spillways

Idle charges/loss claims

3.1.15 Construction work on spillway remained suspended from June 2000 to July 2002 and on dam from June 2000 to October 2002 due to obstruction of work by the villagers who were not paid land acquisition dues as per agreed terms. The contractor for spillway, therefore, submitted a loss claim of Rs.6.52 crore for forced suspension of work during the above period. Thus failure on the part of the Department to settle land acquisition cases timely not only invited demands for interest payments from land owners but also heavy loss claims from the contractors which could have been avoided.

Government is also examining other idle charges/loss claims of Rs.29.59 crore submitted by the contractors for the period from September 1990 to January 1997 during which work had remained suspended, and a Committee constituted by the Government has recommended payment of Rs.7.15 crore to the contractors against their claims of Rs.29.59 crore

The Secretary, IFCD in his reply (October 2004) stated that a decision on the recommendations of the Committee was yet to be taken by the Government.

Non-realisation of electrical energy charges from contractors

3.1.16 Department had employed two private contractors *viz.* Progressive Constructions Limited (PCL), Hyderabad and Ansal Properties and Industries Limited (APIL), New Delhi for construction of dam and spillway components of the project. The project authorities contracted demand for supply of 600 KW energy during March 1991 to October 1997 and 200 KW during November 1997 to January 2004 to be shared by the contractors and the project authorities. The conditions of contracts provided for recovery of cost of energy from the two contractors.

It was noticed in audit that during the 155 months period from March 1991 to January 2004, the State Power Department issued bills for Rs.2.22 crore to the project authorities against which a payment of Rs.1.36 crore was made by the Thoubal Project Division No.I. The project authorities did not recover the cost of energy consumed by the two contractors for the entire period from March 1991 to January 2004 except for a meagre amount of Rs.50,000 only (PCL: Rs.40,000 and APIL: Rs.10,000). The project authorities therefore, showed undue favour to the contractors ignoring explicit conditions of the contract.

The Department stated (October 2004) that total amount payable as per bills received from the Power Department was assessed to be Rs.1.17 crore (excluding surcharges) of which only Rs.11.15 lakh was payable by the two contractors (PCL: Rs.5.51 lakh and APIL: Rs.5.64 lakh) after taking into account different periods of suspension of work which were not attributable to them. The reply of the Department is not acceptable as PCL consumed 2090.70 KWM of energy and

APIL consumed 2229.20 KWM during the 1991-2004 period based on their connected load and therefore, the amount recoverable from them would work out to be Rs.24.01 lakh and Rs.25.86 lakh respectively after excluding 2,935 days for PCL and 2,819 days for APIL during which the work had remain suspended. Details of energy consumed by the contractors and the Department are indicated in *Appendix–XXIII*. The Department did not take any action even to recover the amount of Rs.10.65 lakh assessed by them as recoverable from the contractors.

Further, during long spells of suspension of work, the Department ought to have taken action to reduce its contracted demand or disconnect the power supply temporarily if the work was completely halted. Failure of the Department to take action in this regard resulted in avoidable expenditure of Rs.69.74 lakh — the cost of energy paid by the department for the suspension period.

Power component

Blocking of capital

3.1.17 It was noticed in audit that equipment/stores worth Rs.2.90 crore procured for the power component of the project remained unused for last nine years. Detailed scrutiny disclosed the following:

The work of design, manufacture, testing, erection and commissioning of three power generating units, each of 2.50 MW capacities with accessories was awarded to a firm at Rs.5.52 crore in June 1992 for completion by July 1994. The firm supplied power equipment worth Rs.2.90 crore up to November 1995 and was paid Rs.2.26 crore up to April 1997. No further supplies were insisted upon. The Department received the supplies at Keithelmanbi, instead of the stipulated delivery site at Phayang.

The progress of work on dam and spillway was slow and it was clearly discernible that the dam and the spillway would not be completed by the stipulated date in 1994 and therefore, the work order of June 1992 for power component was ill-timed and premature. The power component of the project cannot be used without completion of the dam. In July 2001, the shed where the power equipment was kept was burnt down by militants causing damage to the power g eneration set. The extent of damage was not assessed. Lack of foresight and improper planning resulted in premature procurement of power equipment and blocking of capital of Rs.2.26 crore for the last nine years. Further, the power equipment suffering damage, deterioration due to prolonged storage and becoming obsolete by the time it is actually put to use on completion of the dam sometime after 2007 cannot be ruled out.

Material and machinery management

3.1.18 Material and machinery management of the project was highly deficient as discussed briefly in the succeeding paragraphs.

Unnecessary booking of expenditure at the end of the financial year

3.1.19 Two project divisions (Thoubal Project Division No.I and II) paid Rs.1.17 crore to the Stores Division in March 1990, 1995, 1997 and 2000 for supply of construction material. Against this, the Stores Division was yet to supply material of the value of Rs.37.30 lakh as of March 2004. The expenditure was booked by the project divisions towards the end of the financial year apparently to utilise cheque drawal authority issued by the Finance Department, without any immediate requirement of material.

Unserviceable machinery awaiting disposal

3.1.20 Thirty-one machines and vehicles (six bulldozers, three poclains, four track shovels, one excavator, five trucks and 12 others such as cranes, siesmopactors, stone crusher *etc.*) of the project, out of a total of 47, were in breakdown condition for periods ranging from one to 13 years. The machinery in breakdown condition were awaiting disposal till July 2004.

Department failed to take timely action for early disposal of the old machinery which are beyond economic repair. Accepting the audit observation, the Department stated that action was being taken to dispose off the machines which were beyond economic repair and efforts were also being made to repair others, subject to availability of funds.

Hire charges not recovered from private contractor

3.1.21 In May 2000, Thoubal Project Division VI, IFCD hired out one Road Roller of the project to a private contractor of the Public Works Department (PWD) at the rate of Rs.1,384 per day. The contractor returned the machinery only in January 2004 after nearly four years but no recovery of hire charges was made by the Division from him. This gave an undue benefit of Rs.18.38[5] lakh to the contractor.

The IFC Department stated (October 2004) that the machine was issued to the contractor of PWD on 12 May 2000 and returned back on 2 January 2004 but the contractor actually used the machine only for 22 days as per the work order issued by PWD and hire charges for the same have since been recovered from the contractor. The reply of the Department is not acceptable as the machine was hired on per day basis by the private contractor and he was required to pay hire charges for the entire period (May 2000 to January 2004) for which the machine was taken from the IFCD and not just for 20 days for which work was awarded to him by PWD. If the machine was not required by the contractor, he could have been returned it to the Department to avoid payment of unnecessary hire charges.

[5] Hire charge of the machinery for 1328 days @ Rs.1384 per day.

Machines procured from Government advance used elsewhere by the contractor

3.1.22 The Progressive Construction Limited (PCL), executing work on the dam component, had purchased 32 Tata tippers by availing advances from the Department. In the course of a departmental physical verification conducted during April 2000, 10 tippers (cost: Rs.44.87 lakh) were not found at the site and were reported to have been taken away by PCL on the pretext of getting them repaired elsewhere. Though the company had not brought back the tippers till July 2004, no action was taken against it for this irregular action.

On being pointed out in audit, the Department decided to recover a sum of Rs.80.76 lakh (the advance plus interest thereon up to March 2004) from PCL and as a first step, an amount of Rs.33 lakh was recovered from the company from a bill paid in July 2004.

3.1.23 Another contractor *viz.* Ansal Progressive Industries Limited (APIL) working on construction of spillway was allowed by the Department to take away one CK-90 Poclain (purchased from advance provided by the Department) to Guwahati in December 2002 for fitting a hydraulic rock breaker as the facility was not available at Imphal.

Though the Poclain with the hydraulic rock breaker was made functional by March 2003, APIL brought the machinery back at the project site only in January 2004 *i.e.* nine months after completion of the repair work, and attributed the delay to non-availability of trailer, disturbances on National Highway due to blockade, bundhs *etc.* Reasons for delay stated by the contractor are not acceptable in audit as the National Highway connecting Guwahati to Imphal did not remain blocked for such a long period.

The hydraulic rock breaker was required to be fitted with the excavator to increase its excavation capacity needed for lowering the foundation level of spillway. Against the target of excavating 698 thousand cubic metre in the spillway during 1999-2004, Department could excavate only 380.47 thousand cubic metre thus falling short of the target by 45 *per cent*. Had the excavator been fitted with hydraulic rock breaker in time and used in the excavation for nine months, the quantity of excavation could have been increased and shortfall in achieving the targets minimised.

Irregular expenditure on large scale employment of muster roll labourers

3.1.24 Section 9.1 of CPWD Manual Volume II provides for use of muster rolls for getting the works done departmentally through daily rated labourers. Staff on muster roll can be employed by an Executive Engineer for a maximum period not exceeding 12 months on specific sanction of the Chief Engineer.

Four divisions of the project employed 181 labourers on muster roll as on 1 April 1999 and continued to employ them throughout in the subsequent years; and on 31 March 2004, 176 labourers were on the muster roll though no work was executed departmentally. Incurring an average expenditure of Rs.2.64 lakh per month on these muster rolls, the Divisions spent a total expenditure of Rs.1.58 crore during last five years alone.

The Department stated (October 2004) that the existing strength of the regular staff was not sufficient and the muster rolls were used for maintenance of Plants, vehicles, the barrage gate, diesel power house, roads to dam site *etc.* and also as watch and ward staff in circle and division offices. It also stated that muster rolls had been employed for the last 20 years. Reply is not tenable as muster rolls are not meant for regular establishment work. The project authorities have violated all norms of financial propriety by employing such a large number of muster rolls for a period as long as 20 years without any departmental work.

Environmental clearance

3.1.25 Though the project was cleared by the Planning Commission in 1980, forest and environmental clearance from the Ministry of Environment and Forest was still awaited (July 2004).

The Department in their reply stated that Environmental Management Plan for the project was submitted to the Ministry of Environment & Forest in 1998 for approval. The Ministry wanted yearly action plan with physical and financial targets on catchments area treatment plan (CAT), status on forest clearance for 595 hectares of forest land and made certain suggestions, action on which was being taken by the State Government. The Department needs to expedite action for obtaining necessary environmental clearance from the Government of India.

Quality control

Laxity in quality control

3.1.26 According to contractual provisions for works relating to the dam, all items of works to be executed were subject to rigid quality control for which the contractors were required to set up laboratories at the site manned by qualified engineers.

PCL, the contractor for the dam, set up a laboratory but did not install two important apparatus (i) Relative Density Apparatus to determine density of cohesion-less soil used as filter media in the dam, and (ii) Permeability Test Apparatus. Failure on the part of the contractor to install these apparatus was reported by an inspection team of the Department in October 1999 but it was noticed in audit that the contractor had not installed these apparatus even as of August 2004.

While accepting the audit observation, the Department stated (October 2004) that necessary prescribed apparatus would be installed before further laying of the filter.

Conclusion

3.1.27 There was inordinate delay of more than 17 years in the completion of the project which was started as early as 1980. The work on the project remained suspended for nearly five years from 1992 to 1997 due to security related problems. The progress after 1997 was slow and the work on dam and spillway was stopped for more than two years from June 2000 to October 2002 by villagers due to non-payment of land acquisition dues. Progress further suffered due to inadequate funding by the State Government as only Rs.45.86 crore were released against the budget provision of Rs.80.60 crore for execution of works during last five years.

Important components of the project like dam and spillway have been badly delayed with only 16 to 29 *per cent* progress in last 24 years. Delay led to the estimated cost of the project going up from Rs.47.25 crore to Rs.390 crore and the project being rescheduled for completion in 2007.

The general public in Imphal city continue to face scarcity of safe drinking water, farmers in Thoubal and other districts continue to suffer from lack of canal irrigation facilities and backward tribal villages of Ukhrul and Senapati districts still remain to be electrified even after 17 years of the original scheduled date of completion of the project. The delay also resulted in a notional revenue loss of Rs.31.89 crore to the State Government on account of revenue that could have been generated by the facilities created in the project. The agricultural production in the area which was expected to go up significantly has also remained low.

Recommendations

- Provision of funds made in the budget for the project should be released to the project authorities to ensure that the revised targeted completion of the project by 2007 is not delayed further for want of funds.

- The State Government should release Central assistance under AIBP and ACA to the project authorities without delay.

- Land acquisition cases may be settled at the earliest to minimise interest payment claimed by the land owners from the Government.

- Government needs to make adequate security arrangements for the project so that work progresses without further stoppages and the Government is saved from mounting escalation costs and payment of huge loss claims to contractors.

- Codal provisions and financial rules should be strictly adhered to by project authorities in dealing with the claims and matters relating to contractors. Cases of default be investigated and responsibility fixed.

- Government may examine the need for large scale employment and continuance of muster rolls on the project without any departmental work.

- Environmental clearance may be obtained without further loss of time.

MEDICAL DEPARTMENT

3.2 Impact of Government policies on quality of Medical and Health Services

Continued fiscal imbalance in the State and decreasing share of developmental expenditure seriously affected the quality of services in social sector such as medical and health services. The budget allocations for medical and health services were consistently reduced during last five years from Rs.71.97 crore in 1999-2000 to Rs.63.59 crore in 2003-04, actual expenditure was far below the budget allocations and the share of health sector in the total State Plan outlay was also between two to three *per cent* being the lowest in NE States resulting in medical and health services network in the State being rendered grossly inadequate. There was below norm concentration of health centres in hill districts, extreme shortage of core specialists in Government hospitals, non-availability of basic medical equipment and infrastructure, ill equipped blood banks despite high HIV prevalence rate in the State, non functioning of Drug Control System, ineffective enforcement of Prevention of Food Adulteration Act, non adherence to safety norms in disposal of hospital waste and non availability of ambulances and others necessary facilities in State run hospitals and health care centres. There was no expansion in the health services network in terms of opening of new hospitals or health care centres and addition of beds in referral institutes

3.2.1 Introduction

The Department of Health is responsible for providing medical and health services in the State through a network of hospitals, community health centres, primary health centres, dispensaries and drug de-addiction centres.

The concept of primary health care approach and the national health policy of 1983 form the basis of health policies and programmes implemented in the State.

To assess the impact on the social sector of continued macro imbalance and Governments incorrect priorities in allocation of expenditure, the Department of Medical and Health Services was selected by Audit to examine how the adequacy and quality of medical and health services network had been affected due to deteriorating fiscal management and lesser availability of funds to these services/sector.

3.2.2 Organisation of Health Care Delivery System

The health care delivery system is organised at three levels. The primary care level is responsible for essential basic health care and comprised of primary health sub-centres (PHSCs), primary health centres (PHCs) and community health centres (CHCs). Complex curative services with basic specialist facilities are provided at the secondary care level in CHCs and district hospitals. Tertiary care level is meant for providing specialist and super specialist care and includes Jawaharlal Nehru Hospital, Imphal, (the State level hospital) which functions as referral hospital for all the district hospitals in the State.

The Regional Institute of Medical Sciences (RIMS), Imphal also provides specialist medical care to the people of the State but it is under North Eastern Council (NEC) and not under the control of State Health Department.

A review of the Department of Health (excluding Family Welfare) was conducted from April to June 2004 by checking records maintained in the offices of the Director of Health Services, the Superintendent of Jawaharlal Nehru Hospital, eight Programme Officers and six Chief Medical Officers of six districts[6] for the period from 1999-2000 to 2003-04 to examine adequacy and efficiency of health care delivery system in providing prompt and quality medical care services to the people of the State.

Points noticed in audit are enumerated in the succeeding paragraphs.

3.2.3 Financial Management

Year-wise details of budget grants vis-à-vis expenditure incurred by the Department on health services during the last five years were as given below:

(Rupees in crore)

Year	Budget			Expenditure			Savings(-)/Excess(+)		
	State	Centre	Total	State	Centre	Total	State	Centre	Total
1	2	3	4	5	6	7	8	9	10
1999-2000	71.97	4.66	76.63	62.68	2.72	65.40	(-) 9.29	(-) 1.94	(-) 11.23
2000-01	71.86	6.37	78.23	53.61	4.48	58.09	(-) 18.25	(-) 1.89	(-) 20.14
2001-02	70.53	4.62	75.15	56.61	1.39	58.00	(-) 13.92	(-) 3.23	(-) 17.15
2002-03	69.62	4.55	74.17	48.24	3.56	51.80	(-) 21.38	(-) 0.99	(-) 22.37
2003-04	63.59	5.84	69.43	48.16	0.93	49.09	(-) 15.43	(-) 4.91	(-) 20.34
Total	347.57	26.04	373.61	269.30	13.08	282.38	(-) 78.27	(-) 12.96	(-) 91.23

Source : Departmental figures

Funds provided for medical and health services registered a consistent decline during the last five years. The budget provision was reduced from Rs.71.97 crore in 1999-2000 to Rs.63.59 crore in 2003-04. The actual expenditure also declined significantly. There were persistent savings in all the years during 1999-2004. Savings were as high as 30 *per cent* in 2002-03 and 29 *per cent* in 2003-04. The Department attributed these savings to short release of funds by the Finance Department. Thus even funds provided in the budget by the Legislature were not made available fully to these services.

The Deputy Secretary (Health) stated in November 2004 that Government could not release enough funds due to the serious financial crunch suffered by the State.

Plan Outlay on health during last three Plans has been between two to three *per cent* as against four to 13 *per cent* during earlier Plans. Figures of the State Plan

[6] Imphal, Thoubal, Bishnupur, Churachandpur, Chandel and Ukhrul.

Outlay for health sector for last ten five years plans are given in the *Appendix–XXIV*. The plan outlay of health in Manipur is lowest in comparison to other North Eastern States. The share of health sector in the total plan outlay of the State Government has been declining over the years indicating relatively less importance being given to health care system.

3.2.4 Health care network

Medical institutions: The health services network of the State comprised of 578 medical institutions including 13 Civil Hospitals, 16 Community Health Centres, 72 Primary Health Centres, 420 Primary Health Sub-Centres, 20 Dispensaries, 9 Drug De-addiction Centres as on 31 March 2004. One Nature Cure Clinic and 8 Homeopathic Dispensaries were also functioning in the State.

No new hospitals/health care centres were opened during last five years and therefore the health care network registered no expansion during 1999-2004. There was a shortfall of 72 PHSCs, 4 PHCs and 3 CHCs in the State against the norms fixed by the Government of India. Higher concentration of health centres in the valley and acute shortage in hill districts were noticed. The number of health centres required to be established as per norm and the number actually existing in the hill and valley districts during 2003-04 were as under:

District	Rural population (2001 census)	PHSC			PHC			CHC		
		Norm	Number required	Number in position	Norm	Number required	Number in position	Norm	Number required	Number in position
Hill	9,68,114	1 per 3000	322	222	1 per 20000	48	36	1 per 80000	12	6
Valley	8,50,110	1 per 5000	170	198	1 per 30000	28	36	1 per 120000	7	10
Total	**18,18,224**		**492**	**420**		**76**	**72**		**19**	**16**

3.2.5 In-patient care services -Availability of beds

Norm for bed-population ratio was one bed per thousand population. The Department could achieve this norm only after taking into account the 881 beds of RIMS hospital in addition to the 1,449 beds in the hospitals run by the State Health Department.

There was however, acute shortage of beds and utility space in the JN Hospital which was the only apex referral centre of the State. The hospital, having only 200 beds, had either to deny admission to many patients or to admit many emergency cases on the floor due to non-availability of enough beds. The 100 bedded TB Hospital at Chingmeirong was also ill-equipped in regard to beds and space in view of increased incidence of TB cases due to HIV infection and also general increase in the number of TB patients in the State.

3.2.6 Blood Banks

AIDS (Acquired Immune Deficiency Syndrome) has emerged as a serious health emergency in the State. Manipur ranks third highest as regards to the total number of HIV positive cases in the country. The sero-positive rate (185 per thousand samples screened) of Manipur is the highest in the entire country. Such high HIV prevalence rate and surge in drug addiction cases in the State calls for immediate setting up of adequate number of blood banks with proper equipment and facilities to prevent further spread of HIV infection. But the arrangements presently available were inadequate. Under the National Aids Control Programme, at least one modernised blood bank was to be established in each of nine districts by 2002. At present (2003-04), only three blood banks were existing in the State, one at Regional Institute of Medical Sciences, one at JN Hospital and the other at District Hospital, Churachandpur. The Government failed to establish blood banks in the remaining district hospitals as of October 2004. Against the target of establishing six blood banks in the six district hospitals by March 2002, construction of buildings for only three blood bank (cost: Rs.30 lakh) at Ukhrul, Chandel and Tamenglong was completed as of June 2003 but the blood banks were yet to be established at these places.

Six laboratory technicians appointed in August 2002 for the blood banks in six district hospitals remained idle for 27 months due to non-functioning of the blood banks resulting in infructuous salary expenditure of Rs.8.10 lakh up to October 2004.

None of the blood banks in the State had blood component separation facilities except the Regional Institute of Medical Sciences. The blood bank at Churachandpur district hospital did not have ELISA reader for detection of HIV infection in blood samples. VDRL Shaker equipment was not functioning in this hospital since October 2001. Thus State hospitals were found ill-equipped to combat deadly HIV infection and AIDS.

3.2.7 Acute shortage of Core Specialists

Sanctioned strength and men-in-position of various grades of Manipur Health Services and paramedical staff as on July 2003 is given in the *Appendix–XXV*. State hospitals had acute shortage of Consultants and Sr. Specialists who are required in specialized departments for providing advanced medical treatment. Against the requirement of 260, only 112 Core Specialists were available. Shortage of 36 to 93 *per cent* of Core Specialists (details shown in *Appendix–XXVI*) seriously affected the quality of medical treatment in the State run hospitals. The most affected departments were Radiology, Psychiatry, Anaesthesiology, Dermatology, General Medicine and Ophthalmology.

Due to non-availability of adequate number of Senior Specialists and proper equipment and infrastructure, 5159 Government employees and their dependents had to be referred to various other hospitals outside the State between March 1999 and September 2004. This unnecessarily put extra burden on the State Exchequer on account of reimbursement of their medical and travel expenses.

3.2.8. Inadequacy of equipment and infrastructure

Availability of medical equipment, proper building and other infrastructure in the hospitals is essential for providing prompt and quality medical care services to the people. But the hospitals and health centres run by the State lacked not only in sophisticated but also in ordinary medical equipment and facilities which are essential for running such health centres and referral hospitals, as discussed below:

- ***Primary care level***

In the primary care level, eight out of 16 community health centres did not have X-ray facilities. Remaining eight CHCs were provided with one machine each; but four machines were out of order for the last four to 18 years. Eight CHCs did not have proper Operation Theatre (OT) equipment. Availability of equipment in PHCs and PHSCs was also inadequate.

- ***Secondary care level (District hospitals)***

District hospitals function as referral centres for CHCs and are expected to be adequately equipped with necessary medical equipment for the OT and other specialized services including maintenance of blood bank and drug de-addiction centres. But the district hospitals in the State failed to function as referral centres in the true sense. Six out of seven district hospitals had no facilities to carry out regular surgeries due to lack of OT equipment, blood bank, laboratory support and anaesthesia facility.

- ***Tertiary care level***

JN Hospital, which is the only referral hospital at the State level, was in a bad state due to large number of important medical equipment remaining non-functional for want of repairs and replacements. These included OT equipment, X-ray machine, CT Scan, USG, EEG, Haemodialyser, Autoanalyser, Anaesthesia and Horizontal Sterilizer for the CSSD. The departmental authorities accepted that medical services in maternity and gynaecology, and neurosurgery departments were seriously affected due to non-functioning of USG, CT Scan and X-ray machines.

The only CT Scan machine available in the State Health Department (installed in August 1996 at JN Hospital at a cost of Rs.1.35 crore) was not functioning properly since October 2000 and remained out of service for 1,229 days out of 1,369 days from October 2000 to June 2004. The machine totally went out of order and remained unproductive since February 2004.

The Department stated (November 2004) that enough funds were not released by the Government for maintenance of hospitals, as a result, even essential items like medicine, diet, dressing materials etc. could not be supplied adequately to the patients.

3.2.9. Infrastructure

- ***Buildings***

Buildings and space in hospitals/health centres at primary and secondary care level were inadequate. The covered plinth area requirement of the health centres were 1,200 sft. for PHSC, 4,000 sft. for PHC and 20,000 to 25,000 sft. for CHC.

But 40 PHCs were functioning in PHSC buildings, seven CHCs in PHC buildings and one CHC in PHSC buildings. Further, 190 PHSCs (out of 420) and 38 PHCs (out of 72) had no proper Government buildings, and nine CHCs (out of 16) did not have full-fledged buildings.

- ***Ambulance services***

Size of ambulance service network and its response time were important factors in determining efficiency of medical services of any health care system.

According to norm all PHCs were required to have one ambulance each; but none of the 72 PHCs in the State was having any ambulance at all since 1960. CHCs were also functioning without proper ambulance facilities.

It was also seen that large number of ambulances in the State and district level hospitals were not in working condition. Out of the total 42 ambulances in the State, only 24 were in working condition. Remaining 18 were stated to be off road seriously hampering the capability of the hospitals to quickly pick up and transport patients in serious condition for immediate medical attention.

3.2.10. Laboratory Services

Laboratory service in the State hospital was also far from being satisfactory due to inadequate supply of laboratory reagents, X-ray films, antiseptic spirit, disinfectants etc. The biochemistry section was completely non-functional. In CHCs only the routine examination of blood, stool and urine were available with no facilities for biochemistry services in any of the centres.

3.2.11. Disposal of hospital waste

Hospital wastes such as used syringes, needles, bandage cloth, expired drugs and chemicals, empty containers, bottles etc. are serious health hazards if their safe disposal is not strictly ensured by the hospital authorities. It was noticed in audit that none of the Government hospitals had incinerators for proper destruction of solid waste and sewerage treatment plants for disposal of liquid waste thus posing health hazard to the general public and the environment.

3.2.12 Drug Control System

The Drug Control System in the State was almost non-existent from 1999-2000 to 2003-2004 and the quality of drugs available in the State could not be tested. The Government failed in its responsibility to provide reasonable assurance about the quality of drugs sold to the general public. There was no drug testing laboratory in the State and drug samples were sent outside the State for testing. The Department stated that after the retirement of the designated analyst of the State, no drug analyst was appointed by the Government for four years (September 2000 to September 2004). Only in October 2004, the Government designated the Director, Regional Drug Testing Laboratory, Guwahati as the new Government analyst for the State.

3.2.13 Prevention of Food Adulteration

To ensure availability of wholesome and quality food to the people, it is essential that the State Government strictly implements Prevention of Food Adulteration Act, 1954 by framing necessary rules and have an effective enforcement mechanism. It was noticed that though rules for prevention of food adulteration were framed in 1958, the necessary infrastructure and enforcement mechanism were not fully provided for effective implementation of the Act.

The number of food inspectors required in the State was 30 as per the existing norm (one inspector for 80,000 population). The State's population was 23.88 lakh during 2003-04. Against this, only four food inspectors were in position as of November 2004. Even against the sanctioned posts of 12 district food inspectors, there were only three inspectors working.

The Additional Director (PH/Food) stated that the incidence of adulteration in food samples increased from 12 *per cent* in 1999 to 31 *per cent* in 2003. The Department established two Food Testing Laboratories at Imphal and Moreh, but these were not well equipped. The post of Public Analyst created in 2000-01 remained unfilled till November 2004. In the absence of a Public Analyst no legal action could be initiated against cases of food adulteration. Although the incidence of adulteration increased manifold during the last five years, the Government failed to strengthen the enforcement machinery and to take action against the offenders.

3.2.14 Conclusion

Health Services network in the State was inadequate and inefficient due to the shortage of health centres in hill districts, extreme shortage of core specialists, non-availability of basic medical equipment and infrastructure, ill equipped blood banks, non functioning of Drug Control System, ineffective enforcement of the Prevention of Food Adulteration Act, non adherence to safety norms in disposal of hospital waste and non availability of ambulances and others necessary facilities in State run hospitals and health care centres. There was no expansion in the health services network in terms of opening of new hospitals or health care centres and addition of more beds in referral institutes. Thus, State Government failed in its objective of providing prompt, efficient and quality medical and health care services to the people of the State. Unless the problem of fiscal imbalances is addressed and priorities in allocation of expenditure corrected, important services in the social sector will continue to deteriorate affecting the quality of life of people in the State.

Recommendations

- Adequate number of health centres need to be established both in the hill and valley districts of the State as per Government of India norm.

- Requisite funds need to be provided for equipping State hospitals and health centres with at least basic equipment and infrastructure for their efficient running.

- Steps may be taken to minimise shortage of Core Specialists in the various disciplines.

- Fully equipped modernised blood banks capable of effectively detecting HIV infection in blood samples need to be established in each district.

- Prescribed safety norms should be strictly adhered to in disposal of hospital waste.

- Enforcement machinery for prevention of food adulteration needs to be strengthened.

CHAPTER IV

AUDIT OF TRANSACTIONS

AGRICULTURE DEPARTMENT

4.1 Unfruitful outlay on Cold Storage Plant

Lack of proper planning and defective execution of the project rendered the investment of Rs.1.29 crore on setting up of a cold storage plant at Mantripukhri, Imphal totally unproductive and infructuous. The plant commissioned in June 2000 for storing surplus fruits and vegetables remained non-operative since its commissioning due to lack of demand from farmers and defective design which rendered it unsuitable for low quantity storage.

To minimise post harvest loss of perishable agricultural products, the Government of Manipur decided in 1986 to set up a multipurpose cold storage plant with a total storage capacity of 1,000 tonnes at Mantripukhri, Imphal for storing surplus potatoes, vegetables, fish, eggs, seed potatoes and fruits produced by the growers in the state. The work of construction of building and supply and installation of the plant, which consisted of six chambers for storage of different products, was completed in December 1994 at a total cost of Rs.1.04 crore. The plant was commissioned after about $5^1/_2$ years (June 2000) with an additional expenditure of Rs.24.90 lakh. The delay in commissioning was due to technical problems as reported by the Department (August 2004).

Test-check (July-August 2004) of records of the Director of Agriculture revealed that only seven months after being commissioned, the plant was shut down in January 2001 due to (i) lack of commodity to be stored, (ii) lack of skilled manpower, (iii) erratic power and water supply and (iv) insufficient funds for running the plant. Since commissioning, only one to two tonnes of commodities were stored in the plant for about one month as against its storage capacity of 1,000 tonnes.

According to the project report prepared in 1986, the plant, by storing the surplus produce, was expected to help the growers in selling them at reasonable prices in lean seasons. On completion of the plant in 2000, growers however, did not utilise the facility at all and the defective design of the plant further compounded the problem as it did not permit operation of six storage chambers separately as per actual storage needs from time to time. Due to erratic power supply in the state, the plant had to run with a stand-by power generator for long hours further increasing the operational costs.

After the shut down of the plant, attempts were made to lease it out to a suitable private party/entrepreneur, but despite publication of notices in local newspapers, no one turned up in response.

Thus, installation of the cold storage plant without ensuring availability of commodities for storage, adequate power and water supply, requisite skilled manpower and sufficient fund for running it, rendered the plant non-functional since its commissioning in June 2000. Further, an expenditure of Rs.26.65 lakh was incurred on payment of salaries to the existing staff (1 Assistant Engineer, 1 Refrigeration Mechanic and 1 Electrician) who remained largely idle since commissioning of the plant till October 2004.

The matter was reported to Government in August 2004; in reply (October 2004) the Government accepted that the plant had no mechanism to operate each of six chambers separately thus making it difficult to use the cold storage plant economically depending on the actual requirement of the chambers. In a subsequent reply (January 2005), the Department also stated that the annual consumption of fruits and vegetables in the state was much higher as compared to the annual production and therefore, there was no surplus commodity to be stored in the cold storage plant. The reply of the Department confirms that no proper study was conducted, before establishment of the plant, to assess the actual storage needs of the farmers in the State based on production and consumption patterns of these crops. Thus, lack of proper planning and defective execution of the project resulted in unproductive and wasteful expenditure of Rs.1.29 crore on setting up this plant.

4.2 Irregular drawal of funds without immediate disbursement

Rupees 26.03 lakh was drawn from treasury and retained by a Drawing and Disbursing Officer for periods ranging between 5 and 14 months in violation of Central Treasury Rules.

Rule 290 of Central Treasury Rules (CTR) Volume I provides that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or in order to prevent the lapse of budget grants. Rule 306 of CTR provides that money under Fully Vouched Contingent charges should be drawn from treasury in Form TR 30 showing full details of charges and number of sub-vouchers enclosed in support of supplies received/liabilities incurred.

Test check (June 2004) of records of the Seed Production Officer, Regional Pulses and Oilseed Production Farm, Gamphazol revealed that Centrally Sponsored Scheme funds for Oilseeds Production Programme (OPP) amounting to Rs.26.03 lakh were drawn under four Fully Vouched Contingent (FVC) bills between March 2003 and December 2003 without enclosing any sub-vouchers to the bills indicating details of supplies received/liabilities incurred. The amounts remained undisbursed with the DDO (Seed Production Officer) till the date of audit (June 2004) for periods ranging between five to 14 months. The details of drawal were as under:

Sl. No.	**Date of drawal**	**Amount drawn (Rs. in lakh)**	**Purpose of drawal**
1.	31 March 2003	3.08	Procurement of Micro-nutrients and Quinalphos
2.	8 July 2003	9.75	Farmers' training (65 Nos.)
3.	6 December 2003	6.00	Production of Seeds
4.	6 December 2003	7.20	Farmers' training (48 Nos.)
	Total	**26.03**	

Drawal of these amounts from treasury violated the spirit of drawal under Fully Vouched Contingent charges and their retention by the DDO for five to 14 months implied that the amounts were not required for immediate disbursement.

On this being pointed out in audit, DDO stated in August/September 2004 that keeping in view the State's financial health, the bills were encashed at the earliest possible instance for timely implementation of agricultural programmes. DDO further intimated in September 2004 that the amounts had since been disbursed fully to the payees.

The reply of the DDO is not tenable as while the State Government was facing acute financial crisis, large amount of funds were drawn in anticipation of future demands, which remained locked up with the DDO without any immediate utilization.

The matter was brought to the notice of Government in July 2004. In reply while accepting the facts (October 2004), Government noted the audit observation for future guidance.

ECONOMICS AND STATISTICS DEPARTMENT

4.3 Unproductive expenditure

Non-utilisation of services of five drivers of off-road vehicles led to unproductive expenditure of Rs.20.46 lakh on payment of salaries.

Test-check of records of the Director, Economics and Statistics, Manipur, Imphal (July 2003) revealed that five vehicles, purchased between 1978 and 1982, were off-road for periods ranging from two to eight years as of July 2003. Five drivers against these vehicles remained mostly idle and their services were not fully utilised by the Department.

On this being pointed out in audit, the Director replied (June and September 2004) that one vehicle had been repaired since 10 August 2003 and one driver was being utilised against that vehicle. Another driver was utilised periodically (7/12/1999 to 6/3/2000 and 19/5/2003 to 5/2/2004) in other establishments and two more drivers were also lent out to other establishments from November 2003 to February 2004. The fifth driver was being utilised in the Directorate during the absence of other drivers. Details of period of idleness of the drivers are indicated in *Appendix–XXVII.*

The reply of the Director confirmed the Audit finding that most of the drivers in the Directorate were not being utilised fully. Idleness of drivers was as high as 89.40 *per cent* during the period when vehicles were off-road.

The Director paid Rs.20.46 lakh as salary to the five drivers during the period of idleness/ non-deployment. Thus, the failure of the Department to either repair the vehicles or utilise the services of these surplus drivers elsewhere resulted in an unproductive expenditure of Rs.20.46 lakh on their salaries.

The matter was referred to the Government (June 2004); in reply the Department stated (October 2004) that steps were being taken to get three idle drivers absorbed in the Secretariat. The reply is not tenable as records indicated that there were five drivers against five vehicles remaining off-road for different periods.

FOOD AND CIVIL SUPPLIES DEPARTMENT

4.4 Loss of Government money due to wrongful distribution of rice under Antyodaya Anna Yojana

Excess lifting and distribution of rice at lower price under Antyodaya Anna Yojana to ineligible beneficiaries resulted in loss of Rs.1.20 crore.

The Central scheme of Antyodaya Anna Yojana (AAY) was launched by the Government of India in December 2000. Under this scheme, 15.33 *per cent* of Below Poverty Line (BPL) households in each State were to be earmarked as beneficiaries under AAY who would be distributed 25 kg of rice per family per month (enhanced to 35 kg since 1 April 2002) at an issue price of Rs.3 per kg.

For allocation of food grains for Manipur under AAY, the Government of India projected the number of AAY households as 25,500 based on 15.33 *per cent* of number of BPL households projected in the State as 1,66,000. The actual beneficiaries were to be identified by the State Administration adopting the procedure specified elaborately in the scheme guidelines. The Government of India instructed each State Administration to ensure that only the deserving and the needy families were identified to get the benefits of AAY.

Test check (May 2004) of records of the Director, Food and Civil Supply Department revealed that the Department lifted 10,700.21 MT and 10,570.80 MT of AAY rice during 2002-03 and 2003-04 respectively for distribution to 25,500 households, as assessed by the Government of India. However, the actual number of BPL households as identified by the State for the years 2002-03 and 2003-04 stood at 1,30,000 only. The corresponding number of beneficiary households therefore, ought to have been 19,929 (15.33 *per cent* of 130000) and the required quantity of rice per year based on the actuals was 8,370.18 MT (19,929x35x12). The Department did not carry out any cross verification to settle the anomaly between the number of beneficiary households as worked out by the Government of India and that prevalent in the Departmental records. Thus, for the two years taken together there was an excess lifting and distribution of 4,530.65 MT (21,271.01-(8,370.18x2)) of AAY rice. The issue price of rice for AAY households was fixed (April 2002) by the State Government at Rs.3,470 per MT as against Rs.6,108 per MT for BPL households.

The quantity of rice so lifted and distributed in excess was simply to utilise the allocation made available by Government of India without going for proper identification of beneficiaries as per prescribed procedure. This resulted in loss of Government money to the tune of Rs1.20[1] crore, being the difference of issue price between the BPL rate and the AAY rate in respect of 4,530.65 MT of rice which were evidently distributed to families not eligible to be covered under the scheme.

[1] (Rs.6108-Rs.3470)x4530.65 MT=Rs.119,51, 854.70.

The matter was reported to Government (August 2004); in reply the Department stated (October 2004) that they had identified 25,500 beneficiaries under AAY scheme and as such no excess lifting and distribution of rice under the scheme was made. The reply is not tenable because 25,500 beneficiaries claimed to have been identified exceeds 15.33 *per cent* of the total BPL households which number 1.30 lakh, as reported by the State Government.

FOREST DEPARTMENT

4.5 Unfruitful expenditure

Short release of Government of India funds by the State Government rendered expenditure of Rs.9.75 lakh on advance work of plantation unfruitful.

Government of India, Ministry of Environment & Forest (MOE&F) sanctioned Rs.89.21 lakh during the period of IXth Five Year Plan (1997-02) for Centrally Sponsored Scheme (CSS) "Association of Scheduled Tribes and Rural Poor in Regeneration of Degraded Forest (ASTRPRDF)" with targeted coverage of 450 hectares of aided natural regeneration and 300 hectares of afforestation. An amount of Rs.70.69 lakh was released by MOE&F for the above scheme between 1998-99 and 2001-02 to the State Government of Manipur. The State Government was to ensure that funds released by the Government of India were gainfully utilised in furtherance of the approved work programme in accordance with the guidelines. The scheme was to be implemented by the Divisional Forest Officer, Western Forest Division, Tamenglong.

Test-check (March 2004) of records of the Division revealed that out of Rs.70.69 lakh provided by MOE&F, the State Government released Rs.60.69 lakh only during 1999-2000 to 2000-01 and the balance of Rs.10 lakh was yet to be released to the Division as of September 2004.

The released amount of Rs.60.69 lakh was utilised during 1999-2000 to 2001-02 for (i) coverage of 225 hectares of aided natural regeneration, (ii) 100 hectares of afforestation, and (iii) an advance work of afforestation of 175 hectares which included site clearance, burning of weeds, pit formation and creation of nursery at an expenditure of Rs.9.75 lakh incurred in 2001-02.

The Division anticipated that further work on plantation would be taken up on release of balance Rs.10 lakh by the State Government, but this did not materialise and the advance work proved totally futile due to non-plantation of saplings at the cleared site.

Short-release of Central funds to the tune of Rs.10 lakh to the implementing agency due to retention of the said amount by the State Government thus rendered the expenditure of Rs.9.75 lakh on advance work unfruitful.

The matter was brought to the notice of the Government (July 2004); in reply the Principal Chief Conservator of Forest stated (October 2004) that the nurseries so far created were in good health and pits dug up were still fit for raising the plantation. The reply confirms the audit observations that the advance action over 100 ha. carried out by the Divisional Forest Officer including raising of nursery, digging of pits by March 2002 etc., was still awaiting final plantation for want of funds to be released by the State Government. It is not appropriate on the part of the State Government to divert funds meant for Centrally Sponsored Scheme.

Prolonged delay in release of funds may result in filling of pits dug about three years back due to rainfalls, wind etc. and may ultimately result in wasteful expenditure on advance work. The afforestation already created on 100 hectares of land also did not become successful due to lack of maintenance.

4.6 Loss on failure of plantations

Non-submission of utilisation certificate resulted in State Government not getting Rs.33.73 lakh from the Government of India under the scheme for Conservation and Development of Non-Timber Forest Produces. The State Government also did not release Rs.42.10 lakh of the Central funds for maintenance of the plantations. This resulted in failure of plantation and consequent loss to the tune of Rs.25.59 lakh.

Government of India, Ministry of Environment and Forest (MOE&F) sanctioned Rs.194.36 lakh during the IXth Five Year Plan (1997-98 to 2001-02) under a Centrally Sponsored Scheme (CSS) *viz*. "Conservation and Development of Non-Timber Forest Produce including Medicinal plants(NTFP)" involving plantation and other forestry activities.

Out of the approved outlay of Rs.194.36 lakh during 9th Plan, the MOE&F provided Rs.160.63 lakh during 1997-98 to 2000-01. Balance of Rs.33.73 lakh was not released by the Government of India due to non-submission of utilisation certificate by the State Government against Rs.35.00 lakh provided in 2000-01. The State Government on the other hand released only Rs.118.53 lakh during 1998-99 to 2001-02 against Rs.160.63 lakh received from the Central Government. Reasons for short release of central funds by the state Government could not be stated. Details of approved outlay, funds released and expenditure incurred during 1997-98 to 2001-02 are indicated in *Appendix–XXVIII.*

Test-check (March 2004) of records of the Divisional Forest Officer (DFO), Western Forest Division, Tamenglong (Implementing agency of the scheme) revealed that out of Rs.118.53 lakh released by the State Government to the Division up to 2001-02, an expenditure of Rs.93.07 lakh on raising of 20,32,500 plants in 1,355 hectares under the scheme was incurred during 1998-99 to 2001-02. But maintenance of these plantations in subsequent years was badly affected due to non-release of balance funds by the State Government. In reply to an audit query, the DFO reported (September 2004) that the percentage of current survival of the plantations had come down to an average of 58 *per cent* as of July 2004. As the departmentally accepted standard survival rate was 80 *per cent*, for treating any plantation as successful, the shortfall in survival had caused corresponding loss of Government money to the tune of Rs.25.59 lakh[2], calculated on the basis

[2] Accepted success =58/80x100=72.50%; Failure= (100-72.50)%=27.50%; Loss= Rs.93.07 lakhx27.50%= Rs.25.59 lakh.

of proportionate failure of the plantations, treating survival of 80 out of 100 plants as 100 *per cent* success.

Thus, inaction on the part of the State Government in maintaining the plantations resulted in loss of Rs.25.59 lakh due to failure of plantations.

The matter was referred to Government (July 2004); in reply the Principal Chief Conservator of Forests (PCCF), Manipur stated (October 2004) that the survival rate was 70 to 78 *per cent* in 2002 as per monitoring report of 2002. He contended that 80 *per cent* survival rate was mandatory only for the first year of plantation not for subsequent years. Agreeing that casualty replacement was delayed due to late release of funds, he, however, stated that with the release of Rs.17.75 lakh in March 2004, maintenance of plantation had since been completed.

The reply of the PCCF is not tenable on the ground that as per the schedule of items for forestry work (item number 4 of final plantation), the casualty in any case should not exceed 20 *per cent*. Further, due to delay in release of funds by State Government, maintenance of plantation was adversely affected.

HOME DEPARTMENT

4.7 Diversion of funds provided for modernisation of police

Grants and loans provided by the Government of India under the scheme, Modernisation of Police Force, were not released in time by the State Government thereby delaying modernisation of state police and construction of district police offices/police stations.

Government of India, Ministry of Home Affairs, during 2001-02 sanctioned Rs.52.46 lakh and Rs.1.95 crore as loans under the scheme for Modernisation of State Police Forces. The amounts were credited to the accounts of the State Government during January and February 2002 respectively. The loans carried an interest of 12 *per cent* per annum repayable in 25 years by annual instalments to be commenced from the following year.

Test check (November 2002) of records of the Director General of Police, Manipur (Implementing Agency for Modernisation of State Police Force) revealed that none of the loan amounts was released by the State Government to the implementing agency till the date of audit. Further scrutiny (January 2004) revealed that the same were released by the State Government to the implementing agency in December 2003 i.e. after 22/23 months of the receipt of the loans. During the period from April 2002 to November 2003, interest amounting to Rs.48.73 lakh was paid to the Government of India as per terms of the loans without the funds being used for the purpose for which these loans were obtained.

It was noticed in audit that grants and loans provided by Government of India under the scheme for Modernisation of Police Force during 2000-01 and 2001-02 were not released in time by the State Government due to which modernisation of state police including construction of district police offices/police stations was delayed.

The matter was reported to Government (September 2004); in reply, the Special Secretary (Home) stated (November 2004) that out of the total Central assistance of Rs.4.95 crore (grants: Rs.2.47 crore; loan: Rs.2.48 crore) received during 2001-02, the State Government had released an amount of Rs.2.95 crore only leaving a balance of Rs.2 crore with the Government yet to be released to the implementing agency.

Given the prevailing security scenario in the State, the State Government should not divert funds provided by the Central Government specifically for the modernisation of police force and expanding its network of police stations.

IRRIGATION AND FLOOD CONTROL DEPARTMENT

4.8 Avoidable expenditure

Delay in discharging the liability of depositing award-money for compensation on land acquisition resulted in avoidable excess expenditure of Rs.12.95 lakh.

In April 1997, Government issued a notification under Section 4 of the Land Acquisition Act, 1894 for acquisition of 143.60 acre of land situated in Sehkon and T. Kotlian villages of Churachandpur district which would get submerged due to the construction of Khuga Dam reservoir. Accordingly, the Deputy Commissioner-cum-Collector (Land Acquisition), Churachandpur issued (January 1998) an award in favour of the affected land owners and requested the Executive Engineer, Khuga Head Works Division, Churachandpur to deposit an amount of Rs.23.83 lakh with him for payment of compensation to two awardees. The break-up of the amount is shown below–

Sl.	Item	(Rupees in lakh)
I.	Cost of land	17.23
II.	Interest @ 12 *per cent* per annum from 25.4.1997 to 2.1.1998 i.e. date of award	1.43
III.	Solatium @ 30 *per cent*	5.17
	Total:	23.83

Despite having adequate budget provision, the Irrigation and Flood Control Department (IFCD) instead of discharging the liability fully, deposited Rs.1.50 lakh only on 28 June 1999 with the award issuing authority for payment to the awardees. Delay in receipt of compensation prompted the awardees to file a writ petition in the Guwahati High Court, Imphal bench which was disposed of by the Hon'ble Court on 19 November 1999 directing the respondents i.e. the Commissioner, Finance Department and the Commissioner, IFCD to deposit the entire compensation amount awarded within three months from the date of receipt of the court order (communicated on 10 January 2000) along with interest, payable from the date of taking over possession of the land, as contemplated under Section 34 of the Land Acquisition Act, 1894.

Test-check (July 2003) of records of the Chief Engineer, IFCD (Wing II), Imphal revealed that the Department took another two years to pay the entire compensation amount leading to an additional interest payment of Rs.12.95 lakh on delayed payments. Details of compensation amount and interest paid are indicated below:

Sl. No.	Particulars	Amount paid (Rupees in lakh)	Date of payment
1.	Compensation amount (Rs.23.83)	1.50 8.50 13.83	June 1999 March 2000 March 2002
	Total	**23.83**	
2.	Additional interest on delayed payment 25.4.1997 to 30.4.2001 1.5.2001 to 22.3.2002	11.10 1.85	April 2002 September 2003
	Total	**12.95**	
	Grand Total:	**36.78**	

Thus, there was an avoidable excess expenditure of Rs.12.95 lakh over the initial award due to delay in discharging the liability arising out of award of the Land Acquisition Authority. This included interest for the period from 25 April 1997 to 2 January 1998 on the interest component included in the award.

The matter was brought to the notice of Government (May 2004); the Department in reply stated (October 2004) that the entire compensation award could not be paid in time due to financial constraints of the Government.

4.9 Locking up of Government money in incomplete works

Two beautification works of Singda Multipurpose Project remained incomplete for more than 4½ years from the scheduled dates of their completion after incurring an expenditure of Rs12.75 lakh.

The Executive Engineer, Singda Irrigation Division (renamed Irrigation Maintenance Division I) awarded (19 June 1999) two beautification works of Singda Multipurpose Project to a contractor at the negotiated rates for 40.12 *per cent* and 21.54 *per cent* above estimated cost. In the work order, completion time of two months for one work and three months for the other was allowed which expired on 3 September 1999 and 3 October 1999 respectively.

Test check (October to November 2003) of records of the Executive Engineer (EE) revealed that the contractor did not even commence the works before the scheduled date of completion. He started the works during October-November 1999 but stopped midway (January 2000) reportedly due to non-issue of construction-materials *viz.* steel, cement etc. by the EE. The physical progress of works was not reported to audit. Terms and conditions of the work order revealed that supply of materials was agreed to by the department subject to availability in the Stores Division. The EE who could not supply the materials fully due to their non-availability in the Stores Division, served (July 2002) a show-cause notice to the contractor for suspension/wrongful delay/slow progress of the works. After ten months, time-extension up to September 2003 was allowed (April 2003) by the EE provisionally. But the contractor did not resume the works (November

2003). Meanwhile, the contractor was paid (March 2002) Rs.12.75 lakh for the portion of the works done by him so far, as detailed below:

Sl. No.	Name of the work	Estimated cost	Total value of the work awarded	Value of the work completed	Amount paid to the contractor
		(Rupees in lakh)			
1.	Providing pavement around the shallow pond on the D/S beautification area of Dam at 853 EL levelled platform	14.34	20.08	13.20	11.72
2.	Construction of shallow pond on the D/S beautification area of Dam at 853 EL levelled platform.	11.01	13.39	1.95	1.03
	Total:	**25.35**	**33.47**	**15.15**	**12.75**

The EE neither rescinded the contracts nor made any alternate arrangements for getting the rest of the works done departmentally/by other agencies at the risk and cost of the contractor as provided in the contract. Thus, after incurring an expenditure of Rs.12.75 lakh the two works remained incomplete even after a lapse of more than 4 ½ years from the scheduled dates of their completion. The EE attributed (July 2003) non-procurement/non-supply of the materials to financial constraints.

The matter had been brought to the notice of Government (February 2004); the Department while accepting the observation stated (August 2004) that the works were rescinded in July 2004 and balance works would be taken up very soon.

MUNICIPAL ADMINISTRATION, HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.10 Retention/Non-release of Government of India grants received by the State

Government of India grants of Rs.15.44 lakh received from HUDCO as subsidy for Integrated Low Cost Sanitation (ILCS) scheme was not released by the State Government for about 18 months resulting in non-completion of work, which deprived the targeted population of intended benefits of the scheme.

The Integrated Low Cost Sanitation scheme introduced by the State Government in 300 small and medium towns with less than five lakh population was intended to eliminate manual scavenging and improve sanitation by conversion of dry latrines into low cost water seal pour flush latrines. The funding pattern of the scheme was as follows:

- Economically Weaker Section (EWS): 50 *per cent* State subsidy, 45 *per cent* Central subsidy and 5 *per cent* beneficiary contribution.
- Low Income Group (LIG): 60 *per cent* State subsidy, 25 *per cent* Central subsidy and 15 *per cent* beneficiary contribution.

As per the agreed arrangement, the Central subsidy was to be financed by the Government of India through Housing and Urban Development Corporation (HUDCO).

Test-check (July-August 2004) of records of the Director, Municipal Administration, Housing and Urban Development (MAHUD), Manipur revealed that administrative approval and expenditure sanction of Rs.19.90 lakh (State's share) was accorded in March 1998 for construction of 770 latrines under the Integrated Low Cost Sanitation scheme (600 units under EWS and 170 under LIG) in three towns of Kakching (485 units), Nambol (161 units) and Mayang Imphal (124 units). Work on construction of these units was awarded to a contractor in March 1998 at the rate of Rs.4,950 per unit and a total of 483 units were constructed during 1999-2003 from the subsidy provided by the State Government and beneficiaries contributions.

The Co-ordinating Committee of the Ministry of Urban Development and Poverty Alleviation, Government of India, approved the Central subsidy amount of Rs.15.46 lakh for construction of these units only in November 2002 and released the amount of Rs.15.44 lakh in the form of a Bank draft through HUDCO to the Director, MAHUD, Manipur in March 2003.

It was noticed in audit that though the State Government received the Central subsidy in March 2003, the amount was yet to be released to the implementing agency (October 2004) thereby delaying construction of 287 units for more than a year. Accepting the delay, the Director, MAHUD stated that the amount was left unattended inadvertently in his account which resulted in delay of about five months in handing over the amounts to the State Government for authorisation. The amount was transferred to the Secretary, MAHUD in August 2003 and credited to Government account. The State Government did not release the funds to the implementing agency for the scheme as of October 2004. It was also noticed that the Central subsidy was to be kept in a separate bank account as per the agreement executed between the Government of Manipur and HUDCO but this requirement was not strictly adhered to and the amount was credited to the State Government account leading to substantial delay of more than 18 months in releasing the funds to the scheme.

Thus, non-release of Central subsidy amount of Rs.15.44 lakh by the State Government which was provided by the Government of India for the specific purpose of Integrated Low Cost Sanitation scheme resulted in non-construction of 287 units which deprived the targeted beneficiaries of the intended benefits of the scheme.

The matter was reported to Government (October 2004); their reply had not been received (November 2004).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.11 Advance payment to avoid lapse of grant

In total disregard of General Financial Rules, the Executive Engineer, Imphal East, PHED made advance payment of Rs.51.47 lakh to the Stores Division for supply of DI pipes to utilise the funds provided at the end of the financial year. He charged the expenditure to two works which had already been completed and for which these pipes were not required.

According to Note 2 below GFR 69, it is contrary to the interest of the Government that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of a grant could be avoided.

Test-check (December 2003) of records of the Executive Engineer, Imphal East Division, Public Health Engineering Department (PHED) revealed that advance payments of Rs.17.34 lakh (29 March 2003) and Rs.34.13 lakh (31 March 2003) were made to the Stores Division (PHED) towards the cost of DI pipes (details available in the *Appendix–XXIX*) charging respectively the works "Accelerated Rural Water Supply Scheme at Nungoi Phase-I" and "Rejuvenation of Langdum Water Supply Scheme Phase I". Both the works had been completed in the year 2002 i.e. before the advance payments were made, and according to the estimates such pipes were not required for these works.

On this being pointed out in audit, the Executive Engineer categorically stated (July 2004) that funds were provided at the end of the year (26 March 2003) which were to be utilised before the end of the year as per instructions issued by the Government. Hence the amounts were drawn and advance payments made to utilise the funds. This was in total disregard to the provisions of Financial Rules but was also beyond the scope of the purpose for which the amounts were drawn.

The materials, however, had not been received by the Division till the date of audit. The Division recorded that the materials were not received due to their non-availability in the Stores Division. Further queries (June 2004) revealed that the materials were not yet issued by the Stores Division although 15 months had already elapsed after the advance payment was made for their procurement.

Thus, the action of the Executive Engineer, in making advance payments without ascertaining availability of DI[3] pipes with the Stores Division and also charging the expenditure against the works which had already been completed were merely for utilising the available funds at the end of the financial year 2002-03. Further, the advance payment without ascertaining availability of materials resulted in blocking of Government money to the extent of Rs.51.47 lakh.

[3] Ductile Iron

The matter had been reported to Government (May 2004); their reply was not received (October 2004).

4.12 Injudicious procurement of stores

Procurement of slotted pipes without immediate requirement resulted in locking up of Government funds (Rs.23.35 lakh) for about 4½ years.

According to general principle of purchase laid down in para 38 of CPWD Manual Vol II, stores should not be purchased in excess and much in advance of requirement.

Test-check of records (October 2003) of the Executive Engineer, Investigation, Planning and Design Division No.I revealed that while there was a stock balance of 1,755.71 RM of slotted pipes of different dia, the Divisional Officer procured (February 2000) a further quantity of 2,352.90 RM of these materials from the Stores Division (Rural) on payment of Rs.23.35 lakh (March 2000).

Out of the total quantity thus accumulated in the divisional stores as of February 2000 (i.e. 4,108.61 RM), only 308.75 RM was issued to different works till July 2004 (Details at *Appendix–XXX*). It was further noticed that in respect of each size of the pipes, the stock already in hand was much larger than the quantity issued subsequently. Further procurement of the slotted pipes was not required as the trend of issue during the 4½ years (February 2000 to July 2004) showed that the average utilisation of the pipes was only 17.58 *per cent* of the stores in hand.

Thus, procurement of 2,352.90 RM of slotted pipes in February 2000 without proper assessment of requirement resulted in locking up of Government funds of Rs.23.35 lakh for about 4½ years (July 2004).

The matter was referred to Government (March 2004); in reply the Additional Chief Engineer of the Department stated that there was an annual target of boring 240 tubewell for which 2,265 RM of slotted pipes were required per year. But during 1999-2000, there were borings of 50 tubewells only. Therefore, target for boring tubewell in 2000-01 including shortfall of 1999-2000 was 430. To meet this requirement, 2,352.90 RM pipes were procured in February 2000. The shortfall in boring tubewells in 1999-2000 was attributed to continued disturbance from the year 1999 and restrictions on free movement of departmental vehicles. The reply of the Additional Chief Engineer in not convincing as given the slow pace of boring of tubewells, the Executive Engineer should have first utilised the stock already in hand to minimise the shortfalls of 1999-2000 before going for further procurement to meet the targets of subsequent years. The Executive Engineer went ahead with the bulk procurement of these pipes in February 2000 without taking note of the large stock of these pipes (1,755.71 RM) already available and ignoring the fact of slow execution of work of drilling tube wells which was well in the notice of the Department.

PUBLIC WORKS DEPARTMENT

4.13 Undue favour to a contractor

Against the work of Rs.71.62 lakh executed by OCP India Private Limited, Kolkata, for construction of the second Manipur Bhawan at Salt Lake, Kolkata, the Executive Engineer, Building Division No.II, Imphal paid Rs.104.12 lakh resulting in an overpayment of Rs.32.50 lakh to the company.

The work construction of the second Manipur Bhawan (G+5 floors) at Salt Lake, Kolkata was awarded in March 1999 by the Executive Engineer Building Division II, Imphal to OCP India Private Limited, Kolkata at a lump sum amount of Rs.3.26 crore and the work was to be completed by April 2002.

According to the contract, a mobilisation advance of Rs.32.50 lakh was paid (April 1999) to the contractor (OCP India Private Limited) against a bank guarantee (BG) of Rs.32.55 lakh valid up to 29 April 2000. The advance, bearing interest at the rate of 9.5 *per cent* per annum, was recoverable at 3 *per cent* of each running account (RA) bill paid till completion of 50 *per cent* of the work and at a minimum of 7 *per cent* of each RA bill for the balance work subject to full recovery at the time of paying the final bill. Payments were to be made every month to the contractor for the work executed on a percentage basis or on completion of different items specified in the bidding schedule.

Examination of records relating to this contract disclosed following serious financial irregularities:

Bank guarantee allowed to expire before full recovery of advance

Though the work awarded to the contractor was not fully completed and the mobilisation advance not recovered from the contractor, the Executive Engineer (EE) allowed the bank guarantee of Rs.32.55 to expire on 29 April 2000. He did not take action to either revalidate the bank guarantee or encash it before the date of expiry. This irregular action of EE rendered the entire mobilisation advance completely unsecured.

Overpayment to contractor

As the Department did not make monthly payments regularly due to non-issue of cheque drawal authority by the Government, the contractor discontinued the work in December 2000. Till then, he had executed work amounting to Rs.71.62 lakh and was paid only Rs.0.77 lakh (1st RA bill in October 1999) by the Department. EE paid the remaining amount of Rs.70.85 lakh to the contractor in March and July 2002 through 2nd and 3rd RA bills without recovering the mobilisation advance with interest outstanding against the contractor except Rs.2.18 lakh deducted from first two RA bills as interest.

Thus, a total payment of Rs.104.12 lakh was made to the contractor including mobilisation advance against the work of only Rs.71.62 lakh executed by him. This resulted in an overpayment of Rs.32.50 lakh to the contractor.

Interest not recovered

Interest of Rs.15.06 lakh on unrecovered mobilisation advance was also outstanding against the contractor as of November 2004.

Blocking of Capital

Ultimately, Government conveyed (July 2003) approval to rescind the contract with OCP India Pvt. Ltd. and to take up the balance work through another agency/contractor. But this was yet to be implemented (July 2004) by the EE. The Government capital of Rs.71.62 lakh has been blocked for more than two years and the construction of Manipur Bhavan, which was to be completed by April 2002, has been delayed considerably.

The matter was brought to the notice of Government (June 2004); in reply furnished in November 2004, the Department accepted the facts and issued instructions making Executive Engineers personally accountable for timely re-validation of the Bank Guarantee on due dates in future. However, the fact remains that against work worth Rs.71.62 lakh the contractor was paid Rs.104.12 lakh resulting in excess payment of Rs.32.50 lakh in the form of mobilisation advance which was yet to be recovered with interest.

VETERINARY AND ANIMAL HUSBANDRY DEPARTMENT

4.14 Irregularities and delay in procurement of plant and equipment for the Integrated Cattle Development Project

Delay in installation and commissioning of Liquid Nitrogen Plant led to blocking of Government money to the tune of Rs.1.28 crore besides loss of Rs.8.90 lakh due to non-acceptance of the lowest rates in purchase of cryocans.

Under the Centrally Sponsored Schemes of National Project for Cattle and Buffalo Breeding and Extension of Frozen Semen Technology, the Project Officer, Integrated Cattle Development Project (ICDP), Porompat, Imphal purchased a liquid nitrogen plant for Rs.70.51 lakh and cryocans[4] of 1–1.5 litre capacity (170 nos.) and 30–35 litre capacity (175 nos.) and two liquid nitrogen storage tanks for Rs.60.66 lakh in September 2001 and February 2002 respectively.

Examination (August 2003) of records of the Project Officer, ICDP disclosed the following irregularities:

Loss due to non-acceptance of lowest rates for cryocans

In response to rate quotations invited (May 2000) by the Director, Veterinary and Animal Husbandry, Manipur, four firms had quoted their rates for frozen semen equipment including (i) portable cryocans of 1 to 1.5 litre capacity (170) and (ii) cryocans of 30 to 35 litre capacity (175). The IBP Company Ltd. (A Government of India enterprise) quoted the lowest rates of Rs.4,900 and Rs.16,125 respectively for models manufactured by them. The Company also quoted the rate of Rs.6,800 for cryocans of 3.9 litre capacity. An Imphal based firm M/s Lalmani and Co. quoted rates of Rs.7,290 for cryocans of 1.7 litre capacity and Rs.18,890 for the second item for models manufactured by Inox India Ltd.,Vadodara, which were the third lowest. No rate was quoted by this firm against cryocans of 1 to 1.5 litre capacity.

The Tender Committee, on recommendation of the Project Officer, ICDP, accepted (September 2000) the third lowest rates quoted by the Imphal based firm instead of the lowest offer of a Government enterprise on the grounds of higher straw holding capacity for item no. (i) and higher holding time capacity for item no. (ii). However, none of the enhanced parameters was stipulated in the notice inviting quotation. Further, the Project Officer stated (May 2004) that there was no specifically prescribed minimum storage duration (holding time) requirement for cryocans.

[4] Liquid nitrogen containers used for ultra low temperature preservation of biological samples.

Non-acceptance of the lowest rates without adequate justification resulted in loss of Rs.8.90 lakh[5] in procurement of cryocans.

The matter was brought to the notice of the Government (November 2003). The Director, Veterinary and Animal Husbandry Department during discussion (October 2004) reiterated that the procurement was made as per the recommendation of the Tender Committee. The reply did not clarify the reason for rejection of the lowest offer.

Delay in installation and commissioning of liquid nitrogen plant

The liquid nitrogen plant for the project received from a Kolkata based firm in September 2001 was lying unused (September 2004) due to delay in execution of civil works required for installation and commissioning of the plant.

The Director, Veterinary and Animal Husbandry Services, Manipur placed the order for the liquid nitrogen plant in December 2000 for supply, installation and commissioning of the plant with Voltage Stabilizer at their tendered rate of Rs.70.51 lakh inclusive of 4 *per cent* CST. The firm supplied the plant to the Department on 20 September 2001 and was paid Rs.70.51 lakh in April 2002.

The Project Officer obtained estimates of the civil and electrical work necessary for installation of the plant from Manipur Industrial Development Corporation Limited (MANIDCO) in March 2002 and deposited an amount of Rs.2.25 lakh in February 2003 with the Executive Engineer, MANIDCO for execution of the work. Thus there was a delay of more than one year on the part of the Project Officer in awarding the minor civil and electrical work required for installation of the plant.

Installation of the plant was further delayed by MANIDCO as it could not complete this civil and electrical work costing Rs.2.25 lakh even after two years of receipt of the deposit money. The work entrusted to MANIDCO has only been completed in June 2004 and the plant was installed in July 2004 but final commissioning of the plant was yet to be done by the supplier (September 2004).

This led to delay of more than three years in installation and commissioning of the liquid nitrogen plant procured at a cost of Rs.70.51 lakh for implementation of cattle and buffalo breeding project in the State, resulting in blocking of funds to that extent. This also delayed implementation of the project as cryocans procured for use in newly opened 100 Artificial Insemination (AI) centres could not be put to use for want of liquid nitrogen.

The matter was reported to Government (November 2003); in reply furnished during discussion (October 2004), the Director accepted the audit observation.

[5] Rs.(7,290-4,900)x170= Rs.4,06,300
Rs.(18890-16125)x175= Rs.4,83,875
Rs.8,90,175

Non-issue of cryocans

Test-check of records further revealed that the cryocans were lying in stock without issue except for a small number of 13 cryocans of 30-35 litre capacity (value at Rs.2.95 lakh) till the date of audit. Details of equipment lying in stock valued at Rs.57.71 lakh are indicated in the *Appendix–XXXI)*.

The matter was reported to the Government (November 2003). The Director, Veterinary and Animal Husbandry Services, during discussion held in October 2004 replied that cryocans of 1-1.5 litres capacity and 30-35 litres capacity were purchased for opening of 170 AI centres during 2002-03. Out of the proposed 170 AI centres, artificial insemination works were introduced in newly opened 100 centres by the end of 2003. Shortfall in opening of 70 centres was attributed to administrative inconvenience, law and order situation etc. He further informed that the Department had since issued 75 cryocans of 1-1.5 litre capacity to AI centres retaining a reserve stock of only 95 cryocans. As regards 30-35 litre capacity cryocans, civil work of the liquid nitrogen plant had been completed in June 2004 and the plant was going to be commissioned shortly. Thus, the required number of cryocans of 30-35 litre capacity were issued to hospitals/AI centres retaining a reserve stock of only 70 cryocans in store.

The reply of the Director confirms that the cryocans were purchased much in advance of the requirement i.e. even before opening of AI centres and remained in stock for over two years. Proposed 70 AI centres are yet to be opened and the liquid nitrogen plant at Porompat still remained to be commissioned. Thus, a sizeable portion of the stores (95 cryocans of 1-1.5 litres capacity and 70 cryocans of 30-35 litres capacity) were yet to be issued as of December 2004.

YOUTH AFFAIRS AND SPORTS DEPARTMENT

4.15 Delayed submission of Detailed Countersigned Contingent bills

DCC bills in support of Rs.58.80 lakh drawn in AC bills were not submitted for years.

According to Rule 308 and 309 of the Central Treasury Rules, Detailed Countersigned Contingent (DCC) bills are to be presented to the Controlling Officer for countersignature in respect of Abstract Contingent (AC) bills drawn more than a month before the date of the bill and a certificate to that effect is to be attached to every AC bill presented to treasury for drawal.

Test-check (November 2003) of records of the Director of Youth Affairs and Sports revealed that the Director had drawn Rs.1.55 crore in 22 numbers of AC bills during 1994-95, 1997-98, 1998-99, 1999-2000 and 2002-03 by recording an incorrect certificate that ***no AC bill was drawn during the month and no DCC bill was pending*** when in fact no DCC bill in respect of the AC bill drawn a month before the date of such drawal was prepared and submitted to the Controlling Officer till date of audit (November 2003). This indicated gross negligence in adherence to financial rules by the Drawing Officer who not only violated the provisions of Rules but also furnished incorrect certificate repeatedly to draw money from Government account. Actual utilisation of Rs.1.55 crore drawn on AC bills could also not be verified in the absence of DCC bills.

The matter was reported to Government in February 2004. On this being pointed out in Audit, the Department submitted (October 2004) 14 out of 22 DCC bills to Accountant General (A&E) in October 2004. But these were not supported by sub-vouchers and therefore returned to the department (December 2004) for resubmission with the required sub-vouchers. DCC bills in respect of remaining 8 AC bills amounting to Rs.58.80 lakh were yet to be submitted to the Accountant General as of November 2004.

GENERAL

4.16 Delays in submission of annual accounts by Autonomous District Councils

Manipur (Hill Areas) Autonomous District Councils

Hill areas of Manipur are divided into six Autonomous Districts with each having its own District Council. These councils are governed by the Manipur (Hill Areas) District Council Act, 1971 and their functions *inter alia* include construction, repair and maintenance of roads, bridges, canals and buildings, establishment, maintenance and management of primary schools, dispensaries, markets etc., supply and storage of drinking water, public health and sanitation etc. The councils have powers to levy taxes on professions, trades, callings and employments, taxes on animals, vehicles and boats, toll tax, taxes on maintenance of schools, dispensaries, roads and any other tax falling under List II of VIIth Schedule of the Constitution.

These Autonomous District Councils (ADCs) for Senapati, Ukhrul, Tamenglong, Churachandpur, Chandel and Sadar Hills are autonomous bodies and are audited under Section 19 (3) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. An ADC is required to prepare annual accounts at the end of each financial year in the prescribed form and Rule 63 of the Manipur (Hill Areas) District Council Rules, 1972 specifically lay down that the council would forward a copy of the annual accounts to the Governor before the 1st of August each year.

ADCs in violation of the provisions of the above rules have not been submitting their accounts to audit regularly. The position regarding arrears in certification of accounts of ADCs is given in *Appendix–XXXII.*

The matter regarding delay in submission of accounts by ADCs had been reported in the Audit Reports year after year and it was also brought to the notice of the Chief Secretary, Government of Manipur in September 2004. The State Government was advised to consider engaging professional accountants (CAs) to clear the backlog in preparation of accounts of Autonomous District Councils of Ukhrul and Tamenglong. No action has been taken by ADCs to liquidate arrears in accounts and bring the position up-to-date.

Due to delay on the part of the ADCs in submitting their accounts, the Legislature of the State was deprived of the information, status, working and financial results of these Councils. Delay in compilation of accounts, is fraught with the risk of embezzlement, misappropriation and loss of records.

Further, the forms of accounts of the Manipur (Hill Areas) District Councils are to be prescribed by the State Government in consultation with the Accountant General according to the provisions of Section 43 (4) of the aforementioned Act read with Rule 90 of the said Rules. The six ADCs in the State were established 31 years ago but the forms for keeping and rendering their accounts are yet to be prescribed by the Government. In the absence of prescribed forms of accounts, even basic principles of accounting were not followed by these councils. The matter was brought to the notice of the State Government and ADCs through separate Audit Reports but no action has been taken so far.

4.17 Lack of response to audit

907 paragraphs pertaining to 224 Inspection Reports involving Rs.114.76 crore concerning Education Department were outstanding as on 1st July 2004. Of these, 43 Inspection Reports containing 135 paragraphs have remained unsettled for more than 10 years.

Accountant General (Audit) conducts periodical inspection of Government departments to test-check financial transactions and to verify that important accounting and other records are maintained as per prescribed rules and procedures. Irregularities noticed in inspection are communicated through Inspection Reports (IRs) issued to the Heads of the inspected offices with copies to their next higher authorities. The Heads of offices are required to take corrective actions on IRs and rectify the defects and omissions promptly. The paragraphs in IRs are treated as settled or otherwise on the basis of replies furnished/action taken by the inspected offices.

IRs issued up to March 2004 pertaining to different offices of the Education Department disclosed that 907 paragraphs relating to 224 IRs involving Rs.114.76 crore remained outstanding at the end of August 2004. Yearwise position of the outstanding IRs is detailed in *Appendix–XXXIII*. Of these, 43 IRs containing 135 paragraphs had remained unsettled for more than 10 years for want of replies from the departmental officers.

Some of the important irregularities contained in 11 paragraphs involving Rs.11.04 crore commented upon in the outstanding IRs of the Department which had not been settled as of August 2004 are indicated below:

Sl. No.	Nature of Irregularities	No. of Paras	Amount (Rs. in lakh)
1.	Locking up of Government money	3	7.84
2.	Non-submission of DCC bills	1	1.05
3.	Unfruitful expenditure	4	2.12
4.	Excess payment	3	0.03
	Total:	**11**	**11.04**

The Heads of offices and the Directors of Education failed to furnish replies to a large number of IRs. Even first replies to 323 paragraphs pertaining to 69 IRs issued during last five years from 1999-2000 to 2003-04 were still awaited. Department did not take any corrective measures as per observations made by Audit and thereby facilitated/encouraged continuation of the financial irregularities and loss to the Government.

For settlement of outstanding inspection reports and paragraphs, the Government, as far back as May 1992, set up Audit Committees and Audit Sub Committees at Secretariat and Directorate level respectively. But the response of the Department in holding Audit Committee meetings was also unsatisfactory.

It is, thus, recommended that the Government should give priority to these matters and put effective procedure in place to ensure that (i) replies to IRs are furnished within prescribed time limit by departmental officers, and (ii) action is taken against officials who fail to respond to IRs for such a long period.

4.18 Follow up action on Audit Reports

Action Taken Notes (ATNs) on the paragraphs included in Audit Reports are required to be submitted to the Public Accounts Committee (PAC). As per recommendations made by the High Powered Committee (HPC) which were also accepted by State Government in October 1993, *suo motu* Action Taken 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 PAC within three months from the date of placing of Audit Reports in the Legislature.

A review of outstanding ATNs since acceptance of HPC recommendations revealed that no ATNs on any paragraph or review have been submitted to PAC after vetting by the Accountant General.

Further the administrative departments were also required to take suitable action on the recommendations made in the Report of the PAC presented to State Legislature. Following 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 Assembly Secretariat.

It was observed that ATNs on 12 Reports of the PAC presented to Legislature between March 1983 and August 2003 recommending corrective actions on 373 paragraphs included in Audit Reports involving 39 departments for the years ended 1978 to 1997 were awaited from the departments as of November 2004. A list of such paragraphs is furnished in *Appendix–XXXIV*.

Thus, fate of the valuable recommendations contained in the said reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained.

CHAPTER V

INTERNAL CONTROL SYSTEM

PUBLIC WORKS DEPARTMENT

5.1 Internal Control System

Highlights

Budgetary controls were not effectively enforced. Additional requirements were not properly assessed and supplementary provisions proved excessive.

(Paragraph 5.1.6)

The submission of monthly accounts was generally delayed and in some cases the delay was as much as 150 days.

(Paragraph 5.1.10)

Controls to detect and minimise risk of pilferage and loss of stores by annual physical verifications were not effectively implemented. No reserve stock limit was fixed.

(Paragraphs 5.1.15 & 5.1.16)

Introduction

5.1.1 Internal control is an integral process that is carried out by an entity's management and is designed to provide reasonable assurance that the following objectives are achieved:

(a) fulfilling accountability obligations;

(b) complying with applicable laws and regulations;

(c) executing operations with effectiveness and efficiency;

(d) safeguarding resources against loss.

Policies and procedures are often referred to as controls and collectively they comprise Department's internal control which is intended to minimise the risk to which the Department might otherwise be exposed as a result of fraud, negligence, error, incapacity or other causes.

Organisational structure

5.1.2 The overall management of internal control of the Public Works Department (PWD) lies with the Chief Engineer (CE), who is the Controlling Officer of the Department. For smooth and efficient financial management and ensuring financial discipline, the CE is assisted by a Financial Advisor (FA), an Assistant Financial Advisor (AFA) and a number of Divisional Accountants/Additional Divisional Accountants at different levels. In implementation of policies and programmes of the department, he is assisted by an Additional Chief Engineer, Superintending Engineers, Executive Engineers, Assistant Engineers etc. The men-in-position of internal control management against the sanctioned strength and their responsibilities with accountability centres are indicated in *Appendix-XXXV.*

The posts of one Financial Adviser, one Assistant Financial Adviser, 22 posts of Divisional Accountants and two posts of Additional Divisional Accountants have been lying vacant for two to 10 years. In the absence of the above functionaries who are responsible for maintenance of accounts, preparation of financial reports and giving expert advice on financial matters, internal control system in the Department cannot be considered adequate as many controls relating to financial management, accounting and efficiency in expenditure cannot be effectively exercised.

Internal Control Standards

5.1.3 The Department follows norms and standards prescribed in the CPWD code and manuals, and also the executive orders issued by the State Government from time to time. Delegation of Financial Powers Rules, 1995 determines the financial powers of various level officers in the Department, and the General Financial Rules provide norms of propriety for better financial administration. These rules and manuals together constitute internal controls for the Department.

Audit coverage

5.1.4 To evaluate the internal control system of the Department, records of 10* out of 33 Divisions were test checked for the period from 1999-2000 to 2003-04 during April-May 2004. Deficiencies noticed in internal control system are discussed below:

Budgetary Control

5.1.5 The Annual Financial Statement showing estimated receipt and expenditure of the Department in respect of a financial year is framed before the

* Bridge Division, Building Divisions No. I and II, Bishnupur Division, Chandel Division, Churachandpur Division, Imphal West Division, National Highway Division No. IV, Stores Division and Tamenglong Division.

commencement of the year, based on actuals of the last three years and activities/works to be taken up in the coming year.

All Drawing and Disbursing Officers (DDOs) under the Department are the estimating authorities for their Circles/Divisions and submit budget estimates to the Controlling Officer (CE). After due scrutiny, the proposed estimates are consolidated and forwarded to the Administrative Department (Public Works Department) for onward transmission to the Finance Department. Once budget estimates (BE) are passed by the Legislature, the Finance Department communicates the approved budget estimates for PWD to the CE. The CE is required to exercise budgetary controls to ensure that there is no expenditure over sanctioned grant and the savings are surrendered well in time. He is to ensure that budget estimates are prepared accurately.

5.1.6 Test check disclosed that budgetary controls were not effectively enforced in the Department. Budget provisions of Rs.132.16 crore (Revenue: Rs.66.01 crore and Capital: Rs.66.15 crore) were obtained by PWD during 2002-03. Against these provisions, the department incurred expenditure of Rs.64.51 crore under Revenue and only Rs.41.36 crore under Capital.

The original budget provision under Capital (Rs.30.01 crore) was too low requiring substantial amount of supplementary provisions to be made during the year. After having obtained supplementary grant, the Department could not spend Rs.24.79 crore out of it, indicating that the estimates prepared by the Department especially for Capital portion were inaccurate.

All anticipated savings have to be surrendered immediately once the savings are foreseen without waiting for the end of the year. However, total savings of Rs.1.50 crore under Revenue and Rs.24.79 crore under Capital had not been surrendered at the close of the year 2002-03.

5.1.7 As regards planning for the procurement of stores, CPWD Manual Vol II (Para 38.2) provides that Executive Engineers of the divisions should furnish annual requirement of stores well in advance before commencement of the financial year, so that the Stores Division could arrange bulk procurement of indented stores economically following prescribed tendering norms and ensure timely supply of stores. None of the works divisions did furnish their requirements in advance and purchases were made by the Stores Division on the basis of availability of funds without reference to the actual requirements.

Since the Department procures large quantity of material and stores every year for construction and maintenance purposes, budget estimates of the Department cannot be accurately prepared unless annual requirement of stores is assessed well in advance by the Divisions as per norms and taken into account in preparing the BE.

Expenditure control and financial reporting

5.1.8 The Department has two-tier system of expenditure control, one at the level of DDOs and the overall control at the level of the CE. DDOs are required to submit monthly head-wise expenditure statements, monthly accounts, physical and financial progress reports of each work under different heads of accounts to the Controlling Officer for monitoring purposes.

5.1.9 Payments are made by cheques in Public Works Department and the Government controls its cash outflow by placing limits on the drawal by the DDOs. Under the system, the Government allots cheque drawal authority (CDA) quarterly to the drawing officers with a limit which cannot be exceeded by the DDOs.

The Finance Department often issues CDA for an amount much lower than the budget provision placed at the disposal of the Department. As a result, funds available for the ongoing works under BE cannot be used. During the last three financial years (2001-02 to 2003-04), the Finance Department issued CDA only for Rs.69.89 crore to PWD against the budget provision of Rs.150.17 crore for works expenditure.

Though the system of issuing CDA is an effective control over expenditure, the mismatch between BE and CDA is often an obstacle to speedy and timely completion of works.

There was rush of expenditure in the month of March during 2002-03 due to issue of CDA at the end of the year. It is against the interest of the State that money is spent hastily or in an ill-considered manner just to avoid lapse of budget grant. The rush is therefore, regarded as breach of financial regularity and should be avoided.

5.1.10 System of rendering monthly accounts is an important mechanism through which monitoring and control over expenditure is exercised by the Government. The Divisional Officers are required to submit their compiled monthly accounts to the Accountant General between 7th to 10th of the following month for consolidation and submission to the Finance Department of the State Government. Public Works Divisions in the State render accounts very late thereby defeating the system of monitoring and expenditure control through accounts. Monthly accounts of 33 Divisions pertaining to the months of October 2003 to March (P) 2004 were submitted late and the delay ranged up to 150 days which badly affected closing of annual accounts of the State Government for the year 2003-04.

Other internal controls

Control Register for Inspection Reports

5.1.11 According to CPWD Manual Volume II (Para 59.25), a Control Register should be maintained in the Division for watching disposal of audit inspection reports. The register should be reviewed by the Executive Engineer every month. While submitting the register, the Divisional Accountant should record a certificate that reminders wherever due, had been issued to the officers concerned. No such register was however, maintained by the Divisions. As on 31 March 2004, 262 inspection reports containing 1556 paragraphs of financial value of Rs.178.56 crore were outstanding against the Public Works Divisions in the State for the period 1985-86 to 2003-04. Thus, action on the inspection reports which bring out serious cases of financial irregularities and lack of internal controls was not taken by the divisions.

Quality control of works

5.1.12 As a watch dog of quality control procedures, quality control teams of the Department are required to review quality control procedures and lay down norms to ensure a systematic and comprehensive control of quality in works. To enable the functioning of the quality control teams at the circle level, a quarterly statement of original works-in-progress costing Rs.22.50 lakh and above is required to be furnished by the Divisions as per CPWD, Manual Vol. II (Para 58.15). No such returns were sent to the concerned authority as per the records made available to audit by the Monitoring and Quality Control Division. Thus, internal controls for ensuring quality in works were not implemented strictly by the Divisions.

5.1.13 To ensure that the works are executed according to the design and specifications laid down for them, the CPWD Manual Volume II lays down that the departmental officers should frequently inspect the works. Works agreements also require the contractor to employ one qualified engineer to supervise the works costing above Rs.2 lakh and to receive technical orders of the departmental officers at the time of inspection of works as the contractors themselves may not be able to understand technical matters. These provisions form part of the internal controls to ensure quality in execution of works by the contractors.

This important internal control was however, not fittingly enforced by the departmental officers. Test-check on the records of five divisions[1] revealed that in respect of 22 works, executed during the period from 1997-98 to 2003-04, the contractors did not employ the required technical staff. To an audit query regarding adherence to norms for inspection of works, and number of periodical inspections actually carried out, the Head of Department could not furnish the

[1] Bishnupur Division, Bridge Division, Chandel Division, Building Division, and National Highway Division IV.

actual number of inspections carried out by the departmental officers, indicating lack of monitoring at the apex level.

Control for timely completion of works

5.1.14 For timely completion of works and to avoid extra expenditure due to rise in cost of construction materials, the CPWD Manual Vol.II (Para 29.3) lays down that compensation should be recovered from the contractors at the rate of one *per cent* of the estimated cost of the work for every day of delay subject to a maximum of 10 *per cent* of the estimated cost.

This internal control was not effectively exercised. A test check of records of seven Divisions[2] revealed that completion of 36 works executed during 1997-98 to 2003-04 was delayed and the Department did not realise any compensation for the delays although no time extensions were granted to the contractors.

Accounts of stores

Stocktaking

5.1.15 CPWD Manual Volume II (Para 48) provides for physical verification of stores by a responsible officer other than the custodian at least once a year. Discrepancies, if any, between book balance and physical balance should be investigated and reconciled by ascertaining reasons for the shortages. But no such verification was conducted prior to 2003. Thus, internal control to detect pilferage, deterioration and loss of stores and to minimise such risks were not effectively implemented by the Stores Division.

Reserve Stock Limit

5.1.16 CPWD Manual Vol. II (Para 37.4) stipulates that no reserve stock should be kept except with the specific sanction of and to a monetary limit to be prescribed by the competent authority. The Executive Engineer, Stores Division could not provide the monetary limit prescribed in this regard.

Non-reconciliation of treasury remittance

5.1.17 Receipts remitted to treasury through challans are required to be reconciled monthly by the Division with the treasury figures to ensure that the revenue remitted has been credited to the Government account. No such reconciliation was carried out by the Divisions in the absence of which, it was not possible to establish that revenue remitted to the treasury according to the records of the Division had actually been accounted for in the Government accounts. Department's failure in effectively implementing this internal control is fraught with the risk of misappropriation of Government revenue.

[2] Bishnupur Division, Engineering Cell, Bridge Division, Building Division, National Highway Division IV, National Highway Division II and Churachandpur Division.

Non-adherence to Delegation of Financial Power

5.1.18 According to the Delegation of Financial Power Rules, 1995, the power delegated to the Head of the Office for purchase of stationery articles in each case is Rs.1,000 subject to annual limit of Rs.12,000. Instances of non-adherence to rules and of exceeding the limits were noticed in audit. Three Divisions[3] incurred expenditure on purchase of stationery articles ranging between Rs.25,000 to Rs.60,000 during the last five years[4] exceeding their annual delegated powers.

Inadequate deployment of manpower

5.1.19 The internal controls for proper manpower management were also not enforced. According to the information furnished to Audit, the men-in-position of Section Officers in the Department is 430 against the sanctioned strength of 514, whereas the Store Division was having 16 Section Officers against 12 sanctioned posts. The excess officers in the latter were not transferred to other needy Divisions having shortage of such officers.

Internal Audit

5.1.20 Internal audit is an integral component of internal control system. The Department has got no internal audit wing of its own. The Director of Local Fund Audit is entrusted with the internal audit of Government Departments including PWD. However, irregularities pointed out in internal audit were mainly of routine nature.

Conclusion

5.1.21 The foregoing observations show that the system of internal control in the Public Works Department was ineffective and inadequate. There was lack of adequate staff for enforcing financial discipline. Prescribed records were not maintained and rules and regulations were not strictly adhered to thereby affecting the efficient operation of the Department.

Recommendations

- Budget estimation should be more realistic and procedures tightened by ensuring that key Finance and Accounts posts are filled up.

- Inventory management should be honed up to ensure that there is no mismatch between actual requirement, availability of funds and economic procurement of and timely distribution of essential stores.

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[3] Building Division No.I, Building Division No.II and Imphal West Division.
[4] 1999-2000 to 2003-04.

- Expenditure control measures should be put in place to ensure that there is no m ismatch b etween B udget e stimates a nd a llotment o f c heque d rawal authority for speedy and timely completion of works.

- Immediate action should be taken to introduce and maintain control registers for watching action taken on inspection reports.

- Timeliness and quality of construction works need to be improved by enforcing the provisions of inspection by departmental officers.

CHAPTER VI

REVENUE RECEIPTS

6. General

6.1 Trend of Revenue receipts

6.1.1 The tax and non-tax revenue raised by the Government of Manipur during the year 2003-04, the State's share of divisible Union Taxes and grants-in-aid received from the Government of India during the year and corresponding figures for the preceding four years are given below:

Table No. 6.1

(Rupees in crore)

		1999-2000	2000-01	2001-02	2002-03	2003-04
I.	**Revenue raised by the State Government**					
	(a) Tax Revenue	39.95	49.07	51.01	65.16	68.24
	(b) Non-Tax Revenue	42.65	41.66	28.73	56.49	49.33
	Total:	**82.60**	**90.73**	**79.74**	**121.65**	**117.57**
II.	Receipts from Government of India					
	(a) State's share of net proceeds of divisible Union Taxes	317.87	163.52	142.14	188.12	240.89
	(b) Grants-in-aid	669.38	790.37	954.90	1018.22	1061.25
	Total:	**987.25**	**953.89**	**1097.04**	**1206.34**	**1302.14**
III.	**Total receipts of State Government (I+II)**	**1069.85**	**1044.62**	**1176.78**	**1327.99**	**1419.71**
IV.	Percentage of I to II	8	10	7	10	9

(Source: Finance Accounts)

6.2 Analysis of Revenue receipts

6.2.1 The details of tax revenue raised during the year 2003-04 along with the figures for the preceding four years are given below:

Table No. 6.2

(Rupees in crore)

Sl. No.	Head of Revenue	1999-2000	2000-01	2001-02	2002-03	2003-04	Percentage of Increase(+)/ Decrease(-) in 2003-04 over 2002-03
1.	Sales Tax	22.87	31.30	29.52	43.18	46.12	(+) 6.81
2.	State Excise	1.39	1.24	1.46	2.29	2.96	(+) 29.26
3.	Stamps and Registration Fees	1.46	1.80	1.48	1.90	2.33	(+) 22.63
4.	Taxes and Duties on Electricity	0.55	0.97	2.17	[1]	0.49	(+) 13143.24
5.	Taxes on Vehicles	2.33	2.80	2.77	3.44	3.38	(-) 1.74
6.	Taxes on Goods and Passengers	0.49	0.48	0.44	0.67	0.62	(-) 7.46
7.	Other Taxes on Income and Expenditure	9.58	9.61	12.64	12.68	11.66	(-) 8.04
8.	Other Taxes and Duties on Commodities and Services	0.76	0.50	0.13	0.17	0.11	(-) 35.29
9.	Land Revenue	0.52	0.37	0.40	0.83	0.57	(-) 31.33
	Total :	**39.95**	**49.07**	**51.01**	**65.16**	**68.24**	**(+) 4.73**

(Source: Finance Accounts)

Reasons for variations though called for in August 2004 and January 2005 from the Government/departments had not been received.

Non-tax revenue raised by the State

6.2.2 The details of major non-tax revenue raised during the year 2003-04 alongwith the figures for the preceding four years are given below:

[1] Rs.0.37 lakh only.

Table No. 6.3

(Rupees in crore)

Sl. No.	Head of Revenue	1999-2000	2000-01	2001-02	2002-03	2003-04	Percentage of Increase(+)/ Decrease(-) in 2003-04 over 2002-03
1.	Interest Receipts	0.70	0.76	1.00	0.61	1.39	(+) 127.87
2.	Housing	0.43	0.58	1.00	0.75	0.93	(+) 24.00
3.	Water Supply and Sanitation	0.62	0.66	0.67	1.43	2.46	(+) 72.03
4.	Forestry and Wild Life	0.79	0.97	0.75	0.81	1.01	(+) 24.69
5.	Education, Sports and Art and Culture	0.82	2.16	1.03	1.13	0.97	(-) 14.16
6.	Miscellaneous General Services	4.32	1.67	0.05	1.59	0.57	(-) 64.15
7.	Power	22.22	26.33	19.73	43.90	36.77	(-) 16.24
8.	Major and Medium Irrigation	0.38	0.31	0.31	0.24	0.34	(+) 41.67
9.	Medical and Public Health	0.79	0.26	0.32	0.34	0.30	(-) 11.76
10.	Co-operation	0.05	0.05	0.04	0.42	0.10	(-) 79.19
11.	Public Works	4.02	2.19	1.23	3.18	2.73	(-) 14.15
12.	Police	0.71	0.97	0.59	0.56	0.37	(-) 33.93
13.	Other Administrative Services	2.36	0.68	1.20	0.49	0.53	(+) 8.16
14.	Crop Husbandry	0.19	0.07	0.03	0.08	0.03	(-) 62.50
15.	Social Security and Welfare	3.19	3.16	0.02	0.01	0.19	(+) 1800.00
16.	Others	1.06	0.84	0.76	0.95	0.64	(-) 32.63
	Total :	**42.65**	**41.66**	**28.73**	**56.49**	**49.33**	**(-) 12.67**

(Source: Finance Accounts)

Reasons for variations under non-tax revenue though called for in August 2004 and January 2005 from the departments had not been received.

6.3 Variations between Budget estimates and actuals

6.3.1 The variations between budget estimates and the actuals of revenue receipts for the year 2003-04 in respect of the principal heads of tax and non-tax revenue are given below:

Table No. 6.4

(Rupees in crore)

Sl. No.	Head of Revenue	Budget estimates	Actuals	Variations Increase(+)/ Decrease(-)	Percentage of variation
(1)	(2)	(3)	(4)	(5)	(6)
	A. Tax Revenue				
1.	Sales Tax	39.55	46.12	(+) 6.57	(+) 17
2.	Other Taxes on Income and Expenditure (Taxes on Professions, Trades, Callings and Employment)	15.01	11.66	(-) 3.35	(-) 22
3.	Other Taxes and Duties on Commodities and Services	2.22	0.11	(-) 2.11	(-) 95
4.	Stamps and Registration Fees	2.26	2.33	(+) 0.07	(+) 3
5.	Taxes on Vehicles	3.39	3.38	(-) 0.01	—
6.	State Excise	2.26	2.96	(+) 0.70	(+) 31
7.	Land Revenue	0.63	0.57	(-) 0.06	(-) 10
8.	Taxes on Goods and Passengers	0.76	0.62	(-) 0.14	(-) 18
9.	Taxes and Duties on Electricity	2.89	0.49	(-) 2.40	(-) 83
	Total:	**68.97**	**68.24**	**0.73**	**(-) 1**
	B. Non-tax Revenue				
1.	Miscellaneous General Services	40.00	0.57	(-) 39.43	(-) 99
2.	Power	55.00	36.77	(-) 18.23	(-) 33
3.	Public Works	4.00	2.73	(-) 1.27	(-) 32
4.	Forestry and Wild Life	1.13	1.01	(-) 0.12	(-) 11
5.	Police	0.81	0.37	(-) 0.44	(-) 54
6.	Interest Receipts	1.02	1.39	(+) 0.37	(+) 36
7.	Water Supply and Sanitation	1.50	2.46	(+) 0.96	(+) 64
8.	Education, Sports, Art and Culture	2.26	0.97	(-) 1.29	(-) 57
9.	Other Administrative Services	0.60	0.53	(-) 0.07	(-) 12
10.	Major and Medium Irrigation	0.62	0.34	(-) 0.28	(-) 45
11.	Medical and Public Health	0.42	0.30	(-) 0.12	(-) 29
12.	Social Security and Welfare	0.01	0.19	(+) 0.18	(+) 1800
13.	Crop Husbandry	0.09	0.03	(-) 0.06	(-) 67
14.	Housing	1.13	0.93	(-) 0.20	(-) 18
15.	Co-operation	0.06	0.10	(+) 0.04	(+) 67
16.	Others	1.00	0.64	(-) 0.36	(-) 36
	Total:	**109.65**	**49.33**	**(-) 60.32**	**(-) 55**

(Source: Budget document/Finance Accounts)

The reasons as furnished by the Department for the variation in receipts during 2003-04 against budget estimates are as under:

Public Works: Decrease (32 *per cent*) was due to non-realisation of hire charges of machinery during 2003-04.

Forestry and Wild Life: Decrease (11 *per cent*) was due to Hon'ble Supreme Court's ban of felling trees.

Major and Medium Irrigation: Decrease (45 *per cent*) was due to non-collection of water tax from farmers and land owners.

Medical and Public Health: Decrease (29 *per cent*) was mainly due to machines like CT Scan, ECG, ultrasonography *etc.* remaining out of order off and on.

Miscellaneous General Service: Decrease (99 *per cent*) was due to postponement of draws of Manipur State on-line lottery with effect from 1st February 2004.

Housing: Decrease (18 *per cent*) was mainly due to shortfall in collection of house rent during 2003-04.

Reasons for variation under remaining heads of account though called for in August and October 2004 had not been received from the respective departments (January 2005).

6.4 Cost of collection

6.4.1 The gross collection in respect of major revenue receipts, expenditure incurred on their collection and percentage of such expenditure to gross collection during the year 2001-02, 2002-03 and 2003-04 alongwith all India average percentage of expenditure on collection to gross collection for 2002-03 are given below:

Table No.6.5

(Rupees in crore)

Head of Revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India percentage of expenditure to gross collection for the year 2002-03
1	2	3	4	5	6
Sale Tax	2001-02	29.52	1.34	4.54	1.18
	2002-03	43.18	1.16	2.69	
	2003-04	46.06	1.09	2.37	
Taxes on Vehicles	2001-02	2.77	1.20	43.32	2.86
	2002-03	3.44	1.19	34.59	
	2003-04	3.36	1.13	33.63	

(Source: Finance Accounts)

It can be seen from the above that the cost of collection in respect of above heads of revenue were much higher than the all India average. The reason for high cost of collection though called for from the departments were not received (January 2005)

6.5 Outstanding Inspection Reports and Audit observations

6.5.1 Audit observations on incorrect assessments, under-assessments, non-levy and short-levy of taxes and other revenue receipts and defects in the maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the departmental authorities and Heads of departments through inspection reports. The more important irregularities are also reported to Government for taking prompt remedial measures. The heads of offices are required to furnish replies to the inspection reports through the respective Heads of Departments within a period of two months.

6.5.2 The number of inspection reports and audit observations issued up to December 2003 but pending settlement by the Departments as on 30 June 2004 along with corresponding figures for the preceding two years are given below:

Table No. 6.6

(Rupees in crore)

Department	Number of Inspection Reports			Number of Audit observations			Money value		
	Up to 2001-02	2002-03	2003-04	Up to 2001-02	2002-03	2003-04	Up to 2001-02	2002-03	2003-04
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Taxation	31	—	7	189	—	19	6.49	—	1.14
Excise	10	1	—	27	2	—	1.53	0.01	—
Land Revenue	63	—	3	170	—	6	4.11	—	0.40
Motor Vehicle	30	7	—	101	21	—	0.79	0.18	—
Electricity	44	11	9	101	45	37	22.16	40.18	42.38
Fisheries	24	1	—	56	3	—	0.50	0.04	—
Lotteries	8	—	1	45	—	3	23.16	—	0.16
Forest	43	6	6	112	12	5	10.73	0.25	0.12
Registration	10	—	—	15	—	—	0.03	—	—
PHED/Water Tax	10	3	3	25	5	8	1.25	0.21	2.30
Medical	—	1	1	—	5	3	—	0.18	0.03
Total :	**273**	**30**	**30**	**841**	**93**	**81**	**70.75**	**41.05**	**46.53**

Out of 333 inspection reports with money value of Rs.158.33 crore pending settlement, even the first reply has not been received in respect of 111 inspection reports containing 424 audit observations with money value of Rs.83.99 crore. Further 65 inspection reports up to 2003-04 containing 182 audit observations with money value of Rs.10.31 crore have been pending for settlement for more than 10 years.

6.6 Results of audit

6.6.1 Test-check of the records of Power, Forest, Taxation and Transport Departments conducted during 2003-04 revealed short-demand/under-assessment/loss of revenue etc. amounting to Rs.1.53 crore in 12 cases.

This chapter contains nine paragraphs and one review relating to loss of revenue, short-levy of tax, interest and penalty etc. involving Rs.1.82 crore of which audit observations for Rs.1.10 crore was accepted by the departments and a recovery of Rs.15.81 lakh out of the accepted amount has been made by the Department.

SECTION "A"
(AUDIT REVIEW)

TAXATION DEPARTMENT

6.7 Review on Sales Tax including Internal Control System prevalent in the Department

Highlights

Failure in taking effective measures culminated in high rate of non-compliance in filing Sales Tax returns. The number of defaulting dealers who did not file returns was as high as 80 to 83 *per cent* of the total dealers registered during 1999-2000 to 2003-04.

(Paragraph 6.7.5)

Lack of monitoring system for watching disposal of assessment cases resulted in extreme laxity in finalisation of assessments. Assessments pending with the department ranged between 46 to 73 *per cent* of assessments due based on the returns submitted. Compared to total returns receivable, the shortfall/pendency ranged between 83 to 88 *per cent.*

(Paragraph 6.7.6)

Internal control mechanism in the Department was weak giving ample scope for concealment/inaccurate furnishing of particulars by dealers and under-assessment resulting in evasion/loss of tax of Rs83.77 lakh including penalty.

(Paragraph 6.7.10)

6.7.1. Introduction

Sales Tax is one of the major source of revenue in the State of Manipur. Registration of dealers, assessment and collection of sales tax is governed by Central Sales Tax Act, 1956, Manipur Sales Tax Act, 1990 (MST Act) and Manipur Sales Tax Rule, 1990 (Rules) made thereunder.

6.7.2. Organisational set-up

The Commissioner of Taxes, Manipur is the Head of the Department of Taxes. In discharge of his functions under the Act, he is assisted by nine[2] Superintendents of Taxes (Assessing Officers) who are responsible for registration and assessment of dealers. They are assisted by 30 Inspectors of Taxes for survey and other ancillary works in relation to registration and assessment of dealers.

[2] Zone I, II, III, IV and V and Headquarter, Imphal, Superintendent of Taxes, Churachandpur, Superintendent of Taxes, Moreh, Superintendent of Taxes, Kangpokpi (Now at Sekmai).

6.7.3. Scope of Audit

A review of the initial records in the office of the Commissioner of Taxes, six assessing units[3] at Imphal and all other three collecting units at Kangpokpi (Now Sekmai), Churachandpur and Moreh for the period 1999-2000 to 2003-04 was conducted between March and May 2004 with a view :

- to ascertain the efficiency of the Department in assessing the dealers correctly, raising demands of sales tax in time and ensuring prompt recovery thereof and
- to examine the adequacy of initial control system in the Department.

6.7.4. Budget estimates and actuals

The year-wise budget estimates and actual collection of sales tax during the period 1999-2000 to 2003-04 as furnished by the department were as below:

Table No. 6.7

(Rupees in crore)

Year	Budget estimate	Actual receipts	Shortfall(-)/ excess (+)	Percentage of variations
1999-2000	32.75	22.87	(-) 9.88	(-) 30
2000-01	37.33	31.30	(-) 6.03	(-) 16
2001-02	26.00	29.52	(+) 3.52	(+) 14
2002-03	36.00	43.18	(+) 7.18	(+) 20
2003-04	39.55	46.12	(+) 6.57	(+) 17

There was significant shortfall in collection of revenue during 1999-2000 and 2000-01 respectively. Neither the reasons for the variations/shortfalls in collections nor explanation for fixing low budget estimates for 2001-02 and 2003-04 were furnished by the Department.

6.7.5 Filing of Returns by Registered Dealers

Under MST Act read with rules made thereunder, every registered dealer shall furnish quarterly returns within 30 days from the expiry of a quarter to the appropriate Assessing Authority. If any dealer fails to furnish the return within the time allowed without reasonable cause, the Commissioner may direct such dealer to pay penalty, in addition to tax payable by him, a sum not exceeding one and a half times of the tax payable.

[3] Zone I, II, III, IV and V and Headquarter, Imphal.

The position of quarterly returns due and actually received during last five years was as under:

Table No. 6.8

Year	Total registered dealers	Dealers who submitted returns	Total quarterly returns receivable	Quarterly returns received	Quarterly returns due but not received	Percentage of shortfall in returns
1999-2000	5,159	896	20,636	3,584	17,052	83
2000-01	5,293	961	21,172	3,844	17,328	82
2001-02	5,484	985	21,936	3,940	17,996	82
2002-03	5,588	1,036	22,352	4,144	18,208	81
2003-04	5,976	1,218	23,904	4,872	19,032	80

The shortfall in receipt of quarterly returns varied from 80 to 83 *per cent* which the Department attributed to non filing of returns by contractors and suppliers executing works contract or supplying store to Government Departments/Offices. Since these contractors/suppliers had no established shops, Department expressed difficulties in contacting them for filing of returns. The reply is not tenable as all the dealers were registered and therefore necessary information should be available with the Department which is normally furnished at the time of registration.

6.7.6. Assessment

The Rules provide that returns are to be furnished by dealers quarterly and the assessment of tax is to be made on yearly basis in case dealers submit returns regularly. In cases where dealers have defaulted in filing the returns in time, the assessment is to be made on best judgement basis.

Year-wise position of quarterly returns submitted for assessment, assessment completed and number of cases pending finalisation for the last five years is given below:

Table No. 6.9

Year	Opening balance	Returns submitted for assessment during the year	Total	Assessment completed	Assessment pending finalisation	Percentage shortfall in assessment
1999-2000	3,040	3,584	6,624	3,600	3,024	46
2000-01	3,024	3,844	6,868	3,460	3,408	50
2001-02	3,408	3,940	7,348	2,704	4,644	63
2002-03	4,644	4,144	8,788	3,088	5,700	65
2003-04	5,700	4,872	10,572	2,880	7,692	73

Although percentage of shortfall on assessment due as per returns submitted varied from 46 to 73, as compared to the total number of quarterly returns receivable the percentage of shortfall in assessment ranged between 83 and 88. The number of cases pending assessment has also doubled during last five years indicating slow disposal and inefficient functioning of the Department.

Test-check of records of the Superintendent of Taxes (HQ), Zone, Imphal further revealed that 51 registered dealers failed to submit their returns since registration between July 1992 and January 2004. The Department issued notices only to 10 dealers leaving 41 dealers unassessed. After this was pointed out in audit, the Department stated in November 2004 that action was being taken for cancellation of their registration certificates.

Thus, on one hand a large section of dealers were effectively kept out of the purview of tax net by not enforcing provisions regarding filing of returns. On the other hand the Department did not complete assessment of the returns in sizeable number of cases during the year resulting in non-assessment and non-realisation of Sales Tax Revenue. Moreover, no norms have been prescribed by the Department for the finalisation of assessment by the assessing officers.

On being asked about the reasons for shortfall in assessment of cases and steps taken to address the matter, the Commissioner of Taxes confirmed in May 2004 that no instructions were issued by the Government for expeditious disposal of pending assessments cases. He, however, agreed to issue instructions which were still awaited in audit as of November 2004.

6.7.7 Defective maintenance of records

Rules provide that the Commissioner shall make the necessary entry in the register in Form ST-9 in respect of dealer whose registration has been cancelled or registration certificate amended as the case may be.

Test-check of records revealed that Superintendent of Taxes, Moreh cancelled registration certificates of 36 dealers during the period 1999-2000 to 2003-04. Neither any entry was made in the register in Form ST–9 nor any separate register was maintained to record the fact of such cancellation. The respective files were also not made available to audit for verification.

Non-maintenance of records in violation of provisions of Rules indicates inadequacy of internal controls in the Department.

6.7.8 Non-deposit of tax deducted at source to Government account

As per Government notification of July 1994, any person or persons responsible for paying any sum as sales tax on the execution of works contract on behalf of any Department of the State Government shall deduct the amount of tax payable at the rates prescribed from time to time from the bill of the contractor or sub-contractor. The amount of tax so deducted shall be deposited into Government account within seven days from the date of deduction failing which the person responsible shall pay by way of penalty one and a half time of tax in addition to tax.

Test check of the records of the Superintendent of Taxes, (Headquarter Zone) Imphal revealed in May 2004 that a work of special repair of NH-39, Maram to Imphal Section (Sh: providing 50 mm BM and 25 mm SDBC from Km 247 to Km 260) was awarded to a contractor in December 2001. The contractor was made payments of Rs.2.44 crore and tax of Rs.13.65 lakh was reported to be deducted by the Regional Officer, Ministry of Shipping, Road Transport and Highways, Guwahati upto the 4th Running Account bill of the contractor but an amount of Rs.1.56 lakh only was deposited to Government account till December 2004. The balance amount of Rs.12.09 lakh was not yet deposited as per requirement of the aforesaid provisions. Besides, penalty was also leviable for non-depositing the amount in time.

The Department stated (December 2004) that the matter was being pursued with the Regional Officer, Guwahati to deposit the balance amount.

6.7.9. Internal Control

The following deficiencies were noticed in audit in respect of internal control mechanism of the Department:

All the applications received for registrations are to be recorded in a register through which their disposal is to be monitored.

Test check of six[4] units revealed that neither any format was prescribed nor any instructions/guidelines issued for keeping records of applications received for registration and for watching their timely disposal. The date of receipt of application was not also recorded on the applications making it difficult to ascertain in audit whether the cases were disposed of expeditiously within the time limit prescribed under the Act.

The Commissioner of Taxes stated (May 2004) that a new file was opened for each application for prompt action. However, a proforma was under preparation for maintaining record of applications for better monitoring.

As per MST Act, the Commissioner shall issue on a dealer a notice requiring him to produce or cause to be produced any evidence on which he may rely in support of his return.

It has been observed that the annual accounts were neither furnished by the assessees alongwith returns nor were kept on record by the assessing officers for verification by the audit about correctness of the assessments made by the assessing officers.

The Department claimed in May 2004 that system had been evolved for detection of bogus/casual dealers so that they may not escape tax since their goods have to pass through the taxation check post. The Department further claimed that whenever such cases were detected, tax as well as penalty on the value of goods brought were realised at the spot by the check post authorities.

Test-check of records of Superintendent of Taxes, Kangpokpi (now at Sekmai) check post revealed that neither the Superintendent of Taxes, Sekmai sent any statement of tax collected from casual dealers in Form ST-20 to the office of the Commissioner nor any register was maintained by the Commissioner in Form ST-21 for tax/penalty collected and statement in Form ST-22 of collection by challans for Treasury/sub-treasury verification as required under the provision of Rule 37 (4) (5) (6) and (7) of the Manipur Sales Tax Act Rules, 1990.

[4] ST Zone I, II, III, IV, V and HQ.

There is no provision in the Act/Rules for surprise check of the stock position of dealers. However, surprise checks are stated to have been conducted in the market area occasionally as instructed by the Commissioner of Taxes as and when required but no record of such checks was maintained by the Department. In the absence of such checks dealers operating without registration, bringing in goods without declaration and accuracy of stock position and turnover with reference to return can not be detected/ascertained.

There was a casual approach in registration, taking action in case of non-submission of returns, pending assessment and collection of taxes. Essential records were not properly maintained and no effective action was taken against the defaulters who failed to file returns for long periods. This is indicative of failure of internal control mechanism in the department which, inter alia, made room for a number of cases of concealment/furnishing of inaccurate particulars by the dealers resulting in evasion of tax and consequent short realisation/loss of revenue as would be evident from the illustrative cases cited below:

6.7.10 Concealment of turnover

The provisions of the MST Act, 1990 empowers the Commissioner to direct that a dealer who has, to his satisfaction, concealed the particulars or deliberately furnished inaccurate particulars relevant to the determination of his liability to tax, shall pay by way of penalty, in addition to the tax payable by him a sum not exceeding one and a half times that amount, subject to being given reasonable opportunity of being heard.

Test-check of records of the Superintendent of Taxes (ST Zone I) revealed that a dealer had imported paints and colour worth Rs.27.11 lakh along with other hardware goods during the period ending from September 2002 to September 2003 but while furnishing returns he had shown turnover of hardware goods and was assessed accordingly. Non-depiction of turnover of paints and colours in the returns resulted in evasion of tax of Rs.2.71 lakh. The Department stated in December 2004 that the dealer was re-assessed. However, actual realisation was awaited (January 2005).

Test check of records of the Superintendent of tax (ST Zone I, III, IV, HQ & Churachandpur) revealed that in the case of thirteen dealers the taxable turnover of Rs.6.95 crore was assessed to tax as per returns furnished by them for the period from June 2000 to December 2003. Cross verification of the records of Superintendent of Taxes, Sekmai check post revealed that these dealers had imported goods valued at Rs.10.73 crore. This resulted in concealment of turnover of Rs.3.78 crore and loss of tax of Rs.81.06 lakh including penalty.

The Department stated in December 2004 that seven dealers were re-assessed and raised demand of Rs.15.92 lakh and realised Rs.0.66 lakh from one dealer.

6.7.11 Recommendation/Suggestion:

- There is need for enhanced coordination between all departments executing Works and Sales Tax Department to prevent tax evasion by the Contractors.

- An effective Management Information System should be developed by the Sales Tax Department for the purpose of monitoring all purchases, sales transaction of business, transportation of goods etc., through constant data inflow from check-posts and other departments to the Taxation Department.

- Internal control system should be evolved/developed by the Department for effective monitoring of activities like registrations etc.

- There is a need to put in place a system of surprise check to ensure correct reporting by dealer and registration of all the dealers engaged in business but not yet registered.

- The Government should take strict measures to improve compliance in filing of returns by the dealers.

- The matter was reported to Government in August 2004; their replies were awaited (January 2005).

SECTION "B"
(AUDIT PARAGRAPHS)

TAXATION DEPARTMENT

SALES TAX

6.8 Non-levy of Sales Tax Rs.6.93 lakh

Tax of Rs.6.93 lakh was not levied from a dealer on account of non-submission of return/annual statement of accounts.

As per provisions of Manipur Sales Tax Act 1990 (MST Act), every registered dealer is required to furnish return quarterly within thirty days from the expiry of a quarter to the appropriate Assessing Authority failing which the assessing authority may direct that such dealer shall pay by way of penalty, in addition to tax payable by him a sum not exceeding one and a half times that amount.

Test check of the records of the Superintendent of Taxes, Churachandpur revealed in October 2001 that a dealer registered in May 2000, failed to submit the quarterly returns for the period ending June, September and December 2000. Cross verification of the records with the records maintained at Kangpokpi revealed that dealer imported MS rod and cement valued at Rs.86.62 lakh during this period. The dealer also failed to submit the annual statement of account to the assessing authority. This resulted in non-levy of tax of Rs.6.93 lakh, besides penalty was also leviable.

After this was pointed out in audit, the Department stated in December 2004 that demand notice was served to the dealer in July 2002 for tax amount of Rs.7.38 lakh including penalty. A reminder was also issued to the dealer in August 2004 but the dealer failed to turn up. It was further reported that the shop/firm was closed since 2002.
The matter was reported to Government in August 2004; the reply was awaited (January 2005).

6.9 Short levy of tax

Reduction in purchase value by tax authority resulted in short levy of Rs.1.56 lakh.

As per provisions of the M.S.T. Act, if a dealer fails to file a return, the Commissioner shall, by an order in writing, assess him to the best of his judgement and determine the tax payable by him on the basis of such assessment, after allowing the dealer such further time as he thinks fit.

Test-check of the records of Superintendent of Taxes Zone II, Imphal revealed in May 2004 that while finalising the assessment of a dealer for the year 2002-03 on best judgement basis the purchase turnover was fixed as Rs.53.71 lakh. Cross verification of records maintained at Sekmai check post revealed that dealer had declared value of goods as Rs.73.23 lakh (as per Form ST 35). This resulted in short levy of tax of Rs.1.56 lakh on escapement of purchase turnover of Rs.19.52 lakh.

After this was pointed out in audit, the Department stated (December 2004) that the dealer was re-assessed taking the value of unsold goods at Rs.9.52 lakh and raised demand of Rs.0.85 lakh. The reply is not tenable as the value of unsold goods was determined without actual verification of the closing stock

The matter was reported to Government in August 2004; their reply was awaited (January 2005).

6.10 Non-realisation of tax and penalty of Rs.50.73 lakh

Non-realisation of tax and penalty Rs.50.73 lakh from the transporters.

Under Manipur Sales Tax Rule, 1990, no dealer or person shall transport any goods without declaration in form S.T.-35, S.T.-36 or S.T.-37 and a bill or invoice. Contravention of this rule by any dealer shall render him liable to pay by way of penalty, in addition to tax payable by him, a sum not exceeding one and a half times that amount. The rule further provides that if any dealer or person fails to clear the due tax payable at the check post, the transporters shall pay the tax along with penalty if the goods are released without the above documents.

Test check of "Daily Goods Movement Register" and "Detailed Statement of Trucks carrying goods cum spot Assessment Report" maintained by the Superintendent of Taxes, Sekmai Check Post for the period from April 1999 to March 2004 revealed in May 2004 that 50 dealers/transport agencies transported goods valued at Rs.3.33 crore without declaration Form ST 35 and the check post Authority released the concerned vehicles without realisation of tax Rs.50.73 lakh including penalty.

The Superintendent of Taxes, Sekmai Check Post stated in December 2004 that the transport agencies were not registered with the Department, as such they had not submitted any returns. The reply is not tenable because as per rules transport agencies are to pay tax and penalty if the dealers fail to do so.

While accepting the audit observation the Department stated in December 2004 that tax and penalty amounting to Rs.15.02 lakh was realised from 13 transport agencies.

The matter was reported to Government in August 2004; their reply was awaited (January 2005).

SHOW TAX

6.11 Short-realisation of Show tax

Non-application of rate prescribed by court resulted in short-realisation of tax to the tune of Rs.9.34 lakh.

The Assam Amusements and Betting Tax Act, 1939 as extended to the State of Manipur provided that in the case of cinematograph exhibition, in addition to the entertainment tax there shall be levied a tax at the rate of rupees five per show which was enhanced to Rs.100 with effect from 1 August 1998. In the meantime, the Hon'ble Guwahati High Court, Imphal Bench passed an interim order (7 June 1999) against writ petition filed by Cine Exhibitors Association of Imphal ruling payment of 50 *per cent* of the enhanced tax by the petitioners subject to the final outcome of the writ petition which is still pending (September 2004).

Test-check (May 2002 and June 2003) of records of the Commissioner of Taxes (Entertainment and Amusement Tax) revealed that tax amounting to Rs.0.83 lakh at the old rate of Rs.5 per show was collected from the proprietors of 10 cinema halls in respect of 20,349 shows held during the period from 1999-2000 to 2002-03 against leviable tax of Rs.10.17 lakh as per court's interim order. This resulted in short-realisation of tax to the tune of Rs.9.34 lakh.

After this was pointed out in audit, the Department stated in May 2004 that demand notices up to the year 2001-02 had since been issued to proprietors of cinema houses. The Department also directed the Deputy Commissioners, Imphal East and Imphal West in August 2004 to recover the show tax as arrears of land revenue for the entire period upto 2002-03. Report on actual realisation was awaited as of January 2005.

The matter was reported to the Government in August 2004; reply has not been received (January 2005).

TAXATION AND TRANSPORT DEPARTMENTS

PROFESSIONAL TAX

6.12 Non-levy/realisation of Professional Tax

Professional tax to the tune of Rs.6.22 lakh due from mill owners and permit holders of vehicles.

As per Manipur Professions, Trades, Callings and Employments Taxation (Fifth Amendment) Act, 1991, every person who carries on a trade shall be liable to pay tax for each year at the rates prescribed and shall get himself duly registered for the purpose. In case of the trader's failure to apply for registration, the assessing authority may impose upon him a penalty not exceeding Rs.5 for each day of delay. The Government of Manipur vide their Notification dated 14 November 2000 appointed the Chief Inspector of Factories as Additional Taxation Officer (re-designated as Superintendent of Taxes) for collection and deposit of Professional Tax from persons holding license/permit of saw mill/rice mill at the rate specified in the schedule appended to the Act fixed at Rs.500 per annum.

Test check in June 2003 of records of the Superintendent of Taxes (Professional Tax), Imphal revealed that the assessing authority renewed licenses/permits issued to 270 mill owners prior to 1995 (Rice mill-222, Atta/Flour mill-21 and Oil mill-27). During the period from 1999 to 2003 (calendar year), neither these mill owners got themselves registered nor was any action taken by the Assessing Authority to bring them under purview of Professional Tax Act as required under the said Act. This resulted in non-realisation of Professional Tax of Rs.4.29 lakh for the period 1999-2000 to 2003-04 apart from penalty leviable as per provisions of the Act.

After this was pointed out by audit in June 2003, the Department stated in July 2003 notices had been issued to all mill owners to pay the professional tax. The Commissioner of Taxes, Manipur, further stated in July 2004 that eight mill owners had paid professional tax amounting to Rs.9,000 for the years 1999-2000 to 2003-04. Further reply was awaited (January 2005).

The matter was reported to the Government in May 2004, their reply had not been received in January 2005.

Under the provision 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 Officer (DTO) posted in every district of the State as the Additional Taxation Officer re-designated as Superintendent of taxes for collection of Professional Tax in his/her administrative jurisdiction from persons holding permit for taxies, goods vehicles, trucks, buses and three wheelers at the rate of Rs.1,000 per annum and deposit of the same into the Government account.

Test-check of records of DTOs of Churachandpur and Thoubal Districts revealed (November 2003) that 193 permits in respect of various vehicles were issued during 2001-02 to 2003-04 on which professional tax of Rs.1.93 lakh though realisable was not collected. No demand notices were issued by the Department to the permit holders in this regard.

After this was pointed out in audit the DTO's Churachandpur and Thoubal issued demand notices in December 2003. However, the progress of realisation was awaited (January 2005).

The matter was reported to the Government in May 2004; their reply was awaited (January 2005).

TRANSPORT DEPARTMENT

6.13 Non-realisation of permit fee and penalty

Permit fee and penalty to the tune of Rs.1.90 lakh in respect of 110 heavy vehicles were not realised for periods ranging from nine months to more than four years.

The Manipur Motor Vehicles Taxation (MMVT) Act, 1998 provides that there shall be levied and collected, on all motor vehicles used or kept for use in Manipur, a tax in advance at the appropriate rate specified in the Act and by appropriate opted mode of payment which *inter alia* includes permit fee payable annually or quarterly at the rates applicable for the specific class of vehicle. In case of default, the vehicle owner shall be punishable with fine which may extend to a sum equal to the annual tax payable and when any person without any reasonable cause fails to pay the tax, the registering authority shall proceed to recover such tax, including penalty as arrears of land revenue.

Test-check of records of the District Transport Officer, Thoubal revealed in November 2003 that renewal permit fee was not realised in respect of 110 goods vehicles for periods ranging from nine to 57 months although these vehicles were allowed to ply on road during the years from 2000-01 to 2003-04. This was mainly due to lack of proper monitoring and non-issue of demand notices in time to the defaulters who failed to pay renewal fee as per schedule. This resulted in non-realisation of fees and penalty amounting to Rs.1.90 lakh.

After being pointed out in audit, DTO, Thoubal realised permit fee and penalty of Rs.0.04 lakh in case of three vehicles in June 2004 and issued demand notices of Rs.0.18 lakh to fourteen vehicle owners, as per reply furnished by the Director of Transport, Manipur in July 2004. Position of further recovery was awaited (January 2005).

The matter was brought to the notice of the Government in May 2004; reply was awaited as of January 2005.

GENERAL ADMINISTRATION DEPARTMENT

6.14 Loss of revenue due to application of incorrect rate of room rent and irregular allowance of use of State Guest House.

Application of incorrect rate of room rent resulted in loss of revenue to the tune of Rs.3.89 lakh.

The Manipur State Guest House (Accommodation) Rules, 1989 provides that accommodation in the State Guest House shall not be reserved for a period for a continuous stay of more than seven days in one spell. However, Administration may extend this period in special circumstances but for not more than 30 days in any case. In such cases, the officer/official occupying the room beyond seven days should pay three times the normal room rent per day per bed. The increased room rent shall be charged from the eighth day of occupation of room in the State Guest House. Further, the room rent is to be paid in advance on the day reservation is made.

Test check of records of the State Guest House, Imphal revealed in February 2003 that an amount of Rs.0.52 lakh was realized as room rent from 50 occupants (other than serving Government employees) staying in the rooms continuously for more than seven days during the period March 1999 to May 2002 as against total recoverable amount of Rs.4.41 lakh. Though the continuous stay of the occupants ranged between 12 days to 267 days, room rents were collected at the normal rate in violation of the said Rule. Further, 32 out of the above 50 occupants were irregularly allowed to stay in the Guest house continuously beyond 30 days which was not permissible as per rules.

Thus, due to application of incorrect rates of room rent, there was a short-realisation of Rs.3.89 lakh resulting in loss of Government revenue apart from irregular stay in the State Guest House for more than permissible period.

The matter was reported to the Government in August 2004. The Government in their reply furnished in October 2004 intimated that it would revise the existing rate of room rent based on the rates charged in the neighbouring states but did not issue any instructions for recovery of above amounts from 50 occupants.

POWER DEPARTMENT

6.15 Non-realisation of electricity charges from the occupants of Government quarters

Vacation of Government quarters by the occupants without clearing electricity charges resulted in non-realisation of electricity charges to the tune of Rs.3.51 lakh.

As per Manipur Electricity Supply Regulations, 1971 as amended from time to time, where any consumer neglects to pay dues for energy charges in respect of the supply of energy to him, such charges shall be recovered by suit or on application to a Magistrate having jurisdiction therefor, by distress and sale of any movable property belonging to such consumer. The Government of Manipur with a view to realise electrical dues from Government employees ordered in March 2000 that all employees residing in Government quarters should obtain 'No Due Certificate' (NDC) from the Electricity Department and also directed the Drawing and Disbursing Officers to prepare pay bills of such employees only after production of valid 'NDCs'.

Test-check of records of the Executive Engineer, Electrical Division No.II, Imphal revealed in January 2003 that 39 consumers residing in Government quarters vacated their quarters during the period May 1998 to August 2002 without paying the electricity charges amounting to Rs.3.51 lakh.

Neither NDC was insisted upon by the concerned departments at the time of vacation of quarters by the employees nor the Electrical Division took any action to get the outstanding dues recovered from such employees as required under provisions of the Regulation.

This resulted in non-realisation of electricity charges amounting to Rs.3.51 lakh.

After the irregularity being pointed in audit in May 2003, the Executive Engineer issued demand notices in October 2004 to the respective Drawing and Disbursing Officers for recovery of the dues. The results of recovery were awaited (January 2005).

The matter was brought to the notice of the Government of Manipur in June, 2004. The Power Department, Manipur stated in October 2004 that action for realisation of outstanding dues from the defaulting consumers through their respective departments had been initiated. Report on actual realisation was however, awaited as of January 2005.

6.16 Short-levy of electricity charges due to incorrect billing

Application of incorrect rates for billing of electrical energy supplied without meters resulted in short levy of electricity charges to the tune of Rs.2.03 lakh.

As per Manipur Electricity Supply Regulations 1971, where supply of electricity to the consumer has been given without a meter for any reason, energy charges for bulk supply (load above 10 KW) are leviable at the flat rates of Rs.492 per KW of contract demand per month plus demand charge at the rate of Rs.61 per KW of 60 *per cent* of the contract demand per month for the period from 12 July 2001 to 2 September 2002 and Rs.458.50 per KW of contract demand per month as energy charges plus demand charge at the rate of Rs.74 per KW of 60 *per cent* of the contract demand per month from 3 September 2002 onwards. Where the meter has been provided and working, the monthly minimum charges leviable from the consumer corresponding to these rates are Rs.295 and Rs.273 respectively, per KW of contract demand per month plus demand charges.

Test-check of records of the Executive Engineer, Bishnupur Division, Electricity Department, revealed in January 2003 that during the period between August 2001 and December 2002, the division levied electricity charges of Rs.3.02 lakh instead of Rs.5.05 lakh in case of two consumers due to incorrect application of rates. These consumers were without energy meters. This resulted in short-levy of Rs.2.03 lakh.

After this was pointed out in audit, the department issued revised bills in May 2004. Further reply was awaited (January 2005).

The matter was reported to Government in June 2004. The Government of Manipur, Power Department stated in October 2004 that the shortfall had been accounted for and it would be realised from the consumers. Report on realisation was, however, awaited as of January 2005.

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Overview of Government companies and Statutory corporations

7.1 Introduction

As on 31 March 2004 there were 15 Government companies (nine working companies and six non-working[1] companies) and one non-working Statutory corporation as against 15 Government companies (13 working companies and two non-working companies) and one working Statutory corporation as on 31 March 2003 under the control of the State Government. During the year 2003-04, four working Government Companies[2] became non-working companies and one working Statutory corporation[3] became non-working corporation. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangement of the Statutory corporation is as shown below:

Table No. 7.1

Sl. No.	Name of the corporation	Authority for audit by the CAG	Audit arrangement
1	Manipur State Road Transport Corporation (MSRTC)	Section 33 (2) of the Road Transport Corporations Act, 1950	Sole audit by CAG

7.2 Working Public Sector Undertakings (PSUs)

Investment in working PSUs

7.2.1 As on 31 March 2004, the total investment in nine working PSUs (nine Government companies) was Rs.79.84 crore[4] (equity: Rs.44.35 crore; long term loans Rs.35.49 crore) as against Rs.133.38 crore (equity: Rs.95.91 crore; long term loans[5]: Rs.37.47 crore) in 14 working PSUs (13 Government companies and one Statutory corporation) as on 31 March 2003. The analysis of investment in PSUs is given in the following paragraphs.

[1] Non-working companies are those that are in the process of liquidation/closure/merger, *etc.*

[2] Serial number B-3,4,5,6 of *Appendix–XXXVI.*

[3] Serial C-1 of *Appendix–XXXVI.*

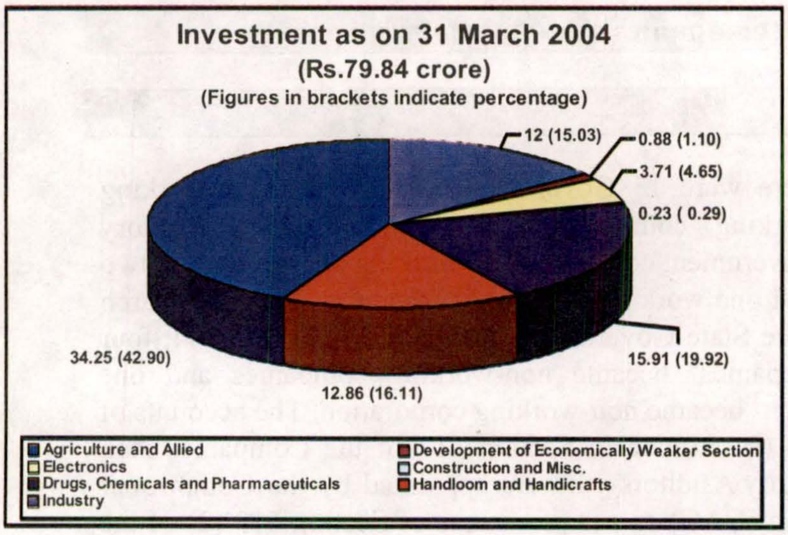
[4] Figure as per Finance Account 2003-04 is Rs.38.83 crore, the difference is under reconciliation.

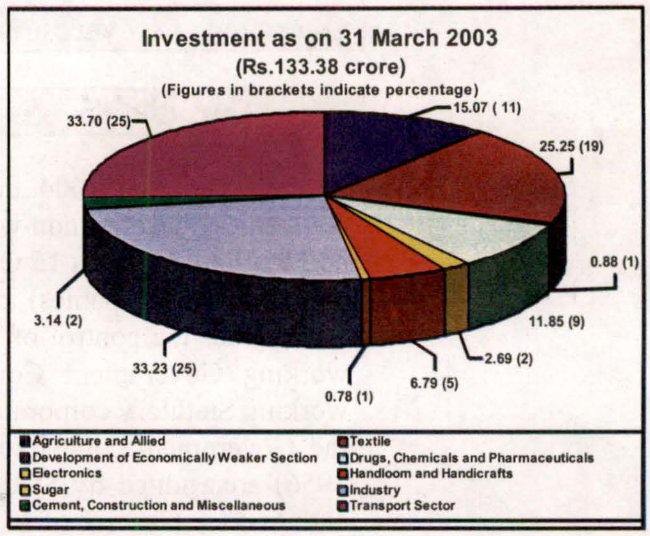
[5] Long term loans mentioned in paras 7.2.1, 7.2.2, 7.2.3 and 7.8.1 are excluding interest accrued and due on such loans.

Sector-wise investment in working Government companies and Statutory corporation.

7.2.2 The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2004 and 31 March 2003 are indicated below in the pie charts.

Chart 7.1





Working Government companies

7.2.3 The total investment in working Government companies at the end of March 2003 and March 2004 was as follows:

Table No. 7.2

(Rupees in crore)

Year	Number of Government companies	Investment in working Government companies		
		Equity	Loan	Total
2002-03	13	62.20	37.47	99.67
2003-04	9	44.35	35.49	79.84

Investment in the current year has decreased over the previous year due to decrease in number of working Government companies.

The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in *Appendix–XXXVI.*

As on 31 March 2004, the total investment in working Government companies, comprised 55.55 *per cent* of equity capital and 44.45 *per cent* of loans as compared to 62.41 *per cent* and 37.59 *per cent* respectively as on 31 March 2003.

7.3 Budgetary outgo, grants/subsidies, guarantees and waiver of dues and conversion of loans into equity

7.3.1 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government to working Government companies are given in *Appendices XXXVI* and *XXXVIII.*

7.3.2 The budgetary outgo (in the form of equity capital and loans) and grants/subsidies from the State Government to working Government companies for three years up to 2003-04 are as follows: —

Table No. 7.3

(Rupees in crore)

	2001-02				2002-03				2003-04			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Equity Capital outgo from budget	3	0.98	1	1.50	2	7.03	1	1.50	3	11.15	—	—
Grants/subsidy toward: (i) Projects/Programmes/ Schemes (ii) Other subsidy	2	0.59	—	—	—	—	—	—	—	—	—	—
Total outgo	**5**	**1.57**	**1**	**1.50**	**2**	**7.03**	**1**	**1.50**	**3**	**11.15**	**—**	**—**

7.3.3 No information regarding guarantee given by State Government was received from the companies (September 2004).

7.4 Finalisation of accounts by working PSUs

7.4.1 The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year.

7.4.2 It would be noticed from *Appendix–XXXVII*, out of nine working PSUs (nine Government companies) none has finalised the accounts for the year 2003-04 within stipulated period. During the period from October 2003 to September 2004, two working Government companies finalised two accounts for previous years.

7.4.3 The accounts of nine working Government companies were in arrears for periods ranging from seven to 22 years as on 30 September 2004 as per details given below:

Table No. 7.4

Sl. No.	No. of working Government companies	Year from which accounts are in arrears	Number of years for which accounts are in arrear	Reference to Sl. No. of *Appendix–XXXVII* Government companies
(1)	(2)	(4)	(5)	(6)
1.	1	1982-83 to 2003-04	22	6
2.	1	1984-85 to 2003-04	20	1
3.	1	1987-88 to 2003-04	17	4
4.	1	1990-91 to 2003-04	14	2
5.	1	1991-92 to 2003-04	13	9
6.	2	1996-97 to 2003-04	8	3 & 5
7.	2	1997-98 to 2003-04	7	7 & 8
Total	**9**			

7.4.4 It is the responsibility of the administrative departments to oversee and ensure that the accounts are finalised and adopted by the PSUs within prescribed period. Though the administrative departments and officials concerned of the Government were appraised quarterly by Audit regarding arrears in finalisation of accounts, no effective measures have been taken by the Government, and as a result, the net worth of these PSUs could not be assessed in Audit.

7.5 Financial position and working results of working PSUs

7.5.1 The summarised financial results of working PSUs (Government companies) as per their latest finalised accounts are given in *Appendix–XXXVII.*

7.5.2 According to the latest finalised accounts of nine working Government companies, three companies had incurred an aggregate loss of Rs.1.47 crore, 4 companies earned an aggregate profit of Rs.1.05 crore and two companies had not commenced commercial activities.

7.6 Working Government companies

Profit earning working companies and dividend

7.6.1 One company (Sl. No. A-5 of *Appendix–XXXVII*) which finalised its previous year's accounts during the year, had earned a profit of Rs.24.30 lakh but did not declare any dividend.

Loss incurring working Government companies

7.6.2 Two companies, out of three loss incurring working Government companies (A-4 and A-7) of *Appendix–XXXVII* had accumulated losses aggregating Rs.4.11 crore which exceeded their aggregate paid up capital of Rs.1.85 crore. Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to these companies in the form of equity capital. According to available information, the total financial support so provided by the State Government by way of equity capital during 2003-04 to these two companies amounted to Rs.10.13 crore.

Return on capital employed

7.6.3 As per the latest finalised accounts, the capital employed[6] worked out to Rs.19.94 crore in nine working companies and total return[7] thereon amounted to Rs.1.54 crore which was 7.74 *percent* as compared to total return of Rs.0.97 crore (3.92 *percent*) in the previous year (accounts finalised upto September 2003). The details of capital employed and total return on capital employed in case of working Government companies are given in *Appendix–XXXVII.*

7.7 Reforms in Power Sector

7.7.1 A Memorandum of Agreement (MOA) was signed on 26 July, 2004 between the Ministry of Power, Government of India (GOI) and the Department of Power, Government of Manipur as a joint commitment for implementation of reforms programme in power sector with identified milestones.

Major milestones of the reforms programme are:

State Government will start corporatisation by August 2004 to handle electricity matters. The Corporation will be made fully functional by July 2005.

State Government will set up State Electricity Regulatory Commission (SERC)/Joint Electricity Regulatory Commission (JERC) by November 2004 and file tariff petition immediately thereafter.

The State Government will provide full support to the SERC/JERC to enable it to discharge its statutory responsibilities. The tariff orders issued by SERC/JERC will be implemented fully unless stayed or set aside by a court order.

State Government will ensure timely payment of subsidies required in pursuance of orders on the tariff determined by the SERC/JERC.

State Government will undertake Energy Audit and Energy Accounting at all levels to promote accountability and reduce transmission and distribution losses and bring them to the level of 20 *per cent* by 2007 and achieve break even in current distribution operation in three years and positive returns thereafter.

State Government would achieve 100 *per cent* electrification of villages by 2007 subject to adequate funds being provided by Government of India under PMGY or any other relevant scheme.

[6] Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

[7] For calculating total return on capital employed, interest on borrowed funds is added to net profit/ subtracted from the loss as disclosed in the profit and loss account.

The progress of implementing power sector reforms was slow. The State Government was to complete 100 *per cent* metering and billing of all consumers by March 2003. But only 1,50,913 consumers (out of 1,68,769) were provided with energy meters (March 2004). The Joint State Electricity Regulatory Commission (JSERC) was yet to be set up.

The State Government intimated (February 2005) that the process of corporatisation of the Electricity department was under active consideration in consultation with the Ministry of Power and a departmental committee has since been constituted to assess the inventory, assets and liabilities of the Electricity department. A memorandum of agreement has also been signed between the Government of India and three States, Manipur, Mizoram and Arunachal Pradesh for constitution of a JSERC for the three states.

7.8 Non-working PSUs

Investment in non-working PSUs

7.8.1 As on 31 March 2004, the total investment in seven non-working PSUs (six non-working Government companies and one non-working Statutory corporation) was Rs.90.68 crore (equity: Rs.86.94 crore; loans: Rs.3.74 crore) as against total investment of Rs.1.37 crore (equity: Rs.1.37 crore only) in two non-working PSUs (two non-working Government companies) as on 31 March 2003. The classification of non-working Government companies and Statutory corporation at the end of March 2004 was as under:

Table No. 7.5

(Rupees in crore)

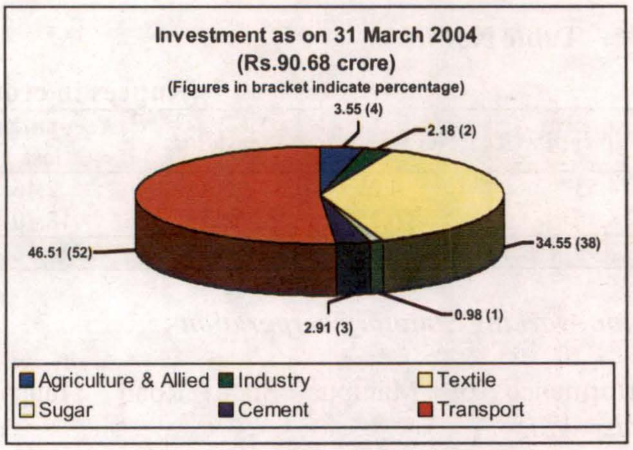
Sl. No.	Status of non-working PSUs	Number of companies	Number of corporation	Investment			
				Companies		Corporation	
				Equity	Loans	Equity	Loans
(i)	Under liquidation/closure	6	1	40.44	3.74	46.50	—
	Total	**6**	**1**	**40.44**	**3.74**	**46.50**	—

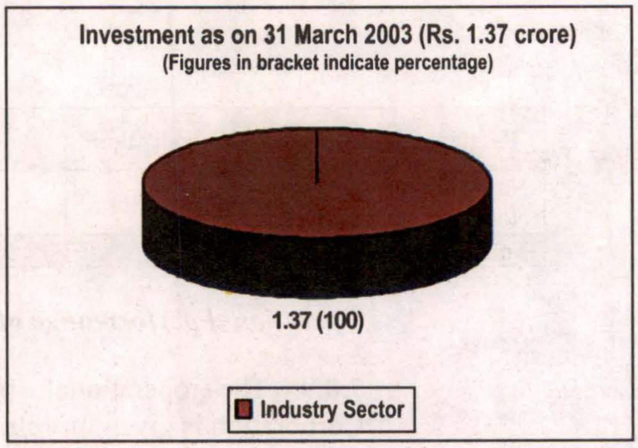
7.8.2 The above non-working PSUs which were under liquidation involve substantial investment of Rs.90.68 crore. Effective steps need to be taken for their expeditious liquidation or revival.

Sector-wise investment in non-working Government companies and Statutory corporation

7.8.3 The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2004 and 31 March 2003 are indicated below in the pie charts.

Chart No. 7.2





Budgetary outgo, grants/subsidies, guarantees and waiver of dues and conversion of loans into equity to non-working companies and Statutory corporation

7.8.4 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government to non-working Government companies and non-working Statutory corporation are given in *Appendices-XXXVI and XXXVIII.*

7.8.5 The State Government had provided budgetary support of Rs.22.85 crore by way of equity capital contribution to four non-working Government companies and one non-working Statutory corporation during 2003-04.

Finalisation of accounts by non-working PSUs

7.8.6 It would be noticed from *Appendix–XXXVII* that out of seven non-working PSUs (six Government companies and one Statutory corporation) none had finalised the accounts for the year 2003-04 within stipulated period. During the period from October 2003 to September 2004, three non-working Government companies and one non-working Statutory corporation finalised five accounts for previous years.

7.8.7 The accounts of six non-working Government companies and one non-working Statutory corporation were in arrears for periods ranging from eight to twenty years as on September 2004.

Financial position and working results of non working PSUs

7.8.8 The summarised financial results of non-working PSUs as per their latest finalised accounts are given in *Appendix–XXXVII.* Statement showing financial position and working results of the non-working Statutory Corporation for the latest three years for which accounts are finalised are given in *Appendices XXXIX* and *XL* respectively.

The summarised details of paid-up capital, net worth, cash loss and accumulated loss of non-working PSUs as per their latest finalised accounts are given below:

Table No. 7.8

(Rupees in crore)

Particular of Companies/Corporation	Paid-up capital	Net worth[8]	Cash loss	Accumulated loss
Non-working companies	4.53	4.21	NA	2.46
Non-working Statutory corporation	18.46	(-) 0.25	NA	18.70
Total	**22.99**	**3.96**		**21.16**

Operational performance of non-working Statutory corporation

7.8.9 The operational performance of Manipur State Road Transport Corporation is given in *Appendix–XLI.*

7.9 Status of placement of Separate Audit Reports of Statutory corporation in Legislature

7.9.1 Separate Audit Report on the accounts of the Manipur State Road Transport Corporation for the year 1991-92 along with Audit Certificate had been sent to the State Government in September 2004. No information had been received (November 2004) from the Government regarding placement of the Reports in the State Legislature.

7.10 Results of audit by Comptroller and Auditor General of India

7.10.1 During the period from October 2003 to September 2004, the audit of accounts of three Government companies and one non-working Statutory Corporation were selected for review. The net impact of the important audit observations as a result of review were as follows:

Table No. 7.9

(Rupees in lakh)

Details	Number of accounts			Amount (Rs. In lakh)		
	Government Companies		Statutory Corporation	Government Companies		Statutory corporation
	Working	Non-working	Non-working	Working	Non-working	Non-working
(i) Overstatement of loss	1	—	1	0.15	—	5.72
(ii) Understatement of profit	1	—	—	1.18	—	—
(iii) Understatement of loss	—	1	—	—	0.27	—

[8] Net worth represents paid-up capital plus free reserves less accumulated losses.

Some of the major errors and omissions noticed in the course of review of annual accounts of some of the above Government companies and Statutory corporation are mentioned below:

Errors and omissions noticed in case of Government companies

Manipur Police Housing Corporation Ltd. (1995-96)

7.10.2 The Gratuity contribution includes an amount of Rs.1.18 lakh on account of initial contribution for past service liabilities which should have been shown under 'Prior-Period Adjustment Account'. This has resulted in understatement of profit by Rs.1.18 lakh.

Manipur Cycle Corporation Limited (1991-92)

7.10.3 Employer's share of E.P.F. contribution for the year 1991-92 is understated by Rs.0.27 lakh resulting in understatement of loss for the year by Rs.0.27 lakh with corresponding understatement of Current Liabilities.

Errors and omissions noticed in case of Statutory corporation

Manipur State Road Transport Corporation (1991-92)

7.10.4 (i) The net loss for the year has been overstated by Rs.5.72 lakh due to excess exhibition of expenses (Rs.24.67 lakh) and non provision of expenses (Rs.18.95 lakh).

(ii) Fixed Assets and Stocks have not been physically verified during the year.

(iii) Mode of valuation of stock has not been disclosed.

(iv) Age-wise/party-wise analysis of debtors has not been made.

(v) Journal entries recorded in the general ledger lack authentication and required details.

7.11 Internal audit/Internal control

7.11.1 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal audit/internal control systems in the companies audited by them 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. Accordingly, the Statutory Auditors observed deficiencies in respect of internal audit system in case of three companies. A resume of major recommendations made/comments made by Statutory Auditors is as follows:

7.11.2 Two companies had no internal audit system, as revealed from the Statutory Auditors comments on their accounts[9].

[9] Manipur Spinning Mill Corporation Ltd. for the year 1982-83 and 1983-84 and Manipur Food Industries Corporation Ltd. for the year 1995-96.

7.11.3 In one company *viz.* Manipur Tribal Development Corporation Ltd., the internal audit system, though in vogue, needs to be further strengthened considering the size and nature of activities of the Corporation, as revealed from the Statutory Auditor's comments on its accounts for the year 1982-83.

7.11.4 One company *viz.*, Manipur Tribal Development Corporation Ltd. had internal control procedure which was not commensurate with the size and nature of their business for the purchase of stores, raw materials including components, plants and machineries, equipment and other assets, as revealed from the Statutory Auditor's comments on their accounts for the year 1982-83.

7.12 Recommendations for closure of PSUs

7.12.1 One Government company (Manipur Handloom & Handicrafts Development Corporation Limited) had been incurring losses for five consecutive years (as per its latest finalised accounts) leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve performance of the above company or consider its closure.

7.13 Response to inspection reports, draft paras and reviews

7.13.1 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned administrative departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of six weeks. Inspection reports issued up to March 2004 pertaining to 16 PSUs disclosed that 220 paragraphs relating to 39 inspection reports remained outstanding at the end of September 2004. Of these 172 paragraphs relating to 32 inspection reports had not been replied for more than two to 13 years. Department-wise break-up of inspection reports and paragraphs outstanding as on 30 September 2004 is given in *Appendix–XLII.*

7.13.2 It is recommended that (a) the Government should ensure that procedure exists for action against the officials who failed to send replies to inspection reports as per prescribed time schedule; (b) action is taken to recover loss/outstanding advances/overpayments in a time bound schedule; and (c) the system of responding to the audit observations is revamped.

7.14 Position of discussion of Commercial Chapters of Audit Reports by the Committee on Public Undertakings (COPU)

7.14.1 The status of Commercial Chapters of the Audit Reports and number of reviews/paragraphs pending for discussion at the end of 30 September 2004 are as shown below:

Table No. 7.10

Period of Audit Report	Number of reviews and paragraphs appeared in the Audit Report		Number of reviews/paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1995-96	—	3	—	3
1996-97	1	4	1	4
1997-98	—	2	—	2
1998-99	—	2	—	2
99-2000	2	4	2	4
2000-01	1	2	1	2
2001-02	—	1	—	1
2002-03	—	1	—	1

7.15 619-B Companies

There was no Company under Section 619-B of the Companies Act, 1956.

AUDIT PARAGRAPHS

COMMERCE AND INDUSTRIES DEPARTMENT

MANIPUR FOOD INDUSTRIES CORPORATION LIMITED

7.16 Wasteful expenditure of Rs.1.09 crore on setting up a Company

Winding up of the Company without being operationalised since inception rendered pre-operational expenditure of Rs.1.09 crore wasteful, and out of Rs1.60 crore received as grants from Government of India, an amount of Rs.1.10 crore remained in the Company's Bank account for over a period of two and a half year. An expenditure of Rs.14 lakh proved infructuous and Rs.36 lakh was not refunded by the implementing agency.

7.16.1 Manipur Sugar Mills Ltd. (MSML) was incorporated as a wholly owned Government Company in April 1987 with a view to establish a sugar factory at Kabowakching, Bishnupur District at a project cost of Rs.11.80 crore. The State Government did not establish the sugar factory for 10 years and finally decided in May 1997 to switch over the business of the Company from sugar manufacturing to food processing and renamed it as Manipur Food Industries Corporation Limited (MFICL). The renamed Company also failed to be operational as a food processing unit and finally it was decided to wind up the Company in March 2003 after incurring pre-operational expenditure of Rs.1.09 crore since its inception in 1987.

Analysis in audit revealed the following:

Sugar Mill (1987-1997)

Improper planning

7.16.2 The State Government had started acquiring 200.71 acres of land in 1981 for establishing Manipur Sugar Mills Limited. The Government however, was unable to acquire the land needed for the project. Despite this, Government went ahead with the project for establishing the sugar mill by incorporating it as a Company in 1987 ignoring the problems faced in acquisition of land at the original site. Government/Board of Directors(BOD) of the Company subsequently decided in December 1990 to change the site of the project to avoid objections made by the local people but that also did not materialise.

Inadequate funding

7.16.3 The Manipur Sugar Mills Limited was set up (April 1987) to establish a sugar factory having the capacity of crushing 1250 MT of cane per day. This required investment of Rs.11.80 crore in the form of Rs.5.50 crore State Government equity shares, Rs.6.05 crore as term loan from the financial institutions and Rs.0.25 crore as Central Government capital subsidy. The State Government released equity capital of Rs.0.78 crore only against its share capital contribution of Rs.5.50 crore. With this meagre capital, the Company was unable to secure loan from financial institutions as they insisted for minimum 50 *per cent* equity contribution by the State Government for providing term loan of Rs.6.05 crore. The State Government neither provided enough funds to the Company in the form of equity as was originally envisaged nor could ensure grant of loans to the Company by the financial institutions.

The new industrial policy guidelines issued by the Government of India in May 1997 fixed minimum capacity of 2500 MT of cane crushing per day for issue of industrial licenses for sugar factories. This required an investment of Rs.60–70 crore and the State Government which was unable to provide even Rs.5.50 crore for the project had no option but to drop the proposal. The Government therefore, decided (May 1997) to change the name of the Company to Manipur Food Industries Corporation Limited in order to develop food processing industries in the State, based on the locally available raw material with the financial assistance from the Ministry of Agriculture, Department of Food Processing Industries, Government of India (MADFPI).

Manipur Food Industries Corporation Limited (MFICL) (1997-2003)

7.16.4 Manipur Food Industries Corporation Limited (MFICL), the renamed Government Company established in September 1997 decided to take-up a food processing Estate at Moirangkampu Sajeb. But the Company (MFICL) could not become operational and the State Government finally decided to wind up this company in March 2003.

Test-check of records (December 2003) revealed that GOI, MADFPI had approved in December 2000 the project of setting up a food park in the State by MFICL at an estimated cost of Rs.11.72 crore (grants-in-aid from GOI: Rs.4 crore; State share: Rs.2.30 crore and loans from financial institution: Rs.5.42 crore) and released grants-in-aid of Rs.1.60 crore in December 2000 for the purpose of creation of common facilities such as analytical quality control laboratory, cold storage, warehouse, effluent plants, *etc.* The State Government neither released its share nor did it make any arrangement to ensure grant/loan from financial institutions. Balance amount of grants-in-aid was also not released by GOI.

Following points deserve mention:

Diversion of funds

7.16.5 MFICL, for execution of work of development of land and approach road of the complex, made an agreement in February 2001 with the District Council Engineering Cell (DCEC), Imphal on the basis of agency charges of 10 *per cent* of actual final cost of the work and made an advance payment of Rs.50 lakh to DCEC in February 2001. The balance grants-in-aid of Rs.1.10 crore was kept by the Company in its Bank account (January 2001).

Government of India, MADFPI objected (March 2001) to the Company's attempt to divert the funds towards land development *etc.* instead of creation of common facilities. But by that time, DCEC had already incurred an expenditure of Rs.14 lakh on land development and approach roadwork during 2000-01, after which in pursuance of GOI's objection, MFICL asked (March 2001) DCEC to stop the work and ultimately cancelled (January 2003) its agency for the same work. The balance amount of Rs.36 lakh was not refunded till the date of audit (December 2003).

Inappropriate site

7.16.6 In May 2001, Director, Food Processing Industries, Government of India inspected the site of the work and observed that the existing site was a low lying area for which extra cost would be involved for developing the land. Pursuance to this, a proposal to change the site was under consideration of the State Government.

7.16.7 The Board of Directors (BODs) of the Company decided (5 March 2003) to wind up the Company on the basis of the recommendations made (January 2003) by the Officers Committee set up by the State Government because the Company remained non-operational since its inception. Following this decision, Management conveyed to the Directorate of Commerce and Industries, Government of Manipur in September, 2003 that establishment of food park was not possible at this stage. Problems faced in implementation of the project were as follows:

(i) State Government's share of Rs.2.30 crore was not released.

(ii) Extension of State guarantee for any type of loan had been kept in abeyance.

(iii) Proposal of change of site for the project was under consideration of the State Government.

7.16.8 It was further decided (January 2003) to retrench all the staff of the Company except one (for finalisation of corporation's pending accounts) after giving one month's notice which was duly implemented. But no approval from GOI, MADFPI for winding up process of the company was sought for by the State Government till September 2004.

Thus, due to lack of proper planning and inability of the State Government to provide adequate funds through Government and financial institution resulted in winding up of the company after incurring an expenditure of Rs.1.09 crore. The entire pre-operational expenditure of Rs.1.09 crore[10] mainly on salary, wages, retirement/retrenchment benefit, loss in disposal of land building *etc*., proved wasteful.

On this being pointed out in audit, Management while accepting the fact stated in December 2003 that steps had been taken to regularise the diversion of fund and a committee had been constituted by the Government, headed by the Chief Secretary to recover the balance amount of Rs.36 lakh from DCEC.

The matter was brought to the notice of the Government in June 2004; their reply had not been received (January 2005).

7.17 Poor performance of the Manipur Electronics Development Corporation Limited (MANITRON)

MANITRON, once a profit earning enterprise of the Government of Manipur (upto 1995-96), slipped to the position of a sick Company since 1996-97 incurring losses every year due to poor performance especially in manufacturing and trading activities.

7.17.1 The Manipur Electronics Development Corporation Limited (MANITRON) was incorporated under the Indian Companies Act, 1956 on 28 April 1987. The main activities undertaken by the Company during the period from 1995-96 onwards were (i) manufacturing and sale of TVs, emergency lights, electronic clocks *etc*., (ii) trading in electronic items and office automation equipment *viz*., computers, copiers, FAX, UPS, CTV, Intercom and EPABX, Risograph, LCD projectors *etc*., (iii) printing of Photo Identity Card (PIC) and electoral rolls.

The Company slipped from the position of a profit earning enterprise upto 1995-96 to a sick company since 1996-97 incurring losses every year. The cumulative losses of the Company as on 31 March 2003 stood at Rs.2.18 crore.

[10] Inclusive of Rs.19.22 lakh being the amount of interest earned on the balance of GOI's fund kept in the Company's Bank account up to October 2003.

Audit scrutiny of the records of the Company disclosed that losses of the Company were mainly due to the following reasons:

(i) declining manufacturing sales;

(ii) failure to boost trading sales;

(iii) high staff cost;

(iv) poor recovery of dues under Hire Purchase Scheme and

(v) payment of Rs.1.79 crore beyond contractual obligation.

Declining Manufacturing sales

7.17.2 Manufacturing activities of the Company mainly comprised of assembling television sets. The annual production target of 3,600 to 10,000 sets was projected initially at the time of establishment of the Company in late 80s. It was observed in audit that:

(i) no annual target for production was fixed for recent years by the Management,

(ii) production of television sets assembled by the Company declined considerably from 1,251 sets in 1995-96 to just 12 sets in 2001-02,

(iii) the production had to be kept low mainly due to the fact that sale of television sets drastically reduced during this period from 1,277 sets in 1995-96 to only 4 sets in 2001-02. As there were no buyers, the Company was forced to almost stop its production of TVs.

Main reason for declining sales of television sets of the Company was its inability to compete with multinational and other companies in the market in terms of price and quality of products. The prices of 51 cm colour TV (with remote control) of three multinational companies (MNCs) ranged between Rs.7,000 and Rs.8,500 as against the sale price of Rs.12,600 to Rs.15,250 fixed by MANITRON for its similar product in 2003. On it being pointed out in audit, the Management stated that though market surveys were conducted periodically to assess customers' choice and need for advancement of technology, the Company was unable to bring out any significant improvements in its product because of very low production level and requirement of huge investments for matching multinational companies in terms of technology and design.

The Management further stated that availability of products of MNC brands in Imphal market at throw away prices was an important factor for declining sales of the Company's television products in the State.

The production of emergency lights also fell sharply from 136 nos. in 1997-98 to nil in 2000-2002 period. The Company did not take timely steps to diversify its manufacturing activity of electronic items to maintain and boost the manufacturing sales.

Thus, the manufacturing activity in the Company was negligible since 2001-02 due to the failure of the Management to take adequate steps to arrest the declining trend in sales which stood at Rs.2.86 lakh during 2002-03 as against Rs.101.83 lakh during 1995-96 recording 97 *per cent* decline in the last seven years.

Failure to boost trading sales

7.17.3 As the manufacturing sales of the Company became almost negligible, serious efforts were needed to boost sale of trading items. The Company, however, depended only on trading of some electronic items such as computers, FAX machines *etc.* to avoid complete closure.

The audit analysis of trading accounts disclosed that trading sales too registered decline during the period 1995-96 to 2002-03. The trading sales of the Company are dependent on placement of orders by Government departments. The Company was functioning as a commission agent for supply of electronic equipment to Government departments. Since the Company did not make trading sales to private customers, the scope of increasing trading sales turnover significantly was limited.

High Staff cost

7.17.4 As against the sanctioned post of 98 (including MD), the men-in-position and the staff cost during the period under review were as follows:

Year	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
Men-in-position	95	95	94	93	91	90	90	88
Staff cost (Rs. in lakh)	62.83	58.73	74.36	67.11	72.47	76.47	77.98	78.55
Total expenditure (Rs. in lakh)	269.52	312.95	244.23	219.55	320.04	185.13	199.82	193.32
Percentage of staff cost vis-a-vis total expenditure	23.31	18.76	30.44	30.56	22.64	41.30	39.02	40.63

The percentage of staff cost to total expenditure has gone up tremendously from 23.31 *per cent* in 1995-96 to 40.63 *per cent* in 2002-03. High staff cost in the low-performing Company acted against the desired goal of bringing down production cost which was of paramount importance for making products more competitive in the market.

Due to decline in manufacturing activity of the Company, staff engaged in manufacturing and assembling of TVs, emergency lights and clocks would have become idle and surplus to a large extent. But no identification of such staff was carried out by the Management as yet.

Poor recovery of dues under Hire purchase scheme

7.17.5 Apart from cash sales, the Company also had a scheme of hire purchase for sale of television sets manufactured by it. According to the scheme, 50 *per cent* cost of the TV was to be paid by the customer at the time of taking delivery and the balance in 6/12 monthly instalments along with interest chargeable at the rate of 18 *per cent* per annum on the outstanding amount. This scheme was open only to Government servants who obtain a letter of authority-cum-undertaking from the concerned Drawing and Disbursing Officer (DDO) to the effect that monthly recovery of the Company's dues would be made from salary of the official each month and the amount would be deposited to the Company's account in time.

On getting such assurance from the concerned DDOs, the Company sold 3,414 TVs to Government servants on hire purchase scheme during the period 1995-96 to 2002-03. Audit examination of records of TV sets sold on hire purchase disclosed that an amount of Rs.27.96 lakh remained outstanding as of 31 March 2003 against defaulters of which Rs27.10 lakh was more than three years old.

The Management stated (May 2004) that they were taking up the matter with the concerned DDOs who were also the guarantors. In the absence of any specific provision in the scheme about steps to be taken in case the DDOs do not deduct and deposit such amount recoverable from the employees working under them, it is only persuasion and concerted efforts that can prevent the dues from turning bad and the Company from sustaining substantial loss of revenue on this account.

Payment of Rs.1.79 crore beyond contractual obligation

7.17.6 Audit scrutiny revealed that the Company had been entrusted with the work of preparation of Photo Identity Cards (PIC) by the Election Department involving instant photography and lamination of 13 lakh voters of Manipur at a negotiated rate of Rs.18.50 per card, to be completed during April to November 1994. As per the agreed terms and conditions, the Election Department was to provide security for the team and the systems engaged in the PIC work. The Company completed the work within the stipulated time amidst security provided as per the terms of agreement.

On 28 March 1995, the Home Department of the Government of Manipur preferred a bill amounting to Rs.1.79 crore being the cost of hiring vehicles and petrol, oil and lubricant (POL) for security personnel deployed in PIC work. The cost was to be borne by the Election Department as per agreed terms. The Management of the Company however, paid the amount to the Home Department on 22 March 1996. The Board of Directors (BOD) of the Company too approved the payment in its meeting held on 30 November 1995 with instructions to clear the bill immediately so that the amount could be accounted for at the time of paying income tax for the year 1994-95, the last date of which was also 30 November 1995.

After six years, the Management of the Company on 2 November 2001 sought refund of Rs.1.79 crore or sanction of grants-in-aid of equivalent amount from the Home Department. Since then, the Company has been pursuing this matter with the Commerce and Industries Department and the Department of Home, for refunding the above amount to the Company or providing grants-in-aid for Internet Service Provider project.

The amount is yet (September 2004) to be refunded to the Company. By making this payment, the Company seriously depleted its small working capital by Rs.1.79 crore. This highlights poor financial management and the casual approach of the management in decision making even in cases which could seriously affect the financial position of the Company.

The Company almost stopped its manufacturing activities and did neither diversify its manufacturing activities nor boost the trading activities in the right direction. Thus, the Company failed in its prime objective of developing electronics and allied industries in the State.

The matter was reported to Government in July and September 2004; their reply had not been received (January 2005).

Imphal
The 26 APR 2005

(P.K. KATARIA)
Accountant General (Audit) Manipur

Countersigned

New Delhi
The - 3 MAY 2005

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

APPENDICES

APPENDIX–I

(Referred to in Paragraph 1.4 at Page 5)

List of terms used in the Chapter I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter / GSDP growth
Buoyancy of a parameter (X) with respect of another parameter (Y)	Rate of Growth of the parameter (X) / Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	[(Current year amount/previous year amount) – 1)]* 100
Trend/Average	Trend of growth over a period of 5 years [LOGEST (Amount of 1998-99: amount of 2003-04) – 1]* 100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be.
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	Interest Payment/[Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]* 100
Interest spread	GSDP growth – Weighted Interest Rate
Interest received as *per cent* to loans advanced	Interest Received [(Opening balance + Closing balance of Loans and Advances)/2]* 100
Revenue deficit	Revenue Receipt – Revenue Expenditure
Fiscal deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048–Appropriation for Reduction or Avoidance of Debt.

APPENDIX–II

(Referred to in Paragraph 1.7.1 (iii) at Page 14)

List of institutions/bodies receiving grants of more than Rs.25 lakh from State Government and others (audited under Section 14) whose accounts were in arrear

(Rupees in lakh)

Sl. No.	Name of body/ authority	Source of funds	Amount of grant/loan		Years for which accounts due
			2002-03	2003-04	
1	2	3	4	5	6
1.	Manipur Development Society, Imphal	State Government Others	86.00 —	144.57 —	2000-01 to 2003-04
2.	Manipur University, Canchipur	State Government Others	912.77 —	990.48 81.90	2002-03 and 2003-04
3.	District Rural Development Agency, Churachandpur	State Government Others	316.57 184.70	150.38 214.00	2003-04
4.	District Rural Development Agency, Imphal West	State Government Others	6.74 188.54	4.27 164.42	2002-03 and 2003-04
5.	District Rural Development Agency, Bishnupur	State Government Others	96.02 102.17	Information awaited	2003-04
6.	Regional Institute of Medical Sciences, Imphal	State Government Others	455.77 3947.11	— 3600.00	2003-04
7.	Manipur State Kala Academy, Imphal	State Government Others	68.00 —	64.00 —	1998-2004
8.	District Rural Development Agency, Imphal East	State Government Others	148.08 333.18	4.07 249.91	2003-04
9.	District Rural Development Agency, Chandel	State Government Others	52.29 122.81	Nil 41.07[1]	2003-04
10.	District Rural Development Agency, Senapati	State Government Others	54.20 510.86	105.99 677.02	2003-04
11.	District Rural Development Agency, Ukhrul	State Government Others	97.45 52.74	29.14 327.08	2002-03 and 2003-04
12.	District Rural Development Agency, Thoubal	State Government Others	118.88 185.60	— 360.67	2003-04
13.	District Rural Development Agency, Tamenglong	State Government Others	78.27 330.35	— 604.95	2003-04

[1] Grant for DRDA Administration only.

APPENDIX–III

(Referred to in Paragraph 1.8 at Page 14)

Summarised financial position of the Government of Manipur as on 31 March 2004

(Rupees in crore)

As on 31-03-2003		Liabilities	As on 31-03-2004	
605.38		**Internal Debt–**		**765.97**
	367.42	*Market loans bearing interest*	*528.70*	
	0.04	*Market loans not bearing interest*	*0.04*	
	—	*Market Loans Suspense*	—	
	8.44	*Loans from LIC*	*8.38*	
	—	*Loans from GIC*	—	
	0.72	*Loans from NABARD*	*0.48*	
	123.31	*Loans from other institutions*	*123.31*	
	55.70	*Ways and Means and Advances*	*55.31*	
	49.75	*Overdrafts from Reserve Bank of India*	*49.75*	
907.44		**Loans and Advances from Central Government**		**835.49**
	27.03	*Pre 1984-85 Loans*	*22.65*	
	52.82	*Non-Plan Loans*	*381.60*	
	770.05	*Loans for State Plan Schemes*	*389.58*	
	3.74	*Loans for Central Plan Schemes*	*3.62*	
	9.31	*Loans for Centrally Sponsored Plan Schemes*	*9.62*	
	3.99	*Loans from Special Plan Schemes*	*4.42*	
	40.50	*Other Ways and Means Advances*	*24.00*	
	—	Contingency Fund		
552.94		**Small Savings, Provident Funds etc.**		**538.60**
143.74		**Deposits**		**146.04**
15.06		**Reserve Funds**		**13.51**
—		**Remittances Balances**		**12.77**
36.51		**Suspense and Miscellaneous Balances**		**4.19**
337.62		**Deposits with Reserve Bank and other Banks**		**527.99**
704.35		**Surplus on Government account**		**660.59**
	791.47	*Net Surplus as on 31 March*	*704.35*	
	87.12	*Less Deficit of the current year*	*43.76*	
3303.04		**Total**		**3505.15**
		Assets		
3192.69		**Gross Capital Outlay on Fixed Assets**		**3433.08**
	115.06	Investment in shares of Companies, Corporations, Co-operatives	144.08	
	3077.63	Other Capital Outlay	3289.00	
56.04		**Loans and Advances**		**57.52**
—		Loans for Power Projects	—	
	51.35	Other Development Loans	53.05	
	4.69	Loans to Government servants and Miscellaneous loans	4.47	
2.22		**Advances**		**2.22**
42.05		**Remittance Balances**		—
—		**Suspense and Miscellaneous Balances**		—
10.04		**Cash**		**12.33**
	1.60	*Cash in Treasuries and Local Remittances*	*5.17*	
	3.97	*Departmental Cash Balance*	*2.69*	
	0.02	*Permanent Advance*	*0.02*	
	4.45	*Cash Balance Investments*	*4.45*	
	—	*Investment of earmarked funds*	—	
3303.04		**Total**		**3505.15**

APPENDIX–IV

(Referred to in Paragraph 1.8 at Page 14)
Abstract of Receipts and Disbursements for the year 2003-04

(Rupees in crore)

Receipts				Disbursements				
2002-03		2003-04		2002-03		2003-04		
						Non-Plan	Plan	Total
	Section–A: Revenue							
1327.99	**I. Revenue receipts**		**1419.71**	**1415.11**	**I. Revenue expenditure**	**1259.09**	**204.38**	**1463.47**
65.16	*Tax revenue*	*68.24*		650.59	General Services	622.16	3.94	626.10
				461.43	Social Services	359.57	106.34	465.91
56.49	*Non-tax revenue*	*49.33*		*284.22*	*Education, Sports, Art and Culture*	*264.74*	*26.01*	*290.75*
				59.69	*Health and Family Welfare*	*47.38*	*19.24*	*66.62*
188.12	*State's share of Union Taxes*	*240.89*		*48.36*	*Water Supply, Sanitation, Housing and Urban Development*	*16.88*	*3.18*	*20.06*
				1.75	*Information and Broadcasting*	*1.44*	*0.34*	*1.78*
391.54	*Non-Plan Grants*	*391.36*		*31.54*	*Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes*	*7.05*	*32.14*	*39.19*
				3.51	*Labour and Labour Welfare*	*4.08*	*0.38*	*4.46*
525.71	*Grants for State Plan Schemes*	*574.63*		*29.09*	*Social Welfare and Nutrition*	*14.44*	*25.05*	*39.49*
				3.27	*Others*	*3.56*		*3.56*
83.59	*Grants for Central and Centrally Sponsored Plan Schemes*	*73.20*						
17.38	*Grants for Special Schemes for NEC and for other purposes*	*22.06*						
				303.09	Economic Services	277.36	94.10	371.46
				81.92	*Agriculture and Allied Activities*	*66.62*	*28.58*	*95.20*
				21.21	*Rural Development*	*9.77*	*18.75*	*28.72*
				0.67	*Special Areas Programme*		*11.00*	*11.00*
				30.27	*Irrigation and Flood Control*	*25.89*	*11.10*	*36.99*
				86.56	*Energy*	*101.02*	*0.42*	*101.44*
				24.36	*Industry and Minerals*	*23.23*	*14.46*	*37.69*
				41.72	*Transport*	*41.99*		*41.99*
				2.71	*Environment, Science and Technology*	*0.51*	*2.53*	*3.04*
				13.67	*General Economic Services*	*8.13*	*7.26*	*15.39*
87.12	**II. Revenue deficit carried over in Section B**		**43.76**					

	Section–B: Others							
(–)159.09	**III. Opening Cash balance including Permanent Advances and Cash Balance Investment**		**–327.58**					
	IV. Miscellaneous Capital receipts			**160.71**	**IV. Capital Outlay**	**16.43**	**223.96**	**240.39**
				5.18	General Services		9.22	9.22
				74.76	Social Services		97.29	97.29
				2.03	*Education, Sports, Art and Culture*		*14.19*	*14.19*
				2.69	*Health and Family Welfare*		*7.58*	*7.58*
				65.86	*Water Supply, Sanitation, Housing and Urban Development*		*68.97*	*68.97*
					Information and Broadcasting		*0.50*	*0.50*
				4.18	*Social Welfare and Nutrition*		*4.84*	*4.84*
					Others		*1.21*	*1.21*
				80.77	Economic Services	16.43	117.45	133.88
				0.69	*Agriculture and Allied Activities*	*(–)0.85*	*4.63*	*3.78*
				0.18	*Rural Development Programme*		*5.34*	*5.34*
				3.34	*Special Area Programme*		*1.87*	*1.87*
				22.22	*Irrigation and Flood Control*		*30.62*	*30.62*
				16.44	*Energy*		*29.30*	*29.30*
				7.40	*Industry and Minerals*	*2.98*	*24.77*	*27.75*
				30.35	*Transport*	*14.30*	*20.41*	*34.71*
				0.15	*General Economic Services*		*0.51*	*0.51*
0.47	**V. Loans and Advances recovered**		**0.48**	**1.55**	**V. Loans and Advances disbursed**	**0.09**	**1.87**	**1.96**
	From Power Projects				*For Power Projects*	—		
0.41	*From Government Servants*	*0.44*		*0.20*	*To Government Servants*	*0.09*		*0.09*
0.06	*From others*	*0.04*		*1.35*	*Others*		*1.87*	*1.87*
	VI. Revenue Surplus brought down			**87.12**	**VI. Revenue deficit brought down**			**43.76**
1103.65	**VII. Public Debt Receipts**		**876.61**	**1014.84**	**VII. Repayment of Public Debt**			**787.97**
78.71	*Internal debt other than Ways and Means Advances and Overdrafts*	*349.31*		*2.18*	*Internal debt other than Ways and Means Advances and Overdrafts*		*188.32*	
	Net transactions of Ways and Means Advances including Overdraft			*434.81*	*Net transactions of Ways and Means Advances including Overdraft*		*0.39*	
1024.94	*Loans and Advances from Central Government*	*527.30*		*577.85*	*Repayment of Loans and Advances to Central Government*		*599.26*	

	VIII. Appropriation to Contingency Fund				**VIII. Appropriation to Contingency Fund**			
	IX. Amount recouped to Contingency Fund				**IX. Expenditure from Contingency Fund**			
698.77	**X. Public Accounts Receipts**		**745.71**	**707.16**	**X. Public Accounts Disbursements**			**736.80**
118.19	*Small Savings and Provident Funds*	*121.27*		*165.65*	*Small Savings and Provident Funds*		*135.61*	
1.17	*Reserve Funds*	*5.16*		*0.01*	*Reserve Funds*		*6.70*	
131.32	*Suspense and Miscellaneous*	*44.47*		*54.23*	*Suspense and Miscellaneous*		*76.80*	
421.35	*Remittances*	*542.99*		*445.04*	*Remittances*		*488.18*	
26.74	*Deposits and Advances*	*31.82*		*42.23*	*Deposits and Advances*		*29.51*	
				(–)327.58	**XI. Closing Cash Balance**			**(–)515.66**
				1.60	*Cash in Treasuries and Local Remittances*		*5.17*	
				(–)337.62	*Deposits with Reserve Bank and other banks*		*(–)527.99*	
				3.99	*Departmental Cash Balance including Permanent Advances*		*2.71*	
				4.45	*Cash Balance Investment and investment of earmarked funds*		*4.45*	
3058.91	**Total**		**2758.69**	**3058.91**	**Total**			**2758.69**

APPENDIX–V

(Referred to in Paragraph 1.8 at Page 14)

Sources and Application of funds

(Rupees in crore)

2002-03		Sources	2003-04	
1327.99		Revenue receipts		1419.71
0.47		Recoveries of Loans and Advances		0.48
536.92		Increase in Public Debt		88.64
(–)8.39		Net receipts from Public Account		8.91
	(–) 47.46	*Net effect of Small Savings*	*(–)14.34*	
	(–) 15.49	*Net effect of Deposits and Advances*	*2.31*	
	1.17	*Net effect of Reserve Funds*	*(–) 1.53*	
	77.09	*Net effect of Suspense and Miscellaneous transactions*	*(–)32.34*	
	(–)23.70	*Net effect of Remittance transactions*	*54.81*	
—		Net effect of Contingency Fund transactions		—
168.49		Decrease in closing cash balance		188.08
2025.48		**Total**		**1705.82**
		Application		
1415.11		Revenue expenditure		1463.47
1.55		Lending for development and other purposes		1.96
160.71		Capital expenditure		240.39
—		Net effect of Contingency Fund transactions		—
448.11		Decrease in overdraft		—
2025.48		**Total**		**1705.82**

Explanatory Notes to *Appendices III, IV* and *V*:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in *Appendix–III,* indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.

3. Suspense and Miscellaneous balances include cheques issued but not paid, inter-departmental and inter-Government payments and others awaiting settlement.

APPENDIX–VI
(Referred to Paragraph 1.8 at Page 14)
Time Series Data on State Government Finances

(Rupees in crore)

		1999-2000	2000-01	2001-02	2002-03	2003-04
	PART A. RECEIPTS					
I.	**Revenue Receipts**	1070	1045	1177	1328	1420
(i)	Tax Revenue	40 (4)	49 (5)	51 (4)	65 (5)	68 (5)
	Taxes on Sales, Trade *etc.*	23 (57)	31 (64)	30 (21)	43 (23)	46 (67)
	State Excise	1 (3)	1 (3)	1 (1)	2 (1)	3 (4)
	Taxes on Vehicles	2 (6)	3 (6)	3 (2)	3 (2)	3 (4)
	Stamps and Registration fees	1 (3)	2 (4)	1 (1)	2 (1)	2 (3)
	Taxes and duties on Electricity	1 (2)	1 (2)	2 (1)		♥
	Land Revenue	1	W2	W3	1	1 (1)
	Taxes on Goods and Passengers	W5	W6	W7	1	1 (1)
	Other Taxes and duties on commodities and services	1 (2)	1 (1)			
	Other Taxes	10 (25)	10 (17)	14 (10)	13 (7)	12 (18)
(ii)	Non-Tax Revenue	43 (4)	42 (4)	29 (3)	57 (4)	50 (3)
(iii)	State's share of Union taxes and duties	318 (30)	164 (15)	142 (12)	188 (14)	241 (17)
	Customs			34 (24)	47 (25)	52 (21)
	Union Excise Duties			53 (37)	73 (39)	75 (31)
	Service Tax			3 (2)	6 (3)	9 (4)
	Other Union Taxes and Duties			52 (37)	62 (33)	105 (44)
(iv)	Grants-in-aid from Government of India	669 (62)	790 (76)	955 (81)	1018 (77)	1061 (75)
2.	**Miscellaneous Capital Receipts**					
3.	**Total revenue and Non-debt capital receipts (1+2)**	**1070**	**1045**	**1177**	**1328**	**1420**
4.	**Recoveries of Loans and Advances**	X	Y	W9	W10	♣
5.	**Public Debt Receipts**	143	417	655	1104	877
	Internal Debt (excluding Ways & Means Advances and Overdrafts)	50	43	53	79	350
	Net transactions under Ways and Means Advances and Overdrafts	—	137	98	—	♦
	Loans and Advances from Government of India	93	237	504	1025	527
6.	**Total receipts in the Consolidated Fund (3+4+5)**	**1213**	**1462**	**1832**	**2432**	**2297**
7.	**Contingency Fund Receipts**	—	—	—	—	—
8.	**Public Account receipts**	1035	963	127	699	745
9.	**Total receipts of the State (6+7+8)**	**2248**	**2425**	**1959**	**3131**	**3042**

♥ Rs.0.49 crore.

♣ Rs.0.48 crore.

♦ Repayment is more than Receipt.

PART B. EXPENDITURE/ DISBURSEMENT					
10. Revenue Expenditure	1348 (79)	1123 (88)	1338 (88)	1415 (90)	1464 (86)
Plan	258 (19)	188 (17)	199 (15)	139 (10)	205 (14)
Non Plan	1090 (81)	935 (83)	1139 (85)	1276 99)	1259 (86)
General Services (including Interest Payments)	558	515	562	651	626
Social Services	506	398	450	461	466
Economic Services	284	210	326	303	372
Grants-in-aid and Contributions	—	—	—	—	—
11. Capital Expenditure	364 (21)	148 (12)	176 (12)	161 (10)	240 (14)
Plan	361 (99)	145 (98)	177 (100)	161 (100)	224 (93)
Non Plan	3 (1)	3 (2)	(-) 1	—	16 (6)
General Services	5	2	4	5	9
Social Services	72	40	49	75	97
Economic Services	287	106	123	81	134
12. Disbursement of Loans and Advances	2	1	4	1	2
13. Total (10+11+12)	**1714**	**1272**	**1518**	**1577**	**1706**
14. Repayment of Public Debt	160	101	599	1015	787
Internal Debt (excluding Ways & Means Advances and Overdrafts)	25 (16)	14 (14)	7 (1)	2	188 (24)
Net transactions under Ways and Means Advances and Overdrafts	106 (66)	—	—	435 (43)	φ
Loans and Advances from Government of India	29 (18)	87 (86)	592 (99)	578 (57)	599 (76)
15. Appropriation to Contingency Fund	—	—	—	—	—
16. Total disbursement out of Consolidated Fund (13+14+15)	**1874**	**1373**	**2117**	**2592**	**2493**
17. Contingency Fund disbursements	—	—	—	—	—
18. Public Account disbursements	641	693	248	707	737
19. Total disbursement by the State (16+17+18)	2515	2066	2365	3299	3230
PART C. DEFICITS					
20. Revenue Deficit [1–10]	**-278**	**-79**	**-161**	**-87**	**–44**
21. Fiscal Deficit (3+4–13)	**-644**	**-227**	**-340**	**-249**	**–286**
22. Primary Deficit (21–23)	**-512**	**-50**	**-149**	**6**	**–71**
PART D. OTHER DATA					
23. Interest Payments (included in revenue expenditure)	132	177	191	255	215
24. Arrears of Revenue (percentage of Tax & Non-tax Revenue Receipts)	NA	NA	NA	NA	NA
25. Financial Assistance to Local Bodies *etc.*	27	23	34	35	33
26. Ways and Means Advances (days)	50	45	—	—	48

φ Rs.0.39 crore.

27. Interest on Ways and Means Advances/Overdraft	4	8	12	22	5
28. State Gross Domestic Product (GSDP)	2740	3159	3591	3740	4062
29. Outstanding Debt (year end)	1699	2093	2198	2225	2300
30. Outstanding guarantees (year end)	3	3	9	9	22
31. Maximum amount guaranteed (year end)	32	32	215	215	214
32. Number of incomplete projects	323	328	328	328	328
33. Capital blocked in incomplete projects	385	784	784	784	784

(Source: Finance Accounts)

W2–Rs.0.36 crore, W3–Rs.0.40 crore, W5–Rs.0.49 crore, W6–Rs.0.48 crore, W7–Rs.0.44 crore, W9–Rs.0.47 crore, W10–Rs.0.47 crore, X–Rs.0.56 crore and Y–Rs.0.52 crore.

APPENDIX–VII

(Referred to in Paragraph 1.8.1 at Page 14)

Incomplete Major and Medium projects[θ]

(Rupees in crore)

Sl. No.	**Name of the project**	**Year of commencement**	**Expenditure to the end of March 2004**
A	Major Irrigation Project		
1.	Thoubal Dam Project (Benefit partially accrued)	1980	229.02
2.	Khuga Dam Project	1983-84	166.61
	Total:		**395.63**
B	Medium Irrigation Project		
1.	Dolaithabi Irrigation Projects	1992-93	26.01
	Total:		**26.01**
	Grand Total:		**421.64**

[θ] The information is not exhaustive but is as furnished by the departmental authorities.

APPENDIX–VIII

(Referred to in Paragraph 1.9.1 at Page 18)

Consolidated Revenue Deficit for the year 2003-04

Item		Amount (Rupees in crore)
I	**Power Sector**	
	a) Revenue Receipts	**36.77**
	Less: Electricity duty	**0.49**
	b) Net receipts	36.28
	c) Revenue Expenditure	101.02
	Power purchase etc.	—
	Interest and Finance charges	—
	Less: Electricity duty	—
	d) Net expenditure	101.02
	e) Revenue deficit (b-d)	(-) 64.74
	Less: Subsidy	—
	f) Net deficit	(-) 64.74
II	**State Government**	
	a) Revenue Receipts	1383.43
	b) Revenue Expenditure	1362.45
	c) Revenue surplus (a–b)	20.98
III	**Consolidated Revenue deficit [I(f)+II(c)]**	**(-) 43.76**
IV	**Consolidated Revenue receipts [I(b)+II(a)]**	**1419.71**
V	**Consolidated Revenue deficit per cent to consolidated Revenue Receipts**	**(-) 3.08**
VI	**Capital expenditure**	
	Total Net lending	1.48
	Of which Net lending to power	—
	Total capital outlay	211.11
	Capital outlay of power Sector	29.29
	Consolidated capital expenditure	241.88
	Consolidated Fiscal deficit	(-) 286

APPENDIX–IX
(Referred to in Paragraph 2.3.1 (i) at Page 27)

Areas in which major savings occurred

Grant/ Appropriation No./ Major Head	Areas in which major savings occurred	Savings (Rupees in crore)
Revenue–Voted		
Grant No.10- Education		
2202	Government Secondary Schools	7.68
2202	Block Grant for New Schools	9.29
Grant No.23- Power Department		
2801	Hydel Generation— Purchase of Power	180.54
2801	Suspense — Stock	7.89
Grant No.30- General Economic Services and Planning		
3451	Special Development Fund	21.27
Revenue–Charged		
Appropriation No.2- Interest Payment and Debt Services		
2049	Interest on Market Loans	27.81
2049	Loans from HUDCO	18.70
2049	Rural Electrification Corporation	15.94
2049	Ways and Means Advance	29.58
2049	Interest on Saving Deposits	8.64
Capital–Voted		
Grant No.8- Public Works Department		
5054	Road Works- National Highway No.39	5.00
4059	Construction of Non-Residential PAB Buildings	6.23
4059	Construction of Office Buildings/Quarters (ACA)	7.38
5054	Road Works- Works under NABARD	6.00
4552	Road Works- NEC Works	5.32
Grant No.22- Public Health Engineering Department		
4215	Accelerated Rural Water Programme (EAP)	29.99
4215	Augmentation of Imphal Water Supply (NLCPR)	15.35
4215	Scheme for Five Hills District Headquarter (NLCPR)	19.67
Grant No.23- Power Department		
4801	33 KV – Sub-Transmission System	8.50
4801	Accelerated Power Development and Reform Programme (APDRD)	14.28
4801	Intensification of Electrified Villages	5.97
Grant No.39- Sericulture		
4851	Sericulture Project	50.30
Grant No.40- Irrigation and Flood Control Department		
4701	Khuga Irrigation Project	11.22
4701	Thoubal River Irrigation Project	9.12
Capital–Charged		
Appropriation No.2 – Interest Payment and Debt Services		
6003	Ways and Means Advances from the Reserve Bank of India	937.34
6003	Loans from HUDCO	15.87
6003	Rural Electrification Corporation	19.85

APPENDIX–X

(Referred to in Paragraph 2.3.1 (ii) at Page 27)

Grants where expenditure fell short of total provision by more than Rs.1 crore and also by more than 10 *per cent* of total provision

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Total grant/ appropriation	Amount of saving and its percentage to the provision
1	2	3	4
	Revenue –Voted		
1.	1– State Legislature	8.85	1.07 (12)
2.	4– Land Revenue, Stamps and Registration and District Administration	35.01	9.84 (28)
3.	10– Education	276.89	31.27 (11)
4.	11– Medical, Health and Family Welfare Services	81.22	15.55 (19)
5.	12– Municipal Administration, Housing and Urban Development	16.78	8.35 (50)
6.	14– Development of Tribal and Scheduled Castes	80.07	8.90 (11)
7.	15– Food and Civil Supplies	5.84	1.77 (30)
8.	16– Co-operation	7.59	1.46 (19)
9.	17– Agriculture	30.86	5.84 (19)
10.	19– Environment and Forest	38.57	17.45 (45)
11.	20– Community Development and ANP, IRDP and NREP	53.54	23.04 (43)
12.	23– Power Department	290.53	181.23 (62)
13.	26– Administration of Justice	6.21	1.50 (24)
14.	30– General Economic Services and Planning	37.66	25.12 (67)
15.	36– Minor Irrigation	17.64	11.17 (63)
16.	38– Panchayat	13.51	8.79 (65)
17.	40– Irrigation and Flood Control Department	38.33	11.85 (31)
18.	44– Social Welfare	42.88	13.33 (31)
19.	46– Science and Technology	7.83	4.53(58)
	Total	**1089.81**	**382.06**
	Capital –Voted		
20.	7– Police	1.50	1.50 (100)
21.	8– Public Works Department	81.03	43.64 (54)
22.	10– Education	18.00	6.27 (35)
23.	11– Medical, Health and Family Welfare Services	11.08	4.09 (37)
24.	12– Municipal Administration, Housing and Urban Development	31.94	22.33 (70)
25.	14– Development of Tribal and Scheduled Castes	3.29	3.29 (100)
26.	15– Food and Civil Supplies	4.26	2.06 (48)
27.	16– Co-operation	6.55	3.56 (54)
28.	20– Community Development and ANP, IRDP and NREP	20.14	14.80 (73)
29.	22– Public Health Engineering Department	114.40	56.12 (49)
30.	23– Power Department	91.95	62.29 (68)
31.	25– Youth Affairs and Sports Department	2.97	2.18 (73)
32.	32– Jails	3.54	3.14 (89)
33.	39– Sericulture	50.30	50.30 (100)
34.	40– Irrigation and Flood Control Department	51.32	26.42 (51)
35.	41– Art and Culture	6.30	4.77 (76)
36.	44– Social Welfare	13.13	8.29 (63)
37.	45– Tourism	1.87	1.36 (73)
	Total	**513.57**	**316.41**
	Capital –Charged		
38.	Appropriation No.2 – Interest Payment and Debt Services	1969.52	719.29 (36)
	Revenue –Charged		
39.	Appropriation No.2 – Interest Payment and Debt Services	288.77	73.44 (25)
40.	Grant No.26 – Administration of Justice	1.32	1.32 (100)
	Total	**290.09**	**74.76**
	Grand Total	**3862.99**	**1492.52**

APPENDIX–XI
(Referred to in Paragraph 2.3.3 at Page 27)
Cases where Supplementary Provisions were wholly unnecessary

(Rupees in lakh)

Sl. No.	Number and name of grant/appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Expenditure	Savings
1	2	3	4	5	6
	Revenue–Charged				
1.	Appropriation No.1-Governor	134.43	3.00	122.56	14.87
2.	26– Administration of Justice	109.90	22.13	—	132.03
	Total (Revenue–Charged)	**244.33**	**25.13**	**122.56**	**146.90**
	Revenue–Voted				
3.	9– Information and Publicity	193.18	4.45	178.32	19.31
4.	10– Education	25200.30	2489.06	24562.27	3127.09
5.	11– Medical, Health and Family Welfare Services	7912.81	209.26	6567.31	1554.76
6.	12– Municipal Administration, Housing and Urban Development	1190.27	487.96	843.25	834.98
7.	15– Food and Civil Supplies	471.41	112.21	407.03	176.59
8.	16– Co-operation	632.57	126.41	612.64	146.34
9.	18– Animal Husbandry and Veterinary including Dairy Farming	2152.38	174.14	2111.03	215.49
10.	23– Power Department	12882.14	16170.43	10929.38	18123.19
11.	26– Administration of Justice	483.23	137.34	470.42	150.15
12.	31– Fire Protection and Control	310.34	34.53	279.98	64.89
13.	32– Jails	413.75	4.39	401.18	16.96
14.	34– Rehabilitation	120.00	40.12	72.14	87.98
15.	35– Stationery and Printing	256.61	39.96	221.23	75.34
16.	36– Minor Irrigation Department	1741.48	22.76	647.46	1116.78
17.	37– Fisheries	912.50	12.97	892.07	33.40
18.	38– Panchayat	501.15	850.09	471.89	879.35
19.	42– State Academy of Training	65.65	21.20	55.23	31.62
20.	44– Social Welfare	3310.06	977.70	2954.46	1333.30
21.	46– Science and Technology	492.72	289.96	330.11	452.57
	Total (Revenue–Voted)	**59242.55**	**22204.94**	**53007.40**	**28440.09**
	Capital- Charged				
22.	Appropriation No.2- Interest Payment and Debt Services	178112.90	18839.49	125023.62	71928.77
	Total (Capital–Charged)	**178112.90**	**18839.49**	**125023.62**	**71928.77**
	Capital- Voted				
23.	12– Municipal Administration, Housing and Urban Development	2566.93	627.06	961.43	2232.56
24.	14– Development of Tribal and Scheduled Castes	—	329.00	—	329.00
25.	15– Food and Civil Supplies	300.00	125.58	219.72	205.86
26	18– Animal Husbandry and Veterinary including Dairy Farming	3.00	48.00	—	51.00
27.	23– Power Department	7200.25	1994.31	2965.52	6229.04
28.	37– Fisheries	43.71	6.29	—	50.00
29.	40– Irrigation and Flood Control Department	3285.00	1847.10	2490.51	2641.59
30.	45– Tourism	166.44	20.80	51.26	135.98
31.	47– Welfare of Minorities and Other Backward Classes	60.92	2.50	—	63.42
	Total (Capital–Voted)	**13626.25**	**5000.64**	**6688.44**	**11938.45**
	Grand Total	**251226.03**	**46070.20**	**184842.02**	**112454.21**

APPENDIX–XII

(Referred to in Paragraph 2.3.4 at Page 27)

Cases where supplementary provisions were made in excess of actual requirement resulting in saving exceeding Rs.10 lakh in each case

(Rupees in lakh)

Sl. No.	Number and name of grant/ appropriation	Original provision	Expenditure	Additional requirement	Supplementary provision obtained	Saving
1	2	3	4	5	6	7
	Revenue–Charged					
1.	Appropriation No.2- Interest Payment and Debt Services	21431.25	21533.48	102.23	7445.95	7343.72
	Total (Revenue – Charged)	**21431.25**	**21533.48**	**102.23**	**7445.95**	**7343.72**
	Revenue–Voted					
2.	2– Council of Ministers	202.92	247.80	44.88	57.92	13.04
3.	3– Secretariat	1862.85	1996.86	134.01	222.04	88.03
4.	4– Land Revenue, Stamps and Registration and District Administration	2347.15	2517.26	170.11	1154.14	984.03
5.	6– Transport	185.72	188.50	2.78	25.85	23.07
6.	7– Police	13333.13	14680.71	1347.58	1828.56	480.98
7.	8– Public Works Department	6761.59	6772.14	10.55	361.15	350.60
8.	13– Labour and Employment	410.52	446.11	35.59	105.95	70.36
9.	14– Development of Tribal and Scheduled Castes	6285.86	7116.33	830.47	1720.91	890.44
10.	17– Agriculture	2017.77	2501.31	483.54	1067.76	584.22
11.	20– Community Development and ANP, IRDP and NREP	2183.35	3050.62	867.27	3171.00	2303.73
12.	21– Commerce and Industries and Weights and Measures Department	1914.29	2947.77	1033.48	1127.87	94.39
13.	43– Horticulture and Soil Conservation	1631.20	1674.71	43.51	87.84	44.33
14.	47– Welfare of Minorities and Other Backward Classes	153.23	312.84	159.61	199.95	40.34
	Total (Revenue–Voted)	**39289.58**	**44452.96**	**5163.38**	**11130.94**	**5967.56**
	Capital–Voted					
15.	8– Public Works Department	3532.10	3739.63	207.53	4571.02	4363.49
16.	10– Education	256.39	1172.87	916.48	1543.84	627.36
17.	11– Medical, Health and Family Welfare Services	570.00	698.87	128.87	537.95	409.08
18.	16– Co-operation	110.25	299.27	189.02	544.83	355.81
19.	20– Community Development and ANP, IRDP and NREP	10.00	533.80	523.80	2004.30	1480.50
20.	22– Public Health Engineering Department	5263.77	5828.16	564.39	6176.55	5612.16
21.	25– Youth Affairs and Sports Department	75.00	79.29	4.29	222.00	217.71
22.	32– Jails	29.00	40.00	11.00	325.00	314.00
23.	36– Minor Irrigation Department	489.00	571.72	82.72	104.00	21.28
24.	41– Art and Culture	114.00	152.59	38.59	516.00	477.41
25.	44– Social Welfare	412.50	483.87	71.37	900.48	829.11
	Total (Capital–Voted)	**10862.01**	**13600.07**	**2738.06**	**17445.97**	**14707.91**
	Grand Total	**71582.84**	**79586.51**	**8003.67**	**36022.86**	**28019.19**

APPENDIX–XIII

(Referred to in Paragraph 2.3.5 at Page 27)

Statement showing the details of excess over grants/appropriation

Sl. No.	Number and name of grant/ appropriation	Total grants/ appropriation Rs.	Expenditure Rs.	Excess Rs.
1	2	3	4	5
	Revenue–Charged			
1.	8– Public Works Department	15,20,000	15,95,692	75,692
	Total (Revenue – Charged)	**15,20,000**	**15,95,692**	**75,692**
	Revenue–Voted			
2.	22– Public Health Engineering Department	31,31,24,000	39,79,11,223	8,47,87,223
3.	39– Sericulture	7,48,70,000	9,11,62,010	1,62,92,010
	Total (Revenue–Voted)	**38,79,94,000**	**48,90,73,233**	**10,10,79,233**
	Capital–Voted			
4.	17– Agriculture	1,60,00,000	2,10,36,513	50,36,513
5.	21– Commerce and Industries and Weights and Measures Department	20,86,31,000	23,00,79,387	2,14,48,387
	Total (Capital–Voted)	**22,46,31,000**	**25,11,15,900**	**2,64,84,900**
	Grand total	**61,41,45,000**	**74,17,84,825**	**12,76,39,825**

APPENDIX–XIV
(Referred to in Paragraph 2.3.6 at Page 27)
Inadequate Supplementary grant/ appropriation resulting in uncovered excess over grants/appropriation exceeding Rs.10 lakh in each case

(Rupees in lakh)

Sl. No.	Number and name of grant/ appropriation	Original provision	Supplementary provision	Total expenditure	Excess
1	2	3	4	5	6
	Revenue–Voted				
1.	22– Public Health Engineering Department	2896.41	234.83	3979.11	847.87
	Total (Revenue–Voted)	**2896.41**	**234.83**	**3979.11**	**847.87**
	Capital–Voted				
2.	17– Agriculture	10.00	150.00	210.37	50.37
3.	21– Commerce and Industries and Weights and Measures Department	153.01	1933.30	2300.79	214.48
	Total (Capital–Voted)	**163.01**	**2083.30**	**2511.16**	**264.85**
	Grand Total	**3059.42**	**2318.13**	**6490.27**	**1112.72**

APPENDIX–XV
(Referred to in Paragraph 2.3.7 at Page 27)
Cases where persistent saving in excess of Rs.10 lakh in each case and 20 per cent or more of the provision

(Rupees in lakh)

Sl. No.	Number and name of grant	2001-02		2002-03		2003-04	
		Total grant	Total saving (percentage to the total provision)	Total grant	Total saving (percentage to the total provision	Total grant	Total saving (percentage to the total provision)
1	2	3	4	5	6	7	8
1.	4– Land Revenue, Stamps and Registration and District Administration (Revenue–Voted)	2597.47	666.33 (26)	2886.18	847.04 (29)	3501.29	984.03 (28)
2.	8– Public Works Department (Capital–Voted)	5006.84	2068.14 (41)	6675.55	2539.45 (38)	8103.12	4363.49 (54)
3.	10– Education (Capital–Voted)	269.00	269.00 (100)	852.39	643.43 (75)	1800.23	627.36 (35)
4.	11– Medical, Health and Family Welfare Services (Capital–Voted)	491.72	276.18 (56)	594.00	381.00 (64)	1107.95	409.08 (37)
5.	12– Municipal Administration, Housing and Urban Development (Capital–Voted)	1737.53	1324.22 (76)	2686.82	2566.56 (95)	3193.99	2232.56 (70)
6.	15– Food and Civil Supplies						
	(a) (Revenue–Voted)	515.28	134.25 (26)	562.64	217.03 (39)	583.62	176.59 (30)
	(b) (Capital–Voted)	300.00	300.00 (100)	430.93	430.93 (100)	425.58	205.86 (48)
7.	16– Co-operation (Capital–Voted)	960.78	528.32 (55)	650.92	626.92 (96)	655.08	355.81 (55)
8.	18– Animal Husbandry and Veterinary including Dairy Farming (Capital–Voted)	3.00	3.00 (100)	51.00	51.00 (100)	51.00	51.00 (100)
9.	19– Environment and Forest (Revenue – Voted)	2315.82	674.41 (29)	3410.69	1682.56 (49)	3856.52	1745.48 (45)
10.	22- Public Health Engineering Department (Capital – Voted)	6877.14	2998.61 (44)	11917.48	5750.44 (48)	11440.32	5612.16 (49)
11.	23– Power Department (Capital–Voted)	4454.00	2303.44 (52)	7919.35	6264.83 (79)	9194.56	6229.04 (68)
12.	25– Youth Affairs and Sports (Capital–Voted)	112.00	104.00 (93)	125.00	70.52 (56)	297.00	217.71 (73)
13.	26– Administration of Justice (Revenue–Charged)	130.50	79.62 (61)	124.36	124.36 (100)	132.03	132.03 (100)
14.	30– General Economic Services and Planning (Revenue–Voted)	2741.09	623.96 (23)	2336.30	1268.83 (54)	3765.65	2512.43 (67)
15.	36– Minor Irrigation Department (Revenue–Voted)	1782.74	1156.47 (65)	1740.01	1079.75 (62)	1764.24	1116.78 (63)
16.	37– Fisheries (Capital–Voted)	50.01	50.01 (100)	51.24	51.24 (100)	50.00	50.00 (100)
17.	38– Panchayat (Revenue–Voted)	546.72	220.71 (40)	509.38	224.67 (44)	1351.24	879.35 (65)
18.	39– Sericulture (Capital–Voted)	4654.00	3749.07 (81)	5030.00	5030.00 (100)	5030.00	5030.00 (100)
19.	40– Irrigation and Flood Control Department						
	(a) Revenue–Voted	2818.00	1344.49 (48)	3859.90	1706.22 (44)	3833.50	1184.81 (31)
	(b) Capital–Voted	7790.94	3631.40 (47)	5135.00	3093.37 (60)	5132.10	2641.59 (51)
20.	41– Art and Culture (Capital–Voted)	448.00	344.77 (77)	114.00	114.00 (100)	630.00	477.41 (76)
21.	42– State Academy of Training (Revenue–Voted)	76.50	20.53 (27)	79.17	24.19 (36)	86.85	31.62 (36)
22.	45– Tourism (Capital–Voted)	172.69	169.69 (98)	156.44	141.65 (91)	187.24	135.98 (73)
23.	47– Welfare of Minorities and Other Backward Classes (Capital–Voted)	88.92	58.92 (66)	63.93	63.93 (100)	63.42	63.42 (100)

APPENDIX–XVI

(Referred to in Paragraph 2.3.8 at Page 27)

Cases where expenditure exceeded the approved provision by Rs.25 lakh or more and by more than 10 *per cent* of the total provision

(Rupees in lakh)

Sl. No.	Number and name of grant/ appropriation	Total grant/ appropriation	Expenditure	Excess amount
1	**2**	**3**	**4**	**5**
	Revenue–Voted			
1.	22– Public Health Engineering Department	3131.24	3979.11	847.87 (27.08)
2.	39– Sericulture	748.70	911.62	162.92 (21.76)
	Total (Revenue–Voted)	**3879.94**	**4890.73**	**1010.79**
	Capital–Voted			
3.	17– Agriculture	160.00	210.37	50.37 (31.48)
4.	21– Commerce and Industries and Weights and Measures Department	2086.31	2300.79	214.48 (10.28)
	Total (Capital–Voted)	**2246.31**	**2511.16**	**264.85**
	Grand total	**6126.25**	**7401.89**	**1275.64**

APPENDIX–XVII
(Referred to in Paragraph 2.3.9 at Page 27)
Cases of injudicious/unnecessary re-appropriation resulting in excess/saving by over Rs.50 lakh

(Rupees in lakh)

Sl. No.	Number and name of grant/ appropriation and head of account	Provision (including supplementary)	Re-appropriation	Total grant	Actual expenditure	Saving(-)/ Excess(+)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	**Appropriation No.2 - Interest Payment and Debt Services—**					
	2049– Interest Payment (Non-Plan) (Charged)					
	35– Rural Electrification Corporation	1568.94	(+) 25.06	1594.00	0.04	(-) 1593.96
	40– Ways and Means Advance	2500.00	(+) 1000.00	3500.00	542.31	(-) 2957.69
	42– Marketable Securities and Conversion of Special Securities	815.86	(+) 519.46	1335.32	1172.91	(-) 162.41
	11– Interest on Saving Deposits	0.68	(+) 866.51	867.19	2.74	(-) 864.45
	106– Interest on Group Insurance Schemes					
	45– Interest on Group Insurance Schemes	61.80	(+) 25.21	87.01	6.24	(-) 80.77
	6003– Internal Debt of the State Government					
	47– Discharge of State Guarantee	—	(+) 267.88	267.888	—	(-) 267.88
	209– Loans from other Institutions					
	35– Rural Electrification Corporation	1050.12	(+) 935.06	1985.18	—	(-) 1985.18
	6004– Loans and Advances from Central Government					
	37– Share of Small Savings Collection	4327.08	(+) 75.77	4402.85	4146.25	(-) 256.60
2.	**Grant No.5—Finance Department**					
	2071– Pensions and Other Retirement Benefits					
	06– Commuted value of pension	2172.00	(+) 478.00	2650.00	2162.29	(-) 487.71
	104– Gratuities					
	11– Gratuities	2657.00	(+) 220.00	2877.00	2438.88	(-) 438.12
	09– Family Pensions	3985.00	(-) 703.19	3281.81	3428.20	(+) 146.39
	02– Schemes under EFC Award (Valley)	25.00	(+) 55.00	80.00	—	(-) 80.00
3.	**Grant No.7—Police**					
	2055– Police (Non-Plan)					
	04– 12th Battalion Manipur Rifles (2nd IRB)	740.69	(+) 35.24	775.93	705.52	(-) 70.41
	28– 13th Battalion Manipur Rifles (3rd IRB)	902.00	(+) 97.66	999.66	398.99	(-) 600.67
	22– Imphal West District	1743.18	(-) 64.18	1679.00	1986.74	(+) 307.74
	23– Imphal East District	379.47	(+) 44.93	424.40	353.30	(-) 71.10
	14– Central Motor Transport Workshop	58.70	(-) 1.53	57.17	145.26	(+) 88.09
	2055– Police (Plan)					
	01– Schemes under EFC Award	150.00	(+) 629.00	779.00	150.00	(-) 629.00
4.	**Grant No.8—Public Works Department**					
	3054– Roads and Bridges (Non-Plan)					
	26– Store Control	318.45	(-) 8.24	310.21	372.55	(+) 62.34
	4059– Capital Outlay on Public Works					
	11– Construction of non-residential PAB buildings— Hill	83.00	(+) 47.00	130.00	18.88	(-) 111.12
	5054– Capital Outlay on Roads and Bridges					
	57– Road Works— Valley	300.00	(+) 30.00	330.00	180.75	(-) 149.25
	37– Inter village roads— Valley	110.00	(-) 10.00	100.00	366.25	(+) 266.25
	39– Major District Roads— Hill	105.00	(+) 5.55	110.55	13.60	(-) 96.95
	46– Other District Roads— Valley	130.00	(+) 140.00	270.00	147.94	(-) 122.06
5.	**Grant No.10—Education**					
	2202– General Education (Non-Plan)					
	28– State Share of contribution to Manipur University	712.77	(+) 58.31	771.08	541.12	(-) 229.96
	08– District Institute of Educational Training	96.38	(+) 27.97	124.35	43.61	(-) 80.74

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2202– General Education (Plan)— Hill	387.00	(+) 30.00	417.00	12.68	(-) 404.32
	103– Government Colleges and Institutes					
	31– Government Colleges and institutions— Hill	182.25	(+) 3.00	185.25	59.14	(-) 126.11
	2202– General Education (CSS)					
	07– Propagation of Hindi— Valley	—	(+) 80.00	80.00		(-) 80.00
6.	**Grant No. 11—Medical, Health and Family Welfare Services**					
	2210– Medical and Public Health (Non-Plan)					
	20– Hospitals	634.96	(+) 5.00	639.96	540.12	(-) 99.84
	26– Primary Health Centres	837.67	(-) 4.72	832.95	888.33	(+) 55.38
	20– Hospitals	358.44	(+) 21.56	380.00	308.67	(-) 71.33
	21– Medical Education and Special Training	76.36	(+) 44.29	120.65	62.34	(-) 58.31
	2210– Medical and Public Health (Plan)					
	03– Community Health Centre (PMGY)— Hill	79.00	(+) 16.00	95.00	—	(-) 95.00
	Valley	86.00	(+) 49.00	135.00	43.88	(-) 91.12
	18– Multipurpose Workers Schemes Hill (PMGY)—	52.00	(+) 0.50	52.50	—	(-) 52.50
	Valley	53.00	(+) 19.50	72.50	—	(-) 72.50
	04– Schemes under EFC Award— Hill	203.00	(+) 47.00	250.00	—	(-) 250.00
	Valley	56.26	(+) 193.74	250.00	47.00	(-) 203.00
	4210– Capital Outlay on Medical and Public Health					
	18– Multipurpose Workers Scheme (PMGY)— Hill	90.00	(+) 30.00	120.00	—	(-) 120.00
	2210– Medical and Public Health (CSS)					
	12– National Malaria Control Programme— Valley	165.35	(+) 106.27	271.62	26.42	(-) 245.20
	2211– Family Welfare					
	20– State Family Welfare— Valley	351.47	(+) 76.09	427.56	337.24	(-) 90.32
	21– State Family Welfare Bureau — Valley	169.20	(+) 177.29	346.49	162.83	(-) 183.66
	4210– Capital Outlay on Medical and Public Health					
	32– Strengthening of State Hospitals located on National Highways— Valley	25.00	(+) 35.00	60.00	—	(-) 60.00
7.	**Grant No.12—Municipal Administration, Housing and Urban Development**					
	2217– Urban Development (Non-Plan)					
	08– Schemes under EFC Award	351.16	(+) 0.84	352.00	—	(-) 352.00
	2217– Urban Development (Plan)					
	08– Schemes under EFC Award— Valley	100.81	(+) 75.19	176.00	88.00	(-) 88.00
	12– Low Cost Sanitation Schemes— Valley	90.72	(+) 54.04	144.76	—	(-) 144.76
8.	**Grant No.14—Development of Tribal and Scheduled Castes**					
	2225– Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (Plan)					
	03– Schemes under EFC Award	488.67	(+) 195.33	684.00	94.95	(-) 589.05
	02– District Councils	238.09	(-) 6.71	231.38	365.98	(+) 134.60
	17– Ashram Schools— Hill	72.56	(+) 5.33	77.89	—	(-) 77.89
	Valley	27.44	(-) 5.32	22.12	95.47	(+) 73.35
	18– Communication— Hill	38.00	(+) 103.67	141.67	—	(-) 141.67
	Valley	2.00	(-) 2.00	—	141.67	(+) 141.67
	22– General Education— Hill	100.00	(+) 5.94	105.94	—	(-) 105.94
9.	**Grant No.17—Agriculture**					
	2705– Command Area Development (CSS)					
	07– Dry Land Development — Valley	44.36	(-) 27.69	16.67	157.24	(+) 140.57

(1)	(2)	(3)	(4)	(5)	(6)	(7)
10.	**Grant No.18—Animal Husbandry and Veterinary including Dairy Farming**					
	2403– Animal Husbandry (Non-Plan)					
	01– Direction	166.34	(+) 21.70	188.04	134.67	(-) 53.37
	05– Execution	292.50	(-) 21.81	270.69	368.09	(+) 97.40
11.	**Grant No.19—Environment and Forest**					
	2402– Soil and Water Conservation (Plan)					
	03– Afforestation— Hill	44.00	(+) 7.76	51.76	—	(-) 51.76
12.	**Grant No.20—Community Development and ANP, IRDP and NREP**					
	08– Indira Awaj Yojna (PMGY)— Valley	261.60	(+) 10.00	271.60	180.85	(-) 90.75
13.	**Grant No.21—Commerce and Industries and Weights and Measures Department**					
	4859– Capital Outlay on Telecommunication and Electronics Industries (Non-Plan)					
	37– Manipur Electronics Corporation Ltd. (MANITRON)	—	(+) 102.07	102.07	—	(-) 102.07
	2852– Industries (Plan)					
	71– State share of establishment of food park— Valley	107.00	(+) 13.00	120.00	7.98	(-) 112.03
	2851– Village and Small Industries (CSS)					
	23– Project Package Scheme— Valley	126.95	22.30	149.25	18.00	(-) 131.25
	31– Deen Dayal Hathkargha Protsahan Yojana (DDHPV)— Valley	642.31	(+) 34.12	676.43	463.52	(-) 212.91
14.	**Grant No.22—Public Health Engineering Department**					
	2215– Water Supply and Sanitation (Non-Plan)					
	01– Direction	536.65	(+) 69.74	606.39	243.73	(-) 362.66
	10– Water Supply Installation and Connection	335.03	(-) 13.83	321.20	1235.98	(+) 914.78
	10– Water Supply Installation and Connection	428.82	(-) 55.40	373.42	537.72	(+) 164.30
	03– Execution	490.83	(+) 14.35	505.18	294.37	(-) 210.81
	4215– Capital Outlay on Water Supply and Sanitation (Plan)					
	05– Imphal Water Supply— Valley	275.77	(-) 50.67	225.10	377.00	(+) 151.90
	02– Computerisation Project under Rajiv Gandhi Drinking Water Mission— Valley	2.00	(-) 1.50	0.50	63.81	(+) 63.31
	21– Scheme under 11th Finance Commission— Hill	10.00	(+) 65.00	75.00	—	(-) 75.00
	Valley	20.00	(+) 180.00	200.00	—	(-) 200.00
	19– Imphal Sewerage— Valley	484.88	(+) 345.12	830.00	729.16	(-) 100.84
15.	**Grant No.23—Power Department**					
	2801– Power (Non-Plan)					
	01– Direction	340.56	(+) 11.41	351.97	253.60	(-) 98.37
	08– Execution	3389.50	(-) 120.50	3269.00	3361.38	(+) 92.38
	4801– Capital Outlay on Power Project (Plan)					
	03– 132/133 KV Supply System at Jiribam	70.00	(+) 150.00	220.00	152.72	(-) 67.28
	05– 33 KV Sub-transmission System— Hill	35.00	(+) 16.00	51.00	—	(-) 51.00
	Valley	30.00	(-) 21.00	9.00	60.83	(+) 51.83
	67– Accelerated Power Development and Reform Programme— Valley	1422.00	(+) 193.00	1615.00	371.64	(-) 1243.36
	10– Construction of 132 S/C line— Hill	105.00	(+) 35.00	140.00	—	(-) 140.00
	Valley	45.00	(+) 15.00	60.00	—	(-) 60.00
	25– Intensification of electrified villages— Hill	577.00	(+) 69.00	646.00	162.54	(-) 483.46
	Valley	243.00	(+) 111.00	354.00	240.21	(-) 113.79
	41– Pilferage Prove Domestic Energy/Meter Single Phase/three phase— Valley	—	(+) 50.00	50.00	—	(-) 50.00

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	66– Replacement of Damage Transformers (REC)— Valley	—	(+) 50.00	50.00	—	(-) 50.00
	68– Electrification of Border Area Village— Valley	80.00	(+) 10.00	90.00	3.24	(-) 86.76
	69– Minimum Needs programme (MNP) — Valley		(-) 68.00	(-) 68.00	—	(+) 68.00
	70– Installation of 33 KV Sub-station at Namare (REC)— Hill	—	(+) 105.00	105.00	—	(-) 105.00
	71– Installation of 33 KV Sub-station at Machi (REC) — Hill	—	(+) 100.00	100.00	—	(-) 100.00
	72– Installation of 33 KV Sub-station at Zoupi, Chandel (REC) — Hill	—	(+) 100.00	100.00	—	(-) 100.00
	73– Installation of 33 KV Sub-station at Kasom Khullen (REC) — Hill	—	(+) 100.00	100.00	—	(-) 100.00
	Hill					
	74– Installation of 33 KV Sub-station at Chandel (REC) — Hill	—	(+) 100.00	100.00	—	(-) 100.00
	78– Additional Central Assistance— Valley	—	(+) 121.00	121.00	—	(-) 121.00
	79– Rural Electrification Scheme— Valley	319.10	(+) 80.90	400.00	—	(-) 400.00
16.	**Grant No. 25—Youth Affairs and Sports Department**					
	2204– Sports and Youth Services (Non-Plan)					
	01– Direction	347.90	(-) 67.00	280.90	355.94	(+) 75.04
17.	**Grant No.28—State Excise**					
	2039– State Excise (Non-Plan)					
	02– Execution	128.56	(+) 2.44	131.00	60.72	(-) 70.28
18.	**Grant No.30—General Economic Services and Planning**					
	3451– Secretariat Economic Services (Plan)					
	01– Border Area Development Programme— Valley	416.00	(+) 208.00	624.00	485.00	(-) 139.00
	04– Crash Scheme for Generation of Employment— Valley	233.00	(+) 42.00	275.00	144.57	(-) 130.43
19.	**Grant No.37—Fisheries**					
	6405– Loans for Fisheries (Plan)					
	16– Inland Fisheries Development	6.29	(+) 43.71	50.00	—	(-) 50.00
20.	**Grant No.40—Irrigation and Flood Control Department**					
	2701– Major and Medium Irrigation (Plan)					
	14– Thoubal River Irrigation Project— Hills	222.00	(+) 6.00	228.00	—	(-) 228.00
	06– Dolaithabi River Project— Valley	57.50	(-) 4.00	53.50	131.81	(+) 78.31
	4701– Capital Outlay on Major and Medium Irrigation (Plan)					
	14– Thoubal River Irrigation Project— Valley	1850.00	(+) 144.94	1994.94	1082.91	(-) 912.03
21.	**Grant No.44—Social Welfare**					
	2236– Nutrition					
	22– Special Nutrition Programme— Valley	50.00	(+) 20.00	70.00	6.21	(-) 63.79
22.	**Grant No.45—Tourism**					
	5452– Capital Outlay on Tourism (Plan)					
	04– State Share of Centrally Sponsored Scheme— Valley	20.80	(+) 103.20	124.00	15.26	(-) 108.74
23.	**Grant No.46—Science and Technology**					
	3425– Other Scientific Research (Plan)					
	03– Schemes under 11th Finance Commission Awards— Valley	147.00	(+) 193.00	340.00	100.00	(-) 240.00

APPENDIX–XVIII
(Referred to in Paragraph 2.3.10 at Page 28)
Cases where expenditure incurred without provision

(Rupees in lakh)

Sl. No.	Number and name of grant/ appropriation and head of account	Actual expenditure
1	2	3
1.	**Appropriation No.2—Interest Payment & Debt Services**	
	2049– Interest Payments (Non-Plan)	
	28– National Bank for Agricultural and Rural Development	3.29
	43– Special Securities issued to NSSF of Central Government by State Government	218.43
	09– Interest on loans from Autonomous or Statutory Organisation	0.04
	41– Ways and Means Advance from RBI	2167.08
	6003– Internal Debt of the State Government	
	20– Loans from National Agricultural Credit Fund of the RBI	24.01
	6004– Loans and Advances from the Central Government	
	(i) Strengthening of State Land Use Board (SLUB)-Soil Conservation	1.12
	(ii) Loan Assistance under Accelerated Irrigation Benefit Programme-Khuga Multipurpose Project	10.75
	11– Integrated Development of Small and Medium Towns	53.10
	Assistance to Consumer Co-operative in Urban Areas	5.80
	Crop-Husbandry (Macro Management)	3.68
	Flood Control and Drainage, Anti Sea Erosion Projects	0.64
	Forest Conservation	3.48
	Small Scale Industries	0.78
	Roads of Inter State or Economic Importance	5.57
	National Water Shed Development Project for Rainfed Area	11.13
	Loans to other Co-operatives	0.18
	Inter State Transmission Lines	1.76
	Handloom Industries	4.54
2.	**Grant No.3—Secretariat**	
	3451– Secretariat Economic Services	
	19– Research Cell of Finance Department	3.72
	02– Directorate of Manpower Planning	6.99
3.	**Grant No.4—Land Revenue, Stamps and Registration and District Administration**	
	2029– Land Revenue (Non-Plan)	
	24– Tamenglong District	0.78
	30– Ukhrul District	1.46
	30– Ukhrul District	0.06
	04– State Land Use Board (SLUB)	1.84
	2053– District Administration	
	03– Schemes under EFC Award	93.16
	2053– District Administration (Plan)	
	01– Schemes under EFC Award— Hill	2.20
	03— Schemes under EFC Award— Hill	5.04
4.	**Grant No.7—Police**	
	2235– Social Securities and Welfare (Non-Plan)	
	08– Victims of Extremist Action	4.00

1	2			3
5.	**Grant No.8—Public Works Department**			
	4059– Capital Outlay on Public Works (Plan)			
	01–	Construction of Non-Residential PAB Building—	Hill	15.20
			Valley	36.81
	10–	Other Administrative Buildings —	Valley	5.75
	4202– Capital outlay on Education, Sports, Art and Culture (Plan)			
	33–	Improvement of Khongjom War Memorial—	Valley	0.35
	4210– Capital Outlay on Medical and Public Health			
	10–	Community Health Centres —	Hill	2.67
	21–	District Headquarters—	Valley	0.74
	4403– Capital Outlay on Animal Husbandry			
	05–	Animal Husbandry Buildings—	Hill	0.26
	4851– Capital Outlay on Village and Small Industries			
	14–	Sericulture Project—	Valley	479.36
	5054– Capital Outlay on Roads and Bridges (Plan)			
	11–	Road Works—	Valley	3.80
	07–	Bridges—	Hill	25.90
	37–	Inter-Village Roads—	Hill	13.53
			Valley	0.81
	60–	Senapati Phaibung Road—	Hill	17.33
	14–	Bridge works of Central Road Fund—	Valley	45.10
	50–	Other Village Roads—	Hill	2.08
			Valley	25.46
	49–	Works under NABARD—	Valley	6.89
	47–	Other Expenditure—	Valley	0.57
	5054– Capital Outlay on Roads and Bridges (CPS)			4.95
	57–	Road Works —	Hill	
			Valley	32.12
	12–	Road Works of Central Road Fund—	Hill	108.06
			Valley	69.14
	37–	Inter Village Roads—	Hill	3.15
			Valley	3.37
	46–	Other District Roads—	Valley	3.21
6.	**Grant No.10—Education**			
	2202– General Education (Non-Plan)			
	56–	Preparation of Other Academic Materials (SCERT)		4.74
	04–	Assistance to Local Bodies for Secondary Education		5.97
	61–	Remuneration of Part Time Lecturers		25.68
	82–	Welfare of Navodaya Vidyalayas		5.00
	01–	Direction		12.60
	05–	Assistance to Non-Government Colleges and Institutions		2.71
	2203– Technical Education			
	86–	Direction		1.69
	01–	Direction—	Valley	3.76
	19–	Primary School—	Valley	0.81
	24–	Secondary Schools—	Valley	0.83
	23–	United Colleges—	Hill	0.34
	21397–	University and Affiliated Colleges—	Hill	0.49
	05–	Language Development —	Valley	2.33

1	2		3
	08– District Institute of Educational Training—	Valley	2.35
	16– Hindi Training Institute—	Valley	0.14
	25– State Council of Educational Research and Training—	Valley	4.10
	4202– Capital Outlay on Education, Sports, Art and Culture		
	90– Construction of Class Room (School Building)—	Valley	468.00
	98– Construction of Class Room and Multipurpose Hall of Affiliated College—	Valley	60.70
	99– Construction of Building and purchase of laboratory and Scientific Equipments—	Valley	50.00
	95– University and Affiliated Colleges—	Valley	184.54
7.	**Grant No.11—Medical, Health & Family Welfare Services**		
	2210– Medical and Public Health (Non-Plan)		
	26– School Health Schemes		3.87
	17– Reproductive and Child Health Programme (National Component)—	Valley	200.61
	21– State Family Welfare Bureau—	Hill	68.41
	18– Rural Family Welfare Centres—	Hill	16.20
	19– Rural Family Welfare Sub-Centres—	Hill	72.28
	29– Urban Family Welfare Services—	Hill	9.17
	05– Immunisation Programme—	Valley	7.72
	28– Transport—	Hill	1.90
	04– IUD Insertion and Sterilisation —	Hill	0.16
	4211– Capital Outlay on Family Welfare (CSS)		
	06– Family Welfare Buildings—	Valley	298.05
8.	**Grant No.12—Municipal Administration, Housing and Urban Development**		
	2217– Urban Development (Plan)		
	05– Town and Regional Planning—	Valley	0.44
9.	**Grant No.13—Labour and Employment**		
	2230– Labour and Employment (Non-Plan)		
	04– Bishnupur District		0.14
	05– Chandel District		0.38
	18– Ukhrul District		0.74
	04– Vocational Training Project		79.44
	11– Industrial Training Institute		0.57
	2230– Labour and Employment (Plan)		
	01– Direction—	Valley	0.01
10.	**Grant No.14—Development of Tribal and Scheduled Castes**		
	2225– Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (Sub-Plan)		
	04– District Council—	Hill	35.96
	2225– Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (Plan)		
	02– State Share of CSS—	Valley	193.55
	24– Medical and Public Health—	Valley	20.00
	27– Tribal Training Institute—	Valley	12.00
11.	**Grant No.16—Co-operation**		
	4425– Capital Outlay on Co-operation		
	04– Handloom Co-operatives—	Valley	5.60

1	2		3
12.	17– **Agriculture**		
	3454– Census Survey and Statistics (Non-Plan)		
	101– Computerisation of Census Data		2.42
	2401– Crop Husbandry (Plan)		
	37– Modernisation of Government Seed Firms—	Hill	0.28
	05– Agricultural Information Units—	Hill	0.33
13.	**Grant No.19—Environment and Forest**		
	2406– Forestry and Wild Life (Plan)		
	21– Forest Publicity—	Hill	0.16
	02– 50 *per cent* State Share of CSS—	Hill	0.20
		Valley	0.20
	05– Captive Breeding—	Valley	0.63
	10– Control of Poaching—	Valley	0.95
	13– Keibul Lamjao National Park—	Valley	25.26
	19– Yangoupokpi Lokchao Sanctuary—	Hill	11.00
	35– Wild Life Management —	Hill	0.20
	37– Yangoupokpi Lokchao Sanctuary—	Valley	1.55
	2406– Forestry and Wild Life (CSS)		
	14– Minor Forest Produce (Plantation) —	Hill	16.20
	08– Development of Infrastructure—	Hill	16.83
	18 – Forest Fire Control and Management—	Hill	2.50
	22– Keibul Lamjao National Park—	Valley	13.24
	12– Integrated Afforestation and Eco Development Project—	Hill	6.00
14.	**Grant No.21—Commerce and Industries and Weights and Measures Department**		
	2851– Village and Small Industries (Non-Plan)		
	15– Handicraft Training Centre		0.57
	54– SSI Training Centres		0.51
	32– Central Census and Sample Survey for SSI Units		10.73
	106– Craft Development		3.13
	2851– Village and Small Industries (Plan)		
	01– Direction—	Hill	4.24
	05– Handloom Training Centres—	Hill	0.45
	12– SSI Training Centres—	Hill	0.68
		Valley	0.36
	03– Census of Looms and Power Looms—	Valley	14.74
	4860– Capital Outlay on Consumer Industries		
	35– Manipur Spinning Mills Corporation—	Hill	832.95
		Valley	12.91
	80– Manipur Food Industries Corporation—	Hill	19.27
		Valley	19.27
	81– Manipur Pulp and Allied Products Ltd. —	Hill	81.20
		Valley	81.20
15.	**Grant No.22—Public Health Engineering Department**		
	4215– Capital Outlay on Water Supply and Sanitation (CPS)		
	02– Accelerated Rural Water Supply Programme —	Valley	211.16
	04– Central Rural Sanitation Programme—	Hill	0.70

1	2		3
16.	**Grant No.23—Power Department**		
	2801– Power (Non-Plan)		
	34– Ukhrul Supply System		18.04
	59– Tuipaki MH Project—	Valley	3.30
	02– 132/33 KV Supply System at Churachandpur—	Hill	12.11
	02– Non-lapsable Central Pool of Resources—	Valley	126.60
	56– Installation of 33/11 KV SS at Saikul—	Valley	0.69
	37– Minimum Needs Programme—	Hill	0.58
	78– Additional Central Assistance—	Hill	215.49
	4801– Capital Outlay on Power Projects (CPS)		
	02– 132/33 KV Supply at Churachandpur —	Valley	2.30
	03– 132/33 KV Supply System at Jiribam—	Valley	4.46
	05– 33 KV Sub-Transmission System —	Valley	2.04
	11– Distribution System—	Valley	7.00
	57– Electrification of Tribal Villages —	Hill	127.43
	82– Installation of 33/11 KV Sub-Station at Shivapurikhan—	Valley	1.90
	25– Intensification Electrified Villages—	Hill	3.00
		Valley	9.81
17.	**Grant No.26—Administration of Justice**		
	2014– Administration of Justice (Plan)		
	01– Additional Facilities for the Courts —	Valley	0.43
18.	**Grant No.30—General Economic Services and Planning**		
	3451– Secretariat Economic Services (Non-Plan)		
	09– Planning at District Level		0.45
	07– National Sample Survey Organisation		6.57
	05– Land Utilisation Survey/Crop Cutting Experiment Under Crop Insurance Scheme		0.14
	14– Strengthening of State Statistics Machinery		0.10
19.	**Grant No.38—Panchayat**		
	2515– Other Rural Development Programme (Non-Plan)		
	02– Block Development Office		0.32
20.	**Grant No.39—Sericulture**		
	2851– Village and Small Industries (Non-Plan)		
	16– Training		0.32
	13– Seed Organisation		1.42
	2851– Village and Small Industries (Plan)		
	16– Training—	Hill	2.04
21.	**Grant No.40—Irrigation and Flood Control Department**		
	2701– Major and Medium Irrigation (Plan)		
	06– Dolaithabi River Irrigation Project—	Hill	63.07
	4701– Capital Outlay on Major and Medium Irrigation(Plan)		
	08– Improvement of Irrigation Project under Operation (Loktak Lift Irrigation/Imphal Barrage/Sekmai Barrage/Khaopum Dam)—	Hill	9.31
22.	**Grant No.41—Arts and Culture**		
	2205– Arts and Culture (Non-Plan)		
	11– INA/Museum Cum Library		3.52

1	2		3
23.	**Grant No.43—Horticulture and Soil Conservation**		
	2401– Crop Husbandry (Plan)		
	01– Direction—	Hill	16.86
	13– Foundation at Mao —	Hill	6.76
24.	**Grant No.44—Social Welfare**		
	2235– Social Security and Welfare (Non-Plan)		
	03– Chandel ICDS Project—	Hill	0.14
	06– Churachandpur ICDS Project		1.39
	07– Henglep and Tipaimukh ICDS Project		0.22
	08– Imphal City ICDS Project		15.44
	09– Imphal District ICDS Cell		1.27
	12– Imphal West-I ICDS Project		2.74
	13– Imphal West II ICDS Project		1.67
	35– Singhat ICDS Project		0.17
	37– Tamenglong ICDS Project		0.03
	2235– Social Security and Welfare (Tribal Sub-Plan)		
	03– Chandel ICDS Project		1.36
	2235– Social Security and Welfare (Plan)		
	08– District Social Welfare Office, Thoubal—	Valley	1.04
	02– Chakpikarong ICDS Project—	Hill	4.17
	03– Chandel ICDS Project—	Hill	3.74
	14– Family and Child Welfare Project—	Valley	0.46
	21– Mao Maram ICDS Project—	Hill	0.29
	40– Thoubal ICDS Project—	Valley	0.89
	41– Tousem ICDS Project—	Hill	2.77
	30– Urban Community Development Project—	Valley	0.22
	2235– Social Security and Welfare (CSS)		
	01– Direction—	Hill	0.30
	08– Imphal City ICDS Project—	Hill	0.86
	11– Imphal East II ICDS Project—	Hill	2.14
	14– Family and Child Welfare Project—	Hill	0.73
		Valley	10.65
	14– ICDS Schemes—	Hill	2.67
	15– Jiribam ICDS Project—	Valley	36.23
	19– Kasom Khullen ICDS Project—	Valley	14.52
	21– Mao Maram ICDS Project—	Valley	21.55
	31– Women and Children Programme—	Hill	1.95
		Valley	1.64
	22– Old Age Pension Scheme—	Hill	0.42
	30– Urban Community Development Project—	Valley	0.20
		Total	**7575.17**

APPENDIX–XIX
(Referred to in Paragraph 2.3.11 at Page 28)
Cases where the large savings had not been surrendered by the departments

(Rupees in lakh)

Sl. No.	Number and name of grant/appropriation	Total grant/ appropriation	Total savings	Amount not surrendered
(1)	(2)	(3)	(4)	(5)
	Revenue–Charged			
1.	Appropriation No.1 - Governor	137.43	14.87	14.87
2.	Appropriation No.2 – Interest Payment and Debt Services	28877.20	7343.72	7343.72
3.	Appropriation No.3 – Manipur Public Service Commission	103.98	16.01	16.01
4.	1– State Legislature	11.14	8.24	8.24
5.	26– Administration of Justice	132.03	132.03	132.03
	Total (Revenue–Charged)			**7514.87**
	Revenue–Voted			
6.	1– State Legislature	884.76	107.16	107.16
7.	2– Council of Ministers	260.84	13.04	13.04
8.	3– Secretariat	2084.89	88.03	88.03
9.	4– Land Revenue, Stamps and Registration and District Administration	3501.29	984.03	984.03
10.	5– Finance Department	18947.99	1876.55	766.74
11.	6– Transport	211.57	23.07	23.07
12.	7– Police	15161.69	480.98	480.98
13.	8– Public Works Department	7122.74	350.60	345.12
14.	9– Information and Publicity	197.63	19.31	19.31
15.	10– Education	27689.36	3127.09	3127.09
16.	11– Medical, Health and Family Welfare Services	8122.07	1554.76	1554.76
17.	12– Municipal Administration, Housing and Urban Development	1678.23	834.98	834.98
18.	13– Labour and Employment	516.47	70.36	70.36
19.	14– Development of Tribal and Scheduled Castes	8006.77	890.44	890.44
20.	15– Food and Civil Supplies	583.62	176.59	176.59
21.	16– Co-operation	758.98	146.34	146.34
22.	17– Agriculture	3085.53	584.22	584.22
23.	18– Animal Husbandry and Veterinary including Dairy Farming	2326.52	215.49	215.49
24.	19– Environment and Forest	3856.52	1745.48	166.76
25.	20– Community Development and ANP, IRDP and NREP	5354.35	2303.73	2303.73
26.	21– Commerce and Industries and Weights and Measures Department	3042.16	94.39	94.39
27.	23– Power Department	29052.57	18123.19	18123.19
28.	24– Vigilance Department	70.55	7.37	7.37
29.	26– Administration of Justice	620.57	150.15	150.15
30.	28– State Excise	588.25	51.64	31.51
31.	29– Sales Tax, Other Taxes/ Duties on Commodities and Services	153.19	17.85	13.11
32.	30– General Economic Services and Planning	3765.65	2512.43	384.88
33.	31– Fire Protection and Control	344.87	64.89	64.89
34.	32– Jails	418.14	16.96	16.96
35.	33– Home Guards	481.44	9.16	9.16
36	34– Rehabilitation	160.12	87.98	87.98
37.	35– Stationery and Printing	296.57	75.34	75.34
38.	36– Minor Irrigation Department	1764.24	1116.78	1116.78

(1)	(2)	(3)	(4)	(5)
39.	37– Fisheries	925.47	33.40	33.40
40.	38– Panchayat	1351.24	879.35	879.35
41.	40– Irrigation and Flood Control Department	3833.50	1184.81	1184.81
42.	41– Art and Culture	419.47	83.99	51.10
43.	42– State Academy of Training	86.85	31.62	31.62
44.	43– Horticulture and Soil Conservation	1719.04	44.33	44.33
45.	44– Social Welfare	4287.76	1333.30	1333.30
46.	45– Tourism	162.42	44.18	16.32
47.	46– Science and Technology	782.68	452.57	452.57
48.	47– Welfare of Minorities and Other Backward Classes	353.18	40.34	40.34
	Total (Revenue–Voted)			**37141.09**
	Capital–Charged			
49.	Appropriation No. 2 – Interest Payment and Debt Services	196952.39	71928.77	71928.77
	Total (Capital–Charged)			**71928.77**
	Capital–Voted			
50.	5– Finance Department	46.02	24.76	24.76
51.	7– Police	150.00	150.00	150.00
52.	8– Public Works Department	8103.12	4363.49	4363.49
53.	10– Education	1800.23	627.36	627.36
54.	11– Medical, Health and Family Welfare Services	1107.95	409.08	409.08
55.	12– Municipal Administration, Housing and Urban Development	3193.99	2232.56	2232.56
56.	14– Development of Tribal and Scheduled Castes	329.00	329.00	329.00
57.	15– Food and Civil Supplies	425.58	205.86	205.86
58.	16– Co-operation	655.08	355.81	355.81
59.	18– Animal Husbandry and Veterinary including Dairy Farming	51.00	51.00	51.00
60.	20– Community Development and ANP, IRDP and NREP	2014.30	1480.50	1480.50
61.	22– Public Health Engineering Department	11440.32	5612.16	5612.16
62.	23– Power Department	9194.56	6229.04	6229.04
63.	25– Youth Affairs and Sports Department	297.00	217.71	217.71
64.	32– Jails	354.00	314.00	314.00
65.	36– Minor Irrigation Department	593.00	21.28	21.28
66.	37– Fisheries	50.00	50.00	50.00
67.	39– Sericulture	5030.00	5030.00	4190.00
68.	40– Irrigation and Flood Control Department	5132.10	2641.59	2496.65
69.	41– Art and Culture	630.00	477.41	477.41
70.	44– Social Welfare	1312.98	829.11	829.11
71.	45– Tourism	187.24	135.98	135.98
72.	47– Welfare of Minorities and Other Backward Classes	63.42	63.42	63.42
	Total (Capital–Voted)			**30866.18**
	Grand Total:			**147450.91**

APPENDIX–XX
(Referred to in Paragraph 2.3.14 at Page 28)
Instances of major variations in recoveries

(Rupees in Crore)

Sl. No.	Number and name of grant	Budget estimate	Actual recoveries	Excess (+) Savings (-)
1	2	3	4	5
1.	8– Public Works Department			
	(Revenue)	25.58	8.20	(–) 17.38
	(Capital)	5.00	—	(–) 5.00
2.	15– Food and Civil Supplies			
	(Revenue)	0.90	—	(–) 0.90
	(Capital)	3.00	1.85	(–) 1.15
3.	17– Agriculture			
	(Revenue)	—	—	—
	(Capital)	0.10	0.01	(–) 0.09
4.	21– Commerce & Industries and Weights and Measures Department			
	(Revenue)	—	—	—
	(Capital)	0.03	—	(–) 0.03
5.	22– Public Health Engineering Department			
	(Revenue)	10.57	32.75	(+) 22.18
	(Capital)	—	—	—
6.	23– Power Department			
	(Revenue)	20.60	8.27	(–) 12.33
	(Capital)	—	—	—
7.	36– Minor Irrigation Department			
	(Revenue)	1.00	—	(–) 1.00
	(Capital)	—	—	—
8.	40– Irrigation and Flood Control Department			
	(Revenue)	4.51	0.22	(–) 4.29
	(Capital)	—	—	—
9.	43– Horticulture and Soil Conservation			
	(Revenue)	—	—	—
	(Capital)	0.10	—	(–) 0.10
	Total :			
	(Revenue)	**63.16**	**49.44**	**(–) 13.72**
	(Capital)	**8.23**	**1.86**	**(–) 6.37**
	Grand Total (Voted)	**71.39**	**51.30**	**(–) 20.09**

APPENDIX–XXI

(Referred to in Paragraph 3.1.7 at Page 33)

Physical target and achievement for the years 1999-2000 to 2003-04

Items			Unit	1999-2004		Shortfall	
				Target	Achievement	Quantity	Percentage
1. Land	(a)	Headworks	Ha.	1074	639	435	40
	(b)	Canals	Ha.	470	439	31	6
		Overall		**1544**	**1078**	**466**	**30**
2. A. Earth Dam							
(i) River diversion	(a)	Earthwork in excavation	Th. Cum	251.40	224.00	27.40	10
	(b)	Coffer dam	Th. Cum	214.20	21.90	192.30	89
(ii)Foundation treatment	(a)	Excavation in COT	Th. Cum	105.00	74.00	31.00	29
	(b)	Drilling grout holes	Th. Rm	8.73	1.10	7.63	87
	(c)	Cement grouting	Th. MT	2.06	0.02	2.04	99
(iii)Earthfill for dam			Th. Cum	4652.00	156.00	4496.00	96
(iv)Sand filter			Th. Cum	212.00	28.90	183.10	86
B. Spillway	(i)Earthwork in excavation		Th. Cum	698.00	380.47	317.53	45
	(ii) Drilling grout holes		Th. Rm	33.12	—	33.12	100
	(iii) Cement grouting		Th. MT	6.12	—	6.12	100
	(iv) Concreting		Th. Cum	32.52	0.21	32.31	39
	(v) Steel reinforcement		Th. MT	3.564	0.009	3.555	99
	(vi) Conduit (Penstock)		Th. MT	0.62	—	0.62	100
	(vii) Slope protection		Th. Sqm.	19.43	19.04	0.39	2
3. Main and Branch Canals	(i)	Earthwork	Th. Cum	9317.00	7163.56	2153.44	23
	(ii)	Structures	Nos.	357	249	108	30
	(iii)	Canal lining	Th. Sqm.	38.00	30.63	7.37	19
4. Distributaries and Minors	(i)	Earthwork	Th. Cum	599.00	527.00	72.00	12
	(ii)	Structures	Nos.	135	107	28	20
5. Drainage & Protection works	(a)	Direct outlet	Nos.	15	2	13	86
	(b)	Regulators	Nos.	2	2	—	—

APPENDIX–XXII

(Referred to in Paragraph 3.1.10 at Page 35)

Statement showing delay in release of Central assistance to the project

(Rupees in crore)

Year	Central assistance released by				Balance of Central assistance not released by the State Government up to the end of the year			
	Government of India during the year		Government of Manipur during the year					
	CLA	ACA	CLA	ACA	CLA	ACA	Yearly balance	Cumulative balance
1997-98	20.00	—	9.04	—	10.96	—	10.96	10.96
1998-99	6.28	—	10.96	—	6.28	—	(–) 4.68	6.28
1999-2000	11.06	—	11.81	—	5.53	—	(–) 0.75	5.53
2000-01	—	—	5.53	—	—	—	(–) 5.53	Nil
2001-02	2.50	7.00	2.50	1.75	—	5.25	5.25	5.25
2002-03	11.00	8.00	4.00	6.75	7.00	1.25	8.25	13.50
2003-04	8.00	10.00	8.50	1.20	(–)0.50	8.80	8.30	21.80
Total	**58.84**	**25.00**	**52.34**	**9.70**				

APPENDIX–XXIII

(Referred to in Paragraph 3.1.16 at Page 39)

Consumer-wise consumption of energy

Period	Months	Power consumed by					
		M/s PCL		M/s APIL		Department	
		Power (KW)[1]	Total energy (KWM)[2]	Power (KW)	Total energy (KWM)	Power (KW)	Total energy (KWM)
3/1991—5/1991	3	0	0	14	42	96	288
6/1991—7/1991	2	12	24	14	28	84	168
8/1991—12/1997	5	30	150	27	135	53	265
1/1992—4/1997	64	35	2240	32	2048	43	2752
5/1997—12/1997	8	35	280	32	256	43	344
1/1998—7/1998	7	35	245	32	224	43	301
8/1998—9/1998	2	35	70	32	64	43	86
10/1998—1/2004	64	35	2240	35	2240	70.5	4512
Total:	**155**		**5249**		**5037**		**8716**
Less for work suspension period			3158.30		2807.80		
Net energy consumed			2090.70		2229.20		
Percentage consumption			11.00		11.70		77.30
Corresponding cost[3]			Rs.24,40,650		Rs.25,95,964		Rs.1,71,51,118
Cost recovered			Rs. 40,000		Rs. 10,000		
Balance:			**Rs.24,00,560**		**Rs.25,85,964**		

[1] KW = Kilowatt
[2] KWM = Kilowatt Month
[3] Total cost of energy (19002 Kilowatt-Month) as assessed by Electricity Department = Rs.221,87,732
Cost bearable by M/s PCL = 11 per cent of Rs.221,87,732
= Rs.24,40,650
Cost bearable by M/s APIL = 11.70 per cent of Rs.221,87,732
= Rs.25,95,964

APPENDIX–XXIV

(Referred to in Paragraph 3.2.3 at Page 46)

Plan outlay for health sector for last ten five year plans

(Rupees in crore)

Sl.	5 Year Plans	State Plan Outlay (Rupees in crore)		Percentage of Health Outlay to State Plan Outlay
		Total	Health	
1.	1st Plan (1951-1956)	1.03	0.13	13
2.	2nd Plan (1956-1961)	5.70	0.33	6
3.	3rd Plan (1961-1966)	12.81	1.72	13
4.	4th Plan (1966-1974)	31.00	1.76	6
5.	5th Plan (1974-79)	66.62	3.33	5
6.	6th Plan (1980-85)	240.00	9.65	4
7.	7th Plan (1985-90)	430.00	13.00	3
8.	8th Plan (1992-97)	1201.60	26.20	2
9.	9th Plan (1997-02)	2323.24	65.56	3
10.	10th Plan (2002-07)	2804.00	81.73	3

APPENDIX–XXV

(Referred to in Paragraph 3.2.7 at Page 47)

Statement showing sanctioned strength and men-in-position in various categories of posts of Manipur Health Services

	A. Doctors				
Grade	**Particulars**	**Authorised strength**	**Man-in-position**	**Shortage**	**Percentage shortage**
Special Grade	Director of Medical and Health	1	—	1	100
	Director of Family Welfare	1	—	1	100
Total Special Grade		**2**	**—**	**2**	**100**
Grade I	Additional Director (Health)	4	2	2	50
	Additional Director (Family Welfare)	2	2		
	Consultant	7	3	4	57
	Medical Superintendent (J.N. Hospital)	1	1		
Total Grade I		**14**	**8**	**6**	**43**
Grade II	Joint Director (Health)	4	5		
	Joint Director (Family Welfare)	3	3		
	Chief Medical Superintendent	8	5	3	38
	Additional Medical Superintendent (J.N. Hospital)	1	1		
	Medical Superintendent	7	1	6	86
	State Programme Officer	6	5	1	17
	Principal Training Centre	1	—	1	100
	Senior Specialist	33	18	15	45
	Joint Director (Dental)	1	1		
Total Grade II		**64**	**39**	**25**	**39**
Grade III	Deputy Directors	16	20	4	25
	Deputy Medical Superintendent	2	2		
	Senior Medical Superintendent	132	103	29	22
	District Programme Officers	48	48		
	Senior Dental Surgeon	9	7	2	22
	MLCD	1	1		
	Epidemiologist	1	—	1	100
	Specialist	96	96		
Total Grade III		**305**	**277**	**28**	**9**
Grade IV	Medical Officer	302	290	12	4
	Dental Surgeon	22	29		
	ISM & H	10	10		
Total Grade IV		**334**	**329**	**5**	**1**
Grand Total (A)		**719**	**653**	**66**	**9**
	B. Paramedical staff				
	Nurses	763	740	23	3
	Pharmacists	334	321	13	4
	Technicians and Ophthalmic Assistant	134	129	5	4
	Health Workers and Health Supervisors	658	615	43	7
	Others	21	21	—	—
Grand Total (B)		**1910**	**1826**	**84**	**4**

APPENDIX–XXVI
(Referred to in Paragraph 3.2.7 at Page 47)

Statement showing deficit of Core Specialist in the State

Sl.	Name of discipline	Required	Present position	Shortage	Percentage shortage
1.	Radiology	28	2	26	93
2.	Psychiatry	20	6	14	70
3.	Anaesthesiology	30	10	20	67
4.	Dermatology	11	4	7	64
5.	General Medicine	28	13	15	56
6.	Ophthalmology	22	10	12	55
7.	Obst. & Gynae	29	14	15	52
8.	Orthopaedics	12	6	6	50
9.	General Surgery	27	14	13	48
10.	Paediatrics	29	16	13	45
11.	ENT	11	7	4	36
12.	Pathology & Microbiology	13	10	30	—
	Total	**260**	**112**	**148**	**57**

APPENDIX–XXVII

(Referred to in Paragraph 4.3 at Page 55)

Statement showing off-road period of vehicles and expenditure incurred on pay and allowances of the drivers of off-road vehicles

(Position as on 31.8.2004)

Period of off-road of vehicles			Name of drivers	Period of idleness of drivers		Amount paid towards pay and allowances during the period of idleness	Present status as per information furnished by Director (E & S), in June and September 2004
Vehicle Number	Period of off-road	Mandays		Period	Mandays	(In Rupees)	
1	2	3	4	5	6	7	8
MNG 541	1.3.97 to 31.8.04	2741	1. A. Iboton Sharma	1.3.1997 to 11.8.2003	2355	454645	Services utilised in the directorate after vehicle number MN-1A 5689 became on road in August 2003
MNG 1202	10.12.97 to 31.8.04	2459	2. Ch. Mangi Singh	10.12.97 to 6.12.1999 7.3.2000 to 18.5.2003 6.2.2004 to 31.8.2004	2103	459397	Services utilised in the Manipur Secretariat from 7.12.99 to 6.3.2000 and 19.5.2003 to 5.2.2004
MNS 7110	1.3.95 to 31.8.04	3472	3. Md. Abdul Sattar	1.3.1995 to 5.2.2004	3263	625505	Services utilised in Manipur Secretariat w.e.f. 6.2.2004
MN-1A 5689	1.10.02 to 10.8.03	701	4. H. Bhavanda Sharma	1.10.2002 to 10.11.2003	406	99620	Services utilised in Election Department w.e.f. 11.11.2003
MNG 831	1.3.98 to 31.8.04	2386	5. L. Bijoy Singh	1.3.1998 to 31.8.2004	2386	406634	Services utilised in the directorate in the absence of other drivers
Total		**11759**			**10513**	**2045801**	

APPENDIX–XXVIII
(Referred to in Paragraph 4.6 at Page 59)

Statement showing approved outlay, release of fund and expenditure incurred thereof against the Centrally Sponsored Scheme "Conservation and Development of Non-Timber Forest Produce including Medicinal Plants (NTFP)" during 1997-98 to 2003-04

(Rupees in lakh)

Year	Approved outlay	Fund provided by the GOI	Fund released by the State Government to the division	Expenditure incurred by the division
1997-98	24.45	24.45	NIL	NIL
1998-99	47.24	47.24	47.24	47.24
1999-2000	53.94	53.94	53.94	53.94
2000-01	47.02	35.00	NIL	NIL
2001-02	21.71	NIL	17.25	17.25
Total	**194.36**	**160.63**	**118.53**	**118.53**

APPENDIX–XXIX

(Referred to Paragraph 4.11 at Page 67)

Statement showing advance payments made in March 2003 for procurement of pipes which were not received as on June 2004

Sl. No.	Name of work to which the expenditure as charged	Particulars of pipes	Size (In diameter)	Rate (Rupees)	Unit	Quantity (in RM)	Value (Rs. in lakh)
1.	Accelerated Rural Water Supply at Nungoi Phase-I	DI	150 mm	866.64	RM (Running metre)	2000	17.34
2.	Re-juvenation of Langdum water supply scheme Phase-I	DI	150 mm	866.64	—do—	1600	13.87
		DI	100 mm	578.92	—do—	3500	20.26
						Total	**51.47**

APPENDIX–XXX

(Referred to in Paragraph 4.12 at Page 68)

Statement showing procurement of slotted pipes, its utilisation and balance lying in stock as of July 2004

Size of slotted pipes	O.B. on the date of receipt of fresh quantity in February 2000	Running metre (RM) of quantity receipt	Date of receipt	Rate per RM	Value	Total quantity available for utilisation since procurement in February 2000	Quantity/RM issued during February 2000 to July 2004	Balance available as of July 2004	Value	Percentage of utilisation (Over stock already in hand before February 2000)
	(In RM)			(In Rupees)	(Rupees in lakh)	(In RM)		(In RM)	(Rs. in lakh)	
1	2	3	4	5	6	7	8	9	10	11
100 mm dia	638.04	963.90	10.2.2000	778.75	7.51	1601.94	37.04	1564.90	12.18	5.80
125 mm dia	771.65	843.50	11.2.2000	1044.83	8.81	1615.15	22.54	1592.61	16.64	2.92
150 mm dia	346.02	545.50	19.2.2000	1288.19	7.03	891.52	269.17	622.35	8.01	77.79
Total	**1755.71**	**2352.90**			**23.35**	**4108.61**	**308.75**	**3779.86**	**36.83**	**17.58**

APPENDIX–XXXI

(Referred to in Paragraph 4.14 at Page 73)

Statement showing the details of procurement of Frozen Semen Equipment in February 2002 and the value of stock remaining unutilised as of August 2003

Sl. No.	Description of Frozen Semen Equipment	Quantity procured	Rate	Value	Equipments issued/ utilised (as of August 2003)		Balance of equipment remaining unissued/ unutilised as of August 2003	
					Quantity	Value	Quantity	Value
		Number	Rupees	Rupees	Number	Rupees	Number	Rupees
1	2	3	4	5	6	7	8	9
1.	Portable cryocan of 1 to 1.5 litre capacity	170	7290 each plus 4% CST plus 16%, Excise Duty	14,87,160	Nil	Nil	170	14,87,160
2.	Cryocan of 30 to 35 litre capacity	175	18,890 each plus 4 % CST plus 16% Excise Duty	39,66,900	13	2,94,684	162	36,72,216
3.	Liquid Nitrogen (LN_2) storage tank of 500 litre capacity	2	2,55,000 each plus 4% CST plus 16% Excise Duty	6,12,000	NIL	Nil	2	6,12,000
				60,66,000		**2,94,684**		**57,71,376**

APPENDIX–XXXII
(Referred to in Paragraph 4.16 at Page 75)

List of bodies audited under Section 19 (3) of the DPC Act whose audit of accounts were in arrears due to non-receipt/late receipt of accounts

Sl. No.	Name of body	Period of entrustment	Year up to which accounts certified	Certification of accounts in arrears	Reasons for arrears
(1)	(2)	(3)	(4)	(5)	(6)
1.	Senapati Autonomous District Council	Not available[4]	2000-01	2001-02	Accounts received late and DSAR[5] under process.
				2002-03	—do—
				2003-04	Accounts not received.
2.	Ukhrul Autonomous District Council	—do—	2000-01	2001-02	Accounts received late and DSAR under process.
				2002-03	—do—
				2003-04	Accounts not received.
3	Tamenglong Autonomous District Council	—do—	1999-2000	2000-01	Account received late and DSAR under process.
				2001-02	—do—
				2002-03	Accounts not received.
				2003-04	Accounts not received.
4	Churachandpur Autonomous District Council	—do—	2000-01	2001-02	Accounts received late and DSAR under process.
				2002-03	—do—
				2003-04	Accounts received late and audit being taken up.
5	Chandel Autonomous District Council	—do—	2001-02	2002-03	Accounts received late and DSAR under process.
				2003-04	Accounts received late and audit being taken up.
6.	Sadar Hills Autonomous District Council, Kangpokpi	—do—	2001-02	2002-03	Accounts received late and DSAR under process.
				2003-04	—do—

[4] Rule 90 (ii) of the Manipur (Hill Areas) District Councils Rules, 1972 provides that the accounts of the Council shall be subject to the audit of the Accountant General. Issue of formal entrustment is awaited.
[5] DSAR— Draft Separate Audit Report.

APPENDIX–XXXIII
(Referred to in Paragraph 4.17 at Page 77)

Statement showing number of outstanding Inspection Reports and paras in respect of Education Department as on 31 August 2004

Year	Number of outstanding IRs	Part-II A	Part-II B	Total outstanding paras	Money value (Rs.in lakh)
1998-90	12	8	8	16	8.16
1990-91	1	Nil	9	9	24.25
1991-92	17	4	76	80	179.47
1992-93	4	-	5	5	12.34
1993-94	9	3	22	25	634.06
1994-95	2	-	11	11	20.08
1995-96	13	9	67	76	397.37
1996-97	22	6	76	82	1088.44
1997-98	4	2	7	9	103.17
1998-99	26	12	114	126	118.66
1999-2000	34 (21)	11 (7)	124 (92)	135 (99)	1205.06
2000-01	20 (10)	7 (6)	85 (44)	92 (50)	353.34
2001-02	13 (4)	11 (3)	57 (19)	68 (22)	6000.90
2002-03	24 (11)	4 (3)	81 (61)	85 (64)	672.51
2003-04	23 (23)	3 (3)	85 (85)	88 (88)	658.24
	224 (69)	**80 (22)**	**827 (301)**	**907 (323)**	**11476.05**

N.B. Figures in the brackets indicate number of IRs and paras against which first reply is still awaited.

APPENDIX–XXXIV

(Referred to in Paragraph 4.18 at Page 78)

Statement showing number of paragraphs in respect of which remedial/corrective Action Taken Notes of departments have not been received

Name of departments	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87	87-88	88-89	89-90	91-92	93-94	94-95	95-96	96-97	Total
1. Agriculture	3	3	1			2	1	6	1	2	2			4	1			26
2. Co-operation									1									1
3. Education		5	2	2	2		5		1			1						22
4. Electricity	1	4	4	5	5	3		1			1	1					1	26
5. Finance		1	1	4	1	2	1				1							11
6. Forest		2	1	2	3	1	1	7	1			1		2			1	22
7. Food & Civil Supply			1	2			1				1					2	2	9
8. General Administration		2		1		1									1			5
9. Horticulture & Soil Conservation				1			1		2									4
10. Home			1	1		1	1	1	1		1					1		8
11. Industries	1		6	4		4	1	2	1	1		1						21
12. IFCD		1	2	6		2	5	1	1		1		1	4	1			25
13. Jail														1				1
14. Labour							1	1										2
15. Local Bodies and Non-Govt. Institutions		1								1								2
16. Medical, Health and Family Welfare				2	1	1	1		1	1				1		1	2	12
17. MAHUD										2	1							3
18. Panchayat & Rural Development		1	3			2										1		7
19. PHED		5	3		3	5		4		2					1		2	25
20. PWD	2		2	6	8	3		4	1	2	2	2		3	1		2	38
21. Social Welfare						1				1						1		3
22. Taxation	3							5			1							9
23. Tourism					2	1			1						3			7
24. Tribal Welfare & Backward Classes				1	1	2	1	2										7
25. Transport	1		1	2	2					1								7
26. Youth Affairs and Sports											1							1
27. Vet. & Animal Husbandry	2	1				2	1					1					2	9
28. Fisheries				1			2			1								4
29. Minor Irrigation					1					1								2
30. Electricity, MAHUD, PHED, IFCD, PWD	4	4	4				1					8						21
31. Local Self Government, District Council	2	1	1	1	1	1												7
32. Revenue	1	2	1	5	1	3	2	3			1							20
33. Stationery and Printing		1																1
34.Industries, Co-operation, Fisheries, Education, Medical								1										1
35. Excise								1										1
36. Forest, Horticulture, Vety. & Animal Husbandry									1									1
37. Agriculture, Education, FCS												1						1
38. Regional Medical College												1						1
39. Planning & Development Authority												1						1
Total:	**20**	**35**	**34**	**46**	**31**	**37**	**26**	**39**	**13**	**15**	**13**	**18**	**1**	**19**	**8**	**6**	**12**	**373**

APPENDIX–XXXV

(Referred to in Paragraph 5.1.2 at Page 80)

Statement of sanctioned strength and men-in-position in respect of Internal Control management

Sl. No.	Posts	Sanctioned strength	Men-in-position	Responsibilities and accountabilities of principal functionaries
1.	Chief Engineer (CE)	1	1	The CE is the head of the Department and is answerable to the Government for the efficient running of the department
2.	Addl. Chief Engineer (ACE)	4	3	ACE is the zonal chief and is responsible to the CE.
3.	Superintending Engineer (SE)	8	7	SE has to keep strict watch on expenditure to ensure that there is no excess and that the unit is run efficiently and economically.
4.	Executive Engineer (EE)	33	33	EE is directly concerned with men, materials and machinery for speedy and economic execution of works. EEs have to account for the expenditure incurred on various works.
5.	Assistant Engineer (AE) (including Assistant Surveyor of Works)	141	136	Preparation of works accounts and stores accounts. He is to ensure proper maintenance of stores under his charge, their quantity and value accounts and weeding out of unserviceable stores
6.	Financial Adviser (FA)	1	—	FA is to assist CE for smooth and efficient financial management.
7.	Assistant Financial Adviser (AFA)	2	1	AFA assists the FA
8.	Divisional Accountant (DA)	30	8	Compilation of accounts of the Division and to assist the Divisional Officers in discharge of their responsibilities in accordance with the prescribed rules
9.	Additional Divisional Accountant (ADA)	2	—	—do—

APPENDIX–XXXVI

(Referred to in Paragraphs 7.2.3, 7.3.1, 7.8.4 at Pages 110, 111, and 115)

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2004 in respect of Government companies and Statutory corporation

(Figures in column 3(a) to 4(f) are Rupees in lakh)

Sl No.	Sector and name of the company	Paid-up capital as at the end of the current year					Equity/loans received out of Budget during the year		Other loans received during the year	Loans outstanding at the close of 2003-04			Debt equity ratio for 2003-04 [4 (f)/3(e) (previous year)]
		State Govt.	Central Govt.	Holding Companies	Others	Total	Equity	Loans		Govt.	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
A.	**Working Government companies**												
1.	AGRICULTURE & ALLIED SECTORS Manipur Plantation Crops Corporation Ltd.	1161.79	—	—	—	1161.79	—	—	—	—	38.25	38.25	0.03:1 (0.03:1)
	Sector wise total	**1161.79**	**—**	**—**	**—**	**1161.79**	**—**	**—**	**—**	**—**	**38.25**	**38.25**	**0.03:1 (0.03:1)**
2.	INDUSTRY SECTOR Manipur Industrial Dev. Corporation Ltd.	793.00	421.00	—	—	1214.00	—	—	—	—	2211.47	2211.47	1.82:1 (1.74:1)
	Sector wise total	**793.00**	**421.00**	**—**	**—**	**1214.00**	**—**	**—**	**—**	**—**	**2211.47**	**2211.47**	**1.82:1 (1.74:1)**
3.	ELECTRONICS SECTOR Manipur Electronics Dev. Corporation Ltd.	371.35	—	—	—	371.35	102.07	—	—	—	—	—	—
	Sector wise total	**371.35**	**—**	**—**	**—**	**371.35**	**102.07**	**—**	**—**	**—**	**—**	**—**	**—**
4.	HANDLOOM AND HANDICRAFT SECTOR Manipur Handloom and Handicrafts Development Corporation Ltd.	993.75	117.00	—	—	1110.75	607.06	—	—	175.38	—	175.38	0.15:1 (0.35:1)
	Sector wise total	**993.75**	**117.00**	**—**	**—**	**1110.75**	**607.06**	**—**	**—**	**175.38**	**—**	**175.38**	**0.15:1 (0.35:1)**
5.	**CONSTRUCTION SECTOR** Manipur Police Housing Corporation Ltd.	2.00	—	—	—	2.00	—	—	—	—	—	—	—
	Sector wise total	**2.00**	**—**	**—**	**—**	**2.00**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
6.	DEVELOPMENT OF ECONOMICALLY WEAKER SECTIONS SECTOR Manipur Tribal Dev. Corporation Ltd.	77.50	—	—	—	77.50	—	—	—	10.00	—	10.00	0.13:1 (0.13:1)
	Sector wise total	**77.50**	**—**	**—**	**—**	**77.50**	**—**	**—**	**—**	**10.00**	**—**	**10.00**	**0.13:1 (0.13:1)**
7.	DRUGS, CHEMICALS & PHARMACEUTICALS SECTOR. Manipur State Drugs & Pharmaceuticals Ltd.	447.96	—	43.35	—	491.31	406.31	—	—	1099.43	—	1099.43	2.24:1 (12.93:1)
	Sector wise total	**447.96**	**—**	**43.35**	**—**	**491.31**	**406.31**	**—**	**—**	**1099.43**	**—**	**1099.43**	**2.24:1 (12.93:1)**

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
*8.	POWER SECTOR Manipur State Power Dev. Corporation Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
	Sector wise total		—	—	—	—	—	—	—	—	—	—	—
9.	MISCELLANEOUS Manipur Film Dev. Corporation Ltd.	6.00	—	—	—	6.00	—	—	—	15.00	—	15.00	2.5:1 (2.5:1)
	Sector wise total	**6.00**	—	—	—	**6.00**	—	—	—	**15.00**	—	**15.00**	**2.5:1 (2.5:1)**
	Total (A – Working Government Companies)	**3853.35**	**538.00**	**43.35**	—	**4434.70**	**1115.44**	—	—	**1299.81**	**2249.72**	**3549.53**	**0.80:1**
B.	**Non-working Companies**												
1.	INDUSTRY SECTOR Manipur cycle Corpn. Ltd.	64.22	—	—	—	64.22	—	—	—	—	—	—	—
2.	Manipur Pulp & Allied Products Limited	154.20	—	—	—	154.20	81.20	—	—	—	—	—	—
	Sector wise total	**218.42**	—	—	—	**218.42**	**81.20**	—	—	—	—	—	—
3.	AGRICULTURE & ALLIED SECTOR Manipur Agro Industries Corporation Ltd.	354.78	—	—	—	354.78	48.32	—	—	—	—	—	—
	Sector wise total	**354.78**	—	—	—	**354.78**	**48.32**	—	—	—	—	—	—
4.	TEXTILE SECTOR Manipur Spinning Mills Corporation Ltd.	3081.41	—	—	—	3081.41	856.49	—	—	—	373.77	373.77	0.12:1 (0.13:1)
	Sector wise total	**3081.41**	—	—	—	**3081.41**	**856.49**	—	—	—	**373.77**	**373.77**	**0.12:1 (0.13:1)**
5.	SUGAR SECTOR Manipur Food Industries Corporation Ltd.	97.66	—	—	—	97.66	19.27	—	—	—	—	—	—
	Sector wise total	**97.66**	—	—	—	**97.66**	**19.27**	—	—	—	—	—	—
6.	CEMENT SECTOR Manipur Cement Limited	291.34	—	—	—	291.34	—	—	—	—	—	—	—
	Sector wise total	**291.34**	—	—	—	**291.34**	—	—	—	—	—	—	—
	Total (B – Non-Working Companies)	**4043.61**	—	—	—	**4043.61**	**1005.28**	—	—	—	**373.77**	**373.77**	**0.09:1**
C.	**Non working Statutory Corporations**												
1.	TRANSPORT SECTOR Manipur State Road Transport Corporation	4307.56	343.01	—	—	4650.57	1280.10	—	—	—	—	—	—
	Total C	**4307.56**	**343.01**	—	—	**4650.57**	**1280.10**	—	—	—	—	—	—
	Total (B+C)	**8351.17**	**343.01**	—	—	**8694.18**	**2285.38**	—	—	—	**373.77**	**373.77**	**0.04:1**
	Grand total (A+B+C)	**12204.52**	**881.01**	**43.35**	—	**13128.88**	**3400.82**	—	—	**1299.81**	**2623.49**	**3923.30**	**0.30:1**

Note: All figures in respect of companies and corporation are provisional and as given by the companies/corporation.
Loans outstanding at the close of 2003-04 represent long-term loans only.

* No information has been received from the company since its inception in March 1997.

APPENDIX–XXXVII

(Referred to Paragraphs 7.4.2, 7.5.1, 7.6.1, 7.6.2, 7.6.3, 7.8.6, 7.8.8 at Pages 111, 112, 113, 115 and 116)

Summarised financial results of Government companies and Statutory corporation for the latest year for which accounts were finalised

(Figures in columns 7 to 12 and 15 are Rupees in lakh)

Sl. No.	Sector and name of the company	Name of Department	Date of incorpora-tion	Period of accounts	Year in which accounts finalised	Net profit(+) /Loss (-)	Net impact of audit comments	Paid up capital	Accumu-lated profit (+)/Loss (-)	Capital employed (A)	Total return on capital employed	Percenta ge of total return on capital employed	Arrears of accounts in terms of years	Turn-Over	Man-Power as on March 2004
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A- Working Govt. Companies															
1.	**Agriculture and Allied Sector** Manipur Plantation Crops Corpn. Ltd.	Agriculture	19.3.81	1983-84	2000-01	-	-	51.15	-	60.00	-	-	20	Pre-operative stage	NA
	Sector wise Total					**-**	**-**	**51.15**	**-**	**60.00**	**-**	**-**		**-**	**-**
2.	**Industry Sector** Manipur Industrial Development Corporation Ltd.	Commerce and Industries	6/1969	1989-90	2003-04	(+) 64.39	-	806.48	(+) 82.32	1109.71	(+) 136.91	12.34	14	-	52
	Sector wise Total					**(+) 64.39**	**-**	**806.48**	**(+) 82.32**	**1109.71**	**(+) 136.91**	**12.34**			
3.	**Electronics Sector** Manipur Electronics Development Corporation Ltd.	—do—	4/1987	1995-96	2003-04	(+) 11.19	-	269.28	(+) 61.90	372.57	12.19	3.27	8	292.85	57
	Sector wise total					**(+) 11.19**	**-**	**269.28**	**(+) 61.90**	**372.57**	**12.19**	**3.27**		**292.85**	
4.	**Handloom and Handicrafts Sector** Manipur Handloom and Handicrafts Development Corporation Ltd.	—do—	16.10.76	1986-87	2002-03	(-) 19.58	-	100.00	(-) 169.65	75.62	(-) 19.58	--	17	11.42	NA
	Sector wise total					**(-) 19.58**	**-**	**100.00**	**(-) 169.65**	**75.62**	**(-) 19.58**	**-**	**-**	**11.42**	
5.	**Construction Sector** Manipur Police Housing Corpn. Ltd.	Home	26.4.86	1995-96	2003-04	(+) 24.30	1.18	2.00	(+) 26.44	48.44	24.30	50.16	8	96.78	75
	Sector wise total					**(+) 24.30**		**2.00**	**(+) 26.44**	**48.44**	**24.30**	**50.16**		**96.78**	
6.	**Development of Economically Weaker Section Sector** Manipur Tribal Development Corporation Ltd.	Tribal Area Backward Classes Development	6/79	1981-82	1996-97	4.58	-	1.00	5.87	6.64	4.58	69	22	13.14	84
	Sector wise total					**4.58**	**-**	**1.00**	**5.87**	**6.64**	**4.58**	**69**	**-**	**13.14**	
7.	**Drugs, Chemicals & Pharmaceuticals Sector** Manipur State Drugs & Pharmaceuticals Ltd.	Chemicals & Pharma-ceuticals	7/89	1996-97	1998	(-)123.08	-	85.00	(-)241.48	267.45	-	-	7	NA	NA
	Sector wise total					**(-) 123.08**	**-**	**85.00**	**(-)241.48**	**267.45**					

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
8.	**Power** Manipur State Power Development Corporation Ltd.	Electricity	3/97	-	-	-	-	-	-	-	-	-	7	NA	NA
	Sector wise total														
9.	**Miscellaneous Sector** Manipur Film Dev. Corporation Ltd.	Arts and Culture	1-5-87	1990-91	2004-05	(-) 3.98	0.15	6.00	(-) 4.78	53.56	(-) 3.98	-	13	3.23	NA
	Sector wise total					**(-) 3.98**		**6.00**	**(-) 4.78**	**53.56**	**(-) 3.98**	**-**		**3.23**	
	Total (A-Working Govt. Companies)					**(-) 42.18**		**1320.91**	**(-) 239.38**	**1993.99**	**154.42**	**7.74**		**417.42**	
B.	Non-working Companies														
1.	**Industry Sector** Manipur Cycle Corporation Ltd.	Commerce & Industries	6/85	1991-92	2004-05	(-) 7.31	0.27	48.80	(-) 31.59	28.00	(-) 7.31	-	Under liquida-tion since 1996	4.93	NA
2.	Manipur Pulp & Allied Products Ltd.	Commerce & Industries	10/88	1992-93	1996-97	(-) 46.91	-	73.31	(-) 126.02	93.16	(-) 46.91	-	Under liquida-tion since 1/03	30.41	NA
	Sector wise total					**(-) 54.22**		**122.11**	**(-) 157.61**	**121.16**	**(-) 54.22**	**-**		**35.34**	
3.	**Agriculture & Allied Sector** Manipur Agro. Industries Corporation Ltd.	Agriculture	19-3-81	1987-88	2000-01	(-) 8.62	-	32.25	(-) 41.25	(-) 9.58	(-) 8.62	-	Under liquida-tion since 6/03	3.25	NA
	Sector wise total					**(-) 8.62**	**-**	**32.25**	**(-) 41.25**	**(-) 9.58**	**(-) 8.62**	**-**		**3.25**	
4.	**Textile Sector** Manipur Spinning Mills Corpn. Ltd.	Commerce & Industries	27-3-74	1983-84	2004-05	-	-	200.00	-	277.38			Under liquida-tion since 6/03	Pre-operative stage	4
	Sector wise total							**200.00**	**-**	**277.38**	**-**	**-**	**-**	**-**	**-**
5.	**Sugar Sector** Manipur Food Industries Corpn. Ltd.	Commerce & Industries	4/87	1995-96	2003-04	-	-	78.39	-	61.73	-	-	Under liquida-tion since 3/03	Pre-operative stage	6
	Sector wise total							**78.39**		**61.73**					
6.	**Cement Sector** Manipur Cement Ltd.	Commerce & Industries	10-5-88	1990-91	2002-03	(-) 28.03	-	19.94	(-) 47.59	270.49	(-) 28.03	-	Date of liquida-tion not available	33.59	NA
	Sector wise Total					**(-) 28.03**	**-**	**19.94**	**(-) 47.59**	**270.49**	**(-) 28.03**	**-**		**33.59**	
Total (B - Non-working Companies)						**(-) 90.87**		**452.69**	**(-) 246.45**	**721.18**	**(-) 90.87**	**-**	**-**	**72.18**	
	C – Non-working Statutory Corpn.														
1.	Manipur State Road Transport Corporation	Transport	27-3-76	1991-92	2004-05	(-) 200.24	5.72	1845.51	(-) 1870.46	(-) 21.96	(-) 178.80	-	Under liquida-tion since 11/2003	146.68	41
	Sector wise Total					**(-) 200.24**		**1845.51**	**(-) 1870.46**	**(-) 21.96**	**(-) 178.80**	**-**	**-**	**146.68**	
Total (C - Non-working Statutory Corpn.)						**(-) 200.24**		**1845.51**	**(-) 1870.46**	**(-) 21.96**	**(-) 178.80**	**-**	**-**	**146.68**	
Grand Total (A+B+C)						**(-) 333.29**		**3619.11**	**(-) 2356.29**	**2693.21**	**(-) 115.25**	**-**	**-**	**636.28**	

Note: Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

APPENDIX–XXXVIII

(Referred to in Paragraphs 7.3.1, 7.8.4 at Pages 111 and 115)

Statement showing subsidy, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2004

(Figures in column 3(a) to 7 are in Rupees in lakh)

Sl. No.	Name of Public Sector Undertaking	Subsidy received during the year				Guarantees received during the year and outstanding at the end of the year (in bracket)					Waiver of dues during the year				Loan on which moratorium allowed	Loans converted into equity during the year
		Central Govt.	State Govt.	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loan repayment written off	Interest waived	Penal interest	Total		
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
		(Rupees in lakh)														
1.	A. Working Government companies (i) Manipur Handloom and Handicrafts Development Corporation Ltd.	4.35	—	—	4.35	— —	— —	— —	— —	— —	— —	— —	— —	— —	— —	— —
	Total — A	4.35			4.35											
	B. Non Working Government companies		—	—	—	—	—	—	—	—	—	—	—	—	—	—
	C. Non Working Statutory corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Grand Total (A+B+C)	4.35	—	—	4.35	—	—	—	—	—	—	—	—	—	—	—

Note: - Since the above company has not finalised its accounts for the current year, figures are provisional and as given by the Company.

APPENDIX–XXXIX
(Referred to in Paragraph 7.8.8 at Page 116)
Statement showing financial position of Statutory corporation

State Road Transport Corporation

(Rupees in crore)

Particulars	1989-90	1990-91	1991-92
A. Liabilities			
Capital (including capital loan and equity capital)	15.17	16.79	18.46
Borrowings: Government:- Others:-	0.08	—	—
Funds			0.02
Trade dues and other current liabilities including provisions	1.60	1.86	2.16
Total	**16.85**	**18.65**	**20.64**
B. Assets			
Gross Block	4.08	4.40	4.36
Less depreciation	2.43	2.94	3.01
Net fixed assetsp	1.65	1.46	1.35
Capital works-in-progress (including cost of chassis)	—	—	—
Investments	—	—	—
Current assets, loans and advances	0.48	0.49	0.59
Accumulated losses	14.72	16.70	18.70
Total	**16.85**	**18.65**	**20.64**
Capital employed[4]	0.53	0.09	(-) 0.22

[4] Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

APPENDIX–XL
(Referred to in Paragraph 7.8.8 at Page 116)
Statement showing working results of Statutory corporation

State Road Transport Corporation

(Rupees in crore)

Sl. No.	Particulars	1989-90	1990-91	1991-92
	Operating			
	(a) Revenue	1.32	1.04	1.36
	(b) Expenditure	2.57	2.42	2.63
	(c) Surplus (+) Deficit (-)	(-) 1.25	(-) 1.38	(-) 1.27
	Non-operating			
	(a) Revenue	0.11	0.04	0.10
	(b) Expenditure	0.73	0.64	0.84
	(c) Surplus (+) Deficit (-)	(-) 0.62	(-) 0.60	(-) 0.74
	Total			
	(a) Revenue	1.43	1.08	1.46
	(b) Expenditure	3.30	3.06	3.47
	(c) Net Profit /Loss	(-) 1.87	(-) 1.98	(-) 2.01
	Interest on capital and loans	0.21	0.21	0.21
	Total return on Capital employed[5]	**(-) 1.66**	**(-) 1.77**	**(-) 1.80**

[5] Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

APPENDIX–XLI
(Referred to in Paragraph 7.8.9 at Page 116)
Statement showing operational performance of Statutory corporation

Manipur State Road Transport Corporation

Particulars	2001-02	2002-03	2003-04
Average number of vehicles held	17	17	17
Average number of vehicles on road	7	3	3
Percentage of utilisation of vehicles	41	18	18
Number of employees	341	327	41
Employee vehicle ratio	20:1	19:1	2:1
Number of routes operated at the end of the year	NA	—	—
Route kilometres	NA	1000	700
Kilometres operated (in lakh) (a) Gross (b) Effective (c) Dead	 NA NA NA	 NA NA NA	 NA NA NA
Percentage of dead kilometres to gross kilometres	NA	NA	NA
Average kilometres covered per bus per day	NA	NA	NA
Average operating revenue per kilometre (Paise) over previous year's income (per cent)		NA	
Average operating revenue per kilometre (paise)	NA	NA	NA
Increase in operating expenditure per kilometre over previous year's expenditure (percent)	NA	NA	NA
Loss per kilometre (paise)(-)	—	NA	NA
Number of operating depots	NA	NA	NA
Average number of break-down per lakh kilometres	NA	NA	NA
Average number of accidents per lakh kilometres	NA	NA	NA
Passenger kilometre operated (in crore)	NA	NA	NA
Occupancy ratio	NA	NA	NA
Kilometres obtained per litre of: (a) Diesel Oil (b) Engine Oil	 NA NA	 NA NA	 NA NA

APPENDIX-XLII
(Referred to in Paragraph 7.13.1 at Page 118)
Statement showing the department wise outstanding Inspection Reports (IRs)

Sl. No.	Name of department	No. of PSUs[1]	No. of outstanding IR	No. of outstanding paragraph	Years from which paragraphs outstanding
1	Agriculture	2	5	47	1991-2004
2	Tribal development	1	6	53	—do—
3	Industries	8	18	78	—do—
4	Home	1	5	21	—do—
5	Arts and culture	1	4	20	—do—
6	Chemical and Pharmaceuticals	1	1	1	—do—
7	Transport Sector	1	—	—	—
8	Power Sector	1	—	—	—
	Total	**16**	**39**	**220**	

[1] State Level Public Sector Undertakings.