Report of the Comptroller and Auditor General of India

For the year ended 31 March 2010

(Report No. 2)

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, II, III, IV and V of this Report deal with the findings of performance audit and audit of transactions in various departments including the Public Works Department, Revenue Receipts, audit of Government Companies and Statutory Corporations of the State Government for the year 2009-10.*

3. *The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2009-10 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 2009-10 have also been included wherever necessary.*

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

OVERVIEW

OVERVIEW

This Report includes five chapters containing four performance reviews, including integrated audit of Forest Department, 19 (excluding general paragraphs) paragraphs dealing with the results of audit of selected schemes, programmes, financial transactions of the Government and its commercial and trading activities.

Copies of the performance reviews and paragraphs were sent to the Administrative Heads of the Departments concerned by the Accountant General for furnishing replies within six weeks. All the four reviews were discussed with the concerned Principal Secretaries/Commissioners/Secretaries and other departmental officers. In respect of eight paragraphs reply/partial reply of the Government was received and in 11 audit paragraphs, replies had not been furnished by the State Government.

Performance reviews (Civil)

Department of Consumer Affairs, Food and Public Distribution

1.1 Public Distribution System

The Public Distribution System (PDS) was evolved to ensure timely availability of foodgrain at affordable price to enhance food security particularly to the weaker sections of society. The State Government did not formulate guidelines for identification of beneficiaries and review of households. PDS consumers were denied of the intended benefit of having PDS items at prescribed scale and affordable price in a timely manner. Bank interest on Cash Credit Account was charged from the beneficiaries even when credit facilities were not availed of and instead of availing of transport subsidy and Hill Transport Subsidy Scheme, the State Government charged the cost of transportation to the beneficiaries by fixing high end retail price. There was short lifting of wheat and sugar against the allocation made by Government of India. There were instances of diversion of rice, wheat and kerosene. Monitoring, inspection and the activities of the vigilance committee at State and District level were found to be inadequate. Monitoring mechanism and inspection of FPS at different levels needs strengthening to prevent pilferage of commodities.

(Paragraph 1.1)

Finance Department

1.2 Information Technology audit of Computerisation of Personnel Information System (CPIS), formerly Manipur Government Employees List (MGEL), Government of Manipur

The Computerization of Personnel Information System (CPIS), formerly Manipur Government Employees List (MGEL), seeks to regulate the administration by carving out a structured data base of all the Government employees by allotment of unique Employee Identification Number, sanctioned posts and person-in-position, rationalization of transfers and posting, identification of fake employees and to help in preparation of budget. It was revealed that there was lack of proper planning and monitoring due to non-formation of steering committee. The system suffered from a number of system development and design related deficiencies. In the absence of appropriate Logical Access Control, the system was also exposed to the risk of unauthorised access, amendments or deletion and consequent losses.

(Paragraph 1.2)

Health and Family Welfare Department

1.3 National Rural Health Mission

The National Rural Health Mission was launched in the State in November 2005. The review revealed that the Department did not achieve the goal set for the health indicators *i.e.* Infant Mortality Rate, Maternal Mortality Rate and Total Fertility Rate by March 2010. Planning process was inadequate as it was prepared without baseline survey inputs. As of March 2010, the State was yet to carry out a comprehensive household and facility survey to identify the gaps in health care facilities. Up-gradation of Community Health Centres, Primary Health Centres and Sub-Centres to the level of Indian Public Health Standards had not been achieved. While the percentage of fully immunized infants ranged between 69 and 81 *per cent* during 2005-06 and 2007-10, it exceeded the target during 2006-07. There was an absence of monitoring and evaluation mechanism. As of December 2010 all the vertical diseases control programmes had not been merged with the Mission.

(Paragraph 1.3)

Audit of Transactions (Civil)

₹ 49.84 lakh paid to a Kolkata based firm for supply of 45 MT each of soyabean and blackgram seeds based on impermissible supply order and inconsistent delivery records led to suspected fraudulent payment.

(Paragraph 2.1)

Failure on the part of the Department to execute Bank Guarantee with the transporter for the value of material to be transported and inaction to get its validity extended beyond the deadline has led to a loss of ₹ 1.32 crore.

(Paragraph 2.2)

Fraudulent payment of ₹ 2.74 crore was made to a contractor, as payment for supply of building material was based on fictitious records.

(Paragraph 2.3)

Construction of Guide Bund with unacceptable dimension and without any transparency, financial norm and immediate requirement led to a doubtful expenditure of ₹ 9.21 crore.

(Paragraph 2.6)

Integrated Audit

Forest Department

3.1 Integrated Audit of Forest Department

The State Forest Department is responsible for carrying out soil and water conservation works, afforestation works to increase area under forest cover and preservation of wildlife. During 2009-10 there was a shortfall of 750 hectares in plantations, 790 hectares and 770 hectares in maintenance in one year old and two year old plantations respectively. It was noticed that ₹ 53.59 lakh meant for preparation of working plan, regeneration activities and protection of forest had been unauthorisedly expended for departmental logging of timber. No final plantation was carried out after completion of advance work for plantation on 230 hectares at a cost of ₹ 19.19 lakh, resulting in wasteful expenditure. Before final acquisition of seven hectares of land expenditure of ₹ 13 lakh was incurred on establishment of rescue centre for Sangai (Brow-antlered deer).

(Paragraph 3.1)

Revenue Receipts

4.1. Trend of revenue receipts

Revenue raised by the State Government during the year 2009-10 was eleven *per cent* of the total revenue receipts same as in the preceding year. The balance eighty nine *per cent* of receipts during 2009-10 was from the Government of India.

(Paragraph 4.1.1)

Audit of Transactions (Revenue)

Penalty leviable amounting to ₹ 2.90 crore against movement of goods without mandatory declaration Form/road permit remained unlevied.

(Paragraph 4.8)

Suppression of sales turnover by two dealers not only resulted in evasion of VAT of ₹ 28.04 lakh but also attracted penalty of ₹ 56.07 lakh.

(Paragraph 4.9)

Timely action was not taken to recover the outstanding tax of ₹ 1.61 crore as arrears of land revenue.

(Paragraph 4.10)

The Department failed to levy penalty amounting to ₹ 10.56 lakh on dealers who did not comply with the mandatory provision under the MVAT Act, 2004.

(Paragraph 4.11)

Government Commercial and Trading Activities

5. Commercial

5.1 Overview of Government Companies and Statutory Corporations

As on 31 March 2010 there were fourteen PSUs (all companies including six non-working). The State PSUs registered a turnover of ₹ 9 crore for 2009-10 as per their latest finalised accounts as of September 2010. This turnover was equal to 0.10 *per cent* of State Gross Domestic Product (GDP) for 2009-10. The State PSUs incurred a loss of ₹ 0.43 crore in the aggregate for 2009-10 as per their latest finalised accounts.

(Paragraph 5.1.1)

As on 31 March 2010, the investment (capital and long-term loans) in fourteen PSUs was ₹ 111.15 crore. (Working PSUs: ₹ 53 crore and Non-working PSUs: ₹ 58.15 crore).

(Paragraph 5.1.4)

The turnover of working PSUs increased from ₹ 6.42 crore in 2004-05 to ₹ 6.51 crore in 2009-10. The percentage of turnover to State GDP decreased from 0.16 in 2004-05 to 0.07 in 2009-10 as the increase in turnover was not commensurate with the growth in State GDP.

(Paragraph 5.1.9)

Audit of Transactions (Commercial)

The Manipur Tribal Development Corporation Limited has not finalized its accounts for 27 years.

(Paragraph 5.2)

The Manipur Spinning Mills Corporation Limited suffered a probable loss of ₹ 3.75 crore in the value of fixed assets during the previous ten years.

(Paragraph 5.3)

Though there was a growth in demand of 222 Million Units from 31 March 2005 to 31 March 2010, the installed power generation capacity had reduced by 5.072 Mega Watts. The Department neither took up any capacity addition programme nor identified any generating stations for life extension and using its power houses as standby and operated only when the Grid supply failed.

(Paragraph 5.4)

Chapter I

Performance Reviews (Civil)

CHAPTER-I
PERFORMANCE REVIEWS

DEPARTMENT OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

1.1 Public Distribution System

Highlights

A review on Public Distribution System (PDS) was undertaken to assess the performance of various functionaries involved in identifying the targeted beneficiaries, allocation and distribution of foodgrain to various Fair Price Shops, supervision and monitoring of the activities at ground level with the ultimate objective of providing and ensuring timely availability of foodgrain to the public at affordable prices and for ensuring food security for the poor. There was short lifting of wheat and sugar against the allocation made by Government of India. There were instances of diversion of rice, wheat and kerosene. Monitoring, inspection and the activities of the vigilance committee at State and District level were found to be inadequate. Monitoring mechanism and inspection of FPS at different levels needs strengthening to prevent pilferage of commodities.

The State Government did not formulate guidelines for identification of beneficiaries and review of households.

(Paragraph 1.1.7)

The PDS items meant for identified beneficiaries were diverted.

(Paragraphs 1.1.9.2, 1.1. 9.4, 1.1.9.7 and 1.1.9.11)

PDS consumers were denied of the intended benefit of having PDS items at prescribed scale and affordable price in a timely manner.

(Paragraph 1.1.9.5)

Bank interest on Cash Credit Account was charged from the beneficiaries even when credit facilities were not availed of.

(Paragraph 1.1.9.6)

Instead of availing of transport subsidy and Hill Transport Subsidy Scheme, the State Government charged the cost of transportation to the beneficiaries by fixing high end retail price.

(Paragraph 1.1.11.2)

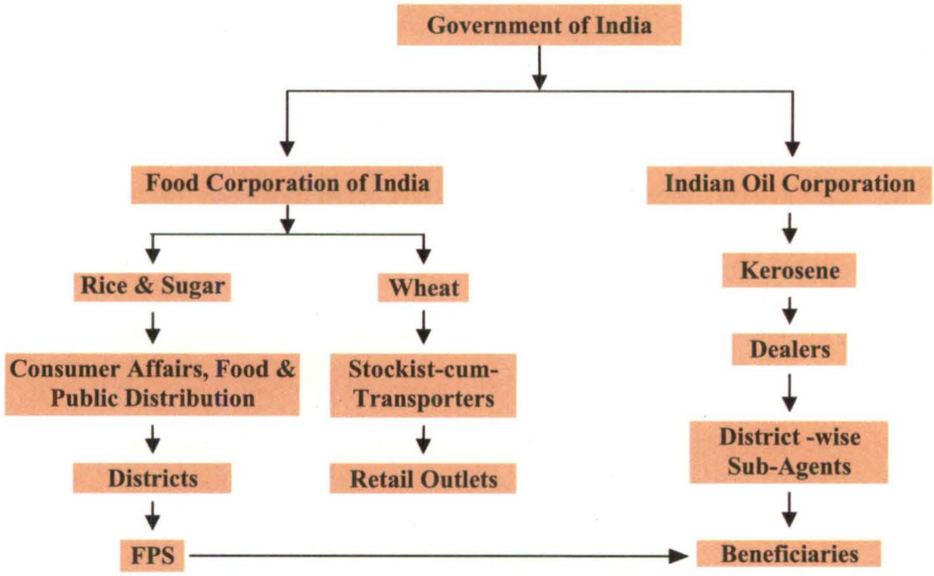
Monitoring mechanism as envisaged in the PDS (Control) Order, has not been established and no evaluation was carried out by the Department to assess the impact of implementation of the Public Distribution System.

(Paragraph 1.1.19)

1.1.1 Introduction

The Public Distribution System (PDS) was evolved to ensure timely availability of foodgrain at affordable price to enhance food security particularly to the weaker sections of society. A Revamped Public Distribution System (RPDS) was launched (June 1992) and the Targeted Public Distribution System (TPDS) was introduced (June 1997). The system is regulated under the provisions of Public Distribution System (Control) Order, 2001 and is operated under joint responsibility of the Central and State Government. Manipur being a deficit State in foodgrain, the scheme of Decentralised Procurement was not implemented in the State. Therefore, the Central Government has assumed responsibility for procurement, storage, transportation, and bulk allocation of foodgrain through Food Corporation of India (FCI). The operational responsibility of lifting and distribution of foodgrain within the State, identification of families, issue of ration cards and supervision and control of the functioning of Fair Price Shops (FPS) rest with the State Government.

Flow-Chart of PDS items is given below:



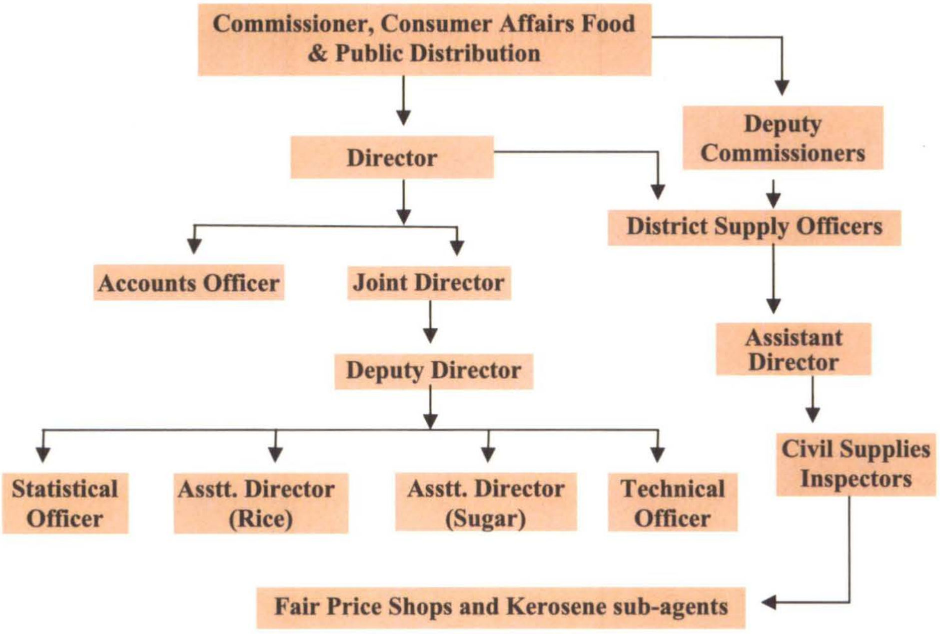
In Manipur, three FCI godowns are located at Imphal, Jiribam and Ukhrul for supply of foodgrain and distributed through a network of 47 Food and Civil Supply (FCS) godowns of 2551 FPSs. The IOC depot Imphal, supplies kerosene to 85 kerosene dealers with 2,747 kerosene sub-agents for distribution.

In 2005-06, total number of beneficiary households in the State was 4,06,593, of which there were 2,40,593 APL households, 1,15,600 BPL households and 50,400 AAY households on the basis of the projected population taken by the Planning Commission of India for the purpose of PDS. From February 2008 the number of BPL and AAY households were 102400 and 63600 respectively.

1.1.2 Organisational set up

The Director of Consumer Affairs, Food and Public Distribution (CAF&PD) is the Head of the Department and responsible for implementation of the scheme at the state level. He is assisted by the Joint Director and the District Supply Officers (DSOs) at the district level. The concerned District Administration has to ensure proper distribution of the essential commodities through the network of FPSs manned by the rationing agents. The FPSs, in turn, sell the commodities to the beneficiaries, at prices fixed by the State Government.

The Organogram of the Department is given in the chart below:



1.1.3 Scope of audit

The performance audit on Public Distribution System (PDS) covering the period from 2005-10 was conducted (June to September 2010) covering the Directorate office, three[1] out of nine districts, seven blocks[2] from the selected districts, and 36 FPSs (out of 1108 FPSs) from selected seven blocks were selected through a Simple Random Sampling Without Replacement (SRSWOR) method.

1.1.4 Audit methodology

Audit methodology included briefing the management of the objectives of the review through an Entry Conference (June 2010), issue of questionnaire, holding meetings and discussions with the management. To assess the impact of PDS in the State, the satisfaction level of the PDS beneficiaries on different

[1] (1) Imphal West, (2) Thoubal and (3) Churachandpur

[2] (1) Wangoi, (2) Haorangshabal ; (3) Thoubal, (4) Kakching (5) Singhat, (6) Saikot and (7) Chrurachandpur.

parameters was evaluated through interviews of 808 beneficiaries and verification of documents of 36 FPS. Questionnaire were also framed on various parameters of PDS and issued to PDS beneficiaries/FPS. Photographic evidence and physical verification were also taken into consideration to substantiate audit conclusion. The Exit Conference was held (October 2010) with the Commissioner, Director and the District Officers. The reply of the Government/Department had been incorporated in the report at appropriate places.

1.1.5 Audit objectives

The performance audit was conducted with a view to assess the:

- Efficacy of the system for identification of beneficiaries and targeted beneficiaries were identified in a transparent manner.
- Effectiveness of allocation and distribution of foodgrain by Government to ensure that all people have access to foodgrain in time at prescribed quantity and rates.
- Effectiveness of Consumer awareness programmes and redressal of public grievances.
- Internal Control mechanism and Infrastructure development schemes were implemented effectively.
- Adequacy and effectiveness of the monitoring system adopted.

1.1.6 Audit criteria

Audit findings were benchmarked against the following criteria:

- Guiding principles prescribed by the GOI relating to identification of beneficiaries.
- Provisions of the Public Distribution System (Control) Order, 2001.
- Scale and issue rate of foodgrain prescribed by the GoI.
- Orders/instructions of State Government for issue of ration cards, weeding out bogus ration cards, scale and issue rates, monitoring over the functioning of FPSs.
- Government norms for payment of transportation/incidental charges of foodgrain.
- Government instructions regarding quality of foodgrain.
- Prescribed monitoring mechanism.

Audit findings

Important audit findings are discussed in the succeeding paragraphs.

1.1.7 Planning

1.1.7.1 Identification of beneficiaries

As per the PDS (Control) Order, 2001 the State Government is to formulate suitable guidelines for identification of BPL and AAY beneficiaries. Actual identification of beneficiaries should be done by involving Gram Sabha/ Village Authorities. AAY guidelines suggested step by step process for identification of AAY families from Gram Sabha/Village Authority level to State level.

The third expansion of AAY (May 2005) increased the percentage of AAY beneficiaries to 38.18 *per cent* of BPL. The AAY guidelines was further amended (March 2009) to include all eligible BPL families living with HIV positive persons on priority, as per the directives of the Supreme Court.

However, the State Government did not formulate any such guideline on the ground that the central guidelines were being followed in *toto* in implementation of the scheme in the State. The third expansion of AAY beneficiaries was made to identify AAY beneficiaries from among the poorest of the poor of BPL families. Identification was completed in February 2008 with undue delay. However, expansion for inclusion of HIV affected persons was yet to be finalised (December 2010).

The Department stated (November 2010) that third expansion of AAY beneficiaries was delayed due to law and order problem. A review of beneficiaries would be made with the latest electoral rolls published by the State Election Commission to detect bogus ration cards.

Thus, due to delay in third expansion of AAY, 13200 beneficiaries included subsequently were deprived of the benefit of the scheme for thirty two months (May 2005 to January 2008). HIV affected beneficiaries were also being denied the benefit of the schemes (December 2010).

1.1.7.2 Review of households

The State Government is required to get the lists of beneficiaries reviewed every year so as to delete ineligible beneficiaries and inclusion of new eligible families. However, no review was conducted during 2005-10.

The Department stated (November 2010) that review was conducted by the Department to identify bogus ration cards in all the districts and no bogus cards, ineligible families were identified. The reply of the Department is not acceptable as there was no record in the Department for reviews of household either by the district authorities or by any NGO during 2005-10. Such records were not produced to audit despite repeated requests and hence the claim of the Department of an error-free beneficiaries list could not be vouchsafed.

1.1.7.3 Issue of ration cards

As per clause 2 (7) of the Annexure to the PDS (Control) Order, 2001 as amended in 2004, a ration card under the scheme had a validity of five years from the date of its issue unless it is suspended or cancelled earlier. A ration card should be issued afresh or renewed after fresh verification of antecedent and such other checks as may be prescribed by the State Government in this regard.

The projected population of the State was taken as 25.18 lakh since 2001 for the purpose of implementation of the scheme with 4.07 lakh households and from February 2008, the number of BPL and AAY was changed to 1,02,400 and 63,600 respectively and however, there was no change in APL families. The following table shows the total number of household and number of beneficiaries under each category during 2005-10:

Table 1

Year	Number of households	Number of APL families	Number of BPL families	Number of AAY families
2005-06	4,06,593	2,40,593	1,15,600	50,400
2006-07	4,06,593	2,40,593	1,15,600	50,400
2007-08	4,06,593	2,40,593	1,15,600	50,400
2008-09	4,06,593	2,40,593	1,02,400	63,600
2009-10	4,06,593	2,40,593	1,02,400	63,600

(Source: Departmental records)

The above table shows that the number of population during the period remained static and the ration cards were not renewed and no action plan was prepared to renew the ration cards as of December 2010, except increase of AAY beneficiaries due to third expansion and decrease in BPL families during 2008-09. It indicates that the inclusion of new deserving household and deletion of undeserving household was not made in the right earnest.

1.1.7.4. Issue of un-authorised ration cards

As per guidelines, the District Authority is competent to issue ration cards to the identified households. During joint physical verification of 182 beneficiaries along with Departmental representatives in Saikot block of Churachandpur district, audit noticed that the Chief Chairman of the village issued slips to the households and on production of the slips, PDS items were issued. None of the beneficiaries in the selected block of Churachandpur and Saikot produced the ration cards issued by the District Authority.

As the PDS items were issued by the FPS on production of the slip for drawing PDS items from FPS, no entry could be recorded in the slip in token of issue of PDS items to the beneficiaries. Thus, issue of the prescribed quantity of PDS items to the beneficiaries could not be ensured.

The Department stated (November 2010) that they have noted audit observation and would take necessary action and further added that more care would be taken up to avoid such ill practice in future.

1.1.7.5 Requisition of PDS items by the State Government

The State Government is to submit their foodgrain requirement to the GoI, who, after considering certain factors like population, should accordingly allocate foodgrain to the State for distribution under PDS.

The GoI allocated the foodgrain during 2005-10 based on the projected population of 25.18 lakh. The population of Manipur has since been increasing and therefore, the demand of foodgrain is also increasing. In order to cope with the demands of the increasing population, the State Government wrote to the GoI only in October 2009 for more allocation of foodgrain. The year-wise increase in projected population of the State is shown below:

Table 2

(in lakh)

District	Year				
	2005	**2006**	**2007**	**2008**	**2009**
Imphal East	4.28	4.36	4.45	4.54	4.63
Imphal West	4.80	4.89	4.99	5.09	5.19
Bishnupur	2.02	2.25	2.28	2.32	2.35
Thoubal	3.99	4.09	4.19	4.29	4.39
Chandel	1.42	1.47	1.55	1.61	1.68
Churachanpur	2.57	2.64	2.72	2.81	2.89
Senapati	3.25	3.37	3.49	3.61	3.74
Tamenglong	1.26	1.29	1.33	1.37	1.41
Ukhrul	1.56	1.60	1.64	1.68	1.72
Total	**25.15**	**25.96**	**26.64**	**27.32**	**28.00**
Shortfall (-)/ Excess (+) of population against 25.18 lakh	(-) 0.03	(+) 0.78	(+) 1.46	(+) 2.14	(+) 2.82

(Source: Departmental records)

As the Department failed to submit request to the Government of India in time to allot more foodgrain to meet the demand of the increasing population, beneficiaries ranging from 0.78 lakh to 2.82 lakh were denied the benefits of the scheme during 2006-10. Thus, the State Government failed in their commitment to ensure food security for the poor at subsidised rates and deprived them of the benefits under the scheme during 2006-10.

1.1.8 Financial management

The State Government has not made any budget allocation during 2005-10 for implementation of the scheme except allotment of one time budgetary allocation of ₹ 3 crore for purchase of levy sugar. Audit however, noticed that during review period the funds for lifting of PDS rice was arranged by obtaining Cash Credit Account (CCA) amounting to ₹ 4 crore from the Reserved Bank of India (RBI) on quarterly basis at an interest rate ranging from 9.35 to 14.25 *per cent* per annum. The CCA was used for payment of the cost of rice to FCI and subsequently recouped from the sale proceeds of the FPSs.

CCA was not extended from April 2009. Though the GoI conveyed (July 2009) the consent for availing CCA, it could not be made operational due to non-finalisation of necessary procedure for its operation (December 2010). During this period, the State Government issued orders to all FPS, to deposit the cost of their monthly quota of rice in advance for payment to FCI. Further points on these issues were discussed in the succeeding paragraph 1.1.9.6.

Further, lifting of rice from FCI to main godown and to the districts was done by engaging transport contractors. The cost for transportation was paid out of the margin money which was included to the cost of rice. Details of margin money received during the period by the Department were not furnished to Audit.

1.1.9 Allocation and lifting of PDS items

1.1.9.1 Difference in quantity of rice allocated and lifted between the GoI and State Government

The year-wise allocation and lifting of APL, BPL and AAY rice as per records of GoI and State Government during 2005-10 are as follows:

Table 3

(In MT)

Year	Type of beneficiary	Allocation			Lifting		
		GoI	GoM	Diff.	GoI	GoM	Diff.
2005-06	APL	32052	32052	0	710	600	*110*
	BPL	35352	37002	-1650	29970	32409	*-2439*
	AAY	19436	17692	1744	13960	15912	*-1952*
	Total	**86840**	**86746**	**94**	**44640**	**48921**	**-4281**
2006-07	APL	33228	33228	0	15895	13512	*2383*
	BPL	45064	45064	0	35824	45060	*-9236*
	AAY	21180	21180	0	18411	21180	*-2769*
	Total	**99472**	**99472**	**0**	**70130**	**79752**	**-9622**
2007-08	APL	28175	26175	2000	26025	25985	40
	BPL	45894	46356	-462	44113	45068	-955
	AAY	22566	22104	462	21447	21935	-488
	Total	**96635**	**94635**	**2000**	**91585**	**92988**	**-1403**
2008-09	APL	26184	26184	0	27361	26113	1248
	BPL	41736	41736	0	36000	41604	-5604
	AAY	26724	26724	0	22905	26655	-3750
	Total	**94644**	**94644**	**0**	**86266**	**94372**	**-8106**
2009-10	APL	29596	26184	3412	32089	26184	5905
	BPL	41736	41736	0	46954	41736	5218
	AAY	26724	26724	0	28787	26724	2063
	Total	**98056**	**94644**	**3412**	**107830**	**94644**	**13186**
Grand total for 5 years	**APL**	**149235**	**143823**	**5412**	**102080**	**92394**	**9686**
	BPL	**209782**	**211894**	**-2112**	**192861**	**205877**	**-13016**
	AAY	**116630**	**114424**	**2206**	**105510**	**112406**	**-6896**
	Total	**475647**	**470141**	**5506**	**400451**	**410677**	**-10226**

(Source: Departmental records and website of the Ministry of CAF&PD)

During 2005-10, the GoI's allocation of rice was 4,75,647 MT however, the State Government shown the allocation as 4,70,141 MT showing a short allocation of 5506 MT of rice. Whereas, there was an excess lifting of rice by the State Government than the quantity of rice shown by the GoI by 10,226 MT of rice. Reasons for the difference in quantities were not recorded in the Departmental records. Hence, the excess/less lifting of rice by the State Government *vis-a-vis* GoI figures needs to be reconciled.

Lack of proper reconciliation of stocks and lack of monitoring shows that the system was deficient leaving ample scope for leakage and diversion of foodgrain.

1.1.9.2 Issue of rice to district authorities

The Department lifted 4,10,677 MT of rice (BPL=2,05,877 MT; AAY=1,12,406 MT and APL=92,394 MT) during 2005-10. The details are as shown below:

Table 4

(In MT)

Year	State/District	BPL	AAY	APL	Total
2005-06	FCI to State	32409	15912	600	48921
	State to District	32406	15912	200	48518
	Difference	**3**	**0**	**400**	**403**
2006-07	FCI to State	45060	21180	13512	79752
	State to District	42012	19690	10915	72617
	Difference	**3048**	**1490**	**2597**	**7135**
2007-08	FCI to State	45068	21935	25985	92988
	State to District	47905	22878	18976	89759
	Difference	**-2837**	**-943**	**7009**	**3229**
2008-09	FCI to State	41604	26655	26113	94372
	State to District	41604	27287	17151	86042
	Difference	**0**	**-632**	**8962**	**8330**
2009-10	FCI to State	41736	26724	26184	94644
	State to District	41049	25979	17680	84708
	Difference	**687**	**745**	**8504**	**9936**
Total:	**FCI to State**	**205877**	**112406**	**92394**	**410677**
	State to District	**204976**	**111746**	**64922**	**381644**
	Difference	**901**	**660**	**27472**	**29033**

(Source: Departmental records)

Audit noticed from the above table that during 2005-10, the State Government lifted 410677 MT of rice out of which 381644 MT of rice was issued to the districts, leaving 29033 MT of rice with the Department.

The Department stated (November 2010) that out 29033 MT of rice, 26,246 MT of APL rice had been distributed and 2028 MT of rice is lying in the godown as of March 2010. As such, 759 MT[3] is still not accounted for. The reply is silent on actual distribution of rice to bonafide beneficiaries/ households. Hence, the possibility of diversion of rice (26,246 MT) could not be ruled out.

1.1.9.3 Unaccounted direct lifting of rice

As per prevailing system in the State, the PDS rice is lifted by the Department from the FCI and stored in departmental godowns for issue to the districts.

As per statement furnished by the Department, 84,247 MT of rice valuing ₹ 48.38 crore[4] was lifted (2005-10) directly from the FCI godown to districts.

[3] Total quantity in the Department is 29,033 MT – (26246 MT: Distributed by the Department + 2028 MT: Closing stock)

[4] 16067 MT x₹ 3000 (AAY) + 46294MT x ₹ 5650 (BPL) + 21886MT x ₹ 7950 (APL)= ₹ 48.38

However, the details of receipt of the quantity on direct lifting was not maintained in stock and issue register maintained at the departmental godowns at Sangaiporou and to the selected district offices. The detail of the quantity of rice directly lifted from FCI is shown in the table below:

Table 5

(In MT)

Year	Category of beneficiaries			Total
	BPL	AAY	APL	
2005-06	10862	1267	200	12329
2006-07	15112	4862	6554	26528
2007-08	12284	4875	9998	27157
2008-09	4476	2906	1830	9212
2009-10	3560	2157	3304	9021
Total:	**46294**	**16067**	**21886**	**84247**

(Source: Departmental records)

The Department stated (November 2010) that direct lifting was done on the basis of the orders issued by the Inspector (Release Order) and quantity lifted were accounted for. The reply was not acceptable as the information of direct lifting was neither reflected in the stock/issue register of the Department nor recorded in the stock register of district offices.

1.1.9.4 Diversion in distribution of rice

The PDS (Control) Order, 2001 stipulates that the State Governments shall not divert the allocation of PDS items made by the Central Government for distribution under PDS. In Churachandpur district, audit noticed that there was short receipt of 5721 MT of rice than the quantity furnished by the Department.

The DSO Churachandpur stated (August 2010) that 23232 MT of rice were lifted during 2005-10 for distribution to the beneficiaries against 28953 MT of foodgrain as reported by the Government thereby showing a shortfall of 5721 MT (28953 MT - 23232 MT).

The difference in the quantity shown by the Directorate and District Supply Officer, Churachandpur needs reconciliation. PDS items lifted from the Department and not reaching the district office amounts to diversion of foodgrain.

1.1.9.5 Overcharging of foodgrain distributed to the targeted groups

The end retail price of rice was fixed by the State Government as below:

Table 6

(₹ per quintal)

Sl. No.	Particulars of charge	AAY	BPL	APL
1	Central Issue Price	300.00	565	795.00
2	Handling charges	0.25	0.25	0.25
Landed cost		**300.25**	**565.25**	**795.25**
3	Administrative and transportation charges	25.75	25.75	25.75
4	CCA Interest charge	10.50	19.80	27.80
Ex-godown price		**336.50**	**610.80**	**848.80**
5	Retailers margin for FPS	10.00	10.00	10.00
Retail Price		**346.50**	**620.80**	**858.80**

(Source: Departmental records)

According to GoI's instructions, the end retail price of AAY rice should not exceed ₹ 3 per kg. However, the State Government fixed the price for AAY rice at ₹ 3.47 per kg. Thus, instead of providing subsidized rice, the Government put extra financial burden on the poorest of the poor by increasing the end retail price by 47 paise per kg. The total overcharging of AAY rice from beneficiaries worked out to ₹ 5.28 crore[5] for issue of 112406 MT of AAY rice during 2005-10.

Similarly, the end retail price of BPL rice should not be more than 50 paise per kg over the central issue price of ₹ 5.65 per kg. However, the State Government fixed the price at ₹ 6.21 per kg for BPL rice, ₹ 0.06[6] higher than the prescribed limit per kg. This resulted in overcharging the BPL beneficiaries by ₹ 1.24[7] crore for 205877 MT of rice.

Overcharging to AAY and BPL beneficiaries by ₹ 6.52 crore during 2005-10 has defeated the very purpose of providing foodgrain to the poorest of the poor at subsidized and at affordable prices as stipulated by the GoI.

In their reply, the Department stated (November 2010) that the instructions from the Central Government could not be implemented due to State's financial hardships. The reply is not tenable because issue of foodgrain should have been implemented as per scheme guidelines and additional charges, if required should be borne by the State instead of putting the burden on the shoulders of the poor families.

1.1.9.6 Charging of bank interest to beneficiaries

Funds for lifting of rice were initially made from the Cash Credit Accounts of the RBI of ₹ four crore, bearing interest ranging from 9.35 to 14.25 *per cent* per annum. The bank interest on CCA for lifting of AAY, BPL and APL rice was charged to the families over and above the Central Issue Price of the FCI.

During 2009-10 CCA was not extended to the Department, as such the FPS deposited the ex-godown price of rice in advance in the accounts of the Department. However, the Government continued to charge the interest component of ₹ 10.50 per quintal from AAY families, ₹ 19.80 per quintal

[5] 112406 MT of AAY rice X ₹ 0.47 per kg =₹ 5,28,30,820
[6](CIP ₹ 5.65 + ₹ 0.50) - ₹ 6.21 = ₹ 0.06
[7] 205877 MT of BPL rice X ₹ 0.06 per kg =₹ 1,23,52,620

from BPL and ₹ 27.80 per quintal from APL during 2009-10 and the total quantity of rice lifted by the FPSs was 25979 MT for AAY families, 41049 MT for BPL families and 17680 MT for APL. As a result, the State Government injudiciously overcharged ₹ 1.58 crore (AAY-₹ 27.28 lakh; BPL-₹ 81.28 lakh and APL ₹ 49.15 lakh) during the year.

The Department stated (November 2010) that when the Cash Credit Account was not extended, the interest component was excluded on depositing the cost of rice. The reply of the Department is not acceptable because bank interest had been charged from the beneficiaries during 2009-10.

1.1.9.7 Wheat

Under PDS (Control) Order, 2001 unauthorised movement or delivery of essential commodities not reaching the intended beneficiaries shall be treated as diversion. Though no demand of wheat was placed by district authorities, the quantity of BPL and APL wheat lifted[8] by the State Government during 2005-2010 is shown below:

Table 7

(In MT)

Year	APL wheat		BPL wheat		Total	
	Allocation	Lifting	Allocation	Lifting	Allocation	Lifting
2005-06	26660	15702	12140	4856	38800	20558
2006-07	16860	7372	13200	3488	30060	10860
2007-08	5000	6000	1060	1272	6060	7272
2008-09	5000	6000	1060	1272	6060	7272
2009-10	5000	6000	1060	1272	6060	7272
Total:	**58520**	**41074**	**28520**	**12160**	**87040**	**53234**

(Source: Departmental records)

As can be seen from the above table, the GoI allotted 87040 MT of wheat against which 53234 MT of wheat was lifted by the State, short lifting being 33806 MT of wheat (39 *per cent*).

As per GoI's revised policy (January 2008), the State Governments are to distribute wheat/*atta* through FPS. However, against the policy, the State Government appointed (February-March 2008) 27 Stockist-cum-Transporters and distributed *atta* to retail outlets instead of selling it through FPS. As the wheat flour was not sold through FPSs, it could not be ensured whether wheat flour was sold to the intended beneficiaries. Since the wheat was distributed to open market through Stockists-cum-Transporters, diversion of wheat without involving FPSs could not be ruled out.

The Department stated (November 2010) that wheat flour was sold through Retail Outlet Shops to APL and BPL beneficiaries only. The reply is not acceptable because when commodities were sold through open market, reaching the commodities to eligible beneficiaries could not be ensured.

[8] No AAY wheat was lifted during 2005-10

1.1.9.8 Sugar

GoI fixed the scale for distribution of sugar to the beneficiaries at 700 grams per head per month and allocated 1,09,516 MT of sugar during 2005-10 for the State. The following table shows the position of allocation, lifting and issue of sugar during 2005-10:

Table 8

(In MT)

Year	Allocation	Opening balance	Quantity lifted	Total	Issued to district	Issued to others[9]	Total issued	Closing stock	FCI figure[10]
2005-06	21902	67.02	4546.54	4613.56	3059.50	1497.00	4556.50	57.06	5351
2006-07	21904	57.06	6190.51	6247.57	4236.17	1402.23	5638.40	609.17	7789
2007-08	21922	609.17	4006.06	4615.23	1804.21	2775.23	4579.44	35.79	4156
2008-09	21838	35.79	4754.13	4789.92	2733.78	1887.81	4621.59	168.33	5434
2009-10	21950	168.33	7914.76	8083.09	4370.38	3626.07	7996.45	86.64	9101
Total:	**109516**		**27412.00**		**16204.04**	**11188.34**	**27392.38**		**31831**

(Source: Departmental and FCI records)

The above table shows that out of the allocated quantity of 1,09,516 MT during 2005-10, the quantity of sugar lifted as per FCI record was 31,831 MT (29 *per cent*) while it was 27,412 MT as per Departmental records (25 *per cent*). The difference of short lifting of 4419 MT of sugar as per Departmental records *vis-a-vis* FCI records involved ₹ 5.89 crore[11] calculated on the basis of Central Issue Price.

The Department stated (November 2010) that there was short lifting of sugar against allocation as the FCI could not supply the full quota of sugar to the State. The reply is evasive because no reason for difference between Departmental and FCI figures was offered by the Department. Further, short lifting by more than 70 *per cent* is indicative of the fact that allocation of sugar was grossly exaggerated and not made on realistic basis.

The mismatch in figures of lifting of sugar between Departmental and FCI records in all the five years during 2005-10, involving a total quantity of 4419 MT amounting ₹ 5.89 crore is a matter of concern and needs reconciliation.

1.1.9.9 Scale and issue price of sugar

During 2005-10, an average of 6.45 kg[12] of sugar was distributed against the prescribed quantity of 42 kg per person. The State Government fixed the end retail price of sugar at ₹ 13.50 per kg. However, as per joint beneficiary survey conducted by Audit with the representatives of the Department, it was revealed that the FPS charged between ₹ 15 to ₹ 18 per kg to the beneficiaries.

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[9] Others include para military, rehabilitation and mobile sale, individuals *etc.*

[10] Quantity of sugar supplied to the State Government as furnished by FCI

[11] ₹ 13336 (FCI price of sugar) X 4419 MT=₹ 5,89,31,787.

[12] As per Planning Commission, the projected population was 25.18 lakh based on 2001 census. Thus on an average 16242844 kg /25.18 lakh *i.e.* 6.45 kg per person was admissible per person during 2005-10.

In the sample district of Thoubal, Audit noticed that during 2005-10 sugar was distributed only in 21 months to the beneficiaries against the prescribed 60 months.

In their reply, the Department stated (November 2010) that the Directorate was unable to release the allocated quantity of Levy sugar to the district due to irregular and less supply by the FCI. It was also stated that the marginal profit given by the Government of India was very less. As such, the FPS sold sugar at the range of ₹ 15 to ₹ 18 per kg to the beneficiaries. The reply of the Department is not tenable since selling of PDS items to the beneficiaries at rates higher than the prescribed rate is in contravention of PDS Control Order and defeated the objective of the scheme for issuing PDS items at affordable rate to the beneficiaries.

1.1.9.10 Superior kerosene oil

As per PDS norms, allocation of kerosene was made at the rate of five litres per month per household. As per information furnished by IOC, 1,19,447 KL of kerosene was issued to the Department, however the Department recorded receipt of 1,18,282 KL *i.e.* short receipt of 1,165 KL than IOC's recorded figure.

Further, the Department allowed a margin of 3 *per cent* as compensation of dealers' losses due to losses/shortages/pilferages/leakages. Thus, the balance quantity of 1,14,733 KL only was available for issue to the beneficiaries. The details are as follows:

Table 9

(In KL)

Year	Quantity of kerosene lifted as per		Compensation allowed to dealers 3 *per cent* of Col. 3	Quantity available for distribution to beneficiaries (3 - 4)
	IOC	Department		
(1)	(2)	(3)	(4)	(5)
2005-06	24063	24105	723	23382
2006-07	23673	25627	769	24858
2007-08	23706	24755	743	24012
2008-09	23961	21876	656	21220
2009-10	24044	21919	658	21261
Total	**119447**	**118282**	**3549**	**114733**

(Source: Departmental records and records from IOC)

Audit noticed that four litres per household per month was allotted to the districts against the prescribed norm of five litres; depriving one litre to each family during 2005-10. The Department also diverted kerosene to ineligible individuals/institutions like the MLAs, Municipal Councils, educational institutions and individuals on special permission issued by the District authorities. The action of the Department has defeated the objectives of issue of PDS items only to the identified beneficiaries. Compensation of 3 *per cent* at flat rate allowed for leakages, pilferages, shortages *etc.* instead of booking at actual losses has resulted in undue benefit of 3,549 MT of kerosene to the dealers. As such the departmental action of allowing compensations at flat rate needs re-examination.

1.1.9.11 Illegal diversion of PDS kerosene

As per PDS (Control) Order 2001, all possible steps must be taken to ensure that essential commodities meant for distribution reach the poor and do not get diverted to the open market. The position of allocation, lifting and distribution of kerosene during the period in the test-checked districts is as follows:

Table 10

(In KL)

District	Lifting	3 *per cent* pilferage	Lifted by dealers	Issued to sub-agents	Issued to others
Imphal West	25940	778	25162	15374	9788
Thoubal	16932*	508	16424	14974	1450
Churachandpur	11287	339	10948**	9173	1587
Total:	**54159**	**1625**	**52534**	**39521**	**12825**

* Allocation made for 17033 KL; of which 101 KL had lapsed and hence not taken into account.

** 188 KL of kerosene lapse during the period was not accounted for hence the quantity lifted has been shown excess by 188 KL.

(Source: Departmental records)

Out of the total lifted quantity of 54,159 KL, a quantity of 39,521 KL (73 *per cent*) only was issued to kerosene sub-agents for distribution to beneficiaries. The State Government diverted 12,825 KL (*24 per cent*) to others[13] depriving of the eligible ration card holders.

1.1.10 Joint physical verification of FPS and beneficiaries

Audit verified (June-September 2010) 36 FPS and surveyed 808 beneficiaries in three districts (Imphal West, Thoubal and Churachandpur) along with Departmental representatives to assess the proper delivery of PDS items at the beneficiary level. The survey was based on interview and questionnaire framed on various parameters of PDS. The findings of the verification are discussed as follows:

In six FPSs surveyed in Churachandpur district, 5 to 10 kg of BPL rice was issued at ₹ 8 per kg per month against the prescribed norms of 35 kg at ₹ 6.20 per kg in a month to BPL families. AAY families were issued 5 to 20 kg per month at ₹ 6 to ₹ 8 per kg against the prescribed monthly norms of 35 kg at ₹ 3 per kg. Kerosene of 2 to 4 litres was sold at ₹ 15 per litre against the norms of 5 litres per family at ₹ 9.50 to ₹ 10.50 per litre per month.

In 11 FPSs surveyed in Thoubal district, 2 kg to 8 kg of BPL rice were issued only in 3 to 4 occasions in a year at a higher rate of ₹ 9 to ₹ 10 per kg. AAY rice was issued ranging from 5 kg to 20 kg at a higher price of ₹ 5 to ₹ 10 per kg in a month. It was also noticed that 200 beneficiaries were issued a trivial quantity of kerosene at an average of 5.64 litre in a year at a higher rate of ₹ 13 to ₹ 15 per litre.

Further, 109 AAY beneficiaries out of 324 AAY card holders in three Gram Panchayats[14] of Imphal West were not found in the corrected electoral roll of

[13] MLAs, NGOs, educational institutions, State security forces, Para military forces *etc.*

[14] Heinoukhongnembi, Naoria Pakhanglakpa and Sagolband.

January 2010; which indicates that continuous review of beneficiaries lists to eliminate bogus ration cards was not done during 2005-10.

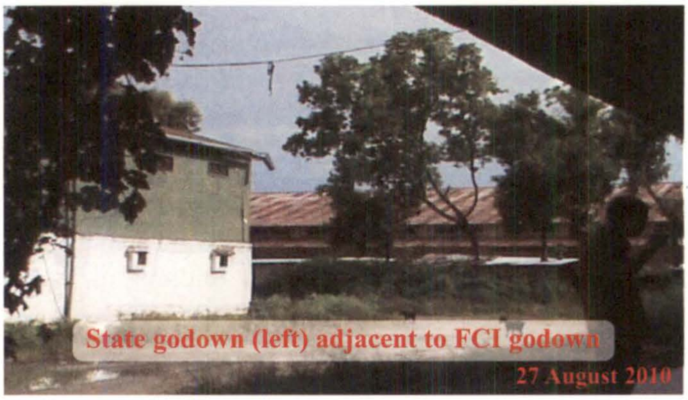
In their reply, the Government stated (November 2010) that the matter was noted and the State Government would instruct the District Authority to clarify the matter. It was also stated that the same action would cover all districts of Manipur.

1.1.11 Transportation of PDS items

1.1.11.1 Avoidable expenditure on lifting charges

During 2005-07, the Department shifted rice direct from FCI godown to district godowns and incurred an expenditure of ₹ 13.78 lakh as labour charges in shifting 128,673 MT of rice.

However, from 2007-08 onwards the system of direct lifting from FCI godown to district godowns was discontinued, and transporters were engaged to lift foodgrain first from FCI godown to the adjacent main godown of FCS and subsequently to the districts. The location of FCI and State FCS godowns is adjacent to each other, as evident from the photograph as shown below:



During 2007-10 the Department lifted 282,004 MT of rice from FCI godown to State FCS godown and then to the districts; incurring an expenditure of ₹ 39.91 lakh as labour charges. Thus, against labour charge of ₹ 10.71 per MT incurred during 2005-07 when rice was lifted directly from FCI godown to the districts, the Department had to incur an expenditure of ₹ 14.15 per MT as labour charge during 2007-10. This change in the system in lifting rice resulted in avoidable expenditure of ₹ 9.70 lakh[15] for lifting 282,004 MT of rice in 2007-10.

In the reply, the Department stated (November 2010) that the FCI has a system of releasing of stocks of Last In First Out (LIFO). The reply of the Department is evasive as lifting of rice on LIFO basis will not have any impact in lifting rice directly from FCI godown to the districts as it was done during 2005-07.

[15] ₹ (14.15 – 10.71) per MT x 282,004 MT = ₹ 9.70 lakh.

1.1.11.2 Non-availing of Hill Transport Subsidy Scheme

As per Hill Transport Subsidy Scheme (HTS), the FCI is required to open godown at Principal Distribution Centres (PDCs) wherever possible or reimburse the State Government the cost of transportation of foodgrain on actual basis for lifting of foodgrain from base depots of FCI to designated PDCs of the State Government.

The Department is responsible for transportation of foodgrain to 10 PDCs in five hill districts. The cost of transportation from FCI godown at Imphal to PDCs of hill districts is initially to be borne by the State Government and subsequently to be reimbursed by the GoI through FCI. Audit noticed that the State Government has not provided any budget allocation for transportation charges of the foodgrain and payment for transportation was made by collecting ₹ 26 per quintal of rice from the FPS and incurred an expenditure of ₹ 1.61 crore towards hill transportation during 2005-10. Instead of availing of the Hill Transport Subsidy Scheme, the State Government increased the price of foodgrain by adding the cost of transportation charge to the poor beneficiaries.

The Department stated (November 2010) that pending reimbursement of ₹ 1.56 crore for the period from 1996 to 1999, further claims from 2000 to date was not made. As the State Government had not made any funds for meeting expenses on transportation of foodgrain, further claims for reimbursement cannot be done. Thus, PDS rice at subsidised rate as prescribed by GoI could not be availed of to the beneficiaries.

1.1.11.3 Non-implementation of door step delivery of PDS commodities

GoI directed the State Government to ensure door step delivery of PDS commodities to the FPS instead of engaging private transporters to transport goods as one of the points of Nine Point Action Plan for strengthening of TPDS. The Department have 15 fleet of serviceable trucks, however, the transportation works were entrusted to the private transporters. Hence, the objective of providing leakage free transportation of the PDS items to FPS could not be ensured.

The Department stated (November 2010) that door step delivery of PDS commodities could not be implemented in Manipur till then because of the fund constraint and law and order problem. However, despite the fund constraint the Department could engage private transportation contractors at a cost of ₹ 3.40 crore, which could have been avoided had the departmental trucks been utilised. The law and order problem in distribution network was equally applicable to private transports as well as to the Department. Further, in reply to another audit observation, the Department had stated that the law and order problem was under control for implementation of the scheme smoothly. Thus, the reply is not acceptable.

1.1.12 Non-accounting of transit and storage losses

The State Government did not prescribe any permissible limit of transit and storage losses in respect of PDS rice and sugar. Audit noticed that 1494.308

MT of rice and 13.642 MT of sugar involving ₹ 78 lakh[16] were accounted for as storage losses by the store-in-charge of the FCS main godown at Sangaiporou during the period from 2005-08 as shown below:

Table 11

(In MT)

Year	APL	BPL	AAY	Total Rice	Sugar
2005-06	8.084	120.989	48.932	178.005	4.700
2006-07	13.165	142.338	40.289	195.792	4.608
2007-08	218.727	484.738	417.046	1120.511	4.334
Total:	**239.976**	**748.065**	**506.276**	**1494.308**	**13.642**

(Source: Departmental records)

Due to non-fixing of any prescribed limit, the justification of storage losses could not be ascertained. In reply, the Department stated (November 2010) that a committee would examine the case regarding transit and storage losses.

1.1.13 Foodgrain storage facilities in the district

The State Government has 47 godowns having storage capacity of 26,000 MT. The photograph of physical status of one godown (Shed No. 4 at Sangaiporou) is given below:

Five godowns, out of 47 godowns in the State, were jointly verified with the representatives of the Department in order to verify adequacy of storage

[16] APL: 239.976 MT x ₹7950 = ₹ 1907809; BPL: 748.065 MT x ₹5650 = ₹ 4226567; AAY: 506.276 MT x ₹3000 = ₹ 1518828 and Sugar 13.642 MT x ₹13336.30=₹ 181934

facilities for storage of foodgrain. The results of verification revealed the following shortcoming:

- Out of 5 inspected storages, one storage (Shed No.4) at the Directorate complex at Sangaiporou had leakage on the roof.
- The floors of all storages were broken and rat holes were visible.
- Around 80 bags of sugar were dumped in shed No.1 of FCS godown at Sangaiporou. The sugar is stated to be unfit for human consumption as leakages from bags were sweeping from floors and refilled in the bags.
- Rotten and fungus rice visible between the piles of rice bags implied that no scientific system of storage existed.
- Mechanism for testing the quality of foodgrain was not available in the Department.

1.1.14 Village Grain Bank

The main objective of the Village Grain Bank Scheme is to provide safeguard against starvation during the period of natural calamity or during lean season when the marginalized food insecure households do not have sufficient resources to purchase rations. Such people in need of foodgrain will be able to borrow foodgrain from the Village Grain Bank (VGB). The grain banks are to be set up in food scarcity areas such as drought prone areas, tribal areas and inaccessible hilly areas which remain cut off because of natural calamities like floods *etc*. These villages are to be notified by the State Government.

The scheme envisaged about 30-40 BPL/AAY families to form a Grain Bank to ensure sustainable household food security. The scheme has two components of foodgrain and cash. Under this scheme, four MT of foodgrain and cash component of ₹ 14000 for weight and measures, storage bin, rentals, training, transportation (equal sharing between Centre and State), administrative and monitoring expenses was released to each Village Grain Bank.

As of 2010, the State Government established 93 VGBs in five hill districts. In Churachandpur district, Audit noticed that 100 MT of rice was distributed equally to 25 VGBs during October 2009. The foodgrain so distributed were given as loan to the villagers as per the norm of the scheme. However, the rice issued to the villagers as loans from VGB were not recouped (September 2010), hence the VGBs were remained dysfunctional (September 2010).

1.1.15 Fair Price Shops

Fair Price Shops (FPSs) are the end point of the PDS network responsible for efficient distribution of foodgrain to the ration card holders as per entitlement and at the retail prices fixed by the Government. During the physical verification of selected 36 FPS the following irregularities were observed:

- 15 FPS (42 *per cent*), had not displayed the signboards;
- All the FPSs were functioning at the residence of the FPS owner and not from a separate premise;
- All the FPS sold PDS items at higher price;
- The FPS owners failed to sell the essential commodities as per the entitlement fixed by the State Government;
- None of the FPSs displayed samples of foodgrain; and
- None of the FPS displayed list of BPL and AAY beneficiaries, entitlement of essential commodities, scale of issue, retail issue prices, timings of opening and closing of the fair price shop, stock of essential commodities received during the month and opening and closing stock of essential commodities.

The Department accepted the audit observation and stated (November 2010) that special instructions would be made to the concerned District Authorities to look into the matter so that the distribution of TPDS items to the concerned consumers to be effective, transparent and accountable.

1.1.16 Alternative distribution system

Many beneficiaries filed complaint cases in the Consumer Court and the High Court, alleging short issue of BPL and AAY rice and kerosene, by FPS agents and kerosene sub-agents. To address the leakages and diversions, the State Government issued memorandum (July 2009) allowing the BPL and AAY card holders to collect the entitled quantity of rice directly from concerned District Supply Officers/Additional Directors on production of demand draft through SBI, on or before 15 of every month. Further, kerosene could also be collected from concerned oil depots in person.

The system has not yet commenced in the State (November 2010). In the reply the Government stated (November 2010) that the matter is under examination.

1.1.17 Role of Members of Legislative Assembly in implementation of TPDS in the State

As per PDS (Control) Order, 2001, State Governments should make arrangements for taking delivery of essential commodities issued by the Central Government by their designated agencies or nominees from the FCI depots/godown and ensure further delivery to the fair price shop within the first week of the month for which allocation is made and shall exercise necessary checks to ensure that full quantity lifted by them reaches their godown and in turn the fair price shops.

However, the State Government, in order to streamline the existing system of PDS, issued order during October 2003 to August 2008 to revise the system of implementation with the following:

- Indent of PDS items is to be placed by the DCs. to the Director, FCS.

- The Director, FCS would issue allocation order for the indent made by the DCs.
- The concerned MLA will sign on the permit and deposit the cost of APL, BPL and AAY rice and sugar and other items for the agent concerned of his constituency.
- MLA would issue permit to the agent/ nominee to lift the PDS items from the official representative of the district
- MLA would issue PDS items to all FPS under his constituency
- Lifting of PDS items from the godown to the PDCs/PDSCs should be done by the nominee of MLA concerned through official representative of DC concerned.
- Transport of all PDS items from PDC to PDSCs and FPS should be the responsibility of the DC concerned.
- DCs would issue Utilization Certificate on receipt of MLA or his authorized nominee's Report on Receipt and Distribution of PDS items.

The above prescribed procedure was implemented in the State however, the system is not in consonance with the PDS (Control) Order, 2001. As the lifting and distribution of PDS items were passed on to the representatives of MLAs, the necessary Stock and Issue Registers to be maintained in the office of the District Supply Officer was deficient.

The Government stated (November 2010) that decision to involve MLAs to support the PDS by special orders was to ensure effective and transparent distribution so that concerned consumers could get their quota under the prevailing law and order situation in the State. The reply is not acceptable as involvement of MLAs had led to dilution of established process and distortion in administrative control in distribution system. In absence of vital records, transparency in implementation of PDS could not be ensured.

The involvement of the MLA in distribution of PDS items resulted in total dilution of established procedure in distribution, supply chain of the districts and distortion in administrative control and accountability.

1.1.18 Consumer affairs

(i) Consumer court

For increasing the awareness of all stakeholders including setting up Consumer Court to address public grievances, the State Government needs to establish Consumer Forum.

The State Government has established the State Level Consumers Protection Council, State Consumer Redressal Commission and Eight numbers of District Level Consumer Redressal Fora in the State under Consumers' Protection Act, 1986 to protect the interest of the consumers in the State. The State Commission and three District Fora were re-activated from September 2006 in order to protect the interest of the Consumers. During 2008-09 the Department has constituted District Level consumers/Advisory Council with Deputy Commissioner concerned as the Chairman. During 2009-10, 56 cases had been filed and 36 cases had been disposed of including previous pending cases leaving 16 cases as pending. Further, 153 cases had been filed in the 3 District Fora and 202 cases had been disposed of including previous cases and 19 cases were pending. Further information about number of cases filed and disposed off during 2009-10 could not be furnished to audit.

(ii) Infrastructure development

The GoI had sanctioned (January 2010) ₹ 60 lakh being first instalment for construction of Consumer Court buildings at the district headquarters at Chandel, Tamenglong, Churachandpur and Senapati, however, the constructions are yet to be completed (December 2010).

1.1.19 Monitoring and evaluation

1.1.19.1 Non-implementation of Vigilance Committee Mechanism

(i) A regular monitoring of the flow of PDS items to various Principal Distribution Centres and Distribution outlets is one of the important aspects of the distribution system. In order to ensure proper monitoring of the PDS, committees have to be set up at the grass root level with the involvement of local leaders. For monitoring the PDS, the GoI has devised feedback mechanisms in the form of monthly/quarterly/half yearly/yearly returns from the State Government.

The Vigilance Committees at the State, District, Block and FPS levels are responsible for the supervision and monitoring of the FPS with power to inspect and check the closing stocks, receipt of foodgrain and their distribution. Regular meetings are required to be held with a minimum of one meeting in a quarter at all levels for monitoring the PDS and the functioning of the FPSs. As of December 2010, 1330 FPS Level Vigilance Committees had been set up in the State for checking the functioning of FPS in their own areas. In the three selected districts, no meetings of FPS Vigilance Committees were held during the period from 2005-10.

The District Level Vigilance Committee for regular monitoring of the flow, was not constituted in Imphal West and monitoring reports and minutes of committee meeting were not available in any of the eight other districts.

The State Government did not prescribe model sale register, stock register and ration card register for FPS. No report of surprise check was available despite having 41 Civil Supply Inspectors in the Department.

The district level authorities of the selected districts stated (August 2010) that surprise checking and monitoring over the functioning of FPS agents were done only on receipt of complaints from the consumers.

Audit noticed that during review period no evaluation was ever carried out by the Department to assess the impact of implementation of Public Distribution System in a timely manner.

(ii) As per PDS (Control) Order, 2001, the State Government is to ensure monitoring of PDS at the FPS level through computer net-work linking with National Informatic Centre. However, the Department has not yet taken up (November 2010) any effective action and no attempt was made to switch over PDS to Smart Card system which gives an unique identity to the beneficiaries instead of issue of ration cards in traditional book-let form.

The Department stated (November 2010) that due to paucity of funds, the monitoring of PDS at the FPS level through computer network linking with National Informatic Centre is in slow progress and ensured for early implementation of computer network linking.

1.1.20 Non-formulation of Citizens Charter

The Citizens' Charter, is an important milestone in the efforts of the Government to provide services under the PDS in a more transparent and accountable manner. It contains, *inter alia*, basic information of interest to the consumers and a model procedure and time schedule for the services. The Charter contains essential information, *viz.*, entitlement of consumers, fair average quality of foodgrain, information regarding FPS, procedure for the issue of ration cards, inspection and checking, right to information, vigilance and public participation during the review period. The State Government did not formulate the Citizen Charter for Targeted Public Distribution System. In their reply, the Department stated (November 2010) that the State Government has formulated Citizen Charter for TPDS and it is at the stage of printing (December 2010).

1.1.21 Conclusion

Public Distribution System (PDS) was one of the most important functions of the State Government which helped in providing food securities to a large number of consumers. The implementation of Public Distribution System in the State was, however, suffered due to absence of review of list of beneficiaries to identify ineligible and unauthorized ration card holders, diversion of foodgrain and kerosene, short issue of foodgrain and charging of higher retail price. The Department has not put in place a system of periodical reconciliation of foodgrain released and lifted, resulted in difference in quantity of rice allocated and lifted between the GoI and the State Government. The consumers were overburdened owing to higher selling price of PDS items than the price approved by the Government, non-accounting of storage losses, putting cost of handling/transportation of foodgrain on consumers, charging inadmissible CCA interest.

Considering the distribution of PDS items at the end level, short allocation and lifting of foodgrain at different levels had the cascading effect of reducing the scale of distribution to the beneficiaries. The Department failed to avail of Hill Transport Subsidy scheme meant for reimbursement of the cost of transportation of foodgrain on actual basis and non utilization of established Village Grain Bank. Quality of foodgrain distributed remained questionable due to absence of quality control mechanism. Monitoring system was deficient due to lack of proper documentation at FPS, absence of mandatory checks by Vigilance Committees. No evaluation was ever carried out by the Department to assess the impact of implementation of Public Distribution System in a timely manner.

1.1.22 Recommendations

- The State Government should formulate suitable guidelines for identification and periodical review of eligible beneficiaries.
- The Government should ensure distribution of foodgrain to the beneficiaries at the prescribed scale and at subsidised rate in a timely manner
- The State Government should ensure effective storage facilities of foodgrain in all the districts.
- The Department should consider for setting up laboratories for testing of foodgrain to ensure distribution of foodgrain of good quality to the beneficiaries.
- Effective measures should be taken to avail of Hill Transport Subsidy Scheme instead of charging at the end retail price of foodgrain.
- Monitoring mechanism should be strengthened and enforced effectively so as to secure accountability at various levels of scheme implementation.

FINANCE DEPARTMENT

1.2 Information Technology audit of Computerisation of Personnel Information System (CPIS), formerly Manipur Government Employees List (MGEL), Government of Manipur

Highlights

There was lack of proper planning and monitoring due to non-formation of steering committee.

(Paragraphs 1.2.11.1, 1.2.11.2 and 1.2.12)

In the absence of User Requirement Specifications (URS), System Requirement Specifications (SRS), the extent to which the intended benefits were derived from computerisation could not be assessed.

(Paragraph 1.2.11.3)

The system suffered from a number of system development and design related deficiencies relating to non-provision of capturing of Full Employee and Father names, updation of pay scale of basic pay and date of next increment.

(Paragraphs 1.2.11.5, 1.2.11.6 and 1.2.11.8)

Due to non-provision of calculation of date of pension in the software, the manual calculation of the same indicated errors in case of 48,055 employees. The system also allowed to retain the status of 1388 employees as working beyond pensionable age.

(Paragraph 1.2.11.7)

In the absence of appropriate Logical Access Control the system was exposed to the risk of unauthorised access, amendments or deletion and consequent losses.

(Paragraph 1.2.11.12)

35 employees had joined their services even before their date of birth, 11 employees had their date of birth same as date of joining and 159 new recruits had entered into service before the date of appointment showing lack of validation checks.

(Paragraphs 1.2.11.16 and 1.2.11.17)

In 4832 cases of transfer *i.e.* 90 *per cent*, there was inordinate delay in verification of transfers ranging from 31 to beyond 1095 days leading to delay in the preparation and disbursement of salaries of the employees.

(Paragraph 1.2.11.20)

Since 2002-03 the system has been able to detect 47 fake employees.

(Paragraph 1.2.14)

1.2.1 Introduction

The Computerisation of Personnel Information System (CPIS) formerly Manipur Government Employees List (MGEL) is a flagship e-governance application of the Government of Manipur.

CPIS seeks to regulate the administration by carving out a structured database of all the government employees, offices and departments by capturing employee profile[17], allotment of unique Employee Identification Number (EIN), office details like sanctioned posts and person-in-position, rationalization of transfers and posting, identify fake employees and to help in preparation of budget.

For this effort the CPIS was honoured with the "Prime Minister's Award for Excellence in Public Administration 2007-08".

1.2.2 CPIS/ MGEL background

In pursuance of the recommendation of the XIth Finance Commission and also the instruction of the Ministry of Finance, Government of India for preparation of budget an attempt was made to compile the list of the entire Government employees wherein all employees will be allotted a code number to identify the employee.

In 2002-03, the Finance Department, Government of Manipur entrusted the above work to National Informatics Centre (NIC) Manipur. The MGEL software was developed using MS Access and was given to all departments for data entry using their own resources. Data entry of the employee profile by the respective departments was completed in 2003. In September 2005 the Finance Department, Government of Manipur took a decision to verify the data captured in the database by the end of March 2006 which was completed during mid- October 2006.

With the introduction of Fiscal Responsibility and Budget Management Act, (FR&BM) 2005 and under Rule 6 of FR&BM Rules, 2006 the list of Government Employees became a mandatory requirement at the beginning of every financial year during the presentation of budget. Moreover, to improve the delivery of public service by the office/institutions located in hilly and remote areas by curbing transfers and posting from these areas to the urban areas, the government wanted to integrate profiles of the institutions/ offices[18] of the departments into the existing MGEL database.

Thus, the new database integrating the existing employee profiles in the MGEL with the profiles of the institutions/offices of the departments resulted in the creation of the current Computerisation of Personnel Information System (CPIS) in 2006. The responsibility for functioning of CPIS has been entrusted to the Directorate of Management Information System, Finance Budget, Finance Department, Government of Manipur in January 2010.

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[17] Employee name, father name, date of birth, date of joining service, appointment order, name of office *etc*.

[18] Sanctioned post, post creation order and date of creation of post.

1.2.3 Objectives of CPIS

The objectives of the CPIS were:

- Provide accurate details of the staffing pattern of the employees including the sanctioned posts in each Government Department;
- Capture detailed information of each employee appointed against a sanctioned post;
- Update employee data on promotion, transfer, retirement of employees *etc.*;
- Check irregular employments;
- Facilitate policy decision on deployment, redeployment and transfer of employees;
- Improve delivery of public services in hill and rural areas and
- Estimate budget for salaries, grants of DA *etc.*

1.2.4 CPIS organisational structure

The CPIS functions under the overall guidance of the Chief Secretary and operational control of the Finance Department, Government of Manipur. Nodal Officers are appointed in each Department to ensure that information is received in the prescribed formats under their signature and seal. Information processed through CPIS Software is certified for correctness and accuracy by the Finance Department.

1.2.5 CPIS software

The CPIS software is developed using **.NET** and **SQL Server** as database with the following system requirements:

- ***Server:***-The server has *Windows Server 2003 onwards* as operating system (OS), *SQL Server 2005* as RDBMs, Microsoft.NET *1.0* as framework and *IIS* as web server respectively.
- ***Client (Desktop application):***- This has *Windows XP and above* as OS and *Microsoft.NET 1.0* as framework respectively.
- ***Client (Report Module):***-This has *Linux/Windows* as OS and *IE*, *Mozilla Fire Fox* as browser respectively.

The application is developed in *two* different set-ups Client-Server Model and Web-based Reporting Module

- *Client-Server*: This application is used for data entry and updation. The different modules available under this application are enrolment for new recruits, transfers and postings, promotion, termination, sanctioned post updation *etc.* Details are accepted from line departments through 13 prescribed formats. It has five levels of users with different permission granted for security measures. They are super user, administrator, data manager and operators 1 and 2.
- *Reporting Module*: The database updated by the application software is published on the CPIS web portal (http://webmani.nic.in/cpis) to

deliver various information in the form of reports for different category of users:-

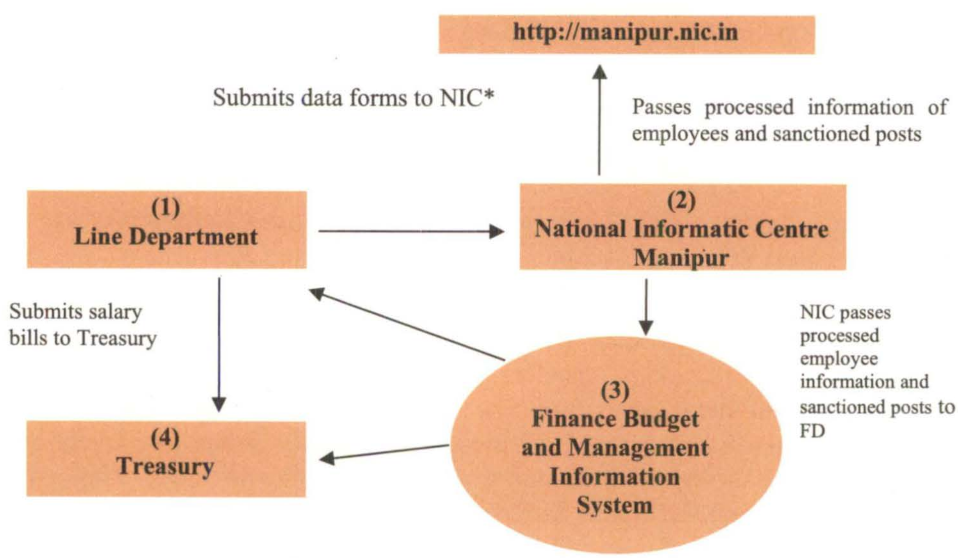
1. *Public Domain Reports*: View employee profile by supplying employee identification number (EIN), department wise updated list and the list of employees rejected by CPIS.

2. *Secured Domain Reports*: Users are required to login using their own user id and pass word. On being logged in users are allowed to view the following reports based on permission granted to them

   - *Nodal officer* of line department can view details of their own departments like category wise sanctioned posts and employees, number of vacancies *etc.*
   - *Finance Budget* under Finance Department can browse the report for the entire government departments as they are the certifying authority of CPIS reports which are used for drawal of monthly salary.
   - *Top management*: Information available under this category is for monitoring and administration purposes hence reports are given at macro level only.

1.2.6 CPIS workflow

Notices and orders are issued to treasuries to stop payment of transferred/new/promoted employees unless CPIS is updated and the data verified by the Finance Budget. EIN is made compulsory for General Provident Fund (GPF) withdrawal and issuing Last Pay Certificate (LPC). Manipur Public Servants' Personal Liability Act (MPSPL) 2006, which provides for fixing of responsibility on Public Servants and makes them personally liable for irregular action, is enforced in order to ensure that Nodal Officers do not manipulate or provide vague data.
The CPIS workflow is as depicted below:



* ***Currently data forms are submitted directly to the MIS Directorate as this was taken over from NIC in January 2010.***

1.2.7 Audit objectives

The objectives of the IT audit were to ascertain whether:

- the Planning and Development of the CPIS Software was proper and in line with the needs of the Government,
- the data captured were accurate and comprehensive,
- the system was functioning efficiently and effectively to meet the objectives of the Government, and
- the security controls associated with the system were adequate.

1.2.8 Audit criteria

Audit findings were benchmarked against the following criteria:

- Government rules, regulations and policy on recruitment, transfer, promotion, staffing pattern *etc.*
- Notifications issued by the Government from time to time.

1.2.9 Scope of audit

The performance audit will be carried out by:

- The audit of the system implementation,
- Examination of controls in operational applications,
- Analysing the CPIS Database[19], and
- Test check of the implementation of CPIS in selected Departments and treasuries to assess the outcome.

1.2.10 Audit methodology

The audit methodology includes holding of entry conference (May 2010), interview with concerned personnel, issue of questionnaire, assessment of general controls, test check of the records and analysis of data pertaining to CPIS by downloading it to MS Access. The database was analysed using Computer Assisted Audit Techniques and some of the findings were test checked for verification. The draft report was forwarded to the Government of Manipur and department on 20 August 2010 for comments and an Exit Conference was held on 3 September 2010 with the Commissioner Finance and concerned authorities. The replies (September 2010) from the Government have been incorporated in the appropriate places.

Audit observations

The important points noticed in the course of the review are discussed in the succeeding paragraphs:

[19] As on 12 March 2010.

1.2.11 Planning and development

The shortcomings in the planning and development of CPIS are discussed in the succeeding paragraphs:

1.2.11.1 Lack of proper planning

For successful implementation of any project/scheme a feasibility study should be undertaken to determine whether a proposal is viable and to recommend a suitable course of action if it is considered viable, *i.e.* in the form of the detailed project report (DPR).

Audit scrutiny revealed that there was lack of proper planning as neither any feasibility study was taken nor any DPR prepared. MGEL (creation of database of all government employees) (2002) was upgraded to CPIS (2006) by incorporating details of the sanctioned posts and post creation details of all the departments, even before MGEL had been successfully tested and implemented. There was no documented contract/agreement with the NIC clearly stating the time-frame for completion, testing, training and handing over of the application software.

The department in their reply (September 2010) stated that there was an agreement with NIC in the beginning of this project and the project report was prepared by NIC in this regard.

The reply of the department is not tenable as audit requisitions were given to the department from time to time (February and March 2010) but no documents relating to the DPR, agreements *etc.* were produced to audit till date (September 2010).

1.2.11.2 Non-formation of Steering Committee

For successful implementation there should be a Steering Committee comprising of user representatives from all areas of the business and IT personnel which should be responsible for the overall direction of IT. Moreover, to be effective, it should draw its members from senior and middle management.

Audit scrutiny revealed that though MGEL/CPIS started with the active involvement of the Chief Secretary, Government of Manipur, no formal Steering Committee that would be responsible for the overall direction of MGEL/CPIS has been formed. Further, no formal strategic plan has been documented till date (August 2010).

The department in their reply (September 2010) while accepting stated that a Steering Committee will be formed.

1.2.11.3 Non-existence of detailed User Requirement Specifications (URS), System Requirement Specifications (SRS) and User Manuals

For efficient and effective development of a system, URS written in non-technical terms consolidating all the material produced in relation to the business functions of the required system, thus representing a formal declaration of the users' requirements and the basis on which design work on the proposed system can proceed should be specified in detail.

Audit scrutiny revealed that no detailed URS was prepared and provided by the Finance Department to the NIC at the initiation of the MGEL/CPIS. Moreover, NIC did not provide the Finance Department with the SRS.

As a result, the CPIS software as designed by the NIC on the basis of their understanding does not have fields to capture complete details of the employees like address, GPF Account number (recruited before 1 January 2005) or CPS[20] Account number (recruited on or after 1 January 2005), date of increment *etc.* which does not give correct and up to date position of pay which is indispensable for the purpose of budget.

The Finance Department had not insisted the NIC for any manual (user and operating). No user manuals (for the Nodal Officers/Treasury Officers/ Computer Operators) and detailed guidelines for the implementation of the project like qualifications, duties and responsibilities of the Nodal officers, time frame for the submission of various forms for updation to the NIC/MIS or penalty for non adherence to the time frame and time-frame for verification and certification by the Finance Department were fixed to provide necessary directions to the implementation of CPIS.

Absence of approved guideline/manual resulted in non-uniformity in the application of CPIS orders and memorandums causing hardship to the employees due to delay in updation on transfer/promotion/retirement *etc.* or rejection of the various forms sent for updation which were certified as true and correct by the Nodal Officers, as the certification was linked to the preparation and disbursement of pay.

The department in their reply (September 2010) stated that the CPIS is a system initiated and run by the Finance Department in collaboration with NIC, Manipur and there is no question of NIC or Finance Department independently working on its own when the maintenance of the system is concerned.

The reply of the department is not acceptable as the URS and SRS which have not been prepared represent a formal declaration of the users' requirements and the basis on which design work on the proposed system can proceed should be specified in detail for efficient and effective development of a system. **In the absence of URS & SRS, the Audit was unable to assess as to what extent the intended benefits of the CPIS have been achieved**.

As regards the user manuals including guidelines for the line department, treasuries *etc.*, the Department stated (September 2010) that they will be prepared within a month as these detailed implementation guidelines of CPIS are required for all stakeholders to have thorough knowledge of the system.

[20] Contributory Pension Scheme

1.2.11.4 System Development and Design deficiencies

The following deficiencies were noticed in the MGEL/CPIS software developed by NIC, Manipur since 2002 and handed over to MIS, Finance Department in January 2010. The database maintained and supplied by the department to audit contained 69,848 records which included the data in respect of retired persons as well. The data was filtered to include the records in respect of working persons only (*i.e.* employees falling in the category of working, deputationists and suspended). The number of records filtered and actually analysed in audit was 63,234.

1.2.11.5 Non-Provision of capturing of Full Employee and Father Names

Complete personal profile of an employee should have full employee and father name (first, middle and last), GPF/CPS Account number alongwith the permanent and/or temporary address which are necessary to distinguish employees with identical self and father names.

Analysis of the database revealed that the software did not have the provision of entering full employee and father name, GPF/CPS account number and vital fields like permanent and temporary address. This resulted in the inability to directly distinguish *149 sets* of duplicate employee and father names which had been allotted *305 different EINs* as no other unique distinguishing fields like GPF/CPS Account number and address had been entered. The level of duplicity ranged from *two* to *three* times.

Further analysis of the duplicate employee list revealed that four sets of same employee and father names involving eight different EINs also had the same date of birth.

Thus due to the non-provisioning of entering full details in the database, the system failed to ensure that no two employee with the same name, father's name, address and date of birth be allotted different EINs without necessary verifications. Such a system flaw could lead to the entry of fake employees.

1.2.11.6 Non-Provision of Updation of the Pay Scale and Basic Pay Field

We observed during analysis that, although AIS officers started enjoying the 6th Pay Commission Recommendations *with effect from* 1 January 2006 in compliance of Government of India notification issued in September 2008 necessary modifications were not incorporated in the CPIS software to accommodate the new pay scales and grade pay even after a lapse of 23 months *(September 2008 to August 2010)*.

As a consequence, correct information of pay of the employees could not be ascertained from the database, thus defeating the objective of preparing a realistic budget estimate.

1.2.11.7 Wrong Calculation of the Date of Pension

(a) The age of superannuation for employees of the Government of Manipur is 59 years (*non-group D*) and 60 years (*group D and All India Service*).

However, analysis of the *field capturing date of pension* in the database revealed that out of 62,234 employees, the date of pension was wrong for *48,055* employees (*57 AIS/group D and 47,998 non-group D State Government*) *i.e.* 77 *per cent*. The date of superannuation was not calculated automatically by the software but done manually by the computer operators due to absence of inbuilt program in the system for calculation of date of retirement.

(b) The CPIS software should be able to identify and classify employees over 59 years (non-group D) and over 60 years (group D and All India Service) as retired, helping in the maintenance of a reliable database of employees, bringing out the vacant posts and preparation of a realistic budget for pay and allowances.

However, our analysis of the database revealed that *1388* employees beyond pensionable age *e.g. 1383* (state government) over 59 years of age and *five* (AIS/group D) over 60 years of age as on March 2010, were still retained as working. This shows deficiency of the software to generate updated report on its own, resulting in incorrect information for recruitment/posting or for the preparation of a realistic budget estimate.

1.2.11.8 Non-provision of capturing date of next increment

Each employee gets an increment of his/her pay each year on the day called Date of Next Increment (DNI). This information gives the latest information of an employee's pay on a fixed date. This information is indispensable for the preparation of a realistic budget estimate on the pay and allowances of all the government employees.

Analysis of the database revealed that the software did not have the field to capture DNI. The database had the field for entering the basic pay only, which was not updated until and unless transfer/promotion *etc.* took place. Thus, the software could not generate reliable and updated information for the preparation of budget in respect of pay and allowances, thus defeating the objective of helping in the preparation of a realistic budget estimate.

1.2.11.9 General controls

General controls create an environment in which the application systems and application controls operate *e.g.*, IT policies, standards and guidelines pertaining to IT security and information protection. The observations on the adequacy of general controls are mentioned below:

1.2.11.10 Environment controls

Environment controls are aimed at ensuring that the assets of the project are not put to risk due to fire/water damage, power cuts, failure of equipment due to temperature or humidity extremes *etc.* This requires that risk assessment and preventive measures be undertaken prior to implementing the project.

During audit it was seen that the department had neither undertaken any risk assessment nor had put any preventive measures like fire detection equipment and fire extinguishers *etc.* in place before putting the system in use.

The Department may undertake risk assessment and take appropriate measures to protect the data and equipments from the various environmental risks.

1.2.11.11 Physical access control

In the MIS Directorate, the rooms where the data entry work was being done was accessible to any visitor, log of visitor was also found not maintained and sometimes it was left unattended, which increases the scope for loss/tampering of important documents and damage to the systems.

1.2.11.12 Logical access control

Logical access controls are aimed at protecting computer resources (data, programs and terminals) against unauthorized access attempts, amendment or deletion to ensure that:

- Users have only the access needed to perform their duties,
- Access to very sensitive resources is limited to very few individuals and
- Employees are restricted from performing incompatible functions or functions beyond their responsibility.

It was observed that:

- In the absence of a password policy, there was no prescribed minimum and maximum password length in the absence of which the passwords of the users ranged from 4 characters to many.
- There were no instructions for password composition stressing for using alpha numeric pattern causing simple alphabets being used as password.
- Analysis further revealed that the passwords were being stored in related data table in simple text *i.e.* without encryption. Thus, visible to all.
- In the absence of documented password policy specifying the change of password initially and periodically, it was found that in a number of cases the initial password assigned to the users was not even changed once. This was true even in the case of crucial users.

- No restrictions on number of login attempts to prevent access by unauthorised users were found.
- It was also observed that although each and every nodal officer had different user ID and password, the nodal officers shared their password with his subordinate staff and in cases of persons who had been transferred, the user ID and password were still being retained.

As such the system was exposed to the risk of unauthorized access, amendments or deletion and consequent losses.

1.2.11.13 Change management procedure

Change controls are put in place to ensure that all changes to systems configurations are authorised, tested, documented, controlled, the systems operate as intended and that there is an adequate audit trail of the changes.

Minor modifications were carried out to the software by NIC, Manipur from time to time as and when requested by the Finance Department. The changes/modifications as carried out had, however, not been documented.

This resulted in the complete absence of trail to ascertain whether the changes sought for and carried out had been approved.

1.2.11.14 Lack of security policy

It is important to put in place security practices to protect its assets and data to ensure confidentiality, integrity and availability of the system that stores and process data.

The department has, however, not yet framed its IT security policy.

The department in their reply (September 2010) while accepting the observation on physical access control stated that in respect of accessibility to the computer operators room, the visitors have been informed to visit only on visiting days i.e. Monday, Thursday and Saturday. Log book has been kept and the names and other details of the visitors are entered. No personal interaction between the visitors and the computer operator will be allowed.

The department also replied that since the Finance Department was working along with NIC, NIC was taking care for all the works related to software and data storage, back up of data *etc.* Also, with regard to the Logical Access Control, the password given to the Nodal Officer is for browsing the sanctioned posts and staff details of the particular department for which he/ she is the Nodal Officer. Since there is no possibility of tampering with the data by him/ her, there is no harm whether the password is changed or retained.

The reply of the department is not tenable to audit because whether the work relating to software and data storage, backup of data *etc.* is done by the Finance Department or the NIC, change controls should be put in place. This should ensure that all changes to systems configurations are authorised, tested, documented, controlled, the systems operate as intended and that there is an adequate audit trail of the changes. This could not be shown during the course of audit.

1.2.11.15 Business Continuity Plan and Disaster Recovery Plan

Business continuity plan and Disaster Recovery Plan is necessary for recovering key business processes in the event of disaster. The objective is to reduce downtime and minimise loss to business.

Audit Scrutiny of the software system revealed that the department has no methodology of backing-up data. The department stated that the NIC regularly took back-up and stored the data at NIC, Manipur.

However, no records were maintained by the department to indicate the date (s) on which the mock trials were conducted. There was no provision for off-site storage of back-up data.

The Department may consider having a proper back up taking and regular testing mechanism to ensure the backups are in a working condition.

Application controls

Input controls

1.2.11.16 Age less than 18 years on Entry into Service and Date of Entry into Service earlier than Date of Birth

As per the rules for recruitment into Government service, certain minimum age limit is prescribed for entry into service and the software should have inbuilt features to reject those entries which does not fulfil the minimum age limit criteria.

Analysis of the database revealed that out of 62,234 working employees *922 employees* had entered into service before attaining the age of 18 years which included 35 employees whose date of joining was even before their date of birth and 11 employees whose date of birth was same as their date of joining.

This indicates the lack of adequate input control in the software and inadequacy in the exercise of necessary checks at the time of verification by the Finance Budget. This may affect in the correct calculation of the date of retirement.

1.2.11.17 New recruits: Date of Joining earlier than Date of Appointment

No person can join any service before getting appointment order i.e. dates of joining can never be earlier than the date of appointment.

However, analysis of the database revealed that the date of entry into service was earlier than the date of appointment in respect of *159* new recruits, the number of days ranging from *one* to *1778* days, which shows lack of adequate validation checks by the software thus making the data unreliable. This may lead to advancement of the date of increment.

1.2.11.18 Non-updation of the Pay Scale and Basic Pay Field

Analysis of the database revealed that out of 62,234 working employees, in most cases the pay scale and basic pay field remained non-updated. Further, the basic pay of *2630 employees* including *fifteen* (out of 66) All India Service (AIS) officers exceeded the maximum of the pay scale.

This indicated lack of proper input control to ensure the avoidance of instances of non-updation of basic pay and not allowing the cases of capturing of basic pay exceeding maximum of pay scale.

1.2.11.19 Partial capture of data

To maintain a complete employee and office profile and to meet the objective to detect/identify/verify fake employees and streamline appointments/transfer posting the software should have provision for mandatory fields and not to allow incomplete data in respect of an employee/post.

Analysis of the database, however revealed that out of 62,234 working employees, appointment order and father's name was not entered in respect of *57,031* and *349* employees respectively.

Therefore, in the absence of the said information, which should have been mandatory, the software may not be able to detect fake employee(s) thus defeating its objective.

Similarly, analysis of the related table of the database meant for entering the details of sanctioned posts in respect of an office revealed that no sanction order and date was entered in respect of *306* posts which were stated/ entered as sanctioned in respect of the office '*Manipur Legislative Assembly Secretariat*'.

Thus in the absence of the sanction order and date, the correctness of the exact number of sanctioned posts could not be ascertained.

1.2.11.20 Inordinate delay in verification of transfers

The Government of Manipur vide order no 1/6/2005- FB dated 6th April 2006 and dated 8th August 2007 provided for updation of MGEL in connection with transfers and postings which should be submitted in the appropriate forms as soon as possible irrespective of whether the employee has joined to the new place of posting so that salaries could be drawn on time.

Audit scrutiny of the database revealed that in *4,832* transfer i.e. 90 *per cent* cases out of *5,353*, the number of days between transfer order and verification by the MIS is as detailed below:

Sl.No.	Delay in days	Number of cases
1	31 days to 365 days	4037
2	365 days to 730 days	534
3	730 days to 1095 days	161
4	Beyond 1095 days	100
	Total:	**4832**

This has led to the delay in the certification of the updated employee list leading to a delay in the preparation of bills and disbursement of salaries of the government employees. Moreover, due to the absence of the field for capturing the date of submission of forms, exact responsibility for the delay in certification of the forms cannot be ascertained.

Further, verification in selected treasuries revealed that in some cases where there were large delays, the concerned employees' salaries were not prepared for the entire period which reveals that the employees were getting their salaries without MGEL/ CPIS certificate.

1.2.11.21 Non-validation of sanctioned posts during transfers and postings

As per Chief Secretary's U.O No. 1/CS-2006/Misc dated 24 June 2006, any DDO, Heads of Department or Head of Office who pays salaries for those employees who are not working against the sanctioned posts will be liable for action under the Manipur Public Servants Liabilities Act, 2006. Further, under Finance Department (Budget Section) OM No Nil dated 6 July 2006, the authenticated list of employees is to be accompanied by a certificate issued by the Joint Secretary (FB) to the effect that the number of employees and posts sanctioned for the respective office has been matched satisfactorily.

Out of the four departments *viz.* Education, Home, Revenue and Health and Family Welfare selected for detail checking, we found there was excess staff than sanctioned strength in Education Department (1 to 4 in case of thirteen schools, one Accounts Officer in Universities and one each in three posts in technical education), in case of Revenue Department (one excess in the post of *Head-Lambu)* and in Medical and Health & Family Welfare department (instances of excess staff by one each in two offices).

This shows an inadequate validation check in the system not to allow entry for posting of staff in excess of the sanctioned post. The Departments also failed to utilise the information available in the CPIS data for making transfers and postings. The Finance Budget also failed to generate such reports from the database to detect such cases.

1.2.11.22 Employee Transferred to and Joined under different DDOs under same Transfer Order and Date

No employee can be transferred to more than one DDO[21] under the same transfer order and date and in no case can the employee join under the different DDOs on the same date.

[21] Drawing and Disbursing Officer

However, audit scrutiny revealed that in *two* numbers of cases same employee was transferred to different DDOs under the same transfer order and date. Moreover the employee had also joined under the different DDOs on the same date which shows an inadequate input control in the software.

The department in their reply (September 2010) stated that most of the problems exists because these were not considered in the initial stage of CPIS. The initial stage mainly concentrated on the capture of data *i.e.* staff strength and sanctioned strength *etc.* The observation made will be taken care of in the next stage. The reply of the management is indicative of the fact of lack of planning and involvement of senior level management at the planning stage.

1.2.12 Monitoring and supervision

Involvement of senior management in implementation of the project was found to be deficient. There has been over reliance on the NIC for system maintenance and back-up even after the handing over of overall responsibility for operating the CPIS to MIS, Finance Department in January 2010.

There is no monitoring of data entry as has been evidenced by large number of incorrect/improbable data. The generation of a sizeable number of rejected forms each month and large delay in submission of forms on transfer, promotion and new recruits across almost all the departments shows lack of monitoring and inadequacy of knowledge on the importance of the timely updation on the part of the respective Head of Departments and the Finance Department, as it is linked to the payment of pay. Hard copies of employee details furnished by the line Departments should be archived with the MIS Directorate for cross verification purpose.

The department in their reply (September 2010) while accepting the observation stated that the data entry in the initial stage was done to capture the staff and sanctioned strength. The department also stated that the Directorate of MIS may take over the task of maintenance of database, software, data storage and back up *etc.* from NIC once the Directorate is fully equipped with sufficient manpower.

1.2.13 Management Information System

Management Information System (MIS) is a technology designed to convert data into information which is useful for administrative decision making *i.e.* it summarises data into information such as population, employee number, inventory *etc.* and provide this on demand to the manager.

One of the objectives of CPIS is the generation of reports and required information for streamlining transfers/posting, updation of data on retirement, annual budget, fake employee *etc.* from it for better management decisions.

However, audit scrutiny revealed that though relevant information could have been generated on a periodic basis, neither any report was generated either by the NIC or the MIS nor had the Management instructed for the generation of such reports. Only the work of updation and certification on transfer/ promotion/new recruit *etc.* was being done at the MIS.

Moreover, no action taken report and fixing of responsibility undertaken by the Finance Department, against the respective departments on *393* employees classified as fake/freezed/until further orders (UFO)/under verification were seen.

The department in their reply (September 2010) while accepting the observation stated that as of now the updated list are certified by the Finance Budget. Generation of information on periodic basis may be considered. The steering committee, proposed to be formed, may be presented these reports monthly *etc.*

Further, the department stated that when a person is put under the status of fake/ freeze/ until further order/ under verification, he or she is not reflected in the CPIS list. In the certification their names are mentioned as the case maybe and the concerned DDO/ TO is directed not to consider his/ her salary bills.

However, the reply of the department is not tenable to audit as during the course of audit at the Directorate of MIS the audit party did not come across any certificate directing the DDO/ TO not to consider an employees salary bill.

1.2.14 Impact of the software system

Since the implementation (2002-03) of the software system,it has been able to capture database of 62,234 working employee and in detection of 47 fake employees as per information from the employee table.

1.2.15 Conclusion

Due to lack of proper planning there has been inordinate delay in capturing a true and complete database of the employees. Further non preparation of URS, SRS and User Manual also limited the scope and extent of measuring the achievement in terms of intended benefits to the users of the system and management as well. There is lack of in-house expertise for running the system as there is over reliance on NIC for system maintenance, administration and backup. Inadequate involvement of top level management in the system implementation and supervision has resulted in erroneous data capture thereby resulting in data redundancy. Security policy has not yet been framed which exposes its assets and data to various risks (physical and logical). The department has not put in practice to extract useful information from the system regarding defaulters and has thus failed to exploit the full potential of the system. In view of these deficiencies, the information captured in the database is incomplete, incorrect which has rendered the system as unreliable causing non-generation of MIS Reports by the Departments to support management decisions on transfers and postings which was one of CPIS main objectives.

1.2.16 Summary of recommendations

- The department should form a steering committee to monitor and give necessary administrative and technical direction for smooth functioning of CPIS.
- The department should consider to frame and adopt a well documented change management procedure and business continuity plan.
- The department should frame and adopt an appropriate password and security policy to avoid the potential risk of unauthorised access and amendments in the database.
- The department must ensure that the data captured in the system is complete and correct so that its integrity remain intact and various reliable MIS reports to assist the Management in decision making can be generated.
- Steps must be initiated for regular updation of employee's data for preparation of realistic budget estimate.
- An effort should be made to link the GPF account number and the photo identity of the employees with the CPIS database to avoid fake employees.
- The department may consider having a proper back up taking and regular testing mechanism to ensure the backups are in a working condition.

HEALTH AND FAMILY WELFARE DEPARTMENT

1.3 National Rural Health Mission

Highlights

The National Rural Health Mission was launched in the State in November 2005. The review revealed that the Department did not achieve the goal set for the health indicators *i.e.* Maternal Mortality Rate, Infant Mortality Rate, and Total Fertility Rate by March 2010. Planning process was inadequate as it was prepared without baseline survey inputs. As of March 2010, the State was yet to carry out a comprehensive household and facility survey to identify the gaps in health care facilities. Up-gradation of Community Health Centres, Primary Health Centres and Sub-Centres to the level of Indian Public Health Standards had not been achieved. While the percentage of fully immunised infants ranged from 69 and 81 *per cent* during 2005-06 and 2007-10, it exceeded the target during 2006-07. There was an absence of internal audit, evaluation, weakness in internal control and monitoring mechanism. Some of the significant audit findings noticed is as under:

Perspective Plans and District Health Action Plans were not prepared during 2005-10 and 2005-07 respectively and community participation was not ensured in the planning process.

(Paragraph 1.3.7.2)

Non-upgradation of CHCs and PHCs and non-completion of the buildings of SCs resulted in failure of providing accessible and quality health care services to the rural people.

(Paragraph 1.3.9.2)

Acute shortage of manpower in the health institutions adversely affected the availability of health care services.

(Paragraph 1.3.11)

As of March 2010, 752 Village Health and Sanitation Committees were yet to be formed for ensuring community participation and implementation of the Mission at grass root level.

(Paragraph 1.3.17)

All the vertical disease control programmes had not merged with the Mission (December 2010) and hence, the desired architectural correction aimed in the health care delivery system remained unfulfilled.

(Paragraph 1.3.19)

1.3.1 Introduction

The National Rural Health Mission (NRHM) was launched by the Government of India (GoI) on 12 April 2005. In Manipur, it was launched in November 2005 by the Hon'ble Union Minister, Health & Family Welfare.

The main objectives of the Mission, to be achieved during 2005-12 are as follows:

- provide accessible, affordable, accountable, effective and reliable health care facilities in the rural areas, especially to the poor and vulnerable sections of society;
- involve community in planning and monitoring;
- reduce IMR, MMR and TFR[22] for population stabilisation and
- prevent and control communicable and non-communicable diseases, including locally endemic diseases.

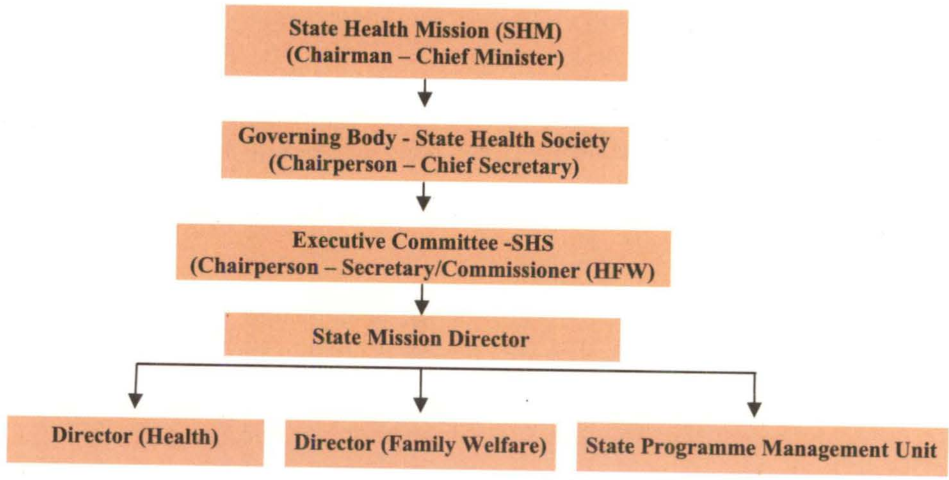
The Mission aimed at an architectural correction in health care delivery system by converging various existing stand alone programmes *viz.*, National Disease Control Programmes (NDCP), Reproductive and Child Health-II (RCH-II), National Vector Borne Disease Control Programme, Tuberculosis, Leprosy, Blindness, Deafness Control Programme and Integrated Disease Surveillance Project with the exception of National AIDS and Cancer Control Programmes.

The salient features of NRHM include bridging gaps in healthcare facilities, facilitating decentralised planning in the health sector and addressing the issue of health in the context of a sector-wise approach encompassing sanitation hygiene, nutrition *etc.*, as basic determinants of good health and convergence with related social sector departments like Women and Child Development, Ayurveda, Yoga, Unani, Sidha & Homeopathy (AYUSH) and Panchayati Raj.

1.3.2 Organisational set up

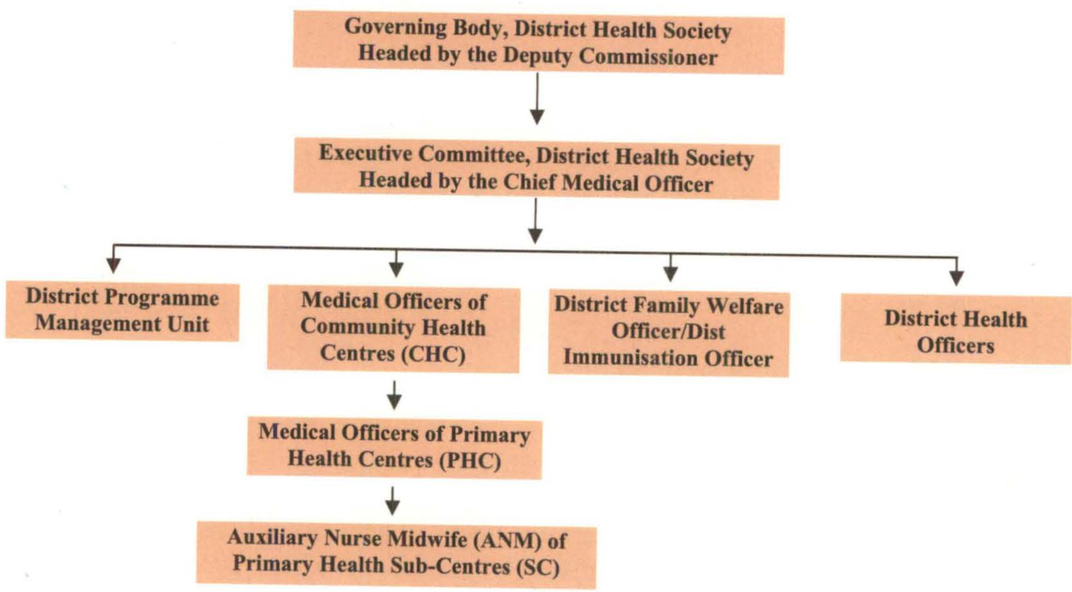
At the State level, the Mission functions under the overall guidance of the State Health Mission (SHM) headed by the Chief Minister. The Chief Secretary and the Secretary/Commissioner, Health & Family Welfare (HFW) are the Chairmen of the Governing Body and the Executive Body of State Health Society[23] (SHS) respectively. A designated officer is identified as the State Mission Director who is directly supported by a State Programme Management Unit (SPMU). The organogram of the SHS is shown below:

[22] IMR: Infant Mortality Rate ; MMR: Maternal Mortality Rate and TFR: Total Fertility Rate
[23] formed during 2006-07



At the District level, the Deputy Commissioner is the Chairman of the Governing Body of the District Health Society (DHS) and the Chief Medical Officer is the head of the Executive Body and functions as District Mission Director (DMD). They are supported by the District Programme Management Unit (DPMU).

The organisational set up at the District level is given below:



Public health services in the rural areas are delivered through the CHCs, PHCs and SCs.

1.3.3 Scope of audit

The performance audit of NRHM for the period 2005-10 was conducted during May to September 2010. Four[24] out of the nine districts were selected

[24] (1) Bishnupur (2) Churachandpur (3) Imphal West and (4) Senapati

for detailed audit based on Probability Proportionate to size With Replacement method. All the three District Hospitals[25] (DHs), seven CHCs[26] in four sample districts were selected for a test check of records. Further, 19[27] out of 34 PHCs and 38[28] out of 216 SCs under the selected PHCs were also selected using Simple Random Selection Without Replacement. The records of the Mission Directorate, the Directorate of Family Welfare, the Nodal Officers under the Directorate of Health Services, four DHSs, three DHs, selected CHCs, PHCs and SCs were also test-checked during the review period. The test-checked covered an expenditure of ₹ 54 crore representing 47 *per cent* of the total expenditure of ₹ 114 crore of the Mission during 2005-10.

1.3.4 Audit objectives

The objectives of performance audit were to assess whether:

- planning, monitoring and evaluation procedures at all levels achieved their principal objective of ensuring accessible, effective and reliable healthcare delivery system to rural population;
- public spending on health sector over the years 2005-10 increased and release of funds, utilisation and accounting thereof was adequate;
- the level of community participation in planning, implementation and monitoring of the Mission was adequate and effective;
- convergence of the Mission activities with other Departments and programmes was ensured for achieving the broad objectives of the programme;
- the Mission achieved capacity building and strengthening of physical infrastructure and human resources at different levels as planned and targeted;
- the performance indicators and targets fixed especially in respect of reproductive and child healthcare, immunisation and disease control programmes were achieved.

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[25] (1) Bishnupur (2) Churachandpur and (3) Senapati

[26] (1) Kangpokpi (2) Mao (3) Moirang (4) Nambol (5) Parbung (6) Sekmai (7) Wangoi

[27] (1) Phayeng (2) Phaibung (3) Kakwa (4) Mayang Imphal (5) Samurou (6) Henglep (7) Thanlon (8) Singzawl (9) Sagang (10) Saikot (11) Maphou Kuki (12) Saikul (13) Oinam Hills (14) Kalapahar (15) T. Waichong (16) Kumbi (17) Thanga (18) Leimapokpam and (19) Oinam

[28] (1) Iroisemba (2) Khamnam Bazar (3) Salam (4) Takyel Khongbal (5) Bengoon (6) Kokchai (7) Karam Haoreibi (8) Langthabal Phuramakhong (9) Nungshai (10) Charoi Khullen (11) Milongmun (12) Bukpi (13) Aibulon (14) Sumtuh (15) Khoirentak (16) Senpangjar (17) Leisang (18) Geljang (19) Bongbal Khullen (20) Salam Patong (21) Molkon (22) Chingdai Khullen (23) Khamsong (24) Thingba Khunou (25) Khongdei (26) Thiwa (27) Keithelmanbi (28) Parsain (29) Irang Part-I (30) Pani Kheti (31) Wangoo Ahaloop (32) Pombikhok (33) Karang (34) Keibul (35) Sanjenbam (36) Pukhrambam (37) Ngaikhong Khullen and (38) Naorem

1.3.5 Audit criteria

Audit findings were benchmarked against the following criteria:

- Guidelines issued by the GoI for implementation of NRHM and instructions issued from time to time;
- State Programme Implementation Plan (PIP) approved by the GoI;
- Memorandum of understanding between the GoI and the State Government and
- Indian Public Health Standards (IPHS) for upgradation of CHCs and PHCs.

1.3.6 Audit methodology

The audit methodology included holding of an Entry Conference (May 2010) with the Commissioner (Health and Family Welfare) Manipur, the Mission Director-SHS (SMD), the Deputy Commissioner (Bishnupur), the District Mission Director (DMD)-Imphal West, the Deputy Director (Finance -SHS) and the State Programme Manager (SHS), issue of requisitions, questionnaire and obtaining replies thereof, checking of the relevant records, analysis of data and documentary evidences to arrive at audit findings, conclusions and recommendations.

The audit findings were discussed with the departmental officers *viz.* the Mission Director-SHS, the Deputy Director (Finance–SHS), the District Mission Director (Senapati), the Medical Superintendent (DH-Senapati) and the State Programme Manager in an Exit Conference (November 2010) and their views and reply, wherever available, had been incorporated in the review.

Audit findings

Important audit findings are discussed in the succeeding paragraphs.

1.3.7 Planning

1.3.7.1 Baseline survey

NRHM strives for a decentralised and participatory planning process with a bottom up approach from village level to ensure that need based and community owned Health Action Plans form the basis for interventions in health sector. The plans were to be prepared on the basis of household and facility surveys at village, block and district levels based on IPHS norms. 50 *per cent* of these surveys were required to be completed by 2007 and 100 *per cent* by 2008.

In the State a comprehensive household survey was not carried out except Imphal West district. The Department, therefore, failed to make a realistic assessment of healthcare requirement and to identify underserved and unserved areas. The reasons for non conduct of the household survey was not recorded.

Facility survey to identify the gaps in the availability of infrastructure and human resource in respect of all seven CHCs were conducted during 2007-10 but no survey was conducted for PHCs and SCs to define the baseline. As a result, without baseline survey inputs, the Annual Action Plans were not realistic.

The Department stated (November 2010) facility surveys were conducted at PHCs and SCs levels. The reply was not acceptable as their reply could not be substantiated with relevant documents in support.

1.3.7.2 Perspective and Annual Action Plans

The SHS was required to prepare a Perspective Plan for the entire Mission period (2005-12) as well as Annual Plans covering the gaps in the health care facilities, areas of interventions and probable investments. The DHSs were also required to prepare Perspective plans as well as annual District Health Action Plans (DHAP), which were to be integrated into the State Perspective Plan and Annual State Programme Implementation Plans (SPIP) respectively. The DHAPs was to be prepared by the DHS and approved by the District Health Mission (DHM). Block Health Action Plan (BHAP) is the basis of the DHAP.

In the State DHSs were formed in all nine districts during 2006-07. While DHM was formed only in Bishnupur district during July 2008, the same was not formed in the remaining districts.

Audit noticed that the Perspective Plans for the Mission period were not prepared either at the State or at the district level. No SPIP and DHAPs were prepared for the year 2005-06. For the year 2006-07, the SPIP was prepared without inputs from DHAPs as no DHAP for 2006-07 were prepared. However, during the period 2007-10, the SPIPs were prepared on the basis of DHAPs for the said years. Though the BHAPs were prepared during 2008-10, the same was not prepared for the year 2005-08. Thus, DHAPs were not based on plans from block/periphery level for 2005-08. Hence, bottom up approach as envisaged in the NRHM guidelines was not adopted in the preparation of SPIP for 2005-08. Due to non-preparation of the Perspective Plans for 2005-10 and DHAP for 2005-07, the community participation in planning as envisaged in the Mission remained unachieved (March 2010).

The Department stated (December 2010) that the Perspective Plan was not prepared separately and it was integrated in the SPIP. The reply of the Department is not in consonance with the guidelines of the NRHM as Perspective Plan as well as SPIP was to be prepared separately.

1.3.8 Financial management

1.3.8.1 Funding pattern

GoI provided 100 *per cent* funds for implementation of the scheme through two separate channels *i.e.* through State Finance Department and directly to different programme implementing societies during 2005-07. From 2007-08 onwards, the contribution was to be in the ratio of 85:15 between the Centre and the State.

1.3.8.2 Financial performance

1.3.8.3 State level

The details of funds released by the GoI to the SHS and expenditure were as under:

Table 1

(₹ in crore)

Year	Opening Balance	Receipt			Interest	Funds available during the year	Funds utilised	Closing Balance
		GoI	State Government					
			Share due	Actual				
2005-06	0.13	11.88	Nil	Nil	0.09	12.10	1.31	10.79
2006-07	10.79	22.57	Nil	Nil	0.41	33.77	5.31	28.46
2007-08	28.46	37.00	6.95	Nil	1.16	66.62	18.48	48.14
2008-09	48.14	35.89	9.50	Nil	0.60	84.63	42.94	41.69
2009-10	41.69	64.39	13.87	5.00	0.81	111.89	45.96	65.93
Total:		**171.73**	**30.32**	**5.00**	**3.07**		**114.00**	

(Source: State Health Society)

➢ ***Non-utilisation of funds***

During the period covered by audit, total fund of ₹ 179.93[29] crore was available out of which ₹ 114 crore was utilised leaving an unspent balance of ₹ 65.93 crore (37 *per cent*) as of March 2010. The poor utilisation not only reflected unrealistic assessment of fund requirements but also depicted the limited absorption capacity by the State.

The Department failed to utilise the available resources fully thereby resulting in non-implementation of the various activities[30] of the Mission and depriving the targeted population of the healthcare services.

➢ ***Short release of State share***

As against the State share amounting to ₹ 30.32 crore for the period 2007-10, the State Government released only ₹ 5 crore during 2009-10, thereby resulting in short release of ₹ 25.32 crore (84 *per cent*). This is in violation of the guidelines of NRHM as the State Government was required to contribute its share proportionately.

The Department stated (December 2010) that the matter regarding short release of State share was taken up with the State Planning Department.

[29] ₹ 0.13 crore + ₹ 171.73 crore + ₹ 5 crore + ₹ 3.07 crore = ₹ 179.93

[30] Important activities: Capacity building of DHs, CHCs and PHCs, procurement of drugs, construction of infrastructure, untied funds *etc.*

➢ *Public spending on health sector*

The State Government signed (May 2006) an MoU with the GoI committing itself to increase its share of public spending on health sector from its own budgetary sources at the minimum rate of 10 *per cent* every year. The State's budget allocation and expenditure on health sector during the period 2005-10 is given in Table 2:

Table 2

(₹ in crore)

Year	State budget allocation	Expenditure	Savings(-)/Excess(+)
2005-06	86.02 (- 13)[31]	85.17 (+ 35)	(-) 0.85
2006-07	130.97 (+ 52)	96.16 (+ 13)	(-) 34.81
2007-08	147.19 (+ 12)	129.71 (+ 35)	(-) 17.48
2008-09	130.50 (- 11)	152.50 (+ 18)	(+) 22.00
2009-10	153.67 (+ 18)	148.23 (- 3)	(-) 5.44
Total:	**648.35**	**611.77 (94)**	

(Source: Appropriation accounts)

Figures in bracket indicate percentage of increase (+)/ decrease (-) in outlay and expenditure

The State Government's budget allocation in health sector and the public spending has declined by 13, 11 and 3 *per cent* during 2005-06, 2008-09 and 2009-10 respectively from the previous year against the commitment of 10 *per cent* increase every year.

Out of the savings of ₹ 58.58 crore, ₹ 12.89 crore[32] pertained to construction of infrastructure of health centres. Therefore, while the State complied with NRHM guidelines in terms of increasing its outlay on public health during 2006-08 and 2009-10, it failed to utilise the allocation for strengthening the healthcare infrastructure.

➢ *Delay in transfer of unutilised funds to the GoI*

The launch of NRHM, Reproductive and Child Health-II (RCH-II) and Janani Suraksha Yojana (JSY) in 2005-06 resulted in the termination of earlier operational programmes such as RCH-I Programme and National Maternity Benefit Scheme.

Unspent funds under RCH-I as on 31 March 2005 were required to be transferred to the Ministry of Health and Family Welfare, GoI. However, ₹ 28.15 lakh remained as balance was transferred only in November 2009 with a delay of more than four years.

[31]

Year	State budget allocation	Expenditure
	(₹ in crore)	
2004-05	98.35	63.04

(Source: Appropriation Accounts)

[32]

Year	Amount ₹ in lakh
2005-06	0.43
2006-07	295.67
2007-08	443.85
2009-10	549.22
Total:	**1289.17**

(Source: Appropriation Accounts)

1.3.8.4 District level

The details of funds released to the four test-checked DHSs and expenditure incurred there against are given below:

Table 3

(₹ in lakh)

District	Year	Opening Balance	Receipt	Interest accrued	Funds available during the year	Funds utilised during the year	Closing Balance
Bishnupur	2005-06	Nil	17.25	Nil	17.25	8.39	8.86
	2006-07	9.07[33]	63.01	Nil	72.08	43.43	28.65
	2007-08	28.65	212.35	0.21	241.21	75.87	165.34
	2008-09	165.34	199.20	0.86	365.40	264.24	101.16
	2009-10	101.16	190.72	0.33	292.21	205.99	86.22
Sub-total:			**682.53**	**1.40**		**597.92 (88)**	
Churachandpur	2005-06	Nil	26.58	Nil	26.58	12.17	14.41
	2006-07	Nil	117.34	0.01	117.35	78.60	38.75
	2007-08	38.75	318.91	0.52	358.18	277.61	80.57
	2008-09	80.57	405.05	1.77	487.39	332.48	154.91
	2009-10	154.91	396.61	2.17	553.69	487.00	66.69
Sub-total:			**1264.49**	**4.47**		**1187.86 (94)**	
Imphal West	2005-06	Nil	33.45	Nil	33.45	21.61	11.84
	2006-07	Nil	90.01	0.49	90.50	75.01	15.49
	2007-08	15.49	230.84	0.54	246.87	209.35	37.52
	2008-09	37.52	187.37	1.11	226.00	217.68	8.32
	2009-10	8.32	328.80	0.74	337.86	251.22	86.64
Sub-total:			**870.47**	**2.88**		**774.87 (89)**	
Senapati	2005-06	Nil	32.47	Nil	32.47	Nil	32.47
	2006-07	32.47	95.55	0.20	128.22	76.11	52.11
	2007-08	52.11	367.52	0.69	420.32	246.52	173.80
	2008-09	173.80	311.32	0.01	485.13	363.55	121.58
	2009-10	121.58	354.65	1.85	478.08	326.52	151.56
Sub-total:			**1161.51**	**2.75**		**1012.70 (87)**	

(Source: DHSs and SHS)
Figures in bracket indicate percentage of utilisation of funds

- ***Accounting procedure***

The accounting procedure consists of recording in the books of original entry *i.e.* journal and cash book, classifying, grouping, valuing and preparing financial statements.

Neither the financial position for 2005-06 nor the relevant records like cash books, journals in respect of three districts[34] could be made available to audit. In absence of such vital records the implementation of the Mission activities could not, therefore, be ascertained in audit.

- ***Non-accountal of closing balance***

Test check of the records of SHS revealed that closing balance of ₹ 14.41 lakh and ₹ 11.84 lakh for the year 2005-06 with Churachandpur and Imphal West districts respectively were not carried forward as opening balance in 2006-07 accounts of these districts. The reasons for non-accountal of the closing

[33] The discrepancy of ₹ 0.21 lakh between the closing balance of ₹ 8.86 lakh as on 31 March 2006 and opening balance of ₹ 9.07 lakh on 1 April 2006 not reconciled (November 2010).
[34] Bishnupur, Churachandpur and Imphal West.

balance, though called for, were not furnished by the DHSs concerned (December 2010).

➢ ***Non-utilisation of funds***

From Table 3, it is seen that in respect of the sample districts there was an unspent balance ranging from ₹ 0.67 crore to ₹ 1.52 crore which shows that a large portion of the Mission activities remained un-implemented thereby frustrating the Mission activities. The reasons for non-utilisation of allocated funds were not stated by the Departments/DHSs (December 2010).

1.3.9 Programme implementation

1.3.9.1 Infrastructure

As per NRHM guidelines one CHC is to be set up for population of 1,20,000 (80,000 for tribal areas), one PHC for population of 30,000 (20,000 for tribal areas) and one SC for 5,000 (3,000 for tribal areas) in general areas. Comparative position of requirement of these institutions on the basis of the prescribed norms and health care facilities actually set up in the State is detailed below:

Table 4

District (Rural population as per Census 2001)	CHC			PHC			SC		
	Requirement as per population	Position as on March 2010	Excess (+)/ Shortfall (-)	Requirement as per population	Position as on March 2010	Excess (+)/ Shortfall (-)	Requirement as per population	Position as on March 2010	Excess (+)/ Shortfall (-)
Tribal areas									
Churachandpur (2,27,905)	3	1	- 2	11	9	- 2	76	68	- 8
Senapati (2,83,621)	4	2	- 2	14	12	- 2	95	65	- 30
Chandel (1,03,365)	1	0	- 1	5	5	0	34	25	- 9
Tamenglong (1,11,499)	1	1	0	6	6	0	37	30	- 7
Ukhrul (1,40,778)	2	1	- 1	7	6	- 1	47	42	- 5
Total:	**11**	**5**	**- 6**	**43**	**38**	**- 5**	**289**	**230**	**- 59**
General areas									
Bishnupur (1,33,627)	1	2	+ 1	4	5	+ 1	27	33	+ 6
Imphal West (1,97,699)	2	2	0	7	8	+ 1	40	50	+ 10
Imphal East (2,86,566)	2	2	0	10	11	+ 1	57	47	- 10
Thoubal (2,32,868)	2	5	+ 3	8	12	+ 4	47	49	+ 2
Total:	**7**	**11**	**+ 4**	**29**	**36**	**+ 7**	**171**	**179**	**+ 8**

(Source: Data compiled by audit from departmental records)

As seen from the above table, in all five tribal areas there was a large shortage of health centres *i.e.* six CHCs against the requirement of 11 CHCs, shortage of five of 43 PHCs and shortage of 59 of 289 SCs.

While there was an acute shortage of health centres in the tribal areas, the general areas were provided with excess number of health centres.

Non setting up of required number of health centres resulted in failure to provide accessible and reliable health care facilities to rural people.

1.3.9.2 Non-upgradation and non-provision of health care facilities

NRHM envisages the upgradation of CHCs to Indian Public Health (IPH) standards and PHCs to 24x7 services. During the period 2006-10, 13 CHCs and 37 PHCs were planned for upgradation at a cost of ₹ 8.34 crore. After incurring an expenditure of Rs 6.98 crore (84 *per cent*) crore, none of the CHCs and PHCs was upgraded except Wangoo Laipham PHC.

The construction of buildings for 139 SCs was planned at a cost of ₹ 12.44 crore and after incurring an expenditure of ₹ 10.48 crore (84 *per cent*), 95 SCs only were completed (December 2010).

Non-upgradation of CHCs and PHCs and non-completion of the buildings of SCs resulted in failure of providing accessible and quality health care services to the rural people.

The Department attributed (December 2010) the non-completion of the infrastructure to the law and order situation in the State and further added that the SHS was trying to complete the works at the earliest.

1.3.9.3 Status on health facilities

Test check of selected health care units revealed the non provision of required facilities as shown in the table below:

Table 5

Sl. No.	Particulars	Number of centres where service was not available			
		DHs	CHCs	PHCs	SCs
	Total number of health centres audited	**3**[35]	**7**	**19**	**38**
1	Waiting room for patients	3	7	16	38
2	Functional Labour Room	0	0	15	37
3	Functional Operation Theatre	2	7	19	NR
4	Clinic Room	0	0	6	34
5	Emergency/Casualty Room	0	1	16	38
6	Residential facilities for staff	0	7	19	38
7	Separate utility for Male and Female	0	3	8	37
8	Blood storage	2	7	19	NR
9	New born care	3	1	8	26
10	24 x 7 delivery service	0	1	19	NR
11	X-ray facility	0	5	19	NR
12	In-patient service	0	0	17	38
13	Ultrasound	2	7	19	NR
14	ECG	2	6	19	NR
15	Family Planning (Tubectomy and Vasectomy)	2	7	19	38
16	Intra-natal examination of gynaecological conditions	0	5	19	38
17	Paediatrics	2	6	19	38

(Source: Data compiled by audit from test-checked health centres) NR: Not Required

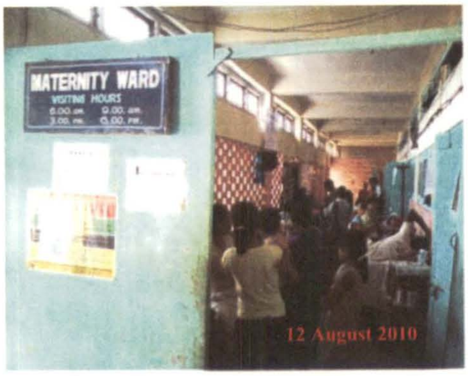
As can be seen from the above table, health facilities were quite inadequate in a large number of selected health centres. Thus, the targeted beneficiaries remained deprived of the health facilities.

[35] Imphal West District has no DH.

The photographs of working conditions of some health centres are given below:

A small shed serves as Primary Health Sub-Centre at Takyel Khongbal, Imphal West district

Primary Health Sub-Centre at Bengoon at Imphal West district functioning at a rented house



Corridor used as maternity ward in Churachandpur District Hospital

Poor state of Labour Room at PHC Thanlon, Churachandpur

1.3.9.4 Operation theatre

As per guidelines, every DH and CHC are required to be provided with functional operation theatre. While one[36] out of three selected DHs had a functional operation theatre none of the seven CHCs test-checked had functional operation theatre.

The status of availability of the various operation theatre equipments in the three DHs and seven CHCs test checked is as shown below:

[36] DHs Churachandpur

Table 6

Sl. No.	Particulars	Number of DHs where equipment was available and functional	Number of DHs where equipment was available but not functional	Number of DHs where equipment was not available
1	Boyales Apparatus	2	1	0
2	Cardiac Monitor for OT	0	0	3
3	Ventilator for OT	1	0	2
4	Vertical High Pressure Sterilizer 2/3 drum capacity	1	0	2
5	Gloves and dusting machines	1	0	2
6	Nitrous oxide cylinder 1780 ltrs 8 for one Boyales Apparatus	1	0	2
7	EMO Machine	0	0	3
8	Defibrillator for OT	0	0	3
9	Horizontal High Pressure Sterilizer	0	1	2
10	Shadowless lamp ceiling trak mounted	2	0	1
11	OT care/fumigation apparatus	1	0	2
12	Oxygen cylinder 660 ltrs 10 cylinder for one Boyales apparatus	2	0	1
13	Hydraulic operation table	2	0	1

(Source: Data compiled by audit from test checked health centres)

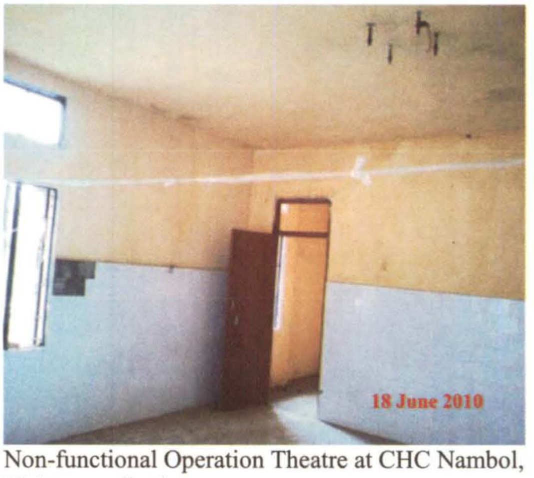
Table 6 (a)

Sl. No.	Particulars	Number of CHCs where equipment was available and functional	Number of CHCs where equipment was available but not functional	Number of CHCs where equipment was not available
1	Boyales Apparatus	1	4	2
2	Cardiac Monitor for OT	0	1	6
3	Ventilator for OT	0	1	6
4	Vertical High Pressure Sterilizer 2/3 drum capacity	0	2	5
5	Gloves and dusting machines	0	1	6
6	Nitrous oxide cylinder 1780 litres 8 for one Boyales Apparatus	0	1	6
7	EMO Machine	0	0	7
8	Defibrillator for OT	0	0	7
9	Horizontal High Pressure Sterilizer	1	1	5
10	Shadowless lamp ceiling trak mounted	0	3	4
11	OT care/fumigation apparatus	0	0	7
12	Oxygen cylinder 660 litres 10 cylinder for one Boyales apparatus	1	2	4
13	Hydraulic operation table	0	3	4

(Source: Data compiled by audit from test checked health centres)

Thus, despite launching of NRHM and availability of sufficient funds accessibility to health services for the rural people did not improve. The physical status of some of the test-checked health centres is given in photographs below:

Non-functional Operation Theatre used as store room at CHC Kangpokpi, Senapati district



Non-functional Operation Theatre at CHC Nambol, Bishnupur district

1.3.9.5 Poor occupancy rate of beds

Every CHC is provided with 30-50 beds and PHC with 6 beds for treatment of in-patients. However, scrutiny of the records of the seven test-checked CHCs revealed that the bed occupancy rate ranged between 0 to 46 *per cent* during 2005-10 whereas it was 0 *per cent* in all 19 selected PHCs. Audit noticed that such poor occupancy were due to non-availability of medical specialists and health facilities. Action taken by the Department for improvement of the situation was not on records.

1.3.10 AYUSH services

The Mission seeks to revitalise local health traditions and mainstream Ayurvedic, Yoga, Unani, Siddha and Homoeopathy (AYUSH) to strengthen the public health system by providing an AYUSH doctor at every PHC and by establishing AYUSH clinics at CHCs.

During physical verification of the CHCs and PHCs, audit noticed that AYUSH clinics were not set up in five out of seven test-checked CHCs and AYUSH doctors were not posted in three PHCs. This affected the aim of mainstreaming of AYUSH services as per NRHM framework.

The reasons for non-setting of AYUSH clinics were not recorded by the test-checked units.

1.3.11 Human resource

(i) As of March 2010 the acute shortage of manpower in the test-checked seven CHCs is given in the table below:

Table 7

(in Numbers)

Personal	Requirement as per IPHS norm for 7 CHCs	Current availability
General Surgeon	7	0
Obstetrician/Gynaecologist	7	0
Anaesthetist	7	0
Physician	7	0
Paediatrics	7	0
Eye Surgeon	7	0
Auxiliary Nurse Mid-wife (ANM)	7	14
Dresser	7	0
Lab. Technician	7	12
Ophthalmic Assistant	7	6
OPD attendant	7	9
Public Health Programme Manager	7	2
Staff Nurse (SN)	49	52
Public Health Nurse	7	7
Pharmacist/compounder	7	18
Radiographer	7	6
Ward boys/ nursing orderly	14	2
OT attendant	7	0

(Source: Data collected and compiled by audit from test checked health centres)

Audit scrutiny revealed the following shortcomigs:

- None of the Specialist as per IPHS requirements was posted in the test checked CHCs,
- There was shortage of 12 staff nurses in four CHCs while there was excess of 15 staff nurses in three CHCs.

(ii) The manpower position (March 2010) of 19 test-checked PHCs are detailed in the table below:

Table 8

Personal at PHC level	Requirement as per IPHS norm for 19 PHCs	Current availability
Medical Officer (MO)	38	35
Staff nurse	57	37
Health educator	19	2
Pharmacist	19	25
Health worker (Female)	19	45
Health Assistant (one male, one female)	38	6
Laboratory technician	19	13

(Source: Data collected and compiled by audit from test checked health centres)

While there was excess posting of six pharmacists and 26 female health workers, there were shortages of other personnel.

(iii) In 38 SCs, there was a shortfall of 28 voluntary workers against the required strength of 38 (one voluntary worker for each SC as per norm of IPHS).

Acute shortage of manpower in the health institutions adversely affected the availability of health care services.

1.3.11.1 Training of medical and para medical staff

During the period 2005-10, the SHS incurred an expenditure of ₹ 2.45 crore on training of medical and para-medical staff on various courses. Training plans for medical and para-medical staff and achievement thereof for the period 2005-08 involving ₹ 11.57 lakh were not available. For the years 2008-10 the position is shown below:

Table 9

Post	2007-08		2008-09		2009-10		Total	
	Target (T)	Achievement (A)	T	A	T	A	T	A
Skilled Birth Attendance for SN/ANM	NA	NA	360	238	60	60	420	298
Medical Termination of Pregnancy/Manual Vacuum Aspiration for MOs	NA	NA	40	39	60	13	100	52
Reproductive Track Infection(RTI)/Sexually Transmitted Infection (STI) for MOs	NA	NA	50	45	90	82	140	127
RTI/STI for SN/ANMs	NA	NA	Nil	Nil	270	191	270	191
Integrated Management of Newborn and Childhood Illness for MOs	NA	NA	100	99	100	84	200	183
Intra Uterine Device for MOs, SN, ANMs	NA	NA	Nil	38	300	220	300	258
Management Training for Programme Manager	NA	NA	Nil	Nil	125	46	125	46
ASHA	3000	3000	Nil	Nil	878	878	3878	3878

(Source: Departmental records)
NA: Not furnished by the Department

The details shown above depicted the shortfall in imparting training to the medical and para-medical staff. Non-achievement of targets earmarked for training at the State Level affected the human resource management under the Mission.

1.3.12 Accredited Social Health Activist

One of the core strategies of the NRHM was to promote access to improved healthcare at household level through a trained female community-health worker called Accredited Social Health Activist (ASHA) to be provided in every village with the ratio of one per 1000 population. For tribal and hilly areas, the norm could be relaxed for one ASHA depending on the workload. The ASHA was expected to act as an interface between the community and public health system.

The number of ASHAs required and engaged as on March 2010 is detailed below:

Table 10

Name of District	Total rural population (2001 census report)	No. of ASHAs required	No. of ASHAs selected and engaged	Excess
Bishnupur	133627	134	235	101
Imphal West	197669	198	329	131
Imphal East	286566	287	431	144
Thoubal	232868	233	365	132
Senapati	283621	284	787	503
Churachandpur	227905	228	627	399
Ukhrul	140778	141	302	161
Chandel	103365	103	550	447
Tamenglong	111499	111	252	141
Total:		**1719**	**3878**	**2159**

(Source: Compiled by audit from departmental records)

It would be evident from the above table that there was an excess of 2159 ASHAs against the required number of 1,719 based on census 2001 data. The Department incurred a sum of ₹ 4.22 crore on selection and training, ASHA kit, radio, uniform, umbrella and payment of performance related incentives during 2008-10.

The Department stated (November 2010) that ASHAs had been selected as per GoI guideline based on the revenue villages of census 2001. Hamlet villages were also considered besides revenue villages in respect of the selection of ASHAs in the hilly districts. The reply of the Department was not acceptable as the GoI's guidelines are silent regarding selection of ASHA as per revenue and hamlet villages and selection of ASHA was not purely based on the norms.

1.3.13 Mobile medical units

As per guidelines, a Mobile Medical Unit (MMU) was to be provided in each district for ensuring outreach of healthcare services in medically unserved/underserved areas. During 2007-08, 18 Mobile Vans were procured at a cost of ₹ 3.89 crore and two MMUs were issued (February 2008) to each of the nine districts. Test-check of the records maintained by the sample districts revealed that though the DHS, Bishnupur maintained log books for the period from December 2009 no operational records were maintained. The DHS, Imphal West maintained operational records of the MMUs only after June 2009. The MMUs were kept idle for a period ranging from sixteen months to twenty-two months. Neither the log books nor the operational records were maintained by the DHS, Churachandpur and the DHS, Senapati. Thus, idling of the MMUs and non-maintenance of log books and operational records certainly affected the NHRMs aim of providing specialised health facilities to the unserved/underserved areas.

1.3.14 Family welfare activities

The achievement of targets for reduction of Maternal Mortality Rate (MMR), Infant Mortality Rate (IMR) and Total Fertility Rate (TFR) by 2009-10 is depicted in the table below:

Table 11

Indicators	Target 2009-10	Current status	
	Manipur	Manipur	Nation (India)
Maternal Mortality Rate (MMR)	<100/1,00,000 live births	160/1,00,000 live births (SRS – 2005)	254 (SRS 2009)
Infant Mortality Rate (IMR)	<13/1,000 live births	14/1,000 live births (SRS – 2009)	53 (SRS 2009)
Total Fertility Rate (TFR)	2.1	2.8 (NFHS – 3)	2.7 (NFHS – 3)

(Source: State Health Society)

As would be seen from the table, the Department did not achieve the targets earmarked. While admitting the fact, DHS further stated (December 2010) that the status on health indicators of the State is better than that of the national level.

1.3.14.1 Janani Suraksha Yojana

The Janani Suraksha Yojana (JSY) aims at safe motherhood, reduction of maternal and neo-natal mortality by promoting institutional deliveries. The BPL, SC and ST pregnant women aged 19 years and above upto two live births and who have three completed Antenatal Checkups (ANCs) are entitled for incentive of ₹ 700 in case of delivery in a Government health centre or accredited private institution and ₹ 500 in case of domiciliary delivery.

The ASHA incentive for accompanying a pregnant woman for ANC, institutional delivery and post partum period in a health centre was @ of ₹ 200 per delivery case for the period upto 2008-09 and this was revised to ₹ 600 during 2009-10. For tracking each pregnancy, ANC, post delivery care, payment of incentives to the mothers and ASHA, the health centres should mandatorily prepare a micro-birth plan.

During 2005-06, no incentive was paid. For the period 2006-10, the expenditure on incentive under JSY including ASHA package for the State was ₹ 2.68 crore. In respect of test-checked units, the position of payment of incentive under JSY and ASHA package made during 2006-10 are as shown below:

Table 12

Year	Pregnant women registered	Institutional deliveries (ID)		Domiciliary deliveries (DD)		Cash assistance given (₹ in lakh)	
		Number of mothers opting for ID	Number of Mothers benefited	Number of mothers opting for DD	Number of Mothers benefited	Mother	ASHA
Bishnupur							
2005-06	1548	573	Nil	NA	Nil	Nil	Nil
2006-07	2021	762	345	NA	NA	2.42	Nil
2007-08	2933	1,236	586	58	58	4.39	Nil
2008-09	2558	1,237	915	59	59	6.70	1.27
2009-10	2594	1,481	1450	155	114	10.72	7.01
Sub-total:	**11654**	**5289 (45)**	**3296**	**272**	**231**	**24.23**	**8.28**
Churachandpur							
2005-06	27	Nil	Nil	NA	Nil	Nil	Nil
2006-07	92	NA	Nil	20	20	0.10	Nil
2007-08	541	NA	Nil	20	20	0.10	Nil
2008-09	540	Nil	Nil	82	70	0.35	Nil
2009-10	1482	6 (0)	6	431	429	2.19	0.04
Sub-total:	**2682**	**6 (0)**	**6**	**553**	**539**	**2.74**	**0.04**
Imphal West							
2005-06	1234	15	Nil	41	Nil	Nil	Nil
2006-07	1619	320	320	30	30	2.39	Nil
2007-08	1499	310	300	43	32	2.26	Nil
2008-09	2260	350	325	221	119	2.87	0.45
2009-10	2421	98	98	73	19	0.78	0.59
Sub-total:	**9033**	**1093 (12)**	**1043**	**408**	**200**	**8.30**	**1.04**
Senapati							
2005-06	2078	528	Nil	20	Nil	Nil	Nil
2006-07	2217	517	285	261	9	2.04	Nil
2007-08	4467	827	600	536	94	4.67	Nil
2008-09	4690	897	800	723	162	6.41	1.52
2009-10	4993	668	600	512	64	4.52	2.47
Sub-total:	**18445**	**3437 (19)**	**2285**	**2052**	**329**	**17.64**	**3.99**
Grant total:	**41814**	**9846 (23)**	**6630**	**3284**	**1299**	**52.91**	**13.35**

(Source: Data compiled by audit from the test checked units including DHs)
Figures in bracket indicate percentage of Institutional Delivery
NA: Not furnished by the department.

As would be seen from the above table, the test-checked units incurred an expenditure of ₹ 66.26 lakh on payment of JSY incentive and ASHA package to 7,929 mothers and 3,308 AHSA respectively during 2006-10. Scrutiny of the records, however, revealed that the health centres had not prepared the mandatory document of micro birth plan and the payment of the incentives was made without ensuring the fulfilment of eligibility criteria and mandatory documentation as prescribed in the said plan. In absence of such vital record, audit could not ascertain the veracity of payments.

1.3.14.2 Institutional delivery

NHRM aims to encourage the prospective mothers to undergo institutional deliveries. The State Government targeted to achieve 60 *per cent* deliveries in health centres or accredited private institutions by March 2010. The number of pregnant women registered during 2005-07 and achievement of the institutional delivery was not available with the Department. The status for the year 2007-10 is shown below:

Table 13

Year	Pregnant women registered	Institutional deliveries (ID)	Domiciliary deliveries	Pregnant women whose status of delivery not on record	Percentage of achievement (ID)
2007-08	71,394	19,925	7,102	44,367	28
2008-09	1,05,361	20,422	7,496	77,443	19
2009-10	1,11,670	24,206	7,535	79,929	22
Total:	**2,88,425**	**64,553**	**22,133**	**2,01,739**	

(Source: State Health Society)

As could be seen from the above table the achievement of institutional delivery ranged from 19 to 28 *per cent* during 2007-10. Hence under the intervention of JSY the percentage of pregnant women opting for institutional facilities for delivery had not been achieved to the prescribed level of 60 *per cent.*

In respect of the sample districts, the percentage of institutional delivery ranged from 0[37] to 45 *per cent* as depicted in Table 12.

There was no mechanism in place to monitor the status of delivery in respect of 2,01,739 pregnant women registered during 2007-10.

The Department stated (December 2010) that they would enhance the awareness programme for increasing institutional delivery through Information, Education and Communication (IEC), ASHA *etc.*

1.3.14.3 (i) Antenatal care, registration and check-ups (ANC)

One of the major aims of safe motherhood is to register all the pregnant women within 12 weeks of pregnancy and provide them with services like four antenatal checkups, 100 days Iron Folic Acid tablets (IFA), two doses of Tetanus Toxoid (TT), advice on the correct diet and vitamin supplements and

[37] Only 6 mothers opted for ID.

in case of complications, refer them for more specialised gynaecological care for early detection of complications during pregnancy and for preventing maternal mortality and morbidity. However, the number of registered pregnant women who had received three ANCs and administered two doses of TT for the State for the period 2005-08 was not available with the Department. During 2008-10, out of 2,88,425 registered women, 88,141 (31 *per cent*) received three ANCs and 1,04,266 (36 *per cent*) were administered two doses of TT. The reason for non-provision of four ANCs were not recorded in the departmental records.

(ii) Administration of IFA and TT

In the test-checked districts, the position of pregnant women to whom IFA was provided and TT were administered during 2005-10 is shown below:

Table 14

(In numbers)

District	Year	Pregnant women registered	No. of pregnant women to whom IFA was Administered (percentage of achievement)	No. of pregnant women to whom TT was Administered) (percentage of achievement)
Bishnupur	2005-06	NA	NA	NA
	2006-07	3658	Nil	2590
	2007-08	5662	Nil	3141
	2008-09	5903	288	3426
	2009-10	7128	1773	3000
Sub-total:		**22351**	**2061 (9)**	**12157 (54)**
Churachandpur	2005-06	27	27	25
	2006-07	92	53	51
	2007-08	541	162	441
	2008-09	540	339	304
	2009-10	1482	874	630
Sub-total:		**2682**	**1455 (54)**	**1451 (54)**
Imphal West	2005-06	26,953	6661	5528
	2006-07	21,655	3957	9048
	2007-08	33,872	Nil	6136
	2008-09	48,887	4961	9627
	2009-10	50,599	2532	8294
Sub-total:		**181966**	**18111 (10)**	**38633 (21)**
Senapati	2005-06	NA	NA	1665
	2006-07	1635	529	3011
	2007-08	6572	979	7563
	2008-09	8510	1301	5050
	2009-10	10326	3678	5977
Sub-total:		**27043**	**6487 (24)**	**23266 (86)**
Grand-total:		**234042**	**28114 (12)**	**75507 (32)**

(Source: DHSs)
NA: Not furnished by the Department

In the test-checked districts, out of 2.34 lakh pregnant women registered during the period, 28114 women (12 *per cent*) were provided with IFA tablets and 75507 women (32 *per cent*) were administered TT. Hence, 88 *per cent* of the registered women were not administered with IFA tablets and 68 *per cent* with TT, which resulted in failure to ensure safe motherhood.

1.3.14.4 Spacing methods

Intra-uterine device (IUD) insertion, Oral pills, and condoms are the three prevailing spacing methods of family planning to reduce the total fertility rate.

The targets and achievement for the period 2005-07 were not available with the department. The status on actual distribution of spacing contraceptives during 2007-10 are shown below:

Table 15

Year	IUD insertion		Oral pills cycle		Condom distribution	
	Target	Actual	Target	Actual	Target	Actual
2007-08	NA	4,376	NA	9,582	NA	1,15,327
2008-09	NA	3,993	NA	10,461	NA	1,90,538
2009-10	NA	5,183	NA	29,821	NA	2,11,741
Total		**13,552**		**49,864**		**5,17,606**

(Source: State Health Society)

As seen from the above table, among the total spacing method users during 2007-10, 2 and 9 *per cent* accounted for IUD and oral pills respectively while 89 *per cent* for condom users.

In the absence of annual targets achievement of the activities could not be assessed in audit.

1.3.15 Universal Immunisation Programme

Immunisation of children against six preventable diseases *viz.,* tuberculosis, diphtheria, pertussis, tetanus, polio and measles has been the cornerstone of routine immunisation under the programme.

To give an infant a healthy life, full immunisation by administration of one dose each of BCG and Measles and three doses each of DPT and OPV to an infant is necessary.

1.3.15.1 Routine immunisation

The achievement against the targets set for routine immunisation for the State during 2005-10 is as given below:

Table 16

Year	Target	Achievement (0 to 1 year age group)				Fully immunised (infants who have been administered full course of immunisation
		BCG	Measles	DPT	OPV	
2005-06	48,200	41,893	33,268	36,443	36,485	33,268 (69)
2006-07	45,825	55,225	47,360	48,064	48,064	47,360 (103)
2007-08	45,299	53,822	41,306	45,472	45,184	36,821 (81)
2008-09	48,353	47,706	37,700	43,538	43,556	36,681 (76)
2009-10	51,132	50,460	41,319	45,713	45,599	40,345 (79)

(Source: Directorate of Family Welfare)

Figures in bracket indicate percentage of achievement

BCG:- Bacillus Calamide Guerin, DPT:- Diphtheria Pertussis Tetanus, OPV:- Oral Polio Vaccine

While the percentage of fully immunised ranged from 69 to 81 *per cent* during 2005-06 and 2007-10, it exceeded the target during 2006-07.

1.3.15.2 Secondary immunisation

The children in the age of 5-6 years were required to be administered DT and 2 doses of TT at the age of 10 and 16 years respectively. The status on administration of secondary immunisation during 2005-10 is shown below:

Table 17

Year	DT (up to 5 years age group)		TT (10 years)		TT (16 years)	
	Target	Achievement	Target	Achievement	Target	Achievement
2005-06	47429	20811	46561	17176	45983	17002
2006-07	44050	39674	44267	37141	40594	29249
2007-08	44050	19381	43958	17660	43412	15956
2008-09	44976	14508	43449	20273	41451	22252
2009-10	49521	21176	47607	21347	45265	20714
Total	**230026**	**115550 (50)**	**225842**	**113597 (50)**	**216705**	**105173 (49)**

(Source: Directorate of Family Welfare)
Figures in bracket indicate percentage of achievement
DT: Diphtheria Tetanus, TT:- Tetanus Toxoid

During the period, the achievements of targets for DT for 5 years of age and TT for 10 years age group were 50 *per cent*, while TT for 16 years age group was 49 *per cent.*

The Department stated (December 2010) that the shortfall in achievement in secondary immunisation was due to non-conduct of school health programme.

1.3.15.3 Pulse Polio Immunisation

In pursuance of the World Health Assembly Resolution of 1988, in addition to the Universal Immunisation Programme, Pulse Polio Immunisation (PPI) was launched in 1995-96 to cover all the children below the age of five years to eradicate polio and ensure zero transmission by the end of 2008.

The year wise details of polio immunisation in the State and sample districts during 2005-10 are given below:

(a) State

Table 18

Year	Target	PPI Achievement	
		1st round	2nd round
		Achievement (*per cent*)	Achievement (*per cent*)
2005-06	349517	341875	331949
2006-07	361057	337712	337560
2007-08	351849	342951	344442
2008-09	344709	349053	348871
2009-10	344980	349007	349388
Total:	**1752112**	**1720598 (98)**	**1712210 (98)**

(Source: Directorate of Family Welfare)
Figures in bracket indicates percentage of achievement.

(b) Sample districts

Table 19

District	Year	Target	1st round	2nd round
			Achievement (*per cent*)	Achievement (*per cent*)
Bishnupur	2005-06	31361	NA	29685
	2006-07	32030	31827	31852
	2007-08	33234	30283	30506
	2008-09	30506	30098	30291
	2009-10	30506	30362	30221
		157637	**122570 (78)**	**152555 (97)**
Churachandpur	2005-06	32742	NA	33234
	2006-07	35897	33101	32870
	2007-08	34334	33460	33455
	2008-09	33460	33476	33524
	2009-10	33460	34187	34024
		169893	**134224 (79)**	**167107 (98)**
Imphal West	2005-06	62708	NA	58061
	2006-07	67842	59263	57471
	2007-08	60377	59075	60090
	2008-09	60090	63756	62612
	2009-10	60090	62597	62321
		311107	**244691 (79)**	**300555 (97)**
Senapati	2005-06	51498	NA	48746
	2006-07	45299	48890	49342
	2007-08	51451	52075	51877
	2008-09	51717	53574	52698
	2009-10	51717	50957	51991
		251682	**205496 (82)**	**254654 (101)**

(Source: Directorate of Family Welfare)
Figures in brackets indicates percentage of achievement
NA: Not furnished by the Department

The above table shows that while the overall achievement of the State was 98 *per cent*, the achievement in respect of the sample districts ranged between 78 and 82 *per cent* for the first round of immunisation and 97 and 101 *per cent* for the second round.

1.3.16 Disease Control Programmes

Seven[38] National Disease Control Programmes were taken up for implementation under NRHM. The programme-wise performance of five programmes test-checked in audit is discussed below:

1.3.16.1 Revised National Tuberculosis Control Programme

The NRHM sets a target of 85 *per cent* cure rate under Revised National Tuberculosis Control Programme (RNTCP) during 2005-10. The year-wise details of targets and achievements under the RNTCP regarding sputum

[38] (i) Revised National Tuberculosis Control Programme (ii) National Vector Borne Disease Control Programme (iii) National Leprosy Elimination Programme (iv) National Programme for Control of Blindness (v) National Programme for Prevention and Control of Deafness, (vi) National Iodine Deficiency Disorder Control Programme and (vii) Integrated Disease Surveillance Project

examination, case detection and status on treatment for the State were as shown below:

Table 20

Status on Sputum Examination

Year	Sputum Examination		Detection new Sputum +ve			
	Target	Achievement	Target for detection in NSP set for RNTCP (*per cent*)	Achievement (No. of NSP cases registered)	Population covered by RNTCP (in lakh)	Percentage (NSP Detection Rate)
2005	14,400	14,682	70	1026	24.52	56
2006	14,400	19,180	70	1141	24.52	62
2007	14,400	16,004	70	1065	25.60	55
2008	14,400	14,196	70	976	26.38	49
2009	14,400	14,668	70	1069	26.59	54
2010 (up to March 2010)	14,400	3,261	70	233	24.27	51

(Source: The State TB Society)
Figures in calendar year *i.e.* January to December

Table 21

Status on Treatment

Year	TB patients	No. of cases evaluated	Successfully treated	Died	Failures	Defaulters	Trans-ferred (nos.)	Cure rate (*per cent*)	Death rate (*per cent*)	Failure rate (*per cent*)	Defaulter rate (*per cent*)
2005	3831	5042	3831	163	66	519	9	86	3	1	10
2006	3762	4614	3762	130	56	566	17	84	3	1	12
2007	4022	3634	3849	118	71	571	16	84	3	2	12
2008	4293	4870	4068	151	67	447	12	82	3	1	9
2009	4239	4291	3572	147	65	490	18	83	3	2	11
2010	807	842	807	24	24	88	3	85	3	3	10

(Source: The State TB Society)
Figures in calendar year *i.e.* January to December

Table above shows the cure rate during 2006 to 2010 ranged between 82 to 85 *per cent* in the State as against 85 *per cent* prescribed under RNTCP. The cure rate in respect of 2005 was, however, 86 *per cent* which was above the target set.

1.3.16.2 National Vector Borne Disease Control Programme

The National Vector Borne Disease Control Programme (NVBDCP) aims to control vector borne diseases by reducing mortality and morbidity due to malaria, filarial, kala azar, dengue, chikungunia and Japanese encephalitis in endemic areas through close surveillance, improved diagnostic and treatment facilities at all health centres.

The programme stipulated to achieve Annual Blood Examination Rate (ABER) of 10 *per cent* and Annual Parasitic Incidence for Malaria (API) of less than 0.5 per thousand. The status on ABER and API as well as morbidity were as shown below:

Table 22

(Numbers)

Year	Malaria				Japanese Encephalitis	
	No. of cases	No. of deaths	ABER (*per cent*)	API (*per cent*)	No. of cases	No. of deaths
2005	2071	3	5.5	0.8	Nil	Nil
2006	2709	8	3.5	1.0	Nil	Nil
2007	1194	4	4.5	0.4	65	Nil
2008	708	2	4.8	0.2	4	Nil
2009	1069	1	4.0	0.3	64	Nil
2010	108	Nil	NA*	NA*	Nil	Nil

(Source: Information furnished by State Malaria Office)
NA: Not furnished

As would be seen from above that ABER ranged from 3.5 to 5.5 *per cent* and API was 0.2 to 1.0 per thousand.

1.3.16.3 National Leprosy Elimination Programme

The National Leprosy Elimination Programme (NLEP) aimed at eliminating leprosy by the end of March 2012; and the State was to ensure leprosy prevalence rate of less than one per ten thousand.

Audit scrutiny revealed the annual new case detection and the prevalence rate per ten thousand in the State were 45, 44, 54, 38, 31 and 0.13, 0.09, 0.15, 0.09 and 0.06 respectively during 2005-10 which indicated that the State could achieve the goal of leprosy elimination.

1.3.16.4 National Programme for Control of Blindness

The National Programme for Control of Blindness (NPCB) aimed at reducing the prevalence of blindness cases to 0.8 *per cent* by 2007 through increased cataract surgery, school eye screening and free distribution of spectacles, collection of donated eyes, creation of donation centres and eye bank, strengthening of infrastructure and training of eye surgeons and nurses.

The status on implementation of the programme for the State during 2005-10 was as shown below:

➢ ***Cataract operations***

The status of cataract operation for the State during 2005-10 was as under:

Table 23

(Numbers)

Year	Target	Achievement
2005-06	1,000	1,014
2006-07	1,000	1,156
2007-08	1,200	638
2008-09	2,000	1,746
2009-10	2,000	2,393

(Source: The State Blindness Control Society)

During 2007-09, the targets of cataract operations could not be achieved. The reasons for non-achievement of targets were not found on departmental records. The facility for eye donation and its preservation was not available in the State.

➢ ***Failure of cataract operations***

Scrutiny of the records revealed that as a part of National Programme for Control of Blindness, an eye camp was held at DH, Bishnupur from 22 to 25 February 2007 during which 16 patients were operated for cataract. Out of these 16 patients, five patients got post operative infection of their eyes resulting in lost vision on right eye and both eyes of two and three patients respectively.

The Government of Manipur served (July 2007) show cause notices to two doctors and two para medical staffs for dereliction of duties and lapses on their part while discharging their duties and conducting the operation. The further progress of the case was not intimated to audit (December 2010).

The objective of the NPCB of reducing the prevalence of blindness cases was therefore, defeated.

➢ ***Refractive errors and distribution of spectacles to school children***

During 2009-10, 71,392 students of 114 schools were screened of which 2,114 students were found having refractive errors and were provided spectacles. The list of the schools and students with refractive errors had not been furnished to audit (December 2010) despite audit requisition made in this regard.

1.3.16.5 National Programme for Prevention and Control of Deafness

It aims at preventing and controlling major causes of hearing impairment and deafness, so as to reduce the total disease burden by 25 *per cent* of the existing burden by the end of March 2012.

During the review period, fund of ₹ 60.56 lakh was received from the GoI, out of which ₹ 11.67 lakh was utilized for capacity building, leaving a balance of ₹ 48.89 lakh for the programme. However, the status of the capacity created was not available with the SHS. Non-utilization of 81 *per cent* of funds received frustrated the implementation of the scheme.

1.3.17 Village Health and Sanitation Committees

A Village Health and Sanitation Committee (VHSC) was to be formed in each village to create public awareness on health, maintenance of village health register and preparation of village health plan. Each VHSC was entitled to get an annual untied grant of ₹ 10,000 for providing referral transport facilities. The VHSCs have to operate their bank accounts as per guidelines.

In the State, 4250 VHSCs were required to be formed, out of which 3,498 were constituted leaving 752 VHSCs to be formed as of March 2010. Audit noticed that out of 3,498 VHSCs 2,711 VHSCs only had opened their own bank accounts for untied grant. But neither village health registers were maintained nor village health plans were prepared in the State. The reasons for less number of VHSCs operating their bank accounts were not recorded by the Department. Thus, the community participation and implementation of the Mission at grass root level was not ensured.

1.3.18 Hospital Management Committee/Rogi Kalyan Samitis

The Rogi Kalyan Samitis (RKS) were to be formed to upgrade DHs, CHCs and PHCs to the IPH standards to provide sustainable quality healthcare with people's participation. In the State, the required 188[39] RKSs were formed during 2007-10.

1.3.18.1 Funding of RKS

The RKS at district hospital was entitled to a corpus grant of ₹ 5 lakh per year. The RKSs at CHC and PHC levels were entitled to a corpus grant of ₹ 1 lakh each, besides annual untied grant of ₹ 50,000 and ₹ 25,000 and annual maintenance grant of ₹ 1.00 lakh and ₹ 50,000 respectively.

During 2007-10, the GoI released Mission Additionalities/Mission Flexi Pool Funds of ₹ 65 crore out of which ₹ 3.72 crore was incurred by the RKSs of the State and ₹ 1.74 crore by the RKSs of the four sample districts. Vital documents like statement of expenditure, Utilisation Certificates (UCs) could not be produced by the sample districts to audit.

1.3.18.2 Citizen Charter

One of the objectives of RKS is to develop a Citizen Charter for every level of health facility and to ensure that it is appropriately displayed to make healthcare applicants aware of their health rights and facilities available there. The Charter is also to give a specific and definite commitment in writing to the citizens for delivering standardised services within a specified time frame. Compliance to Citizen's Charter was to be ensured through operationalisation of a Grievance Redressal Mechanism.

Audit scrutiny revealed that the Citizen Charters in local language was not displayed in any of the DHs, CHCs, PHCs test-checked. In all the DHs, CHCs and PHCs there was no mechanism in place for redressal of complaints, grievances of the community regarding their need, coverage, access, quality, denial of care *etc*. Thus, there was no healthcare campaign through the Citizen Charter and the grievances of the community regarding delivery of healthcare remained unaddressed.

1.3.18.3 Functioning of RKSs

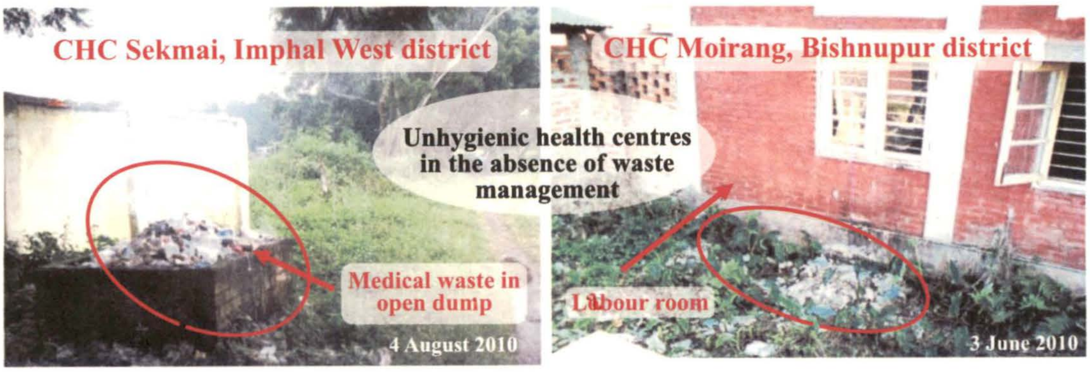
1.3.18.4 DHs, CHCs and PHCs

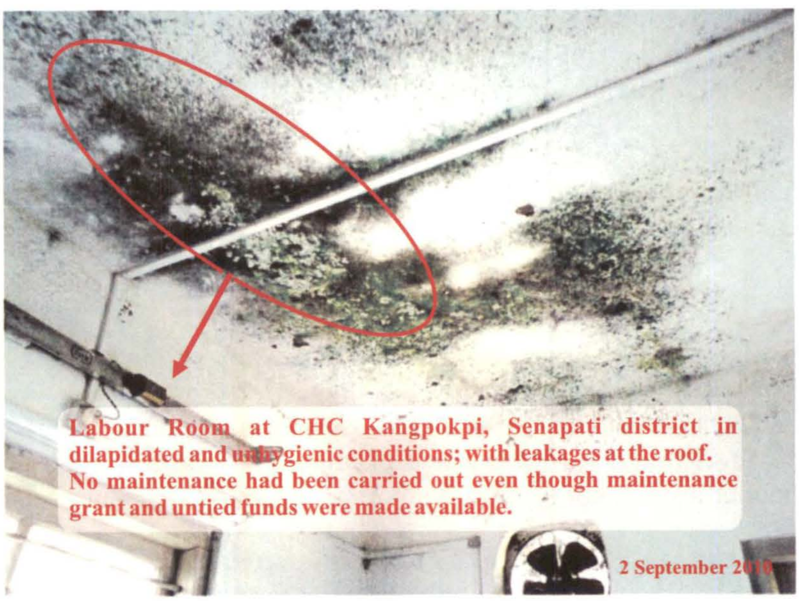
As per guidelines, the RKSs governing body were required to meet quarterly, executive body on monthly basis to review the OPD and IPD services, performance of the hospital, review reports of the Monitoring Committee and

[39] DHs-10, CHCs-32 and PHCs-146

status of utilisation of funds, equipment, drugs *etc*. The RKSs were responsible for keeping hygienic environment in the health centres/hospitals.

But regular meetings were not held and none of the aforesaid activities was being carried out resulting in unhygienic environment and dilapidated condition of health centres as shown below:





1.3.18.5 RKS of DHs

The RKSs should prepare a hospital development plan to achieve the service guarantees as per IPHS and equity of access to health care facilities. But no such plan was prepared in the State to achieve the desired goals.

1.3.19 Convergence with other programmes and departments

The Mission aimed at an architectural correction in the health care delivery system by convergence of various existing stand alone national disease control programmes.

However, all vertical disease control programmes had not merged with the Mission as of December 2010. Inputs from related Departments were not obtained for planning purpose. Hence, the desired architectural correction aimed in the health care delivery system remained unfulfilled.

1.3.20 IEC

The IEC strategies aim to facilitate awareness, dissemination of information regarding availability of and access to quality healthcare by the poor, women and children in rural areas.

During the period 2005-10, ₹ 2.08 crore received from the GoI was incurred on IEC coverage *i.e.* exhibitions, health *melas* and advertisements in electronic and print media. An amount of ₹ 48.75 lakh advanced (2007-08) to the Directorate of Family Welfare and districts for IEC purpose remained unadjusted as of November 2010.

1.3.21 Procurement of drugs/medicines

As per guidelines, SHS was required to develop a drug procurement policy and plan consistent with the Department's long term goals. But no such policy and plan were formulated. During the period, 2006-10 ₹ 4.61 crore was received from the GoI and ₹ 0.79 crore was utilised for purchase of drugs in March 2009, leaving an unutilised balance of ₹ 3.82 crore as of December 2010.

Non-procurement of drugs deprived the patients of getting the essential drugs and medicines.

1.3.22 Monitoring and evaluation

The Mission envisages a five tier system of monitoring and supervision at Village, PHC, Block, District and State levels to ensure its effective implementation. In the State except Bishnupur district, Village, PHC and Block level health monitoring and planning committee were not formed. In Bishnupur district, none of the monitoring committees was formed.

Further, Mission Steering Group and Empowered Programme Committees at the State level required for institutional monitoring were not constituted in the State. There is no system of internal audit of accounts at district and State level.

1.3.23 Conclusion

The review underscored glaring gaps in planning, implementation and monitoring activities. The planning process proved futile in the absence of the Perspective Plans and a comprehensive household survey. Some of the key initiatives of NRHM like RKS and VHSCs have not received the required attention.

Failure in timely procurement of drugs, non-completion of infrastructures, non-upgradation of CHCs, PHCs and SCs to the level of IPHS, non-utilisation of substantial amount of funds, weakness in monitoring and absence of evaluation of activities from the grass root level disclosed serious deficiencies in the implementation of the various activities of the Mission, thereby depriving the targeted beneficiaries of the intended benefits.

1.3.24 Recommendations

- Planning process needs to be strengthened;
- There is an urgent need to identify grey areas of financial management, structure and define/revamp the accountability aspect and take prompt corrective action;
- Upgradation of health centres to IPH standards needs to be expedited and sanctioned posts of medical and para-medical staff should be filled up on priority;
- Maternal health programme needs to be monitored closely;
- To achieve convergence of mission activities with other departments the State Government should ensure adequate focus on determinants of health;
- Monitoring and supervision mechanism should be established immediately so that check on effective implementation of Mission activities is exercised at all levels.

Chapter II

Audit of Transactions (Civil)

CHAPTER-II
AUDIT OF TRANSACTIONS (CIVIL)

Fraud/misappropriation/embezzlement/losses

AGRICULTURE DEPARTMENT

2.1 Suspected fraudulent payment

₹ 49.84 lakh paid to a Kolkata based firm for supply of 45 MT each of soyabean and blackgram seeds based on impermissible supply order and inconsistent delivery records led to suspected fraudulent payment.

Test-check of the records (October 2008) of the Office of the Director of Agriculture revealed that the Department placed (May 2008) a supply order of 90 MT of certified seeds amounting to ₹ 49.84 lakh {Soyabean (JS-335): 45 MT and Blackgram (T-9): 45 MT} for distribution to the farmers from a Kolkata based firm[1]. It was noticed that the supply order was placed (May 2008) at the request of the firm (January 2008) and before obtaining Administrative Approval and Expenditure Sanction, which were accorded on 9 June 2008. Also, the quantity of seeds to be ordered were finalised at the Directorate level without having any basic input of the number of beneficiaries from the district level at the time of placing order.

The firm was paid (June 2008) ₹ 49.84 lakh based on two *proforma* bills both dated 2 June 2008 and 90 MT of seeds were stated to have been received between 9 June 2008 and 13 June 2008 through three consignments, transported by three trucks. For each consignment, a delivery challan was also submitted by the firm showing the details of the consignment and mode of transportation. The Department stated (June 2009) that the seeds were produced by M/s Singh Beej Bhander, Morar, Gwalior and these seeds were duly certified by the Madhya Pradesh State Seed Certification Agencies (MPSSCA). Delivery of 90 MT of seeds and certification of the seeds by the said Seed Certification Agency as per the Seeds Rules, 1968, however, appears to be doubtful because of the reasons stated below:

- The address of M/s Singh Beej Bhandar was not traceable and MPSSCA clarified (October 2010) that they had not certified the seeds;
- One delivery challan was prepared (31 May 2008) two days ahead of the date of preparation of the *proforma* bills (2 June 2008) and the other two delivery challans (2 June 2008) were prepared on the same day of preparation of the *proforma* bills. As delivery of goods had been made, payment should have been made on actual bills and not as advance on the basis of *proforma* bills;
- Two consignments which were delivered on 9 June and 13 June 2008 as per the delivery challans were shown to have been delivered by the same driver. Considering the distance (1565 km) between Imphal and

[1] M/s Tirupati Agro-Seed Distributors.

Kolkata, delivery of two consignments by the same driver within a gap of five days is not possible; and

- The total quantity of soyabean shown as received in the stock register was 45 MT whereas, as per delivery challan[2], only 30 MT was delivered; which is not possible as there was no other consignment on record during the period.

This has led to suspected fraudulent payment of ₹ 49.84 lakh and the manner in which the supply order had been placed before sanction of Administrative Approval and inconsistencies in departmental records need further investigation.

The matter was referred to the Government (October 2010); reply had not been received (November 2010).

IRRIGATION AND FLOOD CONTROL DEPARTMENT

2.2 Loss to the Government

Failure on the part of the Department to execute Bank Guarantee with the transporter for the value of material to be transported and inaction to get its validity extended beyond the deadline has led to a loss of ₹ 1.32 crore.

Test check of the records (June/July 2010) of the Dolaithabi Barrage Division No. I (DBD) revealed that a supply order for ₹ 6.99 crore was placed (March 2008) on M/s Steel Authority of India Ltd. (SAIL), Guwahati for supply of 1237 MT of TMT steel bars of different sizes for the Dolaithabi Barrage Project and 100 *per cent* of the value of the materials was paid to the company in the same month as per terms and conditions of the supply order. The job of transportation of the material from Guwahati to the consignee's office (*i.e.* Project Store Division, Lamphelpat) was awarded (July 2008) to a local transporter firm[3] by the Division.

According to the terms and conditions of transportation, the transporter was to transport 1237 MT of steel bars at a cost of ₹ 44.63 lakh @ ₹ 3,608 per MT on execution of bank guarantee (BG) for 100 *per cent* of the cost of the material to be transported. In the event of failure to transport the material within a period of 10 days as stipulated in the terms and conditions, the BG was liable to be forfeited. However, instead of executing BG for ₹ 6.99 crore for the full value of the material, the transporter was allowed to execute a BG for ₹ 50 lakh only with validity upto August 2008 only. Reasons for limiting the BG to ₹ 50 lakh, instead of ₹ 6.99 crore could not be furnished. Further, the validity of the BG was not extended beyond the deadline.

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[2] No quantity of soyabean was mentioned though the seed was mentioned in the delivery challan.

[3] M/s L.S. Enterprises, Kanglatombi

The transporter lifted 441.40 MT of steel bars from SAIL, Guwahati by July 2008 of which 187.89 MT was delivered to the Department and the balance quantity of 253.51 MT[4] of steel bars valued at ₹ 1.39 crore was yet to be delivered (November 2010). The amount paid to the transporter for the transportation though called for could not be furnished to Audit (November 2010). Despite serving several notices (August 2008 and January 2009) to the transporter and reporting (January 2010) the case to the police, the balance quantity of 253.51 MT of steel bars has still not been delivered (November 2010). As such, the Department cancelled (July 2009) the contract agreement for transportation of the material by the transporter. Out of the remaining quantity of 795.60 MT (1237 MT – 441.40 MT) of steel bars, 547.33 MT had been delivered as of August 2010 through alternative arrangements made by the Department.

Thus, inaction of the Department to execute BG for the full value of the materials to be transported and allowing the BG to lapse without any action has led the Government to a loss of ₹ 1.32 crore[5].

The matter was referred (August 2010) to the Government; reply had not been received (November 2010).

PLANNING DEPARTMENT

2.3 Fraudulent payment due to fictitious purchase

Fraudulent payment of ₹ 2.74 crore was made to a contractor, as payment for supply of building material was based on fictitious records.

Test check of the records (May 2010) of the Manipur Development Society revealed that 1,715 MT of cement valued at ₹ 120.05 lakh @ ₹ 7000 per MT and 297 MT of steel valued at ₹ 154.44 lakh @ ₹ 52,000 per MT were purchased from two suppliers *i.e.* M/s S. K Enterprises, Guwahati and M/s NorthEast Marketing Company, Dimapur during January 2009 and May 2009. The Society made (March 2009) a payment of ₹ 274.49 lakh to the firms for supply of the building material including transportation cost. As per delivery challans, the building materials were transported by 33 trucks as of May 2009. The building materials were purportedly purchased for construction of two District Sports Complexes at Kodompokpi and Kakching.

4

Description	Quantity(MT)	Rate per MT	Value (₹ in lakh)
28 mm	32.10	₹ 54,671	17.55
25 mm	43.13	₹ 53,641	23.14
16 mm	178.28	₹ 55,036	98.12
Total	**253.51**		**138.81**

5 ₹ 138.81 lakh (cost of steel) – ₹ 6.78 lakh (cost of transportation for 187.89 MT @ ₹ 3,608 per MT)

Scrutiny of the supply orders, invoices of the supply, delivery challans *etc.* revealed the following irregularities:

- In two supply orders, 553 MT (200 MT + 353 MT) of steel bars of five different sizes were made. However, the size-wise quantity of the steel bars to be ordered was not mentioned;
- Both the invoice copies and delivery challans of the Guwahati and Dimapur firms appear to be in the same handwriting;
- Out of the 33 trucks, one turned out to be a small vehicle (TATA model: 407 truck) of the Police Department, three had not been registered, one was an auto rickshaw, one a two wheeler (Kinetic Zoom Bajaj) and for one the registration number had been changed to another number with effect from March 2008; and
- The addresses of these two suppliers could not be traced and correspondences (August 2010) to them were returned by the courier with "No Such Company" remark.

Thus, payment for the supply of the material appears to be made on fictitious records and had led to fraudulent payment of ₹ 2.74 crore. The matter merits a thorough investigation to fix responsibilities and the circumstances leading to the fraudulent payment.

The matter was referred to the Government (July 2010); reply had not been received (November 2010).

PUBLIC WORKS DEPARTMENT

2.4 Loss to the Government

Non-return of five bull dozers for eight to thirteen years has subjected the Government to a possible loss of ₹ 1.46 crore being cost of the bull dozers and further non-realization of revenue of ₹ 43.03 lakh as hire charges.

As per General conditions of contract for CPWD works, the contractor shall be responsible to return the plant and machinery in the condition in which it was handed over to him, for all damage caused to the said plant and machinery, for all losses due to his failure to return the same after the completion of the work for which it was issued, and the Divisional Engineer should be the sole judge to determine the liability of the contractor.

Scrutiny (July 2008) of the records of Mechanical Division No.1 (MD1), PWD revealed that the Division hired out (between May 1997 and January 2002) four D-50 bull dozers for a period ranging from fifteen to ninety days to four contractors for use at four work sites under three divisions, as shown below:

(₹ in lakh)

Sl. No.	Indenting division (Work site)	Name of contractors (Machine No.)	Date of indent (No. of days indented)	Date of issue of bulldozers	Cost of the bulldozers
1	Chandel (Soyang)	Ch. Iboyaima (12890)	29-03-2000 (15)	07-08-2000	36.51
2	Bishnupur (Khoupum)	S.K. Agency (12892)	14-01-2002 (48)	21-01-2002	36.51
3	NH-V (Patpurum)	K. Tenden (12891)	17-07-1997 (30)	20-05-1997	36.51
4	NH-V (Thanlon)	T. Kaichikhup (12887)	27-2-1999 (90)	26-06-1999	36.51
		Total:			**146.04**

Hire charges for the indented days amounting to ₹ 16.07 lakh was deposited at the time of issue of bull dozers; except for the one issued to Chandel division (Sl. No. 1) and in the case of Patpurum work (Sl. no. 3) the bull dozer was issued before indent date; reason of which was not on record. The bull dozers were not returned to MD1 even after lapse of eight to thirteen years from the dates of issue.

The Government while accepting the fact stated (September 2010) that they had called for the information about the bull dozers from the concerned divisions and hire charges amounting to ₹ 43.30 lakh had been claimed in respect of three bull dozers (Sl. no. 1 to 3). However, the Department had not intimated (November 2010) to Audit whether the amount claimed is inclusive of the amount that was deposited at the time of hiring out of the bull dozers. In respect of the bull dozer at Sl. No.4 against which hire charges was due to be recovered, no information has been intimated as of November 2010. The present position of return of these bull dozers has not been intimated (November 2010). There was no record to show that the Department had taken steps to recover the amount due from other on-going works of the contractors and no effort was made by the Department to blacklist the contractors.

Thus, non-return of the machinery for eight to thirteen years indicated that the monitoring system in the Department was weak and has subjected the Government to a possible loss of ₹ 1.46 crore being the cost of the bull dozers and further non-realisation of revenue amounting to ₹ 43.03 lakh as hire charges.

Infructuous/Wasteful expenditure and overpayment etc.

AGRICULTURE DEPARTMENT

2.5 Unfruitful expenditure

Due to poor power supply and failure of the Department to take any cogent step, a bio fertilizer production unit could not be made functional and ₹ 20 lakh spent on procurement of the components of the unit proved unfruitful.

Test check of the records (September 2008) of the Agriculture Officer (Public Relation), Agriculture Department revealed that the State Government accorded (February and March 2007) sanction for an amount of ₹ 46.14 lakh in two separate orders of ₹ 23.07 lakh each under the aegis of National Project on Organic Farming, Ghaziabad. The activities of the project[6] *inter alia* included setting up of a bio fertilizer production unit of installed capacity of four MT per month at a cost of ₹ 20 lakh in a departmental premise at Lamlai.

The components for setting up of the bio fertilizer production unit were procured (March 2007) from a local firm[7] at a cost of ₹ 20 lakh. However, no tender, rate quotation or comparative statement of rates was made for the purchase; in the absence of which the economy of the rates of the components supplied by the firm could not be vouchsafed. The Department stated (September 2010) that the supply order was made directly to the firm due to urgency in implementation of the scheme. Thus, the reasonability of rates of the components supplied by the firm could not be established. The firm supplied (March 2007) the components and was paid (May 2007) ₹ 20 lakh for the supply. The components were issued (March 2007) to Sub Divisional Agriculture Officer, Lamlai for installation and commissioning of the plant.

The plant could not be commissioned due to poor electric supply at the site of installation despite spending ₹ 20 lakh on procurement of the components. The Department had neither made any cogent efforts to assess the power requirement nor arranged for an alternative power supply in view of the erratic power supply to make the plant functional. Thus, due to non-commissioning of the bio fertilizer production unit an investment of ₹ 20 lakh remained infructuous for more than three and half years and the process of promoting organic farming by use of bio fertilisers was impeded to this extent.

In reply, the Government stated (October 2010) that the Power Department was requested for power connection on two occasions (July 2008 and May 2009), but admitted that no proper pursuance was done. The reply is not acceptable because the Power Department stated (December 2010) that no

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[6] Other projects/works include setting of Vermiculture Hatcheries (₹ 13.50 lakh) and Training and Field demonstration (₹ 12.64 lakh)

[7] M/s Wayesh Co.

such request for power connection had been made by the Agriculture Department.

Thus, the claim of the Department of urgency of implementation of the scheme and procurement of the components; by-passing prudent financial norms contradicted itself as no efforts for suitable power connection to make the plant functional was made by the Department.

IRRIGATION AND FLOOD CONTROL DEPARTMENT

2.6 Doubtful expenditure

Construction of Guide Bund with unacceptable dimension and without any transparency, financial norm and immediate requirement led to a doubtful expenditure of ₹ 9.21 crore.

Test check of the records (June-July 2010) of the Dolaithabi Barrage Division No. I revealed that earthwork of 3.66 lakh cum of Guide Bund (GB) included upto the 1st Revised Project Report (RPR) had been completed at a cost ₹ 3.39 crore as on March 2008 and there was no further provision for construction of GB in the 2nd RPR which was approved (October 2009) by the Central Water Commission.

The Department, however, awarded (July 2008 to November 2009) ninety work orders to five local contractors at a cost of ₹ 10.19 crore through restricted tender for construction of 4.60 lakh cum of Guide Bund (GB) for a length of 36.88 km[8] along the Iril river upstream of the Dolaithabi Barrage for which payment of ₹ 9.21 crore were made as of March 2010 to the five contractors. Audit noticed that construction of the GB was neither based on survey report nor was it provided in the Annual Action Plan. As the value of the work was above ₹ one crore, approval of the Project Implementation Board (PIB) was to be obtained. However, instead of PIB, approval was given at the level of the Chief Engineer (CE).

The following shortcomings in construction of the GB were also noticed:

- As per river embankment norm[9], the slopes of the side of the embankment should not be more than 27 degree. As the GB was shown to have been constructed with a top width of 4 m, height ranging from 2.60 m to 2.80 m, and base width of 5 m to 5.50 m; the slopes of the sides of the GB worked out to 74 to 80 degree[10], far steeper than the norm; and as such would render the structure unreliable;

[8] 18.93 km (1.40 to 20.33 km, Left side) *plus* 17.95 km (1.8 to 19.75 km, Right side)

[9] Guidelines for Planning and Design of River Embankments (IS: 12094-1987)

[10] $\tan^{-1}\{2.60/((5.50-4)\div 2)\}$ i.e 74 degree to $\tan^{-1}\{2.80/((5-4)\div 2)\}$ i.e 80 degree

- The execution of the work was not reflected in the monthly progress reports submitted to the CE from time to time; and
- Construction of the GB for an expenditure of ₹ 10.19 crore when the main barrage was nowhere near completion[11] raises serious concern on the efficacy of the project management and was grossly irregular, as GBs are meant to be constructed to hold the impounded water of the barrage on its completion.

Thus, an amount of ₹ 9.21 crore spent on construction of GB without any transparency, financial norm, and unfeasible structure is questionable.

In reply, the Government stated (October 2010) that:

- *Extensive survey was conducted for assessing the volume of GB.*

  The reply of the Department is not acceptable since the estimates of the works were not based on requisite survey data like High Flood Level, Hydraulic Gradient, Free Broad, Side Slopes *etc.* and analysis of line of seepage of the cross section of the GB to determine its structural stability, as per the Guidelines for Planning and Design of River Embankments (IS: 12094-1987).

- *The Department was constraint to reduce the side slopes in order to restrict the base width of the GB, so as to avoid vast acquisition of land along the river banks of about 20 km.*

  Construction of critical structures like GB as per the specified norms is an indispensable requirement. Any compromise or failure to conform to such specification could inflict irreparable damage to life and property. Given the disastrous impact that an unsound GB structure could lead to, the reason put forth by the State Government is not acceptable.

- *Provision for the GB for 3.66 lakh cum was available in the RPR.*

  The reply is incorrect since this provision was included in the 1st RPR; and as per departmental records the same had already been executed at a cost of ₹ 3.39 crore as of March 2008 *i.e.* before finalisation of 2nd RPR.

- *The Administrative Approval (AA) and Expenditure Sanction (ES) for the original project report was taken in August 1992. Once AA and ES had been taken, there is no need to take fresh approval for component items of the project.*

  The reply cannot be accepted as the Department had constructed the GB without including its provision in the 2nd RPR. Besides, as per CPWD manual such works requires the sanction of the competent authority.

[11] Only 1.7 (Steel re-enforcement) and 1.54 (reinforced cement concrete) of the barrage has been completed (November 2010).

> ➢ *Construction of various components of a project needs a planned and synchronised effort for timely implementation of the project. As such the GB was constructed without awaiting completion of the barrage.*
>
> Construction of 4.60 lakh cum of GB for a length of 36.88 km and compacting it layer-wise with rollers within a short period of 45 days is not possible.

Further, as the Department had not extended co-operation of the request (November 2010) of Audit for a joint verification of the GB, no such physical verification could be conducted.

Violation of contractual obligations, undue benefit to contractors, unavoidable/unfruitful expenditure

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.7 Undue benefit to contractor

In contravention of CPWD manual, excess mobilization advance of ₹ 1.04 crore was paid and interest of ₹ 67.49 lakh on the advance was also not realized from a contractor, resulting in extension of undue benefit to the tune of ₹ 1.71 crore.

As per Central Public Works Department Manual, Mobilization Advance (MA) limited to a maximum of 10 *per cent* of the estimated cost put to tender or tendered value or ₹ one crore, whichever is less at 10 *per cent* simple interest can be paid to the contractor against bank guarantee of a scheduled bank for the full amount of advance in respect of certain specialised and capital intensive works.

Test check of the records (January 2010) of the Sewerage and Drainage Division revealed that the work of Construction of Sewerage Treatment Plant at Lamphelpat with a capacity of 27 million litres daily was awarded (June 2004) to M/s Simplex Projects Ltd., Kolkata for ₹ 20.63 crore (Estimated cost: ₹ 8.97 crore). The work was stipulated to be completed by December 2005. Audit noticed that instead of limiting the MA to ₹ one crore as per the manual provision *ibid*, the contractor was paid (December 2005) interest free MA of ₹ 2.04 crore. Further, the bank guarantee of ₹ two crore against which the MA had been taken lapsed in October 2006. There was no record to show that any action has been taken to re-validate the bank guarantee.

Further scrutiny revealed that an amount of ₹ 1.17 crore has been recovered so far between December 2006 and December 2009 in seven instalments. The interest at 10 *per cent* simple interest on the outstanding balances of MA worked out to ₹ 67.49 lakh as on January 2010.

Thus, the contractor was not only allowed excess MA of ₹ 1.04 crore but also the benefit of non-realisation of accrued interest of ₹ 67.49 lakh on the MA, resulting in undue benefit of ₹ 1.71 crore.

The matter was referred to the Government (October 2010); reply had not been received (November 2010).

PUBLIC WORKS DEPARTMENT

2.8 Undue benefit to contractors

As element of VAT included in the estimates of works was not deducted at the time of making payments, undue benefit to the tune of ₹ 11.31 lakh was extended to the contractors.

As per the provisions of General Financial Rules (GFR), any expenditure should not be *prima facie* more than the occasion demands and should not be incurred for the benefit of a particular person.

Scrutiny of the records (June 2007 and January 2010) of the Building Division No. II revealed that the Department executed (between November 2006 and December 2008) construction works of three Manipur Bhavans at Shillong, Guwahati and New Delhi. The estimates of these works were inclusive of VAT at the applicable rate of 5.6 *per cent* and payment made to the contractors so far was without deducting ₹ 11.31 lakh[12] as the element of VAT.

When pointed out in audit, the Divisional Officer (DO) stated (May 2010) that VAT was not deductible from the bills of the works as they were executed outside the State. The reply is not acceptable as element of VAT though included in the estimates had not been deducted subsequently at the time of making payments to the contractors. The progress of the works or whether any action has been taken subsequently by the Department to recover the amount from the contractors from these works or other on-going works has not been intimated to Audit.

Thus, inclusion of element of VAT in the estimates and its subsequent non-deduction at the time of payment of bills of the works resulted in extension of undue benefit to the contractors to the tune of ₹ 11.31 lakh.

The matter was referred to the Government (October 2010); reply had not been received (November 2010).

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[12] ₹ 5.82 lakh (Construction of Manipur Bhavan, Guwahati); ₹ 1.24 lakh (Improvement of Manipur Bhavan, Shillong), ₹ 2.63 lakh (Improvement of Tikendrajit Bhavan –Phase II, N.Delhi) & ₹ 1.62 lakh (Improvement of Tikendrajit Bhavan –Phase III, N. Delhi)

Irregular/ Idle expenditure, blocking/ misutilisation of funds

SCIENCE AND TECHNOLOGY DEPARTMENT

2.9 Blockage of funds

Due to entrustment of work of Upgradation of Information Technology Park without entering into an agreement with the executing agency, an amount of ₹ 9.05 crore remained blocked for more than two and a half years.

The Software Technology Park of India (STPI), a Central autonomous society, was set up to promote/export computer software units and provide services like technology assessment and professional training.

The Government of Manipur had decided (December 2007) to upgrade Information Technology Park (ITP) at Mantripukhri, Imphal for which an amount of ₹ 9.60 crore was sanctioned (February 2008) and the Software Technology Park of India (STPI), Guwahati was entrusted the work on turnkey basis. The work order awarded in February 2008 stipulated that the detailed terms and conditions of executing the work would be as per the agreement to be signed between the STPI and the Department.

The Department, however, did not initiate any action to enter into an agreement with the STPI. The time allowed to complete the work and terms and conditions for payment was also not mentioned in the work order. However, full value of the work of ₹ 9.15 crore was paid (February 2008) to the STPI after deducting VAT without entering into any contract agreement. Reasons for non-execution of Agreement, payment of full value of the work without receipt of any bank guarantee to safeguard the interest of the Government *etc.* was not made available to audit.

As the STPI failed to commence the work, the State Government decided (January 2009) to rescind the work order and directed the STPI to refund an amount of ₹ 9.05 crore after deducting cost of Detailed Project Report[13]. In the absence of any Agreement, the Department could neither pursue the case legally nor could it invoke any penal action against the STPI. The decision of rescinding the work order was, however, withdrawn at the intervention of the Government of India and finally the State Government and the STPI entered (November 2009) into a Memorandum of Understanding (MoU), fixing the date of completion within 24 months from the date of signing of MoU. In the event of non-commencement or delay in completion of work, compensation @ 1 *per cent* of the value of work order per month of delay subject to a maximum of 10 *per cent* of the work order value was to be imposed.

Thus, due to full payment of the value of the work at the time of award of work order without entering into any Agreement, an amount of ₹ 9.05 crore

[13] ₹ 10 lakh as cost of preparation of Detailed Project Report.

not only remained blocked for more than two and half years but also delayed the objective of offering increasing employment opportunities to the IT educated youths of the State, through private firms/entrepreneurs by using the STPI facilities.

In reply, the State Government stated (October 2010) that SPTI, Guwahati had been asked to complete the project within the agreed period and compound wall and piling and foundation works upto plinth level has since been completed (November 2010).

2.10 General

2.10.1 Follow up on Audit Reports

As per recommendations made by the High Powered Committee (HPC), *suo moto* explanatory notes on corrective/remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the Departments duly vetted by the Accountant General to PAC/COPU within three months[14] from the date of placing of Audit Reports in the Legislature.

However, as of November 2010 *suo moto* explanatory notes pertaining to 264 paragraphs/reviews for the Audit reports for the years 1999-2009 were not received within the stipulated period of three months either from the Departments or through the Manipur Legislative Assembly Secretariat.

2.10.2 Action taken on recommendation of Public Accounts Committee

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

Seven hundred and twenty one (721) recommendations of the PAC, made in its eleventh to thirty third Report were pending settlement as of November 2010 due to non-receipt of Action Taken Notes/Reports.

2.10.3 Response to audit observations and compliance thereof

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

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

As of March 2010, 1,278 IRs issued from 1990-91 were outstanding for settlement. Of these, 113 IRs had not been settled for more than 10 years. Even the initial replies, which are required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 20 major Departments in respect of 116 IRs. Non-furnishing of replies and inaction against the defaulting officers facilitates continuation of serious financial irregularities and loss to the Government.

It is recommended that Government review the matter and ensure that effective system exists for (a) action against defaulting officials, who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action may be taken to recover loss/outstanding advances/overpayments in a time bound manner, and (c) revamp the system to ensure prompt and timely response to audit observations.

Chapter III

Integrated Audit

CHAPTER-III

FOREST DEPARTMENT

3.1 Integrated Audit of Forest Department

Highlights

The aim of the Forest Department is forest management in the State *i.e.* wildlife, biodiversity and habitats for maintenance and rehabilitation of ecological balance and economic development of the people of the State. The Department is responsible for carrying out soil and water conservation works, afforestation works to increase area under forest cover and preservation of wildlife. However, during 2009-10, there was a shortfall of 750 hectares in plantations, 790 hectares and 770 hectares in maintenance of one and two year old plantations respectively. Significant audit findings noticed are as under:

₹ 53.59 lakh meant for preparation of working plan, regeneration activities and protection of forest had been unauthorisedly expended for departmental logging of timber.

(Paragraph 3.1.9 (iii))

Four to seven months after the prescribed plantation schedule the Department raised plantations on 4335 hectares.

(Paragraph 3.1.10 (ii))

After completion of advance work for plantation on 230 hectares at a cost of ₹ 19.19 lakh, no final plantation was carried out resulting in wasteful expenditure.

(Paragraph 3.1.10 (iii))

Before final acquisition of seven hectares of land expenditure of ₹ 13 lakh was incurred on establishment of rescue centre for Sangai (Brow-antlered deer).

(Paragraph 3.1.10 (v))

3.1.1 Introduction

Of its geographical area of 22,327 sq km, Manipur State has a forest area of 17,418 sq km with forest cover of 17,280 sq km which represents 78 *per cent* and 77 *per cent* respectively. There are two National Parks[1], five Wild Life Sanctuaries[2], one Zoological Garden and one Orchid Preservation Centre. Of these Keibul Lamjao National Park (40 sq km) and Yangoupokpi Wildlife Sanctuary (184.80 sq km) are protected areas.

[1] (i) Keibul Lamjao and (ii) Siroi

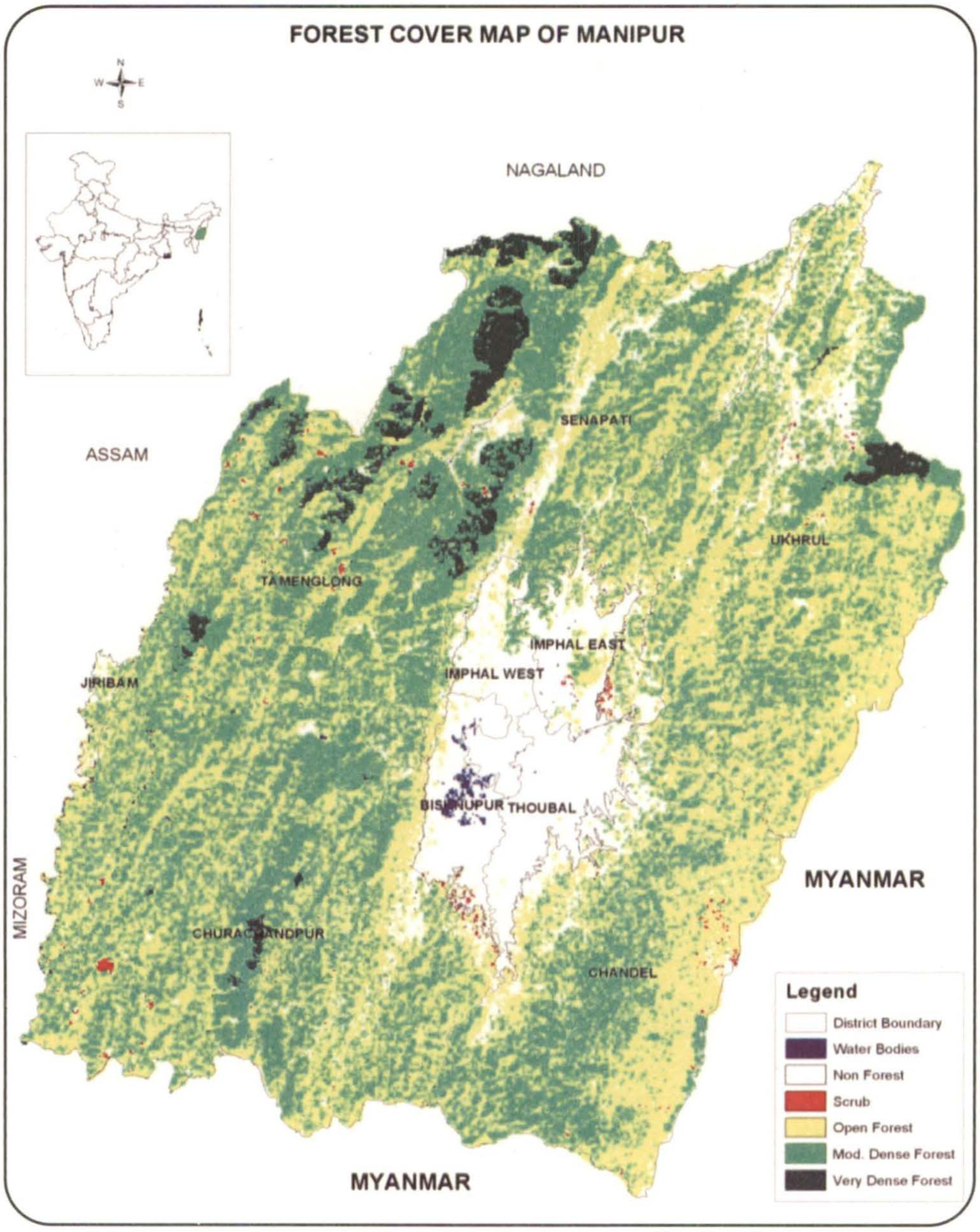
[2] Yangoupokpi Lokchao; (ii) Jiri Makru; (iii) Bunning; (iv) Kailam, and (v) Zeilad

As per State of Forest Report (2009) published by the Forest Survey of India (FSI), the distribution of forest cover in the State was as under:

Table 1

(Area in sq km)

Forest cover	Assessment of 2009
Very Dense Forest	701
Moderate Dense Forest	5474
Open Forest	11105
Total:	**17280**



Source: Forest Survey of India

3.1.2 Organisational set up

The organizational set-up of the Department is shown below:

Principal Secretary (Forest and Environment)

↓

Principal Chief Conservator of Forest

↓

Additional Principal Chief Conservator of Forest (5)

↓

Chief Conservator of Forest (7)

↓

Conservator of Forest (8)

↓

Dy. Conservator of Forest/Divisional Forest Officer (18)

Principal Secretary (Forest and Environment) is overall in charge of the Department. Principal Chief Conservator of Forest (PCCF) is the Head of the Department (HoD) and is responsible for all forestry, wildlife and allied activities. He is responsible for preparation and submission of the budget estimates to the Finance Department through the Administrative Department. There are five Additional Principal Chief Conservator of Forest (APCCF). APCCF-cum-Chief Wildlife Warden is the head of wildlife wing and the other four APCCF are responsible for works related to afforestation, conservation, research and silviculture, medicinal plants and bio-diversity of the areas under them. They are assisted by Chief Conservator of Forest (CCF) and Conservator of Forest (CF). The Divisional Forest Officers (DFOs) are responsible for actual implementation of the schemes in the field through range officers and other subordinate staff.

3.1.3 Scope of audit

The functioning of the Department for the period 2005-10 was reviewed through a test check of records of the Department during June to August 2010. The offices of the PCCF and 10 DFOs[3] (out of 18) were selected on simple random sampling without replacement (SRSWOR) for detailed examination. Of the total expenditure of ₹ 168.73 crore incurred during the period on 21 State plan schemes and two Centrally Sponsored Scheme (CSS), Audit test-checked the expenditure of ₹ 88.46 crore (52 *per cent*) incurred by the selected auditee units on eight[4] State plan schemes and two[5] CSS.

[3] (i) Soil Conservation Division (ii) Social Forestry Division (iii) Central Forest Division (iv) Bishnupur Forest Division (v) Thoubal Forest Division (vi) Western Forest Division, Tamenglong (vii) Eastern Forest Division, Ukhrul (viii) Northern Forest Division, Kangpokpi (ix) Tengnoupal Forest Division, Chandel (x) Deputy Conservator of Forests, Parks and Sanctuaries

[4] Afforestation, Working Plan, Social Forestry, Economic Plantation, Development of Keibul Lamjao National Park, Development of Wild Life Sanctuaries, Development of Minor Forest Produce and Forest Buildings

[5] Integrated Forest Protection Scheme and Integrated Development of Wild Life Habitats.

3.1.4 Audit objectives

The integrated audit of the Department was carried out to assess whether:

- The objectives of the Department were achieved;
- The programmes were planned properly and implemented efficiently;
- The funds provided for the programme were properly utilized and procedure, rules and regulations specified thereof were adhered to;
- Human resources were optimally utilized; and
- An effective internal control and evaluation mechanism existed.

3.1.5 Audit criteria

Audit criteria adopted for benchmarking the audit findings were:

- Indian Forest Act, 1927
- Manipur Forest Rules, 1971
- Scheme Guidelines, Notifications and instructions issued by the State and Central Governments
- General Financial Rules (GFRs)
- Procedures prescribed for monitoring and evaluation of schemes

3.1.6 Audit methodology

The methodology included selection of units/schemes based on SRSWOR method, holding an Entry Conference (May 2010) with the Principal Secretary, Forest and Environment and other departmental authorities, checking of relevant records, analysis of the data and documentary evidence on the basis of audit criteria to arrive at audit findings, conclusions and recommendations. Audit findings were discussed with the Commissioner (Forest) and other departmental officers in an Exit Conference (November 2010) and the replies of the Department have been incorporated in the report at the appropriate places.

Audit findings

The important points noticed in audit are narrated in the succeeding paragraphs.

3.1.7 Planning

With the objective of scientific management of forests, checking denudation and erosion, protecting the economic interest of the tribals, maximizing production to meet the demands of forest based industries the State Forest Policy was formulated in August 1986. Two years after formulation of State Forest Policy, the Government of India introduced the National Forest Policy, 1988 to evolve a new strategy for forest preservation, maintenance and restoration of ecological balance, sustainable utilization and enhancement of livelihood of the rural poor population of the State. After a gap of 12 years, the Department prepared a revised Manipur Forest Policy 1998 with the objective of achieving sustainable development and utilization of forest resources, environmental and ecological stability as well as economic development of the State. However, this was not approved by the State Government as of November 2010, reasons for which was not on record. Although Manipur Revised Forest Policy 1998 was yet to be approved, the annual plans, annual action plan and five years perspective plan were prepared in conformity with National Forest Policy 1988. During 2005-10 against the plantation target of 21225 hectares, the department could achieve 20475 hectares leaving a shortfall of 750 hectares. This has been discussed in para 3.1.10 (i).

According to Annual Plans, once an economic plantation (otherwise known as Restocking of Reserved Forests) has been made, its maintenance should be carried out for the next two years. However, targets for maintenance were fixed without considering the quantum of such plantations made in the previous years as shown in table below:

Table 2

(in hectare)

Year	Actual plantation (Restocking of Reserved Forests)	Target for maintenance of plantations (for one year old plantations)			Target for maintenance of plantations (for two year old plantations)		
		to be fixed	fixed	shortfall in fixation of target	to be fixed	fixed	shortfall in fixation of target
2005-06	580	*	*	*	*	*	*
2006-07	450	580	320	260	*	*	*
2007-08	555	450	150	300	580	300	280
2008-09	645	555	410	145	450	120	330
2009-10	1085	645	535	110	555	520	35
Total:	**3315**	**2230**	**1415**	**815**	**1585**	**940**	**645**

(Source: Departmental records)

* This relates to plantations made during 2003-05 and relevant records were not available with the department.

The table shows that the programme for maintenance had always been fixed lower than what they should have been fixed leading to heavy shortfall each year. Thus, fixation of maintenance target for plantations was not based on realistic assessment as targets were not fixed on the basis of actual plantations taken up during the previous years. Achievement and shortfall in maintenance of one and two years old plantations has been discussed in para 3.1.10 (iv).

Though the annual action plans (also known as Work Programme) should be prepared for item-wise physical and financial targets of various activities, the financial targets shown in the work programme had been clubbed and not broken down into individual items of plantation and other activities of the Department.

While admitting the facts, the Department stated (November 2010) that the Government would be pursued for finalization of State Forest Policy 1998 and the point regarding preparation of item wise physical and financial targets to be broken down to individual items had been noted for future compliance.

3.1.8 Management of forest land

Forests are renewable in nature. These can be augmented or depleted with human and other interferences. Environmental stability and restoration of ecological balance depends upon conservation, upgradation and augmentation of forest cover. Therefore, forests are required to be managed in most sustainable manner which involves control over forest land, preparation of working plans and plantation programmes.

(i) Demarcation of reserved forests

For ensuring protection of reserved forests, construction and erection of boundary pillars is a necessity. The State has 1038.65 sq km of reserved forests area. For demarcation of these areas, erection of boundary pillars for a length of 1235 km is required. However, as of March 2010 boundary pillars had been erected only along 93.50 km (8 *per cent*) leaving 1141.50 km without demarcation.

The Department stated (November 2010) that erection of boundary pillar was a continuing process. It further added that efforts were being made for fixation of specific targets for erection of boundary pillars. Thus, due to non-fixation of specific target for demarcation of reserved forests and non-completion of erection of boundary pillars, demarcation of reserved forest could not be fully ensured thereby defeating the very purpose of ensuring protection of reserved forests.

(ii) Encroachment of reserved forests

As per Manipur Forest Rules 1971, the Chief Conservator of Forest and the Forest Officer-in-charge of the Division, has the power to evict summarily any person who unauthorisedly occupies or continues to occupy any land under the control of the Forest Department. In case of resistance by the encroachers, the CCF/Officer-in-charge of the Divisions needs to bring the matter to the notice of the Deputy Commissioner (DC) who shall render necessary assistance through police or other agencies to evict the trespassers. However, as of October 2010, 16.28 sq km of the reserved forest area continues to be under encroachment as shown below:

Table 3

Name of Forest Divisions	Area of Reserved Forest (sq km)	Area under encroachment (sq km)
Thoubal	21.51	1.43
Central	21.27	1.76
Tengnoupal	141.86	0.82
Bishnupur	0.91	0.32
Southern	281.32	0.87
Northern	193.08	2.92
Tamenglong	204.65	8.16
Jiribam	174.05	Nil
Total :	**1038.65**	**16.28**

(Source: Departmental records)

In case of Tengnoupal and Central Forest Divisions, eviction notices were served in 1994 and 2005 respectively but no further action had been taken thereafter. The Department had not sought the assistance of DCs concerned for eviction of the encroachers. No reason was recorded in the departmental record. In case of the other six divisions, records relating to issue of eviction notices were not made available to audit. Thus, due to inaction of the Department, encroachers continued to occupy 16.28 sq km of reserved forest areas thereby reducing its forest area. Thus, the objective of protecting reserved forests had not been fully achieved.

(iii) Working plan

Working plans are an essential document for scientific management of Forests. It analyses the existing condition of the forests with reference to past management practices and prescribes management practices for sustainable development based on sound scientific methods. It also prescribes site specific measures for overall improvement of forests.

National Forest Policy, 1988 envisages that no forest should be permitted to be worked without the Government having approved the management plan. As per directive of Hon'ble Supreme Court (January 1998) forest working should be carried out strictly in accordance with the approved prescriptions of the Working Plans and these should be prepared within a period of two years. Though the Department targeted to bring all forests of the State under scientific management by 2008-09, out of total ten territorial forest divsions, only Tengnoupal and Eastern Forest Divisions had approved working plans for the period 2004-14 (approved in January 2005). Working plans of the other eight divisions[6] were approved by Government of India only during October 2010. The delay in approving working plan affected the timely sustainable development of the forests.

3.1.9 Financial management

(i) Sources of funds

During the period from 2005-06 to 2009-10, the Department received funds of ₹ 58.29 crore from various sources such as Central Government (CSS:[7] ₹ 25.54 crore, SPA:[8] ₹ 2.75 crore and TFCA:[9] ₹ 30 crore) and from North Eastern Council (₹ 0.22 crore). In addition, the State Government supplemented ₹ 36.11 crore from its plan funds. Thus, a total fund of ₹ 94.62 crore under Plan and ₹ 77.94 crore under Non-plan was made available to the Department during the period 2005-10.

The position of budget allotment and expenditure incurred in implementation of the various schemes during 2005-10 were as under:

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[6] Bishnupur Forest, Central Forest, Jiribam Forest, Northern Forest, Senapati Forest, Southern Forest, Thoubal Forest and Western Forest divisions
[7] Centrally Sponsored Scheme
[8] Special Plan Assistance
[9] Twelfth Finance Commission Award

Table 4

(₹ in crore)

Year	Budget provision			Expenditure			Excess (+) Savings (-)	
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan
2005-06	13.23	14.32	27.55	13.22	13.93	27.15	(-) 0.01	(-) 0.39
2006-07	24.66	12.63	37.29	24.34	12.38	36.72	(-) 0.32	(-) 0.25
2007-08	19.09	14.18	33.27	19.07	13.59	32.66	(-) 0.02	(-) 0.59
2008-09	18.76	17.46	36.22	15.57	16.49	32.06	(-) 3.19	(-) 0.97
2009-10	18.88	19.35	38.23	21.62	18.52	40.14	(+) 2.74	(-) 0.83
Total	**94.62**	**77.94**	**172.56**	**93.82**	**74.91**	**168.73**		

(Source: Departmental records)

The above table shows that during 2005-10, there were marginal savings under Non-plan and under Plan heads barring 2009-10 with excess of ₹ 2.74 crore. No reason for savings under Plan and Non-plan heads was available in the departmental records. Further, exhibition of savings of ₹ 3.19 crore under Plan head during 2008-09 was not correct for a sum of ₹ 3 crore was parked under 8449–Other Deposit in March 2009 at the instance of the Government. The amount was withdrawn and utilized in May 2009. The expenditure statement for the period 2005-10 furnished by the Department did not tally with those in the books of the accounts of the Accountant General, which needed reconciliation.

Audit noticed that during 2005-10 the State Government released the central funds to the implementing agency after 32 to 281 days of their receipt from the Centre (**Appendix-3.1**). This affected implementation of the central schemes.

(ii) Rush of expenditure

General Financial Rules provide that Government expenditure should be evenly phased out throughout the year as far as possible. Rush of expenditure, particularly at the close of the financial year is prone to the risk of Government not getting proper value for money as expenditure is likely to take place with due diligence and care. Audit noticed that during 2005-10 the department incurred nine to thirty-six *per cent* of its expenditure during March alone indicating poor financial control as shown in the table below:

Table 5

(₹ in lakh)

Year	Plan expenditure					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	March Alone (*per cent*)	Total
2005-06	Nil	175.33	956.52	189.86	189.86 (14)	1321.71
2006-07	419.80	320.27	806.51	887.71	871.76 (36)	2434.29
2007-08	Nil	228.17	556.97	1121.91	666.83 (35)	1907.05
2008-09	Nil	253.83	1135.81	166.88	147.48 (9)	1556.52
2009-10	322.06	287.28	661.02	891.16	305.77 (14)	2161.52

(Source : Departmental records)

Department did not furnish any reply on this issue.

(iii) Unauthorised expenditure

Twelfth Finance Commission provided funds for preparation of working plans, regeneration activities, subsidiary silvicultural operations, soil and moisture conservation, protection of forests and harvesting of timber. However, harvesting of timber was permissible only in divisions having approved working plans.

As of March 2010 Thoubal and Western Forest divisions had no approved working plans. So, for these two divisions the Commission's award was meant only for preparation of working plan, regeneration activities and protection of forest. However during 2009-10 these two divisions spent ₹ 53.59 lakh (Thoubal: ₹ 3.08 lakh, Western: ₹ 50.51 lakh) on harvesting of timber departmentally in violation of the provisions of the Commission's awards. This tantamount to unauthorised expenditure.

The Department stated (November 2010) that harvesting of timber was done in the two divisions in anticipation of approval of working plans. The reply of the Department was not acceptable as the XIIth Finance Commission awards clearly stipulated that extraction of timber should be carried out only in the divisions having approved working plan.

(iv) Irregular drawal of funds

General Financial Rules lay down that fully vouched contingent bills (supported by actual bills) should be drawn only when the services had been rendered or supplies made.

Test check of the records of Thoubal Forest Division revealed that during 2007-09 it drew ₹ 20.89 lakh (2007-08: ₹ 12.20 lakh, 2008-09: ₹ 8.69 lakh) on fully vouched contingent bills supported by estimates of works only (**Appendix-3.2**).

Similarly, Parks and Sanctuaries Division also drew (March 2010) ₹ 4.50 lakh on fully vouched contingent bills for procurement (₹ 4.05 lakh) and installation (₹ 0.45 lakh) of solar street lighting system in three villages (Keibul Makha Leikai, Thanga village, Yangoupokpi) supported by sanction orders only. The drawal on fully vouched contingent bills were not supported by actual bills.

The Department stated (November 2010) that the vouchers were now available for the Thoubal Division and the supplier (Manipur Renewable Energy Development Agency) had intimated availability of the street lighting system and works for installation were now afoot for the other division. The reply was not acceptable as the fully vouched contingent bills were not supported by actual bills at the time of drawal of funds and materials were not received at that time.

(v) *Realisation of revenue*

The Department collected revenue in the form of forest royalty from sand, stone, timber and other minor forest produces. The position of revenue realization during 2005-10 was as under:

Table 6

(₹ in lakh)

Year	Targets	Realization	Excess (+)/Shortfall (-) (Percentage)
2005-06	142.00	145.27	(+) 3.27
2006-07	160.00	144.14	(-) 15.86 (10)
2007-08	220.00	132.95	(-) 87.05 (40)
2008-09	231.00	102.23	(-) 128.77 (56)
2009-10	254.10	202.65	(-) 51.45 (20)
Total	**1007.10**	**727.24**	

(Source: Departmental records)

The table shows that except during 2005-06 there was shortfall in realization of revenue ranging from 10 to 56 *per cent* indicating laxity in realization efforts. The Department, however, did not furnish any separate target fixed for individual items of forest produce. As a result audit could not assess shortfall in collection of revenue for individual items of forest produce.

Generally after keeping a close eye on the prevalent market rates of forest produces rates of royalty should be revised from time to time. However, audit noticed that the Department had not revised the rates for the last 18 years (last revision made in 1992) indicating weakness in resource management. Had the Department revised the rates of royalty from time to time, there would be a substantial increase in realization of revenue of the State.

The Department stated (November 2010) that shortfall in realization was because of unrealistic targets fixed by the Finance Department and the revision of rates of royalty was under process.

3.1.10 *Programme implementation*

(i) *Plantation programme*

Plantation of trees is the core function of the Forest Department. The Department had taken up re-stocking of reserved forests, afforestation, social forestry, artificial regeneration and aided natural regeneration/natural regeneration plantations during 2005-10. The position of targets and achievements for plantations under State schemes for the period 2005-10 were as under:

Table 7

(₹ in lakh)

Name of scheme	Physical target** (in hectares)	Achievement	
		Physical (in hectares)	Financial
Restocking of Reserved Forest (Economic plantation)	3160	3315	247.75
Afforestation	2280	2280	285.84
Social forestry	2820	2820	342.47
*Artificial Regeneration	2910	2965	174.36
*Aided Natural Regeneration/ Natural Regeneration	10055	9095	662.35
Total:	**21225**	**20475**	**1712.77**

(Source: Departmental records)

* Targets and achievements for the year 2009-10 have been excluded as the records were not available with the Department.

**Financial targets were not available in the Department.

From the above table it would be seen that there was shortfall of 750 hectares against the plantation target of 21225 hectares, details of year-wise target and achievement against the schemes are given in **Appendix-3.3**. The Department stated (November 2010) that shortfalls were because of inadequate fund allocation and, hike in wage of workers in December 2006.

In its reply the department stated (November 2010) that the shortfall was due to inadequate allocation of fund. The reply was not acceptable as it failed to demand adequate funds from the Government for the purpose.

(ii) Plantation during dry season

Climate plays a deciding role for determining the appropriate time for plantation. The schedule of forestry works was prepared (February 1991) by the Department considering the climatic and other local conditions.

As per the schedule, plantation was to be carried out during monsoon, latest by July. Contrary to this, during scrutiny of vouchers, audit noticed that during 2005-10 seven divisions carried out the plantations over 4335 hectares during dry season (December to March) *i.e.* four to seven months after the prescribed schedule, at the cost of ₹ 2.76 crore (details shown in **Appendix-3.4**).

Survival rate of these plantations could not be assessed in audit as the Department did not maintain plantation journals/regeneration records and had not instituted any mechanism to assess the survival and growth rate of the plantations.

The Department stated (November 2010) that no plantations were taken up during dry season in any of the divisions and payments on account of labour charges were only made during dry season when the funds were made available and Plantation journals, wherein details like date of execution of field works, expenditure incurred *etc.* are clearly recorded, were maintained.

The reply was not acceptable as examination of MRs clearly revealed that the *mazdoors* had been engaged during dry season. Moreover, the plantation journals also could not be produced to audit. As a result, date of execution of the field works, expenditure incurred *etc.* could not be verified.

(iii) Incomplete treatment of forest areas resulting in wasteful expenditure

During 2006-09[10], to improve the degraded wildlife habitat by enhancing food and shelter for wild animals, the Park and Sanctuaries Division carried out preparatory works, like site clearance, collection of stakes, burning, laying out and digging of planting pits, refilling of pits with dug out soil, construction of mounds *etc.* in the pre-monsoon period for plantation of fuel and fodder and food and shelter trees in 230 hectares (2006-07: 50 hectares, ₹ 2.81 lakh; 2007-08: 100 hectares, ₹ 4.52 lakh; 2008-09: 80 hectares, ₹ 11.86 lakh) at a total cost of ₹ 19.19 lakh. This was to be followed up by final plantation over the area during monsoon. However, no final plantations were carried out during the succeeding monsoons resulting in wasteful expenditure of ₹ 19.19 lakh.

The Department stated (November 2010) that final plantation could not be done as no fund was provided during 2006-09. The reply of the Department was not tenable as it failed to demand adequate funds from the Government for the purpose.

(iv) Maintenance of plantation

Once a plantation has been established, it is necessary to protect the plantations against fire, insects, fungi and animals, also carry out a variety of cultural treatments like weeding, replacement of failed plants by new ones *etc.*

The Action Plans envisage maintenance of plantations up to one year for Aided Natural Regeneration (ANR) and Natural Regeneration (NR) and up to two years for economic plantations. One and two year old economic plantation to be maintained during 2006-10 was 2230 and 1585 hectares respectively, of which 1440 hectares and 815 hectares were maintained leaving a deficit of 790 and 770 hectares (**Appendix-3.5**).

During 2005-09 six divisions carried out ANR and NR plantations over 2101 hectares with an expenditure of ₹ 148.60 lakh (**Appendix-3.6**). However, the Department did not carry out their maintenance during the mandatory period.

The Department attributed the non-maintenance of plantations to inadequate funds. The reply was not acceptable as the Department had not demanded funds for maintenance of plantations.

(v) Establishment of Sangai (Brow antlered Deer) Rescue Centre

Ministry of Forest and Environment sanctioned (June 2009) ₹ 42.45 lakh for the recovery programme for saving the critically endangered species, Sangai (Brow antlered Deer) and released ₹ 33.96 lakh as first installment in June

[10] No such irregularity was noticed during 2005-06 and 2009-10.

2009. This amount included, *inter alia,* ₹ 13 lakh for creation of rescue centre at Keibul Lamjao with chain linked fencing reinforced with electric fence and an earthen water body[11] inside.

The Sangai Rescue Centre required 10 hectares of land of which, the Department was having only three hectares and the remaining seven hectares of land was required to be acquired. As of November 2010, the acquisition of land was under process.

However, during March 2010 the Department spent the entire provision ₹ 13 lakh (₹ 10.19 lakh on purchase of construction materials and ₹ 2.81 lakh on engagement of *mazdoors* for construction of the fencing) even before settlement of the remaining seven hectares of land. Audit noticed that the work for fencing has not been recorded in the measurement books. In the absence of such vital records like measurement books, the actual execution of the work was doubtful.

(vi) Extraction of timbers

As per approved working plan, for meeting the local demand of timber, felling of trees from the dense forest areas and pine forest (having canopy of 40 *per cent* and above) in the selection-cum-improvement working circle is required. Trees having girth of 141cm gbh[12] and above would be selectively felled to open the canopy to enable the smallest trees to grow to matured ones. However, during the period 2005-10 for Eastern and Tengnoupal Forest Divisions, against a target of 123500 cum the Department extracted only 5954 cum resulting in shortfall of 117546 cum. (Details shown in **Appendix-3.7**). The department attributed the shortfall to resource constraints.

The reply was not convincing as it failed to demand adequate funds from the Government for the purpose.

(vii) Felling of trees below the prescribed girth

As per approved working plan, trees should be exploited only when it reaches the harvestable girth. Exploitation of premature trees amounts to destruction of forest. However, during 2008-10 two divisions felled 309 trees (17 of the girth of 120 to 140 cm by Tengnoupal Forest Division, 292 of the girth of 55 to 140 cm by Thoubal Forest Division) below the harvestable girth.

The Department stated (November 2010) that they felled the trees as they were dry and uprooted and for thinning of pine and eucalyptus species. The reply was not acceptable as the enumeration records did not indicate any dry and uprooted trees. For thinning purposes felling of trees from the dense forest and pine forest areas should be trees having girth of 141 cm gbh and above only. However, the Department felled trees before reaching the girth of 141 cm.

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[11] Water body is any significant accumulation of water

[12] Girth breast height

(viii) Irregular adjustment of AC bill

As per financial rules amounts drawn on Abstract Contingent bills shall be adjusted by Detailed Countersigned Contingent bills.

Two divisions drew ₹ 17.55 lakh on AC bills for making advances to three Range Officers (Northern Forest Division: ₹ 11.90 lakh, March 2007; Parks and Sanctuaries Division: ₹ 5.65 lakh, March 2009).

The works, as stated, were for construction of boundary pillars, creation of aided natural regeneration, artificial regeneration, subsidiary silviculture operations, final plantation of food and shelter trees (details shown in **Appendix-3.8**) where engagement of *mazdoors* and purchase of materials like cement, sand, stone chips, steel rods *etc.* were involved. As per rule while submitting the adjustment accounts to the Office of the Accountant General, the relevant APRs and cash memos must accompany the DCC bills. Audit, however, noticed that in contravention of the above financial rules, the divisions adjusted the advances during March 2007 and March 2009 and the adjustments of advances were not supported by the actual payees' receipts of the *mazdoors* and cash memos for purchase of materials. In absence of such vital documents, actual execution of the above works could not be verified in audit.

The Department stated (November 2010) that all relevant records which could not be produced during audit due to misplacement have now been available. The reply is not acceptable as adjustment of AC bills by submission of DCC bills without relevant supporting documents of expenditure *viz.* APRs, cash memos *etc.* is in contravention of the financial rules.

(ix) National Afforestation Programme

The GoI launched National Afforestation Programme (NAP) through Forest Development Agencies. The objective of the National Afforestation scheme is to develop the forest resources with people's participation, with focus on improvement in livelihoods of the communities living on the fringes of forests. The Scheme aims to support and accelerate the ongoing process of devolving forest protection, management and development functions to decentralized institutions of Joint Forest Management Committee (JFMC) at the village level, and Forest Development Agency (FDA) of which Conservator of Forest was the Chairperson and DFO was the Chief Executive Officer/ Member Secretary at the departmental level.

The scheme was operational during 10^{th} and 11^{th} Five Year Plan periods. Under the programme GoI funds were directly received by FDAs. As per notification for constitution of FDAs in the State, each JFMC would submit a monthly statement of accounts, progress of works carried out by them to the respective FDA. FDA retains the rights to stop and withdraw funding from JFMC, if the Chairperson of the FDA finds that the performance of the particular JFMC is found to be unsatisfactory.

During 2007-10, GoI released ₹ 17.25 crore for implementation of NAP.

During audit the following shortcomings were noticed:

- The amounts of advance released to JFMCs were still lying unadjusted (November 2010) in the books of FDAs. Reasons for non-adjustment were not on record. In the absence of adjustment vouchers, audit could not verify whether the works for which the advances were made had been executed. However, the FDAs did not take any steps to stop or withdraw funding from defaulting JFMCs.
- GoI revised (December 2009) the operational guidelines of the ongoing NAP. The revised guideline requires the formation of State Forest Development Agency (SFDA) in which PCCF will be the Chairperson of both General and Executive Body. The SFDA will act as the federation of FDAs in the State and may undertake all activities including policy support, programme and projects that are required for regeneration, development and/or management of forests and adjoining areas and allied activities with people's participation including implementation of Centrally-Sponsored Forestry Schemes. The SFDA would open a separate account wherein the funds for all the FDAs would be allotted to the SFDA on approval of consolidated SFDA proposal (to be submitted latest by April 2010). However, no SFDA has been constituted (September 2010) and as such no proposals have also been sent to the Ministry. This has resulted in non-release of allocated funds for the State which would certainly affect the afforestation programme.

The Department stated (November 2010) that the amounts of advance released to JFMCs is being adjusted at the earliest and as per revised operational guidelines SFDA had been constituted only in November 2010 and would be made functional soon. The reply was not tenable as the accounts were lying unadjusted for the last three years (2007-10).

3.1.11 Human resource management

As on August 2010, against 1207 sanctioned posts of 37 categories of staff, the Department had 940 men in position. As against the above mentioned sanctioned post, major key post of eight Range Forest Officers (sanctioned strength: 73), 14 Deputy Rangers (sanctioned strength: 91) and 149 Forest Guards including boatman (sanctioned strength: 703) instrumental for carrying out forestry activities were lying vacant. Shortfall of staff in the Department would be a major hurdle in implementation of various activities of the Department.

As per transfer policy, one-third of the employees should be transferred every year with the objective of posting every employee in rural/remote areas of the State. This was not followed in the case of ministerial staff. Against 119 persons available in five categories[13], while 40 persons were required to be transferred each year on rotation basis only 16 persons were transferred during 2005-10. Thus, the objective of posting every employee in remote areas of the State on rotation basis was not implemented properly.

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[13] Superintendent-1; Head clerk/Sr. Accountant-7; Junior Accountant-12; UDC-26; LDC-73

In the case of technical staff, the practice was in the reverse. While only 24 Range Forest Officers were required to be transferred each year against the available 73 persons in position. However, 33 to 75 incumbents were transferred during the period under review (2006-07: 75, 2007-08: 33, 2008-09: 38, 2009-10: 50). Transfer and posting of excess number of officers in technical staff category during the period 2006-10 was not only against the policy but also affected the working of the department to some extent.

3.1.12 Internal control

Internal controls in an organisation are meant for reasonable assurance that its operations are being carried out according to laid down rules, regulations and in an economical, efficient and effective manner. The following lapses in internal control of the department were noticed in the test checked offices/divisions:

- None of the test-checked divisions except Western Forest Division maintained Measurement books, which is a basic and important record.
- None of the 10 test-checked divisions maintained Stock register of nurseries and materials, register of land and buildings, log books of vehicles and uniform registers.
- Central Forest Division did not maintain stock register of wind-fallen trees. Cashbooks of the Range Forest Officers were not up to date.
- Tengnoupal and Eastern Forest Divisions did not record the number of trips, dates and distance of transportation of logs to motorable site/dump sites, and did not date APRs for execution of departmental logging during the period 2005-10.
- The Department did not take any action to dispose off or repair six vehicles which had been lying off-road for seven to 12 years. (August 2010). The inaction on this account would result in further deterioration and finally their disposal at scrap values.
- The Department does not have any independent internal audit wing. The Director of Local Fund Audit used to conduct internal audit, but the audit was in arrears. Three divisions (Tengnoupal, Soil Conservation and Senapati) were not covered for more than three years and Jiribam Forest Division for more than five years.
- As of March 2010, replies to 327 paras of 121 Inspection Reports of the Accountant General (Audit) were yet to be furnished. As a result, 327 paras were lying unsettled. This indicates that the Department was not sensitive to the error signals sent to the department in the form of Inspection Reports.

3.1.13 Monitoring and evaluation

Monitoring and evaluation provides means of corrective measures on deviations and deficiencies in implementation of various development activities and data for future planning. The PCCF was responsible for monitoring and evaluation of the programme implementation of the Department.

A monitoring committee was constituted only during 2007-08 by the Chief Conservator of Forest (Conservation and JFM) for monitoring the plantations taken up during 2005-06 and 2006-07 by Soil Conservation and Social Forestry Divisions under Social Forestry Circle. Thereafter, no monitoring committee was constituted. For other circles, there was no record of constitution of monitoring committees during 2005-10. Thus the programmes of the Department were not evaluated adequately by the Department. The Department while admitting the facts stated (November 2010) that after posting of a senior officer as Chief Conservator of Forest, monitoring and evaluation of the aspect of providing corrective measures for deviation and deficiencies in implementation of various development activities would now be taken care of in a better manner.

3.1.14 Conclusion

Despite passage of 12 years, State did not frame a State specific Forest policy. The Department did not fix any specific targets for demarcation of reserved forests. As a result, only 8 *per cent* boundary pillars had been erected as of March 2010 thereby defeating the very purpose of ensuring protection of reserved forests. As regard to plantation programme there was shortfall of 750 hectares against the plantation target of 21225 hectares under State plan sector. The Department failed to evict the encroachers who continue to occupy 16.28 sq km of reserved forests thereby reducing its forest area to that extent. Delay in getting the approved working plans of the Forest Divisions had affected sustainable development of the forests. There were shortfalls in realization of revenue, extraction of timber and maintenance of plantations. As against the schedule plantation during monsoon seasons, creation of Natural Regeneration, Aided Natural Regeneration and Artificial Regeneration were carried out during dry season which affected the survival rate of these plantations. Unauthorised expenditures and doubtful expenditure on Sangai (Brow antlered Deer) Rescue Centre indicates the imperative need for streamlining of the financial management. Appropriate and timely maintenance of the plantation could not be ensured. There was no mechanism for regular monitoring and evaluation of the various plantation schemes carried out during 2005-10.

3.1.15 Recommendations

- State Forest Policy should be revised in conformity with the National Forest Policy 1988 without further loss of time for the effective management of the forests of the State.
- Efforts should be made to meet the approved plantation target and maintenance of plantation should be based on the actual plantation taken up during the previous years.
- Government should gear up their efforts to evict the encroachers so as to maintain its forest areas.
- There is an urgent need for revision of rates of royalty so that State revenue could be increased substantially.

- Financial management should be strengthened to ensure timely release of funds and their utilization for the intended purposes.
- Monitoring and evaluation mechanism should be strengthened to ensure implementation of the schemes in an effective and efficient manner.

Chapter IV

Revenue Receipts

CHAPTER-IV

REVENUE RECEIPTS

4.1. Trend of revenue receipts

4.1.1 The tax and non-tax revenue raised by the Government of Manipur during the year 2009-10, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

(₹ in crore)

		2005-06	2006-07	2007-08	2008-09	2009-10
I.	**Revenue raised by the State Government**					
	• Tax revenue	95.00	121.56	147.45	170.06	196.04
	• Non-tax revenue	76.46	181.04	164.71	253.46	239.74
	Total:	**171.46**	**302.60**	**312.16**	**423.52**	**435.78**
II.	**Receipts from the Government of India**					
	• State's share of net proceeds of divisible Union taxes	342.09	436.33	550.40	580.81	597.56[1]
	• Grants-in-aid	1,895.40	2,123.80	2,645.71	2868.28	2839.79
	Total:	**2,237.49**	**2,560.13**	**3,196.11**	**3449.09**	**3437.35**
III.	**Total receipts of State Government (I+II)**	**2,408.95**	**2,862.73**	**3,508.27**	**3872.61**	**3873.13**
IV.	**Percentage of I to III**	**7**	**11**	**9**	**11**	**11**

The above table indicates that during the year 2009-10, the revenue raised by the State Government (₹ 435.78 crore) was eleven *per cent* of the total revenue receipts same as in the preceding year. The balance eighty nine *per cent* of receipts during 2009-10 was from the Government of India.

[1] For details refer "tax revenue" of statement 11, detailed account of revenue by minor heads of the Finance Account of the Government of Manipur, 2009-10. The amount under the minor head 901 - share of net proceeds assigned to the state booked under the major heads 0020 - Corporation tax, 0028-other taxes on income and expenditure, 0032 - taxes on wealth, 0037 - Union excise duty, 0044 - Service tax and 0045 - Other taxes and duties on commodities and services under 'A-tax revenue' have been excluded from the revenue raised by the state and included in the state's share of divisible Union taxes in this statement.

4.1.2 The following table presents the details of tax revenue raised during the period 2005-06 to 2009-10:

(₹ in crore)

Sl. No.	Head of revenue	2005-06	2006-07	2007-08	2008-09	2009-10	Percentage of increase (+) or decrease (-) in 2009-10 over 2008-09
1.	Sales tax/VAT	71.17	96.64	120.76	141.38	163.28	(+) 15.49
2.	State excise	3.26	3.62	3.75	3.91	4.70	(+) 20.21
3.	Stamps and registration fees	2.81	2.83	2.93	3.18	4.26	(+) 33.96
4.	Taxes and duties on electricity	0.27	0.19	– [2]	0.39	0.01	(-) 97.44
5.	Taxes on vehicles	3.34	3.19	3.57	4.03	4.35	(+) 7.94
6.	Taxes on goods and passengers	0.68	0.60	0.76	0.80	0.81	(+) 1.25
7.	Other taxes on income and expenditure	11.99	13.30	14.73	15.46	17.63	(+) 14.04
8.	Other taxes and duties on commodities and services	0.16	0.18	0.20	0.13	0.19	(+) 46.15
9.	Land revenue	1.32	1.01	0.75	0.78	0.81	(+) 3.85
	Total:	**95.00**	**121.56**	**147.45**	**170.06**	**196.04**	**(+) 15.28**

The following reasons for variations were reported by the concerned Departments:

Taxes on vehicles: The Department stated that strike by Government employees disturbed revenue collection.

Taxes on goods and passengers: The Department stated that strike by Government employees disturbed revenue collection.

Taxes and duties on electricity: The Department stated that the decrease in revenue collection was due to non-recovery of Manipur Tax from NHPC, Loktak.

The other Departments did not inform (December 2010) the reasons for variation, despite being requested (June 2010 & November 2010).

[2] ₹ 9,000 only.

4.1.3 The following table presents the details of the non-tax revenue raised during the period 2005-06 to 2009-10.

(₹ in crore)

Sl. No.	Head of revenue	2005-06	2006-07	2007-08	2008-09	2009-10	Percentage of increase(+)/decrease (-) in 2009-10 over 2008-09
1.	Interest receipts	6.14	35.05	27.61	39.99	32.73	(-) 18.16
2.	Housing	1.11	0.68	1.72	1.30	0.71	(-) 45.39
3.	Water supply and sanitation	1.69	1.39	1.58	6.89	9.48	(+) 37.59
4.	Forestry and wild life	1.49	1.52	1.45	1.02	2.25	(+) 120.59
5.	Education, Sports, Art and Culture	0.97	0.94	0.90	0.91	1.21	(+) 32.97
6.	Miscellaneous general services	6.62	82.46[3]	54.24[4]	92.77[5]	61.47	(-) 33.74
7.	Power	49.87	40.24	62.29	88.28	104.07	(+) 17.89
8.	Medium irrigation	1.97	7.85	5.26	8.00	7.00	(-) 12.50
9.	Medical and public health	0.29	0.24	0.25	0.52	0.12	(-) 76.92
10.	Co-operation	0.14	0.12	0.12	0.16	0.16	0
11.	Public works	3.09	7.83	6.14	7.96	17.65	(+) 121.73
12.	Police	0.64	0.57	0.42	3.36	0.94	(-) 72.02
13.	Other administrative services	0.70	0.63	1.07	0.59	0.38	(-) 35.59
14.	Crop husbandry	0.07	0.30	0.10	0.07	0.25	(+) 257.14
15.	Others	1.67	1.22	1.56	1.64	1.32	(-) 19.51
	Total	**76.46**	**181.04**	**164.71**	**253.46**	**239.74**	**(-) 5.41**

The following reasons for variations were reported by the concerned Departments:

Medium irrigation: Department stated there was short collection of interest from the mobilisation and machinery advance.

Power: The Department stated that the increase in revenue was due to collection of outstanding dues from consumers.

The other Departments did not inform (December 2010) the reasons for variation, despite being requested (June 2010 & November 2010).

4.2 Response of the Departments/Government towards audit

Transactions and maintenance of important accounts and other records of the Departments are test checked and Inspection Report containing audit findings is issued to the head of the office so audited for comments and/or compliance. Audit findings of serious nature are processed into draft paragraph and forwarded to the administrative head of the concerned Department through demi-official letter drawing their attention to the audit findings with a request

[3] Includes debt relief of ₹ 75.08 crore given by Government of India on repayment of consolidated loan.

[4] Includes debt relief of ₹ 37.54 crore given by Government of India on repayment of consolidated loan.

[5] Includes debt relief of ₹ 37.54 crore given by Government of India on repayment of consolidated loan.

to furnish their response within six weeks. The response of the Departments/Government towards audit is discussed below.

4.2.1 Failure of senior officials to enforce accountability and protect the interest of the State Government

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

Inspection reports issued upto December 2009 disclosed that 1231 paragraphs involving ₹ 894.80 crore relating to 401 IRs remained outstanding at the end of June 2010 as mentioned below along with the corresponding figures for the preceding two years.

	June 2008	June 2009	June 2010
Number of outstanding IRs	418	360	401
Number of outstanding audit observations	1,277	1,104	1231
Amount involved (₹ in crore)	596.12	678.97	894.8

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2010 and the amounts involved are mentioned below:

Sl. No.	Name of Department	Nature of receipts	No. of outstanding IRs	No. of outstanding audit observations	Money value involved (₹ in crore)
1	Excise	State excise	15	37	4.65
2	Finance	Taxes/VAT on sales, trade *etc*	44	224	15.19
3		Miscellaneous general services/ Lottery	4	25	19.37
4	Fishery	Fisheries	16	41	0.41
5	Forest & Environment	Forest & Wild Life	52	112	4.57
6	Health & Family Welfare	Medical and public health	4	9	0.25
7	Power	Taxes and duties on electricity	114	353	811.63
8	Public Health Engineering Department	Water Supply & Sanitation	31	74	16.58
9	Revenue	Land Revenue	68	185	17.04
10		Stamps and registration fees	3	7	0.11
11	Transport	Taxes on vehicles/ Taxes on goods and passengers	50	164	5.00
		Total:	**401**	**1231**	**894.8**

Even the first replies required to be received from the heads of offices within one month from the date of issue of the IRs were not received for 288 IRs issued upto December 2009. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and heads of the Departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs.

It is recommended that the Government take suitable steps to install an effective procedure for prompt and appropriate response to audit observations as well as taking action against officials/officers who fail to send replies to the IRs/paragraphs as per the prescribed time schedules and also fail to take action to recover loss/outstanding demand in a time bound manner.

4.2.2 Departmental audit committee meetings

In order to expedite settlement of the outstanding audit observations contained in the IRs, Departmental audit committees are constituted by the Government. These committees are chaired by the secretaries of the concerned administrative Department and attended by the concerned officers of the State Government and officers of AG. The audit committees need to meet regularly in order to expedite clearance of the outstanding audit observations. At the instance of AG, the State Level Audit Committee meeting, attended by the concerned Principal Secretaries and Commissioners was convened on September 28, 2009. Inspite of this, no audit committee meetings in respect of revenue auditee units were held during the year 2009-10.

The Government may ensure holding of frequent meetings of these committees for ensuring effective action on the audit observations leading to their settlement.

4.2.3 Non-production of records to Audit for scrutiny

The program of local audit of tax/receipts offices are drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the Department to enable them to keep the relevant records ready for audit scrutiny.

During 2009-10, the following records/documents were, however not produced to audit for scrutiny.

Sl. No.	Department	Office	Particulars of records not produced
1	Power	Executive Engineer, Tamenglong	23 Nos of TR-5 books
2	Power	Executive Engineer, Imphal Electrical Division - III	24 Nos of Ledger Books
3	District Administration	Sub – Divisional Officer, Moirang	5 Nos of Receipt Books and list of unauthorized occupants of Govt. land.

Audit was thus unable to ascertain the revenue realised against these records.

4.2.4 Response of the Departments to the draft audit paragraphs

Ten draft paragraphs proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India for the year ended March 2010 were forwarded to the Secretaries/Commissioners of the respective Departments in

July 2010 and September 2010 through demi-official letters. The Departments/ administrative Secretaries/Commissioners did not furnish replies (December 2010) in respect of eight draft paragraphs. The replies in respect of two draft paragraphs was received and reflected in the report.

4.2.5 Follow up on Audit Reports – summarised position

As per recommendations made by the High Powered Committee (HPC) which were also accepted by the State Government in October 1993, *suo moto* explanatory notes on corrective/remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the Departments duly vetted by the Accountant General to Public Accounts Committee (PAC) within three months from the date of placing of Audit Reports in the Legislature.

However, as of November 2010 *suo moto* explanatory notes pertaining to 68 paragraphs/reviews for the Audit reports for the years 1999-2009 were not received within the stipulated period of three months either from the Departments or through the Manipur Legislative Assembly Secretariat.

4.2.6 Compliance with the earlier Audit Reports

In the Audit Reports 2004-05 to 2008-09 cases of under assessments, evasion, non/short levy of taxes/penalty, loss of revenue, failure to raise demands *etc.* involving ₹ 17.01 crore were reported. As of March 2010, the Departments concerned have accepted observations of ₹ 6.16 crore and recovered ₹ 0.14 crore. Audit Report wise details of cases accepted and recovered are mentioned below:

(₹ in crore)

Year of Audit Report	Total money value	Accepted money value	Recovery made
2004-05	0.63	0.25	0.00
2005-06	0.99	0.13	0.02
2006-07	1.87	1.01	0.02
2007-08	6.75	0.96	0.04
2008-09	6.77	3.81	0.06
Total:	**17.01**	**6.16**	**0.14**

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

In order to analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and reviews included in the Audit Reports of the last 9 years in respect of one Department is evaluated and included in each Audit Report.

The succeeding paragraphs 4.3.1 to 4.3.2.2 discuss the performance of Taxation Department in dealing with the cases detected in the course of local audit conducted during the last 9 years and also the cases included in the Audit Reports for the years 2001-02 to 2008-09.

4.3.1 Position of Inspection Reports

The summarised position of inspection reports issued during the last 9 years, paragraphs included in these reports and their status as on 30 June 2010 are tabulated below:

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance during the year		
	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
01-02	48	239	9.60	5	32	1.40	0	2	0	53	269	11.00
02-03	53	269	11.00	0	0	0	0	3	0.87	53	266	10.13
03-04	53	266	10.13	8	21	1.18	22	77	3.64	39	210	7.67
04-05	39	210	7.67	0	0	0	0	8	1.32	39	202	6.35
05-06	39	202	6.35	5	13	5.12	0	4	0.44	44	211	11.03
06-07	44	211	11.03	0	0	0	0	0	0	44	211	11.03
07-08	44	211	11.03	4	22	1.22	0	0	0	48	233	12.25
08-09	48	233	12.25	5	23	9.73	0	4	0.27	53	252	21.71
09-10	53	252	21.71	3	15	2.12	12	43	8.64	44	224	15.19

The Department was sent periodic reminders to furnish replies to the outstanding audit observations.

4.3.2 Assurances given by the Department/Government on the issues highlighted in the Audit Reports

4.3.2.1 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years and those accepted by the Department and the amount recovered are mentioned in the following table:

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases
1999-00	3	0.41	1	0.12	0.00	0.00
2000-01	7	1.30	5	0.92	0.79	0.79
2001-02	4	0.26	2	0.16	0.00	0.79
2002-03	7	0.72	2	0.51	0.03	0.82
2003-04	10	1.82	10	1.82	0.16	0.98
2004-05	7	0.63	6	0.25	0.00	0.98
2005-06	8	0.99	3	0.13	0.02	1.00
2006-07	7	1.87	3	1.01	0.02	1.02
2007-08	8	6.75	4	0.96	0.04	1.06
2008-09	7	6.77	3	3.81	0.06	1.12
Total:	**68**	**21.52**	**39**	**9.69**	**1.12**	

From the above table it is seen that the Departments had accepted 57 *per cent* of the paras. In monetary terms, the paras accepted was 45 *per cent*. However, recovery against accepted paras is very poor. Against ₹ 9.69 crore accepted by the Departments, recovery was only ₹ 1.12 crore, which is a mere 12 *per cent*. As can be seen, recovery in three of the previous ten year was NIL.

The Department needs to evolve a strong mechanism to monitor and ensure recovery of accepted cases.

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

The draft performance reviews conducted by the AG are forwarded to the concerned Departments/Government for their information with a request to furnish their replies. These reviews are also discussed in an exit conference and the Department's/Government's views are included while finalizing the reviews for the Audit Reports.

The following paragraphs discuss the issues highlighted in the reviews on the Taxation Department featured in the last 10 Audit Reports including the recommendations and action taken by the Department on the recommendations accepted by it as well as the Government.

Year of AR	Name of the review	Number of recommendations	Details of the recommendations accepted	Status
2003-04	Review on Sales Tax including Internal Control System prevalent in the Department	5	Department's reply not received.	The matter was reported to Government in August 2004; their replies were awaited (January 2005).
2008-09	Transition from Sales Tax to Value Added Tax (VAT) System	7	-do-	The audit findings and recommendations were discussed with the representatives of the Government and the officers of the Department in the exit conference (July 2009). Further comments have not been furnished thereafter.

The draft reviews were forwarded to the Department and the audit findings and recommendations were discussed with the representatives of the Government and officers of the Department during the exit conference. Compliance to audit observations and recommendations has not been intimated. The Department needs to monitor and ensure that audit recommendations are taken to their logical conclusion.

4.4 Audit planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter alia* includes critical issues in government revenues and tax administration i.e. budget speech, white paper on state finances, reports of the finance commission (State and Central), recommendations of the taxation reforms committee; statistical analysis of the revenue earnings during the past 5 years, features of the tax administration, audit coverage and its impact during past 5 years *etc.*

During the year 2009-10, the audit universe comprised of 72 auditable units of which 23 units were planned and 19 units audited during the year 2009-10, which is 26 *per cent* of the total auditable units. The details are shown below:

Sl. No.	List of units planned for audit	Remark
1	EE, Imphal Electrical Division-I	Audited
2	EE Imphal Electrical Division-II	Audited
3	EE Imphal Electrical Division-III	Audited
4	EE Senapati Electrical Division	Audited
5	EE Imphal Maintenance Division	Audited
6	EE Ukhrul Electrical Division	Audited
7	EE Tamenglong Electrical Division	Audited
8	EE Chandel PHE Division	Audited
9	Principal Chief Conservator of Forest	Audited
10	Divisional Forest Officer, Churachandpur	Audited
11	Divisional Forest Officer, Kangpokpi	Audited
12	Director, Transport	Audited
13	District Transport Officer, Imphal West	Audited
14	District Transport Officer, Imphal East	Audited
15	Sub-Divisional Officer, Bishnupur	Audited
16	Sub-Divisional Officer, Moirang	Audited
17	Sub-Divisional Officer, Lamshang	Audited
18	Sub-Divisional Officer, Lamphel	Audited
19	Commissioner of Taxes	Audited
20	EE Rural Electrification Division-I	Not covered
21	EE Churachandpur PHE Division	Not covered
22	Superintendent of Taxes, Moreh	Not covered
23	Superintendent of Taxes, Churachandpur	Not covered

Performance reviews was not taken during 2009-10.

4.5 Results of audit

4.5.1 Position of local audit conducted during the year

Test-check of the records of 19 units of electricity receipts, motor vehicles, forest and other Departmental offices conducted during the year 2009-10 revealed underassessment/short levy/loss of revenue/non realisation of outstanding revenue *etc.* aggregating ₹ 102.58 crore in 67 cases.

4.5.2 This Report

This report contains seven paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years which could not be included in earlier reports) relating to non levy of penalty/interest, non-recovery of tax, evasion of tax and penalty thereof, under assessment of tax, involving financial effect of ₹ 5.73 crore. The Departments /Government have accepted audit observations involving ₹ 3.01 crore out of which ₹ 0.25 lakh has been recovered. The replies in the remaining cases have not been received (December 2010). These are discussed in succeeding paragraphs 4.6 to 4.12.

AUDIT OF TRANSACTIONS (REVENUE)

REVENUE DEPARTMENT

4.6 Non-remittance of revenue

Land revenue amounting to ₹ 6.34 lakh was not deposited into Government account.

As per Rule 7(1) of Central Treasury Rules, all the moneys received by or tendered to Government officers on account of the revenues of the Government shall, without undue delay be paid in full into treasury and shall be included in the accounts of the Government and such moneys received shall not be appropriated to meet Departmental expenditure, nor otherwise kept apart from the accounts of the Government.

During test check (April 2006 and July 2009) of the receipts and refunds accounts of the Sub-Divisional Officer (SDO), Bishnupur, it was noticed that land revenue amounting to ₹ 6.34 lakh collected by *Zilladars* during the period from September 2005 to July 2009 was deposited with the Cashier against TR-5 during the period from March 2006 to July 2009. The details are given in **Appendix-4.1**. Scrutiny of cash book and other related records revealed that the land revenue so collected was not remitted to Government account till the date of audit (July 2009). The year wise position of unremitted land revenue is as below.

Year	Amount (in ₹)
2006-07	72,284.33
2007-08	1,90,030.25
2008-09	2,33,947.04
2009-10 (Up to July 2009)	1,37,383.27
Total:	**6,33,644.89**

On this being pointed out during audit, the SDO assured that immediate action would be taken to recover the revenue collected and deposit the same into Government account. Though the matter was pointed out to the concerned authorities in November 2006 and September 2009, the information of the action taken in this regard has not been received (July 2010).

The matter was reported to the Department/Government (July 2010). Their reply is awaited (December 2010).

The lapses stated above have been going on for four years with the quantum of un-deposited revenue increasing with each passing year. This is indicative of total failure of internal control thereby leaving Government revenue vulnerable to misappropriation and fraud. Collection of revenue and their subsequent remittance into Government account needs to be closely monitored. To stem the tide, tough measures need to be enforced, even to the extent of fixing responsibility and taking appropriate Departmental action for the gross lapse.

TAXATION DEPARTMENT

4.7 Under assessment of tax

Application of incorrect rate of tax resulted in under assessment of Tax amounting to ₹ 9.80 lakh

Under Section 39 (1) (c) of the Manipur Value Added Tax Act 2004, where after a dealer is assessed under Section 34 for any part of the year, the Commissioner of Taxes has reason to believe that the whole or part of the turnover of the dealer in respect of any period has been assessed at a rate lower than the rate of which it is assessable, the Commissioner may, after service of notice and giving the dealer reasonable opportunity of being heard, proceed to assess to the best of his judgment, the amount of tax due from the dealer in respect of such turnover.

During test check (April and May 2009) of the assessment records of the Commissioner of Taxes, Manipur, it was noticed that during the quarters ending from June 2007 to December 2008, one dealer[6] made purchases of different goods taxable at 4 *per cent* and 12.5 *per cent* worth ₹ 443.79 lakh from outside the State. Scrutiny of the assessment records revealed that the dealer's purchase was inclusive of detergent powder (taxable at 12.5 *per cent*) valued at ₹ 334.19 lakh and hence, the value of goods purchased and taxable at 4 *per cent* worked out at ₹ 109.60 lakh (₹ 443.79 lakh-₹ 334.19 lakh). Details are given in **Appendix-4.2**. The AA, however, while finalising (July 2007 to January 2009) the assessments for the said quarters under Section 34(3) had wrongly accounted for the turnover aggregating to ₹ 224.84 lakh as taxable at 4 *per cent* instead of only ₹ 109.60 lakh. Thus, failure of the AA to assess the turnover amounting to ₹ 115.24 lakh at 12.5 *per cent* resulted in under assessment of tax of ₹ 9.80 lakh.

The matter was intimated to the Department and the Government during February 2010. Their reply is awaited (December 2010).

4.8 Unauthorised imports and non-levy of penalty

Penalty leviable amounting to ₹ 2.90 crore against movement of goods without mandatory declaration Form/road permit remained unlevied.

Section 66 (2) (a) of MVAT Act, 2004 read with Rule 42 (ii) of the MVAT Rules, 2005 requires that in case of import of taxable goods into Manipur, the owner or the driver or person in charge of the vehicle or carrier of goods in movement shall carry the records of the goods including challans, bills of sale or dispatch memos and prescribed declaration in Form 27 or way bill duly filled in and signed by the consignor of the goods carried. Under Section 66(5)

[6] M/S Ranjit Enterprises-TIN-14310105155

MVAT Act, 2004, possession or movement of goods in violation of these provisions attracts a penalty equal to the amount of five times of the tax, leviable on such goods, or twenty *per cent* of the value of goods, whichever is higher.

The Government of Manipur abolished (March 2006) the taxation check gate along NH 39 at Kangpokpi–camp Sekmai (Check Gate) with a directive given to the Taxation Department to monitor the movement of goods from the Headquarters, Imphal.

Scrutiny of the records (July 2010) maintained by the Assistant Commissioner of Taxes, Manipur, Zone I, revealed that a dealer[7] of cigarette and beedi neither applied for issue of the prescribed statutory Form nor did the Tax Authority issue such Form ever since the dealer's date of registration (April 2008) till date of audit. However, it was found that the dealer had imported goods valued at ₹ 4.65 crore into the State during the quarter ending from June 2008 to June 2009 through Challans only without any Way Bill or the prescribed statutory Form. The movement/transport of the entire goods along NH 39 was managed by the dealer himself and no transport agency was engaged. The amount of VAT leviable at the rate of 12.5 *per cent* on the value of goods imported worked out to ₹ 58.08 lakh. Details are as shown below.

(Amount in ₹)

Sl. No.	Quarter Ending	Value of taxable goods imported by the dealer	Tax leviable @12.5 *per cent*
1	June 2008	1,10,07,570	13,75,946
2	September 2008	63,57,085	7,94,636
3	December 2008	99,92,148	12,49,019
4	March 2009	1,08,36,910	13,54,614
5	June 2009	82,68,477	10,33,560
	Total:	**4,64,62,190**	**58,07,775**

The dealer did not report the details of goods imported before the consignments were delivered in his favour. Since movement of goods along the NH 39 was not monitored after abolition of the Check Gate, the details of goods imported by the dealer should have been insisted upon. As per the provisions, penalty of ₹ 2.90 crore[8] was leviable, but the same was not levied by the Department and the dealer should have been penalised.

Thus, the Department had not taken care to enforce the statutory provisions regarding statutory declarations for movement and possession of goods. There could be many more such dealers who have imported goods across the State without declarations to the Department and hence the onus lies on Department to check such imports without valid declarations/authorisation.

The matter was referred to the Government and the Department (August 2010).

[7](trade name) M/s Mantu Biri Factory Pvt. Ltd. (TIN-14110275152)

[8] (i) 20 *per cent* of value of goods : ₹ 92,92,438

(ii) 5 times of the tax leviable: ₹ 2,90,38,875

5 times of the tax is higher and hence penalty leviable is ₹ 2,90,38,875

While accepting audit observation, the Department stated (October 2010) that show cause notice has been issued to the dealer with directive to furnish reply on October 22, 2010. The dealer also accepted the audit observation and so far (December 2010) paid up ₹ 0.25 lakh towards penalty.

4.9 Evasion of tax and penalty thereof

Suppression of sales turnover by two dealers not only resulted in evasion of VAT of ₹ 28.04 lakh but also attracted penalty of ₹ 56.07 lakh.

As per Section 39 (1) of the Manipur Value Added Tax (MVAT), Act, 2004, where after a dealer is assessed under section 34 of the Act for any year or part thereof, the Commissioner of Taxes has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment or been under assessed; the Commissioner may proceed to assess to the best of his judgment, the amount of tax due in respect of such turnover.

Section 36 (7) provides *inter alia* that if the dealer in order to evade or avoid payment of tax, has furnished incomplete and incorrect returns for any period; the Commissioner shall direct that the dealer shall pay, by way of penalty a sum equal to twice the amount of additional tax assessed.

During test check (July 2010) of assessment records maintained in Taxation Zones-I and VIII, Imphal, it was noticed that the Assessing Authorities (AA) concerned assessed (April 2009 – April 2010) two dealers[9] under section 34 (3) for the quarters endings ranging from March 2009 to March 2010 taking into account the taxable turnover of ₹ 23.72 lakh[10] as returned by the dealers. Cross verification of records maintained in Taxation Headquarters Zone, however, revealed that these dealers sold/supplied various goods like steel and steel items, cement, ply, sanitary ware *etc.* worth ₹ 391.57 lakh[11] to another dealer[12] within the jurisdiction of Headquarters Zone. It, therefore, transpired that there was a concealment of sales turnover to the extent of ₹ 367.85 lakh which remained undetected by the AAs. VAT on the suppressed turnover and penalty leviable under section 36 (7) worked out to ₹ 28.04 lakh and ₹ 56.07 lakh respectively. Details shown vide **Appendix-4.3**.

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[9] (i) trade name M/s Gupta & Sons (TIN-14110071149), a dealer in iron & steel, cement, sanitary ware *etc.*
(ii) trade name M/s Lanchenbi Enterprises (TIN-14810422162) who deals in iron and steel, cement, hardware items

[10] (i) M/s Gupta & Sons: goods with 12.5% rate of tax = ₹ 23.03 lakh
(ii) M/s Lanchenbi Enterprises: goods with 4% rate of tax = ₹ 0.69 lakh
Total = ₹ 23.72 lakh

[11] (i) M/s Gupta & Sons: Goods with 12.5% rate of tax = ₹ 85.19 lakh
(ii) M/s Lanchenbi Enterprises:
(a) Goods with 4% rate of tax = ₹ 211.83 lakh
(b) Goods with 12.5% rate of tax = ₹ 94.55 lakh
Total = ₹ 391.57 lakh

[12] (trade name) M/s Simplex Projects Limited (TIN-14010200175), Imphal

The matter was reported to the Government and the Department (August 2010); their reply is awaited (December 2010).

4.10 Non-recovery of tax

Timely action was not taken to recover the outstanding tax of ₹ 1.61 crore as arrears of land revenue

As per section 42(6) of the MVAT Act 2004, the amount that remains unpaid after the due date of payment in pursuance of the notice issued shall be recoverable as arrears of land revenue.

Rule 32 of the MVAT Rules 2005 further provides *inter alia* that for the purpose of recovery of tax due as arrears of land revenue, the appropriate Assessing Authority (AA) shall issue to the Collector a recovery certificate in "Form 37".

On scrutiny of the assessment records (July 2010) maintained in the Taxation Zones – Headquarters & VIII, we noticed that three dealers[13] were assessed (March – November 2008) for Kerosene (PDS), MS and HSD[14] on a taxable turnover of ₹ 40.18 crore involving VAT of ₹ 1.96 crore. The first and second dealer failed to clear the tax due of ₹ 1.51 crore while the third dealer paid VAT of ₹ 35.08 lakh within due date out of total due of ₹ 45.83 lakh leaving a balance of ₹ 10.75 lakh thereby resulting in accumulating arrear of tax to the extent of ₹ 1.61 crore[15].

The AAs issued demand notices on 19 March 2008 directing M/s IOC Ltd. (AOD), Imphal Depot and M/s IOC Ltd. (MD) to clear the tax due within 30 days from the date of service of notice. The AA issued similar notice on 13 November 2008 directing M/s NRL Energy Station, City-I, Khurai to clear tax due within 30 days.

The tax due, however, remained unpaid (July 2010) even after expiry of more than one and a half years from the stipulated dates for payment of the dues. The AAs, however, did not initiate any action for recovery of the dues as arrears of land revenue by application of the provisions of the aforesaid Section and Rules. Hence, the flow of revenue of ₹ 1.61 crore to the State exchequer remained blocked.

The matter was reported to the Government and the Department during August 2010; their replies are awaited (December 2010).

13

Sl. No.	Dealer's trade name	TIN	VAT (₹ in lakh)	VAT assessed for
1	M/s IOC Ltd. (AOD), Imphal Depot	14010364142	90.23	Kerosene (PDS)
2	M/s IOC Ltd. (MD), Imphal Depot	14010361112	60.38	Kerosene (PDS)
		Sub-total	**150.61**	
3	M/s NRL Energy Station, City-I, Khurai	14810098123	45.83	MS & HSD
		Total	**196.44**	

14 PDS – Public Distribution System; MS – Motor Spirit; HSD – High Speed Diesel

15 ₹ in lakh: 150.61 + 10.75 = 161.36

4.11 Non-levy of penalty for default in audit of accounts

The Department failed to levy penalty amounting to ₹ 10.56 lakh on dealers who did not comply with the mandatory provision under the MVAT Act, 2004.

Section 58 of the Manipur Value Added Tax (MVAT) Act 2004 provides *inter alia* that if the gross turnover of a dealer in any year exceeds ₹ 20 lakh or any other amount as fixed by the Commissioner of Taxes, such dealer's account shall be audited by a Chartered Accountant or by a person appointed to act as an Auditor of Companies by virtue of Section 226 (2) of the Companies Act, 1956 within six months from the end of the relevant year and the dealer shall furnish a copy of the certificate of the audit of accounts in Form '25' to the Tax authority by the end of the month after expiry of the six months cited above.

The Commissioner shall impose on the dealer a sum, by way of penalty, equal to 0.1 *per cent* of the Turnover in the event of the latter's failure to get his accounts audited and furnish a copy of the audit report.

During test-check (July 2010) of assessment records maintained by the Deputy Commissioner of Taxes/Assistant Commissioner of Taxes/Superintendent of Taxes in charges of Zones – Headquarters, I, II, III, IV, V and VI, it was noticed that in absence of any other quantum of turnover specified by the Commissioner of Taxes, 21 dealers whose turnover exceeded ₹ 20 lakh each during the period between 2006-07 and 2008-09 and whose assessments for the said years were finalised (December 2006 – January 2010), were required to get their accounts audited by a Chartered Accountant and submit the audit reports to the Tax authorities within the stipulated dates *i.e.* by October 2007, October 2008 and October 2009 respectively. However, while the dealers failed to comply with the mandatory provision even after expiry of 8 to 32 months from the prescribed period, the Department did not impose any penalty. This resulted in non-realisation of penalty to the extent of ₹ 10.56 lakh at the rate of 0.1 *per cent* on the Taxable Turnover of ₹ 10,556.44 lakh. Details are shown in **Appendix-4.4**.

The matter was referred to the Government and the Department in August 2010; their replies are awaited (December 2010).

4.12 Non-levy of interest

Interest accrued amounting to ₹ 11.41 lakh due to non-payment of the outstanding tax within the due dates remained non-levied.

Section 29 (1) (a) of MVAT Act, 2004 provides that if a dealer fails to pay the amount of tax due as per the return/self assessment/provision assessment; such dealers shall be liable to pay interest at the rate of 2 *per cent* per month from the date the tax payable had become due to the date of its payment or to the date of order of assessment, whichever is earlier.

On a test-check (July 2010) of assessment records maintained in Taxation Zones – Headquarters, V, VIII and IX, it was noticed that four dealers were assessed to total tax liability of ₹ 825.67 lakh for the period from July 2005 to March 2010. After adjusting the excess tax of ₹ 16 lakh paid up to June 2005, the net tax liability was ₹ 809.67 lakh. Out of this, the dealers paid up ₹ 796.99 lakh in parts after delays ranging from 3 days to 617 days. Tax amounting to ₹ 12.68 lakh remains outstanding (November 2010) as shown in the table below:

(₹ in lakh)

Sl. No.	Name of dealer	VAT Assessed	Excess tax paid upto previous quarter	Net VAT payable	Amount paid	VAT outstanding	Days defaulted	Interest leviable
1	M/s NRL Energy Station, Khabam, Imphal (TIN – 14010268152)	358.21	6.92	351.29	340.00	11.29	3 to 56	3.42
2	M/S Manipur Tobacco Mart (TIN – 14510228178)	123.07	-	123.07	130.07	(7.00)	5 to 29	0.54
3	M/s NRL Energy Station,Khurai (TIN – 14810098123)	326.63	9.08	317.55	309.16	8.39	7 to 617	5.96
4	M/s Khoriphaba LPG Service (TIN – 14910060158)	17.76	-	17.76	17.76	-	6 to 318	1.49
	Total	**825.67**	**16.00**	**809.67**	**796.99**	**12.68**		**11.41**

In terms of the provision ibid, the dealers were liable to pay interest amounting to ₹ 11.41 lakh for their failure to pay-up the tax dues on time. The Assessing Authorities concerned did not initiate action to levy the interest payable. Details of tax due, amount paid, amount outstanding and calculation of interest leviable are shown in **Appendix-4.5**.

The matter was referred to the Department (August 2010) and Government (September 2010).

The Department accepted the audit objection and stated (October 2010) that show cause notices have been issued to the respective dealers with a directive to furnish their reply on October 22, 2010. Further progress has not been intimated (December 2010).

Chapter V

Government Commercial and Trading Activities

CHAPTER-V

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

5.1 Overview of Government Companies and Statutory Corporations

Introduction

5.1.1 The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view welfare of the people. In Manipur there were fourteen PSUs (all companies including six non-working) as on 31 March 2010. None of the companies was listed on the stock exchange(s). The State PSUs occupy an insignificant place in the State economy. The State PSUs registered a turnover of ₹ 9 crore[1] for 2009-10 as per their latest finalised accounts as of September 2010. This turnover was equal to 0.10 *per cent* of State Gross Domestic Product (GDP) for 2009-10. The State PSUs incurred a loss of ₹ 0.43 crore in the aggregate for 2009-10 as per their latest finalised accounts.

Audit Mandate

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

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

Investment in State PSUs

5.1.4 As on 31 March 2010, the investment (capital and long-term loans) in fourteen PSUs was ₹ 111.15 crore as per details given below:

[1] Working plus Non-working PSUs

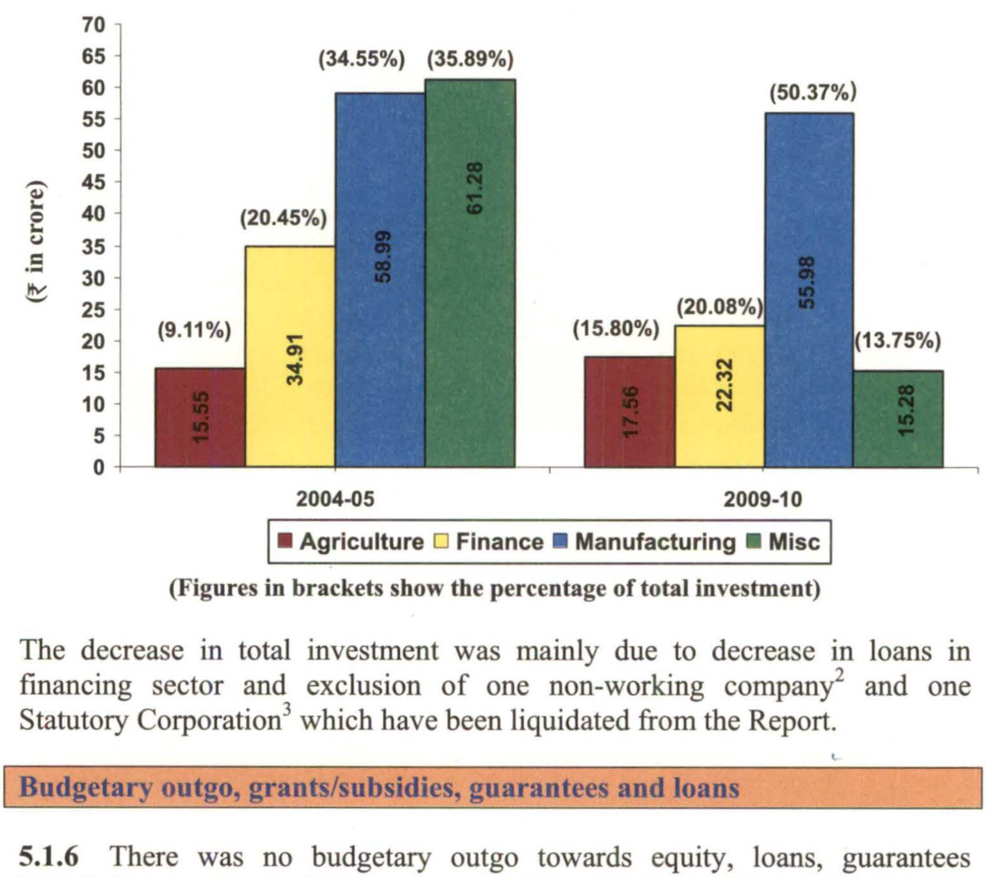
(₹ in crore)

Type of PSUs	Government Companies		
	Capital	Long Term Loans	Total
Working PSUs	29.34	23.66	53.00
Non-working PSUs	51.08	7.07	58.15
Total:	**80.42**	**30.73**	**111.15**

A summarised position of Government investment in State PSUs is detailed in **Appendix-5.1**.

As on 31 March 2010, of the total investment in State PSUs, 47.68 *per cent* was in working PSUs and the remaining 52.32 *per cent* in non-working PSUs. This total investment consisted of 72.35 *per cent* towards capital and 27.65 *per cent* in long-term loans.

5.1.5 The investment in various important sectors and percentage thereof at the end of 31 March 2005 and 31 March 2010 are indicated below in the bar chart.



(Figures in brackets show the percentage of total investment)

The decrease in total investment was mainly due to decrease in loans in financing sector and exclusion of one non-working company[2] and one Statutory Corporation[3] which have been liquidated from the Report.

Budgetary outgo, grants/subsidies, guarantees and loans

5.1.6 There was no budgetary outgo towards equity, loans, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs during the year 2009-10. The budgetary outgo towards grants/subsidy was ₹ 32.60 lakh in favour of Manipur Film Development

[2] Manipur State Drugs & Pharmaceuticals Ltd.
[3] Manipur State Road Transport Corporation

Corporation Limited (₹ 28.82 lakh) and Manipur Spinning Mills Corporation Limited (₹ 3.78 lakh).

Reconciliation with Finance Accounts

5.1.7 The figures in respect of equity and loans outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2010 is stated below.

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	84.16	75.04	9.12
Loan	-	0.97	0.97

5.1.8 Audit observed that the differences occurred in respect of 12 PSUs and some of the differences were pending reconciliation over a period of more than 13 years. The matter has been taken up with the Administrative Department of respective PSUs and the Managing Directors of PSUs periodically to reconcile figures. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

5.1.9 The financial results of PSUs are detailed in **Appendix-5.2**. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSUs' turnover and State GDP for the period 2004-05 to 2009-10.

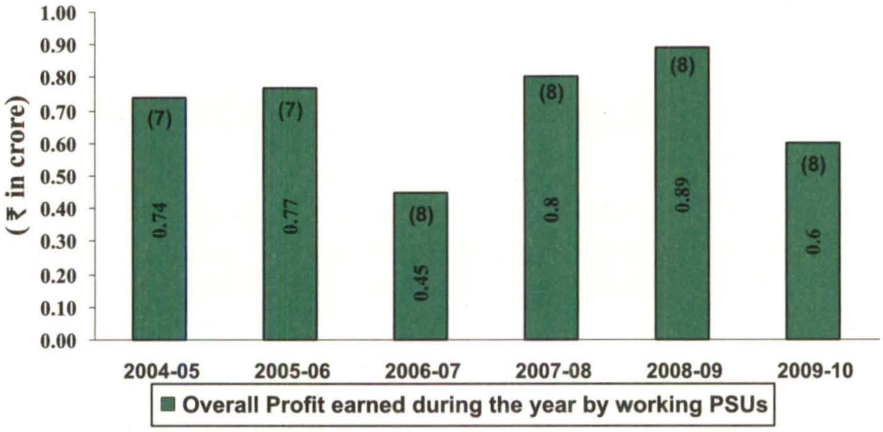
(₹ in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Turnover[4]	6.42	6.42	6.39	6.75	6.77	6.51
State GDP	4024	4693	6501	5704	6344	8687
Percentage of Turnover to State GDP	0.16	0.14	0.09	0.12	0.10	0.07

The turnover of working PSUs increased from ₹ 6.42 crore in 2004-05 to ₹ 6.51 crore in 2009-10. The percentage of turnover to State GDP decreased from 0.16 in 2004-05 to 0.07 in 2009-10 as the increase in turnover was not commensurate with the growth in State GDP.

5.1.10 Profit earned by State working PSUs during 2005-06 to 2009-10 are given below in a bar chart:

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



(Figures in brackets show the number of working PSUs in respective years)

During the year 2009-10, out of eight working PSUs, three PSUs earned combined profit of ₹ 1.14 crore and three PSUs incurred combined loss of ₹ 0.55 crore. Two working PSUs have not started commercial activities. The major contributors to profit were Manipur Industrial Development Corporation Ltd. (₹ 1 crore) and Manipur Electronics Development Corporation Ltd. (₹ 0.11 crore). The heavy losses was incurred by Manipur Handloom & Handicrafts Development Corporation Ltd. (₹ 0.52 crore).

5.1.11 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, inefficient running of their operations and lack of proper monitoring. A review of three latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 1.23 crore which was controllable with better management. Year wise details from Audit Reports are stated below:

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	Total
Net Loss	1.43	0.22	0.43	2.08
Controllable losses as per CAG's Audit Report	0.56	0.67	-	1.23

5.1.12 The above losses pointed out by Audit Reports of CAG are based on test-check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses can be minimised. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

5.1.13 Some other key parameters pertaining to State PSUs are given below:

(₹ in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Return on Capital Employed (*per cent*)	Nil	Nil	2.83	2.52	2.66	2.08
Debt	38.94	34.37	26.79	30.91	19.50	30.73
Turnover[5]	6.42	6.42	6.39	6.75	6.77	6.51
Debt/ Turnover Ratio	6.07	5.35	4.19	4.58	2.88	4.72
Accumulated losses	5.00	5.55	7.17	7.17	5.22	5.18

(Above figures pertain to all PSUs except for turnover which is for working PSUs).

As per latest finalised accounts of eight working companies, the capital employed worked out to ₹ 25.99 crore and total return thereon amounted to ₹ 1.50 crore in 2009-10 as compared to capital employed of ₹ 16.74 crore and total return on capital employed of ₹ 1.48 crore in 2004-05.

5.1.14 The State Government has not formulated (September 2010) any dividend policy.

Arrears in finalisation of accounts

5.1.15 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2010.

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Number of Working PSUs	7	8[6]	8	8	8
2.	Number of accounts finalised during the year	1	1	2	2	2
3.	Number of accounts in arrears	101	117[7]	123	129	135
4.	Average arrears *per* PSU (3/1)	14.42	14.62	15.37	16.12	16.87
5.	Number of Working PSUs with arrears in accounts	7	8	8	8	8
6.	Extent of arrears (in years)	9 to 23	10 to 24	10 to 25	10 to 26	10 to 27

The reasons for delay in finalization of accounts are attributable to

- Lack of required control over the companies by Government,
- Abnormal delay in compilation/approval of the accounts and delayed submission of the same to the Statutory Auditors by the management and
- Delay in adoption of accounts in Annual General Meeting.

[5] Turnover of working PSUs as per the latest finalised accounts as of 30 September.

[6] Manipur Food Industries Corpn Ltd was added. Upto Audit Report 2006-07, ten years accounts of the Corporation was in arrear.

[7] 101+7+10-1=117

5.1.16 In addition to above, there were also arrears in finalisation of accounts by non-working PSUs. Six non-working PSUs had arrears of accounts for 13 to 26 years.

5.1.17 The State Government had invested ₹ 59.15 crore (Equity: ₹ 59.15 crore), in eleven PSUs during the years for which accounts have not been finalised as detailed in **Appendix-5.3**. In the absence of accounts and their subsequent audit, it cannot be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

5.1.18 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed every quarter by Audit of the arrears in finalisation of accounts, no remedial measures were taken. As a result of this, the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up with the Chief Secretary/Finance Secretary to expedite the backlog of arrears in accounts in a time bound manner.

5.1.19 In view of above state of arrears, it is recommended that:

- The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.
- The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.

Winding up of non-working PSUs

5.1.20 There were six non-working PSUs (6 companies) as on 31 March 2010. None of the PSUs have commenced liquidation process. The number of non-working companies at the end of each year during past five years is given below:

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
No. of non-working companies	8	7	7	6	6
No. of non-working corporations	1	-	-	-	-
Total:	**9**	**7**	**7**	**6**	**6**

The non-working PSUs are required to be closed down as their existence is not going to serve any purpose. Although closing instructions have been issued in respect of six non-working PSUs but liquidation process has not yet started.

5.1.21 The process of voluntary winding up under the Companies Act is much faster and needs to be adopted vigorously. The Government may also consider setting up of a cell to expedite closing down its non-working companies.

Accounts Comments and Internal Audit

5.1.22 Three working companies[8] forwarded their audited (three) accounts to Accountant General (Audit) during the year 2009-10. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially.

5.1.23 Some of the important comments in respect of accounts of companies are stated below.

Manipur Food Industries Corporation Ltd.

- The company is not regular in depositing undisputed statutory dues with appropriate authorities.
- The Company has not complied with the provisions of Section 285 of the Companies Act, 1956 as only two BOD meetings have been held instead of at least once in 3 months and at least 4 in every calendar year.
- No provision has been made for gratuity liability and other retirement benefits as per AS-15 on "Employee Benefits".

Manipur Police Housing Corporation Ltd.

- Provision of ₹ 5 lakh was made for Income Tax and debited in the Profit & Loss Account, which was not paid. Thus, profit was understated and the liability was overstated by that amount.
- The Corporation has failed to file its Income Tax returns since inception and no proceedings for assessment or penalty was initiated by the Income Tax Department.

5.1.24 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/ internal control system in respect of two companies[9] for the year 2008-09 and another two companies[10] for the year 2009-10 are given below:

[8] Manipur Food Industries Corporation Ltd., Manipur Police Housing Corporation Ltd. and Manipur Electronics Development Corporation Ltd.

[9] Sr. No. A-5, B-4 in Appendix-5.2.

[10] Sr. No. A-5, B-6 in Appendix 5.2.

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Appendix-5.2
1.	Absence of internal audit system commensurate with the nature and size of business of the company	3	A-5, B-4, B-6
2.	Non-maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	2	A-5, B-4

Disinvestment, Privatisation and Restructuring of PSUs

5.1.25 There are no cases of disinvestment/privatization of PSUs in the State.

Reforms in Power Sector

5.1.26 Joint Electricity Regulatory Commission (JERC) for the states of Manipur and Mizoram was formed (January 2005) under Section 83 (5) of the Electricity Act, 2003 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences.

The JERC has issued draft (Terms & Conditions for Open Access) Regulations, 2009 in September 2009. Final Regulations is, however, yet to be issued.

5.1.27 Memorandum of Understanding (MoU) was signed in July, 2004 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with identified milestones. One of the objectives of reforms was to set up Corporation for generation, transmission and distribution of electricity in the State by August 2004 and made fully functional by July 2005. However, State Government although has formed a company (Manipur State Power Development Corporation Ltd.) in March 1997 but it was not made functional even after 13 years.

The progress achieved so far in respect of important milestones is stated below:

Sl. No.	Milestone	Achievement as at September 2010
1.	For generation, transmission and distribution of electricity in the State, Corporation to be set up by August 2004 and made fully functional by July 2005.	The progress of implementing power sector reforms was slow and the Corporation has not become operational as of September 2010.
2.	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 intimated (August 2008) that the Central Government had constituted a Joint Electricity Regulatory Commission (JERC) for the States of Manipur and Mizoram on 18 January 2005. The JERC has issued draft (Terms & Conditions for Open Access) Regulations, 2009 on 11.9.2009. The final Regulations is, however, yet to be issued.
3.	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.	
4	State Government will ensure timely payment of subsidies required in pursuance of orders on the tariff determined by the SERC/JERC.	
5	State Government would achieve 100 *per cent* electrification of villages by 2007 subject to adequate funds being provided by the GOI under PMGY or any other relevant scheme.	The State Government was to complete 100 *per cent* metering and billing of all consumers by March 2003 but only 1,65,270 consumers (out of 1,83,686) were provided with energy meters.
6	State Government would install meters on all 11 KV feeders by 31.12.2004.	Out of 105 numbers of 11 KV outgoing feeders, 91 feeders were provided with energy meters as of September 2010.

AUDIT OF TRANSACTIONS (COMMERCIAL)

MANIPUR TRIBAL DEVELOPMENT CORPORATION LIMITED

5.2 Arrears in finalization of accounts

The Company has not finalized its accounts for 27 years.

Section 210 of the Companies Act, 1956 read with Sections 166 and 216, casts the duty on the Board of Directors of a Company to place the accounts of the Company along with Auditor's Report (including supplementary comments of CAG) in the Annual General Meeting of the shareholders within six months of the close of each financial year. As per Section 210(5), if any person, being a Director of a Company, fails to take all reasonable steps to comply with the provisions of Section 210, he shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to ten thousand rupees or with both. Similar provision exists under Section 210 (6) in respect of a person who is not a Director but is charged with the duty of ensuring compliance with Section 210.

In spite of above provisions in the Companies Act, Manipur Tribal Development Corporation Ltd. has not been finalizing its accounts in time and there were arrears of twenty seven years in finalization of its accounts as of 30 June 2010. The Company has finalised its accounts upto 1982-83. Audit has been bringing out the arrears in finalization of accounts to the notice of the State Government through demi-official/official letters to the Chief Secretary, Principal Secretary (Finance) and also the Registrar of Companies. However, there has been no effective action to liquidate the arrears during the past three years as shown below:

Administrative Department	Year upto which accounts finalised as on September 2007	Year upto which accounts finalised as on June 2010	Number of arrear accounts cleared during the last three years	Number of arrears	
				Year	Number
Development of Tribals and Scheduled Castes	1982-83	1982-83	Nil	1983-84 to 2009-10	27

The major reasons for delay in finalization of accounts as perceived by the management is the lack of initiative on the part of the Statutory Auditors. The Company cannot, however, absolve itself from its responsibility under the provisions of the Companies Act *ibid.*

The State Government had invested 161.50 lakh[11] in the Company. Major irregularities detected during performance audit and transaction audit[12] of the Company based on cash book, challans, vouchers, cheque counterfoils, TR-5 counterfoils, estimates, measurement books *etc.* have been pointed out in para 7.16 of Audit Report for the year ended 31 March 2005 and paras 7.14 and 7.15 of Audit Report for the year ended 31 March 2008.

In the absence of accounts and their subsequent audit, it cannot be ensured whether the investment and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in the Company remains outside the scrutiny of the State Legislature. Further, delay in finalization of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act.

The matter was referred to the Government/Company (August 2010). The Government/Company was again requested (September & October 2010) to furnish the status of availability of accounting records like Ledger, Trial Balance/Provisional Accounts *etc.* for the period for which the accounts have not been finalised. Reasons for non-submission of Statutory Audit Report by the Statutory Auditor, turnover/total income of the Company during the last five years ending March 2010 were also called for. The Government/Company has not responded till date (November 2010).

In view of this, it is recommended that the Government and the Company management may-

- **Consider outsourcing the work of preparation of accounts to clear the arrears and**
- **Make a time bound programme to clear the arrears and monitor it on a continuous basis.**

[11] As per Finance Accounts 2009-10, Government's investment during the period were:

Year of investment	Type of investment	Amount (`₹ in lakh)
1985-90	Capital Contribution	160.00
1996-97	Capital Contribution	1.50
	Total	**161.50**

[12] Upto 31 March 2008

Manipur Spinning Mills Corporation Limited

5.3 Inadequate arrangements for safeguarding movable and immovable assets

The Company suffered a probable loss of ₹ 3.75 crore in the value of fixed assets during the previous ten years.

The Manipur Spinning Mill Corporation Ltd. was incorporated on March 27, 1974 with the main objective of setting up, owning and managing one or more Spinning Mills in Manipur. The Company became non-functional since May 8, 2000 on account of continuous losses arising out of working capital erosion, shortage of power and raw materials. The accounts of the Company have been finalised and audited upto the year 1985-86 and adopted in the Annual General Meeting held on June 24, 2010. The accounts of the Company are in arrears from the year 1986-87 onwards. Latest certified accounts for the year ended 31 March 1986 depicted that the Company had total fixed assets of ₹ 5 crore (immovable assets: ₹ 1.25 crore and movable assets: ₹ 3.75 crore).

In order to have better control over assets, the Company should maintain complete and up-to-date records of each asset besides making essential arrangements, such as, periodic physical verification, arrangements for watch and ward of the assets, and adequate insurance cover against the risk of fire, flood, earthquake *etc*. Besides, in respect of land, the Company needs to construct boundary wall and engage watch and ward on land lying vacant so as to prevent encroachments. In case of illegal encroachments on land, prompt legal measures should be taken by the Company for making the land encroachment free. The deficiencies noticed in maintenance of proper records and taking adequate measures in safeguarding the movable and immovable properties by the Company are summarized as under:

Inadequate maintenance of asset records

In order to have a scientific and effective internal control system in force, the Company needs to maintain 'assets records' for each asset with all important particulars of the assets such as location, original cost, accumulated depreciation, technical and engineering specifications of machinery, identification number *etc*. The Company stated (July 2010) that assets records have been updated up to 1981-82 and that subsequent updating has been entrusted to a firm of Chartered Accountants who have not been able to complete the same due to *"certain reasons*[13]*"*. However, the Statutory Auditor which finalized the accounts for 1985-86 had stated (February 2008) "...the Company has not maintained up to date records to show full particulars

[13] The company did not elaborate.

including quantitative details and situation of its fixed assets. In fact, no Fixed Assets Register has been maintained by the Corporation".

Non-reconciliation of discrepancies in the value of assets

As per the latest certified accounts for the year 1985-86, no physical verification of assets has ever been made by the Company and discrepancies, if any, between the book records and physical records have therefore never been dealt in accounts. No attempt has ever been made to reconcile the records as per stores and financial books regarding different heads of stock. The value of the assets has thus remained un-reconciled.

Physical verification of assets

The system of physical verification of assets at regular time intervals is an essential tool of internal control as it helps in ensuring the availability of assets in the possession of the Company at stated location. An effective system of periodic physical verification of assets minimizes the risks of loss/theft of movable assets and encroachments in case of immovable properties and at the same time, enables the Management to take timely remedial action against the detected cases of theft/encroachments of assets. However, the Company has not laid down policy for physical verification of the movable and immovable assets.

The Company stated (July 2010) that though physical verification of the assets was conducted while the Mill was working in full swing, the exact period of physical verification of assets could not be ascertained since the documents were lying damaged in the factory office. This however contradicts the latest certified accounts for the year 1985-86 which states that no physical verification of assets has ever been made by the Company.

Thus, the assets of the Company remained exposed to the risks of theft/ encroachment due to inaction on the part of the Management.

Encroachments

Proper arrangement for security and watch and ward of the immovable properties (*viz.*, land and buildings) is very essential as it ensures the encroachment free availability of the land and buildings for Company's own use as well as sale as and when needed. Audit, however, noticed that the Company did not make arrangement for watch and ward of land measuring 30 acres valued at ₹ 0.01 crore and buildings valued at ₹ 1.53 crore ever since closure of the Mill. The 39th Assam Rifles (a para-military force) has been occupying the factory premises since the day of its closure *i.e.*, May 8, 2000.

Disuse of assets

The Company needs to make adequate arrangements for proper maintenance and upkeep of the assets (*e.g.* plant and machinery) not in use or not in use to their full capacity. As the Company is non-functional since May 2000, periodical review of the position of these assets taking into account the reports of the physical verification is essential so as to avoid chances of the assets becoming obsolete due to their disuse. The assets not in use for long also need to be considered for sale.

It was, however, observed that there were no proper arrangements for maintenance and upkeep of the assets ever since the closure of the Mill. Further there was no system in the Company for conducting need based review of the assets so as to decide on possible utility of these assets in future or for their timely disposal. As a result, the chances of movable assets worth ₹ 3.75 crore held by the Company becoming obsolete cannot be ruled out.

Insurance cover

Insurance for properties is a cover that guards the assets of the Company against probable losses due to natural calamities and other reasons such as, fire, floods, riots, theft *etc.* Regular and adequate coverage of insurance minimizes the risks against these losses at a nominal cost of insurance premium.

The Company stated (July 2010) that fire insurance, machinery break-down insurance *etc*. were taken while the Company was working in full swing and was discontinued since closure of the Mill. Copies of insurance policies are not traceable from the factory godown.

Thus, the Company suffered a probable loss of ₹ 3.75 crore in the value of its movable assets during previous 10 (2000-01 to 2009-10) years on account of inadequate arrangements for their safeguard. The Company's land/building has been encroached/occupied by para-military force. There is also a risk of assets becoming obsolete due to disuse/lack of maintenance. In view of these, it is recommended that the Company may:

- **Maintain complete and up-date records giving all vital information of all movable and immovable assets;**
- **Periodically reconcile the discrepancies in the figures of the assets;**
- **Conduct physical verification of assets at regular time intervals;**
- **Make adequate security arrangements for immovable properties so as to prevent possibilities of encroachments;**
- **Make adequate arrangements for upkeep/maintenance of disused assets and periodically review the position for their future utility; and**

- **Obtain regular and adequate insurance cover for all the assets against risks.**

The matter was referred to the Government/Company (August 2010).

The Government/Company admitted (September 2010) that the assets which have been lying unused since May 2002 are likely to be obsolete as all workmen were retrenched without making any provision for maintenance and upkeep of the plant and machinery after decision for winding up of the Company was taken. Further, the Company stated that it did not have fund for proper maintenance and upkeep of assets or for taking insurance cover ever since the closure of the mill.

The Company further stated that it has its own policy/instruction for physical verification of movable and immovable assets; physical verification of stores and spares, reconciliation of records as per stores and financial books regarding different heads of stocks made on monthly and yearly basis; assets register has been maintained since inception which records location of machinery along with technical and engineering specifications, identification numbers of all movable and immovable assets.

The Company also stated (September 2010) that as directed by the State Government (March 2002), the Board of Directors (BOD) by resolution (August 2002) resolved to windup the Company. The Company ceased operation (May 2002) and retrenched all employees[14] under a scheme approved by the State Government. In continuation of the various actions initiated for facilitating the winding up process, the BOD decided (July 2010) to avail of the Easy Exit Scheme, 2010 introduced by Ministry of Corporate Affairs, Government of India under Section 560 of the Companies Act, 1956 which was approved (August 2010) by the State Government.

The reply is not acceptable to audit as the relevant records could not be made available to the Statutory Auditor (February 2008). Further the mere presence of the 39th Assam Rifles on the factory premises since May 2000 does not guarantee that Company's land is free from encroachment.

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[14] Four employees including the Managing Director were re-engaged on contract basis to initiate the winding up processed under Companies Act 1956.

POWER DEPARTMNT

5.4 Power generation in Manipur

Though there was a growth in demand of 222 Million Units (MUs) from 31 March 2005 to 31 March 2010, the installed power generation capacity had reduced by 5.072 Mega Watts (MW). The department neither took up any capacity addition programme nor identified any generating stations for life extension and using its power houses as standby and operated only when the Grid supply failed.

5.4.1 Introduction

Power is an essential requirement for all facets of life. The availability of reliable and quality power at competitive rates is very crucial to sustain growth of all sectors of the economy. The Electricity Act, 2003 and National Electricity Policy (NEP) (February 2005) were meant to provide the framework and guidelines for accelerated development of the power sector.

The Power Department has been responsible for generation, transmission and distribution of power in the State since 1970. Today the department is operating eight[15] power generating stations. The onus of developing the power sector therefore lies with the department. Records available at the Head Office and that of the biggest power generating stations with installed capacity of 36 MW (Mega Watts) for the period from 2005-06 to 2009-10 were test checked. Audit findings are discussed below:

5.4.2 Power scenario in the State: Installed capacity vis-à-vis peak demand

At the beginning of 2005-06, electricity requirement in the State was assessed at 544 Million Units (MUs) of which only 1.0897 MUs were available. The comparative figures as on 31 March 2010 were 766 MUs and 2.0105 MUs respectively.

Against peak demand of 117 MW as on 31 March 2005, total installed capacity was 47.252 Mega Watt (MW) and effective available capacity was 39.858 MW. While peak demand grew by 222 MUs and was 170 MW as on 31 March 2010, the installed capacity reduced by 5.072 MW to 42.18 MW and effective capacity stood at 39.434 MW. The department was able to generate only 8.7 to 12.8 *per cent* of the peak demand. Between 106 to 115 MW of

[15] i) Imphal Diesel Power House, ii) Governor Power house, iii) Assembly Power House, iv) Khumanlampak Power House, v) Chief Minister Power House, vi) JN Hospital Power House, vii) Heavy Fuel Power Plant at Leimakhong and viii) Leimakhong -1 Micro Hydel Project.

power was supplied by importing power. Power deficit (supply – demand) had grown from 542.91 MUs to 763.99 MU during the period. The deficit has been increasing every year and reached 35.3 *per cent* of peak demand in 2009-10. Details are as shown in the table below:

Sl. No.	Particulars		2005-06	2006-07	2007-08	2008-09	2009-10	Total
1	Total demand (MUs)		544	589	641	702	766	3242
2	Net power generated[16] (MUs)		1.0897	3.1313	1.7046	0.6460	2.0105	8.5821
	As % of Total demand		0.20%	0.53%	0.27%	0.09%	0.26%	
3	Power Deficit (MUs) (2-1)		-542.9103	-585.8687	-639.2954	-701.354	-763.9895	-3233.4179
4	Peak demand (MW)		117	134	145	157	170	723
5	Installed capacity (MW)		*47.252*	*46.556*	*46.212*	*45.468*	*42.180*	*227.668*
	As % of peak demand		*40.39%*	*34.74%*	*31.87%*	*28.96%*	*24.81%*	
6	Power Generated (MW)		15.01	15.01	14.63	14.63	14.83	*74.11*
	As % of peak demand		12.8%	11.2%	10.1%	9.3%	8.7%	
7	Peak demand met (MW)	From Own sources	8	8	8	1	11	*36*
		From Import (Free + Purchase)	107	102	107	105	99	*520*
		Total	**115**	**110**	**115**	**106**	**110**	***556***
8	% of peak deficit		1.7%	17.9%	20.7%	32.5%	35.3%	

(Source: Departmental records)

5.4.3 Shortfall in supply of energy

National Electricity Policy (NEP) aims to provide over 1,000 units of per capita electricity by 2012 and projected that generation growth rate of 9.5 and 7.5 *per cent per annum* during 10th Plan (2002-2007) and 11th Plan (2008-2012) through creation of adequate reserve capacity.The department fixed a total generation target of 17.9031 MUs of power during the five years out of which the achievement was only 8.5821 MUs, a shortfall of 52.06 *per cent.* Against a total demand of 3242 MUs of energy during the period, the energy deficit works out to 3233.42 MUs.

To meet the power deficit, the department arranged 2881.4384 MUs (own generation - 8.5821 MUs, purchased - 2574.2497 MUs and free energy from Loktak Hydro Electric Project - 298.6066 MUs) which is still short of total demand. Inspite of the deficit, the department sold 474.468 MUs. After factoring in TD losses of 1422.5384 MUs, the actual energy available for consumers of the State was only 984.432 MUs. Though the gross power available was able to meet total demand in 2005-06 and 2007-08, there was power deficit throughout the period due to sale outside the State. This action indicates that the department is insensitive to the needs of the people of the State.

Against average per capita demand of 265 units during the period, the actual average per capita availability was only 81units. The average per capita power supplied during the period was only 8.1 *per cent* of NEP's target for 2012. The details are shown in the table below:

[16] Power generated less auxiliary consumption

(energy in MUs)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1	#Generation Target	4.6106	2.4548	3.3378	3.8500	3.6499	17.9031
2	# Generated	1.0897	3.1313	1.7046	0.6460	2.0105	8.5821
3	Shortfall in generation	3.5209	-0.6765	1.6332	3.204	1.6394	9.321
4	Percentage of shortfall	76.37%	-27.56%	48.93%	83.22%	44.92%	52.06%
5	Population[17]	23,45,401	23,92,309	24,40,155	24,88,958	25,38,737	
6	#Total demand	544	589	641	702	766	3242
7	Per capita demand - Units (6)÷(5)	232	246	263	282	302	265@
8	#Free energy[18]	68.9620	55.3286	70.7700	58.7610	44.7850	298.6066
9	#Energy purchased	520.9860	441.2147	572.0300	550.4250	489.5940	2574.2497
10	#Total energy available (2)+(8)+(9)	591.0377	499.6746	644.5046	609.832	536.3895	2881.4384
11	# Energy sold outside State	122.145	40.026	137.561	104.396	70.34	474.468
12	#TD loss	281.1667	272.2426	309.5396	308.23	251.3595	1422.5384
13	Energy actually available for State – (10)-(11)-(12)	187.726	187.406	197.404	197.206	214.69	984.432
14	**Per capita power actually available** – Units (13)÷(5)	80	78	81	79	85	81@
15	Per capita availability as % of per capita demand (14)÷(7)X100	35%	32%	31%	28%	28%	30%@
16	Per capita availability as % of NEP target for 2012 (14)÷1000X100	8.0%	7.8%	8.1%	7.9%	8.5%	8.1%@

Source: Departmental records   @Average

The department stated (August 2010) that due to very high cost of generation, its own generating stations were operated as standby and power supply in the State was wholly dependent on the sectorial allocation of power from the Central Generating Stations[19] located in the North Eastern Region. Hence there was shortfall in generation. The department's reply indicates that fixing of yearly targets for power generation is meaningless and is done only for the sake of fixing targets.

We observed that against total budgetary provision of ₹ 693.41 crore during the whole period for purchase of power, only ₹ 656.71 crore was spent. Had the balance of ₹ 36.70 crore been spent, the department could have reduced the energy deficit encountered during 2005-10 for the amount lapsed was sufficient to purchase 124 MUs to 622 MUs[20] of energy. During 2009-10 alone, ₹ 120.19 crore was available for purchase of power; but the department

[17] The department considered the increase in population of the State @ 2 *per cent* per annum. 2001 census population is 21,66,788.

[18] From Loktak Hydro Electricity Project

[19] Operated by National Hydro Power Corporation, North East Electric Power Corporation *etc.*

[20] Quantity of energy that could have been purchased at the highest prevailing rate of ₹ 2.94 per unit and the lowest prevailing rate of 59 paise per unit respectively.

spent only ₹ 66.61 crore. Further, against State's annual quota of 123.527 MW from Central Sector Power Plants operating in the North Eastern Region, actual drawal ranged from 50.37 MW to 65.30 MW[21] during 2005-10. While explaining the short drawal of power, the department stated (July 2010) that if more than 100 MW is injected through the existing 132 KV (Kilovolt) line, the conductors could get burnt and the insulators might get punctured resulting in a system collapse. Had the department been sensitive to/concerned with the needs of the people of the State, efforts would have been made to augment and upgrade the infrastructure in a time bound manner.

5.4.4 Failure in Capacity addition

To address the pressing issue of growing demand and eroding installed generation capacity and also do justice to NEP's target for 2012, not only additional capacity needs to be created but also plans need to be in place for optimal utilisation of existing facilities and undertaking life extension programme. However, during the period, the department neither took up any capacity addition programme nor identify any generating stations for life extension. On this being pointed out by audit, the department merely stated (August 2010) that its power houses were used as standby and operated only when the Grid supply failed. The reply reflects the department's lack of concern with the problem of shortage of power. The department does not seem to have clear vision or strategy to address the power deficit in the State.

The department has failed to utilize even existing capacity to their potential. The 36 MW capacity heavy fuel based power station at Leimakhong setup through Manipur State Power Development Corporation Ltd. has been practically lying idle, being used only as a backup. Administrative Staff College of India (ASCI) was engaged as consultants (January 2002) to advise on "Restructuring of the Power Sector of the State". No further action has been taken on ASCI's recommendation (August 2005) for separation of generation, transmission and distribution as distinct strategic business units, except for the State Cabinet decision (January 2009) to set up "Manipur State Power Corporation Ltd."

Audit noticed that there were two hydel projects which could change the power scenario of the State and make it power-surplus but are yet to commence construction even though considerable time has gone by since the projects were sanctioned.

5.4.4.1 Tipaimukh Hydro Electric Project (1500 MW): cleared in July 2003 by Central Electricity Authority (CEA) was expected to supply 3806 MUs of energy annually. Construction has not even commenced (November 2010). The department attributed (October 2010) the delay in execution of the project

[21] The actual drawal was only 40.78 to 52.86 *per cent* of allotment

for want of clearance for diversion of forest land to the project and completion of formalities[22] required to operationalise the Joint Venture Company (JVC) comprising of NHPC[23], SJVNL[24] and Government of Manipur to whom the project was handed over (July 2009) by Ministry of Power after terminating NEEPCO[25], the original allottee. Memorandum of Understanding amongst the parties was signed only during April 2010. Due to inordinate delay, the initial project cost of ₹ 5163.86 crore has already gone up to ₹ 8138.79 crore at September 2008 price-level. The project cost had not been updated thereafter. Even if the JVC is operationalised without further delay, there is likely to be huge cost over run by the time construction is completed.

5.4.4.2 Loktak Downstream Hydro Electric Project (66 MW): cleared by CEA in November 2006 for cost of ₹ 867.77 crore, it was expected to supply 330 MUs of energy annually. The project was taken up as a joint venture project between NHPC and the State Government. The Joint Venture Committee was framed only in October 2009. The department stated (October 2010) that delay was due to time taken for completion of formalities for formation of the JVC like signing of Memorandum of Understanding (September 2007), singing of promoter's Agreement/Shareholder's Agreement (September 2008), adoption of Memorandum of Association and Article of Association of the JVC (July 2009) and application for registration to Registrar of Companies, Shillong (September 2009).

5.4.5 Working result of generation stations

The operational performance of the power generating units of the department during the five years ending 2009-10 was very lackluster. The gap between demand and net power generated has widened in each subsequent years during the period.

During the five years, the department generated 8.5821 MUs of energy at a cost of ₹ 21.66 crore while sale fetched only ₹ 1.37 crore. The department thus suffered a loss of ₹ 20.29 crore. The loss was mainly because of the higher quantum of fixed charges (consisting of manpower and depreciation) which add up to 73 *per cent* of the total cost of generation. The average cost of generation and realization per unit worked out to ₹ 25.60 and ₹ 1.64 respectively. On an average, the department was losing ₹ 23.96 per unit of energy generated during the period. Loss per unit touched a peak of ₹ 39.98 in 2005-06. The details of working results are given in the table below.

[22] Formalities which include signing of share holders' agreement, signing of Memorandum of Association & Article of Association and registration with Registrar of Companies, Shillong.

[23] National Hydro Power Corporation

[24] Sutlej Jal Vidyut Nigam Limited

[25] North Eastern Electricity Power Corporation

Sl.No	Description	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1.	Income: Revenue from generation (₹ in crore)	0.15	0.42	0.27	0.13	0.40	1.37
2.	Total Generation (In MUs)	1.1199	3.1911	1.7303	0.6478	2.0347	8.7238
	Less: Auxiliary consumption (In MUs)	0.0302	0.0598	0.0257	0.0018	0.0242	0.1417
	Net available for transmission and distribution (MUs)	**1.0897**	**3.1313**	**1.7046**	**0.6460**	**2.0105**	**8.5821**
3.	Expenditure (₹ in crore)						
(a)	Fixed cost - Employees & Depreciation	3.93	3.92	3.89	0.22	3.85	15.81
(b)	Variable cost - Fuel consumption (Furnace oil & HSD[26] oil), Chemicals, Lubricants, Operation and maintenance	0.69	1.95	1.31	0.63	1.27	5.85
(c)	Total cost (₹ in crore) 3(a) + (b)	4.62	5.87	5.20	0.85	5.12	21.66
4.	Realisation per unit (₹) (1/2)	1.34	1.32	1.56	2.00	1.97	1.64@
5.	Fixed cost per unit (₹) (3a/2)	35.12	12.27	22.44	3.40	18.91	
6.	Variable cost per unit (₹) (3b/2)	6.20	6.10	7.60	9.74	6.22	
7.	Total cost per unit (₹) (5+6)	41.32	18.37	30.04	13.14	25.13	25.60@
8.	Contribution per unit (₹) (4-6)	(-) 4.86	(-) 4.78	(-) 6.04	(-) 7.74	(-)4.25	
9.	**Loss per unit (₹) (-) (4-7)**	**(-)39.98**	**(-) 17.05**	**(-) 28.48**	**(-) 11.14**	**(-) 23.16**	**(-)23.96@**

(Source: Departmental records) @ Average

Lower tariff was also a factor which contributed to department's loss. The tariff fixed (August 2002) ranged between ₹ 2.60 to ₹ 3.50 per unit with the average working out to ₹ 3.15 per unit. The department was supposed to submit application for revision of tariff to the Joint Electricity Regulatory Commission (JERC) for Mizoram and Manipur, 120 days before the commencement of each year. No such application was submitted during the last five years.

The department stated (July 2010) that a tariff petition prepared by a consultant[27] was submitted (30 April 2010) to the Government, and it would be filed before the JERC after approval by the Government. Further progress in this regard has not been intimated (November 2010).

5.4.6 Low Plant Load Factor (PLF)

Plant load factor (PLF) refers to the ratio between the actual generation and the maximum possible generation at installed capacity. PLF achieved by heavy fuel and diesel plants of the State during 2005-10 was less than 6 *per cent*. In case of hydro plants it remained in the range of 3 to 12.7 *per cent* during 2005-09 but increased to 29.7 *per cent* in 2009-10. The department stated (October 2010) that sharp increase in PLF for hydro plants in 2009-10 was due to availability of abundant water in the forebay after clearance of the obstructions in the power channel which was blocked for a long time. Low PLF in respect of heavy fuel and diesel plants, as stated by the department, was due to operation of the Plants only when the Grid supply fails.

[26] HSD : High Speed Diesel

[27] M/S Feedback Venture Pvt. Ltd, Gurgaon, Haryana

5.4.7 Operational Performance of the Heavy Fuel Power Plant

The Heavy Fuel Plant at Leimakhong (Plant) with an installed capacity of 36 MW was taken up/approved (October 1997) with the expectation of filling up the power gap in the State. The Plant completed at a total cost of ₹ 125.38 crore, was commissioned in May 2002. The performance of the plant was dismal as discussed below:

5.4.7.1 Low Plant Load Factor

The design PLF was 75 *per cent* and was expected to generate 216 MUs of energy. The actual generation of power during the five years ranged from NIL in 2008-09 to only 2.685 MUs in 2006-07 achieving a PLF of 3.8 *per cent* Over the five year period, the total energy generated (5.3845 MUs) was a paltry 0.50 percentage of the total energy designed to generate (1080 MUs) as shown in the table below. The Plant was practically idle during the entire period.

Year	Energy generation (MUs)		Plant load factor (p.c.)	
	As per design	Actual	As per design	Actual
2005-06	216	0.9642	75	1.4
2006-07	216	2.6850	75	3.8
2007-08	216	1.0679	75	1.5
2008-09	216	0	75	0.0
2009-10	216	0.6674	75	1.0
Total:	**1080**	**5.3845**		**0.50**

(Source: Departmental records)

The department stated (October 2010) that the price of furnace oil, the fuel used in the plant, had increased almost five-fold during the last seven years, M/s Indian Oil Company quoting ₹ 35.95 per litre on June 26, 2010. Due to high cost of generation the plant was kept as a captive plant to be operated only during emergency.

As power projects other than hydro projects depend on certain fuel, the possible escalation in their prices during the expected life span of the plant and its consequent effect on the generation cost should have been considered before opting for such projects. An asset created at a cost of ₹ 125.38 crore giving a return of just 0.50 *per cent* against what it was designed for, tantamount to sheer waste of public money. With planning and foresight, the department could have avoided such a sorry situation.

5.4.8 Conclusion

The National Electricity Policy was framed with the objective of providing 1000 units of per capita electricity to the people by 2012 by increasing the electrical capacities across the country. There was little or no effort made by the State Government towards achieving this goal. There was no capacity addition during the period. On the contrary, installed capacity had eroded. Even the existing capacity was not put to optimum use, as they remained idle as standby as the State continued to face acute power shortage. The State's share of power from the Central Generating Stations was not fully drawn. Instead, State's share was sold to other States further depriving the consumers of the State. During the period from 2005-10, only part of the annual fund placed at the disposal of the department was utilized.

Imphal **(Stephen Hongray)**
The 28 JAN 2011 **Accountant General (Audit), Manipur**

Countersigned

New Delhi **(Vinod Rai)**
The 2 FEB 2011 **Comptroller and Auditor General of India**

APPENDICES

Appendix-3.1

(Reference: Paragraph 3.1.9 (i)

Statement showing delay in release of fund

(₹ in lakh)

Year	Name of the scheme	Fund released by GoI		Fund released by State Government against the amount released by GoI		Delay in days
		Date	Amount	Date	Amount	
2005-06	**Integrated Forest Protection Scheme**	28.12.05	60.00	28.2.06	60	62
		30.8.05	68.80	28.11.05	68.80	87
	Integrated Development of Wildlife Habitat					
	Keibul Lamjao National park	24.8.05	31.00	22.10.05	31.00	59
	YLWS	11.8.05	11.50	22.10.05	11.50	72
	Jiri Makru	1.7.05	9.00	22.10.05	9.00	113
	KLNP	14.3.06	16.26	7.7.06	16.26	115
	YLWS	14.3.06	4.95	7.7.06	4.95	115
	YLWS	21.3.06	1.20	7.7.06	1.20	115
2006-07	IFPS	30.5.06	194.29	20.12.06	194.20	204
		18.11.06	160.00	20.12.06	159.88	32
		15.2.07	40.89	24.3.07	33.21	37
	Integrated Development of Wildlife Habitat					
	KLNP	6.9.06	32.79	4.12.06	32.79	89
	Siroy National park	7.9.06	17.48	4.12.06	17.48	88
	Jiri Makru	19.9.06	10.00	4.12.06	10.00	77
	KLNP	18.9.06	7.00	4.12.06	7.00	78
	YLWS	15.3.07	14.05	13.7.07	14.05	148
	Siroy National park	19.3.07	7.50	13.7.07	7.50	122
	Jiri Makru	19.3.07	4.06	13.7.07	4.06	122
2007-08	IFPS	19.10.07	110.80	4.1.08	110.00	77
		19.10.07	33.55	27.3.08	33.55	159
	KLNP	27.9.07	36.30	15.12.07	31.00	79
	YLWS	5.9.07	24.65	15.12.07	18.00	101
	Siroy	28.8.07	15.00	15.12.07	14.27	109
				20.3.08	0.73	204
	Jiri Makru	29.8.07	15.74	15.12.07	15.74	108
	KLNP	3.1.08	6.14	28.3.08	6.14	84
	YLWS	8.1.08	6.65	27.3.08	6.65	78
	Siroy	8.1.08	4.13	27.3.08	4.13	78
	Jiri Makru	29.8.07	3.94	27.3.08	3.94	210
	KLNP	8.2.08	5.30	27.3.08	5.30	47
2008-09	**IFPS**	2.9.08	165	5.12.08	165	95
	Integrated Development of Wildlife Habitat					
	KLNP	29.5.08	33.51	3.10.08	33.51	127
	YLWS	19.5.08	19.78	3.10.08	19.78	137
	Siroy	6.6.08	17.00	3.10.08	17.00	119
	Jiri Makru	19.5.08	12.56	3.10.08	12.56	127
	KLNP	20.2.09	8.38	13.5.09	8.38	82
	YLWS	25.2.09	1.55	13.5.09	1.55	77
	Siroy	19.2.09	4.99	13.5.09	4.99	83
	Jiri Makru	25.2.09	3.14	13.5.09	3.14	77
2009-10	IFPS	4.8.09	141.46	16.12.09	141.16	134
		18.1.10	35.36	16.12.09	35.36	
	KLNP	27.8.09	42.48	19.12.09 & 24.3.10	33.98	114
	YLWS	27.8.09	16.46	24.3.10	16.46	210
	Siroy	27.8.09	15.00	24.3.10	15.00	210
	Jiri Makru	28.10.09	18.91	4.3.10	18.91	127
	KLNP	19.6.09	33.96	27.3.10	33.96	281

Appendix-3.2

(Reference: Paragraph 3.1.9 (iv)

Statement showing drawal of funds supported by estimates

Sl.	FVC bill No. & date	Vr. No. & date	Amount	To whom paid	Particulars of works
1	53 of 3/08	2 of 3/08	25543	RFO, Thoubal	Maintenance of 2nd year old plantation over 25 hectares at Khalloubi II
2	67 of 3/08	16 of 3/08	58000	RFO, Kakching	Demarcation of Sekmai and Mondum block
3	68 of 3/08	17 of 3/08	20000	RFO, Kakching and Thoubal	Preparation of block maps- Sekmai, Mondum, Maphou and Yairipok
4	69 of 3/08	18 of 3/08	169050	RFO, Kakching	Demarcation of 805 hectares-protection working circle at Mondum
5	70 of 3/08	19 of 3/08	50000	RFO, Kakching	Assistance to JFMs for fireline cutting
6	78 of 3/08	27 of 3/08	40425	-do-	Demarcation of 190 hectares at Mondum
7	77 of 3/08	26 of 3/08	26950	RFO, Kakching and Thoubal	Preparation of treatment maps at Mondum-195 hectares and Maphou-190 hectares
8	79 of 3/08	28 of 3/08	390000	RFO, Kakching	Creation of ANR 30 hectares at Tokpaching compartment No.7 of Mondum
9	44 of 2/08	4 of 2/08	345560	RFO, Kakching	NR final work 25 hectares at Munushoi of Mondum
10	45 of 2/08	5 of 2/08	94500	RFO, Thoubal	ANR Maintenance 17 hectares and 10ha at Ishikhonglok Plot II
	Sub Total of 2007-08		**1220028**		
11	80 of 12/08	4 of 12/08	79250	RFO, Thoubal	Fireline cutting at 4 centres
12	81 of12/08	5 of 12/08	19850	RFO, Kakching	Fireline cutting at Munushoi II
13	93 of 12/08	17 of 12/08	255000	RFO, Kakching	Fireline Maintenance at Mondum and Waikhong
14	94 of 12/08	18 of 12/08	100000	RFO, Kakching	Assistance to JFMC
15	95 of 12/08	19 of 12/08	415000	RFO, Kakching	Construction of Watch Tower at Pallel
	Sub Total of 2008-09		**869100**		
	Grand Total:		**2089128**		

Appendix-3.3

(Reference: Paragraph 3.1.10 (i)

Statement showing target and achievement of Plantation

(₹ in lakh)

Name of scheme	Year	Targets as per Work Programme	Achievements	
		Physical (in hectares)	Physical (in hectares)	Financial
Restocking of Reserved Forest	2005-06	585	580	38.21
	2006-07	410	450	31.24
	2007-08	580	555	52.63
	2008-09	530	645	44.98
	2009-10	1055	1085	80.69
Sub-Total:		**3160**	**3315**	**247.75**
Afforestation	2005-06	420	420	31.02
	2006-07	360	360	33.48
	2007-08	510	510	71.40
	2008-09	450	450	66.92
	2009-10	540	540	83.02
Sub-Total:		**2280**	**2280**	**285.84**
Social forestry	2005-06	845	845	66.10
	2006-07	330	330	45.76
	2007-08	410	410	57.42
	2008-09	600	600	83.87
	2009-10	635	635	89.32
Sub-Total:		**2820**	**2820**	**342.47**
Artificial Regeneration	2005-06		80	7.22
	2006-07	1195	1259	69.38
	2007-08	910	756	45.39
	2208-09	805	870	52.37
	2009-10	NA	NA	
Sub-Total:		**2910**	**2965**	**174.36**
Aided Natural Regeneration/Natural Regeneration	2005-06	2910	3433	220.84
	2006-07	2385	2713	175.61
	2007-08	2470	2090	136.77
	2208-09	2290	859	129.13
	2009-10	NA	NA	
Sub-Total:		**10055**	**9095**	**662.35**
Grand Total:		**21225**	**20475**	**1712.77**

Appendix-3.4

(Reference: Paragraph 3.1.10 (ii))

Statement showing plantation during dry season

(Area in hectares and amounts in lakh of ₹)

Name of division	Area	Amount
2005-06		
Ukhrul	25	2.48
Tengnoupal	920	51.58
Social Forest	565	32.77
Sub-total	**1510**	**86.83**
2006-07		
Tengnoupal	320	20.11
Social Forest	230	14.95
Sub-total	**550**	**35.06**
2007-08		
Bishnupur	172	11.18
Tamenglong	72	4.68
Tengnoupal	322	20.93
Northern	147	11.51
Parks and sanctuaries	15	2.54
Sub-total	**728**	**50.84**
2008-09		
Bishnupur	79	5.14
Tamenglong	120	7.80
Tengnoupal	40	2.50
Northern	20	1.20
Social Forest	350	22.75
Parks and sanctuaries	15	2.54
Sub-total	**624**	**41.93**
2009-10		
Ukhrul	200	13.00
Bishnupur	110	7.15
Tamenglong	246	15.99
Tengnoupal	231	15.02
Northern	126	8.19
Parks and sanctuaries	10	1.64
Sub-total:	**923**	**60.99**
Grand total:	**4335**	**275.65**

Appendix-3.5

(Reference: Paragraph 3.1.10 (iv)

Statement showing shortfall in maintenance of one and two year old economic plantation

(Area in hectare)

Year	One year old			Two year old		
	To be maintained	Maintained	Shortfall	To be maintained	Maintained	Shortfall
2006-07	580	205	375	*	*	*
2007-08	450	245	205	580	145	435
2008-09	555	450	105	450	300	150
2009-10	645	540	105	555	370	185
Total:	**2230**	**1440**	**790**	**1585**	**815**	**770**

* Plantation figures of 2004-05 was not available in the Department

Appendix-3.6

(Reference: Paragraph 3.1.10 (iv)

Statement showing non-maintenance of plantation

(₹ in lakh)

Name of Division	Year	Area in hectares	Cost of plantation
Western	2005-06	320	19.85
	2006-07	340	21.30
Social Forest Division	2006-07	230	14.95
	2008-09	350	22.75
Bishnupur	2005-06	56	8.00
	2006-07	4	0.58
	2008-09	30	1.95
Thoubal	2007-08	28	1.83
Northern	2005-06	435	31.15
	2006-07	183	10.69
Parks and Sanctuaries	2007-08	75	9.00
	2008-09	50	6.55
Total		**2101**	**148.60**

Appendix-3.7

(Reference: Paragraph 3.1.10 (vi)

Targets and achievements on extraction of timbers during 2005-10

Year	Eastern Forest Division, Ukhrul Annual target: 13000 cum		Tengnoupal Forest Division Annual target: 11700 cum	
	Achievement	Shortfall (Percentage)	Achievement	Shortfall (Percentage)
2005-06	1000	12000 (92)	1500	10200 (87)
2006-07	304	12696 (98)	600	11100 (95)
2007-08	350	12650 (97)	500	11200 (96)
2008-09	350	12650 (97)	500	11200 (96)
2009-10	350	12650 (97)	500	11200 (96)
Total	**2354**	**62646 (96)**	**3600**	**54900 (94)**

Appendix-3.8

(Reference: Paragraph 3.1.10 (viii))

Statement showing doubtful execution of works

(₹ in lakh)

Name of Division	Name of Range	Particulars	Amount	Adjustment Voucher No. and date
Northern	Kangpokpi	Demarcation, construction of boundary pillars at K.K. Reserve Forest 200 Nos.	4.00	51 of 3/07
		Creation of 18 hectares Aided Natural Regeneration (ANR) at Chingloubung	1.04	53 of 3/07
		Creation of 18 hectares ANR at Phoibung under SCI working circle	1.04	54 of 3/07
		Creation of 18 hectares ANR at Chawangkining	1.04	56 of 3/07
		Creation of 18 hectares ANR at Nunpani	1.04	57 of 3/07
		Artificial regeneration at Saron	1.37	61 of 3/07
		Artificial regeneration at Lhangbung	1.37	62 of 3/07
		SSO at Thangal Atongba	1.00	60 of 3/07
		Sub-total:	**11.90**	
Parks and Sanctuaries	YLWS[1]-I YLWS-II	Consolidation of outer boundary from Kambom Lairon to Kachin Achouba Phase II (20 m)	3.60	608 of 3/09
		Final planting operation over 25 hectares food and shelter plantation each at two centres Shiroi and Siyai Khullen	2.05	662 of 3/09
		Sub-total:	**5.65**	
		Grand total:	**17.55**	

Source : Departmental records

[1] Yangoupokpi Lokchao Wildlife Sanctuary

Appendix 4.1
(Reference : Paragraph 4.6)
Statement showing details of unremitted land revenue

Sl. No.	TR-5 No	Date of Receipt	Date of entry in Cash Book	Revenue Collection Month	End of Collection month	Amount (₹)	Delay in submission of revenue by Zilladars (Days)	Delay in entry of revenue in Cash Book (Days)
1	651851	6-Mar-06	30-Jun-09	September to October 2005	31-Oct-05	7,701.16	126	1212
2	651852	13-Mar-06	30-Jun-09	November and December 2005	31-Dec-05	22,792.04	72	1205
3	651866	30-Oct-06	27-Dec-06	April to June 2006	30-Jun-06	8,439.49	122	58
4	651867	30-Oct-06	27-Dec-06	April to June 2006	30-Jun-06	6,822.47	122	58
5	651868	30-Oct-06	27-Dec-06	July 2006	31-Jul-06	1,660.30	91	58
6	651869	30-Oct-06	27-Dec-06	July 2006	31-Jul-06	2,365.17	91	58
7	651870	30-Oct-06	27-Dec-06	July 2006	31-Jul-06	2,034.74	91	58
8	651871	4-Nov-06	27-Dec-06	August 2006	31-Aug-06	4,455.09	65	53
9	651872	4-Nov-06	27-Dec-06	August 2006	31-Aug-06	2,212.07	65	53
10	651873	4-Nov-06	27-Dec-06	August 2006	31-Aug-06	2,408.15	65	53
11	651865	30-Nov-06	27-Dec-06	April to June 2006	30-Jun-06	7,926.04	153	27
12	651874	3-Feb-07	10-Oct-07	September 2006	30-Sep-06	3,467.61	126	249
				Sub-Total for 2006-07		**72,284.33**		
13	651875	13-Apr-07	10-Oct-07	October 2007	31-Oct-07	5,549.96	0	180
14	651876	18-Apr-07	10-Oct-07	November 2006	30-Nov-06	5,184.99	139	175
15	651877	19-Jul-07	10-Oct-07	December 2006	31-Dec-06	10,236.02	200	83
16	651878	28-Aug-07	10-Oct-07	January and February 2007	28-Feb-07	4,586.69	181	43
17	651879	31-Aug-07	10-Oct-07	September 2006	30-Sep-06	2,022.59	335	40
18	651880	31-Aug-07	10-Oct-07	March to May 2007	31-May-07	16,032.77	92	40
19	651881	31-Aug-07	10-Oct-07	September 2006	30-Sep-06	2,213.49	335	40
20	651882	31-Aug-07	10-Oct-07	October and November 2006	30-Nov-06	7,166.60	274	40
21	651883	31-Aug-07	10-Oct-07	October and November 2006	30-Nov-06	4,815.38	274	40
22	651884	24-Sep-07	10-Oct-07	December 2006	31-Dec-06	5,084.10	267	16
23	651885	24-Sep-07	10-Oct-07	December 2006	31-Dec-06	2,413.97	267	16
24	651886	24-Sep-07	10-Oct-07	January and February 2007	28-Feb-07	9,097.42	208	16
25	651887	24-Sep-07	10-Oct-07	January to March 2007	31-Mar-07	10,354.24	177	16
26	651888	24-Sep-07	10-Oct-07	March 2007	31-Mar-07	5,545.33	177	16
27	651889	24-Sep-07	10-Oct-07	April 2007	30-Apr-07	5,508.17	147	16
28	651890	26-Oct-07	19-Feb-08	May 2007	31-May-07	3,921.53	148	116
29	651891	26-Oct-07	19-Feb-08	April and May 2007	31-May-07	10,218.42	148	116
30	651892	26-Oct-07	19-Feb-08	May 2007	31-May-07	5,476.25	148	116
31	651893	26-Oct-07	19-Feb-08	June to July 2007	31-Jul-07	7,246.49	87	116
32	651894	26-Oct-07	19-Feb-08	June to July 2007	31-Jul-07	5,421.30	87	116
33	651895	26-Oct-07	19-Feb-08	June to July 2007	31-Jul-07	5,579.84	87	116

Sl. No.	TR-5 No	Date of Receipt	Date of entry in Cash Book	Revenue Collection Month	End of Collection month	Amount (₹)	Delay in submission of revenue by Zilladars (Days)	Delay in entry of revenue in Cash Book (Days)
34	651896	28-Nov-07	19-Feb-08	June to September 2007	30-Sep-07	12,484.81	59	83
35	651897	28-Nov-07	19-Feb-08	August to October 2007	31-Oct-07	9,286.83	28	83
36	651898	28-Nov-07	19-Feb-08	August to October 2007	31-Oct-07	9,059.08	28	83
37	651899	28-Nov-07	19-Feb-08	August to October 2007	31-Oct-07	8,247.51	28	83
38	651900	19-Feb-08	19-Feb-08	October and November 2007	30-Nov-07	17,276.47	81	0
				Sub-Total for 2007-08		**190,030.25**		
39	082701	3-May-08	3-May-08	December 2007	31-Dec-07	13,889.22	124	0
40	082702	3-May-08	3-May-08	November 2007	30-Nov-07	4,003.29	155	0
41	082703	3-May-08	3-May-08	November 2007	30-Nov-07	3,275.65	155	0
42	082704	3-May-08	3-May-08	November 2007	30-Nov-07	3,316.55	155	0
43	082705	3-May-08	3-May-08	December 2007	31-Dec-07	5,173.68	124	0
44	082706	3-May-08	3-May-08	December 2007	31-Dec-07	5,380.10	124	0
45	082707	3-May-08	3-May-08	December 2007	31-Dec-07	5,070.00	124	0
46	082708	3-May-08	3-May-08	January 2008	31-Jan-08	5,461.93	93	0
47	082709	3-May-08	3-May-08	January 2008	31-Jan-08	5,431.85	93	0
48	082710	3-May-08	3-May-08	January 2008	31-Jan-08	5,504.97	93	0
49	082711	3-May-08	3-May-08	February 2008	29-Feb-08	5,588.67	64	0
50	082712	3-May-08	3-May-08	February 2008	29-Feb-08	4,337.31	64	0
51	082713	3-May-08	3-May-08	February 2008	29-Feb-08	4,309.73	64	0
52	082714	3-May-08	3-May-08	March 2008	31-Mar-08	5,578.58	33	0
53	082715	3-May-08	3-May-08	March 2008	31-Mar-08	2,145.00	33	0
54	082716	3-May-08	3-May-08	March 2008	31-Mar-08	3,569.84	33	0
55	082717	23-Jun-08	30-Jun-09	January to March 2008	31-Mar-08	6,376.76	84	372
56	082718	3-Sep-08	30-Jun-09	April to August 2008	31-Aug-08	15,015.61	3	300
57	082719	3-Sep-08	30-Jun-09	April to August 2008	31-Aug-08	15,420.05	3	300
58	082720	3-Sep-08	30-Jun-09	April to August 2008	31-Aug-08	17,055.36	3	300
59	082721	3-Sep-08	30-Jun-09	April to August 2008	31-Aug-08	12,745.38	3	300
60	082722	12-Jan-09	30-Jun-09	September 2006 to May 2008	31-May-08	9,889.76	226	169
61	082723	12-Feb-09	30-Jun-09	September 2008	30-Sep-08	6,214.25	135	138
62	082724	12-Feb-09	30-Jun-09	September 2008	30-Sep-08	3,197.37	135	138
63	082725	12-Feb-09	30-Jun-09	September 2008	30-Sep-08	2,474.11	135	138
64	082726	12-Feb-09	30-Jun-09	September 2008	30-Sep-08	3,273.88	135	138
65	082727	12-Feb-09	30-Jun-09	October 2008	31-Oct-08	7,314.03	104	138
66	082728	12-Feb-09	30-Jun-09	October 2008	31-Oct-08	5,201.41	104	138
67	082729	12-Feb-09	30-Jun-09	October 2008	31-Oct-08	4,036.84	104	138
68	082730	12-Feb-09	30-Jun-09	October 2008	31-Oct-08	3,233.76	104	138
69	082731	12-Feb-09	30-Jun-09	November 2008	30-Nov-08	5,024.11	74	138
70	082732	12-Feb-09	30-Jun-09	November 2008	30-Nov-08	5,085.01	74	138
71	082733	12-Feb-09	30-Jun-09	December 2008	31-Dec-08	5,740.72	43	138
72	082734	12-Feb-09	30-Jun-09	December 2008	31-Dec-08	5,340.68	43	138
73	082735	12-Feb-09	30-Jun-09	November 2008	30-Nov-08	19,271.58	74	138
				Sub-Total for 2008-09		**233,947.04**		

				Sub-Total for 2008-09		233,947.04		
Sl. No.	**TR-5 No**	**Date of Receipt**	**Date of entry in Cash Book**	**Revenue Collection Month**	**End of Collection month**	**Amount (₹)**	**Delay in submission of revenue by Zilladars (Days)**	**Delay in entry of revenue in Cash Book (Days)**
74	082736	8-Jun-09	30-Jun-09	December 2008	31-Dec-08	22,675.05	159	22
75	082737	12-Jun-09	30-Jun-09	January 2009	31-Jan-09	2,529.48	132	18
76	082738	12-Jun-09	30-Jun-09	November and December 2008	31-Dec-08	10,701.77	163	18
77	082739	25-Jun-09	30-Jun-09	January and February 2009	28-Feb-09	10,492.26	117	5
78	082740	25-Jun-09	30-Jun-09	March and April 2009	30-Apr-09	10,155.42	56	5
79	082742	25-Jun-09	30-Jun-09	June 2009	30-Jun-09	5,324.06	0	5
80	082743	25-Jun-09	30-Jun-09	February to May 2009	31-May-09	19,667.80	25	5
81	082744	25-Jun-09	30-Jun-09	January and February 2009	28-Feb-09	9,509.97	117	5
82	082745	25-Jun-09	30-Jun-09	March and April 2009	30-Apr-09	10,608.67	56	5
83	082746	25-Jun-09	30-Jun-09	May 2009	31-May-09	3,110.82	25	5
84	082747	25-Jun-09	30-Jun-09	February and March 2009	31-Mar-09	7,267.72	86	5
85	082748	25-Jun-09	30-Jun-09	April 2009	30-Apr-09	4,598.27	56	5
86	082749	25-Jun-09	30-Jun-09	May 2009	31-May-09	5,292.72	25	5
87	082741	25-Jul-09	Not yet entered	May 2009	31-May-09	5,021.86	55	Not yet entered
88	082750	25-Jul-09	Not yet entered	June to July 2009	31-Jul-09	10,427.40	0	Not yet entered
				Sub-Total for 2009-10		**137,383.27**		
				TOTAL REVENUE		**633,644.89**		
				Maximum Delay (in days)			335	1212
				Average Delay (in days)			**107**	**100**

Appendix 4.2
(Reference : Paragraph 4.7)
Statement showing purchase turnover of goods

(₹ in lakh)

Quarter ending	Period of assessment	Purchase turnover of goods (taxable at 4% and 12.5%) as declared by the dealer/determined by the Assessing Authority	Purchase turnover of goods (taxable at 12.5%) as per audit finding	Aggregated purchase turnover of goods (taxable at 4%) worked out
June 2007	July 2007	43.28	31.59	
September 2007	October 2007	33.71	27.42	
December 2007	January 2008	63.36	59.86	
March 2008	April 2008	87.75	81.74	109.60
June 2008	July 2008	77.26	32.62	
September 2008	October 2008	58.62	56.58	
December 2008	January 2009	79.81	44.38	
	Total	**443.7**	**334.19**	**109.60**

Statement showing sales turnover assessed at 4 per cent

(₹ in lakh)

Quarter ending	Period of assessment	Sales turnover assessed at 4% by the Assessing Authority
June 2007	July 2007	19.55
September 2007	October 2007	14.84
December 2007	January 2008	30.80
March 2008	April 2008	80.40
June 2008	July 2008	27.81
September 2008	October 2008	26.24
December 2008	January 2009	25.20
	Total	**224.84**

Appendix 4.3

(Reference : Paragraph 4.9)

Statement showing suppression of taxable turnover

(A) M/s. Gupta & Sons (TIN-14110071149) in respect of sales/supply made to M/s. Simplex Projects Ltd. (TIN 14010280175)

(Amount in ₹)

Quarter ending (period of assessment)	Taxable turnover as per audit findings*	Taxable turnover returned and assessed	Taxable turnover suppressed	VAT evaded	Penalty under section 36(7)
March 2009 (4/2009)	11,08,908	4,86,350	6,22,558	77,820	1,55,640
September 2009 (4/2010)	34,97,422	5,93,520	29,03,902	3,62,988	7,25,976
December 2009 (4/2010)	23,57,467	5,95,320	17,62,147	2,20,268	4,40,536
March 2010 (4/2010)	15,55,644	6,27,510	9,28,134	1,16,017	2,32,034
Total	**85,19,441**	**23,02,700**	**62,16,741**	**7,77,093**	**15,54,186**

Details are as under

Quarter ending	Description of goods & rate of tax	Sl No	Bill No & Date	Gross Turnover (GTO) of sales inclusive of VAT (in ₹)	Taxable turnover (in ₹)
March 2009	Cement and sanitary items Tax @ 12.5%	1	54 of January 2009	72,000	**11,08,908**
		2	57 of January 2009	3,70,000	
		3	58 of January 2009	72,000	
		4	59 of February 2009	72,000	
		5	60 of February 2009	4,11,800	
		6	64 of March 2009	1,22,460	
		7	406 of March 2009	1,27,261	
			Sub-Total	**12,47,521**	
September 2009	Cement Tax @ 12.5%	1	305 of July 2009	17,91,000	**34,97,422**
		2	226 of August 2009	21,43,600	
			Sub-Total	**39,34,600**	
December 2009	Cement Tax @ 12.5%	1	229 of October 2009	14,00,000	**23,57,467**
		2	231 of November 2009	1,58,000	
		3	230 of November 2009	10,94,150	
			Sub-Total	**26,52,150**	
March 2010	Cement Tax @ 12.5%	1	236 of February 2010	6,24,100	**15,55,644**
		2	237 of February 2010	1,58,000	
		3	238 of February 2010	6,56,000	
		4	239 of March 2010	3,12,000	
			Sub-Total	**17,50,100**	
			Grand Total	**95,84,371**	**85,19,441**

(B) Statement showing taxable turnover suppressed by M/s Lanchenbi Enterprises (TIN-14810422162) in respect of sales/ supply made to M/s. Simplex Projects Ltd. (TIN 14010280175)

(Amount in ₹)

Quarter ending (date of assessment)	Description of goods	Taxable Turnover as per audit findings#	Taxable Turnover returned and assessed	Taxable Turnover suppressed	Amount of VAT evaded	Penalty under section 36(7)
September 2009 (9.4.10)	i) Steel items:	91,84,834	16,462	91,68,372	3,66,735	7,33,470
	ii) Cement, Ply, electrical goods	44,37,049	nil	44,37,049	5,54,631	11,09,262
December 2009 (9.4.10)	i) Steel items:	34,85,656	34,640	34,51,016	1,38,041	2,76,082
	ii) Cement, Ply, electrical goods	48,17,048	nil	48,17,048	6,02,131	12,04,262
March 2010 (9.4.10)	i) Steel items:	85,13,165	18,310	84,94,855	3,39,794	6,79,588
	ii) Electrical goods, etc	2,00,459	nil	2,00,459	25,057	50,114
	Total	**3,06,38,211**	**69,412**	**3,05,68,799**	**20,26,389**	**40,52,778**

 # Details are as under

Quarter ending	Sl No	Description of goods	Rate of tax (%)	Bill No & Date	Gross Turnover (GTO) of sales inclusive of VAT (in ₹)	Taxable turnover (in ₹)
September 2009	1	Steel & steel items	4	4 of July 2009	54,08,280	91, 84,834
	2	Steel & steel items	4	10 of July 2009	28,270	
	3	Steel & steel items	4	11 of July 2009	86,400	
	4	Steel & steel items	4	9 of July 2009	62,144	
	5	Steel & steel items	4	8 of July 2009	42,528	
	6	Steel & steel items	4	7 of July 2009	47,685	
	7	Steel & steel items	4	6 of July 2009	4,137	
	8	Steel & steel items	4	13 of August 2009	35,82,900	
	9	Steel & steel items	4	17 of August 2009	1,16,428	
	10	Steel & steel items	4	20 of August 2009	38,363	
	11	Steel & steel items	4	22 of August 2009	19,777	
	12	Steel & steel items	4	24 of August 2009	42,853	
	13	Steel & steel items	4	33 of September 2009	72,462	
				Sub-Total	**95,52,227**	
September 2009	1	Cement	12.5	3 of July 2009	6,96,600	44,37,049
	2	Cement	12.5	8 of July 2009	7,60,500	
	3	Cement	12.5	14 of August 2009	9,65,250	
	4	Ply/ lubricant	12.5	16 of August 2009	1,74,224	
	5	Electrical goods	12.5	19 of August 2009	29,116	
	6	Cement	12.5	29 of September 2009	17,68,710	
	7	Electrical items	12.5	37 of September 2009	44,091	
	8	Electrical items	12.5	38 of September 2009	17,719	
	9	Electrical items	12.5	30 of September 2009	4,05,263	
	10	Electrical items	12.5	34 of September 2009	26,543	
	11	Electrical items	12.5	31 of September 2009	1,03,664	
				Sub-Total	**49,91,680**	
December 2009	1	Steel & steel items	4	40 of October 2009	1,14,420	34,85,656
	2	Steel & steel items	4	45 of October 2009	9,450	
	3	Steel & steel items	4	52 of November 2009	41,750	
	4	Steel & steel items	4	49 of November 2009	1,99,826	
	5	Steel & steel items	4	47 of November 2009	26,01,560	
	6	Steel & steel items	4	56 of December 2009	51,866	
	7	Steel & steel items	4	54 of December 2009	6,06, 210	
				Sub-Total	**36,25,082**	

December 2009	1	Electrical items	12.5	44 of October 2009	57,375	**48, 17,048**
	2	Cement	12.5	39 of October 2009	19,86,600	
	3	Ply	12.5	42 of October 2009	49,200	
	4	Electrical items	12.5	51 of November 2009	5,956	
	5	Cement, ply	12.5	48 of November 2009	7,20,448	
	6	Cement	12.5	59 of December 2009	25,99,600	
				Sub-Total	**54,19,179**	
March 2010	1	Steel & steel items	4	60 of January 2010	44,40,742	**85,13,165**
	2	Steel & steel items	4	64 of February 2010	24,61,270	
	3	Steel & steel items	4	69 of March 2010	19,51,680	
				Sub-Total	**88,53,692**	
March 2010	1	Lubricants	12.5	62 of January 2010	86,436	**2,00,459**
	2	Electrical items	12.5	63 of January 2010	39,996	
	3	Lubricants	12.5	67 of February 2010	74,904	
	4	Electrical items	12.5	68 of February 2010	22,356	
	5	Electrical items	12.5	74 of March 2010	1,824	
				Sub-Total	**2,25,516**	
				Grand Total	**3,26,67,376**	**3,06,38,211**

Appendix 4.4
(Reference : Paragraph 4.11)

Statement showing the amount of penalty leviable for default in audit of accounts

Sl. No.	Zone No.	Name of dealer (TIN No.)	Assessment year (Month of assessment)	Taxable Turnover (TO) determined (₹in Lakh)	Amount of penalty (₹)
1	Hdqtr	M/s Lamphel Pharmacy (14010334133)	2008-09 (Jul '08 – 'Apr '09)	133.15	13,315
2	Hdqtr	M/s Eastern Auto Agency (14010037170)	2006-07 (Dec '06)	165.24	16,524
			2007-08 (Feb '08 – Feb '09)	192.24	19,224
			2008-09 (Feb '09 – Apr '09)	272.48	27,248
3	Hdqtr	M/s Eastern Motors (14010036160)	2008-09 (Feb '09 – Apr '09)	1574.92	1,57,492
4	Hdqtr	M/s Punya Motors Private Limited (14010624123)	2008-09 (Nov '08 – Apr '09)	1003.28	1,00,328
5	I	M/s J. K. Agency (14110033167)	2008-09 (Jul '08 – Apr '09)	1016.78	1,01,678
6	I	M/s Chhotabhai Jethabhai Patel Tobacco Products Co. Limited (14110001128)	2008-09 (Nov '08 – Sep '09)	522.32	52,232
7	I	M/s Ashok Steel and Sanitary Mart (14110214225)	2008-09 (Jan '09 – Jan '10)	115.23	11,523
8	I	M/s Mangalam Wood Industries Private Limited (14110059126)	2007-08 (Jul '07 – Jul '08)	156.09	15,609
9	I	M/s Mantu Biri Factory Private Limited (14110275152)	2008-09 (Feb '09 – Apr '09)	371.64	37,164
10	II	M/s Meitei Traders (14210048140)	2008-09 (Jul '08 – Apr '09)	155.65	15,565
11	III	M/s Manipur Steel Mart (14310010175)	2008-09 (Aug '08 – May '09)	87.75	8,775
12	III	M/s Ranjit Enterprises (14310105155)	2008-09 (Jul '08 – Apr '09)	172.59	17,259
13	III	M/s J. K. Steel (14310018158)	2008-09 (Jul '08 – Apr '09)	188.97	18,897
14	IV	M/s Manipur Agency House (14410006162)	2008-09 (Jul '08 – Apr '09)	190.89	19,089
15	V	M/s Manipur Tobacco Mart (14510228178)	2008-09 (Aug '08 – May '09)	3277.06	3,27,706
16	V	M/s Mahalaxmi Stores (14510019125)	2008-09 (Jul '08 – May '09)	278.02	27,802
17	V	M/s Steel Trading Corporation (14510015782)	2008-09 (Nov '08 – May '09)	142.14	14,214
18	V	M/s S. K. Enterprises (14510001139)	2008-09 (Jul '08 – Apr '09)	155.41	15,541
19	V	M/s Aardee Agencies Private Limited (14510002149)	2008-09 (Aug '08 – May '09)	117.61	11,761
20	V	M/s Mamta Electricals (14510006189)	2008-09 (Jul '08 – May '09)	93.55	9,355
21	VI	M/s International Departmental Store (14610007129)	2008-09 (Nov '08 – Jun '09)	173.43	17,343
			Total	**10556.44**	**10,55,644**

Appendix 4.5
(Reference : Paragraph 4.12)
Statement showing "Interest" leviable

1) M/s NRL Energy Station (TIN – 14010268152), Khabam, Imphal

(Amount in ₹)

Quarter Ending (Date of Assessment)	VAT assessed	Excess tax carried from previous year and to be adjusted	VAT paid	Date of payment	VAT outstanding	Excess tax paid to be adjusted in next quarter	Period of default (days)	Interest leviable
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I. December 2008 (14.6.10)	58,33,541	6,92,402	–	–	51,41,139	–	–	–
			10,00,000	31.12.08	41,41,139	–	21 – 26.1.09 (6)	16,565
			10,00,000	27.1.09	31,41,139	–	27 – 29.1.09 (3) (3)	6,282
			10,00,000	30.1.09	21,41,139	–	30.1. – 26.2.09 (28)	39,968
			10,00,000	27.2.09	11,41,139	–	27.2. – 1.3.09 (3)	2,282
			10,00,000	2.3.09	1,41,139	–	2 – 22.3.09 (21)	1,976
			10,00,000	23.3.09	–	8,58,861	–	–
II. March 2009 (14.6.10)	55,40,436	8,58,861	–	–	46,81,575	–	–	–
			10,00,000	30.3.09	36,81,575	–	–	–
			10,00,000	21.4.09	26,81,575	–	21 – 26.4.09 (6)	10,726
			10,00,000	27.4.09	16,81,575	–	27.4. – 24.5.09 (28)	31,389
			10,00,000	25.5.09	6,81,575	–	25 – 31.5.09 (7)	3,181
			10,00,000	1.6.09	–	3,18,425	–	–
III. June 2009 (14.6.10)	56,02,558	3,18,425	–	–	52,84,133	–	–	–
			10,00,000	22.6.09	42,84,133	–	–	–
			10,00,000	29.6.09	32,84,133	–	–	–
			5,00,000	20.7.09	27,84,133	–	21 – 26.7.09 (6)	11,137
			10,00,000	27.7.09	17,84,133	–	27.7. – 23.8.09 (28)	33,304
			5,00,000	24.8.09	12,84,133	–	24 - 30.8.09 (7)	5,993
			10,00,000	31.8.09	2,84,133	–	31.8. – 22.9.09 (23)	4,357
			5,00,000	23.9.09	–	2,15,867	–	–
IV. September 2009 (14.6.10)	52,75,312	2,15,867	–	–	50,59,445	–	–	–
			10,00,000	28.9.09	40,59,445	–	–	–
			10,00,000	16.10.09	30,59,445	–	–	–
			10,00,000	19.10.09	20,59,445	–	21 – 30.10.09 (10)	13,730
			5,00,000	31.10.09	15,59,445	–	31.10. – 18.11.09 (19)	19,753
			10,00,000	19.11.09	5,59,445	–	19 – 29.11.09 (11)	4,103
			10,00,000	30.11.09	–	4,40,555	–	
V. December 2009 (14.6.10)	58,78,426	4,40,555	–	–	54,37,871	–	–	–
			10,00,000	21.12.09	44,37,871	–	–	–
			10,00,000	30.12.09	34,37,871	–	–	–
			10,00,000	18.1.10	24,37,871	–	21 – 24.1.10 (4)	6,501
			10,00,000	25.1.10	14,37,871	–	25.1. – 26.2.10 (33)	31,633
			15,00,000	27.2.10	–	62,129	–	–
			10,00,000	18.3.10	–	10,62,129	–	–
VI. March 2010 (14.6.09)	76,91,164	10,62,129	–	–	66,29,035	–	–	–
			15,00,000	29.3.10	51,29,035	–	–	–
			10,00,000	12.4.10	41,29,035	–	–	–
			10,00,000	15.4.10	31,29,035	–	21 – 26.4.10	12,516
			10,00,000	27.4.10	21,29,035	–	27.4. – 21.6.10 (56)	79,484
			10,00,000	22.6.10	11,29,035	–	22 – 30.6.10 (9)	6,774
Total	**3,58,21,437**		**3,40,00,000**					**3,41,654**

2) M/s Manipur Tobacco Mart (TIN – 14510228178)

(Amount in ₹)

Quarter Ending (Date of Assessment)	VAT assessed	Excess tax carried from previous year and to be adjusted	VAT paid	Date of payment	VAT outstanding	Excess tax paid to be adjusted in next quarter	Period of default (days)	Interest leviable
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I. March 2010 (3.5.10)	1,23,07,459	—	97,00,000	Period up to 20.4.10	26,07,459	—	21.4. – 29.5.10 (29)	50,411
			15,00,000	20.5.10	11,07,459	—	20 – 24.5.10 (5)	3,692
			18,07,459	25.5.10	—	7,00,000	—	—
Total	**1,23,07,459**		**1,30,07,459**					**54,103**

3) M/s NRL Energy Station, City-I (TIN – 14810098123), Khurai

(Amount in ₹)

Quarter Ending (Date of Assessment)	VAT assessed	Excess tax carried forward from previous quarter and to be adjusted	Tax outstanding carried forward	VAT paid	Date of payment	VAT outstanding	Period of default (days)	Interest leviable
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
September 2008 (13.11.08)	45,83,171	9,07,599	—	14,00,000	20.9.08	10,75,572	21.10.08 – 30.6.10 (617)	4,42,419
				12,00,000	20.10.08			
December 2008 (10.6.10)	46,69,118	—	—	14,00,000	20.11.08	1,69,118	21.1.09 – 24.2.09 (35)	3,946
				16,00,000	31.12.08			
				15,00,000	18.1.09			
March 2009 (10.6.10)	45,97,206	—	1,69,118	—	—	47,66,324	—	—
				12,00,000	25.2.09	5,66,324	21.4.09 – 19.6.09 (60)	22,653
				13,00,000	19.3.09			
				17,00,000	21.4.09			
June 2009 (10.6.10)	40,18,612	—	5,66,324	—	—	45,84,936	—	—
				16,00,000	20.6.09	16,84,936	21.7.09 – 25.8.09 (36)	40,438
				13,00,000	21.7.09			
	—		16,84,936	13,10,000	26.8.09	3,74,936	26.8.09 – 21.9.09 (7)	6,749
September 2009 (10.6.10)	41,95,642	—	3,74,936	—	—	45,70,578	—	—
				14,50,000	22.9.09	11,70,578	21.10.09 – 6.11.09 (17)	13,267
				19,50,000	17.10.09			
	—		11,70,578	5,50,000	7.11.09	6,20,578	7.11.09 – 24.12.09 (48)	19,858
	—		6,20,578	3,96,150	25.12.09	2,24,428	—	—
December 2009 (10.6.10)	53,11,069	—	2,24,428	14,00,000	25.12.09	2,30,497	21.1.10 – 11.3.10 (50)	7,683
				15,00,000	29.12.09			
				24,05,000	19.1.10			
March 2010 (10.6.10)	52,88,279	—	2,30,497	—	—	55,18,776	—	—
				17,00,000	12.3.10	25,18,776	21.4.10 – 13.5.10 (23)	38,621
				13,00,000	12.3.10			
	—		25,18,776	28,55,000	14.5.10	—	—	—
Total:	**3,26,63,097**			**3,09,16,150**				**5,95,634**

4) M/s Khoriphaba LPG Service (TIN – 14910060158)

(Amount in ₹)

Quarter Ending (Date of Assessment)	VAT assessed	Excess tax carried from previous year and to be adjusted	VAT paid	Date of payment	VAT outstanding	Excess tax paid to be adjusted in next quarter	Period of default (days)	Interest leviable
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
September 2005 to September 2006 (6.11.06)	5,24,268	—	—	—	5,24,268	—	7.11.06 – 20.9.07 (318)	1,11,145
	5,24,268	65,000	—	21.9.07	4,59,268	—	21.9.07 – 18.2.08 (121)	37,048
	4,59,268	2,00,000	—	19.2.08	2,59,268	—	19.2.08 – 25.2.08 (7)	1,210
	2,59,268	2,50,000	—	26.2.08	9,268	—	26.2.08 – 5.3.08 (6)	49
	9,268	9,268	—	6.3.08	—	—	—	—
Total	**17,76,340**			**17,76,340**				**1,49,452**

Appendix – 5.1

(Reference: Paragraphs 5.1.4 & 5.1.5)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2010 in respect of Government companies and Statutory corporations

(Figures in column 5 (a) to 6 (c) are ₹ in lakh[2])

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
FINANCE													
1.	Manipur Industrial Development. Corpn. Ltd.	Commerce & Industries	6/1969	803.00	421.00	-	1224.00	-	-	914.00	914.00	0.75:1 (0.52:1)	51
2.	Manipur Film Development. Corpn. Ltd.	Arts & Culture	5/1987	6.00	-	-	6.00	-	-	-	-	-	-
3.	Manipur Tribal Development. Corpn Ltd.	Tribal Area Backward Classes Development.	6/1979	77.50	-	-	77.50	10.00	-	-	10.00	0.13:1 (0.13:1)	-
Sector wise total				**886.50**	**421.00**	**-**	**1307.50**	**10.00**	**-**	**914.00**	**924.00**	**0.71:1**	**51**
INFRASTRUCTURE													
4.	Manipur Police Housing Corpn. Ltd.	Home	4/1986	2.00	-	-	2.00	-	-	-	-	-	-
Sector wise total				**2.00**	**-**	**-**	**2.00**	**-**	**-**	**-**	**-**	**-**	**-**
MANUFACTURING													
5.	Manipur Food Industries Corpn. Ltd.	Commerce & Industries	4/1987	97.66	-	-	97.66	-	-	1219.00	1219.00	12.48:1 (5.62:1)	6
6.	Manipur Electronics Development. Corpn. Ltd.	Commerce & Industries	4/1987	376.35	-	-	376.35	-	-	-	-	-	48
Sector wise total				**474.01**	**-**	**-**	**474.01**	**-**	**-**	**1219.00**	**1219.00**	**2.57:1**	**54**
POWER													
7.	Manipur State Power Dev. Corpn. Ltd.	Power	3/1997	-	-	-	-	-	-	-	-	-	-
Sector wise total				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
MISCELLANEOUS													
8.	Manipur Handloom & Handicrafts Development. Corpn. Ltd.	Commerce & Industries	10/1976	1033.75	117.00	-	1150.75	87.12	118.38	17.42	222.92	0.19:1 (0.15:1)	26
Sector wise total				**1033.75**	**117.00**	**-**	**1150.75**	**87.12**	**118.38**	**17.42**	**222.92**	**0.19:1 (0.15:1)**	**26**
Total A (All sector wise working Government companies)				**2396.26**	**538.00**	**-**	**2934.26**	**97.12**	**118.38**	**2150.42**	**2365.92**	**0.81:1 (0.47:1)**	**131**

[2] *Figures are taken in lakh due to nominal value of figures involved.*

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of Incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2009-10				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
B. Non working Government companies													
AGRICULTURE & ALLIED													
1.	Manipur Agro Industries Corpn. Ltd.	Agriculture	3/1981	354.78	-	-	354.78	-	-	-	-	-	-
2.	Manipur Plantation Crops Corpn. Ltd.	Agriculture	3/1981	1161.79	-	-	1161.79	-	-	239.60	239.60	0.20:1 (0.03:1)	2
Sector wise total				**1516.57**	**-**	**-**	**1516.57**	**-**	**-**	**239.60**	**239.60**	**0.16:1 (0.03:1)**	**2**
MISCELLANEOUS													
3.	Manipur Pulp & Allied Products	Commerce & Industries	10/1988	154.20	-	-	154.20	-	-	-	-	-	-
Sector wise total				**154.20**			**154.20**	**-**	**-**	**-**	**-**	**-**	**-**
MANUFACTURING$^{\alpha}$													
4.	Manipur Cement Ltd.	Commerce & Industries	5/1988	291.34	-	-	291.34	-	-	-	-	-	-
5.	Manipur Cycle Corpn. Ltd.	Commerce & Industries	6/1985	64.22	-	-	64.22	-	-	-	-	-	-
6.	Manipur Spinning Mills Corpn. Ltd.	Commerce & Industries	3/1974	3081.41	-	-	3081.41	-	-	467.78	467.78	0.15:1 (0.17:1)	4
Sector wise total				**3436.97**	**-**	**-**	**3436.97**	**-**	**-**	**467.78**	**467.78**	**0.14:1 (0.16:1)**	**4**
Total B (All sector wide non-working Government Companies)				**5107.74**	**-**	**-**	**5107.74**	**-**	**-**	**707.38**	**707.38**	**0.14:1 (0.11:1)**	**6**
Grand Total (A + B)				**7504.00**	**538.00**	**-**	**8042.00**	**97.12**	**118.38**	**2857.80**	**3073.30**	**0.38:1 (0.24:1)**	**137**

There is no Section 619-B company

$ Paid-up capital includes share application money

** Loans outstanding at the close of 2009-10 represent long-term loans only.

α The audit in respect of Manipur State Drugs & Pharmaceuticals Ltd. has been entrusted to PDCA and MAB-II, Kolkata, and is featuring in the Central Report. The detail in respect of the same has not been included in this report.

Appendix – 5.2

(Reference: Paragraphs 5.1.1, 5.1.9, 5.1.10, 5.1.25)

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Figures in column 5 (a) to (6) and (8) to (11) are ₹ in lakh[3])

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
FINANCE														
1.	Manipur Industrial Development. Corpn. Ltd.	1990-91	2008-09	(+) 189.98	88.24	1.80	(+) 99.94	268.39	-	1006.48	(+) 182.25	2030.42	188.18	9.27
2.	Manipur Film Development. Corpn. Ltd.	1992-93	2009-10	(+) 3.69	-	4.46	(-) 0.77	5.08	-	6.00	(-) 6.66	46.27	(-) 0.77	-
3.	Manipur Tribal Development. Corpn. Ltd.	1982-83	2004-05	(-) 0.96	-	1.37	(-) 2.33	5.19	-	1.00	(+) 3.53	14.32	(-) 2.33	-
Sector wise total				**(+) 192.71**	**88.24**	**7.63**	**(+) 96.84**	**278.66**	**-**	**1013.48**	**(+) 179.12**	**2091.01**	**(+) 185.08**	**8.85**
INFRASTRUCTURE														
4.	Manipur Police Housing Corpn. Ltd.	1996-97	2010-11	(+) 6.15	-	2.69	(+) 3.46	71.09	-	2.00	(+) 29.90	31.90	3.46	10.85
Sector wise total				**(+) 6.15**		**2.69**	**(+) 3.46**	**71.09**	**-**	**2.00**	**(+) 29.90**	**31.90**	**3.46**	**10.85**
MANUFACTURING														
5.	Manipur Food Industries Corpn. Ltd.	1999-00	2010-11	-	-	-	-	-	-	78.39	-	35.74	-	-
6.	Manipur Electronics Development. Corpn. Ltd.	1995-96	2003-04	(+) 16.42	-	5.23	(+) 11.19	292.85	-	269.28	(+) 61.90	372.57	11.19	3.00
Sector wise total				**(+) 16.42**	**-**	**5.23**	**(+) 11.19**	**292.85**	**-**	**347.67**	**(+) 61.90**	**408.31**	**11.19**	**2.74**
POWER														
7.	Manipur State Power Dev. Corpn. Ltd.			-	-	-	-	-	-	-	-	-	-	-
Sector wise total				**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
MISCELLANEOUS														
8.	Manipur Handloom & Handicrafts Development. Corpn. Ltd.	1987-88	2007-08	(-) 38.64	2.47	10.68	(-) 51.79	8.70	-	120.00	(-) 221.44	68.12	(-) 49.32	-
Sector wise total				**(-) 38.64**	**2.47**	**10.68**	**(-) 51.79**	**8.70**	**-**	**120.00**	**(-) 221.44**	**68.12**	**(-) 49.82**	**-**
Total A (All sector wise working Government companies)				**(+) 176.64**	**90.71**	**26.23**	**(+) 59.70**	**651.30**	**-**	**1483.15**	**(+) 49.48**	**2599.34**	**(+) 150.41**	**5.79**

[3] Figures are taken in lakh due to nominal value of figures involved.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
B. Non working Government companies														
AGRICULTURE & ALLIED														
1.	Manipur Agro Industries Corpn. Ltd.	1988-89	2005-06	(-) 2.82	-	0.79	(-) 3.61	19.02	-	32.25	(-) 45.45	(-) 18.07	(-) 3.61	-
2.	Manipur Plantation Crops Corpn. Ltd.	1983-84	2000-01	-	-	-	-	-	-	51.15	-	60.00	-	-
Sector wise total				**(-) 2.82**	**-**	**0.79**	**(-) 3.61**	**19.02**	**-**	**83.40**	**(-) 45.45**	**41.93**	**(-) 3.61**	**-**
MISCELLANEOUS														
3.	Manipur Pulp & Allied Products Ltd.	1994-95	2007-08	(+) 2.20	14.29	10.41	(-) 22.50	95.11	-	89.31	(-) 195.46	71.02	(-) 8.21	-
Sector wise total				**(+) 2.20**	**14.29**	**10.41**	**(-) 22.50**	**95.11**	**-**	**89.31**	**(-) 195.46**	**71.02**	**(-) 8.21**	**-**
MANUFACTURING[α]														
4.	Manipur Cements Ltd.	1993-94	2009-10	(-) 23.17	-	22.66	(-) 45.83	38.55	-	49.79	(-) 234.17	168.06	(-) 45.83	-
5.	Manipur Cycle Corpn. Ltd.	1996-97	2008-09	(-) 6.34	-	1.18	(-) 7.52	2.30	-	59.26	(-) 69.56	(-) 0.32	(-) 7.52	-
6	Manipur Spinning Mill Corpn. Ltd.	1985-86	2008-09	(-) 13.28	9.64	-	(-) 22.92	93.34	-	362.20	(-) 22.92	577.24	(-) 13.28	-
Sector wise total				**(-) 42.79**	**9.64**	**23.84**	**(-)76.27**	**134.19**	**-**	**471.25**	**(-)326.65**	**744.98**	**(-)66.63**	**-**
Total B (All sector wise non working Government companies)				**(-) 43.41**	**23.93**	**35.04**	**(-)102.38**	**248.32**	**-**	**643.96**	**(-)567.56**	**857.93**	**(-)78.45**	**(-) 9.14**
Grand Total (A + B)				**(+) 133.23**	**114.64**	**61.27**	**(-) 42.68**	**899.62**	**-**	**2127.11**	**(-) 518.08**	**3457.27**	**71.96**	**2.08**

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

@ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

α The audit in respect of Manipur State Drugs & Pharmaceuticals Ltd. has been entrusted to PDCA and MAB-II, Kolkata, and is featuring in the Central Report. The detail in respect of the same has not been included in this report.

Appendix-5.3
(Reference: Paragraphs 5.1.6, 5.1.17)
Statement showing Investment made by State Government in PSUs whose accounts are in arrears

A. Working companies

(₹ in lakh[4])

Name of PSU	Year up to which accounts finalised	Paid up Capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				Year in which Investment have been received
			Equity	Loans	Grants	Others to be specified	
Working Companies							
1. Manipur Industrial Development. Corporation Ltd.	1990-91	1006.48	217.52	-	-	-	1991-92 to 2004-05
2. Manipur Electronics Development. Corporation Ltd.	1995-96	269.28	107.07	-	-	-	1996-97 to 2004-05
3. Manipur Handloom & Handicrafts Development. Corporation Ltd.	1987-88	120.00	1030.75	-	-	-	1988-89 to 2005-06
4. Manipur Tribal Development. Corporation Ltd.	1982-83	1.00	76.50	-	-	-	1983-84 to 1991-92
5. Manipur Food Industries Corporation Ltd.	1999-00	78.39	19.27	-	-	-	2000-2001 to 2003-04
Total (A)		**1475.15**	**1451.11**	**-**	**-**	**-**	

[4] Figures are taken in lakh due to nominal value of figures involved.

B. Non working companies

(₹ in lakh[5])

Name of PSU	Year upto which accounts finalised	Paid up Capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears				Year in which Investment have been received
			Equity	Loans	Grants	Others to be specified	
Non-working companies [α]							
1. Manipur Cycle Corporation Ltd.	1996-97	59.26	4.96	-	-	-	1997-98 to 2002-03
2. Manipur Pulp & Allied Products Ltd.	1994-95	89.31	64.89	-	-	-	1995-96 to 2003-04
3. Manipur Agro Industries Corporation Ltd.	1988-89	32.25	322.53	-	-	-	1989-90 to 2003-04
4. Manipur Plantation Crops Corporation Ltd.	1983-84	51.15	1110.64	-	-	-	1984-85 to 2001-02
5. Manipur Spinning Mills Corporation Ltd.	1985-86	362.20	2719.21	-	-	-	1986-87 to 2003-04
6. Manipur Cement Ltd.	1993-94	49.79	241.55	-	-	-	1994-95 to 2002-03
Total (B)		**643.96**	**4463.78**	**-**	**-**	**-**	
Grand Total (A+B)		**2119.11**	**5914.89**	**-**	**-**	**-**	

α The audit in respect of Manipur State Drugs & Pharmaceuticals Ltd. has been entrusted to PDCA and MAB-II, Kolkata, and is featuring in the Central Report. The detail in respect of the same has not been included in this report.

[5] Figures are taken in lakh due to nominal value of figures involved.