सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Social, Economic (Other than Public Sector Undertakings), Economic (Public Sector Undertakings), Revenue and General Sectors

For the year ended 31 March 2018

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

GOVERNMENT OF MANIPUR

Report No. 2 of 2019

Laid before Legislature on 17 Feb. 2020

Report of the
Comptroller and Auditor General of India
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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2018 has been prepared for submission to the Governor of Manipur under Article 151 of the Constitution of India.

This Report contains significant results of Performance Audit and Compliance Audit of the departments of the Government of Manipur under Social, Economic, Revenue and General Sectors and Public Sector Undertaking.

The cases mentioned in the Report are those which came to notice in test audit during the year 2017-18, as well as those which came to notice in earlier years, but could not be dealt with in the previous reports. Matters relating to the period subsequent to 2017-18 have also been included appropriately in the Report.

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

Executive Summary

EXECUTIVE SUMMARY

This Report has been prepared in six chapters. Chapters I to V deal with Social, Economic (Other than Public Sector Undertakings), Economic (Public Sector Undertakings), Revenue and General Sectors and Chapter VI deals with Follow-up of Audit Observations. The Report contains two Performance Audits *viz.,* 'Performance Audit of Solid Waste Management', 'Performance Audit on Implementation of rural connectivity projects funded through National Bank for Agriculture and Rural Development (NABARD) Loan', one 'Information Technology Audit of Computerisation of Personnel Information System' and 19 Compliance Audit paragraphs.

According to existing arrangements, copies of the Performance Audits, Information Technology Audit and Compliance Audit paragraphs were sent to the Administrative Heads of the concerned departments with a request to furnish replies within six weeks. All the Performance Audits and Information Technology Audit were discussed with the concerned Administrative Heads of the Departments and other departmental officers. Replies from the State Government wherever received have been incorporated in the Report.

CHAPTER I

SOCIAL SECTOR

During 2017-18, against a total budget provision of ₹ 5,409.50 crore under Social Sector, a total expenditure of ₹ 4,505.71 crore was incurred by 17 departments.

Audits were conducted during 2017-18 involving expenditure of ₹ 2,067.64 crore including expenditure of previous years of the State Government under Social Sector.

This chapter contains one Performance Audit *viz., "Performance Audit of Solid Waste Management"* and four Compliance Audit paragraphs.

PERFORMANCE AUDIT

Solid Waste Management

There was lack of planning for management of solid waste in the sampled ULBs except those included in the Cluster based waste management. Planning was also inadequate and ineffective in respect of those ULBs in Cluster as it did not represent seasonal variations. The ULBs did not prepare separate budgets for meeting the expenditure of solid waste management and also did not prepare plans which limited the effective execution of waste management activities. Moreover, there was no reliable information about the quantum and composition of waste generated in their respective jurisdiction in six out of 11 sampled ULBs. There was huge gap between the quantum of waste generated and disposed. The majority of the waste was disposed of as mixed waste without processing as per existing norm, thereby creating threat to the environment and health of the public.

There were instances of burning of waste disposed at the disposal sites owned by the municipalities. There were no facilities in any of the 11 sampled ULBs for disposal of domestic hazardous waste which resulted in mixing up of such hazardous waste with other wastes. The landfills maintained in the sampled ULBs had not adhered to the conditions specified in the Solid Waste Management Rules, 2016. The ULBs were not submitting annual reports containing basic information on progress of solid waste management to their respective Deputy Commissioners, MAHUD and MPCB. The MPCB, as was required, did not conduct monitoring of environmental standards and adherence to conditions for waste processing and disposal sites which resulted in non-assessment of environmental impact of the Plant. The Plant operator did not conduct quality testing of compost in line with the specification of Fertilizer Control Orders 2009 and 2013. Thus, based on the audit findings from 11 ULBs sampled out of 27 ULBs, it could be concluded that the objectives of implementation of SWM was not fully achieved in the State.

(Paragraph 1.2)

COMPLIANCE AUDIT

Rural Development and Panchayati Raj Department

Erroneous adoption of rates in preparation of estimates resulted into a liability of extra expenditure of ₹ 91.21 lakh as undue benefit to Construction Committees, of which ₹ 53.92 lakh had been paid.

(Paragraph 1.3)

Scheme funds amounting to ₹ 63 lakh was irregularly diverted towards payment of salary and wages, leading to mis-utilization of funds.

(Paragraph 1.4)

Failure of the DRDA to ensure timely completion of works led to the parking of funds of ₹ 1.18 crore for a period of three years and seven months.

(Paragraph 1.5)

Funds amounting to ₹ 50.36 lakh from MLALADP funds and administrative funds of MGNREGA were utilized for non-permissible works in violation of the guidelines of the programme/scheme.

(Paragraph 1.6)

CHAPTER II

ECONOMIC SECTOR
(OTHER THAN PUBLIC SECTOR UNDERTAKINGS)

During 2017-18, against total budget provision of ₹ 3,683.20 crore, a total expenditure of ₹ 2,324.31 crore was incurred by 17 departments under Economic Sector.

During 2017-18, audits were conducted involving expenditure of ₹ 2,286.38 crore including expenditure of previous years of the State Government under Economic Sector.

This chapter contains one Performance Audit *viz., 'Performance Audit on Implementation of rural connectivity projects funded through NABARD Loan'* and six Compliance Audit paragraphs.

PERFORMANCE AUDIT

Performance Audit on Implementation of rural connectivity projects funded through NABARD Loan

The implementation of rural connectivity projects funded through National Bank for Agriculture and Rural Development (NABARD) Loan in the State suffered from many lapses. There was no streamlined procedure for proper prioritisation of Projects. The projects were proposed without following any defined criteria as per NABARD Guidelines and infrastructure gap analysis *etc*. NABARD loans amounting to ₹ 9.13 crore bearing interest liability of ₹ 2.59 crore were availed for four ineligible projects.

The Public Works Department had prepared inflated Statement of Expenditure which were, without ensuring their correctness, submitted by the Finance Department to NABARD. Further, NABARD also failed to verify the correctness of the claims before making the reimbursement of expenditure and subsequently made excess reimbursements ranging from ₹ 2.03 crore to ₹ 16.21 crore then the actual expenditure.

The Detailed Project Reports of the 16 road projects were prepared without proper survey and were deficient, with lack of basic data such as design traffic, design life, strength and thickness of the existing pavement. There were numerous deficiencies in project execution such as non-invitation of open tenders, grant of undue benefits to contractors due to non-collection of Performance Guarantee Bonds, incorrect analysis of rates, non-levy of compensation for delay in completion of works and unauthorised execution of works *etc*.

The Quality Control and Monitoring Mechanism was weak. The Department did not have any functional laboratory for performing the required quality control tests and contractors also did not set up any testing laboratory for conducting the Quality Control tests as required. As a result, due to deficiencies in implementation, creation of infrastructure conceived under the scheme could only partially achieve the intended objectives of better rural connectivity in the State.

(Paragraph 2.2)

COMPLIANCE AUDIT

Fisheries Department

Funds amounting to ₹ 81.90 lakh meant for construction of houses and community tanks of BPL fishermen were drawn by presenting fictitious bills and the amount was fraudulently shown as spent without actual/partial execution of works.

(Paragraph 2.3)

Public Works Department

Adoption of a higher rate for earthwork excavation based on manual rate instead of lower mechanical rate led to extension of undue benefit to contractors amounting to ₹ 70.85 lakh.

(Paragraph 2.4)

Purchase of furniture items despite sluggish progress of construction of building complex in violation of provisions of General Financial Rules and without proper planning and immediate requirement led to idle expenditure of ₹ 14.77 crore.

(Paragraph 2.5)

Provision of additional lead of one km for disposal of excavated earth led to inflated rate in analysis of rate and thereby leading to extension of undue benefit to the contractor by ₹ 36.78 lakh.

(Paragraph 2.6)

In absence of an effective monitoring mechanism, machineries valued at ₹ 2.61 crore which were not returned by the contractors for a period ranging from four years four months to 29 years four months, which resulted in extending undue benefit to the contractors.

(Paragraph 2.7)

Due to adoption of higher rate for earthwork excavation based on manual rate instead of adopting lower mechanical rate, undue benefit of ₹ 60.78 lakh was extended to the firm.

(Paragraph 2.8)

CHAPTER III

ECONOMIC SECTOR
(PUBLIC SECTOR UNDERTAKINGS)

As on 31 March 2018, there were 13 State Public Sector Undertakings (PSUs) in Manipur. The working PSUs of the State registered a turnover of ₹ 161.02 crore as per their latest finalised accounts. This turnover was equal to

0.70 *per cent* of Gross State Domestic Product (GSDP) of ₹ 23,167 crore for 2017-18. The working State PSUs incurred an aggregate loss of ₹ 47.89 crore as per their latest finalised accounts as of September 2018.

(Paragraph 3.1.1)

As on 31 March 2018, the investment (capital and long-term loans) in 13 State PSUs was ₹ 554.67 crore. Out of the total investment, 99.48 *per cent* was in working PSUs and the remaining 0.52 *per cent* in non-working PSUs.

(Paragraph 3.1.6)

The accounts of the State PSUs were in arrears for periods ranging from two years to 30 years. The delays in finalization of accounts were due to abnormal delay in compilation and approval of the accounts and delayed submission of the same to the Statutory Auditors by the Management of PSUs.

(Paragraph 3.1.10)

The overall losses of working State PSUs increased from ₹ 45.19 crore in 2013-14 to ₹ 124.53 crore in 2017-18 mainly on account of losses incurred by power sectors companies.

(Paragraph 3.1.16)

COMPLIANCE AUDIT

Manipur State Power Distribution Company Limited

Payment of excess Mobilization Advance on the recommendation of Tender Committee beyond its delegated financial power and without charging any interest in violation of provisions of the Manipur Public Works Department Manual resulted in extension of undue benefit to two private firms besides incurring interest loss of ₹ 1.11 crore.

(Paragraph 3.2)

CHAPTER IV

REVENUE SECTOR

Trend of Revenue Receipts

During the year 2017-18, the revenue raised by the State Government (₹ 965.01 crore) was nine *per cent* of the total revenue receipts of ₹ 10,357.83 crore. The balance 91 *per cent* of receipts of ₹ 10,357.83 crore during 2017-18 was from the Government of India.

(Paragraph 4.1.1)

The Tax Revenue raised during 2017-18 (₹ 790.94 crore) increased by 34.81 *per cent* as compared to the previous year (₹ 586.69 crore). On the other hand, the Non-Tax Revenue raised during 2017-18 (₹ 174.07 crore) increased by 5.62 *per cent* as compared to the previous year (₹ 164.80 crore).

(Paragraphs 4.1.2 and 4.1.3)

Response of the Departments/ Government towards Audit

Inspection Reports issued up to March 2018 disclosed that 866 paragraphs involving ₹ 206.38 crore relating to 275 Inspection Reports remained outstanding at the end of June 2018 which required prompt and appropriate action on the audit findings.

(Paragraph 4.2)

COMPLIANCE AUDIT

Taxation Department

Failure of the Assessing Authority to assess the sales figure of a dealer as per Manipur Value Added Tax (MVAT) Act led to non-detection of suppression of sale and consequent evasion of tax of ₹ 79.70 lakh with recoverable penalty of ₹ 1.59 crore.

(Paragraph 4.7)

Irregular claim by a dealer for exemption of payable tax resulted in loss of Government Revenue amounting to ₹ 87.97 lakh, out of which ₹ 10 lakh had been paid by the dealer.

(Paragraph 4.8)

Failure to assess tax liability of nine dealers who had stopped filing returns but had huge stock balances, led to non-realization of revenue to the tune of ₹ 5.35 crore and penalty amounting to ₹ 10.70 crore, of which tax amounting to ₹ 78.38 lakh only had been paid by four dealers.

(Paragraph 4.9)

Failure of the Department to take timely steps to realize outstanding tax from a dealer resulted in non-recovery of tax revenue amounting to ₹ 25.51 lakh in addition to interest of ₹ 23.31 lakh.

(Paragraph 4.10)

Failure of the Department to detect non-submission of returns and to make best judgment on assessment of tax as per the Manipur Value Added Tax Act/Rules resulted in non-recovery of tax amounting to ₹ 1.57 crore and penalty of ₹ 3.14 crore from five dealers, of which tax amounting to ₹ 12.65 lakh had been paid by one dealer.

(Paragraph 4.11)

Transport Department

Due to failure of the District Transport Officer, Thoubal to initiate action for collection of Professional Tax, an amount of ₹ 4.71 lakh and penalty not exceeding ₹ 4.71 lakh were remaining outstanding from the permit holders of 141 vehicles, leading to loss of revenue to that extent.

(Paragraph 4.12)

Failure of the Tax Authorities to realise tax resulted in non-realisation of tax to the tune of ₹ 11.74 lakh, of which tax amounting to ₹ 0.38 lakh had been recovered from 12 vehicles.

(Paragraph 4.13)

CHAPTER V

GENERAL SECTOR

During 2017-18, against budget provision of ₹ 3,515.62 crore, expenditure of ₹ 3,188.88 crore was incurred by 15 Departments under the General Sector.

Audits were conducted during 2017-18 involving expenditure of ₹ 3,316.71 crore including expenditure of previous years of the State Government under General Sector.

This chapter contains one Information Technology Audit *viz.*, "*Information Technology Audit of Computerisation of Personnel Information System*" and one Compliance Audit paragraph.

PERFORMANCE AUDIT

Information Technology Audit of Computerisation of Personnel Information System

The Computerisation of Personnel Information System (CPIS) application was developed with a view to providing accurate details of the staffing pattern of the Government employees, capture details of employees to facilitate policy decision on deployment, redeployment and transfer of employees, estimate budget for salaries, *etc*., and thus to help the Government in proper administration. However, the CPIS was developed without obtaining URS resulting in lack of provision for capturing full employees' details limiting the usefulness of the system. The existing CPIS was being used to a very limited extent for preparing salary bills. However, it was not being used effectively for transfer and posting of the Government employees as envisaged.

The usefulness and effectiveness of CPIS had been significantly compromised by inaccurate and incomplete data imported into CPIS from the erstwhile MGEL application, inordinate delays in sending input forms by DDOs, weak input controls, non-existent IT policies, lack of staff development and succession planning, lack of business continuity measures, absence of involvement of senior management, *etc*. It also exposed the system to the risk of unauthorised access, amendments or deletion of data and consequent losses.

There were employees who had crossed the age of retirement but were still being shown in the CPIS database which defeated the objective of CPIS to provide accurate staffing pattern of employees. The lack of correct employee details also defeated the intended objective. Moreover, the CPIS was also not being used for the intended purpose of proper deployment of the staff to various offices.

(Paragraph 5.2)

COMPLIANCE AUDIT

Home Department

Failure of the Department to enforce provisions of Government's decision for the recovery of armed guard charges from seven banks resulted in non-realization of security charges of ₹ 1.47 crore, of which ₹ 31.24 lakh had been recovered.

(Paragraph 5.3)

CHAPTER VI

FOLLOW-UP OF AUDIT OBSERVATIONS

As of March 2018, 2,793 Inspection Reports issued from 2003-04 onwards were pending for settlement. Even the initial replies, which were required to be received from the Heads of Offices of the Government Departments within four weeks from the date of issue of the Inspection Reports, were also not received.

(Paragraph 6.4)

Chapter I
Social Sector

CHAPTER I
SOCIAL SECTOR

1.1 Introduction

The audit observations relating to various State Government departments and their units under Social Sector are featured in this chapter.

During 2017-18, against a total budget provision of ₹ 5,409.50 crore under Social Sector, a total expenditure of ₹ 4,505.71 crore was incurred by 17 departments. The Department-wise details of budget provision and expenditure incurred there-against are shown in the following table.

Table No. 1.1.1 Budget Provision and Expenditure of Departments in Social Sector during 2017-18

(₹in crore)

<table>
<tr><th>Sl. No.</th><th>Department</th><th>Budget Provision</th><th>Expenditure</th></tr>
<tr><td>1</td><td>Labour and Employment</td><td>57.36</td><td>58.38</td></tr>
<tr><td>2</td><td>Information and Publicity</td><td>21.39</td><td>20.11</td></tr>
<tr><td>3</td><td>Tribal Affairs and Hill and Schedule Caste</td><td>704.77</td><td>662.82</td></tr>
<tr><td>4</td><td>Adult Education*</td><td rowspan="4">1,466.58</td><td rowspan="4">1,263.75</td></tr>
<tr><td>5</td><td>Education (Schools)*</td></tr>
<tr><td>6</td><td>Education (University)*</td></tr>
<tr><td>7</td><td>Technical Education*</td></tr>
<tr><td>8</td><td>Medical Health and Family Welfare</td><td>671.14</td><td>583.13</td></tr>
<tr><td>9</td><td>Youth Affairs and Sports</td><td>89.00</td><td>77.73</td></tr>
<tr><td>10</td><td>Social Welfare</td><td>383.65</td><td>255.10</td></tr>
<tr><td>11</td><td>Relief and Disaster Management</td><td>91.56</td><td>55.04</td></tr>
<tr><td>12</td><td>Panchayat</td><td>82.14</td><td>74.47</td></tr>
<tr><td>13</td><td>Arts and Culture</td><td>25.34</td><td>23.11</td></tr>
<tr><td>14</td><td>Minorities and Other Backward Classes</td><td>145.56</td><td>89.33</td></tr>
<tr><td>15</td><td>Consumer Affairs, Food and Public Distribution</td><td>87.24</td><td>82.92</td></tr>
<tr><td>16</td><td>Municipal Administration Housing and Urban Development</td><td>494.38</td><td>317.10</td></tr>
<tr><td>17</td><td>Community and Rural Development</td><td>1,089.39</td><td>942.72</td></tr>
<tr><td colspan="2">Total</td><td>5,409.50</td><td>4,505.71</td></tr>
</table>

Source: Appropriation Accounts.

** Separate information not available.*

Besides this, the Central Government had been transferring a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2017-18, out of ₹ 54.67 crore directly released to different implementing agencies, ₹ 31.36 crore was under Social Sector. The details are shown in ***Appendix 1.1.***

1.1.1 Planning and execution of Audit

Audit is conducted in accordance with the annual audit plan. The audit units are selected on the basis of risk assessment carried out keeping in view the topicality, financial significance, social relevance, internal control system of the units, and occurrence of defalcation/ misappropriation/ embezzlement as well as past audit findings *etc*.

Inspection Reports are issued to the heads of units as well as heads of departments after completion of compliance audit of a unit. Based on the replies received, audit observations are either closed or departments / units are advised to take further remedial measures. Important audit findings are processed for inclusion in the Audit Report of Comptroller and Auditor General (CAG) of India for placing of the same before the Legislative Assembly.

Audits conducted during 2017-18 covered expenditure of ₹ 2,067.64 crore including expenditure of previous years of the State Government under Social Sector, as shown in ***Appendix 1.2***.

This chapter contains one Performance Audit *viz.,* "Performance Audit of Solid Waste Management" and four compliance audit paragraphs as discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

MUNICIPAL ADMINISTRATION, HOUSING AND URBAN DEVELOPMENT DEPARTMENT

1.2 Performance Audit of Solid Waste Management

Solid waste management (SWM) is one of the most important obligatory functions of the Urban Local Bodies (ULBs) and they are responsible for collection, segregation, storage, transportation, processing and disposal of the solid wastes. The Secretary, Municipal Administration, Housing and Urban Development (MAHUD) through the Director, MAHUD is responsible for preparation of the State Policy and Strategy for the management of Solid Waste. The Manipur Pollution Control Board (MPCB) is responsible for monitoring of environmental standards and adherence to the Solid Waste Management Rules for waste processing and disposal sites. The Performance Audit of SWM revealed lapses on the part of the State Government, ULBs and MPCB.

Some of the important audit findings of Performance Audit on SWM covering the period 2013-14 to 2017-18 are highlighted below:

Highlights

- *In six out of 11 sampled ULBs, there was no planning for management of solid waste. The Department had not worked out the requirements for tools and equipment to ensure proper segregation, material recovery, storage, transportation, processing and disposal of waste.*

  (*Paragraph 1.2.7.1*)

- *Assessment process of the generation of solid waste in five out of the 11 sampled ULBs did not consider the seasonal variations in generation of solid waste and hence, lacked reliability.*

  (*Paragraph 1.2.7.2*)

- *None of the 11 sampled ULBs had prepared budget for solid waste management. The solid waste management was being carried out without proper financial assessment.*

  (*Paragraph 1.2.8.1*)

- *Assessment of waste generated in six out of the 11 sampled ULBs was not conducted during 2013-18 due to which systematic and authentic data on generation and composition of waste was not available.*

  (*Paragraph 1.2.9.1*)

- *Facilities for disposal of domestic hazardous waste were not available in any of the 11 sampled ULBs. As a result, domestic hazardous waste was being mixed with other waste streams and deposited into the open dumpsites.*

  (*Paragraph 1.2.9.6*)

- *There was no material recovery facility existed for segregation and recovery of the valuable waste in any of the 11 sampled ULBs.*

  (*Paragraph 1.2.9.7*)

- *None of the 11 sampled ULBs had submitted annual reports to the Deputy Commissioners concerned, as required under the provisions of Municipal Solid Waste Management Rules, 2000.*

(*Paragraph 1.2.11.1*)

- *MPCB had not conducted any monitoring to check whether the Solid Waste Management Plant at Lamdeng followed the approved standards and treatment technology. The MPCB had also not fully monitored the ambient air quality in and around the landfill sites of waste disposal.*

(*Paragraph 1.2.11.4*)

1.2.1 Introduction

Waste is any substance which is discarded after primary use, or is worthless or defective and is of no use. Solid waste includes solid or semi-solid domestic waste, sanitary waste, commercial waste, institutional waste, catering and market waste and other non-residential waste, street sweepings, silt removed or collected from surface drains, horticultural waste, agricultural waste and treated bio-medical waste, *etc*.

Waste represents a threat to the environment and human health if not handled or disposed of properly. Surface and ground water contamination takes place when waste reaches water bodies. Residues from the waste can change the water chemistry, which can affect all levels of an ecosystem. The health of animals and human beings are affected when they drink contaminated water. A specific environmental hazardous substance produced by waste is leachate, which is a liquid that forms, as water trickles through the contaminated areas leaching out the chemicals. Movement of leachate from landfills and waste disposal sites may result in hazardous substances entering surface water, ground water or soil. Emission from the incinerators or other waste burning devices and landfills can cause air contamination. Thus, to ensure better human health and safety, there is a need for an effective system for managing the solid waste.

The responsibility of solid waste management in the State is vested with the local self-government institutions both in the urban and rural areas. Management of solid waste involves assessment of the generation and collection of waste, segregation, storage, transportation, processing and finally its disposal.

As per Census 2011, the total population of Manipur is 25.70 lakh, out of which the rural population is 17.36 lakh and the urban population is 8.34 lakh. The population in Manipur in the last decade has grown at the rate of 18.6 *per cent*, rural growth being 9.1 *per cent* while urban growth was 44.8 *per cent*. As a result of the rapid growth of urban population coupled with the changing lifestyles of people, the solid waste generated daily in urban areas increased significantly. In the State, there are 27 ULBs comprising one Municipal Corporation – Imphal Municipal Corporation (IMC), 18 Municipal Councils (MC) and eight Nagar Panchayats (NP). Of these 27 ULBs, IMC with a population of 2.68 lakh, is the largest ULB covering almost one third of the total urban population of Manipur.

The quantity of solid waste generation in the urban area is estimated at about 186.82 tonnes per day (TPD). The Imphal Municipal area alone accounts for 80.47 TPD. Except for Thoubal MC, which generates an estimated solid waste amount of 13.78 TPD, all other ULBs generate solid waste less than 10 TPD.

In the State, there is a solid waste management plant comprising waste processing plant and sanitary landfill for the Imphal city located at Lamdeng, about 10 km from Imphal city. The plant became operational in December 2016 with a capacity of converting 100 TPD of solid waste into compost.

According to Swachh Bharat Survey 2017, Imphal city ranked 3rd cleanest city after Gangtok and Aizawl in the North Eastern Region of India while,Thoubal Municipal Town of Manipur was declared as cleanest city of North East under the category of population below 1 lakh as per Swachh Bharat Survey 2019.

1.2.2 Organisational Structure

The Secretary, Municipal Administration Housing and Urban Development through Director, MAHUD prepares SWM policy and strategy for the State. The Deputy Commissioners (DCs) of the districts facilitate identification and allocation of the suitable land for setting up solid waste processing and disposal facilities, to the local authorities in their districts in close co-ordination with the Secretary, MAHUD. DCs are also responsible for review of the performance of local bodies in the district at least once in a quarter on waste segregation, processing, treatment and disposal and on corrective measures in consultation with the Director of MAHUD.

As per the 74th Amendment of the Constitution (August 1992), Solid Waste Management (SWM) is one of the mandatory functions of ULBs. ULBs shall prepare a SWM plan as per the State Policy and strategy. It is also the responsibility of the municipal authorities to implement laws relating to the collection, segregation, storage, transportation, processing and disposal of solid waste in the municipality. The MPCB shall enforce the provisions of SWM Rules in the State through the local bodies and review implementation of the rules at least twice a year in close co-ordination with MAHUD. The Board shall monitor the environmental standards and adherence of the waste processing and disposal sites to specified conditions.

1.2.3 Scope of Audit

The Performance Audit was conducted during the period from April 2018 to August 2018 covering the period from 2013-14 to 2017-18. The audit included scrutiny of records relating to the functioning of MAHUD, Manipur Urban Development Agency (MUDA), Planning and Development Authority (PDA) and MPCB in relation with municipal solid waste management. At the implementation level, Audit also scrutinised relevant records maintained by the 11 ULBs *i.e.,* Imphal Municipal Corporation and 10 Municipal Councils[1] out of 18 Municipal Councils. Details are shown in ***Appendix 1.3.***

[1] Lilong (Thoubal) MC, Bishnupur MC, Mayang Imphal MC, Thoubal MC, Yairipok MC, Kumbi MC, Kwakta MC, Jiribam MC, Lamlai MC and Ningthoukhong MC.

1.2.4 Audit Objectives

The objectives of this Performance Audit were to ascertain whether:

- Planning for the Management of Solid Waste was adequate and effective;
- Adequate funds were provided in a timely manner and utilized efficiently for the purposes the funds were provided;
- Programmes/schemes for Solid Waste Management were implemented efficiently, effectively and economically; and
- Effective monitoring mechanisms existed and functioned effectively.

1.2.5 Audit Criteria

Audit criteria were derived from the following sources:

- Municipal Solid Waste (Management and Handling) Rules, 2000/Solid Waste Management (SWM) Rules, 2016;
- Environment Protection Act, 1986;
- National Action Plan (Revised in conformity with SWM Rules, 2016);
- Standards for air, water issued by Central Pollution Control Board (CPCB) and MPCB;
- Orders and instructions of National Green Tribunal and Supreme Court and High Courts;
- State Action Plan, Detailed Project Reports (DPRs) and Bye-Laws of ULBs and other instructions issued by the Ministry of Housing and Urban Affairs, Ministry of Environment and Forest and those issued by MAHUD;
- Municipal Solid Waste Manual, 2000 and 2016;
- Guidelines of the Swachh Bharat Mission; and
- General Financial Rules, 2005 and 2017.

1.2.6 Audit Methodology

An Entry Conference was held with the officials of MAHUD in April 2018 wherein the audit objectives, audit criteria and scope of audit were discussed. This was followed by the scrutiny of records covering the period from 2013-14 to 2017-18. Records of 10 Municipal Councils (MCs) selected out of the 18 Municipal Councils using Probability Proportional to Size Without Replacement Method with size measurable to the population were examined as part of the Performance Audit. As Imphal Municipal Corporation (IMC) was the only Municipal Corporation in the State, it was also selected for audit scrutiny and a case study was also conducted on IMC. Records were examined and analysed based on the audit criteria to arrive at the audit findings, conclusions and recommendations. In addition, joint physical verification and beneficiary surveys were also conducted and photographic evidences were gathered in support of Audit observations.

The draft Performance Audit Report was issued to the Government in October 2018. Despite constant persuasion, the Department submitted comments/ replies only partially during December 2018 which was indicative of the fact that the Government did not give full cooperation in this audit. An Exit Conference was held on 05 December 2018 wherein audit findings were discussed. The views of the Department based on replies and discussion held, have been incorporated in the Report suitably.

Audit Findings

1.2.7 Planning

1.2.7.1 Action Plan for Solid Waste Management

Para 7.1 of the National Action Plan for Municipal Solid Waste Management requires each State to assess the local situation and prepare a State Plan considering the preparedness of the local bodies and finalize modalities for setting up of waste processing and disposal facilities. Each State has to follow the waste management policy/hierarchy such as, waste prevention or minimization, waste utilization, waste recycling, waste processing, waste to energy conversion and landfilling. Each municipal body will prepare action plan in consultation with the State Urban Department after assessing the status of waste generation and composition. Local bodies are to work out the requirement of tools and equipment to ensure proper segregation, material recovery, storage, transportation, processing and disposal of waste and document it in the form of Detailed Project Report (DPR).

The State Government had decided (April 2015) that management of solid waste in the urban area would be taken up on cluster basis. Accordingly, under this scheme, six clusters were formed comprising of three to seven ULBs in each cluster based on ease of connectivity while management of solid waste in Jiribam MC was to be operated in a standalone mode due to geographical reasons (as shown in ***Appendix 1.3***).

It was observed that the Action Plan for SWM was prepared in five[2] out of 11 sampled ULBs and documented in the form of DPR. Of these, DPRs for three[3] sampled ULBs had been approved (December 2017) by the Ministry of Development of North Eastern Region (DoNER). Thus, six out of 11 sampled ULBs had not worked out their requirement of tools and equipment to ensure proper segregation, material recovery, storage, transportation, processing and disposal of waste of their respective areas. In addition, absence of DPR creates problems in estimation of frequency of waste collection to cater to all households, in examination of sufficiency of present available resources and determining the additional requirements and in deploying the best practices in composition and treatment method. This would result in delays and inefficacies in the management of solid waste.

The Department stated (December 2018) that Lamdeng Solid Waste Management Plant for Imphal Municipal Corporation would serve as Integrated Solid Waste Management Plant for the waste collected on regional/cluster

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2 IMC, Lamlai MC, Lilong (Thoubal) MC, Thoubal MC and Yairipok MC.

3 (i) Thoubal MC (ii) Yairipok MC and (iii) Lilong (Thoubal) MC.

basis. Accordingly, DPRs for cluster "A"[4] and "B"[5] had been prepared in the initial phase. However, project proposal for cluster "A" was withheld due to financial constraint.

Recommendation (1): State Government should speed up preparation of DPRs for management of solid waste on cluster basis for all the ULBs in the State so that management of solid waste in the State is ensured at the earliest.

1.2.7.2 Non-consideration of seasonal variation in Sampling for waste quantification

Determination of the quantity and characteristics of the solid waste is *sine-qua-non* for assessing the present and future needs for budgeting, operation, processing and disposal facilities. As per the Municipal Solid Waste Manual 2016, for the purpose of long term planning, the average amount of waste disposed by a specific class of generators can be estimated only by averaging data from the several samples collected continuously for seven days at multiple representative locations within the ULB jurisdiction in each of the three main seasons *i.e.,* summer, winter and rainy seasons so that the seasonal variation of generation of solid waste is taken into consideration in quantification of waste.

The State Government appointed NCPE Infrastructure India Private Limited, a consultancy firm empanelled with Ministry of Urban Development, Government of India (GoI) as consultant for preparation of DPR for municipal SWM for the urban local bodies in the State. The scope of the work *inter-alia* included quantification of solid waste and prediction based on the trends obtained from the field survey results. For determination of solid waste generation in seven ULBs, the NCPE Infrastructure Private Limited conducted sample survey of the solid waste from 1.25 *per cent* of households[6] and commercial establishments. For the purpose of survey, the disposal of solid waste of households and commercial establishments for seven days during the month of May 2017 was taken into consideration while no data was collected for all the three seasons at the time of preparation of DPRs in five[7] out of 11 sampled ULBs by the consultant. Thus, data on nature/quantity of disposal of waste lacked analysis on seasonal variation and hence lacked reliability.

1.2.7.3 Absence of Action Plan for transportation of solid waste

Out of the 11 sampled ULBs, four ULBs[8] possessed only one tractor with a trailer/trailers (as shown in ***Appendix 1.4***) for transportation of solid waste from the source to the disposal sites. The tractors were purchased during 2011-12 or earlier and were not in a good working condition and requiring frequent repairs and maintenance. The ULBs did not have any action plan for alternative mode of transportation of solid waste in case of breakdown of tractors.

On this being pointed out, the ULBs stated (August 2018) that they had engaged private vehicles when the vehicles owned by them had broken down

[4] IMC, Lamlai MC, Lilong (IW) NP, Sekmai NP and Lamsang NP.
[5] Lilong (Thoubal) MC, Yairipok MC, Wangjing MC, Sikhong Sekmai MC, Thoubal MC, Heirok NP and Andro NP.
[6] 24,526 households.
[7] (i) IMC (ii) Lamlai MC (iii) Thoubal MC (iv) Lilong Thoubal MC and (v) Yairipok MC.
[8] (i) Kumbi MC (ii) Kwakta MC (iii) Lamlai MC and (iv) Yairipok MC.

or were in the maintenance mode. However, the ULBs could not provide reasons for not having a documented action plan.

The Department, however, while accepting the audit observation, stated (December 2018) that the State has formulated a draft State Policy in 2018 for urban solid waste management, which was yet to be approved. Thus, none of the ULBs had any action plan for transportation of solid waste in the event of break down/maintenance of the existing vehicles.

1.2.7.4 Absence of plan for waste management when the Plant at Lamdeng breaks down or is in maintenance mode

The State Government has set up one SWM facility comprising waste processing plant and sanitary landfill for Imphal city with a capacity of conversion of 100 tonne per day (TPD) of solid waste to compost at Lamdeng located at about 10 km distance from Imphal City. Solid waste collected by IMC and the Non-Governmental Organisations (NGOs) within the jurisdiction of IMC are being disposed of at the Plant for processing since December 2016.

Audit noticed that, neither was there any action plan nor any facility for diversion of waste in case the plant breaks down or in maintenance mode. In such a situation, the waste was being diverted to the temporary dumpsite.

While admitting the audit observation, the Department stated (December 2018) that they had been striving to find suitable land for establishment of second site where waste could be diverted. However, the Department was silent on the documented action plan for establishment of second site.

1.2.7.5 Non-compliance to the time-bound Integrated Model Action Plan

The State Government had decided (April 2015) to adopt a time-bound Integrated Model Action Plan for implementing the Municipal SWM and Handling Rules, 2000. Audit noticed that the State and the sampled ULBs had not achieved targets as per the action points against each activity as envisaged in the State Action Plan which has been discussed in the following table.

Table No. 1.2.1 Details of Action Plan *vis-à-vis* status of achievement in sampled ULBs

Activities	Action points (Target)	Time limit from April 2015	Audit observations/status (as of January 2019)
DPR	To prepare a DPR for Management of Municipal Solid Waste in accordance with MSW Rules.	6 months	i. DPR for three[9] sampled ULBs had been prepared and approved by the Ministry. DPR in respect of two[10] sampled ULBs has been prepared but yet to be approved by the Ministry. ii. DPRs for the remaining six sampled ULBs had not been prepared.
Collection of waste	To make arrangement for 100 *per cent* collection of waste.	9 months	None of the 11 sampled ULBs had the arrangement for 100 *per cent* collection of waste.
Intra city activities	To prepare an action plan for regulation of stray cattle, prohibiting burning of garbage,	6 months	i. There was no regulation for prohibition of burning of garbage in three out of 11 sampled ULBs.

[9] (i) Thoubal MC (ii) Yairipok MC and (iii) Lilong (Thoubal) MC.
[10] IMC and Lamlai MC

Activities	Action points (Target)	Time limit from April 2015	Audit observations/status (as of January 2019)
	street sweeping by mechanical means, setting up of public grievance cell, attend to public complaints and constitution of vigilance squads.		ii. None of the sampled ULBs had plans for street sweeping by mechanical means. iii. No vigilance squads except in IMC were established in 10 out of 11 sampled ULBs.
Storage of waste	To prepare an action plan for setting up of bins at appropriate locations.	9 months	None of the sampled ULBs had prepared any action plan for setting up of bins at appropriate locations.
Transportation of waste	To work out an action plan for procurement and implementation of transportation of Municipal solid Waste.	18 months	While action plans in respect of five[11] sampled ULBs were prepared, no action plans were in place in the remaining six sampled ULBs.
Processing of waste	To prepare State level action plan for setting up processing facilities.	18 months	
Old dumpsite	To prepare an action plan for capping and plantation of the old dumpsites.	12 months	None of the 11 sampled ULBs had prepared any action plan for capping and plantation of the old dumpsites even after a lapse of more than three years.

Further, as part of the State Government's Action Plan on SWM on cluster basis, a DPR for the Cluster "B" comprising seven ULBs[12] with Thoubal as regional centre was prepared and approved (December 2017) by the DoNER. Of the seven ULBs under cluster "B", Thoubal MC, Lilong (Thoubal) MC and Yairipok MC were in the sampled ULBs. The total cost of the project was ₹ 13.52 crore. The main objective of the project was to implement a total solution for SWM in ULBs of the cluster. As per the approved DPR, the management of solid waste of the three ULBs would be (i) door to door primary collection from households, primary collection in markets through dumper placer bins, and secondary collection through dumper bins in wards; (ii) transportation from secondary points to the regional centre in Thoubal; (iii) reduction in volume of waste through proper compaction; and (iv) transportation of the compacted solid waste to the Plant at Lamdeng.

Audit noticed from the test check of records of the three MCs that the Thoubal MC was in possession of 6.67 acres of land which was used by the MC as open dumpsite for disposal of mixed solid waste. The Yairipok MC had commenced (May 2016) disposal of waste in the dumpsite at Thoubal. It was however, observed that the waste at Thoubal regional centre remained untreated in the open dumpsite itself without further transportation to the Solid Waste Processing Plant at Lamdeng. There was no door to door collection of solid waste from the households in the three sampled MCs.

On the above being pointed out in audit, the Department attributed (December 2018) the reasons for delay in implementation of cluster "B" to non-receipt of funds from the Ministry. Further, the Department stated that 90 *per cent* of the procurement of equipment and 40 *per cent* of the construction of the project had been completed as of December 2018.

11 (i) IMC (ii) Lamlai MC(iii) Thoubal MC (iv) Lilong Thoubal MC and (v) Yairipok MC.

12 (i) Lilong Thoubal (ii) Andro (iii) Yairipok (iv) Thoubal (v) Shikhong Sekmai (vi) Wangjing and (vii) Heirok.

As the time bound integrated model Action Plan was not followed by the Department, the objectives of the project hence, remained partially achieved.

1.2.8 Financial Management

1.2.8.1 Non-preparation of budget for solid waste management

Solid waste management is one of the most important mandatory functions of ULBs. They are responsible for maintenance of dumpsites, installation of dustbins, payment of wages to the sanitary workers, Information Education and Communication (IEC) activities, *etc.* As such, they should prepare budget and earmark funds for SWM activities. Further, as per Rule 15(x) of SWM Rules, 2016, ULBs are required to make adequate provision of funds for SWM in the annual budget to enable ULBs to prioritise their obligatory functions. As per Rule 11(d) of the rules *ibid*, the Secretary in charge of MAHUD is required to ensure the implementation of these rules by all local authorities.

It was, however, observed that none of the sampled ULBs had prepared budget for SWM and thus, the SWM activities were being carried out without any proper financial assessment. Thus, solid waste management in the State lacked financial planning.

1.2.8.2 Expenditure on solid waste not in line with the recommendations of the Central Finance Commission

The Central Finance Commission Award for grants to the local bodies is intended to be used to support and strengthen delivery of basic services. SWM being one of the basic services of the municipalities, the Central Finance Commission (CFC) while releasing funds, had instructed ULBs to accord top priority to SWM. Details of the funds received from CFC by the 11 sampled ULBs and expenditure incurred by them on SWM are, as shown in the following table.

Table No. 1.2.2 Details of expenditure during 2013-18 met from CFC funds by the 11 ULBs

(₹in lakh)

Sl. No.	Name of ULBs	CFC Funds received during 2013-18	Total expenditure on solid waste	Percentage of expenditure on SWM of total funds received	Total expenditure# on other Basic Services[13]	Percentage of expenditure on other Basic Services
1	Imphal Municipal Corporation	2,200.84	167.52	7.61	2,033.32	92.39
2	Lamlai MC	59.78	5.27	8.82	54.51	91.18
3	Thoubal MC	603.19	38.69	6.41	564.50	93.59
4	Yairipok MC	123.73	27.32	22.08	96.41	77.92
5	Lilong (Thoubal) MC	332.52	NIL	NIL	332.52	100.00
6	Mayang Imphal MC	340.67	9.60	2.82	331.07	97.18
7	Kumbi MC	133.06	NIL	NIL	133.06	100.00
8	Kwakta MC	118.60	0.74	0.62	117.86	99.38
9	Ningthoukhong MC	174.60	10.88	6.23	163.72	93.77
10	Bishnupur MC	176.58	9.33	5.28	167.25	94.72
11	Jiribam MC	96.06	31.28	32.56	64.78	67.44
Total		**4,359.63**	**300.63**	**6.90**	**4,059.00**	**93.10**

Source: Departmental Records.

(# Data on component-wise and year-wise expenditure was not available with the Department).

[13] Water supply, sanitation, sewerage, storm water drainage, street lighting *etc.*

From the table above, Audit noticed that although two out of the 11 sampled municipalities incurred expenditure on basic civic services such as water supply, sanitation, sewerage, storm water drainage and street lighting *etc.,* out of CFC funds, but had not incurred any expenditure on solid waste from the funds received from CFC during the last five years. The total expenditure for the five years on other basic services incurred by 11 municipalities ranged from 67.44 to 100 *per cent.*

The Department stated (December 2018) that only broad categories of permissible works of the nature of basic civic services were specified in the guidelines and the ULBs themselves decided the work programme as per the needs and demand of the locality under the permissible items of works.

The fact, however, remained that, while two municipalities did not implement the Solid Waste Management, the total expenditure for the five years on solid waste in the remaining nine municipalities ranged from 0.62 to 32.56 per cent which indicated that the municipalities had not accorded priority to SWM in spite of the CFC recommendations and instructions of the State Government.

Recommendation (2): State Government should issue specific instructions to the municipalities for effective utilisation of substantial funds from the State and Central Finance Commission funds for solid waste management as the same was meant for delivery of basic services.

1.2.8.3 Irregularities in procurement of twin bins

As per Rule 162 of General Financial Rules (GFR), 2017 read with Rules 87, 148 and 158, a limited tender enquiry method should be adopted when the estimated value of the goods to be procured is up to ₹ 25 lakh. Further, as per the Ministry of Urban Development, Government of India's instructions (March 2017), in case the residents are unable to procure dustbins on their own, ULBs are advised to procure the same in large number, *"Swachh Bharat Waste Container Set (Plastic Garbage Bins)"* from Director General of Supply and Disposals (DGS&D), Government e-Marketplace (GeM) Portal and distribute the same among the residents.

IMC procured (October 2017) 200 twin bins (dustbins and stands) for ₹ 7.30 lakh[14] for Imphal City under Swachh Bharat Mission (Urban) from a firm M/S LL. Steel Engineering without inviting tenders. Documents in support of incurring the expenditure such as cash memos, bills and vouchers were not made available to Audit. Further, due to the non-adherence to the provision of GFR and the Ministry's instructions to procure Plastic Garbage Bins from GeM Portal, the procurement process lacked transparency, efficiency and economy.

While admitting the audit observation, the Department stated (December 2018) that procurement of the bins was done on emergency basis to ensure segregation of solid waste by October 2017 on the occasion of Gandhi Jayanti. Further, although it was assured during Exit Conference that documents relating to the expenditure on procurement of dustbins would be furnished, no records were submitted by the Department (December 2018). Hence, reply was not acceptable as Department failed to provide any document to support the statement that the procurement was done on emergency basis.

[14] ₹ 3.70 lakh for dustbin and ₹ 3.60 lakh for dustbin stand.

Thus, veracity of expenditure incurred on this could not be ascertained in audit and possibility of misappropriation of fund could not be ruled out. As such, Government needs to investigate the matter to check as to whether the above procurement was actually made or not and followed by appropriate action in the matter.

1.2.8.4 Short realization of garbage disposal fees

As per an Order of the IMC (January 2015), the IMC was to charge ₹ 50 per trip on the NGOs and Agencies for the solid waste being dumped at the dumpsites maintained by IMC.

During the period from June 2014 to April 2017, Audit noticed that an amount of ₹ 9.08 lakh was realizable from 13 NGOs for dumping solid waste at IMC dumpsites. However, it was observed that the IMC realised ₹ 2.79 lakh only as disposal fee. Thus, IMC was yet to realise the remaining amount of disposal fee amounting to ₹ 6.29 lakh (as shown in ***Appendix 1.5***) from the 13 NGOs as of March 2018. Moreover, there were no records showing issue of demand notices to the NGOs after April 2017. There was also no penal provision in the agreement between the IMC and the NGOs for delays in payment of dues.

Records in support of the collection of disposal fee during 2017-18 were not produced to Audit, though called for.

The Department stated (December 2018) that at the instance of Audit, disposal fee for the period upto May 2018 was realised from the NGOs. However, the documents in support of claim of the Department was awaited (December 2018) despite assurance given in the Exit Conference. Thus, veracity of receipt of fee deposited by the NGOs remained unascertained in audit. The Government needs to ascertain whether the necessary fee has been actually deposited by the NGOs.

1.2.8.5 Doubtful expenditure on construction of dustbins

During 2015-16, the Kwakta MC spent ₹ 5.45 lakh on the construction of two garbage bins[15]. Similarly, Yairipok MC incurred an expenditure of ₹ 0.93 lakh on construction of one dustbin[16] during 2014-15.

However, during joint physical verification, no trace of construction of the dustbins at the proposed sites were found. Therefore, the actual construction of the structures of dustbins as claimed was highly doubtful which calls for investigation by the Government.

During Exit Conference, the Department stated (December 2018) that the matter would be examined and result thereof would be intimated. However, information was awaited (January 2019) by Audit. Government may, therefore, take appropriate action in this matter.

[15] Sericulture Mapa and Terakhongsangbi.
[16] Mang Leirak Kekru.

1.2.9 Programme Implementation

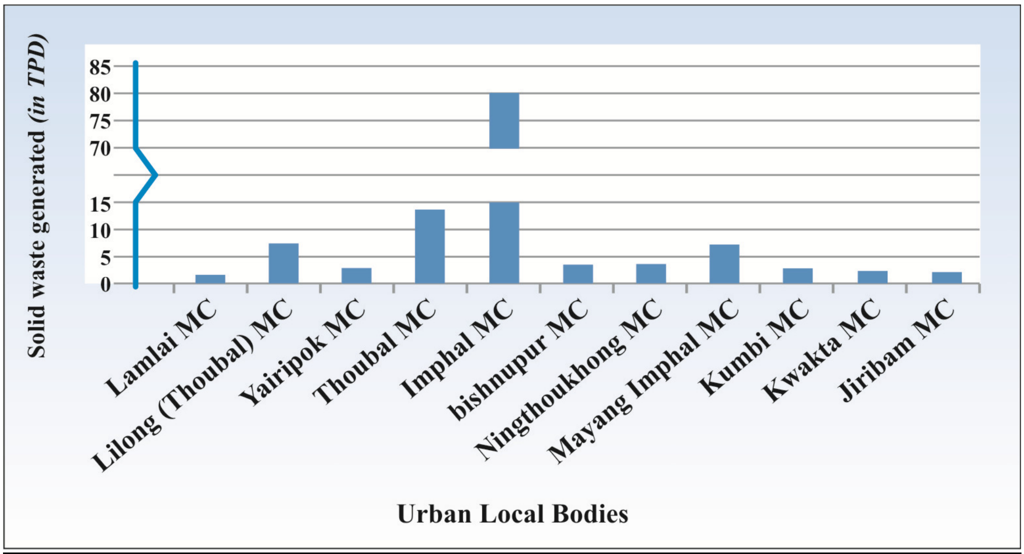
Generation and Collection

1.2.9.1 Assessment of waste generation

As per the National Action Plan, each ULB needs to undertake assessment of the quantity of solid waste generation and its composition and to furnish the details to the Deputy Commissioners concerned and Director, MAHUD annually. Audit noticed that none of the 11 sampled ULBs had complied with this requirement during 2013-18.

As per report (February 2017) of the Manipur Pollution Control Board (MPCB), the State generates 186.82 TPD of solid waste. The quantity of generation of solid waste in the 11 sampled ULBs is depicted in the following chart.

Chart No. 1.2.1 Details of solid waste generated in sampled ULBs



Source: Records of the MPCB.

During the period 2013-18, assessment of the waste generation for the five[17] sampled ULBs (2017-18) had been conducted by the State Government through NCPE Infrastructure Private Limited for the management of the solid waste on cluster basis. Assessment of waste generation for the remaining six ULBs had not been conducted during this period and hence, there was no reliable data on generation and composition of waste in those six sampled ULBs. Further, Audit noticed that none of the sampled ULBs maintained any record on waste generation and its composition. There was no action taken by MAHUD for non-submission of reports by the ULBs. Due to absence of information on generation and composition of waste, ULBs failed to submit requisite report to the MAHUD and to MPCB which led to non-monitoring on progress of solid waste management in the ULBs by the authorities concerned.

While admitting the audit observation, the Department attributed (December 2018) the non-maintenance of records on generation of solid waste in the ULBs

[17] (i) Thoubal MC (ii) Yairipok MC (iii) Lilong (Thoubal) MC (iv) IMC and (v) Lamlai MC.

to shortage of manpower. The Department however, stated that the approval of Cabinet for recruitment of 195 posts had been received and once these posts were filled in, such issues would be resolved.

Recommendation (3): All ULBs should maintain information on generation, collection and disposal of solid waste in their respective jurisdiction for facilitating management of waste in a systematic manner.

1.2.9.2 Collection of waste

As per Schedule II of Municipal Solid Waste Rules, 2000 and SWM Rules, 2016, ULBs are responsible to arrange door-to-door collection of segregated solid waste from all households including slums and informal settlements, commercial, institutional and other non-residential premises. Door to door collection is an essential and critical starting point in the entire chain of scientific SWM services. As per the Service Level Benchmark of the Ministry of Urban Development, the collection efficiency of the ULBs should be 100 *per cent*. This is to ensure that uncollected waste should not pose risks to health and contaminate the environment.

The implementation schedule (Schedule II) in the Municipal Solid Waste Rules, 2000 specified the activities to be carried out by the Municipalities to ensure that all waste is collected. Rule 15 of the SWM Rules, 2016 also envisages duties and responsibilities of ULBs. With regard to the compliance on these rules in the 11 sampled ULBs, Audit noticed the following:

(a) Status of door-to-door collection of solid waste from households

The position of door-to-door collection of waste from the households in the 11 sampled ULBs as of August 2018 was as shown in following table.

Table No. 1.2.3 Details of door to door collection

Sl. No.	Name of ULBs	Number of households	No. of households covered under door to door collection (*per cent*)	Frequency of collection	
				Households	Commercial/ market areas
1	IMC	57,764	17,847 (31)	Once or twice a week	Daily
2	Thoubal MC	9,454	Nil	-	Daily
3	Lilong (Thoubal) MC	4,430	Nil	-	Daily
4	Mayang Imphal MC	4,501	100 (2.2)	Daily	Daily
5	Ningthoukhong MC	2,780	372 (13.4)	Once a week	Daily
6	Bishnupur MC	2,501	69 (2.8)	Twice a day	Twice a day
7	Yairipok MC	2,027	Nil	-	Daily
8	Kumbi MC	1,859	12 (0.6)	Alternate days	Alternate days
9	Kwakta MC	1,430	Nil	-	Alternate days
10	Jiribam MC	1,406	Nil	-	Daily
11	Lamlai MC	924	Nil	-	Daily

Source: Departmental Records.

As is evident from the above table, six out of the 11 sampled ULBs had not commenced door-to-door collection of solid waste as of August 2018. Though the practice had started in the remaining five sampled ULBs, the collection of waste was not done on daily basis in three of them. The percentage of households covered under door to door collection activities ranged from

0.6 *per cent* to 31 *per cent* in the five ULBs which was quite insignificant. As stated earlier, the door to door collection is the critical starting point in the entire chain of SWM and, thus non-commencement of the collection service in six sampled ULBs would result in scattering of waste in the streets, households and public places, in contravention of scheme objectives.

While accepting the audit observation, the Department stated (December 2018) that the concept of door to door collection of solid waste was new to the public. Due to lack of awareness among the people, their participation was poor for which more awareness campaign would be organised. The reply was not tenable as it is the duty of ULBs to ensure door-to-door collection of solid waste.

(b) Collection of waste from commercial areas on daily basis

Rule 15 (c) of the SWM Rules, 2016 mandated the ULBs to arrange for collection of waste from commercial areas on daily basis. Audit noticed that two[18] out of 11 sampled ULBs collected waste from commercial areas (market places) on alternate days while in the remaining nine ULBs, the collection was done on a daily basis. However, the data in respect of waste generation in the market areas was not provided by the ULBs.

On this being pointed out, the Department stated (December 2018) that necessary directions would be issued to the defaulting ULBs for ensuring daily collection of waste.

(c) Burning of waste

The management of solid waste in 10 out of the 11 sampled ULBs is being done by the MCs themselves. IMC is the only MC where SWM has been entrusted to the NGOs. The burning of waste material releases carbon dioxide and other harmful gases. As per Rule 15 (g) of the SWM Rules 2016, ULBs are to direct waste generators like households, commercial establishments and industries not to burn the waste. Audit noticed that eight[19] out of the 11 sampled ULBs had issued such directives to the waste generators. Remaining three sampled ULBs had not issued such directives as of March 2018.

The Department stated (December 2018) that instructions would be issued to the defaulting ULBs to arrest such irregularities.

Further, during joint physical verification (July and August 2018) of dumpsites of the sampled ULBs, Audit noticed that two[20] sampled ULBs where directives had already been issued, were still practicing burning of waste in the open dumpsite maintained by them as could be seen in the following photographs.

[18] Kwakta and Kumbi MC.

[19] IMC, Jiribam, Kumbi, Kwakta, Thoubal, Mayang Imphal, Ninghthoukhong and Lamlai MCs.

[20] Ningthoukhong MC and Thoubal Khunou MC.

Photograph No. 1.2.1 Photographs showing burning of waste at Ningthoukhong MC and Thoubal Khunou MC

Burnt waste at Ningthoukhong MC dumpsite (03 August 2018)

Burnt waste at Thoubal Khunou MC Dumpsite (11 July 2018)

The Department stated (December 2018) that necessary directives to stop such activities would be issued. It was also mentioned that once the cluster approach is operational, such issues would be taken care of by the ULBs.

Thus, the activities for collection of waste organised by the ULBs were deficient as there was no system of door to door collection in six out of the 11 sampled municipalities and in five municipalities, it ranged between 0.6 and 31 *per cent* of the households and burning of waste was being practiced in the dumpsite of the municipalities, which should be stopped forthwith by not merely issuing necessary directions in this regard but by ensuring appropriate action against the defaulting MCs.

1.2.9.3 Shortfall in collection of waste

The Municipal Solid Waste Rules, 2000 require that all municipal solid waste generated shall be collected and that no waste remains uncollected posing risks to public health and environment. The position of estimated generation, collection and shortfall in collection in the sampled ULBs during 2017-18, is shown in the following table.

Table No. 1.2.4 Details of collection of waste during 2017-18 by sampled ULBs

Sl. No.	Name of sampled ULB	Projected Population[21] in 2018	Estimated waste generated during 2017-18 @ 0.5 kg per person per day for IMC and 0.35 kg for other MCs per person per day *(in TPD)* based on the survey report of NCPE Infrastructure India Private Limited for cluster "B"	Daily Collection of waste as per records of the ULBs during 2017-18 *(in TPD)*	Estimated shortfall in collection *in TPD (in per cent)*
1	Imphal Municipal Corporation	2,99,043	149.52	86	63.52 (42)
2	Lamlai MC	5,010	1.75	1.5	0.25 (14)

[21] Projected from 2011 census data.

Sl. No.	Name of sampled ULB	Projected Population[21] in 2018	Estimated waste generated during 2017-18 @ 0.5 kg per person per day for IMC and 0.35 kg for other MCs per person per day *(in TPD)* based on the survey report of NCPE Infrastructure India Private Limited for cluster "B"	Daily Collection of waste as per records of the ULBs during 2017-18 *(in TPD)*	Estimated shortfall in collection *in TPD* *(in per cent)*
3	Thoubal MC	51,277	17.94	6	11.94 (67)
4	Yairipok MC	10,717	3.75	1.5	2.25 (60)
5	Lilong (Thoubal) MC	29,531	10.33	1.5	8.83 (85)
6	Mayang Imphal MC	27,657	9.67	2.5	7.17 (74)
7	Kumbi MC	10,453	3.65	0.75	2.90 (79)
8	Kwakta MC	9,814	3.43	1.5	1.93 (56)
9	Ningthoukhong MC	14,530	5.08	3.24	1.84 (36)
10	Bishnupur MC	14,053	4.91	4	0.91 (19)
11	Jiribam MC	7,937	2.77	3	Nil

Source: Records of Department and population projection by Audit.

The quantity of solid waste collected in the 11 sampled ULBs was in the range of 0.75 to 86 TPD. Audit found that in one ULB, the total collection of waste could be achieved. In the remaining 10 ULBs, the shortfall ranged from 14 *per cent* to 85 *per cent* posing risks to the public health and environment, which indicated that the authorities were not taking collection of waste and its proper disposal seriously.

Audit noticed that due to the shortfall in collection, waste was allowed to be dumped at different places *viz.,* roadsides, market places, near hospitals and medical facilities as is evident from the following photographs, which is a matter of serious concern.

Photograph No. 1.2.2 Photographs showing uncollected waste at Hatta and JNIMS in IMC

Uncollected waste at Hatta (IMC) (07 July2018)

Uncollected waste at JNIMS Hospital (IMC) (20 June 2018)

The Department attributed (December 2018) the reasons for the shortfall in collection of waste to inadequate manpower and weak financial position of the ULBs. The reply was not acceptable as it was the duty of ULBs to take appropriate action in this regard and that they were failing in doing the needful.

The fact remains that the 10 sampled ULBs[22] could not collect the entire quantity of waste generated in their jurisdiction during 2017-18 posing risks of health hazards for the residents at large.

Recommendation (4): All ULBs should ensure door-to-door collection of waste on daily basis as this would not only encourage public participation in management of solid waste but also avoid indiscriminate disposal of waste by the public.

Segregation of waste

1.2.9.4 Segregation of waste

Segregation of waste at source ensures that waste is less contaminated and can be collected and transported for further processing. It is a critical requirement for sustainable SWM system. Segregation enables recycling, reuse, treatment and scientific disposal of the different components of the waste. As per SWM Rules, 2016, each ULB is required to arrange for door-to-door collection of segregated solid waste from all waste generators. As per the Municipal SWM Manual (Para 2.2.1.2.1), the dry waste, wet waste and domestic hazardous waste should be stored in separate garbage bins at the household source level.

The implementation Schedule II in the MSW Rules 2000 also laid down activities to be carried out by the Municipal authorities to ensure that segregation of solid waste takes place. Audit examination in this regard revealed the following:

(a) Organisation of awareness programme for segregation of waste

Awareness programme is an effective mobilisation tool for waste segregation. Such mass awareness programmes at school level, residential level, at market and commercial areas are inevitable activities of the ULBs in order to spread awareness and ensure segregation of waste at household source level.

Audit noticed that seven[23] out of the 11 sampled ULBs had not organised any such awareness programme on waste segregation during 2013-18.

While admitting the audit observation, the Department stated (December 2018) that in future, the Department would stress on organising awareness campaigns for segregation of waste.

(b) Meetings with the representatives of local resident welfare associations and NGOs

The ULBs need to hold regular meetings at quarterly intervals with the representatives of local resident welfare associations and NGOs to ensure community participation in the waste segregation.

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[22] There was no shortfall in Jiribam MC.

[23] (i) Bishnupur (ii) Kwakta (iii) Kumbi (iv) Lamlai (v) LilongThoubal (vi) Ningthoukhong and (vii) Yairipok.

Audit found that, four[24] out of the 11 sampled ULBs did not conduct any such meetings with the representatives of the local resident welfare associations and NGOs during 2013-18.

(c) Non-segregation of waste at the household level and market areas

Segregation of waste at the household level is the primary requirement in order to ensure that solid waste does not get mixed with other waste streams like domestic hazardous waste. It would make the management process easier by facilitating the various categories of waste going to the correct place for recycling, decomposing and disposal.

Audit noticed that none of the households in the 11 sampled ULBs practiced segregation of waste at the household level which resulted in mixing up of different kinds of wastes together for disposal.

Audit also noticed that six sampled ULBs had provided twin bins (green for bio-degradable and blue for non-bio degradable) in market areas for collecting segregated waste at source. Instead, all kinds of waste irrespective of bio-degradable or non-bio degradable material were disposed of by the people without segregating the same at source as is evident from the following photographs. It shows that there was lack of awareness among general public about segregating waste material and its proper disposal.

Photograph No. 1.2.3 Photographs showing scattering of waste at Thangal Bazar (IMC) and Bishnupur MC

Unsegregated twin bins at Thangal Bazar (IMC) (07 July 2018)

Unsegregated twin bins at Bazaar Area (Bishnupur MC) (30 July 2018)

While admitting the audit observation, the Department stated (December 2018) that the practice of source segregation was yet to be put in place in the State. However, such issues would be addressed in the draft State Policy on Solid Waste, 2018, which was being prepared.

Recommendation (5): Segregation of waste should be given greater priority through public awareness campaign and by holding regular meetings with Self Help Groups, NGOs, local clubs etc.

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[24] (i) Lamlai MC (ii) LilongThoubal MC (iii) Mayang Imphal MC and (iv) Yairipok MC.

Storage

1.2.9.5 Storage

ULBs are responsible for establishing and maintaining storage facilities and to take up measures for avoiding unhygienic and insanitary conditions around such facilities. Implementation Schedule II of the Municipal Solid Waste Rules, 2000 prescribed activities to be taken up by the Municipality in order to ensure proper storage of solid waste. The audit findings regarding storage of solid waste in 11 sampled ULBs are discussed in the following paragraphs.

(a) Storage facilities not established based upon the quantities of waste generated

ULBs are required to create and establish storage facilities taking into account the population densities and the quantities of waste generation in a given area.

Audit noticed that three[25] out of the 11 sampled ULBs did not establish storage facilities for waste material in their wards. In Yairipok MC, there were nine wards out of which there were only four dust bins in three wards for storage of waste. There was also no system of door-to-door collection of waste in the said three municipalities.

Audit also noticed that there was no record to show that the capacities of the storage facilities for waste material placed in the commercial areas of the 11 sampled ULBs had been created based on the quantities of waste generated in the area.

(b) Unhygienic Storage facilities

Storage facilities are required to be set up by the Municipal authorities and should be designed so that the stored waste material are not exposed to open atmosphere and are aesthetically acceptable and user friendly. As per Schedule II (3) of the Municipal Solid Waste Rules, 2000, municipal authorities shall establish and maintain storage facilities in such a manner so that the same do not create unhygienic conditions around.

There was no record for the assessment of requirement of storage by the ULBs. Audit noticed that in all the 11 sampled ULBs, storage facilities created, were not covered and were exposed to open atmosphere as shown in the photographs given below.

[25] (i) Kumbi MC (ii) Kwakta MC and (iii) Lilong Thoubal.

Photograph No. 1.2.4 Photographs showing uncovered waste storage facilities at Yairipok MC and Bishnupur MC

Overflowing and scattered storage at Yairipok MC (04 August 2018)

Uncovered storage facilities at Bishnupur MC (30 July 2018)

While accepting the audit observation, the Department attributed (December 2018) non-establishment of storage facilities and piling up of waste to shortage of manpower and financial constraints. The Department also stated (December 2018) that they were in the process of introducing mobile compactors for compaction of solid waste and transportation to the plant site. The reply was not tenable as the ULBs were not performing their basic duties in this regard.

(c) Non-implementation of three bin system

Municipal Authority is responsible for ensuring storage of waste material in three bin system as per Schedule II (3) of Municipal Solid Waste Rules, 2000 and Rule 15(h) of SWM Rules, 2016. Separate bins for storage of biodegradable waste are painted green, those for storage of recyclable waste are painted white and those for storage of other waste are painted black for the clear distinction.

It was observed that all the sampled ULBs adopted a different bin system, comprising two bins system only *(Green bins for Wet waste and Blue bins for Dry waste)*. This practice could lead to mixing of hazardous waste with other waste, causing possible adverse environmental impact.

While accepting the audit observation, the Department stated (December 2018) that bin for deposition of hazardous waste would be placed in a common centre in future.

(d) Storage facilities set up by municipal authorities not attended to regularly

Storage facilities set up by the municipal authorities were to be attended regularly for clearing of waste in order to avoid odour and environmental pollution.

Audit noticed that storage facilities in four[26] of the sampled 11 ULBs were not regularly cleared of waste, as was evident from the following photographs.

[26] Lilong (Thoubal) MC, Yairipok MC, Bishnupur MC and Thoubal MC.

Photograph No. 1.2.5 Photographs showing unattended waste at Yairipok MC and Lilong (Thoubal) MC

Unattended waste at Yairipok MC (04 August 2018)

Unattended waste at Lilong (Thoubal) MC (30 July 2018)

Audit also noticed that one concrete dust bin at Keram (Ward No. 5) of the Yairipok Municipal Council was stated (September 2018) to be demolished by the public as the waste deposited in the dust bin was not regularly being cleared by the municipality and the uncollected decomposed waste was creating unhygienic condition and unbearable odour in the nearby locality.

On this being pointed out, the Department stated (December 2018) that the matter would be examined and appropriate action would be taken. However, report on action taken was awaited (January 2019). There is a need to take appropriate action in the matter.

1.2.9.6 Absence of storage for domestic hazardous waste

As per SWM Rules, 2016, the ULBs are mandated to ensure safe storage and transportation of the domestic hazardous waste such as discarded paint drums, pesticide cans, CFL bulbs, tube lights, expired medicines, and used needles and syringes to the hazardous waste disposal facility or as may be directed by the State Pollution Control Board.

In all the 11 sampled ULBs, there was no facility created for disposal of the domestic hazardous waste and as a result, it was apparent that household hazardous wastes were being mixed with other waste streams. There was also no record of any direction from MPCB to the ULBs for creation of facilities for disposal of domestic hazardous waste.

The MPCB stated (December 2018) that they had issued directive to the ULBs. However, documents in support of their claim of action taken were not furnished (May 2019) to Audit. Government, therefore, may take appropriate action in the matter.

1.2.9.7 Non-existence of material recovery facilities

The National Action Plan for Municipal SWM envisaged that every State needs to promote setting up of material recovery facility to segregate and recover valuable matters from household waste. Public should be encouraged to transport such material to the facilities. Rule 15 (h) of SWM Rules, 2016 also requires ULBs to set up material recovery facilities to enable recovery of valuable matters from household waste for their reuse and to recycle to save resources and to minimize the amount of waste disposed in landfills.

Audit scrutiny revealed that there was no material recovery facility existing in all the 11 sampled ULBs as of August 2018. Absence of material recovery facility would hamper the objective of waste reduction and reuse of waste.

The Department admitted the audit observation and stated (December 2018) that a rudimentary form of material recovery was done informally by the rag pickers. The reply was not acceptable as collection of waste by rag pickers was not akin to that of material recovery facilities. Thus, efforts were needed for creation of material recovery facility by the MCs individually or by adopting cluster practice, as feasible.

Transportation of waste

1.2.9.8 Transportation vehicles carrying solid waste not covered from top

The implementation Schedule II of Municipal Solid Waste Rules, 2000 specified activities to be carried out by the ULBs to ensure that transportation of solid waste for processing and disposal takes place in such a manner that the waste is neither visible to the public nor exposed to the environment.

Audit noticed that five[27] out of the 11 sampled ULBs were not using covered vehicles. The wastes were being transported in uncovered vehicles thereby not only exposing waste to the environment but also bearing the risk of spilling of waste material during transportation.

While accepting the audit observation, the Department stated (December 2018) that instructions would be issued to all the ULBs for covering the vehicles transporting garbage.

1.2.9.9 Non-implementation of ICT based solution

As per the Ministry of Urban Development's instructions (May 2016), ULBs need to ensure "Information and Communications Technology (ICT)" based solution for tracking of municipal vehicles engaged in collection and disposal of solid waste for increasing efficiency of the operations and saving of time and fuel costs. During 2013-18, the 11 sampled ULBs engaged 40 vehicles for the collection and disposal of solid waste. However, none of the vehicles had ICT based solution for tracking and monitoring of vehicles for efficient SWM.

On this being pointed out, the Department stated (December 2018) that GPS tracking system was already installed for IMC, but there was no monitoring of the system. The Department, however, assured that the ICT system would be in place in the IMC when smart city project becomes operational. The Department was silent about the status of use of ICT by other MCs and on the expected date of completion of smart city project.

Thus, the transportation system of solid waste failed to comply with the Ministry's instructions for use of ICT during the period of audit coverage.

[27] (i) Bishnupur MC, (ii) Kwakta MC, (iii) Lilong (Thoubal) MC, (iv) Kumbi MC and (v) Ningthoukhong MC.

Processing and disposal of wastes

1.2.9.10 Processing of waste

The implementation schedule (Schedule II) in the MSW Rules 2000 and Rule 15 (v) of the SWM Rules, 2016 specified that the municipal authorities shall adopt suitable technology to minimize the burden on landfill.

Audit examined to see whether the 11 sampled municipalities carried out activities related to processing of waste. Audit observations are shown in the following table.

Table No. 1.2.5 Activities of processing solid waste

Sl. No.	Activities related to processing of waste to be undertaken by the municipality	Number of sampled MCs that did not comply with Activities
1	Biodegradable waste processed by composting, vermi-composting, anaerobic digestion or any other appropriate biological processing for stabilisation of waste	11
2	Use of incineration with or without energy recovery including palletisation for processing waste in specific cases	11
3	Waste processing or disposal facilities include composting, incineration, palletisation, energy recovery	10

Source: Records of the Department.

It is evident from the above details that waste processing facilities in the 11 sampled MCs were not sufficient with only one solid waste processing plant for Imphal city at Lamdeng. There were no waste processing facilities in the remaining 10 sampled ULBs. Further, the lone solid waste management plant was also restricted to the composting of solid waste as of March 2018. Thus, absence of processing facilities would lead to transportation of huge quantity of mixed solid waste to the landfill or open dumpsites.

While accepting the audit observation, the Department stated (December 2018) that such issues would be taken care of when cluster approach becomes operational.

1.2.9.11 Disposal of waste

Disposal is the final process in the management of solid waste. Safe disposal of post processed residual solid waste and inert street sweeping and silt from surface drains on land is essential in order to prevent contamination of ground water, surface water, ambient air and attraction of animals or birds.

The SWM Rules, 2016 mandate that only the non-usable, non-recyclable, non-biodegradable, non-combustible and non-reactive inert waste and pre-processing rejects and residues from the waste processing facilities shall be disposed at the sanitary landfills. Implementation Schedule II of the Municipal Solid Waste Rules, 2000 specified that the landfilling should be done only under unavoidable cirumstances or till installation of alternate facilities and that landfilling should be done by following norms given in Schedule III of the Rule *ibid*.

Audit noticed that only seven[28] of the 11 sampled ULBs had established open dumpsites. In IMC, the mixed solid waste was being transported and disposed of, at the open dump yards located at different locations without any processing or treatment till December 2016. Upon operationalisation of the SWM plant at Lamdeng in December 2016, waste had been transported to the plant for processing. IMC maintained 17 dumpsites[29](excluding Lamdeng Plant) during the period 2013-14 to 2017-18 for disposal of the solid waste generated within the jurisdiction of IMC.

It was observed in audit that landfilling was not restricted to the non-biodegradable inert waste in all of the 11 sampled ULBs. Mixed wastes were being dumped in the open dumpsites, roadsides and private lands. The activities for disposal of waste organised by the ULBs was in violation of the SWM Rules, 2016, as all the sampled ULBs were disposing mixed solid waste in the open dumpsites.

While admitting the audit observation, the Department stated (December 2018) that disposal of waste in open dump yard was practiced when the plant at Lamdeng was not in working condition. The Department also stated that when the phase II of the project becomes operational, this issue would be resolved.

Thus, the mixed waste being deposited in the open dumpsites, would result in formation of leachate and contamination of groundwater, foul odour and emission of methane gas causing nuisance to the environment due to the decomposition of biodegradable waste. Thus, this practice which could pose health hazards needs to be stopped forthwith by the MCs.

Recommendation (6): Disposal of garbage in open dumpsites, roadsides, etc., should be stopped immediately and processing of waste scientifically should be ensured at the earliest by the MCs.

1.2.9.12 Improper maintenance of dump yards

As per Schedule II (6) of the MSW Rules, 2000 and Rules 15 (zi) of the SWM Rules, 2016, landfilling should be restricted only to the non-usable, non-recyclable, non-biodegradable, non-combustible and non-reactive inert waste and pre-processing rejects and residues from the waste processing facilities. Rule 15 (zh) of the SWM Rules also envisaged that the municipal authorities should stop landfilling or dumping of mixed waste soon after the setting up and operationalisation of sanitary landfills.

Construction of the waste processing facility at Lamdeng was completed in November 2014 and trial period for three months was over in February 2015. Afterwards, the overall handling and operationalisation of the facility was entrusted to the Planning and Development Authority. Further, the possession of the facilities for operation, maintenance and upgradation of the Plant was handed over to a private party *viz*., IEC TSL Private Limited, in December 2016 in PPP mode by executing a tripartite concession agreement between the

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[28] (i) IMC, (ii) Jiribam MC, (iii) Thoubal MC, (iv) Bishnupur MC, (v) Kumbi MC, (vi) Ningthoukhong MC and (vii) Mayang Imphal MC.

[29] 12 dumpsites before operation of the Plant and five dumpsites even after the operation of the Plant.

Department of MAHUD, Department of Power, Government of Manipur and IEC TSL Private Limited.

Joint physical verification of the dumpsites within the jurisdiction of IMC revealed that dumping of mixed waste in open dumpsites without processing was still in practice despite the establishment of processing plant, thereby violating the provisions of the rules *ibid*. The very objective of establishment of waste processing facility was being compromised.

Further, Schedule III of MSW Rules, 2000 and Schedule I of SWM Rules, 2016 provides that landfill shall be fenced or hedged with proper gate to monitor the incoming vehicles or other mode of transportation. The site should be well protected to prevent entry of unauthorised persons and stray animals and it should be located away from the highways, habitations, wetland, *etc.*

Audit noticed that the IMC maintained dumpsites in the wetland and near the water bodies, human habitations, State and National highways, *etc.* There was no arrangement to prevent trespassing of unauthorised persons and stray animals in and around the disposal sites as would be evident from the following photographs.

Photograph No. 1.2.6 Photographs showing stray animals trespassing at dumpsite due to lack of fencing at Khabeisoi (IMC)

Stray animals at dumpsite due to lack of fencing at Khabeisoi (IMC) (10 July 2018)

It was observed that the fencings were not provided and cattle were wandering in and around the dumpsites. In none of the cases of dumpsites, the authorisation of the MPCB was obtained by IMC.

In six Municipal Councils[30], mixed solid waste collected had been dumped in the identified dumping sites. The dumpsites, except in case of Bishnupur MC, were neither fenced/hedged nor provided with proper gate to monitor the incoming vehicles of transportation. The dumpsites were not well protected to prevent trespassing of unauthorised persons and stray animals as is evident from the following photographs.

[30] (i) Thoubal MC, (ii) Mayang Imphal MC, (iii) Jiribam MC, (iv) Kumbi MC, (v) Ningthoukhong MC and (vi) Bishnupur MC.

Photograph No. 1.2.7 Photographs showing scattering of waste at dumpsite due to lack of fencing at Thoubal MC

Scattering of waste due to lack of fencing at Thoubal Khunou, Thoubal MC
(11 July 2018)

Thus, these open dumpsites were not maintained as prescribed, thereby posing potential threat for stray animals and deterioration of the ambient air and water quality.

While admitting the audit observation, the Department stated (December 2018) that in future, open dump yard would be closed in a scientific manner.

1.2.9.13 Non-availability of land for solid waste management

Landfilling is the unavoidable component of the waste disposal process for municipal SWM. As per SWM Rules, 2016, landfill site shall be large enough to last for at least 20 to 25 years.

Audit noticed that four[31] out of the 11 sampled ULBs had no land of their own for solid waste disposal or did not establish landfilling sites. Resultantly, the waste was being disposed of at various places as described below:

- Kwakta MC resorted to disposal of solid waste on the roadside of a National Highway just behind the Sericulture Training Centre of the State Government, due to non-availability of land of its own, at an unsuitable place in an unauthorised manner.

Photograph No. 1.2.8 Photograph showing disposal of solid waste on the roadside at Kwakta MC

Dumping of waste on the roadside (Kwakta MC)
(06 August 2018)

[31] (i) Kwakta MC, (ii) Yairipok MC, (iii) Lilong Thoubal MC and (iv) Lamlai MC.

- Lilong (Thoubal) MC was disposing waste on the roadside of the National Highway near Lilong Haoreibi College and the Mairenkhun School in an unauthorised manner as depicted below.

Photograph No. 1.2.9 Photographs showing disposal of solid waste on the roadside at Lilong (Thoubal) MC

Dumping of waste near Lilong Haoreibi College (Lilong (Thoubal) MC) (28 July 2018)

Dumping of waste near Mairenkhun school Maning (Lilong (Thoubal) MC) (30 July 2018)

- Lamlai MC was disposing solid waste in non-patta State land.

Indiscriminate disposal of waste by the MCs not only poses nuisance to the general public but also leads to health hazards to the residents in vicinity.

On being asked, the Department stated (December 2018) that this was due to non-availability of suitable land and financial constraints. The reply of the Department was not acceptable as there was no record of any proposal ever sent to the Government for allotment of land or provision of funds for acquisition of land. It is imperative for the Department to find suitable land for disposal of waste in a proper manner.

1.2.9.14 Operation of dumpsites without authorisation

(i) As per Municipal Solid Waste Rules, 2000, selection of landfill sites shall be based on examination of the environmental issues. The site should be away from the habitation clusters, forest areas, water bodies, wetlands, national parks, *etc.* Further, as per the Manipur Conservation of Paddy Land and Wetland Act, 2014, the holder of paddy land shall not undertake any activity for the reclamation of such paddy land without observing the provisions of the Act.

It was observed that the IMC was dumping mixed waste in low lying paddy fields owned by private individuals based on mutual understanding. The utilisation of the paddy field, without the permission of Revenue Authorities was illegal and this act was liable to defeat the efforts of the Government for the preservation of paddy land. This would not only result in shrinkage of paddy field in the State but also cause nuisance and health hazard to the nearby localities. The following photographs depict dumping of mixed waste in the paddy fields.

Photograph No. 1.2.10 Photographs showing dumping of mixed waste in the paddy field at Khabeisoi (IMC)

Mixed waste at Dumpsite at Khabeisoi (IMC) (10 July2018)

Paddy field near Dumpsite at Khabeisoi (IMC) (10 July2018)

(ii) As per Rule 16(a) of SWM Rules, 2016, the State Pollution Control Board shall enforce these rules in their State through Local Bodies in their respective jurisdiction and review implementation of these Rules. As per Rule 6 (2), (3), (4) of the Municipal Solid Waste Rules, 2000 and Rules 16 (b), (c), (d) and (e) of SWM Rules, 2016, the IMC shall apply for granting of authorization from MPCB for setting up waste processing and disposal facility including landfills. Further, the rules provide that the State Pollution Control Board should issue authorization in Form-III to the municipal authority or an operator of a facility within forty-five days stipulating compliance criteria and standards as specified in Schedules II, III and IV including such other conditions, as may be necessary. The authorization shall be valid for a given period and after the validity is over, a fresh authorization shall be required.

Audit noticed from the records of seven sampled MCs that during 2013-14 to 2017-18, there were 23 landfill sites excluding Lamdeng Plant (as shown in ***Appendix 1.6***). The MCs had not obtained any authorisation from the MPCB for operating the dumpsites. Though the MPCB was supposed to be aware of the existence of such sites as part of its mandate and enforcement duties to guard against such illegalities, MPCB stated (December 2018) that it was not aware of operation of landfill sites in and around the MCs in the absence of intimation from the MCs for operation of such landfills.

The MPCB stated (December 2018) that authorisation for operation of landfill/ dump yard by the three sampled ULBs was issued but it had expired in 2008. Thereafter, no application for renewal was received from the ULBs.

On this being pointed out, the Department stated that necessary permission would be obtained from the MPCB.

Thus, the landfill sites were being operated by the MCs without seeking the MPCB's authorisation as was required and that the MPCB cannot escape from its mandated duties.

Enforcement and Compliance to provisions of Acts and Rules

1.2.9.15 *Non-adoption of the Manipur Municipalities (Cleanliness and Sanitation) Bye-laws*

As per Rule 15(e) of SWM Rules, 2016, the Local Bodies are responsible for framing bye-laws incorporating the provisions of these rules within one year from the date of notification of these rules and ensure timely implementation. The State Government framed (December 2009) the Manipur Municipalities (Cleanliness and Sanitation) Bye-Laws, 2009 and published the same in the official gazette for the guidance of the Municipalities. Largely, the model bye-laws already had the provisions of the SWM Rules, 2016 as far as duties and responsibilities of the waste generators and municipalities are concerned. It also incorporated penalties for breach of the provisions of the bye-laws as schedule in the bye-laws.

Audit noticed that two[32] out of the 11 sampled ULBs had adopted the Manipur Municipalities (Sanitation and Cleanliness) Bye-laws as of March 2018 while the remaining nine municipalities had not taken similar action. Of the nine municipalities where there were no bye-laws, the Kumbi MC had submitted (January 2018) the bye-laws for seeking approval of the State Government but the State Government had not conveyed their approval till date (January 2019). Thus, in the absence of bye-laws duly approved by the State Government, the Local Bodies were not empowered to act against non-compliant waste generators and to penalize them for breach of the provisions of the bye-laws, though the Audit did not notice any action taken against violators even in the cases where such MCs which had adopted the said bye-laws.

The Department stated (December 2018) that necessary instructions would be issued to the ULBs to adopt the bye-laws at the earliest. However, the Department did not give any reply about the delay in approval of the bye-laws by the Government.

1.2.9.16 Non-prescription of user fee

As per rule 15 (f) of the SWM Rules, 2016, the ULBs are required to prescribe user fee as deemed appropriate from time to time and to collect the same from the waste generators on their own or through an authorized agency.

Audit noticed that three[33] out of 11 sampled ULBs had not prescribed and collected any user fees from the waste generators as of August 2018.

The Department stated (December 2018) that necessary instructions would be issued to the ULBs for the enforcement of user fee from the waste generators.

Human Resources Issues

1.2.9.17 In adequate manpower

For planning an efficient and advanced SWM system, it is essential to have an efficient institutional structure. An effective institutional setup capable of

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[32] (i) IMC (2012) and (ii) Lamlai MC (February 2018).

[33] (i) Yairipok MC (ii) Lilong (Thoubal) MC (iii) Kwakta MC.

designing, implementing and monitoring the SWM system needs to be established within the local authority. As per the Municipal SWM Manual, the ULBs should have a SWM Cell having technical and managerial staff specific to the jobs.

Audit, however, observed that SWM Cell was not established in any of the 11 sampled ULBs.

In view of the developments having taken place in solid waste management sector, the Supreme Court appointed (January 1998) an Expert Committee to look into all aspects of SWM. The Expert Committee recommended hiring of professionals for proper management of the SWM issues. The requirement of professionals in the 11 sampled ULBs, persons-in-position and shortfall are as shown in the following table.

Table No. 1.2.6 Details of professional manpower in 11 sampled ULBs

Sl. No.	Man-power	Required man-power (Persons-in-position)	Functions and duties	Remarks
A	**ULB population: 2.5 lakh to 5 lakh**			**Only IMC falls under this category based on its population.**
1	Assistant Executive Engineer (AEE)	1 (0)	Overall in charge of SWM Department	
2	Assistant Engineer (AE)	1 (1)	Transportation, processing and disposal of waste	
3	Junior Engineer (JE)	1 (1)	Not defined	
4	Sanitary Officer (SO)	2 (0)	Supervise storage, street sweeping and primary collection of waste	
5	Sanitary Inspector (SI)	5 (1)	Supervision of sweepers	
6	Sanitary Sub-inspector (SSI)	10 (0)	Supervision of sweepers	
7	Sanitary Supervisors (SS)	20 (0)	Overall in charge of SWM Department	
B	**ULB population less than one lakh**			**Remaining 10 sampled ULBs fall under this category**
1	Sanitary Inspector (SI) (1 per ULB)	10 (3)	Supervision of sweepers	Out of 10 sampled ULBs, only three ULBs *viz.*, Thoubal MC, Mayang Imphal MC and Ningthoukhong MC have one SI each.
2	Sanitary Sub-inspector (SSI) (1 per ULB)	10 (0)	Supervision of sweepers	None of the 10 sampled ULBs have SSI.
3	Sanitary Supervisors(SS) (1 per ULB)	10 (0)	Overall in charge of SWM Department	None of the 10 sampled ULBs have SS.
	Total	**70 (6)**		

Source: Departmental Records.

As seen from the above table, in all the 11 sampled ULBs, there was acute shortage of manpower which was required for an effective SWM system. The shortage in manpower was 64 (91 *per cent*) against the total requirement of 70 employees.

Further, as per SWM Manual, the ULBs should follow the State Government norms for staffing SWM department. The Government of Manipur created (November 2016) 226 posts of different categories for the ULBs and out of them, 24 posts were of Sanitary Inspectors for deployment in ULBs. In the 11 sampled ULBs, Audit noticed that Sanitary Inspectors for supervision of SWM was available only in four ULBs. Thus, the ULBs had neither followed the staffing norms as recommended by the Expert Committee nor the norms of the State Government. There was no dedicated manpower for SWM in seven sampled ULBs which would have an adverse impact on the handling, monitoring and supervision of the SWM system.

The Department stated (December 2018) that approval of Cabinet for recruitment of 195 posts had already been received. However, the recruitment had not been made, which needed urgent action by the Government.

1.2.9.18 Training and capacity building

As per the Municipal SWM Manual, training and capacity building activities should include senior officers, collection staff and transportation staff. Special training should be organized for unqualified staff and sanitation workers, ground level staff like sanitary supervisors, junior engineers, *etc.*, to enhance their capacities in SWM activities.

It was observed that there was no annual calendar of training prepared in IMC. In the absence of any training need analysis, only one Assistant Municipal Commissioner attended training on (i) mainstreaming waste pickers in SWM; (ii) methods for reducing collection of wet waste in municipalities; and (iii) neighborhood level solutions for waste to energy under the e-course portal of Swachh Bharat Mission. In the remaining 10 sampled MCs, there was no record for training of officers and staff of the ULBs available for the period 2013-18. There was also no training need analysis done in the ULBs.

On this being pointed out, the Department stated (December 2018) that 38 representatives of ULBs attended Swachh Survekshan 2018 for North East Region at Guwahati for two days during September 2017. Further, solid waste management in the MCs is within the purview of the ULBs. They could seek assistance from the Department for conducting the training. The reply of the Department confirmed that except training for Swachh Survekshan 2018 for two days, the officers and staff of the remaining 10 sampled ULBs did not attend any training on solid waste management during 2013-18.

Thus, the ULBs should consider providing regular training for SWM by undertaking training need analysis followed by robust planning for carrying out training activities as lack of trained manpower would affect the implementation of SWM effectively.

1.2.10 A Special Case Study

A case study of the Imphal Municipal Corporation with regard to solid waste management

1.2.10.1 Introduction

The Imphal Municipal Corporation is the only Class I city with a population of 2.68 lakh as per the 2011 Census. There are 27 wards under the IMC and it is the only Corporation and the largest ULB in the State. Solid waste management of the Imphal city in accordance with the Municipal Solid Waste (Management and Handling) Rules, 2000 which was amended in 2016 as SWM Rules is one of the obligatory functions of IMC. Basic information of the IMC is shown in the following table.

Table No. 1.2.7 Basic information of the IMC

Sl. No.	Basic information	
1	Number of households	57,764
2	Number of shops	8,200
3	Market vendors	2,446
4	Hotels	65
5	Restaurants	290
6	Colleges	6
7	Hospitals	12
8	Medical units/clinics	2
9	Cinema halls	5

Source: Records of the IMC.

1.2.10.2 Sources of solid waste

The major sources of solid waste in Imphal are shown in the following table.

Table No. 1.2.8 Details of sources of solid waste in Imphal

Sl.	Source of waste	Percentage of generation
1	Domestic	79.65
2	Construction	14.03
3	Agriculture	5.26
4	Bio-medical	<1.0
	Total	**100**

Source: DPR-Solid Waste Management Scheme for Imphal Town.

1.2.10.3 Composition and characteristics of waste

As per the DPR for SWM Scheme for Imphal Town, 60 *per cent* of the waste of the city is compostable and the remaining 40 *per cent* is non-compostable. Waste from construction activities constitute about 14 *per cent*.

1.2.10.4 Quantity of waste generation

The quantity of waste generation in Imphal in 2006 (projected based on 2001 census) with per capita contribution of 300 gram per person per day was estimated at 70.20 tonnes per day (TPD). Imphal is the main centre for selling and distribution of vegetables, chicken, fish and meat products in the State and hence, waste generation from these sources was also required to be considered.

The estimated waste generation of IMC was 95.86 TPD. The assessment was based on the primary data collection by IMC and independent estimation of waste generation by the National Buildings Construction Corporation Limited, for the year 2006.

1.2.10.5 Poor collection of Waste

In IMC, door to door collection of waste was initiated in 2007 by engaging four Non-Governmental Organisations (NGOs). As of March 2018, 10 NGOs were in operation covering all the 27 wards under the jurisdiction of IMC. However, the IMC had been taking care of collection of solid waste from shops and commercial establishments and street sweepings. The IMC executed agreements with the NGOs according to which the NGOs are responsible for collection of solid waste from all the 27 wards of IMC. Details of the NGOs, their area of operation and number of households covered by them as of March 2018 are shown in ***Appendix 1.7***.

There were no secondary waste storage facilities[34] in IMC. As per the information furnished by NGOs, Audit noticed that as of March 2018, the NGOs had covered 17,847 (31 *per cent*) out of 57,764 households. Thus, there were 39,917 households, yet to be covered by door to door collection of waste and this gap in coverage was also not assessed by the IMC. Such shortage in coverage of door to door collection of waste led to scattering of waste in the Imphal City area as is evident from the following photographs.

Photograph No. 1.2.11 Scattering of waste in Imphal City area

Scattered waste at New Checkon road (25 August 2018)

Scattered waste at New Checkon road (25 August 2018)

[34] "Secondary storage" means the temporary containment of solid waste after collection from the households for onward transportation to the processing or disposal facility (No.43 of SWM Rules 2016).

Scattered waste at Hatta
(07 July 2018)

Scattered waste at Nagamapal
(29 August 2018)

Further, as per the agreement, the NGOs were required to collect waste from the households on daily basis.

In reply to audit, the NGOs stated (May 2018) that they collected waste from the household only on weekly basis. Audit also noticed that there was no provision for the NGOs to submit any report to the IMC on the progress of waste collection, coverage of households, *etc.* Hence, there was no Management Information System (MIS) based on which the IMC could monitor the performance of NGOs on regular basis.

As per Rule 15(b) of the Solid Waste Management Rules 2016, ULBs shall arrange for door to door collection of waste from all households.

Audit conducted surveys of 67 out of 57,764 households in 27 wards within the jurisdiction of IMC out of which 42 households (62.69 *per cent*) stated that the collection of waste was done once a week while eight households stated that they had not registered for collection of waste by the NGOs. 39 households stated that there were gaps in collection of waste by the NGOs during which the households resorted to disposal at the roadsides, burning or burying of the waste, *etc.* The above facts indicated the poor collection of waste by the IMC.

While admitting the audit observation, the Department stated (December 2018) that measures would be taken up to enhance the collection of waste. In future, collection of waste would be done on daily basis and the provision for daily collection and punitive action, in case of failure, would be incorporated in the new agreement with the NGOs.

As discussed in the foregoing paragraph, daily collection of waste by the NGOs was already provided in the agreement with the NGOs, but the IMC did not monitor the performance of the NGOs. Thus, the fact remains that the IMC did not ensure compliance to the provision of the agreement by the NGOs.

1.2.10.6 Solid Waste Management Plant of Imphal city at Lamdeng

With the objective of implementation of a full-fledged municipal solid waste plant for Imphal city, the Government of Manipur had set up a SWM Plant for Imphal city in 2014 at a total cost of ₹ 41.75 crore at Lamdeng about 10 km from Imphal city with an area of about 88 acres. The project was funded by the Ministry of Urban Development, Government of India with a sharing pattern of 90:10. The Plant has a capacity to convert 100 MT of Municipal Solid waste to compost per eight hours working shift per day.

The plant was handed over (November 2016) to IEC-TSL Ingenious Energy LLP (selected by following the tender process) on Public Private Partnership mode to perform the following activities:

- operation and maintenance of the Plant for conversion of solid waste to compost; and
- upgradation of the plant within a period of 15 to 18 months from the first appointed date (November 2016).

The concession period for the processing facility was for 30 years extendable for a further period of 10 years. Some of the irregularities/deficiencies noticed in respect of the Plant are discussed in the following paragraphs.

1.2.10.7 Sanitary landfills not meeting the standards

As per SWM Rules, 2016, waste for landfilling shall be compacted in thin layers and the final cover shall have a soil layer. Till the time waste processing facilities for composting or recycling or energy recovery were set up, the wastes were to be sent to the sanitary landfill. The landfill was to be covered at the end of each working day with a minimum of 10 cm layer of soil.

The Audit team visited (August 2018) the Plant at Lamdeng to verify whether the specification envisaged in the SWM Rules, 2016 were being adhered to, by the operator of the facility. Audit, however, noticed that there were heaps of waste more than 10 feet in height in the sanitary landfill without compaction with soil layer.

Photograph No. 1.2.12 Heaps of waste more than 10 feet in height in the sanitary landfill without compaction with soil layer at Lamdeng Plant

Uncompacted garbage dump height above 10 feet

(20 June 2018)

The operator of the facility stated (September 2018) that compaction was carried out when the landfill was at the initial stages with little amount of waste. However, the same could not be continued as the heap height of the waste had increased. It was also stated that the landfill site was being used for temporary storage till the Phase 2 starts and the waste would be brought back for power generation. However, the plant operator did not adopt the prescribed standard of covering the solid waste with soil layer. This act of the operator could lead to generation of methane gas and cause fire hazard and spreading of odour in the nearby localities. Thus, this issue needs to be addressed on priority.

1.2.10.8 Non-installation of CCTV surveillance

As per the agreement, the operator should provide CCTV surveillance in the weighbridge to ensure proper and accurate weighing of the solid waste received at the plant. The weighbridge data should also be available online and accessible to MAHUD. However, no CCTV surveillance had been installed in the Plant nor the data had been made available online as of July 2018. There was also no system to monior proper weighing of solid waste by the MAHUD.

On this being pointed out, the Department stated (December 2018) that provision of CCTV surveillance would be taken care of when the smart city project becomes operational. However, the Department was silent on the expected date of completion of the smart city project.

The reply of the Department was not acceptable as non-installation of CCTV surveillance was in violation of provision of the agreement.

1.2.10.9 Non-provision of personal protection equipment

As per Rule 15(zd) of SWM Rules, 2016, the operator of the facility should provide personal protection equipment including uniform, fluorescent jacket, hand gloves, *etc.*, to the workforce.

Audit noticed that the workers at SWM Plant at Lamdeng were working without any personal protection equipment such as masks, gloves, boots, jackets, *etc.*, which could cause health hazard to the workforce as shown in the following photographs.

Photograph No. 1.2.13 Workers at Solid Waste Management Plant at Lamdeng working without any personal protection equipment

Workers without any masks, gloves, boots, jackets, etc. at Lamdeng Plant (20 June 2018 and 24 August 2018)

The Department stated (December 2018) that the workers were provided with personal protection equipment. However, they did not use the equipment as they were not comfortable using the equipment. The Department further, assured that strict monitoring would be ensured in future.

The reply of the Department confirmed that it did not ensure proper safeguard of the workers in the Plant, which could lead to health hazards to the workers. The Department should, therefore, ensure for using the protection equipment by the workforce in the plant.

1.2.10.10 Non-provision of temporary landfill facilities

As per SWM Rules, 2016, in case of breakdown or during maintenance of the plant, waste intake shall be stopped and arrangement be made for diversion of waste to the temporary processing site or temporary landfill sites. The waste so diverted in the temporary landfill sites will be again reprocessed when plant becomes operational.

Audit noticed that the Plant was in maintenance mode during March 2017 as a result of which there was no waste intake during the month. Arrangements to process the diverted waste material after the Plant came back to normal functioning capacity was also not on record.

The Department attributed above lapse to non-availability of suitable land for establishment of temporary landfill facilities. However, the Department was in the process of finding a second site which would be further watched in audit.

1.2.10.11 Absence of facilities in the Waste Processing Plant

Schedule I and II of the SWM Rules, 2016 specified certain facilities to be in place in the solid waste processing and treatment plant. Audit team visited the Plant at Lamdeng and inspected the facilities available alongwith the officials of the Processing Plant. During inspection, the following deficiencies were noticed in the plant.

- The internal road was neither concreted nor paved, and also not properly maintained due to which stretches of the road were wornout causing inconveniences to the movement of the loaded vehicles.
- There should be proper shed/ room for keeping pollution monitoring equipment in the plant site. However, neither such facility was available in the Plant nor any such equipment was installed in the plant to monitor pollution.
- Health inspection of the workers at landfill sites should be conducted on regular basis. No such system was in place.
- There should be facility for washing of the transportation vehicles of solid waste in the processing Plant. However, no such facility was found in the place.

The Department stated (December 2018) that pollution monitoring equipment in the plant site would be installed when smart city project was completed. For health inspection of workers and washing of transportation vehicles, the Department stated that instructions would be issued to the plant operator. However, a follow–up action in this regard was not reported to Audit (December 2018). As such, the Government needs to ensure necessary facilities are provided in the solid waste processing and treatment plants.

1.2.10.12 Delay in commencement of Phase 1(b) of the Project

As per the Concession agreement (August 2016), Phase 1(b) will start from the date, which shall not be later than 210 days from the First Appointed Date (28 November 2016) or six months from the date from which the Power Department provides power infrastructure. During this phase, power will be generated in addition to the compost. The plant became operational in December 2016 with a capacity of conversion of 100 tonnes per day (TPD) to compost. Considering 28 November 2016 as the First Appointed Date, Phase 1(b) of the project was due to commence by June 2017.

Audit noticed that as of August 2018, the Phase 1(b) was yet to be commenced by the plant operator. However, the Plant operator had just started installation of necessary infrastructure for the phase. The MAHUD continued to incur huge expenditure as payment of tipping fee[35] to the plant operator due to the non-commencement of the phase.

The Department stated (December 2018) that they were planning to implement the Phase 1(b) shortly.

Recommendation (7): Priority should be given for implementation of Phase 1(b) of the Solid Waste Management Plant of Imphal city at Lamdeng in order to reduce expenditure of the State Government towards payment of tipping fees to the Plant operator.

1.2.10.13 Compost quality not tested in line with the Fertilizer Control Order 2009 and 2013

As per Schedule II of the SWM Rules, 2016, for safe application of compost, the specifications for compost quality envisaged in Fertiliser Control Orders (FCO), 2009 and 2013 shall be met. The Plant got sample of compost tested by ICAR Research Complex for NER Region, Lamphelpat (March 2017) and the CSIR North East Institute of Science and Technology, Jorhat, Assam (July 2018). The ICAR conducted quality test of the compost on three parameters namely; Nitrogen (N), Phosphorous (P) and Potassium (K). The ICAR, thereafter, recommended testing for micronutrient and presence of heavy metal for application of the compost on crops. But the same was yet to be tested by the Plant operator.

The CSIR conducted test on chemical constituents like moisture, colour, odour, pH value, conductivity, bulk density, total organic carbon and particle size. The parameters as per the FCO and parameters tested are shown in ***Appendix 1.8***.

Audit observed that tests for heavy metal parameters as envisaged in the Fertilizer Control Orders 2009 and 2013 were not conducted. It was also observed that the Plant operator had been selling compost to the farmers in the State for application on various crops without verifying the specifications of the compost as per Fertilizer Control Orders 2009 and 2013.

On this being pointed out, the Department stated (December 2018) that they would examine the non-compliance to specifications of the Fertilizer Control Orders 2009 and 2013, the outcome of which was awaited.

[35] Fee payable by the MAHUD to the Plant operator for disposal of waste at the Plant site.

1.2.11 Monitoring

1.2.11.1 Non-submission of Annual Reports by ULBs to the authority concerned

As per the Municipal Solid Waste Rules, 2000, each ULB has to furnish an Annual Report on SWM services in Form II (Form IV as per SWM Rules, 2016) to the District Collector/State Pollution Control Board on or before 30 June every year (30 April as per Rule 2016). The annual report would contain basic information on SWM by the local bodies such as (i) quantity of solid waste (ii) estimated quantity of solid waste generated in the local body per day (iii) quantity collected per day (iv) quantity disposed at dumpsite/landfill (v) status of waste management services, *etc.* As per Rule 5(2) of the Rules, 2000 the District Collectors have the responsibility for enforcement of the Rules within their jurisdiction.

Audit observed that none of the 11 sampled ULBs submitted Annual Reports to the Deputy Commissioners concerned. Also, the Deputy Commissioners concerned had not instructed ULBs for compliance to the rules to ensure that the facilities provided in ULBs for waste disposal were as per the standards prescribed in the Rules. Thus, the authorities concerned had not monitored whether the ULBs had complied to the SWM rules during the years 2013-18.

While admitting the audit observation, the Department stated (December 2018) that necessary directives would be issued to the ULBs for submission of periodical reports to the Deputy Commissioners. The MPCB also stated that they would regularly pursue the reports from the ULBs. The MPCB reply was evasive as it failed to perform its role in getting reports from ULBs for proceeding further in the matter. Thus, the supervisory authorities such as DC, MPCB and apex bodies also failed to ensure monitoring over the working of ULBs in this regard. Thus, supervisory bodies need to play proactive role in ensuring compliance to the provisions of rules and acts.

1.2.11.2 Non-submission of annual reports by the State Pollution Control Board to the Central Pollution Control Board

Rule 8 of the MSW Rules, 2000 mandated the State Pollution Control Board (SPCB) to submit to the Central Pollution Control Board (CPCB) an annual report with regard to the implementation of these rules by the 15 September every year. Based on the information received from SPCB, the CPCB shall prepare the consolidated annual review report on SWM and forward it to the Central Government along with its recommendations before the 15 December every year.

Audit noticed that during 2013-18, the MPCB had submitted only one annual report for the year 2014-15 in February 2016 after a delay of five months. No annual reports were submitted by the MPCB to the CPCB for the years 2013-14, 2015-16, 2016-17 and 2017-18. In the absence of the annual reports, the CPCB had no information about the SWM activities in the State.

While admitting the audit observation, the MPCB stated (December 2018) that they could not submit reports to CPCB in the absence of reports from ULBs.

However, the matter would be pursued to arrest the situation, which indicated that the MPCB did not perform its role as expected from it.

1.2.11.3 Non-conduct of review on the implementation of the rules

Rule 12 (b) of the SWM Rules, 2016 requires the District Magistrate to review the performance of local bodies at least once in a quarter on waste segregation, processing, treatment and disposal and take corrective action in consultation with the Commissioner and Director, MAHUD. Rule 16 (a) also provides the SPCB to enforce the rules and to review their implementation at least twice a year in close coordination with MAHUD. In addition to the above, as per Rule 23(2), the State Level Advisory Body should also review the implementation of the Rules once in six months.

As a result of scrutiny of record, Audit observed as under:

- District Magistrates of the sampled ULBs and the MPCB had not performed any such review as was required.
- There was no record provided to Audit regarding communication between the District Magistrates, MPCB and MAHUD with regard to implementation of the above rules in the ULBs.

The MPCB stated (December 2018) that they had conducted the periodical review. However, copies of the report on review conducted by the MPCB were not furnished to Audit, though it was assured in the Exit Conference.

In the absence of any such report, Audit could not ascertain the conduct of review of the performance of Local Bodies by the MPCB. Also, no record for issue of any instructions by the MPCB was found in the sampled 11 ULBs. Thus, in the circumstances, there was a need for the MPCB to perform its role in a proactive manner.

1.2.11.4 Non-monitoring of environmental standards and adherence to conditions for waste processing and disposal sites

Rule 16 of SWM Rules, 2016 laid down that MPCB should monitor the environmental standards and adherence to the conditions as specified in the Rules for waste processing and disposal sites. Schedules I and II of the Rules provide specifications for sanitary landfills and standards of processing and treatment of solid waste.

The Plant at Lamdeng became operational since December 2016. As of June 2018, the Plant had received 36,450 MTs of solid waste, out of which 898 MTs were processed as compost and the rest *i.e.* 35,552 MTs were brought to the landfill. The MPCB *inter alia* was required to monitor ambient air quality at landfill site and at the vicinity on regular basis.

It was, however, observed that the MPCB was capable of monitoring only suspended particulate matter but was not equipped to monitor the gaseous pollutant (August 2018). The MPCB conducted monitoring of suspended particulate in the vicinity of the landfill site during June 2018. Thus, the MPCB had not fully monitored even the ambient air quality in and around the landfill sites as was required under the Rules.

The Board was also required to monitor the compliance with the standards and treatment technology as and when deemed appropriate but not less than once in a year. Audit observed that the MPCB had not conducted any monitoring in order to check whether the Plant had fulfilled the standards and treatment technology as approved, as of March 2018.

On this being pointed out by Audit, the MPCB stated (December 2018) that they had conducted field visit to the Plant site. However, there was no record of conduct of any field visit made available by the MPCB and therefore, the outcome of MPCB's visit remained unascertained in audit.

Recommendation (8): Regular monitoring of the ULBs by the Manipur Pollution Control Board should be ensured for adherence to the prescribed environmental standards and conditions for waste processing and disposal sites as per Rules by the ULBs.

1.2.11.5 Non-maintenance of records

As per Rule 4(4) of the Municipal Solid Waste Rules, 2000 and Rule 24 (2) of SWM Rules, 2016, ULBs were required to maintain basic information relevant to SWM. Audit noticed that all the sampled ULBs did not have the following basic information:

- Estimated quantity of solid waste generated in their respective areas.
- Number/percentage of households and non-residential premises practicing storage of waste at source in domestic bins and in commercial /institutional bins respectively.
- Number/percentage of households and non-residential premises disposing solid waste on the streets.
- Length of roads, streets, lanes, bye-lanes in the ULB that needed to be cleaned.
- Assessment of requirement of storage bins vis-a-vis respective population of ULBs.
- Total capacity of bins placed and total storage capacity of the waste storage depots.
- Quantity of waste land-filled each day.

While accepting the audit observation, the Department assured (December 2018) that special attention would be given for maintenance of records as per rules.

Further, Rule 24 (3) of SWM Rules, 2016 stipulates that each MPCB or Pollution Control Committee as the case may be, shall prepare and submit the consolidated annual report to the CPCB and the Ministry of Urban Development on the implementation of these rules and on the action taken against non-compliant local bodies by the 31 July of each year in Form-V.

Similarly, as in the case of ULBs, there were also no records maintained by the MPCB on the matters which required reporting in the Annual Reports during 2015-16 to 2017-18. The details of matters for which no records were maintained are shown in the following table:

Table No. 1.2.9 Non-maintenance of records by MPCB

Sl. No.	Matters regarding which records were not maintained by MPCB
1	A Summary Statement on progress made by local bodies in respect of solid waste management
2	A Summary Statement on progress made by local bodies in respect of waste collection, segregation, transportation and disposal
3	A summary statement on progress made by local bodies in respect of implementation of Schedule II (standards of processing and treatment of solid waste)
4	Solid waste generation in the state (TPD), data on solid waste collected, treated and land filled
5	Compliance to Schedule I of SW Rules regarding Good practices in cities/towns, House-to-house collection, Segregation, Storage, Covered transportation, *etc.*
6	Category-wise Solid Waste processing facilities setup
7	Category-wise Processing facility operational
8	Category-wise Processing facility under installation/planned
9	Data on disposal of solid waste in respect of landfill sites identified, constructed, under-construction, in operation, exhausted, capped, *etc.*
10	Data on Solid Waste Dumpsites regarding number of existing dumpsites, dumpsites reclaimed/capped, dumpsites converted into sanitary landfills
11	Data on monitoring at Waste processing/Landfills sites regarding facility-wise quality of ambient air, ground-water, leachate, compost, Volatile Organic Compounds (VOCs)

Source: Departmental Records.

Non-maintenance of records regarding solid waste management would not only hamper the effectiveness in implementing solid waste management activities by the ULBs but also hamper effective monitoring by the MPCB. This indicated lack of initiative both at the level of implementation by the ULBs and monitoring by the MPCB.

1.2.12 Conclusion

There was lack of planning for management of solid waste in the sampled ULBs except those included in the Cluster based waste management. Planning was also inadequate and ineffective in respect of those ULBs in Cluster as it did not represent seasonal variations. The ULBs did not prepare separate budgets for meeting the expenditure of solid waste management and also did not prepare plans which limited the effective execution of waste management activities. Moreover, there was no reliable information about the quantum and composition of waste generated in their respective jurisdiction in six out of 11 sampled ULBs. There was huge gap between the quantum of waste generated and disposed. The majority of the waste was disposed of as mixed waste without processing as per existing norm, thereby creating threat to the environment and health of the public.

There were instances of burning of waste disposed at the disposal sites owned by the municipalities. There were no facilities in any of the 11 sampled ULBs for disposal of domestic hazardous waste which resulted in mixing up of such hazardous waste with other wastes. The landfills maintained in the sampled ULBs had not adhered to the conditions specified in the Solid Waste Management Rules, 2016. The ULBs were not submitting annual reports containing basic information on progress of solid waste management to their respective Deputy Commissioners, MAHUD and MPCB. The MPCB, as was required, did not conduct monitoring of environmental standards and adherence to conditions for waste processing and disposal sites which resulted in non-assessment of environmental impact of the Plant. The Plant operator did not conduct quality testing of compost in line with the specification of Fertilizer Control Orders 2009 and 2013. Thus, based on the audit findings from 11 ULBs sampled out of 27 ULBs, it could be concluded that the objectives of implementation of SWM was not fully achieved in the State.

COMPLIANCE AUDIT

RURAL DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

1.3 Undue benefit

Erroneous adoption of rates in preparation of estimates resulted into a liability of extra expenditure of ₹ 91.21 lakh as undue benefit to Construction Committees, of which ₹ 53.92 lakh had been paid.

Multi-sectoral Development Programme (MsDP) is an area development initiative/programme of the Government of India to address development deficits in the minority concentration areas by creating socio-economic infrastructures and providing basic amenities. As per Para 5.3 of MsDP guidelines, the estimates/Detailed Project Report (DPR) are required to be prepared based on the latest Schedule of Rates in the State.

Further, as per para 14.1 of Manipur Public Works Manual, 2014, tenders should be invited for all works costing more than ₹ 50,000 and as per Rule 21 of the General Financial Rules (GFR), 2005, every officer incurring or authorising expenditure from public funds should be guided by high standards of financial propriety and strict economy.

Scrutiny of records (July 2017) of the District Rural Development Authority (DRDA), Thoubal revealed that preliminary estimates of three buildings[36] costing ₹ 12.43 crore were prepared (November 2015) based on the Plinth Area rates of the Manipur Schedule of Rates (MSR) 2012. The Empowered Committee for MsDP approved (December 2015) an amount of ₹ 10.26 crore[37] and accordingly, the State Government accorded (February 2016) Administrative approval of the amount. Technical approval for the work was accorded in April 2016.

In a District Level Meeting (February 2016) held under the chairmanship of Executive Director, DRDA, Thoubal, it was decided to constitute *Construction Committees* with the Local MLA as Chairman and one nominated representative of the locality as Member Secretary. The construction work was handed over to the *Construction Committees* and undertaken through the Member Secretary. As such, no tender was called in violation of the Manual *ibid*.

DRDA, Thoubal prepared (April 2016) the Detailed Project Reports (DPR) by adding 20 *per cent* to the rates of MSR 2013, apparently to factor-in the cost of escalation between the intervening period *i.e.,* MSR 2013 rates and rates prevalent in April 2016. Audit, however, observed that addition of 20 *per cent* as cost escalation was done arbitrarily without any basis. As on July 2017, an amount of ₹ 4.47 crore was paid to the Member Secretaries of the *Construction Committee*s as advance in three instalments[38].

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[36] (i) Community Health Centre (CHC), Haoreibi; (ii) CHC Sugnu and (iii) Primary Health Centre, Pallel.

[37] After deduction of VAT, Agency Charges and Contingency charge.

[38] 27 February 2016, 20 April 2016 and 11 August 2016.

Audit, however, observed that when DPR was prepared in April 2016, MSR 2015 was in vogue as it was published on 15 December 2015. Factually, MSR 2015 was published before the sanction (23 December 2015) of the amount by the Central Government and four months before the DPR was prepared (15 April 2016). Thus, according to the MsDP Guidelines *ibid*, DPR should have been based on MSR 2015 instead of MSR 2013 rates plus 20 *per cent* thereon, as was done.

A comparative analysis of the approved estimates (*MSR 2013 plus 20 per cent*) and MSR 2015 rates revealed that the cost was higher by ₹ 91.21 lakh in the former case. As of July 2017, work was done for an amount of ₹ 4.05 crore[39], of which excess expenditure due to adoption of higher rates was ₹ 53.92 lakh. The liability of excess payment and excess payment made as on July 2017 is shown in the table below.

Table No. 1.3.1 Details showing liability of excess payment and excess payment made

(₹in lakh)

Particulars	CHC Haoreibi	CHC Sugnu	PHC Pallel	Excess Liability/ Excess payment
(1)	*(2)*	*(3)*	*(4)*	*(5) (2 + 3 +4)*
Liability of excess payment, *out of which*	27.90	33.39	29.92	91.21
Excess payment made	18.93	21.05	13.94	53.92

Source: Departmental Records.

*(Detailed calculation is shown in **Appendix 1.9** and in **Appendix 1.10**)*

On the above being pointed out, the DRDA, Thoubal stated (December 2018) that the Estimates based on MSR 2013 was approved by the State Government and Empowered Committee of the Ministry of Minorities before the publication of the then latest MSR of 2015. The reply furnished by the DRDA was not factually correct as MSR 2015 was published on 15 December 2015 even before sanction of the amount by the Central Government (23 December 2015) and four months before the DPR was prepared (April 2016). Thus, the Department has not followed the guidelines of MsDP while preparing the estimates.

In terms of the Para 5.3 of MsDP guidelines, the MSR 2015 which was the latest one should have been adopted instead of relying on rates as per MSR 2013 *plus* 20 *per cent* to prepare the estimates of the works in arbitrary manner. The DRDA also failed to issue tender for the works for a competitive bidding and instead awarded the work to Construction Committees and thus, failed to perform duties in compliance to high standards of financial propriety and strict economy as was required as per GFR.

Thus, adoption of erroneous MSR rate in preparation of estimates by the DRDA and awarding the work without going for tendering process resulted in creation of a liability of extra expenditure of ₹ 91.21 lakh, of which ₹ 53.92 lakh was already paid as undue benefit to the Construction Committees which calls for fixing of responsibility of erring officials.

[39] Against advance payment of ₹ 4.47 crore, as on May 2019, the works in respect of CHC, Sugnu was reported as completed and physical progress of other works were at 90 *per cent.* However, details of each items of work was not furnished. Therefore, the money value of the para was based on the information made available as on date of audit *i.e*, July 2017.

1.4 Mis-utilisation of funds

Scheme funds amounting to ₹ 63 lakh was irregularly diverted towards payment of salary and wages, leading to mis-utilization of funds.

As per Rule 26 (ii) of General Financial Rules (GFR), 2005, the controlling officer in respect of funds placed at his disposal should ensure that the expenditure is incurred for the purpose for which funds have been provided.

Scrutiny of records (July 2017) revealed that Executive Director, District Rural Development Agency (DRDA), Churachandpur drew an amount of ₹ 63 lakh from two schemes *viz.,* Members of Legislative Assembly Local Area Development Programme (MLALADP) in December 2015 and Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in March 2016 and July 2016 respectively. The amount was utilized towards the payment of salaries and wages for muster rolls of their own staff as per details given below.

Table No. 1.4.1 Details of funds drawn from scheme funds

(₹in lakh)

Date of drawal of funds/Scheme	Amount	Purpose of funds drawn	Funds drawn from
MLALADP			
18-12-2015	23.00	Salary for April & May 2015	'*Accrued bank*[40] *interest'* of the Scheme-MLALADP
MGNREGS			
31-03-2016	12.00	Salary for August 2015	'*6 per cent Contingency fund*' of the Scheme-MGNREGS[41]
20-07-2016	28.00	(i) Salary for September & October 2015 (ii) Wages for November & December 2015 *(Muster Roll)*	
Total	**63.00**		

Source: Departmental Records.

Audit observed that as per the extant guidelines/instructions, administrative expenses of DRDA[42] were to be met from '*DRDA Administration scheme*[43]' whereas the '*Accrued bank interest' (MLALADP fund)* @ ₹ 0.20 lakh could be allowed to be utilised by each district to meet the contingency charges. The *'6 per cent Contingency charges fund' (MGNREGS)* could be utilised for specific purposes only such as training, quality management, operational expenses, social audit, *etc.* Despite provision of funds in the budget for the DRDA Administration, utilization of scheme funds towards the payment of salary/wages of DRDA staff /muster rolls was in violation of the guidelines and extant Rules.

On this being pointed out, the Executive Director stated in reply (January 2018) that payment of salary and wages was made on humanitarian ground, as salary had not been paid for more than 19 months due to non-release of funds for '*DRDA Administration scheme*' since 2015-16. The contention of the Executive Director was not tenable as the funds were required to be utilised

40 Can be utilised to meet Contingency charges.
41 Can be met for specific purpose such as training, quality management *etc*.
42 MLALADP and MGNREGS are implemented by DRDA.
43 Para 3.1 of Guidelines on DRDA Administration.

only for the purposes for which those were provided, as per extant Guidelines/Rules.

Further, while admitting the audit observation, the Government stated (August 2018) that ₹ 5 lakh had since been recouped, while efforts were being made to recoup the balance amount.

The expenditure of ₹ 63 lakh incurred towards the payment of salary and wages by the Executive Director, DRDA by diverting the scheme funds was thus, unauthorised and irregular, of which an amount of ₹ 58 lakh was yet to be recouped.

This was indicative of financial indiscipline which needs to be investigated besides fixing the responsibility of the erring officials for unauthorised and irregular diversion of funds towards payment of salary and wages from MLALADP and MGNREGA Scheme funds.

1.5 Parking of funds

Failure of the DRDA to ensure timely completion of works led to parking of funds of ₹ 1.18 crore for a period of three years and seven months.

As per para 4.8 of the Member of Parliament Local Area Development Scheme (MPLADS) Guidelines, the balance funds[44] of the scheme which remain unspent by a former Member of Parliament (MP) of Rajya Sabha will be equally distributed among the successor members of Rajya Sabha of the State. Further, as per para 4.10.1 of the guidelines *ibid*, the work of MPLADS should be completed within 18 months from the date of demitting office by the MP. Thereafter, the District Authorities should settle and close the account of the concerned MP within three months' time, and intimate the Government of India with a detailed information in a Monthly Progress Report (MPR). In no case, any extension would be given and District Authority should be held responsible in case of any lapse in this regard. Also, as per para 4.3 (iii) read with para 5.4 of the guidelines *ibid*, utilisation certificate should be furnished by the District Authority concerned to the State Government and Ministry of Statistics and Programme Implementation.

Scrutiny of records (June 2017) of the District Rural Development Agency (DRDA), Imphal West revealed that Shri Rishang Keishing represented the State as MP in the Rajya Sabha during 10 April 2002 to 09 April 2014. Funds amounting to ₹ 33.37 crore for the implementation of MPLADS works were made available during the tenure of the former Rajya Sabha MP as shown in the following table.

[44] Funds not committed for the recommended works.

Table No. 1.5.1 Utilisation of MPLADs funds of the former Rajya Sabha MP

(₹in crore)

Name of the MP *(Date of joining office to Date of demitting office)*	**Date by which the MPLADS works should have been completed**[45]	**Amount available**	**Expenditure incurred**	**Unutilised MPLADS funds**
Shri Rishang Keishing *(10.04.2002 to 09.04.2014)*	08.10.2015	33.37	32.19	1.18

Source: Departmental Records.

Though, as per provisions of the scheme, ₹ 33.37 crore should have been fully utilised towards the completion of MPLADS works within 18 months from the date of demitting office, unspent amount of ₹ 1.18 crore was still lying (May 2019) with the DRDA, which remained parked in the bank account[46] of the ex-MP.

On being asked by Audit, the DRDA stated (November 2017) that there were 60 works which were yet to be completed for which funds were not released to the Project Implementation Agencies (PIA) as progress reports of works had not been submitted. The account could not be closed as the State Government did not have its own resources to complete the works.

The reply was not tenable as the DRDA did not take up adequate steps to ensure completion of works within 18 months of demitting office by the MP as per the scheme guidelines. Further, para 6.4 of the MPLADS guidelines envisages that the District Authority (i) would be responsible for overall coordination and supervision of MPLADS works, (ii) will inspect all works executed by/for societies and trusts under MPLADS, (iii) shall review, every month and in any case at least once in every quarter, implementation of MPLADS works, (iv) shall submit Monthly Progress Report to the Government of India, State/UT Government and the MP concerned for each MP separately on or before 10th of the succeeding month; and (v) The Nodal Department *i.e.,* Department of Rural Development & Panchayati Raj in the State shall monitor the MPLADS funds contributed by MPs to ensure that the funds were utilized in time by the district authorities.

It was, however, observed in audit that there was no record of monitoring and supervision of the works being done by the DRDA (District Authority) or by the State Nodal Department. Thus, failure of DRDA to ensure timely completion of works led to parking[47] of funds of ₹ 1.18 crore for a period of three years and seven months, which call for fixing the responsibilities of the officials who failed in monitoring and ensuring completion of works within the specified time frame.

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[45] 18 months from the date of demitting office.

[46] Allahabad Bank Account No. 21155086203 in respect of Shri Rishang Keishing, in the name of the Deputy Commissioner, Imphal West.

[47] As on May 2019.

1.6 Utilisation of funds on non-permissible activities

Funds amounting to ₹ 50.36 lakh from MLALADP funds and administrative funds of MGNREGS were utilized for non-permissible works in violation of the guidelines of the programme/scheme.

The works taken up under a programme/scheme should be as per the provisions of the respective programme guidelines to fulfill the programme/scheme objectives. In case of Member of Legislative Assembly Local Area Development (MLALAD)[48] Programme, the works undertaken should be purely developmental in nature and meant for creation of durable community assets[49]. Works belonging to private institutions or places of worship, purchase of inventory/stock, *etc.*, are not permissible under the programme[50].

In case of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme, the Central Government provides upto six *per cent* of the total expenditure on the scheme in a financial year as administrative expenses[51] to enable the States/UTs to augment human resource and to develop capacity building for critical activities. Repair of old vehicles, civil works, material procurement for works, *etc.*, are not allowed as expenses under administrative costs[52].

Scrutiny of the records (2016-18) of four District Rural Development Agencies (DRDAs) *viz.*, Churachandpur, Bishnupur, Senapati and Ukhrul revealed that these Agencies had taken up non-permissible works/incurred expenses[53] under these programme/scheme, as discussed in the succeeding paragraphs.

MLALAD Programme

During 2016-17, two DRDAs (Churachandpur and Bishnupur) incurred an expenditure of ₹ 32.23 lakh on non-permissible works such as construction of private training centre, procurement of furniture for school, construction of memorial buildings, works at places of religious worship, *etc.,* as shown in ***Appendix 1.11***.

The Executive Directors (ED), of the two DRDAs stated during joint physical verification (January 2019) that the works/expenses were executed/made as per the recommendation of the local MLA. In respect of DRDA Bishnupur, out of the four works (Sl. No. 6, 8, 10 and 15 of ***Appendix 1.11***) selected for inspection, three impermissible works were found to be lacking in proper maintenance and upkeep. The work "Construction of Library cum children recreational centre for New Life Foundation at Thamnapokpi" could not be checked during inspection as there was no library and recreational facility in the institution. In case of DRDA Churachandpur, out of the four works under MLALADP, one work- "Construction of Alfa shorthand training centre at Tuibong" was verified. It was stated that the construction works were carried

48 in case of Manipur.
49 Para 2.1 of the MLALAD programme guidelines.
50 Appendix II of the MLALAD programme guidelines.
51 Para 12.5.2 of the MGNREGA Operational Guidelines, 2013 - 4th edition.
52 Paras 12.5.6 (i), (ii) and (iv) of the MGNREGA Operational Guidelines.
53 under MGNREGA scheme, all the four DRDAs; and under MLALAD programme, Churachandpur and Bishnupur DRDAs.

out by the beneficiary committee of the training centre (NGO). The training centre was observed to be functional with two classrooms, computer sets and other teaching materials for skill training. However, at the time of verification, the centre was not in-session and renovation works were being carried out, due to which staff were not present at the training centre. On the above being pointed out, the ED, DRDA Churachandpur stated (January 2019) that non-permissible works would be strictly verified and will not be taken up under the Programme in future.

Though the works were found to be executed[54], the works carried out/expenses incurred were not permissible under MLALADP guidelines and thus, were both unauthorized and irregular.

MGNREGA Scheme

During 2016-17, four DRDAs (Churachandpur, Bishnupur, Senapati and Ukhrul) incurred an amount of ₹ 18.13 lakh out of administrative expenses on non-permissible works/expenses like maintenance works, repair of vehicles, procurement of materials for sound system, electrical works *etc.*, as detailed in ***Appendix 1.12***.

DRDA Bishnupur stated (January 2019) that sound systems were procured for Information, Education and Communication (IEC) activities. The reply was not acceptable as such expenditure did not fall under the scope of administrative expenses.

While admitting the observation, DRDA Ukhrul stated (September 2017 and January 2019) that expenditure on electrical and electronic items was incurred on urgent basis to ensure uninterrupted functioning of the office.

DRDA Churachandpur stated (January 2019) that electrification and other miscellaneous expenditures were related to Management Information System (MIS), and bills for repair of vehicles were enclosed by mistake. The reply was not acceptable as expenditure under MIS did not cover electrification, vehicle repairs and purchase of spares parts. During the joint physical verification (January 2019), it was also seen that expenditure had been incurred on repair of vehicles and purchase of spare parts.

Thus, the replies furnished by DRDA, Bishnupur, Ukhrul and Churachandpur were not justified in view of guidelines and misleading while DRDA, Senapati did not furnish any reply (December 2018).

Thus, programme funds amounting to ₹ 50.36 lakh (*MLALAD Programme - ₹32.23 lakh and administrative funds of MGNREGS - ₹18.13 lakh*) were utilized on non-permissible works. As such, recommendation of such works by the authorities concerned and consequent approval and sanction accorded by the Executive Directors of the respective DRDAs on inadmissible works was in violation of scheme guidelines. Thus, there were dereliction of duties on the part of the Executive Directors concerned and therefore, their responsibility needs to be fixed as such practice was a blatant violation of adherence to financial norms.

54 Except for the work "*Construction of Library cum children recreational centre for New Life Foundation at Thamnapokpi*" which could not be checked as there was no library and recreational facility in the institution.

Chapter II
Economic Sector
(Other than Public Sector Undertakings)

CHAPTER II
ECONOMIC SECTOR
(OTHER THAN PUBLIC SECTOR UNDERTAKINGS)

2.1 Introduction

The audit observations relating to the State Government Departments and their units under the Economic Sector other than State Public Sector Undertakings are featured in this chapter.

During 2017-18, against a total budget provision of ₹ 3,683.20 crore, a total expenditure of ₹ 2,324.31 crore was incurred by 17 departments under Economic Sector. The Department-wise details of budget provision and expenditure incurred there-against are shown in the following table.

Table No. 2.1.1 Budget Provision and Expenditure of Departments in Economic Sector during 2017-18

(₹in crore)

Sl. No.	Department	Budget Provision	Expenditure
1	Agriculture	223.22	134.98
2	Sericulture	25.41	27.53
3	Economic and Statistics	17.32	13.43
4	Commerce and Industries	138.70	76.81
5	Co-operation	26.30	21.56
6	Fisheries	40.09	37.98
7	Horticulture and Soil Conservation	85.82	67.05
8	Veterinary and Animal Husbandry	118.43	82.84
9	Science and Technology	11.95	6.02
10	Tourism	78.40	30.90
11	Forest Department (including Environment)	207.65	135.75
12	Water Resources Department	484.43	185.05
13	Minor Irrigation	152.91	47.20
14	Public Works	1,105.57	553.76
15	Power	624.70	573.50
16	Public Health Engineering	320.91	309.84
17	Information Technology	21.39	20.11
Total		**3,683.20**	**2,324.31**

Source: Appropriation Accounts.

Besides the above allocation of funds, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2017-18, out of ₹ 54.67 crore directly released to the different implementing agencies, ₹ 23.31 crore was released for activities under Economic Sector. The details are shown in ***Appendix 2.1***.

2.1.1 Planning and execution of Audit

Audit is conducted in accordance with the annual audit plan. The audit units are selected on the basis of risk assessment carried out keeping in view the topicality, financial significance, social relevance, internal control system of the units, and occurrence of defalcation/ misappropriation/ embezzlement as well as past audit findings *etc*.

Inspection Reports are issued to the heads of units as well as heads of departments after completion of compliance audit of a unit. Based on the replies received, audit observations are either closed or departments / units are advised to take further remedial measures. Important audit findings are processed for inclusion in the Audit Report of Comptroller and Auditor General (CAG) of India for placing of the same before the Legislative Assembly.

Audits conducted during 2017-18 covered expenditure of ₹ 2,286.38 crore including expenditure of the previous years of the State Government under Economic Sector as shown in ***Appendix 2.2***.

2.1.2 Records not produced to Audit for scrutiny

During audits conducted in 2017-18, there were 13 DDOs[55] belonging to three departments under Economic Sector who failed to produce records despite pursuance made by Audit to get auditable record and sufficient opportunity being provided to the Department concerned to produce the same. Details are shown in ***Appendix 2.3***.

As the records were not produced for scrutiny, Audit was unable to ascertain the genuineness of the underlying transactions and it, therefore, raises the red flag of fraud and unhealthy practices. It is also recommended that disciplinary action may be initiated against officers who failed to produce records to Audit even after sufficient notices were given by Audit to these DDOs.

This chapter contains one Performance Audit *viz*., "Performance Audit of NABARD Assisted Rural Infrastructure Development Fund for Rural Connectivity" and six compliance audit paragraphs as discussed in the succeeding paragraphs.

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Public Works Department

(i) Superintending Engineer (Headquarter),
(ii) Executive Engineer (EE), Jiribam,
(iii) EE, Building Division – II,
(iv) EE, Electrical Division – II,
(v) EE, National Highways Division – I.

Agriculture Department

(i) District Agriculture Officer, Senapati

Horticulture and Soil Conservation Department

(i) Horticulture Specialist, Regional Progeny Orchard, Maram, Senapati,
(ii) Vegetable Specialist cum Superintendent, Liyai, Senapati
(iii) Cashewnut Development Officer, Jiribam,
(iv) District Officer (DO), Bishnupur,
(v) DO, Ukhrul
(vi) Divisional Soil Conservation Officer, Imphal West,
(vii) Deputy Director, Kangpokpi, and District Agriculture Officer, Senapati.

PERFORMANCE AUDIT

PUBLIC WORKS DEPARTMENT

2.2 Performance Audit on Implementation of rural connectivity projects funded through NABARD Loan

The Rural Infrastructure Development Fund (RIDF) was created in 1995-96 in National Bank for Agriculture and Rural Development (NABARD) with the objective of funding the rural infrastructural gap. NABARD provides loans under RIDF to the State Governments for development of rural infrastructure. The eligible activities for RIDF funding are classified under three broad categories *i.e.*, Agriculture and related Sectors, Social Sector and Rural Connectivity Sector. 34 Rural Connectivity projects were sanctioned at a cost of ₹ 141.88 crore in Manipur during the period from 2015-16 to 2017-18 having NABARD share of ₹ 127.69 crore and State share of ₹ 14.19 crore respectively.

The Performance Audit (PA) on Implementation of rural connectivity projects funded through NABARD Loan in the State covering the period 2015-16 to 2017-18 was carried out to examine issues like utilisation of loans, compliance of NABARD Guidelines and applicable technical specifications in execution of the projects, achievement of desired objectives of the projects and the adequacy of existing mechanism for monitoring implementation of projects.

Highlights

- *Prioritisation of projects was done on adhoc basis without following any defined criteria as per NABARD Guidelines.*

{*Paragraph 2.2.8.1(a)*}

- *NABARD loan amounting to ₹ 9.13 crore was availed for four ineligible projects resulting in interest liability of ₹2.59 crore.*

{*Paragraph 2.2.8.1(b)*}

- *NABARD loan amounting to ₹76.43 lakh was availed for one bridge project already constructed under Asian Development Bank funding indicating lack of co-ordination among the various implementing units.*

(*Paragraph 2.2.8.2*)

- *The PWD had prepared inflated Statement of Expenditure which were, without ensuring their correctness, submitted by the Finance Department to NABARD. Further, NABARD also failed to verify the correctness of the claims before making the reimbursement of expenditure and subsequently made excess reimbursements ranging from ₹2.03 crore to ₹16.21 crore than the actual expenditure.*

(*Paragraph 2.2.9.2*)

- *The Detailed Project Reports of the 16 road improvement projects costing ₹70.37 crore were deficient of basic information on design traffic, design life, strength and thickness of the existing pavement etc.*

(Paragraph 2.2.10.2)

- *Incorrect analysis of rates and consequent award of Bituminous items of works in respect of seven projects at higher rates resulted in extension of undue benefit to contractors amounting to ₹1.83 crore.*

(Paragraph 2.2.10.7)

- *The unjustified execution of Bituminous Macadam (BM) item of works in respect of two inter village roads resulted in avoidable expenditure of ₹1.97 crore.*

(Paragraph 2.2.10.8)

- *No effective quality control and monitoring mechanism were in place for carrying out the required quality control tests. During 2015-18, five meetings of High Power Committee were held as against the requirement of 12 which indicated lack of monitoring.*

(Paragraphs 2.2.13.1, 2.2.13.2 & 2.2.13.3)

2.2.1 Introduction

The Ministry of Finance, Government of India (GoI) created Rural Infrastructure Development Fund (RIDF) in the year 1995-96 with an initial corpus of ₹ 2,000 crore to encourage quick completion of ongoing rural infrastructure projects. This fund was operated by the National Bank for Agriculture and Rural Development (NABARD). Subsequently, new projects were also funded and the number of eligible activities for RIDF funding was increased. At present, there are 36 eligible activities under RIDF which are classified under three broad categories *viz.,* agriculture and related sector, social sector and rural connectivity sector. The eligible activities under rural connectivity sector are rural roads and rural bridges.

The main objective of RIDF is to promote balanced and integrated economic development of rural areas by providing low cost financial support to State Governments and State owned Corporations in the form of loans for quick completion of rural infrastructure projects. NABARD provides loan assistance up to 90 *per cent* of the cost of a project to North Eastern Region States including Manipur. The balance amount is to be provided by the State Government as its share.

2.2.2 Organisational Setup

The Finance Department, Government of Manipur, is the Nodal Department for operationalisation of projects under RIDF. Project proposals submitted by various Departments are routed through the Finance Department only. The Detailed Project Reports (DPRs) of the projects prioritised by a High Power Committee (HPC) are submitted to NABARD Regional Office by the Implementing Departments through the Finance Department. Eligible projects are examined for sanction by a Project Sanctioning Committee of NABARD. Apart from sanctioning the project, NABARD was also responsible for monitoring the projects mainly to facilitate timely completion of projects, avoid cost overrun, and identify new investment opportunity.

After the projects are sanctioned, activities relating to submission of applications for drawal of loans, release of loans, execution of documents, repayment of loans *etc.,* are handled by the Finance Department.

The Public Works Department (PWD) under the administrative control of a Secretary or Commissioner is responsible for the implementation of rural connectivity projects. Execution of the projects is administered by one Chief Engineer who is assisted by three additional Chief Engineers, six Superintending Engineers and 12 Executive Engineers.

2.2.3 Scope of Audit

The Performance Audit (PA) on Implementation of rural connectivity projects funded through NABARD Loan covering the period from 2015-16 to 2017-18 was carried out during April 2018 to September 2018 through test check of records in the State Finance Department, Chief Engineer and 12 implementing divisions of PWD.

The State Government started availing NABARD loan under Rural Connectivity sector from tranche XXI (2015-16) onwards. During 2015-16 to 2017-18, out of 35 projects submitted to NABARD, 34 projects (Roads-23, Bridges-11) costing ₹ 141.88 crore (as shown in ***Appendix 2.4***) were sanctioned. Out of these 34 sanctioned projects, nine projects costing ₹ 31.87 crore sanctioned in March 2018 were yet to be started (September 2018) and hence, were not included in the audit sample. The Performance Audit covered the remaining 25[56] projects costing ₹ 110.01 crore.

2.2.4 Audit Objectives

The Performance Audit was conducted to ascertain whether:

(i) loan amount made available to the Implementing Departments/Agencies was used economically, efficiently and effectively;

(ii) execution of the projects of rural connectivity was as per the NABARD Guidelines and applicable technical specifications;

(iii) there was any improvement in the socio-economic indicators on completion of the rural connectivity under RIDF; and

(iv) quality control and monitoring mechanism in place were adequate and effective.

[56] 16 Roads and 09 Bridges Projects.

2.2.5 Audit Criteria

The audit criteria for the Performance Audit were drawn from the following sources:

- Handbook on RIDF issued by NABARD;
- Detailed project reports and contract conditions;
- Specific terms and conditions of sanction of loans;
- Manipur Schedule of Rates (MSR) and Analysis of Rates;
- Standard specifications of Indian Road Congress (IRC), and specifications prescribed by Ministry of Road Transport and Highways (MoRTH); and
- Manipur Public Works Department (MPWD) Works Manual.

2.2.6 Audit Methodology

The PA commenced with an entry conference (May 2018) with the Joint Secretary (Finance), Chief Engineer (PWD) and officers of the Finance Department and PWD, wherein the issues like audit scope, objectives and criteria of the PA were discussed. Thereafter, during the course of audit, audit requisitions and questionnaires were issued to the Nodal Department, Chief Engineer and the implementing divisions. Audit findings were developed based on the analysis of data, records and information furnished. Joint physical verifications of selected works were also carried out along with the officials of the PWD.

The draft Audit Report was issued (October 2018) to the State Government. The audit findings were discussed with the departmental authorities in an Exit Conference (December 2018) wherein representatives of NABARD were also present. The responses of the Department have been incorporated appropriately in the Report.

2.2.7 Acknowledgement

Indian Audit and Accounts Department (IA&AD) acknowledges the cooperation and assistance extended by the Departments concerned and the Government in providing necessary information and records for test checks during the course of conduct of audit apart from other inputs and replies to audit observations.

Audit findings

The audit findings of the PA of NABARD Assisted RIDF for Rural Connectivity are discussed in the succeeding paragraphs.

2.2.8 Planning

2.2.8.1 (a) Inadequate mechanism for proper identification of projects

As per Para 6 of NABARD Handbook on RIDF, the projects prioritised by the State Government should be technically feasible and financially viable.

Under the present system, project proposals submitted by the implementing Departments are initially placed before the High Power Committee (HPC) which is chaired by the Chief Secretary. The HPC is the highest body for project approvals and comprises of the Chief Secretary, Director (Planning), Heads of Finance and Implementing Departments and General Manager (NABARD), Imphal Regional Office. After approval by the HPC, the project proposals are sent to the NABARD Regional Office through the Finance Department for sanction.

Audit scrutiny of records revealed as under:

- PWD did not have any streamlined procedure for identification, prioritisation and selection of the projects for loan assistance under RIDF.
- Department did not have state road master plan which could help in infrastructure gap analysis of the various districts thereby facilitating proper prioritisation of projects in the State.
- Project proposals were not supported with the details of required quantifiable criteria as required under NABARD Guidelines.
- NABARD also failed to check basic requirements and approved such projects without ensuring fulfilment of basic inputs.

Thus, both the implementing department (PWD) and the HPC had failed to exercise due diligence in proper prioritisation of the RIDF projects due to which the possibility of leaving out high priority projects could not be ruled out. Moreover, Audit found that five ineligible projects were included in the project proposals submitted to NABARD as discussed in the succeeding paragraph.

(b) Inclusion of ineligible projects due to lack of streamlined procedure

As per RIDF Guidelines, road projects on State Highways and National Highways are not eligible while the construction of only new bridges is eligible under rural bridge projects.

For RIDF funding under Tranche XXI (2015-16), the implementing department proposed 26 projects which were approved by the HPC and submitted to NABARD. Out of the 26 projects, NABARD sanctioned 25 projects rejecting one Road project namely “Moirang Lamkhai to Moirang Bazar” on the ground that it was a State Highway.

Audit scrutiny further revealed that among the 25 sanctioned projects, there were four ineligible projects as detailed below:

1. Moirang Kumbi Road was a State Highway. However, NABARD Loan of ₹ 7.41 crore was availed (March 2016–September 2016) for this road *i.e.,* "Improvement of Moirang Kumbi Road" for which the interest liability worked out to ₹ 2.12 crore[57] which was avoidable, had this work been taken up under State funding being related to State Highway;
2. Two road projects on National Highways namely "Restoration of damaged road on NH-150 Churachandpur-Yaingangpokpi Section" and "Restoration of damaged pavement along Churachandpur New Bazar to Hebron Bazar" were taken up availing (March 2016–February 2017) NABARD loan amounting to ₹ 80.41 lakh for which the interest liability worked out to ₹ 22.92 lakh, which was avoidable; and
3. The work of "Restoration of Tarang Bridge on IMI Sugnu Road at chainage 50.80 km" was taken up availing (March 2016–February 2017) NABARD loan of ₹ 91.71 lakh for which the avoidable interest liability worked out to ₹ 24.49 lakh.

Thus, in the absence of a streamlined procedure, loan amounting to ₹ 9.13 crore was availed from NABARD for the above four ineligible projects for which the total interest liability worked out to ₹ 2.59 crore, which the state Government was liable to pay to NABARD.

On this being pointed out in audit, the Department accepted the audit findings stating that there was no formal system of identification/prioritisation of projects in place and stated that RIDF projects under Rural Connectivity were started in 2015-16, when the State had major flood calamity and the projects were selected on emergency basis without any formal prioritisation and assessment of financial viability. The Department further stated that the project proposals were approved by HPC in consultation with DCs, local MLAs and Chief Minister. The Department also admitted that few ineligible projects had been included inadvertently and the same shall not be repeated in future.

NABARD admitted that Road Projects on NH and SH and bridge restoration works were not eligible and they had conducted awareness programmes in this regard for the implementing Departments. Further, NABARD suggested that the State Government should study various infrastructure requirements and create shelf of projects under each category and the projects should be prioritised based on the intended benefits/ Government priorities.

The above replies clearly indicated that there was absence of a streamlined procedure and as a result, ineligible projects were implemented which defeated the very purpose of RIDF in addition to creating interest liability as worked out above. This calls for fixing of responsibility of the officials who had selected such ineligible projects wrongly thereby putting unavoidable burden on the State exchequer in the form of interest liability towards NABARD loan. Moreover, the four ineligible projects could have been replaced by other eligible projects like restoration of damaged rural roads, construction of rural

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[57] Interest liability has been calculated considering simple rate of interest per annum with reducing balance of principal amount of loan.

bridges *etc.* Thus, the following lapses in prioritisation and approval of projects were observed:

- The inclusion of the above ineligible projects was a serious lapse on the part of the recommending/implementing department;
- The above wrongly recommended projects were approved by HPC without ensuring due diligent exercise indicating lack of proper scrutiny of projects;
- Action of the State Finance Department (as a State Nodal Department) for submission of the projects for seeking the approval of NABARD was not in order; and
- NABARD also failed to detect the ineligible projects during scrutiny for approval.

Recommendation (9): The State Government should put in place an effective mechanism for identification and selection of eligible projects. The Projects should be prioritised after conducting infrastructure gap analysis. Moreover, Government should not select ineligible projects as expenditure on their execution involves unavoidable interest liabilities. Besides, NABARD should approve only eligible projects through exercise of due diligence as per Scheme Guidelines.

2.2.8.2 Loan taken for a bridge project already constructed under another scheme

Apart from execution of the above four ineligible projects, one bridge project namely *"Construction of Khoirom Bridge over Tamengkhong"* already included (December 2013) as a component of one Asian Development Bank project[58] was again included (January 2016) in the project proposals submitted by the implementing Department. The project was approved by the HPC and sanctioned at a cost of ₹ 84.93 lakh for RIDF funding by NABARD for which NABARD loan amounting to ₹ 76.43 lakh was availed.

Audit scrutiny revealed that as against the sanction for the construction of the bridge at Khoirom, the implementing division[59] submitted detailed estimates for the construction of a bridge at another location (Bisnunaha) which was submitted by Executive Engineer, Thoubal Division and technically approved by the Superintending Engineer without submitting any formal proposal to the higher authorities of the Department, HPC and NABARD for their approvals.

Further scrutiny in this regard revealed that the work order and the drawal of loans were done in the name of the bridge at Khoirom. The construction of the bridge at Bisnunaha was completed at a cost of ₹ 84.64 lakh. A joint physical verification (August 2018) of the bridge by Audit along with the PWD Officials confirmed that the bridge was not constructed at the proposed site (Khoirom) but was constructed at another location (Bisnunaha). The following

[58] Road project "Thoubal to Kasom Khullen" which was awarded in December 2013 and executed by Project Director, Externally Aided Project, PWD-Manipur.

[59] Executive Engineer (EE), Thoubal Division, PWD. Proposal submitted by the Assistant Engineer and EE.

photographs show the bridges constructed under funding from Asian Development Bank and RIDF.

Photograph No. 2.2.1 Bridges constructed at Khoirom under Asian Development Bank funding and at Bisnunaha under RIDF funding

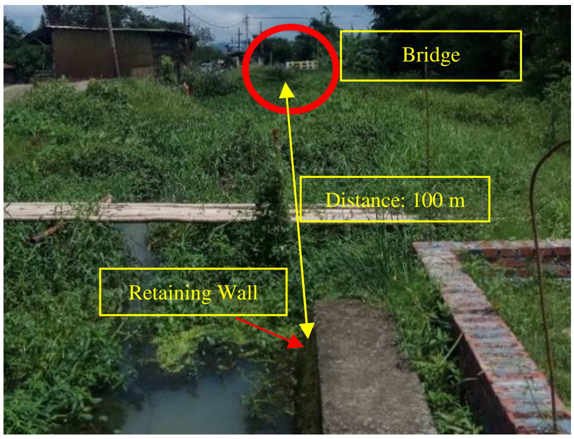
Bridge at Khoirom constructed under Asian Development Bank funding where the bridge under RIDF had again been proposed (20 August 2018)

Bridge at Bisnunaha constructed with RIDF funding for bridge at Khoirom (20 August 2018)

Audit scrutiny of records further revealed that the bridge at the new location (Bisnunaha) was smaller in size (6 metre span) than the original approved bridge (10 metre span) to be constructed at Khoirom. Retaining wall for a length of 267.80 m at a cost of ₹ 67.28 lakh was constructed of which 185.80 metres length constructed at a cost of ₹ 44.46 lakh was not connected with the bridge but constructed about 100 metres away from the bridge downstream. As such, the construction of 185.80 metres length retaining wall would not serve the purpose of protecting the bridge rendering the expenditure of ₹ 44.46 lakh wasteful. The following photograph shows the retaining wall constructed downstream at Bisnunaha.

Photograph No. 2.2.2 Retaining wall constructed 100 m downstream at Bisnunaha

Retaining wall constructed downstream at Bisnunaha was not connected with the bridge and started from 100 m away from the bridge downstream (20 August 2018)



Bridge at Bisnunaha (encircled in red) as seen downstream from the retaining wall (arrowed in red) which was 100 m away from the bridge (20 August 2018)

The proposal of the bridge project for NABARD loan though the bridge had already been constructed from ADB funding clearly indicated lack of proper planning and co-ordination among various implementing agencies. The interest liability on the NABARD loan of ₹ 76.43 lakh for this work amounted to ₹ 20.66 lakh, which was avoidable.

While replying to the audit observations, the Department admitted that this should not have happened but they were pursuing for regularization of execution of works by taking *ex-post-facto* approval from HPC.

Thus, the following lapses had taken place due to ill-planning and lack of due diligence by the authorities concerned:

- An already constructed bridge under another scheme was recommended for inclusion in the list of works for funding under RIDF, which was a serious lapse on the part of the recommending authorities;
- The above bridge work which had been wrongly recommended was further approved by HPC without ensuring due diligent exercise indicating lack of proper scrutiny of projects; and
- The action of NABARD in approving and financing this project raises a serious question mark on the functioning of NABARD. It is obvious that NABARD is neither exercising due diligence at the time of sanction nor at the time of disbursement of loans.

The above lapses revealed total disregard for the system and financial codes and thus, calls for fixing of responsibility of the officials for their failure to act as per the Guidelines and rules on the issue.

Recommendation (10): Government may order technical audit of the work in question through the Vigilance Department of the Government to find the lapses committed in execution of the work in question for fixing the responsibility of all concerned.

2.2.9 Financial management

2.2.9.1 Financial Performance

For Rural Connectivity Projects under RIDF, NABARD provides loan of 90 *per cent* of eligible project cost in North-eastern and hilly States on reimbursement basis except for the initial 30 *per cent* of the project cost released as mobilisation advance. The balance 10 *per cent* amount is shared by the State Government.

As per RIDF Guidelines, the drawal/reimbursement applications in the prescribed format are required to be submitted by the State Finance Department to NABARD. Mobilisation advance of ₹ 29.70 crore being 30 *per cent* of ₹ 99.01 crore (total loan sanctioned) was drawn by the State Government from NABARD in 2015-16.

The details of funds released, expenditure incurred, reimbursement claimed and loan disbursed by NABARD during 2015-16 to 2017-18 in respect of the 25 sampled projects is shown in the following table.

Table No. 2.2.1 Details of funds released, expenditure incurred, reimbursement claimed and reimbursed by NABARD (March 2018)

(₹in crore)

Year	Total Project Cost			Total Amount Released by State Finance Department			Expenditure			Reimbursement claimed as per SOE(Reported expenditure)	Amount reimbursed by NABARD
	NABARD	State	Total	NABARD	State	Total	NABARD Share	State Share[60]	Total		
2015-16				29.57	Nil	29.57	29.57	Nil	29.57	29.70	29.70
2016-17	99.01	11.00	110.01	38.48	9.71	48.19	38.47	9.39	47.86	49.36	49.36
2017-18				9.83	Nil	9.83	9.83	Nil	9.83	19.95	19.95
Total	**99.01**	**11.00**	**110.01**	**77.88**	**9.71**	**87.59**	**77.87**	**9.39**	**87.26**	**99.01**	**99.01**

Source: PWD records.

The following lapses in financial management were observed:

- Against expenditure of ₹ 77.87 crore, the State Government claimed reimbursement of ₹ 99.01 crore which was sanctioned by NABARD, resulting in excess reimbursement of ₹ 21.14 crore which was lying unutilised (September 2018), which entailed interest liability amounting to ₹ 5.11 crore[61] payable to NABARD.
- Out of the reported expenditure of ₹ 49.36 crore during 2016-17 from NABARD share, an amount of ₹ 1.50 crore remains parked (September 2018) under 8443-Civil Deposits for which interest liability of ₹ 11.81 lakh has already been created.

The Finance Department admitted that the amount of ₹ 1.50 crore should not have been deposited under 8443-Civil Deposits. The fact, however, remains that the State Finance Department had failed to exercise due diligence in its financial management, thereby resulting in avoidable interest liability of ₹ 11.81 lakh on the idle loan. The Finance Department has not offered any comments regarding wrong booking of expenditure without incurring expenditure and excess reimbursement of amount by NABARD.

2.2.9.2 Submission of wrong reimbursement claims by State Government to NABARD

As per RIDF Guidelines, NABARD provides loan on reimbursement basis except for the initial 30 *per cent* of loan as mobilisation advance. NABARD should disburse the loan amount on a monthly/weekly basis on submission of a statement of expenditure incurred by the State Government in execution of the works. The applications for drawal of loans were required to be submitted based on actual execution of work and expenditure incurred.

The total loan sanctioned by NABARD in respect of the 25 sampled projects was ₹ 99.01 crore (NABARD share). Scrutiny of records for drawal/reimbursement of loans revealed that the reimbursement claims were inflated and which were not in consonance with the actual expenditure was as given in the following table and discussed below:

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60 Including Agency Charges.

61 Calculation based on balance unspent amount as on March 2018.

Table No. 2.2.2 Details of reimbursable amount vis-à-vis inflated reimbursable of NABARD funds

(₹in crore)

Actual Expenditure *(Progressive Expenditure)*			Statement of Expenditure (NABARD share)	Reimbursement claimed and sanctioned from/by NABARD *(Progressive fund from NABARD)*	Reimbursable amount against the Drawal	Inflated Reimbursable amount against the Drawal
NABARD Loan	State Share	Total				
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)=(5 –6)*
Expenditure reported on June 2016 and III-Drawal *(22-09-2016)*						
3.62 *(3.62)*	Nil *(Nil)*	3.62 *(3.62)*	31.47	19.83 *(19.83)*	3.62	16.21
Expenditure reported on December 2016 and IV-Drawal *(03-02-2017)*						
31.05 *(34.67)*	Nil *(Nil)*	31.05 *(34.67)*	88.79	29.53 *(49.36)*	14.84 *(34.67 - 19.83)*	14.69
Expenditure reported on December 2017 and V-Drawal *(13-03-2018)*						
32.61 *(67.28*)*	9.39 *(9.39)*	42.00 *(76.67)*	101.60	19.95 *(69.31)*	17.92 *(67.28 - 49.36)*	2.03
		Total		**69.31****		

Source: Departmental records.

* *The expenditure of NABARD share as on March 2018 has since increased to ₹77.87 crore.*

** *Mobilisation advance of ₹29.70 crore taken in February 2016 (I-Drawal - ₹14.61 crore) and March 2016 (II-Drawal - ₹15.09 crore)*

- Upto June 2016, the actual expenditure of NABARD share was ₹ 3.62 crore. However, the PWD prepared an inflated Expenditure of Statement (SOE) of ₹ 31.47 crore against which the Finance Department sought (June 2016) reimbursement of ₹ 19.83 crore, which was sanctioned by NABARD in September 2016 as III-Drawal[62] of funds. This resulted in inflated reimbursement of ₹ 16.21 crore (₹ 19.83 crore - ₹ 3.62 crore).

- Upto December 2016, the expenditure of NABARD share was ₹ 34.67 crore against which SOE of ₹ 88.79 crore was prepared. Against this, reimbursement of ₹ 29.53 crore was claimed (December 2016) and was sanctioned in IV-Drawal of funds in February 2017.

  Considering that reimbursement of ₹ 19.83 crore had been made upto III-Drawal of funds, the amount reimbursable in the IV-Drawal was ₹ 14.84 crore (₹ 34.67 crore - ₹ 19.83 crore). However, ₹ 29.53 crore was claimed and reimbursed, resulting in inflated reimbursement of ₹ 14.69 crore (₹ 29.53 crore - ₹ 14.84 crore).

- Expenditure of NABARD share upto December 2017 was ₹ 67.28 crore against which SOE of ₹ 101.60 crore was prepared. Against this, reimbursement of ₹ 19.95 crore was claimed (December 2017) and was sanctioned in V-Drawal of funds in March 2018.

  Considering that reimbursement of ₹ 49.36 crore had been made upto IV-Drawal of funds, the amount reimbursable in the V-Drawal in March

62 I-Drawal and II-Drawal was drawn as Mobilisation Advance.

2018 was ₹ 17.92 crore (₹ 67.28 crore - ₹ 49.36 crore). However, ₹ 19.95 crore was reimbursed resulting in inflated reimbursement of ₹ 2.03 crore (₹ 19.95 crore - ₹ 17.92 crore).

Thus, the PWD had prepared inflated SOEs which were, without ensuring their correctness, submitted by the Finance Department to NABARD. Further, NABARD also failed to verify the correctness of the claims before making the reimbursement of expenditure and subsequently made excess reimbursements ranging from ₹ 2.03 crore to ₹ 16.21 crore than the actual expenditure.

Till March 2018, ₹ 99.01 crore was claimed/reported for reimbursement and the same was reimbursed by NABARD. However, the actual expenditure (NABARD's Share) upto March 2018 was ₹ 77.87 crore only, thereby resulting in excess reimbursement claim of ₹ 21.14 crore which remained unutilised (September 2018) as discussed in **Paragraph 2.2.9.1**.

2.2.9.3 Irregular inclusion of Agency Charges in the project estimates

As per Para 12.1 of MPWD Works Manual, no departmental charges are to be levied for Government works. However, SFD vide OM no 5/6/2006-FC dated 13 July 2007 directed State Government agencies including PWD to levy agency charges @11.75 *per cent* of the basic cost. Application of agency charges on a work executed by a Government department for a project funded by the Government is beyond any logic as this leads to taking out money from one pocket of Government and putting it to another pocket adding no value or revenue addition but certainly complicating the entire process.

In compliance to the above OM of SFD, agency charges amounting to ₹ 13.16 crore were included in the cost estimates of 24 out the 25[63] sampled projects which inflated the cost of the projects. However, NABARD had sanctioned the projects without taking into account the agency charges.

Though NABARD did not agree to the agency charges, the State Government in contravention of terms and conditions irregularly deducted the agency charges amounting to ₹ 5.27 crore (September 2018) in respect of six projects which not only resulted in booking of higher expenditure against the sanctioned cost of the project which was also unauthorised and irregular.

2.2.9.4 Creation of avoidable interest liability on implementation of ineligible projects

NABARD loans under RIDF carries certain specified interest liabilities. As such, the State Government is expected to exercise due prudence while taking loan from NABARD.

However, as pointed out in the preceding paragraphs, loans were also raised by the SFD for four ineligible projects and one project already executed, leading to creation of avoidable interest liability as discussed below:

- Loan of ₹ 7.41 crore was availed (March 2016–September 2016) for an ineligible project on State Highway "Improvement of Moirang Kumbi

[63] In case of one project, Agency Charges was not added in the Estimates. The reasons could not be ascertained.

Road", thereby creating an interest liability of ₹ 2.12 crore as pointed out in **Paragraph 2.2.8.1(b);**

- Two ineligible road projects[64] on National Highways were executed (March 2017) under RIDF funding for which loans of ₹ 80.41 lakh were availed (March 2016–February 2017). The interest liability on the total loan of ₹ 80.41 lakh for these two projects amounted to ₹ 22.92 lakh as pointed out in **Paragraph 2.2.8.1(b);**
- Loan of ₹ 91.71 lakh was availed (March 2016–February 2017) for implementation of an ineligible bridge project[65], thereby creating an interest liability ₹ 24.49 lakh as pointed out in **Paragraph 2.2.8.1(b);**
- Loan of ₹ 76.43 lakh was also taken for a bridge project already constructed under another scheme *viz*., Asian Development Bank Scheme, and it was utilised on another bridge project in an unauthorised manner. This created an interest liability of ₹ 20.66 lakh as pointed out in **Paragraph 2.2.8.2**.

Thus, the State Government, which was already facing a resource constraint, was made liable to pay interest of ₹ 2.80 crore on loans raised for four ineligible projects and a bridge project already constructed under another scheme. Government should, therefore, fix responsibility of the erring officials for such lapses of raising loans on ineligible projects and a project already constructed under another scheme.

Recommendation (11): State Government should ensure correct reporting of expenditure in the Statement of Expenditure while submitting project proposals /seeking reimbursement claims from NABARD. Further, necessary action may be taken against the officials responsible for preparation and submission of wrong and inflated SOEs to NABARD.

2.2.10 Execution of projects

2.2.10.1(a) Status of projects

The status of 16 roads projects and nine bridge projects under Tranche XXI (2015-16) as on September 2018 is given in ***Appendix 2.5***.

Of the 25 projects, 18 projects had been completed on time and seven projects[66] remained incomplete with time overrun ranging from six to 18 months. The delay in completion of three of the four bridge projects was mainly due to change in scope of the projects resulting in delay in awarding the projects. For the remaining one bridge and three road projects, no records were available to ascertain the reasons for delays.

(b) Incomplete Projects

Till March 2018, the State Government had made reimbursement claim of the total sanctioned loan of ₹ 99.01 crore in respect of the 25 sampled projects.

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64 "Restoration of damaged road on NH-150 Churachandpur-Yaingangpokpi Section" and "Restoration of damaged pavement along Churachandpur New Bazar to Hebron Bazar".

65 "Restoration of Tarang Bridge on IMI Sugnu Road at chainage 50.80 km".

66 Four Bridge Projects and three Road Projects.

NABARD had also reimbursed the entire amount. Despite having shown such expenditure details, the following seven projects had not been completed (September 2018).

Table No. 2.2.3 Details of Incomplete Projects

(₹in lakh)

Sl. No.	Name of project	Sanctioned cost	Amount Reimbursed by NABARD	Stipulated date of completion	Delay (Months) (as on Sep-18)	Reasons for delay
1	Improvement of road connecting Lilong ITI from the National Highways	299.78	269.80	31/03/ 2017	18	No recorded reasons. Reply not furnished though called for.
2	Improvement of CJM road at District Head Qtr at Tamenglong	49.22	44.30	31/03/ 2017	18	
3	Improvement of MI Bishnupur road & MI Bengoon	221.57	199.41	31/03/ 2017	18	
4	Construction of bridge over Itok river at Chandrakhong	1,063.2	956.88	31/03/ 2018	6	
5	Construction of bridge over Wangjing river at Heirok Chingdongpok	772.68	695.41	31/03/ 2018	6	Change of design of the bridge as discussed in Paragraph 2.2.10.6.
6	Construction of bridge over Chakpi river at Anal Khullen	785.99	707.39	31/03/ 2018	6	
7	Construction of bridge over Chakpi river at Chakpi Karong	1,250.82	1,125.74	31/03/2018	6	
Total		**4,443.26**	**3,998.93**			

Thus, despite reimbursement of its entire share of sanctioned cost by NABARD (₹ 3,998.93 lakh) based on SOEs submitted by SFD, the seven projects remained incomplete even after delays ranging from six to 18 months from the stipulated date of completion as per NABARD's sanction order. As a result, the intended benefits of the projects could not be achieved. Thus, it is evident that inflated expenditure statements were submitted by the State Government to NABARD.

2.2.10.2 Deficient Detailed Project Reports

As per para BI (2) of Annexure IV of NABARD guidelines, Indian Road Congress (IRC) specifications should be followed for Road Projects. For improvement of the existing flexible road pavements, guidelines under IRC 81-1997 should be followed which stipulate that the overlay[67]thickness of an existing road should be computed based on the design traffic, design life (minimum of five years) and the strength of the existing pavement.

Under RIDF-XXI, 16 road improvement projects with a total estimated cost of ₹ 70.37 crore were taken up. However, none of the DPRs mentioned the strength or structural deficiencies of the roads, the details of improvement works carried out earlier, design life, design traffic, details of the existing thickness of the pavements *etc.* Despite absence of these basic details, provisions of ₹ 22.09 crore were made arbitrarily towards structural improvements of base layer such as Water Bound Macadam (WBM), Bituminous Macadam (BM) and Wet Mix Macadam (WMM) in the estimates of 13 projects. The estimates were sanctioned by the competent authority without assessing the actual requirements on ground. The history of the DPRs merely mentioned that the road surfaces had been damaged due to flood and conditions of roads were deplorable due to non-maintenance which did not

[67] Thickness of bituminous macadam laid over the existing road surface.

justify reconstruction of the roads from sub-base/base onwards. Flood damaged reports were also not available with the DPRs to ascertain the conditions/problems of the roads.

For problems related to road surfaces, it would have been sufficient to have surface correction with bituminous layer after filling up of pot holes *etc.* Thus, the provision of ₹ 22.09 crore which constituted 31 *per cent* of the estimated cost of works without any design based on the basic parameters such as design life, design traffic, details of the existing thickness of the pavements *etc* was not justified and was indicative of deficient DPRs. Also the basis of approval of projects by NABARD without disclosure of basic parameters in the DPRs related to design of the roads was fraught with sanction of projects on unrealistic basis leading to defective execution of works.

On the above being pointed out by Audit, the Department stated that due to fund constraints, the construction of roads was done phase-wise and they were yet to achieve the desired pavement thickness. Also, the Department admitted that the basic data such as traffic data, design life, and structural conditions of the existing roads were not reflected in the DPRs. Moreover, NABARD during Exit Conference also admitted that they had no technical expertise and had requested PWD for recommendation of retired Engineers to be utilised as Consultants to overcome the technical issues.

The reply of the Department was not acceptable as none of the DPRs of the 16 road projects contained design of the pavements and the thickness of the existing pavements without which the requirement of the base layers could not be ascertained.

Recommendation (12): It is recommended that DPRs of road projects should be prepared, based on prerequisite basic parameters like design traffic, design life and the strength of the existing pavement etc., to obviate the possibilities of defective execution of road works.

2.2.10.3 Award of works before obtaining Administrative Approval

Rule 129 of GFR *inter alia* provides that no works shall be commenced or liability incurred in connection with it, until Administrative Approval (AA) has been obtained from the appropriate authority in each case and sanction to incur expenditure has been obtained from the competent authority.

Audit scrutiny revealed that 14 works in respect of seven projects with a total tendered cost of ₹ 7.92 crore were awarded before obtaining AA as detailed in ***Appendix 2.6***.

On this being pointed out, the Department admitted that the works had been awarded before according AA as they misunderstood the approval for the call of tender as AA and assured that such mistakes would not be repeated in future.

The award of the works by the Department before according AA was thus, irregular and indicated lack of internal control besides non-compliance to the prescribed procedures.

2.2.10.4 Award of works without inviting open tenders

As per Para 17.1 of MPWD Works Manual 2014, tenders must be invited in the most open and transparent manner possible. Further, as per Para 15.6 of the manual, in case where restricted tender is resorted to for award of works, the Chief Engineer shall prepare a list of contractors who according to him are suitable to tackle the job under consideration. The list should be as large as possible so that competitiveness in the process is ensured.

Audit scrutiny revealed that the 25 projects were split into 50 works. None of the works were awarded through open tender. Instead, the works were awarded through restricted tenders from a few selected contractors on the ground of their being of emergent nature.

Out of 217 enlisted Special Class Contractors and 276 First Class Contractors, only six to eight Contractors were invited for each work, based on their past performance. However, no records for assessment of past performance, reliability, experience, *etc.*, of the shortlisted contractors were available to confirm justification for calling of tenders only from these Contractors. Only 108 out of the 493 enlisted contractors were shortlisted for restricted tenders of the 50 works, thereby leaving out a majority of the enlisted contractors from the tendering process and thus, the Department failed to maintain fair and transparent tender process. Thus, the action of the Department resulted in the following lapses.

- The project works were split in an arbitrary manner without resorting to open tenders through wide publicity which was both against the prescribed rules and the financial discipline;
- The action of award of works through restricted tenders amounted to denial of opportunities to similarly qualified contractors which was against the principle of equality fair play and justice; and
- Award of works to a few selected contractors without assessing their past performances indicated lack of transparency, absence of competitiveness of rates and possible favoritism.

The lapses being serious in nature call for fixing of responsibilities of the officials at fault for not inviting open tenders.

During the Exit Conference, the Commissioner (Works) advised the Departmental Officers against splitting of works and resorting to restricted tenders.

Recommendation (13): To ensure fair, transparent and competitive tendering process, the Department should take necessary measures to stop the practice of splitting of works and award of works through restricted tenders. Action should be taken against defaulting officials as per the provisions of Manipur Public Servants' Personal Liability Act 2006, for violation of prescribed procedures and rules.

2.2.10.5 Awarding of works without obtaining Performance Guarantee Bond

As per Para 21.1 of MPWD Works Manual, 2014 also applicable in Manipur, the successful tenderer shall deposit an amount equal to 5 *per cent* of the tendered and accepted value of the work (without limit) as Performance Guarantee (PG). The letter for commencement of work shall be issued to the contractor only after the submission of the performance guarantee by them.

Audit found that seven out of 12 divisions awarded 17 works at a total tendered cost of ₹ 9.99 crore out of 50 works, without collecting PG bonds amounting to ₹ 49.97 lakh from the contractors. Details are shown in ***Appendix 2.7***.

Non-collection of PG bonds from the contractors was in violation of the codal provisions which amounted to extending undue benefit to the contractors by the Department. The Chief Engineer (PWD) stated in reply that necessary instructions had been issued to all the Executive Engineers for ensuring collection of PG Bond in all the cases in future.

The reply of the Chief Engineer was not acceptable as PGs were required to be obtained as per rules. Non-compliance to rule position in this regard is a serious matter which indicates that there was no safeguard available with the Department in case of non-performance of contract by the contractors. Further, it is mentioned that one out of the above 17 works remained incomplete even after a delay of over 22 months from the stipulated date of completion and liquidated damage (LD) amounting to ₹ 4.77 lakh had not been recovered from the contractor. Had PG been obtained, LD charges could have been recovered. Thus, the inaction on the part of the officials concerned for not obtaining PGs calls for fixing of their responsibility.

2.2.10.6 Defective/ incomplete execution of work and delay in the execution of works due to deviations from Detailed Project Reports (DPRs)

As per para 6 of NABARD Guidelines, the cost estimates of the projects should be prepared after detailed field survey. Further, as per Para A (19) of Annexure IV of NABARD Guidelines, the State Government should ensure that the project is completed as per the approved technical design and cost estimates. In case, if any deviation is required, the State Government should inform NABARD in advance, justifying the need for such changes.

Audit scrutiny of approved DPRs, Technical Sanction documents, Work orders and Measurement Books *etc.*, revealed that there were major deviations from the approved DPRs in respect of the works executed in seven out of 25 sampled projects and such deviations had not been intimated to NABARD (September 2018). The cases of deviations, defective/ incomplete execution of work/delay due to deviations from DPRs and their impact on the projects are discussed in the table given below.

Table No. 2.2.4 Deviations, defective/ incomplete execution of work/delay due to deviations from DPRs (as on 30 September 2018)

Scope of work as per DPR	Actual execution	Implications	Department reply
Sl. No. 1. Improvement of Wangjing Tentha Road-10 km			
Earthwork in banking at a cost of ₹ 2.14 crore for raising the road level of 9.3 km length by 2.1 m was to be executed.	Earthwork in banking was not executed.	As raising of the road level of 9.3 km length by 2.1 m was not executed, the road was prone to damage by the flood.	While admitting the deviations, the Department stated that the earthwork in banking item was carried out by Irrigation and Flood Control Department on emergency basis and admitted that PWD should have revised the DPR.
Shingling, WBM and Semi-Dense Carpeting (SDC) were to be executed for a carriage width of 5.5 m for 0.7 km and for a carriage width of 3.75 m for the remaining length.	Item of WMM was executed in place of WBM without justification for a length of 7.6 km.	As against the provision of WBM, WMM was executed resulting in extra expenditure of ₹ 78.40 lakh for construction of the base layer.	The Department stated that it was to expedite the work and to improve the quality of the road. Department also stated that every detail could not be captured in the DPR and the project execution in this case was tweaked to meet the local requirement.
	Shingling was executed for 9.0 km and WMM and SDC were executed for a length of 7.6 km with carriage width of 5.5 m.	The increase in the carriage width from 3.75 m to 5.5 m was against the IRC norms and resulted in extra cost of ₹ 2.14 crore.	Further, the Department stated that the road stretch from 7.6 km to 10 km was not executed as there were paddy fields on both sides of the road without habitations, which showed unprofessional way of preparation of DPR.
No provision for construction of RCC culverts.	Two RCC culverts (1 m span) were constructed at a cost of ₹ 40.65 lakh.	Overall impact was non-execution of WBM, and SDC for a total road length of 2.4 km (7.6 km -10km).	-
Sl. No. 2. Improvement of Thoubal Charangpat Road via Nepra Company			
One layer of WBM and Bituminous Macadam (BM) from 5.60 km to 11.00 km were to be executed. SDC for the entire stretch of 11.00 km was to be executed.	One extra layer of WBM was executed for a stretch of 2.8 km without any recorded justification.	Execution of the extra layer caused an extra cost of ₹43.93 lakh.	Department stated that all details could not be captured in the DPRs and it becomes unavoidable to tweak the project execution to meet local requirements.
	The item of BM at an estimated cost of ₹ 2.75 crore had not been executed. The item of SDC was replaced with premix carpeting.	Due to the non-execution of BM and replacement of SDC by inferior item of Premix Carpet, the quality of road was not ensured. Damaged road surface at various stretches was found during	

Scope of work as per DPR	Actual execution	Implications	Department reply
		joint physical verification of the road (August 2018).	
Retaining Wall of length of 233 m at a cost of ₹ 1.49 crore was to be executed.	Retaining wall of pile foundation was constructed for a length 400 m at a cost of ₹ 3.47 crore without any justification.	Execution of extra length of retaining wall of pile foundation resulted in extra expenditure of ₹ 1.98 crore.	
Sl. No. 3. Improvement of Lamsang Sekmai Road			
Shingling, WBM and Built up Spray Grout (BUSG) at selected stretches and BM and SDC for a total length of 8.4 km were to be executed.	BM and SDC were executed for a length of 9.9 km as against the approved length of 8.4 km.	Execution of BM and SDC for extra length resulted in extra expenditure of ₹55.00 lakh over the estimate of the items.	Department while admitting the audit observations stated that the changes/deviations had been accorded technical sanction.
Three RCC slab culverts, Maintenance of Keirang bridge approach road and wing wall construction were to be carried out.	Three RCC culverts estimated at a cost of ₹ 23.30 lakh were not constructed. Work of Maintenance of Keirang bridge approach road and wing wall at a cost of ₹ 19.87 lakh was not executed.	As cross drainages of the road was not provided, the road was prone to damage during rainy season. Keirang bridge approach road remained in bad condition without bituminous surface.	The reply was not acceptable as comprehensive DPRs must be prepared after proper survey and the Department, in case of any unavoidable deviations from approved DPRs, should have intimated such deviations both to the HPC and the NABARD for their approval.
Sl. No. 4. Construction of Bridges Over Chakpi River at Anal Khullen			
RCC Box type bridge of 75 m span and Retaining wall of 120 m length were to be constructed.	Bailey Bridge was under construction.	The change in design after approval of the project resulted in delay in awarding the work and subsequent delay in completing the project.	Department stated that due to urgency, the DPRs were hurriedly prepared without soil survey investigation and after the projects were approved, a consultant was engaged to prepare the designs and consequently, the variations at the design stage were required.
	Retaining wall for a length of 270 m at a cost of ₹ 4.39 crore was included in the work order. Proper justification was neither found in the Report of the TS nor furnished for the increased length of the retaining wall.	Even after seven months of delay from scheduled date of completion, the project was only 60 *per cent* completed. The increase in length of the retaining wall would ultimately result in extra liability of ₹ 2.51 crore on the item.	
Sl. No. 5. Construction of Bridges Over Chakpi River at Chakpikarong			
RCC Bridge of 75 m span was to be constructed.	Steel Truss Bridge of 56 m span was under construction.	Delay in completion of the project.	Same reply as against S. No. 4 above
		Even after seven months of delay from scheduled date of completion, the project was only 70 *per cent* completed.	
Sl. No. 6. Construction of Bridges Over Wangjing river at Chingdompok			
RCC Box Triple Cell Bridge of 50 m span was to be constructed.	Steel Truss Bridge of 40 m span was under construction.	Delay in completion of the project.	Same reply as against S. No. 4 above

Scope of work as per DPR	Actual execution	Implications	Department reply
		Even after seven months of delay from the scheduled date of completion, the project was only 60 *per cent* completed.	
Sl. No. 7. Construction of bridge over Itok River at Chandrakhong			
Main bridge, approach road, retaining wall of 140 m length were to be constructed.	Construction of retaining wall of 272 m was included in the work order without justification.	The increase in length of the retaining wall would ultimately result in additional liability of ₹ 1.14 crore on the item.	Department stated that the deviations were as per the site requirement and as per the technical sanction.

The following are some photographic evidences of the impact of deviations from the DPRs.

Photograph No. 2.2.3 Unsurfaced road stretch of Wangjing Tentha Road

Unsurfaced road stretch of Wangjing Tentha Road-RD 7.6 km to RD10 km (20 August 2018)

Photograph No. 2.2.4 Damaged road surface at various stretches of Thoubal Charangpat Road via Nepra Company

Poor condition of road at RD 2 km (20 August 2018)

Poor condition of road near Benggi (20 August 2018)

These deviations being serious in nature, require detailed technical audit by the Vigilance Department and fixing of responsibility of the erring officials concerned.

Recommendation (14): Any deviation from the approved DPR without proper justification leading to financial implication is a serious matter. This requires fixation of responsibility under Manipur Public Servants' Personal Liability Act, 2006 and investigation by the Vigilance Department.

2.2.10.7 Extra carriage charge of mix from hot mix plant to work site

As per Rule 21(ii) of GFR 2005, every officer incurring or authorizing expenditure from public moneys should ensure that the expenditure should not be *prima facie* more than what the occasion demands.

Test check of records revealed that four divisions executed seven road projects involving bituminous items using Hot Mix Plants (HMP). The Department analysed the rates of the two bituminous items (BM and SDC) by adding carriage charge of mix from HMP to work sites over and above the basic rates of the mix of the Manipur Schedule of Rates (MSR). However, examination of MSR[68] revealed that the basic rates of the mix were inclusive of a lump sum carriage charge[69]of hot mix from HMP to work site. As the actual carriage charges of the hot mix from the HMP to the work sites had been added in the estimates of the mix of the two bituminous items, the lump sum carriage charges already included in the basic rates in MSR should have been deducted[70] while preparing estimates of the mix by the divisions concerned.

Thus, the incorrect analysis of rates resulted in award of the items at higher rates than the justified rates which led to incurring of extra expenditure of ₹ 1.83 crore in respect of 17 road works of the seven projects. The details have been shown in ***Appendix 2.8***.

On this being pointed out by Audit, the Department stated that the provision of Tipper Trucks in the rate analysis was meant for transportation of materials (stone aggregates, stone dust and bitumen) from the stock piling site to the respective bins of the hot mix plant by assuming a nominal distance of 200 m within the yard of the hot mix plant.

The reply was not acceptable as no payment was to be made separately for such transportation of materials within the yard of the hot mix plant. As the irregularity was serious having huge financial involvement, responsibility of the erring officials should be fixed besides effecting the recovery of excess expenditure from all concerned.

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[68] As can be seen from the Analysis of Rates of the MSR.

[69] Carriage Charge @ 8 Tipper trucks of ₹ 68.75 per sq. m. for BM and ₹ 35.94 per sq. m for SD was included in the basic rates of the MSR, as can be seen from the Analysis of Rates of the MSR.

[70] While preparing the estimates of the mix, either the carriage charge included in the basic rates of the mix in the MSR or the carriage charges separately worked out by the Department should have been included. Since both had been included, the money value of the para is worked by Audit based on the carriage charges of the MSR for the sake of simplification of calculation.

2.2.10.8 Inclusion of Bituminous Macadam (BM) item for inter village roads led to extra avoidable expenditure of ₹ 1.97 crore

As per IRC 37-2001/Rural Roads Manual, structural layer of bituminous mix need not be provided for rural roads with low volume traffic.

The two road projects *"Improvement of roads in and around Churachandpur District Headquarters"* and *"Improvement of road connecting ITI from NH"* were inter-village roads. However, the item of BM was included as base course in the improvement works of these two roads. The item was executed at a cost of ₹ 1.97 crore.

On this being pointed out by Audit, the Department stated that though the roads were under the category of Inter-Village Road (IVR), these were important roads utilised as link roads to NH where many heavy vehicles ply.

The reply was not acceptable as the BM Works were carried out on IVR which were local link roads and no supporting data of heavy traffic volumes was furnished to justify the claim of the Department.

Thus, the execution of the BM item in contravention of the IRC guidelines led to extra avoidable expenditure of ₹ 1.97 crore, which calls for fixing of responsibility for doing work in violation of prescribed benchmarks.

2.2.11 Non-assessment of socio-economic outcomes of completed projects

NABARD assisted RIDF projects of rural connectivity aims to promote socio-economic development of rural areas. As per NABARD Guidelines, the State Government was required to assess the potential created for generation of income and employment in areas where the projects had been executed and the same was to be reflected in its project completion reports to be submitted to NABARD. In its evaluation studies, NABARD had laid down some illustrative parameters for evaluating the projects such as improvement in access to education and health facilities, reduction in school dropout rates, increase in financial inclusion, *etc.*

Out of the 25 sampled projects, 18 projects had been completed (September 2018). However, the State Government had not carried out any outcome evaluation of the completed projects. Moreover, data for the period prior to the execution (baselines data) such as enrolment and attendance in schools, visits to health centres, opening of bank accounts, *etc.,* in the vicinity of the projects was not available with the implementing Department (September 2018) thus, making the outcome evaluation difficult.

On this being pointed out, the Department stated that there was no such policy of outcome assessment. However, efforts would be made for outcome assessment through outsourcing in future.

The reply of the Department was not acceptable as the outcome assessment was required for submission of project completion reports. Further, in the absence of any outcome assessment, the extent of achievement of desired objectives for rural connectivity projects could not be ascertained.

2.2.12 Non-maintenance of records

Maintenance of records, registers and accounts is one of the tools of the internal control mechanism to bring in transparency and accountability and ensure audit trail. The maintenance of proper records provides a basis for the decisions made in the past and useful Management Information System can be generated for monitoring the progress of activities. The MPWD Works Manual also prescribes maintenance of various basic records.

Audit, however, noticed that six such basic records were not maintained in any of the 12 sampled implementing divisions. The implications of non-maintenance of the records are summarised below:

Table No. 2.2.5 Details of Records/Registers not maintained

Sl. No.	Records/ Registers not maintained	Prescribed Section of MPWD Works Manual, 2014	Implications
1	Bills Register	10.1	Date of submission of bills could not be ascertained. Due to this, the possibility of payment of bills received afterwards could not be ruled out.
2	Contractors' Ledger	10.2	Details of works undertaken by each contractor and amount outstanding under each work could not be ascertained.
3	Register of Works and Works Abstract	10.3	Month-wise and Year-wise expenditure incurred on each work could not be ascertained.
4	Hindrance Register	29.7	The items of works affected due to any hindrance and the net delay on the part of the Department or Contractor could not be ascertained.
5	Site order Book	25.1	Details of defects on which action is to be taken by the Contractors based on the observations of the Supervising Officer could not be ascertained.
6	Inspection Register	25.2	Details of site visits of the Senior Officers such as Superintending Engineer and Chief Engineer, details of items inspected and corresponding observations could not be ascertained.

Source: Departmental Records.

In addition to the above deficiencies, information like time taken at various stages of projects such as Preliminary survey, Administrative approval, Expenditure sanction, Technical sanction and details of correspondences made with the contractors were not found available on record. Further, the basis of undertaking the projects under RIDF funding could not be ascertained from records.

As maintenance of records in all the 12 implementing divisions was poor, it was difficult in Audit to carry out performance assessment of implementation of various RIDF projects.

On this being pointed out, the Department stated that the maintenance of records would be ensured within three months. The Chief Engineer has issued (7 December 2018) an office memorandum to all the Additional Chief Engineers and Superintending Engineers to ensure maintenance of these records by the divisions under their jurisdictions.

Recommendation (15): Necessary follow-up action should be carried out to ensure that the records were being maintained properly to bring in transparency and accountability by the implementing divisions.

2.2.13 Quality and Monitoring Mechanism

Internal controls are intended to provide reasonable assurance of proper implementation of laws, rules and departmental instructions and safeguarding resources against loss, fraud and irregularities. Control, communication and monitoring are key components of internal control system. Existence of continuous and effective monitoring system is essential to secure the effectiveness of internal control system.

2.2.13.1 Non-existence of laboratory for quality tests

As per para B (I)(4) of Annexure IV of NABARD Guidelines, the State Government shall ensure that the technical personnel and well equipped laboratory system are available for exercising effective quality control. Periodical tests on material and finished works shall be conducted as per IRC/MOST and BI standards. The test certificates of manufactured materials from sources from where these are procured shall be obtained and preserved properly. Moreover, the results of quality control tests and observations shall be systematically recorded and carefully preserved.

Audit observed that there was no functional laboratory of PWD for carrying out the required quality control tests. The Department stated (December 2018) that the construction of Laboratory Building was complete and tender for procurement of equipment was under process. The Laboratory was expected to become operational by March 2019.

Audit found that Cube tests[71] had been carried out through Government Polytechnic Imphal in respect of four bridge projects only out of the nine bridge projects. The Department failed to furnish reasons for not conducting quality control tests in respect of the remaining 16 roads and five bridge projects.

Thus, the works were executed in an unprofessional manner and possibilities of poor quality of execution of works could not be ruled out in the absence of carrying out any quality test of material being used in the works.

2.2.13.2 Non-conducting of quality control tests by Contractors

As per IRC specifications for Road and Bridges works, the contractor shall set up field laboratory at locations approved by the PWD and shall equip the same with adequate equipment and personnel in order to carry out all required tests and quality control work as per specifications or as directed by the PWD. Para B(I)(4) of Annexure IV of NABARD Guidelines also provides that for ensuring requisite quality of construction, the materials and works shall be subjected to Quality Control Tests. For instance, quality controls for ensuring physical requirements of coarse aggregates for WBM Sub-base/Base Courses shall be as shown in the following table.

[71] A test where concrete specimens are cast and tested (usually after 28 days of curing) under the compressive loads to determine the compressive strength of concrete.

Table No. 2.2.6 Quality Controls for ensuring physical requirements of coarse aggregates for WBM Sub-base/Base Courses

Type of Test	Requirements	Frequency of test
Los-Angeles Abrasion Test or Aggregate impact test	50 (Max)	One test for every 200 cum or part thereof
Flakiness and Elongation Index	25 (Max)	One test for every 200 cum or part thereof

Source: RIDF Guidelines.

No record was available in any of the divisions to prove that the contractors had set up any field laboratory at locations approved by the PWD or carried out the required tests and quality control work as per specifications or as directed by the Department.

On this being pointed out, the Department admitted that the contractors were not conducting the required quality testing as per the norms prescribed in this regard.

Thus, the Department had failed in its duty towards monitoring the quality of the works executed under the Scheme.

2.2.13.3 Lack of monitoring by High Power Committee and non-constitution of District Level Monitoring Committee

As per Para 11 of NABARD Guidelines, meetings of High Power Committee (HPC) are an important institutional mechanism to review RIDF Projects and monitor the progress at highest level. The HPC should meet once in a quarter. Apart from the High Power Committee meetings, District Level Review Meetings under the chairmanship of District Collectors are required to be conducted quarterly.

Audit observed that only five HPC meetings were held during 2015-16 to 2017-18 as against the prescribed 12 meetings. Scrutiny of minutes of the meetings revealed that the meetings were held for approval of projects under RIDF including projects under other two sectors of RIDF. Review of the progress of the works under road and bridges projects was not done during any of these meetings. Moreover, District Level Review Committees (DLRC) had not even been constituted.

On this being pointed out, the Commissioner (Works), who was also a member of the HPC assured that holding of quarterly meetings of HPC would be ensured in future.

The fact, however, remains that HPC meetings had not been held regularly. Further, as no review of progress of the projects had been discussed in the few HPC meetings held, the monitoring of the progress of the works at the highest level was lacking.

The HPC Meetings and the DLRC Meetings should be held regularly to monitor the progress of the projects at the highest level.

2.2.13.4 Non submission of Project Completion Reports (PCRs)

As per NABARD Handbook on RIDF, PCR is a document of information to be furnished by the implementing department after completion of the sanctioned projects. The objective of obtaining PCRs is to make overall assessment of the potential created for generation of income and employment in areas where the projects have been executed and to chalk out strategy for funding identical projects in future and for ensuring policy interventions to be introduced *etc*.

PCRs in the prescribed format were to be submitted by the Implementing Department to the Regional Office of NABARD within a month from date of completion of the project. If a project is physically completed, the department can submit PCR even when some financial bills are pending.

Out of the 25 sampled projects, 18 projects had been physically completed during April 2016 to April 2017. However, the implementing department had not submitted (September 2018) PCRs in the prescribed format to NABARD even after a lapse of 17 to 29 months from the date of completion of the projects. Due to non-preparation and non-submission of PCRs by the implementing department, the intended objectives of the completed projects with regard to generation of income and employment could not be ascertained.

NABARD stated that Project Completion Reports had not been submitted to them inspite of writing letters in this regard. The Department assured that they would submit PCRs at the earliest.

However, the fact remains that the implementing Department had completely failed in its duty towards preparation and submission of PCRs. Further, NABARD also had not taken any stringent measures to ensure submission of PCRs by the implementing Department(s).

Recommendation (16): The Department should make Laboratory functional at the earliest to carry out the requisite quality control tests for ensuring the quality of material and workmanship. Further, the State Government should ensure regular monitoring of the projects at highest level through HPC, DLRC etc., for timely completion of the projects.

2.2.13.5 Lapses on the part of NABARD

The role of NABARD towards successful implementation of RIDF projects is manifold. However, Audit found that NABARD had not played its role well and had failed on the following fronts.

- Inspite of the fact that representatives from NABARD participated in the HPC Meetings for prioritisation of the projects, four ineligible projects were included in the priority list and the project sanctioning committee also failed to detect the ineligible projects and sanctioned the projects for funding under RIDF loan (**Paragraph 2.2.8.1**).
- In respect of the 16 Road projects, the DPRs were deficient in basic parameters such as traffic density, design life, existing pavement details and its strength. NABARD failed to impress upon the State Government for inclusion of the basic parameters while sanctioning the projects thereby violating their own Guidelines (**Paragraphs 2.2.8.1** and **2.2.10.2**).

- NABARD also failed to exercise due diligence in monitoring of the projects. It failed to detect the major deviations from the approved DPRs of seven projects during their execution as pointed out in **Paragraph 2.2.10.6**.
- Further, NABARD failed to detect the construction of a bridge at Bisnunaha instead of constructing the same at the approved location of Khoirom (**Paragraph 2.2.8.2**).

It is thus, obvious that NABARD is neither exercising due diligence at the time of approvals/sanction of projects nor at the time of disbursement of loans which raises a question mark on the role and functioning of NABARD.

2.2.14 Non-maintenance of assets created

The created assets are required to be maintained to derive full benefits of the projects. As per Para A (10) of Annexure-IV of Handbook on RIDF, the State Government shall make adequate annual budget provision for the recurring expenditure on account of maintenance and repairs of assets created. Further, as per clause 17 of General Conditions of Contract of PWD, Manipur, the Contractors are liable for defects arising out of improper materials or workmanship happening during the progress of the work or the maintenance period (12 months). The Contractors shall make good the defects at their own expenses upon receipt of a notice in writing from the Engineer-in-charge. In case of default, the Engineer-in-charge shall cause the same to be made good through other sources and deduct the expenses from security deposit or from any sum payable to the contractor.

Audit observed that separate budget provisions were not made by the Government for maintenance of the Projects executed under RIDF. During joint physical verification of 15 roads and six bridges out of the 16 roads and nine bridge projects, Audit observed that the following road stretches were damaged due to lack of maintenance:

Photograph No. 2.2.5 Photographs of damaged roads noticed during Joint Physical verification

Sunken portion of 'Senapati Hqrs. Roads (Colony road)
(30 June 2018)

"Improvement of M.I. Bishnupur road and M.I. Bengoon" (Badly damaged portion of the work 'School Leirak, Ningthemcha Karong Road')
(6 June 2018)

Improvement of Ukhrul District Hqrs road (Damaged portion of Approach road to District Hospital)
(12 July 2018)

Improvement of Roads in and around Churachandpur District Hqrs (Worn out bituminous surface for a length of 200m at Marian street)
(28 August 2018)

Improvement of Lamsang Sekmai Road (Badly damaged portion)
(16 August 2018)

Improvement of Thoubal Charangpat Road via Nepra Company (Pothole at RD 7.8 km)
(20 August 2018)

It was observed that damage reports were not maintained in the concerned divisions. As such, Audit could not ascertain the cause of damages to see whether the roads were damaged during the maintenance period or not. Further, security deposits were not deducted from the contractors.

Thus, due to non-maintenance of the assets created by providing separate budget provisions, or out of security deposits of the contractors, the full benefits of the projects could not be derived.

2.2.15 Conclusion

The implementation of rural connectivity projects funded through NABARD Loan in the State suffered from many lapses. There was no streamlined procedure for proper prioritisation of Projects. The projects were proposed without following any defined criteria as per NABARD Guidelines and infrastructure gap analysis *etc*. NABARD loans amounting to ₹ 9.13 crore bearing interest liability of ₹ 2.59 crore were availed for four ineligible projects.

The Public Works Department had prepared inflated Statement of Expenditure which were, without ensuring their correctness, submitted by the Finance

Department to NABARD. Further, NABARD also failed to verify the correctness of the claims before making the reimbursement of expenditure and subsequently made excess reimbursements ranging from ₹ 2.03 crore to ₹ 16.21 crore then the actual expenditure.

Till March 2018, against the actual expenditure of ₹ 77.87 crore (NABARD's Share), ₹ 99.01 crore was claimed/reported for reimbursement and the same was reimbursed by NABARD, thereby resulting in excess reimbursement claim of ₹ 21.14 crore which remained unutilised (September 2018), entailing interest liability of ₹ 5.11 crore payable to NABARD by the State Government.

The Detailed Project Reports of the 16 road projects were prepared without proper survey and were deficient, with lack of basic data such as design traffic, design life, strength and thickness of the existing pavement. There were numerous deficiencies in project execution such as non-invitation of open tenders, grant of undue benefits to contractors due to non-collection of Performance Guarantee Bonds, incorrect analysis of rates, non-levy of compensation for delay in completion of works and unauthorised execution of works *etc.*

The Quality Control and Monitoring Mechanism was weak. The Department did not have any functional laboratory for performing the required quality control tests and contractors also did not set up any testing laboratory for conducting the Quality Control tests as required. As a result, due to deficiencies in implementation, creation of infrastructure conceived under the scheme could only partially achieve the intended objectives of better rural connectivity in the State.

COMPLIANCE AUDIT

FISHERIES DEPARTMENT

2.3 Fraudulent expenditure

Funds amounting to ₹ 81.90 lakh meant for construction of houses and community tanks of BPL fishermen were drawn by presenting fictitious bills and the amount was fraudulently shown as spent without actual/partial execution of works.

As per Rules 204 (xiv) (a) read with 204 (xiv) (b) of the General Financial Rules (GFR), 2005, the terms of a contract, including the scope and specification once entered into, should not be materially varied and in case of variations, specific approval of the authority competent to approve the revised financial commitments must be obtained.

As per para 17.1 Manipur Public Works Manual (MPWD), 2014, wide publicity should be given to the Notice Inviting Tenders (NIT) through advertisement on the website/ in press. As per Para 7.1 (4) of the Manual *ibid*, the payments to contractors and others for the work done or other services rendered are to be made on the basis of measurements recorded in the Measurement Book. Further, works of civil construction should be done by the Departments having technical expertise and works should not be split.

As per order (July 2008) of Finance Department, Government of Manipur, in case of transfer of funds, bank account of Drawing and Disbursing Officer (DDO) should not be used.

Further, as per Section 4 of the Manipur Public Servants' Liabilities Act, 2006, any Public Servant who makes payment in violation of existing instructions and orders of the Government will be entirely and personally liable for payment and liquidation of the financial liability arising out of his action.

Audit scrutiny of records (July 2016) of the Director of Fisheries, Government of Manipur revealed that Ministry of Agriculture, Government of India (GoI) approved (March 2015) ₹ 230.40 lakh[72] for the construction of 300 Houses and 12 Community Tanks for BPL fishermen under National Scheme of Welfare of Fisherman. Out of this, ₹ 70.15 lakh was released (March 2015) as first instalment of Government of India (GoI)'s share to Government of Manipur for the scheme. Accordingly, the Government of Manipur (GoM) accorded (March 2016) expenditure sanction of ₹ 87.69 lakh (₹ 70.15 lakh being GoI share and ₹ 17.54 lakh being GoM share) for the construction of 122 Houses and five Community Tanks.

Audit noticed the following irregularities in drawal of funds and the expenditure:

- Out of the sanctioned amount of ₹ 87.69 lakh for the Scheme, ₹ 81.90 lakh[73] was drawn (March 2016) through two Fully Vouched

[72] Central share ₹ 172.80 lakh and State share ₹ 57.60 lakh in 75: 25 ratio.
[73] after deducting VAT of ₹ 4.91 lakh and ₹ 0.88 lakh as Labour Cess.

Contingent Bills for making the payment to a contractor (Shri G. Kakhangai Kabui) without execution of any work;

- ₹ 81.90 lakh drawn was kept (31 March 2016) in the Bank Account of the DDO *viz*., Additional Director of Fisheries as revealed from the Statement of Bank Account of the DDO. Out of this amount, ₹ 80.31 lakh was withdrawn in parts after a period ranging from 11 months to one year and five months. The whereabouts of the remaining amount of ₹ 1.59 lakh (₹ 81.90 lakh - ₹ 80.31 lakh) was, however, not known. This was in violation of Government of Manipur order dated July 2008;
- The works were relating to the civil construction. Such works should have been undertaken by technical agencies and not by the Fisheries Department. No technical sanction was obtained for the expenditure. Instead, the Department relied on the estimates prepared by a Section Officer of the Fishery Department;
- The work was split up into 12 sub-works without any reasons;
- The NIT was not widely published and only a copy of the NIT was given to the Secretary, Fisheries Department and one copy was displayed on the Notice Board;
- Subsequently, for the construction of 122 Houses and five Community Tanks (first phase works), 12 tenders[74] were called (April 2016) and altogether 13 contractors participated in the tender process. For each tender, only three contractors amongst these 13 contractors participated in rotation, which was a strong indication of cartel amongst the contractors;
- As the works were in the nature of civil construction, bills should have been prepared based on physical measurement recorded in Measurement Book (MB). No such records were, however, maintained. The bills were not prepared in "Running Account" (RA) Bill format. Expenditures were simply made on a plain paper duly signed by the contractors.

A Joint Physical Verification (JPV) of the works was conducted (March 2019) by a team of Audit and representatives of the Department. Out of 122 houses and five Community tanks, 22 houses and three Community tanks were visited through random statistical sampling.

Audit revealed that none of the houses had been constructed as per the approved dimension of the estimates. In case of only two beneficiaries, the contractors were involved in the construction. In 16 cases[75], financial benefits ranging from ₹ 25,000 to ₹ 75,000 were given and in one case, no financial assistance was given but some building material was provided. There was no involvement of contractors doing any work in these cases. In three cases, the beneficiaries were not available to furnish information and their houses were only verified from outside.

Some photographs taken during Joint Physical Verification are shown below:

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[74] Tender Notice of the 12 sub-works were issued (April 2016), Work Orders were given (August 2016), and payments to the contractors were made during November 2016 to September 2017.

[75] Of these 16 cases, three beneficiaries also got some building material.

Photograph No. 2.3.1 Photographs from the Joint Physical Verification (March 2019)


Only a few CGI sheets had been provided to one of the beneficiaries.
(27 March 2019)


Structure constructed was being used as poultry house at the time of Joint Physical Verification.
(28 March 2019)

Of the three Community tanks jointly visited, one was found to be much larger than the dimension mentioned in the estimates and in one case, it was much smaller. In one case, it was admitted that no new pond was dug but only the renovation work was carried out in existing pond.

The above irregularities noticed during Audit and result of the Joint Physical Verification indicated fraudulent practices in the manner the fund was drawn, a part of which was not traceable, the manner in which civil construction works were executed through a cartel of contractors without following any due process and absence of entries in MB and preparation of RA bills.

In the light of above lapses, the matter needed further investigation and punitive action under Manipur Public Servants' Liabilities Act, 2006 should be taken against the erring officers for such fraudulent practices.

The Government should consider exploring the possibility to use Direct Benefit Transfer system to curb such fraudulent activities and to ensure that the benefits reach the intended beneficiaries.

PUBLIC WORKS DEPARTMENT

2.4 Undue benefit to contractors

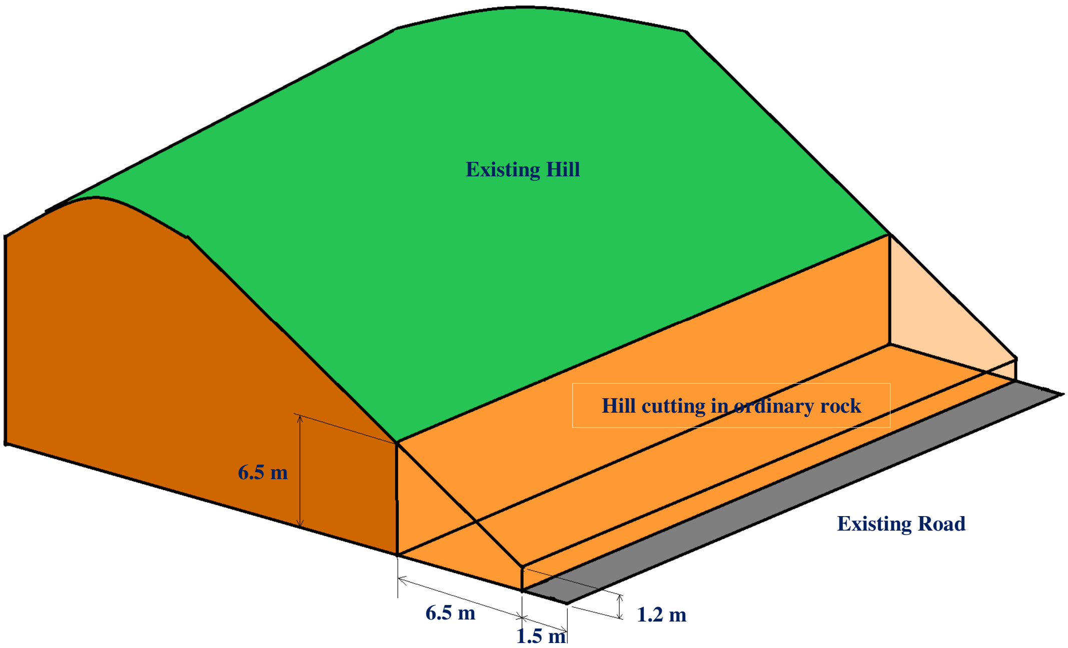
Adoption of a higher rate for earthwork excavation based on manual rate instead of lower mechanical rate led to extension of undue benefit to contractors amounting to ₹ 70.85 lakh.

Rule 21 of General Financial Rules envisages that every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy. The expenditure should not be *prima facie* more than the occasion demands.

As per Indian Roads Congress (IRC), mechanical rates are required to be considered while preparing the estimates for the earthwork items and manual rates are to be taken into account in exceptional cases where areas are inaccessible and quantum of work are not large enough.

Scrutiny of records (September 2017) of the Executive Engineer, Tamenglong Division, PWD, revealed that nine works were awarded during February 2014 to December 2016 to four contractors at a total cost of ₹ 5.98 crore. The works *inter alia* included earthwork of hill cutting in ordinary rock involving 58,457.65 cum for ₹ 1.88 crore. Against this, earthwork of 59,322.90 cum quantity was executed at a cost of ₹ 1.92 crore till September 2017. An illustrative representation of the hill cutting work is shown in the following chart.

Chart No. 2.4.1 Chart showing an illustration of the hill cutting work



Source: Departmental Record; Illustration not to scale.

Audit observed that earthwork of 54,741.54 cum was shown to have been executed @ ₹ 320.12 per cum (*MSR*[76] *2013 rates*) in eight works while 4,581.36 cum was executed @ ₹ 366.38 per cum (*MSR 2015 rates*) in one work by adopting manual rates for the earthwork. The Department could have executed the earthwork by using mechanical means at lower rates prescribed in the MSR at the time of issuing work orders *i.e.*, @ ₹ 204.25 per cum for 54,741.54 cum (*MSR 2013 rates*) and @ ₹ 204.46 per cum for 4,581.36 cum (*MSR 2015 rates*) respectively. Due to adoption of higher manual rates, an expenditure of ₹ 192.03 lakh was incurred for the earthwork as against ₹ 121.18 lakh at the lower mechanical rates which were not adopted by the Department though required as per IRC specifications. This had resulted in extra avoidable expenditure of ₹ 70.85 lakh as per details below.

Table No. 2.4.1 Comparison of manual and mechanical rates for the earthwork excavation

(Amount in ₹)

Items	MSR 2013		MSR 2015	
	Manual rates	Mechanical rates	Manual rates	Mechanical rates
Cost per cum as per MSR	300.30	191.60	343.70	191.80
Add 5.6 *per cent* Sales Tax and one *per cent* Labour Cess	19.82	12.65	22.68	12.66

[76] MSR: Manipur Schedule of Rates.

(Amount in ₹)

Items	MSR 2013		MSR 2015	
	Manual rates	Mechanical rates	Manual rates	Mechanical rates
Cost per cum of the item	320.12	204.25	366.38	204.46
Quantity executed	54,741.54 cum *(in eight works)*		4,581.36 cum *(in one work)*	
Amount for execution of earthwork	₹ 175.24 lakh	₹ 111.81 lakh	₹ 16.79 lakh	₹ 9.37 lakh
Difference of amount *(manual rate and mechanical rate)*	Manual rate = ₹ 192.03 lakh *(175.24 lakh + 16.79 lakh)* Mechanical rate = ₹ 121.18 lakh *(111.81 lakh + 9.37 lakh)* **Difference = ₹ 70.85 lakh**			

Source: Departmental Records.

On the above being pointed out in audit, the Department stated (February 2019) that work was carried out as per the rate quoted by the contractor *i.e.,* manual rates as it was not specified in the work order whether the work should be done manually or mechanically.

The reply was not acceptable due to the following facts:

- If the hill cutting was done manually as claimed by the Department, the work would have required 2,326 workers for excavation of 59,322.90 cum over a total road length of more than 20 km and availability and engagement of 2,326 numbers of workers was not possible in Manipur. Calculation of number of workers required for such volume of earthwork (hill cutting) would be as follows:

Table No. 2.4.2 Calculation of labourer required for execution of the Hill cutting work [77]

Sl. No.	Name of work	Volume of Earth Work in hill cutting in Ordinary Rock executed (in cum)	Length of the road *(in km)*	No. of days taken in the hill cutting work as per MB	No. of workers required as worked out in audit as per norm
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1	Construction of road from Thingkou to Okoklong (SH: E/W in formation cutting from 2.090 km to 5.275 km)	10,746.90	3.185	12	923
2	Construction of road from Thingkou to Okoklong (SH: E/W in formation cutting from 0 to 2.090 km)	6,461.90	2.090	11	606
3	Noney to Marangching (Railway Project Road) (SH: E/W in formation cutting 14.80 to 17.590) – 1st portion	6,425.40	2.790	24	276
4	Noney to Marangching (Railway Project Road) (SH: E/W in formation cutting 17.590 to 20.530 km) – 2nd portion	5,724.68	2.940	25	236
5	Constrn. of IVR from Changthuithok to Muktina (SH: E/W in formation widening 0 to 2.544 km)	2,999.85	2.544	37	84

[77] As per Manipur Analysis of Rates, 2013 for hill cutting of Ordinary Rock, 26.5 number of labourer is required to execute 30 cum in one day (8 hours) and another 1/6 is to be added for paid holiday.

Sl. No.	Name of work	Volume of Earth Work in hill cutting in Ordinary Rock executed (in cum)	Length of the road *(in km)*	No. of days taken in the hill cutting work as per MB	No. of workers required as worked out in audit as per norm
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
6	Construction of road from Namtiram II to Phellong (14 km) & Construction of road from Takou to Lenglong – 17 km (SH: Construction of road from Namtiram II to New Phellong)	8190.90	3.000	102[78]	83
7	Improvement. of Diversion of Nungba-Longpi road from KhangmuolLamkhai to Zathaikot (SH: E/W in formation cutting from 17.090 to 18.264 km)	4,581.36	1.174	69	69
8	Construction of road from Namtiram II to Phellong (14 km) & Construction of road from Takou to Lenglong – 17 km (SH: Construction of road from Takou to Lenglong – 17 km)	8,419.61	0.270	299[79]	30
9	Noney to Marangching (Railway Project Road) (SH: E/W in formation cutting 20.530 to 23.260 km) – 3rd portion	5,772.30	2.730	330	19
Total		**59,322.90**	**20.723**		**2,326**

Source: Departmental Records.

- Some stretches of road of more than 2 km of hill cutting was shown to have been completed within a short period of time of 11 to 12 days;
- The hill cutting work was done at an average height[80] and breadth of more than 6.5 m, which was more than the height of a normal two storied building, above which the workers had supposedly climbed for the hill cutting and completed the work. This does not appear feasible to be done manually.

In such a scenario of work being done by engagement of workers manually without use of machineries was clearly doubtful. Thus, failure of the Divisional Officer not to prepare the estimates considering the mechanical rates for the earthwork was a gross lapse and ultimately led to loss of State Government exchequer. The Divisional Officer had violated the norms of GFR *ibid,* to ensure financial economy besides failing to adhere to the provisions of IRC norms.

Thus, due to adoption of higher rate of earthwork excavation based on manual rates instead of adopting lower mechanical rates, the division incurred avoidable expenditure of ₹ 70.85 lakh which amounted to extending undue benefit to contractors.

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[78] Work done in two spells of period of 34 days and 68 days. Calculation based on the total number of days taken *i.e.,* 102 days (34 + 68). Otherwise, number of worker required as worked separately works out to 114 and 68 respectively.

[79] Work done in three spells of period of 9 days, 70 days and 220 days. Calculation based on the total number of days taken *i.e.,* 299 days (9 + 34 + 220). Otherwise, number of worker required as worked separately works out to 439, 40 and 9 respectively.

[80] At some stretches, the height of hill cutting was more than 7.5 m.

The responsibility of the Executive Engineer who failed to comply with the provisions of GFR and the IRC to apply/adopt the mechanical rates for earthwork while preparing estimates of the hill cutting needs to be fixed for such failure which led to loss of ₹ 70.85 lakh to the State exchequer which was avoidable. The Department should adopt measures for ensuring compliance to the Codal provision by all concerned to safeguard the scarce resources of the Government.

2.5 Idle expenditure on purchase of furniture items

Purchase of furniture items despite sluggish progress of construction of building complex in violation of provisions of General Financial Rules and without proper planning and immediate requirement led to idle expenditure of ₹ 14.77 crore.

As per paras 29.7 (1), 29.7 (2) and 29.7 (4) (ix) of MPWD Manual, 2012, whenever any hindrance, whether on the part of department or on the part of contractor, comes to the notice of the Assistant Engineer, he should, at once make a note of such hindrance, and immediately make a report to the Executive Engineer within a week. The Executive Engineer shall review the register containing all such hindrances at least once in a month. The Superintending Engineer should review all such recorded hindrances whenever he visits the site of work.

Rule 137 (i) of General Financial Rules (GFR), 2005 stipulates that the specifications in terms of quality, type, quantity *etc*., of goods to be procured should be as per the specific needs of the procuring organisations and should meet the basic needs without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of the requirement to avoid piling of inventory carrying costs.

Scrutiny of records (November 2017) of the Executive Engineer, Building Division-I, Imphal revealed that the work *"Construction of Capital Complex (Civil Secretariat Component)"* was awarded (October 2010) to M/s Simplex Projects Private Limited (Contractor) at a cost of ₹ 282.60 crore, which was to be completed within three years *i.e.,* by October 2013.

Since the work could not be completed, extension of time[81] was allowed for the twelfth time till February 2019. Beyond this date, extension of time had not yet been given. It was observed that though the Contractor had not requested any time extension, the Department allowed[82] (October 2013) time extensions from time to time which was not a prudent decision and against professional considerations. While giving the extensions, the Department had each time strongly cautioned the contractor for timely completion, failing which the contractor was liable to pay liquidated damages to be recovered from the bill payments for the construction work. It was, however, observed that no penalties had been imposed against the delinquent Contractor as liquidated damage for non-completion of work on time.

[81] Upto 18-04-2014, 17-10-2014, 18-04-2015, 17-10-2015, 18-04-2016, 17-10-2016, 18-04-2017, 30-06-2017, 31-12-2017, 31-03-2018, 30-09-2018 and 28-02-2019.

[82] There was no record to justify extension of time.

Even, as of May 2019, the work had remained incomplete despite passage of five years and seven months period from the initial target date of completion. An amount of ₹ 262.36 crore was paid to the contractor with the fact that 80 *per cent* physical progress was achieved against 93 *per cent* financial progress (May 2019), which implied that excess payment was made to the contractor as compared with the actual progress of work.

Even while the construction of Capital Complex was nowhere close to completion, just prior to allowing the fifth time extension, the Executive Engineer placed (March 2016) a supply order of 6,692 furniture items to a firm[83] for the Capital Complex of Civil Secretariat at a tendered cost of ₹ 16.67 crore. The details of furniture items are listed at ***Appendix 2.9***. The Department stated that the advance purchase was done in view of the requirements of the Civil Secretariat Complex as per the approved furniture layout drawings under the approval of the High Tender Committee.

The firm supplied (August 2016 and January 2017) 6,600 furniture items for which payment amounting to ₹ 14.77 crore[84] was made to the dealer in August 2016 and January 2017 respectively.

During the joint physical verification (November 2018), it was, however, observed that the furniture items so procured could not be put to use and had been kept inside 74 rooms in the Capital Complex as the construction of the Capital Complex had not been completed. The Department, thus, did not make a proper planning of inventory control and procured furniture items even when the completion of the Complex had suffered inordinate delays. The furniture items were still lying packed in the cartons and were yet to be installed as noticed during joint physical verification (November 2018). As on May 2019, the furniture items could not be utilized even after 28 to 33 months of their receipt. Hence, lack of proper planning in procurement of furniture in accordance to GFR Rule 137 (i) *ibid,* led to incurring of idle expenditure of ₹ 14.77 crore towards the procurement so made.

In their reply (October 2018) and during joint physical verification (November 2018), the Department stated that construction of the Capital Complex was delayed due to unseen exigencies. However, the Department failed to explain the nature of unseen exigencies and whether extension of time year after year was justified.

The comments of the Department substantiate the fact that the furniture items were purchased without immediate requirements, which could not be put to use as on date (May 2019).

Moreover, construction of the Civil Secretariat Capital Complex was started in October 2010 and was targeted to be completed in three years in October 2013. However, it was still (May 2019) incomplete even after elapse of five years and seven months period from the stipulated date of completion. During Joint Physical Verification (November 2018), it was seen that there was a likelihood

[83] M/s L. Kulabidhu Singh & Company, Imphal, authorized dealer of M/s Godrej and Boyce Manufacturing Company Limited vide supply order No. EE/BD-I/Supply Order/2015-16/1093 dated 22.03.2016.

[84] Amount paid to dealer for furniture supplied = ₹ 2.78 crore (August 2016) and ₹ 11.99 crore (January 2017) *i.e.* ₹ 14.77 crore.

of non-completion of the construction of Capital Complex in near future as can be seen from the following photograph.

Photograph No. 2.5.1 Photograph showing Civil Secretariat Capital Complex under construction (November 2018)

Civil Secretariat Capital Complex (03 November 2018)

Hence, lack of proper planning and non-compliance to codal provisions led to idling of expenditure of ₹ 14.77 crore as the furniture items so procured could not be put to use even after lapse of 28 to 33 months of its receipt and chances of wear and tear and obsolescence of the items procured, could not be ruled out. It was also observed that the Department was also not serious in supervising and taking necessary action to ensure completion of the construction work at the earliest. Considering the importance of the Civil Secretariat Capital Complex, lack of action of not penalizing the delinquent contractor was a serious lapse and needed immediate attention by the State Government.

Recommendation (17): It is recommended that in future purchase of item needs to be made in sync with the completion of the related infrastructure by the Departments concerned. Besides, there is a strong case for fixing of responsibility for procurement of furniture items much in advance of actual requirement before completion of the Capital Complex.

2.6 Undue benefit to contractor

Provision of additional lead[85] of one km for disposal of excavated earth led to inflated rate in analysis of rate and thereby leading to extension of undue benefit to the contractor by ₹ 36.78 lakh.

As paras 7.1 (4) and 9.1 (3) of Manipur Works Manual, 2014, the payments to contractors for the work done are made on the basis of measurements recorded in the Measurement Book (MB) and before the bills are passed, the entries in the MB relating to the description and quantities of work/supplies should be scrutinized.

[85] Lead is the average horizontal distance between site of earthwork and the area of disposal.

Scrutiny of records (July 2017) of the Executive Engineer, Monitoring and Quality Control Division revealed that the work[86] for construction of a pedestrian bridge for the development of a tourist circuit was awarded (April 2016) at tendered value of ₹ 4.29 crore to a local contractor through open tenders. As of October 2018, the work had been completed and expenditure of ₹ 4.29 crore[87] had been made. The work consisted of 40 items of work which *inter alia* included 22,750.99 cum of earthwork excavation at three different levels of depth[88] at a total cost of ₹ 77.47 lakh. Against estimated quantity of earthwork, 18,099.92 cum of earthwork excavation was executed for which payment of ₹ 61.47 lakh was made.

In the rate analysis of earthwork in surface excavation, carriage of one km of lead for disposal of the excavated earth was allowed in addition to the lead/carriage of 50 m which was already included in the rate as per Manipur Schedule of Rates (MSR), 2015. Accordingly, the work was awarded @ ₹ 325 *per cum* (*0 to 1.5 m depth*), ₹ 340 *per cum* (*1.5 to 3 m depth*) and ₹ 354 *per cum* (*3 to 3.66 m depth*) which was inclusive of lead charges of one km lead for the disposal of the excavated earth.

It was, however noticed that the distance of disposal of earth in the Work Order was shown for 50 m lead only. The Measurement Book also recorded disposal of excavated earth at a distance 50 m. The rates admissible for disposal of excavated earth at a distance 50 m were worked out to be ₹ 121.89/ ₹ 136.74/ ₹ 151.17 *per cum* respectively, as shown in detail in ***Appendix 2.10***. Against this, payment for the excavation of 18,099.92 *cum* of earthwork was made as per the higher rates of ₹ 325/ ₹ 340/ ₹ 354 *per cum* and payment of ₹ 61.47 lakh was made to the contractor. Had the correct rate been applied/adopted as per the lead mentioned in the Work Order, the earthwork could have been executed for an amount of ₹ 24.69 lakh as shown in the following table.

Table No. 2.6.1 Comparison of cost as per actual rate allowed *vis-a-vis* as per allowable rates

(₹in lakh)

Depth *(in m)*	**Volume of excavated earth** *(in cum)*	**Rates allowed*** *(₹per cum)*	**Rate allowable**** *(₹per cum)*	**Amount paid**	**Amount payable**	**Excess Payment**
1	*2*	*3*	*4*	*5 (2 x 3)*	*6 (2 x 4)*	*7 (5-6)*
0.00 to 1.50	4,090.99	325.00	121.89	13.30	4.99	**8.31**
1.50 to 3.00	10,175.77	340.00	136.74	34.60	13.91	**20.69**
3.00 to 3.66	3,833.16	354.00	151.17	13.57	5.79	**7.78**
Total	**18,099.92**			**61.47**	**24.69**	**36.78**

Source: Departmental Records.

* *with additional lead of 1 km for disposal of excavated earth.*

** *with lead of 50 m only as per the Work Order and Measurement Book.*

86 Development of Tourist Circuit in Manipur Imphal – Moirang-Khongjom-Moreh (SH: Construction of pedestrian bridge over water body with Rip Rap Banks at Khongjom and Re-excavation and Rejuvenation of Kombirei lake along with lake front island and waterways – construction of Bridge across waterways)".

87 In 17 items, more quantity was executed than the quantity in the Work Order, in 15 items, the quantity as per the Work Order was executed and in 8 items, lesser quantity had been executed as of July 2017.

88 at depths of (i) 0 to 1.50 m, (ii) 1.50 to 3.00 m and (iii) 3.00 to 3.66 m.

On this being pointed out (September 2018), the Executive Engineer stated (December 2018) that the item of work had been executed as per the lead allowed in the rate analysis but it was erroneously quoted in the work order.

The reply was not acceptable as:

- *In the Notice Inviting Tender (NIT), there was a mention of earthwork excavation with lead of 50 m only,*
- *The Work Order was issued for 50 m lead, and*
- *The measurement book (MB) repeatedly recorded entries with 50 m only.*

Despite the fact that 50 m lead for disposal of the earthwork was provided in NIT, Work Order and repeatedly recorded in the MB, the payment at higher rates considering extra one km lead, led to extension of undue benefit of ₹ 36.78 lakh (₹ 61.47 lakh - ₹ 24.69 lakh) to the contractor which needed to be investigated and responsibility of erring officials may be fixed for causing loss of ₹ 36.78 lakh to the State exchequer.

2.7 Undue benefit to contractors

In absence of an effective monitoring mechanism, machineries valued at ₹ 2.61 crore which were not returned by the contractors for a period ranging from four years four months to 29 years four months, which resulted in extending undue benefit to the contractors.

As per the terms and conditions for hiring of machineries, machineries should be returned in good condition by the user and failure to return the machineries after the completion of the work/agreed period should be at the cost and risk of the users.

Scrutiny of records (July 2017) of the Executive Engineer, Mechanical Division-I, Public Works Department revealed that 58 machineries (11 types of machineries) were issued to 44 contractors on hiring basis through 18 working divisions for a period of 15 days to 60 days as shown in the following table.

Table No. 2.7.1 Details of Machineries hired

Sl. No.	Name of the division (Number of machinery)	Type of machinery	No. of machinery	Value of machineries[89] (*₹in lakh*)
1	NEC*-II (1)	Atlas Copco Air Compressor	1	1.74
2	Churachandpur (1), Jiribam (2), Tamenglong (2) & Ukhrul (4)	Avelling Jessop Road Roller	9	5.70
3	Bishnupur (1), Chandel (1), Jiribam (1), NH*-IV (2), RTF*–II (1), Senapati (5), Tamenglong (3) & Ukhrul (4)	D50- A15 Dozer	18	176.61
4	Tamenglong (1) & Ukhrul (1)	D80- A12 Dozer	2	16.97
5	Tamenglong (1)	Excort JCB	1	9.49
6	Jiribam (2), NEC-II (1), NH-IV (1), Sardar Hills (1), Senapati (1), Tamenglong (1) & Ukhrul (1)	Jessop Road Roller	8	11.70
7	Bridge Division (1), Jiribam (1) & Senapati (1)	Marshall Stone Crusher	3	3.63

[89] at the time of issue/hire.

Sl. No.	Name of the division (Number of machinery)	Type of machinery	No. of machinery	Value of machineries[89] (₹ in lakh)
8	Highway South (1), Imphal East (2), NH-I (1), NH-II (1), NH-III (1), Senapati (1), Tamenglong (1) & Thoubal (1)	Speed Craft 8-10T Road Roller	9	37.99
9	NH –I (2) & Senapati (2)	Tata Tipper 1210	4	4.79
10	NH –I (1) & Senapati (1)	Tata Tipper 1613	2	8.58
11	Jiribam (1)	Wilson 8-10T Road Roller	1	4.55
		Grand Total	**58**	**281.75**

Source: Departmental Records.

**NEC – North Eastern Council, NH – National Highways & RTF – Road Task Force.*

Audit, however, noticed that despite completion of the related works, the above machineries had not been returned by the contractors as on July 2017. The value of these machineries based on Minimum Reserve Price of machinery worked out to ₹ 2.82 crore[90] as shown in ***Appendix 2.11***. There was no evidence of any effort made by the Division concerned to recover the machineries from the defaulting contractors. Audit also noticed that the Divisions had issued the aforesaid machineries despite the fact that the machineries issued earlier had not been returned by the contractors, and no evidences of hiring charges having been recovered from the contractors were also on record, indicating absence of an effective monitoring mechanism in the Division. The possibility of these machineries valued at ₹ 2.82 crore having been taken away for their own private purposes by the contractors could not be ruled out and the chances of their retrieval were now remote.

On the above being pointed out in audit, the Department stated (November 2018) that seven machineries valued at ₹ 20.61 lakh had since been returned/ retrieved from the contractors besides realizing the hiring charges of ₹ 1.86 crore in respect of 45 machineries. The fact, however, remains that 51 machineries valued amounting to ₹ 2.61 crore (₹ 2.82 crore - ₹ 0.21 crore) were yet to be recovered for a period ranging from four years four months to 29 years four months as on May 2019 from the defaulting contractors alongwith the outstanding hiring charges from 13 contractors for which further action either to retrieve the machineries or for effecting recoveries equivalent to the cost of such machineries was required to be taken by the Department expeditiously.

Besides, the matter needed thorough investigation for fixing of responsibilities of the officials concerned for their inaction and the Department should consider filing FIR against the Contractors for not returning the machineries and making payment of hiring charge.

Thus, due to lack of timely action and monitoring failures, the said machineries valued at ₹ 2.61 crore were yet to be returned by the contractors. Moreover, the hiring charges[91] were also remaining outstanding for recovery.

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[90] The values of machinery were assessed as on the date of hire/issue based on the Government of Manipur (Finance Department) Notification dated 29 April 1995 for assessment of Minimum Reserve Price of machinery.

[91] The rent due from the contractors needs to be worked out by the Division since no Rent Register was maintained.

2.8 Undue benefit to firm

Due to adoption of higher rate for earthwork excavation based on manual rate instead of adopting lower mechanical rate, undue benefit of ₹ 60.78 lakh was extended to the firm.

Rule 21 of General Financial Rules, 2005 stipulates that every officer incurring public moneys should be guided by high standards of financial propriety and follow strict economy.

As per Indian Roads Congress (IRC), mechanical rates are to be considered while preparing the estimates for the earthwork items and manual rates are to be taken into account in exceptional cases where areas are inaccessible and quantum of work are not large enough.

Audit scrutiny of records (November 2017) of the Executive Engineer, National Highway Division-III, Public Works Department, Manipur revealed that work[92] of expansion of road from Keishampat to Malom (Oil Depot Gate) for ₹ 54.18 crore (Revised cost at ₹ 91.20 crore after revision in scope of work) was awarded (March 2015) to a firm (M/s HVS Construction Material Private Limited). The work order *inter alia* included earthwork[93] excavation in trenches and drains (14.244 km) along the National Highway for the quantity of 55,836.48 cum, costing ₹ 1.23 crore @ ₹ 220 per cum. As of December 2016, earthwork of 45,614.31 cum was executed for which payment of ₹ 100.35 lakh was made.

Audit observed that for execution of earthwork, the firm was allowed a higher rate[94] of ₹ 220 per cum at manual rate in the rate analysis adopted by the Department for the earthwork instead of adopting the lower rate of ₹ 86.75 per cum through mechanical means as per the Manipur Schedule of Rates (MSR)[95] as shown in the following table.

Table No. 2.8.1 Comparison of manual and mechanical rates for earthwork per cubic metre excavation

(₹per cum)

Items	As per manual rate (per cum)	As per mechanical rate (per cum)
Item rate of the work as per MSR	204.44	80.62[96]
Sales Tax (5.6 *per cent*) and Labour Cess (1 *per cent*)	13.49 *(6.60 per cent of 204.44)*	5.32 *(6.60 per cent of 80.62)*
Item rate with tax & cess	217.93 *(204.44 + 13.49)*	85.94 *(80.62 + 5.32)*

92 Expansion of road from Keishampat to Malom (Oil Depot Gate) {SH: Widening of NH-150 from km 459.930 (Kwakeithel Tiddim Ground) to km 462.150 (Keishampat), Construction of Culverts, Approach Culverts and Pucca Drain in between km 454.798 (Malom Oil Depot Gate) to km 462.150.

93 Earth Work in excavation in foundation trenches and drains and channels *etc*.

94 The estimate was framed at the level of the Divisional officer.

95 Manipur Schedule of Rates (National Highways), 2013.

96 In the rate analysis, the Division adopted ₹ 204.44 per cum, which is 80 *per cent* of ₹ 255.55 per cum, the manual rate of excavation of earthwork as prescribed in the MSR. Accordingly, 80 *per cent* of the mechanical rate of excavation of earthwork in the MSR *i.e.* 80 *per cent* of ₹ 100.78 per cum *i.e.* ₹ 80.62 per cum is adopted in the calculation.

Items	As per manual rate (per cum)	As per mechanical rate (per cum)
Percentage allowed to firm above Item rate with tax & cess*	2.07 *(0.95 per cent of 217.93)*	0.81 *(0.95 per cent of 85.94)*
Rate per cum of the item of work	**220.00** *(217.93 + 2.07)*	**86.75** *(85.94 + 0.81)*
Amount for execution of 45,614.31 cum of earthwork	₹ 100.35 lakh *(45,614.31 x 220.00)*	₹ 39.57 lakh *(45,614.31 x 86.75)*
Difference of amount ***(manual rate & mechanical rate)***	**₹ 60.78 lakh** ***(100.35 – 39.57)***	

Source: Departmental Records.

** The firm was allowed 0.95 per cent above the Item rate with Tax & Cess.*

Had the Division applied mechanical rates in the rate analysis of the estimates, the Department was required to make payment of ₹ 39.57 lakh only for execution of 45,614.31 cum earthwork as against ₹ 100.35 lakh paid to the contractor as per the manual rate till December 2016, resulting in avoidable expenditure of ₹ 60.78 lakh.

Thus, due to adoption of a higher rate for earthwork excavation based on the manual rate instead of lower mechanical rate, the division incurred avoidable expenditure of ₹ 60.78 lakh leading to undue benefit to the firm towards the earth work excavation up to December 2016.

In their reply, the Government stated (August 2018) that nothing was mentioned in the schedule of quantity about the mode of execution of earth work either manually or mechanically. However, it was admitted that the work was actually done mechanically, which is a clear admission of the fact that the payment was made for the work by applying manual rates though the work was executed by using mechanical means.

Thus, the Department besides effecting the recovery of ₹ 60.78 lakh excess paid to the Contractor towards the earthwork excavation done up to December 2016, should also work out the excess payments made to the Contractor for the quantity of earth work done after December 2016 as the work was done mechanically, but paid for, as per manual earthwork rates. Further, the Department needs to fix responsibility of the officers for preparing estimates based on higher rate resulting into extra financial liability to the State, as their action was contrary to Rule 21 of GFR 2005 as also against directives contained in the Indian Road Congress.

Chapter III
Economic Sector
(Public Sector Undertakings)

CHAPTER III
ECONOMIC SECTOR
(PUBLIC SECTOR UNDERTAKINGS)

3.1 Introduction

3.1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and economic growth of the State. The PSUs in Manipur do not occupy an important place in the economy of the State. As on 31 March 2018, there were 13 PSUs in Manipur. None of these PSUs was listed on the Stock exchange which means that share capital of the PSUs cannot be officially traded in a stock exchange. The details of the State PSUs in Manipur as on 31 March 2018 are shown in the following table.

Table No. 3.1.1 Total number of PSUs as on 31 March 2018

Type of PSUs	Working PSUs	Non-working PSUs[97]	Total
Government Companies	10	3	13
Total	**10**	**3**	**13**

Source: Departmental Records.

The working State PSUs registered a turnover of ₹ 161.02 crore as per their latest finalised accounts (as of September 2018). This turnover was equal to 0.70 *per cent* of Gross State Domestic Product (GSDP) of ₹ 23,167 crore for 2017-18. The working PSUs incurred an aggregate loss of ₹ 47.89 crore as per their latest finalised accounts as of September 2018. The overall losses of working PSUs were mainly on account of heavy losses incurred by two power sector PSUs *viz*., (i) Manipur State Power Company Limited and (ii) Manipur State Power Distribution Company Limited as discussed under ***Paragraph 3.1.15***. The working PSUs had employed 3785 employees at the end of March 2018.

As on 31 March 2018, the State Government had invested ₹ 2.87 crore[98] in three non-working PSUs.

Accountability framework

3.1.2 The audit of the financial statements of a company in respect of financial years commencing on or after 1 April 2014 is governed by the provisions of the Companies Act, 2013. However, the audit of a company in respect of financial years that commenced prior to 1 April 2014 continued to be governed by the Companies Act, 1956.

According to Section 2 (45) of the Companies Act, 2013 (Act), a Government Company is the one in which not less than 51 *per cent* of the paid up capital is held by the Central and /or State Government(s) and includes a subsidiary of a Government Company. The audit of Government companies under the Act is

[97] Non-working PSUs are those which have ceased to carry on their operations.
[98] Share capital (₹ 1.73 crore) + Loans (₹ 1.14 crore) = ₹ 2.87 crore. Figure is under reconciliation with those in the Finance Accounts.

governed by respective provisions of Section 139 and 143 of the Companies Act, 2013.

Statutory Audit

3.1.3 The financial statements of a Government Company (as defined in Section 2 (45) of the Companies Act, 2013) are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 139 (5) or (7) of the Companies Act, 2013. These financial statements are subject to supplementary audit conducted by the CAG under the provisions of Section 143 (6) of the Act.

As per the provisions of Section 143 (7) of the Act, the CAG, in case of any Company (Government Company or Other Company) covered under sub-section (5) or sub-section (7) of Section 139 of the Act, if considered necessary, may conduct the audit of the accounts of such Company (Government Company or Other Company). The provisions of Section 19 A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test audit.

Role of Government and Legislature

3.1.4 The State Government exercises control over the affairs of the PSUs through its administrative departments. The Chief Executives and Directors on the Board of these PSUs are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this purpose, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State Government companies are placed before the Legislature under Section 394 of the Act. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. These reports are further discussed by the Committee on Public Undertakings (CoPU) of the State Legislature. The CoPU sends its recommendations to the State Government for taking appropriate action.

Stake of Government of Manipur

3.1.5 The State Government's financial stake in the PSUs is mainly of three types:

1. **Share Capital and Loans**- In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
2. **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
3. **Guarantees-** State Government also guarantees the repayment of loans (with interest) availed by the PSUs from Financial Institutions.

Investment in State PSUs

3.1.6 As on 31 March 2018, the investment[99] (capital and long-term loans) in 13 PSUs was ₹ 554.67 crore as per details shown in the table below.

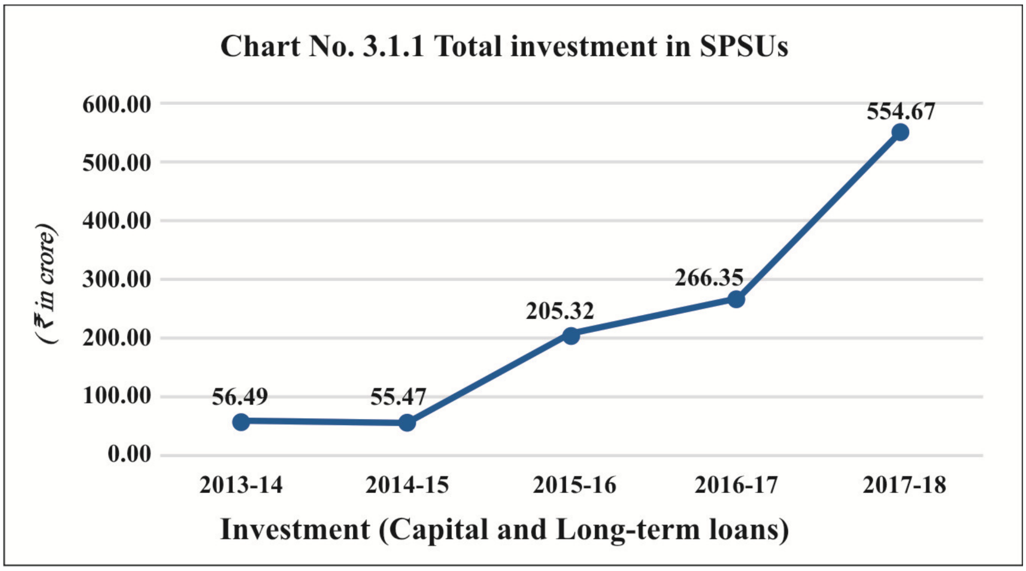
Table No. 3.1.2 Total investment in PSUs

(₹in crore)

Type of PSUs	Government Companies		
	Capital	Long Term Loans	Total
Working PSUs	54.97	496.83	551.80
Non-working PSUs	1.73	1.14	2.87
Total	**56.70**	**497.97**	**554.67**

Source: Departmental Records.

Out of the total investment of ₹ 554.67 crore in PSUs as on 31 March 2018, 99.48 *per cent* was in working PSUs and the remaining 0.52 *per cent* in non-working PSUs. This total investment consisted of 10.22 *per cent* towards capital and 89.78 *per cent* in long-term loans. The investment has increased by 882 *per cent* from ₹ 56.49 crore (2013-14) to ₹ 554.67 crore (2017-18) during last five years as shown in **Chart No. 3.1.1.**



Source: Departmental Records.

From the above chart, it may be seen that there was a net increase of ₹ 288.32 crore in investment during the year 2017-18 as compared to previous year (2016-17). This was attributable mainly to increase in investment in the form of loans in Power Sector.

3.1.7 The sector-wise summary of investments in the PSUs as on 31 March 2018 is shown in the table below.

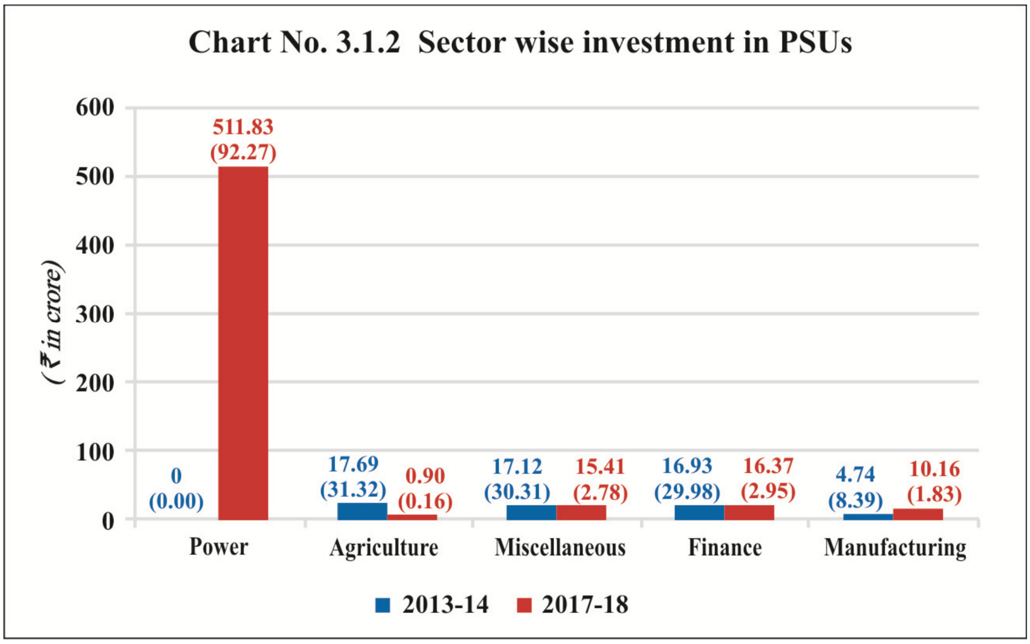
[99] Figures of investment as on 31 March 2018 are provisional and as provided by the PSUs since none of the PSUs had finalised their accounts for 2017-18.

Table No. 3.1.3 Sector-wise investment in PSUs

Name of Sector	Government / Other Companies[100]		Total	Investment (₹ in crore)
	Working	Non-Working		
Power	2	NA	2	511.83
Finance	2	NA	2	16.37
Manufacturing	2	NA	2	10.16
Agriculture & Allied	NA	2	2	0.90
Miscellaneous[101]	4	1	5	15.41
Total	**10**	**3**	**13**	**554.67**

Source: Departmental Records.
NA – Not applicable.

The investment in all the five sectors and percentage thereof at the end of 31 March 2014 and 31 March 2018 are indicated in **Chart No. 3.1.2.**



Source: Departmental Records.
Figures in brackets show the percentage of total investment.

As could be noticed from the Chart above, the thrust of PSU-investment which constituted the highest percentage (92.28 *per cent*) of total investment was in power sector PSUs during 2017-18. This investment was due to formation of two power sector companies, *viz.*, (i) Manipur State Power Company Limited and (ii) Manipur State Power Distribution Company Limited during 2013-14. The increase of ₹ 288.32 crore in PSUs investment from ₹ 266.36 crore (2016-17) to ₹ 554.67 crore (2017-18) was mainly due to net increase of ₹ 286.41 crore[102] in the loans received by PSUs during the year 2017-18.

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[100] '*Other Companies*' as referred to under Section 139 (5) and 139 (7) of the Companies Act, 2013.

[101] Includes investment of ₹ 0.02 crore in one working company under infrastructure sector.

[102] Increase in loans: ₹ 333.11 crore (Manipur State Power Distribution Company Limited: ₹ 333.11 crore) minus decrease in loan: ₹ 46.70 crore (Manipur Industrial Development Corporation Limited: ₹ 1.83 crore and Manipur State Power Company Limited: ₹ 44.87 crore).

In addition to Power Sector, there was an increase of ₹ 5.42 crore (114 *per cent)* in the investment of Manufacturing Sector PSUs from ₹ 4.74 core (2013-14) to ₹ 10.16 crore (2017-18). The investment in all the remaining three sectors, however, had decreased during the five years under reference.

Special support and returns during the year

3.1.8 The State Government provides financial support to PSUs in various forms through annual budget. The summarized details of budgetary outgo towards equity, loans, grants/subsidies, loans written off and interest waived in respect of State PSUs for the year ended 2017-18 are shown in the table below.

Table No. 3.1.4 Details regarding budgetary support to PSUs[103]

Sl. No.	Particulars	2017-18	
		No. of PSUs	Amount (*₹in crore)*
1	Equity Capital outgo from budget	-	-
2	Loans given from budget	-	-
3	Grants/subsidy from budget	5	470.78[104]
4	**Total outgo (1+2+3)**	**5**	**470.78**
5	Waiver of loans and interest	-	-
6	Guarantee issued	0	0
7	Guarantee commitment	1	390.55[105]

Source: Departmental Records.

During the last four years prior to 2017-18, there was no budgetary outgo towards loans, loans and interest waived in respect of PSUs. During the year 2016-17, the State Government had issued a loan guarantee of ₹ 390.55 crore in favour of Manipur State Power Distribution Company Limited and no fresh guarantee was issued during 2017-18. As could be noticed from the table above, during 2017-18, the State government had provided budgetary support aggregating ₹ 470.78 crore to five PSUs in the form of grants/subsidies.

Reconciliation with Finance Accounts

3.1.9 The figures in respect of equity and loans as per the records of PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the PSUs concerned and the Finance Department should carry out reconciliation of such differences in figures. The position in this regard as on 31 March 2018 is shown in the table given below.

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[103] Figures are as furnished by the PSUs.

[104] Manipur Tribal Development Corporation Limited (₹ 0.50 Crore), Manipur Food Industries Corporation Limited (₹ 0.15 Crore), Manipur State Power Company Limited (₹ 221.93 Crore), Manipur State Power Distribution Company Limited (₹ 243.03 Crore) and Manipur Handloom and Handicrafts Development Corporation Limited (₹ 5.17 crore).

[105] This figures relates to position of guarantee commitment given to Manipur State Power Distribution Company Limited during 2016-17.

Table No. 3.1.5 Equity, loans, guarantees outstanding as per the Finance Accounts *vis*-a-*vis* records of PSUs

(₹in crore)

Outstanding in respect of	Amount as *per* Finance Accounts	Amount as *per* records of PSUs	Difference
Equity	55.04	42.44	12.60
Loans[106]	-	0.68	(-) 0.68
Guarantee	424.73	390.55	34.18

Source: Departmental Records.

Audit observed that the difference in figures occurred in respect of 12 PSUs[107] and some of the differences were pending reconciliation over a period of more than 20 years. As of March 2017, the unreconciled difference of Guarantee Commitment was ₹ 174.07 crore which came down to ₹ 34.18 crore as of March 2018.

The matter of non-reconciliation was brought to the notice of the Departments concerned (December 2018); but they did not give any response (March 2019).

The Government and the PSUs should take effective steps to reconcile the differences in a time-bound manner for having correct picture.

Arrears in finalisation of accounts

3.1.10 The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year *i.e.*, by the end of September in accordance with the provisions of Section 96 (1) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of the Act.

Table No. 3.1.6 provides the details of progress made by working PSUs in finalisation of accounts as of 30 September 2018.

Table No. 3.1.6 Position about finalization of accounts of working PSUs

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	Number of Working PSUs	7	9	9	10	10
2	Number of accounts finalised during the year	23	16	4	0[108]	4
3	Number of accounts in arrears	80	73	78	88	94
4	Number of Working PSUs with arrears in accounts	7	8	9	10	10
5	Extent of arrears (numbers in years)	2 to 26 years	2 to 27 years	1 to 28 years	1 to 29 years	2 to 30 years

Source: Departmental Records.

106 This figures pertains to the Loans from the State Government only.

107 In respect of one PSU, *viz.*, Manipur Police Housing Corporation Limited, the figures were matching.

108 Two accounts in respect of MSPCL and MSPDCL was shown under 2016-17 as the position depicted was as on 30 September 2017 in the previous Report. Now they are shown under the exact year of finalization *i.e.,* 2017-18.

From the table above, it can be observed that the number of accounts in arrears showed an increasing trend after 2014-15. As per the latest position as on 30 September 2018, total 94 accounts were in arrears in respect of 10 working PSUs. The period of arrears ranged from two years (Tourism Corporation of Manipur Limited) to 30 years (Manipur Tribal Development Corporation Limited).

The delays in finalization of accounts are attributable to:

- Abnormal delay in compilation and approval of the accounts and delayed submission of the same to Statutory Auditors by the Management of PSUs; and
- Ineffective monitoring of finalization of accounts of the Companies by the respective administrative departments of the State Government.

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 stipulated period. During the period 2017-18 (up to September 2018), the Departments concerned were informed of the arrears in finalisation of accounts by these PSUs. Despite all these efforts, however, the position of arrears of accounts of working PSUs had deteriorated year after year.

3.1.11 The State Government had invested ₹ 2.10 crore in equity and disbursed grants of ₹ 1,599.43 crore to six PSUs during the years for which their accounts had not been finalized as detailed in ***Appendix 3.1***. In the absence of finalisation of accounts and their subsequent audit, it could not be assessed whether the investments and expenditure incurred were properly accounted for and the purpose for which the amount was invested was achieved or not.

3.1.12 In addition to above, as on 30 September 2018, there were arrears in finalisation of accounts by non-working PSUs. Three non-working PSUs had arrears of accounts for periods ranging from 15 to 34 years as shown in the table below.

Table No. 3.1.7 Position relating to arrears of accounts in respect of non-working PSUs

No. of non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
3	1984-85 to 2017-18	15 to 34 years

Source: Departmental Records.

Impact of non-finalisation of accounts

3.1.13 As pointed out above (***Paragraphs 3.1.10 to 3.1.12***), the delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. Thus, due to pendency of accounts, the actual contribution of PSUs to the GSDP for the year 2017-18 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

The matter of arrears of accounts was brought to the notice of the Chief Secretary (January 2019); however, he did not give any response (May 2019).

Recommendation (18): The Government may consider fixing of targets for finalization of arrears of accounts for individual companies and closely monitor the clearance of these arrears in a time bound manner.

Performance of PSUs as per their latest finalised accounts

3.1.14 The financial position and working results of working Government companies are detailed in ***Appendix 3.2***. A ratio of PSU - turnover to State GDP shows the extent of PSU - activities in the State economy. Details of working PSUs' turnover and GSDP during 2013-14 to 2017-18 are shown in the table below.

Table No. 3.1.8 Details of working PSUs turnover *vis-à-vis* State GDP

(₹in crore)

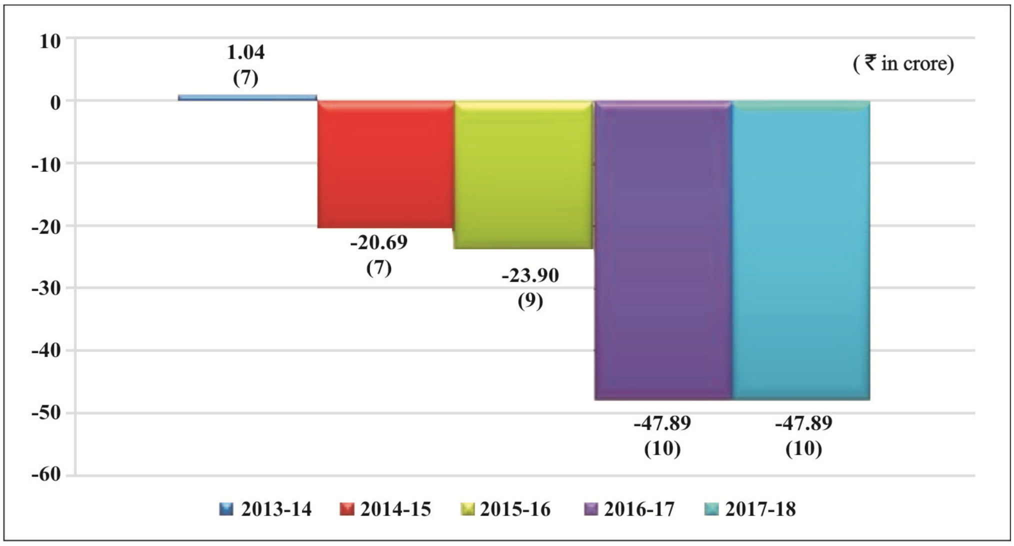
Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Turnover[109]	7.03	35.22	34.70	161.02	161.02
GSDP[110]	16,198	18,129	19,531	21,066 (Q)	23,167 (A)
Percentage of Turnover to GSDP	0.04	0.19	0.18	0.76	0.70

Source: Departmental Records.

As could be noticed from the table above, the GSDP had shown increasing trend during the last five years from 2013-14 to 2017-18. However, increase of PSUs' turnover depicted an irregular path. It increased sharply during 2016-17. Although there has been an overall increase in the percentage of PSU turnover to the GSDP from 0.04 *per cent* in 2013-14 to 0.70 *per cent* in 2017-18, yet the contribution of PSU turnover to the GSDP was quite meager.

3.1.15 Overall profits earned and losses incurred by working PSUs during 2013-14 to 2017-18 are as shown in **Chart No. 3.1.3.**

Chart No. 3.1.3 Profit/Loss of working PSUs



Source: Departmental Records.
Figures in bracket show the number of working PSUs in the respective years.

[109] Turnover as per the latest finalised accounts of working PSUs as on 30 September 2018.
[110] GSDP figures as per information furnished by the Department of Economics and Statistics (at current price with base year 2011-12); (Q)=Quick Estimate, (A)=Advance.

During the year 2017-18, out of ten working PSUs, only one PSU[111] earned profit of ₹ 0.29 crore. Seven[112] PSUs incurred loss of ₹ 48.18 crore as per their latest finalised accounts as on 30 September 2018 while two PSUs had not finalised even their first Annual Accounts. The major contributors to PSU losses were Manipur State Power Distribution Company Limited (₹ 30.49 crore) and Manipur State Power Company Limited (₹ 13.55 crore).

3.1.16 Some other key parameters of performance of State PSUs are shown in table below.

Table No. 3.1.9 Key parameters of State PSUs performance

(₹in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Return on total Capital Employed (*per cent*) *	1.84	(-) 20.95	(-) 955.51	(-) 463.20	(-) 276.34
Debt [113] *	10.43	3.05	150.58	211.56	497.97
Turnover[114]	7.03	36.34	35.02	161.34	161.02
Debt/ Turnover Ratio	1.42	0.08	4.30	1.31	3.09
Accumulated losses	45.19	74.74	77.20	121.24	124.53

Source: Departmental Records.

** Return on total Capital Employed and Debt figures adopted here are as per the latest information furnished by the PSUs.*

As could be seen from the table above, the accumulated losses of PSUs had increased significantly during last five years from ₹ 45.19 crore in 2013-14 to ₹ 124.53 crore in 2017-18. The major increase in accumulated loss was during 2016-17 over the previous year, which was mainly on account of losses incurred by Manipur Industrial Development Corporation Limited (MANIDCO) (₹ 31.78 crore), Manipur State Power Company Limited (MSPCL) (₹ 21.55 crore) and MSPDCL (₹ 42.54 crore). However, during 2017-18 the accumulated loss increased marginally over the previous year.

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR is indicative of having too much of debt against the income of PSUs from core activities. Thus, the PSUs having lower DTR are more likely to successfully manage their debt servicing and repayments. As could be seen from the **Table 3.1.9**, the DTR of the PSUs was considerably high during 2015-16 and 2017-18 mainly due to disproportionate gap between the long term debts and turnover of PSUs. This was due to high borrowing resorted to by the PSUs to service their long-tern debts.

3.1.17 The State Government had not formulated (September 2018) any dividend policy.

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[111] Manipur Police Housing Corporation Limited.

[112] Out of the remaining nine PSUs, two PSUs have not finalised any accounts.

[113] Includes loan from RECL and PFC (₹ 141.46 crore), SIDBI (₹ 3.42 crore) and IDBI (₹ 1.76 crore).

[114] Turnover of PSUs as per their latest finalised accounts as of 30 September of the respective year.

Winding up of non-working PSUs

3.1.18 There were three non-working PSUs[115] as on 31 March 2018. Effective steps were not taken by the Government to wind up these Companies under the provisions of the Companies Act, 2013. The number of non-working PSUs at the end of each of the last five years remained the same as shown below.

Table 3.1.10 Non-working PSUs

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
No. of non-working companies	3	3	3	3	3
Total	**3**	**3**	**3**	**3**	**3**

Source: Departmental Records.

Comments on Accounts

3.1.19 During 2017-18 (October 2017 to September 2018) only three[116] out of ten working companies had submitted their audited accounts to the Principal Accountant General (Audit), Manipur. The accounts of Manipur Food Industries Corporation Limited for the years 2008-09 and 2009-10 and in case of Manipur State Power Company Limited and Manipur State Power Distribution Company Limited their accounts for the year 2014-15 were finalized. The audit reports of statutory auditors appointed by CAG indicated that the quality of maintenance of accounts was required to be improved substantially. There was no significant aggregate money value of comments of statutory auditors during the last three years. The audit comments were based mainly on non-compliance with the accounting concept of conservatism and the revenue recognition principle of accrual accounting.

Response of the Government to Audit

Performance Audits and Paragraphs

3.1.20 For the Economic Sector (PSUs) Chapter of the Report of CAG for the year ended 31 March 2018, one audit paragraph relating to Power Department was issued (September 2018) to the Commissioner of the Department with a request to furnish the reply within six weeks. The reply from the Company in respect of the compliance audit paragraph was received in September 2018. Their comments have been appropriately incorporated in the Report.

Follow up action on Audit Reports

Outstanding replies to audit paragraphs from Government

3.1.21 The Reports of the CAG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive authorities. As per the recommendation of the Shakdher Committee, all Administrative Departments are required to submit

[115] (i) Manipur Agro Industries Corporation Limited, (ii) Manipur Plantation Crops Corporation Limited and (iii) Manipur Pulp & Allied Products Limited.

[116] (i) Manipur Food Industries Corporation Limited (2008-09, 2009-10),
(ii) Manipur State Power Company Limited (2014-15) and
(iii) Manipur State Power Distribution Company Limited (2014-15).

replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the CAG within a period of three months[117] of their presentation to the State Legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (CoPU). The position of replies/explanatory notes to paragraphs/performance audits pending to be received from the State Government/Administrative Departments concerned has been shown in the table below.

Table No. 3.1.11 Status of explanatory notes not received (as on 31 May 2019)

Year of the Audit Report (Commercial/ PSU)	Date of placement of Audit Report in the State Legislature	Total number of Performance audits (PAs) and Paragraphs included in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2013-14	29 June 2015	-	3	-	3
2014-15	2 September 2016	2	1	1	-
2015-16	21 July 2017	-	2	-	-
2016-17	23 July 2018	-	1	-	-
Total		**2**	**7**	**1**	**3**

Source: Records of the Principal Accountant General (Audit), Manipur.

From the table above, it could be seen that explanatory notes to three paragraphs and one performance audit included in the Audit Reports 2013-14 and 2014-15 respectively in respect of two PSUs,[118] were not submitted by the State Government (May 2019).

Discussion of Audit Reports by CoPU

3.1.22 The status as on 31 May 2019 of performance audits and paragraphs relating to PSUs that appeared in the Audit Reports for last five years (2012-13 to 2016-17) and discussed by the Committee on Public Undertakings (CoPU) is shown in table given below.

Table No. 3.1.12 Performance Audits/Paras appeared in Audit Reports *vis-a-vis* discussed by CoPU (as on 31 May 2019)

Period of Audit Report[119]	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2012-13	Nil	2	Nil	Nil
2013-14	Nil	3	Nil	Nil
2014-15	2	1	Nil	1
2015-16	Nil	2	Nil	2
2016-17	Nil	1	Nil	1
Total	**2**	**9**	**-**	**4**

Source: Records of the Principal Accountant General (Audit), Manipur.

117 As per the prescribed time schedule, *suo moto* replies to be furnished within three months in case Audit Paragraphs are not selected by the PAC/CoPU during this period.

118 Manipur Tribal Development Corporation Limited and Manipur Police Housing Corporation Limited.

119 32 audit paragraphs (7 performance audit paragraphs and 25 compliance audit paragraphs) pertaining to Audit Reports from 1995-96 to 2006-07 are yet to be discussed by CoPU. Audit Report for 2007-08 was discussed by CoPU but recommendation is yet to be published.

From the above, it may be seen that two performance audit paragraphs and five paras have not been discussed by the CoPU.

Compliance to Reports of the CoPU

3.1.23 Action Taken Notes (ATNs) relating to 110 recommendations pertaining to four Reports of the CoPU presented to the State Legislature between March 1987 and March 2011 had not been received from the Government (May 2019) as indicated in the table given below which was indicative of the fact that the State Government was not serious about the reports of the CAG of India.

Table No. 3.1.13 Compliance to CoPU Reports

CoPU Report (Year in which report was published)	Total number of CoPU Reports	Total number of recommendations in CoPU Report	No. of recommendations where ATNs not received
10th Report (1986-87)	1	8	8
11th Report (1995-96)	1	53	53
12th Report (1998-99)	1	9	9
13th Report (2010-11)	1	40	40
Total	**4**	**110**	**110**

Source: Records of the Principal Accountant General (Audit), Manipur.

The above Reports of CoPU contained recommendations in respect of paragraphs pertaining to five departments of the State Government, which appeared in the Reports of the CAG of India for the period from 1983-84 to 2008-09.

Recommendation (19): The Government may ensure furnishing of explanatory notes in respect of the paragraphs and performance audits included in the Audit Reports and ATNs on the recommendations of CoPU as per the prescribed time schedule.

Analysis of the working of Power Sector PSUs

3.1.24 Two power sector PSUs, *viz.,* Manipur State Power Company Limited (MSPCL) and Manipur State Power Distribution Company Limited (MSPDCL) are functioning in the State. Details of various key parameters in respect of MSPCL and MSPDCL are shown in the following table.

Table No. 3.1.14 Details of various key parameters in respect of MSPCL and MSPDCL as per their latest finalized accounts as on 30 September 2018

Sl. No.	Parameter	MSPDCL	MSPCL
1	Turnover as a percentage of GSDP[120]	0.88 *per cent*	0.00 *per cent*
2	Budgetary support	₹ 243.03 crore	₹ 221.93 crore
3	Reconciliation of differences in government investment as per finalized accounts and PSU records	₹ 3.30 crore	₹ 0.98 crore
4	Arrears of accounts	Arrear since 2015-16	Arrear since 2015-16
5	Return on Capital Employed*	(-) ₹ 30.49 Crore	(-) ₹ 13.55 Crore

[120] Figures adopted is as per the latest finalised accounts for year 2014-15. The latest corresponding figure of GSDP of 2014-15 of ₹ 18,129 crore is adopted here.

Sl. No.	Parameter	MSPDCL	MSPCL
6	Debt *	₹ 391.73 Crore	₹ 100.00 Crore
7	Turnover	₹ 159.58 Crore.	NIL
8	Debt/ Turnover Ratio	2.45 **:** 1	0
9	Accumulated losses	₹ 42.54 Crore	₹ 21.55 Crore

Source: Departmental Records.

** Return on Capital Employed and Debt figures adopted here is as per the latest information furnished by the PSUs.*

It is observed from the above table that the turnover of MSPDCL during the year 2014-15 was ₹ 159.58 crore which accounts for 99 *per cent* of the total turnover of the working PSUs while MSPCL's turnover was NIL during the same period. The Accounts of the two Companies were in arrears since 2015-16. The net loss of the two Companies during the year 2014-15 was ₹ 44.04 crore while the accumulated loss was ₹ 64.09 crore which was 51.47[121] *per cent* of the total accumulated losses of the PSUs.

[121] Based on accumulated loss of ₹ 124.53 crore of both working and non-working PSUs.

COMPLIANCE AUDIT

MANIPUR STATE POWER DISTRIBUTION COMPANY LIMITED

3.2 Undue benefit to firms

Payment of excess Mobilization Advance without charging any interest in violation of provisions of the Manipur Public Works Department Manual resulted in extension of undue benefit to two firms besides incurring interest loss of ₹ 1.11 crore.

As per para 32.5 of the Manipur Public Works Department (MPWD) Works Manual, 2012, the Mobilization Advance (MA) maximum to the extent of 10 *per cent* of the tendered amount at a simple interest of 10 *per cent* per annum can be sanctioned to the contractors in respect of certain specialized[122] and capital[123] intensive works with estimated cost of ₹ two crore and above.

Test check of records (November 2016) of the Managing Director, Manipur State Power Distribution Company Limited (Company) revealed that the Company awarded (September 2013) work orders for supply and erection of equipment and materials against civil works relating to implementation of Restructured Accelerated Power Development and Reforms Programme (R-APDRP)[124] (Part-B works at two towns *i.e.,* Thoubal and Kakching) to two firms. Even though it was not specified whether the works were specialized in nature, payment of MA was made by the Chief Engineer (Power) to the firms in violation of the Manual *ibid*, and the details of amount of MA payable and paid to the suppliers are shown in the following table.

Table No. 3.2.1 Details of interest free advance payments

(₹in crore)

Amount of supply of equipment and Material	Amount of erection of equipment & material	Total Amount	Admissible Advance	Advance paid	Excess Advance
M/s Shyama Power India Limited, Gurgaon					
18.57	4.23	22.80	2.28	3.78	1.50
M/s Lumino Industries Limited, Kolkata					
18.55	5.17	23.72	2.37	3.91	1.54
Total	**9.40**	**46.52**	**4.65**	**7.69**	**3.04**

Source: Departmental Records.

The following lapses were observed:

- The firms were paid interest free MA of ₹ 7.69 crore[125] against the admissible amount of ₹ 4.65 crore resulting in excess payment of MA of ₹ 3.04 crore (₹ 7.69 crore – ₹ 4.65 crore).
- Further, had the advance been paid @ 10 *per cent* simple interest in accordance to MPWD procedures, the Company could have recovered

[122] Works which are to be carried out by specilaized agencies to ensure proper quality of work.
[123] Works that require large amount of investment.
[124] Provisions of MA in MPWD is considered here as there is no such provision for R-APDRP.
[125] ₹ 3.78 crore (*M/s Shyama Power India Limited, Gurgaon in October 2013*) and ₹ 3.91 crore (*M/s Lumino Industries Limited, Kolkata in January 2014*).

interest of ₹ 1.11 crore (₹ 72.26 lakh + ₹ 38.92 lakh) as shown in the ***Appendix 3.3***.

Thus, payment of excess MA violated the following provisions:

- Payment of MA beyond the prescribed monetary limit, and
- Non-levying of interest.

This resulted in not only in extension of undue benefit to the two firms but also loss on interest amounting to ₹ 1.11 crore as on 31 March 2016 to the exchequer.

On the above being pointed out in audit, the Company stated (September 2018) that payment of excess MA was made on the recommendation of HTC in the meeting held on 6 September 2013. Their reply was not tenable as recommendation of HTC was not correct as payment of MA in excess of the prescribed ceiling and without levy of interest against the codal provisions led to loss on account of interest (₹ 1.11 crore) to the State exchequer. This calls for fixing of responsibility of the officials responsible for granting mobilization advance in violation of the rules under reference, as even the High Tender Committee was not competent to grant mobilization advance in excess to the tune of ₹ 3.04 crore which was inadmissible under the rules.

Chapter IV
Revenue Sector

CHAPTER IV
REVENUE SECTOR

4.1 Trend of revenue receipts

4.1.1 The Tax and Non-tax revenue raised by the Government of Manipur during the year 2017-18, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-Aid received from Government of India during the year and the corresponding figures for the preceding four years are mentioned in the following table.

Table No. 4.1.1 Trends of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	**Revenue raised by the State Government**					
	• Tax revenue	472.73	516.83	550.44	586.67	790.94
	• Non-tax revenue	260.67	183.73	149.48	164.80	174.07
	Total	**733.40**	**700.56**	**699.92**	**751.47**	**965.01**
2	**Receipts from the Government of India**					
	• State's share of net proceeds of divisible Union taxes and duties[126]	1,438.79	1,526.89	3,142.42	3,757.12	4,154.33
	• Grants-in-aid	5,110.60	5,770.82	4,437.76	4,620.52	5,238.49
	Total	**6,549.39**	**7,297.71**	**7,580.18**	**8,377.64**	**9,392.82**
3	**Total receipts of State Government (1 & 2)**	**7,282.79**	**7,998.27**	**8,280.10**	**9,129.12**	**10,357.83**
Percentage of 1 to 3		**10**	**9**	**8**	**8**	**9**

Source: Finance Accounts.

The above table indicates that during the year 2017-18, the revenue raised by the State Government (₹ 965.01 crore) was nine *per cent* of the total revenue receipts of ₹ 10,357.83 crore. The balance 91 *per cent* of receipts of ₹ 10,357.83 crore during 2017-18 was received from the Government of India, as State's share of net proceeds of divisible Union taxes and duties and Grants-in-aid.

[126] Includes only the amount booked under the Minor Head 901 - share of net proceeds assigned to the State, booked under the Major Heads 0005 – Central Goods and Services Tax, 0008 – Integrated Goods and Services Tax, 0020 - Corporation tax, 0021-Taxes on income other than corporation tax, 0032 - Taxes on wealth, 0037 – Customs, 0038- Union excise duty, 0044 - Service tax.

4.1.2 The details of Budget and actual realisation of Tax revenue raised during the period 2013-14 to 2017-18 are given in the following table.

Table No. 4.1.2 Details of Tax revenue raised

(₹in crore)

Sl. No.	Head of revenue	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of Tax revenue in 2017-18 *vis-a-vis* 2016-17 {*increase* (+)/ decrease (-)}
		BE#	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Taxes on sales, trade *etc.*	385.88	395.74	500.00	433.33	570.00	466.51	570.00	499.65	700.00	385.58	(-) 22.83
2	Goods and Services Tax [127]	NA	NA	NA	NA	NA	NA	NA	NA	-	301.53	NA
3	Motor Vehicles Tax	19.57	18.73	22.31	20.77	25.43	23.29	27.00	25.04	40.00	36.14	(+) 44.33
4	Stamps and Registration Fees	6.26	7.90	7.14	7.76	10.27	10.45	11.00	10.03	30.00	13.98	(+) 39.38
5	State Excise	12.74	9.20	14.52	9.32	11.96	8.78	12.00	9.32	12.00	9.37	(+) 0.54
6	Land Revenue	1.09	1.12	1.24	1.42	1.45	2.59	2.50	1.91	5.00	1.44	(-) 24.61
7	Taxes on duties on electricity	0.44	0.05	0.50	-	0.06	-	0.06	0.01	0.06	-	-
8	Others	65.89	39.99	75.12	44.25	51.98	38.82	44.64	40.73	44.81	42.89	(+) 5.30
Total		**491.87**	**472.73**	**620.83**	**516.85**	**671.15**	**550.44**	**667.20**	**586.69**	**831.87**	**790.94**	**(+) 34.81**

Source: Annual Financial Statement and Finance Accounts.

 # BE: Budget Estimate

Despite being requested by Audit (July 2018 and January 2019), the Departments did not furnish (May 2019) reasons for variation in receipts from that of the previous year.

4.1.3 The details of Budget estimates and actual realisation of Non-tax revenue raised during the period 2013-14 to 2017-18 are indicated in the following table.

Table No. 4.1.3 Details of Non-tax revenue raised

(₹in crore)

Sl. No.	Head of revenue	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of Non-tax revenue in 2017-18 *vis-a-vis* 2016-17 {increase (+)/ decrease (-)}
		BE#	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Miscellaneous General Services	167.38	110.83	184.12	132.48	129.27	106.09	129.27	118.61	150.00	114.39	(-) 3.56
2	Interest receipts	30.47	33.10	33.52	30.60	38.61	27.43	38.61	19.73	40.54	19.27	(-) 2.33
3	Forestry and Wild Life	4.18	3.71	4.18	4.62	4.33	3.65	4.33	6.46	35.00	23.61	(+) 265.48
4	Major and Medium Irrigation	10.42	2.42	11.46	2.04	12.38	0.64	2.00	1.58	2.10	0.27	(-) 82.91
5	Public Works	18.31	1.81	20.14	2.90	2.11	1.26	2.11	0.90	2.22	1.87	(+) 107.78
6	Other Administrative Services	3.49	1.18	3.84	1.01	1.38	0.99	1.38	6.43	1.45	2.34	(-) 63.61
7	Police	1.08	1.03	1.19	0.79	1.20	0.72	1.20	1.38	1.26	0.91	(-) 34.06
8	Medical and Public Health	0.12	0.29	0.13	0.34	0.33	0.25	0.33	0.50	0.35	1.16	(+)132.00
9	Co-operation	0.31	0.22	0.34	0.49	0.26	0.37	0.26	0.14	0.27	0.34	(+)142.86

[127] Goods and Services Tax came into effect on 22 June 2017.

Sl. No.	Head of revenue	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of Non-tax revenue in 2017-18 *vis-a-vis* 2016-17 {increase (+)/ decrease (-)}
		BE[#]	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
10	Other Non-tax receipts	194.01	106.08	25.14	8.46	29.55	8.06	11.73	9.07	12.31	9.91	(+)9.26
Total		**429.77**	**260.67**	**284.06**	**183.73**	**219.42**	**149.48**	**191.21**	**164.80**	**245.50**	**174.07**	**(+) 5.62**

Source: Annual Financial Statement and Finance Accounts.

[#] BE: Budget Estimate

Reasons for variations reported by some of the Departments are given below:

Cooperation Department stated (August 2018) that the increase in revenue was due to auditing of large number of co-operative societies by the Department during 2017-18.

Public Works Department stated (July 2018) that increase in revenue during 2017-18 over the previous year was due to increase in collection of registration fees.

Water Resources Department stated (August 2018) that less collection of revenue in respect of Major and Medium Irrigation was due to collection of less water tax, hire charges of machinery *etc.*

Forest Department stated (August 2018) that deployment of more staff at revenue stations resulted in increase in collection of revenue.

The other Departments, despite being requested (July 2018 and January 2019) did not furnish reasons for variation in their receipts as compared to the previous year (May 2019).

4.2 Response of the Departments/Government towards Audit

The Principal Accountant General (Audit), Manipur {PAG (Audit)} conducts periodical audit of the Government Departments to test check transactions and verify the maintenance of important accounts and other records as prescribed in the relevant 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 higher authorities for taking corrective action. The heads of the offices/ Governments are required to promptly comply with the observations contained in the IRs, rectify the irregularities and omissions and report compliance to the PAG (Audit) within one month from the date of issue of IRs. Serious financial irregularities are also separately referred to the heads of the Department and the Government.

Inspection Reports issued up to March 2018 disclosed that 866 paragraphs involving financial implications of ₹ 206.38 crore relating to 275 IRs remained outstanding at the end of June 2018 which required prompt and appropriate action on the audit findings. The position of pending IRs is depicted in the following table along with the corresponding figures for the preceding two years.

Table No. 4.2.1 Details of pending Inspection Reports

	June 2016	June 2017	June 2018
Number of pending IRs	255	273	275
Number of outstanding audit observations	770	858	866
Amount involved (*₹in crore*)	143.90	181.00	206.38

Source: Records of the Principal Accountant General (Audit), Manipur.

4.2.1 The Department-wise details of IRs and audit observations outstanding as on 30 June 2018 and their financial implications are mentioned in the following table.

Table No. 4.2.2 Department wise details of Inspection Reports

(₹in crore)

Sl. No.	Name of Department	Nature of receipts	No. of outstanding IRs	No. of outstanding audit observations	Money value involved
1	Finance	Taxes on sales, trade *etc.*	59	246	125.55
		Passenger & Goods Tax (PGT)	Nil	Nil	Nil
		Other Taxes & Duties on commodities and services (OTD)	Nil	Nil	Nil
		Entertainment & luxury tax *etc.*	Nil	Nil	Nil
2	Excise	State Excise	11	36	5.78
3	Revenue	Land revenue	116	307	30.65
4	Transport	Taxes on Motor Vehicles	74	223	41.40
5	Stamp and Registration	Stamp & Registration Fees	15	54	3.00
Total			**275**	**866**	**206.38**

Source: Records of the Principal Accountant General (Audit), Manipur.

Out of 10 IRs issued during 2017-18, Audit did not receive even the first replies from the head of the offices within the prescribed one month from the date of issue of the IRs in none of these cases. Large pendency of 275 IRs due to non-receipt of replies is indicative of the fact that the head of offices and the Departments did not initiate action to rectify the omissions and irregularities pointed out by the Audit.

The Government may, therefore, consider having an effective monitoring system for taking prompt and appropriate action on the audit findings.

4.2.2 Departmental Audit Committee Meetings

The Government has set up Audit Committees to monitor and expedite progress of the settlement of IRs and paragraphs in the IRs. No Departmental Audit Committee meeting was held during 2017-18.

In view of the large pendency of IRs, the Government may ensure that Audit Committees meetings are conducted regularly on quarterly basis to expedite clearance and settlement of outstanding audit observations.

4.2.3 Non-production of records to Audit for scrutiny

The programme for local audit of Tax revenue/Non-tax revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the Departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2017-18, as many as three cases were noticed where records such as sanction letters, files related to policy matters, registers, challans *etc*., were not produced to Audit. Tax amount involved in respect of the records not produced could not be ascertained. Break up of these cases are given in the following table.

Table No. 4.2.3 Details of non-production of records

Name of the office/Department	Year in which it was to be audited	Number of cases not audited	Tax amount
Transport	2017-18	Three DDOs	Not Available

Source: Records of the Principal Accountant General (Audit), Manipur.

Details are shown in ***Appendix 4.1***.

As the records were not produced for scrutiny, Audit was unable to vouchsafe the genuineness of the underlying transactions and therefore, possibilities of fraud and unhealthy practices taking place in those offices could not be ruled out. It is, thus, recommended that disciplinary action may be initiated against officers who failed to produce records to Audit even after sufficient notices were given to them.

4.2.4 Response of the Departments to the draft audit paragraphs

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

Seven draft paragraphs were sent to the Principal Secretaries of the respective departments by name between July 2018 to October 2018. The responses received from the Departments have been incorporated in the Audit Report appropriately.

4.2.5 Follow up on Audit Reports

The internal working system of the Public Accounts Committee (PAC), notified in December 2002 laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall *suo moto* initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling of the Report in the State Legislature for consideration by the Committee. In spite of these provisions, the explanatory notes on Audit Paragraphs were being delayed inordinately. 67 paragraphs (including five performance audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Manipur for the years ended 31 March 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 were placed before the State Legislature Assembly between 19 March 2009 and 23 July 2018. Action taken explanatory notes in respect of 35 paragraphs/reviews from four Departments under the Revenue Sector (Revenue, Taxation, Transport and Home) had not been received for the Audit Reports for the years ended 31 March 2011, 2012, 2013, 2014, 2015, 2016 and 2017 till date (February 2019).

The PAC discussed 28 selected paragraphs/reviews pertaining to the Audit Reports on the Revenue Sector for the years 2011, 2012, 2013, 2014, 2015 and 2016 and its recommendations on 20 paragraphs were incorporated in their 38th, 40th, 45th, 47th and 49th Reports except for the Audit Report for the year 2015 for which the PAC Report containing recommendations was yet to be published. However, Action taken Notes (ATNs) were not received in respect of 19 recommendations of the PAC from the Departments concerned as mentioned in the following table.

Table No. 4.2.4 Position of Outstanding ATNs

Year *	Name of Department	No. of Recommendations
2011	Transport	3
2012	Transport	1
	Taxation	4
2013	Taxation	3
	Tourism	1
	Transport	1
2014	Revenue	1
	Taxation	4
2016	Revenue	1
Total		**19**

Source: Records of the Principal Accountant General (Audit), Manipur.

** The PAC Report on its recommendations for Audit Report for the year 2015 was yet to be published.*

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

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

The succeeding **paragraphs 4.3.1** and **4.3.2** analyse the performance of Land Revenue Department under revenue Major Head 0029. Cases detected in the course of local audit during the last ten years and the cases included in the Audit Reports for the years 2007-08 to 2016-17 were also analyzed.

4.3.1 Position of Inspection Reports

The summarised position of the Inspection Reports (IRs) issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2018 with respect to the Land Revenue Department are shown in the following table.

Table No. 4.3.1 Position of Inspection Reports with respect to Land Revenue Department

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance during the year		
		IRs	Paras	Money Value (₹in crore)	IRs	Paras	Money Value (₹in crore)	IRs	Paras	Money Value (₹in crore)	IRs	Paras	Money Value (₹in crore)
1	2008-09	46	115	8.16	7	24	1.81	0	9	0.12	53	130	9.85
2	2009-10	53	130	9.85	14	50	5.91	1	6	0.03	66	174	15.73
3	2010-11	66	174	15.73	10	24	2.90	1	8	0.01	75	190	18.62
4	2011-12	75	190	18.62	12	21	2.04	7	14	1.14	80	197	19.52
5	2012-13	80	197	19.52	8	23	3.04	1	4	0.05	87	216	22.51
6	2013-14	87	216	22.51	6	28	3.07	1	6	0.02	92	238	25.56
7	2014-15	92	238	25.56	16	99	11.04	0	7	0.14	108	330	36.46
8	2015-16	108	330	36.46	9	69	55.06	1	14	2.14	116	385	89.38
9	2016-17	116	385	89.38	20	111	50.93	0	2	0.01	136	494	140.30
10	2017-18	136	494	140.30	10	44	1.52	3	39	9.93	143	499	131.89

Source: Records of the Principal Accountant General (Audit), Manipur.

The Government arranges *ad hoc* Committee meetings between the Department and PAG (Audit) to settle the old paragraphs. As would be evident from the above table, against 46 outstanding IRs with 115 paragraphs at the beginning of 2008-09, the number of outstanding IRs increased to 143 with 499 paragraphs at the end of 2017-18. This was indicative of the fact that adequate steps needed to be taken by the Department in this regard to reduce the number of outstanding IRs and paragraphs.

4.3.2 Recovery in accepted cases

The position of audit paragraphs of Land Revenue Department included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in the following table.

Table No. 4.3.2 Position of Paragraphs accepted by the Departments

(₹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
2007-08	Nil	Nil	Nil	Nil	Nil	Nil
2008-09	Nil	Nil	Nil	Nil	Nil	Nil
2009-10	1	0.06	1	0.06	Nil	Nil
2010-11	Nil	Nil	Nil	Nil	Nil	Nil
2011-12	1	0.03	1	0.03	Nil	Nil
2012-13	Nil	Nil	Nil	Nil	Nil	Nil
2013-14	1	0.32	Nil	Nil	Nil	Nil
2014-15	Nil	Nil	Nil	Nil	Nil	Nil
2015-16	Nil	Nil	Nil	Nil	Nil	Nil
2016-17	Nil	Nil	Nil	Nil	Nil	Nil
Total	**3**	**0.41**	**2**	**0.09**	**Nil**	**Nil**

Source: Records of the Principal Accountant General (Audit), Manipur.

From the above table, it may be observed that recovery was not made even in accepted cases during the last ten years as pointed out by Audit. The recovery in accepted cases was to be pursued as arrears recoverable from the parties concerned. No mechanism for pursuance of the accepted cases was put in place by the Department/Government. Further, the arrear cases including accepted audit observations were not available with the office of the Sub-Registrar, Land Revenue Department. In the absence of a suitable mechanism, the Department could not monitor the recovery even in cases which were accepted by the Department.

As such, it is recommended that the Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

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

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

The following Performance Audits on the Taxation and Transport Departments were featured in the Audit Reports of the last five years. The details of recommendations and their status are given in the following table.

Table No. 4.3.3 Status of Recommendations of Performance Audits

Year of Audit Report	Name of the Performance Audit	No. of recomme-ndations	Details of the recommendations	Status
2014-15	Performance Audit on "Admissibility of Input Tax Credit"	4	For effective implementation of Input Tax Credit: • The Department should bring automation in assessment and encourage online filing of returns, grievance redressal *etc.*; • The deficiencies of the Input Tax Credit system pointed out with respect to record maintenance, filing and scrutiny of returns, enforcement, *etc.*, be addressed through appropriate notifications; • The Department should place a system of cross verification of tax invoices in support of Input Tax Credit claims with details available with selling dealers; and • System for selection of dealers and planning for Tax Audit and Audit Assessment should be evolved and implemented at an early date.	Compliance to audit observations and recommendations has not been intimated to Audit. (January 2019)
2014-15	Implementation of Smart Card Project for Driving License and Registration Certificate	4	The Government may consider the following to ensure effective implementation of the Smart Card project: • Prepare a plan indicating target dates of completion of the project in all districts of the State for timely issue of Registration Certificates and Driving Licenses, and vigorously monitor implementation; • Instructions may be issued to ensure that no Registration Certificates or Driving Licenses are issued in manual form; • Prepare an action plan to convert all backlog Registration Certificates and Driving Licenses into Smart Card within a specific time frame and declare them invalid after a prescribed time limit; and	Compliance to audit observations and recommendations has not been intimated to Audit. (January 2019)

Year of Audit Report	Name of the Performance Audit	No. of recomme-ndations	Details of the recommendations	Status
			• Involve Dealers and Driving schools in the process of issuing of certificates and make it incumbent upon them to obtain only Smart Cards as is the practice in some States.	
2016-17	Performance Audit on System of Assessment under Value Added Tax	4	The Department may consider the following: • Establish a system of scrutiny with proper guidelines, checklist with in-built method of screening for further scrutiny; • In view of lapses noticed in the Value Added Tax regime, reorganise the tax collection structure to use all types of assessments and audits as provided in the Manipur Goods and Services Tax Act for safeguarding the interest of government revenue; • Establish monitoring system through system of control registers or Management Information System, periodic reporting, prescribed checks and review *etc*; and • Ensure that tax manuals are prepared for standardising the entire processes with the Goods and Services Tax regime.	Performance Audit was yet to be discussed by the Public Accounts Committee. (January 2019)

Source: Records of the Principal Accountant General (Audit), Manipur.

4.4 Audit Planning

The unit offices under various Departments are categorized into high, medium and low risk units based on their revenue position, money value, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter alia* include critical issues in Government revenues and tax administration *i.e.,* Budget Speech, White Paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years *etc.*

During the year 2017-18, there were 60 auditable units. The audit of 12 units (20 *per cent*) was planned and conducted.

4.5 Results of Audit

Position of local audit conducted during the year

Test check of the records of Taxation Department, Transport Department and Land Revenue Department conducted during the year 2017-18 showed under assessment/short levy/loss of revenue aggregating to ₹ 27.55 crore in 38 cases. During the course of the year, no reply was furnished by the Departments with respect to the under-assessment and other deficiencies which were pointed out in audit during 2017-18. The Departments had recovered ₹ 31.39 lakh in 863 cases during 2017-18 pertaining to the audit findings of the previous year.

4.6 Coverage of this Report

This Report contains seven compliance audit paragraphs involving financial effect of ₹ 24.72 crore[128].

Out of the seven compliance audit paragraphs[129], the Departments/ Government accepted the audit observations involving ₹ 8.26 crore, of which ₹ 1.01 crore had been recovered. These audit observations are discussed in the succeeding paragraphs.

[128] Tax – ₹ 9.01 crore and Penalty/ Interest - ₹ 15.71 crore.
[129] Except for paragraph 4.10, all audit observations were admitted/ partially admitted.

COMPLIANCE AUDIT

TAXATION DEPARTMENT

4.7 Evasion of tax

Failure of the Assessing Authority to assess the sales figure of a dealer as per MVAT Act led to non-detection of suppression of sale and consequent evasion of tax of ₹ 79.70 lakh with recoverable penalty of ₹ 1.59 crore.

As per Section 36 (6) of the Manipur Value Added Tax (MVAT) Act, 2004, if any dealer has either not furnished or furnished incomplete and incorrect returns in respect of any period, the Commissioner of Taxes shall assess to the best of his judgment, the amount of tax due from such dealer. Section 36 (7) of the Act further provides that if a dealer, in order to evade or avoid payment of tax has failed, without any reasonable cause, to furnish returns in respect of any period by the prescribed date or has furnished incomplete or incorrect returns for any period, he shall be liable to pay by way of penalty a sum equal to twice the amount of additional tax assessed.

Test check of assessment files (January 2018) of the Taxation Department revealed that a dealer M/s Santosh Sanitary (TIN-14310234184) under Zone-II had purchased goods attracting VAT @ 13.5 *per cent* through inter-state purchase during the three-year period from quarter ending June 2014 to March 2017. The self-assessed returns filed by the dealer from time to time were accepted by the Department and assessment orders had been issued for the period based on such returns filed.

Analysis of data during the period of three years from quarter ending June 2014 to March 2017 revealed that the dealer had purchased goods attracting VAT @ 13.5 *per cent* for a total amount of ₹ 9.14 crore. Against this, the total value of sale as declared by the dealer was only ₹ 3.24 crore during the period. Thus, there was a difference of ₹ 5.90 crore (₹ 9.14 crore - ₹ 3.24 crore) between the inter-state goods purchased and the sales figure during these three years. Details are shown in ***Appendix 4.2***.

As there was a significant difference between value of inter-state goods purchased and sales figure which was *prima-facie* unrealistic, the possibility of suppression of sales figure by ₹ 5.90 crore resulting in evasion of tax of ₹ 79.70 lakh (13.5 *per cent* of ₹ 5.90 crore) could not be ruled out. It was also noticed (January 2018) that the dealer had not filed returns for the quarter ending June 2017 and no information in this regard had been intimated to Audit as on December 2018. The Department should have invoked the provision of Section 36(6) *ibid;* to assess to the best of his judgment the amount of tax due instead of solely relying on the returns filed by the dealer.

Thus, failure of the Department to assess the sales figure of the dealer as per Section 36 (6) *ibid,* led to non-detection of a suppression of sale and consequent evasion of tax of ₹ 79.70 lakh. Besides, penalty of ₹ 1.59 crore was also leviable under Section 36 (7) of MVAT Act, 2004.

On this being pointed out, the Commissioner stated (March 2018) that assessment would be made as per the MVAT Act. It was further intimated

(January 2019) that the assessee has agreed to pay ₹ 30.45 lakh in four installments before March 2019. Recovery of revenue made, if any, had not been intimated to Audit (May 2019).

Regarding the remaining tax amounting to ₹ 49.25 lakh (₹ 79.70 lakh - ₹ 30.45 lakh), the Department stated that it was not payable due to the following reasons:

- the assessee claimed damage/breakage of stock for ₹ 82.85 lakh.
- some of the goods also attract VAT at the rate of 5 *per cent* and not solely at 13.5 *per cent* as pointed out by Audit.

The reply was not acceptable as the Department had not furnished any records to justify damage/breakage of stock for ₹ 82.85 lakh. It was a simple statement claimed by the assessee as the details in support of damage/breakage were not intimated by the assessee with proper justification. Regarding the application of VAT rate, the reply was not acceptable as the goods considered by Audit were those which attracted VAT @ 13.5 *per cent*.

Besides, the reply of the Department was also silent on the provision of payment of penalty, which should have been imposed as declaration of sales in lower volume appeared to had been willfully done by the assessee.

Accepting the returns of the assessee by the Department without any verification was dereliction of duty on the part of Assessing Officer and even when it was admitted that the amount would be recovered by March 2019, no action had been taken as of May 2019. Thus, responsibility on account of failure of assessing officer needs to be fixed and necessary action for the recovery of revenue from the dealer concerned may be taken on priority.

4.8 Irregular claim for VAT exemption

Irregular claim by a dealer for exemption of payable tax resulted in loss of Government revenue amounting to ₹ 87.97 lakh, out of which ₹ 10 lakh had been paid by the dealer.

Section 36 (6) of the Manipur Value Added Tax (MVAT) Act, 2004 states that if any dealer has either not furnished or furnished incomplete and incorrect returns in respect of any period, the Commissioner of Taxes shall assess to the best of his judgement the amount of tax due from such dealer. Section 36 (7) of the Act further provides that, if a dealer, in order to evade or avoid payment of tax has failed, without any reasonable cause, to furnish returns in respect of any period by the prescribed date or has furnished incomplete or incorrect returns for any period, he shall be liable to pay by way of penalty a sum equal to twice the amount of additional tax assessed.

Further, as per the Government Notification[130] (June 2016), all Industrial Units *w.e.f.* 1 April 2013, were entitled for the exemption of 99 *per cent* of tax payable under the MVAT Act for seven years from the date of commencement of commercial production provided that such Industrial Units are certified by the Green Channel Committee constituted under the Industrial and Investment

[130] Finance Department, Government of Manipur notification No. 5/6/2002-FD(TAX)Pt.1 dated 8 June 2016.

Policy of Manipur, 2013 and have filed returns in a timely manner and submitted audit report required under the MVAT Act.

Audit scrutiny of records (January 2018) of the office of the Commissioner of Taxes, Government of Manipur revealed that the Green Channel Committee had certified (March 2017) an assessee[131], who had started commercial production with effect from 24 April 2009, eligible for tax exemption as per the Notification *ibid*. As such, exemption of 99 *per cent* of tax payable under the MVAT Act was entitled to him for seven years from the date of commercial production *i.e,* upto 23 April 2016. It was, however, noticed that the assessee filed self-assessed returns for the quarters ending September 2016 to June 2017 claiming 99 *per cent* tax exemption on the total tax payable. Thus, the assessee made payment of VAT calculated at the rate of one *per cent* of total tax payable beyond the period of tax exemption allowed to him.

This irregular claim for exemption of payable tax resulted in loss of Government Revenue amounting to ₹ 87.97 lakh, as shown in ***Appendix 4.3***. Besides, penalty of ₹ 1.76 crore was also leviable on the assessee for this irregular claim under Section 36(7) for furnishing incomplete/ incorrect returns. The assessing authority had, however, failed to detect this irregularity.

On this being pointed out, the Department stated (March 2018) that the assessee had filed for extension of exemption of 99 *per cent* of VAT upto June 2017.

As per the Industrial and Investment Policy *ibid*, exemption of 99 *per cent* of tax payable was allowed for seven years from the date of commencement of commercial production. Since the commercial production of the assessee had started in 24 April 2009, the exemption of 99 *per cent* of tax payable expired on 23 April 2016. Further, the policy did not have any provision to grant extension of tax exemption beyond the period of seven years. As the assessee was aware of the period of exemption, thus, the date of expiry of the exemption of tax was also known to the assessee. Despite this, incorrect returns were filed, which could not be detected by the Department while doing the assessment.

On the above being pointed out in audit, the Department stated (January 2019) that the assessee had agreed to pay the outstanding tax liability of ₹ 87.97 lakh. As on January 2019, ₹ 10 lakh had been paid as first instalment and the remaining amount of ₹ 77.97 lakh would be paid @ ₹ three lakh per month. The reply of the Department was, however, silent on the provision of payment of penalty, which should have been imposed. Further recovery in this regard had not been made (May 2019).

Thus, the progress of recovery (along with progressive total of the tax recovery) may be watched and ensured on a monthly basis by the Commissioner of Taxes. The Department should not allow any further time extension to the assessee for the payment of tax, besides ensuring imposition of penalty on the assessee under the provision of Section 36 (7) of MVAT Act, 2004.

[131] M/s Satyam Industries (TIN-14010638166, Zone-I).

4.9 Non-realization of Government revenue

Failure to assess tax liability of nine dealers who had stopped filing returns but had huge stock balances, led to non-realization of revenue to the tune of ₹ 5.35 crore and penalty amounting to ₹ 10.70 crore, of which tax amounting to ₹ 78.38 lakh only had been paid by four dealers.

As per Section 36 (6) of Manipur Value Added Tax (MVAT) Act, 2004 read with Rule 24 (1) (b) of the MVAT (First Amendment) Rules, 2012, the tax due from a dealer, having annual turnover exceeding ₹ 40 lakh who had not furnished returns within twenty days from the end of a month, shall be assessed departmentally on best judgement basis. Such dealer is also liable to be levied a penalty equal to twice the amount of tax assessed as per Section 36 (7) of the Act *ibid*.

Further, as per Rule 27 (3) of the MVAT Rules, 2005, the Assessing Authority (AA) shall serve a notice of demand[132] to the dealer to make the payment of the amount of tax assessed on provisional assessment and penalty imposed, if any, within thirty days from the date of service of such notice. Also, under Section 42 (6) read with Section 32 of the MVAT Rules, 2005, the amount that remains unpaid after the due date of payment shall be recovered as arrears of land revenue by issuing a recovery certificate through District Collector concerned.

Scrutiny of records (January 2018) of the Commissioner of Taxes, Government of Manipur revealed that nine dealers who previously had filed the tax returns, had stopped filing their returns. The position of filing returns of the last quarter and their respective stock balance is shown in the following table.

Table No. 4.9.1 List of Dealers who had stopped filing returns

(₹in crore)

Name of the Trader *(TIN No.)*	Quarter endings up to which returns were filed	Stock balance till the last returns filed
M/s Mona Tyres *(14010593104)* M/s Manipur Tyres *(14921034191)*	December 2014	3.23 *(1.96 + 1.27)*
M/s City Tyres *(14920547171)** M/s Sairam Tyre Sales and Services *(14920011146)*	March 2015	2.46 *(0.47 + 1.99)*
M/s Amp e-Service Private Limited *(14921852126)** M/s D.K. Enterprises *(14923769187)** M/s R.P. Enterprises *(14922909123)**	December 2016	35.06 *(34.30 + 0.57 + 0.19)*
M/s Raj Electronics *(14921741180)** M/s K.G. & sons *(14710328165)**	March 2017	7.85 *(3.60 + 4.25)*
Total		**48.60**

Source: Departmental Records.

* *These six dealers purchased goods after filing of their last returns.*

It was further noticed as per C-forms and e-way bills that six out of the above nine dealers had purchased goods amounting to ₹ 32.17 crore[133] during January 2017 to June 2017 after they had stopped filing their returns. Thus, they had a stock balance of taxable goods of ₹ 80.77 crore (₹ 48.60 crore + ₹ 32.17 crore) as of February 2018.

132 in Form 8.

133 As per C-Form and e-way bills.

As having a stock balance of ₹ 80.77 crore without any transaction/sales during the seven months (July 2017 to January 2018) to 37 months (January 2015 to January 2018) period by the dealers was unlikely and the dealers had stopped filing returns for 10 months (April 2017 to January 2018) to 37 months (January 2015 to January 2018), the possibility of evasion of tax by these defaulting dealers thus, could not be ruled out. As such, the AAs should have invoked the provisions of Section 36 (6) of the Act *ibid*, to assess the tax departmentally on best judgement basis. Besides, the penalty provision under Section 36 (7) should also have been invoked since non-filing of returns was done without any valid reason by the dealers at default. Accordingly, notice of demand as per Rule 27 (3) *ibid;* for tax amounting to ₹ 5.35 crore and penalty of ₹ 10.70 crore as worked out in ***Appendix 4.4*** should have been served to the defaulting dealers by the Department.

On the above being pointed out, the Department intimated (December 2018 and January 2019) that a total amount of ₹ 78.38 lakh was recovered from the four dealers[134], and six dealers[135] were served notices for payment of tax and penalty due. Two dealers[136] had assured that the remaining outstanding amount would be paid by February 2019. Department also stated that 'Recovery Certificates' had been issued to the Deputy Commissioners to recover the taxes and penalties due as arrears of land revenue in respect of five[137] dealers.

Thus, failure to assess tax in a timely manner and to serve demand notice by the Department led to non-realization of revenue to the tune of ₹ 5.35 crore and penalty amounting to ₹ 10.70 crore, of which tax amounting to ₹ 78.38 lakh had been paid by four dealers (May 2019).

In all the cases of similar nature where the dealers with huge outstanding stock had stopped filing returns, the Department should ensure scrutiny of all such cases to rule out the possibilities of evasion of taxes by the dealers concerned by putting a system in place.

4.10 Non-recovery of revenue

Failure of the Department to take timely steps to realize outstanding tax from a dealer resulted in non-recovery of tax revenue amounting to ₹ 25.51 lakh in addition to interest of ₹ 23.31 lakh.

Section 9 of the Central Sales Tax (CST) Act, 1956 empowers authorities[138] of the State Government to assess, collect and enforce payment of any CST payable by a dealer on behalf of the Government of India. As per Section 9A(2A) of the Act *ibid*, all the provisions relating to offences, interest and

134 M/s Mona Tyres (TIN-14010593104), M/s Manipur Tyres (14921034191), M/s Amp e-Service (14921852126) and M/s R.P. Enterprises (TIN-14922909123).

135 M/s Mona Tyres (TIN-14010593104), M/s Manipur Tyres (14921034191), M/S City Tyres (14920547171), M/s Sairam Tyre Sales and Services (TIN-14920011146), M/s Raj Electronics (TIN-14921741180) and M/S K.G. & sons (TIN-14710328165).

136 M/s Mona Tyres (TIN-14010593104) and M/s Manipur Tyres (14921034191).

137 M/s Manipur Tyres (14921034191), M/s Sairam Tyre Sales and Services (TIN-14920011146), M/s D.K. Enterprises (14923769187), M/s Raj Electronics (TIN-14921741180) and and M/s K.G. & sons (TIN-14710328165).

138 Authorities empowered to assess, collect and enforce payment of any tax under the general sales tax law of the State.

penalties of the general sales tax law of the State shall be applicable and that includes interest chargeable @ 2 *per cent* of the outstanding amount of tax per month[139]. In case of filing of incomplete/incorrect returns, the Manipur Value Added Tax Act, 2004 (MVAT) empowers the Commissioner of Taxes to assess the returns as per his best judgment {Section 36 (6) of MVAT Act, 2004} and serve notice of demand to such dealer {Section 29 (3) of MVAT Act}.

Scrutiny of records (January 2018) of the Commissioner of Taxes revealed that a dealer *i.e.,* M/s Satyam Industries (TIN-14010638166) under Zone-I had sold the steel worth ₹ 12.76 crore during the period from quarter ending June 2014 to quarter ending March 2015 and this inter-state sale was attracting CST payable @ 2 *per cent* by the dealer. As per the returns filed for those period, the dealer had not paid any CST. Non-payment of tax ranged from 1259 days to 1533 days as on September 2018, on which interest @ 2 *per cent* was also required to be levied on the outstanding amount. As on September 2018, CST amounting to ₹ 25.51 lakh and interest of ₹ 23.31 lakh which were required to be paid were outstanding as shown in detail in ***Appendix 4.5***.

On the above being pointed out, the Department stated (January 2019) that as per Green Channel Certificate[140], the assessee was entitled to 99 *per cent* tax exemption. The reply was not acceptable as the said certificate allowed tax exemption of 99 *per cent* amount of VAT payable and not the CST.

Thus, failure of the Assessing Authority to take timely action to realize the outstanding tax from the dealer, resulted in non-recovery of tax revenue amounting to ₹ 25.51 lakh for more than three years in addition to interest amount of ₹ 23.31 lakh. It is recommended that besides instituting departmental enquiry to fix the responsibility of the officials responsible for such failure which led to the non-recovery of the above tax revenue, the Department should ensure scrutiny of all the cases of similar nature across the State to rule out any possibility of evasion of tax revenue on account of CST, as noticed in this case by Audit.

4.11 Non-recovery of tax and penalty

Failure of the Department to detect non-submission of returns and to make best judgment on assessment of tax as per the Manipur Value Added Tax Act/Rules, resulted in non-recovery of tax amounting to ₹ 1.57 crore and penalty of ₹ 3.14 crore from five dealers, of which tax amounting to ₹ 12.65 lakh had been paid by one dealer.

As per Section 35 of the Manipur Value Added Tax (MVAT) Act, 2004 read with Rule 27 of MVAT Rules 2005, the Commissioner of Taxes shall serve a notice on such registered dealer(s) who fail to furnish return in respect of any tax period within the prescribed time. Thereafter, the assessing authority shall assess to the best of their judgement, the amount of tax payable by the dealer in respect of that period and serve a notice, fixing a date not less than thirty days from the date of serving of such notice, to make payment of the tax assessed and penalty imposed under Section 36 (7) of the Act. Further, Section 36 (7) of

[139] Section 42 (5) of Manipur Value Added Tax.

[140] Issued by Directorate of Trade, commerce & Industries vide certificate No.1(P)-16/IND/2016 dated 16 March 2017.

the Act *ibid;* stipulates that, if any dealer has failed to furnish without any reasonable cause, returns in respect of any period by the prescribed date, the Commissioner shall after giving reasonable opportunity of being heard, direct that the dealer shall pay, by way of penalty a sum equal to twice the amount of additional tax assessed.

Scrutiny of records (February 2018) of the Commissioner of Taxes revealed that five dealers did not furnish any returns with effect from the quarter ending June 2014 up to the quarter ending June 2017. However, scrutiny of e-way bills and C-Forms revealed that the five dealers purchased various types of goods during June 2014 to June 2017. The goods were valued at ₹ 25.34 crore and attracted VAT @ 5 *per cent* and 13.5 *per cent*. The total outstanding tax payable by the dealers as worked out by Audit amounted to ₹ 1.57 crore as shown in ***Appendix 4.6***. Penalty of ₹ 3.14 crore was also leviable for non-furnishing of returns by the dealers. However, the Department failed to detect the non-furnishing of returns by the dealers and resultantly, did not issue notices to the dealers as required under Section 35 of MVAT Act. The Department also did not make best judgement for assessment of tax from sources such as e-way way bills and C-Forms.

On being pointed out, the Commissioner of Taxes stated (March 2018) that notices had been served and assessment would be made as per the MVAT Act. It was further stated (October 2018) in respect of an assessee *viz.,* M/s J&J Agency that the partial recovery amounting to ₹ 12.65 lakh had been made from the dealer. Information with regard to the status of recovery in respect of other dealers and reasons for non-furnishing of returns by the dealers were sought from the Department; but their reply was awaited (May 2019).

Thus, failure of the Department to detect non-submission of returns and to make best judgment for assessment of tax as per the Act/Rules *ibid,* resulted in non-recovery of tax amounting to ₹ 1.57 crore and penalty amounting to ₹ 3.14 crore from the five dealers, of which tax amounting to ₹ 12.65 lakh had been paid by one dealer (May 2019).

The Department, besides effecting the recoveries from the dealers concerned, review all such cases across the State where the dealers had failed to file their returns and necessary steps taken to rule out any such other instances taking place.

TRANSPORT DEPARTMENT

4.12 Loss of revenue

Due to failure of the District Transport Officer, Thoubal to initiate action for collection of Professional Tax, an amount of ₹ 4.71 lakh and penalty not exceeding ₹ 4.71 lakh were remaining outstanding from the permit holders of 141 vehicles, leading to loss of revenue to that extent.

As per Section 3 (1) read with Section 3 (4) of the Manipur Professions, Trades, Callings and Employments Taxation (PT) Act, 1981, every person who carries on a trade or who follows a profession is liable to pay Professional Tax (PT) as per the rates specified in the Schedule of the Act. As per Section 3 (2) *ibid,* such tax shall be deducted at source[141]. As per Section 7 of the Act *ibid*, Returns[142] had to be filed to the Assessing Authority[143] who shall verify the same with the Certificate issued under Section 6 (A).

The Schedule[144] of the PT Act *ibid,* specifies that Maxi Cab[145], Light Truck[146], Mid Truck[147] and Heavy Truck[148] operators are required to pay Professional Tax at the rate of ₹ 1,100, ₹ 1,500, ₹ 2,000 and ₹ 2,500 *per annum* respectively. Further, as per Section 20 (2) of the Act, defaulters of payment of tax shall be levied a sum not exceeding the amount of tax as penalty.

Scrutiny of records (June 2016) of the Office of the District Transport Officer, Thoubal (DTO) revealed that 141 permit holders of Maxi Cab/Light Truck/Mid Truck/ Heavy Truck did not pay PT amounting to ₹ 4.71 lakh for different periods during 2012-13 to 2015-16. Such details have been shown in ***Appendix 4.7***. Of these, 16 permit holders[149] had not paid any PT during this period of four years, 37 permit holders[150] for three years, 27[151] for two years and 61[152] for one year. Audit noticed that the DTO[153], Thoubal had neither issued any notice to the defaulters nor any action was taken to recover the outstanding PT. The DTO also did not submit any Returns to the Assessing Authority (AA) *i.e.,* Taxation Department, as required under the Act. The AA also did not take any action regarding non-submission of Returns. Consequently, penalty not exceeding ₹ 4.71 lakh as required under the provisions of the PT Act till June 2018 was also not levied. There was no record to justify the inaction on the part of the Departments on the systemic failure like non-issuing of notice and non-filing of returns.

When the matter was referred to the Department (July 2018), DTO, Thoubal stated (September 2018) that notices have been served to 27 defaulters. However, status of action taken in respect of the remaining 114 vehicle operators was not intimated to Audit. Also, recovery of any due amount of tax made, if any, had not been furnished (January 2019).

Thus, failure of the DTO, Thoubal to collect Professional Tax amounting to ₹ 4.71 lakh and non-imposition of penalty not exceeding ₹ 4.71 lakh from permit holders of the vehicles till October 2018, resulted in loss of revenue to the exchequer.

A close watch needs to be maintained at the level of Administrative Head of the Department on collection of Professional Tax. Filing of proper returns

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141 The PT in respect of vehicles is to be collected at source by the Transport Department.

142 The District Transport Officer will file the return to the Assessing Authority *i.e.,* Taxation Department.

143 Taxation Department is the Assessing Authority.

144 Schedule 2(F) (iv), (vii), (viii) and (ix) of the PT Act[144] (Eighth Amendment of the Act, 1981 which came into effect in November 2012).

145 Vehicles that have 7 to 12 seats.

146 Goods vehicle weight does not exceed 7,500 kg.

147 Goods vehicle weight lies between 7,500 kg and 12,000 kg.

148 Goods vehicle weight exceeds 12,000 kg.

149 Sl. No. 1 to 16 of the Appendix, amounting to ₹ 1.05 lakh.

150 Sl. No. 17 to 53 of the Appendix, amounting to ₹ 1.79 lakh.

151 Sl. No. 54 to 80 of the Appendix, amounting to ₹ 0.89 lakh.

152 Sl. No. 81 to 141 of the Appendix, amounting to ₹ 0.98 lakh.

153 Shri Simon Keishing (from 01.04.2012 to 01.10.2012); Shri R.K. Jayantakumar Singh (from 01.01.2012 to 31.03.2016).

needs to be ensured for an effective watch over the arrears of payment of Professional Tax.

The Transport Department should take necessary steps directing all DTOs across the state to review all such cases where permits were issued to the beneficiaries without the receipt of PT as was required and necessary recoveries effected besides ensuring filing of returns to the Assessing Authority by them.

4.13 Non realisation of tax

Failure of the Tax Authorities to realise tax resulted in non-realisation of tax to the tune of ₹ 11.74 lakh, of which tax amounting to ₹ 0.38 lakh had been recovered from 12 vehicles.

As per Section 3 of the Manipur Motor Vehicles Taxation Act, 1998 (MMVTA), tax shall be levied on all motor vehicles used or kept for use in the State. The rates of tax to be levied for different types of vehicles are prescribed in the First Schedule of the Act. As per Section 5 of the Act, such tax shall be payable in advance on annual or quarterly basis.

Further, Section 14 of the Act states that whoever uses, or keeps for use a motor vehicle without payment of tax or additional tax in respect of such vehicle, shall be punishable with a fine which may extend to a sum equal to the annual tax payable.

Scrutiny of records (June 2017) of the District Transport Office (DTO), Churachandpur revealed that the owners of 13 types of vehicles (117 Goods and Passenger vehicles) were required to pay tax at rate ranging from ₹ 75 per vehicle per quarter (*Auto Rickshaw - three seater*) to ₹ 2,540 per vehicle per quarter (*Oil Tanker*). Though the owners of the vehicles were required to pay tax in advance, tax for the period ranging from one to 29 quarters amounting to ₹ 11.74 lakh had not been paid as detailed in the ***Appendix 4.8***. There was no record to show that steps had been taken to recover the above dues from the defaulters and the vehicles continued to ply on the road since the registration certificates in respect of the defaulting vehicles had not been surrendered. There was also no specific mechanism for monitoring non-payment of tax payable by the vehicle owners. Thus, failure of the Tax Authorities to take any action to realise the tax resulted in non-realisation of tax amounting to ₹ 11.74 lakh due to the systemic failure of non-monitoring and identification of vehicles who had not paid taxes.

While admitting the audit observation, the Department stated (September 2018 and January 2019) that eight vehicle owners had cleared all the outstanding tax while four vehicle owners had partly cleared the outstanding tax. The amount recovered from these vehicle owners was ₹ 38,072. However, the challan copies and collection register of the vehicles were not produced to substantiate the claims of the Department.

In respect of the remaining 105 vehicles, the Department stated that demand notices have been served to the respective owners of vehicles. Thus, tax amounting to ₹ 11.36 lakh (₹ 11.74 lakh - ₹ 0.38 lakh) was yet to be recovered (May 2019).

Thus, Department besides ensuring collection of tax from the owners of remaining 105 vehicles, may instruct all the DTOs across the State to review all such cases and effect recoveries, wherever taxes from the owners of vehicles remained unrecovered.

Chapter V
General Sector

CHAPTER V
GENERAL SECTOR

5.1 Introduction

The audit observations relating to various State Government departments and their units under General Sector are featured in this chapter. During 2017-18, against a total budget provision of ₹ 3,515.62 crore, a total expenditure of ₹ 3,188.88 crore was incurred by 15 Departments under the General Sector. The Department-wise details of budget provision and expenditure incurred there-against are shown in the following table.

Table No. 5.1.1 Budget provision and expenditure of Departments in General Sector during 2017-18

(₹ in crore)

Sl. No.	Department	Budget Provision	Expenditure
1	Planning	426.93	162.33
2	Election	28.46	12.86
3	Police	1,420.14	1,299.56
4	Finance *	1,277.15	1,416.84
5	Local Fund Audit		
6	Stationery and Printing	5.77	5.45
7	Administration of Justice	117.08	65.35
8	Land Revenue, Stamp and Registration and District Administration	110.57	110.57
9	Fire Protection and Control	13.85	10.09
10	Secretariat	85.87	80.29
11	Vigilance	3.93	3.64
12	Manipur Public Service Commission	5.68	5.24
13	State Academy of Training	6.52	4.62
14	Governor Secretariat	5.02	5.01
15	Rehabilitation	8.65	7.03
Total		**3,515.62**	**3,188.88**

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

Apart from budget allocation by the State Government for various departments, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2017-18, out of total amount of ₹ 54.67 crore released directly to the different implementing agencies, no funds were released under General Sector.

5.1.1 Planning and execution of audit

Audit is conducted in accordance with the annual audit plan. The audit units are selected on the basis of risk assessment carried out keeping in view the topicality, financial significance, social relevance, internal control system of the units, and occurrence of defalcation/ misappropriation/ embezzlement as well as past audit findings *etc*.

Inspection Reports are issued to the heads of units as well as heads of departments after completion of audit of a unit. Based on the replies received, audit observations are either closed or departments / units are advised to take further remedial measures as required. Important audit findings are processed for inclusion in the Audit Report of Comptroller and Auditor General (CAG) of India for placing of the same before the Legislative Assembly.

Audits were conducted during 2017-18 involving an expenditure of ₹ 3,316.71 crore including expenditure of previous years of the State Government under General Sector, as shown in ***Appendix 5.1***.

This chapter contains one Information Technology Audit *viz.*, "Information Technology Audit of Computerisation of Personnel Information System" and one compliance audit paragraph as discussed in the succeeding paragraphs.

INFORMATION TECHNOLOGY AUDIT

FINANCE DEPARTMENT

5.2 Information Technology Audit of Computerisation of Personnel Information System

The Computerisation of Personnel Information System (CPIS) formerly known as Manipur Government Employees List (MGEL) is an Information Technology application of the Government of Manipur to maintain the database of employees of the Government of Manipur. CPIS is a flagship e-governance application of the Government of Manipur.

CPIS seeks to assist administration by carving out a structured database of all the Government employees, offices and departments by capturing employees profile[154], allotment of unique Employee Identification Number (EIN), name, date of birth, date of entry into Government service and Human Resources details like sanctioned posts and persons-in-position.

The audit of CPIS was carried out during April 2018 to August 2018 with a view to see whether the CPIS application was functioning efficiently and effectively and achieved intended objectives. The main audit observations are highlighted below.

Highlights

- *CPIS data was found to be factually incorrect and incomplete. Most of the incorrect and incomplete data was imported from the legacy system i.e., Manipur Government Employees List without any further validation and checks. Application Controls in the system were weak as it allowed entry of non-relevant data.*

(Paragraphs 5.2.7.6, 5.2.8.1, 5.2.8.2 and 5.2.9.2)

- *Inordinate and frequent delays were noticed in the departments in preparing and sending input Forms to the Directorate of Management Information System (DMIS) for updating CPIS.*

(Paragraphs 5.2.8.3)

- *Directorate of Management Information System had not prepared any formal IT policies to establish the control and security culture in the organization. These included absence of policies on IT Security, Access, Users' Passwords, Business Continuity, staff development, etc.*

(Paragraphs 5.2.9.1)

- *Directorate of Management Information System had not carried out any formal risk assessment exercise to identify possible risks to CPIS and IT assets with a view to devising suitable controls to manage these risks to an acceptable level.*

{Paragraphs 5.2.9.1 (a)}

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154 Employee name, father name, date of birth, date of joining service, appointment order, name of office *etc*.

- *Senior management had not been very active in the implementation of CPIS as neither were any formal policies formulated nor the system was monitored effectively by them.*

(Paragraphs 5.2.10)

- *The Departments did not use CPIS for deciding staff deployment and transfers effectively. On the one hand, many offices were found with no manpower while on the other hand, many offices had manpower in excess of their sanctioned strength.*

{Paragraphs 5.2.8.4 and 5.2.9.2 (b)}

5.2.1 Introduction

5.2.1.1 Background: MGEL, CPIS and CMIS

In pursuance of the recommendation of the XIth Finance Commission and also on the instructions of the Ministry of Finance, Government of India for preparation of budget, an attempt was made to compile a list of the entire Government employees wherein all employees were allotted a unique code number for their identification.

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

In terms of Rule 6 of the Fiscal Responsibility and Budget Management Rules, 2006, preparation of a list of the Government employees became a mandatory requirement for presentation of the annual budget. Moreover, for deployment of suitable and adequate staff to improve the delivery of public services to the hilly and remote areas, the Government wanted to integrate profiles of the institutions/offices[155] of the departments into the existing MGEL database.

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

Further, the Finance Department, Government of Manipur in collaboration with NIC, Manipur had planned to roll out, by March 2014, a new web-based application system called Central Management Information System (CMIS) to replace the existing CPIS. However, rolling out of CMIS was still under process. The operation was required to be done at the level of Drawing Disbursing Officer (DDO), Head of Department, Administrative Department

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

and Finance Department (Directorate of MIS). In addition to the modules available in CPIS, a dynamic pay roll module would be available in CMIS. Presently, the system is being implemented by 40 out of 957 DDOs on Pilot basis (December 2018).

5.2.1.2 CPIS organisational structure

CPIS functions under the overall guidance of the Chief Secretary and under the operational control of the Directorate of Management Information System (DMIS), Finance Department, Government of Manipur. The Nodal Officers are appointed in each Department to ensure that information pertaining to CPIS is timely prepared and sent to DMIS in the prescribed formats by the departments under their signature and seal. Information processed through CPIS application is certified for their correctness and accuracy by DMIS, Finance Department.

5.2.1.3 Objectives of CPIS

The objectives of the CPIS were to:

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

5.2.1.4 CPIS System Architecture

CPIS application has been developed in a Client-Server architecture 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 2008 R2 as RDBMs, Microsoft.NET 4.0 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. This is a web-based Reporting module.

***Client Application*:** This application is used for data entry and updating. The different modules available under this application are enrolment for new recruits, transfers and postings, promotions, termination, sanctioned post updating, *etc*. Information is accepted from the line departments in 13 prescribed forms. It has five levels of users with different privileges 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://cpis.man.nic.in)* to provide various information in the form of reports for different category of users.

***Public Domain Reports*:** This can be used to view employee profile, department-wise and office-wise employees details and also the list of employees rejected by CPIS.

***Secured Domain Reports*:** Users are required to login using their own user IDs and passwords. Once logged in, the users are allowed to view the following reports based on the permission granted to them:

- Nodal Officers of line departments can view details of their own departments like category-wise sanctioned posts, employee details, vacancies, *etc*.
- DMIS can browse the report for all departments as they are the certifying authority of CPIS reports which are used for drawal of monthly salary.
- Treasury Officers can view details of all departments and they are to check and compare CPIS list of offices concerned downloaded from CPIS website with the list of employees sent by DDOs for drawal of salary.
- Top Management: Information available under this category is meant for monitoring and administration purposes. Hence, only macro level reports are generated.

5.2.1.5 CPIS Workflow

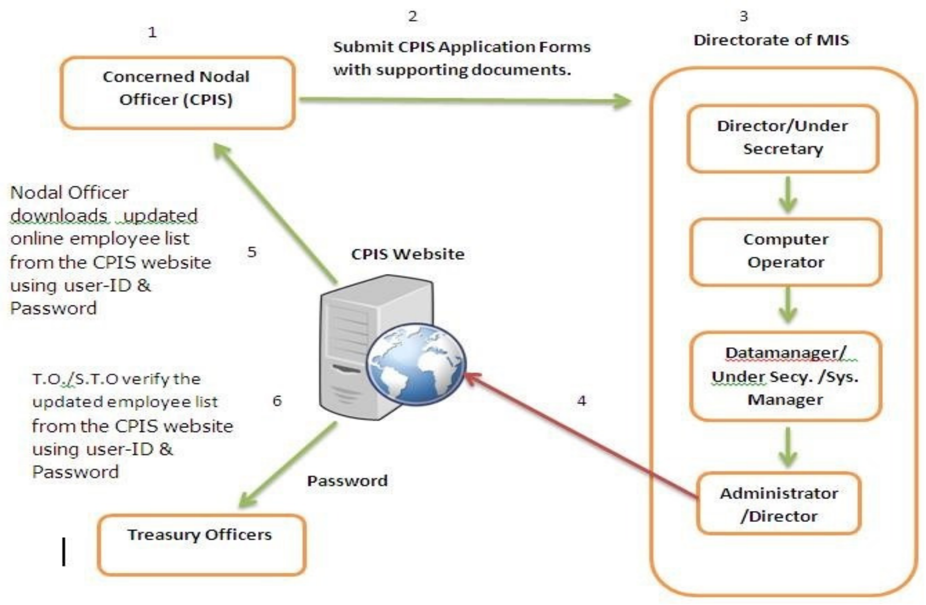
The Nodal officer (CPIS) of the Department sends proposals in prescribed Forms along with the relevant documents to DMIS for any change in CPIS database as a result of change in employee list, sanctioned posts, staff transfers, promotions, corrections, terminations, *etc*. The Nodal Officer also downloads data for his department and supplies the same to the DDOs concerned.

DMIS on receipt of the forms from the Nodal Officers checks the forms and enclosed documents for accuracy and completeness and if satisfied, updates database. Data entered by the Computer Operators are verified by the Data Managers (Under Secretary / System Manager) and then ultimately uploaded to the database by the Application Administrator (Director of the MIS). The incomplete/incorrect forms are returned by DMIS to the Nodal Officers concerned by stating reasons for their rejections.

Treasury Officers check and compare CPIS list downloaded from CPIS website and compares the same with the list of employees sent by DDOs for drawal of salary.

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 depicted in the following chart.

Chart No. 5.2.1 CPIS workflow



Source: Directorate of Management Information System.

5.2.2 Scope of audit and sample selection

The scope of audit included the following:

a. Examination of CPIS system;

b. Examination of controls in CPIS applications;

c. Analysis of CPIS Database[156]; and

d. Ascertaining system effectiveness.

The audit methodology contained test check of the implementation of CPIS in 15 selected Nodal Officers (out of 60 Nodal Officers) of Departments covering four treasuries (two valleys and two hills) out of 11 treasuries for the period 2013-14 to 2017-18 was carried out. During the audit process, records of 57 DDOs (of selected Nodal Officers) were examined in detail. The sampling was done using the method of Stratified Random Sampling using IDEA software.

5.2.3 Audit objectives

The objectives of the IT audit were to ascertain whether:

- The planning and development of the CPIS application was proper and in line with the requirement of the Government;
- The system was functioning efficiently and effectively to achieve the intended objectives of Government;
- The security and controls associated with CPIS were adequate; and
- Adequate and effective mechanism existed for monitoring and evaluation of the CPIS application.

[156] As on 19 August 2018.

5.2.4 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**.**
- Internationally accepted best IT practices.

5.2.5 Audit methodology

The audit methodology included holding an Entry Conference (April 2018) in the beginning of audit with the Director (MIS) and his officers and officials of National Informatics Office, Manipur, interviews with CPIS personnel/ stakeholders, issue of questionnaires, control assessment, physical verification, test check of records and data analysis. CPIS data was analysed using Computer Assisted Audit Techniques (CAATs) and some of the findings were cross checked for further verification. The draft Audit Report was forwarded to the Government of Manipur on 08 November 2018 for seeking their comments. The Department vide their letter dated 19 November 2018 sent their comments. The Exit Conference was held on 19 November 2018 with the Special Secretary (Finance) and Director (MIS) and his officers. The replies of the Government have been incorporated in the report at appropriate places.

5.2.6 Acknowledgement

Indian Audit and Accounts Department (IA&AD) acknowledges the cooperation and assistance extended by the State Government and respective offices in providing necessary information and records during the course of audit.

Audit Findings

The important issues/points noticed during the course of audit are given in the succeeding paragraphs.

5.2.7 Planning and Development

5.2.7.1 Feasibility Study not conducted

For successful implementation of any project/scheme, a feasibility study is required to be undertaken to ascertain the viability of the proposed project/scheme.

Audit scrutiny of records revealed that the Department had not conducted any feasibility study to ascertain the physical and technical viability of CPIS. Without conducting such a feasibility study, the NIC was engaged to develop the CPIS application which was not in consonance with the complete requirements of the Department as explained in the subsequent paragraphs.

5.2.7.2 Non-existence of User and System Requirement Specifications

To ensure that the application proposed to be developed meets organizational objectives, detailed functional requirements of the users popularly known as User Requirement Specifications (URS) are required to be collected as part of the planning for the development of an application. URS becomes the main focus and basis for the design and development of the application, thereby, ensuring the usefulness and effectiveness of the proposed system.

Similarly, an assessment about the hardware and technical specifications required for the development and smooth operation of the system, *i.e.,* System Requirement Specifications (SRS), is required to be prepared.

Audit scrutiny of records revealed that detailed URS was not prepared and provided by the Finance Department to the NIC at the initiation of CPIS. Hence, the application was designed and developed by NIC without any URS, thus, limiting the usefulness of the application. Absence of URS also impacted management's ability due to which it failed to capture full employee details, weak logical access control and application controls, *etc*., as discussed in the succeeding paragraphs **{Paragraph Nos. 5.2.7.4, 5.2.9.1(g) and 5.2.9.2}**. Absence of documented URS would also handicap any efforts to be made in future by the organization or by Audit to evaluate the effectiveness and usefulness of CPIS in meeting the intended objectives. Similarly, SRS was not prepared before deciding to develop CPIS.

5.2.7.3 Non-existence of User Manuals

User Manual is a document which describes essentially all of the software's functionalities for an application user. The User Manual provides important information on 'how to use a software' to the end-users. User manuals help in the smooth operation of the application in addition to being a useful input for the staff training and development.

During the course of audit, it was noticed that User Manual for Directorate of Management Information System (DMIS) staff only was prepared. However, User Manual for treasuries and departments which forms the major chunk of the users was not prepared. User Manuals help, guide and form a reference book for all the newly appointed Nodal Officers, Treasury officers and DDOs who were yet to attend any training provided by the NIC/DMIS. Detailed guidelines for the implementation of the project like qualifications, duties and responsibilities of the Nodal officers, timeframe for the submission of various forms to DMIS for CPIS updating, penalty for non-adherence, timeframe for the verification and certification of data by the Finance Department were not prepared to provide necessary directions as part of the CPIS planning and development. This resulted in delay in submission of forms to the DMIS on account of transfer, promotion, retirement, *etc*., making the CPIS data unreliable.

On being pointed out by Audit, the Department replied that User Manual was not prepared as the Departments and Treasuries were given 'hands-on' training at the initial stages of CPIS and their role was limited to sending of proposal through hard copies. The reply of the Department was not tenable as User Manuals are useful for ensuing smooth working of CPIS. Moreover, User

Manuals are also required for use as a reference book for the purpose of providing training to the staff members concerned as also to Nodal Officers, Treasury officers and DDOs.

5.2.7.4 Non-provision for capturing of full employee details

In the absence of URS, the CPIS application could not be designed and developed to meet all the functional requirements of the proposed system. CPIS was not having provisions (fields/data columns) to capture basic HR/employee information like employee address (permanent and temporary), GPF Account number, PAN number, Permanent Retirement Account number (PRAN), *etc*. The entire name is captured in one column and not in the desired format *i.e.*, separate columns for First name, middle name and last name. In the cases of 39,252 (50 *per cent*) out of 78,195 employees, names were incomplete and showing initials only in the system.

Further, the application was made 'live' before its testing to ascertain whether it was meeting all necessary functional requirements. Resultantly, the missing gaps could not be flagged and incorporated in the application.

Moreover, in the absence of URS and SRS, Audit was unable to fully assess as to what extent the intended benefits of the CPIS had been achieved.

5.2.7.5 Non-provision of separate columns for Pay Scale, Grade Pay and Pay in Pay Band

On the recommendations of the 6th Pay Commission and as per Manipur Services (Revised Pay) Rules, 2010, pay of an employee is described in the form of Pay Scale, pay in Pay Band, Grade Pay and Basic Pay (Pay-in-Pay Band *plus* Grade Pay). Annual increment will affect the pay in Pay Band and Grade Pay will be affected in the case of grant of any financial upgrading due to Promotion, Assured Career Progression (ACP)/ Modified Assured Career Progression (MACP), *etc.*

Examination of CPIS database and online certified employee list generated by the departments revealed that there was no separate column to capture the Grade Pay as the same was found clubbed with the Pay Scale. The absence of separate column for Grade Pay would make it difficult to generate Grade-wise information required for financial and budgetary planning. Such missing data in CPIS would also make it impossible to use CPIS for generation of monthly salary, thus, significantly limiting the utility of the system.

On this being pointed out by Audit, the Department accepted audit observations and stated that CPIS indicates Pay-Scale and Grade Pay clubbed together because at the time of development of application, the Grade Pay component was not existing. However, for pay details, a new payroll module had since been incorporated in CMIS (to be rolled out shortly) which will indicate all details of Pay. The reply of the Department was not acceptable because the pay as per 6th Pay Commission pay scales was being drawn and paid to the State Government employees since 2010, and hence, the requirement should have been incorporated long ago in CPIS, but it was not done.

5.2.7.6 Non-validation of MGEL data before importing to CPIS

Data in the earlier Manipur Government Employee List (MGEL) application, created in 2002, was imported to CPIS in 2006 and additional information like the sanctioned posts, office name, department names, *etc*., were incorporated in the application. However, the accuracy and completeness of MGEL data was not verified before importing it to CPIS. Though CPIS data was reportedly verified by the Finance Department, numerous errors were noticed by Audit even in the basic details of employees *viz.,* name, date of birth, date of joining, title, gender, *etc*. This indicated that the MGEL data was not properly verified and corrected neither by the Finance Department nor by the user department as would be evident from the succeeding paragraphs.

It was observed during audit that out of data relating to 78,195 employees, the word "correction" was written under remarks column in the case of 6,332 employees (*eight per cent of the total database*). This indicated the degree of errors in the imported MGEL data. It was also observed that the correction process was further complicated by DMIS by issuing an order (April, 2018) which required a speaking order from the Administrative Department for every correction in the employee's data.

Thus, the MGEL data was not verified and corrected by the Departments concerned or Finance Department before importing the same to CPIS, thereby allowing the errors/missing gaps existing in MGEL to continue in CPIS. The continuation of missing/incorrect employee details in CPIS invariably undermines the usefulness and effectiveness of the system.

The Department agreed with audit observations stating that MGEL data imported to CPIS had errors and that 6332 employees' details were already corrected as indicated in this report.

Recommendation (20): DMIS and the Nodal Officers should take urgent measures to verify, update and correct CPIS data wherever found necessary to make it useful, relevant and reliable.

5.2.8 Efficient and effective functioning of the system

5.2.8.1 Inaccurate details of staffing pattern

(a) Presence of data related to the retired employees in database

The age of superannuation for employees of the Government of Manipur is 60 years *w.e.f.* 29 November 2010 and 65 years for teaching staff of State Government colleges *w.e.f.* 28 February 2013. Timely removal of the data relating to the retired employees from CPIS was inevitable in order to provide accurate details of the staffing pattern, rationalize transfer and posting, prepare realistic budget and to assess vacancy position and new recruitments, *etc*.

It was, however, observed during audit that the data relating to 5,808 employees who had crossed the retirement age, was still existing in the CPIS database. This was due to the fact that the DMIS updates the data relating to retired employees in CPIS database only when CPIS forms along with related documents are submitted by the Departments concerned. However, the Departments usually delay the submission of necessary forms to the DMIS for updating employee details in CPIS. Further test-check of 29 such employees in 10 sampled offices revealed that they were not actually drawing salary after the date of their retirement but forming part of database of CPIS. The number of years since these retired employees were part of the database after their date of retirement is as detailed below.

Table No. 5.2.1 Summary of employees whose details have been kept in CPIS database in spite of their retirement

Sl. No.	Number of years after retirement	Number of employees
1	Less than 1 year	1,954
2	Between 1 to 5 years	3,465
3	Above 5 years	389
Total		**5,808**

Source: Data from CPIS database.

Thus, the number of employees in the CPIS database was not *prima facie* accurate defeating the objectives of CPIS to provide accurate details of staffing pattern against sanctioned posts and to update information in respect of retired employees in order to facilitate taking policy decision on deployment, re-deployment and transfer of employees, bringing out vacancy position and preparation of a realistic budget for their pay and allowances.

(b) Non-removal of temporary staff from CPIS on their discontinuation

Employees whose services are discontinued by the Government should be immediately removed from the active CPIS database. This would help Treasury Officers and DDOs to stop drawal of their salary *etc*. However, test check of records of Revenue Department revealed that 28 temporary posts of the Department were not extended by its Administrative Department vide W/T No. 1/31/89-R (Pt-III) dated 11 July 2011 and the department instructed not to release pay and allowances to them *w.e.f.* 01 March 2011.

It was, however, found that out of 28 such posts, the details of 17 persons were still available in CPIS database as active working employees. Audit cross checked the audit findings with respect to the two sampled offices *viz.,* Deputy Commissioner (DC), Imphal West and DC, Chandel and found that the pay and allowances were stopped in the case of all the four employees *w.e.f.* 01 March 2011 in pursuance of the order *ibid*.

The Department replied that the data relating to temporary employees were not removed as the Revenue Department had not sent proposals for removal of the data of persons concerned. However, reflection of the discontinued employees in CPIS resulted in inaccurate details of staffing pattern and wrong information of persons-in-position of the offices which had adverse impact on the integrity, effectiveness, reliability and usefulness of the system.

(c) Utilization of employees at places other than actual place of posting

One of the main objectives of CPIS was to rationalize transfer and posting of the employees and to deploy employees in accordance to the sanctioned posts and to guard against the deployment of employees at places other than actual place of posting, which was in violation of Government Rules and irregular.

The Finance Department had prohibited such cases of deployment and declared the same as irregular within the meaning of Manipur Public Service Liability Act, 2005.

Scrutiny of records of the sampled offices revealed that the services of 104 employees shown as posted in 36 offices were being utilized in other offices of the department where they were not actually posted. Further, 15 Veterinary Field Assistants (VFA) and Veterinary Attendants (VA) were found deployed in the Governor's Secretariat under the Department of Personnel and Administrative Reform where there was no sanctioned post of VFA and VA.

Thus, these employees were drawing their salary from the office where they were shown as posted while they were actually working in some other offices. This defeated the very objective of CPIS to provide accurate staffing pattern for rationalization, transfer and posting of employees. Moreover, they were not performing jobs for which they were actually appointed.

On the above being pointed out by Audit, the Department accepted audit findings on deployment of employees at places other than their original place of posting. The Department, however, stated that prevention of such irregular deployment was not in the purview of CPIS. The reply was not acceptable as one of the objectives of CPIS was to prevent deployment of employees at places other than at the places of their actual posting.

5.2.8.2 Non-capturing of detailed information of each employee

One of the main objectives of CPIS was to capture detailed and correct information of employees appointed against sanctioned posts. However, on scrutiny of CPIS database and examination of records of the sampled departments, the following deficiencies were observed:

(a) Non-updating of Pay Scale and Basic Pay

The details relating to Pay Scale, Grade Pay and Basic Pay of employees should be accurate in the CPIS database for ensuring preparation of a realistic budget and to ensure the correct payment of salary. The State Government employees started receiving salary *etc.* as per 6th Pay Commission Recommendations *w.e.f.* 1 January 2010. However, the pay scales, grade pay and basic pay of 45,134 out of 78,195 (57.7 *per cent*) employees were not updated even after a lapse of eight years of the implementation of the said recommendations. These non-updated pay scales shown in the CPIS pertained to 4th and 5th Pay Commission scales of pay. Audit observed that the details of salary were updated in CPIS only when the forms for promotion, transfer, correction, *etc.*, were submitted by the respective departments.

Audit also found that the correction forms submitted by the Agriculture Department[157] for updating of pay scale and basic pay of their employees were not updated by the DMIS. As a result, the Treasury Officers and DDOs could not use CPIS data for preparation of salary as CPIS was not able to provide accurate and complete information. As such, the Treasury and DDOs were

[157] During May to June 2014. Out of correction forms submitted for 28 DDOs, only 5 DDOs corrections were updated by DMIS.

using CPIS only to ascertain the names of employees in CPIS, and once ascertained; the salaries prepared locally by the DDOs were being verified by the Treasuries.

The Department stated in reply that the pay details were made available to the Nodal Officers through CPIS web for updating CPIS data. Reply was not acceptable as the CPIS data was not being updated regularly. Thus, the incidences indicated above could have been avoided had the data been updated regularly to ensure optimum utilisation of CPIS.

(b) Non-capturing of office order number and date

Joining of any new recruit, transfer, promotion or termination is effected only after issue of an office order by the competent authority. For CPIS updating, the Nodal Officers are required to mention the office order number and date in relevant forms and to enclose the relevant office orders without which the updating will not be effected.

The data entry operators were required to check and enter the office order number in the updating process. The data entered are to be verified and certified at two different levels by the Data Manager and the Administrator respectively.

Audit observed that CPIS has the fields to capture the data relating to employees' name, title, gender, office name, office order number, order date, *etc*. However, the analysis of CPIS database revealed that neither the office order numbers nor the order dates were found captured in 931 cases out of total 78,195 employees whereas in 48 cases, the office order dates only were found. These reflected deficiencies in data entry as well as data entry verification in CPIS. Non-availability of the source orders relating to the recruitment, transfer, promotion or termination of the employees in CPIS affects the integrity and usefulness of data. Absence or ineffectiveness of verification and supervision process in CPIS does not ensure accuracy and completeness of data updating. Thus, to this extent the information captured in CPIS was incomplete in these cases. This affects both the integrity of data as well as utility of the CPIS.

5.2.8.3 Delay in updating of data on recruitment, promotion, transfer, *etc*.

Updating of CPIS data is a continuous exercise and prompt update of any changes in the employee details is required for timely and correct payment of salary in addition to achieving other objectives of CPIS. Though, no timeframe has been fixed by the Government for submission of forms, Finance Department had requested (June 2013) all the departments to arrange for timely submission of forms to DMIS so that the salaries of employees are not unnecessarily withheld.

Audit found that there was no mechanism devised to monitor and prevent delays in updating of employee details in CPIS. Inordinate delays in preparing and sending input Forms by the Nodal Officers to DMIS were noticed. In some cases, DMIS also did not promptly key in the Forms received from the departments. Though the Finance Department had issued instructions for submission of necessary forms, the delays in updating of employee details in CPIS were noticed by Audit as explained below:

- **Direct recruits**: In the case of 53 out of 55 employees of four[158] selected Departments, delays in issue of Employee Identification Number (EIN) ranging from one to 44 months were observed.

- **Delay in updating on promotion**: In case of 71 out of 72 test checked employees of four[159] selected Departments, employees' data on account of promotion was not updated in a timely manner. The period of delay ranged from one month to eight years.

- **Retired/ Superannuated employee**: Due to the inaccuracy in the date of birth captured in CPIS, the details of retired employees were not removed by DMIS. Rather, they waited for the submission of forms by the Nodal Officers concerned. Consequently, data of many retired employees were present in the database. The Department also did not submit the forms in a timely manner for termination and the delays ranging from one month to five years were noticed in updating termination forms in case of all 239 test-checked employees who belonged to 12[160] selected Departments.

- **Organized services**: Employees of Organized services having an EIN were exempted from the purview of CPIS since September, 2009 allowing them to draw salaries even if their details were not updated in CPIS on account of transfer, promotion, *etc*. The Finance Department vide OM dated 25 September 2009, had asked Department of Personnel & Administrative Reforms, Government of Manipur to update CPIS through DMIS within one week from the date of issue of order. Despite Finance Department's order *ibid*, CPIS data had not been updated and the Organized services officers had been able to draw their salary without updating CPIS. It was observed in the nine selected DDOs that out of 49 officers of Organized services present in the employee list (September, 2018), the details of 28 officers were not updated. Further, the details of 17 officers posted and working in the selected offices were not reflected in CPIS. Test check of the forms of selected Departments in DMIS further revealed that updating of data of the officers of Organized Services was delayed up to five years.

- **Transfer and posting**: The Government of Manipur vide Order No. 1 June 2005- FB dated 6 April 2006 and 8 August 2007 provided for updating of CPIS in connection with transfers and postings. Input forms for such changes are required to be submitted in the appropriate forms as soon as possible so that salaries could be drawn on time. However, in 24 out of 25 test checked cases of transfer/posting of employees belonging to six[161] selected Departments, Audit found delays in updating of data ranging from one month to 18 months.

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158 Agriculture, Assembly Secretariat, Forest and Revenue Departments.

159 Agriculture, Veterinary & Animal Husbandry, Forest and Home Departments.

160 Forest, Commerce & Industries, Home, Command Area Development Authority, State Academy of Training, Public Works Department, Agriculture, Education (S), Education (U), Veterinary & Animal Husbandry, Assembly Secretariat and Revenue Departments.

161 Forest, Agriculture, Command Area Development Authority, State Academy of Training, Public Works Department and Veterinary & Animal Husbandry Department.

Thus, due to the inaction/delays both by the Department and DMIS in updating the CPIS in a timely manner, the CPIS database was inaccurate and incomplete affecting the reliability, integrity and effectiveness of the CPIS.

While agreeing with audit findings, the Department stated that the delay in updating data on recruitment, promotion and transfer *etc*., was due to delay in submission of proposals for updating from the Departments concerned. However, under the new CMIS, the updating of database would be on online basis in which there would not be any delays.

Recommendation (21): Necessary mechanism should be devised and strictly enforced to ensure that Input Forms are promptly prepared and sent to DMIS for updating the CPIS. Forms could be filled in online, expediting the whole process.

5.2.8.4 Non-utilization of CPIS data on deployment, re-deployment and transfer and posting of employees

One of the major objectives of CPIS was to help Government in policy decision on deployment, re-deployment and transfer of employees by the Departments and also to improve delivery of public services all over the State, both in the hilly and rural areas.

Examination of records of transfer and posting files of three selected Departments *viz*., Veterinary and Animal Husbandry, Medical and Health Services and Public Works Department (PWD) revealed that transfers and postings were done in a piecemeal manner on personal requests of the employees or on the recommendations of the Member of Legislative Assembly (MLAs) or other influential individuals or officials.

Further, the analysis of CPIS data in three Departments revealed that there was disproportionate distribution of employees in various offices of Departments. Out of 2889 offices, no employee was posted in 101 offices though they had sanctioned posts whereas there were 1,185 offices where persons-in-position was full as compared with sanctioned strength. The details are shown in the following table.

Table No. 5.2.2 Disproportionate distribution of employees in the Departments

(In numbers)

Sl. No.	Name of Department	No. of Offices	No. of offices with zero Persons-in-Position	No. of offices with full Persons-in-position
1	Education (S)	2,201	57	915
2	Medical & Health Services	641	36	270
3	PWD	47	8	0
Total		**2,889**	**101**	**1,185**

Source: CPIS data.

Audit further observed that the requisite staff was not posted in one selected office *i.e*., ANM Training Centre, Churachandpur during the last five years. The Training Centre had one post of Principal, three posts of Public Health Nurses (PHNs) and four posts of Sister Tutors. However, only one Principal and two PHNs were posted since 2012. Two PHNs had also retired in February

2014 and April 2016 respectively. The posting of tutors was not done at the training centre despite several requests made by the Principal.

Further, it was also observed that CPIS forms for transfers submitted by the Departments were rejected by DMIS as there was no vacant post in the offices in which they were transferred.

On this being pointed out, the Department replied that the transfers and postings of employees and their deployment were being fully controlled by the Administrative Department concerned.

Thus, though the CPIS application had embedded controls to reject the number of manpower posted exceeding the sanctioned posts, CPIS was not being used in making transfers and postings in the Departments, defeating the intended objective of the System.

Recommendation (22): The Departments should make use of CPIS/CMIS in deployment of staff in offices depending on their sanctioned strength and manpower position.

5.2.8.5 Non-verification of CPIS data by Treasury Offices

Treasury Officers are required to release salaries only to the employees whose names are reflected in the employee list supplied by the Nodal Officers. The Treasury Officers should verify the CPIS list downloaded from the website with the employees list submitted by the DDOs before releasing their salaries. They should not allow drawal of salaries of those DDOs whose employees data was not updated.

Also, an employee transferred and posted to another office/DDO shall not be allowed to draw his salary from the previous office/DDO from the date of issue of transfer order. His salary should be prepared by the new office/DDO by producing his Last Pay Certificate subject to updating of details of transfer by the DMIS.

The four selected treasury offices stated that employee lists were being enclosed by the DDOs as and when there was any change in the employee list due to transfer/posting, termination, retirement, *etc*. Further, it was stated that the employee list furnished by the DDOs were also being cross-checked with the transfer orders received by the treasury office.

Audit scrutiny in this regard, in the four selected treasuries revealed the following instances where treasuries had not exercised the required controls:

- 55 employees in the selected Departments had drawn their salary from the previous offices/DDOs after they were transferred.
- There were 75 employees in three offices *viz*., Deputy Commissioner (Chandel District), Nongmeikappam Gopal College (N. G. College) and Dhanamanjuri College (D.M. College) whose designations were upgraded due to their promotion but the same were not updated in the CPIS. Though CPIS did not have updated designation, the pay bills of these offices in which these employees were posted were still passed by the respective Treasury Offices.

- There were offices which had retired employees listed in their certified employee list. However, the pay bills (excluding retired staff) of these offices were passed by the treasuries.
- The Imphal West Treasury stated that they did not have User ID and Password to access CPIS website. Thus, the Treasury Office had no means to verify CPIS list submitted by DDOs before releasing the salary.

5.2.9 Security Controls

5.2.9.1 General Controls

General controls create an environment in which the application and application controls operate *e.g.*, IT policies, standards and guidelines pertaining to IT security and information protection. The general controls provide the foundation and build the control and security culture in an organization. Audit examined the adequacy of general controls in CPIS and audit observations are mentioned in the following paragraphs.

(a) Absence of IT Security Policy and Risk Assessment

An organization's formal IT Security Policy demonstrates its ability to reasonably protect business critical information and assets from loss, damage or abuse. It also aims to enhance the trust and confidence in the organization in addition to ensuring conformity to the mandatory regulatory requirements. IT Security Policy should be formal and future looking and should be based on the existing as well as future plans for use of IT in meeting organizational objectives and delivering the public services to the programme beneficiaries.

Further, since the threats and risks faced by the information systems differ from place to place and system to system depending on the various factors, it is imperative for an entity to assess and evaluate the risk environment and threats to its critical IT assets and processes so that the appropriate risk management strategies could be planned and carried out to bring these risks to an acceptable level. The risk management based on a formal risk assessment exercise is more effective and efficient if controls are placed at appropriate places based on need, thus, avoiding excessive controls.

The organization should also categorize its assets and processes based on their criticality and sensitivity, and the threats/risks to which they are exposed. The assets facing similar threats are grouped together for the purpose of risk management. While the risk assessment helps in efficient risk management, the asset categorization fosters economy by grouping similar assets together for risk management.

Audit scrutiny of IT Security Policy, Risk Assessment and asset categorization in the Directorate revealed the following:

- DMIS had neither prepared any formal IT Security Policy nor formally appointed any officer for the overall security in CPIS.
- DMIS had not done any formal risk assessment exercise to identify major threats to its IT assets and processes; system vulnerability to the threats;

likely business consequences in case the threats materialize, *etc*. Hence, the controls were on *ad hoc* basis created in CPIS.

- The Directorate did not maintain proper inventory of its assets (hardware and software) nor had it conducted any physical verification of its assets or classification of assets.
- Though maintenance of the CPIS database and server was entrusted to NIC, there was no documented formal agreement for the same.
- As NIC was maintaining CPIS, the DMIS was not aware as to how the database was being maintained or what security measures were in place for security of the database.

The Department, while accepting the audit findings, stated that they did not have any formal IT policy. The CPIS server and database were being maintained by NIC, Manipur, and they had their own IT policy. The reply was not acceptable since as an owner of the application, the Department should have its own formal Security Policy covering planning, development, management and business continuity of the applications.

(b) Ineffective IT Steering Committee

For successful implementation and operation of IT projects, there should be an IT Steering Committee comprising of user representatives from all areas of the business and IT personnel should be responsible for the overall direction of IT. The future direction agreed to by the IT Steering Committee is normally set out in a document known as the IT Strategic Plan, which should have approval of the top management.

Audit scrutiny revealed that though a Steering Committee was constituted in May 2013 under the chairmanship of Joint Secretary (Finance/Budget) to improve the existing work flow of CPIS by making CPIS management fully online and enhancing the scope of application of CPIS software but there was no representative from user Departments except Director, Treasury & Accounts, Manipur in the said Committee.

Further, only one meeting (May 2013) of the Committee was held so far (December 2018) which indicated that the role of the Committee was ineffective.

(c) Change management procedure

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

Directorate of MIS stated that they did not have any prescribed process for the management of changes in CPIS. There was no prescribed Form for Request For Change (RFC) or Control Register to log and monitor RFCs. Directorate also stated that changes to the software whenever done, were carried out by NIC after discussion was held between Finance Department and NIC. However, there were no documents in support of such discussion held in the past which resulted in the complete absence of audit trail to ascertain whether the changes sought for, were carried out successfully or whether such changes to the systems were approved by the competent authority.

The Department stated in response that there were only minor software errors and therefore, no official records of the changes made was maintained. The reply was not tenable as changes made in the software were required to be properly documented but such documentation was not done.

(d) Outdated Operating System and Antivirus software

CPIS application (client module) was installed on computers which has Windows XP as the Operating System (OS). Microsoft has already stopped providing software updates and security fixes for Windows XP that protect against malicious software, malware such as viruses and worms.

Two computers used in DMIS for updating CPIS were test checked during audit and it was found that these computers had security patches upto 15 May 2017 making them vulnerable to security threats that had originated after that date.

Audit also found that the antivirus software (Quick Heal) installed on the two test-checked terminals had virus definitions updated till 30 March 2018 and 16 February 2018 respectively.

The Department stated in reply (December 2018) that the NIC used to update antivirus from time to time. The reply was not tenable since updating of the operating system and antivirus was the responsibility of the system owner *i.e,.* DMIS, which was not done periodically, making the system vulnerable to virus and worms that originated after the aforesaid dates.

(e) Environment Controls

Environment controls are aimed at ensuring that the application system and IT assets are not put to risk due to fire/water damage or damage from other natural disasters, earthquakes or failure of equipment due to extreme temperature or humidity, *etc.* The preventive measures should be based on results of a formal risk assessment exercise.

Audit found that DMIS was housed on 3rd floor of the New Secretariat Complex in Imphal. The Directorate had not undertaken any formal risk assessment to assess the possible environmental threats to CPIS. The smoke and fire detection equipment, fire extinguishers, water detectors, *etc.*, were not in place in DMIS. However, there were two fire extinguishers installed nearby but it was observed that both had already expired on 01 March 2012. Hence, DMIS had no basic measures like fire extinguishers for the last six years. No mock drill for fire and earthquake safety was found to be carried out by DMIS. There was also no Uninterrupted Power Supply (UPS) available for the computers at DMIS.

It was further observed that in addition to the IT equipment, DMIS also had loads of important files (hardcopies) which were kept scattered and piled up in the data entry room and godown. This was serious keeping in view the lack of basic environmental security measures in DMIS. This could lead to loss of important files (hard copies) and destruction of properties in the event of any fire incident.

Audit also observed that the CPIS server was housed in the Data Centre located on the ground floor of the New Secretariat complex. The location of the server on the ground floor makes it more vulnerable to threats like flood, rains and theft.

Photograph No. 5.2.1 Lack of disaster preventive measures

DMIS office with no CCTV camera, fire extinguishers, smoke sensors etc. (19 September 2018)

Files in the DMIS room with no fire extinguishers, smoke sensors, etc. (19 September 2018)

Source: Audit documentation of DMIS.

The lack of appropriate environmental controls could lead to system unavailability, thereby affecting CPIS objectives adversely. The Department accepted the audit findings and replied that they would strengthen environment controls in future.

(f) Physical Access Control

Though security personnel were stationed at the main entrance of the Secretariat complex, the DMIS rooms where CPIS data entry/updating work was being done, was easily accessible to the visitors coming to the building complex without any restrictions. Records about the visitors' entry were not maintained in DMIS. No burglar alarm system or CCTV camera was found installed at DMIS for monitoring and security of the DMIS rooms, records, *etc*. The absence of appropriate physical access controls could increase the risks of loss/tampering of important documents and damage to the systems.

The Department, in response to an IT Audit Report (Paragraph 1.2.11.11 of CAG's Report 2010) had earlier stated that restrictions had been imposed on the entry into the rooms of data entry operators and log of visitors were being maintained. However, neither any restriction was in place on entry into DMIS nor any visitor's log or record was found to be maintained in DMIS even after a lapse of eight years, thereby putting CPIS to a big risk.

(g) Logical Access Control

The organization should have a documented process on access control to ensure segregation of duties; reviewing users' privileges to ensure that it conforms to the job needs and security requirements; establish suitable process for users' registration/ de-registration and a policy supported with a set of guidelines/best practices on selection and use of good passwords. Access controls also require appropriate configuration of log files and their periodical review to monitor the security concerns; controlled access to the application source codes; and also the installation and appropriate configuration of firewall, routers and intrusion detection and prevention system (IDPS) to secure the information systems from the external threats. The audit scrutiny of IT Access controls revealed the following:

Weak Users' Management

The Department did not have formal documented user registration and de-registration process for managing and controlling users' access to CPIS. Audit found that there were 45 recorded User IDs in CPIS and out of them, 20 users were inactive while the remaining 25 were still active. The active User IDs includes One "Super" User ID; two "Admin" User IDs; four "Data Manager" IDs and 18 "Computer Operators" IDs. However, the Directorate had only one Director, one Under Secretary (Finance), one System Manager, one Computer Programmer and seven Computer Operators. Since there are only 11 Users in DMIS, the number of active User IDs exceeded the staff posted at DMIS, thereby endangering CPIS with the possible unauthorized access to the system.

Absence of Password Policy

An organization should have a formal Password Policy and guidelines mandating periodical change in passwords, composition of passwords, minimum and maximum length of password, not-sharing of passwords, *etc*. It was, however, observed as under during audit:

- DMIS had neither any formal Password Policy nor any set of guidelines containing best practices on passwords.
- CPIS neither enforced nor asked for password change when a user logs in, for the first time.
- There was neither any prescribed minimum and maximum length for passwords nor was any prescription for the password composition (alpha, numeric, symbols, *etc*.) mandated by the CPIS system.
- There were no restrictions on number of login attempts to prevent unauthorised access through guessing of the passwords and making repeated failed access attempts.
- Although each Nodal Officer had different user ID and password, they were sharing their passwords with their subordinate staff.
- In many cases, when a staff member had been transferred, his/her user ID and password was still retained without being deactivated.

Absence of Password Policy or guidelines mandating composition and use of strong passwords in addition to controls ensuring good practices in use and management of passwords, puts the system to high risk, thus, endangering the confidentiality, integrity and availability of system.

The Department, in response to an IT Audit Report (Para 1.2.11.12 of Audit Report 2010) had earlier stated that they would consider having a formal password regulation in respect of CPIS. However, no records in support of creation of any formal password regulation in respect of CPIS was produced to Audit despite specific request made by Audit in this regard.

Weak Logical Access Control

Audit scrutiny revealed the following weaknesses in respect of logical access control:

- CPIS allowed a user to be logged-in on two computers simultaneously, thereby ignoring concurrent session control.
- CPIS allowed two users to log in simultaneously on the same Computer thereby, making possible for a user to use the account of the other user in an unauthorised manner. The data entry and its verification at the same time using same terminal was possible due to the absence of this control.
- There were no restrictions on the number of login attempts to prevent unauthorised access through repeated hit-and-trial attempts.
- The System did not log off users even after it was left unattended for some time to prevent unauthorised access.

The above shortcomings were indicative of weak logical access control in CPIS. These weak logical access controls coupled with the weak physical access controls made the system vulnerable to the risk of unauthorized access, amendments or deletion of data and consequent losses.

(h) Business Continuity and Disaster Recovery Plan

Business Continuity Plan, Disaster Recovery Plan and data backup policy prescribing backup time table, backup process, life time of media and responsibility to take regular backups, test backups and to restore data are necessary for recovering key business processes in the event of a disaster. The objective is to reduce downtime and minimise loss to the business in the event of disaster taking place.

Audit found that DMIS was not having any formal Business Continuity Plan, Disaster Recovery Plan or Data Backup Policy. The Department had also not organized any awareness campaigns during 2016 to 2018 to make staff members aware of the importance of the periodical backing up of their data, information and applications. Audit noticed that no special training for the staff members who were to play key roles in the disaster recovery operation was conducted in DMIS.

On this being asked by Audit, the System Manager at DMIS stated that they take both full as well as incremental backups using the backup module available in CPIS and the backup is stored on the Storage Area Network (SAN) of the Manipur State Data Centre. During the physical inspection (23 October 2018) of CPIS backup at the Manipur State Data Centre, it was found that Full backup of CPIS was last taken on 16 October 2018. However, no incremental backup was taken for the next seven days after taking the full backup.

The Department had also stated that NIC regularly backed up data in tapes and kept the same in an offsite location at NIC office. However, during physical verification of the site, it was observed that the data had not been backed up since September 2018 due to a defective fibre cable switch. Further, no copy of CPIS backup was found kept in an offsite location.

Besides, the backed up data and application were not tested to see whether it would actually work in case of any such eventuality. Thus, there was no certainty that the backed up data and application would work as it had not been tested.

Recommendation (23): DMIS should conduct formal risk assessment exercise to identify possible risks and should develop formal policies on IT Security, Access, Passwords, Business Continuity, staff development, etc., and ensure their effective implementation.

5.2.9.2 Application controls

Application controls are specific to an application which seek to minimize the risk of incorrect and incomplete data entry by making validation checks, duplicate checks and other related controls. These provide the earliest opportunity to detect and correct possible mistakes, and thus these controls are vital to the integrity of a system. The organization should have formal procedures and controls in place to ensure that all transactions are authorized before being entered into the Computer system. Following issues relating to lack of application controls were noticed:

(a) Age less than 18 years on Entry into Service and Date of Entry into Service earlier than the Date of Birth

As per prevalent rules for recruitment into Government service, a minimum age limit is prescribed and the software should have inbuilt embedded controls to reject those entries which did not fulfil the minimum age limit criteria. CPIS has input control for entry of employee whose age is less than 18 years. However, on analysis of the database, it was observed that:

- 863 out of 78,195 employees had joined service before attaining the age of 18 years;
- Out of these 863 employees, 21 had their date of joining even before their date of birth and nine employees had date of birth same as their date of joining; and
- Seven employees were shown to have joined Government service on future dates (2019 to 2027).

The Department, in response to an earlier IT Audit Report (*Paragraph 1.2.11.16* of CAG's Audit Report for the year ended 31 March 2010) had stated that the mistakes were made during the data entry into MGEL project and these incorrect data were being rectified. However, even after eight years since the last audit, the Department was yet to verify and correct the CPIS data.

Regarding the validation checks for employees under 18 years of age, the Department stated that these were not done at the time of MGEL. However, after the implementation of CPIS application, there was a proper validation check for employees under 18 years of age. The reply was not acceptable as

CPIS data contains employee details which proved that the validation checks were not effective and thus, needed strong inbuilt application controls in the system.

(b) Men-in-position exceeding the sanctioned strength

One of the objectives of CPIS was to restrict posting of employee in excess of the sanctioned posts. The system should have embedded controls to reject any data entry of the employees in excess of the sanctioned strength.

Audit analysis of CPIS data related to the four selected Departments *viz.*, Education (S), Medical and Health Services, Commerce and Industries and PWD revealed as under:

- There were 140 employees in-position against the sanctioned strength of 80 pertaining to different posts in 22 of their offices. As such, there were 60 excess employees over and above the sanctioned strength.
- There were 287 employees of different categories in 63 offices of PWD for which there were no sanctioned posts.

The Department stated that men in position exceeding the Sanctioned strength occurred at the time of MGEL. After the implementation of CPIS, sanctioned post validation was done by the application before updating. In case of the engineering Departments, the excess strength was due to employees having been converted to regular from work-charged, which was a dying post once the work charged converted employee retires. The reply was not acceptable in audit as the CPIS data was itself reflecting the men-in-position that exceeded the sanctioned strength, depicting the ineffectiveness of application controls of CPIS.

(c) Lack of controls on forms received for updating CPIS

DMIS must have a monitoring mechanism to ensure that all the input documents/forms received from the Department are immediately posted/updated in CPIS and that no input document/form is lost or left out.

Audit found that the Directorate has provided a drop box where CPIS forms/inputs are dropped by the user Departments. The forms are serially numbered after taking out from the drop box and then entered in a register. However, except for the Department of Education (S), details of the forms, *viz.*, names of the employees, form number, date of sending of forms, *etc*., were not found mentioned in the register by various Departments. As no receipt/acknowledgment number is issued to the Departments, there is always a risk of loss of forms. Further, there was no system existing in DMIS to ensure that all the forms received have been keyed into CPIS.

(d) Mismatch of Title and Gender

The title (Shri, Smt. *etc*.) of an employee is determined by the gender (Male/Female) of the employee. There was no embedded input control in CPIS to ensure that only such title for a male or female was assigned to an employee according to his/her gender. On an analysis of the database, it was observed that the titles of 1640 employees were found to be contrary to their gender.

(e) Existence of Basic Pay less than the minimum entry pay

CPIS application should not allow basic pay of an employee to be less than the minimum entry pay for the posts. On testing of the input controls, it was found that CPIS does not validate Basic Pay against the minimum of the pay scale and it accepts any lower value than the minimum of the pay-scale. Further, analysis of pay details of 5,660 employees who had joined service between April 2013 and March 2018 revealed that 3,224 of them had Basic Pay less than their respective minimum entry pay of the post.

(f) Incorrect employee details

For any information system to achieve its objectives, it is necessary that suitable input controls are put in place to ensure that the information captured by the system is correct and complete. Audit analysis of CPIS data revealed the following errors:

- Name of 160 employees in 29 selected offices as per service records were not matching with those in the CPIS database.
- In seven Departments[162], 15,814 employees have numbers as part of their names.
- Date of Birth of 58 employees out of 343 in 22 selected offices as per service records were not matching with those in the CPIS database.
- Date of Joining of 43 employees in 11 selected offices as per service records were not matching with those in the CPIS database.
- Out of 78,195 employees in CPIS database, 9,928 did not have title in their names and 170 employees did not have father's name mentioned in the system.

(g) Delays in CPIS updating on recruitment, promotion, transfer, *etc*.

Updating of CPIS is a continuous exercise and it is pertinent that the input forms are quickly sent by the User Departments to DMIS and DMIS promptly keys in and updates CPIS database. The system should have in-built controls to prompt non-entering of data and should be able to generate feedbacks to cross-check delays of data entry. Audit, however, found that there were inordinate delays by the User Departments and DMIS in sending input forms and updating the data in CPIS respectively and also there was no mechanism devised in the system to prompt/give feedbacks such delays as is evident from the following details:

- In the case of 53 out of 55 newly recruited employees of four[163] selected Departments, the delay in issue of EIN ranged from one to 44 months.
- In the case of 71 out of 72 test checked employees of four[164] selected Departments, employees' data on account of promotion was not updated

[162] Excise, GAD, Home, Power, Revenue, Vigilance and Youth Affairs & Sports.
[163] Agriculture, Assembly Secretariat, Forest and Revenue Department.
[164] Agriculture, Veterinary & Animal Husbandry, Forest and Home Department.

in a timely manner and the period of delays ranged from one month to eight years.

- Due to inaccuracy in the date of birth captured in CPIS, the details of retired employees were not found removed by DMIS; rather they waited for the submission of forms from the concerned Nodal Officers. Consequently, data of many retired employees were present in the database. Delays ranging from one month to five years were noticed in updating of the termination forms in all 239 test-checked cases of employees belonging to 12[165] selected Departments.
- In the cases of organized services, it was found that in the selected DDOs, details of the 28 out of 49 officers present in the employee list (September 2018), were not updated. Further, the details in respect of 17 officers who were posted and working in the selected offices, were not found reflected in CPIS. Test check of forms of selected Departments in the Directorate of MIS further revealed that updating of data of the officers of Organized Services was delayed up to five years.
- In the case of 24 out of 25 test checked employees who were transferred and belonged to six[166] selected Departments, it was found that the delays in updating data ranged from one month to 18 months.

Thus, due to the inaction/delays in submission of inputs by the Departments and updating by DMIS, the CPIS database was not accurate and reliable causing inconvenience to the employees concerned in addition to compromising the usefulness and effectiveness of CPIS. The above deficiencies noticed by Audit confirms that Application Controls in the system were weak as it allowed entry of non-relevant data and it failed to prompt delays in data entry.

The Department accepted the above audit findings and agreed to carry out risk assessment to assess the possible risks to CPIS/CMIS system so that the controls are based on risk assessment. The Department also agreed to strengthen the physical and environmental controls and also to formalize a change management procedure. The Department also agreed to streamline the process of access to the system and to develop formal policies relating to business continuity, Access Policy, Password Policy and Security Policy in addition to incorporating suitable application controls in CMIS before rolling out.

Recommendation (24): DMIS should devise suitable controls duly embedded in the software to minimize the entry of erroneous data in the system so as to ensure integrity of the CPIS data.

Recommendation (25): The audit findings and recommendations may be kept in view while developing CMIS replacing CPIS by the Government.

[165] Forest, Commerce & Industries, Home, Command Area Development Authority, State Academy of Training, Public Works Department, Agriculture, Education (S), Education (U), Veterinary & Animal Husbandry, Assembly Secretariat and Revenue Department.

[166] Forest, Agriculture, Command Area Development Authority, State Academy of Training, Public Works Department and Veterinary & Animal Husbandry Department.

5.2.10 Monitoring and Supervision

5.2.10.1 Lack of monitoring

Involvement of the senior management in development and management of CPIS was found to be deficient. There was over reliance on NIC for system maintenance and backups even after DMIS, Finance Department had taken over the overall responsibility for CPIS in January 2010.

Senior management develops and approves the strategy and policy documents to ensure that the IT operations meet the organizational objectives. However, Audit found that DMIS did not have appropriate IT Strategy, IT Security Policy, Access Policy, Password Policy, Business Continuity Plan, *etc*., for ensuring the effectiveness of the CPIS.

Management has the ultimate responsibility for ensuring that an adequate system of internal controls is in place to seek assurance about the effectiveness of controls through the review work carried out by the internal auditors. However, CPIS did not have Internal Audit mechanism in place.

Management supervision and monitoring of data entry was absent as evident from the large number of incorrect/improbable data of the CPIS. The generation of a sizeable number of rejected forms each month and inordinate delays in submission of input forms across almost all the Departments showed lack of monitoring and inadequacy of controls.

On the above being pointed out, the Department stated in response that necessary action would be taken to strengthen the monitoring and supervision of CPIS/CMIS. However, they also added that only the operational part of CPIS had been taken over by Finance Department from NIC in January, 2010 but for the technical issues, CPIS database and server were still being maintained by the NIC, Manipur. As such, NIC has its own IT Security and Access policies.

The reply was not acceptable as the senior management being the owner of the applications, should be more proactive and come out with their IT policies for meeting the intended objectives through CPIS.

Recommendation (26): To ensure that CPIS/CMIS meets its objectives, senior management may take the lead by formulating suitable policies for their implementation.

5.2.10.2 Non-availability of Helpdesk

Help Screens/desks are the day-to-day link between users having IT problems and the IT Department. They are the respondents to users call to resolve any problem in relation with the system. Dedicated staff has to be allocated for attending any requirement that comes at the help desk. However, there was neither any helpdesk in the DMIS office due to lack of manpower nor any help screen available at the CPIS website to address the related issues.

5.2.11 Audit Constraints and Limitations

IT Audit of CPIS commenced with holding of an Entry Conference (April, 2018) wherein the officials of Accountant General (Audit), Manipur, Directorate of MIS and NIC, Manipur were present. Though Audit had requested for CPIS database in March 2018, the Department provided incomplete/partial database (12 MB in MS Excel out of 1.5 GB) in August 2018 after a lapse of four months. Similarly, documents and replies to the audit queries requisitioned (April 2018) by Audit were provided by the DMIS after a delay of four months.

Due to lack of complete database, Audit could not analyse the database completely and thus, could not comment on employee history and transaction log for changes made in employee details and sanctioned post details (date of data entry and data verification, data entered by, data verified by, sanctioned post abolished order number and date) *etc*.

5.2.12 Conclusion

The CPIS application was developed with a view to providing accurate details of the staffing pattern of the Government employees, capture details of employees to facilitate policy decision on deployment, redeployment and transfer of employees, estimate budget for salaries, *etc*., and thus to help the Government in proper administration. However, the CPIS was developed without obtaining URS resulting in lack of provision for capturing full employees' details limiting the usefulness of the system. The existing CPIS was being used to a very limited extent for preparing salary bills. However, it was not being used effectively for transfer and posting of the Government employees as envisaged.

The usefulness and effectiveness of CPIS had been significantly compromised by inaccurate and incomplete data imported into CPIS from the erstwhile MGEL application, inordinate delays in sending input forms by DDOs, weak input controls, non-existent IT policies, lack of staff development and succession planning, lack of business continuity measures, absence of involvement of senior management, *etc*. It also exposed the system to the risk of unauthorised access, amendments or deletion of data and consequent losses.

There were employees who had crossed the age of retirement but were still being shown in the CPIS database which defeated the objective of CPIS to provide accurate staffing pattern of employees. The lack of correct employee details also defeated the intended objective. Moreover, the CPIS was also not being used for the intended purpose of proper deployment of the staff to various offices.

HOME DEPARTMENT

5.3 Non-realisation of security charges for armed guard

Failure of the Department to enforce provisions of Government's decision for recovery of armed guard charges from seven banks resulted in non-realization of security charges of ₹ 1.47 crore, of which ₹ 31.24 lakh had been recovered.

According to Rule 12 of General Financial Rules, 2005, amounts due to Government shall not be left outstanding without sufficient reasons. As per a decision (May 2000) of Government of Manipur, armed guard charges[167] for providing security arrangements were to be deposited into the treasury by the banks concerned. Non-payment of the amount was also liable to invite penalty equivalent to the arrear amount.

Scrutiny of records[168] (May 2017) of the office of the Director General of Police, Manipur revealed that the charges for armed guard for deployment of security personnel to seven banks for periods ranging from March 2013 to March 2018 were not paid by the banks as of June 2018 as shown in the following table.

Table No. 5.3.1 Details of outstanding armed guard charges due from defaulting banks as of June 2018

(₹in lakh)

Sl. No.	Name of defaulting banks	Period of default	Outstanding armed guard charges
	State Bank of India		
1	Gamnom Saparmeina branch, Kangpokpi	March 2013 to March 2018	15.64
2	Mayang Imphal branch, Imphal West	April 2013 to March 2018	9.60
3	Moreh branch, Tengnoupal	September 2013 to March 2018	12.43
4	Singjamei branch, Imphal West	March 2014 to March 2018	8.87
5	Wangoi branch, Imphal West	March 2014 to March 2018	10.38
6	Thanlon branch, Pherzawl	February 2016 to March 2018	15.60
	United Bank of India		
7	Senapati branch	June 2016 to March 2018	0.75
	Total		**73.27**

Source: Departmental Records.

On being pointed out by Audit (May 2017 and August 2017), the Department intimated (September 2017) that the defaulting banks had been instructed to clear the outstanding dues. Audit, however, observed that the banks had not cleared their dues which worked out to ₹ 73.27 lakh as on June 2018. Despite provision of withdrawal of security personnel for non-payment of armed guard charges for three consecutive months in the State Government decision *ibid*,

[167] ₹ 2,000 per personnel per month, as per letter No.3/5(1)/2000-H of Home Department, Government of Manipur dated 30 May 2000, which was further increased to ₹ 5,000, as per various notices issued between October 2012 and January 2016.

[168] With further information provided by the Department (June 2018).

the Department failed to take concrete action to withdraw security personnel or to ensure recovery of outstanding dues of ₹ 1.47 crore *(Armed guard charges - ₹73.27 lakh and Penalty - ₹73.27 lakh)* from the defaulting banks for a period[169] ranging from two years to five years and three months.

Thus, failure of the Department to enforce provisions of the Government's decision for recovery of armed guard charges from the seven banks resulted in non-realization of security charges of ₹ 1.47 crore.

On this being pointed out, the Police Department stated (October 2018) that a list/statement of defaulting banks for non-payment of armed guard charges had been furnished to the Administrative Department for the further course of action. The Police Department further intimated (February 2019) that an amount of ₹ 31.24 lakh had been recovered[170]. Thus, an amount of ₹ 1.16 crore was still outstanding for recovery from the defaulting banks.

It is recommended that before providing armed guards, the Department should consider for entering a Memorandum of Agreement with the banks concerned to obviate such a situation in future.

[169] As reckoned upto June 2018 *i.e.,* the month in which the matter was pointed out.
[170] The name of banks from which the amount had been recovered, was not furnished.

Chapter VI
Follow up of Audit Observations

CHAPTER VI
FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Follow up on Audit Reports

As per the recommendations made by the High Powered Committee[171], *suo moto* explanatory notes on corrective/remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the departments concerned duly vetted by the Principal Accountant General (Audit), Manipur, to the Public Accounts Committee (PAC)/Committee on Public Undertakings (CoPU) within three months[172] from the date of placing of Audit Reports in the Legislature.

Audit Reports for the year 2016-17 featured four Performance Audit paragraphs and 18 Compliance Audit paragraphs under Economic Sector (other than State PSUs), Economic Sector (State PSUs) and Revenue Sector (Report No. 1 of 2018), Social Sector and General Sector (Report No. 2 of 2018); out of which *suo moto* explanatory notes pertaining to one Performance Audit paragraph and four Compliance Audit paragraphs had been received within the stipulated period of three months. However, in respect of earlier Audit Reports for the years 1999-2016, *suo moto* explanatory notes pertaining to 371 Performance Audits and Compliance Audit paragraphs were not received within the stipulated period of three months either from the Departments or through the Manipur Legislative Assembly Secretariat.

6.2 Action taken on the Recommendations of Public Accounts Committee

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

As of February 2018, the PAC had published 35 Reports on its recommendation after discussion on Audit Reports. These PAC Reports altogether contained 1,544 recommendations based on the examination of Audit Reports by the PAC. In respect of 21 Reports[173] of the PAC containing 737 recommendations, the Action Taken Notes (ATN) had been received and the PAC had published its subsequent reports on the ATNs. Of the remaining 807 recommendations contained in 14 Reports[174] of the PAC, ATNs were not received.

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

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

[173] 1st to 10th, 21st, 23rd, 25th, 26th, 28th, 30th, 31st, 33rd, 34th, 35th and 36th PAC Reports.

[174] 11th to 19th, 38th, 40th, 45th, 47th and 49th PAC Reports.

6.3 Monitoring compliance of Audit Observations

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

Departmental Audit and Accounts Committees: Departmental Audit and Accounts Committees (DAACs) were formed (January 2010) by all the Departments of the State Government under the Chairmanship of the Departmental Administrative Secretary concerned to monitor the follow-up action on audit related matters. The function of the DAACs was to monitor the progress in settlement of the outstanding audit paras and Inspection Reports issued by the Principal Accountant General (Audit), Manipur and to review and supervise the working of the Departmental Audit and Accounts Sub-Committees. The DAACs were to hold meeting once in three months. During 2017-18, no meeting of the DAACs was held.

State Audit and Accounts Committee: State Audit and Accounts Committees (SAAC) was formed (January 2010) at the State Level under the Chairmanship of the Chief Secretary to monitor the progress in disposal of outstanding audit objections and pending Inspection Reports and to review and oversee the working of the Departmental Audit and Accounts Committee (DAAC). The SAAC was required to meet once in six months. During 2017-18, no meeting of the SAAC was held.

6.4 Response to Audit Observations and outstanding Inspection Reports

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

As of March 2018, 2,793 Inspection Reports issued from 2003-04 onwards were pending for settlement. Even the initial replies, which were required to be received from the Heads of Offices of the Government Departments within four weeks from the date of issue of IRs, were also not received.

It is recommended that the Government may review the matter and ensure that an effective system exists for submission of replies to the Inspection Reports and to the draft Audit Reports issued by the Principal Accountant General (Audit) and also submission of replies/explanatory notes of the Audit Reports to the Public Accounts Committee (PAC)/ Committee on Public Undertakings (CoPU) and Action Taken Notes in response to the recommendations of the PAC/CoPU.

CABodh

Imphal **(CHHERING ANGRUP BODH)**
The 26 August 2019 **Principal Accountant General (Audit), Manipur**

Countersigned

New Delhi **(RAJIV MEHRISHI)**
The 28 August 2019 **Comptroller and Auditor General of India**

APPENDICES

Appendix 1.1

(Reference: Paragraph 1.1)

Statement showing details of funds directly transferred to the State Implementing Agencies under Social Sector

Sl. No.	Name of the Department	Name of Implementing Agency	Fund Released (₹in lakh)
1	Social Welfare	2 NGOs for Assistance to Voluntary Organisation for Providing Social Services	24.88
		6 NGOs for Assistance to Voluntary Organisation for Relating to Aged	80.60
		1 NGO for Beti Bachao Beti Padhao	44.95
		1 NGO for Boys and Girls Hostel (CS)	102.37
		3 NGOs for Hostel for Working Women	225.67
		Social Amelioration Society (Seekho Aur Kamao-Skill Development Initiatives	7.88
		2 NGOs for Assistance to Voluntary Organisation for Welfare of SCS	25.82
		Directorate of Consumer Affairs, Food & Public Distribution, Manipur (Food Subsidy)	97.85
		Manipur Commission for Protection of Child Rights (GIA for Research Publication and Monitoring)	1.42
		4 NGOs for Schemes for differently abled persons	48.64
		D/o Social Welfare Manipur (Pradhan Mantri Matru Vandana Yojana)	1,263.42
		Sub Total	**1,923.50**
2	Medical, Health and Family Welfare	17 NGOs for Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse	404.76
		Sub Total	**404.76**
3	Labour and Employment	4 NGOs for Support to Training and Employment Programme (STEP)	39.15
		Director of Craftsman Training, Manipur (Apprenticeship and Training)	2.40
		Sub Total	**41.55**
4	Tribal Affairs and Hills	United Hill People's Development Society for Assistance to Voluntary Organisation for Relating to Aged	4.48
		5 NGOs for Grants in aid to Voluntary Organisation working for the Welfare of Scheduled Tribes	170.88
		Sub Total	**175.36**
5	Rural Development and Panchayati Raj	2 NGOs for Assistance to Voluntary Organisation for providing Social Defence Services	14.90
		10 NGOs for Assistance to Voluntary Organisation for programmes relating to Aged	135.49
		2 NGOs for Boys and Girls Hostel (CS)	169.30
		2 NGOs for National Rural Livelihood Mission CS	55.71
		Integrated Rural Development and Educational Organisation (IRDEO) (Seekho aur Kamao-Skill Development Initiatives)	38.40

Sl. No.	Name of the Department	Name of Implementing Agency	Fund Released (₹in lakh)
		4 NGOs for Grants in aid to Voluntary Organisation working for the Welfare of Scheduled Tribes	93.40
		Rural Voluntary Services (Swadhar Grah)	3.23
		Manipur Rural Roads Development Agency (MSRRDA) (Pradhan Mantri Gram Sadak Yojana)	0.27
		Integrated Rural Advancement Centre (Ujjawala)	6.28
		Manipur State Rural Development Agency, Manipur (Mahatma Gandhi National Employment Guarantee Program-State Component)	74.31
		Sub Total	**591.29**
		Grand Total	**3,136.46**

Appendix 1.2

(Reference: Paragraph 1.1.1)

Year-wise details of expenditure audited in respect of Social Sector during 2017-18

(₹in crore)

Year	Expenditure incurred
2012-13	135.98
2013-14	80.02
2014-15	140.54
2015-16	563.24
2016-17	1133.59
2017-18	14.27
Total	**2067.64**

Source: Records of the Principal Accountant General (Audit), Manipur.

Appendix 1.3

(Reference: Paragraph 1.2.3 and 1.2.7.1)

Cluster wise list of ULBs and ULBs selected for Performance Audit

Sl. No.	Cluster (Number of ULBs in the cluster)	Name of ULB	Selected for Performance Audit
1	A (5)	Imphal Municipal Corporation	Selected
2		Lamlai MC	Selected
3		Lilong (IW) NP	
4		Sekmai NP	
5		Lamsang NP	
6	B (7)	Lilong (Thoubal) MC	Selected
7		Yairipok MC	Selected
8		Wangjing MC	
9		Shikhong Sekmai MC	
10		Thoubal MC	Selected
11		Heirok NP	
12		Andro NP	
13	C (4)	Bishnupur MC	Selected
14		Nambol MC	
15		Ningthoukhong MC	Selected
16		Oinam NP	
17	D (4)	Wangoi MC	
18		Mayang Imphal MC	Selected
19		Thongkhong Laxmi Bazar NP	
20		Samurou NP	
21	E (3)	Kakching MC	
22		Kakching Khunou MC	
23		Sugnu MC	
24	F (3)	Moirang MC	
25		Kumbi MC	Selected
26		Kwakta MC	Selected
27	Stand alone[175] (1)	Jiribam MC	Selected

Source: Departmental Records.

[175] Due to geographical reasons, the solid waste management at Jiribam was to be operated in a stand-alone mode.

Appendix 1.4

(Reference: Paragraph 1.2.7.3)

Details of vehicle available in the ULBs

Sl. No.	Name of MC	No. of Vehicle
1	Bishnupur	Three tractors (1 off road), two trailers
2	IMC	One Bulldozer (off road); three JCBs; four 407 Tipper; two 407 Tipper (off road); three Tata Magic; two Tata Magic (off road); one Dumpers; two Dumpers (off road); and two 909 Tata tipper.
3	Jiribam	Two tractors, two trailers and two Tata 407s
4	Kwakta	One tractor and one trailer
5	Kumbi	One tractor and one trailer
6	Lamlai	One tractor and two trailers
7	Lilong (Thoubal)	Two tractors and two trailers
8	Mayang Imphal	One tractor, one Tata 407 and one trailer
9	Ningthoukhong	One tractor, one Tata 407 and one trailer
10	Thoubal	Two tractors, one tractor (off road), one JCB and one Tata Tipper
11	Yairipok	One tractor and two trailers

Source: Departmental Records.

Appendix 1.5

(Reference: Paragraph 1.2.8.4)

Short realization of disposal fee

(Amount in ₹)

Sl. No.	Name of NGO	No. of trips of Municipal Solid Waste dumped by various NGOs during June 2014 to April 2017[176]							Disposal fee leviable @ ₹ 50/trip *(Col 9 x ₹50)*	Disposal fee paid	Short payment
		Jun.-Sept. 2014	Oct.14-Feb.15	Apr-Sept. 2015	Feb.-May 2016	Jun.-Nov. 2016	Dec.16-Apr 2017	Total *(Sum of Col 3 to Col 8)*			
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
1	CRED	871	920	895	938	1382	692	5,698	2,84,900	1,29,300	1,55,600
2	SSF	596	363	336	444	335	100	2,174	1,08,700	20,000	88,700
3	WUM	391	413	305	377	429	294	2,209	1,10,450	70,000	40,450
4	TACDEF	502	402	484	439	874	360	3,061	1,53,050	20,000	1,33,050
5	KWAMS	76	153	176	187	389	77	1,058	52,900	14,600	38,300
6	EUDO	256	231	220	113	144	140	1,104	55,200	15,600	39,600
7	SUWO	64	75	86	91	267	46	629	31,450	6,250	25,200
8	GEPO	7	48	80	168	173	105	581	29,050	2,750	26,300
9	KWA	-	-	153	135	244	97	629	31,450	-	31,450
10	GNSF	-	-	201	61	-	-	262	13,100	-	13,100
11	SEBA	-	-		334	182	85	601	30,050	-	30,050
12	MASA	-	-	-	-	30	16	46	2,300	-	2,300
13	AMTWATA	-	-	-	-	17	83	100	5,000	-	5,000
TOTAL		**2,763**	**2,605**	**2,936**	**3,287**	**4,466**	**2,095**	**18,152**	**9,07,600**	**2,78,500**	**6,29,100**

Source: Departmental Records.

[176] Excluding November 2014, March 2015, October 2015 to January 2016.

Appendix 1.6

(Reference: Paragraph 1.2.9.14)

List of landfill sites in seven sampled MCs

Sl. No.	Name of sampled MC	Location of dumpsite	Period of operation	Remarks
1	IMC	KRIPSA Ground, Langol	03/05/2013 to 03/03/2014	Before the operation of Lamdeng Plant
2		Checkon	31/01/2014 to 27/02/2014	
3		Ipathoukok Ground, Naoremthong	06/04/2014 to 21/06/2016	
4		Kongpal Pong Lambi	10/04/2014 to 28/05/2015	
5		Patsoi	10/08/2014 to 19/11/2014	
6		Sangaipat, near Sericulture Dept	01/12/2014 to 280/9/2015	
7		Khurai, near Laikhurembi	13/03/2015 to 09/02/2016	
8		Porompat near Sacred Heart School	29/09/2015 to 26/06/2016	
9		NongmeibungThawanthaba Mang, Porompat	31/08/2015 to 16/09/2015	
10		Polo Club, Porompaat	01/10/2015 to 10/07/2016	
11		Porompat Opposite Porompat Police Station	07/10/2015 to 29/10/2015	
12		Akampat Near NEILIT	13/07/2016 to 160/7/2016	
13		Khabeisoi (*three different places*)	17/07/2016 to 07/03/2017	During the operation of the Lamdeng Plant
14		Lamphel Polo near Ayush Hospital	12/03/2017 to 09/11/2017	
15		Porompat near SBI	22/02/2018 to 09/03/2018	
16		Porompat near PHED office	14/12/2017 to 05/01/2018	
17		Porompat DC office	03/01/2016 to 04/01/2017	
18		Solid waste management plant, Lamdeng	24/07/2014 to till date	
19	Thoubal MC	Thoubal Khunou, Thoubal	Since 2005	
20	Bishnupur MC	Bishnupur Kha, Bishnupur	Since 2005	
21	Kumbi MC	Setupur, Kumbi	Since 2016-17	
22	Mayang Imphal MC	Charoibung, Mayang Imphal	Since July 2011	
23	Jiribam MC	Chingdong Leikai, Jiribam	Since 2005-	
24	Ningthoukhong MC	Sadhu Khuroi, Ningthoukhong	Since 2012	

Source: Departmental Records.

Appendix 1.7

(Reference: Paragraph 1.2.10.5)

NGOs engaged for waste management in IMC and their jurisdiction

Sl. No	Name of NGO	Ward No.	Number of households covered as of March 2018
1	CRED	4, 5, 6, 12 (Part), 13,14, 15, 16, 17, 24, 27	7,018
2	SSF	1, 7	500
3	WUM	10, 25 (part)	290
4	TACDEF	1, 2, 3 (part), 5 (part),12 (Part), 25 (part), 26 (part)	1,550
5	KWAMS	11, 18, 22, 26	2,188
6	SUWO	18(part), 19, 20, 21, 22 (part), 23	2,349
7	COCSM	7 (part), 8, 9	1,850
8	GEPO	1, 3, 5,	802
9	KWA	26	800
10	CMLNCL	Not specified	500
Total			**17,847**

Source: Departmental Records.

Appendix 1.8

(Reference: Paragraph 1.2.10.13)

Parameters of compost as per the Fertilizer Control Orders (FCO) and parameters tested by the Plant Operator

Parameters	Organic Compost (FCO 2009)	Phosphate Rich Organic Manure (FCO 2013)	Test report (March 2017)	Test report (July 2018)
1	2	3	4	5
Arsenic (mg/Kg)	10	10	-	-
Cadmium (mg/Kg)	5	5	-	-
Chromium (mg/Kg)	50	50	-	-
Copper (mg/Kg)	300	300	-	-
Lead (mg/Kg)	100	100	-	-
Mercury (mg/Kg)	0.15	0.15	-	-
Nickel (mg/Kg)	50	50	-	-
Zinc (mg/Kg)	1000	1000	-	-
C/N ratio	<20	Less than 20:1	-	-
pH	6.5-7.5	(1:5 solution) maximum 6.7	-	7.82
Moisture, percent by weight, maximum	15.0-25.0	25	-	7.47
Bulk density (g/cm3)	<1.0	Less than 1.6	-	1
Total Organic Carbon, *per cent* by weight, minimum	12	7.9	-	13.76
Total Nitrogen (as N), *per cent* by weight, minimum	0.8	0.4	0.8	-
Total Phosphate (as P205) percent by weight, minimum	0.4	10.4	0.3	-
Total Potassium (as K20), percent by weight, minimum	0.4	-	0.4	-
Colour	Dark brown to black	-		Dark brown
Odour	Absence of foul Odour	-		No characteristic odour
Particle size	Minimum 90 *per cent* material should pass through 4.0 mm IS sieve	Minimum 90 *per cent* material should pass through 4.0 mm IS sieve		Ranged between 2 to 200 µm, of which 10 *per cent* are below 3 µm, 5 *per cent* are below 13 µm and 90 *per cent* are below 62 µm
Conductivity (as dsm-1), not more than	4	8.2		3 (mS)

Source: Departmental Records.

Appendix 1.9

(Reference: Paragraph 1.3)

Statement showing liability of excess payment

(Amount in ₹)

Item No.	Particular	Unit	MSR 2013	MSR 2015	CHC Haoreibi			CHC Sugnu			PHC Pallel		
					Qty executed	Amount @ MSR 2013	Amount @ MSR 2015	Qty executed	Amount @ MSR 2013	Amount @ MSR 2015	Qty executed	Amount @ MSR 2013	Amount @ MSR 2015
1	E/w in excavation in foundation trences or drains i/c dressing of sides and ramming of bottom lift upto 1.5 m i/c getting out the excavated soil …												
	(a) Hard /dense soil	cum	102.1	116.4	296.9	30,313.49	34,559.16	434.62	44,374.70	50,589.77	434.62	44,374.70	50,589.77
2	P/L cement concrete in foundation and plinth excluding the cost of centering and shuttering (g) 1:4:8…	cum	4161.9	4497	103.4	4,30,340.46	4,64,989.80	118.19	4,91,894.96	5,31,500.43	118.19	4,91,894.96	5,31,500.43
3	Re-inforcement for RCC work i/c bending, binding and placing in position complete (a) Tor bar	Kg	89.1	90.9	60050.17	53,50,470.15	54,58,560.45	80344.04	71,58,653.96	73,03,273.24	80344.04	71,58,653.96	73,03,273.24
4	Providing form woks i/c centering and shuttering so as to give a rough finish, strutting and propping etc…….					-	-		-	-		-	-
	(a) Foundation, footings , bases of columns *etc.* and mass concrete	sqm	264.3	313	253.08	66,889.04	79,214.04	382.75	1,01,160.83	1,19,800.75	382.75	1,01,160.83	1,19,800.75
	(b) Columns, Pillars, posts and struts square, rectangular or polygon in plain	sqm	411.6	485.3	319.2	1,31,382.72	1,54,907.76	484.82	1,99,551.91	2,35,283.15	484.82	1,99,551.91	2,35,283.15
	(c) Sides or soffits of beam haunchings cantilevers, girders, bressumers and lintels not exceeding 1 m in depth	sqm	289.2	344.9	782.61	2,26,330.81	2,69,922.19	1122.57	3,24,647.24	3,87,174.39	1122.57	3,24,647.24	3,87,174.39
	(d) Flat surface, such as suspended floor, roofs landings and the like, floor *etc.* 200 mm in thickness		379.6	455.8	1038.79	3,94,324.68	4,73,480.48	1012.17	3,84,219.73	4,61,347.09	1012.17	3,84,219.73	4,61,347.09
5	Re-inforced cc work in foundation footings bases of columns *etc.* and mass concrete excluding cost of centering, shuttering and reinforcement, (c) 1:1.5:3 (1c:1.5c/s:3g/s aggre. 20mm N/S)	cum	7004.8	7425.3	65.01	4,55,382.05	4,82,718.75	455.8	31,92,787.84	33,84,451.74	190.69	13,35,745.31	14,15,930.46
6	Reinforced Cc works in columns, pillars, Piers abutements, post and sturts upto floor two level i/c plastering the exposed surface with 1:3(1c:3f/s) of thickness not exceeding 6mm thickness to give smooth and even surface but excluding the cost of centering, shuttering and reinforcement, (c) 1:1.5:3 (1c:1.5c/s:3g/s aggre. 20mm N/S)	cum	7128.3	7570.2	32.65	2,32,739.00	2,47,167.03	43.64	3,11,079.01	3,30,363.53	43.64	3,11,079.01	3,30,363.53
7	Reinforced C.C works in suspended floors, roofs landings, shelves & their supports balconies, lintels beams, plinth beams, girders, bressumers and cantilevers upto floor two level i/c finishing	cum	7054.7	7482.8	452.27*	31,90,629.17	33,84,245.96	279.56	19,72,211.93	20,91,891.57	279.56	19,72,211.93	20,91,891.57

(Amount in ₹)

Item No.	Particular	Unit	MSR 2013	MSR 2015	CHC Haoreibi			CHC Sugnu			PHC Pallel		
					Qty executed	Amount @ MSR 2013	Amount @ MSR 2015	Qty executed	Amount @ MSR 2013	Amount @ MSR 2015	Qty executed	Amount @ MSR 2013	Amount @ MSR 2015
	and plastering the exposed surface with 1:3(1c:3f/s) of thickness not exceeding 6mm thickness to give smooth and even surface but excluding the cost of centering, shuttering and reinforcement, (c) 1:1.5:3 (1c:1.5c/s:3g/s aggre. 20mm N/S)												
8	2nd class (local 1st class) brick work in foundation and plinth in cement mortar 1:4 (1c:4c/s)	sqm	9000.6	8821.1	96.2	8,65,857.72	8,48,589.82	133.57	12,02,210.14	11,78,234.33	153.63*	13,82,762.18	13,55,185.59
9	Filling available excavated earth (excluding rock) in trenches, plinth sides of foundation *etc.* in layers not exceeding 20cm in depth consolidating each deposited layer by ramming and watering lead upto 50 m lift upto 1.5 m	cum	79.7	91.3	98.97	7,887.91	9,035.96	170.17	13,562.55	15,536.52	170.17	13,562.55	15,536.52
10	Half brick masonry 2nd class (local 1st class) in cement mortar 1:3 (1c:3c/s) in superstructure	sqm	1012	1046.2	1327.61	13,43,541.32	13,88,945.58	1221.70	12,36,360.40	12,78,142.54	1221.70	12,36,360.40	12,78,142.54
11	Filling in plinth with sandy soil under floors including watering ramming,consolidating and dressing complete	cum	206.5	217.9	248.08	51,228.52	54,056.63	575.80*	1,18,902.70	1,25,466.82	230.29	47,554.89	50,180.19
12	Providing wood works in frames of doors, windows & other frames wrought framed and fixed in position (a) Local best quality leihao.	cum	28623	33900	1.66	47,514.18	56,274.00	2.80	80,144.40	94,920.00	2.80	80,144.40	94,920.00
13	P/F 50 mm thick panneled, glazed or panelled and glazed shutter for doors windows and clerestory windows i/c bright finished brass hinges (with ordinary typed) with necessary screws (i) local best quality uningthou.	sqm	3926	6826.4	75.03	2,94,567.78	5,12,184.79	149.10	5,85,366.60	10,17,816.24	149.10	5,85,366.60	10,17,816.24
14	20 mm cement plaster 1:3 (1 cement : 3 fine sand)	sqm	254.5	275.1	4998.34	12,72,077.53	13,75,043.33	1729.09	4,40,053.41	4,75,672.66	1729.09	4,40,053.41	4,75,672.66
15	75 mm cement concrete flooring 1:2:4(1cement: 2coarse sand: 4 stone agrtt.20 mm & down gauge) finished with a floating coat of neat cement	sqm	583.8	627.4	927.65	5,41,562.07	5,82,007.61	829.83	4,84,454.75	5,20,635.34	829.83	4,84,454.75	5,20,635.34
16	White glazed tiles 7.3 mm in flooring, treads or steps & landing laid on a bed of 12 mm thick cement mortar 1:3 (1 cement:3 coarse sand) finished with flush pointing in white cement.	sqm	1344	1716.7	1773.5	23,83,584.00	30,44,567.45	793.86	10,66,947.84	13,62,819.46	793.86	10,66,947.84	13,62,819.46
17	Granite stone slab flooring over 20 mm (average) thick base of cement mortar 1 : 6 (1 cement : 6 coarse sand) laid and jointed with grey cement slurry including rubbing and polishing complete with -(i) Granite slab 20 mm slab thick (Jade black (60 x 20 cm)	sqm	5981	8137.3	53.8	3,21,777.80	4,37,786.74	65.28	3,90,439.68	5,31,202.94	65.28	3,90,439.68	5,31,202.94
18	Providing and fixing plaster of paris putty of 2 mm thickness over plastered surface to prepare the surface even & smooth complete	sqm	245.8	283	4910.76	12,07,064.81	13,89,745.08	1576.52	3,87,508.62	4,46,155.16	1576.52	3,87,508.62	4,46,155.16

(Amount in ₹)

Item No.	Particular	Unit	MSR 2013	MSR 2015	CHC Haoreibi			CHC Sugnu			PHC Pallel		
					Qty executed	Amount @ MSR 2013	Amount @ MSR 2015	Qty executed	Amount @ MSR 2013	Amount @ MSR 2015	Qty executed	Amount @ MSR 2013	Amount @ MSR 2015
19	Providing and fixing M.S sliding brass bolts bright finished or black enamelled with nuts & screws *etc.* complete					-	-		-	-		-	-
	(a) Door 300 x 16 mm	nos.	598.1	343.9	208	1,24,404.80	71,531.20	80.00	47,848.00	27,512.00	80.00	47,848.00	27,512.00
	(b) Window 250 x 16 mm	nos.	417.1	284	32	13,347.20	9,088.00	40.00	16,684.00	11,360.00	40.00	16,684.00	11,360.00
20	Providing and fixing M.S brass Tower bolt (Barelled type) with screw s *etc.* complete (a) Door 250 x 10 mm	nos.	515.6	524	120	61,872.00	62,880.00	240.00	1,23,744.00	1,25,760.00	240.00	1,23,744.00	1,25,760.00
21	Providing & fixing brass handles with necessary screws *etc.* complete					-	-		-	-		-	-
	(b) 100 mm	nos.	154.6	155.9	32	4,947.20	4,988.80	40.00	6,184.00	6,236.00	40.00	6,184.00	6,236.00
22	Steel work in single Section, i/c cutting hoisting fixing in position & applying with prime coat of red lead paint (i) square type.	Kg	150	92.62	1496.88	2,24,532.00	1,38,641.03	1719.26	2,57,889.00	1,59,237.86	1419.26	2,12,889.00	1,31,451.86
23	Painting two coats (excluding priming coat) with chocolate, red grey of buff paint approved quality on new steel or wood work	sqm	104.3	115.7	56.43	5,885.65	6,528.95		-	-	0.00	-	-
24	Providing and fixing water storage tank(Sintax) with 400 mm dia nominal base GI inlet and 15 mm nominated GI outlet tube hoisting a height of 10 m and above ground level (a) 1000 litre net capacity storage tank	nos.	6500	13975	5	32,500.00	69,875.00	4.00	26,000.00	55,900.00	4.00	26,000.00	55,900.00
	Sub-Total					**1,93,12,954.06**	**2,11,11,535.59**		**2,06,64,882.20**	**2,23,28,283.53**		**1,88,72,043.90**	**2,04,33,640.88**
	Add 20 *per cent* anticipated cost					**38,62,590.81**			**41,32,976.44**			**37,74,408.78**	
	Sub-Total					**2,31,75,544.87**	**2,11,11,535.59**		**2,47,97,858.64**	**2,23,28,283.53**		**2,26,46,452.68**	**2,04,33,640.88**
	Add 12 *per cent* internal water supply & sanitary installation					**27,81,065.38**	**25,33,384.27**		**29,75,743.04**	**26,79,394.02**		**27,17,574.32**	**24,52,036.91**
	Add 12.5 *per cent* internal and external electric installation					**28,96,943.11**	**26,38,941.95**		**30,99,732.33**	**27,91,035.44**		**28,30,806.59**	**25,54,205.11**
	Add 5.5 *per cent* land development					**12,74,654.97**	**11,61,134.46**		**13,63,882.23**	**12,28,055.59**		**12,45,554.90**	**11,23,850.25**
	Total					**3,01,28,208.33**	**2,74,44,996.27**		**3,22,37,216.24**	**2,90,26,768.58**		**2,94,40,388.49**	**2,65,63,733.15**
	Add 1 *per cent* Labour Cess					**3,01,282.08**	**2,74,449.96**		**3,22,372.16**	**2,90,267.69**		**2,94,403.88**	**2,65,637.33**
	Add 3 *per cent* Contingency charge					**9,03,846.25**	**8,23,349.89**		**9,67,116.49**	**8,70,803.06**		**8,83,211.65**	**7,96,911.99**
	Grand Total					**3,13,33,336.66**	**2,85,42,796.12**		**3,35,26,704.89**	**3,01,87,839.33**		**3,06,18,004.02**	**2,76,26,282.47**
	Excess						**27,90,540.54**			**33,38,865.56**			**29,91,721.55**
	Total Excess	**91,21,127.65 (27,90,540.54 + 33,38,865.56 + 29,91,721.55)**											

Source: Departmental Records.

* *In case variation with the DPR, the quantity executed as per MB is taken if it is higher than that of the DPR.*

Appendix 1.10

(Reference: Paragraph 1.3)

Statement showing details of excess expenditure under DRDA, Thoubal

(Amount in ₹)

Item no.	Item of work	Unit	Rate as per MSR-2013	Rate at which payment was made *(4+20 per cent)*	Rate as per MSR 2015	Excess rate *(5-6)*	CHC Haoreibi		CHC Sugnu		PHC Pallel	
							Quantity Executed	Excess expenditure	Quantity Executed	Excess expenditure	Quantity Executed	Excess expenditure
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9 (8X7)*	*10*	*11 (10 X 7)*	*12*	*13 (12X7)*
1	E/w in excavation in foundation trenches or drains i/c dressing of sides and ramming of bottom lift upto 1.5 m i/c getting out the excavated soil … (a) Hard /dense soil	cum	102.10	122.52	116.40	6.12	284.19	1,739	434.62	2,660	394.69	2,416
2	P/L cement conrete in foundation and plinth excluding the cost of centering and shuttering (g) 1:4:8…	cum	4,161.90	4,994.28	4,497.00	497.28	38.60	19,195	60.63	30,150	51.76	25,739
3	Re-inforcement for RCC work i/c bending, binding and placing in position complete (a) Tor bar	Kg	89.10	106.92	90.90	16.02	58,239.62	9,32,999	66,677.85	10,68,179	42,026.02	6,73,257
4	Providing form works i/c centering and shuttering so as to give a rough finish, strutting and propping etc…….											
4 (a)	Foundation, footings , bases of columns *etc.* and mass concrete	sqm	264.30	317.16	313.00	4.16	253.08	1,053	382.75	1,592	382.75	1,592
4 (b)	Columns, Pillars, posts and struts square, rectangular or polygon in plain	sqm	411.60	493.92	485.30	8.62	319.20	2,752	415.87	3,585	415.87	3,585
4 (c)	(c) Sides or soffits of beam haunchings cantilevers, girders, bressumers and lintels not exceeding 1 m in depth	sqm	289.20	347.04	344.90	2.14	1,122.57	2,402	1,045.92	2,238	611.21	1,308
5	Re-inforced cc work in foundation footings bases of columns *etc.* and mass concrete excluding cost of centering, shuttering and reinforcement, (c) 1:1.5:3 (1c:1.5c/s:3g/s aggre. 20mm N/S)	cum	7,004.80	8,405.76	7,425.30	980.46	65.01	63,740	190.69	1,86,964	190.69	1,86,964
6	Reinforced Cc works in columns, pillars, Piers abutements, post and sturts upto floor two level i/c plastering the exposed surface with 1:3(1c:3f/s) of thickness not exceeding 6mm thickness to give smooth and even surface but excluding the cost of centering, shuttering and reinforcement, (c) 1:1.5:3 (1c:1.5c/s:3g/s aggre. 20mm N/S)	cum	7,128.30	8,553.96	7,570.20	983.76	32.65	32,120	20.01	19,685	20.01	19,685

(Amount in ₹)

Item no.	Item of work	Unit	Rate as per MSR-2013	Rate at which payment was made *(4+20 per cent)*	Rate as per MSR 2015	Excess rate *(5-6)*	CHC Haoreibi		CHC Sugnu		PHC Pallel	
							Quantity Executed	Excess expenditure	Quantity Executed	Excess expenditure	Quantity Executed	Excess expenditure
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9 (8X7)*	*10*	*11 (10 X 7)*	*12*	*13 (12X7)*
7	Reinforced C.C works in suspended floors, roofs landings, shelves & their supports balconies, lintels beams, plinth beams, girders, bressumers and cantilevers upto floor two level i/c finishing and plastering the exposed surface with 1:3(1c:3f/s) of thickness not exceeding 6mm thickness to give smooth and even surface but excluding the cost of centering, shuttering and reinforcement, (c) 1:1.5:3 (1c:1.5c/s:3g/s aggre. 20mm N/S)	cum	7,054.70	8,465.64	7,482.80	982.84	452.27	4,44,509	273.31	2,68,620	74.74	73,457
8	2nd class (local 1st class) brick work in foundation and plinth in cement mortar 1:4 (1c:4c/s)	sqm	9,000.60	10,800.72	8,821.10	1,979.62	90.38	1,78,918	151.83	3,00,566	153.63	3,04,129
9	Filling available excavated earth (excluding rock) in trenches, plinth sides of foundation *etc.* in layers not exceeding 20cm in depth consolidating each deposited layer by ramming and watering lead upto 50 m lift upto 1.5 m	cum	79.70	95.64	91.30	4.34	98.97	430	170.17	739	170.17	739
10	Half brick masonry 2nd class (local 1st class) in cement mortar 1:3 (1c:3c/s) in superstructure	sqm	1,012.00	1,214.40	1,046.20	168.20	1,260.74	2,12,056	1,201.76	2,02,136	600.88	1,01,068
11	Filling in plinth with sandy soil under floors including watering ramming,consolidating and dressing complete	cum	206.50	247.80	217.90	29.90	48.08	1,438	575.80	17,216	0.00	-
	Total							**18,93,351**		**21,04,330**		**13,93,939**

Source: Departmental Records.

Total excess expenditure = ₹ 18,93,351 + ₹ 21,04,330 + ₹ 13,93,939 = **₹ 53,91,620.**

Appendix 1.11

(Reference: Paragraph 1.6)

Statement showing execution of impermissible works from MLALADP funds

Sl. No.	Name of impermissible activity	Type of work	DRDA	Assembly Constituency	Amount (₹)
1	Furniture for G.M. High School	Stock purchase	Churachandpur	Saikot	50,000
2	Furniture for Tuining Jr. High School	Stock purchase	-do-	-do-	50,000
3	Construction of Good Shephard School Fencing at Sagang (Private unaided school)	NGO construction work	-do-	-do-	2,00,000
4	Construction of Alfa shorthand training centre at Tuibong (NGO)	NGO construction work	-do-	-do-	8,00,000
5	Improvement with filling up of pot holes of Toubul MRD (NH150 to Toubul Bazar)	Maintenance work	Bishnupur	Oinam	1,20,000
6	Fencing of Ningthou Apanba complex at Sandhong	Construction work at religious place	-do-	Moirang	2,00,000
7	C/o United Friendly Organisation Office building at Naranseina	NGO construction work	-do-	-do-	1,00,000
8	C/o Library cum children recreational centre for New Life Foundation at Thamnapokpi (NGO)	NGO construction work	-do-	-do-	2,50,000
9	Clearance of Moirang River from Moirang to Kwakta	Maintenance work	-do-	-do-	2,80,000
10	Fencing of Idgah at Kwakta near Kabarastan phase II	Construction work at religious place	-do-	-do-	1,65,000
11	C/o sanglen for bhramakumari's at Kumam leikai Moirang Phase-I	NGO construction work	-do-	-do-	90,000
12	Clearance of stream from Ikshongbung to Moirang Lamkhai	Maintenance work	-do-	-do-	1,12,500
13	Clearance of phumdi *etc.* at Ishok Brojenkhong Maril & Laikhong Waisheltaba Maril	Maintenance work	-do-	Nambol	3,50,000
14	Construction of Sajal Sanglen at Thanga part-I Moirang Khunou	Construction work at religious place	-do-	Thanga	1,05,075
15	Renovation of Kwakta Khuman Idgah	Construction work at religious place	-do-	Moirang	3,50,250
Total					**32,22,825**

Source: Departmental Records.

Appendix 1.12

(Reference: Paragraph 1.6)

Statement showing execution of impermissible works from administrative expense of MGNREGA funds

Sl. No.	Bill No. and date	DRDA	Particulars	Amount (₹)
1	26 of 27/09/2016	Ukhrul	Procurement of electrical items including fitting charges	2,00,000
2	5 of 18/07/2016	-do-	Procurement of electrical items	40,000
3	13 of 12/08/2016	-do-	Procurement of electrical items	1,50,000
4	9 0f 30/07/2016	-do-	Procurement of desktop + printer for Para Legal Volunteers	35,000
5	116/MGNREGS 2016-17 Dt. 03-12-2016 (703348)	Senapati	Paid to Th. Homendro Singh PO, DRDA Senapati being the reimbursement for vehicle repairing *etc.*	13,637
6	123/MGNREGS 2016-17 Dt. 05-12-2016 (702606)	-do-	Paid to Kaigulal Kipgen, SDC, Kangpokpi being the expenditure for conducting inspection and monitoring in respect of three blocks *viz.*, Saikul, Kangpokpi and Saitu Gamphazol under MGNREGS 2016-17	4,000
7	126/MGNREGS/AC/ 2016-17 Dt. 05-12-2016 (702609)	-do-	Paid to ADM Senapati, HQ. Senapati for office maintenance, inspection and monitoring works	5,530
8	135/MGNREGS/AC/2016-17 Dt. 07-02-2017 (702630)	-do-	Paid to Accountant/DRDA Senapati being the expenditure for purchasing Panasonic TV, Set Top Box fitting charge and other misc. Expenditure under MGNREGS 2016-17	42,000
9	130/MGNREGS Dt. 05-12-2016 (702613)	-do-	Paid to Classic Enterprises, Imphal for supply of sound system for use in office under MGNREGS, 2016-17 (*voucher was not maintained*)	2,25,610
10	55/PO/CCP/MGNREGS (Contg) dated 18/08/2016	Churachandpur	Payable to cashier, DRDA being payment for repairing of electrification in DRDA building and office Misc. Expenditure under 6 *per cent* contingency of MGNREGS	42,700
11	11/PO/CCP/MGNREGS (Contg) dated 27-05-2016	-do-	Gupta auto corporation	7,000
			RS Auto spare parts	8,680
12	10/PO/CCP/MGNREGS (Contg) dated 18-05-2016	-do-	Sawnching Motor Partment	2,540
			Mawi Mawi Motors	2,667
			John Motor Work	8,000
			RS Auto spare parts	3,586

Sl. No.	Bill No. and date	DRDA	Particulars	Amount (₹)
			Friend's motor works	2,500
			Friend's motor works	14,680
			Activ motors	440
			Activ motors	620
			RS Automobile works	600
			RS Auto spare parts	265
13	110/MGNREGS (B)/2016-17 dated of 27/03/2017	Bishnupur	Payable to Kalenyai Enterprises for procurement of Studio Master Amplifier, Chairman Unit, Delegate Unit, Ahuja Wall Speaker, office chair *etc.* under MGNREGS (Sanction No. 109) (DC's Office)	9,62,480
14	72/MGNREGS (B)/2016-17 dated of 27/10/2016	-do-	Payable to J.S. Electronics, Imphal for procurement of Ahuja Amplifier, Speaker, Microphone *etc.* (Sanction No. 72)(DC's Office)	40,235
			Total	**18,12,770**

Source: Departmental Records.

Appendix 2.1

(Reference: Paragraph 2.1)

Statement showing transfer of funds transferred directly to Implementing Agencies under Economic Sector (Other Than State Public Sector Undertakings)

Sl. No.	Name of the Department	Name of Implementing Agency	Fund Released (₹ *in lakh*)
1	Forest and Environment	Environment and Economic Management Association (Hostel for Working Women)	44.80
		Sub Total	**44.80**
2	Veterinary and Animal Husbandry	Manipur Milk Producers co-operative union (National Programme for Diary Development)	297.54
		Manipur Livestock Development (Rashtriya Gokul Mission)	200.00
		Sub Total	**497.54**
3	Agriculture	Manipur Organic Mission Agency (Organic Value Chain Development for North East Region)	1,788.42
		Office of Agriculture Officer (Market Intelligence), Manipur (Agriculture Marketing)	0.02
		Sub Total	**1,788.44**
		Grand total	**2,330.78**

Source: Finance Accounts.

Appendix 2.2

(Reference: Paragraph 2.1.1)

Year-wise details of expenditure audited in respect of Economic Sector during 2017-18

(₹ in crore)

Year	Expenditure incurred
2010-11	1.84
2011-12	7.27
2012-13	35.07
2013-14	238.75
2014-15	420.84
2015-16	744.63
2016-17	747.98
2017-18	90.00
Total	**2,286.38**

Source: Records of the Principal Accountant General (Audit), Manipur.

Appendix 2.3

(Reference: Paragraph 2.1.2)

Records not produced to Audit for scrutiny by DDOs of departments under Economic Sector during 2017-18

Sl. No.	Name of the DDO/ Office	Name of the Department	Nature of records not produced to audit for scrutiny	Period for which records were not produced	Whether Audit pursued the matter with the department
1	Superintending Engineer (HQ)	PWD	1.Record relating to derivation of basic rates of materials and hire charges of machinery in MSR 2.Records/ file(s) for preparation of work programme 3.Technical Sanction and tender files/ records.	October 2009 to March 2017	The matter was pursued by Audit at the time of audit inspection.
2	Executive Engineer, Jiribam	PWD	Rent collection register, receipt challan, *etc.* in respect of Guest House, Jiribam.	May 2016 to August 2017	The matter was pursued by Audit at the time of audit inspection.

Sl. No.	Name of the DDO/ Office	Name of the Department	Nature of records not produced to audit for scrutiny	Period for which records were not produced	Whether Audit pursued the matter with the department
3	Executive Engineer, Building Division-II	PWD	NIT, Detailed Estimate / Technical Sanction (TS) copy and document(s) for rate justification in respect of five works (Renovation of BD-II, PWD Office building at Lamphelpat; Maintenance of Government R/Quarter at Lamphelpat; Construction of Manipur Bhawan at Ulubari Guwahati (Phase-II); Purchase of furniture for Manipur Bhawan, Guwahati; and Renovation of three block of DC office, Imphal West).	January 2014 to October 2017	The matter was pursued by Audit at the time of audit inspection.
4	Executive Engineer, Electrical Division-II	PWD	NIT, Detailed Estimate / Technical Sanction (TS) copy, MB and other records pertaining to the ten works taken up by the Division.	July 2013 to November 2017	The matter was pursued by Audit at the time of audit inspection.
5	Executive Engineer, National Highways Division-I	PWD	NIT documents, Technical Sanction/Estimate copy, Agreement, Measurement Book and Work Order copy in respect of in respect of 18 works.	January 2017 to January 2018	The matter was pursued by Audit at the time of audit inspection.
6	Horticulture Specialist, Regional Progeny Orchard, Maram, Senapati	Horticulture & Soil Conservation Department	Estimate copies, Bill copies, challan copies, vouchers, APRs *etc.* in respect of Revival of Progeny Orchard-cum-Nurseries.	November 2007 to April 2017	The matter was pursued by Audit at the time of audit inspection.
7	Vegetable Specialist cum superintendent, Liyai, Senapati	Horticulture & Soil Conservation Department	Acts/Statute, Bye-laws, Gazette for establishment of the farm, objectives, functions and activities, policy files, available tools and machineries *etc.* pertaining to Vegetable Seed Multiplication Farm, Liyai.	July 2007 to May 2017	The matter was pursued by Audit at the time of audit inspection.

Sl. No.	Name of the DDO/ Office	Name of the Department	Nature of records not produced to audit for scrutiny	Period for which records were not produced	Whether Audit pursued the matter with the department
8	Cashewnut Development Officer, , Jiribam	Horticulture & Soil Conservation	Project proposals, estimates copies, photographs, Measurement Books (MBs) and joint inspection report pertaining to construction of Pack Houses.	January 2001 to June 2017	The matter was pursued by Audit at the time of audit inspection.
9	District Officer, Bishnupur	Horticulture & Soil Conservation Department	1.Bills, photographs, records for joint inspection report and Vouchers/APRs in respect of construction of Pack House. 2.Vouchers, APRs *etc.* for supply and Installation of Drip and Sprinkler Irrigation System under On Farm Water Management (OFWM).	June 2011 to April 2017	The matter was pursued by Audit at the time of audit inspection.
10	Divisional Soil Conservation Officer, Imphal West	Horticulture & Soil Conservation Department	Project proposals, estimates copies, photographs, Measurement Books (MBs) and joint inspection report pertaining to construction of Pack Houses.	April 2012 to September 2017	The matter was pursued by Audit at the time of audit inspection.
11	Deputy Director, Kangpokpi	Horticulture & Soil Conservation Department	Project proposals, estimates copies, photographs, Measurement Books (MBs) and joint inspection report pertaining to construction of Pack Houses.	May 2010 to July 2017	The matter was pursued by Audit at the time of audit inspection.
12	District Officer, Ukhrul	Horticulture & Soil Conservation Department	Project proposals, estimates copies, photographs, Measurement Books (MBs) and joint inspection report pertaining to construction of Pack Houses.	April 2014 to May 2017	The matter was pursued by Audit at the time of audit inspection.
13	District Agriculture Officer, Senapati	Agriculture Department	Records regarding selection of beneficiaries for NMSA and RKVY.	December 2015 to October 2017	The matter was pursued by Audit at the time of audit inspection.

Source: Records of the Principal Accountant General (Audit), Manipur.

Appendix 2.4

(Reference: Paragraph 2.2.3)

List of projects sanctioned under RIDF during 2015-16 to 2017-18

(₹in lakh)

Sl. No.	Name of work	Estimated Cost	Sanctioned Cost	NABARD Share	State Share
Road Projects					
1	Improvement of Imphal Yairipok road to Waithou (NH-39)	942.00	842.90	758.61	84.29
2	Improvement of Moirang Kumbi road	920.69	823.89	741.50	82.39
3	Improvement of Lamsang Sekmai road	666.00	595.97	536.38	59.59
4	Improvement of Iroishemba bridge to Lamdeng solid waste left out portion	575.00	514.54	463.09	51.45
5	Improvement of road from Lamphel PS to Shija Hospital	285.00	255.34	229.80	25.54
6	Improvement of road connecting Lilong ITI from the National Highways	335.00	299.78	269.80	29.98
7	Improvement of Wangjing Tentha road-10 km	903.00	808.02	727.22	80.80
8	Improvement of Senapati Headquarter Roads (NH-2 to DC & SP Bungalow via DC Complex and Colony road)	276.10	247.07	222.36	24.71
9	Improvement of road at Ukhrul District Headquarter, Ukhrul	100.00	89.49	80.55	8.94
10	Improvement of road in and around Churachandpur District Headquarter	281.54	251.94	226.75	25.19
11	Improvement of CJM road at District Headquarter at Tamenglong	55.00	49.22	44.30	4.92
12	Improvement of MI Bishnupur road & MI Bengoon	247.60	221.57	199.41	22.16
13	Restoration of damaged road on NH-150 Churachandpur-Yaingangpokpi Section	49.85	44.61	40.15	4.46
14	Restoration of damaged pavement along Churachandpur-New Bazar to Hevron Bazar	50.00	44.74	40.26	4.48
15	Improvement of Tengnoupal road between Phaibung and Chehlep and Samukom to Semang village	360.58	322.67	290.40	32.27
16	Improvement of Thoubal Charangpat road via Nepra Company	990.00	840.73	756.66	84.07
Sub-Total (Roads)		**7,037.36**	**6,252.48**	**5,627.24**	**625.24**
Bridge Projects					
1	Construction of bridge over Itok river at Chandrakhong	1,252.00	1,063.20	956.88	106.32
2	Construction of bridge over Wangjing river at Heirok Chingdongpok	910.00	772.68	695.41	77.27
3	Construction of bridge over Chakpi river at Anal Khullen	925.54	785.99	707.39	78.60
4	Construction of bridge over Chakpi river at Chakpi Karong	1,473.00	1,250.82	1,125.74	125.08
5	Champa bridge over Wangjing river at Heirok	600.00	509.53	458.58	50.95
6	Construction of Siphai Leikai/Kongbam Leikai Suspension bridge (55m) over Thoubal river	100.00	84.93	76.43	8.50
7	Restoration of Tarang bridge on MI Sugnu road at Ch. 50.80 Km	120.00	101.90	91.71	10.19
8	Construction of Khoirom bridge over Tamengkhong-3 km	100.00	84.93	76.43	8.50
9	Construction of Bailey bridge at Tuingem river at S. Lhangnom village at Chandel District	99.65	94.57	85.11	9.46
Sub-Total (Bridge)		**5,580.19**	**4,748.55**	**4,273.68**	**474.87**
Total of Tranche XXI (16+9=25) Projects		**12,617.55**	**11,001.03**	**9,900.92**	**1,100.11**
List of projects sanctioned under Tranche XXIII (2017-18) but yet to be started					
Roads					
1	Improvement of Kamjong to Phungyar road - 12 Km	1,200.00	951.00	855.90	95.10
2	Upgradation of road in and around Monsang Pantha including Japhou Bazar road - 10.96 Km	450.00	355.60	320.04	35.56
3	Improvement of Eastern and Western circular road in Ukhrul	500.00	395.95	356.36	39.59

Sl. No.	Name of work	Estimated Cost	Sanctioned Cost	NABARD Share	State Share
Road Projects					
4	Improvement of road from Koirengei Bazar to Achanbigei Awang Leikai via CMC Hospital	150.00	118.78	106.90	11.88
5	Improvement of road from Kairang Lamkhai to Kairang Muslim	150.00	118.78	106.90	11.88
6	Improvement of Ningomthong to Bashikhong Bridge via Pheija Leithong	150.00	118.79	106.91	11.88
7	Improvement and reconstruction of Kyamgei to Kongba Irong Khong Manung	150.00	118.79	106.91	11.88
Sub-total (Roads)		**2,750**	**2,177.69**	**1,959.92**	**217.77**
Bridges					
1	Construction of 150 ft Bailey Bridge (TSR) over Chakpi River at Mantri Pantha	568.00	507.70	456.93	50.77
2	Reconstruction of Bailey Suspension Bridge (360 feet span) over Barak River on Tamenglong Tousem Haflong Road	600.00	502.00	451.80	50.20
Sub-total (Bridges)		**1,168**	**1,009.7**	**908.73**	**100.97**
Total of Tranche XXIII (7+2=9) Projects		**3,918**	**3,187.39**	**2,868.65**	**318.74**
Grand total (23 Roads and 11 Bridges=34 Projects)		**16,535.55**	**14,188.42**	**12,769.57**	**1,418.85**

Source: Departmental Records.

Appendix 2.5

[Reference: Paragraph 2.2.10.1(a)]

Statement showing status of sampled projects as on 30 September 2018

(₹in lakh)

Sl. No.	Name of Project	Sanctioned cost	Fund[177] released by the State Finance Department	Expenditure			Reimbursement claimed on SOE and loan reimbursed by NABARD	Excess claim/ reimbursement made	Stipulated date of completion	Physical progress
				NABARD share	State[178] Share	Total				
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9 (8-5)*	*10*	*11*
1	Improvement of Imphal Yairipok road to Waithou (NH-39)	842.90	842.90	758.61	84.29	842.90	758.61	0	31-03- 2017	Completed in February 2017
2	Improvement of Moirang Kumbi road	823.89	821.18	738.79	82.39	821.18	741.50	2.71	31-03- 2017	Completed in January 2017
3	Improvement of Lamsang Sekmai road	595.97	595.15	535.49	59.32	594.81	536.38	0.90	31-03- 2017	Completed in December 2016
4*	Improvement of Iroishemba bridge to Lamdeng solid waste left out portion	514.54	463.09	463.09	0	463.09	463.09	0	31-03- 2017	Completed in October 2016
5	Improvement of road from Lamphel PS to Shija Hospital	255.34	229.40	229.44	0	229.44	229.80	0.36	31-03- 2017	Completed in September 2016
6	Improvement. Of Wangjing Tentha road-10 km	808.02	807.70	724.82	78.77	803.58	727.22	2.40	31-03- 2017	Completed in March 2017
7	Improvement of Senapati Hd Qtr Roads (NH-2 to DC & SP Bunglow via DC Complex and Colony road)	247.07	214.54	214.54	0	214.54	222.36	7.82	31-03- 2017	Completed in June 2016

[177] Without Agency Charges.
[178] Without Agency Charges.

Sl. No.	Name of Project	Sanctioned cost	Fund[177] released by the State Finance Department	Expenditure			Reimbursement claimed on SOE and loan reimbursed by NABARD	Excess claim/ reimbursement made	Stipulated date of completion	Physical progress
				NABARD share	State [178]Share	Total				
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9 (8-5)*	*10*	*11*
8	Improvement of road at Ukhrul District Hd Qtr, Ukhrul	89.49	80.40	80.80	0	80.80	80.55	-0.25	31-03- 2017	Completed in February 2017
9	Improvement of road in and around Churachandpur District Hd. Qtr	251.94	226.75	226.75	0	226.75	226.75	0	31-03- 2017	Completed in April 2017
10	Restoration of damaged road on NH-150 Churachandpur-Yaingangpokpi Section	44.61	40.15	40.15	0	40.15	40.15	0	31-03- 2017	Completed in November 2016
11	Restoration of damaged pavement along Churachandpur-New Bazar to Hevron Bazar	44.74	40.13	40.13	0	40.13	40.26	0.13	31-03- 2017	Completed in April 2016
12	Improvement of Tengnoupal Sangsak road between Phaibung and Chehlep and Samukom to Semang village	322.67	313.19	273.15	40.04	313.19	290.40	17.25	31-03- 2017	Completed in July 2016
13	Improvement of Thoubal Charangpat road via Nepra Company	840.73	839.59	755.52	84.07	839.59	756.66	1.14	31-03- 2018	Completed in May 2017
14*	Champa bridge over Wangjing river at Heirok	509.53	355.85	358.22	0	358.22	458.58	100.36	31-03- 2018	Completed in March 2017
15	Construction of Siphai Leikai/Kongbam Leikai Suspension bridge (55m) over Thoubal river	84.93	53.97	53.02	0	53.02	76.43	23.41	31-03- 2018	Completed in April 2017
16*	Restoration of Tarang bridge on MI Sugnu road at Ch. 50.80 Km	101.90	70.83	69.51	0	69.51	91.71	22.20	31-03- 2018	Completed in October 2017
17*	Construction of Khoirom bridge over Tamengkhong-3 km	84.93	59.31	59.31	0	59.31	76.43	17.12	31-03- 2018	Completed in April 2017

Sl. No.	Name of Project	Sanctioned cost	Fund[177] released by the State Finance Department	Expenditure			Reimbursement claimed on SOE and loan reimbursed by NABARD	Excess claim/ reimbursement made	Stipulated date of completion	Physical progress
				NABARD share	State[178] Share	Total				
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9 (8-5)*	*10*	*11*
18*	Construction of Bailey bridge at Tuingem river at S. Lhangnom village at Chandel District	94.57	85.12	85.11	0	85.11	85.11	0	31-03- 2018	Completed in February 2017
19*	Construction of bridge over Itok river at Chandrakhong	1,063.20	508.10	508.10	0	508.10	956.88	448.78	31-03- 2018	60 *percent* completed
20*	Construction of bridge over Wangjing river at Heirok Chingdongpok	772.68	208.62	208.62	0	208.62	695.41	486.79	31-03- 2018	50 *percent* completed
21*	Construction of bridge over Chakpi river at Anal Khullen	785.99	375.63	375.63	0	375.63	707.39	331.76	31-03- 2018	45 *percent* completed
22*	Construction of bridge over Chakpi river at Chakpi Karong	1,250.82	503.20	503.20	0	503.20	1,125.74	622.54	31-03- 2018	65 *percent* completed
23	Improvement of road connecting Lilong ITI from the National Highways	299.78	255.36	255.40	0	255.40	269.80	14.40	31-03- 2017	75 *percent* completed
24	Improvement of CJM road at District Head Qtr at Tamenglong	49.22	36.66	36.68	0	36.68	44.30	7.62	31-03- 2017	90 *percent* completed
25	Improvement of MI Bishnupur road & MI Bengoon	221.57	192.18	192.15	0	192.15	199.41	7.26	31-03- 2017	90 *percent* completed
Total		**11,001.03**	**8,219.00**	**7,786.23**	**428.88**	**8,215.10**	**9,900.92**	**2,114.69**		

Source: Departmental Records.

* *These are bridge projects.*

Appendix 2.6

(Reference: Paragraph 2.2.10.3)

Statement showing award of work before obtaining Administrative Approval

Sl. No.	Name of the work	Name of contractor	Tendered Amount *(Amount in ₹)*	Date of awarding of work	Date of obtaining Administrative Approval
Improvement of Tengnoupal road between Phaibung to Chehlep and Samukom to Semang village (Tengnoupal road)					
1	Tengnoupal road (SH: Widening WBM Gr-II, III & Kutcha drain from Sita Lamkhai 2.70 km to 5.20 km)	Dilbung Kowar	57,15,857	16-03-2016	30-03-2016
2	Tengnoupal road (SH: Widening WBM Gr-II, III & Kutcha drain from Sita Lamkhai 5.20 km to 8.30 km)	Dilbung Kowar	71,36,640	16-03-2016	30-03-2016
3	Tengnoupal road (SH: Widening WBM Gr-II, III & Kutcha drain from Sita Lamkhai 8.30 km to 9.47 km Phalbung to Chehlep)	Dilbung Kowar	76,97,918	16-03-2016	30-03-2016
4	Tengnoupal road (SH: Hill cutting between Samukom to Semang from Machi 7.0 km to 8.95 km)	S. Pishak Singh	47,83,676	16-03-2016	30-03-2016
5	Tengnoupal road (SH: Hill cutting, kutcha drain between Nakejang to Sita 0.0 to 1.740 km)	K.S. Baite	50,66,878	16-03-2016	30-03-2016
Improvement of Road at Ukhrul District Headquarters					
6	Improvementof Road at Ukhrul District Headquarters	Mingyao Ruivanao	85,32,528	05-03-2016	30-03-2016
Senapati Headquarters Roads					
7	Senapati Headquarters Roads (NH-2 to D.C. & S.P. Bungalow via DC complex & Colony road) (SH: W.B.M. & P.C. NH-2 TO 50 bedded Hospital)	K.S. Ngaile	17,61,322	26-02-2016	29-03-2016
Improvement of CJM road at Tamenglong H/Q					
8	Improvement of CJM Court approach road at Tamenglong H/Q (SH: Shingling for 0.976km, WBM, IRC grade-II & III for 1.2km, P.C., for 1.2km and kutcha line drain for 1.2km)	Gonmei Keiphapou	47,78,325	20-02-2016	22-09-2016
Restoration of the damaged pavement road along Churachandpur-New Bazar to Hevron					
9	CCpur-New Bazar to Hevron (SH: Providing and laying granular base on side berm at km 403.00 to km 408.00)	N. Ratan Singh	20,23,655	18-02-2016	30-03-2016
10	CCpur-New Bazar to Hevron (SH: Providing Bituminous Macadam and Semi Dense Bituminous Concrete for a length of 156.50m)	B. Rajeshwor Sharma	23,25,051	18-02-2016	30-03-2016
Restoration of damaged road on NH-150 Churachandpur-Yaingangpokpi Section					
11	Restoration of damaged road on NH-150 Churachandpur-Yaingangpokpi Section	Kh. Premkumar Singh	43,31,250	18-02-2016	29-03-2016

Sl. No.	Name of the work	Name of contractor	Tendered Amount *(Amount in ₹)*	Date of awarding of work	Date of obtaining Administrative Approval
Improvement of roads in and around Churachandpur District Head Quarters					
12	Improvement of roads in and around Churachandpur District Head Quarter (Portion-I)	Ch. Iboyaima Singh	85,63,642	23-02-2016	29-03-2016
13	Improvement of roads in and around Churachandpur District Head Quarter (Portion-II)	P. Tongthang Zou	77,21,983	23-02-2016	29-03-2016
14	Improvement of roads in and around Churachandpur District Head Quarter (Portion-III)	P. Tongthang Zou	87,36,654	23-02-2016	29-03-2016
	Total		**7,91,75,379**		

Source: Departmental Records.

Appendix 2.7

(Reference: Paragraph 2.2.10.5)

Statement showing value of Performance Guarantee Bond not collected

Sl. No.	Name of the work	Name of contractor	Tendered Amount *(Amount in ₹)*	Value of Performance Guarantee Bond *(Amount in ₹)*
Improvement of Tengnoupal road between Phaibung to Chehlep & Samukom to Samang village (Tengnoupal road)				
1	Tengnoupal road (SH: Widening WBM Gr-II, III & Kutcha drain from Sita Lamkhai 2.70 km to 5.20 km)	Dilbung Kowar	57,15,857	2,85,793
2	Tengnoupal road (SH: Widening WBM Gr-II, III & Kutcha drain from Sita Lamkhai 5.20 km to 8.30 km)	Dilbung Kowar	71,36,640	3,56,832
3	Tengnoupal road (SH: Widening WBM Gr-II, III & Kutcha drain from Sita Lamkhai 8.30 km to 9.47 km Phalbung to Chehlep)	Dilbung Kowar	76,97,918	3,84,896
4	Tengnoupal road (SH: Hill cutting between Samukom to Semang from Machi 7.0 km to 8.95 km)	S. Pishak Singh	47,83,676	2,39,184
5	Tengnoupal road (SH: Hill cutting, kutcha drain between Nakejang to Sita 0.0 to 1.740 km)	K.S. Baite	50,66,878	2,53,344
Construction Of Bailey Bridge at Tuingem river at S. Lhangnom village in Chandel districts				
6	Construction Of Bailey Bridge at Tuingem river at S. Lhangnom village in Chandel districts	H.L. Lovingson Anal	81,49,906	4,07,495
Improvementof Road at Ukhrul District Headquarters				
7	Improvement of Road at Ukhrul District Headquarters	Mingyao Ruivanao	85,32,528	4,26,626
Improvementof CJM road at Tamenglong Headquarters				
8	Improvement of CJM Court approach road at Tamenglong H/Q (SH: Shingling for 0.976km, WBM, IRC grade-II & III for 1.2km, P.C., for 1.2km and kutcha line drain for 1.2km)	Gonmei Keiphapou	47,78,325	2,38,916

Sl. No.	Name of the work	Name of contractor	Tendered Amount (Amount in ₹)	Value of Performance Guarantee Bond (Amount in ₹)
Restoration of the damaged pavement road along Churachandpur-New Bazar to Hebron bazar				
9	Restoration of the damaged pavement road along Churachandpur-New Bazar to Hebron bazar (SH: Providing and laying granular base on side berm at km 403.00 to km 408.00)	N. Ratan Singh	20,23,655	1,01,183
10	Restoration of the damaged pavement road along Churachandpur-New Bazar to Hevron Bazar (SH: Providing Bituminous Macadam and Semi Dense Bituminous Concrete for a length of 156.50m)	B. Rajeshwor Sharma	23,25,051	1,16,253
Restoration of damaged road on NH-150 Churachandpur-Yaingangpokpi Section				
11	Restoration of damaged road on NH-150 Churachandpur-Yaingangpokpi Section	Kh. Premkumar Singh	43,31,250	2,16,563
Improvement of roads in and around Churachandpur District Head Quarter				
12	Improvement of roads in and around Churachandpur District Head Quarter (Portion-I)	Ch. Iboyaima Singh	85,63,642	4,28,182
13	Improvement of roads in and around Churachandpur District Head Quarter (Portion-II)	P. Tongthang Zou	77,21,983	3,86,099
14	Improvement of roads in and around Churachandpur District Head Quarter (Portion-III)	P. Tongthang Zou	87,36,654	4,36,833
Improvement of Moirang Kumbi road				
15	Improvement of Moirang Kumbi road from 13.35km to 16.18km	O. Open Singh	99,99,899	4,99,995
Senapati Hd. Qtr. Roads				
16	Senapati Headquarters Roads (NH-2 to D.C. & S.P. Bungalow via DC complex & Colony road) (SH: W.B.M. & P.C. DC office & to DC & SP Bungalow)	Knelly John	26,09,488	1,30,474
17	Senapati Headquarters Roads (NH-2 to D.C. & S.P. Bungalow via DC complex & Colony road) (SH: W.B.M. & P.C. NH-2 TO 50 bedded Hospital)	K.S. Ngaile	17,61,322	88,066
	Total		**9,99,34,672**	**49,96,734**

Source: Departmental Records.

Appendix 2.8

(Reference: Paragraph 2.2.10.7)

Statement showing undue benefit due to extra carriage charge

Sl. No.	Name of the work	Bituminous macadam			25 mm thick semi dense carpeting			Total *(in ₹)*	Percentage above the estimates at which works were awarded	Extra amount on account of carriage cost *(in ₹)*
		Quantity *(sq. m)*	Carriage of mix*	Amount *(in ₹)*	Quantity *(sq. m)*	carriage of mix*	Amount *(in ₹)*			
Improvement of Wangjing Tentha road- 10.00 km										
1	Improvement of Wangjing Tentha road- 10.00 km	-	-	-	41,800.00	35.94	15,02,292	15,02,292	4.5	15,69,895.14
Improvement of Road from NH-39 to ITI Lilong										
2	Improvement of Road from NH-39 to ITI Lilong	7,463.79	68.75	5,13,136	6,167.33	35.94	2,21,654	7,34,789	4.4	7,67,119.72
Improvement of road from Lamphel PS to Shija (Portion 0k.m. to 0.39 km)										
3	Improvement of road from Lamphel PS to Shija (Portion 0k.m. to 0.39 km)	2,730.00	68.75	1,87,688	2,730.00	35.94	98,116	2,85,804	-	2,85,804
4	Improvement of road from Lamphel PS to Shija (Portion 0.39k.m. to 1.2km and 1.2km to 2.1km)	11,011.00	68.75	7,57,006	11,970.00	35.94	4,30,202	11,87,208	-	11,87,208
Improvement of Lamsang Sekmai road (Portion from 0.00 km to 1.40 km)										
5	Improvement of Lamsang Sekmai road (Portion from 0.00 km to 1.40 km)	5,270.75	68.75	3,62,364	5,270.75	35.94	1,89,431	5,51,795	-	5,51,795
6	Improvement of Lamsang Sekmai road (Portion from 8.05 km to 9.60 km)	5,812.00	68.75	3,99,575	5,812.50	35.94	2,08,901	6,08,476	-	6,08,476
7	Improvement of Lamsang Sekmai road (Portion from 6.50 km to 8.05 km)	5,812.50	68.75	3,99,609	5,812.50	35.94	2,08,901	6,08,511	-	6,08,511
8	Improvement of Lamsang Sekmai road (Portion from 9.60 km to 15.00 km)	17,917.50	68.75	12,31,828	17,920.50	35.94	6,44,063	18,75,891	-	18,75,891
Improvement of Lamdeng Solid wastes road (Portion from 0 km to 2.5 km)										
9	Improvement of Lamdeng Solid wastes road (Portion from 0 km to 2.5 km)	13,750.00	68.75	9,45,313	13,750.00	35.94	4,94,175	14,39,488	-	14,39,488
10	Improvement of Lamdeng Solid wastes road (Portion from2.5 km to 5.00 km)	13,013.00	68.75	8,94,644	13,013.00	35.94	4,67,687	13,62,331	-	13,62,331
Improvement of Imphal Yairipok Road to Waithou (NH-39)										
11	Improvement of Imphal Yairipok Road to Waithou (NH-39)	45,156.90	68.75	31,04,536	45,156.88	35.94	16,22,938	47,27,474	2.0	48,23,016

Sl. No.	Name of the work	Bituminous macadam			25 mm thick semi dense carpeting			Total *(in ₹)*	Percentage above the estimates at which works were awarded	Extra amount on account of carriage cost *(in ₹)*
		Quantity *(sq. m)*	Carriage of mix*	Amount *(in ₹)*	Quantity *(sq. m)*	carriage of mix*	Amount *(in ₹)*			
Improvement of Moirang Kumbi Road (SH: 1.35 km to 3.80 km.)										
12	Improvement of Moirang Kumbi Road (SH: 1.35 km to 3.80 km.)	-	-	-	15,676.49	35.94	5,63,413	5,63,413	2.9	5,79,628
13	Improvement of Moirang Kumbi Road (SH: 3.80 km to 6.65 km.)	-	-	-	15,675.00	35.94	5,63,360	5,63,360	3.2	5,81,229
14	Improvement of Moirang Kumbi Road (SH: 6.65 km to 9.85 km.)	-	-	-	16,307.50	35.94	5,86,092	5,86,092	2.8	6,02,543
15	Improvement of Moirang Kumbi Road (SH: 9.85 km to 13.35 km.)	-	-	-	16,847.16	35.94	6,05,487	6,05,487	2.9	6,23,288
16	Improvement of Moirang Kumbi Road (SH: 13.35 km to 16.18 km)	-	-	-	10,612.50	35.94	3,81,413	3,81,413	3.0	3,92,818
17	Improvement of Moirang Kumbi Road (SH: 16.18 km to 19.01 km.)	-	-	-	11,378.75	35.94	4,08,952	4,08,952	3.0	4,21,180
	Total	**1,27,937.44**		**87,95,699**	**2,55,900.86**		**91,97,077**	**1,79,92,776**		**1,82,80,220.86**

Source: Departmental Record.

** Charge already included in the basic rate as per MSR.*

Appendix 2.9

(Reference: Paragraph 2.5)

Details of items purchased till date (as on May 2019)

(Amount in ₹)

Sl. No.	Item	Items requisitioned as per Work Order			Items Delivered			Balance Nos. to be delivered	Cost of Items delivered	
		Quantity	Rate	Amount	1st RA Bill	2nd RA Bill	Total Delivered		1st Bill Amount	2nd Bill Amount
1	CM's TABLE - CUSTOMISED	1	3,81,269.20	3,81,269.20	-	-	-	1	-	-
2	CM's CHAIR - CUSTOMISED	1	87,985.20	87,985.20	-	-	-	1	-	-
3	VISITOR CHAIR - Revolving	10	70,388.16	7,03,881.60	-	-	-	10	-	-
4	SINGLE SOFA - CUSTOMISED	3	43,992.60	1,31,977.80	-	-	-	3	-	-
5	DOUBLE SOFA - CUSTOMISED	9	82,852.73	7,45,674.57	-	-	-	9	-	-
6	CENTER TABLE - CUSTOMISED	4	1,09,981.50	4,39,926.00	-	-	-	4	-	-
7	SIDE TABLE - CUSTOMISED	11	29,328.40	3,22,612.40	-	-	-	11	-	-
8	DINNING TABLE - CUSTOMISED	1	1,17,313.60	1,17,313.60	-	-	-	-	-	-
9	DINNING CHAIR - CUSTOMISED	6	26,395.56	1,58,373.36	-	-	-	6	-	-
10	BACKDROP - CUSTOMISED	18	43,992.60	7,91,866.80	-	-	-	18	-	-
11	DISPLAY - CUSTOMISED	8	43,992.60	3,29,944.50	-	-	-	8	-	-
12	TV CONSOLE - CUSTOMISED	1	32,994.45	32,994.45	-	-	-	1	-	-
13	FULL HT STORAGE - CUSTOMISED	4	80,653.10	3,22,612.40	-	-	-	4	-	-
14	Arrive MD+ZERU+MP+3 Nos. Back Unit	11	4,91,202.18	54,03,223.98	-	11	11	-	-	54,03,223.98
15	Chair PCH-9200R	11	51,689.15	5,68,580.65	-	11	11	-	-	5,68,580.65
16	Visitor Chair PCH-9202RV	92	37,800.21	34,77,619.32	-	92	92	-	-	34,77,619.32
17	Sofa Manhutten 3+1+1	23	1,24,832.24	28,71,141.52	14	9	23	-	17,47,651.36	11,23,490.16
18	Caferia Center Table	35	14,569.31	5,09,925.85	35	-	35	-	5,09,925.85	-
19	Vegas Side Table	36	5,657.58	2,03,672.88	-	36	36	-	-	2,03,672.88
20	49 Seater Conference Table CUSTOMISED	2	8,22,447.02	16,44,894.04	-	-	-	2	-	-
21	Chair ACE Full Back	118	19,320.37	22,79,803.66	-	118	118	-	-	22,79,803.66
22	Chair ACE Full Back + Head Rest	64	20,627.09	13,20,133.76	-	64	64	-	-	13,20,133.76
23	24 Seater Conference Table CUSTOMISED	5	4,09,345.75	20,46,728.75	-	-	-	5	-	-
24	FINESSE 4020	3	10,680.07	32,040.21	3	-	3	-	32,040.21	-
25	LEOMA High Back Chair	63	23,508.01	14,81,004.63	63	-	63	-	14,81,004.63	-
26	Bravo Visitor	842	5,483.98	46,17,511.16	-	842	842	-	-	46,17,511.16

(Amount in ₹)

Sl. No.	Item	Items requisitioned as per Work Order			Items Delivered			Balance Nos. to be delivered	Cost of Items delivered	
		Quantity	Rate	Amount	1st RA Bill	2nd RA Bill	Total Delivered		1st Bill Amount	2nd Bill Amount
27	Ventura 3 seater sofa	23	39,557.76	9,09,828.48	10	13	23	-	3,95,577.60	5,14,250.88
28	Ventura 2 setater sofa	2	31,111.83	62,223.66	2	-	2	-	62,223.66	-
29	Ventura 1 seater sofa	24	23,217.96	5,57,231.04	16	8	24	-	3,71,487.36	1,85,743.68
30	Acura center Table	17	9,210.41	1,56,576.97	17	-	17	-	1,56,576.97	-
31	PARTO PLUS 3 Seater Sofa	225	24,370.61	54,83,387.25	110	115	225	-	26,80,767.10	28,02,620.15
32	APO JPS MD+ERU+BU	5	3,12,996.62	15,64,983.10	-	5	5	-	-	15,64,983.10
33	Monarch High Back Chair	7	28,894.94	2,02,264.58	7	-	7	-	2,02,264.58	-
34	Monarch Visitor Chair	48	23,117.68	11,09,648.64	48	-	48	-	11,09,648.64	-
35	Victoria Coffee Table	18	12,609.06	2,26,963.08	18	-	18	-	2,26,963.08	-
36	Edward Side Table	15	9,806.68	1,47,100.20	15	-	15	-	1,47,100.20	-
37	NUMERO UNO MD+ERU+MP	61	74,348.57	45,35,262.77	40	21	61	-	29,73,942.80	15,61,319.97
38	NUMERO UNO CREZENDA	61	76,892.16	46,90,421.76	-	61	61	-	-	46,90,421.76
39	Chair ACE Visitor	183	15,115.19	27,66,079.77	164	19	183	-	24,78,891.16	2,87,188.61
40	IMPRESS MD+ERU+MP	63	60,697.93	38,23,969.59	36	27	63	-	21,85,125.48	16,38,844.11
41	Chair PCH-9P01A	222	14,834.56	32,93,272.32	-	222	222	-	-	32,93,272.32
42	Visitor Chair PCH-9P12T	486	8,771.17	42,62,788.62	119	367	486	-	10,43,769.23	32,19,019.39
43	VSDU-5(900x1200x450)	125	17,142.47	21,42,808.75	-	125	125	-	-	21,42,808.75
44	Table WORK 5026	15	19,154.03	2,87,310.45	6	9	15	-	1,14,924.18	1,72,386.27
45	Chair PCH-9P01TC	177	13,063.00	23,12,151.00	31	146	177	-	4,04,953.00	19,07,198.00
46	Chair PCH-9P02TC	256	11,849.46	30,33,461.76	158	98	256	-	18,72,214.68	11,61,247.08
47	ENTERPRISE 1200	149	11,959.95	17,82,032.55	-	149	149	-	-	17,82,032.55
48	Chair PCH-7046R	853	4,741.07	40,44,132.71	-	853	853	-	-	40,44,132.71
49	Maestro MD+ERU+MP+JT+BU	60	1,61,778.47	97,06,708.20	-	60	60	-	-	97,06,708.20
50	LEOMA Visitor Chair	240	15,974.27	38,33,824.80	98	142	240	-	15,65,478.46	22,68,346.34
51	PARTO PLUS 2 Seater Sofa	60	20,454.40	12,27,264.00	23	37	60	-	4,70,451.20	7,56,812.80
52	PARTO PLUS 1 Seater Sofa	62	14,610.29	9,05,837.98	60	2	62	-	8,76,617.40	29,220.58
53	Glaze Center Table	180	8,250.77	14,85,138.60	-	180	180	-	-	14,85,138.60
54	Glaze Side Table	60	6,175.14	3,70,508.40	-	60	60	-	-	3,70,508.40
55	25 Seater Conference Table Customised	7	4,38,609.46	30,70,266.22	-	-	-	7	-	-
56	2 Seater Sofa L-42	62	14,402.19	8,92,935.78	40	22	62	-	5,76,087.60	3,16,848.18
57	ORION MD 1650 + ERU	144	65,911.95	94,91,320.80	69	75	144	-	45,47,924.55	49,43,396.25
58	Table T - 32	234	9,542.63	22,32,975.42	65	169	234	-	6,20,270.95	16,12,704.47
59	Chair CH - 1007	234	3,916.20	9,16,390.80	-	234	234	-	-	9,16,390.80
60	Main Chair PCH - 9U02B	101	7,251.23	7,32,374.23	-	101	101	-	-	7,32,374.23
61	Visitor Chair CH - 1018	192	3,066.54	5,88,775.68	-	192	192	-	-	5,88,775.68

(Amount in ₹)

Sl. No.	Item	Items requisitioned as per Work Order			Items Delivered			Balance Nos. to be delivered	Cost of Items delivered	
		Quantity	Rate	Amount	1st RA Bill	2nd RA Bill	Total Delivered		1st Bill Amount	2nd Bill Amount
62	WISH 8 - Seater Workstation with 3 drawer pedestal + key board pull out trey + CPU trolley	88	2,38,322.14	2,09,72,348.32	-	88	88	-	-	2,09,72,348.32
63	WISH Managerial Module with 3 drawer pedestal + key board pull out trey + CPU trolley	96	60,392.53	57,97,682.88	-	96	96	-	-	57,97,682.88
64	8 - body 1 bay push pull optimizer	88	1,83,719.39	1,61,67,306.32	-	88	88	-	-	1,61,67,306.32
65	STD JPS MD+ERU+BU	1	2,93,819.89	2,93,819.89	-	1	1	-	-	2,93,819.89
66	D - LION 3 seater sofa	3	39,061.76	1,17,185.28	-	3	3	-	-	1,17,185.28
67	Table WORK 4020	5	14,398.95	71,994.75	-	5	5	-	-	71,994.75
68	8 Seater SENATE	5	70,457.17	3,52,285.85	-	5	5	-	-	3,52,285.85
69	128 Seater Conference Table Customised	1	17,85,160.69	17,85,160.69	-	-	-	1	-	-
70	WISH 2 - Seater Workstation back to back (3'x1'-6")	352	20,803.13	73,22,701.76	-	352	352	-	-	73,22,701.76
	Total	**6,692**		**16,67,51,417.99**	**1,267**	**5,333**	**6,600**	**92**	**2,88,53,881.93**	**12,47,84,054.48**

Source: Departmental Records.

Out of ₹15.36 crore (1st bill – ₹2.88 crore and 2nd bill - ₹12.48 crore), amount paid to dealer for furniture supplied was ₹14.77 crore i.e., ₹2.78 crore (August 2016) and ₹11.99 crore (January 2017).

Appendix 2.10

(Reference: Paragraph 2.6)

Undue benefit to contractor

Earthwork in surface excavation……..H/D Soil – Item rate analysis (as per MSR 2015)				
	As per Department records		Audit analysis	
Depth	**As in detailed estimate of the work**	**Awarded item rate**	**Appropriate Item rate with lead upto 50 m as per actual execution**	**Rate at which the item with lead of 50m could be awarded**
(1)	*(2)*	*(3)*	*(4)*	*(5) = {(3)/(2)} X (4)*
a) 0.00 to 1.50 m	Rate ₹ 114.10 /m^3 Carriage ₹ 190.12 /m^3 ₹ 304.22 /m^3 Add 5.6 % S/Tax & 1 % L/Cess ₹20.08/m^3 ₹ 324.30/m^3	₹ 325/m^3	Rate ₹ 114.10 /m^3 Add 5.6 % S/Tax & 1 % L/Cess ₹7.53 /m^3 ₹ 121.63/m^3	₹ **121.89** per cum
b) 1.50 to 3.00 m	Rate ₹ 114.10 /m^3 Extra ₹ 13.80 /m^3 ₹ 127.90 /m^3 Carriage ₹ 190.12 /m^3 ₹ 318.02 /m^3 Add 5.6 % S/Tax & 1 % L/Cess ₹20.99 /m^3 ₹ 339.01/m^3	₹ 340/m^3	Rate ₹ 114.10 /m^3 Extra ₹ 13.80 /m^3 ₹ 127.90 /m^3 Add 5.6 % S/Tax & 1 % L/Cess ₹8.44 /m^3 ₹ 136.34/m^3	₹ **136.74** per cum
c) 3.00 to 3.66 m	Rate ₹ 127.90/m^3 Extra ₹ 13.80 /m^3 ₹ 141.70/m^3 Carriage ₹ 190.12 /m^3 ₹ 331.82 /m^3 Add 5.6 % S/Tax & 1 % L/Cess ₹21.90 /m^3 ₹ 353.72/m^3	₹354/m^3	Rate ₹ 127.90/m^3 Extra ₹ 13.80 /m^3 ₹ 141.70/m^3 Add 5.6 % S/Tax & 1 % L/Cess ₹ 9.35 /m^3 ₹ 151.05/m^3	₹ **151.17** per cum

Source: Departmental Records.

Appendix 2.11

(Reference: Paragraph 2.7)

Statement showing list of Machineries not returned

(₹in lakh)

Sl. No.	**Division/ Machine Name**	**Name of person/ organisation to whom machine was issued**	**Year of Purchase* (Year of Issue)***	**Age of machinery at the time of issue**	**Duration of non-return of machinery as on May 2019**	**Cost of Machine at the time of purchase**	**Value of the Machine at the time of issue**	**Value of Machine retrieved**
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*
				Bishnupur				
1	D50-A15 Dozer No 12892	S K Agency (S. Keba)	1997 (2002)	6	16 years 4 months	365.13	26.84	-
							26.84	**-**
				Bridge Division				
2	Marshall Stone CrusherS-07-N	Sovakiran	1986(2010)	25	8 years 4 months	34.36	0.95	-
							0.95	**-**
				Chandel				
3	D50- A15 Dozer No 12890	Ch. Iboyaima Singh	1997 (2000)	4	18 years 4 months	365.13	29.74	-
							29.74	**-**

(*₹in lakh*)

Sl. No.	Division/ Machine Name	Name of person/ organisation to whom machine was issued	Year of Purchase* (Year of Issue)*	Age of machinery at the time of issue	Duration of non-return of machinery as on May 2019	Cost of Machine at the time of purchase	Value of the Machine at the time of issue	Value of Machine retrieved
Churachandpur								
4	Avelling Jessop Road Roller No. 84	N.Keising	1982 (1996)	15	22 years 4 months	21.56	1.00	-
							1.00	**-**
Highway South								
5#	*Speed Craft 8-10TRoad Roller No 1930*	*Guni*	*1998 (2006)*	*9*	*Since returned after pointing by Audit*	*66.66*	*4.20*	*4.20*
							4.20	**4.20**
Imphal East								
6	Speed Craft 8-10T Road Roller No 1937	Shyamkumar	1998 (1999)	2	19 years 4 months	66.66	6.02	-
7	Speed Craft 8-10T Road Roller No 1938	Kenedy	1998 (1994)	7	14 years 4 months	66.66	4.66	-
							10.68	**-**
Jiribam								
8	Avelling Jessop Road Roller No. 24	Kh.Ingocha	1965 (2009)	45	9 years 4 months	4.78	0.05	-
9	Avelling Jessop Road Roller No. 39	Kh.Ingocha	1971 (2008)	38	10 years 4 months	10.25	0.15	-
10	D50- A15Dozer No 8687	O. Megha Singh	1984 (2005)	22	13 years 4 months	116.48	3.77	-
11	Jessop Road Roller No. R-03-N	Kh. Tomchou Singh	1986 (1990)	5	28 years 4 months	29.22	2.26	-
12	Jessop Road Roller No. R-10-N	V.L. Colney	1986 (1999)	14	19 years 4 months	29.22	1.42	-
13	Marshall Stone CrusherS-19-N	Md. Abdulhai	1988 (1999)	12	19 years 4 months	34.36	1.86	-
14	Wilson 8-10T Road Roller No 2340	O.Megha	2003 (2010)	8	8 years 4 months	68.52	4.55	-
							14.06	**-**
North East Council-II								
15	Atlas Copco Air Compressor No. A-11	M.Ibochou	1997 (2012)	16	6 years 4 months	39.40	1.73	-
16	Jessop Road Roller No. NHR-05-N	Bikramjit	1988 (2013)	26	5 years 4 months	29.22	0.77	-
							2.50	
National Highways-I								
17	Speed Craft 8-10TRoad Roller No 1931	Devid	1998 (2013)	16	5 years 4 months	66.66	2.93	-
18	Tata Tipper 1613 TCMN-01-5700	S.K. Construction/ Yaima	2001 (2011)	11	7 years 4 months	63.00	3.58	-
19#	*Tata Tipper 1210 MN1G-304*	*Lungshat*	*1990 (2010)*	*21*	*Since returned after pointing by Audit*	*35.78*	*1.22*	*1.22*
20	Tata Tipper 1210 MN1G-2454	S.K. Construction/Yaima	1988 (2011)	24	7 years 4 months	38.68	1.13	
							8.86	**1.22**
National Highways-II								
21#	*Speed Craft 8-10TRoad Roller No 1939*	*Kadamjit*	*1998 (2012)*	*15*	*Since returned after pointing by Audit*	*66.66*	*3.09*	*3.09*
							3.09	**3.09**

(₹in lakh)

Sl. No.	Division/ Machine Name	Name of person/ organisation to whom machine was issued	Year of Purchase* (Year of Issue)*	Age of machinery at the time of issue	Duration of non-return of machinery as on May 2019	Cost of Machine at the time of purchase	Value of the Machine at the time of issue	Value of Machine retrieved
National Highways-III								
22	Speed Craft 8-10TRoad Roller No 1933	M.Chaoba	1998 (2004)	7	14 years 4 months	66.66	4.66	-
							4.66	**-**
National Highways-IV								
23	D50- A15 Dozer No 8356	Chaoba	1982 (2003)	22	15 years 4 months	76.85	2.49	-
24	D50- A15 Dozer No 8468	Chinglen	1982 (1997)	16	21 years 4 months	82.99	3.65	-
25	Jessop Road Roller No. R-09-N	L.Pumzanang	1986 (1997)	12	21 years 4 months	29.22	1.58	-
							7.72	**-**
Road Task Force-II								
26	D50- A15 Dozer No 8313	L.Sarat	1981 (2005)	25	13 years 4 months	82.99	2.30	-
							2.30	**-**
Sadar Hills								
27	Jessop Road Roller No.R-07-N	Helen	1986 (2013)	28	5 years 4 months	29.22	0.69	-
							0.69	**-**
Senapati								
28	D50- A15 Dozer No 12885	K.Lamchaopao	1997 (2010)	14	8 years 4 months	365.13	17.81	-
29	D50- A15 Dozer No 12886	L.Sarat	1997 (2008)	12	10 years 4 months	365.13	19.73	-
30	D50- A15 Dozer No 7837	S.K.Agency (W.Ranjit)	1977 (2009)	33	9 years 4 months	47.50	0.87	-
31	D50- A15 Dozer No 8364	Ngoulou	1982 (2007)	26	11 years 4 months	76.85	2.03	-
32	D50- A15 Dozer No 8744	R.Chingaleng PM(Apao)	1985 (2008)	24	10 years 4 months	118.60	3.46	-
33	Jessop Road Roller No. NHR-01-N	L. Sarat	1988 (2009)	22	9 years 4 months	31.32	1.01	-
34	Marshall Stone Crusher S-15-N	Ngaine/ R.Chungailungpou SO	1987 (2014)	28	4 years 4 months	34.36	0.82	-
35	Speed Craft 8-10TRoad Roller No 1936	Asio Mao	1998 (2007)	10	11 years 4 months	66.66	3.99	-
36#	*Tata Tipper 1613 TCMN-01-6720*	*L.Sarat/K.S.Ngaile*	*2004 (2010)*	*7*	*Since returned after pointing by Audit*	*71.59*	*5.00*	*5.00*
37#	*Tata Tipper 1210 MN1G-305*	*L.Sarat/K.S.Ngaile*	*1990 (2010)*	*21*	*-do-*	*35.78*	*1.22*	*1.22*
38#	*Tata Tipper 1210MN1G-306*	*L.Sarat/K.S.Ngaile*	*1990 (2010)*	*21*	*-do-*	*35.78*	*1.22*	*1.22*
							57.16	**7.44**
Tamenglong								
39	Avelling Jessop Road Roller No. 20	S.Salwa	1965 (1989)	25	29 years 4 months	4.78	0.13	-
40	Avelling Jessop Road Roller No. 69	L.S.Asholi	1975 (1998)	24	20 years 4 months	16.39	0.48	-
41	D50- A15 Dozer No 8653	R.K. Azin	1984 (2009)	26	9 years 4 months	103.98	2.74	-
42	D50- A15 Dozer No 12888	Axel Building Private Limited, Tamenglong	1997 (2013)	17	5 years 4 months	365.13	15.27	-

(₹in lakh)

Sl. No.	Division/ Machine Name	Name of person/ organisation to whom machine was issued	Year of Purchase* (Year of Issue)*	Age of machinery at the time of issue	Duration of non-return of machinery as on May 2019	Cost of Machine at the time of purchase	Value of the Machine at the time of issue	Value of Machine retrieved
43	D80- A12 Dozer No 7548	L.Sarat	1988 (2006)	19	12 years 4 months	240.01	9.06	-
44	D50- A15 Dozer No 9295	Kalenchung	1990 (1995)	6	23 years 4 months	150.47	11.06	-
45	Excort JCB 814706	L.Sarat	2001 (2011)	11	7 years 4 months	166.91	9.49	-
46	Jessop Road Roller No. R-05-N **	ChaobaKabui	1986 (1989)	4	29 years 4 months	29.22	2.38	-
47	Speed Craft 8-10TRoad Roller No 1932	KeibamdiPanmei	1998 (2008)	11	10 years 4 months	66.66	3.79	-
							54.40	-
				Thoubal				
48#	*Speed Craft 8-10T Road Roller No 1934*	*L.Randan /Megha/*	*1998 (2004)*	*7*	*Since returned after pointing by Audit*	*66.66*	*4.66*	*4.66*
							4.66	**4.66**
				Ukhrul				
49	Avelling Jessop Road Roller No. 75**	H.Tomba , Contractor	1978 (1992)	15	26 years 4 months	16.80	0.78	-
50	Avelling Jessop Road Roller No. 101**	E.E.Ukhrul/Sarender	1989 (1992)	7	26 years 4 months	34.46	2.41	-
51	Avelling Jessop Road Roller No. 36**	S.Sarnot, Contractor	1971 (1999)	29	19 years 4 months	10.25	0.23	-
52	Avelling Jessop Road Roller No. 68**	John	1975 (1998)	24	20 years 4 months	16.39	0.48	-
53	D50- A15 Dozer No 8743	S.Sarnot, Contractor	1985 (2002)	18	16 years 4 months	113.28	4.50	-
54	D50- A15 Dozer No 8748	S.Sarnot, Contractor	1985 (2007)	23	11 years 4 months	116.26	3.57	-
55	D50- A15 Dozer No 8749	Mingthing Horam	1985 (2006)	22	12 years 4 months	116.26	3.76	-
56	D80- A12 Dozer No 7279	S.Tharmi,Contractor	1985 (2004)	20	14 years 4 months	220.85	7.92	-
57	D50- A15 Dozer No 12883	S.Tharmi, Contractor	1997 (2005)	9	13 years 4 months	365.13	23.01	-
58	Jessop Road Roller No. R-02-N	AE(T), Prem Singh	1986 (1997)	12	21 years 4 months	29.22	1.58	-
							48.24	**-**
	Total						**281.75**	**20.61**

Source: Departmental Records.

* *Year of Purchase taken as January of the particular year & Year of Issue taken as December of the particular year.*

** *The status of these five machineries Sl. Nos. 46,49,50,51 & 52 were reported as missing while the rest were reported as Off road.*

\# *These seven machineries have been returned- Sl. Nos. 5, 19, 21, 36, 37, 38 & 48.*

Appendix 3.1

(Reference: Paragraph 3.1.11)

Investments and grants made by State Government in PSUs whose accounts are in arrears

(₹in lakh)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears[179]		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	**Working Government Companies**						
1	Manipur Industrial Development Corporation Limited	2009-10	1,214.34	2010-11 to 2017-18	-	-	-
2	Manipur Tribal Development Corporation Limited	1987-88	51.50	1988-89 to 2017-18	-	-	150.00
3	Manipur Police Housing Corporation Limited	1997-98	2.00	1998-99 to 2017-18	-	-	-
4	Manipur Food Industries Corporation Limited	2009-10	541.32	2010-11 to 2017-18	200.00	-	343.31
5	Manipur Electronics Development Corporation Limited	2014-15	274.28	2015-16 to 2017-18			-
6	Manipur State Power Company Limited	2014-15	1,005.00	2015-16 to 2017-18	-	-	58,469.53
7	Manipur State Power Distribution Company Limited	2014-15	1,005.00	2015-16 to 2017-18	-	-	99,739.38
8	Manipur Handloom & Handicrafts Development Corporation Limited	2004-05	1,167.95	2005-06 to 2017-18	-	-	633.28
9	Manipur IT SEZ Project Development Company Limited	-	5.00*	2014-15 to 2017-18	5.00	-	-
10	Tourism Corporation of Manipur Limited	-	5.00*	2016-17 & 2017-18	5.00		607.44
	Total		**5,271.39**		**210.00**	-	**1,59,942.94**

* *The figure given here is based on information furnished by these PSUs since their accounts have not been finalized. This may not match with the corresponding figure given in **Appendix 3.2**, as those are based on finalized accounts.*

[179] *Financial figures are as provided by the Companies.*

Appendix 3.2

(Reference: Paragraph 3.1.14)

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised financial statements as on 30 September 2018

(₹in lakh)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital*	Loans outstanding at the end of year**	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed[180]	Return on capital employed$	Percentage return on capital employed	Man-power
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. Working Government Companies													
FINANCE													
1	Manipur Industrial Development Corporation Limited	2009-10	2014-15	1,214.34	2194.92	(-)3,178.20	6.57	(-)144.67	-	231.06	(-)144.67	(Negative)	49
2	Manipur Tribal Development. Corporation Limited	1987-88	2013-14	51.50	-	(-)22.37	1.75	(-)11.71	Non-disclosure: 67.95	29.13	(-)11.71	(Negative)	142
	Sector wise total			**1,265.84**	**2,194.92**	**(-) 3,200.57**	**8.32**	**(-)156.38**	**-**	**260.19**	**(-)156.38**	**-**	**191**
INFRASTRUCTURE													
3	Manipur Police Housing Corporation Limited	1997-98	2012-13	2.00	-	58.97	11.01	29.07	-	60.97	29.07	47.68	158
	Sector wise total			**2.00**	**-**	**58.97**	**11.01**	**29.07**	**-**	**60.97**	**29.07**	**47.68**	**158**
MANUFACTURING													
4	Manipur Food Industries Corporation Limited	2008-09 & 2009-10	2017-18	541.32	689.16#	(-)71.04	-	(-)0.05	-	1,159.44	(-)0.05	(Negative)	8
5	Manipur Electronics Development Corporation Limited	2014-15	2015-16	274.28	0.26	(-)630.85	116.34	(-)19.86	-	(-)356.31	(-)19.86	(Negative)	41
	Sector wise total			**815.60**	**689.42**	**(-)701.89**	**116.34**	**(-)19.91**		**803.13**	**(-)19.91**	**-**	**49**

[180] Capital employed has been calculated as shareholders' funds plus long-term borrowings.
Loan from NABARD.
*Paid up capital includes Share Application Money.
**Loans outstanding represent long-term loans.
$ Return on Capital Employed has been calculated by adding profit and interest charged to Profit and Loss Account.

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital*	Loans outstanding at the end of year**	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed[180]	Return on capital employed[$]	Percentage return on capital employed	Man-power
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*
POWER													
6	Manipur State Power Company Limited	2014-15	2017-18	1,005.00	-	(-)2,154.74	-	(-)1,354.99	-	(-) 1,149.74	(-)1,354.99	(Negative)	1,635
7	Manipur State Power Distribution Company Limited	2014-15	2017-18	1,005.00	5192.04	(-)4,253.78	15957.95	(-)3,048.81	-	1,943.26	(-)3,048.81	(Negative)	1,736
	Sector wise total			**2,010.00**	**5192.04**	**(-)6,408.52**	**15,957.95**	**(-)4,403.80**	**-**	**793.52**	**(-)4,403.80**	**-**	**3,371**
MISCELLANEOUS													
8	Manipur Handloom & Handicrafts Development Corporation Limited	2004-05	2014-15	1,167.95	168.89$	(-)1,475.12	8.19	(-)238.04	-	(-)138.28	(-)238.04	(Negative)	10
9	Manipur IT SEZ Project Development Company Limited	-*	-	-	-	-	-	-	-	-	-	-	2
10	Tourism Corporation of Manipur Limited	-*		-	-	-	--	--	-	-	-	-	4
	Sector wise total			**1,167.95**	**168.89**	**(-)1475.12**	**8.19**	**(-)238.04**	**-**	**(-)138.28**	**(-)238.04**	**-**	**16**
	Total A (All sector wise working Government companies)			**5,261.39**	**8,245.27**	**(-)11,727.13**	**16,101.81**	**(-) 4,789.06**	**-**	**1,779.53**	**(-)4,789.06**	**-**	**3,785**

[$] *Loan from Central Govt. (₹ 107.29 lakh) + State Govt. (₹ 57.60 lakh) + Loan against FD (₹ 4.00 lakh) = ₹ 168.98 lakh.*

[*] *Manipur IT SEZ Project Development Company Limited and Tourism Corporation of Manipur Limited had not finalised their first Annual Accounts.*

Appendix 3.2 (concld.)

(Reference: Paragraph 3.1.14)

Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements as on 30 September 2018

(₹in lakh)

B. Non working Government companies													
Sl. No.	**Sector / name of the Company**	**Period of Accounts**	**Year in which accounts finalised**	**Paid-up Capital**	**Loans outstanding at the end of year**	**Accumulated Profit (+) / Loss (-)**	**Turnover**	**Net profit (+)/ loss (-)**	**Net impact of Audit Comments**	**Capital Employed**	**Return on capital employed**	**Percentage return on capital employed**	**Man-power**
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**
AGRICULTURE & ALLIED													
1	Manipur Agro Industries. Corporation Limited	1988-89	2005-06	32.25	-	(-)45.45	19.02	(-)3.61	-	(-)13.20	(-)3.61	(Negative)	-
2	Manipur Plantation Crops. Corporation Limited	1983-84	2000-01	51.15	6.50	-	-	-	-	57.65	-	-	2
Sector wise total				**83.40**	**6.50**	**(-) 45.45**	**19.02**	**(-)3.61**	**-**	**44.45**	**(-)3.61**	**-**	**2**
MISCELLANEOUS													
3	Manipur Pulp & Allied Products Limited	1997-98	2017-18	89.31	107.50	(-) 680.45	-	(-)82.64	-	(-)90.99	(-)25.00	(Negative)	1
Sector wise total				**89.31**	**107.50**	**(-) 680.45**	**-**	**(-)82.64**	**-**	**(-)90.99**	**(-)25.00**	**-**	**1**
Total B (All sector wise non working Government company)				**172.71**	**114.00**	**(-)725.90**	**19.02**	**(-)86.25**	**-**	**(-)46.54**	**(-)28.61**	**-**	**3**
Grand Total (A+B)				**5,434.10**	**8,359.27**	**(-)12,453.03**	**16,120.83**	**(-) 4,875.31**	**-**	**1732.99**	**(-)4817.67**	**-**	**3788**

Source: Departmental Records.

Appendix 3.3

(Reference: Paragraph 3.2)

Interest recoverable on advance paid to the firms

(Amount in ₹)

Name of work	Advance paid (Date)	Advance adjusted (Date)	Outstanding advance	Days (Dates)	Interest @ 10 *per cent* p.a.
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
R-APDRP, Part-B of Thoubal Town *M/s Shyama Power India Limited, Gurgaon*	3,77,97,052 (11.10.2013)	-	3,77,97,052	353 (11.10.13 to 28.9.14)	36,55,441
	-	50,43,140 (29.9.14)	3,27,53,912	93 (29.9.14 to 30.12.14)	8,34,551
	-	95,23,649 (31.12.14)	2,32,30,263	330 (31.12.14 to 25.11.15)	21,00,270
	-	48,17,188 (26.11.15)	1,84,13,075	126 (26.11.15 to 31.3.16)	6,35,629
Sub-Total	**3,77,97,052**	**1,93,83,977**	**1,84,13,075**		**72,25,891**
R-APDRP, Part-B of Kakching Town *M/s Lumino Industries Limited, Kolkata*	3,91,56,891 (25.01.2014)	-	3,91,56,891	244 (25.1.14 to 25.9.14)	26,17,611
	-	78,16,075 (26.9.14)	3,13,40,816	89 (26.9.14 to 23.12.14)	7,64,200
	-	75,94,813 (24.12.14)	2,37,46,003	56 (24.12.14 to 17.2.15)	3,64,322
	-	110,63,629 (18.2.16)	1,26,82,374	42 (18.2.16 to 31.3.16)	1,45,934
Sub-Total	**3,91,56,891**	**2,64,74,517**	**1,26,82,374**		**38,92,067**
Grand total	**7,69,53,943**	**4,58,58,494**	**3,10,95,449**		**1,11,17,958**

Source: Departmental Records.

Appendix 4.1

(Reference: Paragraph 4.2.3)

Records not produced to Audit for scrutiny by DDOs of departments under Revenue Sector during 2017-18

Sl. No.	Name of the DDO/ Office	Name of the Department	Nature of records not produced to audit for scrutiny	Period for which records were not produced	Whether Audit pursued the matter with the department
1.	The Commissioner	Transport Department	1. Copies of sanction letter 2. Fund allocation under various heads and release thereof 3. Fund allocation for various District Transport Officers 4. Files/Documents related to policy matters, *etc.*	April 2016 to March2017	POS was issued and observations was included in the IR

Sl. No.	Name of the DDO/ Office	Name of the Department	Nature of records not produced to audit for scrutiny	Period for which records were not produced	Whether Audit pursued the matter with the department
2.	Directorate of Transport, Imphal West	Transport Department	1. Repairing/Renovation of Director's Office- ₹ 30.80 lakh 2. Contingent expenditure-₹ 1.11 lakh 3. Strengthening work of the Directorate of Transport undertaken during 2016-17- Rs.75 lakh 4. DCC Bill for ISBT Construction- Rs.3.34crore 5. Implementation of Smart Card system, agreement with MANITRON, *etc.* 6. Salary Pay bill 7. Inland Water Transport 8. Passenger Reservation System (PRS) undertaken during the audit period. 9. Contract agreement with M/s Shinmit Letsch for Vehicle registration, including renewal thereof. 10. Purchase of computers, stationery, *etc.* During the period covered by audit. 11. Copies of sanction letters, allocation of funds to various DTOs, etc 12. Software system VAHAN & SARATHI related documents.	January 2016 to March 2017	POS was issued and observations was included in the IR
3.	District Transport Officer, Thoubal	Transport Department	1. All vital Documents including combined registers, vehicle registration documents have been reported to have destroyed by fire. 2. Cash book, collection registers/ledgers	April 2016 to March 2017	POS was issued and observations was included in the IR

Source: Records of the Principal Accountant General (Audit), Manipur.

Appendix 4.2

(Reference: Paragraph 4.7)

Statement showing purchase of inter-state trade goods and corresponding sales of goods as per returns in respect of M/s Santosh Sanitary

(Amount in ₹)

Quarter ending	Value of inter-state purchased goods	Value of sales as per return	Value of suppressed sale of goods	VAT* applicable on Concealed inter-state trade goods	Cumulative Value of suppressed inter-state trade goods
(1)	*(2)*	*(3)*	*(4)=(2)-(3)*	*(5)=(4)x13.5 per cent*	*(6)=Running total of (4)*
Jun-14	1,20,68,503	17,87,470	1,02,81,033	13,87,939	1,02,81,033
Sep-14	74,07,599	30,38,699	43,68,900	5,89,802	1,46,49,933
Dec-14	92,37,222	34,94,503	57,42,719	7,75,267	2,03,92,652
Mar-15	86,52,300	28,05,266	58,47,034	7,89,350	2,62,39,686
Jun-15	1,26,25,362	23,22,178	1,03,03,184	13,90,930	3,65,42,870
Sep-15	55,19,927	14,74,301	40,45,626	5,46,160	4,05,88,496
Dec-15	66,93,027	24,62,476	42,30,551	5,71,124	4,48,19,047
Mar-16	41,67,717	29,32,637	12,35,080	1,66,736	4,60,54,127
Jun-16	65,08,384	30,49,942	34,58,442	4,66,890	4,95,12,569
Sep-16	81,36,361	36,59,930	44,76,431	6,04,318	5,39,89,000
Dec-16	48,23,589	31,01,389	17,22,200	2,32,497	5,57,11,200
Mar-17	55,67,995	22,45,105	33,22,890	4,48,590	5,90,34,090
Total	**9,14,07,986**	**3,23,73,896**	**5,90,34,090**	**79,69,603**	

Source: Departmental Records.

* *VAT @ 13.5 per cent.*

Appendix 4.3

(Reference: Paragraph 4.8)

Irregular claim for VAT exemption by M/s Satyam Industries

(Amount in ₹)

Quarter ending	Taxable sales turnover as per return	Sales attracting VAT @ 5 *per cent*	Amount of VAT @ 5 *per cent* [(3) x 5 *per cent*]	Actual tax paid	Suppressed tax amount [(4) - (5)]
1	*2*	*3*	*4*	*5*	*6*
Sep-16	3,62,39,395	3,45,13,706	17,25,685	17,257	17,08,428
Dec-16	3,37,77,600	3,21,69,137	16,08,457	16,085	15,92,162
Mar-17	4,78,45,971	4,55,67,589	22,78,379	22,784	22,55,595
Jun-17	6,87,55,409	6,54,81,334	32,74,067	32,741	32,41,136
Total	**18,66,18,375**	**17,77,31,766**	**88,86,588**	**88,867**	**87,97,321***

Source: Departmental Records.

* *After this has been pointed out by Audit, the Department stated (January 2019) that the outstanding amount of ₹87.97 lakh would be recovered. As of January 2019, ₹10 lakh had been recovered.*

Appendix 4.4

(Reference: Paragraph 4.9)

Statement showing unrealised revenue due to failure to make provisional assessment of dealers having stock balance

Sl. No.	Trade Name and TIN No.	Zone	Quarter endings up to which returns were filed	Value of balance stock till the period returns were filed *(in ₹)*	Purchases during period when returns were not filed *(in ₹)*	Value of total stock available for sale (5+6) *(in ₹)*	VAT rate *(in per cent)*	Amount of VAT applicable (7x8) *(in ₹)*	Amount recovered at the instance of Audit *(in ₹)*	Outstanding balance *(9-10)* *(in ₹)*
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
1	M/s Mona Tyres (TIN-14010593104)	IX	Dec-14	1,96,51,540	0	1,96,51,540	13.5	26,52,958	7,50,000	19,02,958
2	M/s Manipur Tyres (TIN-14921034191)	IX	Dec-14	1,26,67,493	0	1,26,67,493	13.5	17,10,112	2,00,000	15,10,112
3	M/s City Tyres (TIN-14920547171)	VII	Mar-15	46,92,415	3,79,616	50,72,031	13.5	6,84,724	0	6,84,724
4	M/s Sairam Tyre Sales and Services (TIN-14920011146)	IX	Mar-15	1,98,87,457	0	1,98,87,457	13.5	26,84,807	0	26,84,807
5	M/s Amp e-Service Private Limited (TIN-14921852126)	VII	Dec-16	34,29,89,220	25,43,72,354	59,73,61,574	5.0	2,98,68,079	67,56,203	2,31,11,876
6	M/s D.K. Enterprises (TIN-14923769187)	VII	Dec-16	57,22,200	3,21,30,000	3,78,52,200	13.5	51,10,047	0	51,10,047
7	M/s R.P. Enterprises (TIN-14922909123)	XI	Dec-16	19,36,175	37,14,216	56,50,391	5.0	2,82,520	1,32,290	1,50,230
8	M/s Raj Electronics (TIN-14921741180)	VIII	Mar-17	3,60,04,261	2,35,05,453	5,95,09,714	13.5	80,33,811	0	80,33,811
9	M/s K.G. & sons (TIN-14710328165)	VIII	Mar-17	4,24,84,321	76,18,635	5,01,02,956	5.0	25,05,148	0	25,05,148
	Total			**48,60,35,082**	**32,17,20,274**	**80,77,55,356**		**5,35,32,206**	**78,38,493**	**4,56,93,713**

Source: Departmental Records.

Appendix 4.5

(Reference: Paragraph 4.10)

Statement showing outstanding tax due to non-assessment of payable CST by M/s Satyam Industries as on September 2018

(Amount in ₹)

Period (Quarter Ending)	Gross turnover of Sales	Inter state sales value	Payable CST amount	Tax paid	Outstanding Tax	Due Date	Interest upto	Delay in days	Leviable Interest*	Total outstanding
1	*2*	*3*	*4 ((3) x 2 per cent)*	*5*	*6 ((4)-(5))*	*7*	*8*	*9*	*10*	*11 ((6) + (10))*
Jun-14	632,91,613	110,68,885	2,21,378	0	2,21,378	20-07-2014	30-09-2018	1533	2,26,248	4,47,626
Sep-14	1308,94,129	549,68,896	10,99,378	0	10,99,378	20-10-2014	30-09-2018	1441	10,56,136	21,55,514
Dec-14	1410,45,964	132,74,872	2,65,497	0	2,65,497	20-01-2015	30-09-2018	1349	2,38,771	5,04,268
Mar-15	1660,30,414	482,29,844	9,64,597	0	9,64,597	20-04-2015	30-09-2018	1259	8,09,618	17,74,215
Total	***5012,62,120***	***1275,42,497***	***25,50,850***	***0***	***25,50,850***				***23,30,773***	***48,81,623***

Source: Departmental Records.

* *Interest @ 2 per cent per month as on September 2018.*

Appendix 4.6

(Reference: Paragraph 4.11)

Statement showing details of purchase concealed and outstanding tax

(Amount in ₹)

Sl. No.	Name of dealer	Period for Quarter ending	Purchase concealed			Outstanding tax *(4)x5 per cent + (5)x13.5 per cent*	Recovery after audit	Balance outstanding *(7)-(8)*
			Purchase attracting VAT @ *5 per cent*	Purchase attracting VAT @13.5 per cent	Total purchase *(4)+(5)*			
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*
1	M/s Rangnamei Agencies (TIN-14920849184)	Dec-15	1,17,50,605	-	1,17,50,605	5,87,530	-	-
		Mar-16	1,01,08,455	-	1,01,08,455	5,05,423	-	-
		Jun-16	3,60,316	-	3,60,316	18,016	-	-
		Sub-total	**2,22,19,376**	**-**	**2,22,19,376**	**11,10,969**	**Nil**	**11,10,969**

Sl. No.	Name of dealer	Period for Quarter ending	Purchase concealed			Outstanding tax *(4)x5 per cent + (5)x13.5 per cent*	Recovery after audit	Balance outstanding *(7)-(8)*
			Purchase attracting VAT @ 5 *per cent*	Purchase attracting VAT @13.5 per cent	Total purchase *(4)+(5)*			
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*
2	M/s Sagolsem Tradings (TIN-14922836169)	Dec-15	-	2,27,047	2,27,047	30,651	-	-
		Mar-16	-	19,16,639	19,16,639	2,58,746	-	-
		Jun-16	-	26,22,311	26,22,311	3,54,012	-	-
		Sep-16	-	11,40,645	11,40,645	1,53,987	-	-
		Dec-16	-	6,74,730	6,74,730	91,089	-	-
		Sub-total	**-**	**65,81,372**	**65,81,372**	**8,88,485**	**Nil**	**8,88,485**
3	M/s United Enterprises (TIN-14922073105)	Dec-14	90,96,557	-	90,96,557	4,54,828	-	-
		Mar-15	1,30,63,229	-	1,30,63,229	6,53,161	-	-
		Jun-15	16,62,850	-	16,62,850	83,143	-	-
		Sep-15	76,91,660	-	76,91,660	3,84,583	-	-
		Dec-15	43,29,764	-	43,29,764	2,16,488	-	-
		Sub-total	**3,58,44,060**	**-**	**3,58,44,060**	**17,92,203**	**Nil**	**17,92,203**
4	M/s S.B. Enterprises (TIN-14921270126)	Dec-15	2,14,94,990	18,93,427	2,33,88,417	13,30,362	-	-
		Mar-16	3,42,11,025	15,43,180	3,57,54,205	19,18,881	-	-
		Jun-16	4,63,06,840	-	4,63,06,840	23,15,342	-	-
		Sep-16	27,48,907	76,57,232	1,04,06,139	11,71,172	-	-
		Dec-16	3,52,086	36,06,949	39,59,035	5,04,542	-	-
		Mar-17	1,13,44,547	-	1,13,44,547	5,67,227	-	-
		Jun-17	77,35,540	40,86,621	1,18,22,161	9,38,471	-	-
		Sub-total	**12,41,93,935**	**1,87,87,409**	**14,29,81,344**	**87,45,997**	**Nil**	**87,45,997**
5	M/s J and J Agency (TIN-14920495136)	Jun-14	2,46,927	-	2,46,927	12,346	-	-
		Sep-14	11,25,600	-	11,25,600	56,280	-	-
		Dec-14	28,31,228	-	28,31,228	1,41,561	-	-
		Mar-15	41,70,586	1,49,338	43,19,924	2,28,690	-	-
		Jun-15	40,05,606	5,47,309	45,52,915	2,74,167	-	-
		Sep-15	45,48,058	6,45,374	51,93,432	3,14,528	-	-
		Dec-15	58,90,966	11,82,209	70,73,175	4,54,147	-	-
		Mar-16	47,18,978	11,39,764	58,58,742	3,89,817	-	-
		Jun-16	28,35,115	17,34,952	45,70,067	3,75,974	-	-

Sl. No.	Name of dealer	Period for Quarter ending	Purchase concealed			Outstanding tax *(4)x5 per cent + (5)x13.5 per cent*	Recovery after audit	Balance outstanding *(7)-(8)*
			Purchase attracting VAT @ 5 *per cent*	Purchase attracting VAT @13.5 per cent	Total purchase *(4)+(5)*			
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*
		Sep-16	7,43,027	20,84,890	28,27,917	3,18,612	-	-
		Dec-16	3,20,233	39,000	3,59,233	21,277	-	-
		Mar-17	20,05,580	17,70,167	37,75,747	3,39,252	-	-
		Jun-17	18,44,025	12,24,318	30,68,343	2,57,484	-	-
		Sub-total	**3,52,85,929**	**1,05,17,321**	**4,58,03,250**	**31,84,135**	**12,65,000**	**19,19,135**
	Grand total		**21,75,43,300**	**3,58,86,102**	**25,34,29,402**	**1,57,21,789**	**12,65,000**	**1,44,56,789**

Source: Departmental Records.

Appendix 4.7

(Reference: Paragraph 4.12)

Statement showing vehicles from which Professional Tax were not collected under District Transport Office, Thoubal

(Amount in ₹)

Sl. No.	Vehicle Registration No.	Vehicle Type	Amount of Professional Tax not collected although road permits were issued				
			2012-13	2013-14	2014-15	2015-16	Total
1	MN04A/1707	Light Truck	1,500	1,500	1,500	1,500	6,000
2	MN04A/2613	Light Truck	1,500	1,500	1,500	1,500	6,000
3	MN04A/2627	Mid Truck	2,000	2,000	2,000	2,000	8,000
4	MN04A/2675	Light Truck	1,500	1,500	1,500	1,500	6,000
5	MN04A/2803	Light Truck	1,500	1,500	1,500	1,500	6,000
6	MN04A/2957	Mid Truck	2,000	2,000	2,000	2,000	8,000
7	MN04A/2953	Light Truck	1,500	1,500	1,500	1,500	6,000
8	MN04A/2831	Mid Truck	2,000	2,000	2,000	2,000	8,000
9	MN04A/3042	Light Truck	1,500	1,500	1,500	1,500	6,000
10	MN04A/3277	Light Truck	1,500	1,500	1,500	1,500	6,000
11	MN04A/3217	Light Truck	1,500	1,500	1,500	1,500	6,000
12	MN04A/4056	Light Truck	1,500	1,500	1,500	1,500	6,000
13	MN04A/4071	Mid Truck	2,000	2,000	2,000	2,000	8,000
14	MN04/9871	Light Truck	1,500	1,500	1,500	1,500	6,000
15	MN04A/3902	Mid Truck	2,000	2,000	2,000	2,000	8,000
16	MN04A/1571	Light Truck	1,500	1,500	1,500	0	4,500
	Sub-Total (Permit holders who had not paid PT for 4 years)						***104,500***
17	MN04A/0839	Light Truck	1,500	1,500	1,500	0	4,500
18	MN04A/2424	Light Truck	1,500	1,500	1,500	0	4,500
19	MN04A/3068	Light Truck	1,500	1,500	1,500	0	4,500
20	MN04A/3255	Light Truck	1,500	1,500	1,500	0	4,500
21	MN04A/8444	Light Truck	0	1,500	1,500	1,500	4,500
22	MN04A/6416	Mid Truck	0	2,000	2,000	2,000	6,000
23	MN04A/8510	Light Truck	0	1,500	1,500	1,500	4,500
24	MN04A/8509	Light Truck	0	1,500	1,500	1,500	4,500
25	MN04A/1526	Light Truck	0	1,500	1,500	1,500	4,500
26	MN04/5911	Light Truck	0	1,500	1,500	1,500	4,500
27	MN04A/8526	Light Truck	0	1,500	1,500	1,500	4,500
28	MN04A/8566	Mid Truck	0	2,000	2,000	2,000	6,000
29	MN04A/8567	Mid Truck	0	2,000	2,000	2,000	6,000
30	MN04A/8568	Light Truck	0	1,500	1,500	1,500	4,500
31	MN04A/8569	Light Truck	0	1,500	1,500	1,500	4,500
32	MN04A/8576	Light Truck	0	1,500	1,500	1,500	4,500
33	MN04A/8575	Light Truck	0	1,500	1,500	1,500	4,500
34	MN04A/8512	Mid Truck	0	2,000	2,000	2,000	6,000
35	MN04A/5018	Mid Truck	0	2,000	2,000	2,000	6,000
36	MN04A/8627	Light Truck	0	1,500	1,500	1,500	4,500
37	MN04A/8626	Light Truck	0	1,500	1,500	1,500	4,500
38	MN04A/8629	Light Truck	0	1,500	1,500	1,500	4,500
39	MN04A/8630	Light Truck	0	1,500	1,500	1,500	4,500
40	MN04/4691	Light Truck	0	1,500	1,500	1,500	4,500
41	MN04A/8664	Light Truck	0	1,500	1,500	1,500	4,500
42	MN04A/8668	Light Truck	0	1,500	1,500	1,500	4,500
43	MN04/8535	Mid Truck	0	2,000	2,000	2,000	6,000
44	MN04A/8635	Heavy Truck	0	2,500	2,500	2,500	7,500
45	MN04/1455	Mid Truck	0	2,000	2,000	2,000	6,000
46	MN04A/8705	Light Truck	0	1,500	1,500	1,500	4,500
47	MN04A/8704	Light Truck	0	1,500	1,500	1,500	4,500

(Amount in ₹)

Sl. No.	Vehicle Registration No.	Vehicle Type	Amount of Professional Tax not collected although road permits were issued				
			2012-13	2013-14	2014-15	2015-16	Total
48	MN04A/3175	Light Truck	0	1,500	1,500	1,500	4,500
49	MN04A/8699	Light Truck	0	1,500	1,500	1,500	4,500
50	MN04A/7832	Light Truck	0	1,500	1,500	1,500	4,500
51	MN04A/8419	Light Truck	0	1,500	1,500	1,500	4,500
52	MN04A/7211	Light Truck	0	1,500	1,500	1,500	4,500
53	MN04A/8658	Maxi Cab	0	1,100	1,100	1,100	3,300
	Sub-Total (Permit holders who had not paid PT for 3 years)						*1,78,800*
54	MN04A/2035	Light Truck	1,500	1000	0	0	2,500
55	MN04A/2372	Light Truck	1,500	1,500	0	0	3,000
56	MN04A/2970	Light Truck	1,500	1,500	0	0	3,000
57	MN04A/3085	Light Truck	1,500	1,500	0	0	3,000
58	MN04A/3127	Light Truck	1,500	1,500	0	0	3,000
59	MN04A/3214	Mid Truck	2,000	2,000	0	0	4,000
60	MN04A/4197	Light Truck	1,500	1,500	0	0	3,000
61	MN04A/4282	Light Truck	1,500	1,500	0	0	3,000
62	MN04A/1126	Mid Truck	0	2,000	2,000	0	4,000
63	MN04A/6566	Light Truck	0	1,500	1,500	0	3,000
64	MN04A/6510	Light Truck	0	1,500	1,500	0	3,000
65	MN04A/8614	Mid Truck	0	2,000	2,000	0	4,000
66	MN04A/6510	Light Truck	0	1,500	1,500	0	3,000
67	MN04A/8689	Maxi Cab	0	1,100	1,100	0	2,200
68	MN04A/8730	Mid Truck	0	0	2,000	2,000	4,000
69	MN04A/8741	Light Truck	0	0	1,500	1,500	3,000
70	MN04A/8743	Mid Truck	0	0	2,000	2,000	4,000
71	MN04A/1105	Mid Truck	0	0	2,000	2,000	4,000
72	MN04A/8503	Light Truck	0	0	1,500	1,500	3,000
73	MN04A/8780	Light Truck	0	0	1,500	1,500	3,000
74	MN04A/8781	Light Truck	0	0	1,500	1,500	3,000
75	MN04A/8786	Mid Truck	0	0	2,000	2,000	4,000
76	MN04A/8814	Light Truck	0	0	1,500	1,500	3,000
77	MN04A/8815	Light Truck	0	0	1,500	1,500	3,000
78	MN04A/8832	Mid Truck	0	0	2,000	2,000	4,000
79	MN04A/0853	Mid Truck	0	0	2,000	2,000	4,000
80	MN04A/1495	Mid Truck	0	0	2,000	2,000	4,000
	Sub-Total (Permit holders who had not paid PT for 2 years)						*89,700*
81	MN04A/1557	Light Truck	1,500	0	0	0	1,500
82	MN04A/1614	Light Truck	1,500	0	0	0	1,500
83	MN04A/7819	Light Truck	1,500	0	0	0	1,500
84	MN04D/1492	Light Truck	1,500	0	0	0	1,500
85	MN04A/1816	Light Truck	1,500	0	0	0	1,500
86	MN04A/2118	Light Truck	1,500	0	0	0	1,500
87	MN04A/2228	Light Truck	1,500	0	0	0	1,500
88	MN04A/2450	Light Truck	1,500	0	0	0	1,500
89	MN04A/2231	Light Truck	1,500	0	0	0	1,500
90	MN04A/2482	Light Truck	1,500	0	0	0	1,500
91	MN04A/2847	Mid Truck	2,000	0	0	0	2,000
92	MN04A/2955	Mid Truck	2,000	0	0	0	2,000
93	MN04A/2965	Mid Truck	2,000	0	0	0	2,000
94	MN04A/3063	Light Truck	1,500	0	0	0	1,500
95	MN04A/3182	Light Truck	1,500	0	0	0	1,500
96	MN04A/3202	Mid Truck	2,000	0	0	0	2,000
97	MN04A/3244	Mid Truck	2,000	0	0	0	2,000
98	MN04A/1999	Mid Truck	2,000	0	0	0	2,000
99	MN04A/2985	Maxi Cab	1,100	0	0	0	1,100

(Amount in ₹)

Sl. No.	Vehicle Registration No.	Vehicle Type	Amount of Professional Tax not collected although road permits were issued				
			2012-13	2013-14	2014-15	2015-16	Total
100	MN04A/8301	Maxi Cab	1,100	0	0	0	1,100
101	MN04A/4571	Maxi Cab	0	1,100	0	0	1,100
102	MN04A/3047	Maxi Cab	0	1,100	0	0	1,100
103	MN04A/8698	Maxi Cab	0	1,100	0	0	1,100
104	MN04A/2051	Mid Truck	0	0	0	2,000	2,000
105	MN04A/8920	Mid Truck	0	0	0	2,000	2,000
106	MN04A/8954	Mid Truck	0	0	0	2,000	2,000
107	MN04/9346	Mid Truck	0	0	0	2,000	2,000
108	MN04A/8974	Mid Truck	0	0	0	2,000	2,000
109	MN04A/6817	Light Truck	0	0	0	1,500	1,500
110	MN04/9012	Light Truck	0	0	0	1,500	1,500
111	MN04A/8979	Light Truck	0	0	0	1,500	1,500
112	MN04A/6114	Light Truck	0	0	0	1,500	1,500
113	MN04A/3072	Light Truck	0	0	0	1,500	1,500
114	MN04A/3940	Light Truck	0	0	0	1,500	1,500
115	MN04A/2424	Mid Truck	0	0	0	2,000	2,000
116	MN04A/6311	Mid Truck	0	0	0	2,000	2,000
117	MN04A/3284	Mid Truck	0	0	0	2,000	2,000
118	MN04A/9000	Light Truck	0	0	0	1,500	1,500
119	MN04A/2786	Light Truck	0	0	0	1,500	1,500
120	MN04A/3085	Light Truck	0	0	0	1,500	1,500
121	MN04A/5034	Light Truck	0	0	0	1,500	1,500
122	MN04A/9010	Light Truck	0	0	0	1,500	1,500
123	MN04A/3214	Mid Truck	0	0	0	2,000	2,000
124	MN04A/7740	Light Truck	0	0	0	1,500	1,500
125	MN04A/7725	Light Truck	0	0	0	1,500	1,500
126	MN04A/9017	Light Truck	0	0	0	1,500	1,500
127	MN04A/1174	Light Truck	0	0	0	1,500	1,500
128	MN04A/4021	Light Truck	0	0	0	1,500	1,500
129	MN04/8868	Light Truck	0	0	0	1,500	1,500
130	MN04A/7746	Light Truck	0	0	0	1,500	1,500
131	MN04A/7293	Light Truck	0	0	0	1,500	1,500
132	MN04A/3998	Light Truck	0	0	0	1,500	1,500
133	MN04A/0155	Light Truck	0	0	0	1,500	1,500
134	MN04A/9043	Mid Truck	0	0	0	2,000	2,000
135	MN04A/9044	Mid Truck	0	0	0	2,000	2,000
136	MN04A/9047	Light Truck	0	0	0	1,500	1,500
137	MN04A/9049	Light Truck	0	0	0	1,500	1,500
138	MN04A/9048	Light Truck	0	0	0	1,500	1,500
139	MN04A/9051	Light Truck	0	0	0	1,500	1,500
140	MN04A/9046	Light Truck	0	0	0	1,500	1,500
141	MN04A/8506	Maxi Cab	0	0	0	1,100	1,100
Sub-Total (Permit holders who had not paid PT for 1 year)							***97,600***
Total							**4,70,600**

Source: Departmental Records.

Appendix 4.8

(Reference: Paragraph 4.13)

Statement of outstanding Token Tax

Sl. No.	Regd. No.	Category	Seat capacity (for passenger vehicles only)	Laden Weight (in tons)	Token Tax (Paid Upto)	Tax to be paid upto	No. of qtr. due	Rate per qtr	Amount due (₹)	Amount recovered (₹)	Outstanding Amount (₹)
1	MN02A2767	WINGER	21	3.6	31-03-11	31-03-16	20	500	10,000	-	10,000
2	MN02A2821	WINGER	13	2.6	30-09-15	31-03-16	2	500	1,000	-	1,000
3	MN02A2824	TATA DI	-	3.8	30-09-12	31-03-16	14	940	13,160	13,160	-
4	MN02A2939	TRUCK	-	16	30-09-13	31-03-16	10	2,700	27,000	-	27,000
5	MN02A2961	PICK UP TRUCK	-	2.4	30-09-11	31-03-16	18	620	11,160	-	11,160
6	MN02A2973	SAKTIMAN	-	5	31-03-11	31-03-16	20	940	18,800	-	18,800
7	MN02A2978	MINI TRUCK	-	2	30-09-15	31-03-16	2	620	1,240	-	1,240
8	MN02A2993	TRUCK	-	13.2	30-06-14	31-03-16	7	2,220	15,540	-	15,540
9	MN02A3000	TRUCK	-	9.5	30-09-14	31-03-16	6	1,740	10,440	-	10,440
10	MN02A3002	SAKTIMAN	-	8.4	30-06-11	31-03-16	19	1,580	30,020	-	30,020
11	MN02A3034	TRUCK	-	15.4	21-12-10	31-03-16	21	2,540	53,340	-	53,340
12	MN02A3506	SAKTIMAN	-	8.4	30-06-13	31-03-16	11	1,580	17,380	11,280	6,100
13	MN02A3508	SAKTIMAN	-	8.4	31-03-12	31-03-16	16	1,580	25,280	-	25,280
14	MN02A3515	MINI TRUCK	-	3.2	31-03-15	31-03-16	4	940	3,760	-	3,760
15	MN02A3532	AUTO RICKSHAW	4	0.9	30-06-15	31-03-16	3	150	450	-	450
16	MN02A3535	TATA DI	-	2	31-03-15	31-03-16	4	620	2,480	-	2,480
17	MN02A3554	TATA SUMO	9	1.6	30-09-13	31-03-16	10	300	3,000	1,492	1,508
18	MN02A3560	AUTO RICKSHAW	4	0.5	31-03-13	31-03-16	12	150	1,800	-	1,800
19	MN02A3561	MAXI CAB	9	1.7	31-03-14	31-03-16	8	300	2,400	-	2,400
20	MN02A3591	TRUCK	-	15.6	31-03-15	31-03-16	4	2,540	10,160	-	10,160
21	MN02A3627	TATA DI	-	4.9	31-03-12	31-03-16	4	940	3,760	-	3,760

Sl. No.	Regd. No.	Category	Seat capacity (for passenger vehicles only)	Laden Weight (in tons)	Token Tax (Paid Upto)	Tax to be paid upto	No. of qtr. due	Rate per qtr	Amount due (₹)	Amount recovered (₹)	Outstanding Amount (₹)
22	MN02A3655	TATA DI	-	1.9	31-03-12	31-03-16	16	620	9,920	2,480	7,440
23	MN02A3658	TRUCK	-	12	30-09-11	31-03-16	18	1,740	31,320	-	31,320
24	MN02A3664	WINGER	12	1.6	31-03-12	31-03-16	16	300	4,800	-	4,800
25	MN02A3666	TATA TIPPER	-	4.5	31-12-15	31-03-16	1	940	940	-	940
26	MN02A3713	TATA MAGIC	8	1	31-03-14	31-03-16	8	300	2,400	-	2,400
27	MN02A3714	TATA MAGIC	8	1	31-03-15	31-03-16	4	300	1,200	-	1,200
28	MN02A3735	TRUCK	-	12	16-05-11	31-03-16	19	2,060	39,140	-	39,140
29	MN02A3753	AUTO RICKSHAW	8	0.5	31-03-13	31-03-16	12	300	3,600	-	3,600
30	MN02A7193	TRUCK	-	16.2	31-03-13	31-03-16	12	2,700	32,400	-	32,400
31	MN02A7227	TATA DI	-	2.9	30-09-12	31-03-16	14	620	8,680	-	8,680
32	MN02A7345	TATA SUMO	9	2.2	30-09-14	31-03-16	6	300	1,800	-	1,800
33	MN02A7373	SAKTIMAN	-	8.4	31-03-13	31-03-16	12	1,580	18,960	-	18,960
34	MN02A7380	JCB	-	7.5	31-12-14	31-03-16	5	1,580	7,900	-	7,900
35	MN02A7396	SAKTIMAN	-	8.4	31-12-13	31-03-16	9	1,580	14,220	-	14,220
36	MN02A7405	SAKTIMAN	-	8.4	31-03-13	31-03-16	12	1,580	18,960	-	18,960
37	MN02A7432	TATA DI	-	2.9	31-12-13	31-03-16	9	620	5,580	-	5,580
38	MN02A7436	WINGER	14	1.6	31-12-13	31-03-16	9	500	4,500	-	4,500
39	MN02A0017	TRUCK	-	10.9	30-09-10	31-03-16	22	1,900	41,800	-	41,800
40	MN02A0056	TATA SUMO	8	1.2	31-03-11	31-03-16	20	300	6,000	-	6,000
41	MN02A0057	MINI TRUCK	-	2.7	30-09-11	31-03-16	18	620	11,160	-	11,160
42	MN02A0080	TATA SUMO	10	1.2	30-09-10	31-03-16	22	300	6,600	-	6,600
43	MN02A0120	TRUCK	-	9.6	31-12-09	31-03-16	25	1,740	43,500	-	43,500
44	MN02A0162	TRUCK	-	5	30-06-10	31-03-16	27	940	25,380	-	25,380
45	MN02A0237	OIL TANKER	-	15.2	31-12-08	31-03-16	29	2,540	73,660	-	73,660
46	MN02A0451	TATA DI	-	1.5	31-03-10	31-03-16	24	620	14,880	-	14,880

Sl. No.	Regd. No.	Category	Seat capacity (for passenger vehicles only)	Laden Weight (in tons)	Token Tax (Paid Upto)	Tax to be paid upto	No. of qtr. due	Rate per qtr	Amount due (₹)	Amount recovered (₹)	Outstanding Amount (₹)
47	MN02A0512	TATA MAGIC	8	1	31-12-09	31-03-16	25	300	7,500	-	7,500
48	MN02A0531	TRUCK	-	13.1	30-09-11	31-03-16	18	2,220	39,960	3,160	36,800
49	MN02A9751	TATA SUMO	10	2.3	31-03-15	31-03-16	4	300	1,200	-	1,200
50	MN02A9755	TRUCK	-	8.4	31-03-15	31-03-16	4	1,580	6,320	-	6,320
51	MN02A9757	TRUCK	-	8.4	31-03-15	31-03-16	4	1,580	6,320	-	6,320
52	MN02A9775	TRUCK	-	12.3	31-03-15	31-03-16	4	2,060	8,240	-	8,240
53	MN02A9793	TRUCK	-	25	31-03-14	31-03-16	8	5,740	45,920	-	45,920
54	MN02A9814	TATA DI	-	2.9	31-03-15	31-03-16	4	620	2,480	-	2,480
55	MN02A9838	WINGER	14	2.8	31-03-15	31-03-16	4	500	2,000	2,000	-
56	MN02A9876	TATA MAGIC	8	1.4	31-03-15	31-03-16	4	300	1,200	-	1,200
57	MN02A9957	SAKTIMAN	-	8.4	31-03-15	31-03-16	4	1,580	6,320	-	6,320
58	MN02A9979	MAXI CAB	10	2.2	31-03-15	31-03-16	4	300	1,200	-	1,200
59	MN02A9992	TATA MAGIC	6	0.8	31-03-15	31-03-16	4	150	600	-	600
60	MN02A0570	TATA DI	-	2.9	31-12-11	31-03-16	17	620	10,540	-	10,540
61	MN02A0581	WATER TANKER	-	7.5	30-06-09	31-03-16	27	1,580	42,660	-	42,660
62	MN02A0615	AUTO RICKSHAW	4	0.5	31-12-15	31-03-16	1	150	150	-	150
63	MN02A0620	AUTO RICKSHAW	3	0.3	31-12-09	31-03-16	25	75	1,875	-	1,875
64	MN02A0621	AUTO RICKSHAW	3	0.3	31-12-09	31-03-16	25	75	1,875	-	1,875
65	MN02A0646	TRUCK	-	18.8	31-03-10	31-03-16	24	3,180	76,320	-	76,320
66	MN02A0672	TRUCK	-	8.4	31-03-13	31-03-16	12	1,580	18,960	-	18,960
67	MN02A0729	MINI TRUCK	-	2	31-03-13	31-03-16	12	620	7,440	-	7,440
68	MN02A0751	TATA DI	-	1.8	30-09-12	31-03-16	14	620	8,680	-	8,680
69	MN02A6831	AUTO RICKSHAW	4	0.8	30-09-13	31-03-16	10	150	1,500	-	1,500
70	MN02A6644	TATA SUMO	10	2.2	30-06-13	31-03-16	10	300	3,000	-	3,000
71	MN02A6648	MAXI CAB	8	1.2	30-06-15	31-03-16	11	300	3,300	-	3,300

Sl. No.	Regd. No.	Category	Seat capacity (for passenger vehicles only)	Laden Weight (in tons)	Token Tax (Paid Upto)	Tax to be paid upto	No. of qtr. due	Rate per qtr	Amount due (₹)	Amount recovered (₹)	Outstanding Amount (₹)
72	MN02A6836	SAKTIMAN	-	8.4	30-09-13	31-03-16	10	1,580	15,800	-	15,800
73	MN02A6650	AUTO RICKSHAW	6	0.8	30-09-15	31-03-16	2	150	300	-	300
74	MN02A6850	SAKTIMAN	-	8.4	31-12-12	31-03-16	13	1,580	20,540	-	20,540
75	MN02A6860	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	300	-
76	MN02A6887	AUTO RICKSHAW	4	0.8	30-09-13	31-03-16	10	150	1,500	-	1,500
77	MN02A6659	SAKTIMAN	-	8.4	31-12-12	31-03-16	13	1,580	20,540	-	20,540
78	MN02A6890	AUTO RICKSHAW	4	0.8	30-09-14	31-03-16	6	150	900	-	900
79	MN02A6661	TATA MAGIC	5	1.1	30-06-15	31-03-16	3	150	450	-	450
80	MN02A6698	AUTO RICKSHAW	4	0.8	30-09-14	31-03-16	6	150	900	-	900
81	MN02A6894	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
82	MN02A6717	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	300	-
83	MN02A6901	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
84	MN02A6722	AUTO RICKSHAW	4	0.8	30-09-13	31-03-16	10	150	1,500	-	1,500
85	MN02A6734	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
86	MN02A4074	TRUCK	-	7.9	30-09-11	31-03-16	18	1,580	28,440	-	28,440
87	MN02A4076	AUTO RICKSHAW	4	0.8	30-06-15	31-03-16	3	150	450	450	-
88	MN02A6747	SAKTIMAN	-	8.4	30-06-15	31-03-16	3	1,580	4,740	-	4,740
89	MN02A6760	AUTO RICKSHAW	4	0.8	30-09-13	31-03-16	10	150	1,500	-	1,500
90	MN02A4099	AUTO RICKSHAW	4	0.8	30-06-12	31-03-16	15	150	2,250	2,250	-
91	MN02A4120	AUTO RICKSHAW	4	0.8	30-06-15	31-03-16	3	150	450	-	450
92	MN02A6777	AUTO RICKSHAW	4	0.8	30-09-14	31-03-16	6	150	900	-	900
93	MN02A6783	AUTO RICKSHAW	4	0.8	30-09-13	31-03-16	10	150	1,500	-	1,500
94	MN02A6789	SAKTIMAN	-	8.4	30-09-14	31-03-16	6	1,580	9,480	-	9,480
95	MN02A4170	TATA DI	-	2.9	31-03-13	31-03-16	12	620	7,440	-	7,440
96	MN02A6791	AUTO RICKSHAW	4	0.8	30-09-14	31-03-16	6	150	900	-	900

Sl. No.	Regd. No.	Category	Seat capacity (for passenger vehicles only)	Laden Weight (in tons)	Token Tax (Paid Upto)	Tax to be paid upto	No. of qtr. due	Rate per qtr	Amount due (₹)	Amount recovered (₹)	Outstanding Amount (₹)
97	MN02A4178	TRUCK	-	16.2	31-12-14	31-03-16	5	2,700	13,500	-	13,500
98	MN02A4219	AUTO RICKSHAW	4	0.8	30-06-12	31-03-16	15	150	2,250	-	2,250
99	MN02A6811	AUTO RICKSHAW	4	0.8	30-09-14	31-03-16	6	150	900	900	-
100	MN02A4228	AUTO RICKSHAW	4	0.8	30-09-12	31-03-16	14	150	2,100	-	2,100
101	MN02A6812	AUTO RICKSHAW	4	0.8	30-09-13	31-03-16	10	150	1,500	-	1,500
102	MN02A4270	MINI TRUCK	-	5.2	30-06-15	31-03-16	3	940	2,820	-	2,820
103	MN02A4271	AUTO RICKSHAW	6	0.5	30-06-12	31-03-16	15	150	2,250	-	2,250
104	MN02A4276	MINI TRUCK	-	8.4	30-06-12	31-03-16	15	1,580	23,700	-	23,700
105	MN02A8645	AUTO RICKSHAW	4	0.8	30-06-14	31-03-16	7	150	1,050	-	1,050
106	MN02A8670	AUTO RICKSHAW	4	0.8	30-09-14	31-03-16	6	150	900	-	900
107	MN02A8689	AUTO RICKSHAW	4	0.8	30-09-14	31-03-16	6	150	900	-	900
108	MN02A8692	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
109	MN02A8732	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
110	MN02A8740	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
111	MN02A8741	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
112	MN02A8742	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
113	MN02A8781	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
114	MN02A8783	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	300	-
115	MN02A8787	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
116	MN02A8793	AUTO RICKSHAW	4	0.8	30-09-15	31-03-16	2	150	300	-	300
117	MN02A8810	AUTO RICKSHAW	4	0.6	30-09-14	31-03-16	6	150	900	-	900
TOTAL									**11,74,480**	**38,072**	**11,36,408**

Source: Departmental Records.

Appendix 5.1

(Reference: Paragraph 5.1.1)

Year-wise details of expenditure audited in respect of General Sector during 2017-18

(₹in crore)

Year	Expenditure incurred
2000-01	0.03
2001-02	0.00
2002-03	0.63
2003-04	0.03
2004-05	0.74
2005-06	1.36
2006-07	1.36
2007-08	1.71
2008-09	1.97
2009-10	2.40
2010-11	154.46
2011-12	228.34
2012-13	272.68
2013-14	344.12
2014-15	441.51
2015-16	564.51
2016-17	1,293.74
2017-18	7.12
Total	**3,316.71**

Source: Records of the Principal Accountant General (Audit), Manipur.

GLOSSARY

Glossary of Abbreviations

Sl. No.	Abbreviation	Expanded form
1	AA	Assessing Authority
2	ADB	Asian Development Bank
3	ATN	Action Taken Note
4	BCR	Benefit Cost Ratio
5	BM	Bituminous Macadam
6	BUSG	Built up Spray Grout
7	CAG	Comptroller and Auditor General of India
8	CAAT	Computer Assisted Audit Technique
9	CFC	Central Finance Commission
10	CMIS	Central Management Information System
11	CoPU	Committee on Public Undertakings
12	CP	Contractor's Profit
13	CPCB	Central Pollution Control Board
14	CPIS	Computerisation of Personnel Information System
15	CST	Central Sales Tax
16	DAAC	Departmental Audit and Accounts Committees
17	DC	Deputy Commissioner
18	DDO	Drawing & Disbursing Officer
19	DFO	District Fisheries Officer
20	DLRC	District Level Review Committees
21	DMIS	Directorate of Management Information System
22	DoNER	Ministry of Development of North Eastern Region
23	DPR	Detailed Project Report
24	DRDA	District Rural Development Agency
25	DTO	District Transport Officer
26	ED	Executive Director
27	EIN	Employee Identification Number
28	ERR	Economic Rate of Return
29	GeM	Government e-Marketplace
30	GFR	General Financial Rules
31	GoI	Government of India
32	HMP	Hot Mix Plant
33	HPC	High Power Committee
34	IA&AD	Indian Audit and Accounts Department
35	ICT	Information and Communications Technology
36	IDPS	Intrusion Detection and Prevention System
37	IEC	Information Education and Communication
38	IMC	Imphal Municipal Corporation
39	IR	Inspection Report
40	IRC	Indian Road Congress
41	IVR	Inter-Village Road
42	MA	Mobilization Advance
43	MACP	Modified Assured Career Progression
44	MAHUD	Municipal Administration, Housing and Urban Development

Sl. No.	Abbreviation	Expanded form
45	MB	Measurement Book
46	MC	Municipal Councils
47	MGEL	Manipur Government Employees List
48	MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
49	MIS	Management Information System
50	MLALADP	Members of Legislative Assembly Local Area Development Programme
51	MLA	Member of Legislative Assembly
52	MMVTA	Manipur Motor Vehicles Taxation Act
53	MoRTH	Ministry of Road Transport and Highways
54	MP	Member of Parliament
55	MPCB	Manipur Pollution Control Board
56	MPLADS	Member of Parliament Local Area Development Scheme
57	MPR	Monthly Progress Report
58	MPSPL	Manipur Public Servants' Personal Liability Act
59	MPWD	Manipur Public Works Department
60	MsDP	Multi-sectoral Development Programme
61	MSR	Manipur Schedule of Rates
62	MUDA	Manipur Urban Development Agency
63	MVAT	Manipur Value Added Tax
64	NABARD	National Bank for Agriculture and Rural Development
65	NGO	Non-Governmental Organisation
66	NIC	National Informatics Centre
67	NP	Nagar Panchayat
68	OH	Overhead Charges
69	OS	Operating System
70	OTD	Other Taxes & Duties on Commodities and Services
71	PA	Performance Audit
72	PAC	Public Accounts Committee
73	PAG	Principal Accountant General
74	PCR	Project Completion Report
75	PDA	Planning and Development Authority
76	PGT	Passenger & Goods Tax
77	PHN	Public Health Nurse
78	PIA	Project Implementation Agency
79	POL	Petroleum, Oil and Lubricant
80	PRAN	Permanent Retirement Account Number
81	PT	Professional Tax
82	PWD	Public Works Department
83	R&P	Receipts and Payment
84	R-APDRP	Restructured Accelerated Power Development and Reforms Programme
85	RFC	Request For Change
86	RIDF	Rural Infrastructure Development Fund

Sl. No.	Abbreviation	Expanded form
87	SAAC	State Audit and Accounts Committee
88	SAN	Storage Area Network
89	SDC	Semi-Dense Carpeting
90	SOE	Statement of Expenditure
91	SPCB	State Pollution Control Board
92	SRS	System Requirement Specification
93	SWM	Solid Waste Management
94	TPD	Tonnes per Day
95	ULB	Urban Local Body
96	UPS	Uninterrupted Power Supply
97	URS	User Requirement Specification
98	VA	Veterinary Attendants
99	VFA	Veterinary Field Assistant
100	VOC	Volatile Organic Compound
101	WBM	Water Bound Macadam
102	WMM	Wet Mix Macadam

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