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**Report of the
Comptroller and Auditor General of
India**

For the year ended 31 March 2005

Government of Manipur

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PREFACE

1. *This Report has been prepared for submission to the Governor under Article 151 of the Constitution.*
2. *Chapters I and II of this Report contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government respectively for the year ended 31 March 2005.*
3. *The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Departments, audit of Stores and Stock, Revenue Receipts, audit of Autonomous Bodies, Statutory Corporations, Government Companies and departmentally run commercial undertakings.*
4. *The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2004-05, as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2004-05 have also been included wherever necessary.*

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OVERVIEW

OVERVIEW

This Report includes two chapters containing observations of Audit on the Finance and Appropriation Accounts of the State for the year 2004-05 and five other chapters with three performance reviews, one review of internal controls, one long paragraph and 23 other paragraphs dealing with the results of audit of selected schemes, programmes and the financial transactions of the Government and its commercial and trading activities.

Copies of the performance reviews and paragraphs were sent to the Commissioners/Secretaries of the departments concerned by the Accountant General for furnishing replies within six weeks. 13 audit paragraphs, one long paragraph, and one review were discussed with the Administrative Commissioners, Secretaries and other officers of the State Government. Replies were received in respect of six audit paragraphs and two reviews. Wherever expedient, the departmental views and explanations have been incorporated in this Report.

1. Finances of the State Government

After five years of revenue deficit, the State had revenue surplus of Rs.92 crore in 2004-05. The problem of fiscal deficit, however, persists and the State had fiscal deficit for the sixth consecutive year in 2004-05 indicating continued macro imbalances in the State's finances. The fiscal deficit of the State went up from Rs.286 crore in 2003-04 to Rs.448 crore in 2004-05.

Overall revenue receipts increased from Rs.1,045 crore in 2000-01 to Rs.1,743 crore in 2004-05 at an average trend rate of 10.46 *per cent*. During the current year, the revenue receipts grew by 22.75 *per cent*. The State generated only 8.66 *per cent* of revenue receipts from its own sources and continued to remain dependent on transfers from the Union Government.

Total expenditure of the State increased from Rs.1,706 crore in 2003-04 to Rs.2,192 crore in 2004-05. The rate of growth of expenditure during the year was 28.49 *per cent* as compared to 8.18 *per cent* in the previous year.

In 2004-05, the share of Plan, Capital and Development expenditures in the total expenditure increased by 10.5 *per cent*, 9.91 *per cent* and 4.21 *per cent* respectively over the previous year.

Debt burden (fiscal liabilities) of the State at the end of 2004-05 was Rs.3,082 crore, up by 34 *per cent* over the previous year.

(Paragraph 1.1)

2. Allocative Priorities and Appropriation

The overall saving of Rs.1,635.48 crore was the result of saving of Rs.1,655.55 crore in 75 cases of grants and appropriations offset by excess of Rs.20.07 crore in 10 cases of grants. The excess of Rs.20.07 crore requires regularisation under Article 205 of the Constitution.

Supplementary provision of Rs.79.07 crore made in 26 cases during the year proved unnecessary as the expenditure in each case was even less than the original provision. In eight cases, supplementary provision of Rs.22.85 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.20.05 crore.

Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. Out of 91 Controlling Officers, 69 Controlling Officers did not reconcile expenditure figure before the final closing.

(Paragraph 2.3)

3. Performance reviews (CIVIL)

Rural Development Department

3.1 Pradhan Mantri Gram Sadak Yojana

The objectives of the Pradhan Mantri Gram Sadak Yojana for providing road connectivity through good all weather roads to all unconnected rural habitations with a population of more than 1,000 persons and 250 persons by the end of 2003 and 2007 respectively could not be achieved. This was due to delayed release of funds by the State Government, delay in finalisation and execution of works, and a poor control and monitoring system. Records of the scheme also revealed instances of slow progress in execution of works, awarding of road works (Rs.26.30 crore) in Churachandpur, Bishnupur and Imphal West districts to pre-qualified contractors without calling for tenders, non-submission of utilisation certificates (Rs.22.71 crore), incurring of expenditure (Rs.81.11 lakh) in seven works which were closed before their completion, and diversion of funds (Rs.1.21 crore).

(Paragraph 3.1)

3.2 Member of Legislative Assembly Local Area Development Programme

The objective of the Member of Legislative Assembly Local Area Development Programme of taking up developmental works on the basis of recommendations of the MLAs was not achieved due to poor management of

the programme. Implementation of the programme also revealed instances of non-submission of utilisation certificates (Rs.26.55 crore) and non-observance of rules and procedures in execution of works (Rs.82.52 lakh).

(Paragraph 3.2)

Veterinary and Animal Husbandry Department

3.3 Veterinary and Animal Husbandry Services

The objectives of veterinary and animal husbandry services of producing improved variety of cattle, preservation, protection and improvement of livestock, poultry and piggery for increasing production of milk, poultry meat, eggs, pork *etc.* were not achieved due to poor management of the programme. Poultry and piggery development units are defunct, animal health coverage was low and the dairy development programme could not be revived. There was unfruitful expenditure (Rs.17.18 crore) under the cattle development programme, loss due to inefficient operation of Central Dairy, Porompat (Rs.2.69 crore), blocking of capital (Rs.36 lakh) and unproductive expenditure (Rs.47.11 lakh) under the piggery development programme, infructuous expenditure (Rs.1.58 crore) on the poultry development programme and the level of immunisation of livestock was just nine *per cent.*

(Paragraph 3.3)

4. Audit of transactions (Civil)

Non-observance of the rules relating to cashbook maintenance by the Director of Education (Schools) resulted in misappropriation of Rs.22.88 lakh.

(Paragraph 4.2)

Abstract Contingent bills involving Rs.105.08 crore have not been adjusted by controlling officers of various departments for long periods, violating provisions of Treasury Rules and instructions of the Finance Department.

(Paragraph 4.3)

Misusing special provisions applicable to award of work in cases of urgency, three Executive Engineers of Minor Irrigation Department awarded 126 contracts valuing Rs.5.85 crore without calling tenders. Four Divisions of the Public Works Department also awarded 83 contracts valuing Rs.5.08 crore for execution of normal repair and maintenance works without inviting tenders.

(Paragraphs 4.6 and 4.12)

Central Excise Duty of Rs.10.59 lakh had been irregularly paid to a supplier by the Electricity Department without production of any proof of payment of Excise Duty by him to the Central Excise Authority.

(Paragraph 4.9)

Payment of Rs.8.78 lakh was made to a contractor by the Public Works Department for a survey work not actually done by him.

(Paragraph 4.11)

Failure of the Stores Division, Public Works Department to supply construction materials worth Rs.1.13 crore resulted in inordinate delay in construction of 107 primary school buildings and three college buildings.

(Paragraph 4.13)

A Hot Mix Plant and a Paver Finisher costing Rs.34.81 lakh were procured by the Public Works Department without immediate requirement. The machines could be put to use for only 30 days during the last 10 years resulting in unproductive expenditure.

(Paragraph 4.15)

Department of Education (Schools)

5. Internal Control System

5.1 Internal Control System in the Department of Education (Schools)

The Internal Control System in the Department of Education (Schools) was ineffective due to non-observance of prescribed procedures and rules. Review of the internal control mechanism during 2000-01 to 2004-05 in the department also revealed deficient budgetary and expenditure control, poor cash controls and poor operational controls. There were cases of fake appointments, inadequate control over sanction/withdrawals (Rs.38.07 lakh) from General Provident Fund and irregular procurement of stores (Rs.7.43crore).

(Paragraph 5.1)

6. Audit of transactions (Revenue)

Inadequate internal control resulted in non-deduction of sales tax from the supplier's bill thereby leading to non-realisation of tax of Rs.10.72 lakh including penalty of Rs.6.43 lakh.

(Paragraph 6.6)

Charging of royalty at the rate of Rs.10 per cum of earth extracted without permit instead of royalty at increased rate by 100 percent resulted in non-levy of penalty and the sales tax of Rs.20 lakh and Rs.1.60 lakh respectively.

(Paragraph 6.7)

Application of incorrect rates of billing on account of non-providing of meters resulted in short realisation of revenue of Rs.4.73 lakh.

(Paragraph 6.8)

Concealment of purchase turnover led to underassessment of tax of Rs.4.60 lakh.

(Paragraph 6.9)

Professional tax amounting to Rs.16.02 lakh for the period from April 2002 to November 2004 was not realised from 1,602 permit holders of goods vehicles, trucks and three wheelers by District Transport officer, Imphal West.

(Paragraph 6.12)

7. Commercial

7.1 General view of Government companies and Statutory corporations

As on 31 March 2005, there were 15 Government companies (seven working companies and eight non-working companies) and one non-working Statutory corporation in the State. The total investment in working Public Sector Undertakings (seven working Government companies) was Rs.51.91 crore.

(Paragraphs 7.1 & 7.2.1)

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

(Paragraph 7.4.3)

Out of seven working Government companies, three companies had incurred an aggregate loss of Rs.0.26 crore; three companies earned an aggregate profit of Rs.1 crore and one Company had not commenced commercial activities.

(Paragraph 7.5.2)

One company, out of three loss incurring working Government companies, had accumulated losses aggregating Rs.1.70 crore which exceeded its paid up capital of Rs.1 crore; it continued to receive financial support from the Government.

(Paragraph 7.6.2)

The total investment in nine non-working PSUs (eight non-working Government companies and one non-working Statutory corporation) was Rs.118.82 crore as on 31 March 2005.

(Paragraph 7.8.1)

7.2 Activities of Manipur Tribal Development Corporation Limited towards tribal welfare and development

The Company was incorporated with the main objective of assisting, financing, protecting and promoting welfare of scheduled tribes, scheduled

castes, minorities and other backward classes population in the State. The Company, however, failed in achieving the objective of economic upliftment of the targeted population as the Company did not contribute its share of Rs.24.34 lakh towards project costs and the beneficiaries were made to bear this extra financial burden. The Company was not able to mobilise adequate amount of loans from the apex financing corporations as its repayment to these institutions was not satisfactory and as a result no loans were released by these corporations in the last two years *i.e.* 2003-04 and 2004-05. Funds received from the financial corporations were not released to the beneficiaries; loan agreements were entered into by accepting financially weak guarantors; system of scrutiny of applications, maintenance of accounts and records and monitoring of recovery was weak and prone to frauds and misappropriations. There was lack of monitoring of the projects financed by the Company.

(Paragraph 7.16)

7.3 Transaction audit observations

After incurring expenditure of Rs.51.03 lakh on the work of construction of a theatre complex, the work had been suspended for over 10 years rendering the expenditure unfruitful.

(Paragraph 7.17)

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

In Summary

After continued revenue deficit for five years, the State had revenue surplus of Rs.92 crore in 2004-05. The problem of fiscal deficit, however, persists and the State had fiscal deficit for the sixth consecutive year in 2004-05 indicating continued macro imbalances in the State's finances. The fiscal deficit of the State went up from Rs.286 crore in 2003-04 to Rs.448 crore in 2004-05.

Revenue of the State consisted mainly of its own tax and non-tax revenue, Central tax transfers and grants-in-aid from Government of India. Overall revenue receipts increased from Rs.1045 crore in 2000-01 to Rs.1743 crore in 2004-05 at an average trend rate of 10.46 *per cent*. There were, however, significant inter year variations in the growth rates. During the current year, the revenue receipts grew by 22.75 *per cent*.

The State generated only 8.66 *per cent* of revenue receipts from its own sources comprising taxes and non-taxes and continued to remain dependent on transfers from the Union Government.

Total expenditure of the State increased from Rs.1706 crore in 2003-04 to Rs.2192 crore in 2004-05. The rate of growth of expenditure during the year was 28.49 *per cent* as compared to 8.18 *per cent* in the previous year.

In 2004-05, the share of plan, capital and development expenditures in the total expenditure increased by 10.5 *per cent*, 9.91 *per cent* and 4.21 *per cent* respectively over the previous year. Debt burden (fiscal liabilities) of the State at the end of 2004-05 was Rs.3082 crore, up by 34 *per cent* over the previous year.

High interest rates paid by the Government on its borrowings but low GSDP growth which was negative in 2004-05 resulted in negative interest spread for the last three consecutive years, violating the cardinal rule of debt sustainability.

1.1 Introduction

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

Box 1.1: Lay out of Finance Accounts

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

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

Statement No.3 exhibits the financial results of irrigation works.

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

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

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

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

Statement No.8 depicts the summary of balances under the Consolidated Fund, Contingency Fund and Public Account as on 31 March 2005.

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

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

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

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

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

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

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

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

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

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

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

1.2 Trend of Finances with reference to previous year

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

(Rupees in crore)

2003-04	Sl. No.	Major Aggregates	2004-05
1420	1.	Revenue Receipts (2+3+4)	1743
68	2.	Tax Revenue	81
50	3.	Non-Tax Revenue	70
241	4.	Other Receipts:	287
1061		Central Tax Transfer	1305
		Grants-in-aid	
—	5.	Non-Debt Capital Receipts	1
*	6.	Of which, recovery of Loans and Advances	1
1420	7.	Total Receipts (1+5)	1744
1275	8.	Non-Plan Expenditure (9+11+12)	1397
1259	9.	On Revenue Account	1396
215	10.	Of which, Interest Payments	266
16	11.	On Capital Account	1
—	12.	On Loans disbursed	—
431	13.	Plan Expenditure (14+15+16)	795
205	14.	On Revenue Account	255
224	15.	On Capital Account	520
2	16.	On Loans disbursed	20
1706	17.	Total Expenditure (8+13)	2192
286	18.	Fiscal Deficit (17-1-5)	448
(-) 44	19.	Revenue Deficit (-)/Surplus (+) (1-9-14)	(+) 92
71	20.	Primary Deficit (18-10)	182

* Rs.0.48 crore

1.3 Summary of Receipts and Disbursements for the year

Table-I summarises the finances of the State Government of Manipur for the year 2004-05 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public account receipts and disbursements made during the year as emerging from Statement-1 of the Finance Accounts and other detailed statements.

Table 1: Summary of receipts and disbursements for the year 2004-05

(Rupees in crore)

(Rupees in crore)

2003-04	Receipts	2004-05	2003-04	Disbursements	2004-05		
Section-A: Revenue							
					Non-Plan	Plan	Total
1419.71	I. Revenue Receipts	1742.75	1463.47	I. Revenue expenditure	1396.32	254.87	1651.19
68.24	Tax revenue	81.39	626.10	General Services	700.14	4.13	704.27
49.33	Non-tax revenue	69.75	465.91	Social Services	383.01	140.22	523.23
240.89	Share of Union Taxes/Duties	287.02	371.46	Economic Services	313.17	110.52	423.69
1061.25	Grants from Government of India	1304.59	—	Grants-in-aid/ Contributions	—	—	—
Section-B: Capital							
—	II. Miscellaneous Capital Receipts		240.39	II. Capital Outlay	0.66	520.52	521.18
0.48	III. Recoveries of Loans and Advances	0.58	1.96	III. Loans and Advances disbursed	—	20.27	20.27
876.61	IV. Public debt receipts*	1110.19	787.97	IV. Repayment of Public Debt			456.59
—	V. Contingency Fund	—	—	V. Contingency Fund	—	—	—
745.71	VI. Public account receipts	1107.96	736.80	VI. Public Account disbursements			1028.67
(-) 327.58	Opening Balance	(-) 515.66	(-) 515.66	Closing Balance			(-) 232.08
2714.93	Total	3445.82	2714.93	Total			3445.82

* Excludes net ways and means advances and overdraft.

1.4 Audit Methodology

Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and, from the statements of the Finance Accounts for the year 2004-05 and wherever necessary, show these in the light of time series data and periodic comparisons. The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and Liabilities, and (iv) Management of deficits. Audit observations have also taken into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. Overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates.

The reporting parameters are depicted in the Box 1.2

Box 1.2 : Reporting Parameters

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

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

For most series a trend growth during 2000-05 has been indicated. The ratios with respect to GSDP have also been depicted. Some of the terms used here are explained in *Appendix-I*.

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

Box 1.3 – State Government Funds and the Public Account

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

1.5 State finances by key indicators

1.5.1 Resources by volumes and sources: Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of Union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources *viz.*, market loans,

borrowings from financial institutions/commercial banks *etc.*, and loans and advances from Government of India as well as accruals from Public account.

Table 2 shows that the total receipts of the State Government for the year 2004-05 were Rs.3,961.48 crore. Of these, the revenue receipts of the State Government were Rs.1,742.75 crore only, constituting 43.99 *per cent* of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Manipur

(Rupees in crore)

I.	Revenue Receipts	1742.75
II.	Capital Receipts	1110.77
	(a) <i>Miscellaneous Receipts</i>	—
	(b) <i>Recovery of Loans and Advances</i>	0.58
	(c) <i>Public Debt Receipts</i>	1110.19
III.	Contingency Fund Receipts	—
IV.	Public Account Receipts	1107.96
	(a) <i>Small Savings, Provident Fund, etc.</i>	164.95
	(b) <i>Reserve Fund</i>	7.40
	(c) <i>Deposits and Advances</i>	136.31
	(d) <i>Suspense and Miscellaneous</i>	202.95
	(e) <i>Remittances</i>	596.35
	Total Receipts	3961.48

The source of total receipts under different heads and GSDP during 2000-05 is indicated in Table 3.

Table 3— Sources of Receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts**	Debt-Receipts	Accruals in Public Account		
2000-01	1045	0.52	417	963	2426	3159
2001-02	1177	0.47	655	127	1959	3591
2002-03	1328	0.47	1104	699	3131	3740
2003-04	1420	0.48	877	746	3043	4062
2004-05	1743	0.58	1110	1108	3962	4024

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

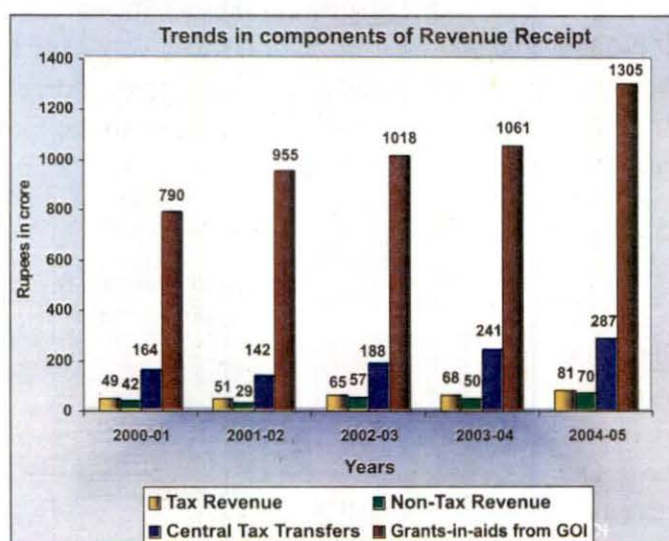
* Excludes ways and means advances and overdrafts.

** This column indicates recovery of loans and advances.

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

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Revenue Receipts	1045.00	1177.00	1328.00	1420.00	1743.00	1343.00
Own Taxes	4.69	4.33	4.89	4.79	4.66	4.68
Non-Tax Revenue	4.02	2.46	4.29	3.52	4.02	3.69
Central Tax Transfers	15.69	12.06	14.16	16.97	16.47	15.22
Grants-in-aid	75.60	81.14	76.66	74.72	74.87	76.40
Revenue Receipts/GSDP	33.08	32.78	35.51	34.96	43.32	36.14
Rate of Growth of Revenue receipts	(-) 2.34	12.63	12.83	6.93	22.75	10.46
Rate of Growth of Own Tax Revenue	22.50	4.08	27.45	4.62	19.12	14.55
GSDP Growth	15.292	13.675	4.149	8.61	(-) 0.935	8.071
Overall Revenue Buoyancy	**	0.924	3.092	0.805	#	1.295
Own Taxes buoyancy	1.471	0.298	6.616	0.537	#	1.803

The revenue receipts of the State increased from Rs.1,045 crore in 2000-01 to Rs.1,743 crore in 2004-05 at an average trend rate of 10.46 *per cent*. The revenue from own taxes registered a growth rate of 14.55 *per cent* during the period. There were, however, significant inter-year variations in the growth rates. During the five-year period 2000-05, the State had a buoyant economy with its GSDP growth averaging 8 *per cent*. Revenue growth and the rate of growth of own tax revenue were higher than GSDP growth rate and, therefore, average buoyancy of revenue receipt and average revenue buoyancy of own taxes during the period were greater than one.



The increase in revenue receipts during the last five years was mainly due to significant increase in grants-in-aid from Government of India from Rs.790 crore in 2000-2001 to Rs.1,305 crore in 2004-05 and Central tax transfers increasing from Rs.164 crore to Rs.287 crore during the above period. The tax revenue also increased from Rs.49

crore to Rs.81 crore and non-tax revenue from Rs.42 crore to Rs.70 crore during the last five years.

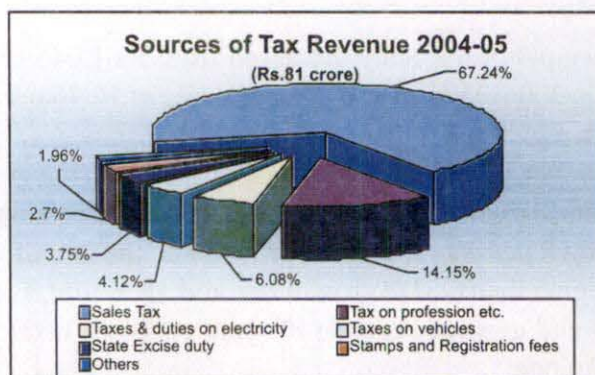
The State finances are mostly dependent on Central tax transfers and grants-in-aid from the Government of India. While only 8.66 *per cent* of the revenue receipts during 2004-05 came from the State's own resources comprising taxes

** Rate of Growth of Revenue Receipts was negative.

Rate of GSDP growth was negative.

and non-taxes, Central tax transfers and grants-in-aid together contributed 91.34 per cent of the total revenue. Compared to 2000-01, the contribution of the State's own tax and non-tax revenues in its total revenue receipts decreased slightly from 8.71 per cent to 8.66 per cent in 2004-05. Contribution of Central tax transfers increased from 15.69 per cent of the total revenue receipts in 2000-01 to 16.49 per cent in 2004-05 while contribution of grants-in-aid from Government of India decreased from 75.59 per cent to 74.87 per cent during this period.

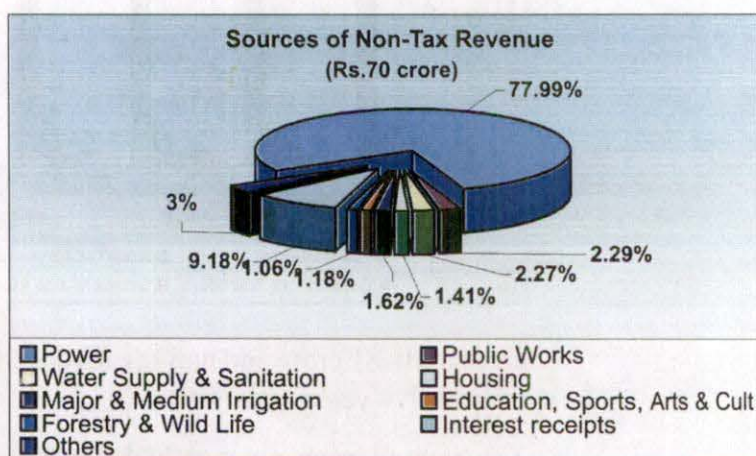
During the current year, the revenue receipts grew by 22.75 per cent over the previous year against the increase of 27.96 per cent in the State's own tax and non-tax revenue. The increase in revenue receipts during the year was mainly on account of 19.09 per cent increase in Central tax transfers and 23 per cent hike in grants-in-aid from Government of India over the previous year.



Sales Tax was the major contributor (67.24 per cent) of the State's own tax revenue followed by taxes on Professions, Trades, Callings and Employment (14.15 per cent), taxes and duties on electricity (6.08 per cent), taxes on vehicles (4.12 per cent), State Excise

(3.75 per cent), Stamps and Registration fees (2.70 per cent) etc. Overall own tax-GSDP ratio at 2.01 per cent in 2004-05 was very low. Low compliance in filing tax returns and weak internal controls in the departments are some of the reasons for insignificant contribution of own taxes to the total revenue receipts of the State.

The non-tax revenue of the State was Rs.70 crore in 2004-05 as compared to Rs.50 crore in the previous year. Of non-tax revenue sources, receipts from Power (77.99 per cent), Public works (2.29 per cent),



Water Supply and Sanitation (2.27 per cent), Housing (1.41 per cent), Major and medium Irrigation (1.62 per cent), Education, Sports, Arts and Culture

(1.18 per cent), Forestry and Wild Life (1.06 per cent) and interest receipts (9.18 per cent) were principal contributors.

The current levels of cost recovery (revenue receipts as a percentage of revenue expenditure) in supply of merit goods and services by Government were 0.21 per cent for secondary education, 0.51 per cent for university and higher education, 0.09 per cent for technical education, 0.46 per cent for medical and public health and 6.44 per cent for water supply and sanitation.

1.6 Application of resources

1.6.1 Trend of growth: Statement No.12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State increased consistently from Rs.1,272 crore in 2000-01 to Rs.2,192 crore in 2004-05.

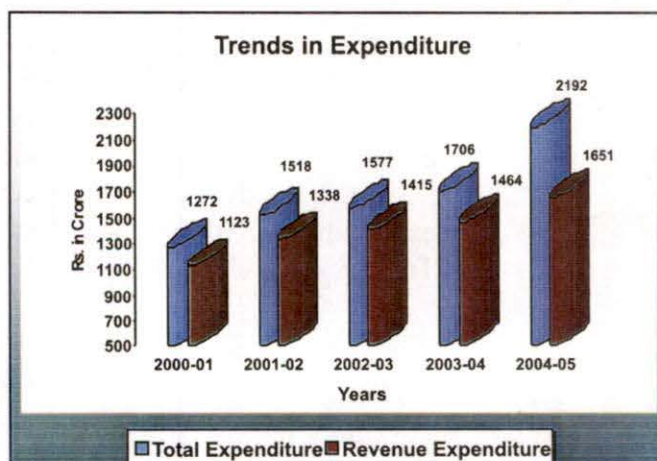
Total expenditure of the State, its trend and annual growth, ratio of expenditure to the State's GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table 5 below:

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

	2000-01	2001-02	2002-03	2003-04	2004-05	Average/ Trend
Total Expenditure	1272.00	1518.00	1577.00	1706.00	2192	1653
Rate of Growth	(-) 25.80	19.37	3.88	8.18	28.49	6.33
TE/GSDP Ratio	40.26	42.28	42.17	42.00	54.47	44.49
Revenue Receipts/ TE Ratio	82.17	77.53	84.21	83.24	79.52	81.22
Buoyancy of Total Expenditure with						
GSDP	*	1.416	0.934	0.950	#	0.785
Revenue Receipts	**	1.533	0.302	1.181	1.252	0.606

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

The trend rate of growth of expenditure during the current year was 28.49 per cent as compared to 8.18 per cent in the previous year indicating a sharp increase in the total expenditure of the State Government in 2004-05. The ratio of revenue receipt to total



* Rate of growth of Revenue expenditure was negative.

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

Rate of growth of GSDP was negative.

expenditure decreased slightly from 82.17 *per cent* in 2000-01 to 79.25 *per cent* in 2004-05. The ratio of total expenditure to GSDP hovered around 40 to 42 *per cent* during 2000-04 but increased drastically to 54.47 *per cent* in 2004-05. This was due to sharp increase in total expenditure in 2004-05 and slight decline in GSDP during the year.

The increase in total expenditure in 2004-05 was largely due to increase in expenditure on Social services by 38.72 *per cent*, Economic services by 33.05 *per cent* and General services by 13.08 *per cent*.

1.6.2 In terms of the activities, total expenditure could be considered as being composed of expenditure on General services, interest payments, Social and Economic services, grants-in-aid and other contributions to institutions, and loans and advances. Relative share of these components in total expenditure is indicated in Table 6.

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

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
General Services [⊕]	26.73	24.70	25.43	24.62	20.62	24.05
Interest Payments	13.92	12.58	16.17	12.60	12.14	13.36
Social Services	34.44	32.87	33.99	33.00	35.63	34.08
Economic Services	24.85	29.58	24.35	29.66	30.70	28.17
Loans and Advances	0.06	0.27	0.06	0.12	0.91	0.12

Expenditure on General services and interest payments which are considered as non-developmental, together accounted for 32.75 *per cent* in 2004-05 as against 40.65 *per cent* in 2000-01. In the current year, the non-developmental expenditure decreased by 4.47 *per cent* over last year.

On the other hand, developmental expenditure *i.e.*, on Social and Economic services together accounted for 66.33 *per cent* in 2004-05 as against 59.29 *per cent* in 2000-01. This indicated some improvement in priority for developmental expenditure.

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

[⊕] Excluding interest payments.

Table 7: Revenue Expenditure – Basic Parameters

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Revenue Expenditure (Rupees in crore)	1123	1338	1415	1464	1651	1398
Rate of Growth (<i>per cent</i>)	(–) 16.69	19.15	5.75	3.46	12.77	5.47
RE/GSDP	35.55	37.26	37.83	36.04	41.03	37.63
RE as percentage of TE	88.30	88.13	89.70	85.81	75.32	84.59
RE as percentage of RR	107.46	113.68	106.55	103.10	94.72	104.14
Buoyancy of Revenue Expenditure with						
GSDP		1.400	1.387	0.402	#	0.678
Revenue Receipts	**	1.516	0.449	0.500	0.562	0.524

Overall revenue expenditure of the State increased at an average trend growth of 5.47 *per cent*. As a result, revenue expenditure – GSDP ratio moved up from 35.55 *per cent* in 2000-01 to 41.03 *per cent* in 2004-05. On an average 84.59 *per cent* of the total expenditure was on current consumption during the last five years.

There was sizeable increase in the revenue expenditure in 2004-05 registering a growth of 12.77 *per cent* as compared to only 3.46 *per cent* in the previous year.

(i) *Expenditure on pension payments:* Between 10 to 13 *per cent* of the total revenue receipts was spent for meeting liabilities for pension payments during the last five years. Expenditure on Pension payments increased from Rs.127 crore in 2000-01 to Rs.182 crore in 2004-05. Year-wise break-up of expenditure incurred on pension payments during the years 2000-01 to 2004-05 was as under:

Table 8

(Rupees in crore)			
Year	Expenditure on pension payments	Pension payments as percentage of Revenue expenditure	Pension payments as percentage of Revenue receipts
2000-01	127	11.31	12.15
2001-02	140	10.46	11.89
2002-03	167	11.80	12.57
2003-04	166	11.33	11.60
2004-05	182	11.02	10.44

Government of Manipur has adopted a new restructured Defined Contribution Pension Scheme in respect of new entrants with effect from 1st January 2005. Under the scheme, new entrants will have to contribute 10 *per cent* of the salary and DA towards Defined Contribution Pension Scheme with matching contribution being provided by the Government of Manipur. Such employees will not be entitled to pension/family pension under the existing pension rules. The new scheme is intended to reduce pension liabilities of the State

Rate of growth of GSDP was negative.

* Rate of growth of Revenue expenditure was negative.

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

Government in the long run but may lead to increase in expenditure in initial years on account of matching contributions to be provided by the Government for new entrants in addition to making pension payments to the existing pensioners.

(ii) **Interest payment:** The Eleventh Finance Commission (August 2000) had recommended that as a medium term objective, States should endeavour to keep interest payment, as a ratio to revenue receipts at 18 *per cent*. Interest payments in Manipur were within the above limits during the last five years except for the year 2002-03 as shown below:

Table 9

Year	Interest payments (Rupees in crore)	Percentage of interest payment with reference to	
		Revenue Receipts	Revenue expenditure
2000-01	177	16.94	15.76
2001-02	191	16.22	14.27
2002-03	255	19.20	18.02
2003-04	215	15.14	14.69
2004-05	266	15.26	16.11

Interest payments increased steadily from Rs.177 crore in 2000-01 to Rs.266 crore in 2004-05 at an average growth rate of 13.32 *per cent* primarily due to ever increasing borrowings. Thus, the State spent about 15 to 19 *per cent* of its revenue receipts for meeting its liabilities towards interest payments during the last five years.

In comparison to the previous year, however, the interest payments went up by Rs.51 crore due to higher interest payment on market loans and special securities issued to National Small Savings Fund. The interest payment of Rs.266 crore during 2004-05 was on Internal Debt (Rs.121.49 crore), loans and advances from Central Government (Rs.109.04 crore) and Small Savings, Provident Fund *etc.* (Rs.35.90 crore).

1.7 Expenditure by Allocative priorities

The expenditure of the State in the nature of plan expenditure, capital expenditure and development expenditure reflects its quality. The higher the ratio of these components to total expenditure, better is the quality of expenditure. Table 10 gives these ratios during 2000-05 as follows:

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

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Plan Expenditure	26.20	24.83	19.04	25.18	35.68	26.87
Capital Expenditure	11.64	11.62	10.22	14.08	23.99	15.13
Developmental Expenditure	59.32	62.62	58.38	62.73	66.94	62.46

(Note: Total expenditure does not include Loans and Advances)

All the three components of quality of expenditure indicated relative improvements during 2000-05. In the year 2004-05, share of the plan as well as capital expenditure in the total expenditure has considerably gone up as compared to 2000-01. The share of developmental expenditure in total expenditure in 2004-05 was 8 *per cent* higher than its share in 2000-01.

In the current year 2004-05, the share of plan, capital and developmental expenditures in the total expenditure increased by 10.5 *per cent*, 9.91 *per cent* and 4.21 *per cent* respectively over the previous year indicating improvement in the allocative priorities.

Out of the developmental expenditure of Rs.1,454 crore during the year 2004-05, social services accounted for 53.71 *per cent* (Rs.781 crore). Expenditure on General Education, Health, Medical and Family Welfare, Water Supply and Sanitation constituted 64.10 *per cent* of the expenditure on Social sector as shown in the table below:

Table 11: Social Sector Expenditure

	(Rupees in crore)				
	2000-01	2001-02	2002-03	2003-04	2004-05
General Education	265.29	274.45	268.47	283.73	317.03
Health, Medical and Family Welfare	66.61	72.20	62.37	74.20	66.67
Water Supply and Sanitation	35.53	46.52	96.99	65.12	116.95
Total	367.43	393.17	427.83	423.05	500.65
As a percentage of expenditure on Social sector	83.87	78.87	79.79	75.12	64.10

To assess the impact of Government policies and outlays incurred on various services benefiting the people, one service (Veterinary and Animal Husbandry including Dairy Development) from the social sector was selected by Audit to evaluate its performance in terms of achievement of objectives. Audit findings in this regard are contained in Paragraph 3.3 of this Report. It was seen that despite incurring substantial outlays on the service, the outcome was negligible.

Similarly, the expenditure on Economic Services (Rs.673 crore) accounted for 46.29 *per cent* of the development expenditure in the year 2004-05. Of which, Irrigation and Flood Control, Energy and Transport accounted for 53.07 *per cent*.

Table 12: Economic Sector Expenditure

	(Rupees in crore)				
	2000-01	2001-02	2002-03	2003-04	2004-05
Irrigation and Flood Control	43.38	64.95	52.48	67.60	73.50
Energy	97.91	120.90	103.00	130.73	165.70
Transport	40.94	50.25	72.05	76.70	117.97
Total	182.23	236.10	227.53	275.03	357.17
As a percentage of expenditure on Economic sector	57.64	52.67	59.28	54.42	53.07

1.7.1 Financial assistance to Local Bodies and other Institutions

(i) **Extent of assistance:** The quantum of assistance (Rs.197.45 crore) provided by way of grants (Rs.171.30 crore) and loans (Rs.26.15 crore) to different local bodies etc., during the period of 5 years ending 2004-05 was as follows:

Table 13

		(Rs. In crore)					
		2000-01	2001-02	2002-03	2003-04	2004-05	Total
Universities and Educational institutions	Grant	21.72	30.45	34.10	28.90	45.19	160.30
	Loan	—	—	—	—	—	—
Municipal Corporations/ Municipalities	Grant	0.59	2.45	0.64	1.54	2.12	7.34
	Loan	—	—	—	—	—	—
Cooperative Societies and other Cooperative Institutions	Grant	0.12	0.94	0.16	0.28	0.09	1.59
	Loan	0.06	3.26	—	1.70	—	5.02
Other institutions	Grant	0.14	0.24	0.53	0.41	0.69	2.01
	Loan	—	—	0.81	0.05	20.27	21.13
Total	Grant	22.57	34.08	35.43	31.13	48.09	171.30
	Loan	0.06	3.26	0.81	1.75	20.27	26.15
Grand Total		22.63	37.34	36.24	32.88	68.36	197.45
Percentage of increase(+)/ decrease(-) over previous year		(-) 22.28	65.00	(-) 2.95	(-) 9.27	107.90	
Assistance as a percentage of revenue expenditure		2	3	3	2.24	4.14	

The total assistance at the end of 2004-05 had grown three times over the level of 2000-01. The assistance to local bodies and other authorities increased substantially from Rs.32.88 crore in 2003-04 to Rs.68.36 crore in 2004-05 due to increase of grants to Universities and Educational Institutions and increased loans to other institutions. The assistance to local bodies as a percentage of total revenue expenditure had increased from two to four *per cent* during 2000-05.

(ii) **Delay in furnishing Utilisation Certificates:** Financial rules of Government require that where grants are given for specific purposes, certificates of utilisation are to be obtained by the departmental officers from the grantees and after verification these should be forwarded to the Accountant General within one year from the date of sanction unless specified otherwise. Information on grants released and funds utilised was not furnished by the State Government/ departments though called for in August and October 2005.

(iii) **Delay in submission of accounts:** In order to identify the institutions which attract audit under Section 14 and 15 of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971, Government/ Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. Information for the year 2004-05 called for in September 2005 had not been furnished by the departments/Government (November 2005).

Accounts of 13 institutions/bodies (receiving grants of more than Rs.25 lakh continuously from the State Government and others) attracting audit under Section 14 of the Act, *ibid*, were in arrears as on 31 March 2005. The details of such bodies/authorities are given in *Appendix-II*.

The audit of accounts of the Manipur State Legal Service Authority required to be audited under Section 19 (2) of the Comptroller and Auditor General's (DPC) Act, 1971, could not be conducted for the last three years (2002-03, 2003-04 and 2004-05) due to non-receipt of the accounts.

Position of arrears in submission of accounts by the Autonomous District Councils audited under Section 19 (3) of the Act, is discussed in Paragraph 4.17 of this Report.

1.8 Assets and liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings *etc.*, owned by the Government is not done. However, the Government accounts do capture financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. *Appendix-III* gives an abstract of such liabilities and the assets as on 31 March 2005 compared with the corresponding position on 31 March 2004. While the liabilities in this statement consist mainly of internal borrowings, loans and advances from the Government of India, accumulated balances from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. *Appendix-III* shows that while the liabilities grew by 17.60 *per cent*, the assets increased only by 16.89 *per cent* reducing the assets liabilities ratio from 1.22 in 2003-04 to 1.21 in 2004-05. The liabilities of Government of Manipur depicted in the Finance Accounts, however, do not include the pension, other retirement benefits payable to retiring State employees. An abstract of receipts and disbursements of the Government of Manipur for the year 2004-05 is given in *Appendix-IV*. *Appendix-V* exhibits sources and application of funds and *Appendix-VI* depicts the Time series data on State Government Finances for the period 2000-05.

1.8.1 Incomplete projects

The State has two major and one medium incomplete project and the expenditure incurred on these projects as of March 2005 was Rs.457.75 crore (details are given in *Appendix-VII*). While no benefits have accrued so far from Khuga and Dolaithabi Irrigation Projects, some partial benefits have been derived from Thoubal Irrigation project which has fallen far behind its original scheduled date of completion. The Government could not provide details of various incomplete projects in the State as of 31 March 2005 and the capital involved in such projects. This showed that no effective monitoring

was carried out at the apex level in the Government to oversee progress of completion of these incomplete projects.

1.8.2 Investments and returns: As on 31 March 2005, Government had invested Rs.162 crore in its Statutory Corporations, Government companies and Co-operative Institutions. Government's average return on this investment was 0.04 *per cent* in the last five years. With an average interest rate of 9.83 *per cent* being paid by the Government on its borrowings, the average annual subsidy amounted to 9.79 *per cent* and the implicit subsidy during the period 2000-05 was Rs.60.81 crore at an average annual rate of Rs.12.16 crore per year.

Table 14: Return on Investment

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Investment at the end of the year (Rs. in crore)	91	108	115	144	162	124.00
Returns (Rs. in crore)	—	0.08	—	0.08	0.08	0.05
Percentage of returns	—	0.07	—	0.06	0.05	0.04
Average interest rate paid by Government	9.34	8.90	11.53	9.50	9.88	9.83
Difference between interest rates and return (in <i>per cent</i>)	9.34	8.82	11.53	9.44	9.83	9.79
Implicit subsidy (Rupees in crore)	8.50	9.53	13.26	13.60	15.92	12.16

1.8.3 Loans and advances by the State Government: In addition to investments in Co-operatives, Corporations and Companies, Government has also been providing support in terms of loans and advances to many of these parastatals. Total outstanding balance as on 31 March 2005 was Rs.77 crore. Interest received on such loans had varied from 0.13 *per cent* to 0.26 *per cent* during 2000-05 (Table 15). Total implicit subsidy during 2000-05 on such loans was Rs.25.65 crore.

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

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Opening Balance	50.99	51.29	54.96	56.04	57.52	54.20
Amount advanced during the year	0.82	4.14	1.55	1.96	20.27	5.70
Amount repaid during the year	0.52	0.47	0.47	0.48	0.58	0.59
Closing Balance	51.29	54.96	56.04	57.52	77.21	59.40
Net Addition	0.30	3.67	1.08	1.48	19.69	5.11
Interest Received	0.13	0.22	0.26	0.19	0.26	0.21
Average interest rate	0.25	0.41	0.47	0.33	0.39	0.37
Average interest paid by the State (<i>per cent</i>)	9.34	8.90	11.53	9.50	9.88	9.83
Difference between interest paid and received (<i>per cent</i>)	9.08	8.49	11.06	9.17	9.49	9.46
Implicit subsidy	4.63	4.35	6.08	5.13	5.50	5.13

1.8.4 Management of cash balances: It is generally desirable that a State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure

obligations, a mechanism of Ways and Means Advances (WMA) and overdraft from Reserve Bank of India has been put in place.

The State continued to face serious problem of cash management during the last five years (2000-05). Ways and Means Advances facilities were used for 35 days during 2004-05 as against 45 days in 2000-01. As regards overdraft, the State Government has used this facility for 119 days in 2004-05 as against 108 days to 212 days during 2000-04. The amount of overdraft taken during 2004-05 (Rs.50.31 crore) was substantially lower than the overdraft of Rs.982.08 crore obtained by the Government in 2000-01. There was no overdraft outstanding at the end of the year 2004-05.

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

(Rupees in crore)						
	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Ways and Means Advances						
Taken in the year	209.03	70.31	101.54	247.07	191.24	163.84
Outstanding	41.83	42.40	55.70	55.31	54.83	150.01
Interest Paid	2.03	2.82	3.28	2.99	1.22	2.47
Number of Days	45	—	—	48	35	26
Overdraft						
Taken in the year	982.08	1486.13	1227.45	215.20	50.31	792.23
Outstanding	400.50	497.86	49.75	49.75	Nil	199.57
Interest Paid	5.73	9.12	18.63	1.71	9.16	8.87
Number of Days	108	142	135	212	119	143

1.8.5 Undischarged liabilities

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

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

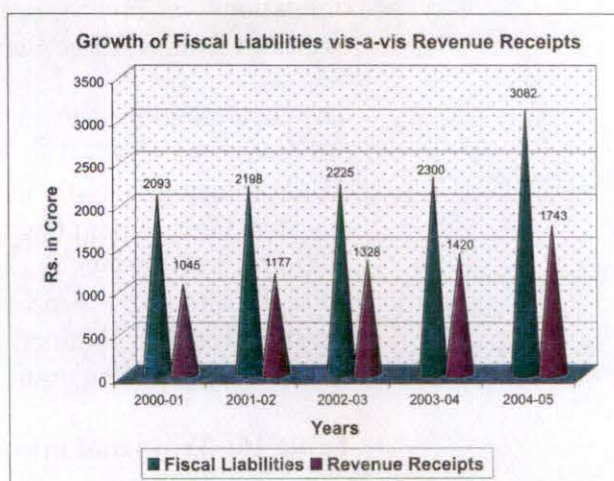
	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Fiscal Liabilities ^{\$}	2093	2198	2225	2300	3082	2380
Rate of Growth	23.19	5.02	1.23	3.37	34.00	9.80
Ratio of Fiscal Liabilities to						
GSDP	66.26	61.21	59.49	56.62	76.59	64.05
Revenue Receipt	200.29	186.75	167.55	161.97	176.82	177.24
Own Resources	2300.00	2747.50	1823.77	1949.15	2041.06	2117.08
Buoyancy of Fiscal Liabilities to						
GSDP	1.516	0.367	0.296	0.392	#	1.215
Revenue Receipt	*	0.397	0.096	0.487	1.495	0.938
Own Resources	2.406	*	0.023	*	1.216	0.770

^{\$} Includes Internal Debt, Loans and Advances from GOI and other obligations.

* Revenue Receipts and Own Resources had a negative growth.

Rate of growth of GSDP was negative.

After a slow growth of fiscal liabilities during the three years period of 2001-04 at the rate of 3 to 5 per cent per year, the fiscal liabilities of the State increased considerably by 34 per cent in 2004-05 as compared to the previous year.



Overall fiscal liabilities of the State increased from Rs.2,093 crore in 2000-01 to Rs.3,082 crore in 2004-05 on an average rate of 9.80 per cent during 2000-05. The ratio of these liabilities to GSDP went up from 66.26 per cent in 2000-01 to 76.59 per cent in 2004-05. The State's fiscal liabilities stood at 1.77 times its revenue receipts and 20.41 times its own resources.

In addition to these liabilities, Government had guaranteed loans raised by various Corporations and others, which at the end of 2003-04 stood at Rs.22 crore. The guarantees are in the nature of contingent liabilities, and the fiscal liabilities together with the contingent liabilities currently exceed 1.78 times the Revenue receipts of the State in 2003-04. Information in respect of guaranteed loans for 2004-05 could not be provided by the Finance Department.

Sustainability of fiscal liabilities is examined in a variety of ways. One of the criteria of fiscal sustainability is the existence of a positive spread between rate of growth of GSDP and the average interest rate. In the case of Manipur, increasing interest rates compared to GSDP growth has resulted in negative interest spread in three out of the last five years (Table 18). The negative interest spread was as high as 10.82 per cent in 2004-05 against the positive interest spread of 5.96 per cent in 2000-01. This was due to continuous decline in GSDP growth rate during last five years from 15.29 per cent in 2000-01 to (-) 0.94 per cent in 2004-05.

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

	2000-01	2001-02	2002-03	2003-04	2004-05	Average/ Trend
Weighted Interest Rate	9.34	8.90	11.53	9.50	9.88	9.83
GSDP Growth	15.29	13.68	4.15	8.61	(-) 0.94	8.07
Interest spread	5.96	4.77	(-) 7.38	(-) 0.89	(-) 10.82	(-) 1.76

Another important indicator of the debt sustainability is the net availability of the borrowed funds after payment of principal and interest. Table 19 below gives the position of receipt and re-payment of internal debt and other fiscal liabilities of the State over the last five years.

In three out of the last five years, repayments exceeded receipts from internal debt and other fiscal liabilities and therefore, no funds were available from borrowings, indicating non-sustainability of debt of the State Government during these years (2001-04). The position, however, comparatively improved in 2004-05 and the net funds available from the total receipts on account of public debt, loans and advances from Government of India and other debt receipts (including public account) after repayments increased to 31.18 *per cent* of the borrowed funds.

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

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Internal debt						
Receipt	1234	1609	1408	812	325	1077.60
Repayment (Principal + Interest)	1145	1537	1851	706	437	1135.20
Net Fund Available	89	72	(-) 443	106	(-) 112	(-) 57.60
Net Fund Available (<i>per cent</i>)	7.21	4.47	(-) 31.46	13.05	(-) 34.46	(-) 8.24
Loans and Advances from Government of India						
Receipt	237	504	1025	527	1027	664.00
Repayment (Principal + Interest)	136	663	703	724	491	543.40
Net Fund Available	101	(-) 159	322	(-) 197	536	120.60
Net Fund Available (<i>per cent</i>)	42.62	(-) 31.55	31.41	(-) 37.38	52.19	11.46
Other obligations						
Receipt	199	189	145	155	303	198.20
Repayment (Principal + Interest)	172	189	252	205	211	205.80
Total liabilities						
Receipt	1670	2302	2578	1494	1655	1939.80
Payments	1453	2389	2806	1635	1139	1884.40
Net receipts	217	(-) 87	(-) 228	(-) 141	516	55.40
Net Funds Available (<i>per cent</i>)	12.99	(-) 3.78	(-) 8.84	(-) 9.44	31.18	4.42

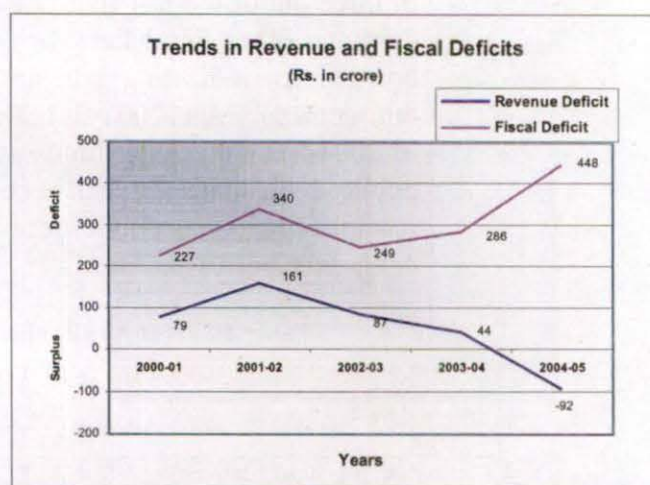
(ii) **Off budget borrowings:** The Constitution of India permits State Governments to borrow from the Open Market, Financial Institutions and Government of India, upon the security of the Consolidated Fund, within such limits, if any, as may from time to time be fixed by an Act of Legislature of the State. Government of Manipur raised off budget borrowings of Rs.30 crore in 1998-99 from HUDCO for construction of Khuman Lampak Sports Complex. No off budget borrowings have been made during 1999-2000 to 2004-05.

1.9 Management of deficits

1.9.1 Fiscal imbalances: The deficit in Government accounts represents the gap between its receipts and expenditure. The quantum of the deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health.

The revenue deficit of the State which indicates the excess of its revenue expenditure over revenue receipts, decreased from Rs.79 crore in 2000-01 to a revenue surplus of Rs.92 crore in 2004-05 (Table 20).

After revenue deficit for five consecutive years from 1999-2000 to 2003-04, the State had revenue surplus in 2004-05. The existence of revenue deficit indicated that the revenue receipt of the State Government was not able to meet its revenue expenditure and the Government had to borrow funds to



meet its current obligations. It also indicated that the asset base of the State Government was continuously shrinking till 2003-04.

The Power Sector is the major source of non-tax revenue for the State Government and had been contributing towards increased revenue deficit of the State. Revenue deficit for the power sector during 2004-05 stood at Rs.77 crore. Hence, excluding the Power Sector, the State had a much higher revenue surplus of Rs.168.56 crore in 2004-05. The details of revenue deficit of the power sector and the revenue surplus of the State as a whole are given in *Appendix-VIII*.

The fiscal deficit, which represents the need for additional resources of the Government and its total resource gap, increased consistently from Rs.227 crore in 2000-01 to Rs.488 crore in 2004-05. The ratio of fiscal deficit to GSDP increased from 7.19 *per cent* in 2000-01 to 11.13 *per cent* in 2004-05.

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

	2000-01	2001-02	2002-03	2003-04	2004-05	Average
Revenue Deficit (-)/ Surplus(+)	(-) 79	(-) 161	(-) 87	(-) 44	(+) 92	(-) 56
Fiscal Deficit	(-) 227	(-) 340	(-) 249	(-) 286	(-) 448	(-) 310
Primary Deficit	(-) 50	(-) 149	6	(-) 71	(-) 182	(-) 89
RD/GSDP	(-) 2.50	(-) 4.48	(-) 2.33	(-) 1.08	*	(-) 1.50
FD/GSDP	(-) 7.19	(-) 9.47	(-) 6.66	(-) 7.04	(-) 11.13	(-) 8.34
PD/GSDP	(-) 1.58	(-) 4.15	0.16	(-) 1.75	(-) 4.52	(-) 2.40
RD/FD	34.80	47.35	34.94	15.38	*	18.00
PD/FD	22.03	43.82	**	24.83	40.63	32.82

(Negative figures indicate deficit and positive indicates surplus)

* There was a revenue surplus during the year.

** There was a primary surplus during the year.

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio (PD/FD), the less the availability of funds for capital investment. In Manipur the ratio has been in the range of 22 *per cent* to 44 *per cent* during the last five years. This suggests that funds available for

capital investment after meeting interest obligations were small during these years.

1.10 Fiscal reforms programmes

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

The main objectives of the MOU were to:

- (i) compress revenue expenditure,
- (ii) enhance revenue and non-debt capital receipts to control debt levels, and
- (iii) increase overall transparency and efficiency in governance.

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

1.10.2 Revenue Expenditure Compression

- (i) The Government was to monitor steadfastly its decision (July 2001) to abolish 14,385 posts (Regular Establishment: 9,385 Work Charged Establishment: 5,000). The Finance Department identified 13,132 posts of which orders for abolition of 12,012 posts (including 4,666 vacant posts) had been issued as on 31 May 2003. The Government is yet to identify/abolish remaining posts (February 2005).
- (ii) The Government was to maintain a comprehensive nominal roll of State Government employees/employees of Government owned or funded organisations by 30 September 2002. Finance Department stated (February 2005) that the task of computerisation of nominal rolls entrusted to NIC had been completed but that cross-checking of entries was yet to be done.
- (iii) The Government was to evolve an appropriate Voluntary Retirement Scheme (VRS) for Government employees during 2002-03, but the same was yet to be evolved (February 2005).

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

(v) A legislative cap was to be introduced by 30 September 2002 on the amount of guarantee to be provided by the State Government for loans to be taken by other entities sponsored by the State Government and to exclude totally the private sector from being extended guarantee on their borrowings. The Legislature enacted the required Act only in January 2005.

1.10.3 Revenue Receipt Enhancement

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

1.10.4 Fiscal correction path

The Commissioner (Finance), Government of Manipur informed (December 2005) that a fiscal correction path has been prepared by the State Government in the light of the 12th Finance Commission Awards. The fiscal correction path giving current fiscal position and the projected position for the next four years would be as follows:

(Rupees in crore)

	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue Receipts	2463.02	2708.35	2966.20	3232.49	3518.56
State's own tax revenue	95.00	106.40	119.17	133.47	149.48
Share in Central taxes and duties	344.01	378.69	434.50	499.66	577.81
State's own non-tax revenue	83.00	99.60	119.52	143.42	172.11
Revenue Expenditure	2135.05	2090.75	2256.56	2437.11	2634.30
Capital Receipts	759.11	391.09	415.41	420.84	253.63
Public Account	520.96	138.72	141.89	124.06	(-) 68.75
Capital Expenditure	657.20	928.25	1026.19	1114.32	985.48
Overall surplus(+)/deficit(-)	429.88	80.44	98.86	101.91	152.41
Revenue surplus(+)/deficit(-)	327.97	617.60	709.65	795.39	884.27
Gross fiscal deficit(-)	(-) 287.54	(-) 55.38	(-) 30.62	(-) 18.88	(-) 11.40
Primary deficit (+)	(-) 47.29	212.55	253.47	279.49	298.55
Fiscal deficit as a percentage of GSDP (in per cent)	(-) 6.24	(-) 1.15	(-) 0.59	(-) 0.34	(-) 0.19
Gross tax revenue as a percentage of GSDP (in per cent)	55.16	56.16	56.95	57.47	57.92

1.11 Fiscal indicators of the Government of Manipur

The finances of a State should be sustainable, flexible and non-vulnerable. Table 21 below presents a summarised position of Government finances over 2000-05 with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

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

Fiscal indicators	2000-01	2001-02	2002-03	2003-04	2004-05	Average
I. Resource Mobilisation						
Revenue Receipt/GSDP	33.08	32.78	35.51	34.96	43.32	36.14
Revenue Buoyancy	*	0.924	3.092	0.805	#	1.295
Own tax/GSDP	1.551	1.420	1.738	1.674	2.013	1.690
Own taxes Buoyancy	1.471	0.298	6.616	0.537	#	1.803
II. Expenditure Management						
Total Expenditure/GSDP	40.26	42.28	42.17	42.00	54.47	44.49
Revenue Receipt/Total Expenditure	82.17	77.53	84.21	83.24	79.52	81.22
Revenue Expenditure/Total Expenditure	88.30	88.13	89.73	85.81	75.32	84.59
Plan Expenditure/Total Expenditure	26.20	24.83	19.04	25.18	35.68	26.87
Capital Expenditure/Total Expenditure	11.64	11.62	10.22	14.08	23.99	15.13
Development Expenditure/Total Expenditure	59.32	62.62	58.38	62.73	66.94	62.46
Buoyancy of TE with RR	*	1.533	0.302	1.181	1.252	0.606
Buoyancy of RE with RR	*	1.516	0.449	0.500	0.562	0.524
III. Management of Fiscal Imbalances						
Revenue deficit (Rs. in crore)	(-) 79	(-) 161	(-) 87	(-) 44	92	(-) 56
Fiscal deficit (Rs. in crore)	(-) 227	(-) 340	(-) 249	(-) 286	(-) 448	(-) 310
Primary Deficit (Rs. in crore)	(-) 50	(-) 149	6	(-) 71	(-) 182	(-) 89
Revenue Deficit/Fiscal Deficit	34.80	47.35	34.94	15.38	@	18.00
IV. Management of Fiscal Liabilities (FL)						
Fiscal Liabilities/GSDP	66.26	61.21	59.49	56.62	76.59	64.05
Fiscal Liabilities/RR	200.29	186.75	167.55	161.97	176.82	177.24
Buoyancy of FL with RR	*	0.397	0.096	0.487	1.495	0.938
Buoyancy of FL with OR	2.406	*	0.023	(-) 1.028	1.216	0.770
Interest spread	5.96	4.77	(-) 7.38	(-) 0.89	(-) 10.82	(-) 1.76
Net Funds Available	12.99	(-) 3.78	(-) 8.84	(-) 9.44	31.18	2.86
V. Other Fiscal Health Indicators						
Return on Investment	0.00	0.07	0.00	0.06	0.06	0.03
BCR (Rs. in crore)	(-) 339	(-) 567	(-) 575	(-) 509	(-) 532	(-) 504
Financial Assets/ Liabilities	1.45	1.36	1.27	1.23	1.22	1.38

Note: Negative figures denote deficit and positive denote surplus.

These ratios indicate a mixed trend. The ratio of own taxes to GSDP had shown improvement in the five-year period increasing from 1.55 per cent in 2000-01 to 2.01 per cent in 2004-05. Revenue receipt to GSDP ratio, which fluctuated between 33 to 36 per cent during-2000-04, jumped to 43.32 per cent in 2004-05. The buoyancy of revenue receipt indicates the nature of the tax regime and the State's increasing access to resources. The overall Revenue

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

GSDP growth was negative.

@ There was revenue surplus in 2004-05.

buoyancy and the buoyancy of own taxes fluctuated during 2000-05 but on an average were more than one.

Various ratios concerning expenditure indicate quality of expenditure and sustainability in relation to resources. All the ratios of quality expenditure showed upward trends. The ratio of plan expenditure to total expenditure rose from 26.20 *per cent* in 2000-01 to 35.68 *per cent* in 2004-05. The capital expenditure to total expenditure ratio also improved from 11.64 *per cent* in 2000-01 to 23.99 *per cent* in 2004-05. The ratio of developmental expenditure to total expenditure also registered an upward trend increasing from 59.32 *per cent* in 2000-01 to 66.94 *per cent* in 2004-05. On the other hand, ratio of revenue expenditure to total expenditure was high during 2000-04 (between 86 to 90 *per cent*) indicating that increasingly more expenditure was incurred during these years on establishment, maintenance and services leaving very little capital on formation of assets. The ratio, however, came down radically to 75.32 *per cent* in 2004-05 indicating some improvement in allocative priorities.

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

Manipur had revenue deficits in four out of the last five years and faced continued fiscal deficit for the last five years period 2000-05. Continued revenue and fiscal deficits indicate that the State's finances are vulnerable to sources of funding outside its control. Decrease in the ratio of revenue deficit to fiscal deficit from 34.80 *per cent* in 2000-01 to 15.38 *per cent* in 2003-04 and revenue surplus in 2004-05 mean comparatively lesser application of borrowed funds to meet current consumption. This trend would, however, need to be sustained.

Ratios of fiscal liabilities to GSDP and revenue receipts remained high but showed decreasing trends during 2000-04. These ratios, however, increased considerably during 2004-05 with fiscal liabilities to GSDP ratio going up from 56.62 *per cent* in 2003-04 to 76.59 *per cent* in 2004-05 and fiscal liabilities to revenue receipts growing to 176.28 *per cent* in 2004-05 from 161.97 *per cent* in the previous year. The State should improve the management of its fiscal liabilities and also reduce its fiscal imbalance by drastic reduction in fiscal deficit and minimising revenue deficit to avoid getting into a debt trap.

There was a decline in net availability of funds from its borrowings during 2000-04 due to a larger portion of these funds being used for debt servicing. In fact during three years (2001-04), borrowings were not available at all for developmental expenditure as repayments on borrowings exceeded the receipts. In the year 2004-05 however, situation improved with 31.18 *per cent* borrowed funds remaining available for developmental and other expenditures.

The State's negligible return (0.04 *per cent*) on investment indicates huge implicit subsidy and utilisation of high cost borrowing for investments that yield nothing.

The assets-liabilities ratio indicates the solvency of the Government. A ratio of more than one would indicate that the State Government is solvent while a ratio of less than one would be a contra indicator. In Manipur, there has been consistent decline in the State's ratio of total financial assets to liabilities from 1.45 in 2000-01 to 1.22 in 2004-05 indicating that asset back up of liabilities is diminishing continuously. The State has to either generate more revenue from out of its existing assets or needs to provide from its current revenues for servicing its debt obligations. The balance from current revenue (BCR) which plays a critical role in determining the Plan size, has been negative continuously for all these years. A negative BCR affects the Plan size and reduces availability of funds for additional infrastructure support and other revenue generating investments.

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

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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

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

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

2.2 Summary of Appropriation Accounts – 2004-05

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

Total number of Grants/ Appropriations	:	50 (47 Grants; 3 Appropriations)
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Table No. 2.1
Total provision and actual expenditure

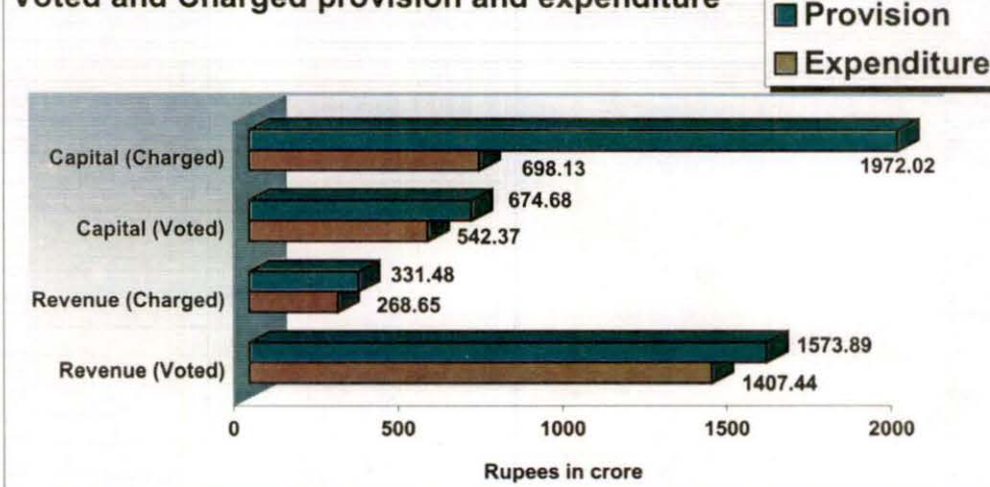
(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	4011.81		
Supplementary	540.26		
Total Gross Provision	4552.07	Total gross expenditure	2916.59
Deduct – Estimated recoveries in reduction of expenditure	75.51	Deduct – Actual recoveries in reduction of expenditure	25.82
Total net provision	4476.56	Total net expenditure	2890.77

Table No. 2.2
Voted and Charged provision and expenditure

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	1573.89	331.48	1407.44	268.65
Capital	674.68	1972.02	542.37	698.13
Total Gross :	2248.57	2303.50	1949.81	966.78
Deduct-Recoveries in reduction of expenditure	75.51	—	25.82	—
Total : Net	2173.06	2303.50	1923.99	966.78

Voted and Charged provision and expenditure

The summarised position of actual expenditure, excess and savings during 2004-05 against grants and appropriations was as follows:

Table No. 2.3

(Rupees in crore)

	Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving(-)/ Excess (+)
Voted	I. Revenue	1422.68	151.21	1573.89	1407.44	(-) 166.45
	II. Capital	272.82	367.29	640.11	522.10	(-) 118.01
	III. Loans & Advances	12.81	21.76	34.57	20.27	(-) 14.30
Total Voted		1708.31	540.26	2248.57	1949.81	(-) 298.76
Charged	IV. Revenue	331.48	—	331.48	268.65	(-) 62.83
	V. Capital	—	—	—	—	—
	VI. Public Debt	1972.02	—	1972.02	698.13	(-) 1273.89
Total Charged		2303.50	—	2303.50	966.78	(-) 1336.72
Appropriation to Contingency Fund (if any)	—	—	—	—	—	—
Grand Total		4011.81	540.26	4552.07	2916.59	(-) 1635.48

2.3 Fulfilment of allocative priorities

2.3.1 Appropriation by allocative priorities

(i) The overall saving of Rs.1,635.48 crore was the result of saving of Rs.1,655.55 crore in 75 cases of grants and appropriations offset by excess of Rs.20.07 crore in 10 cases of grants. The excess of Rs.20.07 crore requires regularisation under Article 205 of the Constitution.

Out of overall savings of Rs.1,635.48 crore, major savings of Rs.1,523.35 crore (93.14 per cent) occurred in the cases of 10 grants/appropriations as mentioned below:

(Rupees in crore)

Grant/ Appropriation No.	Amount of Grant/Appropriation			Actual Expenditure	Saving
	Original	Supplementary	Total		
8. Public Works Department (Revenue – Voted)					
	71.20	0.59	71.79	53.16	18.63
10. Education (Revenue – Voted)					
	275.06	25.44	300.50	282.74	17.76
11. Medical, Health and Family Welfare Services (Revenue – Voted)					
	85.82	2.66	88.48	59.87	28.61
30. General Economic Services and Planning (Revenue- Voted)					
	19.04	32.66	51.70	15.80	35.90
Appropriation No.2 Interest Payment and Debt Services (Revenue- Charged)					
	326.03	—	326.03	266.43	59.60
8. Public Works Department (Capital – Voted)					
	37.25	90.52	127.77	108.53	19.24
10. Education (Capital – Voted)					
	16.38	62.80	79.18	62.40	16.78
22. Public Health Engineering Department (Capital – Voted)					
	41.39	69.13	110.52	92.83	17.69
23 Power Department (Capital – Voted)					
	63.79	11.78	75.57	40.32	35.25
Appropriation No.2 Interest Payment and Debt Services (Capital- Charged)					
	1972.02	—	1972.02	698.13	1273.89
Total	2907.98	295.58	3203.56	1680.21	1523.35

Areas in which major savings occurred in the cases of these 10 grants/appropriations are given in the *Appendix-IX*.

(ii) In 28 cases, expenditure fell short by more than Rs.1 crore in each case and also by more than 10 *per cent* of the total provision as indicated in *Appendix-X*. In three of the above cases (Sl. No.1, 16, and 22), the entire provision totalling Rs.7.17 crore was not utilised.

2.3.2 Supplementary provision made during the year constituted 13.47 *per cent* of the original provision as against 23.62 *per cent* in the previous year.

2.3.3 Supplementary provision of Rs.79.07 crore made in 26 cases during the year proved unnecessary as the expenditure in each case was even less than the original provision. This resulted in an aggregate saving of Rs.182.30 crore as detailed in *Appendix-XI*.

2.3.4 In 21 cases against additional requirement of Rs.280.65 crore, supplementary grants and appropriations of Rs.401.68 crore were obtained resulting in savings in each case exceeding Rs.10 lakh, aggregating Rs.121.03 crore. Details of these are given in *Appendix-XII*.

2.3.5 The excess of Rs.20.07 crore under ten grants requires regularisation under Article 205 of the Constitution. Details of these are given in *Appendix-XIII*.

2.3.6 In eight cases, supplementary provision of Rs.22.85 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.20.05 crore as per details given in *Appendix-XIV*.

2.3.7 In 12 cases there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision. Details are given in *Appendix-XV*.

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

Excessive/unnecessary re-appropriation of funds

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

Expenditure without provision

2.3.10 As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs.114.14 crore was incurred in 24 grants/appropriations as detailed in *Appendix-XVIII* without the provision having been made in the original estimates/supplementary demands and no re-appropriation orders were issued.

Anticipated savings not surrendered

2.3.11 According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. However, at the close of the year 2004-05, there were 66 cases in which large savings had not been surrendered by the departments. The amount involved was Rs.378.22 crore. In 34 cases, the amount of available savings not surrendered amounted to more than Rs.1 crore in each case. Details are given in *Appendix-XIX*.

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

Trend of Recoveries and Credits

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

2.3.14 In nine grants, the actual recoveries adjusted in reduction of expenditure (Rs.25.82 crore) were less than the estimated recoveries (Rs.75.51 crore) by Rs.49.69 crore. More details are given in *Appendix-XX*.

Unreconciled expenditure

2.3.15 Financial rules require that the Departmental Controlling Officers should reconcile periodically the departmental figures of expenditure with those booked by the Accountant General. Out of 91 Controlling Officers, 69 Controlling Officers did not reconcile expenditure figures before the final closing.

Treasury inspection

2.3.16 Results of Treasury inspection carried out during 2004-05 by the Office of the Sr. Deputy Accountant General (A&E), Manipur are as under:

Overpayment of pensionary benefits of Rs.2.62 lakh (including family pension of Rs.0.87 lakh) was made to 29 pensioners due to (i) non-deduction of commuted portion of pension (ii) incorrect computation of arrears of pension, and (iii) excess/ unauthorised payment of pension/family pension.

2.4 Excess over provision relating to previous years requiring regularisation

2.4.1 As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs.3,473.52 crore for the years 1997-98 to 2003-04 is yet to be regularised.

Table No. 2.4

(Rupees in crore)				
Year	No. of grants/appropriations	Grant/Appropriation Number(s)	Amount of excess	Amount for which explanations not furnished to PAC
1997-98	12	5, 11, 16, 21, 26, 34, 44, Appn 2, 16, 23, 25 and Appn 2	384.57	384.57
1998-99	8	Appn. 2, 1, 8, 8, 20, 34 Appn. 2 and 23	293.66	293.66
1999-2000	16	1, Appn. 2, 4, 5, 8, 20, 21, 29, 33, 34, 39, 44, Appn. 2, 21, 23 and 25	844.88	844.88
2000-01	9	1, Appn. 2, 5, 8, 21, 23, 26, 27 and 34	85.77	85.77
2001-02	8	Appn. 2, 8, 21, 33, 34, 41, 45 and Appn. 2	895.20	895.20
2002-03	4	Appn. 2, 8, 22 and Appn 2	956.68	956.68
2003-04	5	8, 22, 39, 17 and 21	12.76	12.76
	62	Total:	3473.52	3473.52

CHAPTER III

PERFORMANCE REVIEWS (CIVIL)

RURAL DEVELOPMENT DEPARTMENT

3.1 Pradhan Mantri Gram Sadak Yojana

Highlights

The programme was launched in the State during 2000-01 with the objective of connecting by good all weather roads 27 large and 487 small rural habitations respectively by the end of 2003 and 2007. However, it could not make much headway till the end of 2004-05 because of delays in releasing funds to the implementing units and finalisation of tenders and ineffective monitoring.

The objective of connecting large habitations with more than 1000 population by 2003 could not be achieved as of March 2005 and there is little likelihood of the State achieving the second objective of connecting all smaller habitations by 2007.

(Paragraph 3.1.6)

Release of Rs.40 crore provided by the Central Government for completion of old incomplete roads of Basic Minimum Service (BMS) programme was delayed by the Government of Manipur (ten months to four years).

(Paragraph 3.1.9)

Road works worth Rs.26.30 crore in Churachandpur, Bishnupur and Imphal West districts were awarded to pre-qualified contractors without competitive bidding in violation of the general financial rules and the guidelines of the programme.

(Paragraph 3.1.20)

After incurring expenditure of Rs.81.11 lakh, seven incomplete works in Bishnupur district were closed.

(Paragraph 3.1.27)

Introduction

The Pradhan Mantri Gram Sadak Yojana (PMGSY) launched in December 2000 as a 100 per cent Centrally Sponsored Scheme was intended to improve rural road connectivity in the country. The main objective of the programme

was to provide road connectivity through good all weather roads to all unconnected rural habitations with population of 1,000 persons and above in three years (2000-2003) and unconnected habitations with 500 persons and above (250 in case of hill areas) by the end of the Tenth Plan period (2007).

The scheme was introduced in Manipur in the year 2000-01. The State is encircled by nine hill ranges with a small oval valley at the centre. About 90 *per cent* of the total geographical area of the State is covered by hills, which remain largely unconnected.

Improved road connectivity in rural areas in hill and valley districts of the State will not only help in effective implementation of poverty alleviation programmes but will also accelerate the pace of development by providing better access to educational, health and marketing facilities resulting in substantial improvement in quality of life of the rural population.

Scope of audit

3.1.1 A review of PMGSY covering the period from April 2000 to March 2005 was conducted during February to October 2005. Three districts viz., Bishnupur and Imphal West in valley area and Churachandpur in hill area were selected out of the nine districts in the State for detailed scrutiny.

Out of 33 packages for 59 new connectivity (416.444 km) and 71 upgradation (294.202 km) road works sanctioned for Rs.80.71 crore so far in nine districts, 13 packages comprising of 11 new connectivity (73 km) and 41 upgradation (151 km) works taken up for execution at the cost of Rs.27.06 crore in three selected districts were examined during the course of the review.

637 old incomplete Basic Minimum Service (BMS) road works were also undertaken for completion under PMGSY at a sanctioned cost of Rs.40 crore. Of these 637 BMS road works, 212 road works in three selected districts costing Rs.13 crore were covered under the review. The review covered 33 *per cent* of the sanctioned cost of the works (Rs.120.71 crore). The actual expenditure under the programme was Rs.72.69 crore as of March 2005, of which Rs.23.57 crore was covered under the review.

Audit objectives

3.1.2 Performance audit of the programme was conducted with a view to:

- ✓ assess the extent of achievement of overall programme objectives;
- ✓ ascertain whether schemes had been carried out efficiently as per requisite quality parameters/specifications prescribed;
- ✓ whether a plan was properly drawn to achieve fulfilment of policy objectives;

- ✓ whether available funds were utilised optimally;
- ✓ whether road works were taken up in consonance with the District Rural Roads Plan (DRRP) Core Network to secure economy and efficiency in implementation of the programme;
- ✓ whether the three tier quality control mechanism was effective to deliver/fulfil the prime objectives of the programme; and
- ✓ whether the monitoring system was adequate to achieve the desired objectives.

Organisational arrangement

3.1.3 At the State level, the Department of Rural Development and Panchayati Raj (RD&PR) was the nodal authority for the implementation of the scheme. A State Level Standing Committee set up in July 2000 was responsible for vetting the District Rural Roads Plan/Core Network, scrutinising the proposals and exercising overall supervision and monitoring of the scheme. Manipur State Rural Road Development Agency set up in September 2004 was made responsible for vetting of proposals and co-ordination of quality control activities at the State level.

At the district level, DRDA/PIU was responsible for preparation of Block Level Master Plan, DRRP, Core Networks, Detailed Project Reports (DPRs) and checking the quality of material and workmanship.

The Public Works Department (PWD) was declared the executing agency for implementation of PMGSY in June 2001. The Executive Engineers of PWD of the concerned districts were to function as PIUs. Formal orders for setting up of PIUs were issued only in October 2004. Chief Engineer-cum-State Quality Coordinator was appointed as late as March 2005.

Audit criteria

3.1.4 PMGSY guidelines issued by the Government of India formed the basis of audit criteria for assessing the performance in implementation of the scheme. The audit criteria used for making assessment of performance were:

- ✓ achievement of overall programme objectives with reference to benchmark in terms of targets prescribed;
- ✓ adequacy of planning after launching of the scheme;
- ✓ implementation of approved DRRP and core network;
- ✓ compliance with financial rules in tendering for competitive bidding and timely processing of tenders;

- ✓ adequacy of sample test and inspection of works carried out by the State Quality Monitors (SQM) and National Quality Monitors (NQM); and
- ✓ effectiveness of mechanism to monitor proper implementation of the scheme.

Audit methodology

3.1.5 The methodology employed involved detailed scrutiny of records and collection of information on actual implementation of the programme from State and district level agencies. The evidence was collected through examination of records maintained in the Department of Rural Development and Panchayati Raj, Manipur State Rural Road Development Agencies (MSRRDA), selected District Rural Development Agencies (DRDAs) and Programme Implementation Units (PIUs) in Bishnupur, Imphal West and Churachandpur districts, issue of specific questionnaires to the implementing agencies and discussions with the departmental officers at district and State levels.

Audit findings

Audit findings as a result of the review are discussed in the succeeding paragraphs. These findings were discussed with the Department represented by Commissioner (Rural Development) and his officials and their views were taken into account while finalising the review.

Overall programme objectives and achievements

3.1.6 The position of connected and unconnected habitations in the State at the commencement of the scheme in 2000-01 and the habitations planned to be connected in Phase I (2000-01) and Phase II (2001-02) as per proposals submitted to the Government of India was as given in the table below:

Table No.1

Type of habitations to be connected under PMGSY	Habitations with population			Total
	1000 +	500-999	250-499	
Total No. of habitations in the State	526	518	638	1682
Total No. of connected habitations	498	367	302	1167
Total No. of unconnected habitation	27+1*	151	336	515
Habitations proposed to be covered under PMGSY during 2000-2001 (Phase-I).	12	25	25	62
Habitations proposed to be covered under PMGSY during 2001-2002 (Phase-II).	15	35	14	64

* Out of 28, one habitation (Karang village in Bishmupur district) cannot be connected being an island in Loktak lake.

As 498 habitations in the State with population more than 1000 were already connected and one habitation was an island in Loktak lake, the State

Government had only 27* unconnected habitations in this category to be connected in three years (by 2003). The 487 (151+336) unconnected habitations with population between 250 to 999 were to be connected by the end of 2007.

The State Government decided to provide connectivity to 62 habitations by completing the ongoing incomplete BMS road works in Phase-I in 2000-01 and the remaining 453 habitations (515-62) by 2007. It proposed to take up new works for connecting 64 habitations in Phase-II (2001-02) of the programme and the remaining 389 habitations in the subsequent phases.

Test-check (April 2005) of records of the Rural Development Department disclosed that:

- ✓ The State Government failed to complete both the phases even three years after the scheduled date of completion.
- ✓ Of the 62 habitations to be covered under Phase-I by completion of old BMS road works, information regarding habitations actually connected as of March 2005 could not be provided by the State Government as they did not have the information due to lack of monitoring. This indicated extreme casualness on the part of the State level agency in monitoring and ensuring timely implementation of the programme.
- ✓ In Phase-II, only three habitations could be connected as of March 2005 against 64 habitations approved under this phase. All the three habitations were of less than 1000 population category and thus no habitation with more than 1000 population was connected as of March 2005.
- ✓ Thus, the objective of providing connectivity to all large habitations with more than 1000 population by 2003 could not be achieved as of March 2005 and there is little likelihood of achieving the other objective of connecting the smaller habitations (250+) by 2007.

Financial planning

3.1.7 The position of funds sanctioned/released by Government of India and expenditure incurred under the programme in the State during the period 2000-05 is given in the table below:

Table No.2

(Rupees in crore)

Year	Funds sanctioned by GOI	Funds released by GOI	Short release (per cent)	Expenditure	Cumulative Excess (+)/ Unspent(-)
2000-01	40.00	40.00	Nil	Nil	40.00
2001-02	80.71	40.00	50.44	20.00	60.00
2002-03	Nil	Nil	Nil	Nil	60.00
2003-04	Nil	Nil	Nil	37.16	22.84
2004-05	Nil	18.00	Nil	15.53	25.31
Total:	120.71	98.00	33.72	72.69	25.31

Out of the total sanctioned amount of Rs.120.71 crore, Rs.40 crore was for Phase I and the remaining amount (Rs.80.71 crore) was for Phase II of the programme.

Audit examination disclosed that there were inaccuracies in projection of funds requirements and serious delays in release and utilisation of funds as discussed below:

Incorrect projection of requirement of funds

Phase-I

3.1.8 For the works executed in Bishnupur, Churachandpur and Imphal West districts under Phase-I, against the requirement of Rs.17.59 crore the State Government projected a requirement of Rs.13.10 crore only in the project proposals, and, therefore, received less allocation of Rs.4.49 crore from the Government of India.

Incorrect projection of funds requirements indicates inefficient financial planning as the State Government neither obtained requisite funds from Government of India nor was it in a position to provide balance funds from the State Plan budget for completion of these roads.

Phase-II

Without proper estimation of cost of works, the State Government projected a requirement of only Rs.8.38 crore to the Government of India for Thoubal district in the proposals submitted in October 2001. The estimated cost of works was subsequently increased by the State Technical Agency (STA) to Rs.11.18 crore. Hence, the State Government received Rs.2.80 crore less from the Government of India due to poor planning.

Gaps between requirements projected and funds actually required reflect, poor financial planning in both the phases of the programme.

Funding of the programme

PMGSY was a 100 *per cent* Centrally Sponsored programme. The funds released by the Government of India to the State Government was required to be transferred to the executing agencies within 15 days of release by the Government of India as per the programme guidelines.

Delays in release of funds to executing agencies in Phase-I

3.1.9 The State Government failed to release funds to the executing agencies/DRDAs within the time limit prescribed. It delayed the release of Rs.40 crore for Phase-I for periods ranging between 10 months to four years. The delay was in contravention of the programme guidelines. Of these an amount of Rs.6.82 crore released by the State Government as late as February

2005 was kept in the bank account of Manipur State Rural Development Agency and not released to the DRDAs as on date (March 2005). Another amount of Rs.8.18 crore (diverted from Phase I to Phase II) was yet to be released by the State Government for pending works of Phase I. These delays in release of funds adversely affected timely implementation/completion of Phase-I works.

Non-release of funds under Phase-II

3.1.10 Phase II of the programme which commenced in 2001-02 was to be completed within 12 months. Though Government of India allocated Rs.80.71 crore for Phase-II, it released only Rs.40 crore as first instalment in February 2002 (The State Government released this to the DRDAs only after October 2003). The second instalment was to be released on submission of utilisation certificate of the first instalment. The State Government delayed execution of works under Phase II and could not submit utilisation certificate for the first instalment till January 2005. On submission of the same in February 2005, Government of India released Rs.18 crore on 31 March 2005. As the State did not submit utilisation certificate for the entire amount released so far (June 2005) under the programme, the balance Rs.22.71 crore was not released by Government of India. The State Government was, however, asked to temporarily utilise the unspent amount of Rs.8.18 crore of Phase-I for meeting immediate requirements under Phase II.

Irregular use of funds for clearing old liabilities

3.1.11 The State Government included in the project proposal of Phase-I BMS works which were already completed before launching of PMGSY programme (completed before March 2000) as incomplete works and utilised Rs.1.21 crore from PMGSY funds for clearing old liabilities (Churachandpur district: 15 works – Rs.72.40 lakh and Imphal West district: 23 works – Rs.48.37 lakh).

Payment without execution of works

3.1.12 The physical progress of 12 BMS works in Imphal West district at the time of their conversion into PMGSY (March 2000) ranged from 40 to 80 per cent. There was no further progress of works on these roads as of May 2005 but DRDA made payment of Rs.16.79 lakh to the contractors from PMGSY funds against these roads without execution of any work during the last four years (*Appendix-XXI*). Though the bills were called for during audit, these could not be produced.

Physical Planning

Delay in preparation of Core Network

3.1.13 As per the guidelines issued by the Government of India, roads under PMGSY had to be constructed based on the approved Core Network. Scrutiny of records, however, disclosed that the works under Phase-I and II were taken up/executed before its preparation. The State Government submitted the final draft Core Network for Phase III/IV/V to the National Rural Development Agency (NRDA) only in August 2005. This had not been approved as of September 2005. Preparation of DPR for these phases was still in progress (October 2005). As such, the Government of India did not release any funds against the remaining phases as of October 2005. Inefficiency in physical planning led to considerable delays in implementation of PMGSY and no works could be taken up for Phase-III (2002-03) and subsequent phases till October 2005.

Lack of technical manpower

3.1.14 For efficient planning and monitoring of the scheme, it was also essential that the nodal department had adequate technical manpower to ensure accurate and timely preparation of project proposals. Audit examination disclosed that the work of implementation of PMGSY was entrusted to the Department of Rural Development and Panchayati Raj which did not have any technical manpower.

Finally, the State Rural Development Agency, an autonomous agency, was established in March 2004 but that agency also could not function properly due to lack of technical manpower till March 2005.

Implementation

Financial performance

3.1.15 As of June 2005, expenditure of Rs.79.21 crore was incurred under both the phases against a total sanction of Rs.120.71 crore, which was only 66 per cent.

Imphal West, Ukhrul, Tamenglong districts performed poorly and had spent less than 50 per cent of the outlays sanctioned. District-wise details of expenditure incurred are given in *Appendix-XXII*.

Physical performance

Phase-I

3.1.16 According to programme guidelines, works under PMGSY had to be executed within nine to 12 months of clearance of project proposals.

The State Government, however, could not complete 27 *per cent* of works under Phase-I even after four years of receiving full allocation of Rs.40 crore in March 2001 from Government of India. Of the 637 works (570 roads and 67 bridges) sanctioned under Phase-I, only 466 works (422 roads and 44 bridges) were completed as of June 2005. The remaining 171 works were yet to be completed. District-wise details of sanctioned and completed works are given in the *Appendix-XXIII*. Imphal West, Imphal East, Chandel and Churachandpur districts performed poorly with 58, 24, 36 and 30 *per cent* of sanctioned works still remaining incomplete as of June 2005.

Phase-II

3.1.17 One hundred thirty road works consisting of 59 new connections (for connecting 64 habitations) and 71 upgradation works were undertaken under Phase-II for construction of 416.444 km of new roads and 294.202 km of upgradation works of existing roads during 2001-02. As the funds were released by the Government of India in February 2002, the works were to be completed by March 2003 (within one year of release of funds).

Audit examination disclosed that there were serious slippage in completion of works under this phase. The implementing agencies could complete only 371.321 kms of new roads and 168.57 kms of upgradation works as of June 2005. Physical performance was 89 *per cent* in construction of new roads lengths and only 57 *per cent* in upgradation works with delay of more than two years.

District-wise physical performance is given in *Appendix-XXII*. Three districts of Bishnupur, Imphal West and Thoubal performed poorly with 55, 53 and 30 *per cent* works respectively remaining incomplete as of June 2005.

Delay in completion of works was attributable to delay in release of funds by the State Government to the implementing agencies, delay in processing of tenders for award of works, slow progress of execution of works and adverse law and order situation in the State.

Works not taken up despite allotment of funds

3.1.18 In Churachandpur district, a proposal for allotment of funds of Rs.58.91 lakh under Phase-I was made to take up three incomplete bridge works of the erstwhile BMS scheme. Expenditure of Rs.2.35 crore had already been incurred on these bridges till March 2000. Government of India released to the State Government the proposed amount in March 2001, but no works had commenced on these bridges as of March 2005 though the works were to be completed within 12 months.

*Execution of work**Delay in processing of bids/tenders*

3.1.19 According to PMGSY guidelines, all State level formalities relating to issue of tender notice, finalisation of tender and award of works were to be completed within 120 days of clearance of the project proposals failing which the works in question would be cancelled. The State Government would also stand to lose the amount released for the work by the Government of India.

Test-check of records in Bishnupur, Churachandpur and Imphal West districts revealed that there were considerable delays in processing and finalisation of tenders for Phase-II ranging between 11 to 14 months beyond the prescribed period of 120 days as shown in the table below:

Table No.3

Date of clearance by Government of India	Name of district	Number of packages	No. of works	Cost approved (Rupees in lakh)	Date of issue of work order
19.10.2001	Bishnupur	4	21	877.52	18.1.2003 (4 Nos.)
19.10.2001	Churachandpur	6	11	889.76	22.1.2003 (2 Nos.) 23.1.2003 (1 No.) 24.1.2003 (1 No.) 5.5.2003 (2 Nos.)
19.10.2001	Imphal West	3	20	938.50	20.1.2002 (3 Nos.)

While the guidelines provide only nine to 12 months for completion of the works after clearance from the Government of India, the State Government took 14 to 18 months in just processing the tenders and awarding the works.

Awarding of works to pre-qualified contractor without call of tender

3.1.20 The State Government issued 33 work orders between January 2003 and December 2003 for 33 packages consisting of 59 new roads and 71 upgradation works for existing roads in nine districts of the State under Phase II valuing Rs.80.67 crore.

The tendering/selection process for award of works adopted by the State Government was examined by Audit in three districts (Bishnupur, Churachandpur and Imphal West) to ascertain whether the bidding process was efficient, competitive and transparent and to see that no work/contract was awarded in contravention of prescribed conditions. It was found that work orders for execution of projects under PMGSY valuing Rs.26.30 crore in the three selected districts were given to contractors who were selected in an irregular manner without competitive bidding as discussed below:

Churachandpur District

Fifty eight contractors had pre-qualified for participating in the tender for execution of works under Phase II in respect of Churachandpur district as per order issued by the Deputy Commissioner, Churachandpur on 27 September

2002. The marks scored by these contractors at the pre-qualification stage varied between 27.7 and 50.

The Government, however, on 13 November 2002 issued instructions that works under PMGSY scheme in all districts would be awarded to the pre-qualified contractors without call of tender and directed PIUs/DRDAs to identify particular contractors (out of pre-qualified contractors) for award of specific packages of works under PMGSY in their districts. The above instructions of the Government of Manipur were in contravention of the provisions of the financial rules, the CPWD Manual and PMGSY guidelines issued by the Government of India, as these instructions permitted selection of contractors for award of works valuing more than Rs.80 crore in various districts of the State without competitive bidding.

In view of these instructions from the Government, the District Level Tender Committee¹ (DLTC), Churachandpur decided to issue NIT to seven contractors (out of 58 pre-qualified contractors) on 19 November 2002 for award of six packages (one contractor each for five packages and two contractors for the sixth package of works valuing Rs.8.33 crore) and on 4 December 2002 the DLTC recommended all these seven contractors for award of work without calling financial bids from all the pre-qualified contractors. The criteria adopted by DLTC for selecting seven contractors for award of work out of 58 pre-qualified contractors were not found on record.

The Government finally awarded contract to six contractors for six packages in the district accepting six names recommended by DLTC and rejecting one contractor. The works were awarded between 5.25 and 5.60 *per cent* above the estimated cost in respect of all the six packages.

In fact, the DLTC was asked by the apex level in the Government on 15 November 2002 to recommend specific contractors for award of works, thus interfering with the process of independent assessment of contractors by the DLTC. The DLTC complied with the direction from the apex level, in violation of financial rules and instructions of Government of India.

Bishnupur district

In Bishnupur district also, the DLTC did not invite financial bids from all the pre-qualified contractors. The DLTC recommended four contractors for four packages valuing Rs.8.97 crore out of 25 pre-qualified contractors. The DLTC in its proceedings dated 22 November 2002 did not record any reason or criteria for selecting the four contractors and rejecting others except that the specific contractors were recommended in the wake of directions from the apex level in the Government. The recommendations of DLTC were accepted by the Government and the works were awarded to the four contractors during

¹ A DLTC consists of Deputy Commissioner of the district concerned as Chairman and two or three other officers of Public Works Department / DRDAs as members.

January 2003 at percentages between 5.59 *per cent* and 5.64 *per cent* above the estimated costs.

Imphal West district

Similarly, in Imphal West district, financial bids were not invited from all the 47 pre-qualified contractors and the DLTC was asked by the apex level in the Government to recommend specific contractors for award of work valuing Rs.9 crore.

The practice of not calling tenders or not giving opportunity to all the pre-qualified bidders to participate in the financial bidding not only violate all norms of financial propriety and competitive bidding but is also fraught with the risk of fraud, possibility of abuse of authority and undue favours being extended to the contractors causing substantial loss to the Government exchequer.

Deficiencies in contract management

3.1.21 In Bishnupur, as per the work orders issued in January 2003 for Phase II, the works should have been completed within nine months (Package No. MN 0101 to 0104).

In respect of Churachandpur, the time for completion given to contractors was 12 months reckoned from January 2003 (in case of 4 packages) and May 2003 (in case of 2 packages). However, no package had been completed as of March 2005.

Similarly, in Imphal West district also there were delays of more than two years in completion of works in all the three packages.

No action was taken against any of the contractors for non-completion of the works within the scheduled time.

The Commissioner, Rural Development in his reply (July 2005) admitted that physical achievement towards completion of works was very poor and main reasons for delay, besides contractors' own lapses, were limited working season and the adverse law and order situation. He accepted that no action was taken to penalise the defaulting contractors for non-adherence to the contractual obligations.

Irregular refund of earnest money deposit

3.1.22 According to clause 1 (b) of the conditions of contract, the earnest money deposited by the contractors shall form part of the 10 *per cent* maintenance performance security to be taken as guarantee for maintenance of roads for five years by the contractor.

It was noticed that in Bishnupur district, an amount of Rs.6.50 lakh received as earnest money from four contractors was released to them between January and July 2004 in violation of the contract conditions. Since the works had not yet been completed and the agreement also provided for maintenance of roads for five years by the same contractor, the release of earnest money which formed part of the maintenance performance guarantee was irregular.

Irregularities in procurement and issue of bitumen

3.1.23 According to the agreements (Clause No. 10) executed between the Deputy Commissioner/Executive Director, DRDA and the contractors in respect of Bishnupur district, the contractors were responsible for procurement of required construction material such as cement, bitumen, steel *etc.* at their own risk and cost.

However, in contravention of the contract conditions, the Government decided to issue bitumen to the contractors and released Rs.1.40 crore to the Deputy Commissioner/Executive Director, DRDA, Bishnupur in December 2003 for procuring bitumen for the purpose. The Government appointed a transport contractor *viz.* M/s Continental Transport Agency, Imphal in December 2003 for lifting bitumen from Guwahati to Bishnupur.

An agreement was executed with the above transport agency in January 2004 to lift 867 MT of bitumen and the agency was required to transport bitumen within two months i.e. by 22 March 2004, failing which its bank guarantee of 5 *per cent* of the total value of the material to be transported (Rs.6.74 lakh) was to be invoked by the State Government. However, the agency lifted only 832.48 MT and failed to lift the balance quantity of 34.52 MT of bitumen valuing Rs.5.37 lakh as of March 2005. Neither was the bank guarantee of the agency encashed nor was it got revalidated.

3.1.24 According to the Bin Card maintained by DRDA, Bishnupur, a quantity 398.197 MT of bitumen was issued to the work, leaving a balance of 434.283 MT in stock as on 24 February 2005. Examination of records of the DRDA, however, disclosed that 183.261 MT of bitumen valuing Rs.34.97 lakh was issued unauthorisedly on loan basis but not recorded in the Bin Card and the issue register.

These unauthorised issues were made (i) without formal indent to EE, Bishnupur (105.011 MT), and (ii) to a contractor (78.250 MT) on loan basis. The cost (Rs.34.97 lakh) of bitumen issued was yet to be recovered from the contractors.

Further, a total quantity of 122.458 MT of bitumen was issued for four road works in Bishnupur district between October 2004 and February 2005, but the progress of black topping on these roads was reported to be nil as of March 2005.

In Imphal West district, records relating to procurement of bitumen valuing Rs.1.52 crore were not produced to Audit. In the absence of such records, actual quantity of bitumen lifted, received and issued to contractors could not be verified.

Work management

Unapproved works taken up for execution

3.1.25 Out of Rs.2.10 crore released to Bishnupur district for Phase-I, an amount of Rs.27.04 lakh was spent for payment of 18 works not included in the approved works of the programme in the district.

Award of work not included in the project proposals

3.1.26 Project proposals for Phase-II were cleared by the Government of India in October 2001 in respect of Churachandpur district. Construction of new connectivity between Teiseng village to Gelmol village of 5.60 km length was neither included in the project proposals nor approved by the Government of India. However, anticipating a saving of Rs.55.98 lakh out of the sanctioned proposals of Rs.8.90 crore for the district (technical approval was for Rs.8.34 crore), a proposal for a separate package No. MN 0307 was prepared (estimated to cost Rs.62.25 lakh) and was included in Phase-II with the approval of the State Level Standing Committee (SLSC) in December 2003. The shortfall was decided to be met from PMGSY for 2003-04 which was not yet approved by the Government of India. Since the project proposals for Phase-II had already been cleared by Government of India, this new work amounting to Rs.62.25 lakh was included in the earlier approved package (MN 0301) by preparing a deviation statement which was approved by the Additional Chief Engineer and State Quality Co-ordinator in November 2003 i.e. after two years of clearance given by the Government of India.

Incomplete works

3.1.27 In Bishnupur district, seven works for construction of roads and bridges remained incomplete as on March 2005 with physical progress of the works ranging from 40 to 98 per cent (*Appendix-XXIV*). Expenditure of Rs.81.11 lakh was incurred on these works (BMS: Rs.55.16 lakh and PMGSY: Rs.25.95 lakh). The Executive Engineer (EE), Bishnupur Division, PWD (executing agency) stated that all BMS works converted to PMGSY had been closed at the position as and where it is. The decision to close the works without completion is considered imprudent.

Deviation from approved works

3.1.28 The project proposal for the annual plan 2001-02 (Phase-II) in respect of Churachandpur district provided for new connectivity covering 15 km under package No. MN 0301 which was approved/cleared by Government of

India. Examination of records of actual execution of works viz., schedule of quantity in work orders, running bills, progress reports etc., disclosed that works costing Rs.1.99 crore were awarded under this package for “upgradation of existing Water Bound Macadam roads” connecting Bijang to Teising, Bethal to Molnom and Zomi colony to Zellang instead of “new connectivity”.

Quality control

Quality checks by PIUs

3.1.29 The programme envisaged a three tier quality control and monitoring mechanism for ensuring quality in construction of roads. In the first tier at district level, the executing agency (PIU/Executive Engineer, Quality Control) were responsible to perform the mandatory quality control test. Test-check by Audit in Churachandpur and Bishnupur districts, however, disclosed that the required numbers of quality tests were not carried out by the executing agencies in these districts. The number of tests actually conducted was low in case of base/surface course (bituminous) and base course (non-bituminous) items as shown in the *Appendix-XXV*. Thus, the first tier quality monitoring agencies did not adhere to quality norms.

Quality checks by SQM

3.1.30 The second tier quality control was to be carried out by the State Quality Control Units/Monitors engaged by the State Government, independent of the executing agencies. Though PMGSY was launched in 2000-01, the State Level Quality Monitors (SQM) were appointed only in October 2004. Hence no effective quality monitoring at the second tier was carried out during the period 2000-01 to 2003-04.

As per guidelines for quality monitoring issued by the National Rural Roads Development Agency, Government of India, every work was required to be inspected by SQM at least twice, once during the execution of works and the second within one month of completion of work.

As per records made available to Audit, only 27 roads covering four districts were inspected by the SQM between October 2004 and March 2005 out of 59 new roads and 71 upgradation works taken up in nine districts of the State under Phase-II. Of the 27 roads inspected, 17 roads though incomplete, were graded as ‘good’ and remaining 10 roads were left ungraded by SQM.

Quality checks by NQM

3.1.31 The third tier of quality control was to be exercised by National Quality Monitors (NQMs) through periodic inspections to evaluate quality of material used and workmanship achieved in execution of works. The NQM carried out inspections in the State in March 2003, December 2004 and

January 2005. Measurement books, survey details and quality control registers were not produced to NQM by PIUs in three districts (Senapati, Churachandpur and Bishnupur) inspected by them in December 2004.

These important records including Measurement books were also not produced to Audit in the test-checked districts of Churachandpur and Bishnupur, in the absence of which the genuineness of payments made against works executed could not be verified in audit.

Non-setting up of field laboratories

3.1.32 Test-check of records further disclosed that field laboratories were not set-up by the contractors for quality testing despite specific provisions in the agreement making contractors responsible for setting up of field laboratories at their own cost. Tests were carried out at the Quality Control and Monitoring Laboratory at Porompat, Imphal (a Government laboratory under Public Works Department) instead of asking the contractors to set up their own field laboratories. Thus, the tests were conducted at Government cost and this constituted undue favour to the contractors.

The Chief Engineer, Manipur State Rural Roads Development Agency in his reply to Audit admitted (September 2005) that no substantial rectification works had been carried out so far by PIUs on the deficiencies pointed out by SQM and NQM. Hence, the quality of roads constructed under PMGSY cannot be expected to be of a satisfactory level.

Monitoring

Non-implementation of online management and monitoring system

3.1.33 The Central Government advised the State authorities to equip all PIUs with necessary computer hardware to implement Online Management and Monitoring System (OMMS) for PMGSY at State and district levels. The Government of India, Ministry of Rural Development also released funds to National Informatics Centre Services Inc. in June 2002 for various States including Manipur towards the cost of hardware required for computerisation. It was noticed in audit that online monitoring system as envisaged in the Government of India guidelines was not introduced in the State as of September 2005.

In reply, the Chief Engineer, MSRRDA stated that the computers provided by Government of India were issued to PIUs in November 2002 but inter-connectivity of the districts could not be achieved fully for want of trained manpower. As a result, OMMS could not be implemented so far. The reply was not acceptable as the agency or nodal department should have organised training programmes with the help of Ministry of Rural Development, NIC or other agencies to train personnel for implementation of OMMS on priority.

Conclusion

3.1.34 The guidelines issued by Government of India were not strictly followed by the State Government in implementation of the programme. There were cases of diversion of funds, irregular use of funds to clear old liabilities and works not being taken up despite allotment of funds. The progress of work under PMGSY in the State was very slow due to substantial delays in release of funds by the State Government, abnormal delays in finalisation of tenders and delay in execution of works. Well laid norms of financial propriety and tendering procedures were overlooked in award of works of crore of rupees to pre-identified contractors without competitive bidding. The monitoring of the programme was poor and quality control ineffective. Thus, the objectives of the programme could not be achieved and the quality of roads constructed was also not of desired level.

Recommendations

- Financial rules and prescribed procedures for award of tenders should be strictly followed to ensure competitive bidding in award of works so as to derive advantage of best cost and transparency in selection of contractors.
- The State Government and MSRRDA should monitor the programme more effectively to cut down delays and ensure that works are awarded and completed as per the time schedule approved by the Government of India and there are no slippages or deviations from the approved project plan.
- Quality of works executed under PMGSY should be strictly monitored by the three tier quality control agencies and the State Government by conducting prescribed quality tests and field visits in respect of each road and ensuring that necessary rectifications are made by the contractors before the final payments are released to them.
- Online management and monitoring system should be introduced without further delay and release of funds should be linked to performance in execution of works and adherence to quality norms.

3.2 MEMBER OF LEGISLATIVE ASSEMBLY LOCAL AREA DEVELOPMENT PROGRAMME

Physical and financial progress of works and proper utilisation of funds provided under MLAs Local Area Development Programme for creation of durable community assets were not monitored. Deputy Commissioners of districts who were responsible for implementing the programme did not submit accounts and utilisation certificates for funds released under the programme. Financial rules and procedures were not followed by DRDAs in 140 works involving Rs.82.52 lakh in seven test-checked constituencies, and prescribed records were not maintained as a result of which it could not be verified if the works had actually been executed.

Introduction

MLAs Local Area Development Programme (MLALADP) was launched in the State in 1996-97, covering 60 assembly constituencies in nine districts with the objective of taking up developmental works on the basis of recommendations of the MLAs for creation of durable community assets in the respective constituencies by constructing village roads, bridges, culverts, schools, common shelters for old or handicapped *etc.* The cost of each work component was not to exceed Rs.2 lakh.

In April 2001, the responsibility of implementing the programme was entrusted to the Department of Rural Development and Panchayati Raj (RD&PR). District Rural Development Agencies (DRDAs) were responsible for implementation of the programme at the district level.

Release of Funds and their utilisation

3.2.1 Funds for MLALADP were provided from the State Plan budget and funds released in a particular year to a DRDA, if remaining unutilised, could be carried forward to the subsequent year. A total amount of Rs.39 crore was released for implementation of the programme during 2001-05² as given below:

Table No.1

Year	Number of MLAs	Amount released per MLA	Total amount of funds released under MLALADP
		(Rupees in lakh)	(Rupees in crore)
2001-02	60	10.00	6.00
2002-03	60	15.00	9.00
2003-04	60	10.00	6.00
2004-05	60	30.00	18.00
Total			39.00

Source: Records of the department

² No funds were provided for the year 2000-01.

District-wise allocation of funds during the four years ending 2004-05 are given in *Appendix-XXVI*.

Audit examination disclosed that the nodal department released funds at a fixed rate every year without even asking the concerned agencies (DRDAs) to provide accounts and utilisation certificate against funds already released in the previous year.

Scrutiny of records of the monitoring cell of the nodal department (RD&PR) revealed that out of nine DRDAs in the State eight did not submit utilisation certificates to the nodal department. The nodal department, however, continued to release funds to DRDAs in a routine manner without insisting on utilisation certificates against amounts released earlier. Thus, utilisation certificates for Rs.26.55 crore were awaited from eight DRDAs as of June 2005 as shown below:

Table No.2

(Rupees in crore)

Name of DRDAs	Period	Fund released for which utilisation certificates were awaited
Imphal West	2001-02 to 2004-05	8.45
Bishnupur	2001-02 to 2003-04	2.10
Thoubal	2004-05	3.00
Churachandpur	2001-02 to 2004-05	3.90
Tamenglong	2001-02 to 2004-05	1.95
Ukhrul	2001-02 to 2004-05	1.95
Chandel	2001-02 to 2004-05	1.30
Senapati	2001-02 to 2004-05	3.90
Total:		26.55

While accepting the facts, the Commissioner (RD&PR) stated (October 2005) that in future annual work programmes for each district would be approved by the department in advance for better planning and effective control. However, no clarification was given regarding delays in submission of utilisation certificates.

MLALADP accounts

3.2.2 Programme guidelines issued by the State Government in November 2000 made it mandatory for the DCs / DRDAs to prepare and submit audited statements of accounts of MLALADP to the nodal department every year.

It was, however, seen that seven DRDAs did not submit any audited statements of accounts to the nodal department for funds of Rs.28.60 crore released to them from 2001-02 to 2004-05 as shown below:

Table No.3

	(Rupees in crore)
1. Imphal East	7.15
2. Imphal West	8.45
3. Tamenglong	1.95
4. Bishnupur	3.90
5. Ukhrul	1.95
6. Chandel	1.30
7. Senapati	3.90
Total:	28.60

Lack of monitoring

3.2.3 It was seen in audit that no monthly financial and physical progress report was submitted by DRDAs to the nodal department during the period from 2001-02 to 2004-05. As a result, the nodal department could not monitor progress of implementation of the programme in different districts and constituencies and could not provide even figures of actual expenditure made by the various districts/DRDAs in the State.

The Commissioner (RD&PR) accepted their failure to monitor the progress of implementation of the programme and issued instructions to the Deputy Commissioners/Executive Directors, DRDAs (October 2005) to furnish hence-after physical and financial progress reports regularly to the nodal department by the 6th of every month for proper review and monitoring of the programme.

Financial performance

3.2.4 Information collected by Audit from the four selected DRDAs of Imphal East, Imphal West, Bishnupur and Thoubal on funds and expenditure were as follows:

Table No.4

(Rupees in lakh)

Name of DRDA	Year	Opening balance ³	Fund available	Interest received	Total	Expenditure	Closing Balance
Imphal East	2000-01	121.35	Nil	1.22	122.57	114.47	8.10
	2001-02	8.10	Nil	0.23	8.33	5.13	3.20
	2002-03	3.20	220.00	0.52	223.72	182.75	40.97
	2003-04	40.97	165.00	0.52	206.49	198.02	8.47
	2004-05	8.47	330.00	0.28	338.75	290.10	48.65
	Total:		715.00	2.77		790.47	
Imphal West	2000-01	49.08	130.00 ⁴	2.54	181.62	155.42	26.20
	2001-02	26.20	Nil	0.97	27.17	6.85	20.32
	2002-03	20.32	260.00	1.47	281.78	159.94	121.84
	2003-04	121.85	195.00	3.88	320.73	241.84	78.89
	2004-05	78.89	390.00	2.67	471.56	265.61	205.95
	Total:		975.00	11.53		829.66	
Thoubal	2000-01	33.33	1.00 ⁵	1.51	35.83	27.13	8.71
	2001-02	8.71	Nil	0.15	8.86	8.02	0.84
	2002-03	0.84	200.00	0.38	201.22	175.00	26.22
	2003-04	26.22	154.10	0.49	180.81	161.70	19.11
	2004-05	19.11	304.29	0.52	323.92	292.59	31.33
	Total:		659.39	3.05		664.44	
Bishnupur	2000-01	62.39	Nil	0.35	62.74	61.76	0.98
	2001-02	0.98	Nil	0.05	1.03	0.12	0.91
	2002-03	0.91	120.00	0.27	121.18	99.32	21.86
	2003-04	21.86	90.00	0.40	112.26	104.66	7.60
	2004-05	7.60	180.00	0.36	187.96	122.00	65.96
	Total		390.00	1.43		387.86	

Source : Records of DRDAs.

The information collected from DRDAs disclosed that the funds remaining unspent at the end of the financial year in each district increased significantly in 2004-05. This was mainly due to increase in the annual allotment amount per constituency and late release of funds. The amount of funds released during 2004-05 (Rs.30 lakh per constituency) to each constituency was much higher as compared to the previous years (Rs.10 lakh to Rs.15 lakh per constituency). Out of the total amount of Rs.12 crore provided for the year 2004-05 in respect of four selected districts, Rs.4 crore was released only in the month of March 2005.

Physical performance

3.2.5 As the nodal department could not provide any data on physical performance of the programme in different districts of the State, Audit collected physical performance reports from the selected DRDAs for the last five years to assess physical performance of the programme. Physical

³ Opening balance includes bank interest.

⁴ No funds were released during 2000-01, however funds released during 1999-2000 was accounted for in 2000-01 by the DRDA, Imphal West.

⁵ No funds were released during 2000-01. This was recovery.

performance in terms of works sanctioned and completed during 2000-05 in the four districts were as follows:

Table No.5

(Rupees in lakh)

Name of DRDA	Number of works sanctioned	Value	Number of works completed	Value	Number of works not completed	Value
Imphal West	1462	975.00	1159 (79%)	780.58	303(21%)	194.42
Imphal East	1237	825.00	1147 (93%)	776.53	90 (7%)	48.47
Thoubal	712	650.00	600 (84%)	613.60	112 (16%)	36.40
Bishnupur	622	430.00	529 (85%)	371.00	93 (15%)	59.00
Total	4033	2880.00	3435 (85%)	2541.71	598 (15%)	338.29

Year-wise position of works executed in these districts under MLALADP during 2000-05 is given in *Appendix-XXVII*.

The above analysis indicates that 15 *per cent* of the works sanctioned in these districts during the five years still remain to be completed.

Audit examination further disclosed that two DRDAs alone (Thoubal and Bishnupur) issued formal work orders stipulating time schedule for completion of works. The other two DRDAs (Imphal West and Imphal East) did not issue any formal work orders for the works undertaken by them making it difficult to monitor execution and timely completion of works.

When this was pointed out, the Commissioner (RD&PR) directed (October 2005) all the DRDAs to strictly follow Government instructions and guidelines in execution of works under the programme.

Non-observance of financial rules and procedures

3.2.6 The programme guidelines prescribed that normal financial and audit procedures should be followed in all works taken up under MLALADP. Further, the guidelines also stipulated that works should be executed by DRDAs, Panchayati Raj Institutions and reputed Non-Government Organisations (NGOs).

Test-check in the four districts revealed little evidence that the works had been executed by the prescribed agencies. In most of the cases checked it was seen that cheques were merely given to the beneficiary committees for executing the works. In the absence of any documentation it was difficult for Audit to ascertain if in fact any work had been executed at all.

Test-check further revealed that normal financial rules and procedures were not followed by DRDAs in execution of 140 works involving shingling, construction of clubs, community halls, culverts, drains, cremation sheds,

fencing and earth filling etc. in seven constituencies involving a total expenditure of Rs.82.52 lakh as per details shown below:

Table No.6

(Rupees in lakh)

DRDA/ Constituency	Year	Number of works	Expenditure
Imphal West			
Wangoi	2000-01	9	4.39
Mayang Imphal	2001-02	10	10.00
Thangmeiband	2002-03	30	15.00
	2003-04	20	9.00
Uripok	2002-03-2003-04	14	10.23
Konthoujam	2003-04	14	10.00
Total:		97	58.62
Imphal East			
Andro	2000-01	8	5.00
	2004-05	24	10.00
Total:		32	15.00
Bishnupur			
Nambol	2004-05	11	8.90
Total:		11	8.90
Grand total:		140	82.52

In respect of these works, no estimates, measurements, final payments supported by vouchers, actual payee's receipts, muster rolls or other evidence in support of execution of the works could be made available to Audit. The DRDA's simply issued cheques to the beneficiary committees against proposals and obtained receipts thereof.

Expenditure of Rs.82.52 lakh was thus incurred without documentary evidence in support of execution of the works.

After the above irregularities were brought to the notice of the Government, the Commissioner (RD&PR) directed (October 2005) all the Deputy Commissioners/ Executive Directors of DRDAs to ensure that prescribed records are maintained and norms for recording necessary measurements of works executed are observed strictly as per rules.

Diversion of funds

3.2.7 Providing grants and loans out of MLALADP funds is prohibited under the programme guidelines. Test-check of records revealed that DRDA, Thoubal advanced Rs.16.03 lakh from MLALADP funds for purposes not related to the MLALADP as shown below:

Table No.7

(Rupees in lakh)

Year	Amount diverted	Purpose	Funds recovered	Balance yet to be recovered
2000-01	1.15	Paid to SDC (HQ) as loans for State functions of Khongjom Day, 2000	1.15	Nil
	0.50	Exgratia to Indrani Devi and Juboti Devi	1.00	Nil
	0.50			
2001-02	0.91	DRDA Admn	Nil	0.91
2002-03	1.09	DRDA Admn	Nil	1.09
2003-04	0.48	DRDA Admn	Nil	0.48
	5.00	Ex-gratia granted by DC Thoubal	4.45	0.55
	0.74	DC Thoubal	Nil	0.74
	1.56	To M/s Holywood Express for printing charges of BPL Survey Forms	1.56	Nil
2004-05	1.35	MPLADP (Outer)	1.35	Nil
	0.28	DC Thoubal	0.28	Nil
	0.18	MPLADP (Outer)	Nil	0.18
	0.29	MPLADP (Outer)	0.29	Nil
	2.00	BO (HQ) for payment of ex-gratia	Nil	2.00
Total:	16.03		10.08	5.95

An amount of Rs.10.08 lakh has since been refunded to MLALADP leaving a balance of Rs.5.95 lakh yet to be refunded as of June 2005.

Irregular expenditure

3.2.8 A vehicle (Trekker Diesel) costing Rs.2.80 lakh was purchased irregularly by DRDA, Thoubal during 2003-04 by making payment from Interest funds of MLALADP.

DRDA, Bishnupur incurred irregular expenditure of Rs.0.45 lakh out of MLALADP funds for construction of security tower at DC's office, replacement of vehicle's parts and purchase of petrol, oil and lubricants.

Non-deposit of interest to Government account

3.2.9 Paragraph 3.3 of the programme guidelines provides that out of interest accrued on deposits of MLALADP funds, Rs.0.20 lakh per district may be allowed to meet the contingency charges *etc.*, by the DCs for implementing the programme, and the balance interest earned shall be deposited in the Government account.

Scrutiny of records of four selected DRDAs, however, revealed that an amount of Rs.18.78 lakh had accrued as interest on deposits of MLALADP funds during the period 2000-05, but the entire amount was retained by the DRDAs and no amount was remitted to the Government account.

The DRDAs concerned should take immediate action to remit the excess amount of interest (Rs.14.78⁶ lakh) to the Government account.

Execution of inadmissible works

3.2.10 Test-check of records of DRDA, Imphal West revealed that works relating to places of worship were executed in Wangoi constituency spending Rs.5.60 lakh by the DRDA under MLALADP although they did not fall under the permissible works listed in the programme guidelines.

Accepting the irregularity, the Commissioner (RD&PR) advised (October 2005) all the DRDAs not to include places of worship and other inadmissible works under the MLALADP in future.

Execution of works in excess of permissible limit

3.2.11 Paragraph 2.1 of the programme guidelines envisaged that the cost of each work component should not exceed Rs.2 lakh.

Test-check of records in the selected DRDAs viz., Imphal West, Imphal East, Thoubal and Bishnupur revealed that 47 works costing more than Rs.2 lakh each were taken up under MLALADP in violation of guidelines. DRDA-wise position of excess expenditure incurred is given in the table below:

Table No.8

(Rupees in lakh)				
DRDA	Period	Number of works costing more than Rs.2 lakh	Value of works	Value of sanction in excess of permissible limit
Imphal East	2002-03 to 2004-05	32 (8 Constituencies)	112.56	48.56
Thoubal	2002-03 to 2004-05	11 (5 Constituencies)	38.90	16.90
Imphal West	2002-03 to 2004-05	3 (1 Constituency)	7.60	1.60
Bishnupur	2004-05	1 (1 Constituency)	2.50	0.50
Total:		47 (15 Constituencies)	161.56	67.56

Non-adherence to programme guidelines resulted in excess expenditure of Rs.67.56 lakh in four districts. The constituency-wise position is given in Appendix-XXVIII.

Non-creation of durable community assets

3.2.12 Records of DRDAs Imphal West, Bishnupur and Thoubal revealed that maintenance works viz., cutting/clearance of floating phumdis⁷, clearance of landslide, clearance of drains amounting to Rs.7.65 lakh were taken up under MLALADP which had not resulted in creation of any durable community assets as required under the scheme.

⁶ Rs.18.78 lakh - (Rs.0.20 lakh x 4 DRDAs x 5 years) = Rs.14.78 lakh.

⁷ Floating water-grass

Inspection of works

3.2.13 Para 5 of the programme guidelines stipulates that a schedule of inspection prescribing minimum number of field visits to work spots by each supervisory level functionary should be drawn up by the DCs to ensure timely and satisfactory completion of the works as per approved specifications.

Scrutiny of records of four selected DRDAs revealed that the concerned DCs had not drawn up any schedule of inspection prescribing field visits of works by supervisory officers of executing agencies despite this requirement in the programme guidelines. No registers recording the number of field visits undertaken was maintained in any of the four DRDAs test-checked. Thus, DCs failed in their responsibility to verify that works had been executed by beneficiary committees as per specifications prescribed.

On this being pointed out in audit, the department directed the DCs to monitor progress of work regularly and ensure that works are executed as per approved specifications.

Conclusion

3.2.14 There was no system of monitoring and evaluation of MLALADP. Monthly physical or financial progress reports, audited statements of accounts and utilisation certificates were not furnished regularly by the implementing agencies. No inspection was carried out by DRDAs or State level agencies to ensure that the works were executed as per specifications. Record maintenance by the executing agencies was poor making it difficult to verify whether works had actually been executed and whether the funds had been utilised for the purpose for which these were sanctioned.

Recommendations

- Release of funds to each constituency should be linked to adherence to the programme guidelines and maintenance of prescribed records/proof of expenditure.
- Works should be executed by the prescribed agencies.
- An effective system for inspection of works should be evolved and strictly enforced to ensure that the works are executed as per approved specifications.
- Expenditure under the scheme should be carefully monitored.
- Time limits should be prescribed for execution and completion of sanctioned works.

VETERINARY AND ANIMAL HUSBANDRY DEPARTMENT

3.3 VETERINARY AND ANIMAL HUSBANDRY SERVICES

Highlights

The Veterinary and Animal Husbandry Department is responsible for production, preservation, protection and improvement of livestock and poultry through health care arrangement and genetic improvement with the objective of increasing production of milk, egg and meat. Veterinary and animal husbandry services in the State were inefficient and ineffective.

Despite incurring expenditure of Rs.17.18 crore during 1997-2002 under Cattle Development Programme, the cross breed cattle population in the State did not increase and, therefore, the entire expenditure was rendered unfruitful and the programme objectives were not achieved.

(Paragraph 3.3.13)

Integrated Dairy Development Project remained largely unfruitful due to delay in installation and commissioning of the Dairy Plant and non-functioning of Dairy Co-operative Societies and Rural Dairy Centres. Inefficient operation of the Central Dairy, Porompat led to loss of Rs.2.69 crore during 2000-05.

(Paragraphs 3.3.18, 3.3.19, 3.3.20 & 3.3.21)

The outlay of Rs.1.58 crore on poultry development programme during the years 2000-05 (including Rs.1.42 crore on salaries) was infructuous.

(Paragraph 3.3.14)

The department failed to procure high yielding variety of pigs for the last seven years for two district piggery farms resulting in blocking of capital of Rs.36 lakh and unproductive expenditure of Rs.47.11 lakh on salaries of the idle staff.

(Paragraph 3.3.17)

Immunisation and disease surveillance programmes were not implemented effectively. No vaccination of cattle was carried out against brucellosis for four years and there was shortfall of 91 per cent in immunisation targets for foot and mouth disease. Achievements in providing vaccination against poultry disease like bird flu were also insignificant.

(Paragraph 3.3.22)

Introduction

The Veterinary and Animal Husbandry Department (V&AH) is responsible for production, preservation, protection and improvement of livestock and poultry by way of health care management and genetic improvement with the objective of augmenting production of livestock and poultry products such as milk, egg and meat in the State. The department has a network of veterinary hospitals, dispensaries and aid centres to meet health care needs of the livestock including immunisation against infectious diseases, and is implementing a number of programmes and schemes for genetic improvement of indigenous cattle and poultry in the State. The department is also responsible for providing adequate avenues for self employment of unemployed youths by providing help through livestock and rearing programmes.

Scope of Audit

3.3.1 The review covered five years from 2000-01 to 2004-05 and was conducted between April and July 2005 by examination of records of the department maintained in the directorate and various offices at district level. Out of nine districts in the State, six districts⁸ were covered and offices of Integrated Cattle Development Project (ICDP), Central Dairy Farm, Broiler Project at Porompat (Imphal East), Central Poultry Farm at Mantripukhri (Imphal West), Regional Cross Breeding Farm at Turibari (Senapati), District Veterinary Office (DVO), Thoubal, DVO, Bishnupur, DVO, Churachandpur were visited during the course of the review. Major programmes relating to implementation of various veterinary and animal husbandry services were studied and evaluated to assess whether outlays on these programmes resulted in desired outcomes.

Expenditure covered under the review was Rs.76.25 crore which is 78 per cent of the total expenditure of the department.

Audit objectives

3.3.2 The review was conducted to assess:

- ✓ efficiency, economy and effectiveness in planning and implementation of various programmes;
- ✓ whether and to what extent, stated programme objectives have been met; and
- ✓ how effective veterinary and animal husbandry services were.

⁸ Imphal East, Imphal West, Thoubal, Senapati, Bishnupur and Churachandpur

Organisational arrangement

3.3.3 The Commissioner (V&AH) is the administrative head of the department. The Director (V&AH) is the executive and technical head of the Veterinary and Animal Husbandry Department for implementation and monitoring of various programmes. He is assisted by two Joint Directors in implementation of various programmes and dairy schemes. The Joint Directors are assisted by nine Deputy Directors/Specialists in the technical and administrative affairs of the department.

At the district level, Joint Director is the head of the establishment responsible for administration and implementation of district plan programmes. The Joint Director is assisted by Specialists/Deputy Directors, Veterinary Officer, Sub-Divisional Officer (Extension), para veterinarian field staff and other staff.

For the dairy sector, Deputy Director (Dairy) is the technical head. He is assisted by a Procurement Officer, a Distribution Officer, a Dairy Engineer, a Dairy Development Officer, a Veterinary Officer and other technical staff for maintenance of dairy plant and execution of all dairy development programme.

Audit criteria

3.3.4 The targets fixed for the programmes were taken as bench marks for assessing yearly performance. The important audit criteria used were:

- ✓ achievements with reference to targets and overall programme objectives;
- ✓ production and efficiency of operation of animal farms and dairy plant;
- ✓ economic and efficient use of manpower and other resources; and
- ✓ efficiency in completion of projects and opening of new farms.

Audit methodology

3.3.5 Evidence was collected through scrutiny of records maintained by the Directorate and nine⁹ of the 23 subordinate offices, issue of specific questionnaires to implementing agencies and discussion with the departmental officers heading the organisation at district and State level. The information gathered, supported by documentary evidence obtained from departmental files or written replies furnished by the department, was analysed and used to evaluate performance.

⁹ (1) Project Officer, ICDP, Porompat, (2) Regional Cross Breed Cattle Farm, Turibari, (3) Deputy Director, Dairy Development, (4) Central Poultry Farm, Mantripukhri, (5) Duck Farm, Thenguchingjin, (6) Regional Broiler Farm, Porompat, (7) District Veterinary Officer, Bishnupur, (8) District Veterinary Officer, Thoubal, (9) District Veterinary Officer, Churachandpur

Despite a meeting being arranged with Commissioner (AH & Vety.) and his officials to discuss the audit findings, no one came from the department and so the review could not be discussed. However, the written replies furnished by the department were taken into account while finalising the Audit findings.

Audit findings

Financial outlay and expenditure

3.3.6 The budget of the department under Animal Husbandry and Dairy Development for the last five years is given below:

Table No.1

(Rupees in crore)

Year	Budget provision	Expenditure	Saving	Percentage of Saving
2000-01	22.98	17.36	5.62	24.46
2001-02	23.88	19.85	4.03	16.88
2002-03	24.36	18.21	6.15	25.25
2003-04	23.78	20.89	2.89	12.15
2004-05	24.20	21.82	2.38	9.83
Total:	119.20	98.13	21.07	17.68

Source: Furnished by department

The total savings of Rs.21.07 crore which account for 17.68 *per cent* of the total budget (Rs.119.20 crore) during 2000-2005 was largely attributed to non-release of funds by the Government.

The audit findings are discussed in the succeeding paragraphs:

Cattle Development Programme

3.3.7 Two major components of the programme are Intensive Cattle Development Project (ICDP) and Regional Cross Breed Cattle Breeding Farm, Turibari. The performance of these two components is discussed below—

Intensive Cattle Development Project (ICDP)

The objective of the project is to upgrade indigenous cattle by adopting a cross-breeding programme with germplasm of superior genetic bulls through artificial insemination (AI). The cross breeding programme is carried out in AI centres in various veterinary institutions e.g. hospitals, dispensaries, ICDP sub-centres and main AI centres.

The network of AI centres in the State registered significant expansion with opening of nearly 100 new centres during 2000-05. The number of AI centres in the State increased from 154 in 2000-01 to 255 in 2004-05.

Low performance in Hill districts

Audit examination disclosed that despite significant increase in the number of AI centres, the cross breeding programme largely remained confined to the valley districts only. The number of AI cases recorded in valley and hill districts, number of AI centres and the comparative performance of various districts in terms of average number of AI cases done per centre per year are given in the table below:

Table No.2

Name of the district	Number of indigenous cattle (female)	Number of AI centres as on 31.3.2005	Number of AI case done					Total AI cases	Average number of AI cases ¹⁰ per centre per year
			2000-01	2001-02	2002-03	2003-04	2004-05		
A. Valley districts									
Imphal East	21,765	37	6,028 (50)	2,653 (17)	2,797 (30)	2,687 (37)	2810 (37)	37,594	91
Imphal West	16,643	42		4378 (37)	5607 (42)	5,529 (42)	5,105 (42)		126
Thoubal	29,638	53	1,274 (56)	1,289 (57)	1,377 (52)	1,867 (53)	1,577 (53)	7,384	28
Bishnupur	13,286	34	327 (32)	430 (32)	788 (34)	1,326 (34)	1,641 (34)	4,512	31
Sub-total A	81,332	166	7,629	8,750	10,569	11,409	11,133	49,490	
B. Hill districts									
Chandel	10,990	16	Nil (2)	Nil (2)	Nil (16)	Nil (16)	Nil (16)	Nil	Nil
Senapati	32,076	29	52 (6)	77 (6)	94 (29)	259 (29)	265 (29)	747	8
Ukhrul	11,463	19	Nil (2)	Nil (2)	103 (19)	156 (19)	385 (19)	644	11
Tamenglong	11,834	11	Nil (2)	Nil (2)	Nil (11)	Nil (11)	Nil (11)	Nil	Nil
Churachandpur	12,198	14	38 (4)	63 (4)	169 (14)	181 (14)	139 (14)	590	13
Sub-total B	78,561	89	90	140	366	596	789	1,981	
Adopted Model village (in valley districts)			33	32				65	
Grand total:	1,59,893	255	7,752	8,922	10,935	12,005	11,922	51,536	

Source: Furnished by department.

(Note: The figures in bracket indicate number of AI centres in the district during the year)

Five hill districts account for 49.13 per cent of the total indigenous female cattle population of the State, but only 3.84 per cent of the AI cases were carried out in the hill districts out of the total of 51,536 AIs conducted during 2000-05 in the entire State. The remaining 96.16 per cent AIs were done in valley districts. The hill districts of the State therefore, remained mostly uncovered by the cross breeding programme despite large number of AI centres having been opened in those districts during 2000-05. The infrastructure of AI centres in these districts therefore, remained idle.

¹⁰ Average is worked out for last four years period from 2001-02 to 2004-05.

Despite Chandel and Tamenglong districts not carrying out any AIs during 2000-05, more AI centres were opened in these districts. The number of AI cases done per centre per year in other districts (other than Chandel and Tamenglong) on an average varied from 8 to 126 during 2001-02 to 2004-05. Apart from all the hill districts, Thoubal and Bishnupur districts in the valley also performed poorly with only 28 to 31 AI cases being carried out per centre per year.

Low achievement with reference to targets

3.3.8 The overall achievement of the cross breeding programme was also much below the targets fixed for AI work as indicated in the table below:

Table No.3

Year	AI cases			
	Targets	Achievement	Shortfall	Percentage shortfall
2000-01	40,000	7,752	32,248	80.62
2001-02	30,000	8,922	21,078	70.26
2002-03	40,000	10,932	29,068	72.67
2003-04	40,000	12,005	27,995	70.00
2004-05	60,000	11,925	48,075	80.13
Total:	2,10,000	51,536	1,58,464	75.46

Source : Furnished by department.

Against the target of carrying out 2.10 lakh AIs during 2000-2005, only 0.52 lakh AIs were performed during this period. The achievement was less than 25 *per cent* of the targets fixed.

As per departmental norms, success rate of AIs between 40 to 50 *per cent* is considered very good. Audit examination revealed that in Manipur, 0.52 lakh AIs resulted in only 0.22 lakh calves being born, indicating overall failure rate of 57.69 *per cent* in the State. The failure rates were abnormally high in Senapati (95.58 *per cent*) and Ukhrul (90.37 *per cent*) districts as compared to the norm.

Reasons for shortfall in achievements and high failure rates in AI cases were neither investigated nor were remedial measures taken up by the department.

Frozen semen technology

In the absence of frozen semen production centre, the State is procuring required doses of frozen semen from outside the State (Karnataka and Gujarat). During 2000-01 to 2004-05, against the target of 2.10 lakh doses, only 0.69 lakh doses were procured. Out of these, 0.65 lakh doses were issued for insemination and 0.52 lakh inseminations were done. The reasons for short procurement were not on record.

Shortfall in production of liquid nitrogen plant

3.3.9 The department is maintaining three liquid nitrogen plants. The three plants of 10 litres per hour production capacity are located at Porompat (two) and Kakching (one). The third plant at Porompat was installed and commissioned in December 2004 after a delay of four years from its receipt in September 2001. Irregularities and delays in procurement and installation of liquid nitrogen plant and other equipment (cryocans) under the ICDP were commented upon in paragraph 4.14 of the Report of the Comptroller and Auditor General of India, Government of Manipur, for the year ended 31 March 2004. Further developments regarding production of liquid nitrogen and utilisation of these plants are discussed in the succeeding paragraphs.

Test check of records relating to production of liquid nitrogen revealed that the three plants together operated for a total of 8,469 hours and produced only 46,871 litres of liquid nitrogen during 2000-01 to 2004-05 as against the quantity of 84,690 litres (8469 x 10) that should have been produced by these plants based on their 10 litres per hour production capacity. The shortfall of 37,819 litres (44.66 per cent) in production of liquid nitrogen was abnormally high.

Further, against the target of producing 3 lakh litres during 2000 to 2005, the three plants produced only 46,871 litres of liquid nitrogen achieving only 15.62 per cent of the target fixed for the period.

Regional Cross Breed Cattle Breeding Farm, Turibari

3.3.10 The Regional Cross Breed Cattle Breeding Farm, Turibari, Senapati district was set up in 1975-76 with the capacity of 100 cows for producing cross breed cows for supply to farmers.

High mortality rate of live stock in the farm

Audit examination disclosed that the farm was operating much below its optimum capacity. The position of opening herd strength, addition, disposal, death, birth, mortality rates and closing balance during 2000-05 is given below.

Table No.4

Year	Opening balance of livestock	Addition		Disposal	Death	Closing balance of livestock	Percentage of	
		New parent	By birth				Birth	Mortality to opening herd strength and addition
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2000-01	37 (21)	Nil	9	Nil	15	31	24.32	32.60
2001-02	31 (15)	Nil	4	1 (cow)	7	27	12.90	20.00
2002-03	27 (13)	Nil	5	2 parent	8	22	18.52	25.00
2003-04	22 (11)	Nil	Nil	Nil	8	14	0	36.36
2004-05	14 (6)	Nil	3	Nil	3	14	21.42	17.65
Total:		Nil	21	3	41		56.76	70.69

Source: Furnished by department.

Note: The figures within brackets represent number of cows

The parent stock of the farm decreased by more than 60 *per cent* during 2000-05 due to high mortality rate (ranging between 18 to 36 *per cent*). In the absence of post mortem reports, the cause of death of animals could not be ascertained. The department stated that no facility for proper diagnosis was available for want of modern equipment. Gradual decrease in the herd strength was attributed to non-replacement of old animals by new stock and death of animals.

The farm held only 14 cattle (as against the capacity of 100 cattle) at the end of March 2005 and employed seven personnel to maintain the stock. The staff employed was largely idle and expenditure of Rs.14.61 lakh was incurred on their salaries during the last 5 years.

Programme objectives not achieved

The main objective of the farm was to produce cross breed cattle having exotic blood level of 62.50 *per cent* adaptable to local environment, for supply to various agencies and local farmers. Cross breed bulls were also to be distributed free of cost to headman of villages in remote areas for natural breeding and gradual improvement of local breed for increased milk production.

No cross breed bulls were distributed during the period from 2000-01 to 2004-05 and therefore, the objectives of the cross breeding programme were not achieved.

Low milk yield of cows in the farm

3.3.11 The parent stock of cows maintained in the farm is of high yielding variety and therefore, should produce at least 6-8 litres of milk per day per milch cow. Audit examination however, disclosed that the milk yield per day per cow in the farm was very low as indicated in the table:

Table No.5

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	Total
Average number of cows	21	15	13	11	6	
Average number of milch cows	3	3	5	Nil	3	
Annual Milk production (in litres)	1162	1440	1843	Nil	1118	
Average yield of milk per day per cow (in litre)	1.06	1.32	1.01	0.00	1.02	
Value of milk (Rs. in lakh)	0.12	0.15	0.20	Nil	0.13	0.60

Source: Furnished by department.

As against the norm of producing 6-8 litres of milk per day per cow, the average daily yield per cow per day in the farm ranged between 1.02 and 1.32 litres only. There was no production of milk during 2003-04.

Fodder production in the Turibari farm

3.3.12 The Turibari cross breeding farm has 31 acres of cultivable land for cultivation of green fodder for farm animals. It was seen during audit that no cultivation of fodder was carried out by the farm during the period from 2000-01 to 2004-05. The Project Officer stated that fodder cultivation could not be undertaken as farm equipment like tractor *etc.*, were out of order.

The farm employed eight muster roll employees for cutting ordinary grass for supply to the farm animals and paid them Rs.7.68 lakh during 2000-05 as wages.

Impact of cross breeding programme

3.3.13 According to quinquennial census conducted by the statistical cell of the department in 1997 and 2002, cross breed cattle population of the State in 2002 was 68,938 as compared to 68,826 cattle in 1997.

Thus, despite the department spending Rs.17.18 crore during the period 1997-2002, the cross breed cattle population of the State remained the same. Hence, the outlay of Rs.17.18 crore on the Cattle Development programme in the State during 1997-2002 was unfruitful and did not produce desired outcome.

Poultry Development programme

3.3.14 The Poultry Development Programme is intended to produce and supply improved variety of chicks and ducklings to farmers for augmenting egg and poultry meat production in the State. Expenditure of Rs.1.58 crore (excluding Rs.81.62 lakh under CSS) was incurred under the Poultry Development Programme during 2000-05 by the State Government.

The State has three farms viz. Central Poultry Farm, Mantripukhri, Duck Farm, Thenguchingjin and Regional Broiler Project, Porompat which were established in the years 1957-58, 1980-81 and 1983-84 respectively. Each farm is headed by a Poultry Development Officer assisted by a Veterinary Officer.

Inoperative farms

Audit examination of records relating to poultry farms disclosed that one farm (Regional Broiler Project) was inoperative for the last two years and other two farms (Central Poultry Farm and Duck Farm) were inoperative for the last three years. Comparative position of capacities of the farms and the number of birds held in them during 2000-05 was as follows:

Table No.6

Poultry Farm	Farm Capacity (No. of birds)	Number of birds maintained				
		2000-01	2001-02	2002-03	2003-04	2004-05
Central Poultry Farm, Mantripukhri	10,000	1070	871	Nil	Nil	Nil
Regional Broiler Project, Porompat	5,500	589	489	148	Nil	Nil
Duck Farm, Thenguchingjin	2,000	149	61	Nil	Nil	Nil
Total	17,500	1808	1421	148	Nil	Nil
Total Expenditure (Rs. in lakh)		23.29	21.18	36.46	39.78	37.39

Source: Furnished by department.

The three farms in the State held only 1,808 birds in 2000-01 as against their total capacity of 17,500 birds. By 2004-05, all the remaining foundation stock/birds had either died (1021) or were disposed off (787) by the farm officials. Hence, the farms held no bird for the last two years. The abnormal death of birds was attributed by the department to non-availability of balanced poultry feed. The department further stated that remaining birds were disposed off for table purposes.

The reply of the department is not acceptable as it spent Rs.1.42 crore on payment of salaries to the idle staff in the farms but failed to provide funds for purchase of poultry feed for small number of birds in these farms. Further, it was also irregular on the part of the farm officials to dispose off the parent stock for table purposes especially when the number of surviving birds was very small. This highlights lack of concern on the part of the Director (V&AH) to ensure proper implementation of the poultry development programme and also indicates that monitoring of important programmes at the level of the Government was not done causing substantial loss to the public exchequer and depriving the people of the State of the intended benefits of these developmental programmes.

Hence, the entire outlay of Rs.1.58 crore on poultry development programme during the year 2000-05 (including Rs.1.42 crore on salaries) was rendered infructuous.

Idle manpower

3.3.15 Audit examination also disclosed that while the number of birds/foundation stock in the three farms was decreasing and finally became nil in June 2002, the number persons employed in the farms increased and expenditure of Rs.93.28 lakh was incurred on their salaries during 2002-05.

The department is presently incurring unproductive expenditure at the rate of Rs.37.49 lakh per year on the salaries of the idle staff in these farms.

The department stated that due to prolonged financial crunch, the functioning of the farms was temporarily abandoned. The reply is not acceptable as the idle staff of the farms was not employed gainfully elsewhere. The decision to post/employ additional manpower in inoperative farms was improper.

Inordinate delay in completion of poultry projects

3.3.16 Under a Centrally Sponsored Scheme “*Cent per cent* Central assistance to State Poultry/Duck Farms”, the Government of India sanctioned Rs.90 lakh for implementation of the scheme at Broiler Production Farm, Porompat and Central Poultry Farm, Mantripukhri (Rs.45 lakh each sanctioned in July 1999 and August 2000 respectively). The scheme was to be implemented at the above two places during 1999-2000 and 2000-01 respectively.

Audit examination disclosed that against the sanctioned amount of Rs.90 lakh, the expenditure incurred so far was Rs.60 lakh and balance amount of Rs.30 lakh was kept under 8449 Other Deposits for opening of a Personal Ledger Account. The department failed to procure the necessary equipment and create requisite infrastructure for the farms even after five years of the release of necessary funds by the Central Government. As a result, the existing farms remained inoperative and likelihood of their becoming functional in near future is remote.

Piggery Development programme

3.3.17 The programme is intended to increase cross breed pig population of the State. Total expenditure of Rs.45.39 lakh was incurred under Piggery Development in the State during 2000-01 to 2004-05 including Rs.24.41 lakh under Plan and Rs.20.98 lakh under CSS schemes. The performance of important piggery development schemes is discussed below:

Integrated Piggery Development scheme

The department has five¹¹ district piggery farms of 50 breeding sows capacity each, established under Central assistance. A new farm is also being established at Hiyanglam in Thoubal district under assistance provided by the Government of India.

The department has been implementing Integrated Piggery Development Schemes under *100 per cent* Centrally Sponsored scheme since 1995-96. Details of funds sanctioned and released (Rs.1.10 crore) by Government of India for implementation of the scheme in the State during 1996-2005 are given in the table below:

¹¹ Torbung-Churachandpur district, Uchanpokpi-Chandel district, Tarungpokpi-Bishnupur district, Duigailong-Tamenglong district, Muirei village-Ukhrul district.

Table No.7

District	Amount released by Government of India (Rs. in lakh)	Date of sanction by Government of India	Purpose	Unutilised funds as on 31 March 2005 (Rs. in lakh)
Chandel	12.50	26-03-1996	Strengthening of Pig Breeding Farm at Uchanpokpi, Chandel	3.30
Bishnupur	22.00	24-10-1997	Strengthening of Pig Farms at Tarungpokpi in Bishnupur	14.00
Tamenglong	22.00	24-10-1997	Strengthening of Pig Farms at Duigailong, Tamenglong	22.00
Ukhrul	22.00	12-10-1999	Strengthening of Pig Breeding Farm, Muirei village, Ukhrul	2.00
	10.00	31.10.2001		10.00
Thoubal	22.00	31-10-2001	Establishment of Pig Breeding Farm at Hiyanlam, Thoubal	5.02
Total	110.50			56.32

Source: Furnished by the department

Test-checks in three piggery farms at Duigailong in Tamenglong, Torbung in Churachandpur and Tarungpokpi in Bishnupur district disclosed that against the total capacity of 150 breeding sows of these farms, no sow was held in the farms for the last 4-5 years. All the farms were found non-functional and unproductive expenditure of Rs.47.11 lakh was, therefore, incurred on the salaries of 12 persons posted in these farms who remained completely idle.

Further, out of Rs.44 lakh provided by the Government of India in 1997-98 for strengthening of pig breeding farms at Tarungpokpi and Duigailong, an amount of Rs.36 lakh still remained unspent (July 2005), of which Rs.28 lakh was to be used for purchase of exotic variety of pigs for the two piggery farms. The department failed to procure high yielding variety of pigs (either locally or from abroad) even after seven years of release of funds by the Government of India.

Failure to procure exotic variety of pigs for seven years not only shows inefficiency of the concerned officers dealing with the procurement of farm animals in the department but also highlights the fact that no authority of the department or Government was monitoring the programme to ensure that farms were made operational and that the intended benefits of the programme were provided to the people of the State.

Thus, the objective of strengthening the two pig breeding farms could not be achieved.

Dairy Development programme

The programme aims at increasing production of disease free milk and its by-products in the State by procuring, processing and pasteurising raw milk for supply to the public. Two rural dairy centres (Sekmaiin and Moirang) have been set up for collection of milk from surrounding villages through a milk

union and 51 dairy co-operative societies (DCS). The milk collected through these rural dairy centres and societies is processed at the Central Dairy Plant, Porompat before distribution.

Test-check by Audit disclosed that the dairy development programme in the State had failed in achieving its objectives and no efforts were made by the department to revive the programme despite availability of funds.

Inefficient operation of the Central Dairy Plant

3.3.18 The Central Dairy Plant at Porompat was set up by the State Government in December 1971 for supply of pasteurised milk and milk products to Imphal city and surrounding areas.

Audit examination disclosed that the Central Dairy Plant, which employed staff of 45 to 52 was operating much below its installed processing capacity. Details of installed capacity of the plant, annual targets fixed for processing and the quantity of milk actually processed during 2000-05 are given below:

Table No.8

(In lakh litres)

Year	Yearly capacity of the plant	Target	Achievement	Shortfall in terms of percentage	
				Against annual target	Against annual capacity of the Plant
(1)	(2)	(3)	(4)	(5)	(6)
2000-01	36.50	3.60	1.11	69.17	96.96
2001-02	36.50	3.60	0.84	76.67	97.70
2002-03	36.50	3.60	1.09	69.72	97.01
2003-04	36.50	3.60	1.65	54.17	95.48
2004-05	36.50	3.60	0.20	94.44	99.45
Total:	182.50	18.00	4.88	72.89	97.33

Source: Furnished by department.

The plant had a capacity to process 182.50 lakh litres of milk during 2000-05 against which only 4.88 lakh litres of milk was actually processed. Thus, the plant operated at 2.67 per cent of its installed capacity during 2000-05. Shortfalls in terms of achievement of targets for processing of milk ranged between 54 to 94 per cent and in comparison to the capacity of the plant ranged from 95 to 99 per cent.

The targets for processing milk were kept very low (10 per cent of the processing capacity). The Central Dairy, Porompat could not achieve even these low targets resulting in idle manpower and substantial loss to the Government.

Audit examination further revealed that the Government had incurred an expenditure of Rs.2.06 crore on salaries of staff employed and Rs.1.25 crore on other operating expenses including cost of milk procured against which the Plant generated an income of Rs.62 lakh only during 2000-05. Thus, inefficient operation of the Central Dairy, Porompat led to loss of Rs.2.69

crore to the Government during 2000-05. Thus, inefficient operation of the Central Dairy, Porompat led to loss of Rs.2.69 crore to the Government during 2000-05.

As the Central Dairy, Porompat, the only milk processing plant in the State, has remained almost non-functional during the last five years, the objective of providing disease free processed milk to the public in the State could not be achieved.

The reasons for failure of the programme were attributed mainly to frequent breakdowns in the Central Dairy Plant (boiler plant, chilling plant, refrigerator and chimney) and non-functioning of Dairy Co-operative Societies (DCS) responsible for collection of milk from rural areas as discussed in the succeeding paragraphs.

Integrated Dairy Development Project

For strengthening dairy development in the State and removal of various bottlenecks in the operation of the existing dairy plant, the Government of India sanctioned and released Rs.2.24 crore during 1993-94 to 1998-99 under Integrated Dairy Development Project (IDDP) of which Rs.2.22 crore were released by the State Government during 1994-2004. An amount of Rs.1.93 crore had been spent by the department on the project and the balance of Rs.29 lakh kept under 8449-Other Deposits (July 2005). Examination of records relating to this project disclosed the following:

Delay in installing and commissioning of the Dairy Plant

3.3.19 Out of Rs.2.24 crore released by the Central Government, an amount of Rs.58 lakh was paid by the department to National Dairy Development Board, Kolkata in January 1997 for procurement of dairy plant equipment for renovation of the aging Central Dairy Plant at Porompat. Though the equipment was supplied by the Board in 1998, the plant/equipment could not be installed and commissioned for the last seven years due to non-completion of civil foundation work till date by Manipur Industrial Development Corporation Limited (MANIDCO), a State Government Public Sector Undertaking, and delays in finalisation of erection tender by the department.

The case highlights the inefficiency of the department and MANIDCO who could not complete minor civil works for seven years.

Organisation of Dairy Co-operative Societies

3.3.20 As of March 2005, 51 dairy co-operative societies (DCS) having 1,624 members had been organised under Integrated Dairy Development Project (IDDP) and granted capital subsidy, managerial grant and milk testing equipment of Rs.8.08 lakh for supplying raw milk to the Central Dairy, Porompat through rural dairy centres.

Test-check of records disclosed that only six DCS were operating and most of the newly organised societies were non-functional resulting in non-collection of adequate quantity of raw milk for processing at the Central Dairy. Reasons for failure of DCS were stated to be (i) insufficient quantity of marketable surplus milk in the villages, and (ii) milk producers preferring to sell their produces individually and not collectively through DCS. One reason for reluctance of the villagers to supply milk to the Government dairy was irregular payment of milk bills by the State Animal Husbandry Department.

An amount of Rs.5.02 lakh was earmarked in 1994-95 as revolving fund for Milch Cow Induction programme that could not be implemented even after 10 years.

Rural Dairy Centres

3.3.21 The rural dairy centres (RDCs) provide storage facilities for collection and chilling of milk before supply to the Central Dairy, Porompat. The State has two¹² RDCs which were non-functional for want of renovation, electrification etc. Due to non-functioning of these centres, only limited quantity of milk could reach the Central Dairy, Porompat for processing.

The equipment purchased at a cost of Rs.58 lakh for renovation of the Central Dairy Plant at Porompat did not yield any result as the same was yet to be installed. Out of 51 dairy co-operative societies, 45 were non-functional. The rural dairy centres were also non-functional, and as such no storage facilities could be made available to local products of milk. Thus the IDDP was largely unsuccessful.

Animal Health Coverage programme

3.3.22 Health care needs of the livestock in the State are looked after by the department through a network of 55 veterinary hospitals, 109 veterinary dispensaries and 39 aid centres. The objective of the Animal Health Coverage programme is to provide veterinary services like treatment, immunisation, diagnosis and prevention of livestock and poultry diseases in the State. Important schemes under this programme are, (i) providing veterinary and animal health services through veterinary hospitals, dispensaries and aid centres, (ii) immunisation of livestock and birds, and (iii) disease surveillance programme. Two schemes viz, immunisation of livestock and birds, and disease surveillance programme were taken up for scrutiny in the review.

Outlay on the programme

A total expenditure of Rs.46.82 crore was incurred on the programme during 2000-05 details as per are given in the table below:

¹² Sekmajin and Moirang

Table No.9

(Rupees in crore)

Year	Plan	Non-Plan	CSS	Total
2000-01	1.62	6.58	0.08	8.28
2001-02	0.37	8.82	0.16	9.35
2002-03	0.05	8.95	0.02	9.02
2003-04	0.42	8.95	0.41	9.78
2004-05	0.11	9.15	1.13	10.39
Total	2.57	42.45	1.80	46.82

Source: Furnished by department.

Immunisation of livestock and birds

With a view to control and prevent outbreak of epidemic diseases and ensure proper animal health care, mass vaccination programmes have been taken up in the State.

Test-check by Audit disclosed that the performance of the programme in terms of immunisation coverage actually achieved was significantly lower than the annual targets fixed for each type of disease/infection.

Against the target of immunising 13.40 lakh cattle against foot and mouth disease during 2001-2005, only 1.20 lakh animals were vaccinated resulting in 91.04 *per cent* shortfall in achievement of targets. No targets were fixed for vaccination of cattle against brucellosis during 2000-04 and therefore no vaccination work was carried out against these diseases in the State during the four years. It was only in 2004-05 that the department started vaccination against brucellosis with 0.49 lakh cattle being vaccinated against the target of one lakh. Shortfall in achieving targets resulted in 3,000 doses of Bruvax vaccine (out of 4000 doses purchased) expiring during 2004-05.

Similarly, achievement in providing vaccination to poultry birds against poultry diseases like bird flu and immunisation of pigs against swine fever were also very low. Shortfall in achievement of targets was attributed to non-availability of vaccines in time. The reply of the department is not acceptable as test check of records by Audit revealed that some vaccines like bruvax and swine vaccine expired due to non-issue as discussed in para 3.3.28 of this Report. Further, the department could not state the reasons for its failure to make requisite vaccines available on time.

Disease Surveillance Programme

3.3.23 To check outbreak of epidemic diseases like foot and mouth disease (FMD), brucellosis, swine fever, bird flu *etc.*, the department was to carry out disease investigation by testing the samples in laboratory. The information on the number of samples collected and number of samples tested positive for various types of diseases during 2000-05 was not made available to Audit.

Delay in release of funds

The Government of India released Rs.2.10 crore during 2000-01 to 2004-05, out of which, the State Government released only Rs.1.69 crore to the programme (control of foot and mouth disease) as of March 2005. Thus, balance of Rs.41 lakh provided by the Central Government was yet to be released to the programme by the State Government.

Besides, the sharing pattern of funds for the programme being 75:25 between the Centre and the State, the State Government released its share amounting to Rs.43.93 lakh out of Rs.66.97 lakh during the period from 2003-04 to 2004-05. Balance portion of the State share of Rs.23.04 lakh had not been released as of July 2005 as shown in *Appendix-XXIX*.

Out of Rs.93.36 lakh drawn on proforma bills by the department in March 2005 for purchase of veterinary medicine and vaccine for implementation of animal and disease surveillance and control of foot and mouth disease, Rs.85.15 lakh was yet to be disbursed as of July 2005.

Hence, the State Government failed to release requisite funds to the disease surveillance programme affecting the surveillance work.

Internal control system

The following weaknesses/deficiencies were noticed in the internal control system in the Department.

Budgetary and Expenditure controls

Budgetary and expenditure controls were ineffective resulting in diversion of funds and irregular retention of money after close of the financial year defeating the system of legislative financial control as discussed below:

Diversion of Central funds

3.3.24 There are 12 Centrally Sponsored Schemes for animal health care and development under implementation in the Department. The Government of Manipur persistently delayed/defaulted in release of funds received from Government of India under these schemes. Out of the total amount of Rs.4.77 crore released by the Central Government during 2000-2005, an amount of Rs.99.47 lakh was yet to be released by the State Government to the implementing agencies (March 2005) in respect of nine schemes.

Non-release/short release of funds hindered implementation of important plan schemes. The Department attributed non/short release of funds to acute financial crunch faced by the State Government. This indicated that CSS funds were being diverted by the State Government to meet its increasing non-plan expenditure in other sectors.

Non-submission of DCC bills

3.3.25 It was seen in audit that the Departmental officers, who had drawn large amounts from Government accounts on Abstract Contingent (AC) bills did not submit Detailed Countersigned Contingent (DCC) bills for years together in contravention of the Central Treasury Rules. DCC bills amounting to Rs.1.95 crore were awaited as of March 2005 from the Director of Vety. & AH, Deputy Director (Dairy), and Project Officer, ICDP in respect of AC bills drawn by them between 2000-01 and 2004-05.

Thus, the Department is resorting to the irregular practice of drawing large amount of funds on AC bills without immediate requirement to avoid lapse of grant. The practice has weakened the system of budgetary control on the Department.

Rush of expenditure at the end of the financial year

3.3.26 There was heavy rush of expenditure in the Department at the end of the financial years 2001-02 and 2003-04. About 32 per cent of the total annual expenditure in 2001-02 and 24 per cent in 2003-04 was booked in the month of March of the respective years.

The department attributed heavy rush of expenditure at the end of the financial year to non-release of funds at regular intervals by the Finance Department. This indicates that the letter of credit (LOC) system is not properly monitored and implemented in the State resulting in sufficient funds not being available for implementation of the programmes during the year.

Purchase procedures

3.3.27 The Department had incurred the following expenditure on procurement of medicine/vaccine and equipment during the last five years:

Table No.10

(Rupees in lakh)

Procurements	Year					Total
	2000-01	2001-02	2002-03	2003-04	2004-05	
Medicine/vaccine	NA	9.07	16.33	17.70	79.91	123.01
Hospital equipment	NA	NA	NA	3.52	13.45	139.98

Source: Furnished by the Department

Examination of records relating to purchase of medicines, vaccine and equipment disclosed that:

- The Department did not follow financial rules as no tender was invited for purchase of medicines and hospital equipment during 1999-2005.

- ⊙ Supply orders did not include provisions relating to levy of liquidated damages and action to be taken in cases of short/defective supply of medicines/equipment.
- ⊙ Procurement of medicines was made on *ad hoc* basis without assessing the requirements of field units.

Test-check (April-July 2005) further revealed that 23 contingent bills amounting to Rs.85.15 lakh were encashed in March 2005 on the basis of proforma/invoice bills of suppliers. However, no medicines were procured as of July 2005 and, therefore, the amounts remained undisbursed. Funds were drawn to avoid lapse of budget grant and kept in the bank account resulting in blocking of funds.

Thus, controls relating to assessment and timely procurement of requisite quantity of medicines and medical equipment through prescribed procedures and tendering norms were not in place which may result in procurement of substandard medicines, shortage of life saving drugs/vaccines, and frauds and misappropriation.

Controls relating to stores and stock

3.3.28 Examination of records relating to Stores and Stock disclosed lack of internal controls and monitoring as discussed below:

- ✓ Stock registers/ledgers have not been maintained properly. Invoice/challan numbers of the suppliers and value of the medicines/costs of the equipment have not been noted in the stock register/ledger.
- ✓ Physical verification of stores and stock is not being carried out at regular intervals as no prescribed time schedule has been fixed by the Department for such verifications.
- ✓ Value of expired medicine/vaccine could not be assessed as the cost of the medicine/vaccine was not noted in the stock register. The quantity of expired medicine/vaccine held in stock was as given below:

Table No.11

Sl.	Name of medicine	Date of receipt	Date of manufacture	Date of expiry	Quantity received	Issue	Balance	Value
1.	RDF1 vaccine	13.11.2001	11/2001	10/2002	10,000 doses	6,800	3,200	NA
2.	Swine vaccine (5 doses/vial)	6.1.2001	4/2000	3/2001	13,335 doses to 1,000 (pb)	5,215	9,140	NA
3.	—do—	12.4.2004	4/2003	3/2005	20,000 doses	17,300	2,700	NA
4.	—do— (10 doses/vial)	15.6.1998	20.5.1998	11/1998	3,210	870	2,340	NA
5.	Bruvax vaccine	12.4.2004	NA	NA	4,000 doses	1,000	3,000 ¹³	NA

Source: Furnished by the Department.

Audit examination further disclosed that 13,335 doses of swine vaccine were purchased in January 2001 with expiry date of March 2001. Thus, at the time of receipt, the doses had shelf life remaining of only three months. In the short period of January to March 2001, only 5,215 doses could be issued and the remaining 9,140 doses expired resulting in loss to Government.

Further, the failure of the Department to achieve immunisation targets for 2004-05 as discussed in para 3.3.22 above, resulted in 2,700 doses of swine vaccine getting expired in March 2005 due to non-issue, causing loss to the Government. The amount of loss due to expiry of vaccines could not be computed as the cost of vaccines was not recorded in the stock accounts.

Conclusions

3.3.29 Veterinary and Animal Husbandry Services in the State were inefficient, ineffective and remained largely non-operational. Despite incurring substantial expenditure, the Cattle Development Programme did not significantly increase the cross breed cattle population in the State and remained confined to valley area only. There was lack of monitoring and financial mismanagement in the department resulting in death of poultry for want of poultry feed, and non-procurement of exotic variety of pigs for seven years despite availability of funds. The poultry and piggery development programmes had stopped but the department continued to incur infructuous expenditure on salaries of idle staff.

Inefficient operations of the Central Dairy, Porompat caused substantial loss to the Government, and the Dairy Development Programme in the State could not be implemented due to abnormal delays in installation and commissioning of the dairy plant and failure to organise dairy co-operative societies, thus depriving the people of the State of disease free pasteurised milk.

Adequate immunisation of livestock and poultry birds against deadly diseases like bird flu, foot and mouth disease, brucellosis *etc.* was not ensured putting the public at risk of contracting diseases from consumption of infected animal products.

¹³ 3,000 doses of expired vaccines had been returned to the supplier for supplying fresh medicine but not returned till the date of audit (July 2005).

Recommendation

- The department should either transfer idle staff from inoperative farms or make the farms operative immediately by procuring exotic variety of pigs and high yielding variety of poultry birds as foundation stock.
- Deficiencies in cattle development programme should be removed for achieving better coverage in valley and hill districts of the State.
- The dairy plant at Porompat should be made operational and dairy cooperative movement in the State strengthened by addressing problems of the members.
- Norms regarding animal health coverage and disease surveillance should be strictly adhered to.
- Monitoring of activities/programmes needs to be strengthened at all levels in the Department.

CHAPTER IV

AUDIT OF TRANSACTIONS (CIVIL)

COMMERCE AND INDUSTRIES DEPARTMENT

4.1 Unproductive expenditure

Arts Crafts Training-cum-Production Centre, Thoubal incurred unproductive expenditure of Rs.20.50 lakh on salaries of idle staff as no training was organised in any trade by the Centre for more than one year due to its failure to select trainees.

The Arts Crafts Training-cum-Production Centre (ACTC), Thoubal was set up (1967) to impart elementary, advanced and short term training on various trades such as, tailoring, weaving, carpentry, blacksmithy, foundry, cane and bamboo *etc.* to selected trainees.

Test-check of records of the Principal, ACTC in September 2004 however revealed that for the period April 2003 to August 2004, the ACTC did not conduct any training programme on any of these trades as the Director, Commerce and Industries did not hold any meeting for selection of trainees despite people's willingness to receive training in the above trades. As a result, the expenditure of Rs.20.50 lakh incurred from April 2003 to August 2004 by the ACTC on salaries of 19 staff and officers earmarked for the training purpose proved unproductive.

The next training session for the year 2004-05 was also started as late as 1 December 2004 as per reply furnished by ACTC in July 2005.

Failure of ACTC to regularly organise training programmes during 2003 and 2004 not only resulted in idle manpower in the training centre, but also denied training to the unemployed local youth in various trades.

The matter was referred to Government in May 2005; their reply was not received as of September 2005.

EDUCATION DEPARTMENT

4.2 Misappropriation of cash

Misappropriation of Rs.22.88 lakh in the office of the Director of Education (Schools).

Scrutiny of records (February 2005) of the Director of Education (Schools) revealed that closing cash balance of Rs.23.25 lakh including bank balance of Rs.22.92 lakh in the Current Account No.100531 on 11 March 2004 was not carried forward to the opening balance of the next transaction day (i.e. 24 March 2004) and the opening balance was shown as Nil. Subsequently, between April 2004 and January 2005, seven self cheques amounting to Rs.22.88 lakh were drawn and encashed from the above Current Account standing in the name of the Director of Education (Schools) in the United Bank of India, Paona Bazar, Imphal. Scrutiny further disclosed that these transactions were neither recorded in the payment side of the cashbook nor could the vouchers pertaining to the payment of Rs.22.88 lakh be produced to Audit despite specific requisition thereof. Details of cheques and amounts drawn from the bank by the Director of Education (Schools) are given in the table below:

Sl. No.	Cheque No. and date	Amount Rs.	Date of drawal from Bank
1.	025350 dated 6.4.04	7,34,131	6.4.2004
2.	025354 dated 12.4.04	10,12,592	12.4.2004
3.	025360 dated 21.4.04	1,71,201	21.4.2004
4.	025425 dated 18.5.04	27,064	18.5.2004
5.	823917 dated 1.6.04	1,27,607	2.6.2004
6.	823980 dated 2.7.04	1,15,000	3.7.2004
7.	826342 dated 12.1.05	1,00,000	12.1.2005
Total:		22,87,595	

Non-observance of rules relating to cashbook maintenance by the Director of Education (Schools) resulted in misappropriation of Rs.22.88 lakh.

Incorrect reporting of cash balance, suppression of transactions of cash drawal from the cashbook and non-production of the connected vouchers is irregular and needs to be investigated immediately.

The matter was referred to Government (July 2005); their reply was not received as of September 2005.

FINANCE DEPARTMENT

4.3 Unadjusted Abstract Contingent bills

Abstract Contingent bills involving Rs.105.08 crore have not been adjusted by various departments for long periods violating provisions of Treasury Rules and instructions of the Finance Department.

According to Rules 308 and 309 of the Central Treasury Rules, an Abstract Contingent (AC) bill requires adjustment by presenting Detailed Countersigned Contingent (DCC) bills to the Controlling Officer (CO) for countersignature and onward transmission to the Accountant General. A certificate should be attached to every AC bill certifying that DCC bills in respect of all one month old AC bills drawn earlier have been submitted to CO.

The Government had decided (December 1980) that drawal of money through AC bills should be stopped except in the case of discretionary grants for high dignitaries and relief measures in case of natural calamities.

Information available in the office of the Senior Deputy Accountant General (A&E), Manipur and test-check (February and March 2005) of records of 64 Drawing and Disbursing Officers revealed that DCC bills in respect of 223 AC bills drawn for a total amount of Rs.105.08 crore during the period from 1996-97 to 2004-05 (up to November 2004) have not been submitted by various departments as of March 2005. Thus, DDOs of various departments not only violated the provisions of Treasury Rules, they also did not comply with the directions issued by the Finance Department of the State Government. Moreover actual utilisation of funds (Rs.105.08 crore) could not be verified in the absence of DCC bills.

The practice of drawal of large amounts on AC bills without submitting DCC bills for years together is not only irregular but also fraught with the risk of fraud, embezzlement and misappropriation of Government funds. It dilutes the system of legislative financial control over public expenditure and also affects accuracy of accounts as many DDOs, to avoid lapse of grant, draw money on AC bills. The matter regarding non-receipt of DCC bills was also brought to the notice of the Heads of respective departments during April 2005.

HOME DEPARTMENT

4.4 Parking of Government funds outside Government accounts

Delay in according purchase approval for Communication equipment and rescue gear resulted in retention of Rs.16.97 lakh outside the Government accounts.

Rule 290 of the Central Treasury Rules provides that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury just to prevent lapse of budget grant.

In March 2000, the Government of Manipur sanctioned Rs.44.35 lakh to the Director, Manipur Fire Service Department for procurement of sophisticated fire fighting equipment and rescue gear for modernisation and up-gradation of State Fire Services. The amount was apportioned out of a grant of Rs.2 crore released by the Central Government under the 10th Finance Commission for the years 1996-2000. The entire grant was required to be utilised by 31 March 2000 and no carryover was allowed. Subsequently the above deadline was extended up to 31 March 2001.

Test-check of records (August 2004) revealed that the sanctioned amount of Rs.44.35 lakh was drawn in full by the department in March 2000 but the department could not utilise Rs.16.97 lakh (Rs.12.05 lakh meant for High Frequency Synthesized Trans-Receiver and Rs.4.92 lakh for Pneumatic Lifting Bags) and was holding this unspent amount as demand drafts and bankers cheque till the date of audit (August 2004). Hence, Rs.16.97 lakh was kept unauthorisedly outside Government Account for more than 5 years and was not surrendered before 31 March 2001.

On this being pointed out in audit, the department deposited Rs.12.05 lakh to the Government account under MH 0070- Other Administrative Services in July 2005.

Regarding the balance amount of Rs.4.92 lakh kept for purchase of the Pneumatic Lifting Bag, the department stated that fresh tenders had been floated in December 2004 and the amount would be utilised to make payments to the suppliers on receipt of supplies. Thus, it is evident that the department had drawn the entire amount of Rs.16.97 lakh to avoid lapse of grant. Non-adherence by DDOs to the rules relating to budgetary controls and accounting, and keeping of Government funds outside the Government accounts is irregular.

4.5 Blocking of funds

The Commandant, India Reserve Battalion modified the supply order for purchase of vehicles without sanction of the competent authority and without ensuring availability of requisite funds resulting in blocking of funds of Rs.7.16 lakh for more than 3 years as the supplier withheld delivery of the vehicle due to failure of the Battalion to release full payment.

According to the General Financial Rules, a subordinate authority incurring expenditure will be responsible for ensuring that the allotment placed at its disposal is not exceeded, and where any excess over the allotment is apprehended, it will obtain additional allotment before incurring the excess expenditure.

Test-check of records (January 2005) of the Commandant, 3rd India Reserve Battalion, Manipur revealed that the Battalion had placed orders (March/April 2002) on a local firm for supply of 12 vehicles of various categories and paid the entire cost of Rs.98.70 lakh to the firm in advance in April 2002. The order included, among others, two Minibuses and five Troop Carrier trucks each costing Rs.7.16 lakh and Rs.8.02 lakh respectively. Later in May 2002, the Battalion modified the supply order and requested the firm to supply one truck with 4x4 troop carrier facility (cost: Rs.9.23 lakh) against one of the five trucks ordered earlier. This modification in the supply order which required additional payment of Rs.1.21 lakh to the supplier was made without the sanction of the competent authority. The Battalion sought Government sanction for the differential cost (Rs.1.21 lakh) in February 2003 after modifying the supply order. The sanction thereof was awaited as of April 2005.

Meanwhile the firm supplied all the vehicles except one Minibus. Scrutiny of Battalion records disclosed that the supplier was holding up the delivery of the Minibus (cost: Rs.7.16 lakh) for the last three years due to non-payment of the differential cost (Rs.1.21 lakh) of the 4x4 facility truck.

Thus, improper action on the part of the Commandant to modify the supply order without first ensuring availability of additional funds and sanction of the competent authority resulted in delay of more than three years in procuring the Minibus and blocking of capital of Rs.7.16 lakh for the same period.

MINOR IRRIGATION DEPARTMENT

4.6 Irregular award of tender

Misusing special provisions of award of work in the cases of extreme urgency, three Executive Engineers of the Minor Irrigation Department awarded 126 contracts valuing Rs.5.85 crore without calling for tenders.

The Government of Manipur, Minor Irrigation Department set up a three man committee (TMC) consisting of Chief Engineer/Additional Chief Engineer, Superintending Engineer and Executive Engineer for each division to award works up to Rs.5 lakh without call of tenders in the cases of extreme urgency at the current Schedule of Rates subject to following conditions:

- The value of the contract shall not exceed the estimated cost of the work;
- Works shall be completed within the stipulated time;
- Convincing reasons shall be recorded in writing for not resorting to tender; and
- Such award of work shall be done only in cases of extreme urgency and there is no adverse observation by the Accountant General.

Test-check (August/September 2004) of records of the Executive Engineers of Minor Irrigation Division I, II and III, Lamphelpat revealed that during four years (2001-04), 126 works valued at Rs.5.85 crore¹ were awarded by the three man committee of the divisions without call of tenders to 41 contractors. The value of the contracts was 3.11 *per cent* above the estimated cost in the aggregate and reasons for not resorting to tender (open or limited) or extreme urgency which required short-circuiting the procedure were not found on record.

None of these works were completed within the stipulated period and were delayed by 12 to 24 months (October 2005). The department stated that the balance works would be completed by December 2005. No action was taken against the contractors for the delays. The Department also failed to cancel the orders and get the balance works executed through other contractors.

As per State Government orders, the three man committee could award works without call of tender only in cases of extreme urgency. It was noticed in audit that on the recommendation of the three man committee, the divisions

¹ MID I:64 works–Rs.251.71 lakh, awarded at Rs.259.78 lakh(3.20% above the schedule rate)
MID II:18 works–Rs.119.48 lakh, awarded at Rs.122.68 lakh(2.67% above the schedule rate)
MID III:44 works–Rs.213.90 lakh, awarded at Rs.220.86 lakh(3.25% above the schedule rate)

awarded works to individual contractors in a routine manner without inviting tenders. The contractors approached the department for award of work and the department obliged them by accepting their requests. Such practice of avoiding invitation of tenders and competitive bidding is highly irregular and is fraught with the risk of frauds and undue favour or preference being accorded to certain contractors in award of works by the Government.

Award of works at 3.11 *per cent* above the estimated cost in violation of Government orders also resulted in extra expenditure to the tune of Rs.18.23 lakh.

The Chief Engineer, Minor Irrigation Department, Manipur stated that the process of TMC to award works without call of tenders was adopted to avoid time taken in issue, processing and finalisation of tenders. The reply is not acceptable as the practice of awarding works without call of tenders in cases not involving extreme urgency is irregular and in contravention of rules.

The matter was referred to Government (July 2005); their reply was not received as of September 2005.

PLANNING DEPARTMENT

4.7 Diversion of Border Area Development funds

Violating the guidelines of Central Government, the Secretariat Planning Department, Manipur diverted Rs.36.29 lakh from the Special Central Assistance under BADP for renovation of an Inspection Bungalow at Moreh.

The Central Government launched the Border Area Development Programme (BADP) for balanced development of border areas of States sharing the international border.

For effective implementation of the programme, the guidelines issued by the Government of India required the State Governments to undertake a study of remote villages in the border blocks to assess the needs of the people and the critical gaps in the physical and social infrastructure in these border areas. Only the schemes which addressed problems such as inadequacies relating to provision of essential needs, strengthening of the social infrastructure, filling up critical gaps in the road network *etc.*, were to be taken up under this programme. Emphasis was to be laid on schemes for employment generation, production oriented activities and schemes which provide for critical inputs in the social sector.

BADP was a *cent per cent* Centrally funded programme and funds were allocated only for addressing special problems faced by the people of border areas. The guidelines clearly spelt out that these funds should not be used to replace normal State Plan flows.

Test-check of records of the Secretariat Planning Department (December 2004), Manipur, however, revealed that during 2003-04 the department had diverted Rs.36.29 lakh of the BADP funds (Rs.26.52 lakh during December 2003 and Rs.9.77 lakh during March 2004) for "Renovation and extension of Moreh Forest Inspection Bungalow" which was a rest camp of Government officials and was located in the heart of the town.

The renovation and extension of the Inspection Bungalow under the Forest Department did not have any connection with development of physical and social infrastructure for the essential needs of the people and should have been financed from State funds.

Thus, release of funds to the Forest Department for extension and renovation of the Inspection Bungalow was a diversion of Central funds for an activity ineligible under the BADP.

POWER DEPARTMENT

4.8 Blocking of funds due to excessive purchase

Excessive purchase of Swaged type Steel tubular poles led to blocking of funds of Rs.13.33 lakh for nearly nine years.

Test-check of records of Executive Engineer, Transmission Construction Division No.I, Lamphelpat (January 2005) revealed that from March to September 1996, the division had procured 1,400 numbers of swaged type steel tubular poles for the work “Construction of 33 KV High Tension electrical lines from Tengnoupal to Moreh” from a Delhi based firm against the requirement of only 595 poles (at the rate of 17 poles per kilometre) for the work.

Of these, only 1,271 poles had been utilised as of January 2005 (712 poles in the work concerned and 559 in other works) leaving a balance of 129 poles valued at Rs.13.33 lakh² still lying unutilised. The excessive purchase without immediate requirement led to blocking of Rs.13.33 lakh for nearly nine years.

The matter was reported to Government (May 2005); their reply was not received as of September 2005.

4.9 Irregular payment of Central Excise Duty

Central Excise Duty of Rs.10.59 lakh had been irregularly paid to a manufacturer without production of any proof of payment of excise duty to the Central Excise Authority by the manufacturer.

Central Excise Duty is payable by a manufacturer to the Central Excise Authority in respect of raw materials consumed by him in his premises in the process of manufacturing the products.

In April 2000, the Additional Chief Engineer placed a supply order on an Imphal based manufacturer (Messrs. Modern Iron and Steel Industries) for supply of 1,750 numbers of 8 metres long swaged type steel tubular poles at the rate of Rs.4,840 per pole. The rate was inclusive of Excise Duty of Rs.605 per pole (15 per cent of the basic cost of Rs.4,035 per pole) and the conditions of the supply order stipulated that any increase or decrease in the Excise Duty

² 129 poles x Rs.10,333

Recovery is
 being effected
 Money due to
 contractor is
 being
 withheld

shall be to the account of the department. Being a small scale industry, the supplier was exempted from payment of local Sales Tax.

Test-check of records of the Executive Engineer, Stores Division, Yurembam (January 2005) revealed that the manufacturer had supplied the material in full from October 2000 to May 2003 and was paid Rs.82.50 lakh after withholding a sum of Rs.2.14 lakh for time extension and Rs.0.06 lakh due to shortage of funds.

Though the manufacturer did not produce any proof of payment of the Central Excise Duty to the Central Excise Authority, the Executive Engineer concerned paid the firm full amount including the Excise Duty component of Rs.10.59 lakh³. The Government therefore, suffered an avoidable loss of Rs.10.59 lakh.

The matter was referred to Government (May 2005); their reply was not received as of September 2005.

³ 15 per cent of Rs.70.61 lakh, the basic cost of 1750 poles

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.10 Infertuous expenditure

Expenditure of Rs.7.79 lakh on laying of RCC foundation for construction of an overhead tank proved unfruitful as the overhead tank was not constructed.

As the existing capacity of 0.166 million litres a day (MLD) of the Wangoi Water Supply Plant, which was designed at the rural standard of 40 litres per capita a day (LPCD), could not meet the increasing water requirement of the whole Wangoi town, a new project for augmentation of the existing plant was taken up during August 1999 at an estimated cost of Rs.1.25 crore with the objective of meeting the demand of 0.850 MLD and to enhance the per capita water supply to 70 LPCD for the town. The project comprised several components, including one overhead water storage reservoir of 15,000 gallons capacity.

Test-check of records (August 2002) of the implementing division (Other Town Division), however, revealed that though all the components of the project had already been completed, the overhead reservoir had still not been constructed till the date of audit. It was seen that the reinforced cement concrete foundation for laying the overhead reservoir was constructed at a cost of Rs.7.79 lakh in February 2001 but further work for construction of the overhead reservoir was not taken up.

To an audit query, the Executive Engineer concerned stated (October 2004) that as the total expenditure on the project had far exceeded⁴ the administrative approval and the sanctioned cost, construction of the overhead reservoir could not be taken up. He, however, added that water supplies to the public were made by boosting the water to the main distribution pipelines using electrical pumps. During discussion of the audit paragraph with the departmental officers, it was disclosed that the overhead reservoir had not been constructed till October 2005 and the division had no option but to continue to boost the water to the main distribution pipelines using electrical pumps.

Thus, the expenditure of Rs.7.79 lakh incurred on construction of the foundation for laying the overhead reservoir proved unfruitful.

The matter was referred to Government in May 2005; their reply was not received as of September 2005.

⁴ Spent Rs.1.73 crore against the sanctioned cost of Rs.1.25 crore.

PUBLIC WORKS DEPARTMENT

4.11 Injudicious payment

Payment of Rs.8.78 lakh was made to a contractor for a survey work not actually done by him.

The North Eastern Council provides funding for certain projects for improvement of roads in the State. In March and September 2003, North Eastern Council Division No.II, Imphal awarded nine work orders to a contractor for survey and investigation of three roads — Tadubi-Pfutsaro Road (0-7.5 km), Churachandpur- Singhat Road (0-32 km) and Singhat-Sinzawl-Tuivai Road (0-128.17 km) at the total cost of Rs.37.51 lakh. Survey and investigation reports were required for submission to the North Eastern Council for their approval.

Examination of records of NEC Division No-II (November 2004) disclosed the following irregularities:

Work orders issued without calling tenders

All the nine work orders valuing Rs.37.51 lakh, the technical sanctions of which were accorded by the Additional Chief Engineer-I of the department, were awarded irregularly by the division to one contractor without calling tenders.

Payment made without actual execution of works

Any survey and investigation work for improvement of roads involves examination of the existing pavements, cross sections of the road and cross drainages and to propose changes/improvements on the basis of the desirable strength vis-à-vis the available strength.

The Superintending Engineer therefore ordered (March 2003) the division to incorporate the following conditions in the work orders for survey and investigation work for compliance by the contractor:

- Proposed and existing details of the cross-sections of the roads should be given for every 30 metres.
- Design of the pavement should be based on two or three soil sample tests to be conducted for every kilometre.
- The contractor should prepare a preliminary report and rough cost estimate.

Designs were prepared in Feb/April 2003. September 2003. Orders were placed. P. explain the details in detailed designs.

- The contractor must prepare a detail project report (DPR) based on the proposed final centre line, including estimates for construction/reconstruction of cross drainages as per Indian Road Congress standard.
- The contractor must submit all the drawings, estimates and reports in 15 sets in addition to mother sheets, floppies and compact discs.

Audit examination disclosed that while issuing the work orders (March 2003 and September 2003), the Executive Engineer (EE) did not include the above specific conditions in the work orders ignoring the directions of the SE.

Further, despite specific requisition being made during audit, the EE could not produce soil testing documents, preliminary reports, rough cost estimate, DPR and other connected documents which the contractor was required to submit as a proof of survey work actually being carried out. The measurements recorded in the measurement books (MB) did not mention details of these items of work except the distance covered by the contractor, the rate allowed and the payment due to him.

Examination of Site Plans and L-Sections of the DPR for one road (Singhat-Sinzawl-Tuivai Road) submitted by the department to NEC revealed that these were prepared during the period from February to April 2003 *i.e.* earlier than the issue of the work orders to the contractor in September 2003 and therefore, the DPR submitted to the North Eastern Council cannot be considered to have been prepared by the contractor.

Non-availability of necessary documentation such as soil testing records, preliminary reports, rough cost estimates, DPR or any other documentary evidence to prove actual execution of survey and investigation work by the contractor indicates that the department made payments to the contractor without the survey work actually being carried out by him. The payment of Rs.8.78 lakh made to the contractor for Singhat-Sinzawl-Tuivai Road (0-44 Km) is, therefore, a loss to the Government.

In all, the contractor had so far been paid Rs.15.94 lakh up to March 2004 for four strips in respect of two roads, including Rs.8.78 lakh for Singhat-Sinzawl-Tuivai road. In addition, another bill for Rs.21.58 lakh was awaiting payment for the remaining strips.

The matter was referred to Government in May 2005; their reply was not received as of September 2005.

4.12 Irregular award of tender

Four divisions of the Public Works Department awarded 83 contracts valuing Rs.5.08 crore for execution of normal repair and maintenance works without calling tenders.

The Government of Manipur, Works Department set up a three man committee (TMC) consisting of Chief Engineer/Additional Chief Engineer, Superintending Engineer and Executive Engineer for each division to award works up to Rs.5 lakh without call of tenders in cases of extreme urgency at the current Schedule of Rates subject to following conditions:

- The value of contract shall not exceed the estimated cost of the work;
- Works will be completed within the stipulated time;
- Convincing reasons should be recorded in writing for not resorting to tender; and
- Such award of work is done only in cases of extreme urgency and there is no adverse observation by the Accountant General.

Test-check (August-November 2004 and February 2005) of records of four divisions⁵ revealed that during the period from July 2000 to April 2004, 83 works valued at Rs.5.08 crore were awarded by the three man committee of the divisions without call of tenders. The value of these contracts was 5.6 *per cent* above the estimated cost and reasons for not resorting to tender (open or limited) and extreme urgency which required short circuiting the procedure were not found on record.

As per State Government orders, award of work by the TMC without call of tender was to be done only in cases of extreme urgency but it was noticed in audit that on the recommendation of TMC, the divisions awarded works to individual contractors in a routine manner without inviting tenders even in cases of normal annual repairs, maintenance, improvements of roads *etc.* Contractors made specific requests to the department for award of work and the department obliged them by accepting their requests. Such practice of avoiding invitation of tenders (open or restricted) and competitive bidding in normal cases of repair and maintenance is irregular and leads to undue preference being accorded to certain contractors in award of works.

Works were awarded for Rs.3.36 crore at 5.6 *per cent* above the estimated cost (Rs.3.18 crore) in violation of Government orders, which resulted in extra expenditure of Rs.17.72 lakh.

The matter was referred to Government (July 2005); their reply was not received as of September 2005.

⁵ Engineering Cell Education Division, Imphal, Building Division No.IV, Imphal, Sadar Hills Division, Lamphelpat and Bishnupur Division, Bishnupur.

4.13 Delay in construction of educational buildings

Failure of the Stores Division, Public Works Department to supply construction material worth Rs.1.61 crore resulted in inordinate delay in construction of 107 primary school buildings and three college buildings.

The Executive Engineer, Engineering Cell Education Division, Imphal made an advance payment of Rs.177.46 lakh (March 1998: Rs.71.87 lakh, March 2002: Rs.105.59 lakh) to the Stores Division of the department for supply of corrugated galvanized iron sheets and steel rods for construction of 107 primary school buildings and three college buildings in the State.

From June 1998 to September 2001 the Stores Division could supply material valuing Rs.16.19 lakh only against the total demand of material worth Rs.177.46 lakh. Being unable to execute the order fully, it refunded Rs.132.12 lakh to the Engineering Cell and the balance Rs.29.15 lakh was yet to be refunded as of September 2005. Details of advances paid, material supplied and refunds made are given in the table below:

Year	Advance paid	Stores supplied	Amount refunded
		(Rupees in lakh)	
1998-99	71.87	16.19	
1999-2000			1.13
2000-01			
2001-02	105.59		55.66
2002-03			75.32
2003-04			
2004-05			
Total	177.46	16.19	132.12

Thus, the Stores Division failed in its responsibility to promptly procure and supply materials to other divisions under the department for construction of important buildings and projects and also did not promptly refund the amounts to the division concerned when the required stores were not available with it.

Apart from blocking funds of Rs.29.15 lakh, the inefficiency on the part of Stores Division resulted in delay in construction of 107 primary schools and three college buildings in the State for periods ranging up to three to four years.

The matter was referred to Government (June 2005); their reply was not received as of September 2005.

4.14 Non-employment of technical staff by the contractors

Violating terms of the agreements, three divisions did not recover penalty of Rs.27.65 lakh due from 24 contractors for non-employment of technical staff in their contract works.

Standard conditions of contract for execution of public works prescribe that the contractor shall employ one graduate engineer or one diploma holder with five years experience when the cost of work to be executed is more than Rs.5 lakh, and one qualified diploma holder in case the work costing more than Rs.2 lakh but less than Rs.5 lakh. Such technical staff should be available at work site whenever required by the Engineer-in-charge to take instructions on technical matters. In case the contractor fails to employ such technical staff, he should be liable to pay for each month of default a reasonable amount not exceeding Rs.2,000 (revised to Rs.4,000 from July 1996) in the case of works costing above Rs.5 lakh and Rs.1,000 (revised to Rs.2,000 from July 1996) in the case of works costing above Rs.2 lakh but less than Rs.5 lakh.

Test-check of records of three divisions—Engineering Cell Education Division, Imphal, Building Division No. IV, Imphal and Sadar Hills Division, Lamphelpat, during August to September 2004, however, disclosed that 24 contractors failed to comply with this requirement in 24 works executed during the period from April 1992 to October 2004. As a result they were liable to pay a compensation of Rs.27.65 lakh in terms of standard conditions of contract. Yet the divisions did not recover these dues from the contractors for reason not on record.

While accepting the facts, the Chief Engineer stated (October 2005) that the penalties due thereon would be recovered from the defaulting contractors.

The matter was referred to Government (July 2005); their reply was not received as of September 2005.

4.15 Idle outlay on machinery

One Hot Mix Plant costing Rs.25.44 lakh and one Paver Finisher costing Rs.9.37 lakh were procured without immediate requirement. The machinery could be put to use only for 30 days in the last 10 years resulting in unproductive expenditure.

The department procured a Maruti Double Drum Hot Mix Plant for construction of roads at a cost of Rs.25.44 lakh in June 1995 and a Maruti Paver Finisher costing Rs.9.37 lakh in February 1995. After seven years of their procurement, the two machines were issued to National Highway Division No.III (NH III), PWD for the first time in November 2002 for 30 days (Hire charge of Hot Mix Plant: Rs.8,125 per day and Paver Finisher: Rs.2,496 per day). The machines were not put to use further after utilization in NH III Division for 30 days. Hire charge so far received against the two machines was Rs.3.19 lakh only (Rs.2.44 lakh for Hot Mix Plant and Rs.0.75 lakh for Paver Finisher) in the last 10 years. Long idle period indicates that the machines were purchased without proper assessment of their requirement and cost effectiveness. Further, despite large number of roads being constructed in the State under PMGSY and other schemes since 2000-01, the department failed to explore the possibilities of putting these expensive machines into use for mechanised construction of roads.

On this being pointed out by Audit, the Executive Engineer concerned (Mechanical Division No.I, Chingmeirong) stated that action was being taken to re-activate the Hot Mix Plant. In a departmental reply furnished in September 2005, the Chief Engineer stated that the machines could not be used in State road works as the estimates provided for manual labour only. He also stated that the hire charges of these machines were also very high. He, however, assured that these idle machines would be used in new National Highway works.

Thus, Hot Mix Plant and Paver Finisher costing Rs.34.81 lakh were purchased without requirement and were not put to use except for the small period mentioned earlier during the last 10 years since their procurement which not only resulted in the machine lying idle but also frustrated the very purpose of procurement of the machines for mechanized construction of roads in the State.

The matter was referred to Government (July 2005); their reply was not received as of September 2005.

GENERAL

4.16 Lack of response to Audit

1641 paragraphs pertaining to 271 inspection reports involving Rs.187.17 crore concerning Public Works Department were outstanding as on 1 October 2005. Of these, 126 inspection reports containing 680 paragraphs have remained unsettled for more than 10 years.

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

IRs issued up to March 2005 pertaining to different offices of the Public Works Department disclosed that 1,641 paragraphs relating to 271 IRs involving Rs.187.17 crore remained outstanding at the end of September 2005. Year wise position of the outstanding IRs is detailed in *Appendix-XXX*. Of these, 126 IRs containing 680 paragraphs had remained unsettled for more than 10 years for want of replies from the departmental officers.

Some of the important irregularities contained in 11 paragraphs involving Rs.2.01 crore commented upon in the outstanding IRs of the department which had not been settled as of September 2005 are indicated below:

Sl. No.	Nature of Irregularities	No. of Paras	Amount (Rs. In lakh)
1.	Idle outlay	1	114.00
2.	Excess payment	5	8.82
3.	Wasteful expenditure	3	53.32
4.	Undue aid to contractor	1	20.00
5.	Blockade of Government money	1	4.90
Total:		11	201.04

The Heads of offices failed to furnish replies to a large number of IRs. Even first replies to 347 paragraphs pertaining to 54 IRs issued during last five years from 2000-01 to 2004-05 were still awaited. The Department did not take any corrective measures as per observations made by Audit and thereby

facilitated/encouraged continuation of the financial irregularities and loss to the Government.

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

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

4.17 Delays in submission of annual accounts by Autonomous District Councils

Manipur (Hill Areas) Autonomous District Councils

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

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

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

The matter regarding delay in submission of accounts by ADCs had been reported in the Audit Reports year after year and it was also brought to the

notice of the Commissioner (Hills), Government of Manipur and the Chief Executive Officers, ADC, Senapati in June 2005 and ADCs Ukhrul and Tamenglong in September 2005. No action has been taken by ADCs to liquidate arrears in accounts and bring the position up-to-date.

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

Further, the forms of accounts of the Manipur (Hill Areas) District Councils are to be prescribed by the State Government in consultation with the Accountant General according to the provisions of Section 43 (4) of the aforementioned Act read with Rule 90 of the said Rules. The six ADCs in the State were established 32 years ago but the forms for keeping and rendering their accounts are yet to be prescribed by the Government. In the absence of prescribed forms of accounts, even basic principles of accounting were not followed by these councils. The matter was brought to the notice of the State Government and ADCs through separate Audit Reports but no action has been taken so far.

CHAPTER V

INTERNAL CONTROL SYSTEM

EDUCATION DEPARTMENT

5.1 Internal Control System in the Department of Education (Schools)

Highlights

Internal control mechanism in a Government department is meant to ensure that its activities are carried out according to the prescribed rules and regulations and in an economical, efficient and effective manner. Audit review of the functioning of the internal control mechanism during 2000-01 to 2004-05 in the Education Department (Schools) revealed deficient budgetary and expenditure control, poor cash management and poor operational controls.

No effective system was in place for monitoring of fresh appointments, promotions and transfers in the department resulting in fake appointments, and large scale transfer of teachers from Autonomous District Councils to Government schools without Government approval.

(Paragraph 5.1.20)

Poor cash management and ineffective controls relating to recording/ accounting of cash transactions in the cashbook left scope for frauds and misappropriation of Government funds.

(Paragraph 5.1.13)

Inadequate control over sanction of advance/withdrawals led to fraudulent drawal of Rs.38.07 lakh from General Provident Fund.

(Paragraph 5.1.8)

Controls relating to procurement and proper accounting of stores were not enforced. Procurement of stores of Rs.7.43 crore could not be vouched for in the absence of stock accounts and proof of procurement. Periodical physical verification of stores had never been carried out.

(Paragraphs 5.1.22 & 5.1.23)

Rush of expenditure at the end of the financial year led to defective vouching procedures and non-observance of prescribed formalities. Rs.22.50 crore drawn on Abstract Contingent bills was deposited under the Head 8449- Other Deposits to avoid lapse of grant and Rs.30.94 lakh was drawn on fully vouched contingent bills by recording false certificate regarding receipt of stores.

(Paragraphs 5.1.5 & 5.1.21)

Medical advances of Rs.1.03 crore drawn by 164 employees during December 1998 to March 2005 remained unadjusted due to ineffective internal control and monitoring by Zonal Education Officers and the Director of Education (S).

(Paragraph 5.1.10)

Introduction

5.1.1 Internal control is a management tool used to provide reasonable assurance that the management objectives are achieved. Therefore, responsibility for the adequacy and effectiveness of the internal control structure rests with the management.

An internal control structure may be defined as the plan of an organisation including management attitude, methods, procedures and other measures that provide reasonable assurance that objectives of the department are achieved.

Organisational structure

5.1.2 The Commissioner, Education (Schools) exercises overall administrative control over the Department of Education (Schools) from the Primary level to the Higher Secondary level in the State. The management of the internal control system and supervision of the Department of Education (Schools) lies with the Director of Education (Schools) (DE(S)). For smooth and efficient administration and financial management the DE(S) is assisted by two Additional Directors, Joint Directors and other subordinate officers and staff at the directorate level and by 13 Zonal Educational Officers (ZEOs) with the assistance of Deputy Inspector of Schools, Assistant Inspectors and subordinate staff at the district/zonal level.

Internal Control Standard

5.1.3 The department follows norms and procedures prescribed in the Manipur Education Code 1982. Besides, they are also to follow Delegation of Financial Power Rules 1995, General Financial Rules (GFRs), Central Treasury Rules and instructions issued by the Finance Department. These rules, manuals and executive orders together constitute the internal controls of the department.

Audit Coverage

5.1.4 To review the Internal Control System of the department, records of the Directorate of Education(S) and five¹ out of thirteen Zonal Education Offices for the period from 2000-01 to 2004-05 were test-checked during April-June 2005. The deficiencies noticed in the Internal Control System are discussed below.

¹ ZEO/Kakching, Churachandpur, Bishnupur, Kangpokpi and Thoubal

Budgetary Control

5.1.5 All Drawing and Disbursing Officers (DDOs) under the department are the estimating authorities for their Zones/Offices and are required to submit budget estimates to the DE (S). After due scrutiny, the proposed estimates are forwarded to the administrative department for onward transmission to the Finance Department. The DE (S) is required to exercise budgetary control to ensure that no expenditure is incurred in excess of the total grant. If any excess is found necessary supplementary grant or appropriation or an advance from the contingency fund should be obtained. The following deficiencies were noticed in enforcement of budgetary controls:

- Test-check of records of the department revealed that there were savings totalling Rs.103.32 crore under Revenue and Rs.2 crore under Capital heads during the period 2000-01 to 2004-05. The savings were not surrendered before the end of the financial year. The department stated (October 2005) that savings were due to non-release of funds by the State Finance Department and also release of certain funds at the end of the year which could not be encashed for want of formalities. As a result, the implementation of departmental programmes and activities especially the Sarva Shiksha Abhiyan (SSA) suffered and programme objectives were not achieved.
- According to provisions of GFRs, no expenditure should be incurred without provision of funds. It was noticed in audit that during 2002-04 expenditure of Rs.5.14 crore was incurred without provision.
- Only 152 DDOs out of the existing 204, submitted proposals for requirements for Revised Estimates 2004-05 and Budget Estimates for 2005-06. The Director of Education (Schools), therefore, included the requirements of the others in the annual budget estimates on *ad hoc* basis.
- An amount of Rs.30 crore was withdrawn in March, 2005 through Abstract contingent (AC) bills for upgradation of physical infrastructure of 15 High/Higher Secondary schools (Rs.25.68 crore) and purchase of library books, scientific equipment, computer, generating set *etc.* (Rs.4.32 crore). Of this, an amount of Rs.22.50 crore was deposited during the same month under the Head 8449- Other Deposits and remained unutilised (June 2005).

Hence, internal controls relating to preparation of budget estimates, surrender of savings and drawal of moneys were not enforced.

Expenditure Control and Financial Reporting

5.1.6 A bill for Rs.88 lakh duly passed by the DDO (Joint Director of Education (S)) in March, 2005 and also passed by the Lamphel Treasury, Imphal could not be encashed as it was submitted in the form of a fully vouched contingent bill without any supporting sub-vouchers *etc.* The passed

bill had been seized by the Vigilance Department before encashment, to investigate the circumstances under which the irregular bill was passed by the DDO and the treasury.

Further, 51 contingent bills for a total amount of Rs.4.95 crore passed by the DDO of the directorate viz. Joint Director of Education (S) on the last two days of March 2005, could not be encashed as the bills were not passed by the treasury. The reasons for the treasury not passing the bills were not on record.

5.1.7 The department has a two tier system of expenditure control, one at the level of DDOs and the overall control at the level of the Director.

Statement of monthly expenditure is to be sent by the Head of Offices/DDOs to the Director who shall in turn submit the consolidated expenditure figures to the administrative department in terms of provisions of GFRs.

Test-check of records, however, revealed that the prescribed forms to show expenses against the heads of accounts, to watch receipt of the prescribed returns etc. were neither maintained in the Directorate nor in the offices of the selected DDOs. Prescribed returns were also not submitted by the DDOs regularly. Out of 204 DDOs, expenditure statements were submitted by 31 only (March 2005). Further, the returns in form GFR-12 required to be submitted by the Director to the administrative department by the 15th of the following month had not been submitted during 2000-01 to 2004-05.

5.1.8 Inadequate internal control over sanction of advance/withdrawal from General Provident Fund resulted in fraudulent withdrawals from the fund as discussed below:

Records in Sr. Dy. Accountant General (A&E)'s office revealed that during the years 2002-03 and 2003-04, thirty-seven employees under the Directorate of Education (Schools) had drawn Rs.29.35 lakh² from their General Provident Fund, much in excess of their balances in the fund (2002-03: Rs.3.23 lakh and 2003-04: Rs.26.12 lakh) which resulted in minus balance of Rs.8.14 lakh in their accounts. Thus, the DDOs did not exercise adequate checks while sanctioning advance/withdrawal to employees.

During 2004-05, there were fraudulent withdrawals from the General Provident Fund (GPF) in which Rs.29.93 lakh had been withdrawn in the Thoubal district alone (ZEO, Thoubal: Rs.14.30 lakh, DI, Lilong: Rs.15.63 lakh). The concerned ZEO and DI did not keep any record of such withdrawals in their offices. Audit scrutiny revealed that the amounts drawn were not shown in the cashbook, bill register, acquittance rolls *etc.* wherein these withdrawals should have been recorded. Audit detected these from the "Treasury Payment Schedules" obtained from Thoubal treasury.

² Imphal East: Rs.0.41 lakh; Imphal West: Rs.12.59 lakh; Thoubal: Rs.10.95 lakh; Bishnupur: Rs.0.50 lakh; Churachandpur: Rs.1.41 lakh; Chandel: Rs.1.19 lakh; & Tamenglong: Rs.2.30 lakh.

The possibility of similar fraudulent drawals from GPF in other ZEOs/DIs/districts cannot be ruled out. The Government/department should institute an effective mechanism to check and stop such fraudulent drawals by strengthening the internal audit unit of the department and taking other necessary steps including regular inspection of schools, proper accounts and record keeping, and timely reconciliation of accounts with the Accountant General on monthly basis.

Non-submission of Detailed Countersigned Contingent (DCC) bills

5.1.9 During 2000-01 to 2004-05, forty four Abstract Contingent (AC) bills for a total amount of Rs.73.97 crore had been drawn. But necessary DCC bills in respect of the above AC bills have not been submitted (June 2005). Due to non-submission of DCC bills, actual utilisation of Rs.73.97 crore for the purpose for which it was sanctioned could not be ascertained.

The Director stated (June, 2005) that DCC bills could not be prepared due to non-submission of detailed accounts, vouchers, APRs, completion reports of works, utilisation certificates *etc.*, by work agencies/suppliers/Zonal Officers/Headmasters of schools.

Non-adjustment of medical advances

5.1.10 Medical Attendance Rules lay down that final bills in adjustment of medical advances should be submitted by the Government servant within one month of discharge of the patient from the hospital. Examination of records of the directorate however, revealed that a total amount of Rs.1.03 crore of medical advances drawn by 164 employees from December 1998 to March 2005 remained unadjusted (October 2005).

Possibility of large amounts of medical advances remaining unadjusted for long periods in other departments cannot be ruled out. The Government should issue instructions to all departments including Department of Education (Schools) to recover unadjusted medical advances from the salaries of the employees concerned who have failed to submit their medical bills for years together against the advances taken by them in past.

Cashbook and related controls

5.1.11 Central Treasury Rules prescribe that no money should be drawn from the Government account unless required for immediate disbursement (Rule 290). But the Director of Education (Schools) withdrew large sums of money without any need of immediate disbursement. As a result, huge amounts were held in the cash balance by the directorate. Test-check by Audit revealed that DE(S) was holding cash balances of Rs.3.65 crore, Rs.3.10 crore and Rs.4.28 crore at the end of November 2004, December 2004 and January 2005 respectively.

5.1.12 Test-check of records of DE(S) revealed that a total amount of Rs.1.47 lakh was robbed by unknown persons (Rs.67,670.60 on 31.7.1980 and Rs.79,644.00 on 16.3.1981) and the physical cash balance was, therefore, reduced to that extent. The amount though not physically available was shown included in the total cash balance worked out in the cashbook (June 2005).

5.1.13 Central Treasury Rules (Rule 77 A) stipulate that all monetary transactions should be entered in the cashbook as soon as they occur and attested by the Head of Office in token of check. Test-check by Audit, however, disclosed that DE(S) did not enter into the cashbook a total amount of Rs.93.43 lakh paid to 58 schools from October 2002 to March 2003. This was taken into the cashbook only when the omission was pointed out in audit during August 2003. The matter needs investigation.

In other two cases, two DDOs (Commandant, NCC Group Headquarters, Imphal and Zonal Education Officer, Senapati) did not enter into their cashbooks up to March 2005, Rs.55.18 lakh³ advanced by the directorate for construction of school buildings and meeting expenditure on mid-day meals.

Thus, controls relating to cashbook and cash accounting were not strictly adhered to which may result in frauds and misappropriation of Government funds. The Internal Audit Unit² of the department also did not point out these irregularities.

This indicated that the Heads of Offices in the above cases failed in their responsibilities to exercise relevant checks as prescribed under Rule 77 A of Central Treasury Rules.

5.1.14 The Cashier of the directorate was changed in May 2005. He handed over less cash balance of Rs.12.11 lakh to the new cashier on 16 May 2005. The Director stated that the said amount had been utilised for miscellaneous office expenses including payment of legal fees. However, the relevant vouchers/actual payees' receipts in support of the expenditure of Rs.12.11 lakh were not available with the directorate.

Thus, internal controls relating to cashbook and related accounting were not enforced leaving ample scope for fraud and misappropriation of Government money.

Reconciliation

5.1.15 Under the provisions of GFRs (Rule 66 (2) (VIII)), the Head of Department is responsible for reconciliation of the expenditure figures with the Accountant General every month in order to ensure that the departmental

³ Rs.29,69,252 received by Commandant, NCC Group Headquarters, Imphal during April 2002 and Rs.25,49,054 received by Zonal Educational Officer, Senapati during June 2004, November 2004, January 2005 and February 2005.

² Internal Audit Unit was headed by one Internal Audit Officer assisted by 11 supporting staff.

accounts are accurate. However, no monthly reconciliation had been carried out by DE(S) for the period 2000-01 to 2004-05.

Bill Register

5.1.16 Bill register maintained in the directorate and District/Zonal offices is an important control for watching drawal of funds from the treasuries. After a bill is passed by the treasury and encashed by the DDO from the bank, necessary entry is required to be made in the bill register to facilitate verification of bills actually drawn from the treasuries. Test-check in audit disclosed that the bill registers were not maintained properly and requisite entries had not been recorded therein making verification of drawals difficult.

The Department should issue instructions to all the drawing and disbursing officers to maintain bill registers properly with requisite entries as per rules to avoid possibilities of frauds, misappropriation of funds and grant of favours to specific contractors and other private parties in release of payments.

Non-maintenance of Register of inspection reports

5.1.17 Register for watching disposal of audit objections was not maintained by the Directorate and the District/Zonal offices.

Periodical inspection by departmental officers

5.1.18 Periodical inspections envisaged in the Manipur Education Code 1982 and required to be conducted by the DE(S) and his subordinate officers at the zonal/district level offices and schools under their jurisdictions had not been carried out in respect of all units. The number of inspections done at some other units were negligible.

Internal audit

5.1.19 Internal audit unit of the Department of Education (S) consisted of one Internal Audit Officer and 11 supporting staff. Against the sanctioned posts of four Accountants, three remained vacant as of June 2005. The department has also not drawn up any 'Internal Audit Manual' as per their reply received in October 2005.

There were 2,306 units (Government Schools: 1689, Aided Schools: 604, Zonal and District offices: 13) auditable by the internal audit unit. Test-check of records revealed that the internal audit could cover 260 units (*i.e.* 11 *per cent*) only during the period from 1996-97 to 1999-2000 and 19 units (*i.e.* 0.8 *per cent*) of the total auditee units during 2000-01 to 2004-05. The Director stated (June, 2005) that due to shortage of staff and non-allotment of funds for travel expenses, internal audit inspections could not be carried out during 2000-01 to 2004-05. Thus, unsatisfactory internal audit arrangements in the department led to most of the schools and other units remaining uninspected

for the last several years making the internal control system weak and ineffective.

Lack of control in appointment and transfers

5.1.20 In the Department of Education (S), no gradation/seniority list had been maintained (June, 2005). There was no system of reporting fresh appointments to the Head of Department/Government. Government also failed to install proper internal controls for monitoring fresh appointments, and transfers and postings in the department. This made Education(S) Department prone to fake appointments as discussed below:

- 151 fake appointments of teachers were reported by the Commissioner of Education (Schools) to DE(S) during January and February 1999. The department stated (October 2005) that the matter was under investigation.
- As per the information furnished by the ZEO, Churachandpur to the DE (S), 12 teachers were working on the basis of possible fake appointment orders in that district.
- The Government by an order dated 21 May, 2005 accorded sanction granting extension to 9,137 temporary posts of the department for the period from March 1, 2005 to February 28, 2006. The actual number of sanctioned posts vis-à-vis men-in-position could not be provided by the department. Absence of such basic information made detection of fake appointments more difficult.
- Test-check of records in Zonal Education Offices (Zone I to IV) revealed that 55 teachers of schools owned or controlled by the Autonomous District Councils (ADC) were transferred to the State Government schools and were working in their respective Government schools as of June 2005. The department incurred a minimum expenditure of Rs.43.68 lakh per year on payment of salaries to such teachers. There were no specific Government orders or terms and conditions of deputation under which such teachers were transferred to Government schools. Examination in audit disclosed that the orders for transfer of these teachers from ADC schools to Government schools were issued by the Director of Education (S). The Director of Education (S) stated (October 2005) that these teachers were transferred from ADCs to Government schools under the orders of the Government but he could not make Government orders available in support of his reply. The Government also did not furnish any reply to the audit paragraph/comment. The Director also stated that the ADC teachers were not treated as "on deputation" in Government schools. This indicates that DE(S) neither took Government approval nor followed any rules in transferring teachers from ADC schools to Government schools.

The Director of Education (S) also stated that ADC teachers were transferred to Government schools as there were vacancies in Government schools due to ban on recruitment imposed by the Government. The reply of the Director is not acceptable as Audit examination of progress reports submitted under Sarva Shiksha Abhiyan (SSA) disclosed that there were excess teachers in the State with pupil-teacher ratio being as high as 1:24 against the norm of 1:40 prescribed under SSA. Test-check by audit in 42 schools of three selected districts (Imphal East, Imphal West and Churachandpur) indicated a teacher-pupil ratio of 1:12 at the end of March 2005. Hence, the transfer of ADC teachers to Government schools was wholly unnecessary and irregular.

Large scale fake appointments and transfer of teachers from Autonomous Hill District Councils to Government schools without Government approval indicated lack of monitoring and enforcement of internal controls by the Government and the Director. There is a need to strengthen the internal control mechanism immediately by:

- Preparing correct database of sanctioned posts, men-in-position and seniority list in respect of each cadre and office/school under the department.
- Instituting a system of monthly reports/returns to be submitted to the Government by each school/Head of office on fresh appointments and transfers.

Store accounts

5.1.21 In March, 2005, a sum of Rs.30.94 lakh was drawn on fully vouched contingent bill (TR-30) by the directorate for procurement of map, chart, chalk, duster *etc.* on the basis of four proforma bills submitted by one firm. The amount drawn was not spent immediately and audit checks disclosed that the whole amount remained credited to the DDO's account in the Bank as of June 2005. The certificate of stock receipt was falsely recorded by the dealing assistant on the body of the firm's proforma bills dated 15 April 2004 to enable the DDO to draw the bill in March 2005. The stock register could not be produced and therefore, actual receipt of goods could not be verified in audit. Government should investigate all cases of retention of funds outside Government accounts in violation of financial rules as such irregular practices may result in serious frauds and misappropriation of Government funds.

Further, Districts/Zonal Education Officers/DDOs did not furnish their requirement of stores in advance and purchases were resorted to by the Director as per availability of funds without reference to actual requirements. Hence, the system of proper assessment of requirement of stores in the department was non-existent.

5.1.22 During March 2004 a total amount of Rs.1.25 crore was drawn by the directorate for purchase of computers for 25 schools. The whole amount was paid to one firm in September 2004 and February 2005 but relevant records

pertaining to procurement of computers including stock register and details of schools where these computers had been installed could not be made available to Audit (June 2005). In the absence of these documents, the genuineness of expenditure on purchase and installation of computers could not be ascertained.

The Government should investigate all cases of non-maintenance of prescribed records in respect of major procurements to ensure that procurements were made as per rules and there were no instances of fake procurements causing loss to the Government.

5.1.23 During 2000-01 to 2004-05, the DE (S) purchased furniture worth Rs.1.33 crore, chalks and dusters worth Rs.0.53 crore and library books and equipment costing Rs.4.32 crore.

- While procuring the above stores, no tenders were invited by the department. Purchases were made at the approved rates of 1996-97. No stock registers for the items purchased had been maintained.
- No proper stock registers were maintained at all in the zonal education offices and schools inspected by Audit. Periodical physical verification of stores required to be conducted at least once a year under the provision of GFRs had never been carried out. DE(S) confirmed (June 2005) that records of physical verification of stores were not maintained.

Monitoring and evaluation of programmes and schemes

5.1.24 The department had incurred a total expenditure of Rs.58.43 crore during the five years (2000-05) on various works under Sarva Shiksha Abhiyan, Pradhan Mantri Gramodaya Yojana, 10th and 11th Finance Commission Awards and Non-lapsable Central Pool of Resources.

Physical and financial targets and achievements in respect of the above schemes were not submitted regularly by the implementing agencies/units. The controls for monitoring expenditure and physical progress of works executed under the schemes were rendered ineffective. This adversely affected implementation of important programmes and schemes including Sarva Shiksha Abhiyan.

Test-check of records revealed that DE (S) and other authorised Officers did not conduct physical inspections of works executed in the department. Hence internal controls for ensuring quality in execution and timely completion of works were not ensured.

Conclusion

5.1.25 The Internal Control System in the department was not effectively enforced. There is a serious problem in the department regarding maintenance of prescribed records of appointments, promotions, procurements, stock

keeping and programme implementation. Rules and procedures are not strictly adhered to and monitoring of day to day administrative activities like appointments, promotions, transfers *etc.* and implementation of various programmes is non-existent. This has resulted in many fake appointments, serious frauds, irregular drawal of funds and gross financial indiscipline in every sphere of activity of the department. Rules and procedures for cashbook maintenance were not enforced resulting in misappropriation of cash due to non-recording of cash transactions in the cashbooks. DDOs were keeping Government funds outside Government accounts in violation of financial rules. Medical advances of crore of rupees were not adjusted for years. Stores were purchased without tendering and without adhering to financial rules. Internal audit and periodical inspection by departmental officers were not carried out as required and budgetary and financial controls were ineffective.

Due to ineffectiveness of the Internal Control System, the departmental policies, programmes, plans and activities suffered resulting in non-fulfilment of the basic objectives of the department and depriving children of the State of the intended benefits of the various educational schemes and programmes.

Recommendations

- A computerised system of monitoring of fresh appointments, promotions and transfers in schools should be introduced immediately.
- The periodicity of inspections of schools by the departmental officers should be increased and internal audit mechanism strengthened to cover all the schools within a fixed time period.
- Strict expenditure control measures should be put in place to check fraudulent drawals and stop the practice of drawal of money on AC bills to avoid lapse of grant.
- Rules relating to cashbook maintenance should be strictly enforced and prescribed records against procurement *etc.* should be maintained.

CHAPTER VI REVENUE RECEIPTS

6. General

6.1 Trend of Revenue receipts

Tax and non tax revenue raised by the Government of Manipur during the year 2004-05, the State's share of divisible Union taxes and grants in aid received from Government of India during the year and corresponding figures for the preceding four years are given below:

(Rupees in crore)

		2000-01	2001-02	2002-03	2003-04	2004-05
I.	Revenue raised by the State Government					
	Tax revenue	49.07	51.01	65.16	68.24	81.40
	Non tax revenue	41.66	28.73	56.49	49.33	69.75
	Total:	90.73	79.74	121.65	117.57	151.15
II.	Receipts from Government of India					
	State's share of net proceeds of divisible Union Taxes	163.52	142.14	188.12	240.89	287.02
	Grants in aid	790.37	954.90	1,018.22	1,061.25	1,304.59
	Total:	953.89	1,097.04	1,206.34	1,302.14	1,591.61
III.	Total receipts of State Government (I+II)	1,044.62	1,176.78	1,327.99	1,419.71	1,742.76
IV.	Percentage of I to II	10	7	10	9	9

(Source: Finance Accounts)

6.1.1 The details of tax revenue raised during the year 2004-05 alongwith the figures for the preceding four years are given below:

(Rupees in crore)

Sl. No.	Head of Revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of increase(+)/decrease(-) in 2004-05 over 2003-04
1.	Sales tax	31.30	29.52	43.18	46.12	54.73	(+) 18.67
2.	State excise	1.24	1.46	2.29	2.96	3.05	(+) 3.04
3.	Stamps and registration fees	1.80	1.48	1.90	2.33	2.20	(-) 5.58
4.	Taxes and duties on electricity	0.97	2.17		0.49	4.95	(+) 910.20
5.	Taxes on vehicles	2.80	2.77	3.44	3.38	3.35	(-) 0.89
6.	Taxes on goods and passengers	0.48	0.44	0.67	0.62	0.71	(+) 14.52
7.	Other taxes on Income and expenditure	9.61	12.64	12.68	11.66	11.52	(-) 1.20
8.	Other taxes and duties on commodities and services	0.50	0.13	0.17	0.11	0.21	(+) 90.91
9.	Land revenue	0.37	0.40	0.83	0.57	0.68	(+) 19.30
	Total:	49.07	51.01	65.16	68.24	81.40	(+) 19.28

(Source: Finance Accounts)

¹ Rs.0.37 lakh only.

The tax revenue of the State Government increased from Rs.68.24 crore in 2003-04 to Rs.81.40 crore in 2004-05 registering an increase of 19.28 *per cent* as compared to the previous year. The increase was largely contributed by significant increase in sales tax collections and taxes and duties on electricity and marginal increase in State excise duty and land revenue. The revenue from stamps and registration fees, taxes on vehicles and other taxes on income and expenditure declined during the year.

6.1.2 The details of major non tax revenue raised during the year 2004-05 alongwith the figures for the preceding four years are given below:

(Rupees in crore)

Sl. No.	Head of Revenue	2000-01	2001-02	2002-03	2003-04	2004-05	Percentage of Increase(+)/ decrease(-) in 2004-05 over 2003-04
1.	Interest Receipts	0.76	1.00	0.61	1.39	6.40	(+) 360.43
2.	Housing	0.58	1.00	0.75	0.93	0.98	(+) 5.38
3.	Water Supply and Sanitation	0.66	0.67	1.43	2.46	1.58	(-) 35.77
4.	Forestry and Wild Life	0.97	0.75	0.81	1.01	0.74	(-) 26.73
5.	Education, Sports and Art and Culture	2.16	1.03	1.13	0.97	0.82	(-) 15.46
6.	Miscellaneous General Services	1.67	0.05	1.59	0.57	(A)	(-) 99.89
7.	Power	26.33	19.73	43.90	36.77	54.41	(+) 47.97
8.	Major and Medium Irrigation	0.31	0.31	0.24	0.34	1.13	(+) 232.35
9.	Medical and Public Health	0.26	0.32	0.34	0.30	0.25	(-) 16.67
10.	Cooperation	0.05	0.04	0.42	0.10	0.13	(+) 30.00
11.	Public Works	2.19	1.23	3.18	2.73	1.60	(-) 41.39
12.	Police	0.97	0.59	0.56	0.37	0.34	(-) 8.11
13.	Other Administrative Services	0.68	1.20	0.49	0.53	0.51	(-) 3.77
14.	Crop Husbandry	0.07	0.03	0.08	0.03	0.04	(+) 33.33
15.	Social Security and Welfare	3.16	0.02	0.01	0.19	(B)	(-) 99.36
16.	Others	0.84	0.76	0.95	0.64	0.82	(-) 28.13
Total :		41.66	28.73	56.49	49.33	69.75	(+) 41.39

(Source: Finance Accounts)

(A) Rs.6,413 only = Rs.0.06 lakh, (B) Rs.12,471 only = 0.12 lakh.

Non tax revenue registered a substantial increase of 41.39 *per cent* during the year increasing from Rs.49.33 crore in 2003-04 to Rs.69.75 crore in 2004-05. The increase in non tax revenue was mainly on account of higher collections of energy charges by Power Department and interest realised on investment of cash balances.

Significant decline in non tax revenue was recorded under water supply and sanitation, public works and forestry and wild life. Government needs to take immediate steps to investigate reasons for decline in revenue and improve collections in these areas especially of water charges by better monitoring and strict enforcement.

6.2 Variations between budget estimates and actuals

The variations between budget estimates and the actuals of revenue receipts for the year 2004-05 in respect of the principal heads of tax and non tax revenue are given below:

(Rupees in crore)

Sl. No.	Head of Revenue	Budget estimates	Actuals	Variations increase(+)/decrease(-)	Percentage of variation
A. Tax Revenue					
1.	Sales Tax	45.00	54.73	(+) 9.73	(+) 21.62
2.	Other Taxes on Income and Expenditure (Taxes on Professions, Trades, Callings and Employment)	14.00	11.52	(-) 2.48	(-) 17.71
3.	Other Taxes and Duties on Commodities and Services	1.14	0.21	(-) 0.93	(-) 81.58
4.	Stamps and Registration Fees	2.53	2.20	(-) 0.33	(-) 13.04
5.	Taxes on Vehicles	4.32	3.35	(-) 0.97	(-) 22.45
6.	State Excise	2.80	3.05	(+) 0.25	(+) 8.93
7.	Land Revenue	0.71	0.68	(-) 0.03	(-) 4.23
8.	Taxes on Goods and Passengers	0.85	0.71	(-) 0.14	(-) 16.47
9.	Taxes and Duties on Electricity	1.12	4.95	(+) 3.83	(+) 341.96
Total:		72.47	81.40	(+) 8.93	(+) 12.32
B. Non tax Revenue					
1.	Miscellaneous General Services	4.00	(A)	(-) 4.00	(-) 100.00
2.	Power	45.00	54.41	(+) 9.41	(+) 20.91
3.	Public Works	4.00	1.60	(-) 2.40	(-) 60.00
4.	Forestry and Wild Life	1.27	0.74	(-) 0.53	(-) 41.73
5.	Police	0.90	0.34	(-) 0.56	(-) 62.22
6.	Interest Receipts	1.14	6.40	(+) 5.26	(+) 461.40
7.	Water Supply and Sanitation	1.68	1.58	(-) 0.10	(-) 5.95
8.	Education, Sports, Art and Culture	1.70	0.82	(-) 0.88	(-) 51.76
9.	Other Administrative Services	1.00	0.51	(-) 0.49	(-) 49.00
10.	Major and Medium Irrigation	0.40	1.13	(+) 0.73	(+) 182.50
11.	Medical and Public Health	0.45	0.25	(-) 0.20	(-) 44.44
12.	Social Security and Welfare	0.01	B	(-) 0.01	(-) 100.00
13.	Crop Husbandry	0.10	0.04	(-) 0.06	(-) 60.00
14.	Housing	1.27	0.98	(-) 0.29	(-) 22.83
15.	Cooperation	0.10	0.13	(+) 0.03	(+) 30.00
16.	Others	1.03	0.82	(-) 0.21	(-) 20.39
Total:		64.05	69.75	(+) 5.70	(+) 8.90

(Source: Budget document/Finance Accounts)

(A) Rs.6,413 (B) Rs.12,471;

The reasons as furnished by the departments for the variation in receipts during 2004-05 against budget estimates were as under:

Taxes on Vehicles: Decrease (22.45 per cent) was due to decreasing trend in the registration of new vehicles.

Taxes on Goods and Passengers: Decrease (16.47 per cent) was due to decreasing trend in the registration of new vehicles.

State Excise: Increase (8.93 per cent) was due to deployment of more armed forces in the State who procured liquor on payment of excise duty.

Public Works: Decrease 60 *per cent* was due to non realisation of hire charges of machinery.

Forestry and Wild Life: Decrease (41.73 *per cent*) was due to ban on felling of trees.

Police: Decrease (62.22 *per cent*) was due to non receipt of cost of armed guards deployed at various banks.

Education, Sports, Arts and Culture: Decrease (51.76 *per cent*) was due to decrease in the enrolment of students in Government colleges.

Major and Medium Irrigation: Increase (182.50 *per cent*) was due to collection of hire charge of machineries and realisation of interest on mobilisation advance from contractors.

Medical and Public Health: Decrease (44.44 *per cent*) was mainly due to machines like CT Scan, ECG, Ultrasonography *etc.* remaining out of order frequently.

Housing: Decrease (22.83 *per cent*) was mainly due to shortfall in collection of house rent.

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

6.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and percentage of such expenditure to gross collection during the year 2002-03, 2003-04 and 2004-05 alongwith all India average percentage of expenditure on collection to gross collection for 2002-03 and 2003-04 are given below:

(Rupees in crore)					
Head of Revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India percentage of expenditure to gross collection
Sales Tax	2002-03	43.18	1.16	2.69	1.15
	2003-04	46.06	1.09	2.37	
	2004-05	54.73	1.02	1.86	
Taxes on Vehicles	2002-03	3.44	1.19	34.59	2.57
	2003-04	3.36	1.13	33.63	
	2004-05	3.35	1.26	37.61	

(Source: Finance Accounts)

The cost of collection in respect of taxes on vehicles was higher in the State than the all India average. For every Rs.100 of taxes on vehicles collected by

the State Government, it spent Rs.33 to Rs.35 towards the cost of collection as compared to all India average of less than Rs.3. The cost of collection in respect of sales tax was also more than double the all India average. Abnormal high cost of collection highlights inefficiency of the tax administration and the Transport Department and calls for immediate remedial measures including computerisation of Taxation and Transport departments for better monitoring of revenue collections and improving efficiency of their operations.

Specific reasons for high cost of collection though called for from the departments (September 2005) were not received (October 2005).

6.4 Outstanding Inspection Reports and Audit observations

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

6.4.2 The number of inspection reports and audit observations issued up to December 2004 but pending settlement by the departments as on 30 June 2005 along with corresponding figures for the preceding two years are given below:

(Rupees in crore)

Department	Number of Inspection Reports			Number of Audit observations			Money value		
	Up to 2002-03	2003-04	2004-05	Up to 2002-03	2003-04	2004-05	Up to 2002-03	2003-04	2004-05
Taxation	31	8	—	181	19	—	4.94	0.97	—
Excise	11	—	2	28	—	2	1.53	—	3.08
Land Revenue	58	5	8	167	12	23	3.40	0.40	1.21
Motor Vehicle	36	4	3	117	11	12	0.95	0.34	0.80
Electricity	55	9	6	146	26	24	62.34	25.87	47.34
Fisheries	20	—	1	59	—	3	0.54	—	0.06
Lotteries	8	1	1	45	3	2	23.16	0.16	0.74
Forest	49	7	2	122	6	10	10.91	0.12	0.55
Registration	10	—	—	15	—	—	0.03	—	—
PHED/Water Tax	12	3	1	27	6	1	1.30	0.20	0.06
Medical	1	1	1	5	1	1	0.18	0.03	0.01
Total :	291	38	25	912	84	78	109.28	28.09	53.85

Out of 354 inspection reports with money value of Rs.191.22 crore pending settlement, even the first reply has not been received in respect of 83

inspection reports containing 298 audit observations with money value of Rs.141.93 crore. Further, 103 inspection reports up to 2004-05 containing 297 audit observations with money value of Rs.16.13 crore have been pending settlement for more than 10 years.

6.5 Results of audit

Test-check of the records of power, forest, taxation, transport, excise, fishery and Manipur State lottery departments conducted during 2004-05 revealed short demand/underassessment/loss of revenue *etc.* amounting to Rs.4.49 crore in 29 cases.

This chapter contains seven paragraphs relating to non realisation of tax, short realisation of energy charges, underassessment of tax, non realisation of show tax/taxes on vehicles, non levy of penalty *etc.* involving Rs.63.09 lakh of which audit observations for Rs.25.47 lakh were accepted by the departments.

SECTION "A"
(AUDIT REVIEWS)

NIL

SECTION "B"
(AUDIT PARAGRAPHS)

EDUCATION DEPARTMENT

6.6 Non deduction of sales tax at source

Inadequate internal control resulted in non deduction of sales tax from the supplier's bill thereby leading to non realisation of tax of Rs.10.72 lakh including penalty of Rs.6.43 lakh.

Under the State Government notification dated 10 December 1990, any person responsible for paying any sum to a dealer on behalf of any department of the State Government shall deduct the amount of tax payable from the bill of the selling dealer and deposit the same in Government treasury by challan within seven days from the date of deduction. If the person referred to above fails to deduct the tax, he shall be liable to pay by way of penalty one and a half times of tax in addition to tax payable.

Test-check of records of the office of Director of Education (S), Manipur in June 2005 revealed that an amount of Rs 40.05 lakh was drawn by them through abstract contingent bills in March 2004 for procurement of furniture and disbursed to the supplier between April and October 2004 in five instalments on the basis of stock receipt certificates furnished by the school authorities. While making payment to the supplier, sales tax at the rate prescribed was not deducted. However, the Department did not initiate any action to recover the same from the defaulting official/officer and levy penalty thereof. This resulted in non realisation of tax of Rs.10.72 lakh including penalty of Rs 6.43 lakh.

After this was pointed out, the Department stated in October 2005 that steps were being taken to recover the tax. Further reply had not been received (October 2005).

The matter was referred to Government in August 2005; reply had not been received (October 2005).

FOREST DEPARTMENT

6.7 Non levy of penalty for illegal removal of forest produce

Charging of royalty at the rate of Rs.10 per cum of earth extracted without permit instead of royalty at increased rate by 100 *per cent* resulted in non levy of penalty and sales tax of Rs.20 lakh and Rs.1.60 lakh respectively.

According to the Manipur Forest Rules, 1971, no forest produce shall be removed from the forest areas without a permit and a transit pass issued by an authorised forest officer in token of full payment of the amount due to Government on account of the forest produce being removed. In absence of any permit the rate of royalty on minor forest produce shall be increased by 100 *per cent* in accordance with notification issued by the Forest Department, Government of Manipur in December 1992. Sales tax at prescribed rate shall also be leviable on sale of forest produce under the above said notification.

Test-check of records in March 2005 of the divisional forest officer (DFO), Central forest division revealed that during November and December 2004, two lakh cubic metre (cum) of earth was removed from the Langol reserved forest without valid authorisation by the contractors of the PWD building Division No.I for filling up low lying areas of the Capitol Project Manipur. The DFO requested in January 2005 the Executive Engineer, PWD, building Division No. I to pay royalty at the rate of Rs.10 per cum of earth extracted without permit and sales tax on royalty instead of royalty at increased rate by 100 *per cent*. This resulted in non levy of penalty of Rs.20 lakh and sales tax of Rs 1.60 lakh thereon.

POWER DEPARTMENT

6.8 Short realisation of energy charges due to incorrect billing

Application of incorrect rates of billing on account of non providing of meter resulted in short realisation of revenue of Rs 4.73 lakh.

Under the provisions of Manipur Electricity supply (Amendment) Regulation 2002, minimum tariff rates of energy charges in respect of bulk consumer were revised with effect from 3 September 2002 to Rs.273 per kw of contract demand per month in case of metered supply of energy. Where electric supply to the consumer had been given without a meter for any reason, the consumer was required to pay flat rate of Rs.458.50 per kw of contract demand per month as energy charges.

Test-check of records in September 2004 of office of the Executive Engineer (EE), Rural Electrification Division No. I, Kakching revealed that the connected load of a consumer was increased to 212.50 kw with effect from 1 August 2003 against 100 kw. The divisional authority however, incorrectly realised the energy charges at minimum rate of Rs.273 per kw instead of the flat rate of Rs 458.50 per kw from the consumer receiving electric supply without meter during the period between August 2003 and July 2004. This resulted in short realisation of energy charges of Rs.4.73 lakh.

After this was pointed out, the EE raised the demand of Rs.4.73 lakh against the consumer. Report on realisation was however, awaited (October 2005).

The matter was referred to Government in May 2005; reply has not been received (October 2005).

TAXATION DEPARTMENT

6.9 Underassessment of tax due to suppression of purchase turnover

Concealment of purchase turnover led to underassessment of tax of Rs.4.60 lakh.

The Manipur Sales Tax Act, (MST Act), 1990 provides that if a dealer fails to furnish returns of his transactions containing such particulars as may be prescribed to the authority concerned, the Commissioner of Taxes shall assess him to the best of his judgement and determine the tax payable by him on the basis of such assessment. The dealer shall also be liable to pay penalty not exceeding one and a half times the amount of tax due.

Test-check of records of the Superintendent of Taxes, Sekmai revealed that a dealer of liquefied petroleum gas (LPG) did not furnish correct returns for the quarters ending March 2003 to June 2004. The assessing authority while finalising the assessment between October 2003 and September 2004 on the best judgement basis determined the taxable turnover of the dealer at Rs.67.73 lakh against returned figure of Rs.53.97 lakh and levied tax accordingly. Cross check of records with details relating to the taxation check post at Sekmai maintained in his office, however, disclosed that the dealer had imported LPG valued Rs.1.25 crore during the above period. This indicated that not only the dealer concealed the turnover to evade tax but the Superintendent of Taxes, also could not detect the same though the information of imports made by the dealer was available with his office. This resulted in underassessment of tax of Rs.4.60 lakh besides penalty.

After this was pointed out, the Department stated in August 2005 that the dealer had been reassessed and additional demand of Rs.4.44 lakh including penalty of Rs.0.12 lakh had been raised against the dealer. Report on recovery was awaited (October 2005).

Since minimum quantum of penalty for violation of the provisions of Act has not been prescribed and the assessing authority levies penalty at different scales without recording any reason, Government may consider introducing minimum quantum of penalty in such cases.

The matter was reported to Government in July 2005; reply had not been received (October 2005).

6.10 Non realisation of show tax

Non raising of demand resulted in non realisation of Rs.2.44 lakh from four cinematograph owners.

The Assam Amusements and Betting Tax Act, 1939 as extended to the State of Manipur provided that in the case of cinematograph exhibition, in addition to entertainments tax there shall be levied a tax at the rate of Rs.5 per show which was enhanced to Rs.100 with effect from 1 August 1998. In the meantime, the Hon'ble Guwahati High Court, Imphal passed an interim order on 7 June 1999 in a writ petition filed by Cine Exhibitors Association of Imphal directing the petitioners to pay 50 *per cent* of the enhanced tax subject to final outcome of the writ petition which is still pending (October 2005). Any sum due on account of entertainments tax shall be recoverable as an arrear of land revenue.

Test-check of records in March 2005 of the Superintendent of Taxes, Amusement Tax Zone, Imphal revealed that four cinematograph owners organised 4,883 shows during the years 2003-04 and 2004-05 but did not deposit the show tax. The assessing authority has also failed to raise the demand and recover the tax as arrears of land revenue. This resulted in non-realisation of tax of Rs.2.44 lakh.

After this was pointed out, the Commissioner of Taxes, Manipur raised the demand in June and July 2005 against the owners of cinematograph. On their failure to pay the dues within prescribed period, the Commissioner further requested in August 2005 the Deputy Commissioner, Imphal West to recover the show tax from the owners as arrears of land revenue. Report on recovery was awaited (October 2005).

The matter was reported to Government in July 2005; reply has not been received (October 2005).

TRANSPORT DEPARTMENT

6.11 Non realisation of taxes on vehicles

Non realisation of goods tax and road tax in respect of 24 vehicles led to blockage of Government revenue amounting to Rs.2.98 lakh.

Under the Manipur Motor Vehicles Taxation Act, 1998, there shall be levied and collected on all motor vehicles used or kept for use in Manipur a tax at the prescribed rate payable in advance either annually or quarterly on or before last day of March, June, September and December respectively. Further, under the provision of Manipur Passengers and Goods Taxation Act, 1977, Government of Manipur by a notification issued in May 2002, fixed lumpsum tax as specified in the notification payable with effect from 1 July, 2002 in respect of different categories of passenger and goods vehicles.

Test-check of records of the District Transport Officer (DTO), Imphal East in November 2004 revealed that owners of 24 vehicles of different types did not pay road tax and goods tax for the period from January 2001 to December 2004 and July 2002 to December 2004 respectively. However, the Department did not initiate any action to raise the demand and recover the dues as arrears of land revenue. This resulted in non realisation of tax of Rs.2.98 lakh (road tax : Rs.1.72 lakh and goods tax: Rs.1.26 lakh).

After this was pointed out, Government stated in September 2005 that payment of tax could be made in any DTO's office of the State and the work of reconciliation of actual realisation of the tax from the defaulters was being taken up with the DTOs of other districts to ascertain the latest position of non payment of tax. Further reply has not been received (October 2005). Government may consider computerisation and linking of DTOs for online monitoring and reconciliation of collection of such taxes.

6.12 Non collection of professional tax

Professional tax amounting to Rs.16.02 lakh for the period from April 2002 to November 2004 was not realised from 1,602 permit holders of goods vehicles, trucks and three wheelers by District Transport officer, Imphal West.

Under the provisions of the Manipur Professions, Trades, Callings and Employment Taxation Act, 1981, the Government of Manipur, by a notification issued in October 2000 appointed DTO posted in various districts of the State as additional taxation officers for collection of professional tax in their administrative jurisdiction. Person(s) holding permit(s) for taxies, goods

vehicles, trucks, buses and three wheelers were required to pay professional tax at the rate of Rs.1,000 per annum from 1 January 2001 and to deposit the same into Government account.

Test-check of records of DTO, Imphal West in December 2004 revealed that DTO had issued 1,602 permits during April 2002 to November 2004 in respect of various vehicles but professional tax of Rs.16.02 lakh was not collected from the permit holders of these vehicles.

After this was pointed out, Government stated in September 2005 that a decision was being taken for rationalisation of tax structure in terms of size of the vehicles and their earning capacity. The reply is not acceptable as any change in tax structure will not affect the liability of the existing defaulters. The final decision in this regard and the progress of realisation of professional tax is awaited (October 2005).

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Overview of Government companies and Statutory corporations

7.1 Introduction

As on 31 March 2005, there were 15 Government companies (seven working companies and eight non-working¹ companies) and one non-working Statutory corporation as against 15 Government companies (nine working companies and six non-working companies) and one non-working Statutory corporation as on 31 March 2004 under the control of the State Government. During the year 2004-05, two working Government companies² became non-working companies. The accounts of the Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provisions of Section 619 (2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit arrangement of the Statutory corporation is as shown below:

Table No. 7.1

Name of the corporation	Authority for audit by the CAG	Audit arrangement
Manipur State Road Transport Corporation (MSRTC)	Section 33 (2) of the Road Transport Corporations Act, 1950	Sole audit by CAG

7.2 Working Public Sector Undertakings (PSUs)

Investment in working PSUs

7.2.1 As on 31 March 2005, the total investment in seven working PSUs (seven Government companies) was Rs.51.91 crore³ (equity: Rs.28.32 crore; long term loans Rs.23.59 crore) as against Rs.79.84 crore (equity: Rs.44.35 crore; long term loans⁴: Rs.35.49 crore) in nine working PSUs (nine Government companies) as on 31 March 2004. The analysis of investment in PSUs is given in the following paragraphs.

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

² Serial number B-4 and 8 of *Appendix-XXXII*.

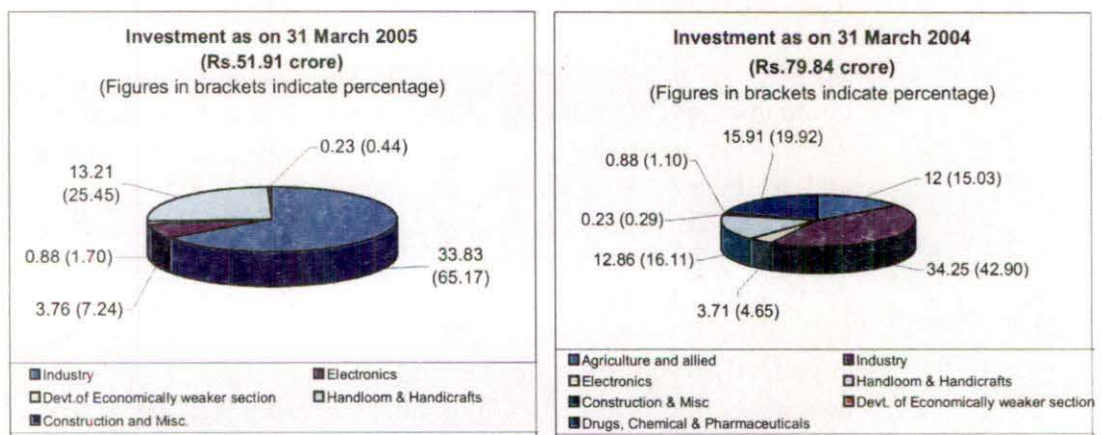
³ State Government investment was Rs.24.94 crore (others: Rs.26.97 crore). Figure as per Finance Account 2004-05 is Rs.34.53 crore. The difference is under reconciliation.

⁴ Long term loans mentioned in paras 7.2.1, 7.2.2, 7.2.3 and 7.8.1 are excluding interest accrued and due on such loans.

Sector-wise investment in working Government companies and Statutory corporation

7.2.2 The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2005 and 31 March 2004 are indicated below in the pie charts:

Chart 7.1



Working Government companies

7.2.3 The total investment in working Government companies at the end of March 2004 and March 2005 was as follows:

Table No. 7.2

(Rupees in crore)

Year	Number of Government companies	Investment in working Government companies		
		Equity	Loan	Total
2003-04	9	44.35	35.49	79.84
2004-05	7	28.32	23.59	51.91

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

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

As on 31 March 2005, the total investment in working Government companies, comprised 54.56 per cent of equity capital and 45.44 per cent of loans as compared to 55.55 per cent and 44.45 per cent respectively as on 31 March 2004.

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

7.3.1 The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government in respect of working Government companies are given in *Appendices-XXXII* and *XXXIV*.

7.3.2 The budgetary outgo in the form of equity capital and loans and grants/subsidies from the State Government to working Government companies for three years up to 2004-05 are as follows:

Table No. 7.3

(Rupees in crore)

	2002-03				2003-04				2004-05			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Equity Capital outgo from budget	2	7.03	1	1.50	3	11.15	—	—	3	0.50	—	—
Grants/subsidy towards:												
(i) Projects/Programmes/ Schemes	—	—	—	—	—	—	—	—	—	—	—	—
(ii) Other subsidy	—	—	—	—	—	—	—	—	—	—	—	—
Total outgo	2	7.03	1	1.50	3	11.15	—	—	3	0.50	—	—

7.3.3 No information regarding guarantee given by State Government was received from the companies (September 2005).

7.4 Finalisation of accounts by working PSUs

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

7.4.2 It can be seen from *Appendix-XXXIII*, that none of the seven working Government companies finalised the accounts for the year 2004-05 within the stipulated period. During the period from October 2004 to September 2005, one working Government company (Sl. No. A 5) finalised one accounts for the previous year.

7.4.3 The accounts of all the seven working Government companies were in arrears for periods ranging from eight to 22 years as on 30 September 2005 as per details given below:

Table No. 7.4

Sl. No.	No. of working Government companies	Year from which accounts are in arrears	Number of years for which accounts are in arrears	Reference to Sl. No. of <i>Appendix XXXIII</i> Government companies
(1)	(2)	(3)	(4)	(5)
1.	1	1983-84 to 2004-05	22	5
2.	1	1987-88 to 2004-05	18	3
3.	1	1990-91 to 2004-05	15	1
4.	1	1991-92 to 2004-05	14	7
5.	2	1996-97 to 2004-05	9	2 & 4
6.	1	1997-98 to 2004-05	8	6
Total	7			

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

7.5 Financial position and working results of working PSUs

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

7.5.2 According to the latest finalised accounts of seven working Government companies, three companies had incurred an aggregate loss of Rs.0.26 crore, three companies earned an aggregate profit of Rs.1 crore and one company had not commenced commercial activities.

7.6 Profit earning working companies and dividend

7.6.1 None of the three profit earning companies had finalised their accounts during the year.

Loss incurring working Government companies

7.6.2 One company, out of three loss incurring working Government companies (A-3) of *Appendix-XXXIII* had accumulated losses aggregating Rs.1.70 crore which exceeded its paid up capital of Rs.1 crore. Despite poor performance and complete erosion of paid-up capital, the State Government continued to provide financial support to the company in the form of equity capital. According to available information, the total financial support so provided by the State Government by way of equity capital during 2004-05 to this company amounted to Rs.0.35 crore.

Return on capital employed

7.6.3 As per the latest finalised accounts (up to September 2005), the capital employed⁵ worked out to Rs.16.74 crore in seven working companies and total return⁶ thereon amounted to Rs.1.48 crore which was 8.84 *per cent* as compared to total return of Rs.1.54 crore (7.72 *per cent*) in the previous year. The details of capital employed and total return on capital employed in the case of working Government companies are given in *Appendix–XXXIII*.

7.7 Reforms in Power Sector

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

The major milestones of the reforms programme are:

- The State Government will start corporatisation by August 2004 to handle electricity matters. The Corporation will be made fully functional by July 2005.
- The State Government will set up a State Electricity Regulatory Commission (SERC)/Joint Electricity Regulatory Commission (JERC) by November 2004 and file tariff petitions immediately thereafter.
- The State Government will provide full support to the SERC/JERC to enable it to discharge its statutory responsibilities. The tariff orders issued by SERC/JERC will be implemented fully unless stayed or set aside by a Court order.
- The State Government will ensure timely payment of subsidies required in pursuance of orders on the tariff determined by the SERC/JERC.
- The State Government will undertake Energy Audit and Energy Accounting at all levels to promote accountability and reduce transmission and distribution losses and bring them to the level of 20 *per cent* by 2007 and achieve break even in current distribution operation in three years and positive returns thereafter.
- The State Government would achieve 100 *per cent* electrification of villages by 2007 subject to adequate funds being provided by Government of India under PMGSY or any other relevant scheme.

⁵ Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

⁶ For calculating total return on capital employed, interest on borrowed funds is added to net profit/ subtracted from the loss as disclosed in the profit and loss account.

The progress of implementing power sector reforms is slow and the Corporation has not become operational as of December 2005. The State Government was to complete 100 *per cent* metering and billing of all consumers by March 2003 but only 1,57,332 consumers (out of 1,71,263) were provided with energy meters (March 2005). Against the target of achieving 100 *per cent* electrification of villages (2,376 villages) by 2007, the State Government could electrify 1,909 villages as of November 2005.

The State Government intimated (December 2005) that the Central Government had constituted a Joint Electricity Regulatory Commission (JERC) for the States of Manipur and Mizoram on 18 January 2005 and that a departmental committee had been set up to assess the inventory, assets and liabilities of the Electricity Department.

7.8 Non-working Public Sector Undertakings (PSUs)

Investment in non-working PSUs

7.8.1 As on 31 March 2005, the total investment in nine non-working PSUs (eight non-working Government companies and one non-working Statutory corporation) was Rs.118.82 crore⁷ (equity: Rs.103.47 crore; loans: Rs.15.35 crore) as against total investment of Rs.90.68 crore (equity: Rs.86.94 crore; loans: Rs.3.74 crore) in seven non-working PSUs (six non-working Government companies and one non-working Statutory Corporation) as on 31 March 2004. The classification of non-working Government companies and Statutory corporation at the end of March 2005 was as under:

Table No. 7.5

(Rupees in crore)

Sl. No.	Status of non-working PSUs	Number of companies	Number of corporation	Investment			
				Companies		Corporation	
				Equity	Loans	Equity	Loans
(i)	Under liquidation/closure	8	1	56.97	15.35	46.50	—
	Total	8	1	56.97	15.35	46.50	—

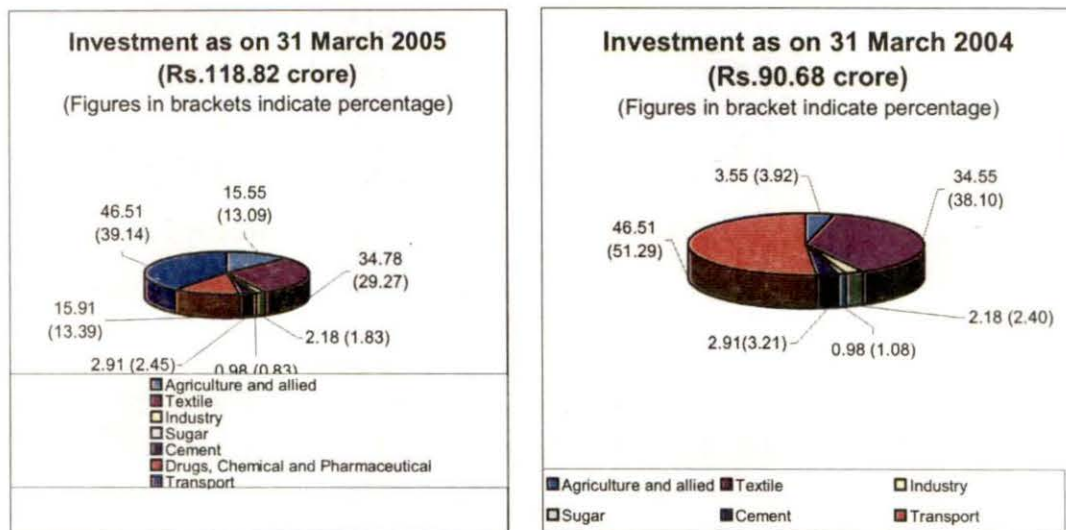
7.8.2 The above non-working PSUs which were under liquidation involve substantial investment of Rs.118.82 crore. Effective steps need to be taken for their expeditious liquidation or revival.

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

7.8.3 The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2005 and 31 March 2004 are indicated below in the pie charts:

⁷ State Government investment was Rs.110.60 crore (others: Rs.8.22 crore). Figures as per Finance Accounts 2004-05 is Rs.95.67 crore. The difference is under reconciliation.

Chart No. 7.2



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

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

Finalisation of accounts of non-working PSUs

7.8.5 It can be seen from *Appendix-XXXIII* that none out of nine non-working PSUs (eight Government companies and one Statutory corporation) had finalised the accounts for the year 2004-05 within the stipulated period. During the period from October 2004 to September 2005, three non-working Government companies finalised three accounts for previous years.

7.8.6 The accounts of nine non-working Government companies and one non-working Statutory corporation were in arrears for periods ranging from eight to 21 years as on September 2005.

Financial position and working results of non-working PSUs

7.8.7 The summarised financial results of non-working PSUs, as per their latest finalised accounts are given in *Appendix-XXXIII*. Statement showing financial position and working results of the non-working Statutory Corporation for the latest three years for which accounts are finalised are given in *Appendices-XXXV and XXXVI* respectively.

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

Table No. 7.6

(Rupees in crore)

Particular of Companies/Corporation	Paid-up capital	Net worth ⁸	Cash loss	Accumulated loss
Non-working companies	5.89	2.49	NA	5.01
Non-working Statutory corporation	18.46	(-) 0.25	NA	18.70
Total	24.35	2.24		23.71

Operational performance of non-working Statutory corporation

7.8.8 The operational performance of Manipur State Road Transport Corporation is given in *Appendix-XXXVII*.

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

7.9.1 Separate Audit Report on the accounts of the Manipur State Road Transport Corporation for the year 1991-92 along with Audit Certificate had been sent to the State Government in September 2004. No information had been received (September 2005) from the Government regarding placement of the Report in the State Legislature.

7.10 Results of audit by Comptroller and Auditor General of India

7.10.1 During the period from October 2004 to September 2005, the audit of accounts of two Government companies were selected for review. The net impact of the important audit observations as a result of review were as follows:

Table No.7.7

Details	Number of accounts			Amount (Rupees in lakh)		
	Government Companies		Statutory Corporation	Government Companies		Statutory Corporation
	Working	Non-working	Non-working	Working	Non-working	Non-working
Understatement of Assets/Liabilities	—	1	—	—	4.25	—

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

Errors and omissions noticed in case of Government companies

Manipur Tribal Development Corporation Limited (1982-83)

7.10.2 All financial books, records, vouchers and supporting documents were stated to have been burnt, washed away and damaged in a fire during March 1984 and flood during July 1989. Thus, no books of accounts, records, registers, ledgers, vouchers and trial balance were produced to Audit.

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

The Statutory Auditors, while giving several qualifications, expressed their inability to certify and confirm that the final accounts give a true and fair view in conformity with the accounting principles generally accepted in India.

In view of the above, the Balance Sheet as on 31.3.1983 and the Profit and Loss Account for the year ended 31.3.1983 did not reflect the true and fair view of the financial position and working results of the company.

Manipur Agro Industries Corporation Limited (1988-89)

7.10.3 Government of Manipur had released a sum of Rs.4.25 lakh as contribution to the share capital of the Company and the amount was received by the Company in March 1989. However, the said amount was not reflected in the Balance Sheet under Reserves and Surplus as on 31 March 1989 which resulted in understatement of Reserves and Surplus by Rs.4.25 lakh with corresponding understatement of Cash and Bank balance to the same extent.

7.11 Internal audit/Internal control

7.11.1 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal audit/internal control systems in the companies audited by them in accordance with the directions issued by the CAG to them under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. A resume of major recommendations /comments made by Statutory Auditors is as follows:

7.11.2 Manipur Industrial Development Corporation Ltd. had no internal audit system. The Company also did not have any Audit Committee.

7.11.3 The internal audit system in Manipur Spinning Mills Corporation Ltd. was not commensurate with the size and nature of activities of the Corporation.

7.11.4 Manipur Spinning Mills Corporation Ltd. had internal control procedures which were not commensurate with the size and nature of their business for the purchase of stores, raw materials including components, plants and machinery, equipment and other assets.

7.12 Recommendations for improving performance or closure of Government companies

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

7.13 Response to inspection reports, draft paras and reviews

7.13.1 Observations made during audit and not settled on the spot are communicated to the heads of the PSUs and concerned administrative departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of six weeks. Inspection reports issued up to March 2005 pertaining to 16 PSUs disclosed that 192 paragraphs relating to 35 inspection reports remained outstanding at the end of September 2005. Of these 160 paragraphs relating to 27 inspection reports had not been replied to for more than two to 14 years. Department-wise break-up of inspection reports and paragraphs outstanding as on 30 September 2005 is given in *Appendix-XXXVIII*.

Similarly, draft paragraphs and reviews on the working of Government Companies are forwarded to Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that replies to two draft paragraphs and one review forwarded to the various departments during May, August and December 2005 have not been received so far (December 2005) as per details given in the *Appendix-XXXIX*.

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

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

7.14.1 The reviews/paragraphs of Commercial Chapters of the Audit Reports pending for discussion at the end of 30 September 2005 are as follows:

Table No. 7.8

Period of Audit Report	Number of reviews and paragraphs appeared in the Audit Report		Number of reviews/paragraphs pending for discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1995-96	—	3	—	3
1996-97	1	4	1	4
1997-98	—	2	—	2
1998-99	—	2	—	2
99-2000	2	4	2	4
2000-01	1	2	1	2
2001-02	—	1	—	1
2002-03	—	1	—	1
2003-04	—	2	—	2

7.15 619-B Companies

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

SECTION A
AUDIT REVIEW

DEVELOPMENT OF TRIBAL AND SCHEDULED CASTES
DEPARTMENT

7.16 ACTIVITIES OF MANIPUR TRIBAL DEVELOPMENT
CORPORATION LTD. TOWARDS TRIBAL WELFARE
AND DEVELOPMENT

Highlights

The Company has not submitted accounts for the last 21 years.

(Paragraph 7.16.1)

The Company has not contributed its share of Rs.24.34 lakh towards project cost in contravention of guidelines of apex financing corporations.

(Paragraph 7.16.9)

The Company failed to mobilise adequate resources for distribution of loans to the beneficiaries. Apex financing corporations stopped granting loans to the Company resulting in complete stoppage of welfare schemes during the last two years.

(Paragraph 7.16.10)

Against Rs.2.06 crore recoverable from 212 beneficiaries during 2000-01 to 2004-05, the Company could recover only Rs.22.95 lakh. After distributing loans, the Company did not make serious efforts to recover loans from beneficiaries resulting in the poor recovery rate of 11.16 per cent.

(Paragraph 7.16.13)

The Company's performance in terms of discharging its own liabilities suffered as it failed to repay NSFDC loans. Against the loans of Rs.6.25 crore taken by the Company during the last 13 years, an amount of Rs.8.44 crore (including interest) was outstanding as on September 2004.

(Paragraph 7.16.15)

Monitoring and evaluation of welfare schemes was not done.

(Paragraph 7.16.17)

Introduction

7.16.1 The Manipur Tribal Development Corporation Limited (Company) was incorporated under the Indian Companies Act, 1956 on 21 June 1979 as a State Government undertaking. The Company was established with the objectives of assisting, financing, protecting and promoting welfare of scheduled tribes, scheduled castes, minorities and other backward classes population in the State.

For achieving its objectives, the Company has been providing term loan assistance at subsidised interest rates to the above categories for income generating schemes by obtaining financing from the apex financial corporations viz., National Scheduled Castes and Scheduled Tribes Finance and Development Corporation (NSFDC), National Backward Classes Finance Development Corporation (NBCFDC), National Minority Development and Finance Corporation (NMDFC) and National Safai Karmachari Finance Development Corporation (NSKFDC).

The authorised and paid-up share capital of the Company were Rs.10 crore and Rs.77.50 lakh respectively. The paid-up capital was fully subscribed by the Government of Manipur as on 31 March 2005. The management of the Company is vested in a Board of Directors which is headed by Chairman and the Managing Director who is the Executive Head of the Company. As on 31 March 2005, there were eight Directors. The Director of Tribal Development Department of the Government of Manipur is the ex-officio Managing Director (MD).

Every Government Company is required to finalise its accounts/financial statements within six months of the closure of the accounting year. The accounts of the Company have been in arrears for the last 21 years (1983-84 to 2004-05). The Company's audited accounts for the year 1982-83 are yet (September 2005) to be adopted in the Annual General Meeting (AGM). The Company failed to hold its AGMs regularly and the last AGM was held on 28 July 1998. Apart from physical and financial performance of the Company remaining completely unreported to the Legislature during the last two decades, non-submission of accounts for such a long period has the inherent risk of frauds and misappropriation.

Scope of Audit

7.16.2 Performance audit of the tribal welfare activities of the Manipur Tribal Development Corporation Ltd., covering the period from 2000-01 to 2004-05, was conducted during April-May of 2005 through test-check of the records of the Company.

Audit objectives

7.16.3 Audit was conducted with a view to ascertain whether the programmes/schemes towards tribal welfare and development were implemented effectively and in an economical and efficient manner as per adopted policy of the Government and apex financing corporations.

Audit criteria

7.16.4 Audit criteria considered for assessing the achievement of audit objectives were to evaluate:

- the Company's capacity to mobilise resources for distribution of loans to target groups;
- its own share/ contribution to beneficiary loans;
- efficiency of the Company in terms of recovering loans from beneficiaries;
- position of repayment of loans by the Company to the financing agencies;
- method of selection of beneficiaries; and
- the impact of the schemes implemented by the Company on the beneficiaries.

Audit methodology

7.16.5 The methodology adopted for attaining the audit objectives with reference to audit criteria were examination of:

- guidelines for implementation of various welfare schemes issued by the Government, apex financial corporations and Company; and
- detailed scrutiny and performance evaluation records and transactions of eleven out of 23 welfare schemes selected at random.

The statistical methodology of simple random sampling without replacement was used for selection of scheme and transactions for detailed scrutiny and evidence gathering.

Audit findings

7.16.6 Audit findings as a result of test-check are discussed in the succeeding paragraphs. These findings were referred to the Company/Government in August 2005 and the replies of the Management, received in September 2005 have been taken into consideration while finalising the review. A meeting of the Audit Review Committee on Public Sector Enterprises (ARCPSE) was also scheduled in October 2005 but no representative of the Company/Government attended the meeting.

7.16.7 The Company was functioning as a State Channelising Agency (SCA) of the apex financial corporations (NSFDC, NSKFDC, NBCFDC and NMDFC) for disbursing loans to beneficiaries under various welfare schemes, such as loans for purchase of bus, power tiller, tractor, auto rickshaw, photostat machines, setting up of grocery, tailoring and barber shops, book binding, piggery, engineering workshops, etc.

As per the guidelines of NSFDC and NSKFDC, the main criteria for selection of beneficiaries of these schemes were (i) beneficiaries were to belong to scheduled tribes, scheduled castes, minorities and other backward classes, and (ii) the income of the family of the beneficiaries should be within the ceiling of double⁹ the poverty line income.

The following deficiencies in implementation of the scheme were noticed.

Selection of beneficiaries

7.16.8 To identify the beneficiaries, applications were invited from the target groups through local newspapers for disbursement of term loan. The beneficiaries were selected by a selection committee consisting of heads of Government Departments. Caste certificates, Income certificates, name and address of a Government servant, and guarantor were to be furnished along with the application by the beneficiaries.

It was noticed during audit that the Company did not carry out proper scrutiny of applications before sanctioning the loans. The applications were considered despite having shortcomings of the following nature:

- The income certificates submitted by the beneficiaries certified the income of the individual and not the income of the entire family of the applicant.
- The income certificates issued by the Sub-Deputy Collectors (SDCs) did not indicate any issue numbers to verify whether such certificates were issued officially after proper verification.
- The selected beneficiaries had one to two Government servants in their families whose income was not included in the income certificates issued by the SDC to the applicant.

The deficiencies noticed are detailed in *Appendix-XL*:

7.16.9 Sharing pattern of Project Cost

According to the terms and conditions of the agreement between the Company and the apex corporations of NSFDC and NSKFDC, the sharing pattern of the project cost would be as follows:

Table No. 7.9

Name of Apex Corporation	Total project cost	Apex Corporation's share	Margin Money Loan (MTDC's share)	Beneficiary's share
	(in per cent)			
NSFDC	100	90	10-5	0 to 5
NSKFDC	100	85	10	5

⁹ Double the poverty line means income equal to Rs.40,000 per annum for rural areas and Rs.55,000 per annum for urban areas.

The basic purpose of project financing through State Channelising Agency (SCA) was to ensure financial involvement of the SCA concerned.

Test check of records revealed that the Company did not contribute its share towards project costs for implementation of various schemes in the State. Thus, the Company's contribution amounting to Rs.24.34 lakh during 2000-01 to 2004-05 was borne by the beneficiaries as per details given in *Appendix-XLI*. The Company, thus, violated the terms of the agreement entered into with the financing agencies *i.e.* NSFDC and NSKFDC and put extra financial burden on the beneficiaries compelling them to meet the share of project cost which was otherwise to be provided by the Company. The Management stated (September 2005) that the Company had no source of funds for making its contribution towards the project cost.

The reply is not acceptable as the welfare schemes provided for a share of the project cost to be borne by the Company. Further, the Company's adverse financial position was a result of its failure to recover loans from the beneficiaries.

7.16.10 Mobilisation of resources

Test-check of records disclosed that the Company was not able to meet the demand for grant of loans by the target groups. The following table shows that against 1736 applications only 332 beneficiaries could be granted loans of Rs.2.69 crore from the funds received from the apex financial corporations *viz.* NSFDC, NSKFDC and NBCFDC.

Table No. 7.10

Year	No. of application received	No. of Beneficiaries granted loan	Amount of disbursed loan (Rupees in lakh)
2000-01	1456	247	156.06
2001-02	180	10	9.00
2002-03	100	75	104.19
2003-04	Nil*	Nil	Nil
2004-05	Nil*	Nil	Nil
Total	1736	332	269.25

* No applications were invited during 2003-04 and 2004-05

The satisfaction level in terms of grant of loans was therefore less than 19 *per cent*. The Company failed to provide loans to all the applicants due to its inability to mobilise adequate amount of loans from the apex financing corporations. Satisfactory level of loan repayment to the apex corporations is one of the conditions for further release of funds by the apex corporations. The Company however, failed to recover loans from beneficiaries, as a result of which no loans were released by the apex financial corporations to the Company during the last two years *viz.* 2003-04 and 2004-05. The Company, therefore, did not invite applications from the target groups for grant of loans under various welfare schemes during these two years. Thus, the performance

of the company in terms of mobilisation of resources was poor and the objective of promoting welfare of tribal and other weaker sections of the society remained largely unachieved in recent years.

7.16.11 *Loan agreements*

Term loans were released to the beneficiaries after execution of the agreements between the beneficiary and the Company, and on execution of a guarantee deed of a Government servant in the form of a guarantor's security bond on non-judicial stamp paper of Rs.20.

Test-check of records revealed that guarantor's security bonds were not registered and hence, legal enforceability of such bonds and agreements was doubtful. In some cases like tailoring and other schemes under NSKFDC funding, forms of loan agreements and guarantor's security bonds were signed by the parties without filling even basic information such as name of the loanee, loan amount, signature of witness, date of agreement, etc.

In nine out of 60 cases test-checked, financially weak guarantors were accepted for loans ranging between Rs.1.40 lakh to Rs.6.40 lakh in violation of the terms and conditions. Thus, loan of Rs.22.78 lakh disbursed in these cases was not adequately secured (Details are given in *Appendix-XLII*).

In the event of default in repayment by the loanees, there is every possibility of non-recovery of loan from the guarantor. This may result in the Company ultimately sustaining loss due to acceptance of weak guarantors.

7.16.12 *Delays in distribution of loans*

As per terms and conditions of the apex financing corporations, the funds provided by them have to be utilised/dispensed to the beneficiaries within 120 days, and unutilised funds would attract a higher rate of interest of 10 *per cent* against the normal applicable rate of four to six *per cent*. The amounts received by the Company from the apex financial corporations (NSFDC, NSKFDC and NBCFDC) and loans disbursed by it to the beneficiaries under various target groups during the last five years are given in the Table below:

Table No. 7.11

(Rupees in lakh)

Year	Category of loan	Amount received by MTDC during the year	Amount disbursed during the year	Undisbursed amount for the year
2000-01	NSFDC	76.60	67.60	9.00
	NSKFDC	69.18	61.68	7.50
	NBCFDC*	92.00	26.78	65.22
2001-02	NSFDC	NIL	9.00	NIL
	NSKFDC	6.49	NIL	6.49
2002-03	NSFDC	97.70	97.70	NIL
	NSKFDC	NIL	6.49	NIL
2003-04	NSFDC	NIL	NIL	NIL
	NSKFDC	NIL	NIL	NIL
2004-05	NSFDC	NIL	NIL	NIL
	NSKFDC	NIL	NIL	NIL
Total:		341.97	269.25	

* The Department of Minorities and Other Backward Classes (MOBC) was appointed as channelising agency for NBCFDC loans with effect from 28 April 2000 in place of MTDC.

From the above table it would be seen that the Company could disburse only an amount of Rs.2.69 crore to the beneficiaries out of the funds of Rs.3.42 crore received from the apex corporations. These corporations did not sanction any loan during the last two years 2003-04 and 2004-05 as the Company failed to remit repayment instalments to apex corporations regularly. As a result no applications were invited by the Company from target groups. Audit examination disclosed that funds were not disbursed to the beneficiaries within the stipulated period of 120 days as discussed below:

It was noticed that during 2000-01, an amount of Rs.92 lakh was received by the Company from NBCFDC, out of which Rs.26.78 lakh only could be disbursed among 22 beneficiaries. Of the balance Rs.65.22 lakh, Rs.47.71 lakh was transferred to the Department of Minority and Other Backward Classes (MOBC), Government of Manipur in April 2000 which was disbursed to the beneficiaries during 2001 (MOBC was appointed channelising agency for NBCFDC in place of MTDC in April 2000) and Rs.17.51 lakh was adjusted against NSFDC loan account. This diversion of Rs.17.51 lakh meant for backward classes to scheduled castes beneficiaries was not permissible.

Further, it was seen in audit that an amount of Rs.7.50 lakh received by the Company in the year 2000-01 from NSKFDC was yet (September 2005) to be disbursed to the beneficiaries. Thus the Company on one hand denied loan of Rs.7.50 lakh for sanitary marts to the concerned beneficiaries for more than five years; on the other hand it incurred avoidable interest liability of Rs.3.37 lakh⁹ on undisbursed amounts. The Management stated (September 2005) that due to some administrative problems, Rs.7.50 lakh could not be disbursed.

⁹ w.e.f. 1.10.2000 to 31.3.2005 at the rate of 10 per cent.

7.16.13 Recovery of loans from beneficiaries

Recovery rate of loan is a key indicator to assess success or performance of the income generating schemes funded through subsidised loans provided by the financial corporations. Regular repayment of instalments of loans by the beneficiaries indicate that the funds provided have actually been used for creation of income generating assets and there is some improvement in the financial condition of the individual, which is the ultimate objective of the scheme.

Test-check of records of the Company, however, disclosed that the recovery of loans under various schemes introduced by the Company for welfare of various target groups was almost negligible. The position of loans disbursed by the Company, amounts recovered and instalment amounts outstanding against the loanees for the period from 2000-01 to 2004-05 is given in the Table below:

Table No. 7.12
Recovery of loan (2000-01 to 2004-05)

(Rupees in lakh)

Name of Apex Corporation	Total number of schemes	Total number of beneficiaries	Total amount of loan paid during five years and examined in audit	Total number of beneficiaries refunding loan	Total amount of loan recovered in five years (A)*			Arrears of instalments due as on 31 March 2005 (B)*		
					P*	I*	T*	P*	I*	T*
NSKFDC	7	110	58.17	25	2.59	2.51	5.10	41.74	19.40	61.14
NSFDC	12	102	175.30	76	8.02	9.83	17.85	84.59	37.04	121.63
Total	19	212	233.47	101	10.61	12.34	22.95	126.33	56.44	182.77

* Total recoverable amount : Rs.205.72 lakh (A+B)

Out of 212 beneficiaries who were sanctioned loans under various schemes during the last five years, only 101 beneficiaries repaid some instalments of loan. Thus, 52.36 *per cent* of the beneficiaries did not repay any loan instalments during the last five years.

The details in respect of actual amount of loans outstanding against beneficiaries who were sanctioned loans prior to 2000-01, were not made available by the Company to Audit. The condition of records maintenance in respect of the old period was also extremely poor and important documents such as loan ledgers were not authenticated. Thus, the actual amount of loans disbursed, their recovery and outstandings could not be vouchsafed in audit.

Against the total recoverable amount of Rs.2.06 crore during 2000-01 to 2004-05 under NSFDC and NSKFDC funded schemes, loan recovery was to the extent of Rs.22.95 lakh only during this period, constituting 11.16 *per cent* of the recoverable amount. This resulted in arrears of outstanding loans mounting to Rs.1.83 crore at the end of March 2005 against 212 loanees alone. The Company did not take any action against the defaulting loanees as per terms and conditions of the loan agreement to recover the outstanding dues.

* P indicates Principal, I indicates Interest and T indicates Total.

The Management stated (September 2005) that the main reasons for non-recovery of loans were:

- poor income of the targeted people;
- lack of habit of refunding loan as Government provides grants-in-aid for similar schemes and, therefore, the beneficiaries wait for waiver of loans in the long run; and
- marketing bottlenecks and lack of proper management.

This indicated that the scheme was not successful and could not achieve its objectives.

7.16.14 Scheme-wise recovery of loans from beneficiaries

Apex corporations (NSFDC and NSKFDC) sanctioned interest bearing loans at the rate of 6 to 9 *per cent* to the targeted SC/ST beneficiaries to implement schemes of grocery shop, piggery, tractor, truck, power tiller, bus, autorickshaw *etc.*, on the condition that loan amount would be repaid in 20 quarterly equal instalments alongwith due interest. The Company disbursed loan money to the selected beneficiaries after concluding agreements with the beneficiaries and their guarantors.

Test-check of records revealed that an amount of Rs.58.17 lakh was disbursed under 7 schemes to Safai Karamcharis and Rs.1.75 crore under 12 schemes to Scheduled Caste and Scheduled Tribe beneficiaries during the last five years. The scheme-wise position of recovery of these loans is given in the *Appendix-XLIII*.

Audit analysis revealed that the recovery rate from Safai Karamcharis ranged between 1.15 to 12.36 *per cent* under these schemes, the lowest being 1.15 *per cent* under the Xerox scheme. Similarly, in case of Scheduled Caste and Scheduled Tribe beneficiaries who were provided loans through financing by NSFDC, the recovery rate ranged between 0 to 35.63 *per cent*.

Low or negligible recovery of subsidised loans indicated that no serious efforts were made by the Company to enforce recoveries either from the loanees or from their guarantors.

The Management stated (May 2005) that if a beneficiary failed to repay the loan for two consecutive instalments, the Company intimated the employer of the guarantor to withhold the salary of the guarantor and recover the loan dues from his/her salary. As most of the Drawing and Disbursing Officers (DDOs)/Heads of Departments did not extend their full cooperation, the Company could not make any significant recovery from the defaulters.

The Company further stated that it did not effect recovery through seizure of asset or initiating legal action against the loanees and their guarantors, as the litigation in such cases involved huge expenditure and time.

The reply of the Company indicates that it did not make any serious efforts to recover the amount despite the recovery rate being very low and despite over 60 per cent of the beneficiaries not paying any instalment during the last five years.

The State Government also needs to take action against the DDOs who are not effecting recoveries from their employees (who stood guarantor) and totally ignoring the request of the Company for recovery from the employees who stood guarantors for the loans disbursed by the Company.

7.16.15 Default by the Company in repayment to financial corporations

In view of the recovery of loans from various target groups under all the schemes being extremely low, the Company was unable to pay back the loans it had obtained from NSFDC and NSKFDC for disbursement to the beneficiaries.

It was seen from the statement furnished by the NSFDC that during the period from 1991-92 to 2004-05, against the loan of Rs.6.25 crore given to the Company as loan for disbursement amongst the various beneficiaries against 50 schemes, an amount of Rs.8.44 crore (Principal: Rs.4.83 crore and Interest: Rs.3.61 crore) remained outstanding till September 2004. In respect of the other two apex financing corporations (NSKFDC and NBCFDC), loan amounts totalling Rs.1.25 crore and Rs.5.55 crore including interest were outstanding as of December 2004 and September 2005 respectively.

As the Company failed to remit repayment instalments to apex corporations regularly, the apex corporations did not sanction any loan to the Company during the last two years 2003-04 and 2004-05. As a result no applications were invited by the Company from target groups during these two years and no loans were disbursed to any category.

Thus, due to the failure of the Company to effectively monitor and recover loans from the defaulters, funds for the schemes for welfare of tribal groups and other weaker sections of society have been stopped for the last two years, depriving these groups of benefits of schemes designed for them.

7.16.16 Micro credit finance schemes implemented through Non Governmental Organisations

Loans/assistance provided by NSFDC under micro credit finance scheme can be channelised by SCAs through Non-Governmental Organisations (NGOs) as per the guidelines of the apex financial corporations. Six NGOs/Co-operative societies were, therefore, selected on the recommendation of the MD during 2000-01 under micro-credit finance scheme for disbursing term loan of Rs.10 lakh to 100 beneficiaries belonging to the SC/ST community at the rate of Rs.10,000 per beneficiary for vegetable vendor, tea shop and pan shop schemes.

Audit analysis revealed that five of the six NGOs/societies did not repay any amount of loan to the Company though the three years term loan period for micro credit finance scheme had expired in December 2003. Only one NGO had paid Rs.10,000 towards interest payable on the loan amount of Rs.60,000. Thus, against the total recoverable amount of Rs.14.39 lakh (Principal: Rs.10 lakh and Interest: Rs.4.39 lakh) as on March 2005, only Rs.10,000 could be recovered under micro credit finance scheme from the six NGOs/societies.

The Management stated (September 2005) that the demand notices were issued to the NGOs/societies but recovery of loan was very poor due to changes in the management of the NGOs/societies.

No action was taken by the Company against the NGOs/societies or their guarantors for recovering the loan dues as per agreements drawn up with them.

7.16.17 Project monitoring and evaluation

Terms and conditions of the loans provided by the apex financial corporations (NSFDC, NSKFDC etc.) to the Company required that for monitoring the implementation of the project, the channelling agency (the Company) would form a project implementation committee where representatives of the apex financial corporations would normally be included.

It was seen during audit that no implementation monitoring committee was formed in respect of any project during 2000-01 to 2004-05. The Management stated (May 2005) that as most of the beneficiaries were selected from different hill districts, physical and financial progress could not be obtained. Impact of these welfare schemes in terms of increase in the income or improvement in condition of beneficiaries was also not assessed.

Thus, the Company after disbursing the loan amounts neither monitored the projects nor assessed the impact of the schemes.

In the absence of any monitoring of the projects, it was not known whether income generating assets were actually created out of loans provided by the Company and whether the schemes implemented actually led to any significant improvement in the income and quality of life of the target groups.

7.16.18 Loan money misappropriated

The accounts of the Company have been in arrears for the last 21 years (1983-84 to 2004-05). The Company's audited accounts for the year 1982-83 have not been adopted in the Annual General Meeting (AGM) till September 2005 and the last AGM was held on 28 July 1998. Non-maintenance of the accounts for such a long period has the inherent risk of frauds and misappropriation.

A Scheme Officer of the Company embezzled an amount of Rs.31.84 lakh realised from loanes under NBCFDC during January 1996 to April 2000. The

entire amount was retained by the officer and was not deposited into the Company account. On this being detected by local fund audit in August 2002, a departmental enquiry was initiated in January 2004 against the officer who was subsequently absorbed in the Department of Minority and Other Backward Classes (MOBC), Government of Manipur before the enquiry could be concluded by the Company. The enquiry remained unconcluded till date (May 2005). The Management also stated that some misappropriated amount was deposited by the officer in piecemeal but the payments were yet to be reconciled.

There was delay of almost 1½ years in initiating the enquiry against the official and non-reconciliation by the Company of payment received from the official further highlights the risk of misappropriation due to inordinate delay in finalisation of accounts.

The Management of the Company in consultation with the State Government should ensure that the enquiry proceedings are completed within a fixed time frame and penalty imposed if the charged official is found guilty of misappropriation. The Management should reconcile the amount recoverable from the official and intimate the same to the Department of MOBC immediately for effecting recovery from the charged official along with interest.

Conclusion

The Company was incorporated with the main objective of assisting, financing, protecting and promoting welfare of scheduled tribes, scheduled castes, minorities and other backward classes population in the State. The Company, however, failed in achieving the objective of economic upliftment of the targeted population as the Company did not contribute its share of Rs.24.34 lakh towards project costs and the beneficiaries were made to bear with this extra financial burden. The Company was not able to mobilise adequate amount of loans from the apex financing corporations as its repayment to these institutions was not satisfactory and as a result no loans were released by these corporations in the last two years *i.e.* 2003-04 and 2004-05. Funds received from the financial corporations were not released to the beneficiaries; loan agreements were entered into by accepting financially weak guarantors; system of scrutiny of applications, maintenance of accounts and records and monitoring of recovery was weak and prone to frauds and misappropriations. There was lack of monitoring of the projects financed by the Company.

Recommendations

- The Company should improve the system of scrutiny of applications and selection of beneficiaries to ensure that benefits of the schemes were made available only to the targeted groups.
- The Company needs to strengthen its loan recovery mechanism so that the revenue generation capacity of the Company is enhanced.
- The Company should devise a proper system of monitoring the implementation of projects and also make an impact assessment of the welfare of the schemes financed by it.
- Impact of welfare schemes should be assessed by constituting direct beneficiary survey.
- Accounts should be prepared and submitted without further delay.

The above matters were referred to Government (August 2005); their reply is awaited (September 2005).

SECTION B
AUDIT PARAGRAPH

MANIPUR FILM DEVELOPMENT CORPORATION LTD.
ART AND CULTURE DEPARTMENT

7.17 Unfruitful expenditure on an incomplete Theatre Complex

After incurring expenditure of Rs.51.03 lakh on the cost of construction of a theatre complex, work has remained suspended for over 10 years rendering the expenditure unfruitful.

Manipur Film Development Corporation Limited (MFDCL) decided in its Board meeting (May 1989) to construct a cultural complex on the pattern of North East Zone Cultural Centre at Dimapur and proposed construction of a theatre complex with loan assistance of Rs.15 lakh from the National Film Development Corporation and also by mobilising of the Corporation's own resources. An estimate for construction of a cinema hall, having a capacity of 1200 persons, was prepared for Rs.77 lakh (Phase-I: Rs.55.54 lakh; Phase-II: Rs.21.46 lakh) based on the Manipur schedule of rates 1992. The work was awarded (November 1995) to the Manipur Development Society, a Government of Manipur Undertaking, at Rs.1.06 crore. The work was to be completed within 18 months i.e. by April 1997. The date of completion was subsequently extended up to March 1999.

Test-check of records revealed that the cinema hall could not be completed so far (September 2005) even after eight years of the original scheduled date of completion. The work on construction of the cinema hall was stopped in July 1998 on completion of only 30 *per cent* of the work. This incomplete structure of a theatre, comprising of column up to ground floor and 50 *per cent* earth filling up to plinth level (30 *per cent* work component) valuing Rs.51.03 lakh had been lying unused and unprotected for the last seven years, which may result in serious deterioration/weakening in the strength and quality of the structure due to prolonged exposure to adverse weather conditions. Abnormal delay in completion of the project has also resulted in significant cost overrun with the estimated cost of the project increasing to Rs.2.86 crore in 2005 (at 1998 Manipur schedule of rate).

The Corporation cited (April 2005) funds constraint as the reason for stoppage of work. Audit examination disclosed that out of Rs.51.03 lakh spent on construction so far (September 2005), Rs.15 lakh was provided by NFDC, Mumbai as loan, Rs.7.52 lakh was met from other sources and the balance Rs.28.51 lakh was made available by the State Government. Since no significant amount of funds were provided by the State Government during 1999-2004, no work was taken up by the MFDCL to complete the project. The Corporation also did not make any serious efforts to mobilise resources from

other agencies and complete the project. This indicates lack of proper planning both on the part of the Company and the State Government as they should have tied up resources before embarking on the project, they have failed to mobilise resources for seven years to complete the remaining 70 per cent component of the cinema hall building.

Government stated (July 2005) that a sum of Rs.1 crore has been earmarked in the Budget Estimates – 2005-06 for theatre construction and Rs.13.42 lakh has since been released. Audit examination revealed that Rs.13.42 lakh made available by the State Government was not utilised towards construction of cinema theatre but diverted for paying loan instalments to NFDC, Mumbai. No further funds were released by the State Government (September 2005) and therefore no further construction work could be taken up (September 2005).

Thus, taking up of the project without first tying up funds has led to unfruitful expenditure of Rs.51.03 lakh. Further, delay of more than seven years in completion of the construction work has resulted in cost overrun of Rs.1.80 crore. The delay in construction of cinema hall has also resulted in loss of potential revenue to the Company.

GENERAL

7.18 Corporate Governance

Introduction

7.18.1 Corporate Governance is the system by which companies are directed and controlled by the Management in the best interest of the shareholders and others to ensure greater transparency and better and timely financial reporting. The fundamental objective of corporate governance is the enhancement of long-term shareholder value while at the same time protecting the interest of other stakeholders. The Board of Directors is responsible for the governance of companies.

7.18.2 The Companies Act, 1956 was amended in December 2000 by providing, *inter alia*, Directors' responsibility statement (Sec. 217) to be attached to the Director's report to the shareholders. According to Section 217 (2 AA) of the Act, the Board of Directors has to report to the shareholders that they have taken proper and sufficient care for the maintenance of accounting records; for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. Section 292-A of the Companies Act, 1956, notified in December 2000, also provides that every public limited company having paid up capital of not less than Rupees five crore shall constitute an Audit Committee at the Board level.

7.18.3 Out of seven working State Government Companies, Audit reviewed six companies (all unlisted) and the matters relating to the Board of Directors were reviewed.

Board of Directors

Meetings

7.18.4 Since the Board of Directors is the agency for the implementation of good governance practices, it is imperative that the Board devotes adequate attention to these issues. Moreover, the Board must be equipped with the requisite representation, and the members of the Board should meet regularly. As per Section 285 of the Companies Act, 1956, the Board of Directors of a company shall meet at least once in every three months and at least four such meetings shall be held in a year.

Information received from the companies, revealed that out of six companies, requisite number of meetings were not held in four companies.

- In Manipur Film Development Corporation Limited, Board of Directors meeting was held only once in each year during 2002-03 to 2004-05.
- In Manipur Industrial Development Corporation Limited, no meeting of the Board was held during 2003-04, while three meetings each were held during 2002-03 and 2004-05.
- In Manipur Electronics Development Corporation Limited, Board of directors meeting was held only once in each year during 2002-03 to 2004-05.
- In Manipur Tribal Development Corporation Limited, no Board meetings were held during 2002-03 to 2004-05.

Attendance

7.18.5 In Manipur Film Development Corporation Limited, the attendance of non-executive directors including Government directors was not regular.

In Manipur Electronics Development Corporation Limited, one non-executive director did not attend the Board's meetings held during 2002-03 to 2004-05.

In Manipur Industrial Development Corporation Limited, only five out of total eight directors attended the Board's meetings. Further, only three directors attended the Board's meeting held on 26 October 2002.

In Manipur Handloom and Handicrafts Development Corporation Limited, only six directors out of total nine directors attended the Board's meetings held during 2002-03. The attendance of directors in the Board's meetings during 2003-04 and 2004-05 was also not regular.

In Manipur Police Housing Corporation Limited, the attendance of directors in the meetings of the Board was not regular during 2002-03 to 2004-05.

Directors' Report

7.18.6 According to Section 217 (2 AA) of the Companies Act, 1956, Board of Directors' Report annexed to the annual accounts of the company should include a Directors' Responsibility Statement.

In respect of two companies, viz., Manipur Film Development Corporation Limited and Manipur Police Housing Corporation Limited, Directors' Responsibility Statement was not included in the Board of Directors' Report annexed to the annual accounts of the company.

To sum up

- Board meetings were not held regularly in most of the companies in violation of the provisions of the Companies Act, 1956.
- Attendance of Directors in the Board meetings was not regular in most of the companies.
- Directors' Responsibility Statements were not annexed to the Annual Reports in respect of two companies.

The matter was referred to the Management and Government (December 2005); their replies are awaited.



Imphal
The - 8 MAR 2006

(P.K. KATARIA)
Accountant General (Audit) Manipur

Countersigned



New Delhi
The 14 MAR 2006

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

APPENDICES

APPENDIX-I

(Referred to in Paragraph 1.4 at Page 5)

List of terms used in the Chapter I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP growth}}$
Buoyancy of a parameter (X) with respect of another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year amount}/\text{previous year amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of 5 years [LOGEST (Amount of 1998-99: amount of 2003-04) - 1] * 100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be.
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}]/2 * 100$
Interest spread	GSDP growth - Weighted Interest Rate
Interest received as <i>per cent</i> to loans advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue deficit	Revenue Receipt - Revenue Expenditure
Fiscal deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts
Primary deficit	Fiscal Deficit - Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048-Appropriation for Reduction or Avoidance of Debt.

APPENDIX-II

(Referred to in Paragraph 1.7.1 (iii) at Page 15)

List of institutions/bodies receiving grants of more than Rs.25 lakh from State Government and others (audited under Section 14) whose accounts were in arrear

(Rupees in lakh)

Sl. No.	Name of body/ authority	Source of funds	Amount of grant/loan		Years for which accounts due
			2003-04	2004-05	
1	2	3	4	5	6
1.	Manipur Development Society, Imphal	State Government Others	144.57	356.50	2000-01 to 2004-05
2.	Manipur University, Canchipur	State Government: Non-Plan Plan UGC (Plan)	650.21 340.27 81.90	547.59 1635.14 157.26	2003-04 and 2004-05
3.	District Rural Development Agency, Churachandpur	State Government Others	60.00 390.99	334.77 473.73	2003-04 and 2004-05
4.	District Rural Development Agency, Imphal West	State Government Government of India NLCPR	4.27 164.42 0.40	127.42 265.57 0.20	2004-05
5.	District Rural Development Agency, Bishnupur	State Government Others	5.17 148.28	128.09 232.01	2003-04 and 2004-05
6.	Manipur State Kala Academy, Imphal	State Government Non-Plan Plan	55.00 9.00	55.00 13.00	1998-99 to 2004-05
7.	District Rural Development Agency, Imphal East	State Government Government of India	4.07 249.91	195.31 326.63	2004-05
8.	District Rural Development Agency, Chandel	State Government Others	— 41.07	Information called for but not received.	2003-04 2004-05
9.	District Rural Development Agency, Senapati	State Government Others	105.99 677.02	-do-	2003-04 2004-05
10.	District Rural Development Agency, Ukhrul	State Government Others	29.14 327.08	-do-	2002-03, 2003-04, 2004-05
11.	District Rural Development Agency, Thoubal	State Government Others	495.25	607.63	2004-05
12.	District Rural Development Agency, Tamenglong	State Government Others	— 604.95	No information received.	2003-04 2004-05
13.	Manipur Pollution Control Board	State Government (Plan) Government of India (Plan)	37.00 —	37.00 5.14	1999-2000 to 2004-05

APPENDIX-III

(Referred to in Paragraph 1.8 at Page 15)

Summarised financial position of the Government of Manipur as on 31 March 2005

(Rupees in crore)

As on 31-03-2004	Liabilities	As on 31-03-2005
765.97	Internal Debt—	774.58
528.70	Market loans bearing interest	597.69
0.04	Market loans not bearing interest	0.04
—	Market Loans Suspense	—
8.38	Loans from LIC	8.33
—	Loans from GIC	—
0.48	Loans from NABARD	0.48
123.31	Loans from other institutions	113.21
55.31	Ways and Means and Advances	54.83
49.75	Overdrafts from Reserve Bank of India	—
835.49	Loans and Advances from Central Government	1480.50
22.65	Pre 1984-85 Loans	18.26
381.60	Non-Plan Loans	989.85
389.58	Loans for State Plan Schemes	452.79
3.62	Loans for Central Plan Schemes	3.33
9.62	Loans for Centrally Sponsored Plan Schemes	10.75
4.42	Loans from Special Plan Schemes	5.52
24.00	Other Ways and Means Advances	—
—	Contingency Fund	—
538.60	Small Savings, Provident Funds etc.	559.84
146.04	Deposits	254.27
13.51	Reserve Funds	12.92
12.77	Remittances Balances	—
4.19	Suspense and Miscellaneous Balances	16.83
527.99	Deposits with Reserve Bank and other Banks	246.14
660.59	Surplus on Government account	752.16
704.35	Net Surplus as on 31 March	660.59
43.76	Less Deficit of the current year	—
—	Add surplus of the current year	91.57
3505.15	Total	4097.23
	Assets	
3433.08	Gross Capital Outlay on Fixed Assets	3954.27
144.08	Investment in shares of Companies, Corporations, Co-operatives	161.95
3289.00	Other Capital Outlay	3792.32
57.52	Loans and Advances	77.21
—	Loans for Power Projects	—
53.05	Other Development Loans	73.16
4.47	Loans to Government servants and Miscellaneous loans	4.05
2.22	Advances	2.32
—	Remittance Balances	49.37
—	Suspense and Miscellaneous Balances	—
12.33	Cash	14.06
5.17	Cash in Treasuries and Local Remittances	4.63
2.69	Departmental Cash Balance	4.98
0.02	Permanent Advance	—
4.45	Cash Balance Investments	4.45
—	Investment of earmarked funds	—
3505.15	Total	4097.23

APPENDIX-IV

(Referred to in Paragraph 1.8 at Page 15) Abstract of Receipts and Disbursements for the year 2004-05

(Rupees in crore)

Receipts			Disbursements				
2002-03		2004-05	2003-04		2004-05		
					Non-Plan	Plan	Total
Section-A: Revenue							
1419.71	I. Revenue receipts	1742.75	1463.47	I. Revenue expenditure	1396.32	254.87	1651.19
68.24	Tax revenue	81.39	626.10	General Services	700.14	4.13	704.27
			465.91	Social Services	383.01	140.22	523.23
49.33	Non-tax revenue	69.75	290.75	Education, Sports, Art and Culture	273.03	51.75	324.78
			66.62	Health and Family Welfare	50.28	10.33	60.61
240.89	State's share of Union Taxes	287.02	20.06	Water Supply, Sanitation, Housing and Urban Development	27.90	5.55	33.45
			1.78	Information and Broadcasting	1.65	0.45	2.10
391.36	Non-Plan Grants	425.55	39.19	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	5.78	36.87	42.65
			4.46	Labour and Labour Welfare	3.58	1.93	5.51
574.63	Grants for State Plan Schemes	771.83	39.49	Social Welfare and Nutrition	17.48	33.34	50.82
			3.56	Others	3.31	—	3.31
73.20	Grants for Central and Centrally Sponsored Plan Schemes	85.49					
22.06	Grants for Special Schemes for NEC and for other purposes	21.72					
			371.46	Economic Services	313.17	110.52	423.69
			95.20	Agriculture and Allied Activities	74.43	32.64	107.07
			28.72	Rural Development	14.22	34.61	48.83
			11.00	Special Areas Programme	—	9.28	9.28
			36.99	Irrigation and Flood Control	23.89	10.48	34.37
			101.44	Energy	125.78	0.67	126.45
			37.69	Industry and Minerals	35.00	6.34	41.34
			41.99	Transport	30.58	—	30.58
			3.04	Environment, Science and Technology	0.56	5.99	6.55
			15.39	General Economic Services	8.71	10.51	19.22
43.76	II. Revenue deficit carried over in Section B			II. Revenue Surplus carried over in Section B			91.57

Section-B: Others								
-327.58	III. Opening Cash balance including Permanent Advances and Cash Balance Investment		(-) 515.66					
	IV. Miscellaneous Capital receipts			240.39	IV. Capital Outlay	0.66	520.52	521.18
				9.22	General Services	1.49	13.02	14.51
				97.29	Social Services	0.01	258.02	258.03
				14.19	Education, Sports, Art and Culture	—	70.64	70.64
				7.58	Health and Family Welfare	—	6.07	6.07
				68.97	Water Supply, Sanitation, Housing and Urban Development	0.01	167.42	167.43
				0.50	Information and Broadcasting	—	1.00	1.00
				4.84	Social Welfare and Nutrition	—	8.55	8.55
				—	Welfare of Schedule Caste, Schedule Tribes and Other Backward Classes	—	4.34	4.34
				1.21	Others	—	—	—
				133.88	Economic Services	(-) 0.84	249.48	248.64
				3.78	Agriculture and Allied Activities	(-) 0.92	13.17	12.25
				5.34	Rural Development Programme	—	15.28	15.28
				1.87	Special Area Programme	—	7.97	7.97
				30.62	Irrigation and Flood Control	—	39.13	39.13
				29.30	Energy	—	39.26	39.26
				27.75	Industry and Minerals	0.08	46.57	46.65
				34.71	Transport	—	87.40	87.40
				0.51	General Economic Services	—	0.70	0.70
0.48	V. Loans and Advances recovered		0.58	1.96	V. Loans and Advances disbursed	—	20.27	20.27
	From Power Projects				For Power Projects		—	—
0.44	From Government Servants			0.09	To Government Servants		0.04	0.04
0.04	From others			1.87	Others		20.23	20.23
	VI. Revenue Surplus brought down		91.57	43.76	VI. Revenue deficit brought down			
876.61	VII. Public Debt Receipts		1110.19	787.97	VII. Repayment of Public Debt			456.59
349.31	Internal debt other than Ways and Means Advances and Overdrafts	82.99		188.32	Internal debt other than Ways and Means Advances and Overdrafts		24.15	
	Net transactions of Ways and Means Advances including Overdraft	—		0.39	Net transactions of Ways and Means Advances including Overdraft		50.24	
527.30	Loans and Advances from Central Government	1027.20		599.26	Repayment of Loans and Advances to Central Government		382.20	

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	VIII. Appropriation to Contingency Fund				VIII. Appropriation to Contingency Fund			
	IX. Amount recouped to Contingency Fund				IX. Expenditure from Contingency Fund			
745.71	X. Public Accounts Receipts		1107.96	736.80	X. Public Accounts Disbursements			1028.67
121.27	Small Savings and Provident Funds	164.95		135.61	Small Savings and Provident Funds		143.70	
5.16	Reserve Funds	7.40		6.70	Reserve Funds		7.98	
44.47	Suspense and Miscellaneous	202.95		76.80	Suspense and Miscellaneous		190.30	
542.99	Remittances	596.35		488.18	Remittances		658.49	
31.82	Deposits and Advances	136.31		29.51	Deposits and Advances		28.20	
				(-)515.66	XI. Closing Cash Balance			(-) 232.08
				5.17	Cash in Treasuries and Local Remittances		4.63	
				(-) 527.99	Deposits with Reserve Bank and other banks		(-) 246.14	
				2.71	Departmental Cash Balance including Permanent Advances		4.98	
				4.45	Cash Balance Investment and investment of earmarked funds		4.45	
2758.69	Total		3537.39	2758.69	Total			3537.39

APPENDIX-V

(Referred to in Paragraph 1.8 at Page 15)

Sources and Application of funds

2003-04		Sources		(Rupees in crore)
				2004-05
1419.71		Revenue receipts		1742.75
0.48		Recoveries of Loans and Advances		0.58
88.64		Increase in Public Debt		653.61
8.91		Net receipts from Public Account		79.28
	(-)14.34	Net effect of Small Savings	21.25	
	2.31	Net effect of Deposits and Advances	108.11	
	(-) 1.53	Net effect of Reserve Funds	(-) 0.59	
	(-)32.34	Net effect of Suspense and Miscellaneous transactions	12.65	
	54.81	Net effect of Remittance transactions	(-) 62.14	
	—	Net effect of Contingency Fund transactions		
188.08		Decrease in closing cash balance		
1705.82		Total		2476.22
		Application		
1463.47		Revenue expenditure		1651.19
1.96		Lending for development and other purposes		20.27
240.39		Capital expenditure		521.18
—		Net effect of Contingency Fund transactions		—
—		Decrease in overdraft		
		Increase in closing balance		283.58
1705.82		Total		2476.22

Explanatory Notes to Appendices III, IV and V:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in *Appendix-III*, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures *etc.*, do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, inter-departmental and inter-Government payments and others awaiting settlement.

APPENDIX-VI
(Referred to Paragraph 1.8 at Page 15)
Time Series Data on State Government Finances

(Rupees in crore)

	2000-01	2001-02	2002-03	2003-04	2004-05
PART A. RECEIPTS					
I. Revenue Receipts	1045	1177	1328	1420	1743
(i) Tax Revenue	49 (5)	51 (4)	65 (5)	68 (5)	81(5)
Taxes on Sales, Trade etc.	31 (64)	30 (21)	43 (23)	46 (67)	55(68)
State Excise	1 (3)	1 (1)	2 (1)	3 (4)	3(4)
Taxes on Vehicles	3 (6)	3 (2)	3 (2)	3 (4)	3(4)
Stamps and Registration fees	2 (4)	1 (1)	2 (1)	2 (3)	2(2)
Taxes and duties on Electricity	1 (2)	2 (1)		°	5(6)
Land Revenue	W2	W3	1	1 (1)	1(1)
Taxes on Goods and Passengers	W6	W7	1	1 (1)	1(1)
Other Taxes and duties on commodities and services	1 (1)				
Other Taxes	10 (17)	14 (10)	13 (7)	12 (18)	11(14)
(ii) Non-Tax Revenue	42 (4)	29 (3)	57 (4)	50 (3)	70(4)
(iii) State's share of Union taxes and duties	164 (15)	142 (12)	188 (14)	241 (17)	287(16)
Customs		34 (24)	47 (25)	52 (21)	58(20)
Union Excise Duties		53 (37)	73 (39)	75 (31)	80(28)
Service Tax		3 (2)	6 (3)	9 (4)	15(5)
Other Union Taxes and Duties		52 (37)	62 (33)	105 (44)	134(47)
(iv) Grants-in-aid from Government of India	790 (76)	955 (81)	1018 (77)	1061 (75)	1305(75)
2. Miscellaneous Capital Receipts	—	—	—	—	—
3. Total revenue and Non-debt capital receipts (1+2)	1045	1177	1328	1420	1743
4. Recoveries of Loans and Advances	Y	W9	W10	*	1
5. Public Debt Receipts	417	655	1104	877	1110
Internal Debt (excluding Ways & Means Advances and Overdrafts)	43	53	79	350	83
Net transactions under Ways and Means Advances and Overdrafts	137	98	—	°	—
Loans and Advances from Government of India	237	504	1025	527	1027
6. Total receipts in the Consolidated Fund (3+4+5)	1462	1832	2432	2297	2854
7. Contingency Fund Receipts	—	—	—	—	—
8. Public Account receipts	963	127	699	745	1108
9. Total receipts of the State (6+7+8)	2425	1959	3131	3042	3962

° Rs.0.49 crore.

* Rs.0.48 crore.

° Repayment is more than Receipt.

PART B. EXPENDITURE/ DISBURSEMENT					
10. Revenue Expenditure	1123 (88)	1338 (88)	1415 (90)	1464 (86)	1651(75)
Plan	188 (17)	199 (15)	139 (10)	205 (14)	255(15)
Non Plan	935 (83)	1139 (85)	1276 (99)	1259 (86)	1396(85)
General Services (including Interest Payments)	515	562	651	626	704
Social Services	398	450	461	466	523
Economic Services	210	326	303	372	424
Grants-in-aid and Contributions	—	—	—	—	—
11. Capital Expenditure	148 (12)	176 (12)	161 (10)	240 (14)	521(24)
Plan	145 (98)	177 (100)	161 (100)	224 (93)	520(100)
Non Plan	3 (2)	(-) 1	—	16 (6)	1
General Services	2	4	5	9	14
Social Services	40	49	75	97	258
Economic Services	106	123	81	134	249
12. Disbursement of Loans and Advances	1	4	1	2	20
13. Total (10+11+12)	1272	1518	1577	1706	2192
14. Repayment of Public Debt	101	599	1015	787	456
Internal Debt (excluding Ways & Means Advances and Overdrafts)	14 (14)	7 (1)	2	188 (24)	24(5)
Net transactions under Ways and Means Advances and Overdrafts	—	—	435 (43)	°	50(11)
Loans and Advances from Government of India	87 (86)	592 (99)	578 (57)	599 (76)	382(84)
15. Appropriation to Contingency Fund	—	—	—	—	—
16. Total disbursement out of Consolidated Fund (13+14+15)	1373	2117	2592	2493	2648
17. Contingency Fund disbursements	—	—	—	—	—
18. Public Account disbursements	693	248	707	737	1028
19. Total disbursement by the State (16+17+18)	2066	2365	3299	3230	3676
PART C. DEFICITS					
20. Revenue Deficit (-)/ Surplus (+) [1-10]	-79	-161	-87	-44	92
21. Fiscal Deficit (3+4-13)	-227	-340	-249	-286	(-) 448
22. Primary Deficit (21-23)	-50	-149	6	-71	(-) 182
PART D. OTHER DATA					
23. Interest Payments (included in revenue expenditure)	177	191	255	215	266
24. Arrears of Revenue (percentage of Tax & Non-tax Revenue Receipts)	NA	NA	NA	NA	NA

° Rs.0.39 crore.

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25. Financial Assistance to Local Bodies etc.	23	34	35	33	48
26. Ways and Means Advances (days)	45	—	—	48	54
27. Interest on Ways and Means Advances/Overdraft	8	12	22	5	10
28. State Gross Domestic Product (GSDP)	3159	3591	3740	4062	4024
29. Outstanding Debt (year end)	2093	2198	2225	2300	3082
30. Outstanding guarantees (year end)	3	9	9	22	22
31. Maximum amount guaranteed (year end)	32	215	215	214	214
32. Number of incomplete projects	328	328	328	328	328*
33. Capital blocked in incomplete projects	784	784	784	784	784*

(Source: Finance Accounts)

W2-Rs.0.36 crore, W3-Rs.0.40 crore, W5-Rs.0.49 crore, W6-Rs.0.48 crore, W7-Rs.0.44 crore, W9-Rs.0.47 crore, W10-Rs.0.47 crore, X-Rs.0.56 crore and Y-Rs.0.52 crore, NA-Not available (Not provided by the State Government).

* Latest information not provided by the State Government.

APPENDIX-VII

(Referred to in Paragraph 1.8.1 at Page 15)

Incomplete Major and Medium projects⁶

(Rupees in lakh)

Sl. No.	Name of project	Year of commencement	Expenditure to the end of March 2005
A	No benefits occurred		
	Major Irrigation Project		
1.	Khuga Irrigation Project	1983-84	18234.39
	Total:		18234.39
B	Medium Irrigation Project		
1.	Dolaithabi Irrigation Projects	1992-93	2846.06
	Total:		2846.06
C.	Benefits occurred partailly		
1.	Major Irrigation Project		
	Thoubal River Irrigation Project	1980	24694.64
	Total:		24694.64
	Grand Total:		45775.09

⁶ The information is not exhaustive but is as furnished by the departmental authorities.

APPENDIX-VIII

(Referred to in Paragraph 1.9.1 at Page 20)

Consolidated Revenue Deficit for the year 2004-05

Item		Amount (Rupees in crore)
I	Power Sector	
	a) Revenue Receipts	54.40
	Less: Electricity duty	4.95
	b) Net receipts	49.45
	c) Revenue Expenditure	126.45
	Power purchase etc.	—
	Interest and Finance charges	—
	Less: Electricity duty	—
	d) Net expenditure	126.45
	e) Revenue deficit (b-d)	(-) 77.00
	Less: Subsidy	—
	f) Net deficit	(-) 77.00
II	State Government	
	a) Revenue Receipts	1693.30
	b) Revenue Expenditure	1524.74
	c) Revenue surplus (a-b)	168.56
III	Consolidated Revenue surplus [I(f)+II(c)]	91.56
IV	Consolidated Revenue receipts [I(b)+II(a)]	1742.75
V	Consolidated Revenue deficit per cent to consolidated Revenue Receipts	5.25
VI	Capital expenditure	
	Total Net lending	19.69
	Of which Net lending to power	—
	Total capital outlay	481.93
	Capital outlay of power Sector	39.26
	Consolidated capital expenditure	540.88

APPENDIX-IX
(Referred to in Paragraph 2.3.1 (i) at Page 29)
Areas in which major savings occurred

Grant/ Appropriation No./ Major Head	Areas in which major savings occurred	Savings (Rupees in crore)
Revenue-Voted		
Grant No.8- Public Works Department		
2216	Construction of General Pool Accommodation	2.89
3054	National Highways — Road Works	7.88
3054	General — Deduct amount transferred to Other Major Heads	5.03
Grant No.10- Education		
2202	Other Expenditure — Block Grant for New Schools	3.22
2202	Other Expenditure — Mid-Day Meals (State share)	3.08
2202	State Share of Contribution to Manipur University	3.01
Grant No.11- Medical, Health & Family Welfare Services		
2210	Hospitals and Dispensaries — Hospitals	2.82
2210	Community Health Centre (PMGSY)	2.30
2211	State Family Welfare	4.09
2211	Rural Family Welfare Sub-Centres	5.72
Grant No.30- General Economic Services and Planning		
3451	Self Employment of Educated Unemployed Persons	30.00
3451	Special Development Fund	3.48
Revenue-Charged		
Appropriation No.2- Interest Payment and Debt Services		
2049	Rural Electrification Corporation	16.50
2049	Ways and Means Advance	48.78
2049	Marketable Securities & Conversion of Special Securities	33.38
Capital-Voted		
Grant No.8- Public Works Department		
5054	State Highways — Road Works	6.49
5054	Other Expenditure — Major District Roads	17.83
5054	Other Expenditure — Other District Roads	8.23
Grant No.10- Education		
4202	Sports and Youth Services Sports Stadia-University and Colleges	10.49
4202	General Education — Construction of Class Room (Non-Lapsable)	5.48
Grant No.22- Public Health Engineering Department		
4215	Accelerated Rural Water Programme (EAP)	9.35
4215	Scheme for Five Hills District Headquarter (NLCPR)	6.02
Grant No.23- Power Department		
4801	Transmission and Distribution — Accelerated Power Development and Reform Programme (APDRP)	11.40
4801	Rural Electrification Corporation Loan — Rural Electrification	10.50
4801	Rural Electrification Corporation Loan	10.48
4801	Electrification of Villages (PMGSY) (Non-ACA)	7.00
Capital-Charged		
Appropriation No.2 – Interest Payment and Debt Services		
6003	Ways and Means Advances from the Reserve Bank of India	1108.21
6003	Loans from HUDCO	15.02
6004	Other Ways and Means Advance	145.00

APPENDIX-X

(Referred to in Paragraph 2.3.1 (ii) at Page 29)

Grants where expenditure fell short of total provision by more than Rs.1 crore and also by more than 10 per cent of total provision

(Rupees in crore)

Sl. No.	Number and name of grant/ appropriation	Total grant/ appropriation	Amount of saving	Percentage to the provision
1	2	3	4	
	Revenue –Charged			
1.	26- Administration of Justice	2.74	2.74	100
2.	Appropriation No.2- Interest Payment & Debt Services	326.03	59.59	18
	Total (Revenue – Charged)	328.77	62.33	
	Revenue – Voted			
3.	1- State Legislature	10.46	1.24	12
4.	8- Public Works Department	71.79	18.63	26
5.	11- Medical, Health and Family Welfare Services	88.48	28.61	32
6.	12- Municipal Administration, Housing and Urban Development	10.31	3.23	31
7.	16- Co-operation	7.53	1.07	14
8.	20- Community Development and ANP, IRDP and NREP	57.92	9.08	16
9.	26- Administration of Justice	5.85	1.45	25
10.	30- General Economic Services and Planning	51.70	35.90	69
11.	36- Minor Irrigation Department	17.69	11.36	64
12.	39- Sericulture	13.31	2.49	19
13.	40- Irrigation and Flood Control Department	38.27	13.42	35
14.	44- Social Welfare	43.00	4.83	11
	Total (Revenue – Voted)	416.31	131.31	
	Capital –Charged			
15.	Appropriation No.2- Interest Payment & Debt Services	1972.02	1273.89	65
	Total (Capital – Charged)	1972.02	1273.89	
	Capital- Voted			
16.	4- Land Revenue, Stamps & Registration & District Administration	2.00	2.00	100
17.	7- Police	7.58	3.58	47
18.	8- Public Works Department	127.77	19.25	15
19.	10- Education	79.18	16.78	21
20.	11- Medical, Health and Family Welfare Services	9.87	6.71	68
21.	12- Municipal Administration, Housing and Urban Development	83.33	15.38	18
22.	13- Labour and Employment	2.43	2.43	100
23.	15- Food and Civil Supplies	4.20	3.00	71
24.	22- Public Health Engineering Department	110.52	17.69	16
25.	23- Power Department	75.57	35.25	47
26.	36- Minor Irrigation Department	5.50	2.14	39
27.	41- Art and Culture	7.03	2.68	38
28.	44- Social Welfare	17.17	8.62	50
	Total (Capital – Voted)	532.15	135.51	
	Grand Total	3249.25	1603.04	

APPENDIX-XI
(Referred to in Paragraph 2.3.3 at Page 29)
Cases where Supplementary provisions were wholly unnecessary
(Rupees in lakh)

Sl. No.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Expenditure	Savings
1	2	3	4	5	6
	Revenue-Voted				
1.	5- Finance Department	19002.94	536.02	18850.52	688.44
2.	6- Transport	246.90	20.00	233.43	33.47
3.	8- Public Works Department	7120.37	58.50	5316.17	1862.70
4.	11- Medical, Health and Family Welfare Services	8582.12	265.91	5987.20	2860.83
5.	12- Municipal Administration, Housing and Urban Development	802.13	229.30	708.11	323.32
6.	14- Development of Tribal & Scheduled Castes	6920.23	125.24	6596.61	448.86
7.	16- Co-operation	700.95	51.85	645.64	107.16
8.	25- Youth Affairs and Sports Department	858.13	58.47	836.56	80.04
9.	26- Administration of Justice	544.71	39.88	439.15	145.44
10.	28- State Excise	600.04	2.38	567.32	35.10
11.	29- Sales Tax, Other Taxes/Duties on Commodities	167.75	22.70	165.11	25.34
12.	30- General Economic Services and Planning	1903.73	3266.50	1580.48	3589.75
13.	31- Fire Protection and Control	293.58	20.90	281.70	32.78
14.	35- Stationery and Printing	263.10	40.00	234.27	68.83
15.	40- Irrigation & Flood Control Department	3765.18	61.82	2485.44	1341.56
16.	42- State Academy of Training	73.87	0.09	71.80	2.16
17.	44- Social Welfare	3899.62	400.53	3817.59	482.56
	Total (Revenue-Voted)	55745.35	5200.09	48817.10	12128.34
	Capital- Voted				
18.	4- Land Revenue, Stamps & Registration & District Administration	—	200.00	—	200.00
19.	11- Medical, Health & Family Welfare Services	615.00	372.43	316.50	670.93
20.	13- Labour and Employment	—	243.00	—	243.00
21.	15- Food and Civil Supplies	300.01	120.00	119.98	300.03
22.	23- Power Department	6379.31	1177.74	4032.11	3524.94
23.	26- Administration of Justice	—	7.46	—	7.46
24.	36- Minor Irrigation Department	495.00	55.00	335.70	214.30
25.	44- Social Welfare	1234.25	483.08	854.97	862.36
26.	45- Tourism	101.36	47.82	70.05	79.13
	Total (Capital-Voted)	9124.93	2706.53	5729.31	6102.15
	Grand Total	64870.28	7906.62	54546.41	18230.49

APPENDIX-XII

(Referred to in Paragraph 2.3.4 at Page 29)

Cases where supplementary provisions were made in excess of actual requirement resulting in saving exceeding Rs.10 lakh in each case

(Rupees in lakh)

Sl. No.	Number and name of grant/ appropriation	Original provision	Expenditure	Additional requirement	Supplementary provision obtained	Saving
1	2	3	4	5	6	7
	Revenue-Voted					
1.	3- Secretariat	1965.53	2132.17	166.64	246.84	80.20
2.	4- Land Revenue, Stamps and Registration and District Administration	2596.64	2777.74	181.10	369.70	188.60
3.	7- Police	14459.12	15882.75	1423.63	1784.25	360.62
4.	10- Education	27506.12	28274.11	767.99	2544.42	1776.43
5.	17- Agriculture	2284.81	2559.97	275.16	442.71	167.55
6.	18- Animal Husbandry & Veterinary including Dairy Farming	2128.30	2390.25	261.95	355.23	93.28
7.	19- Environment and Forest	1813.25	2560.79	747.54	860.98	113.44
8.	20- Community Development and ANP, IRDP and NREP	4626.79	4884.35	257.56	1165.59	908.03
9.	32- Jails	429.61	497.43	67.82	100.05	32.23
10.	38- Panchayat	594.69	616.44	21.75	116.78	95.03
11.	39- Sericulture	780.93	1081.55	300.62	550.00	249.38
12.	46- Science and Technology	449.24	707.25	258.01	356.49	98.48
	Total (Revenue-Voted)	59635.03	64364.80	4729.77	8893.04	4163.27
	Capital-Voted					
13.	7- Police	150.00	399.18	249.18	607.56	358.38
14.	8- Public Works Department	3725.10	10852.76	7127.66	9052.28	1924.62
15.	10- Education	1637.90	6240.19	4602.29	6280.32	1678.03
16.	12- Municipal Administration, Housing & Urban Development	2272.62	6794.73	4522.11	6060.30	1538.19
17.	22- Public Health Engineering Department	4138.64	9282.69	5144.05	6913.30	1769.25
18.	25- Youth Affairs and Sports Department	69.13	359.64	290.51	349.87	59.36
19.	39- Sericulture	4140.00	4227.67	87.67	250.00	162.33
20.	40- Irrigation & Flood Control Department	2700.00	3723.64	1023.64	1204.95	181.31
21.	41- Art and Culture	146.75	435.29	288.54	556.35	267.81
	Total (Capital-Voted)	18980.14	42315.79	23335.65	31274.93	7939.28
	Grand Total	78615.17	106680.59	28065.42	40167.97	12102.55

APPENDIX-XIII
(Referred to in Paragraph 2.3.5 at Page 29)
Statement showing the details of excess over grants/appropriation

Sl. No.	Number and name of grant/ appropriation	Total grants/ appropriation Rs.	Expenditure Rs.	Excess Rs.
1	2	3	4	5
	Revenue-Voted			
1.	21- Commerce and Industries and Weights and Measures Department	26,92,31,000	31,53,55,739	4,61,24,739
2.	22- Public Health Engineering Department	28,63,39,000	31,54,95,788	2,91,56,788
3.	23- Power Department	1,30,94,93,000	1,32,98,21,810	2,03,28,810
4.	37- Fisheries	9,55,12,000	9,66,10,741	10,98,741
5.	41- Art and Culture	4,48,49,000	5,39,19,377	90,70,377
6.	43- Horticulture and Soil Conservation	17,03,75,000	17,06,38,160	2,63,160
	Total (Revenue - Voted)	2,17,57,99,000	2,28,18,41,615	10,60,42,615
	Capital-Voted			
7.	16- Co-operation	4,41,75,000	11,29,03,100	6,87,28,100
8.	20- Community Development and ANP, IRDP and NREP	15,14,30,000	15,27,70,000	13,40,000
9.	21- Commerce and Industries and Weights and Measures Department	2,14,76,000	4,61,17,476	2,46,41,476
10.	31- Fire Protection and Control	40,90,000	40,90,389	389
	Total (Capital-Voted)	22,11,71,000	31,58,80,965	9,47,09,965
	Grand Total	2,39,69,70,000	2,59,77,22,580	20,07,52,580

APPENDIX-XIV

(Referred to in Paragraph 2.3.6 at Page 29)

Inadequate Supplementary grant/ appropriation resulting in uncovered excess over grants/appropriation exceeding Rs.10 lakh in each case

(Rupees in lakh)

Sl. No.	Number and name of grant/ appropriation	Original provision	Supplementary provision	Total expenditure	Excess
1	2	3	4	5	6
	Revenue-Voted				
1.	21- Commerce & Industries and Weights and Measures Department	2639.31	53.00	3153.56	461.25
2.	22- Public Health Engineering Department	2862.86	0.53	3154.96	291.57
3.	23- Power Department	12999.67	95.26	13298.22	203.29
4.	37- Fisheries	893.03	62.09	966.11	10.99
5.	41- Art and Culture	366.33	82.16	539.19	90.70
	Total (Revenue-Voted)	19761.20	293.04	21112.04	1057.80
	Capital-Voted				
6.	16- Co-operation	132.24	309.51	1129.03	687.28
7.	20- Community Development and ANP, IRDP and NREP	14.30	1500.00	1527.70	13.40
8.	21- Commerce and Industries and Weights and Measures Department	32.81	181.95	461.17	246.41
	Total (Capital-Voted)	179.35	1991.46	3117.90	947.09
	Grand Total	19940.55	2284.50	24229.94	2004.89

APPENDIX-XV

(Referred to in Paragraph 2.3.7 at Page 29)

Cases of persistent saving in excess of Rs.10 lakh in each case and 20 per cent or more of the provision

(Rupees in lakh)

Sl. No.	Number and name of grant	2002-03		2003-04		2004-05	
		Total grant	Total saving (percentage to the total provision)	Total grant	Total saving (percentage to the total provision)	Total grant	Total saving (percentage to the total provision)
1	2	3	4	5	6	7	8
1..	5- Finance Department (Capital-Voted)	34.01	13.84 (41)	46.02	24.76 (54)	40.02	35.52 (88)
2.	11-Medical, Health and Family Welfare Services (Capital-Voted)	594.00	381.00 (64)	1107.95	409.07 (37)	987.43	670.93 (68)
3.	12-Municipal Administration, Housing and Urban Development (Revenue-Voted)	1419.10	678.14 (48)	1678.23	834.98 (50)	1031.43	323.32 (31)
4.	15-Food and Civil Supplies (Capital-Voted)	430.93	430.93 (100)	425.58	205.86 (48)	420.01	300.03 (71)
5.	23-Power Department (Capital-Voted)	7919.35	6264.82 (79)	9194.56	6229.04 (68)	7557.05	3524.94 (47)
6.	26- Administration of Justice (Revenue-Charged)	124.36	124.36 (100)	132.03	132.03 (100)	273.96	273.96 (100)
7.	30-General Economic Services and Planning (Revenue-Voted)	2336.30	1268.83 (54)	3765.65	2512.42 (67)	5170.23	3589.75 (69)
8.	36-Minor Irrigation Department (Revenue-Voted)	1740.01	1079.74 (63)	1764.24	1116.77 (63)	1768.74	1135.93 (64)
9.	37-Fisheries (Capital-Voted)	51.24	51.24 (100)	50.00	50.00 (100)	50.00	50.00 (100)
10.	40-Irrigation and Flood Control Department (Revenue-Voted)	3859.90	1706.22 (44)	3833.50	1184.81 (31)	3827.00	1341.56 (35)
11.	41-Art and Culture (Capital-Voted)	114.00	114.00 (100)	630.00	477.41 (76)	703.10	267.80 (38)
12.	45-Tourism (Capital-Voted)	156.44	141.65 (91)	187.24	135.98 (73)	149.18	79.13 (53)

APPENDIX-XVI

(Referred to in Paragraph 2.3.8 at Page 29)

**Cases where expenditure exceeded the total provision by Rs.25 lakh or more
and by more than 10 *per cent* of the total provision**

(Rupees in lakh)

Sl. No.	Number and name of grant/appropriation	Total grant/appropriation	Expenditure	Excess amount	Percentage to the Provision
1	2	3	4	5	6
	Revenue-Voted				
1.	21- Commerce & Industries and Weights and Measures Department	2692.31	3153.56	461.25	17.13
2.	22- Public Health Engineering Department	2863.39	3154.96	291.57	10.18
3.	41- Art and Culture	448.49	539.19	90.70	20.22
	Total (Revenue-Voted)	6004.19	6847.71	843.52	
	Capital-Voted				
4.	16- Co-operation	441.75	1129.03	687.28	155.58
5.	21- Commerce and Industries and Weights and Measures Department	214.76	461.17	246.41	114.74
	Total (Capital-Voted)	656.51	1590.20	933.69	
	Grand total	6660.70	8437.91	1777.21	

APPENDIX-XVII

(Referred to in Paragraph 2.3.9 at Page 29)

Cases of injudicious/unnecessary re-appropriation resulting in excess/saving by over Rs.50 lakh

(Rupees in lakh)

Sl. No.	Number and name of grant/ appropriation and head of account	Provision (including supplementary)	Re-appropriation	Total grant	Actual expenditure	Saving(-)/ Excess(+)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Appropriation No.2 - Interest Payment and Debt Services					
	2049- Interest Payment (Non-Plan) (Charged)					
	1- Interest on Internal Debt					
	101- Interest on Market Loans					
	10- Interest on Market Loans	4341.93	-27.00	4314.93	9678.49	(+) 5363.56
	123- Interest on Special Securities issued to National Small Saving Fund (NSSF)					
	41- Ways and Means from Reserve Bank of India	0.00	949.10	949.10	0.00	-949.10
	200- Interest on Other Internal Debts					
	34- Reserve Bank of India	0.00	117.11	117.11	0.00	-117.11
	42- Marketable Securities and Conversion of Special Securities	2670.70	667.68	3338.38	0.00	-3338.38
	3- Interest on Small Savings, Provident Funds etc. (6)					
	104- Interest on State Provident Funds					
	12- Interest on State Provident Funds	3843.32	83.68	3927.00	3574.36	-352.64
	4- Interest on Loans and Advances from Central Government					
	106- Interest on Ways and Means Advances					
	1- Interest on Ways and Means Advances	0.00	216.00	216.00	120.00	-96.00
	6003- Internal Debt of the State Government (Non-Plan) (Charged)					
	108- Loans from National Co-operative Development Corporation					
	21- Loans from National Co-operative Development Corporation	0.00	166.70	166.70	0.00	-166.70
2.	Grant No.4—Land Revenue, Stamps & Registration & District Administration					
	2245- Relief on Account of Natural Calamities (Non-Plan)					
	80- General					
	800- Other Expenditure					
	23- State Calamity Relief Fund	718.70	91.35	810.05	707.00	(-) 103.05
3.	Grant No.5—Finance Department					
	2071- Pensions and Other Retirement Benefits (Non-Plan)					
	1- Civil					
	102- Commuted value of pension					
	06- Commuted value of pension	2267.00	203.00	2470.00	2327.09	(-) 142.91
	104- Gratuities					
	11- Gratuities	2657.00	-112.00	2545.00	2600.52	(+) 55.52
	105- Family Pensions					
	09- Family Pensions	3985.00	188.00	4173.00	4065.96	-107.04
4.	Grant No.7—Police					
	2055- Police (Non-Plan)					
	1- Direction and Administration					
	15- Centralised Procurement	332.70	39.30	372.00	167.47	-204.53

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101-	Criminal Investigation and Vigilance					
13-	Criminal Investigation Department	501.95	-34.51	467.44	618.66	151.22
104-	Special Police					
3-	11 th Battalion Manipur Rifles (IRB)	867.17	-1.35	865.82	1116.41	250.59
04-	12 th Battalion Manipur Rifles (2nd IRB)	828.38	11.73	840.11	781.51	-58.60
7-	5 th Battalion Manipur Rifles	683.65	30.75	714.40	594.56	-119.84
28-	13 th Battalion Manipur Rifles (3rd IRB)	1047.48	22.28	1069.76	810.67	-259.09
29-	14 th Battalion Manipur Rifles (4 th IRB)	0.00	265.16	265.16	4.13	-261.03
109-	District Police					
34-	Ukhru District	223.13	-23.21	199.92	320.78	(+) 120.86
5.	Grant No.8—Public Works Department					
5054-	Capital Outlay on Roads and Bridges (CPS)					
4-	District and Other Roads					
800-	Other expenditure					
14-	Bridge Works of Central Road Fund Valley	111.00	-111.00	0.00	198.13	(+) 198.13
4552-	Capital Outlay on North Eastern Areas (NEC)					
337-	Road Works					
15-	NEC Works Hill	456.20	380.95	837.15	203.99	-633.16
4059-	Capital Outlay on Public Works (Plan)					
1-	Office Buildings					
101-	Construction- General Pool Accommodation					
11-	Construction of Non-Residential PAB Buildings Hill	140.00	99.00	239.00	127.35	-111.65
5054-	Capital Outlay on Roads and Bridges (Plan)					
3-	State Highways					
101-	Bridges					
7-	Bridges Hill	20.00	80.00	100.00	27.58	-72.42
4059-	Capital outlay on Public Works (Plan)					
1-	Office Buildings					
101-	Construction- General Pool Accommodation					
13-	Schemes under EFC Award Valley	348.04	3.00	351.04	150.00	-201.04
5054-	Capital Outlay on Roads and Bridges (Plan)					
3-	State Highways					
101-	Bridges					
7-	Bridges Valley	39.50	96.50	136.00	18.49	-117.51
80-	General					
800-	Other Expenditure					
47-	Other Expenditure Valley	0.00	70.00	70.00	0.00	-70.00
3054-	Roads and Bridges (Non-Plan)					
80-	General					
101-	Direction and Administration					
1-	Direction	175.03	-3.66	171.37	244.46	73.09
6.	Grant No.10—Education					
2202-	General Education (Plan)					
1-	Elementary Education					
1-	Direction and Administration					
33-	Improvement of Primary Inspection Valley	37.00	30.00	67.00	0.00	-67.00

	800- Other Expenditure						
	42- Mid-Day Meals (State share) Valley	443.00	230.00	673.00	365.00	-308.00	
	3- University and Higher Education						
	102- Assistance to universities						
	74- State Share of Contribution to Manipur University Valley	1467.70	133.30	1601.00	1300.27	-300.73	
	103- Government Colleges and Institutes						
	31- Government Colleges and Institutions Valley	469.72	29.93	499.65	430.54	-69.11	
	112- Institutes of Higher Learning						
	49- PGT College Valley	14.00	165.00	179.00	22.05	-156.95	
	80- General						
	1- Direction and Administration						
	1- Direction Valley	102.17	2.93	105.10	22.91	-82.19	
	2202- General Education (Non-Plan)						
	1- Elementary Education						
	1- Direction and Administration						
	1- Direction	308.34	0.61	308.95	210.33	-98.62	
	2- Secondary Education						
	109- Government Secondary Schools						
	24- Secondary Schools	6917.80	-347.97	6569.83	7037.06	467.23	
7.	Grant No. 11—Medical, Health and Family Welfare Services						
	2211- Family Welfare (CSS)						
	1- Direction and administration						
	20- State Family Welfare— Valley	351.47	128.36	479.83	73.13	-406.70	
	21- State Family Welfare Bureau — Valley	169.20	70.80	240.00	89.05	-150.95	
	4210- Capital Outlay on Medical and Public Health (CSS)						
	1- Urban Health Services						
	110- Hospital and Dispensaries						
	32- Strengthening of State Hospitals located on National Highways— Valley	25.00	35.00	60.00	0.00	-60.00	
	2210- Medical and Public Health (Plan)						
	1- Urban Health Services-Allopathy						
	110- Hospital and Dispensaries						
	15- Hospitals Valley	64.00	46.00	110.00	2.83	-107.17	
	2210- Medical and Public Health (Non-Plan)						
	3- Rural Health Services-Allopathy						
	110- Hospitals and Dispensaries						
	20- Hospitals	406.00	206.78	612.78	331.14	-281.64	
	1- Urban Health Services- Allopathy						
	110- Hospitals and Dispensaries						
	20- Hospitals	679.50	30.00	709.50	593.68	-115.82	
	5- Medical Education, Training and Research						
	105- Allopathy						
	21- Medical Education & Special Training	80.52	30.42	110.94	19.39	-91.55	
8.	Grant No.12—Municipal Administration, Housing and Urban Development						
	2217- Urban Development (Plan)						
	1- State Capital Development						
	191- Assistance to Local Bodies Corporations, Urban Development Authorities, Town Improvement Centre etc.						
	5- Schemes under EFC Award Valley	44.00	-44.00	0.00	131.15	131.15	

	800- Other Expenditure					
	17- National Slum Development Programme Valley	104.00	26.00	130.00	5.71	-124.29
	2217- Urban Development (Non-Plan)					
	1- State Capital Development					
	191- Assistance to Local Bodies Corporations, Urban Development Authorities, Town Improvement Centre etc.					
	08- Schemes under EFC Award	88.00	109.70	197.70	0.00	-197.70
9.	Grant No.14—Development of Tribal and Scheduled Castes					
	2225- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (Plan)					
	2- Welfare of Scheduled Tribes					
	277- Education					
	6- Education Development Hill	28.24	55.26	83.50	0.00	-83.50
	283- Housing					
	2- State Share of Centrally Sponsored Schemes Hill	207.00	13.00	220.00	0.00	-220.00
	796- Tribal Area Sub-Plan					
	15- Agriculture Hill	0.00	120.30	120.30	0.00	-120.30
	18- Communication Hill	28.00	65.08	93.08	0.00	-93.08
	23- Housing in Tribal Area Hill	0.00	54.00	54.00	0.00	-54.00
	30- Water Supply Hill	50.00	1.62	51.62	0.00	-51.62
	19- Special Development Programme under Proviso to Article 275(1) of Constitution Hill	230.00	23.00	253.00	0.00	-253.00
	16- Animal Husbandry Hill	37.00	79.80	116.80	0.00	-116.80
	2225- Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (Plan)					
	2- Welfare of Scheduled Tribes					
	796- Tribal Area Sub-Plan					
	15- Agriculture Valley	60.00	-30.00	30.00	150.30	120.30
	18- Communication Valley	2.00	-2.00	0.00	93.08	93.08
	17- Ashram School Valley	22.11	-16.56	5.55	67.04	61.49
	16- Animal Husbandry Valley	3.00	-1.00	2.00	118.30	116.30
10.	Grant No.15—Food and Civil Supplies					
	2408- Food Storage and Warehousing (Non-Plan)					
	1- Food					
	1- Direction and Administration					
	1- Direction	191.67	-23.37	168.30	324.25	155.95
11.	Grant No.17—Agriculture					
	2705- Command Area Development (Plan)					
	800- Other Expenditure					
	8- Area Development Authorities for Irrigation in Command Area Valley	394.00	67.00	461.00	214.68	-246.32
12.	Grant No.20—Community Development and ANP, IRDP and NREP					
	2505- Rural Employment (Plan)					
	1- National Programmes					
	701- Jawahar Rozgar Yojana					
	7- Employment Assurance Scheme (20% State Share) Hill	156.34	170.06	326.40	52.36	-274.04
	8- Indira Awaaj Yojna (PMGY) Hill	390.00	59.11	449.11	0.00	-449.11
	9- Jawahar Rozgar Yojna (State Share) Hill	199.20	-160.42	38.78	106.73	67.95

	2505- Rural Employment (Plan)					
	1- National Programmes					
	701- Jawahar Rozgar Yojana					
	9- Jawahar Rozgar Yojna (State Share)					
	Valley	132.80	-83.45	49.35	139.80	90.45
	8- Indira Awaaj Yojna (PMGY)— Valley	260.00	-29.97	230.03	586.02	355.99
	2515- Other Rural Development Programmes (Non-Plan)					
	102- Community Development					
	2- Block Development Office	744.70	-64.29	680.41	767.32	86.91
13.	Grant No.21—Commerce and Industries and Weights and Measures Department					
	2851- Village and Small Industries (Non-Plan)					
	3- Training					
	4- Handicraft Training Centres	30.05	-1.63	28.42	104.17	75.75
	5- Handloom Training Centres	60.08	-3.50	56.58	231.13	174.55
	12- SSI Training Centres	90.37	-0.71	89.66	267.36	177.70
	102- Small Scale Industries					
	3- Execution	63.91	-4.85	59.06	278.28	219.22
	103- Handloom Industries					
	3- Execution	86.37	-1.91	84.46	203.36	118.90
14.	Grant No.22—Public Health Engineering Department					
	4215- Capital Outlay on Water Supply and Sanitation (CPS)					
	1- Water Supply					
	102- Rural Water Supply					
	2- Accelerated Rural Water Supply Programme (ARP) Hill	0.01	-0.01	0.00	870.71	870.71
	4215- Capital Outlay on Water Supply and Sanitation (CPS)					
	1- Water Supply					
	101- Urban Water Supply					
	3- Accelerated Urban Water Supply Programme (AUWSP) Valley	266.51	1.00	267.51	100.00	-167.51
	102- Rural Water Supply					
	11- Scheme for Five Hills District H/Q (NLCPR) Valley	1322.53	0.02	1322.55	0.00	-1322.55
	2- Accelerated Rural Water Supply Programme (ARP) Valley	1854.64	0.01	1854.65	942.03	-912.62
	4215- Capital Outlay on Water Supply and Sanitation (Plan)					
	1- Water Supply					
	102- Rural Water Supply					
	13- Rural Water Supply (PMGY) Valley	450.00	-20.25	429.75	568.48	138.73
	2215- Water Supply and Sanitation (Non-Plan)					
	1- Water Supply					
	101- Urban Water Supply Programmes					
	10- Water Supply Installation and Connection	343.50	-24.06	319.44	430.05	110.61
	102- Rural Water Supply Programmes					
	10- Water Supply Installation & Connection	401.00	107.28	508.28	368.01	-140.27
	02- Sewerage and Sanitation					
	102- Rural Water Supply					
	03- Execution	547.50	-64.97	482.53	552.48	69.95
15.	Grant No.23—Power Department					
	4801- Capital Outlay on Power Projects (CPS)					
	5- Transmission and Distribution					
	799- Transmission and Distribution System					
	2- Non-Lapsable Central Pool of Resources (NLCPR) Valley	1096.02	209.03	1305.05	440.62	-864.43

	4801- Capital Outlay on Power Project (Plan)					
	5- Transmission and Distribution					
	800- Other expenditure					
	69- Rural Electrification Corporation Loan Hill	0.00	405.00	405.00	0.00	-405.00
	6- Rural Electrification					
	799- Rural Electrification Schemes					
	83- Scheme under Rural Electrification Corporation Hill	830.00	-830.00	0.00	186.30	186.30
	800- Other expenditure					
	69- Rural Electrification Corporation Loan Hill	0.00	520.00	520.00	2.00	-518.00
	75- Electrification of Villages (PMGY) (Non-ACA) Hill	0.00	700.00	700.00	0.00	-700.00
	78- Additional Central Assistance (ACA) Hill	0.00	300.00	300.00	0.00	-300.00
	4801- Capital Outlay on Power Project (Plan)					
	5- Transmission and Distribution					
	799- Transmission and Distribution System					
	03- 132/33 KV Supply System at Jiribam Valley	50.00	150.00	200.00	44.24	-155.76
	75- Construction of 33 KV DC line from Leimakhong to Iroisemba Valley	0.00	60.00	60.00	0.00	-60.00
	800- Other expenditure					
	69- Rural Electrification Corporation Loan Valley	0.00	645.00	645.00	0.00	-645.00
	6- Rural Electrification					
	799- Rural Electrification Schemes					
	83- Scheme under Rural Electrification Corporation Valley	1270.00	-1270.00	0.00	264.60	264.60
	800- Other Expenditure					
	69- Rural Electrification Corporation Loan Valley	0.00	530.00	530.00	0.00	-530.00
	2801- Power (Non-Plan)					
	4- Diesel/Gas Power Generation					
	1- Direction and Administration					
	1- Direction	340.68	-59.53	281.15	392.28	111.13
	8- Execution	3534.97	-500.47	3034.50	3397.28	362.78
16.	Grant No.26—Administration of Justice					
	2014- Administration of Justice (Plan)					
	800- Other Expenditure					
	1- Schemes under EFC Award Valley	53.29	1.00	54.29	0.42	-53.87
17.	Grant No.30—General Economic Services and Planning					
	3451- Secretariat Economic Services (Plan)					
	92- Other Offices					
	1- Border Area Development Programme—Valley	530.00	25.00	555.00	416.00	-139.00
18.	Grant No.36—Minor Irrigation Department					
	4702- Capital Outlay on Minor Irrigation (Plan)					
	800- Other expenditure					
	2- Accelerated Irrigation Benefit Programme (AIBP) Valley	455.00	45.00	500.00	239.75	-260.25
19.	Grant No.38—Panchayat					
	2515- Other Rural Development Programmes (Non-Plan)					
	101- Panchayati Raj					
	3- Schemes under EFC Award	321.18	62.53	383.71	307.05	-76.66

20.	Grant No.39—Sericulture					
	2851- Village and Small Industries (Non-Plan)					
	107- Sericulture Industries					
	1- Direction	609.73	-18.08	591.65	968.11	376.46
21.	Grant No.40—Irrigation and Flood Control Department					
	2701- Major and Medium Irrigation (Plan)					
	2- Major Irrigation Non-Commercial					
	51- Construction					
	14- Thoubal River Irrigation Project—Hill	238.50	5.50	244.00	0.00	-244.00
	4701- Capital Outlay on Major and Medium Irrigation (Plan)					
	2- Major Irrigation Non-Commercial					
	51- Construction					
	10- Khuga Irrigation Project Hill	1192.00	188.00	1380.00	343.85	-1036.15
	4- Medium Irrigation-Non-Commercial					
	51- Construction					
	5- Dolaithabi River Irrigation Project Hill	150.00	50.00	200.00	1.01	-198.99
	4711- Capital Outlay on Flood Control Projects (Plan)					
	1- Flood Control					
	103- Civil Works					
	3- Civil Works Hill	150.00	125.00	275.00	0.00	-275.00
	4701- Capital Outlay on Major and Medium Irrigation (Plan)					
	4- Medium Irrigation-Non-Commercial					
	51- Construction					
	5- Dolaithabi River Irrigation Project Valley	2.00	-152.00	-150.00	48.80	198.80
	4711- Capital Outlay on Flood Control Projects (Plan)					
	1- Flood Control					
	103- Civil Works					
	3- Civil Works Valley	500.00	-125.00	375.00	687.04	312.04
22.	Grant No.43—Horticulture and Soil Conservation					
	2401- Crop Husbandry (CSS)					
	800- Other expenditure					
	15- Macro Management of Agriculture Valley	0.00	73.84	73.84	0.00	-73.84
23.	Grant No.44—Social Welfare					
	2235- Social Security and Welfare (CSS)					
	2- Social Welfare					
	102- Child Welfare					
	14- Integrated Child Development Services Schemes Valley	168.63	6.15	174.78	111.27	-63.51
	2235- Social Security and Welfare (Plan)					
	2- Social Welfare					
	104- Welfare of aged, infirm and destitute					
	32- Old Age Pension Scheme (NOAPS) Valley	453.35	198.00	651.35	421.69	-229.66

APPENDIX-XVIII
(Referred to in Paragraph 2.3.10 at Page 30)
Cases where expenditure was incurred without provision

(Rupees in lakh)

Sl. No.	Number and name of grant/ appropriation and head of account	Actual expenditure
1	2	3
1.	Grant No.3—Secretariat	
	3451— Secretariat Economic Services (Non-Plan)	
	090— Secretariat	
	019— Research Cell of Finance Department	6.05
2.	Grant No.4—Land Revenue, Stamps and Registration and District Administration	
	2029— Land Revenue (Non-Plan)	
	102— Survey and Settlement Operations	
	30— Ukhurul District	0.68
	2053— District Administration ((Non-Plan)	
	800— Other Expenditure	
	01— Schemes under EFC Award	19.50
	2029— Land Revenue (CSS)	
	102— Survey and Settlement Operations	
	30— Ukhurul District Hill	0.27
	2053— District Administration ((Plan)	
	800— Other Expenditure	
	03— Schemes under EFC Award Hill	1.47
3.	Grant No.8—Public Works Department	
	2059— Public Works (Non-Plan)	
	80— General	
	001— Direction and Administration	
	06— Deduct Amount transferred to Other Major Heads	1.60
	052— Machinery and Equipment	
	06— Deduct Amount transferred to Other Major Heads	0.68
	799— Suspense	
	06— Deduct Amount transferred to Other Heads/Sub-Heads	2.37
	3054— Roads and Bridges(Non-Plan)	
	80— General	
	052— Machinery and Equipment	
	06— Deduct Amount transferred to Other Major Heads	0.14
	101— Direction and Administration	
	06— Deduct Amount transferred to Other Major Heads	2.06
	799— Suspense	
	06— Deduct Amount transferred to Other Major Heads	11.22
	4059— Capital Outlay on Public Works(Non-Plan)	
	01— Office Buildings	
	101— Construction—General Pool Accommodation	
	05— Construction of General Pool Accommodation	149.56
	4059— Capital Outlay on Public Works (Plan)	
	01— Office Buildings	
	101— Construction—General Pool Accommodation	

1	2	3
	73- Construction of Office Buildings/Quarters (ACA)— Hill	95.36
	Valley	94.75
	4210- Capital Outlay on Medical and Public Health (Plan)	
	02- Rural Health Services	
	104- Community Health Centres	
	14- Construction of 30 bedded Community Health Centre at Lilong Haoreibi— Valley	1.41
	80- General	
	102- I.S.M & Homeopathy	
	32- I.S.M & Homeopathy— Hill	6.31
	800- Other Expenditure	
	40- Medical Directorate— Hill	4.19
	4403- Capital Outlay on Animal Husbandry (Plan)	
	800- Other Expenditure	
	05- Animal Husbandry Buildings— Hill	3.02
	4404- Capital Outlay on Dairy Development (Plan)	
	102- Dairy Development Projects	
	18- Dairy Buildings Hill	1.03
	5054- Capital Outlay on Roads and Bridges (Plan)	
	04- District & Other Roads	
	337- Road Works	
	48- Other Road Works Hill	10.31
	800- Other Expenditure	
	50- Other Village Roads— Hill	9.26
	Valley	5.49
	05- Roads	
	101- Bridges	
	70- Construction of Bridges (ACA) Valley	499.65
	337- Road Works	
	72- Construction of Bridges (ACA) Hill	1742.88
	Valley	1186.58
	5055- Capital Outlay on Road Transport (Plan)	
	050- Lands and Buildings	
	12- Construction of Terminal for Bus/Trucks etc.— Hill	30.64
	4552- Capital Outlay on North Eastern Areas (NEC)	
	105- Piggery Development	
	16- Regional Pig Breeding Centre— Hill	2.71
	337- Road Works	
	15- NEC Works— Valley	259.46
	4403- Capital Outlay on Animal Husbandry (CSS)	
	800- Other Expenditure	
	01- Animal Husbandry Buildings— Hill	2.31
	5054- Capital Outlay on Roads and Bridges (CPS)	
	04- District & Other Roads	
	800- Other Expenditure	
	12- Road Works of Central Road Fund— Valley	113.90

1	2	3
4.	Grant No.10—Education	
	2202— General Education (Non-Plan)	
	02— Secondary Education	
	800— Other Expenditure	
	61— Remuneration of Part Time Lecturers	2.43
	2203— Technical Education (Non-Plan)	
	105— Polytechnics	
	10— Girls' Polytechnics	0.03
	2202— General Education (Plan)	
	02— Secondary Education	
	800— Other Expenditure	
	80— Vocationalisation— Valley	4.13
	03— University and Higher Education	
	102— Assistance to Universities	
	74— State share of Contribution to Manipur University	
	Hill	80.82
	4202— Capital Outlay on Education, Sports, Art and Culture (Plan)	
	01— General Education	
	800— Other Expenditure	
	46— Renovation of SSA Building— Hill	38.41
5.	Grant No.11—Medical, Health & Family Welfare Services	
	2210— Medical and Public Health (Non-Plan)	
	05— Medical, Education, Training and Research	
	105— Allopathy	
	02— Allopathy	7.95
	06— Public Health	
	101— Prevention and Control of Diseases	
	21— National Anti Malaria Programme	19.03
	2210— Medical and Public Health (CSS)	
	06— Public Health	
	101— Prevention and Control of Diseases	
	12— National Malaria Programme— Hill	2.94
6.	Grant No.12—Municipal Administration, Housing and Urban Development	
	2217— Urban Development (Non-Plan)	
	01— State Capital Development	
	800— Other Expenditure	
	26— Swarna Jayanti Sahari Rozgar Yojana (SJSRY)	0.53
7.	Grant No.14—Development of Tribal and Scheduled Castes	
	2225— Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (Plan)	
	02— Welfare of Scheduled Tribes	
	102— Economic Development	
	05— Economic Upliftment— Valley	36.50
	277— Education	
	06— Education Development— Valley	86.40
	282— Health	
	13— Medical and Public Health— Valley	25.00

1	2	3
	283- Housing	
	02- State share of Centrally Sponsored Schemes— Valley	33.00
	796- Tribal Area Sub-Plan	
	19- Special Development Programme under Proviso to Article 275(1) of Constitution— Valley	253.00
	20- Relief to Tribal Victim— Valley	20.00
	22- General Education— Valley	107.00
	23- Housing in Tribal Area— Valley	54.00
	24- Medical & Public Health— Valley	20.00
	29- Village and Small Industries— Valley	37.00
	800- Other Expenditure	
	04- District Council— Valley	9.42
8.	17- Agriculture	
	2401- Crop Husbandry (Plan)	
	103- Seeds—	
	20- Regional Seed Farm for Major Field Crops, Kharungpat Valley	0.12
	113- Agricultural Engineering	
	12- Hiring & Repairing Services— Valley	2.26
9.	Grant No.18—Animal Husbandry and Veterinary including Dairy Farming	
	2403- Animal Husbandry (Plan)	
	102- Cattle and Buffalo Development	
	07- Composite Livestock Farm— Valley	0.57
	106- Other Livestock Development	
	22- Regional Pony Development Project— Valley	3.12
10.	Grant No.19—Environment and Forest	
	2406- Forestry and Wild Life (Plan)	
	01- Forestry	
	101- Forest Conservation, Development and Regeneration	
	21- Forest Publicity— Hill	0.25
	800- Other Expenditure	
	18- Forest Fire Control and Management Hill	0.09
	46- Nursery and Afforestation of Koubru Range Mud Slid Area— Hill	95.99
	02- Environmental Forestry and Wild Life	
	110- Wild Life Preservation	
	22- Integrated Forest Protection Scheme— Hill	9.90
	Valley	2.00
	2552- North Eastern Areas (NEC)	
	800- Other Expenditure	
	22- Community Based Eco-Tourism Project— Hill	3.88
	2406- Forestry and Wild Life (CSS)	
	01- Forestry	
	102- Social and Farm Forestry	
	01- 50 per cent State share of Centrally Sponsored Schemes— Hill	14.50
	800- Other Expenditure	
	08- Development of Infrastructure— Hill	21.30
	45- State share of CSS— Valley	5.73
	02- Environmental Forestry and Wild Life	

1	2	3
	110- Wild Life Preservation	
	22- Integrated Forest Protection Scheme— Valley	20.20
11.	Grant No.20—Community Development and ANP, IRDP and NREP	
	2515- Other Rural Development Programmes (Non-Plan)	
	102- Community Development	2.85
	04- Functional Buildings	
	4515- Capital Outlay on Other Rural Development Programmes (CPS)	
	800- Other Expenditure	
	05- Rural Roads Development Programmes (PMGSY)— Hill	6.30
12.	Grant No.21—Commerce and Industries and Weights & Measures	
	4885- Capital Outlay on Industries and Minerals (Non-Plan)	
	01- Investments in Industrial Financial Institutions	
	190- Investments in Public Sector and Other Undertakings	
	30- Investments in Manipur Industrial Development Corporation Limited (MANIDCO)	3.85
	2851- Village and Small Industries (Plan)	
	001- Direction and Administration	
	01- Direction— Hill	1.28
	4851- Capital Outlay on Village and Small Industries (Plan)	
	107- Sericulture Industries	
	14- Sericulture Project— Valley	162.00
13.	Grant No.22—Public Health Engineering Department	
	4215- Capital Outlay on Water Supply and Sanitation (Plan)	
	01- Water Supply	
	101- Urban Water Supply	
	06- Imphal Water Supply (EAP)— Hill	0.47
	4215- Capital Outlay on Water Supply and Sanitation (CPS)	
	01- Water Supply	
	101- Urban Water Supply	
	10- Augmentation of Imphal Water Supply (NLCPR)— Hill	10.00
	102- Rural Water Supply	
	11- Scheme for Five Hill District H/Q (NLCPR)— Hill	720.20
14.	Grant No.23—Power Department	
	2801- Power (Non-Plan)	
	04- Diesel/Gas Power Generation	
	799- Suspense	
	07- Deduct amount transferred to other Heads/Sub-Heads	60.65
	4801- Capital Outlay on Power Projects (Plan)	
	01- Hydel Generation	
	799- Hydel Schemes	
	31- Leimakhong Hydel Electric Project— Valley	16.56
	35- Maklang Hydel Project— Valley	1.62
	58- Gelnel State-II MH Project— Valley	0.20
	59- Tuipaki MH Project— Valley	0.83
	04- Diesel/Gas Power Generation	

1	2	3	
	799- Diesel Power Generation		
	42- Rehabilitation of Old DG Sets at Imphal and Leimakhong Power House— Valley	2.75	
	05- Transmission and Distribution		
	799- Transmission and Distribution System		
	02- Non-Lapsable Central Pool of Resources (NLCPR) — Hill	5.54	
	02- 132/33 KV Supply System at Churachandpur — Valley	67.26	
	03- 132/33 KV Supply System at Jiribam— Hill	195.30	
	06- Rural Electrification		
	799- Rural Electrification Schemes		
	24- Installation of 33 KV S/S at Nambol— Hill	0.41	
	14- Electrification of Villages (PMGSY)— Valley	232.90	
	25- Intensification of Electrified Villages— Hill	60.79	
		Valley	65.44
	54- Kutir Jyotir Scheme— Hill	1.62	
		Valley	1.15
	800- Other Expenditure		
	79- Rural Electrification Scheme— Valley	215.78	
	80- General		
	004- Research & Development		
	36- Meter Relay & Testing Laboratory— Valley	0.69	
	4801- Capital Outlay on Power Projects (CPS)		
	05- Transmission and Distribution		
	799- Transmission and Distribution System		
	02- Non-Lapsable Central Pool of Resources (NLCPR)— Hill	914.25	
15.	Grant No.25—Youth Affairs and Sports Department		
	2204- Sports and Youth Services (Plan)		
	104- Sports and Games		
	03- Development of Sports and Games— Hill	0.07	
16.	Grant No.30—General Economic Services and Planning		
	3454- Census Surveys and Statistics (Non-Plan)		
	02- Surveys and Statistics		
	205- State Statistical Agency		
	14- Strengthening of Statistics Machinery	1.42	
17.	Grant No.37—Fisheries		
	2405- Fisheries (Plan)		
	109- Extension and Training		
	14- Fishery Education— Hill	0.07	
18.	Grant No.38—Panchayat		
	2515- Other Rural Development Programmes (Plan)		
	101- Panchayati Raj		
	02- Panchayati Raj Institutions— Hill	0.10	
19.	Grant No.39—Sericulture		
	2851- Village and Small Industries (Plan)		
	107- Sericulture Industries		
	07- Muga Development Programme— Valley	0.30	
	13- Seed Organisation— Valley	0.25	

1	2	3
20.	Grant No.40—Irrigation and Flood Control Department	
	4701– Capital Outlay on Major and Medium Irrigation(Plan)	
	02– Major Irrigation – Non-Commercial	
	051– Construction	
	10– Khuga Irrigation Project— Valley	986.96
21.	Grant No.41—Art and Culture	
	2205– Art and Culture (Plan)	
	101– Fine Arts Education	
	08– Fine Arts Education — Valley	7.03
	103– Archaeology	
	04– Archaeology— Valley	1.40
	105– Public Libraries	
	13– Public Library— Hill	0.50
	Valley	4.06
22.	Grant No.43—Horticulture and Soil Conservation	
	2401– Crop Husbandry (Non-Plan)	
	109– Extension and Farmer’s Training	
	08– Extension and Farmer’s Training	0.19
	2401– Crop Husbandry (Plan)	
	108– Commercial Crops	
	18– Mushroom Development— Hill	0.75
	109– Extension and Farmer’s Training	
	28– Strengthening of Horticulture Information Unit— Hill	0.50
23.	Grant No.44—Social Welfare	
	2235– Social Security and Welfare (Non-Plan)	
	02– Social Welfare	
	001– Direction and Administration	
	28– Social Welfare Office	1.02
	2235– Social Security and Welfare (Plan)	
	02– Social Welfare	
	001– Direction and Administration	
	21– Social Welfare Office— Hill	3.60
	101– Welfare of Handicapped	
	11– Handicapped— Hill	0.13
	104– Welfare of Aged, Infirm and Destitute	
	31– Welfare of Aged, Infirm and Destitute— Hill	18.25
	32– Old Age Pension Scheme (NOAPS)— Hill	226.47
	2235– Social Security and Welfare (CSS)	
	02– Social Welfare	
	102– Child Welfare	
	19– Kasom Khullen ICDS Project— Valley	13.54
	20– Machi ICDS Project— Hill	20.99
	30– Purul ICDS Project— Hill	22.40
	32– Samulamlan ICDS Project— Hill	11.53

1	2	3
24.	Appropriation No. 2 – Interest Payment	
	2049– Interest Payments (Non-Plan)	
	01– Interest on Internal Debt	
	123– Interest on Special Securities issued to National Small Savings Fund (NSSF)	
	43– Special Securities issued to NSSF of Central Government by State Government.	1100.99
	04– Interest on Loans and Advances from Central Government	
	106– Interest on Ways and Means Advances	
	41– Ways and Means from Reserve Bank of India	860.84
	05– Interest on Reserve Funds	
	105– Interest on General and Other Reserve Funds	
	44– Interest on Loans for Special Plan Schemes	0.51
	6004– Loans and Advances from the Central Government	
	03– Loans for Central Plan Schemes	
	800– Other Loans (i) Strengthening of State Land Use Boards (SLUB)- Soil Conservation	1.03
	00– (ii) Loan Assistance under Accelerated Irrigation Beneficiaries Programme – Khuga Multipurpose Project	27.33
	04– Loans for Centrally Sponsored Plan Schemes	
	800– Other Loan	
	00– Assistance to Consumer Co-operative in Urban Areas	0.11
	06– Credit Co-operatives	11.65
	05– Crop Husbandry (Macro Management)	3.99
	Flood Control & Drainage, Anti Sea Erosion Projects	0.64
	02– Forest Conservation	2.04
	01– Handloom Industries	1.85
	11– Integrated Development of Small and Medium Towns	25.43
	Inter State Transmission Lines	1.76
	Loans to Other Co-operatives	0.51
	04– National Water Shed Development Project for Rainfed Areas	12.88
	03– Roads of Inter State or Economic Importance	5.34
	Small Scale Industries	2.37
	Total	11413.85

APPENDIX-XIX
(Referred to in Paragraph 2.3.11 at Page 30)

Cases where the large savings had not been surrendered by the departments

(Rupees in lakh)				
Sl. No.	Number and name of grant/appropriation	Total grant/appropriation	Total savings	Amount not surrendered
(1)	(2)	(3)	(4)	(5)
	Revenue-Charged			
1.	1- State Legislature	11.74	9.49	5.05
2.	5- Finance Department	6.01	4.40	4.40
3.	8- Public Works Department	9.72	9.57	9.57
4.	26- Administration of Justice	273.96	273.96	141.82
5.	Appropriation No.1—Governor	140.33	12.82	7.07
6.	Appropriation No.3 – Manipur Public Service Commission	103.78	14.05	14.05
	Total (Revenue-Charged)	545.54	324.29	181.96
	Revenue-Voted			
7.	1- State Legislature	1046.24	123.55	34.14
8.	2- Council of Ministers	199.38	23.40	10.04
9.	3- Secretariat	2212.37	80.20	80.20
10.	4- Land Revenue, Stamps and Registration and District Administration	2966.34	188.60	188.60
11.	5- Finance Department	19538.96	688.44	651.03
12.	6- Transport	266.90	33.47	31.26
13.	7- Police	16243.37	360.62	360.62
14.	8- Public Works Department	7178.87	1862.70	1862.70
15.	9- Information and Publicity	234.01	23.74	4.95
16.	10- Education	30050.54	1776.43	1524.40
17.	11- Medical, Health and Family Welfare Services	8848.03	2860.83	2202.63
18.	12- Municipal Administration, Housing and Urban Development	1031.43	323.32	323.32
19.	13- Labour and Employment	556.23	5.30	5.30
20.	14- Development of Tribal and Scheduled Castes	7045.47	448.86	122.70
21.	15- Food and Civil Supplies	454.58	6.19	1.19
22.	16- Co-operation	752.80	107.16	107.16
23.	17- Agriculture	2727.52	167.55	34.65
24.	18- Animal Husbandry and Veterinary including Dairy Farming	2463.53	93.28	87.00
25.	19- Environment and Forest	2674.23	113.44	113.44
26.	20- Community Development and ANP, IRDP and NREP	5792.38	908.03	819.90
27.	25- Youth Affairs and Sports Department	916.60	80.04	49.66
28.	26- Administration of Justice	584.59	145.44	105.18
29.	27- Election	329.23	65.86	11.35
30.	28- State Excise	602.42	35.10	35.10
31.	29- Sales Tax, Other Taxes/ Duties on Commodities and Services	190.45	25.34	25.34
32.	30- General Economic Services and Planning	5170.23	3589.75	3250.25
33.	31- Fire Protection and Control	314.48	32.78	32.78
34.	32- Jails	529.66	32.23	32.23
35.	35- Stationery and Printing	303.10	68.83	58.47
36.	36- Minor Irrigation Department	1768.74	1135.93	223.29

(1)	(2)	(3)	(4)	(5)
37.	38- Panchayat	711.47	95.03	95.03
38.	39 Sericulture	1330.93	249.38	153.88
39.	40- Irrigation and Flood Control Department	3827.00	1341.56	1341.56
40.	42- State Academy of Training	73.96	2.16	2.16
41.	44- Social Welfare	4300.15	482.56	432.04
42.	46- Science and Technology	805.73	98.48	98.48
43.	47- Welfare of Minorities and Other Backward Classes	748.30	2.56	2.56
	Total (Revenue-Voted)	134810.22	17678.14	14514.59
	Capital-Charged			
44.	Appropriation No. 2 - Interest Payment and Debt Services	197202.31	127388.83	10162.92
	Total (Capital-Charged)	197202.31	127388.83	10162.92
	Capital-Voted			
45.	4- Land Revenue, Stamps & Registration & District Administration	200.00	200.00	200.00
46.	5- Finance Department	40.02	35.52	35.52
47.	7- Police	757.56	358.38	358.38
48.	8- Public Works Department	12777.38	1924.62	1924.62
49.	10- Education	7918.22	1678.03	918.31
50.	11- Medical, Health and Family Welfare Services	987.43	670.93	670.93
51.	12- Municipal Administration, Housing and Urban Development	8332.92	1538.19	1210.11
52.	13- Labour and Employment	243.00	243.00	243.00
53.	15- Food and Civil Supplies	420.01	300.03	300.02
54.	17- Agriculture	160.00	40.00	10.00
55.	22- Public Health Engineering Department	11051.94	1769.25	1769.25
56.	23- Power Department	7557.05	3524.94	3524.94
57.	25- Youth Affairs and Sports Department	419.00	59.36	59.36
58.	26- Administration of Justice	7.46	7.46	7.46
59.	32 Jails	324.01	5.01	5.01
60.	36- Minor Irrigation Department	550.00	214.30	214.30
61.	39- Sericulture	4390.00	162.33	162.33
62.	40- Irrigation and Flood Control Department	3904.95	181.31	181.31
63.	41- Art and Culture	703.10	267.81	267.81
64.	43 Horticulture & Soil Conservation	15.00	5.00	5.00
65.	44- Social Welfare	1717.33	862.36	862.36
66.	45- Tourism	149.18	79.13	32.77
	Total (Capital-Voted)	62625.56	14126.96	12962.79
	Grand Total:	395183.63	159518.22	37822.26

APPENDIX-XX
(Referred to in Paragraph 2.3.14 at Page 30)
Instances of major variations in recoveries

(Rupees in crore)

Sl. No.	Number and name of grant	Budget estimate	Actual recoveries	Excess (+)/ Savings (-)
1	2	3	4	5
1.	8- Public Works Department (Revenue) (Capital)	27.34 5.00	10.43 —	(-) 16.91 (-) 5.00
2.	15- Food and Civil Supplies (Revenue) (Capital)	0.15 3.00	— 0.92	(-) 0.15 (-) 2.08
3.	17- Agriculture (Revenue) (Capital)	— 0.10	— —	— (-) 0.10
4.	21- Commerce & Industries and Weights and Measures Department (Revenue) (Capital)	— 0.03	— —	— (-) 0.03
5.	22- Public Health Engineering Department (Revenue) (Capital)	10.58 —	7.19 —	(-) 3.39 —
6.	23- Power Department (Revenue) (Capital)	23.75 —	7.20 —	(-) 16.55 —
7.	36- Minor Irrigation Department (Revenue) (Capital)	1.00 —	— —	(-) 1.00 —
8.	40- Irrigation and Flood Control Department (Revenue) (Capital)	4.51 —	0.08 —	(-) 4.43 —
9.	43- Horticulture and Soil Conservation (Revenue) (Capital)	— 0.05	— —	— (-) 0.05
	Total :			
	(Revenue)	67.33	24.90	(-) 42.43
	(Capital)	8.18	0.92	(-) 7.26
	Grand Total (Voted)	75.51	25.82	(-) 49.69

APPENDIX XXI

(Referred to in Paragraph 3.1.12 at Page 38)

Statement showing list of BMS works for which payments had been made from PMGSY Phase-I funds without any execution of works after conversion to PMGSY Phase I

Sl. No.	Name of work	Physical progress as on March 2000	Physical progress as on May 2005 (in percentage)	Expenditure from BMS funds (Rs. in lakh)	Amount paid from PMGSY Phase-I funds (Rs. in lakh)
1.	Construction of Kwakeithel Chingphu road	40	40	10.42	1.80
2.	Improvement of Wangoi Awang Muslim Leirak IVR from MI road to Imphal river	70	70	0.58	0.53
3.	Improvement of Wangoi Thounaojam Leikai IVR road Wangoi Thoudam Leikai and SDO office	50	50	0.90	0.27
4.	Improvement of road from MI connecting at Radio station via Konchak Heigum Leirak, Sanoujam Leirak, Khoirem Leirak, Meinam Leirak via Konchak Heigum	75	75	0.93	4.32
5.	Improvement of road from MI road connecting Radio station via Sanoujam Leirak, Khoirem Leirak via Konchak Heigum Leirak	50	50	2.16	1.68
6.	Improvement of old Awapali road from Uchiwa village to Bangoon	75	75	0.59	2.91
7.	Improvement of Langthabal Mantrikhong (left out portion)	80	80	1.98	0.65
8.	Improvement of Langthabal Kunja IVR from Marilongbi to Langthabal Kunja Khongnangmakhong	80	80	0.86	1.43
9.	Improvement of road from Mongsangei Maning Leikai to Ningombam via Waishel for the portion 1.58 Km to 4.90 Km.	50	50	1.36	1.33
10.	Improvement of Laishram Leirak IVR Mongsangei Mamang to Khomdram Leirak bridge	50	50	3.27	0.39
11.	Improvement of Thongam Leikai Liwa Taba Road with Line drain and 1m span slab culvert	60	60	0.50	1.04
12.	Waikhom Leikai Ring Road starting from NH-39 upto Imphal river	50	50	0.86	0.44
				24.41	16.79

APPENDIX XXII

(Referred to in Paragraphs 3.1.15 & 3.1.17 at Pages 39 & 40)

Physical and financial progress of works under PMGSY Phase-II as of June 2005

(Length in kilometre and amount in Rupees in lakh)

Sl. No.	Name of the district	Roads sanctioned				Roads completed				Percentage of physical progress	Amount sanctioned by GOI	Expenditure excluding liability	Percentage of financial progress
		New connectivity		Upgradation		New connectivity		Upgradation					
		No.	Length	No.	Length	No.	Length	No.	Length				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1.	Bishnupur	0	0	21	75.57	0	0	2	33.95	44.92	877.52	494.81	56.39
2.	Chandel	17	93.275	0	0	0	90.895	0	0	97.45	911.65	501.97	55.06
3.	Churachandpur	11	72.610	0	0	3	69.11	0	0	95.18	889.76	753.37	84.67
4.	Imphal East	10	21.117	12	34.193	7	12.79	5	23.44	65.50	813.44	403.46	49.59
5.	Imphal West	0	0	20	74.989	0	0	0	35	46.67	938.50	303.38	32.33
6.	Senapati	9	90.766	0	0	0	82.50	0	0	90.89	906.88	566.81	62.50
7.	Tamenglong	9	80.316	0	0	0	64.326	0	0	80.09	966.40	482.22	49.90
8.	Thoubal	0	0	18	109.45	0	0	13	76.18	69.60	837.96	1089.23	129.99
9.	Ukhrul	3	58.36	0	0	0	51.70	0	0	88.59	929.60	309.13	33.25
	Total:	59	416.444	71	294.202	10	371.321	20	168.57		8071.71	4904.38	60.76

APPENDIX XXIII
(Referred to in Paragraph 3.1.16 at Page 40)

Status of BMS converted PMGSY works —Phase-I (Physical)

Sl. No.	Name of district	Number of sanctioned works			Completed works			Percentage of incomplete works
		Roads	Bridge	Total	Roads	Bridge	Total	
1.	Bishnupur	57	4	61	52	2	54	11
2.	Chandel	58	9	97	39	4	43	36
3.	Churachandpur	38	16	54	27	11	38	30
4.	Imphal East	124	6	130	93	6	99	24
5.	Imphal West	97	-	97	41	-	41	58
6.	Senapati	50	10	60	47	9	56	7
7.	Tamenglong	35	7	42	25	2	27	36
8.	Thoubal	80	9	89	80	9	89	-
9.	Ukhrul	31	6	37	18	1	19	49
	Total	570	67	637	422	44	466	27

APPENDIX XXIV
(Referred to in Paragraph 3.1.27 at Page 45)

**Statement showing the incomplete/closed road works in
Bishnupur district—Phase-I**

(Rupees in lakh)

Sl. No.	Name of works	Physical progress as on March 2005 (in percentage)	Expenditure from BMS	Expenditure from PMGSY	Cummulative expenditure
1.	Kumbi bridge to Haotak (WBM and BT 1.5 km)	80	1.04	4.86	5.90
2.	Oinam Wangoi road (SH: WBM and BT (left out)	90	0.23	2.86	3.09
3.	Construction of bridge over Thongjaorok on Ngakchoupokpi Potsangbam road (SH: construction of 100 ft DSS bailey bridge over Thongjaorok river)	98	49.00	11.17	60.17
4.	Construction of pucca bridge over Merakhong river on Nambol Hiyangthang road (SH: Diversion bridge)	40	0.28	3.26	3.54
5.	Construction of Ningthoukhong Awang Khunou to Awang Leikai- left out portion (SH: WBM & BT)	60	1.39	1.94	3.33
6.	IVR from Chingmei to Sendra Road (SH: SG 1m span slab culvert- 6 nos. (SH: SG)	90	1.31	1.86	3.17
7.	PC of Yumnam Khunou IVR from Imphal low level canal to Hidengon Taba	70	1.91		1.91
	Total		55.16	25.95	81.11

APPENDIX XXV
(Referred to in Paragraph 3.1.29 at Page 46)

Statement showing first tier quality control testing not carried out by PIUs

Name of road	Items of work	Number of tests		Shortfall
		Required to be conducted	Actually conducted	
District: Churachandpur, Package No. MN 0301				
Zomi Colony to Zellang Village	Sub-base course	83	50	33
	Base course	19	7	12
	Surface course	25	10	15
Total:		127	67	60
Bethel to Mini Secretariat and Molnom	Earthwork & sub-grade	32	21	11
	Sub-base course	222	150	72
	Base course	28	20	8
	Surface course	29	9	20
Total:		311	200	111
Bijang Co-operative office to Tuibong and Teiseng	Earthwork & sub-grade	277	200	77
	Sub-base course	179	145	34
	Base course	37	31	6
	Surface course	33	10	23
Total:		526	386	140
District: Bishnupur, Package No. MN 0103				
Nambol Hiyangthang to Meijrao	Earthwork & sub-grade	26	19	7
	Sub-base course	4	11	(-) 7
	Base course	88	35	53
	Surface course	22	Nil	22
Total:		140	65	75
Tiddim road to Loibiching	Earthwork & sub-grade	36	36	Nil
	Sub-base course	15	12	3
	Base course	102	54	48
	Surface course	22	Nil	22
Total:		175	102	73
Tiddim road to Naorem Irom Yumphou	Earthwork & sub-grade	34	20	14
	Sub-base course	14	8	6
	Base course	89	46	43
	Surface course	22	Nil	22
Total:		159	74	85
Nambol Hiyangthang to Oinam Wangoi	Sub-base course	12	6	6
	Base course	108	26	82
	Surface course	27	Nil	27
Total:		147	32	115
Laimanai to Thinungei	Earthwork & sub-grade	34	Nil	34
	Sub-base course	15	Nil	15
	Base course	102	8	94
Total:		151	8	143

APPENDIX XXVI
(Referred to in Paragraph 3.2.1 at Page 50)

District-wise position of funds released to the DRDAs under MLALADP during 2001-05

(Rupees in crore)

Name of the District	Number of MLAs	Year				Total
		2001-02	2002-03	2003-04	2004-05	
Imphal East	11	1.10	1.65	1.10	3.30	7.15
Imphal West	13	1.30	1.95	1.30	3.90	8.45
Thoubal	10	1.00	1.50	1.00	3.00	6.50
Bishnupur	6	0.60	0.90	0.60	1.80	3.90
Churachandpur	6	0.60	0.90	0.60	1.80	3.90
Tamenglong	3	0.30	0.45	0.30	0.90	1.95
Ukhrul	3	0.30	0.45	0.30	0.90	1.95
Chandel	2	0.20	0.30	0.20	0.60	1.30
Senapati	6	0.60	0.90	0.60	1.80	3.90
Total	60	6.00	9.00	6.00	18.00	39.00

APPENDIX XXVII
(Referred to in Paragraph 3.2.5 at Page 53)

Statement showing works sanctioned and completed under MLALADP in the selected districts

(Rupees in lakh)

Name of DRDA	Year	Number of works sanctioned	Value	Number of works completed	Value	Number of works not completed	Value
Imphal West	2000-01	190 (New)	130.00	130	106.34	60	23.66
	2001-02	Nil	Nil	10 (Old)	6.85	50	16.81
	2002-03	443	260.00	190 (New) 50 (Old)	143.13 16.81	253	116.87
	2003-04	291	195.00	150 (New) 253 (Old)	124.97 116.87	141	70.03
	2004-05	538	390.00	235 (New) 141 (Old)	195.58 70.03	303	194.42
	Total:	1462	975.00	1159	780.58		
Imphal East	2000-01	272	110.00	227	102.50	45	7.50
	2001-02	Nil	Nil	30 (Old)	4.79	15	2.71
	2002-03	392	220.00	297 (New) 15 (Old)	180.59 2.71	95	39.41
	2003-04	272	165.00	200 (New) 95 (Old)	158.61 39.41	72	6.39
	2004-05	301	330.00	211 (New) 72 (Old)	281.53 6.39	90	48.47
	Total:	1237	825.00	1147	776.53		
Thoubal	2000-01	Nil	Nil	Nil	Nil	Nil	Nil
	2001-02	Nil	Nil	Nil	Nil	Nil	Nil
	2002-03	237	200.00	200	173.90	37	26.10
	2003-04	200	150.00	160 (New) 37 (Old)	125.01 26.10	40	24.99
	2004-05	275	300.00	163 (New) 40 (Old)	263.60 24.99	112	36.40
	Total:	712	650.00	600	613.60		
Bishnupur	2000-01	46	40.00	46	40.00	Nil	Nil
	2001-02	Nil	Nil	Nil	Nil	Nil	Nil
	2002-03	177	120.00	160	99.32	17	20.68
	2003-04	150	90.00	145 (New) 17 (Old)	83.03 20.68	5	6.97
	2004-05	249	180.00	156 (New) 5 (Old)	121.00 6.97	93	59.00
	Total:	622	430.00	529	371.00		

APPENDIX XXVIII
(Referred to in Paragraph 3.2.11 at Page 56)

Statement showing constituency-wise works sanctioned in excess of permissible limit

(Rupees in lakh)					
DRDA	Constituency	Period	Number of works costing more than Rs.2 lakh	Value	Value of sanction in excess of permissible limit
Imphal East	Heingang	2002-03	4	13.00	5.00
		2003-04	3	10.00	4.00
		2004-05	1	3.00	1.00
	Thongju	2003-04	4	15.76	7.76
	Wangkhei	2002-03	3	9.50	3.50
	Yaiskul	2004-05	1	2.50	0.50
	Khundrakpam	2003-04	5	15.00	5.00
		2004-05	2	4.80	0.80
	Keirao	2002-03	2	10.00	6.00
		2003-04	3	15.00	9.00
	Lamlai	2002-03	1	4.00	2.00
		2004-05	1	4.00	2.00
	Kshetrigao	2002-03	2	6.00	2.00
		Total:	32	112.56	48.56
Thoubal	Wabagai	2002-03	3	13.00	7.00
	Hiyanglam	2002-03	1	2.40	0.40
	Lilong	2002-03	2	6.00	2.00
	Wangkhem	2003-04	2	9.00	5.00
	Khangabok	2002-03	3	8.50	2.50
		Total:	11	38.90	16.90
Imphal West	Sagolband	2002-03	3	7.60	1.60
		Total:	3	7.60	1.60
Bishnupur	Nambol	2004-05	1	2.50	0.50
		Total:	1	2.50	0.50
		Grand total:	47	161.56	67.56

APPENDIX XXIX

(Referred to in Paragraph 3.3.23 at Page 74)

Statement showing non-release of Central funds by the State Government
under CSS schemes for Animal Health Care

(Rupees in lakh)

Name of the scheme	Year	Funds sanctioned and released by GOI	Due State share	Funds released by Government of Manipur		Shortfall in release of fund	
				Central share	State share	Central share	State share
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Quinquennial livestock census (100 per cent Central)	2000-01	11.65	Nil	2.50	Nil	9.15	Nil
	2001-02	16.65	Nil	13.65	Nil	3.00	Nil
	2002-03	7.60	Nil	3.00	Nil	4.60	Nil
	2003-04	21.60	Nil	6.66	Nil	14.94	Nil
	2004-05	32.16	Nil	12.00	Nil	20.16	Nil
Sub-total		89.66	Nil	37.81	Nil	51.85	Nil
Systematic control of livestock diseases	2000-01	24.20	Nil	Nil	Nil	24.20	Nil
	2001-02	24.20 (R)	Nil	Nil	Nil	24.20	Nil
Animal disease surveillance	2002-03	24.20	Nil	Nil	Nil	48.40	Nil
		24.20 (R)					
Control of foot and mouth diseases 75:25 (between Central and State)	2003-04	9.20	Nil	9.20	Nil	48.40	Nil
		48.40 (R)					
	2004-05	104.06	66.97	159.51	43.93	41.40	23.04
		96.85 (R)					
Sub-total		210.11	66.97	168.71	43.93	41.40	23.04
Assistance to State poultry/duck farm (100 per cent Central)	2000-01	45.00	Nil	Nil	Nil	45.00	Nil
		19.28 (R)					
	2001-02	64.28 (R)	Nil	Nil	Nil	64.28	Nil
	2002-03	64.28 (R)	Nil	Nil	Nil	Nil	Nil
	2003-04	64.28 (R)	Nil	64.28	Nil	Nil	Nil
Sub-total:		64.28	Nil	64.28	Nil	Nil	Nil
Integrated dairy development project (100 per cent Central)	2000-01	49.57 (R)	Nil	Nil	Nil	49.57	Nil
	2001-02	49.57 (R)	Nil	Nil	Nil	49.47	Nil
	2002-03	49.57 (R)	Nil	Nil	Nil	49.47	Nil
	2003-04	49.57 (R)	Nil	47.11	Nil	2.46	Nil
	2004-05	2.46 (R)	Nil	Nil	Nil	2.46	Nil
Sub-total:		49.57	Nil	47.11	Nil	2.46	Nil
Integrated piggery development project (100 per cent Central)	2001-02	22.00	Nil	22.00	Nil	Nil	Nil
Sub-total:		22.00	Nil	22.00	Nil	Nil	Nil
National project for cattle and buffalo breeding (100 per cent Central)	2000-01	18.85	Nil	12.00	Nil	6.85	Nil
	2003-04	6.85 (R)	Nil	6.85	Nil	Nil	Nil
Sub-total:		18.85	Nil	18.85	Nil	Nil	Nil
Integrated sample survey for estimation of major livestock product	2000-01	4.08	7.36	2.00	Nil	5.36	7.36
		3.28 (R)					
	2001-02	3.00	3.00	6.32	Nil	2.04	3.00
		5.36 (R)					
	2002-03	4.00	4.00	2.50	Nil	3.54	4.00
		2.04					
	2003-04	4.80	4.80	4.58	Nil	3.76	4.80
		3.54					
	2004-05	2.97	2.97	2.97	Nil	3.76	2.97
		3.76					
Sub-total:		22.13	22.13	18.37	Nil	3.76	22.13
Grand Total:		476.60	89.10	377.13	43.93	99.47	43.17

APPENDIX XXX
(Referred to in Paragraph 4.16 at Page 96)

Statement showing number of outstanding inspection reports and paras in respect of Public Works Department as on 30 September 2005

Year	Number of outstanding IRs	Part-II A	Part-II B	Total outstanding paras	Money value (Rs.in lakh)
1985-86	10	7	16	23	398.95
1986-87	9	8	12	20	557.96
1987-88	5	4	28	32	588.99
1988-89	11	17	33	50	787.95
1989-90	13	28	38	66	382.07
1990-91	11	30	62	92	775.34
1991-92	29	37	121	158	871.55
1992-93	14	23	57	80	338.13
1993-94	21	68	77	145	960.98
1994-95	3	4	10	14	84.94
1995-96	23	49	109	158	735.47
1996-97	12	27	54	81	673.28
1997-98	17	41	91	132	1705.07
1998-99	14	21	65	86	419.10
1999-2000	13	26	54	80	3772.10
2000-01	9 (4)	22 (11)	51 (26)	73 (37)	1081.87 (837.65)
2001-02	14 (11)	36 (26)	64 (56)	100 (82)	1601.90 (684.55)
2002-03	19 (18)	5 (3)	102 (98)	107 (101)	1364.73 (1252.38)
2003-04	20 (17)	19 (17)	109 (94)	128 (111)	1466.05 (1079.95)
2004-05	4 (4)	1 (1)	15 (15)	16 (16)	141.79 (141.79)
	271 (54)	473 (58)	1168 (289)	1641 (347)	18717.21 (3996.32)

N.B. Figures in the brackets indicate number of IRs and paras against which first reply is still awaited.

APPENDIX XXXI
(Referred to in Paragraph 4.17 at Page 97)

List of bodies audited under Section 19 (3) of the DPC Act whose audit of accounts was in arrears due to non-receipt/late receipt of accounts

Sl. No.	Name of body	Period of entrustment	Year up to which accounts certified	Certification of accounts in arrears	Reasons for arrears
(1)	(2)	(3)	(4)	(5)	(6)
1.	Senapati Autonomous District Council	Not available ¹	2000-01	2001-02 2002-03 2003-04 2004-05	Accounts received late and DSAR ² under process. Accounts not received.
2.	Ukhrul Autonomous District Council	—do—	2001-02	2002-03 2003-04 2004-05	Accounts not received.
3	Tamenglong Autonomous District Council	—do—	2001-02	2002-03 2003-04 2004-05	Accounts not received.
4	Churachandpur Autonomous District Council	—do—	2002-03	2003-04 2004-05	Accounts received late and DSAR under process. Accounts not received
5	Chandel Autonomous District Council	—do—	2001-02	2002-03 2003-04 2004-05	Accounts received late and DSAR under process. Accounts not received
6.	Sadar Hills Autonomous District Council, Kangpokpi	—do—	2001-02	2002-03 2003-04 2004-05	Accounts received late and DSAR under process. Accounts not received

¹ Rule 90 (ii) of the Manipur (Hill Areas) District Councils Rules, 1972 provides that the accounts of the Council shall be subject to the audit of the Accountant General.

² DSAR— Draft Separate Audit Report.

APPENDIX XXXII

(Referred to in Paragraphs 7.1, 7.2.3, 7.3.1, 7.8.4 at Pages 123, 124, 125 and 129)

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2005 in respect of Government companies and Statutory corporation

(Figures in column 3(a) to 4(f) are Rupees in lakh)

Sl No.	Sector and name of the company	Paid-up capital as at the end of the current year					Equity/loans received out of Budget during the year		Other loans received during the year	Loans outstanding at the close of 2004-05			Debt equity ratio for 2004-05 [4 (f)/3(e) (previous year)]
		State Govt.	Central Govt.	Holding Companies	Others	Total	Equity	Loans		Govt.	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
A. Working Government companies													
1.	INDUSTRY SECTOR Manipur Industrial Dev. Corporation Ltd.	803.00	421.00	—	—	1224.00	10.00	—	—	—	2158.93	2158.93	1.76:1 (1.82:1)
	Sector wise total	803.00	421.00	—	—	1224.00	10.00	—	—	—	2158.93	2158.93	1.76:1 (1.82:1)
2.	ELECTRONICS SECTOR Manipur Electronics Dev. Corporation Ltd.	376.35	—	—	—	376.35	5.00	—	—	—	—	—	—
	Sector wise total	376.35	—	—	—	376.35	5.00	—	—	—	—	—	—
3.	HANDLOOM AND HANDICRAFT SECTOR Manipur Handloom and Handicrafts Development Corporation Ltd.*	1028.75	117.00	—	—	1145.75	35.00	—	—	175.38	—	175.38	0.15:1 (0.15:1)
	Sector wise total	1028.75	117.00	—	—	1145.75	35.00	—	—	175.38	—	175.38	0.15:1 (0.15:1)
4.	CONSTRUCTION SECTOR Manipur Police Housing Corporation Ltd.	2.00	—	—	—	2.00	—	—	—	—	—	—	—
	Sector wise total	2.00	—	—	—	2.00	—	—	—	—	—	—	—
5.	DEVELOPMENT OF ECONOMICALLY WEAKER SECTIONS SECTOR Manipur Tribal Dev. Corporation Ltd.	77.50	—	—	—	77.50	—	—	—	10.00	—	10.00	0.13:1 (0.13:1)
	Sector wise total	77.50	—	—	—	77.50	—	—	—	10.00	—	10.00	0.13:1 (0.13:1)
6.	POWER SECTOR Manipur State Power Dev. Corporation Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
	Sector wise total	—	—	—	—	—	—	—	—	—	—	—	—
7.	MISCELLANEOUS Manipur Film Dev. Corporation Ltd.	6.00	—	—	—	6.00	—	—	—	15.00	—	15.00	2.5:1 (2.5:1)
	Sector wise total	6.00	—	—	—	6.00	—	—	—	15.00	—	15.00	2.5:1 (2.5:1)
	Total (A – Working Government Companies)	2293.60	538.00	—	—	2831.60	50.00	—	—	200.38	2158.93	2359.31	0.83:1 (0.80:1)

* Investment figures as furnished by the Corporation.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
B. Non-working Companies													
1.	INDUSTRY SECTOR Manipur Cycle Corpn. Ltd.	64.22	—	—	—	64.22	—	—	—	—	—	—	—
2.	Manipur Pulp & Allied Products Limited	154.20	—	—	—	154.20	—	—	—	—	—	—	—
	Sector wise total	218.42	—	—	—	218.42	—	—	—	—	—	—	—
3.	AGRICULTURE & ALLIED SECTOR Manipur Agro Industries Corporation Ltd.	354.78	—	—	—	354.78	—	—	—	—	—	—	—
4.	Manipur Plantation Crops Corporation Ltd.	1161.79	—	—	—	1161.79	—	—	—	—	38.25	38.25	0.03:1 (0.03:1)
	Sector wise total	1516.57	—	—	—	1516.57	—	—	—	—	38.25	38.25	0.03:1 (0.03:1)
5.	TEXTILE SECTOR Manipur Spinning Mills Corporation Ltd.	3081.41	—	—	—	3081.41	—	—	—	—	397.13	397.13	0.13:1 (0.12:1)
	Sector wise total	3081.41	—	—	—	3081.41	—	—	—	—	397.13	397.13	0.13:1 (0.12:1)
6.	SUGAR SECTOR Manipur Food Industries Corporation Ltd.	97.66	—	—	—	97.66	—	—	—	—	—	—	—
	Sector wise total	97.66	—	—	—	97.66	—	—	—	—	—	—	—
7.	CEMENT SECTOR Manipur Cement Limited	291.34	—	—	—	291.34	—	—	—	—	—	—	—
	Sector wise total	291.34	—	—	—	291.34	—	—	—	—	—	—	—
8.	DRUGS, CHEMICALS & PHARMACEUTICALS SECTOR Manipur State Drugs & Pharmaceuticals Ltd.	447.96	—	43.35	—	491.31	—	—	—	1099.43	—	1099.43	2.24:1 (2.24:1)
	Sector wise total	447.96	—	43.35	—	491.31	—	—	—	1099.43	—	1099.43	2.24:1 (2.24:1)
	Total (B – Non-Working Companies)	5653.36	—	43.35	—	5696.71	—	—	—	1099.43	435.38	1534.81	0.27:1 (0.09:1)
C. Non working Statutory Corporations													
1.	TRANSPORT SECTOR Manipur State Road Transport Corporation	4307.56	343.01	—	—	4650.57	—	—	—	—	—	—	—
	Total C	4307.56	343.01	—	—	4650.57	—	—	—	—	—	—	—
	Total (B+C)	9960.92	343.01	43.35	—	10347.28	—	—	—	1099.43	435.38	1534.81	0.15:1
	Grand total (A+B+C)	12254.52	881.01	43.35	—	13178.88	50.00	—	—	1299.81	2594.31	3894.12	0.29:1 (0.30:1)

Note: All figures in respect of companies and corporation are provisional and as given by the companies/corporation.

Loans outstanding at the close of 2004-05 represent long-term loans only.

APPENDIX XXXIII

(Referred to Paragraphs 7.4.2, 7.5.1, 7.6.2, 7.6.3, 7.8.5 and 7.8.7 at Pages 125, 126, 127 and 129)

Summarised financial results of Government companies and Statutory corporation for the latest year for which accounts were finalised
(Figures in columns 7 to 12 and 15 are Rupees in lakh)

Sl. No.	Sector and name of the company	Name of Department	Date of incorporation	Period of accounts	Year in which accounts finalised	Net profit(+) /Loss (-)	Net impact of audit comments	Paid up capital	Accumulated profit (+)/Loss (-)	Capital employed (A)	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Turn-Over	Man-Power as on March 2005
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A- Working Govt. Companies															
1.	Industry Sector Manipur Industrial Development Corporation Ltd.	Commerce and Industries	6/1969	1989-90	2003-04	(+) 64.39	-	806.48	(+) 82.32	1109.71	(+) 136.91	12.34	15	232.79	50
	Sector wise Total					(+) 64.39	-	806.48	(+) 82.32	1109.71	(+) 136.91	12.34		232.79	
2.	Electronics Sector Manipur Electronics Development Corporation Ltd.	—do—	4/1987	1995-96	2003-04	(+) 11.19	-	269.28	(+) 61.90	372.57	(+) 12.19	3.27	9	292.85	56
	Sector wise total					(+) 11.19	-	269.28	(+) 61.90	372.57	(+) 12.19	3.27		292.85	
3.	Handloom and Handicrafts Sector Manipur Handloom and Handicrafts Development Corporation Ltd.	—do—	16.10.76	1986-87	2002-03	(-) 19.58	-	100.00	(-) 169.65	75.62	(-) 19.58	—	18	11.42	NA
	Sector wise total					(-) 19.58	-	100.00	(-) 169.65	75.62	(-) 19.58	—		11.42	
4.	Construction Sector Manipur Police Housing Corpn. Ltd.	Home	26.4.86	1995-96	2003-04	(+) 24.30	-	2.00	(+) 26.44	48.44	(+) 24.30	50.16	9	96.78	75
	Sector wise total					(+) 24.30	-	2.00	(+) 26.44	48.44	(+) 24.30	50.16		96.78	
5.	Development of Economically Weaker Section Sector Manipur Tribal Development Corporation Ltd.	Development of Tribal and Scheduled Castes	6/79	1982-83	2004-05	(-) 2.33	-	1.00	(+) 3.53	14.32	(-) 2.33	—	22	5.19	NA
	Sector wise total					(-) 2.33	-	1.00	(+) 3.53	14.32	(-) 2.33	—		5.19	
6.	Power Manipur State Power Development Corporation Ltd.	Electricity	3/97	-	-	-	-	-	-	-	-	-	8	NA	NA
	Sector wise total					-	-	-	-	-	-	-			
7.	Miscellaneous Sector Manipur Film Dev. Corporation Ltd.	Arts and Culture	1-5-87	1990-91	2004-05	(-) 3.98	-	6.00	(-) 4.78	53.56	(-) 3.98	-	14	3.23	NA
	Sector wise total					(-) 3.98	-	6.00	(-) 4.78	53.56	(-) 3.98	-		3.23	
	Total (A-Working Govt. Companies)					(+) 73.99	-	1184.76	(-) 0.24	1674.22	147.51	8.81		642.26	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
B. Non-working Companies															
1.	Industry Sector Manipur Cycle Corporation Ltd.	Commerce & Industries	6/85	1992-93	2005-06	(-) 8.41	-	48.80	(-) 40.00	18.79	(-) 7.19	-	Under liquidation since 1996	7.56	NA
2.	Manipur Pulp & Allied Products Ltd.	Commerce & Industries	10/88	1992-93	1996-97	(-) 46.91	-	73.31	(-) 126.02	93.16	(-) 46.91	-	Under liquidation since 1/03	30.41	NA
	Sector wise total					(-) 55.32		122.11	(-) 166.02	111.95	(-) 54.10	-		37.97	
3.	Agriculture & Allied Sector Manipur Agro. Industries Corporation Ltd.	Agriculture	19-3-81	1988-89	2005-06	(-) 3.61	4.25	32.25	(-) 45.45	(-) 18.07	(-) 3.61	-	Under liquidation since 6/03	19.02	NA
4.	Manipur Plantation Crops Corpn. Ltd.	Agriculture	19.3.81	1983-84	2000-01	-	-	51.15	-	60.00	-	-	-	Pre-operative stage	NA
	Sector wise Total					(-) 3.61	4.25	83.40	(-) 45.45	41.93	(-) 3.61	-		19.02	-
5.	Textile Sector Manipur Spinning Mills Corpn. Ltd.	Commerce & Industries	27-3-74	1983-84	2004-05	-	-	200.00	-	277.38			Under liquidation since 6/03	Pre-operative stage	NA
	Sector wise total							200.00	-	277.38	-	-	-	-	-
6.	Sugar Sector Manipur Food Industries Corpn. Ltd.	Commerce & Industries	4/87	1996-97	2005-06	-	-	78.39	-	57.42	-	-	Under liquidation since 3/03	Pre-operative stage	3
	Sector wise total							78.39		61.73					
7.	Cement Sector Manipur Cement Ltd.	Commerce & Industries	10-5-88	1990-91	2002-03	(-) 28.03	-	19.94	(-) 47.59	270.49	(-) 28.03	-	Date of liquidation not available	33.59	NA
	Sector wise Total					(-) 28.03	-	19.94	(-) 47.59	270.49	(-) 28.03	-		33.59	
8.	Drugs, Chemicals & Pharmaceuticals Sector Manipur State Drugs & Pharmaceuticals Ltd.	Chemicals & Pharmaceuticals	7/89	1996-97	1998	(-)123.08	-	85.00	(-)241.48	267.45	-	-	-	NA	NA
	Sector wise total					(-) 123.08	-	85.00	(-)241.48	267.45					
Total (B - Non-working Companies)						(-) 210.04	4.25	588.84	(-)500.54	1026.62	(-) 85.74	-	-	90.58	
C - Non-working Statutory Corpn.															
1.	Manipur State Road Transport Corporation	Transport	27-3-76	1991-92	2004-05	(-) 200.24	-	1845.51	(-) 1870.46	(-) 21.96	(-) 178.80	-	Under liquidation since 11/2003	146.68	35
	Sector wise total					(-) 200.24		1845.51	(-) 1870.46	(-) 21.96	(-) 178.80	-	-	146.68	
Total (C - Non-working Statutory Corpn.)						(-) 200.24		1845.51	(-) 1870.46	(-) 21.96	(-) 178.80	-	-	146.68	
Grand Total (A+B+C)						(-) 336.29	4.25	3619.11	(-) 2371.24	2678.88	(-) 117.03	8.81	-	879.52	

Note: Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

APPENDIX XXXIV

(Referred to in Paragraphs 7.3.1 and 7.8.4 at Pages 125 and 129)

Statement showing subsidy, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2005

(Figures in column 3(a) to 7 are in Rupees in lakh)

Sl. No.	Name of Public Sector Undertaking	Subsidy received during the year				Guarantees received during the year and outstanding at the end of the year (in bracket)					Waiver of dues during the year				Loan on which moratorium allowed	Loans converted into equity during the year
		Central Govt.	State Govt.	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contracts	Total	Loan repayment written off	Interest waived	Penal interest	Total		
1	2	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	6	7
		(R u p e e s i n l a k h)														
1.	A. Working Government companies (i)															
	Total— A															
	B. Non Working Government companies															
	C. Non Working Statutory corporations															
	Grand Total (A+B+C)															

APPENDIX XXXV

(Referred to in Paragraph 7.8.7 at Page 129)

Statement showing financial position of Statutory Corporation

Manipur State Road Transport Corporation

(Rupees in crore)

Particulars	1989-90	1990-91	1991-92
A. Liabilities			
Capital (including capital loan and equity capital)	15.17	16.79	18.46
Borrowings:			
Government:-	—	—	—
Others:-	0.08	—	—
Funds			0.02
Trade dues and other current liabilities including provisions	1.60	1.86	2.16
Total	16.85	18.65	20.64
B. Assets			
Gross Block	4.08	4.40	4.36
Less depreciation	2.43	2.94	3.01
Net fixed assets	1.65	1.46	1.35
Capital works-in-progress (including cost of chassis)	—	—	—
Investments	—	—	—
Current assets, loans and advances	0.48	0.49	0.59
Accumulated losses	14.72	16.70	18.70
Total	16.85	18.65	20.64
Capital employed ⁴	0.53	0.09	(-) 0.22

⁴ Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

APPENDIX XXXVI

(Referred to in Paragraph 7.8.7 at Page 129)

Statement showing working results of Statutory Corporation

Manipur State Road Transport Corporation

(Rupees in crore)

Sl. No.	Particulars	1989-90	1990-91	1991-92
1.	Operating			
	(a) Revenue	1.32	1.04	1.36
	(b) Expenditure	2.57	2.42	2.63
	(c) Surplus (+)/Deficit (-)	(-) 1.25	(-) 1.38	(-) 1.27
2.	Non-operating			
	(a) Revenue	0.11	0.04	0.10
	(b) Expenditure	0.73	0.64	0.84
	(c) Surplus (+)/Deficit (-)	(-) 0.62	(-) 0.60	(-) 0.74
	Total:			
	(a) Revenue	1.43	1.08	1.46
	(b) Expenditure	3.30	3.06	3.47
	(c) Net Profit /Loss	(-) 1.87	(-) 1.98	(-) 2.01
	Interest on capital and loans	0.21	0.21	0.21
	Total return on Capital employed ⁵	(-) 1.66	(-) 1.77	(-) 1.80

⁵ Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

APPENDIX XXXVII

(Referred to in Paragraph 7.8.8 at Page 130)

Statement showing operational performance of Statutory Corporation

Manipur State Road Transport Corporation

Particulars	2002-03	2003-04	2004-05
Average number of vehicles held	17	17	17
Average number of vehicles on road	3	3	—
Percentage of utilisation of vehicles	18	18	—
Number of employees	327	41	35
Employee vehicle ratio	19:1	2:1	2:1
Number of routes operated at the end of the year	—	—	—
Route kilometres	1000	700	—
Kilometres operated (in lakh)			
(a) Gross	NA	NA	NA
(b) Effective	NA	NA	NA
(c) Dead	NA	NA	NA
Percentage of dead kilometres to gross kilometres	NA	NA	NA
Average kilometres covered per bus per day	NA	NA	NA
Average operating revenue per kilometre (Paise) over previous year's income (per cent)	NA		
Average operating revenue per kilometre (paise)	NA	NA	NA
Increase in operating expenditure per kilometre over previous year's expenditure (percent)	NA	NA	NA
Loss per kilometre (paise)(-)	NA	NA	NA
Number of operating depots	NA	NA	NA
Average number of break-down per lakh kilometres	NA	NA	NA
Average number of accidents per lakh kilometres	NA	NA	NA
Passenger kilometre operated (in crore)	NA	NA	NA
Occupancy ratio	NA	NA	NA
Kilometres obtained per litre of:			
(a) Diesel Oil	NA	NA	NA
(b) Engine Oil	NA	NA	NA

APPENDIX XXXVIII

(Referred to in Paragraph 7.13.1 at Page 132)

Statement showing the department wise outstanding Inspection Reports (IRs)

Sl. No.	Name of department	No. of PSUs ¹	No. of outstanding IR	No. of outstanding paragraph	Years from which paragraphs outstanding
1	Agriculture	2	6	52	1991-2005
2	Tribal development	1	7	58	—do—
3	Industries	8	12	41	—do—
4	Home	1	5	20	—do—
5	Arts and culture	1	4	20	—do—
6	Chemical and Pharmaceuticals	1	1	1	—do—
7	Transport Sector	1	—	—	—
8	Power Sector	1	—	—	—
	Total	16	35	192	

¹ State Level Public Sector Undertakings.

APPENDIX XXXIX

(Referred to in Paragraph 7.13.1 at Page 132)

Statement of draft paragraphs and review sent to the Government/departments

Sl. No.	Name of the Department	Number of draft paragraphs	Number of reviews	Period of issue
1.	Arts and Culture	1		May 2005
2.	Development of Tribal and Scheduled Castes	—	1	August 2005
3.	Arts and Culture	1	—	December 2005
	Commerce and Industries			
	Home			
	Tribal Development			
	Total	2	1	

APPENDIX XL

**(Referred to in Paragraph 7.16.8 at Page 136)
Statement showing deficiencies in Application Form**

- (i) Income certificates submitted by the beneficiaries certified income of the individual and not the income of entire family of the applicant.
- (ii) The income certificates issued by the Sub-Deputy Collectors (SDCs) did not indicate any issue numbers to verify whether such certificates were issued officially after proper verification.
- (iii) One beneficiary who was selected for Power Tiller scheme under NSFDC funding did not put his signature in the application form and did not submit income certificate either.
- (iv) Four beneficiaries were selected for Power Tiller scheme under NSFDC term loan having one to two Government servants in their family and one beneficiary was selected for Tractor scheme having one Government employee in the family but the income of these Government employees was not included in the income certificates issued by the SDC to the applicants.
- (v) One beneficiary who was selected for Power Tiller scheme did not submit his own income certificate (occupation— farmer) and submitted income certificate of some other person (occupation – shopkeeper).
- (vi) Three beneficiaries were selected for Power Tiller scheme who did not mention the number of family members working, though this clause was very important to assess family's economic condition and the eligibility of the applicant under the scheme.
- (vii) One beneficiary applied for Piggery scheme but was selected for Power Tiller scheme under NSFDC.

APPENDIX XLI

(Referred to in Paragraph 7.16.9 at Page 137)

Statement showing due share of MTDC towards projects borne by the beneficiaries

(Rupees in lakh)

Sl. No.	Name of Scheme / Project	Date of Sanction by apex corporation	Total project cost	Apex corporation loan amount	MML-MTDC share due	Subsidy amount	Total nos. of beneficiaries	Beneficiaries share/contribution due	Actual beneficiaries contribution due
1	2	3	4	5	6	7	8	9	10
NSFDC									
1.	5- DTP Scheme	13.5.1999	6.60	5.65	0.80	-	5	0.15	0.95
2	20- Grocery scheme	21.3.2002	20.00	14.00	2.00	2.00	20	2.00	4.00
3.	10- Tractor Project	24.12.1999	42.00	37.80	3.00	-	12	1.20	4.20
4	5- piggery	27.8.2001	8.25	7.00	0.40	0.50	5	0.35	0.75
5	1- Tata 709 Bus	21.3.2002	8.00	6.40	0.80	-	1	0.80	1.60
6	5- Tata Truck	25.1.2000	33.75	30.35	1.70	-	4	1.70	3.40
7	12- Piggery	26.3.2002	24.00	18.00	2.40	1.20	12	2.40	4.80
8	20- Power Tiller	22.3.2002	28.60	22.40	2.80	2.00	20	1.40	4.20
9	10- Tractor	26.3.2002	36.00	27.80	3.60	1.00	10	3.60	7.20
	Sub total:		207.20	169.40	17.50	6.70	89	13.60	31.10
NSKFDC									
1.	Tailoring	8.8.2000	8.00	6.80	0.80	-	20	0.40	1.20
2	General Store	8.8.2000	7.00	5.95	0.70	-	20	0.35	1.05
3.	Desk top publishing	8.8.2000	10.00	8.50	1.00	-	10	0.50	1.50
4	Photo-copying centre	8.8.2000	14.00	11.90	1.40	-	10	0.70	2.10
5	Auto Rickshaw	8.8.2000	14.80	12.58	1.48	-	20	0.74	2.22
6	Piggery	8.8.2000	7.00	5.95	0.70	-	20	0.35	1.05
7	General Store	22.12.2000	7.63	6.49	0.76	-	10	0.38	1.14
	Sub total:		68.43	58.17	6.84	-	110	3.42	10.26
	Grand total:		275.63	227.37	24.34	6.70	199	17.02	41.36

APPENDIX XLII

(Referred to in Paragraph 7.16.11 at Page 138)
Statement showing list of weak guarantors under NSFDC

Sl. No.	Name of beneficiary	Name of the scheme	Loan amount (Rs. in lakh)	Date of release of fund	Designation of guarantor
1	2	3	4	5	6
1	A. Suresh Singh	Piggery	1.40	30.10.2002	Grade IV, MOBC Department
2	N. Tomba Singh	Piggery	1.40	30.10.2002	Grade IV, Khadi Board
3	A. Ingocha Singh	Piggery	1.50	21.12.2002	Technical Jugali, Public Health Engineering Department
4	N. Ingocha Singh	Piggery	1.50	21.12.2002	Grade IV, High School
5	Abhra RAY	Piggery	1.50	21.12.2002	Farm Asst. Fishery Department
6	K. Anandi Devi	Tractor	2.78	15.11.2002	Asst. Teacher LP school
7	T. Adim Rongmei	Tractor	3.15	6.01.2001	Grade IV, Government Junior High School
8	Hi. Lovingson	Tractor	3.15	16.01.2001	Asst. Teacher ADCS LP School
9	H. Rajen Singh	709- Tata	6.40	16.12.2002	Driver, NCC
	Total:		22.78		

N.B. Total number of selected beneficiaries = 60
Weak guarantor number = 9

APPENDIX XLIII
(Referred to in Paragraph 7.16.14 at Page 141)
Scheme-wise loan recovery statement

(Rupees in lakh)

(Rupees in lakh)															
Sl. No.	Name of the scheme	Date of release of loan amount	Total number of beneficiaries	Total loan amount disbursed	Total number of beneficiaries refunding loan	Actual recoverable loan amount as on 31 March 2005			Recovery of loan amount upto 31 March 2005			Outstanding balance as on 31 March 2005			Recovery percentage of principal amount to actual recoverable as on 31 March 2005
						P	I	T	P	I	T	P	I	T	
Under NSKFDC funding															
1.	Auto rickshaw	26.9.2000	20	12.58	3	10.13	4.67	14.80	0.82	0.26	1.08	9.31	4.41	13.72	8.09
2.	DTP scheme	29.9.2000	10	8.50	3	6.80	3.22	10.02	0.18	0.57	0.75	6.62	2.65	9.27	2.65
3.	Tailoring	7.10.2000	20	6.80	4	5.26	3.38	8.64	0.65	0.38	1.03	4.61	3.00	7.61	12.36
4.	Xerox	29.9.2000	10	11.90	3	9.58	5.07	14.65	0.11	0.65	0.76	9.47	4.42	13.89	1.15
5.	Piggery	7.10.2000	20	5.95	9	4.98	2.12	7.10	0.61	0.44	1.05	4.37	1.68	6.05	12.25
6.	General Store	7.10.2000	20	5.95	2	4.76	2.31	7.07	0.14	0.16	0.30	4.62	2.15	6.77	2.94
7.	General Store	4.10.2002	10	6.49	1	2.82	1.14	3.96	0.08	0.05	0.13	2.74	1.09	3.83	2.84
	Total:		110	58.17	25	44.33	21.91	66.24	2.59	2.51	5.10	41.74	19.40	61.14	5.84
Under NSFDC Funding															
1.	Piggery	30.10.2002	5	7.00	3	2.46	1.24	3.70	0.85	0.38	1.23	1.61	0.86	2.47	34.50
2.	Piggery	21.12.2002	12	18.00	10	5.44	2.76	8.20	0.34	0.56	0.90	5.10	2.20	7.30	6.25
3.	Power Tiller	19.11.2002	20	22.40	20	8.91	3.51	12.42	2.55	1.91	4.46	6.36	1.60	7.96	28.62
4.	Tractor	15.11.2002	10	27.80	10	11.45	4.49	15.94	1.50	1.32	2.82	9.95	3.17	13.12	13.10
5.	Bus	22.11.2002	1	6.40	1	2.56	1.58	4.14	0	0.56	0.56	2.56	1.02	3.58	0
6.	Tractor	17.4.2001	12	37.80	6	28.15	13.97	42.12	1.03	1.83	2.86	27.12	12.14	39.26	3.66
7.	Tata truck	6.6.2001	4	23.15	2	11.87	9.59	21.46	0	1.70	1.70	11.87	7.89	19.76	0
8.	Grocery	11.12.2002	20	14.00	15	5.55	2.40	7.95	1.44	1.06	2.50	4.11	1.34	5.45	25.95
9.	Grocery	30.10.2002	6	2.10	6	0.87	0.39	1.26	0.31	0.28	0.59	0.56	0.11	0.67	35.63
10.	Micro credit finance	8.12.2000	6	10.00	1	10.00	4.39	14.39	0	0.10	0.10	10.00	4.29	14.29	0
11.	DTP scheme	27.12.2000	5	5.65	1	4.35	2.07	6.42	0	0.10	0.10	4.35	1.97	6.32	0
12.	DTP scheme	29.4.2000	1	1.00	1	4.00	0.48	1.48	0	0.03	0.03	1.00	0.45	1.45	0
	Total		102	175.30	76	95.61	46.87	139.48	8.02	9.83	17.85	84.59	37.04	121.63	8.39

Note : P stands for Principal, I stands for Interest and T stands for Total

