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

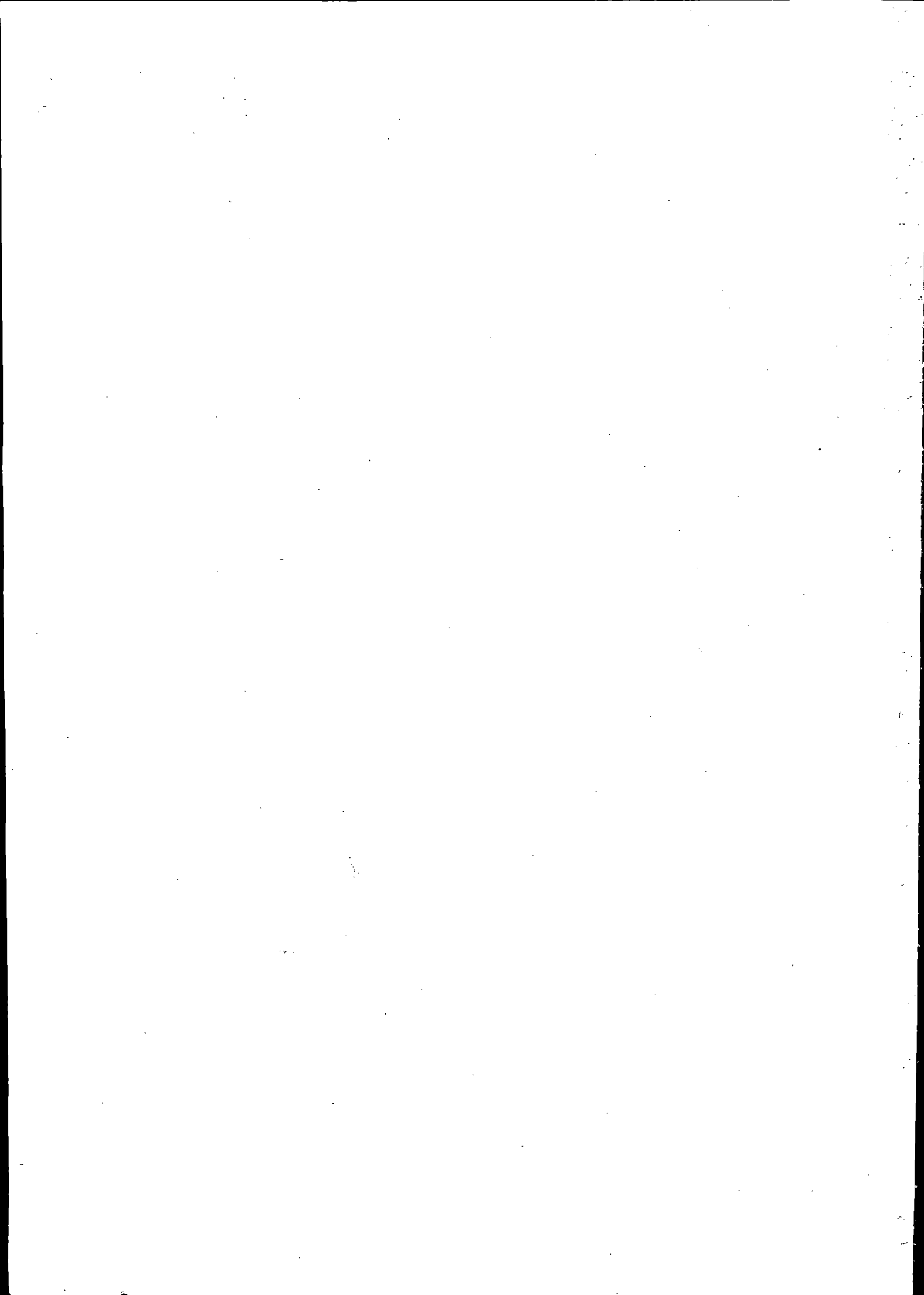
For the year ended 31 March 2008

GOVERNMENT OF MANIPUR

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2009

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श्री १६ प्रतिदिन विधान सभा
का काल दिनांक १९ मार्च २०१९
काल का गवाह
Report laid on the
table of the Legislative
Assembly



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

For the year ended 31 March 2008

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 2008.*
3. *The remaining chapters deal with the findings of performance audit and audit of transactions in various departments including the Public Works and Irrigation Departments, audit of Stores and Stock, Revenue Receipts, audit of Autonomous Bodies, Statutory Corporations, and Government Companies.*
4. *The cases mentioned in the Report are those which came to notice in the course of test audit of accounts during the year 2007-08, as well as those which had come to notice in earlier years but could not be dealt with in the previous Reports; matters relating to the period subsequent to 2007-08 have also been included wherever necessary.*



OVERVIEW

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OVERVIEW

This Report includes two chapters containing observations of Audit on the Finance Accounts and Appropriation Accounts of the State for the year 2007-08 and five other chapters with three performance reviews, including integrated audit of Irrigation and Flood Control Department, 23 (excluding general paragraphs) paragraphs dealing with the results of audit of selected schemes, programmes, financial transactions of the Government and its commercial and trading activities.

Copies of the performance reviews and paragraphs were sent to the Commissioners/Secretaries of the Departments concerned by the Accountant General for furnishing replies within six weeks. All the three reviews and eleven paragraphs were discussed with the concerned Principal Secretaries/Commissioners/Secretaries and other officers of the State Government. In respect of twelve audit paragraphs, replies had not been received from the State Government.

1. Finances of the State Government

The fiscal position of the State viewed in terms of the key fiscal parameters - revenue surplus, fiscal deficit and primary deficit - indicated significant improvement during 2007-08 over the previous year. While revenue surplus nearly tripled, both fiscal and primary deficits turned into surplus during the current year. The targets set by FRBM Act as well as by TFC/FCP/MTFPS in terms of deficit indicators were achieved earlier than the time limit set for them. The improvement in fiscal position of the State should however be considered keeping in view the fact that significant share (exceeding 90 *per cent*) of revenue receipts of the State is contributed by Central transfers comprising the State's share in Union pool of taxes and duties and grants-in-aid from the GOI during 2007-08. During the current year, around 98.6 *per cent* of the incremental revenue receipts were contributed by Central transfers relative to previous year. The expenditure pattern of the State reveals that although the revenue expenditure as a percentage of total expenditure declined from 86 *per cent* in 2003-04 to 67 *per cent* in the current year, NPRE continued to share the dominant proportion (79 *per cent*) during the current year. The NPRE at Rs.1,812 crore in 2007-08 remained significantly higher than the normatively assessed level of Rs.1563 crore by TFC for the year as well as the projections made by the State Government in its FCP and MTFPS for 2007-08. Further, the salaries and wages, pensions, interest payments and subsidies continued to consume a major share of NPRE, which was around 77 *per cent* during 2007-08. The continued prevalence of fiscal deficit during the period 2003-08 except in the current year when the State experienced fiscal surplus, indicates increasing reliance of the State on borrowed funds, resulting in increasing fiscal liabilities of the State over this period, which stood at 79.4 *per cent* of the GSDP in 2007-08 and further increases to 83 *per cent* after incorporating the contingent liabilities in the fold of total liabilities on Consolidated Fund of the State during the year. This is high especially if compared with the norm of 31 *per cent* to be

achieved by all the States by the terminal year of the TFC award period (2009-10). The increasing fiscal liabilities accompanied by a negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to an unsustainable fiscal situation in medium to long run unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilize the additional resources both through the tax and non tax sources in the ensuing years.

(Paragraph 1.1 to 1.10)

2. Allocative Priorities and Appropriation

The overall saving of Rs.555.18 crore was the result of saving of Rs.636.77 crore in 70 cases of grants and appropriations offset by excess of Rs.81.59 crore in 13 cases of grants/appropriations. The excess of Rs.81.59 crore during 2007-08 requires regularisation under Article 205 of the Constitution.

Supplementary provision of Rs.75.11 crore made in 14 cases during the year proved unnecessary as the expenditure in each case was even less than the original provision.

(Paragraph 2.3)

3. Performance reviews (CIVIL)

Planning Department

3.1 Non-lapsable Central Pool of Resources

The Non-Lapsable Central Pool of Resources (NLCPR) was established in 1998 for speedy development of infrastructure projects in the North Eastern States. In Manipur, 87 projects were sanctioned by the Government of India (GOI) during 1998-08. Performance review of execution of NLCPR funded projects revealed that project proposals were formulated without carrying out a gap analysis of infrastructural requirements and without considering the utilisation capacity of the funds. There were persistent savings of the funds released, ranging from 34 to 83 *per cent* during 2002-08. Although projects in critical sectors were given adequate priority and funding, implementation of projects under these sectors was poor.

(Paragraph 3.1)

Education (Schools) Department**3.2 Nutritional Support to Primary Education (Mid-day Meal scheme)**

The National Programme of Nutritional Support to Primary Education, a Centrally Sponsored Scheme, commonly known as "Mid-day-Meal scheme (MDM)" was launched on 15 August 1995 with the principal objective of boosting the universalisation of primary education by increasing enrolment, retention and learning levels of children and simultaneously improving nutritional status of primary school children of 6 to 11 years age group. The scheme is currently being implemented in 2,945 primary schools. Performance review of implementation of the scheme revealed that implementation of the scheme was based on unreliable enrolment data. Cooking cost was released with delays ranging from 109 to 394 days. The benefit of the scheme was not extended to about 68,000 students attending EGS/AIE centres due to non-finalisation of formalities.

(Paragraph 3.2)

4 Audit of Transactions (Civil)***Fraud/misappropriation/embezzlement/loss***

Inaction by the Department to get back 287 pump-sets or to realise their cost has subjected the Government to a loss of Rs.72.62 lakh.

(Paragraph 4.1)

The Government suffered a loss of Rs.10.89 lakh as penal interest due to delay in reporting currency transfer transaction by 153 days.

(Paragraph 4.2)

Three cheques amounting to Rs.9.45 lakh issued in the name of one contractor were encashed without entering in the cash book.

(Paragraph 4.3)

Measurement of a layer of Water Bound Macadam of a hill road was recorded with abnormal and unconventional specification resulting in excess payment of Rs.21.34 lakh.

(Paragraph 4.4)

By inflating the quantum of work done beyond the capacity of machinery used, the Department had billed Rs.12.66 lakh in excess of the quantity of work possible.

(Paragraph 4.5)

IRRIGATION & FLOOD CONTROL DEPARTMENT

5. Integrated Audit

The Irrigation and Flood Control Department is responsible for developing irrigation potential by construction/improvement of irrigation projects and management of flood control programmes in the State. Integrated audit of the Department revealed that ineffective budgetary control resulting in overall saving of Rs.87.75 crore against budget provision during 2003-08 affecting the Departmental activities. The Department incurred 21 to 61 *per cent* of its total expenditure in March alone during 2003-08. The Department could not complete three on-going projects even after a delay ranging from 11 to 21 years after their targeted dates of completion.

(Paragraph 5.1)

6. Revenue Receipts

6.1 Trend of revenue receipts

Revenue raised by the State Government during 2007-08 was nine *per cent* of the total revenue receipts against 11 *per cent* in the previous year. The balance 91 *per cent* of receipts during the year was from the Government of India.

(Paragraph 6.1)

The tax revenue receipts of the State Government during 2007-08 increased by 21.30 *per cent* as compared to the previous year.

(Paragraph 6.1.1)

The non-tax revenue receipts decreased by 9.02 *per cent* as compared to the previous year.

(Paragraph 6.1.2)

6.2 Audit of Transactions (receipts)

Failure of the Power Department to recover energy charges from consumers within the prescribed period led to loss of revenue amounting to Rs. 5.50 crore.

(Paragraph 6.2)

Failure of the Public Works Department to claim registration fee for enlistment of contractors resulted in non-realisation of Rs. 5.32 lakh.

(Paragraph 6.3)

Failure of the Taxation Department to detect escaped/suppressed turnover resulted in short levy of tax of Rs. 48.01 lakh including penalty.

(Paragraph 6.4)

Due to concealment of turnover, penalty of Rs. 2.46 crore was levied against the leviable penalty of Rs. 4.90 crore resulting in short levy of penalty by Rs. 2.44 crore.

(Paragraph 6.5)

The department allowed concessional rate of tax on account of inter-State sales without insisting on declaration in form 'C' resulting in short levy of tax amounting to Rs. 9.39 lakh.

(Paragraph 6.6)

Profession tax amounting to Rs. 20.38 lakh remained unrealised due to failure of the department to levy/recover the tax due.

(Paragraph 6.9)

7. Commercial Activities

7.1 General overview of Government companies and Statutory corporations

As on 31 March 2008, there were 15 Government companies (eight working and seven non-working) in the State. The total investment in working Government Companies was Rs.43.49 crore and in non-working Government Companies was Rs. 72.74 crore.

(Paragraphs 7.1, 7.2.1 & 7.8.1)

The accounts of eight working Government companies were in arrears for periods ranging from 10 to 25 years.

(Paragraph 7.4.3)

As per the latest finalised accounts, three working companies incurred an aggregate loss of Rs. 55 lakh while three working companies earned an aggregate profit of Rs. 1.35 crore. Two companies had not commenced commercial activities.

(Paragraph 7.5.2)

7.2 Audit of Transactions (Commercial)

Manipur Tribal Development Corporation Ltd. failed to deposit revenue amounting to Rs. 45.36 lakh being Sales tax/VAT deducted from the bills of contractors.

(Paragraph 7.15)

Manipur Cement Limited suffered loss of plant and machinery worth Rs. 56.47 lakh due to non disposal of assets.

(Paragraph 7.16)

Manipur Industrial Development Corporation gave undue financial benefit to a contractor by paying advance of Rs. 2.10 crore in violation of specific provision of the work order.

(Paragraph 7.17)

Chapter I
Finances of the State Government

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund¹ and (iii) Public Account (*Appendix 1.1-Part A*). The Finance Accounts are laid out in nineteen statements, presenting the receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State. The layout of the Finance Accounts is depicted in *Appendix 1.1-Part B*.

1.1.1 Summary of Receipts and Disbursements

The table below summarises the finances of the Government of Manipur for the year 2007-08 covering revenue receipts and expenditure, capital receipts and expenditure and public account receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed Statements.

Table 1.1: Summary of Receipts and Disbursements

(Rupees in crore)

2006-07	Receipts	2007-08	2006-07	Disbursements	2007-08		
Section A: Revenue							
					Non-Plan	Plan	Total
2,862.74	Revenue Receipts	3,508.27	2,414.65	Revenue Expenditure	1,812.61	479.91	2,292.52
121.57	Tax Revenue	147.45	873.35	General Services	928.72	3.22	931.94
181.04	Non-Tax Revenue	164.71	663.96	Social Services	484.19	234.04	718.23
436.33	Share of Union taxes/duties	550.40	877.34	Economic Services	399.70	242.65	642.35
2,123.80	Grants from Government of India	2,645.71	—	Grants-in-aid/contribution	-	-	-
Section B: Capital							
—	Miscellaneous Capital Receipts	-	866.97	Capital outlay	(-) 1.68	1,109.60	1,107.92
0.90	Recoveries of Loans and Advances	2.29	56.84	Loans and Advances disbursed	3.85	4.12	7.97
265.96	Public Debt receipts*	261.01	285.15	Repayment of Public Debt*			307.75
—	Contingency Fund	-	—	Contingency Fund	-	-	-
2,206.74	Public Account receipts	2,481.01	1,787.46	Public Account disbursements			1,953.25
31.79	Opening balance	(-) 42.94	(-) 42.94	Closing balance	-	-	540.23
5,368.13	Total	6,209.64	5,368.13	Total			6,209.64

* Excluding ways and means advances and overdraft.

The following are the changes during 2007-08 over the previous year:

- Revenue receipts grew by Rs.645.53 crore (23 per cent) over the previous year. The increase was mainly contributed by increase in grants from Government of India (GOI) (Rs.521.91 crore) and share of Union taxes/duties (Rs.114.07 crore).

¹ The State Government has not set up a Contingency fund as yet.

- While revenue expenditure decreased by Rs.122.13 crore over the previous year, capital expenditure increased by Rs.240.95 crore.
- While recoveries of loans and advances increased by Rs.1.39 crore (154 per cent), disbursement of loans and advances decreased significantly by Rs.48.87 crore (86 per cent).
- Public Debt receipts decreased marginally by Rs.4.95 crore, while its repayment increased by Rs.22.60 crore.
- Both Public Account receipts and its disbursement increased by Rs.274.27 crore and Rs.165.79 crore respectively over the previous year.
- The inflow and outflow of funds under various heads listed above resulted in a steep increase in closing balance from minus Rs.42.94 crore during 2006-07 to a huge surplus of Rs.540.23 crore during 2007-08.

1.1.2 Fiscal Position by Key Indicators

The fiscal position of the State Government during the current year compared to that of previous year is given below:

Table 1.2

			(Rupees in crore)
2006-07	Sl. No.	Major Aggregates	2007-08
2,863	1.	Revenue Receipts (2+3+4)	3,508
122	2.	Tax Revenue	147
181	3.	Non-Tax Revenue	165
2,560	4.	Other Receipts	3,196
1	5.	Non-Debt Capital Receipts	2
1	6.	Of which, recovery of Loans and Advances	2
2,864	7.	Total Receipts (1+5)	3,510
2,002	8.	Non-Plan Expenditure (9+11+12)	1,814
1,995	9.	On Revenue Account	1,812
289	10.	Of which, Interest Payments	298
2	11.	On Capital Account	(-) 2
5	12.	On Loans disbursed	4
1,337	13.	Plan Expenditure (14+15+16)	1,594
420	14.	On Revenue Account	480
865	15.	On Capital Account	1,110
52	16.	On Loans disbursed	4
3,339	17.	Total Expenditure (8+13)	3,408
(+) 448	18.	Revenue Surplus (+) (1-9-14)	(+) 1,216
(-) 475	19.	Fiscal Surplus (+) (17-1-5)	(+) 102
(-) 186	20.	Primary Surplus (+) (19-10)	(+) 400

During the current year, revenue receipts increased significantly by Rs.645 crore while revenue expenditure decreased by Rs.123 crore, as a result of which, the revenue surplus in 2007-08 increased sharply by Rs.768 crore (171 per cent). The increase of Rs.768 crore in non-debt receipts accompanied by an increase in capital expenditure (Rs. 241 crore) and decline in disbursement of loans (Rs.49 crore) has resulted in significant improvement in the fiscal health of the State and turned the fiscal deficit of Rs.475 crore in 2006-07 into fiscal surplus of Rs.102 crore in the current year. With a marginal increase of Rs.9 crore in interest payments, the primary deficit of Rs.186 crore in 2006-07

also turned into a huge surplus of Rs.400 crore in 2007-08 primarily due to sharp improvement in fiscal deficit position of the State during the current year.

1.2 Methodology adopted for assessment of Fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts were analyzed wherever necessary over the period of last five years (2003-08) and observations have been made on their behaviour as per *Appendix 1.3 to 1.5* and Time Series Data (*Appendix 1.6*). In its Restructuring Plan of State finances, the Twelfth Finance Commission (TFC) recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, the TFC also recommended that all States enact the Fiscal Responsibility (FR) Act and draw their fiscal correction path accordingly for the five year period (2005-10) so that fiscal position of the State could be improved as committed in their respective FR Acts/Rules during medium to long run. The norms/ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Government in its FR Act and in other Statements required to be laid in the Legislature under the Act were used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that Gross State Domestic Product (GSDP) is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage of the GSDP at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure *etc.*, with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure *etc.*, are keeping pace with the change in the base or these fiscal aggregates have also been affected by factors other than GSDP. The trends in the growth of GSDP as provided by the Department of Economics and Statistics, Government of Manipur are given in the table below:

Table 1.3

	2003-04	2004-05	2005-06	2006-07	2007-08
GSDP (Rupees in crore)	4062	4024	4693	6501	5,704
Rate of growth (in per cent)	8.61	(-) 0.94	16.63	38.53	(-) 12.26

Source: Department of Economics and Statistics, Government of Manipur

The key indicators adopted for the purpose are (i) Trends and Composition of Aggregate Receipts, (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 mobilization efforts, debt servicing and corrective fiscal measures. The 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. In addition, selected indicators of financial performance of the Government are also listed in this section; some of the terms used in this context are explained in *Appendix 1.1 Part C*.

1.2.1 The Fiscal Responsibility and Budget Management Act

The State Government enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 in August 2005 and framed the FRBM Rules in December 2005, to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater fiscal transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to the fiscal management principles, the Act prescribed the following fiscal targets for the Government to strive for:

- remain revenue surplus by reducing revenue expenditure and build up further surplus;
- bring down the fiscal deficit to 3 per cent of GSDP by 2008-09;
- Limit the amount of outstanding Government guarantees as per provisions of Manipur Ceiling on State Government Guarantee Act, 2004.
- Follow recruitment and wage policy so that the expenditure on salary does not exceed 35 per cent of the excess of revenue expenditure over interest and pension payments.

For reduction of revenue deficit and fiscal deficit, as laid down in the Act, the State Government framed the FRBM Rules, which state that the State Government shall strive to reduce the fiscal deficit by a minimum of 1 per cent of the GSDP by the end of each financial year, beginning with the financial year 2005-06 so as to achieve the target of reduction of fiscal deficit to 3 per cent by 2008-09 provided that, in the event of shortfall in the reduction of revenue and fiscal deficit as envisaged, the target of reduction of deficit in the succeeding year shall stand enhanced by the amount of shortfall in the preceding year.

1.2.2 Roadmap to achieve the Fiscal Targets as laid down in the FRBM Act/Rules

The State Government laid down its own Fiscal Correction Path (FCP) (*Appendix 1.2*), detailing the structural adjustments required for mobilizing additional resources and identifying areas where expenditure could be compressed, to achieve the targets set out in the FRBM Act. The FCP projected a revenue surplus of Rs.709.65 crore for 2007-08 with revenue receipts at Rs.2,966.20 crore and the revenue expenditure at Rs.2,256.56 crore; fiscal deficit to be contained at Rs.30.62 crore or 0.59 per cent of the projected GSDP (Rs.5,207.98 crore).

1.2.3 Fiscal Policy Statement(s)

As prescribed in the Act, the State Government was to lay in each year the following statements of fiscal policy along with the budget before the legislature:

- The Medium Term Fiscal Policy Statement (MTFPS) and,
- The Fiscal Policy Strategy Statement.

As per MTFPS, revenue surplus was projected at Rs.404.01 crore by March 2008 lower than the projection made in FCP, fiscal deficit was to be restricted to Rs.106 crore, higher than the projection made in FCP, and total outstanding liabilities were to be restricted to Rs.4,210.47 crore.

1.2.4 Mid-Year Review

As per the FRBM Act, the State Government is required to review its receipts and expenditure on a quarterly basis. However, as reliable data could not be received from the departments on time, the State Government decided to conduct a detailed review after the data is fully received. The State Government is taking necessary steps for completion of computerization of treasuries so that the review could be conducted on the basis of authentic and correct data in a timely manner.

1.2.5 Fiscal performance

In terms of an incentive scheme of TFC, a reward for fiscal performance was built into the debt-write off package under DCRF². According to the scheme, the quantum of write off of repayment of the GOI loans after consolidation and re-schedulement will be linked to the absolute amount by which revenue deficit is reduced in each successive year during the award period. In effect, if the revenue deficit is brought to zero, the entire repayment during the period will be written off. For States, which were in revenue surplus, as per the base year figure³ and continue to remain so in the subsequent years till the end of award period, the installment of repayment due on the Central loans may be written-off in each of the years from 2005-06 onwards so long as the revenue surplus of the States does not go below the base year level in absolute terms. As a result of improved fiscal performance in terms of this criterion, Manipur Government received a debt waiver of Rs.37.54 crore during 2007-08.

The performance of the State during 2007-08 in terms of key fiscal targets *vis-à-vis* achievements are given below:

² Debt Consolidation and Relief Facility: In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue deficit of the States, Government of India formulated a scheme "The State Debt Consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)" under which general debt relief is provided by consolidating and rescheduling at substantially reduced rates of interest the Central loans granted to States on enacting the FRBM Act and debt waiver is granted based on fiscal performance, linked to the reduction of revenue deficits of States.

³ The average of revenue deficit/revenue surplus for the years 2001-02 (Actuals), 2002-03 (Actuals) and 2003-04 (Revised Estimates).

Table 1.4 Statement showing targets/assessment of Fiscal variables

Fiscal variables	FRBM Targets/Assessment made by /TFC	Assessment made by the State Government		Actual
		FCP	MTFPS	
Revenue Deficit (Rupees in crore)	0.00 (by 31.3.2009)	(+) 709.65	(+) 404.01	(+) 1,216
Fiscal Deficit (Rupees in crore)	-	(-) 30.62	(-) 106.00	(+) 102
Fiscal Deficit/GSDP (per cent)	3 per cent of GSDP (by 31.3.2009)	0.59 per cent	1.80 per cent	Achieved Fiscal Surplus

As can be seen from the above table, the revenue surplus of Rs.1,216 crore during 2007-08 far exceeded the projection made in FCP/MTFPS. Not only did the State maintain revenue surplus since 2004-05, but also achieved fiscal surplus during the current year. The limit of total outstanding guarantees was also restricted within the ceiling stipulated by the State Government. However, the expenditure under non-plan salary heads as percentage of non-plan revenue expenditure minus interest and pension during 2004-07 still continued to be as high as 68 per cent exceeding significantly the ceiling limit of 35 per cent set by the FRBM Act in pursuance to TFC recommendations.

1.3 Trends and Composition of Aggregate Receipts

1.3.1 Trends in Aggregate Resources

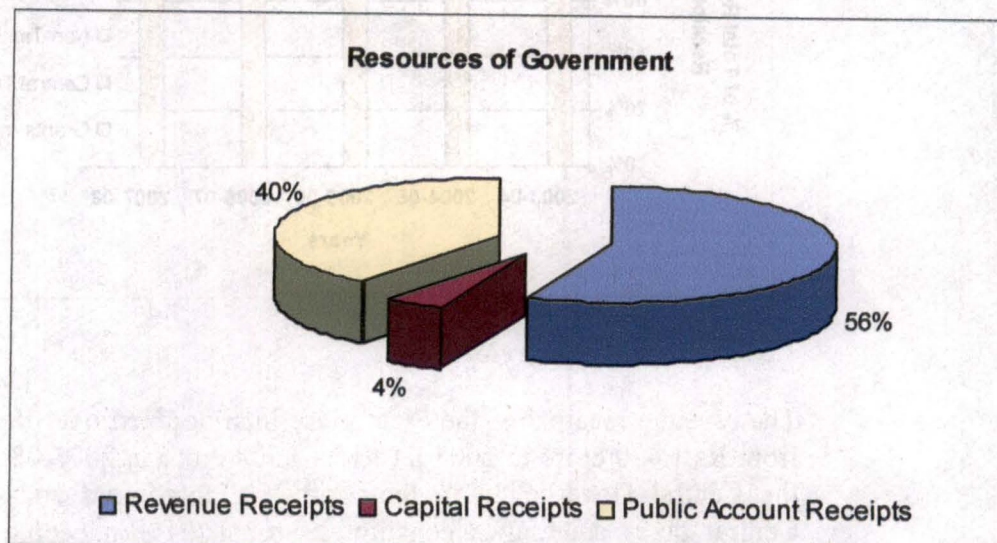
Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise miscellaneous capital receipts like proceeds from 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 the GOI, as well as accruals from Public Account. The constituent parts of the resources of the Government for the years 2003-08 are shown in the table below:

Table 1.5: Trends in Growth and Composition of Aggregate Receipts

Sources of State's receipts	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
I Revenue Receipts	1419.71	1742.75	2408.95	2862.74	3,508.27
II Capital Receipts	887.09	1110.77	218.75	266.86	263.30
<i>Recovery of Loans and Advances</i>	0.48	0.58	0.64	0.90	2.29
<i>Public Debt Receipts</i>	876.61	1110.19	218.11	265.96	261.01
<i>Miscellaneous Capital Receipts</i>	—	—	—	—	—
III Contingency Fund	—	—	—	—	—
IV Public Account Receipts	745.71	1107.96	2172.88	2206.74	2,481.01
<i>(a) Small Savings, Provident Fund etc.</i>	121.27	164.95	367.58	373.22	332.91
<i>(b) Reserve Fund</i>	5.16	7.40	10.36	0.84	13.33
<i>(c) Deposits and Advances</i>	31.82	136.31	517.72	203.68	390.38
<i>(d) Suspense and Miscellaneous</i>	44.47	202.95	225.09	(-) 1.13	191.33
<i>(e) Remittances</i>	542.99	596.35	1052.13	1630.13	1,553.06
Total Receipts	3042.51	3961.48	4800.58	5336.34	6,252.58

Total receipts of the State for the year 2007-08 were Rs*6,252.58 crore which have increased by 105.5 per cent from the level of Rs.3,042.51 crore in 2003-04. Of these, revenue receipts were the major contributor with 56 per cent followed by public account receipts with 40 per cent. Capital receipts

including public debt receipts constituted only 4 *per cent* of the aggregate receipts during the current year. Remittances consisting of mainly Public Works remittances (Rs.1,372.87 crore), Cash remittances between treasuries and currency chest (Rs.100.70 crore) and Reserve Bank of India remittances (Rs.54.12 crore) constituted about 62 *per cent* of the public account receipts.



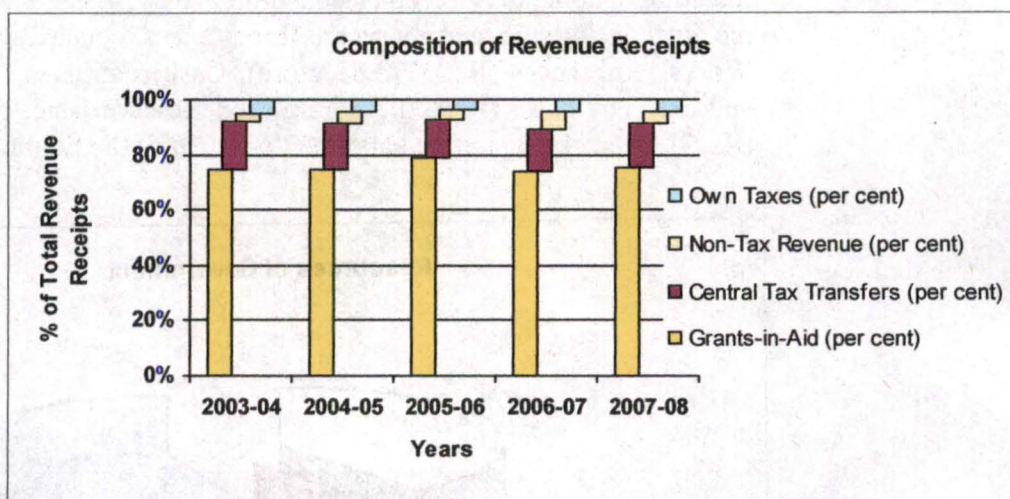
1.3.2 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the State consisting mainly of its own tax and non-tax revenues, Central tax transfers and grants-in-aid from the GOI. Overall revenue receipts, their annual rate of growth, ratio to the State's GSDP and buoyancy are indicated below:

Table 1.6: Revenue Receipts – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Receipts (Rupees in crore)	1,420	1,743	2,409	2,863	3,508
Own Taxes (<i>per cent</i>)	68 (4.79)	81 (4.65)	95 (3.94)	122 (4.26)	147 (4.19)
Non-Tax Revenue (<i>per cent</i>)	50 (3.52)	70 (4.02)	76 (3.16)	181 (6.32)	165 (4.70)
Central Tax Transfers (<i>per cent</i>)	241 (16.97)	287 (16.47)	342 (14.20)	436 (15.23)	550 (15.68)
Grants-in-aid (<i>per cent</i>)	1,061 (74.72)	1,305 (74.86)	1,896 (78.70)	2,124 (74.19)	2,646 (75.43)
Rate of Growth of Revenue Receipts (<i>per cent</i>)	6.93	22.75	38.21	18.85	22.53
Revenue Receipts/GSDP (<i>per cent</i>)	34.96	43.32	51.33	44.04	61.50
Revenue Buoyancy (ratio)	0.80	#	2.30	0.49	#
States' Own Taxes buoyancy (ratio)	0.53	#	1.04	0.73	#
Revenue Buoyancy with reference to State's own taxes (ratio)	1.50	1.19	2.21	0.66	1.10
GSDP Growth (<i>per cent</i>)	8.61	(-) 0.94	16.63	38.53	(-) 12.26

(# Rate of growth of GSDP was negative, but that of Revenue Receipts was positive)
 (Figures in brackets are percentages)



1.3.3 General trends

The revenue receipts of the State more than doubled over the last five years, from Rs.1,420 crore in 2003-04 to Rs.3,508 crore in 2007-08. The funds from the Central Government in the form of grants-in-aid and State's share of Central taxes and duties constituted around 91 *per cent* of total Revenue Receipts of the State during the period 2003-08 and remaining 9 *per cent* was shared by State's own resources.

1.3.4 Tax revenue

Over the years, the relative share of tax revenue in the revenue receipts of the State gradually declined from 4.79 *per cent* in 2003-04 to 4.19 *per cent* in 2007-08. The table below shows the trends in various components of tax revenue during 2003-08:

Table 1.7: Tax Revenue

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Sales Tax	46	55	71	97	121
State Excise	3	3	3	4	4
Taxes on Vehicles	3	3	4	3	3
Stamps & Registration fees	2	2	3	3	3
Electricity	-	5	-	#	-
Other Taxes*	14	13	14	15	16
Total	68	81	95	122	147

* Other taxes include Land revenue, Taxes on goods and passengers and other taxes and duties on commodities and services.

Rs.19 lakh only.

As the trends reveal, sales tax was the main contributor accounting for 82 *per cent* of the tax revenue receipts.

1.3.5 Non-tax revenue

The non-tax revenue (NTR) contribution ranged between 3.16 to 6.32 *per cent* of the revenue receipts during the last five years. During the current year, the non-tax receipts at Rs.165 crore were mainly contributed by Power (Rs.62.29 crore), Miscellaneous General Services (Rs.54.24 crore, which included Rs.37.54 crore as debt relief from the GOI for the year 2007-08) and Interest receipts realized on investment of cash balance (Rs.27.04 crore). A decline was noted from the level of Rs.181 crore in 2006-07 primarily due to the fact that during 2006-07, the State Government received an incentive of Rs.75.08 crore as debt waiver for two years (2005-06 and 2006-07) while during 2007-08, an incentive of Rs.37.54 crore pertained to the current year. However, a loss on this account was partly offset by a steep increase of Rs.22.05 crore in receipts from the power sector, which is attributed to action initiated against defaulters and unauthorized connections, intensification of revenue collection drive and imposition of production of "No Due Certificate" from all the State Government Employees including State undertaking firms.

The actual revenue receipts (own tax revenues and non-tax revenues) *vis-à-vis* assessment made by TFC and the State Government are given below:

Table 1.8: Revenue receipts (OTR &NTR*) *vis-à-vis* projection for the year 2007-08

	Assessment made by TFC	Assessment made by State Government		Actual
		FCP	MTFPS	
Tax Revenue	190.17	119.17	127.54	147.45
Non-tax Revenue	48.76	119.52	146.27	164.71

Source: TFC report, Departmental records and the Finance Accounts

* Own tax Revenue and Non-Tax Revenue

While tax revenue fell short of normative assessment made by the TFC, it was more than the assessment made in FCP/MTFPS. The actual non-tax revenue collected was more than the assessments made in the TFC/FCP/MTFPS.

1.3.6 Central tax transfers

The relative share of Central tax transfers in the revenue receipts of the State varied from 14.20 *per cent* to 16.97 *per cent* during the last five years and stood at 15.68 *per cent* in 2007-08.

1.3.7 Grants-in-aid

Grants-in-aid continue to be the main contributor of the State's revenue receipts constituting about 75 *per cent* (Rs.2646 crore) during 2007-08 and comprised of non-plan grant (Rs.982 crore), grants for State Plan Schemes (Rs.1418 crore), grants for Central Plan Schemes/Centrally Sponsored Schemes (Rs.213 crore) and grants for Special Plan Schemes (Rs.33 crore). The trends in the components of grants-in-aid over the period 2003-08 are presented in the table below:

Table 1.9: Grants-in-aid from the GOI

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Grants for State Plan Schemes	575	772	894	1020	1418
Non-Plan grants	391	426	846	931	982
Grants for Central Schemes/Centrally Sponsored Schemes	73	85	133	151	213
Grants for Special Plan Schemes for North Eastern Council and for other purposes	22	22	23	22	33
Total	1061	1305	1896	2124	2646
Percentage of increase/decrease over previous year	4.22	23.00	45.29	12.03	24.58

Grants for State Plan Schemes have increased by Rs.398 crore over the previous year, mainly due to increase in block grants by Rs.372 crore. Within the non-plan grants, the State received Rs.889.10 crore as non-plan revenue deficit grant as recommended by the TFC, Rs.27.64 crore for Modernization of Police Force; Rs.14.45 crore as reimbursement of Security Expenditure, Rs.9.62 crore for maintenance of Roads and Bridges (against Rs.19.24 crore recommended by TFC), Rs.9.43 crore for maintenance of public building (as recommended by TFC) etc. Increase of Rs.62 crore in Centrally Sponsored Schemes/Central Plan Schemes grants during 2007-08 over the previous year was mainly due to enhanced grants under Rajiv Gandhi National Drinking Water Mission (Rs.27.80 crore) over the previous year; RGGVY (Rs.11.94 crore); Construction of Singhat-Sinzuwal- Tuivai Road (Rs.10.0 crore) and Crop Husbandry (Rs.8.50 crore) in 2007-08 over the previous year.

1.4 Application of resources

1.4.1 Growth of expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The States raise resources to perform their sovereign functions, to maintain delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations.

The total expenditure of the State increased from Rs.1,706 crore in 2003-04 to Rs.3,408 crore in 2007-08, as shown below:

Table 1.10: Total expenditure – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Total Expenditure (Rupees in crore)	1,706	2,192	2,681	3,339	3,408
Rate of Growth (per cent)	8.18	28.49	22.31	24.54	2.07
TE/GSDP Ratio (per cent)	42.00	54.47	57.13	51.36	59.75
Revenue Receipts/ TE Ratio (per cent)	83.24	79.52	89.85	85.74	102.93
Buoyancy of Total Expenditure with					
GSDP (ratio)	0.95	#	1.34	0.64	-
Revenue Receipts (ratio)	1.18	1.25	0.58	1.30	0.09

Rate of growth of GSDP was negative but that of Total expenditure was positive.

Total expenditure, as a percentage of GSDP, has shown a rising trend and increased from 42 per cent in 2003-04 to 59.75 per cent in 2007-08. The total expenditure in 2007-08 consisted of revenue expenditure of Rs.2,292 crore (67.25 per cent), capital expenditure of Rs.1,108 crore (32.51 per cent) and

loans and advances of Rs.8 crore (0.23 *per cent*). On revenue account, non-plan expenditure decreased from Rs.1,995 crore in 2006-07 to Rs.1,812 crore during 2007-08 while plan expenditure grew from Rs.420 crore last year to Rs.480 crore this year. On capital account, there was a non-plan expenditure of minus Rs.2 crore during this year. Plan expenditure on capital account jumped by 28 *per cent* from Rs.865 crore last year to Rs.1,110 crore in the current year. An increase of Rs.241 crore in capital expenditure during 2007-08 over the previous year was mainly under Roads and Bridges (Rs.135.86 crore); Power projects (Rs.91.78 crore); Education, Sports, Art & Culture (Rs.72.64 crore); Minor Irrigation (Rs.36.95 crore); Medical & Public Health (Rs.32.45 crore) which were mainly offset by decrease in Major and Medium Irrigation projects (Rs.130.70 crore) and Public Works (Rs.26.73 crore).

1.4.2 Trends in total expenditure by activities: 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 Loans and Advances.

Table 1.11: Components of Expenditure – Relative share

	<i>(In per cent)</i>				
	2003-04	2004-05	2005-06	2006-07	2007-08
General Services	37.22	32.76	33.98	30.10	30.40
<i>Of which, interest payments</i>	<i>12.60</i>	<i>12.14</i>	<i>8.88</i>	<i>8.66</i>	<i>8.74</i>
Social Services	33.00	35.63	30.36	28.00	32.16
Economic Services	29.66	30.70	33.38	40.19	37.21
Loans and Advances	0.12	0.91	2.28	1.71	0.23

The above table shows that over the last five years, the percentage of expenditure on General Services (considered as non-developmental) has been gradually declining from 37.22 *per cent* (2003-04) to 30.40 *per cent* (2007-08). On the other hand, the percentage of developmental expenditure (Social and Economic Services) has been steadily increasing from 62.66 *per cent* in 2003-04 to 69.37 *per cent* in 2007-08. The increase in relative share of expenditure under Social Services was attributed to increase of expenditure of Rs.162.08 crore during 2007-08, which pushed down the relative share of expenditure under Economic Services.

1.4.3 Incidence of revenue expenditure

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. Details are given in the table below:

Table 1.12: Revenue Expenditure: Basic Parameters

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Expenditure (Rupees in crore)	1,464	1,651	2,004	2,415	2,292
<i>of which</i>					
Non-Plan Revenue Expenditure (NPRE)	1,259	1,396	1,592	1,995	1,812
Plan Revenue Expenditure (PRE)	205	255	412	420	480
Rate of Growth (<i>per cent</i>)					
NPRE	(-)1.33	10.88	14.04	25.31	(-) 9.17
PRE	47.48	24.39	61.57	1.94	14.29
NPRE/GSDP (<i>per cent</i>)	30.99	34.69	33.92	30.69	31.77
NPRE as percentage of TE	73.80	63.69	59.38	59.75	53.17
NPRE as percentage of RR	88.66	80.09	66.09	69.68	51.65
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.40	#	1.29	0.53	0.42
Revenue Receipts (ratio)	0.50	0.56	0.56	1.09	(-) 0.23

Rate of growth of GSDP was negative but that of Revenue expenditure was positive

Revenue expenditure increased by 57 *per cent* from Rs.1,464 crore in 2003-04 to Rs.2,292 crore in 2007-08. The revenue expenditure at Rs.1464 crore in 2007-08 was lower by Rs.123 crore over the previous year mainly due to decrease of Rs.183 crore in NPRE which was partly offset by an increase of Rs.60 crore in PRE. A decrease in NPRE by Rs.183 crore during the current year was mainly in Energy sector (Rs.276.46 crore)⁴, Pension and other retirement benefits (Rs.33.16 crore) and Transport (Rs.32.96 crore) partly compensated by increase in Education, Sports, Art & Culture (Rs.20.22 crore), Social Welfare & Nutrition (Rs.23.22 crore) and Election (Rs.13.18 crore). The actual NPRE *vis-à-vis* assessments made by the TFC and State Government (Table 1.13) reveals that despite a fall in NPRE during the current year, it not only exceeded the assessment made by State Government but also the normative assessment made by the TFC. As regards PRE, increase of Rs.60 crore was attributed to increase of Rs.44.26 crore under Economic Services and Rs.16.70 crore under Social Services offset by decrease of Rs.1.05 crore under General Services.

Table 1.13: NPRE in 2007-08 *vis-à-vis* Projections

	Assessment made by TFC	Assessment made by State Government		Actual NPRE
		FCP	MTFPS	
NPRE	1,562.92	1,780.65	1,774.82	1,812

Source: Finance Accounts, TFC and records of the Finance Department

⁴ Decrease of Rs.276.46 crore under Energy Sector during 2007-08 was mainly attributed to decrease in payment on account of power purchase by Rs.257.58 crore.

1.4.4 Committed Expenditure

1.4.4.1 Salaries and Wages

Table 1.14: Expenditure on Salaries and Wages

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Salaries & Wages*	667	731	872	813	928 ⁵
<i>of which,</i>					
Non-plan Head	636	702	837	779	884
Plan Head**	31	29	35	34	44
As a <i>per cent</i> of GSDP	16.42	18.17	18.58	12.51	16.27
As a <i>per cent</i> of RR	46.97	41.94	36.20	28.40	26.45

Source: VLC records

* Figures of Wages are based on the data from VLC

**Plan Head also includes salaries and wages paid under Centrally Sponsored Schemes.

Salary expenditure increased steadily during the period 2003-08 with a dip in 2006-07. There was a one time payment of DA arrears to Government employees during 2005-06 resulting in steep increase in salary expenditure over the previous year. During 2007-08 there was also an increase in dearness allowance (DA)⁶ (Rs.70 crore); merger of 50 *per cent* DA with Dearness Pay (Rs.13 crore); and normal increment (Rs.12 crore). This has led to sharp increase of salary expenditure by Rs.115 crore during 2007-08. As a result, the total salary bill under the non-plan heads relative to non-plan revenue expenditure net of interest payment and pension increased to 68 *per cent* during the current year and thus far exceeded the 35 *per cent* ceiling limit set by the FRBM Act in pursuance to TFC recommendations. However, relative to Revenue Receipts, salary expenditure has steadily declined from 47 *per cent* in 2003-04 to 26 *per cent* in 2007-08.

1.4.4.2 Pension payments

Table 1.15: Expenditure on pension

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on pension	166	182	168*	239	206
As <i>per cent</i> of GSDP	4.09	4.52	3.58	3.68	3.61
As <i>per cent</i> of RR	11.69	10.44	6.97	8.35	5.87

* excluding Rs.17.29 crore booked under the Major Head 8658 – Suspense Accounts.

Reduction of pension payment from Rs.239 crore during 2006-07 to Rs.206 crore during 2007-08 was mainly due to the one time payment of arrears of dearness relief of Rs.30 crore during 2006-07 resulting in a steep increase over the previous year. The actual pension payment *vis-à-vis* projections are given below:

⁵ Salaries: Rs.926 crore, Wages: Rs.2 crore

⁶ From 64 *per cent* to 74 *per cent*.

Table 1.16: Actual Pension Payments *vis-à-vis* projections for the year 2007-08

	Assessment made by TFC	Assessment made by the State Government		Actual pension payment
		FCP	MTFPS	
		Pension payments	245.36	

Actual pension payment during the current year was lower than the projection made in FCP and the normative assessment made by TFC. However, it exceeded the projection made in the MTFPS. The Government of Manipur, however, has adopted the new Restructured Defined Contribution Pension Scheme of the GOI *mutatis mutandis* in respect of new entrants to the State's service with effect from 1 January 2005. This would mitigate the impact of rising pension liabilities in future.

1.4.4.3 Interest payments

Table 1.17: Interest payments

Year	Total Revenue receipts	Interest Payments	Percentage of Interest Payments with reference to	
			Revenue Receipts	Revenue Expenditure
			2003-04	1,420
2004-05	1,743	266	15.26	16.11
2005-06	2,409	238*	9.88	11.88
2006-07	2,863	289	10.09	11.97
2007-08	3,508	298	8.49	13.00

* In 2005-06, interest of Rs.13.35 crore paid on Power Bonds was depicted under Major Head 2801 – Power.

The above table shows that although the State's expenditure on interest payments has been rising over the years, its ratio to the revenue receipts reduced steadily - from 15.14 *per cent* in 2003-04 it dropped to 8.49 *per cent* in 2007-08. The current year's payment consisted of interest on internal debt (Rs.145.36 crore), interest on loans received from the Central Government (Rs.98.77 crore), interest on Small Savings, Provident Fund *etc.* (Rs.54.37 crore). The actual interest payment *vis-à-vis* projections are given below:

Table 1.18 Actual Interest payment *vis-à-vis* projections for the year 2007-08

	Assessment made by TFC	Assessment made by the State Government		Actual interest payment
		FCP	MTFPS	
		Interest payments	371.50	

While Interest payment during the year exceeded marginally the expectation set by the State Government, it was less than what was assessed by the TFC mainly due to low interest rate regime as well as the re-schedulement of the GOI loans at lower rate of interest for the next 20 years under DCRF.

1.4.4.4 Subsidies

During the current year, an amount of Rs.25.47 lakh was given by the State Government as subsidy. Animal Husbandry received the major share (Rs.18.29 lakh); and Social Welfare and Nutrition (Rs.5.44 lakh). This is a

sharp decrease from an amount of Rs.2.57 crore given as subsidy by the State Government during 2006-07.

1.5 Expenditure by Allocative Priorities

1.5.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore, the ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure spent on running the existing social and economic services efficiently and effectively would determine the quality of expenditure. The higher the ratio of these components to total expenditure and GSDP, the better is the quality of expenditure. The table below gives these ratios for the period 2003-08.

Table 1.19: Indicators of Quality of Expenditure

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Capital expenditure	240	521	616	867	1,108
Revenue expenditure	1,464	1,651	2,004	2,415	2,292
Of which					
Social and Economic Services with	837	947	1,282	1,541	1,360
(i) Salary & Wage Component	484	530	619	568	649
(ii) Non-Salary & Wage component	353	417	663	973	711
As per cent of Total Expenditure excluding loans and advances					
Capital Expenditure	14.08	23.99	23.51	26.42	32.59
Revenue Expenditure	85.92	76.01	76.49	73.58	67.41
As per cent of GSDP					
Capital Expenditure	5.91	12.95	13.13	13.34	19.42
Revenue Expenditure	36.04	41.03	42.70	37.15	40.18

The capital expenditure relative to the total expenditure as well as to the GSDP has been steadily rising over the last five years. Capital expenditure was mainly incurred on Transport (Rs.230 crore), Water Supply, Sanitation & Housing (Rs.172 crore), Irrigation & Flood Control (Rs.164 crore), Power (Rs.153 crore) and Education, Sports, Art & Culture (Rs.120 crore). The share of revenue expenditure in the total expenditure on the other hand has been declining over the years indicating a shift towards capital expenditure. Within the revenue expenditure, the share of salary component (Social and Economic Services) has gradually declined from 33 *per cent* in 2003-04 to 28 *per cent* in 2007-08 while the share of non-salary component (Social and Economic Services) has correspondingly increased from 24 to 31 *per cent* during this period. Assuming that capital expenditure incurred is on creating physical and social infrastructure and non-salary component of revenue expenditure is on efficient running and maintenance of social and economic services, then trends presented in the table would tend to indicate improvement in quality of development expenditure in the State during the period.

1.5.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities *etc.* have a strong linkage with eradication of poverty and economic progress, it would

be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. The table below summarizes the expenditure incurred by the State Government in expanding and strengthening Social Services in the State during 2003-08:

Table 1.20: Expenditure on Social Services

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Education, Sports, Art and Culture					
Revenue Expenditure	291	325	412	386	409
Of which					
(a) Salary & Wage component	204	221	250	250	261
(b) Non-salary & Wage component	87	104	162	136	148
Capital Expenditure	14	71	10	47	120
Sub total	305	396	422	433	529
Health and Family Welfare					
Revenue Expenditure	67	61	78	68	93
Of which					
(a) Salary & Wage component	51	54	67	61	82
(b) Non-salary & Wage component	16	7	11	7	11
Capital Expenditure	8	6	5	29	62
Sub total	75	67	83	97	155
Water Supply, Sanitation, Housing and Urban Development					
Revenue Expenditure	20	33	73	63	37
Of which					
(a) Salary & Wage component	17	19	24	20	23
(b) Non-salary & Wage component	3	14	49	43	14
Capital Expenditure	69	167	101	188	172
Sub total	89	200	174	251	209
Other Social Services					
Revenue Expenditure	89	104	121	147	179
Of which					
(a) Salary & Wage component	31	30	40	35	41
(b) Non-salary & Wage component	58	74	81	112	138
Capital Expenditure	6	14	14	7	24
Sub total	95	118	135	154	209
Total (Social Services)	564	781	814	935	1,096
Revenue Expenditure	467	523	684	664	718
Of which					
(a) Salary & Wage component	303	324	381	367	407
(b) Non-salary & Wage component	164	199	303	297	311
Capital Expenditure	97	258	130	271	378

Expenditure on Social Services increased from Rs.564 crore in 2003-04 to Rs.1,096 crore (94 per cent increase) in 2007-08. However, bulk of this expenditure was on revenue account ranging from 66 per cent (2007-08) to 84 per cent (2005-06). Expenditure on Social Services was distributed over four heads, i.e. Education, Sports, Art and Culture (48 per cent); Water Supply, Sanitation, Housing and Urban Development (19 per cent); Other Social Services (19 per cent) and Health and Family Welfare (14 per cent). The table also discloses that major portion of the expenditure was on revenue account except in the case of Water Supply, Sanitation, Housing and Urban Development and that bulk of the expenditure was on salary and wages.

Recognizing the need to improve the quality of education and health services, TFC recommended that the non-plan salary expenditure under education and health and family welfare should increase only by five to six per cent while non-salary expenditure under non-plan heads should increase by 30 per cent

per annum during the award period. However, trends in expenditure (taking plan and non-plan together) revealed that increase in salary expenses on Education was negligible (0.04 *per cent*) and 4.4 *per cent* during 2006-07 and 2007-08 respectively over the corresponding previous years while in Health sector it was minus 8.9 and 34.40 *per cent* during the same period. Similarly increase in non-salary expenses was (-) 16 and 8.8 *per cent* in education and (-)36.36 and 57.14 *per cent* in health sector during the years 2006-07 and 2007-08 respectively. It is imperative to make changes in the expenditure pattern in these priority sectors to ensure conformity to TFC norms.

1.5.3 Expenditure on Economic Services

The expenditure on Economic Services includes all such expenditure that promotes, directly or indirectly, the productive capacity of the State's economy. The State's total expenditure in this sector had been increasing during the last five years (2003-04: Rs.505 crore to 2007-08: Rs.1,268 crore) and accounted for 37.21 *per cent* of total expenditure and 53.64 *per cent* of the development expenditure during the current year. The composition of expenditure under Economic Sectors except for Transport Sector exhibited relative stability during the period. In Transport Sector it increased to 23 *per cent* of the total expenditure during 2007-08 from 17 *per cent* during 2003-04. Under the Capital head, the expenditure increased steadily and accounted for 49.37 *per cent* under the sector during the current year. In fact, the capital expenditure under Irrigation & Flood Control and Transport far exceeded the revenue expenditure under these heads.

Table 1.21: Expenditure on Economic Services

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Agriculture, Allied Activities					
Revenue Expenditure	95	107	144	156	212
Of which					
(a) Salary & Wage component	65	73	90	78	86
(b) Non-salary & Wage component	30	34	54	78	126
Capital Expenditure	4	12	12	4	4
Sub total	99	119	156	160	216
Irrigation and Flood Control					
Revenue Expenditure	37	34	44	41	39
Of which					
(a) Salary & Wage component	23	25	31	28	30
(b) Non-salary & Wage component	14	9	13	13	9
Capital Expenditure	31	39	139	258	164
Sub total	68	73	183	299	203
Power & Energy					
Revenue Expenditure	101	127	194	433	156
Of which					
(a) Salary & Wage component	36	38	44	41	42
(b) Non-salary & Wage component	65	89	150	392	114
Capital Expenditure	29	39	29	61	153
Sub total	130	166	223	494	309
Transport					
Revenue Expenditure	42	31	45	100	67
Of which					
(a) Salary & Wage component	16	17	22	18	23
(b) Non-salary & Wage component	26	14	23	82	44
Capital Expenditure	35	88	76	83	230
Sub total	77	119	121	183	297
Other Economic Services					
Revenue Expenditure	96	125	171	148	168
Of which					
(a) Salary & Wage component	41	53	51	37	61
(b) Non-salary & Wage component	55	72	120	111	107
Capital Expenditure	35	71	42	59	75
Sub total	131	196	213	207	243
Total (Economic Services)	505	673	896	1343	1,268
Revenue Expenditure	371	424	598	878	642
Of which					
(a) Salary & Wage component	181	206	238	202	242
(b) Non-salary & Wage component	190	218	360	676	400
Capital Expenditure	134	249	298	465	626

The trends in revenue and capital expenditure on Economic Services indicate that capital expenditure increased by 376 per cent from Rs.134 crore (27 per cent of total expenditure) in 2003-04 to Rs.626 crore (49 per cent of the total expenditure) in 2007-08. On the other hand revenue expenditure increased steadily by 137 per cent from Rs.371 crore (73 per cent of the total expenditure) in 2003-04 to Rs.878 crore (65 per cent of the total expenditure) in 2006-07 which however sharply declined to Rs.642 crore (51 per cent of the total expenditure) in 2007-08 primarily due to fall in expenditure in power sector for the purchase of power. An increase of Rs.161 crore (35 per cent) in capital expenditure in 2007-08 over the previous year led to increase in its share in total expenditure incurred on economic services from 35 per cent in 2006-07 to 49 per cent in 2007-08 suppressing the share of revenue expenditure correspondingly from 65 per cent and 51 per cent respectively. Within the revenue expenditure, the share of salary component decreased from

49 per cent in 2003-04 to 38 per cent during 2007-08 with inter year variations and the share of non-salary component has correspondingly increased during the period from 51 per cent to 62 per cent.

1.5.4 Financial Assistance to Local Bodies and other Institutions

The quantum of assistance provided by way of grants to local bodies and others during the five year period 2003-08 is presented in the table below:

Table 1.22: Financial Assistance

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Educational Institutions (Aided Schools, Aided Colleges, Universities etc.)	28.90	45.19	75.71	40.20	40.50
Municipal Corporations and Municipalities	1.54	2.12	1.84	0.87	1.93
Other Institutions	0.69	0.78	1.03	1.25	0.84
Total	31.13	48.09	78.58	42.32	43.27
Assistance as percentage of RE	2.13	2.91	3.92	1.75	1.89

The total financial assistance given during 2007-08 was Rs.43.27 crore and it constituted only a small percentage of revenue expenditure at 1.89 per cent. The trends indicate that the major portion of financial assistance was given to the educational institutions during 2003-08.

1.5.5 Non-submission of accounts

The accounts of the Manipur State Legal Services Authority, which are to be audited under Section 19(2) of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act 1971, were due for the years 2005-08.

1.6 Assets and liabilities

In the Government accounting system, comprehensive accounting of the fixed assets like land and buildings owned by Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. *Appendix 1.5* gives a picture of such liabilities and the assets as on 31 March 2008, compared with the corresponding position on 31 March 2007. While the liabilities consist mainly of internal borrowings, loans and advances from the GOI, receipts 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 1.5 shows that the increase in liabilities was mainly on account of market borrowings, small savings, and deposits. The liabilities of the Government depicted in the Finance Accounts, however, do not include pension, other retirement benefits payable to serving/retired State employees and guarantees issued by the State Government.

On the assets side, there was an increase of 20.37 per cent in the capital outlay on fixed assets, and large increase in the cash balance, comprising mainly of the cash balance investment account with the RBI, which started with an

opening balance of Rs.319.11 crore and ended with a closing balance of Rs.628.18 crore.

1.6.1 Incomplete projects

As on 31 March 2008, there were 13 projects of the Public Works Department due to be completed by the close of the current financial year. Against the total budgeted cost of Rs.21.45 crore on these projects, the Government has already spent Rs.10.12 crore but these projects are yet to be completed. These incomplete projects had a time overrun ranging from three months to sixty-seven months as on 31 March 2008.

1.6.2 Investments and returns

The table below shows that the Government had invested Rs.174 crore in Statutory Corporations, Government Companies and Co-operative Institutions up to the end of 2007-08, but there was negligible return on its investments showing that the investments were not economically viable. While on the one hand, the Government was not earning any profit from these investments, on the other hand, it was paying interest on its borrowings at an average rate of 6.84 per cent.

Table 1.23: Return on investment

(Rupees in crore)					
Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on Government borrowing (in per cent)	Difference between interest rate and return (in per cent)
2003-04	144	0.08	0.06	9.50	9.44
2004-05	162	0.08	0.05	9.88	9.83
2005-06	173	*	—	6.81	6.81
2006-07	173	—	—	7.14	7.14
2007-08	174 ⁷	0.05	0.03	6.84	6.81

* Only Rs.2,730

Investments as on 31 March 2008 were made in two Statutory Corporations, 15 Government companies and in a number of Co-operative banks and societies. Major investments were made in Manipur State Road Transport Corporation (Rs.41.56 crore), Manipur Spinning Mills Corporation Ltd. (Rs.33.89 crore), Manipur Handloom and Handicrafts Development Corporation Ltd. (Rs.11.79 crore) and Manipur State Co-operative Bank Ltd. (Rs.21.99 crore). Of these, Manipur State Road Transport Corporation has already been liquidated and Manipur Spinning Mills Corporation Ltd. is going in for liquidation. Manipur Handloom and Handicrafts Development Corporation Ltd. is a loss making company and till the year (1987-88) for which accounts were finalized, the accumulated losses amounted to Rs.2.21 crore.

⁷ Difference in investment figures shown in the Table and Appendix 7.1 of Commercial Chapter is under reconciliation.

1.6.3 Loans and advances by the Government

Apart from investments in co-operatives, corporations and companies, the State Government has also been providing support in terms of loans and advances to many organizations; and at the end of 2007-08 such advances stood at Rs.198.79 crore. The table below shows that interest received as percentage of outstanding loans and advances was much less than the average interest rate paid on Government borrowings. The table shows that during 2007-08 there was significant improvement in repayment of loans and the quantum of loans advanced was also restricted significantly.

Table 1.24: Average interest received on loans advanced by the Government
(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Opening balance	56.04	57.52	77.21	137.16	193.11
Amount advanced during the year	1.96	20.27	60.59	56.85	7.97
Amount repaid during the year	0.48	0.58	0.64	0.90	2.29
Closing balance	57.52	77.21	137.16	193.11	198.79
Net Addition	1.48	19.69	59.95	55.95	5.68
Interest received	0.19	0.26	0.52	0.70	0.56
Interest received as <i>per cent</i> to average outstanding loans and advances	0.33	0.39	0.49	0.42	0.28
Average interest rate (in <i>per cent</i>) paid on borrowings by State Government	9.50	9.88	6.81	7.14	6.84
Difference between average interest paid and received (<i>per cent</i>)	9.17	9.49	6.32	6.72	6.56

Major recipients of loans during 2007-08 were other village industries (Rs.4.12 crore) and advance for purchase of motor conveyance (Rs.3.72 crore). Major portion of the outstanding loans of Rs.198.79 crore were with Social Welfare (Rs.130.35 crore), Housing (Rs.18.13 crore) and Co-operation (Rs.15.78 crore). While the State Government earned less than one *per cent* interest over loans and advances made by it during the last five years against TFC norm of 5 *per cent*, it was paying much higher rate on its borrowing during 2003-08 ranging from 6.81 to 9.88 *per cent*.

1.6.4 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances from RBI has been put in place. The operative limit for Normal Ways and Means Advances is reckoned on the three year average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by the RBI from time to time depending on the holding of Government securities. The limit for Normal Ways and Means Advances has been fixed at Rs.60 crore while Special Ways and Means Advances has been fixed up to a maximum of Rs.4.29 crore against the pledge of GOI securities.

During 2007-08, the State Government had to resort to ways and means advance of Rs.38.79 crore for seven days for which an interest of Rs. three lakh had to be incurred. The details are depicted in the table below:

Table 1.25: Ways and Means Advances and Overdrafts

(Rupees in crore)					
	2003-04	2004-05	2005-06	2006-07	2007-08
Ways and Means Advance					
Availed in the year	247.07	191.24	90.90	—	38.79
Outstanding WMAs	55.31	54.83	—	—	-
Interest paid	2.99	1.22	2.51	—	0.03
Number of days	48	35	127	—	7
Overdraft					
Availed in the year	215.20	50.31	6,520.20	—	-
Number of days	212	119	44	—	-
Interest paid	1.71	9.16	1.99	—	-

However, the trends in cash balances of the State indicate that during 2005-06, the State had a closing balance of Rs.31.79 crore which turned into a negative balance of minus Rs.42.93 crore during 2006-07. However, due to huge revenue surplus to the tune of Rs.1,216 crore, the State could achieve a huge closing balance of Rs.540.23 crore at the end of 2007-08.

1.7 Undischarged liabilities

1.7.1 Fiscal Liabilities – Public Debt and Guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund – Capital Account. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. As per the FRBM Act, total liabilities are taken as the sum of the liabilities under the Consolidated Fund of the State and the Public Account of the State.

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 and give guarantees within such limits as may be fixed. Other liabilities, which are a part of Public Account, include deposits under small savings schemes, provident funds and other deposits.

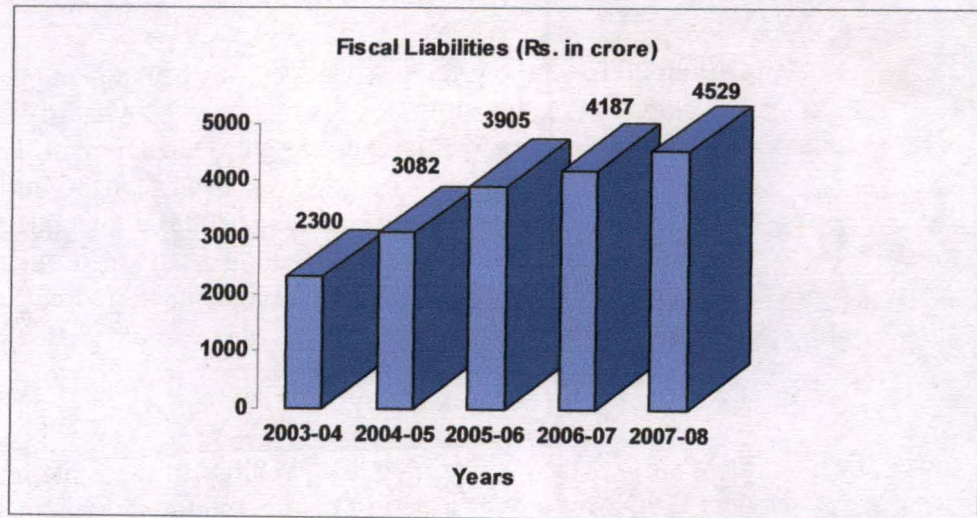
The table below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters:

Table 1.26: Fiscal Liabilities – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Fiscal Liabilities (Rupees in crore)	2,300	3,082	3,905	4,187	4,529
Rate of Growth (<i>per cent</i>)	3.37	34.00	26.70	7.22	8.17
Ratio of Fiscal Liabilities to					
GSDP (<i>per cent</i>)	56.62	76.59	83.21	64.41	79.40
Revenue Receipt (<i>per cent</i>)	162.00	176.85	162.10	146.24	129.09
Own Resources (<i>per cent</i>)	1,949.15	2,041.06	2,283.63	1,381.85	1,451.60
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	0.39	#	1.61	0.19	#
Revenue Receipt (ratio)	0.49	1.49	0.70	0.38	0.36
Own Resources (ratio)	*	1.22	2.02	0.09	2.75

Rate of growth of GSDP was negative, * Own resources had a negative growth

The above table shows that the rate of growth of the fiscal liabilities has gone up significantly during the last five years from Rs.2,300 crore in 2003-04 to Rs. 4,529 crore in 2007-08 which is also depicted in the bar-diagram below:



The fiscal liabilities comprised of Public Debt (Rs.2290.45 crore) and Small Savings, Provident Funds etc. (Rs.1381.62 crore), Interest bearing Deposits (Rs.6.78 crore) and Non-Interest bearing Deposits (Rs.849.92 crore). The increase during 2007-08 was mainly because of rise in internal debt (Rs.189.97 crore) and small savings, provident fund *etc.* (Rs.252.33 crore). The increasing liabilities tend to adversely impact the future cash flow of the State by way of servicing these liabilities, if the returns are not commensurate with the cost of these liabilities.

The State Government had set up (February 2008) a consolidated Sinking Fund for amortization of market borrowings, other loans and debt obligations, as per the recommendation of the TFC, but had not transferred any amount in this Fund during the current year.

1.7.2 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower to whom the guarantee has been extended.

As per Section 3 of the Manipur Ceiling on State Government Guarantee Act, 2004 (Act), the total outstanding guarantees as on 1 April of any year shall not exceed thrice the State's own tax revenue receipts of the second preceding year. During the current year the outstanding amount of guarantees was reduced to Rs.211 crore from last year figure of Rs.251 crore. The outstanding amount was also kept within the limit of the Act *ibid*.

Table 1.27: Guarantees given by the Government

(Rupees in crore)				
Year	Maximum amount guaranteed	Outstanding amount of guarantees	State's OTR in second preceding year	Outstanding Guarantees vis-à-vis Ceiling limit fixed under the Act
2003-04	214	22	51	Within the Ceiling Limit
2004-05	214	22	65	-do-
2005-06	247	209	68	Exceeded the Limit by Rs.5 crore
2006-07	194	251	81	Exceeded the Limit by Rs.8 crore
2007-08	207	211	95	Within the Ceiling Limit

During 2007-08 the principal beneficiaries of the guarantees were Planning & Development Authority (Rs.136.52 crore), Khadi & Village Industries (Rs.40.65 crore) and Manipur Tribal Development Corporation (Rs.9.59 crore). No guarantee fee has, however, been realized during these years. The State Government had set up (February 2008) a guarantee redemption fund to meet the contingent liabilities arising from such guarantees, as per the recommendation of the TFC but had not transferred any amount in this Fund during the current year.

1.7.3 Debt Sustainability

Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability of the State to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt. A prior condition for debt sustainability is debt stabilization in terms of debt/GSDP ratio.

1.7.4 Debt Stabilization

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate–interest rate) and quantum spread (debt x rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio

would eventually be falling. Trends in fiscal variables indicating the progress towards debt stabilisation are indicated in the table below:

Table 1.28: Debt sustainability – Interest Rate and GSDP Growth (in per cent)

	2003-04	2004-05	2005-06	2006-07	2007-08
Average Interest Rate	9.50	9.88	6.81	7.14	6.84
GSDP Growth	8.61	(-)0.94	16.63	38.53	(-) 12.26
Interest spread	(-)0.89	(-)10.82	9.82	31.39	(-) 19.10
Outstanding fiscal liabilities (Rs. in crore)	2224.55	2299.63	3082.11	3904.83	4,187.23
Quantum Spread (Rs. in crore)	(-)19.80	(-)248.82	302.66	1225.73	(-) 799.76
Primary Deficit (Rs. in crore)	(-)71.00	(-)182.00	(-)33.00	(-)186.00	(+) 400.00

It is revealed from the Table that primary deficit together with quantum spread turned out to be negative during the first two years (2003-05) indicating increasing debt- GSDP ratio as well as FD-GSDP ratio. However, during the next two years (2005-07) the positive quantum spread exceeded the primary deficit reversing the trend and bringing the ratio of fiscal liabilities to GSDP to around 64 per cent in 2006-07 which again rose to 79 per cent in the current year owing to huge negative quantum spread despite a primary surplus in the current year. Since the State has revenue surplus, debt could be sustained in the short run; but for its sustainability in the long run, it is necessary that the borrowed funds are able to generate adequate incremental revenue to service the debt obligations.

1.7.5 Sufficiency of Non-debt Receipts

Another indicator of debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. The table below indicates the resource gap as defined for the period 2003-08:

Table 1.29: Incremental Revenue Receipts and Revenue Expenditure

Period	(Rupees in crore)				Resource Gap
	Non-debt Receipts	Primary expenditure	Interest payments	Total expenditure	
(1)	(2)	(3)	(4)	(5)	(6)
2003-04	92	169	(-) 40	129	(-) 37
2004-05	324	435	51	486	(-) 162
2005-06	666	517	(-) 28	489	177
2006-07	454	607	51	658	(-) 204
2007-08	645	59	10	69	576

The resource gap between non-debt receipts and total expenditure oscillated between negative and positive phases during the period 2003-08. While the gap was negative in 2007-08, it turned positive in the current year mainly due to decrease in non-plan revenue expenditure (Rs.183 crore) and increase in revenue receipts (Rs.645 crore). Trends indicate that positive resource gap was attained in those years wherein revenue receipts comprised of more than 90 per cent by Central transfers.

1.7.6 Net Availability of Funds

Debt sustainability of the State also depends on (i) the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. The solution to the Government debt problem lies in application of borrowed funds, i.e. they are (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general which may result in increase in Government revenue.

The table below gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State over the last five years:

Table 1.30: Net Availability of Borrowed Funds

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Internal debt					
Receipts	812	325	304	260	291
Repayment (Principal + Interest)	706	437	238	160	247
Net Fund Available	106	(-) 112	66	100	44
Net Fund Available (<i>per cent</i>)	13.05	-	21.71	38.46	15.12
Loans and Advances from Government of India					
Receipts	527	1,027	5	6	8
Repayment (Principal + Interest)	724	491	168	365	344
Net Fund Available	(-)197	536	(-) 163	(-)359	(-) 336
Net Fund Available (<i>per cent</i>)	-	52.19	-	-	-
Other obligations					
Receipts	155	303	887	560	721
Repayment (Principal + Interest)	205	211	204	308	387
Net Fund available	(-) 50	92	683	252	334
Net Fund available (<i>per cent</i>)	-	30.36	77	45	46.32
Total liabilities					
Receipts	1,494	1,655	1,196	826	1,020
Repayment (Principal + Interest)	1,635	1,139	610	833	978
Net Funds Available	(-)141	516	586	(-)7	42
Net Funds Available (<i>per cent</i>)	-	31.18	49.00	-	4.12

The debt redemption ratio has widely fluctuated during the period 2003-08 and remained more than unity in 2003-04 and 2006-07 while it varied between 4 to 49 *per cent* in the remaining years. It was observed from the trends of net availability of funds during the period under review that the debt repayments were either more than or almost equal to the debt receipts in those years (2003-04, 2006-07 and 2007-08) wherein repayments of GOI loans were significantly higher than their receipts and the repayments in public account were either exceeded or marginally lower than the receipts.

1.8 Management of deficits

Deficit in Government accounts represents the gap between its receipts and expenditure. The nature 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 borrowed resources are applied and used by the Government are important pointers to its fiscal health.

1.8.1 Trends in Deficits

The trends in fiscal parameters depicting the position of fiscal equilibrium in the State are presented in the table below:

Table 1.31: Fiscal Imbalances – Basic Parameters

Parameters	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue deficit (-)/Revenue surplus(+) (Rupees in crore)	(-) 44.00	(+) 92.00	(+) 405.00	(+) 448.00	(+) 1,216
Fiscal deficit (-) (Rupees in crore)	(-) 286.00	(-) 448.00	(-) 271.00	(-) 475.00	(+) 102
Primary deficit (-)/Primary surplus(+) (Rupees in crore)	(-) 71.00	(-) 182.00	(-) 33.00	(-) 186.00	(+) 400
Revenue Surplus(+)/Deficit(-)/GSDP (per cent)	(-) 1.08	2.29	8.63	6.89	21.32
FD/GSDP (per cent)	(-)7.04	(-)11.13	(-) 5.77	(-) 7.31	1.79
Primary Surplus(+)/Deficit(-)/GSDP (per cent)	(-)1.75	(-)4.52	(-) 0.70	(-) 2.86	(+) 7.01
RD/FD (per cent)	15.38	*	*	*	*

* Revenue remained surplus during these years

Revenue deficit of a State indicates excess of its revenue expenditure over its revenue receipts. The revenue account of the State had exhibited consistent improvement over the years as its revenue deficit turned into a surplus during the last four years. The revenue account of the State had not only maintained surplus during the period 2004-08 but also consistently improved its surplus. The Revenue surplus position has significantly improved (Rs. 768 crore) during the current year mainly on account of enhancement in revenue receipts by Rs. 645 crore (23 per cent) as against the decline of Rs. 123 crore in revenue expenditure over the previous year. The consistent position of revenue surplus has however been on account of significant share (exceeding 90 per cent) of revenue receipts of the State being contributed by Central transfers comprising of States' share in Union pool of taxes and duties and grants-in-aid from the GOI during the period 2003-08. During the current year, around 98.6 per cent of the incremental revenue receipts were contributed by the increase in Central transfers relative to previous year.

Despite an increase of Rs. 192 crore in capital expenditure including net loans and advances disbursed during 2007-08 over the previous year, the sharp increase in revenue surplus turned the fiscal deficit of Rs. 475 crore into a surplus of Rs. 102 crore during the current year. An improvement in fiscal deficit accompanied by an increase in interest payments (Rs.9 crore) turned the primary deficit of Rs. 186 crore in 2006-07 into the huge surplus of Rs.400 crore during the current year.

1.8.2 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of Primary deficit into primary revenue deficit⁸ and capital expenditure (including loans and advances) would

⁸ Primary revenue deficit defined as gap between non-interest revenue expenditure of the State and its revenue receipts indicates the extent to which the revenue receipts of the State are able to meet the

indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of RD to FD was 15 per cent in 2003-04 and thereafter it was wiped out and turned into surplus.

The bifurcation of the factors resulting into primary deficit or surplus of the State during the period 2003-2008 reveals (Table below) that the primary deficit in the first four years was on account of capital expenditure incurred and loans and advances disbursed by the State Government. In other words, non-debt receipts of the State were enough to meet the primary expenditure⁹ requirements in the revenue account, and some receipts were left to meet the expenditure under the capital account during these years.

Table 1.32: Primary deficit/surplus – Bifurcation of factors

(Rupees in crore)							
Year	Non-debt receipts ¹⁰	Primary revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	NDR vis-à-vis Primary Revenue Expenditure	Primary deficit ¹¹ (-)/ Surplus (+)
(1)	(2)	(3)	(4)	(5)	(6)(3+4+5)	(7)(2-3)	(8)(2-6)
2003-04	1420	1,249	240	2	1,491	(+)171	(-) 71
2004-05	1,744	1,385	521	20	1,926	(+) 359	(-) 182
2005-06	2,410	1,766	616	61	2,443	(+) 644	(-) 33
2006-07	2,864	2,126	867	57	3,050	(+) 738	(-) 186
2007-08	3,510	1,994	1,108	8	3,110	(+) 1,516	(+) 400

1.9 Fiscal ratios

The finances of a State should be sustainable, flexible and non-vulnerable. The table below presents a summarized position of Government finances over the period 2003-08, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their application, highlights areas of concern and captures its important facets.

primary expenditure incurred under revenue account.

⁹ Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

¹⁰ Includes revenue receipts and recovery of loans and advances.

¹¹ Primary deficit defined as fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of fiscal transaction of the State during the course of the year.

Table 1.33: Indicators of Fiscal health (*in per cent*)

Fiscal Indicators	2003-04	2004-05	2005-06	2006-07	2007-08
I. Resource Mobilisation					
Revenue Receipt/GSDP (per cent)	34.96	43.32	51.33	44.04	61.50
Revenue Buoyancy	0.80	#	2.30	0.49	#
Own tax/GSDP (per cent)	1.67	2.01	2.02	1.87	2.58
II. Expenditure Management					
Total expenditure/GSDP	42.00	54.47	57.13	51.36	59.75
Total Expenditure / Revenue Receipt	120.14	125.76	111.29	116.63	97.15
Revenue Expenditure / Total Expenditure	85.81	75.32	74.75	72.33	67.25
Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	33.06	32.10	30.89	23.62	28.32
Non-Salary & Wage expenditure on Social and Economic Services / Revenue Expenditure	24.11	25.26	33.08	40.29	31.02
Capital Expenditure / Total Expenditure*	14.08	23.99	23.51	26.42	32.59
Development expenditure/Total Expenditure *	62.73	66.94	65.23	69.41	69.53
Capital Expenditure on Social and Economic Services / Total Expenditure	13.54	23.13	15.96	22.04	29.46
Buoyancy of TE with RR	1.18	1.25	0.58	1.30	0.09
Buoyancy of RE with RR	0.50	0.56	0.56	1.09	(-) 0.23
III. Management of Fiscal Imbalances					
Revenue deficit (Rupees in crore)	(-) 44.00	(+) 92.00	(+) 405.00	(+) 448	(+) 1,216
Fiscal deficit (Rupees in crore)	(-) 286.00	(-) 448.00	(-) 271.00	(-) 475	(+) 102
Primary deficit (Rupees in crore)	(-) 71.00	(-) 182.00	(-) 33.00	(-) 186	(+) 400
Revenue deficit/Fiscal deficit (<i>in per cent</i>)	15.38	@	@	@	@
IV. Management of Fiscal Liabilities (FL)					
Fiscal Liabilities/GSDP	56.62	76.59	83.21	64.41	79.40
Fiscal Liabilities / RR	162.00	176.85	162.10	146.24	129.09
Buoyancy of FL with RR	0.49	1.49	0.70	0.38	0.36
Buoyancy of FL with Own Resources	(-) 1.02	1.21	2.01	0.09	2.75
Primary deficit vis-à-vis quantum spread	(-) 90.79	(-) 430.82	(+) 269.66	(+) 1039.73	1,199.76
Net Fund Available	(-) 9.44	31.18	49.00	0.85	4.12
V. Other Fiscal Health Indicators					
Return on Investment (Rupees in crore)	0.08	0.08	**0.00	-	0.05
Balance from Current Revenue (Rupees in crore)	(-) 509.00	(-) 532.00	(-) 232.00	(-) 325	32
Financial Assets / Liabilities	1.23	1.22	1.29	1.35	1.59

* Total expenditure does not include Loans and Advances.

GSDP growth was negative.

@ RD/FD ratio not calculated as there was revenue surplus.

** Negligible

The trends in ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy and accessibility of State to resources. Revenue receipts comprised of not only the tax and non-tax resources of the State but also the transfers from Union Government. The ratio of revenue receipts to GSDP during the current year was 62 *per cent*, an increase of 18 percentage points over the previous year. The increase was the outcome of both the increase in revenue receipts (23 *per cent*) and the decline of GSDP by 12 *per cent* over the previous year. The ratio of own taxes to GSDP also fluctuated widely during the period 2003-08 mainly due to wide variations in the rate of growth of GSDP during the period. During the current year, despite an increase of 20.5 *per cent* (Rs. 25 crore) in tax revenue, tax-GSDP ratio increased by 0.7 percentage points mainly due to a steep fall in GSDP during the year.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilization efforts. The revenue expenditure as a percentage to total expenditure consistently declined from 85 per cent in 2003-04 to 67 per cent during 2007-08 exhibiting an increasing trend in the ratio of capital expenditure to total expenditure. The ratio of revenue receipts to total expenditure during the period 2003-07 also declined indicating that dependence on borrowed funds has declined during these years. This is also reflected in the declining ratio of fiscal liabilities to revenue receipts during 2003-07. Increasing proportion of plan expenditure and capital expenditure in the total expenditure also indicates improvement in the quality of expenditure.

The sharp increase of revenue surplus of Rs.768 crore had a positive impact in reversing fiscal deficit and primary deficit to surplus. The Balance from Current Revenues (BCR) also turned to positive figure during the current year. Another encouraging trend is the ratio of fiscal assets to fiscal liabilities which not only remained greater than one during this period, but exhibited an increasing trend during these years.

1.10 Conclusion

The fiscal position of the State viewed in terms of the key fiscal parameters - revenue surplus, fiscal deficit and primary deficit - indicated significant improvement during 2007-08 over the previous year. While revenue surplus nearly tripled, both fiscal and primary deficits turned into surplus during the current year. The targets set by FRBM Act as well as by TFC/FCP/MTFPS in terms of deficit indicators were achieved earlier than the time limit set for them. The improvement in fiscal position of the State should however be considered keeping in view the fact that significant share (exceeding 90 per cent) of revenue receipts of the State is contributed by Central transfers comprising of States' share in Union pool of taxes and duties and grants-in-aid from the GOI during the period 2003-08 and during the current year, around 98.6 per cent of the incremental revenue receipts were contributed by the increase in Central transfers relative to previous year. The expenditure pattern of the State reveals that although the revenue expenditure as a percentage of total expenditure declined from 86 per cent in 2003-04 to 67 per cent in the current year, NPRE continued to share the dominant proportion (79 per cent) during the current year. The NPRE at Rs. 1812 crore in 2007-08 remained significantly higher than the normatively assessed level of Rs.1563 crore by TFC for the year as well as the projections made by the State Government in its FCP and MTFPS for 2007-08. Further, the salaries and wages, pensions, interest payments and subsidies continued to consume a major share of NPRE, which was around 77 per cent during 2007-08. The continued prevalence of fiscal deficit during the period 2003-08 except in the current year when the State experienced fiscal surplus, indicates increasing reliance of the State on borrowed funds, resulting in increasing fiscal liabilities of the State over this period, which stood at 79.4 per cent of the GSDP in 2007-08 and further increases to 83 per cent after incorporating the contingent liabilities in the fold of total liabilities on Consolidated Fund of the State

during the year. This is high especially if compared with the norm of 31 *per cent* to be achieved by all the States by the terminal year of the TFC award period (2009-10). The increasing fiscal liabilities accompanied by a negligible rate of return on Government investments and inadequate interest cost recovery on loans and advances might lead to an unsustainable fiscal situation in medium to long run unless suitable measures are initiated to compress the non-plan revenue expenditure and to mobilize the additional resources both through the tax and non-tax sources in the ensuing years.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for ensuring the integrity and reliability of financial data. This section also outlines the various methods and tools used to collect and analyze financial information, highlighting the need for consistency and transparency in the reporting process.

The second part of the document focuses on the challenges and risks associated with financial reporting. It identifies common pitfalls such as incomplete data, misclassification of expenses, and potential fraud. The text provides practical advice on how to mitigate these risks, including implementing robust internal controls and conducting regular audits. It also discusses the legal and regulatory requirements that govern financial reporting, ensuring that all stakeholders are kept informed of any changes or updates.

The final part of the document concludes with a summary of the key findings and recommendations. It reiterates the importance of a proactive approach to financial management and the need for ongoing communication and collaboration between all parties involved. The document serves as a valuable resource for anyone looking to improve their financial reporting practices and ensure the highest level of accuracy and compliance.

Chapter II
Allocative Priorities and
Appropriation

CHAPTER II
ALBERT EINSTEIN'S THEORY OF
RELATIVITY

CHAPTER II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

2.1.1 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 – 2007-08

The summarised position of original and supplementary Grants/Appropriations and expenditure thereagainst is given below:

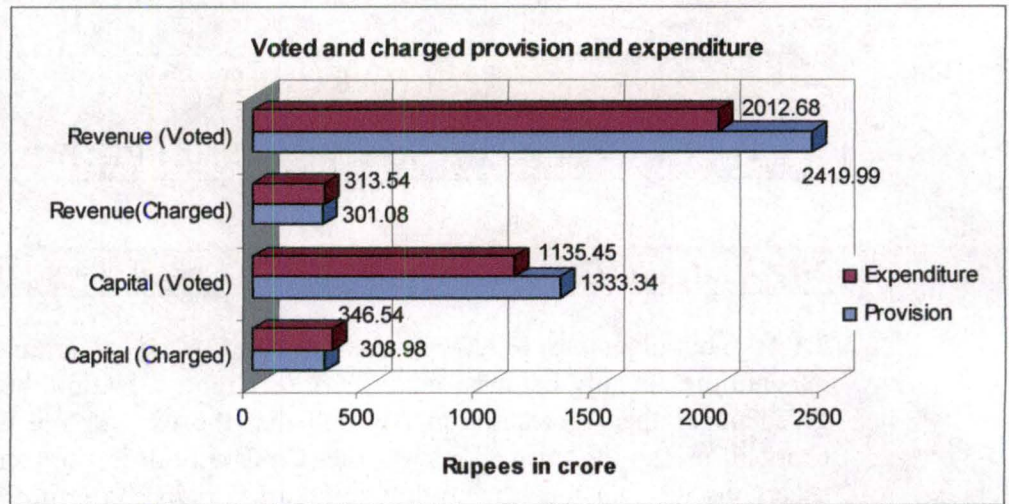
Total number of Grants/Appropriations: 51 (48 Grants; 3 Appropriations)

Table 2.1
Total provision and actual expenditure

(Rupees in crore)			
Provision	Amount	Expenditure	Amount
Original	3,216.52		
Supplementary	1,146.87		
Total Gross Provision	4,363.39	Total gross expenditure	3,808.21
Deduct – Estimated recoveries in reduction of expenditure	53.95	Deduct – Actual recoveries in reduction of expenditure	53.26
Total net provision	4,309.44	Total net expenditure	3,754.95

Table 2.2
Voted and Charged provision and expenditure

(Rupees in crore)				
	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	2,419.99	301.08	2,012.68	313.54
Capital	1,333.34	308.98	1,135.45	346.54
Total Gross	3,753.33	610.06	3,148.13	660.08
Deduct-Recoveries in reduction of expenditure	53.95	—	53.26	—
Total Net	3,699.38	610.06	3,094.87	660.08



The summarised position of actual expenditure, excess and savings during 2007-08 against Grants and Appropriations was as follows:

Table 2.3

(Rupees in crore)

	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving(-)/ Excess (+)
Voted	I. Revenue	2,103.67	316.32	2,419.99	2,012.68	(-) 407.31
	II. Capital	505.67	813.28	1,318.95	1,127.48	(-) 191.47
	III. Loans & Advances	13.65	0.74	14.39	7.97	(-) 6.42
Total Voted		2,622.99	1,130.34	3,753.33	3,148.13	(-) 605.20
Charged	IV. Revenue	300.40	0.68	301.08	313.54	(+) 12.46
	V. Capital	—	—	—	—	—
	VI. Public Debt	293.13	15.85	308.98	346.54	(+) 37.56
Total Charged		593.53	16.53	610.06	660.08	(+) 50.02
Appropriation to Contingency Fund (if any)		—	—	—	—	—
Grand Total		3216.52	1146.87	4363.39	3808.21	(-) 555.18

2.3 Fulfilment of allocative priorities

2.3.1 Appropriation by allocative priorities

The overall saving of Rs.555.18 crore was the result of saving of Rs.636.77 crore in 70 cases of Grants and Appropriations offset by excess of Rs.81.59 crore in 13 cases of Grants and Appropriations. The excess of Rs.81.59 crore requires regularisation under Article 205 of the Constitution.

Out of the total overall savings of Rs.636.77 crore, major savings of Rs.480.04 crore (75.39 per cent) occurred in the case of 10 Grants as mentioned below:

Table 2.4

Grant/ Appropriation No.	Amount of Grant/Appropriation			Actual Expenditure	Saving
	Original	Supplementary	Total		
(Rupees in crore)					
8	Public Works Department (Revenue-Voted)				
	175.48	—	175.48	122.30	53.18
10	Education (Revenue-Voted)				
	307.19	49.48	356.67	338.13	18.54
12	Municipal Administration, Housing and Urban Development (Revenue-Voted)				
	26.34	3.27	29.61	13.34	16.27
20	Community Development and ANP, IRDP and NREP (Revenue-Voted)				
	37.18	52.08	89.26	46.18	43.08
23	Power (Revenue-Voted)				
	200.95	—	200.95	168.29	32.66
30	General Economic Services and Planning (Revenue-Voted)				
	221.79	—	221.79	83.07	138.72
30	General Economic Services and Planning (Capital-Voted)				
	—	452.77	452.77	414.24	38.53
36	Minor Irrigation (Capital-Voted)				
	62.90	36.81	99.71	60.22	39.49
39	Sericulture (Capital-Voted)				
	62.11	0.72	62.83	26.38	36.45
40	Irrigation and Flood Control Department (Capital-Voted)				
	137.58	26.74	164.32	101.20	63.12
Total	1,231.52	621.87	1,853.39	1,373.35	480.04

Areas in which major savings occurred in these Grants are given in the *Appendix 2.1*.

In 29 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 2.2*. In two of the above cases (Sl. Nos. 17 and 26), the entire provision totalling Rs.4.72 crore was not utilised.

Supplementary provision of Rs.75.11 crore made in 14 cases during the year proved unnecessary as the expenditure in each case was even less than the original provision as detailed in *Appendix 2.3*.

In 28 cases against additional requirement of Rs.242.95 crore, supplementary Grants and Appropriations of Rs.402.80 crore were obtained resulting in savings in each case exceeding Rs.10 lakh. Such additional requirement aggregates to Rs.159.85 crore. Details of these are given in *Appendix 2.4*.

The excess of Rs.81.59 crore under 13 Grants and Appropriations requires regularisation under Article 205 of the Constitution. Details of these are given in *Appendix 2.5*.

In nine cases, supplementary provision of Rs.183.72 crore proved insufficient by more than Rs.10 lakh each, leaving an aggregate uncovered excess expenditure of Rs.62.02 crore as per details given in *Appendix 2.6*.

In four 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 2.7*.

In five cases, expenditure exceeded the approved provision by Rs.25 lakh or more and also by more than 10 *per cent* of the total provision. Details are given in *Appendix 2.8*.

2.4 Excessive/unnecessary re-appropriation of funds

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 2.9*.

2.5 Expenditure without provision

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.105.24 crore was incurred in Grants/Appropriations as detailed in *Appendix 2.10* without provision having been made in the original estimates/supplementary demands and no re-Appropriation orders were issued.

2.6 Anticipated savings not surrendered

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 2007-08, there were 66 cases in which large savings had not been surrendered by the Departments. The amount involved was Rs.377.29 crore. In 36 cases, the amount of available savings not surrendered amounted to more than Rs.1 crore in each case. Details are given in *Appendix 2.11*.

2.7 Trend of Recoveries

Under the system of gross budgeting followed by Government the demands for Grants presented to the Legislature are for gross expenditure and excludes 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.

In six Grants, the actual recoveries adjusted in reduction of expenditure (Rs.53.26 crore) were less than the estimated recoveries (Rs.53.95 crore) by Rs.0.69 crore. More details are given in *Appendix 2.12*.

2.8 Un-reconciled expenditure

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 81 Controlling Officers, 79 Controlling Officers did not reconcile expenditure figures before the final closing.

2.9 Regularity issues

2.9.1 Deposits in Major Head "8449-Other Deposits": Major Head (MH) "8449- Other Deposits" in Government Accounts has 19 minor heads, each corresponding to a distinct fund/deposit. The residuary Minor Head '120 – *Miscellaneous Deposits*' is meant to record transactions on account of deposits, which cannot be accommodated under any of the other minor heads.

Scrutiny of the records (August-September 2008) of the Finance Department and 13 other Departments revealed that an amount of Rs.579.58 crore (*Appendix 2.13*) meant for various activities (i.e. Non-plan, State Plan, Special Plan Assistance, Central Plan Schemes) was drawn at the fag end of the financial years 2005-08 by various drawing and disbursing officers from the Consolidated Fund of the State under different service heads of account and contra credited to MH "8449-Other Deposits", Minor Head 120 – *Miscellaneous Deposits* as per the instructions of the Finance Department. Though the amount of Rs.579.58 crore was not actually spent, it was booked as expenditure in the accounts of the State against the respective service heads of account, resulting in inflated expenditure of State.

This practice is against the spirit of Rule 290 of Central Treasury Rules, which stipulates that no money should be drawn from the treasury unless it is required for immediate disbursement. The rule *ibid* also prohibits drawal of money from the treasury in anticipation of demand or to prevent the lapse of budget Grants.

2.9.2 Unadjusted Abstract Contingency bills: As per Rule 308 of Central Treasury Rules (CTR), Abstract Contingent (AC) bills must be followed by the submission of detailed countersigned contingent (DCC) bills to adjust the amount drawn on AC bill. The CTR further stipulates that while drawing an AC bill the drawing officer must attach a certificate to each such bill to the effect that DCC bills have been submitted to the controlling officer in respect of AC bills drawn more than a month before the date of that bill and on no account an AC bill should be encashed without this certificate (Rule 309). Further it says that the controlling officer must submit the DCC bills to the Accountant General within one month from the date of receipt of the DCC bills in his office (Note 4 under Rule 312).

Scrutiny of the records revealed that 663 AC bills involving Rs.601.48 crore drawn by 47 Departments during the period April 2003 to March 2008 were outstanding to be adjusted through DCC bills. Major portion of this money (Rs.351.19 crore) relates to construction works entrusted to entities such as Manipur Police Housing Corporation, Manipur Development Society, Manipur Tribal Development Corporation *etc.*

The Government needs to review all outstanding AC bills and ensure that corresponding DCC bills are submitted within the prescribed time schedule so as to ensure that the expenditure made against these outstanding bills are accounted for correctly.

2.10 Treasury inspection

Results of Treasury inspection carried out during 2007-08 by the Office of the Sr. Deputy Accountant General (A&E), Manipur revealed overpayment of pensionary benefits of Rs.2.17 lakh (including family pension of Rs.1.20 lakh) to 16 pensioners due to (i) non-deduction of commuted portion of pension (Rs.0.77 lakh), (ii) incorrect computation of arrears of dearness relief (Rs.0.07 lakh), (iii) unauthorised payment of family pension (Rs.0.95 lakh), (iv) incorrect calculation of enhanced rate of family pension (Rs.0.24 lakh) and excess payment of dearness relief (Rs.0.14 lakh).

2.11 Excess over provision relating to previous years requiring regularisation

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.3,793.32 crore for the years 1997-98 to 2006-07 is yet to be regularised. The details are given below:

Table 2.5

(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
2004-05	10	21, 22, 23, 37, 41, 43, 16, 20, 21 and 31	20.08	20.08
2005-06	16	8, 13, 16, 17, 18, 21, 22, 24, 37, 39, 43, 9, 11, 20, 40 & 41	16.93	16.93
2006-07	13	Appn. 2, 3 Grant 5 (Charged) 5, 10, 16, 18, 22, 23, 25, 33, 10 & 40	282.79	282.79
	101	Total	3,793.32	3,793.32

Chapter III
Performance Reviews

CHAPTER III
PERFORMANCE REVIEWS (CIVIL)

PLANNING DEPARTMENT

3.1 Non-lapsable Central Pool of Resources

Highlights

The Non-Lapsable Central Pool of Resources (NLCPR) was established in 1998 for speedy development of infrastructure projects in the North Eastern States. In Manipur, 87 projects were sanctioned by the Government of India (GOI) during 1998-08. A review of twelve of these projects brought out significant deficiencies as highlighted below:

Project proposals were formulated without carrying out a gap analysis of infrastructure requirements and without considering utilisation capacity of the funds.

(Paragraph 3.1.7)

There were persistent savings of the funds released, ranging from 34 to 83 per cent during 2002-08.

(Paragraph 3.1.8.2)

The State Government appropriated an amount of Rs.1.93 crore as sales tax and Rs.2.02 crore as agency charges from the NLCPR funds, in contravention of the scheme guidelines.

(Paragraph 3.1.8.7)

Although most of the projects under critical sectors were given adequate priority and funding, implementation of projects under these sectors was poor.

(Paragraph 3.1.9.2)

3.1.1 Introduction

The Non-Lapsable Central Pool of Resources (NLCPR) was established by the GOI in 1998 from the unspent balance of the 10 per cent provided in the budget of Central Ministries/Departments for the North Eastern Region (NER), for funding specific infrastructure projects in the NER.

The broad objectives of the schemes were to:

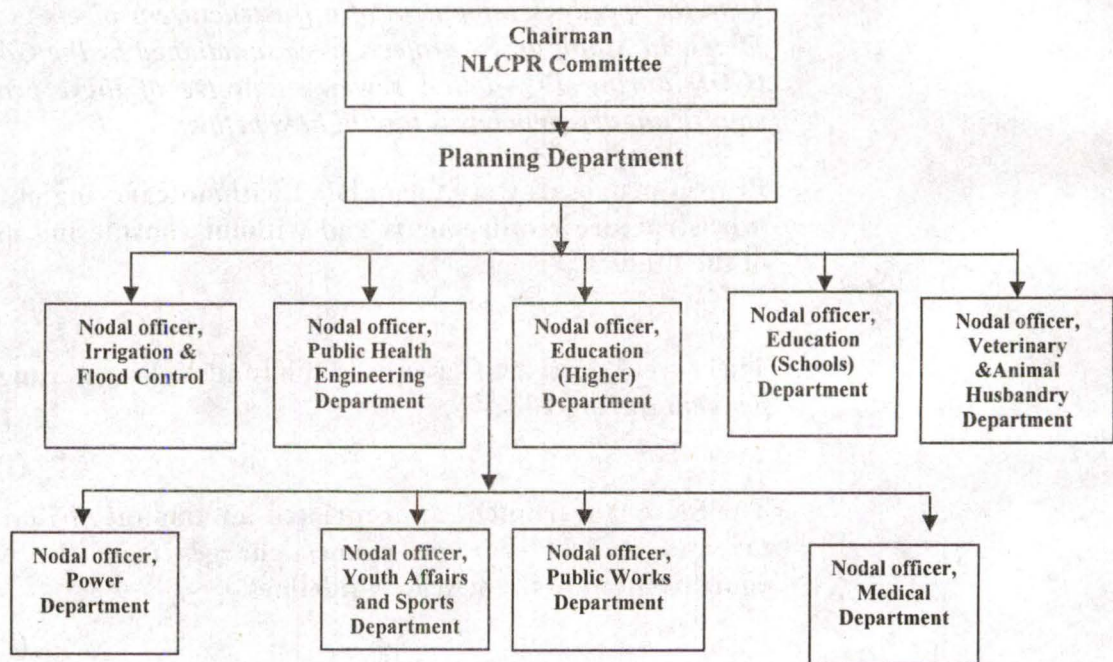
- ensure speedy development of infrastructure in the NER by increasing the flow of budgetary financing with projects in physical infrastructure sector receiving priority, and

- create physical and social infrastructure in sectors like roads & bridges, irrigation & flood control, power, education, health, water supply & sanitation *etc.*

3.1.2 Organisational Set up

The NLCPR is administered by the Ministry of Development of North Eastern Region (MoDONER) through the NLCPR committee consisting of a Chairman (Secretary, MoDONER), five members and one member convenor. The Planning Department of the State is the nodal Department to monitor the projects/schemes and submit all the project proposals, quarterly progress reports, utilisation certificates *etc.* to the MoDONER. Organisational structure for implementation of the NLCPR funded projects in the State is given below:

Chart-I



3.1.3 Scope of Audit

Performance review of the execution of the NLCPR funded projects in the State during 2003-08 was conducted during May to July 2008. Twelve (14 per cent) out of 87 approved schemes/projects with an approved cost of Rs.161.09 crore (21 per cent of the total approved cost of Rs.755.30 crore) were selected for detailed check.

3.1.4 Audit Objectives

The objectives of the performance review were to assess whether:

- There was a critical assessment of needs in each of the infrastructural areas and whether the individual projects were planned properly;

- Adequate funds were released in a timely manner and utilised for the specified purpose in accordance with the scheme guidelines and Detailed Project Reports (DPRs);
- Projects have been executed in an efficient and economic manner and achieved their intended objectives; and
- There is a mechanism for adequate and effective monitoring and evaluation of projects.

3.1.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- NLCPR guidelines;
- DPRs of the projects;
- Conditions and norms of releasing the funds; and
- Prescribed monitoring system.

3.1.6 Audit Methodology

Audit methodology included selection of projects/schemes based on simple random sampling without replacement method, holding of an entry conference (May 2008) with the Planning Department and the implementing departmental officials, checking of the relevant records, analysis of data and documentary evidence on the basis of audit criteria to arrive at audit findings, conclusions and recommendations. Audit findings were discussed with the Departmental authorities in an exit conference (October 2008) and their views/replies have been incorporated in the review at appropriate places.

Audit Findings

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

3.1.7 Planning

As per guidelines, the State Government should prepare a Perspective Plan after a thorough analysis of gaps in infrastructure under various sectors. The projects for consideration under NLCPR should be picked up strictly from the perspective plan and according to the priority assigned therein. However, the Planning Department did not prepare a gap analysis or Perspective Plan. Consequently, the priority accorded to various projects in the Annual Plans lacked justification. During exit conference (October 2008) the Department accepted the inadequacies in the planning process and assured that necessary amends would be made in this regard.

The State Government, while making proposals for new projects, should identify the source of funding and provide such inputs to the NLCPR

Committee for its consideration. However, the Planning Department stated (November 2008) that no specific records were maintained in this regard.

As per guidelines, the project proposal should indicate that the project has not been taken up or proposed to be taken up under any other funding mechanism. Although all the 12 test-checked projects contained such an assurance in the project proposal, these were not based on the inputs from the concerned Departments.

The State should take into consideration the last three years' cumulative expenditure it has utilized under NLCPR as the indicator of its capacity to spend funds. The State Government, however, formulated proposals without considering this aspect. While the State's yearly execution/utilization capacity ranged from Rs.33 crore to Rs.57 crore (as shown in *Appendix 3.1*) during the period (2002-08), it proposed to spend an amount of Rs.240 crore to Rs.560 crore during these years.

3.1.8 Financial Management

3.1.8.1 Funding pattern

Funds were released to the State Government in the form of grants and loan in the ratio 90:10 till 2004-05. From 2005-06, only grant portion was released as per the recommendation of the Twelfth Finance Commission. 35 per cent of the approved cost was released as first instalment and subsequent releases depended on the progress of implementation. As per norms, funds released were to be transmitted by the State Government to the implementing agencies within 30 days and were to be utilised within six months (raised to nine months from July 2004) from the date of release by the GOI.

3.1.8.2 Allocation and expenditure

During 1998-08, against the approved cost of Rs.755.30 crore for 87 projects, the GOI released Rs.533.46 crore out of which, Rs.414.40 crore had been spent by the State Government. Details are given in *Appendix 3.2*.

The year-wise position of budget allocation, release of funds by the GOI and expenditure thereagainst during 2002-08 were as follows:

Table 1

(Rupees in crore)

Year	Budget allocation			Funds released by GOI			Expenditure	Savings	Percentage of savings
	Central share	State share	Total	Opening balance	During the year	Total			
(1)	(2)	(3)	(4)(2+3)	(5)	(6)	(7)(5+6)	(8)	(9)(7-8)	(10)
2002-03	57.84	-	57.84	26.96	74.92	101.88	19.17	82.71	81
2003-04	49.20	-	49.20	82.71	18.05	100.76	52.41	48.35	48
2004-05	41.05	-	41.05	48.35	58.98	107.33	45.86	61.47	57
2005-06	43.30	3.93	47.23	61.47	46.97	108.44	71.60	36.84	34
2006-07	71.81	74.64	146.45	36.84	93.89	130.73	47.54	83.19	64
2007-08	100.69	16.69	117.38	83.19	61.86	145.05	25.34	119.71	83
Total	363.89	95.26	459.15		354.67		261.92		

Source: Departmental records

The table reveals that there were persistent savings over the years, ranging from 34 to 83 *per cent* of the available funds. In most of the cases, expenditure during a year was less than the savings of the earlier year.

There were delays in release of Central funds by the State Government to the implementing agencies. Audit scrutiny revealed that such funds were not utilised optimally, which ultimately affected the progress in completion of the projects and denial of the intended benefits to the targeted beneficiaries. This reinforces the fact that the utilisation capacity of NLCPR funds in the State was poor.

3.1.8.3 Release of State share

The State released Rs.5.76 crore as its share of ten *per cent* of the project cost in respect of 51 projects (approved after July 2004) against the Central release of Rs.152.45 crore, resulting in short release of Rs.9.49 crore which affected the execution of the projects.

3.1.8.4 Separate accounts of projects

As per guidelines, the State should ensure that the projects funded under NLCPR are shown at sub-head level in their plan budgets so that the withdrawals from those heads, as certified by audit, can be matched with the expenditure figures supplied by the State for its projects. However, for some projects, sub-heads were not opened in the State plan budget. Hence, expenditure figures of the Department cannot be vouched with the figures certified by audit. Of the 12 selected projects, in respect of only two projects viz., Infrastructure Development of Manipur University, Phase-II and Installation of Sub-Station at Maram, the sub-heads¹ were opened. For the remaining ten projects, no sub-heads were opened.

3.1.8.5 Release of funds to implementing agencies

As per NLCPR guidelines, the State Government should release the funds to the implementing agency within 30 days from the date of release by the GOI. However, it delayed the release of funds ranging from 115 to 534 days as shown in detail in *Appendix 3.3*.

During the exit conference (October 2008), the Department stated that the progress of work was affected due to law and order problem which consequently delayed the release of funds.

3.1.8.6 Utilization of funds

As per norms, funds were to be released within 30 days to the implementing agencies and utilised within six months from the date of their release by the GOI. From July 2004, the limit for utilisation of funds was raised to nine months. In five of the selected projects as shown below the funds made available to the State Government were released to the implementing agencies

¹ Major Head 2202 General Education, (CPS) Sub-Head 99 in case of Manipur University and Major Head 4801 Capital Outlay on Power (CPS), Sub-Head - 02, Detailed head - 06 in case of Maram sub-station.

with delays ranging from 6 to 15 months. Consequently, the schedule of implementation of these projects was hampered and these funds were not utilised even as of August 2008.

Table 2

(Rupees in crore)

Name of the project	Amount released	Date of release of funds by the GOI	Date of release of funds by the State Government to the implementing agencies	Due date of utilization of funds	Delay period
Construction and equipping of 50 bedded hospital at Tamenglong	4.53	30-11-06	28-03-2008	31-8-07	15 months
Construction and equipping of 50 bedded hospital at Senapati	4.49	30-11-06	28-03-2008	31-8-07	15 months
Construction and equipping of 50 bedded hospital at Ukhrul	4.40	30-11-06	28-03-2008	31-8-07	15 months
Construction and equipping of 50 bedded hospital at Chandel	4.14	30-11-06	28-03-2008	31-8-07	15 months
Establishment of National Sports Academy at Khuman Lampak Sports Complex	5.81	30-11-06	23-06-2007	31-8-07	6 months
Total	23.37				

Source: Departmental Records

The above five projects could not be started as of August 2008 despite the fact that Rs.23.37 crore were released for the projects in November 2006. There was also no further release of funds from the GOI as of August 2008 against these projects, which suggested that the flow of Central funds to the State was affected by non-utilisation of the funds apart from delaying creation of crucial infrastructural requirements in the State.

3.1.8.7 Diversion of funds

NLCPR funds cannot be appropriated as State revenues as per the guidelines of the scheme. However, the State Government, while releasing funds (September 2006-March 2008) for construction of 12 projects mentioned below appropriated sales tax (Rs.1.93 crore) and agency charge (Rs.2.02 crore) from the NLCPR funds as shown below:

Table 3

(Rupees in lakh)

Name of project	Amount released	Sales tax deducted	Agency charge deducted
(1)	(2)	(3)	(4)
Medical Department			
50 bedded district hospital at Tamenglong	452.57	25.34	18.10
50 bedded hospital at Senapati district	449.22	25.16	17.97
50 bedded hospital at Ukhrul	440.04	24.64	17.60
50 bedded hospital at Chandel	414.47	23.21	16.58
50 bedded hospital at Jiribam	492.74	27.59	19.71
Dharamsala building in RIMS	86.27	4.83	Nil
10 PHC and barrack type quarters in valley areas	242.00	1.09	7.77
18 PHC in valley areas	113.16	5.26	11.05
32 PHSC in hill areas	165	7.68	16.11
480 bedded JN hospital (up gradation and strengthening)	552.75	12.63	9.03
National Sports Academy at Khuman Lampak	580.60	32.51	68.22
Education Department			
Infrastructure development of MU (Ph-II)	316.51	3.48	--
Total	4305.33	193.42	202.14

Source: Departmental Records

Thus, out of Rs.43.05 crore released by the GOI, only Rs.39.10 crore was available for execution of the works.

During the exit conference (October 2008), the Department accepted the observation made by Audit and stated that it was done to raise the revenue of the State.

3.1.8.8 Diversion of funds to projects not related to NLCPR

The GOI released (March 2005) rupees one crore as first installment for procurement of medical equipment for five Community Health Centres² (CHCs) @ Rs.20 lakh per CHC, in order to strengthen the secondary health care institutions at district levels.

Out of this amount, the State Government diverted (March 2006) Rs.63.71 lakh for purchase of equipment and instruments for Accident and Trauma Centre at Jawaharlal Nehru Hospital, Porompat, which was not a project under NLCPR. Thus, the diversion frustrated the purpose for which the fund was sanctioned.

3.1.8.9 Diversion of funds to other NLCPR projects

During March 2004, the GOI released Rs.4.59 crore for Waithou Pat Water Supply Scheme, a NLCPR project. Out of this amount, the State Government released (October 2005) Rs.40 lakh for Iribung Water Treatment Plant, another NLCPR project. The Department stated (November 2008) that this was a critical scheme and for want of adequate State's share during the year, it had to divert the funds to complete it. It also stated that the diverted amount would be restored to Waithoupat Scheme during 2008-09. The amount of Rs.40 lakh is yet to be recouped (July 2008).

3.1.8.10 NLCPR funds in DDO's bank accounts

As per Rule 290 of Central Treasury Rules, no money should be drawn from the treasury unless it is required for immediate disbursement. It is also not permissible to draw money from the treasury in anticipation of demand or to prevent the lapse of budget grants.

Monitoring & Evaluation Division parked a huge amount of NLCPR funds in the DDO's bank account (NO.1038412833-SBI, Paona Bazar, Imphal) as shown below:

Table 4

(Rupees in crore)

Year	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
2006-07	0.46	0.31	1.35	1.03	0.96	0.91	0.82	0.73	0.72	0.66	1.58	3.02	12.55
2007-08	3.02	2.88	2.54	2.54	1.81	1.42	0.59	0.59	3.75	1.86	1.11	5.62	27.73

Source: Departmental records

² Jiribam, Wangoi, Kakching, Moirang and Kangpokpi.

Drawal of funds without immediate requirement was indicative of poor planning and inadequate financial control. The Department could not give the reasons for drawal of funds in excess/in anticipation of requirement.

3.1.9 Project Implementation

Implementation of the NLCPR schemes in the State is discussed in the succeeding paragraphs.

3.1.9.1 Physical and financial achievement

As per the GOI guidelines, the duration of NLCPR funded projects should not exceed three to four years. The physical and financial performance of the NLCPR funded projects in the State as of March 2008 is given in the table below:

Table 5

(Rupees in crore)

Year	No. of projects approved	Approved cost	Total funds released (per cent)	Total funds utilised (per cent)	Projects completed (per cent)
Up to 2002-03	36	409.47	381.01 (93)	352.12 (92)	20 (55)
2003-04	--	---	--	--	--
2004-05	18	122.63	70.33 (57)	48.97 (70)	4 (22)
2005-06	6	19.25	16.04 (83)	10.01 (62)	Nil (0)
2006-07	14	117.90	41.03 (35)	3.45 (8)	Nil (0)
2007-08	13	86.05	25.05 (29)	0.00 (0)	Nil (0)
Total	87	755.30	533.46	414.55	24

*Approved cost, Total funds released, Total funds Utilised are against the projects mentioned in each row
Source: Planning Department

Out of 87 approved projects, 59 projects were taken up for execution and the remaining 28 projects had not been taken up as of March 2008. Twenty-four out of the 87 projects, representing 28 per cent, were completed as of March 2008. Non-completion of projects was essentially due to the delay in release of funds to the executing agencies, non-utilisation of funds within the stipulated time and slow progress of works.

3.1.9.2 Sector wise performance of projects

Sector wise performance of NLCPR funded projects in the State as of March 2008 is given in the table below:

Table 6

(Rupees in crore)

Sector	No. of projects approved (per cent)	Approved cost	Funds released	Funds utilized (per cent)	Projects completed (per cent)
Roads & Bridges	14	148.72	99.91	74.66 (75)	2 (14)
Power	20	193.61	187.23	174.59 (93)	7 (35)
Water Supply	23	193.86	139.65	118.59 (85)	4 (17)
Irrigation & Flood Control	1	3.41	0.00	0.00 (0)	Nil (0)
Health	12	121.84	43.99	6.92 (16)	1 (8)
Education	11	55.69	42.31	27.54 (65)	6 (55)
Agriculture & Allied Sector	1	7.49	2.31	0.00 (0)	Nil (0)
Sports	2	28.43	15.81	10.00 (63)	1 (50)
Miscellaneous	3	2.25	2.25	2.25 (100)	3 (100)
Total	87	755.30	533.46	414.55	24

Source: Departmental records

From the table it would be seen that there was no achievement in Agriculture and Irrigation and Flood Control sectors and marginal achievement of 14 per cent to 55 per cent in Roads & Bridges, Water Supply, Power, Sports and Education. The performance of the State in the Health sector was only eight per cent which is very low in comparison with other sectors. However, achievement against target in Miscellaneous sectors³ was cent per cent.

Although critical sectors like Roads & Bridges, Water Supply and Power etc. were given adequate priority and funding, the implementation of project in these critical sectors was poor. Implementation of projects under Power sector was 35 per cent; Roads & Bridges sector was 14 per cent and Water Supply was 17 per cent. No project under Irrigation & Flood Control sector could be completed. This indicates that the State Government had not given adequate priority to speed up the completion of works in the critical sectors.

3.1.9.3 Targets and achievement

The physical and financial progress as of March 2008 in respect of the 12 projects examined in detail is given below:

Table 7

(Rupees in lakh)

Name of the projects	Date of approval	Approved cost *	Amount released by the GOI	Expenditure	Stipulated date of completion	Remarks
WATER SUPPLY SCHEMES						
Waithou Pat Water Supply Scheme	23-3-05	59.71	23.54	16.28	3/09	Not completed
Augmentation of Water Supply Scheme at Mao	28-10-04	5.65	5.15	5.01	10/07	Completed in October 2008
ROADS & BRIDGES SCHEMES						
Construction of bridge over Imphal river at Singjamei	29-10-04	3.69	3.35	3.60 **	10/06	Completed in December 2007 and utilized
Construction of bridge over Imphal river at Kiyamgei Mang Mapa	30-11-06	4.71	1.48	2.11**	3/09	Not completed, work is progressing as per schedule
HEALTH SCHEMES						
Construction and equipping of 50 bedded hospital at Tamenglong	30-11-06	14.37	4.53	Nil	Nil	Work not yet started
Construction and equipping of 50 bedded hospital at Senapati	30-11-06	14.26	4.49	Nil	Nil	-do-
Construction and equipping of 50 bedded hospital at Ukhrul	30-11-06	13.97	4.40	Nil	Nil	-do-
Construction and equipping of 50 bedded hospital at Chandel	30-11-06	13.16	4.14	Nil	Nil	-do-
SPORTS SCHEMES						
Establishment of National Sports Academy at Khuman Lampak Sports Complex	30-11-06	18.43	5.80	Nil	Nil	-do-
EDUCATION SCHEMES						
Sarva Shiksha Abhiyan	March 2006 & June 2006	6.44	6.44	6.44	2005-07	Fully utilised December 2007
Infrastructure development of Manipur University, Phase-II	29-10-04	3.89	3.17	3.89 **	2/07	Completed in March 2007 & operational
POWER SCHEMES						
Installation of Sub-Station at Maram	27-3-03	2.81	2.81	3.98 **	12/05	Completed in January 2006 & commissioned

* Including 10 per cent of State's share.

** The excess in expenditure over the fund released by GOI was borne by the State Government/Manipur University.
Source: Departmental records

³ Rural Development, Tribal Development and Restoration of Manipur Legislative Assembly and Secretariat Complex.

The projects funded through NLCPR are supposed to be completed within a period of three to four years except in certain exceptional cases. It would be seen from the above table that all the five projects completed were completed with a delay ranging from one month to one year. The stipulated date of completion of two projects was not yet over and works of five projects have not been started. An analysis of all the 12 projects revealed the following:

- **Waithou Pat Water Supply Scheme:** The scheme aimed at providing drinking water to 4,25,350 persons⁴ and was initially targeted to be completed by March 2008. Subsequently, the due date was revised to March 2009. However, as of July 2008 the overall progress of the work was 49 per cent and none of the nine components of scheme has been completed. Although an amount of Rs.45.59 crore (Central share – Rs.23.54 crore and State share – Rs.22.05 crore) has been released, only Rs.16.28 crore has been spent so far.

The Planning Department stated (November 2008) that the work could not be started due to interference from various underground groups and that the work was frequently obstructed (a total of 289 days) from April 2006 to September 2008.

As the present unfortunate problems faced by the scheme cannot be wished away, it is unlikely that the progress of work would pick up any momentum. Therefore, it is unlikely that the scheme would be completed by the targeted date. Besides the time and cost over-run of the scheme, the aim of providing safe drinking water to the targeted population would have to be delayed.

- **Augmentation of Water Supply Scheme at Mao:** The scheme envisaged provision of drinking water to 27,595 people of Mao by October 2007. The scheme was completed (October 2008) at a cost of Rs.5.01 crore against an approved cost of Rs.5.65 crore. The scheme was completed (October 2008) with a delay of one year from the stipulated date of completion. It can be expected that the problem of water scarcity in Mao, a hilly station, would be mitigated and the targeted population would benefit from the scheme.
- **Construction of a bridge over the Imphal River at Singjamei:** The bridge was first taken up under the State plan scheme and later included (October 2004) in the list of the NLCPR funded projects at an approved cost of Rs.3.69 crore. The bridge, which was stipulated to be completed by October 2006, was completed in December 2007 at a cost of Rs.3.60 crore.

The crowded Singjamei bazaar area and the busy Singjamei-Kongba road were hitherto connected by a single lane bridge, causing great difficulty to the commuters. The newly constructed double lane bridge,

⁴ 2,84,543 rural population in 56 villages and 1,40,807 urban population in 5 towns; through 25 secondary service reservoirs located at various places

though completed (December 2007) with a delay of about one year, is able to cater to the ever increasing traffic volume and the benefit of construction of the bridge has been fully achieved.

- **Construction of bridge over Imphal River at Kiyamgei Mang Mapa:** The objective of the bridge was to provide better connectivity to all the villages of Kiyamgei on either side of the Imphal River with the National Highway No.39. It was scheduled to be completed by September 2009. As of June 2008, the progress is at par with the provisions of the DPR and the intended benefit could be provided to the commuters as envisaged, if the current trend of progress of work is maintained.
- **Construction of 50 bedded hospitals at four District Headquarters⁵:** The NLCPR committee sanctioned (November 2006) construction of a 50 bedded hospital at each of the hilly districts of Senapati, Chandel, Ukhrul and Tamenglong at a total approved cost of Rs.55.76 crore. These hospitals aimed to cater to more than 35,000 out-patients and in-patients in each of these far flung hilly districts. Although the GOI released an amount of Rs.17.56 crore in November 2006, the State Government released the amount to the implementing agency only in March 2008, after a delay of nearly one and a half years. There was no reason on record as to why the amount was released belatedly. As of November 2008, these works could not be started and there was no further release of funds from the GOI. The delay would amount to significant set-back in enhancing health care to the 5.26 lakh population⁶ of these districts, who would be compelled to travel a distance ranging from 61 km. (Senapati district) to 158 km. (Tamenglong district) in hilly terrain to come to the State capital for better medical care. Such inordinate delay in utilisation of funds may further impact the release of funds from the Centre.
- **Establishment of National Sports Academy at Khuman Lampak:** The objective of developing a sports academy in the State was to promote the sports talent in the State to an international standard. The project consisted of eight buildings/components at an approved cost of Rs.18.43 crore. Manipur, though with a small population of 21.67 lakh, has produced many talented sports persons, achieving many laurels at national and international levels. While the project was approved in November 2006, the execution is yet to commence. Delay in construction of the academy would deprive training facilities to budding sportsmen in six disciplines⁷ as envisaged in the DPR. Besides this, boarding facilities to 150 boys and 150 girls will also be delayed.
- **Sarva Shiksha Abhiyan:** Sarva Shiksha Abhiyan (SSA) is an important programme of the GOI to universalise elementary education in the country in a mission mode. The programme was launched in

⁵ Senapati, Chandel, Ukhrul, and Tamenglong.

⁶ Senapati -1.56 lakh, Chandel - 1.18 lakh, Ukhrul - 1.41 lakh and Tamenglong -1.11 lakh, as per 2001 census.

⁷ Archery, Boxing, Judo, Takewondo, Weightlifting and Wrestling.

Manipur in 2000-01 but could be implemented only in March 2004, due to legal wrangles. An amount of Rs.6.44 crore was released from the pool in two instalments in March 2006 and June 2006 covering the years 2005-07. Out of this amount, Rs.3.27 crore was released to SSA, Manipur in March 2007 and the remaining amount of Rs.3.99 crore (including the State share) was released in December 2007. The sanction orders did not indicate the specific purposes for which the funds were to be utilised. Therefore the specific purpose for which the funds were utilised could not be ascertained in audit. Further, the delay in release of the funds by more than a year would affect effective implementation of the scheme.

- **Infrastructure Development of Manipur University, Phase-II:** The scheme consisted of two components (a) Construction of Boys' Hostel and (b) Construction of Girls' Hostel. The hostels were of 100 bedded capacity each, to provide boarding facilities to the students of the university. The hostels were completed (March 2007) at a cost of Rs.3.89 crore with a negligible delay of one month. Both the hostels are fully occupied and are able to meet the boarding requirement of the 1,489 scholars enrolled in the University during the academic year 2007-08.
- **Installation of 2X3.15 MVA, 33/11 KV sub-station at Maram:** The project envisaged electrification of distant villages around Maram and to mitigate the problem of low voltage at the consumers' end. The project was started in November 2003 and was completed in January 2006. Test check of log-book of the sub-station pertaining to the period March to June 2006 revealed that the power could be supplied on an average for 6 hours a day. This was mostly due to power shedding and occasionally due to shut-down of the sub-station for repair works of power distribution network. There was also an occasion on which power could not be supplied continuously for three days. Unless availability of power in the State improves, it is unlikely that the full benefit of the sub-station will reach the people.

The shortcomings noticed in the implementation of the 12 projects selected for performance audit are discussed in the succeeding paragraphs:

3.1.10 Execution of selected projects/schemes

3.1.10.1 Waithou Pat Water Supply Scheme

(i) **Award of work in advance:** The scheme provided for construction of 25 Secondary Service Reservoirs (SSR) at a cost of Rs.1.53 crore, at different places for further distribution of treated water. PHED awarded (June - July 2007) 21 of these SSR works, with due date of completion by August 2008. Of these works, six SSRs have been completed; two were 80 per cent complete, and 13 works have not started as of June 2008.

As progress of construction of the Treatment Plant of the scheme was only 23 per cent during the last 27 months (March 2006 to June 2008), considering the

pace of work, completion of the plant in the near future is remote. Thus, award of SSR works was not in keeping with the progress of the treatment plant. This means that the completed SSRs or nearly completed SSRs had to remain idle, creating more liability for their repair and maintenance in due course of time.

The schemes also provided for construction of 3 m wide black top road for a length of 5.58 kilometres over embankment around Waithou Pat to facilitate inspection and to promote tourism. The Department awarded (June-July 2007) six works for construction of the road at a cost of Rs.72.54 lakh, due to be completed by August 2008. However, as the embankment work around Waithou Pat (impounding reservoir) had not been completed, the work could not be taken up till June 2008. Thus, the award of road work before completion of earth work (embankment) is indicative of poor project management.

(ii) *Non-delivery of pipes:* PHED placed (October 2005) two supply orders with M/S Electro Steel Castings Ltd., Kolkata and another one (December 2005) with M/S Jindal Saw Ltd., New Delhi for purchasing DI pipes of different sizes costing Rs.15.34 crore and paid (September-October 2006) an advance of Rs.5.20 crore. However, the firms had delivered pipes worth only Rs.4.06 crore as of July 2008. The details are as follows:

Table 8

Name of firm	Size (in mm)	Quantity (in Rm*/piece)	Rate (per Rm*/piece) (In rupees)	Amount (Rupees in lakh)	Delivered		Advance paid (Rupees in lakh)	Balance to be delivered (Rupees in lakh)
					Quantity (in Rm*/piece)	Amount (Rupees in lakh)		
1	2	3	4	5	6	7	8	9(8-7)
Electro steel Castings Ltd. ⁸	100	7880	606.82	47.82	-	-	-	-
	150	12456	916.55	114.17	-	-	-	-
	200	18959	1219.95	231.29	-	-	-	-
	250	7284	1599.21	116.49	-	-	-	-
	300	2500	2025.25	50.63	-	-	-	-
	350	4800	2525.87	121.24	-	-	-	-
	400	900	3050.51	27.45	-	-	-	-
	450	2000	3653.54	73.07	-	-	-	-
	500	10100	4250.24	429.27	7172	304.83	-	-
600**	140	44318.95	62.05	85	37.67	-	-	
Sub-total inclusive of 0.5 per cent DGSD inspection charge				1279.85		344.21	370	25.79
Jindal Saw Ltd. ⁹	100	7234	606.82	43.9	-	-	-	-
	150	2666	916.55	24.44	-	-	-	-
	200	3700	1219.95	45.14	1611	19.65	-	-
	250	400	1599.21	6.4	-	-	-	-
	300	4200	2025.25	85.06	2067	41.86	-	-
	350	1900	2525.87	47.99	-	-	-	-
Sub-total inclusive of 0.5 per cent DGSD inspection charge				254.19		61.82	150	88.18
Total				1534.04		406.03	520	113.97

* Rm means Running Metre

** Quantity and rate in case of 600 mm pipes is per piece while it is per Rm in case of other pipes

Source: Departmental records

⁸ Supply orders No: CE/PHE/2-3(Tech)/05/1817 dated 29.10.05 and CE/PHE/2-3/(Tech)/05/2196 dated 9.12.2005

⁹ Supply order No: CE/PHE/2-3/(Tech)/05/2196 dated 9.12.2005

As per terms and conditions of the supply orders, the material should be delivered within six months from the date of placing the orders. The firms, however, failed to deliver the pipes even after 20 months from the date of release of advances. No action (July 2008) had been taken up for non-delivery of the pipes.

The Department admitted (November 2008) the advance payment to the firms and attributed the non-receipt of pipes to law and order problem.

3.1.10.2 Augmentation of Water Supply Scheme at Mao

(i) **Excess expenditure:** PHED placed (March 2005) five supply orders with M/S Electro Steel castings Limited, Kolkata for supply of 74,806 metres of Ductile Iron (DI) pipes of various diameters for implementation of the scheme and three other water supply schemes¹⁰.

The supplier sent (March 2005) five proforma invoices amounting to Rs.5.58 crore for supply of the entire quantity of pipes. However, the Department paid the supplier Rs.5.88 crore (Rs.4.50 crore as advance in July 2005 and Rs.1.38 crore as final payment in August 2006) leading to an excess payment of Rs.30 lakh.

The Department admitted (November 2008) the excess payment and stated that it would take steps to refund the amount.

(ii) **Avoidable expenditure:** Test check revealed that five works¹¹ were located on the Imphal-Dimapur Road in Senapati district, 60 kilometres from Imphal. As such, the material should have been received and stored at Senapati itself for use in the specified works, since storage facility was available at Senapati. However, the Department transported 61,016 Rm¹² of the pipes from Dimapur up to Imphal for storage. The details are shown below:

Table 9

(in Rupees)			
Sizes of pipes (diameter in mm)	Quantities (metres)	Transportation cost per metre of the pipe	Amount
200	4,300	38.40	1,65,120
150	18,300	27.60	5,05,080
125	8,905	21.60	1,92,348
100	29,511	15.73	4,64,208
Total	61,016		13,26,756

Source: Departmental records

This imprudent action of the Department had caused the Government an extra expenditure of Rs.13.27 lakh on movement of the material for an extra distance of 60 kilometres from Senapati to Imphal. Apart from this, there will

¹⁰ Saikul, Kangpokpi, Maram, Tadubi of Senapati District

¹¹ At Mao, Saikul, Maram, Tadubi and Kangpokpi of Senapati District.

¹² Running metre

also be similar expenditure on subsequent movement of the material from Imphal to the worksites at the time of their use in the works.

3.1.10.3 Construction of a bridge over the Imphal River at Singjamei

In the DPR of this work, there was no provision for paying hire charges of tubular steel pipes consisting of H frame, clamps *etc.*, needed for staging/formwork for construction of superstructure of the bridge. The rate quoted by the contractor in the agreement for construction of superstructure was inclusive of the cost of formwork. The contractor was, however, paid Rs.11.91 lakh for hiring the material needed for staging/formwork, which was sanctioned (January 2007) as extra item. Records relating to hiring of material by the contractor could not be produced to audit. Payment of Rs.11.91 lakh for hire charges of material for staging/formwork for construction of superstructure of the bridge tantamount to undue aid to contractor.

3.1.10.4 Establishment of National Sports Academy at Khuman Lampak

The GOI released (November 2006) Rs.5.81 crore for construction of the academy building. The amount was drawn (March 2007) through AC bill and deposited in "8449-Other Deposits". The amount was withdrawn (June 2007) and Rs.4.68 crore was deposited with the PWD (after deducting Rs.68.22 lakh as departmental charges, Rs.11.61 lakh as income tax and Rs.32.51 lakh as local sales tax). The PWD had not taken up the work as of March 2008. Consequently, the State Government decided (May 2008) to entrust the construction work to Manipur Development Society and asked (April 2008) the PWD to refund the amount deposited with them. However, the amount was neither refunded as of August 2008, nor was the work taken up for execution. Thus, due to lack of inter departmental co-ordination, the project could not be started and the State Government failed to utilise the funds that was provided in November 2006.

3.1.10.5 Infrastructure Development of Manipur University, Phase-II

As per DPR of the scheme, the floor area to be constructed for each of the Boys' hostel and Girls' hostel was 2,420.90 sqm. The estimate was framed for 2,177.32 sqm for each of the hostels, 243.58 sqm short from that of the DPR. However, the floor area of the Boys' hostel was executed only for 2,080.74 sqm and that of the Girls' hostel was executed only for 2007.00 sqm. The details are shown below:

Table 10

Name of floor	Area in square metres			
	As per DPR	As per estimate	Actually executed	Difference
(1)	(2)	(3)	(4)	(5)(2-4)
100 Bedded Boys' Hostel				
Ground floor	942.90	693.80	657.58	285.32
First floor	822.50	741.76	711.58	110.92
Second floor	655.50	741.76	711.58	-56.08
Sub-total (A)	2420.90	2177.32	2080.74	340.16
100 Bedded Girls' Hostel				
Ground floor	942.90	693.80	641.00	301.90
First floor	822.50	741.76	683.00	139.50
Second floor	655.50	741.76	683.00	-27.50
Sub-total (B)	2420.90	2177.32	2007.00	413.90
Total(A+B)	4841.80	4354.64	4087.74	754.06

Source: Departmental records

It would be seen from the table that there was less construction of floor area of 340.16 sqm¹³ for the Boys' hostel and 413.90 sqm¹⁴ for the Girls' hostel respectively. Thus, altogether the floor area actually constructed was 754.06 sqm less than that of the DPR. This indicated that the DPR was not prepared on a realistic basis and would result in reduction of floor area of these hostels by 14 per cent (Boys' hostel) and 17 per cent (Girls' hostel).

3.1.10.6 Installation of 2X3.15 MVA, 33/11 KV sub-station at Maram

(i) **Purchase of line material:** As per agreement, the work of stringing line consisted of two items viz. supply of line material and erection of lines. The cost of erection was payable at the rate of 20 per cent of the cost of line material. The work was completed (January 2006) at a cost of Rs.21.17 lakh. However, the Department purchased material in excess of the requirement.

The excess quantity purchased exceeded 50 per cent of the requirement, except in the case of bolts and nuts and amounted to Rs.11.12 lakh. Purchase of such huge material beyond requirement may invite risk of pilferage. There was also no reason on record as to why the material was purchased in excess of requirement.

The Department stated (November 2008) that the material purchased in excess would be utilized in operation and maintenance of lines strung under NLCPR schemes. The reply is not acceptable as funds from NLCPR are meant for creation of infrastructure and not for their maintenance.

(ii) **Purchase of equipment:** The work consisted of three components viz. (i) construction of sub-station (ii) stringing of lines and (iii) civil works. The work was awarded (September 2003) to M/s Shyama Power (India), Haryana at its tendered amount of Rs.3.85 crore on turnkey basis.

Scrutiny of the records revealed that in respect of construction of the sub-station component the following items of equipment were procured by the

¹³ 2420.90 sqm -2080.74 sqm

¹⁴ 2420.90 sqm -2007 sqm

firm from different manufacturing companies at a lower price than what was paid to the firm by the Department. The details are shown below:

Table 11

(Rupees in lakh)

Particulars of equipment (Name of the manufacturer)	Manufacturer's price *	Amount paid to the firm by the Department	Avoidable expenditure
(1)	(2)	(3)	(4)(3-2)
3.15 MVA power transformers (M/s East India Udyog Ltd. Ghaziabad)	18.25	61.15	42.90
36 KV isolated with earth blade (M/s Power Line Accessories Ltd, Raipur)	2.20	7.84	5.64
36 KV isolated without earth blade (M/s Power Line Accessories Ltd, Raipur)	0.99	3.36	2.37
36 KV SF ₆ circuit breakers (M/s Crompton Greaves Ltd, Nasik)	14.41	39.20	24.79
30 KV lightning arresters (M/s Crompton Greaves Ltd, Nasik)	2.00	16.13	14.13
Total	37.85	127.68	89.83

Source: Departmental records

* Price including Central Excise duty of 16 per cent, Educational Cess of 2 per cent, Central sales tax of 4 per cent plus Freight charges (taken as 10 per cent of basic cost for Sl.Nos 2,3,4 &5 and amount actually paid for Sl. No 1)

There was nothing on record to establish that the Department made any effort to ascertain the rates of manufacturers to establish the reasonability of these rates and also no negotiations were held with the firm to reduce the rates of these equipment. Thus, an extra expenditure of Rs.80.85 lakh¹⁵ could have been avoided, had the Department finalized the tender after ascertaining the manufacturers' price of these equipment.

3.1.11 Lack of transparency

As per NLCPR guidelines, all the schemes supported from the pool should be given wide publicity. Immediately after approval of a project, the State Government should display a board indicating the date of sanction of the project, likely date of completion, estimated cost of the project, source of funding, contractor's name and the physical target *etc.* at project site. However, no such information was displayed at the project sites of three out of twelve projects.

3.1.12 Monitoring and evaluation

As per guidelines, the following measures for monitoring and evaluation of various projects sanctioned under NLCPR schemes are to be carried out:

➤ **Submission of Quarterly Progress Reports**

A Quarterly Progress Report (QPR) as prescribed by the Ministry giving project-wise progress of implementation should reach the Ministry within three weeks after the end of the quarter. Scrutiny of selected QPRs revealed that there were delays ranging from three to seventeen weeks in sending the QPRs in the six out of the twelve projects.

¹⁵ Rs.89.83 lakh minus 10 per cent commission as contractor's profit=Rs.80.85 lakh.

➤ **Quarterly meetings**

Chief Secretary of the State should hold quarterly meetings to review the progress of implementation of the ongoing projects under NLCPR and prepare a summary of such meeting and make it available to the Ministry. While meetings were held by the Chief Secretary in general, the mandated four quarterly review meetings were not held in all the years during the review period.

➤ **Field inspection**

State Government is to carry out field-inspection of projects periodically. However, against 65 projects sanctioned during 2002-08, none of the projects was inspected by the State Government.

➤ **Meetings of Monitoring Committee**

Planning Department did not fix the year-wise number of meetings to be held during 2003-08. As such, no meetings were held during these years.

3.1.13 Conclusion

The review revealed that in the absence of a gap analysis of the infrastructure in the State, adequate priority was not accorded to completion of projects in the infrastructure sector although these were accorded priority in funding. The capacity of the State in execution of the projects and utilisation of funds was not considered while formulating the project proposals. Fund management was poor and affected the timely execution of projects. There were cases of inordinate delay in release of funds to the implementing agencies. Out of the 12 selected projects, five projects/schemes had been completed and two projects were in progress while five works had not been started even after 20 months from their approval by the GOI. There were also cases of lack of transparency and inadequate monitoring and evaluation of the programme, leading to diversion of funds.

3.1.14 Recommendations

- Gap analysis should be done before formulating project proposals; key areas to be covered should be identified and accorded adequate priority both in funding as well as execution.
- Planning process should be strengthened and accountability should be fixed for any deviations from the approved DPRs or diversions of scheme funds to other activities.
- Stringent inspection of all on-going projects should be carried out to ensure that the projects are completed on time, avoid extra expenditure, and ensure timely utilisation of funds.
- Monitoring and evaluation should be made more effective to ensure that intended benefits are derived by the society and scarce funds are used gainfully.

EDUCATION DEPARTMENT (SCHOOLS)

3.2 Nutritional Support to Primary Education (Mid-day Meal Scheme)

Highlights

The National Programme of Nutritional Support to Primary Education, a Centrally Sponsored Scheme, commonly known as "Mid-day-Meal scheme (MDM)" was launched on 15 August 1995 with the principal objective of boosting the universalisation of primary education by increasing enrolment, retention and learning levels of children and simultaneously improving nutritional status of primary school children of 6 to 11 years age group. The scheme is currently being implemented in 2,945 primary schools. However, about 68,000 students enrolled in the EGS/AIE centres are not covered by the scheme.

Some of the important audit findings are highlighted below:

Implementation of the scheme was based on unreliable enrolment data.

(Paragraph 3.2.7)

Cooking cost was released with delays ranging from 109 to 394 days.

(Paragraph 3.2.8.4)

Total quantity of 55,895 quintals of rice was issued in excess of the requirement.

(Paragraph 3.2.9.4)

The benefit of the scheme was not extended to the children attending EGS/AIE centres due to non-finalisation of formalities.

(Paragraph 3.2.9.5)

3.2.1 Introduction

The GOI launched the National Programme of Nutritional Support to Primary Education, commonly known as the "Mid-Day-Meal (MDM)" scheme on 15 August 1995 as a Centrally Sponsored Scheme for children of primary stage (Class I to V) in Government, Local bodies and Government aided schools. In October 2002, it was also extended to cover children studying in Education Guarantee Scheme (EGS) and Alternative Innovative Education (AIE) centres.

The objectives of the scheme are to:

- boost universalisation of primary education, especially to the disadvantaged sections;
- improve nutritional status of students of primary stage; and
- provide nutritional support to such students of primary stage in drought affected areas during summer vacations.

Under the scheme, Central assistance was provided to the State by way of free supply of foodgrains through Food Corporation of India (FCI) @ 100 grams per child per feeding day where cooked meal was served and @ 3 kg per month where only foodgrains were distributed including transport subsidy of foodgrains. The revised guidelines with effect from September 2004 made it mandatory to serve cooked meals to the eligible children with a calorific content of 450 grams and protein content of 10-12 grams.

In Manipur the scheme was introduced in November 1995 and is currently implemented in 2,945 primary schools. Initially foodgrains were provided to the school children. In compliance with the Supreme Court's order (April 2004), the State Government started providing cooked meal with effect from 14 November 2004¹⁶. The scheme, however, had not been extended to the 2,019 EGS/AIE centres in the State.

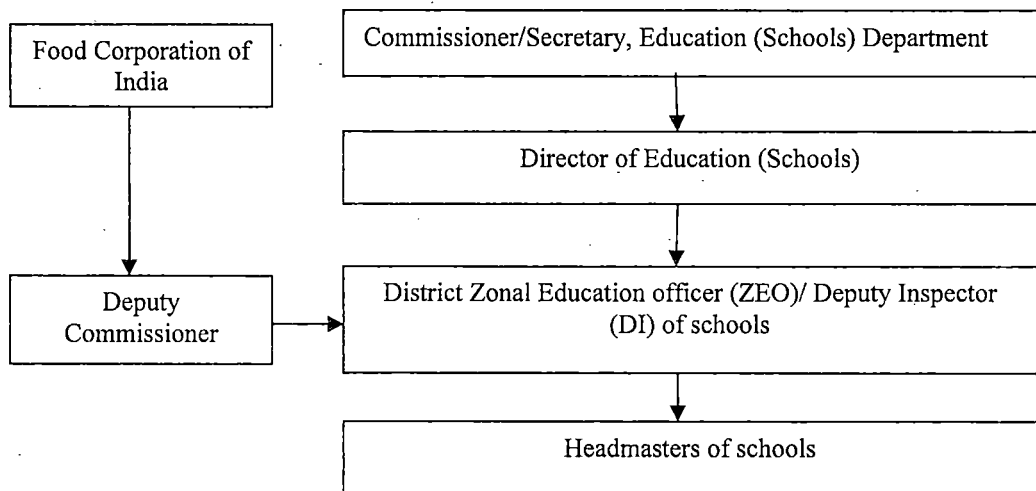
3.2.2 Organisational Set up

The Directorate of Education (Schools) is the nodal Department at the State level for implementation of the scheme. The Commissioner/Secretary is the Chairman of the Steering-cum-Monitoring Committee (SMC) at the State level. The Deputy Commissioners are the Chairmen of SMC at the district level as well as nodal officers at the district level. The School Management Development Committees are assigned the responsibility for implementation of the programme at the local levels in consultation with the respective Zonal Education Officers (ZEO)/ Deputy Inspectors (DI) of Schools.

The FCI is the nodal agency for supply of foodgrains. The organizational set up for implementation of the programme in the State is given below:

¹⁶ The scheme was started in 20 selected schools on experimental basis in 1 June 2004.

Chart 1



3.2.3 Scope of Audit

The performance review was carried out during April-June 2008 and covered the implementation of the scheme during 2003-08. Four out of nine districts viz. Imphal (East & West)¹⁷, Bishnupur, Churachandpur and Senapati including 80 schools (20 schools from each selected district) were selected on random sampling without replacement method for detailed checking.

3.2.4 Audit Objectives

The objectives of the performance review were to assess whether:

- the State Government implemented the programme effectively and achieved its principal objective of universalisation of primary education;
- there was improvement in enrolment, attendance, and retention of the children in primary schools;
- there was improvement in the nutritional status of the children in primary classes;
- Financial management was efficient and funds provided were utilised effectively for the intended purpose; and
- the internal controls were effective and ensured monitoring at various levels and timely and reliable programme information.

3.2.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

¹⁷ The capital districts of Imphal (East) and Imphal (West) are considered as one district for the purpose of this review.

- Scheme guidelines;
- Norms prescribed for nutritional content, attendance and retention of enrolled children;
- Quality assurance norms; and
- Monitoring mechanism prescribed at various levels.

3.2.6 Audit Methodology

Audit methodology included selection of field units based on simple random sampling without replacement method, holding of an entry conference (May 2008) with the Departmental officers, test check of relevant records/documents, analysis of data and documentary evidence against the audit criteria to arrive at audit findings and conclusions. Audit findings were discussed with the Departmental officers in an exit conference (September 2008) and the replies of the Department have been incorporated in the review at appropriate places.

Audit Findings

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

3.2.7 Planning

Adequate planning is the necessary first step towards achieving the objectives of the scheme. This involves identification of the eligible children through an appropriate survey, to provide mid-day meals. The State Government had not carried out any survey during the review period to identify the actual number of children enrolled at the primary level.

The State was required to prepare a comprehensive Annual Work Plan and Budget (AWP&B) with effect from 2006-07, based on the details of enrolment at the school level and aggregated at block, district and State level for the preceding year, in order to project its requirement of funds and foodgrains for the succeeding year. The AWP&B was to be approved by the Programme Advisory Board of the GOI.

The State Government formulated the AWP&B for the years 2006-08. However, disaggregated enrolment details at the school level were not furnished to the GOI along with the AWP&B, as the details were available only at the district level. In the absence of a survey to identify the eligible students for provision of mid-day meals, the Government projected its requirement of foodgrains and funds to the GOI on an *ad hoc* basis.

Scrutiny of the enrolment figures furnished by the State Government to the GOI revealed wide variation between these figures and the enrolment figures available with the District Information System of Education (DISE) during 2006-08, as shown below:

Table 1

Year	Enrolment figures as per DISE	Enrolment figures adopted by the Department in the AWP&B	Difference
(1)	(2)	(3)	(4) (2-3)
2006-07	3,43,974	2,30,854*	(+) 1,13,120
2007-08	2,03,590	2,02,476 **	(+) 1,114

* excluding 69,005 children attending EGS/AIE centres.

** excluding 68,159 children attending EGS/AIE centres.

Source: Annual work plans and budget of the Department

Thus, the data furnished by the State Government to the GOI cannot be vouched. There was inadequate attention to planning, especially in maintaining a reliable database regarding enrolment of children, which will have a repercussive effect in future preparation of works plans, monitoring and impact evaluation of the scheme.

3.2.8 Financial Management

3.2.8.1 Funding pattern

Funding pattern of the scheme is summarised below:

- **Foodgrains**

GOI provided rice free of cost through the FCI. With effect from 14 November 2004, the State Government started providing cooked meal to the eligible children.

- **Transportation of foodgrains from the FCI depot to school**

Up to August 2004, transportation cost was reimbursed by the GOI @ Rs.50 per quintal and the State Government was to bear the remaining cost. With effect from September 2004, Rs.100 per quintal was reimbursed by the GOI, and the balance was to be borne by the State Government.

- **Cost of cooking**

From September 2004 to August 2006, it was Re.1 per child per day *plus* 15 per cent of the Additional Central Assistance (ACA) under PMGY¹⁸. From September 2006 onwards, the GOI was to reimburse Rs.1.80 per child per day, provided, the State Government pays Re.0.20 per child per day.

- **Infrastructure**

From July 2006, Rs.60,000 per unit per school was to be paid by the GOI for construction of kitchen-cum store and kitchen devices at an average cost of Rs.5,000 per school.

¹⁸ Prime Minister's Gramodaya Yojana

• **Monitoring, Management and Evaluation (MME)**

The GOI was to pay 0.9 per cent of the total expenditure on MME from September 2004 to June 2006 and the balance was to be paid by the State Government. From July 2006 onwards, the GOI was to pay 1.8 per cent of the total assistance and the State Government was to pay the balance.

3.2.8.2 Allocation, release and utilization of funds

The year wise position of allotment of funds and expenditure under MDM scheme and the amount required for cooking cost for the years 2003-08 is given below:

Table 2

(Rupees in crore)

Year	Budget Provision	Funds released	Expenditure	Excess(+)/ Saving(-) with the Dept.	Amount deposited in '8449-Other Deposits'
(1)	(2)	(3)	(4)	(5)(3-4)	(6)
2003-04	0.43	0.19	0.19	--	--
2004-05	6.73	3.65	3.37	(-)0.28	--
2005-06	8.60	8.58	8.87	(+) 0.29	--
2006-07	10.15	10.23	9.92	(-) 0.31	--
2007-08 ¹⁹	24.69	24.69	16.91	--	7.78
Total	50.60	47.34	39.26	(-)0.30	7.78

Note: Fund released by Centre and State during 2003-04 to 2006-07 could not be segregated by the Department

Source: Budget and Departmental records

The Department did not maintain the details of funds provided by the Central and the State Governments separately except for the year 2007-08. Consequently, it was not possible to assess whether the quantum of funds supposed to be provided by the Centre and the State, as per the guidelines of the scheme, were provided.

During 2006-07, it was noticed that release of funds exceeded the Budget provision by eight thousand rupees. Excess release of funds over budget provision not only dilutes the legislative control over expenditure but also is indicative of the fact that no proper budgetary control has been exercised in release of funds.

Scrutiny revealed that the expenditure of Rs.39.26 crore incurred on implementation of the scheme during 2003-08 was only on account of cooking cost. Based on the enrolment data available with DISE (which formed the basis for projection in Sarva Siksha Abhiyan), the requirement of funds on

¹⁹ Details of funds for the year 2007-08:

Sources	Sanctioned amount	Fund released	Expenditure	Amount deposited in '8449-Other Deposits'
State	14.36	14.36	8.89	5.47
Centre	10.33	10.33	8.02	2.31
Total	24.69	24.69	16.91	7.78

account of cooking cost for the years 2003-08 would work out to Rs.37.03 crore²⁰.

The State Government has neither incurred any expenditure for lifting 3,33,661 quintals of rice during 2003-08 nor has made any claim for reimbursement on account of transportation cost at the prescribed rate, which amounted to Rs.1.61 crore from the GOI. Further, funds for infrastructure of Rs.17.67 crore @ Rs.60,000 per school and cooking device of Rs.1.47 crore @ Rs.5,000 per school had not been released to the 2,945 schools currently covered by the scheme.

Thus, release of funds was not made on the matching requirement of different components of the scheme and appears to have been made without making adequate analysis.

3.2.8.3 Release of Central funds

It was noticed that the State Government had short released the Central funds to the Department. The Central funds retained by the State Government as of March 2008 are as follows:

- Rupees 38.30 lakh out of cooking cost of Rs.9.38 crore released by the GOI during 2007-08;
- Rupees 8.59 lakh received in November 2007 as Central assistance for cooking cost of upper primary children (class VI-VIII); and
- Rupees 2.53 lakh received in January 2008 as Central assistance towards Management, Monitoring & Evaluation (MME).

Thus, overall, Rs.49.42 lakh of the Central funds had been retained by the State Government and not passed on to the Department.

3.2.8.4 Delay in release of funds for meeting cooking costs

Timely provision of mid-day meals to the children was affected by delay in release of funds to the implementing agencies. During 2005-08, while the State Government provided Rs.35.73 crore to the Department for meeting the cooking cost, Rs.33.74 crore was released by the Department to the school authorities with delays ranging from 109 to 394 days as can be seen from the table below:

²⁰ For providing MDM @ 200 days per year.

Table 3

(Rupees in crore)

Amount released by the State Government	Date of release	Amount released by the Department to the implementing agencies	Date of release by the Department	Period of delay (In days)*
(1)	(2)	(3)	(4)	(5)
2005-06				
2.33	May & June 2005	2.29	Between 17 September and 9 December 2005	109-192
2.38	July and August 2005	2.19	Between 19 December 2005 and 24 April 2006	141-267
2.80	September to November 2005	3.30	Between 3 February 2006 and 18 May 2006	126-230
1.08	January 2006	1.08	Between 30 May 2006 and 21 December 2006	119-324
2006-07				
2.26	May & June 2006	2.16	Between 10 Jan 2007 and 7 May 2007	224-341
3.69	July to September 2006	3.59	Between 29 April 2007 and 19 May 2007	272-292
4.28	October to December 2006 and January & February 2007	4.28	Between 15 Sept 2007 and 29 Nov.2007	319-394
2007-08				
16.91	May 2007 to Feb 2008	14.85	Between 5 April 2008 and 12 June 2008	309-377
35.73		33.74		

* reckoned from the end of the first month in column 2.

Source: Departmental records

During 2005-07 there were cases of release of cooking cost to the implementing agencies in the succeeding financial years and for 2007-08, the entire cooking cost was released during 2008-09. It could not be ascertained why cooking cost was released with such delays while foodgrains were released monthly by the FCI. There was, thus, no correlation between the supply of foodgrains and release of funds for cooking cost.

The Department stated (October 2008) that delay in release of cooking cost was due to the prevailing law and order situation in the State. Such delay, however, would mean that foodgrains could not be converted into cooked food and would thus defeat the purpose of providing cooked meals to the students.

3.2.8.5 Allocation of extra conversion cost²¹

Fund allocation for cooking cost comprised of three sub-components *i.e.* salary for cooks, fuel cost and conversion cost. In the sanction order of cooking cost for the year 2007-08, funds were shown to have been provided for 220 days for 1.89 lakh students. However, detailed checking of break up of the sanction order revealed that funds for cooks and fuel cost were actually provided for 200 days, whereas conversion cost was provided for 220 days. The Department could not furnish any justification for the mismatch between the two figures and hence provision of conversion cost for extra 20 days in the absence of corresponding funds for cooks' salary and fuel could not be vouched.

²¹ Cost for vegetables, dal, condiments, oil *etc.*

3.2.8.6 *Parking of funds*

Scrutiny of the records revealed that cooking cost for the months of October 2006 to February 2007 amounting to Rs.4.28 crore was shown as expenditure in the financial year 2006-07 although the amount was not released to the zonal offices till September 2007.

Besides this, the following cases of parking of funds were noticed:

- Out of Rs.24.69 crore released during 2007-08, the Department had shown Rs.16.91 crore as expenditure and the remaining amount of Rs.7.78 crore (State's share - Rs.5.46 crore as cooking cost and Centre's share - Rs.2.32²² crore) had been parked in "8449-Other Deposits". The actual expenditure during the year was only Rs.14.68 crore, leaving an unspent balance of Rs.2.23 crore.
- Rupees 7.04 crore received by the State Government during March 2007 for construction of kitchen sheds was deposited in the bank account and remained unutilised as of June 2008.

Thus, an amount of Rs.17.05 crore remained unutilised. Of this, Rs.9.05 crore relates to cooking cost, which would be enough to provide cooked meal to one lakh students for over two years for 200 days per year at the prescribed norm of Rs.1.80²³ per student per feeding day.

The MME fund could not be utilized despite having a committee for MME. Rupees 73 lakh allotted for cooking devices could not be spent. As such, no cooking device has been purchased and issued to the implementing agencies.

3.2.9 *Programme Implementation*

The principal objective of the scheme was to improve enrolment, attendance and retention of children at the primary level to boost the national objective of universalisation of primary education.

3.2.9.1 *Enrolment of students*

The year-wise position of enrolment of children in the age group of 6-11 years as per the records of the DISE is given below:

²² Cooking cost -Rs.135.93 lakh; Management, Monitoring & Evaluation cost- Rs.22.82 lakh and cooking devices- Rs.72.85 lakh.

²³ Curry is being presently provided @ Rs.1.80 per student per feeding day.

Table 4

Year	Total	General category	Scheduled Caste	Scheduled Tribe
(1)	(2)	(3)	(4)	(5)
2003-04	3,16,246	1,96,591	9,894	1,09,761
2004-05	3,04,327	1,70,512	8,017	1,25,798
2005-06	3,59,999	1,95,675	7,383	1,56,941
2006-07	3,43,974	1,68,732	11,352	1,63,890
2007-08	2,03,590	86,036	6,464	1,11,090

Source: DISE records

As can be seen above, there is no particular pattern to the enrolment of children in the targeted age group during the review period. The number of children enrolled fluctuated during 2003-08 and generally showed a declining trend towards 2007-08. In the absence of a survey relating to identification of children and their enrolment, the basis for the data furnished by the DISE cannot be vouched. The Department admitted (June 2008) that the enrolment data is not authentic.

The status of enrolment of the 80 schools test-checked during the review period is given below:

Table 5

Year	Enrolment of students of the 80 selected schools				
	Imphal	Bishnupur	Churachandpur	Senapati	Total
(1)	(2)	(3)	(4)	(5)	(6)
2003-04	2,316	2,590	2,003	2,325	9,234
2004-05	2,473	2,194	1,644	2,593	8,904
2005-06	2,228	2,822	1,995	2,574	9,619
2006-07	2,104	2,948	2,116	3,258	10,426
2007-08	2,042	2,622	1,890	2,510	9,064

Source: Records of the selected schools

Here again, there is no clear pattern to the enrolment data. The number of children enrolled displayed wide fluctuation from year to year but declined during 2007-08 in all the districts.

It was therefore not possible to gauge the impact of implementation of the MDM scheme in terms of enrolment and retention of children in the State during 2003-08.

3.2.9.2 Drop out rate

The position of drop out students in the 80 selected schools during the years 2003-08 was as follows:

Table 6

Year	Number of students in the 80 selected schools		
	Enrolment	Drop-out	Percentage of drop out
2003-04	9,234	1,900	21
2004-05	8,904	2,158	24
2005-06	9,619	2,538	26
2006-07	10,426	2,601	25
2007-08	9,064	1,809	20

Source: Records of the selected schools

The percentage of drop out students in the 80 selected schools during the years 2003-08 was quite high ranging from 20 *per cent* to 26 *per cent*, and this goes to prove that there was no impact of the scheme in improving the retention of pupils in these schools.

3.2.9.3 Provision of cooked meal

As per norm, the State Government was to provide cooked food to students studying in lower primary schools (class I-V) @ 100 grams per child per school day for a minimum of 200 days in a year.

As the scheme was implemented in the State with effect from 14 November 2004, cooked meal should have been provided for 76 days (based on a minimum of 200 feeding days in a year) during 2004-05. However, cooked meal was provided only on 50 days during 2004-05. During 2005-06 and 2006-07, cooked meals were provided on 149 and 160 days respectively, a shortfall of 26 *per cent* and 20 *per cent* respectively. During 2007-08, however, the Department was able to provide cooked meal for the minimum required number of 200 days.

3.2.9.4 Lifting of foodgrains

The quantity of rice lifted and issued to the schools should be as per the actual requirement. The position of foodgrains lifted by the implementing agencies from the FCI during the years 2005-08²⁴ *vis-à-vis* requirement as per the actual number of feeding days is given below:

Table 7

<i>(In quintals)</i>					
Year	Number of children fed	Actual no. of feeding days	Quantity of foodgrains lifted from FCI (rounded)	Quantity of rice required as per actual no. of feeding days @ 100 gm per child per day	Excess lifting of foodgrain <i>vis-à-vis</i> requirement (-) less/(+) more
(1)	(2)	(3)	(4)	(5)	(6)
2004-05	3,05,695	50	34,434 ²⁵	15,245	(+) 19,189
2005-06	2,84,000	149	59,142	42,316	(+) 16,826
2006-07	2,30,854	160	53,689	36,937	(+) 16,752
2007-08	1,89,083	200	40,945	37,817	(+) 3,128
TOTAL	10,09,632	559	1,88,210	1,32,315	(+) 55,895

Source: Departmental records and FCI records

The number of children given in the above table differs from the enrolment figures furnished by the DISE, as mentioned in **Paragraph 3.2.9.1**. The figures given in the above table are based on the sanction orders issued by the State Government and are much lower than the DISE data (**Table 4**). In view of the variation in the figures, the authenticity of the data cannot be vouched in audit.

As shown in the table above, the Department had lifted 1,88,210 quintals of rice during the years 2004-08²⁶ and was shown to have been issued to the

²⁴ Cooked meal was actually provided in the State with effect from 14 November 2004.

²⁵ During 2004-05, 91,075 quintals of rice was issued. In the absence of monthly break-up of quantity of rice lifted, the calculation has been made proportionately for 138 days *i.e.* w.e.f. 14 November 2004.

²⁶ With effect from 14 November 2004.

schools. However, the requirement of rice for the beneficiaries worked out to 1,32,315 quintals only, resulting in excess issue of 55,895 quintals of rice *vis-à-vis* its requirement.

3.2.9.5 Non-coverage of EGS and AIE centres

The Government of Manipur could not extend the MDM scheme to children belonging to 2,019 EGS and AIE centres (EGS: 971 and AIE: 1,048) as of March 2008 due to non-finalisation of modalities of implementation of the scheme in these centres. No effective steps have been taken to bring these centres under the scheme as of March 2008. As a result, 68,159 children²⁷ attending EGS and AIE centres were deprived of the benefits provided under the scheme.

3.2.9.6 Transportation of foodgrains

Transportation of foodgrains from the nearest FCI Depot to each Primary School is the logistical responsibility of the Department. The State Government is to ensure accurate projection of requirements, timely lifting of foodgrains allocated, monitoring of their distribution and also ensure the prescribed quality. The quantity of foodgrains lifted during 2003-08 by the State and the amount to be reimbursed by the GOI are as below:

Table 8

(In Rupees)			
Year	Quantity lifted and utilised (in quintal) (rounded)	Transportation charge payable @ Rs.50/Rs.100 per quintal	Departmental expenditure toward transportation
(1)	(2)	(3)	(4)
2003-04	88,810	70,30,791 ²⁸	Nil
2004-05	91,075	91,07,500	Nil
2005-06	59,142	59,14,200	Nil
2006-07	53,689	53,68,900	Nil
2007-08	40,945	40,94,500	Nil
Total	3,33,661	3,15,15,891	Nil

Source: Departmental records

As per the scheme guidelines, up to August 2004 transportation cost @ Rs.50 per quintal was to be reimbursed by the GOI. The rate was enhanced to Rs.100 per quintal with effect from September 2004. Transportation cost was to be first borne by the State Government, which was later to be claimed for reimbursement from the GOI at the prescribed rate. Audit scrutiny, however, revealed that the Government had not incurred any expenditure on transportation cost during the review period.

The Department stated (May 2008) that no transporters could be appointed during the last few years and transportation of foodgrains were made at the level of ZEOs/Directorate in the interest of the scheme. In fact in the four

²⁷ Anticipated figure as per Annual works plan and budget 2007-08.

²⁸ @ Rs.50 for 5 months up to August 2004 and @ Rs.100 for 7 months from September 2004 onwards.

selected districts, it was seen that three²⁹ ZEOs transported foodgrains at their own expense during 2006-08.

The Department accepted the need to streamline the system and decided (May 2008) to appoint regular transporters through open tenders.

3.2.9.7 Construction of kitchen sheds

The GOI provided funds for construction of kitchen sheds through Central Assistance for NSDP³⁰ and SGRY³¹ schemes of MAHUD³² and RD&PR³³ departments during 2004-05. The State Government has directed (November 2004) RD&PR/MAHUD to construct 3,035 kitchen sheds (374 in urban and 2,661 in rural areas) @ Rs.30,000 each. The details are shown below:

Table 9

(Rupees in lakh)					
Name of the scheme	Name of the construction agency	Amount* involved	No. of kitchen sheds to be constructed	No. of completed kitchen sheds as of March 2008	Percentage of completion
(1)	(2)	(3)	(4)	(5)	(6)
NSDP	MAHUD	112.20	374	340	91
SGRY	RD& PR	798.30	2661	2227	84
	Total	910.50	3,035	2,567	85

* The amount involved is paid through the central scheme mentioned in column (1)

Source: Departmental records

Though the buildings were supposed to be handed over by May 2005 the construction agencies could submit completion report of 2567 kitchen sheds only (340 in urban and 2,227 in rural areas) in March 2008.

Scrutiny of the records of zonal offices, selected schools and joint inspection (September-October 2007) revealed that in most cases the construction was very poor and substandard³⁴. In 14 cases, kitchen sheds were found to be unusable. As such, food had to be cooked in teachers' common room or open spaces and cooking materials had to be stored in schools.

3.2.10 Nutritional status

3.2.10.1 Micro-nutrient supplementation

One of the objectives of the scheme was to improve nutritional status of the students. The scheme envisaged appropriate interventions relating to micro-nutrient supplementation and de-worming, e.g., administration of six monthly doses for de-worming and vitamin "A" supplementation, administration of weekly iron and folic acid supplement and other appropriate supplementation depending on common deficiencies found in the local area. Technical advice and doses for the above was to be obtained by the school from the nearest

²⁹ ZEO, Wangoi, Imphal East and Imphal West.

³⁰ NSDP=National Slum Development Programme.

³¹ SGRY= Sampurna Grameen Rozgar Yojana

³² MAHUD=Municipal Administration, Housing and Urban Development.

³³ RD&PR=Rural Development and Panchayati Raj.

³⁴ Such as, low roofing, leakage of roofing, non-provision of doors and windows, mud and bamboo chattai walls, water logging due to non-levelling of floor etc.

primary health centre/Government hospital, and was to be funded from appropriate scheme of the Health Department or the school health programme. Scrutiny of the records revealed that the Department had not taken any steps for regular health check up, regular supply of micro-nutrient supplementation, and regular de-worming (June 2008). Moreover, no provision was made in the budget for micro-nutrient supplementation and de-worming during the period covered by audit.

3.2.10.2 Quality of meals

As per the scheme guidelines, food should be tested by the members of school committee before serving it to the children in order to ensure its quality. However, records in support of testing of food before serving were not maintained in any of the 80 schools test checked. In the absence of such records, it could not be ascertained whether the food was actually tested every day by members of the school committee before distribution to children. Thus, quality of food served to the children could not be ascertained.

3.2.10.3 Calorific and protein content of meals

The guidelines stipulate provision of cooked meals with a minimum content of 300 calories and 8-12 grams of protein which was revised (September 2006) to 450 calories and 12 grams of protein per child on each school day. Test check of the records revealed that the Department had not evolved any mechanism to determine the calorific value and protein content available in the served meal. Hence, no cognizance to this valuable health aspect had been given while implementing the programme.

3.2.10.4 Inspection of meals served in schools

The guidelines stipulate fixation of monthly targets for inspections of meals served in schools to be conducted by the officers of the district, block and other officers locally available in other Departments like Revenue/General Administration, Rural Development, Women and Child Development, Health and Family Welfare, Food and Civil Supplies *etc.* Further, inspection targets were required to be fixed by the State Government so that the implementation of the scheme in 25 *per cent* of primary schools is inspected every quarter and all primary schools are inspected at least once a year. No targets for inspection of schools had been fixed by the Department during 2003-08.

In the absence of systematic and regular inspections, the Department is not in a position to assure itself about the quantity, quality and hygiene of meals supplied to the school children.

3.2.11 Non-supervision of cooks

MDM scheme guidelines envisage that responsibility for cooking would as far as possible be assigned to local women's Self Help Groups (SHG), Village Education Committees (VEC), School Management-cum-Development Committee (SMDC), Parent Teacher Associations/Mother Teacher Associations (PTA/ MTA) and Non-Government Organizations (NGO) where

available. Scrutiny of the records of seven zonal³⁵ offices in the four selected districts including 80 schools, however, revealed that there was no record of involvement of such organizations.

3.2.12 Monitoring

3.2.12.1 Non-functional Steering cum Monitoring Committee

As per the scheme guidelines, the Steering cum Monitoring Committees (SMC) were to be set up at four levels viz. National, State, district and block for guidance, monitoring, co-ordination and taking action on the reports furnished by the implementing agencies. National and State level SMC were to meet at least once every six months, and district and block level SMC at least once in a quarter.

Scrutiny of the records revealed that the three State level SMCs were constituted only in May 2005 and no meeting at any level was held up to March 2008. The State Government had not incurred any expenditure on management, monitoring and evaluation activities and Central assistance of Rs.25.35 lakh³⁶ provided for this purpose remained unspent. No steps were taken to involve mothers to supervise the preparation of meals and feeding of children as provided in the guidelines and no quarterly assessment of the programme through district Institutes of Education & Training was ever carried out.

3.2.13 Internal Audit

Scrutiny of the records of the selected district offices and schools revealed that despite having a separate internal audit wing in the Department, no internal audit was conducted during the last five years.

The Department did not adopt any internal control mechanism to ascertain the actual utilisation of the funds and foodgrains released to school authorities by obtaining expenditure statements with vouchers.

The utilisation certificates were prepared on the basis of release of funds from ZEO level without ascertaining the actual expenditure incurred. No progress report of physical and financial achievement has been prepared or submitted to the Government.

Regular internal audit by the Directorate of Local Fund of the State Government was also not conducted at the ZEO level during the period covered under the review.

3.2.14 Conclusion

Implementation of the MDM scheme in Manipur was unsatisfactory and failed to achieve the objective of universalisation of elementary education and

³⁵ ZEOs, Imphal West, Imphal East, Wangoi, Bishnupur, Churachandpur, Dy. Inspector of Schools, Moirang and Henglep.

³⁶ Rs.11.10 lakh received prior to 2006-07; Rs.11.72 lakh in 2006-07 and Rs.2.53 lakh in 2007-08

improvement in the nutritional status of the children. Planning process was hampered due to the absence of a reliable database relating to the enrolment of children. Considerable number of children from the EGS and AIE centres were left out of the purview of the scheme. There was no conclusive evidence of improvement in enrolment, attendance and retention of children in the schools. Most of the kitchen sheds constructed were not usable. The Department had not taken any steps for regular health check-up and regular supply of micro-nutrient supplementation and had not evolved any mechanism to determine the calorific value and protein content of the served meals. The monitoring system was deficient due to lack of regular flow of progress reports from the zonal and district level offices.

3.2.15 Recommendations

- A centralised and reliable database should be set up relating to population, enrolment, attendance, and other facilities extended to the children under the scheme.
- Requirement of foodgrain should be assessed on an annual basis with reliable inputs from school level and release of funds for cooking cost should be synchronised with the lifting of foodgrains.
- The benefits of the scheme should also be extended to EGS/AIE centres.
- Regular health check-ups should be introduced in the schools and micro nutrient supplements and de-worming medicines should be provided to the children.
- Monitoring mechanism should be strengthened and enforced effectively so as to secure accountability at various levels of programme implementation.

Chapter IV
Audit of Transactions (Civil)

CHAPTER IV
AUDIT OF TRANSACTIONS (CIVIL)

Fraud/misappropriation/embezzlement/losses

DEPARTMENT OF AGRICULTURE

4.1 Loss to the Government

Inaction by the Department to get back 287 pump-sets or to realize their cost subjected the Government to a loss of Rs.72.62 lakh.

The Government of Manipur sanctioned (August 2005) Rs.72.62 lakh for the purchase of 287 pump-sets for meeting the draught like situation in the State during 2005-06. Pursuant to this, the Department of Agriculture procured (July-August 2005) 255 pump-sets from a Guwahati based firm and the remaining 32 from an Imphal based firm, incurring an expenditure of Rs.72.62 lakh.

The Department distributed all the pump-sets immediately after their procurement free of cost to 287 beneficiaries with the condition that (i) the pump-sets would be returned to the Department after the Kharif season 2005 and (ii) in the event of failure to return the sets, full cost of the sets would be paid by the beneficiaries.

Scrutiny of the records (October 2007) of the Director, Department of Agriculture revealed that the beneficiaries neither returned any of the pump-sets nor paid any amount for these sets as of March 2008. Despite a lapse of more than two and a half years, the Department had not taken any steps to recover the pump-sets or to realize the full cost of these sets from these beneficiaries.

The inaction by the Department has, thus, subjected the Government to a loss of Rs.72.62 lakh.

The Government stated (June 2008) that the beneficiaries have been asked to return the pump-sets by writing to them individually as well as publishing a notification in the local newspapers.

FINANCE DEPARTMENT

4.2 Loss to the Government

The Government suffered a loss of Rs.10.89 lakh as penal interest due to delay in reporting currency transfer transaction by 153 days.

According to Rule 680 (iii) of the Central Treasury Rules, every transfer from the treasury balance to the currency chest, or *vice versa*, in case of non-banking treasury must be reported at once to Currency Officer of Reserve Bank of India (RBI).

Scrutiny of the records (March 2008) of Tamenglong Treasury, a non-banking treasury revealed that the Treasury Officer (TO) transferred an amount of Rs.3.25 crore from the currency chest of RBI maintained at the treasury on 28 January 2006 to replenish the treasury balance. However, the TO reported the transaction on 1 July 2006, after a delay of 153 days. As a result, RBI had debited an amount of Rs.10.89 lakh from the account of the State Government as penal interest.

Thus, the Government suffered a loss of Rs.10.89 lakh as penal interest due to lapse on the part of the TO to report the currency transfer in time.

During discussion with the Government, it was stated (November 2008) that a FAX message intimating the transfer of cash was intimated to RBI on time; for which the transmitted (OK) message was also received.

The OK message, however, had neither the originating nor destination phone number. Such copy of the message was already submitted to the RBI earlier while pleading for exemption of penal interest, but had been rejected.

PUBLIC WORKS DEPARTMENT

4.3 Misappropriation of funds

Three cheques amounting to Rs.9.45 lakh issued in the name of one contractor were encashed without entering in the cash book.

As per Rule 77-A of the Central Treasury Rules, all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check.

Scrutiny of the records (October-November 2007) of the Sadar Hills Division revealed that three cheques¹ amounting to Rs.9.45 lakh drawn in favour of a contractor² (August 2005 to March 2006) were not entered in the cash book purportedly due to their cancellation. As the leaves of these cancelled cheques could not be produced to Audit, non-encashment certificate of these cheques was called (November 2007) for from the concerned bank (SBI, Imphal). The Bank stated (November 2007) that these cheques had been encashed between May 2006 and October 2006.

The Department could not furnish any supply order, invoice, work order, measurement book *etc.* to prove that these cheques were issued for payment of any work or supply order. Thus, it appears that funds amounting to Rs.9.45 lakh had been misappropriated by drawing it fraudulently in the name of the contractor.

During discussion (November 2008) the Government stated that the matter was viewed seriously and steps have been taken to recover the amount from the contractor.

4.4 Presumptive fraud in billing on road construction

Measurement of a layer of Water Bound Macadam of a hill road was recorded with abnormal and unconventional specifications resulting in excess payment of Rs.21.34 lakh to the contractor.

As per the specifications of road and bridge works of the Indian Road Congress, the thickness of a Grade-2 coarse aggregate layer of a Water Bound Macadam (WBM) road should be 75 mm when compacted (clause 404).

Scrutiny of the records (August – September 2007) of the Executive Engineer, Tamenglong Division revealed that the work “*Improvement of Imphal Tamenglong Road from Chalwa to Tamenglong (64 to 70 km)*” was awarded (November 2006) to a contractor under two work orders at the cost of Rs.54.09 lakh (estimated cost: Rs.52.96 lakh) and Rs.84.21 lakh (estimated cost: Rs.82.39 lakh) respectively. The work orders consisted of providing (i) a leveling course with shingling and (ii) WBM Grade-2 course (1st work order) and (iii) WBM Grade-3 course and (iv) pre-mix carpeting course (2nd work order). The works were carried out at a total cost of Rs.143.74 lakh (Rs.59.53 lakh for the 1st work and Rs.84.21 lakh for the 2nd work), which included Rs.21.34 lakh for construction of 1,524.17 cum of a WBM Grade-2 course @ *Rs.1400 per cum*.

All items of the works except WBM Grade-2 course were carried out as per the specifications for a road width of 3.75 m and for the entire length of the

¹ C-763471/007635 dated 29-8-05: Rs.2.45 lakh
D-013245/000133 dated 31-3-06: Rs 2.00 lakh
D-013277/000133 dated 31-3-06: Rs 5.00 lakh
Total: Rs.9.45 lakh

² Shri L.A.Asholi

road i.e. 64 to 70 km. The following irregularities were, however, noticed in respect of work of WBM Grade-2:

- Compacted course thickness was shown as 150 mm and 200 mm at different stretches of the road, when it should not have been more than 75 mm for one layer.
- The course was shown to have been done for a road width of 2.80 m to 3.75 m at different stretches of the road, when it should have been done for the entire road width of 3.75 m.
- The course was shown to have been laid for a road length of 2,245 m only, whereas the entire road length was 6,000 m (64 to 70 km).
- Measurement Book did not indicate the specific location/chainages where the course had been laid and dates of measurement taken by the Section Officer, test checked by the Assistant Engineer and the Divisional Officer were not recorded in the MB.

Thus, the measurement records relating to laying of WBM Grade-2 course are suspected to be incorrect resulting in excess payment of Rs.21.34 lakh to the contractor.

The Department stated (August 2008) that the work was still in progress and WBM grade-2 had been laid as per specifications. The reply, however, is not acceptable as available records³ show that both the works had been completed by March 2007 and WBM-Grade 2 course had not been laid as per specifications.

During discussion (November 2008) with the Government, it was stated that the payment had been made as per measurement. The Department, however, admitted that there had been some mis-recording of the works but asserted that the work appears to have been carried out as per norms.

The reply is not acceptable as mis-recording was not made in one or two cases but in a number of cases. Besides, the Department's statement does not explain the reasons of making payment based on such mis-recording. The Department agreed to re-measure the work and effect recovery, if any, from the concerned parties.

³ Measurement book and work order.

4.5 Presumptive fraud in billing on road construction

By inflating the quantum of work done beyond the capacity of machinery used, the Department had billed Rs.12.66 lakh in excess of the quantity of work possible.

Manipur Schedule of Rates (SOR) states that one hot-mix plant working in association with other machinery⁴ can produce only 120 metric tonne (MT) of mix in one day and that one MT of mix can cover 17.39 square metres (sqm) of road surface.

Scrutiny of the records (August 2007) of the Executive Engineer, Imphal West Division, PWD revealed that the Department had awarded (March 2007) the work of "Improvement of RMC road from Nagamapal to Traffic Rotary" through tender to a local contractor at an estimated cost of Rs.43.18 lakh. One of the items of the work included provision of 25 mm thick semi-dense carpeting course with a hot-mix plant. To execute this item of work, the Department issued to the contractor one hot-mix plant along with other associated⁵ machinery for three days. In three days the hot-mix plant can produce only 360 MT of mix and this quantity can cover only 6,260.40 sqm of road surface. As against this, the Divisional Officer concerned had billed (1st running account bill paid in September 2007) for 12,082.70 sqm of the road surface requiring 694.81 MT of mix.

This has resulted in excess billing for a road surface area of 5,822.30 sqm (12,082.70 sqm – 6,260.40 sqm) and subjected the Government to a loss of Rs.12.66 lakh (@ Rs.217.37 per sqm).

The Department agreed (November 2008) to reconcile the relevant documents with the Mechanical Division and to recover any amount, if due, from the concerned parties.

4.6 Loss to the Government

Advance payment without any security led to a loss of Rs.49.41 lakh to the Government due to non-delivery of material.

Central Treasury Rules do not permit advance payment for supplies except in exceptional cases, provided, adequate safeguards exist to secure the interest of the Government.

Scrutiny of the records (August-September 2008) of the Executive Engineer, Stores Division revealed that the division placed (July-December 2006) nine supply orders on M/s Sanyajee Ispat Ltd., Guwahati for purchase of steel rods of various diameters, amounting to Rs.11.27 crore. These steel rods were to be used in the construction of the Autonomous District Council building at Moreh and Mini-Secretariat buildings at eight District Headquarters.

⁴ Pay loader, Paver finisher, Road Roller, Tipper Truck

⁵ Paver finisher, Tipper Truck

There was no provision for advance payment in respect of four supply orders. The other five supply orders allowed payment of 25 *per cent* advance against bank guarantee/bond for an equivalent amount. The materials were to be supplied within one-two months from the date of payment of advance.

The division, however, made (August 2006 –February 2007) an advance payment⁶ of Rs.10.62 crore, without any bank guarantee/bonds. The firm had supplied material worth Rs.10.13 crore so far (September 2008) and steel rods worth Rs.49.41⁷ lakh had not been supplied even after a lapse of 20 to 24 months from the date of advance despite issuing (February-May 2008) several reminders.

Thus, imprudent action on the part of the Department led to a loss of Rs.49.41 lakh to the Government due to non-observance of financial norms in making the advance, leaving enough scope to induce such loss to the Government.

During discussion (November 2008) with the Government, it was stated that steps have been taken to recover the amount and that legal action would be considered in due course of time.

Violation of contractual obligations/undue favour to contractor/avoidable expenditure

4.7 Undue benefit to a contractor

Estimate was framed allowing road material to be ferried from a quarry 59 km away from work site when a quarry was available at 20 km, leading to undue benefit of Rs.17.10 lakh to the contractor.

Scrutiny of the records (February 2008) of the Executive Engineer, Churachandpur Division revealed that the work of “Improvement of Sangaikot-Khongkhai Road” for the road length 0-12 km was awarded (April 2007) to a local contractor at a tendered amount of Rs.43.36 lakh (estimated cost: Rs.41.06 lakh). The work-order consisted of single item of work i.e providing gravel shingling. The contractor executed 5,587.15 cum of the work at a cost of Rs.45.82 lakh (@ Rs 820.05 per cum) and was paid (July 2007) Rs.44.82 lakh.

The estimate of the work was framed (March 2007), taking Thongjaorok quarry 59 km away from the work site, for extracting sand and stone for shingling. As per the Manipur Schedule of Rates (MSR), 2006 on which the estimate was based, there was an approved quarry at Serou, only 20 km away from the work site.

The Divisional Officer stated that the distant quarry at Thongjaorok was considered, as sufficient quantity of road material was not available at Serou

⁶ 100 *per cent* advance for six supply orders and restricted advance (ranging from 25 *per cent* to 88 *per cent*) in three cases.

⁷ Rs.10,62,20,200 minus Rs.10,12,79,256

quarry. During discussion (November 2008) the Department also stated that the road material could not be ferried from Serou quarry due to weak bailey bridge, which had to be crossed. The contention of the Divisional Officer is not tenable because in the same road for the road length 12-24 km awarded to the same contractor on 28 February 2007, road material was obtained from the Serou quarry, by crossing over the bailey bridge. Therefore, the Department's contention that road material had exhausted within a month from a Government approved quarry is not acceptable. There was also no record to show that road material at Serou quarry had dried up. Besides, the new schedule i.e. MSR 2008 still listed Serou quarry as an approved quarry.

Had the estimate been framed considering the Serou quarry, the work could have been executed @ Rs.513.95⁸ per cum, instead of @ Rs.820.05 per cum. This led to undue benefit to the contractor amounting to Rs.17.10 lakh $\{(820.05 - 513.95) \times 5,587.15\}$.

YOUTH AFFAIRS AND SPORTS DEPARTMENT

4.8 Avoidable expenditure

The Department incurred an avoidable expenditure of Rs.1.05 crore on account of surcharge on electricity bills due to non-payment of bills on time and lack of scrutiny of bill.

The Manipur Electricity Supply (Amendment) Regulations, 2002 stipulate payment of surcharge @ two *per cent* per month on outstanding bills (excluding outstanding surcharge) if the bill is not paid within the prescribed period.

Scrutiny of the records (November-December 2007) of the Directorate of Youth Affairs and Sports Department revealed that electricity bills were not cleared on time. As such, the total amount of the bill for the period from 8 January 2007 to 7 March 2007 accumulated to Rs.3.42 crore, which included charges of Rs.2.27 crore that had accumulated since March 1999 and an accumulated surcharge of Rs. one crore as penalty for not clearing electricity bills on time.

The due date of payment of this bill was 28 March 2007, beyond which, another surcharge of Rs.4.85 lakh would also have to be paid. An amount of Rs.3.47 crore, including the additional surcharge of Rs.4.85 lakh was paid on 27 March 2007.

⁸ Rs.295.60 (carriage charge of road material of mixed size for 20 km) plus Rs.191.10 (providing and compacting road material) plus 5.60 *per cent* thereon (cost index as tendered by the contractor).

Thus, Rs. 1 crore had to be paid as surcharge for non-payment of earlier electricity bills on time. Further, Rs.4.85 lakh paid as additional surcharge was not required to be paid as the bill had been paid within the due date. Therefore, payment of Rs.1.05 crore as surcharge could have been avoided had the earlier bills been paid on time and had the payment of bill of March 2007 been made with due scrutiny.

During discussion (November 2008) with the Government, it was stated that the surcharge payment has occurred due to oversight and due to non-release of enough fund by the Government, and the matter had been taken up with the Power Department to adjust the excess payment in the subsequent bills.

Idle investment/idle establishment/blocking of funds; delays in commissioning equipment/diversion/misutilisation of funds etc.

COMMERCE AND INDUSTRIES DEPARTMENT

4.9 Idle investment on bamboo processing machinery

Three sets of bamboo processing machinery costing Rs.28.91 lakh remained idle for nearly two and a half years resulting in non-achievement of the objective of promoting bamboo based industries.

Scrutiny (February 2007) of the records of the Director, Commerce and Industries revealed that the Government accorded (September 2005) expenditure sanction of Rs.50 lakh for implementation of various work programmes/schemes under the bamboo project for the year 2005-06. In this regard, the Directorate placed (March 2006) a supply order for three sets of bamboo processing machinery for Rs.28.91 lakh (@ Rs.9,63,664 per set) on a Madhya Pradesh based firm. The machinery required a 3-phase power connection for operation.

Under the scheme, three centres⁹ run by local NGOs were to be chosen, where a Common Facilities Centre (CFC) for bamboo based industries was to be set up. While the three sets of machinery were received in June 2006, the Department could identify two NGOs at Tamenglong and Churachandpur only in November 2006 and the third one at Imphal could be identified as late as in October 2007. One set of machinery was issued to the Tamenglong based NGO after six months in January 2007; the second set to the Churachandpur based NGO after a delay of one year in July 2007 and the third set to the Imphal based NGO after a delay of one and a half years in October 2007. The machinery could not be put to use as of October 2008 due to non-availability of 3-phase power supply at these centres.

There was a delay at every stage of the project – identification of NGOs, distribution of machinery and finally in providing the requisite power

⁹ Imphal, Churachandpur and Tamenglong

connection. Thus, the investment of Rs.28.91 lakh remained idle, as the machinery could not be commissioned for nearly two and a half years since their purchase and the objective of establishing the CFC was not achieved.

The matter was referred (May 2008) to the Government; reply had not been received (December 2008).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.10 Blocking of funds

Purchase of stores in advance of requirement resulted in blocking of funds of Rs.3.70 crore.

Rule 103 of the General Financial Rules (GFRs) lays down that purchases should be made in most economical manner in accordance with the definite requirements of public service and care should be taken not to purchase stores much in advance of actual requirement.

Scrutiny of the records (October 2007) of the Mechanical & Electrical Division of the Public Health Engineering Department revealed that huge quantity of stores worth Rs.3.70 crore had been purchased during March 2004 and March 2007. The details are shown below:

Table 2

(Rupees in lakh)				
Period of purchase	Quantity purchased	Quantity issued	Unused balance (10/2007)	Value of balance stock
Steel tubular poles-9m long				
2003-04	456	204	252	31.78
2005-06	560	483	77	9.71
2006-07	467	-	467	58.90
Sub-total	1,483	687	796	100.39
Steel tubular poles-8m long				
2006-07	221	-	221	20.55
Aluminium Conductor				
2006-07	50 km	-	50 km	12.21
Pump sets				
2006-07	106	9	97	237.32
Total				370.47

Source: Departmental records

Circumstances under which such large quantities of stores had been purchased by the Division were not on record. The excessive purchase without immediate requirement, thus, led to blocking of Rs.3.70 crore for periods ranging up to more than four years apart from deterioration during storage.

During discussion (November 2008) with the Government, it was stated that most of the materials relate to electrical works, to supply power to the water supply schemes and since these schemes could not be completed on time due to law and order problem, the material had remained unused. The Department

needs to ensure that the schemes are executed on time and stores should be procured only when the need arises as stocking of huge quantity of material will entail extra cost for maintenance apart from the possibility of deterioration, pilferage etc.

4.11 General

4.11.1 Audit observation accepted by the Department

Audit observation (January 2008) on lack of proper planning for construction of a helipad by the Bishnupur Division, PWD which led to an avoidable expenditure of Rs.29.26 lakh, was appreciated by the Department and noted (November 2008) for future compliance.

4.11.2 Follow up on Audit Reports

Non-submission of *suo moto* Action Taken Notes

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

However ATNs pertaining to 654 paragraphs/reviews for the years 1978-2007 were not received *suo moto* either from the Departments or through the PAC. Consequently, the audit observations/comments included in these paras/reviews are yet to be discussed/settled by PAC as of November 2008.

4.11.3 Action taken on recommendations of Public Accounts Committee

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

One hundred and seventy five (175) recommendations of the PAC, made in its Eleventh to Thirty first Report with regard to 42 Departments were pending settlement as of November 2008 due to non-receipt of Action Taken Notes/Reports.

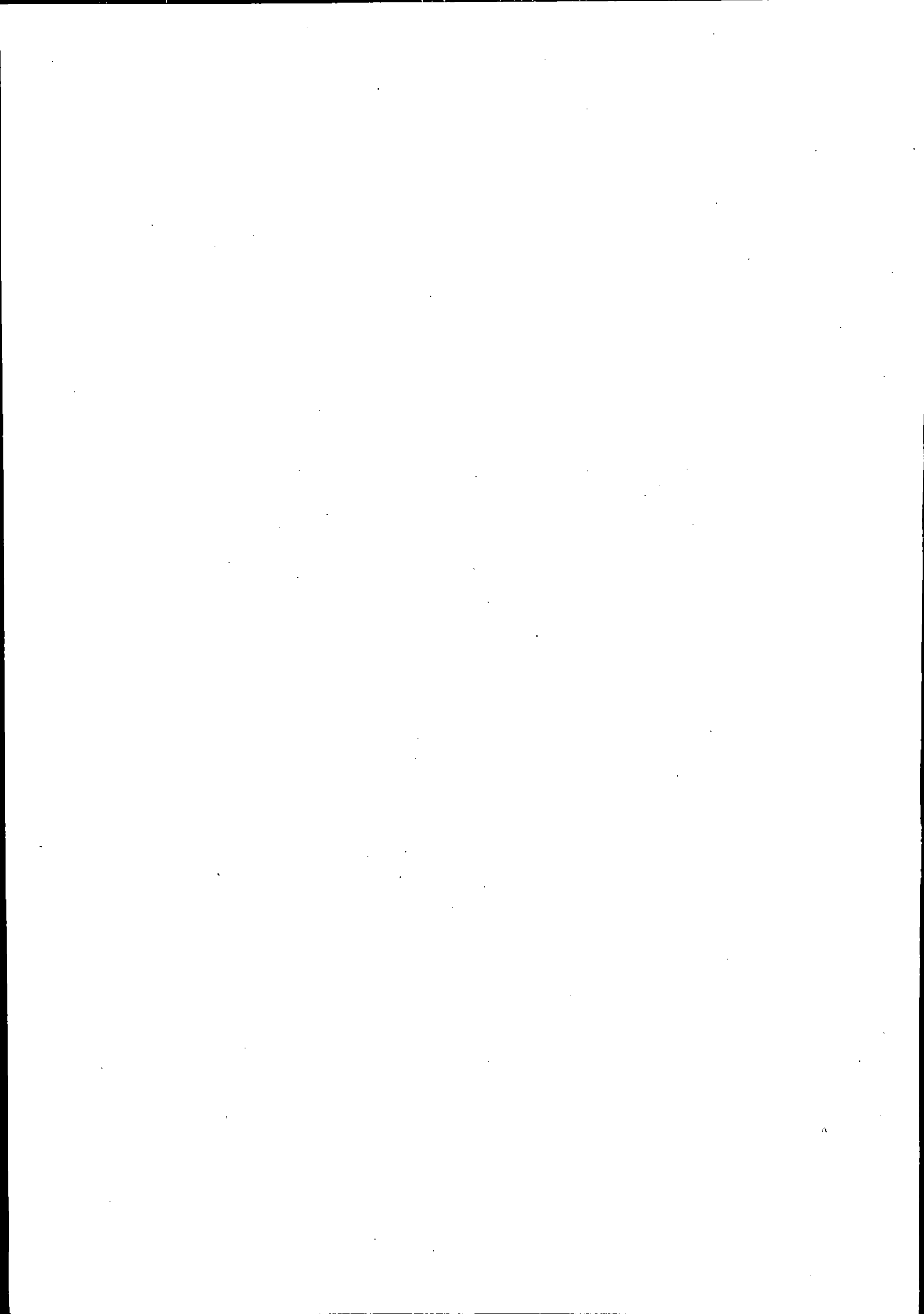
4.11.4 Failure of senior officials to respond to audit observations and compliance thereof

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

As of March 2008, 9,808 paragraphs pertaining to 2,106 IRs issued from 1985-86 were outstanding for settlement. Of these, 769 IRs containing 3671 paragraphs had not been settled for more than 10 years. Even the initial replies, which are required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 20 major Departments in respect of 318 IRs. Non-furnishing of replies and inaction against the defaulting officers, facilitates continuation of serious financial irregularities and loss to the Government.

In view of the large number of outstanding IRs and paragraphs, the Government has constituted Audit Committees for consideration and settlement of outstanding audit observations. During 2007-08 four meetings (Civil-1; Works-3) of the Committees were held, in which 34 IRs and 237 paragraphs were discussed.

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



Chapter V
Integrated Audit

Chapter V
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CHAPTER V

INTEGRATED AUDIT

IRRIGATION AND FLOOD CONTROL DEPARTMENT

5.1 Integrated Audit of Irrigation and Flood Control Department

Highlights

The Irrigation and Flood Control Department is responsible for developing irrigation by construction/improvement of irrigation projects and management of flood control programmes in the State. A review of the functioning of the Department revealed the following shortcomings.

Ineffective budgetary control resulted in overall saving of Rs.87.75 crore against budget provision during 2003-08 affecting the Departmental activities.

(Paragraph 5.1.7.2)

The Department incurred 21 to 61 per cent of its total expenditure in March alone during 2003-08.

(Paragraph 5.1.7.5)

The Department could not complete three projects even after a delay ranging from 11 to 21 years after their targeted dates of completion.

(Paragraph 5.1.8.1)

An amount of Rs.6.60 crore recoverable from the contractor for rescinding a work was borne by the State Government.

(Paragraph 5.1.9)

5.1.1 Introduction

The mandate of the Irrigation and Flood Control Department is to create irrigation facilities by constructing major and medium irrigation projects for socio-economic development of the State. The Department is also entrusted with the task of flood control and management of drainage system and checking soil erosion.

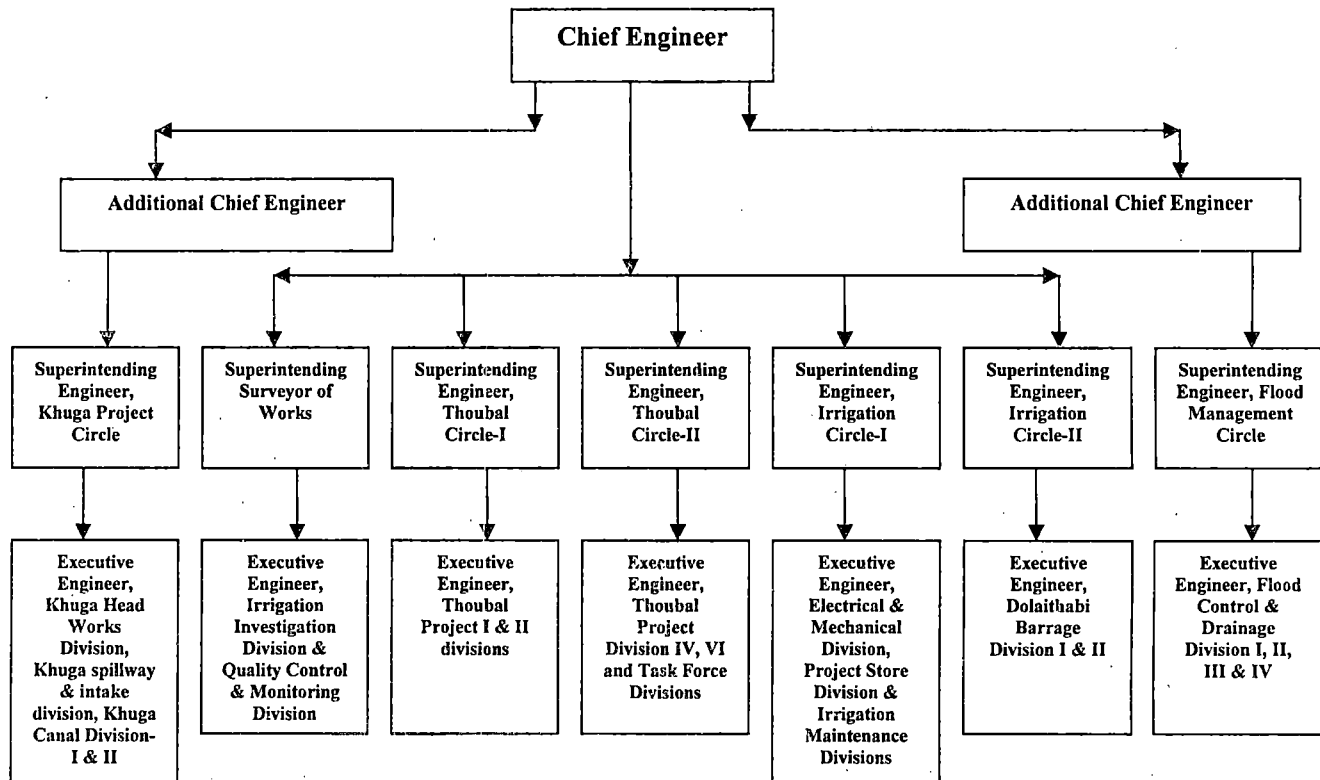
Out of eight irrigation projects taken up by the State Government from 1970 onwards, five projects¹ had been completed during 1980 to 1995. As of March 2008, three irrigation projects and 13 flood management schemes were in progress.

¹ (1) Loktak Lift Irrigation Project, (2) Khoupum Dam Project, (3) Sekmai Barrage Project, (4) Imphal Barrage Project and (5) Singda Dam Multipurpose Project

5.1.2 Organisational Set up

The Chief Engineer (CE) is the head of the Department and overall in-charge of the administration. He is assisted by two Additional Chief Engineers (ACE). There are seven circles, each under a Superintending Surveyor of Works (SSW)/Superintending Engineer and 20 divisions. An organogram of the Department is given in chart I below:

Chart 1



5.1.3 Scope of Audit

The integrated audit of the Department was carried out between April to June 2008 covering the period 2003-08. Six² out of seven circles and twelve³ out of twenty divisions were selected on the basis of random sampling without replacement method for detailed examination.

5.1.4 Audit Objectives

The objectives of the review were to assess the performance of the Department in the following areas:

- Financial management;
- Programme implementation;

² All circles mentioned in Chart 1 except that of Superintending Surveyor of works.

³ (1) Flood Control & Drainage Division-I (2) Flood Control & Drainage Division-II (3) Flood Control & Drainage Division-III
 (4) Khuga Head Works Division (5) Dolaithabi Barrage Division I (6) Dolaithabi Barrage Division II
 (7) Thoubal Project Division I (8) Thoubal Project Division II (9) Thoubal Project Division VI
 (10) Task Force Division (11) Project Store Division (12) Quality Control and Monitoring Division

- Stores management;
- Human resource management;
- Internal control mechanism; and
- Monitoring and Evaluation.

5.1.5 Audit Criteria

The audit findings were benchmarked against the following criteria:

- General Financial Rules;
- Central Treasury Rules;
- CPWD Manual and CPWA code; and
- Executive orders issued by the Government from time to time.

5.1.6 Audit Methodology

Audit methodology included intimating the auditee management about the objectives of the review in an entry conference (April 2008), scrutiny of the Departmental records and collection and analysis of data and documentary evidence, to arrive at audit findings, conclusions and recommendations. An exit conference was held (November 2008) to discuss the audit findings with the departmental officers and the replies of the Department have been incorporated at appropriate places.

Audit Findings

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

5.1.7 Financial Management

5.1.7.1 Source of funds

During the period covered in audit, the Department received funds from various sources such as Central Government (AIBP⁴: Rs.340.34 crore, ACA⁵: Rs.3 crore, and CPS⁶: Rs.0.10 crore), North Eastern Council (Rs.5.88 crore) and NABARD⁷ (Rs.2.50 crore). In addition, the State Government also supplemented Rs.394.93 crore from its resources. Thus a total fund of Rs.746.75 crore was earmarked for the Department during this period. The sources of funds are depicted in the pie-chart below:

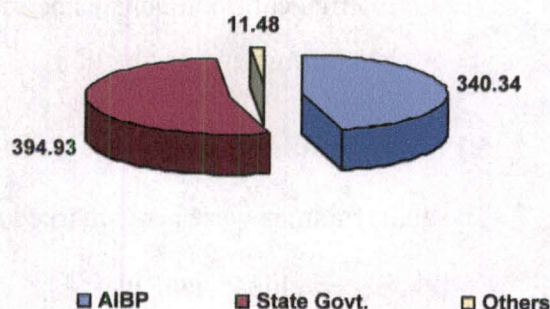
⁴ Accelerated Irrigation Benefits Programme.

⁵ Additional Central Assistance.

⁶ Central Plan Scheme

⁷ National Bank for Agriculture and Rural Development

Source of fund (Rs. in crore)



5.1.7.2 Allocation and expenditure

The position of budget allocation and expenditure incurred thereagainst during the period 2003-08 is given in the table below:

Table 1

(Rupees in crore)

Year	Budget provision			Total expenditure	Savings (-) / Excess (+)	Percentage of Savings/ Excess
	Original	Supplementary	Total			
Revenue head						
2003-04	33.83	-	33.83	26.27	(-) 7.56	(-) 22
2004-05	33.14	0.62	33.76	24.77	(-) 8.99	(-) 27
2005-06	33.44	3.57	37.01	29.88	(-) 7.13	(-) 19
2006-07	33.92	3.00	36.92	27.57	(-) 9.35	(-) 25
2007-08	36.05	—	36.05	26.15	(-) 9.90	(-) 27
Sub-total	170.38	7.19	177.57	134.64	(-) 42.93	(-) 24
Capital head						
2003-04	32.85	18.47	51.32	24.91	(-) 26.41	(-) 51
2004-05	27.00	12.05	39.05	37.24	(-) 1.81	(-) 5
2005-06	35.50	82.96	118.46	124.23	(+) 5.77	(+) 5
2006-07	164.62	31.41	196.03	236.78	(+) 40.75	(+) 21
2007-08	137.58	26.74	164.32	101.20	(-) 63.12	(-) 38
Sub-total	397.55	171.63	569.18	524.36	(-) 44.82	(-) 8
Total	567.93	178.82	746.75	659	(-) 87.75	(-) 12

Source: Detailed Appropriation Accounts

Under revenue heads, the expenditure in all the years covered under audit was less than the original budget provision. Supplementary provision obtained under revenue heads during 2004-07 was therefore without justification, as the expenditure at the end of these years was less than the original provision.

Under capital heads, the expenditure during 2003-04 and 2007-08 was less than the original budget provision. Yet, during these years supplementary provision of Rs.18.47 crore and Rs.26.74 crore respectively were provided. The expenditure shot up to Rs.124.23 crore and Rs.236.78 crore during 2005-06 and 2006-07 as against the total budget provision of Rs.118.46 crore and Rs.196.03 crore, resulting in excess expenditure of Rs.5.77 crore and Rs.40.75 crore respectively. Thus, budget was not formulated on a realistic basis and budgetary control was lacking.

The Department stated (November 2008) that as the Finance Department did not release adequate cheque drawal authority, the budgeted provision could not be utilized fully.

5.1.7.3 Preparation of budget estimates

As per Rule 53 of the General Financial Rules (GFRs), 1963 the administrative departments are to prepare budget estimates based on inputs from the lower functionaries.

It was, however, seen that the Department did not obtain inputs from the project/programme implementing officers for the years covered by audit. On the contrary, the Department stated (May 2008) that budget estimates were prepared based on the sectoral allocation received from the State Planning Department. This practice was not in conformity with the principles laid down in the GFRs.

5.1.7.4 Release of funds

The Government allots cheque drawal authority (CDA) to have an effective control over expenditure. However, late release of CDA is often an obstacle for speedy and timely completion of works. It was seen that of the total release of Rs.180.10 crore during 2006-07 under AIBP, Rs.121.31 crore (67 per cent) was during the last quarter of the year, resulting in year-end rush of expenditure. The Department stated (November 2008) that the delayed release of funds was due to the financial constraints faced by the Government.

5.1.7.5 Rush of expenditure

As per Rule 69 of GFRs, money should not be spent hastily or in ill-considered manner just to avoid the lapse of budget grant. The controlling officers are to keep a close watch on the progressive expenditure on a monthly basis. It was, however, noticed that the Department incurred 21 to 61 per cent of the total expenditure in March alone during 2003-08 as shown in the table below:

Table 2

(Rupees in crore)

Year	Total expenditure during the year	Expenditure in March	Percentage of expenditure in March
2003-04	51.18	10.80	21
2004-05	62.01	19.32	31
2005-06	154.11	56.75	43
2006-07	264.35	162.05	61
2007-08	127.35	60.59	48

Source: Detailed Appropriation Accounts and monthly accounts data compiled by AG (A&E) office

The Department stated (November 2008) that the Finance Department often released the major chunk of the funds only during March and that resulted in the rush of expenditure.

5.1.7.6 Retention of funds

Scrutiny of the records revealed that Flood Control Division-I had drawn rupees two crore on 31 March 2008 for construction of Cross Regulator across the Khelakhong stream at the confluence with Imphal River. The entire amount was deposited on the same day in the DDO's bank account and the amount remained unutilised as of November 2008. This indicates that the amount was drawn only to avoid lapse of budget grant.

The Department stated (November 2008) that as the CDA was released on the last day of the financial year, it had no time for its utilization within the same year and therefore the money had been kept in the DDO's account. The fact, however, remains that the amount had not been utilised for eight months after its release.

5.1.7.7 Diversion of funds

The Department had diverted Rs.34.85 lakh of various project funds to areas unconnected with the projects, as shown below:

Table 3

(Rupees in lakh)

Related project/scheme	Amount diverted (Date of diversion)	Purpose for which diverted
Thoubal Multipurpose Project	17.19 (June 2008)	Construction of approach road at Lamphelpat
	5.36 (November 2004)	Construction of road-side barricade at Imphal during PM's visit to Imphal
Dolaithabi Barrage Project	7.04 (January 2007)	Construction of road-side barricade at Imphal during President's visit to Imphal
Flood Control schemes	5.26 (March 2007)	Purchase of Car

Source: Departmental records

The Department admitted the facts and stated (November 2008) that due to urgency these had been met from the project funds and would be transferred to the appropriate heads of expenditure after obtaining approval of the Government.

5.1.8 Programme implementation

Manipur has eight Major and Medium Irrigation Projects (MMIP), out of which, five MMIPs have been completed and three are in progress. The total irrigation potential created from the five completed MMIPs during the Xth Five Year Plan (2002-07) was 24.50 thousand hectares, out of which, only 18.05 thousand hectares could be utilized.

5.1.8.1 Status of on-going projects

The status of three irrigation projects and irrigation potential and other benefits to be created are as below:

Table 4

(Rupees in crore)

Original cost	Latest revised cost	Expenditure up to 3/2008	Initial target date of completion	Revised date of completion	Progress in percentage			Benefits to be created from the projects		
					Dam	Spillway	Canal	Irrigation potential to be created (in 1000 Ha)	Drinking water (in Million Gallon Daily)	Power generation (in Mega Watt)
Khuga Multipurpose Project										
17.18	335.11	300.77	1987-88	February 2009	100	98	76	15.00	10	7.50
Thoubal Multipurpose Project										
47.25	715.81	521.24	1987	December 2009	55	60	87	33.40	5	1.75
Dolaithabi Barrage Project										
18.86	98.37	68.45	1997	March 2010	--	--	--	7.55	-	-
83.29	1,149.29							55.95	15	9.25

Source: Departmental records

As can be seen from the table, only Khuga Multipurpose project is nearing completion, and the other two MMIPs are nowhere near completion. As regards Dolaithabi Barrage Project, only the foundation and excavation work of the dam has been completed and no canal works had been taken up as of March 2008. The work could not continue smoothly owing to non-availability of design for barrage structure and law and order situation in the State. The original cost of these projects had been revised several times and the overall cost had been increased by 14 times of the original cost by March 2008.

Thus, creation of irrigation potential of 55.95 thousand hectare, and drinking water of 15 MGD could not be provided even after more than ten years after the targeted dates. The power starved State was also deprived of power generation of 9.25 MW. Besides this, the State was deprived of Rs.1.07 crore⁸ per year from sale of water from these projects.

5.1.8.2 Status of completed projects

Up to the end of 1995 the Department had completed five irrigation projects with a total Culturable Command Area⁹ (CCA) of 35.60 thousand hectares. The details of these five completed projects are given below:

Table 5

(in thousand hectares)

Projects	Year of completion	CCA	During 9 th Plan(1997-2002)			During 10 th Plan(2002-07)		
			Potential	Utilization	Percentage of utilisation	Potential	Utilization	Percentage of utilisation
Khoupum Dam	1980	0.60	1.10	0.83	75.45	1.10	0.85	77.27
Sekmai Barrage	1983	5.00	6.90	6.15	89.13	6.90	6.20	89.86
Imphal Barrage	1984	3.60	6.50	5.35	82.31	6.50	5.35	82.31
Loktak Lift Irrigation	1989-90	24 ¹⁰	6.00	2.38	39.67	6.00	3.20	53.33
Singda Dam	1995	2.40	4.00	2.40	60.00	4.00	2.45	61.25
Total		35.60	24.50	17.11	69.84	24.50	18.05	73.67

Source: Departmental records

⁸ Rs.71.62 lakh for irrigation and Rs.35.55 lakh for drinking water and the calculation is based on project approval report (September 1997) of the Central Water Commission.

⁹ CCA means the cultivation area which can be commanded or irrigation by a canal work.

¹⁰ Reduced to 16 hectares.

As can be seen from the table, during the last two Five Year Plans (1997-2002 & 2002-07), the percentage utilization of irrigation created remained more or less static. In the case of Loktak Lift Irrigation project the utilisation is very low at around 39 *per cent* during the 9th Five Year Plan and around 53 *per cent* during the 10th Five Year Plan.

The Department failed to close the gap between irrigation potential created and its utilization during these ten years. It is apparent that the benefit of Loktak Lift Irrigation project would not be fully utilized until the power scenario of the State improves.

5.1.8.3 Unfruitful expenditure

One hydraulic excavator machine was procured (March 1993) from a Bangalore based firm at a total cost of Rs.41 lakh for Dolaithabi Barrage Project. The machine was burnt down by miscreants in April 1993, after a trial run for six and half hours.

The supplier while submitting an estimate of Rs.33 lakh for complete repairing of the machine, also suggested to procure a new excavator costing Rs.43 lakh, as the overhauling of the old machine was not considered economically viable.

The Department, instead of procuring a new excavator, opted (September 2003) to repair the machine from an Imphal based firm at Rs.22.62 lakh, ten years after the machine had been burnt down.

The repaired machine was lifted (January 2006) to the barrage site and had run only for 329 hours till March 2008, at an average rate of 0.40 hours per day. As per the status report furnished (November 2007) by Dolaithabi Barrage Division-I, the machine had not been working properly and could not be used optimally.

Thus, the Department incurred a wasteful expenditure of Rs.22.62 lakh towards repairing of the machine, ten years after it had been burnt down, which finally turned out to be futile.

5.1.9 Contract Management

The barrage component of Dolaithabi Barrage Project was awarded to an agency in September 1993 at Rs.25.20 crore for completion by 1997. The contract had to be rescinded in March 1996 as the firm did not start the construction activities. A new contract was executed with another agency¹¹ at Rs.31.47 crore in November 1996 with the target date of completion being December 2000. The extra cost to be borne by the Government (Rs.6.60 crore¹²) on account of award of work to the second contractor was recoverable

¹¹ M/s NPCC Ltd., Hyderabad.

¹² Rs.31.47 crore *minus* Rs.25.20 crore *plus* value of two items of work of Rs.0.25 crore and Rs.0.08 crore that were excluded in the second contract.

from the first contractor as per agreement. The Department, however, did not recover this for reasons not recorded.

Thus, the State Government had to bear an extra cost of Rs.6.60 crore due to non-enforcement of the contract.

5.1.10 Material Management

Sound stores management requires planning of purchase requirements, efficient and economic procurement, proper accounting and safe custody of stores.

5.1.10.1 Physical verification of stock

The Project Store Division (PSD) was responsible for receipt, custody and issue of materials to user divisions. As laid down by the GFR, annual physical verification was necessary to detect possible cases of deterioration, theft and pilferage of stores during their storage. The Department, however, has not conducted any physical verification during the period covered in audit.

The Department admitted (November 2008) the lapse and stated that verification would be conducted during the current financial year (2008-09).

The Divisional Offices should maintain Material-at-Site Account for every work/scheme. PSD issued 4556.80 MT of cement worth Rs.2.11 crore to three divisions¹³ from December 2004 to January 2008. However, due to non-maintenance of material-at-site account in these divisions, the actual receipt of cement and its utilization in the project works could not be ascertained. Thus, control measures prescribed for stores and stocks were not adhered to leaving ample scope for fraud and pilferage.

The Department stated (November 2008) that the divisions would be directed to maintain these accounts.

5.1.10.2 Delayed delivery of stores

(i) Thoubal Project Division-II made (December 2006) advance payment of Rs.47.70 lakh against total payable amount of Rs.53.66 lakh to Cement Corporation of India, Imphal Depot for supply¹⁴ of 1,000 MT¹⁵ of cement. PSD, the consignee of the material, reported that only 329.65 MT (valued at Rs.17.69 lakh) had been received (June 2008) leaving an outstanding advance of Rs.30.01 lakh. The Department did not pursue with the Corporation either for making the full supply or for refunding the balance amount.

(ii) PSD paid (February 2007) 100 *per cent* advance of Rs.4.99 crore to M/s Steel Authority of India Limited, Guwahati for supply of 1,558 MT of thermo mechanically treated bars within one month for use in the Dolaitabi

¹³ Thoubal Project Division I (2022.45 MT), Thoubal Project Division VI (156.15 MT) and Task Force Division (2378.20 MT)

¹⁴ The stipulated date of supply not mentioned in the supply order.

¹⁵ MT-Metric ton

Barrage Project. As of November 2008, only 1,186.96 MT of bars had been received, leaving a balance of 371.04 MT of bars, valued at Rs.1.19 crore.

(iii) Another 100 *per cent* advance of Rs.1.61 crore was paid (September-October 2007) to the firm by Dolaithabi Barrage Division I for supply of 290 MT of Z-sheet piles within one month. However, the firm supplied only 143.80 MT of sheet piles up to November 2008 leaving a balance of 146.20 MT valued at Rs.81.16 lakh.

The Department stated (November 2008) that it expected the firms to supply the balance quantity of cement and steel as they were renowned manufacturers. The reply of the Department, however, did not explain why there was delay in supply of material despite having paid 100 *per cent* advance to these firms. The Department also did not indicate the expected time of their receipt.

5.1.11 Machinery management

Eleven¹⁶ machines and vehicles procured during 1975-91 for Thoubal Multipurpose Project were in unserviceable condition ranging from two months to thirteen years as on June 2008, as shown in the table below:

Table 6

(Rupees in lakh)

Sl. No.	Name of Machine	Machine/ vehicle No.	Year of purchase	Date from which off-road/ unserviceable	Cost
1.	D-50 A-15 Bull Dozer	7620	1975	4/2008	7.50
2.	Track Shovel	8023(081)	1980	1995	15.00
3.	90 CK Poclair	182	1980	5/2000	25.00
4.	D-80 A-12	6557	1980	2/2004	14.16
5.	Tata Truck	MNG-882	1980	3/2008	4.15
6.	170 CK Poclair	28	1981	3/1999	47.00
7.	Tata Truck	MNG 1076	1981	2002	3.06
8.	D-65 E-8	41	1991	5/1994	29.71
9.	PC 220 Excavator	G010100	1991	5/1996	25.00
10.	Air Compressor	41	1991	1998	NA
11.	D-50 A-15 Bull Dozer	9391	1991	3/2003	10.20

Source: Departmental records

The Department had not taken any steps to dispose off these unserviceable machinery and stated (November 2008) that when the project is completed, these would be disposed off and their value credited to the project at the time of its final settlement of accounts.

Considering that the progress of the project execution has been very tardy, it is not clear if these items can be of any use after years of non-use.

¹⁶ 4 bulldozers, 2 poclairns, 1 excavator, 3 trucks and 1 air compressor.

5.1.12 Manpower Management

5.1.12.1 Expenditure on manpower

The Department has one Monitoring and Quality Control division to conduct soil investigation, to test quality of material and to monitor works. However, the division conducted only three tests during 2003-08 although 48 staff were posted in the division and an amount of Rs.2.87 crore had been incurred on their pay and allowances during 2003-08.

The EE of the division stated that though adequate well trained staff were posted in the division, financial support and modern equipment for testing were wanting. This is indicative of the fact that the staff remained idle during the last five years.

The Department stated (November 2008) that though the monitoring activities were not significant enough, the technical staff inspected the project sites, took samples, tested them and issued corrective instructions at sites and thus they did considerable work on quality control. However, no records to corroborate the statement of the Department could be furnished.

5.1.12.2 Expenditure on muster roll

As per CPWD Manual, manpower can be engaged on muster rolls for works to be executed departmentally. An Executive Engineer can engage such labourers for a maximum period not exceeding 12 months on specific sanction. As of 31 March 2008, 456 labourers were on muster rolls in eight divisions though no works were being executed departmentally. The Department had spent a total amount of Rs.4.11 crore on their wages during 2005-08. The Department has, thus, violated the norms of financial propriety by employing such a large number of labourers on muster rolls without any departmental work.

The Department stated (November 2008) that muster roll labourers were used for maintenance of plants, vehicles, electrical works, watch and ward of divisional offices and project sites. They also stated that in the absence of regular staff for these works, labourers on muster rolls had been employed.

The reply, however, is not tenable as muster roll works are meant for regular establishment work.

5.1.12.3 Employment of technical staff

As per CPWD Manual, contractors are required to employ a graduate engineer/diploma holder with five years' experience for works costing above rupees five lakh and a diploma holder for works costing rupees two lakh to five lakh failing which, the contractor was to pay compensation of Rs.2,000 and Rs.1,000 for every month of default.

Scrutiny of the records of the seven divisions¹⁷ revealed that the contractors failed to employ technical staff in 57 works executed during 2005-08. But compensation leviable thereof amounting to Rs.4.86 lakh was not levied by the Department for reasons not on record.

The Department stated (November 2008) that the compensation due would be recovered from the contractors from their dues or security deposits.

5.1.13 Internal Control

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

- Contractors' ledgers, Register of works, Assets registers were not maintained in most of the Divisions;
- Service books were not maintained properly. In many cases dates of birth of the employees were not verified; earned leave account was not updated; General Provident Fund (GPF) account numbers were not recorded and in some cases half pay leave accounts were not maintained;
- While pension documents should be sent to the Accounts office not later than six months before the retirement of the employees, there were delays ranging from four to sixty nine months in this regard. Consequently, the retired personnel could not receive their pensionary benefits in time;
- Thoubal Project Division VI did not maintain any establishment/subsidiary cashbook although there was a transaction of Rs.3.47 crore during 2003-07. Flood Control and Drainage Division II did not enter in the subsidiary cashbook disbursement of Rs.29.88 lakh made during the period May-July 2006;
- Expenditure control register in the Chief Engineer's(CE) office showed only the sub-head wise monthly expenditure without mentioning the corresponding allocation of funds. The register was not reviewed by the CE to monitor the pace of expenditure and occurrence of savings/excesses; and
- During 2003-06 no division has carried out reconciliation of expenditure with the Accounts Office. Therefore correctness of accounts could not be ensured. However, there was a marked improvement during 2006-07, as 15 out of 20 divisions reconciled their accounts.

¹⁷ Flood Control and Drainage Division I, II & III, Task Force Division, Thoubal Project Division I & II and Dolaithabi Barrage Division II.

While accepting the facts, the Department stated (November 2008) that the deficiencies pointed out would be looked into and corrective steps would be taken.

5.1.14 Monitoring and evaluation

The Department did not evolve any monitoring mechanism prescribing the schedule of inspection of the projects under implementation. The Monitoring and Quality Control Division of the Department was not fruitfully utilised.

5.1.15 Conclusion

The Department could not complete three irrigation projects even after the lapse of 10 to 20 years from the initial targeted date of their completion. The irrigation potential of five completed projects was not fully utilized during the last two Five Year Plans. There were deficiencies in budget formulation, financial management, planning and implementation of projects/schemes and maintenance of basic records. Internal controls were inadequate in a number of cases and manpower was not gainfully utilized.

5.1.16 Recommendations

- The Department should identify the factors hindering the completion of the three ongoing projects and should set up a viable and realistic time frame for their completion.
- Budget formulation should be realistic with inputs from lower formations and release of funds should be in conformity with the relevant rules.
- Internal controls should be strengthened to ensure compliance with the prescribed procedures, especially those relating to accounting.

Chapter VI
Revenue Receipts

CHAPTER VI
REVENUE RECEIPTS

6. General

6.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Manipur during the year 2007-08, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned below:

Table 1

(Rupees in crore)

		2003-04	2004-05	2005-06	2006-07	2007-08
I.	Revenue raised by the State Government					
	Tax revenue	68.24	81.40	95.00	121.56	147.45
	Non-tax revenue	49.33	69.75	76.46	181.04	164.71
	Total:	117.57	151.15	171.46	302.60	312.16
II.	Receipts from the Government of India					
	State's share of net proceeds of divisible Union taxes	240.89	287.02	342.09	436.33	550.40
	Grants-in-aid	1,061.25	1,304.59	1,895.40	2,123.80	2,645.71
	Total:	1,302.14	1,591.61	2,237.49	2,560.13	3,196.11
III.	Total receipts of State Government (I+II)	1,419.71	1,742.76	2,408.95	2,862.73	3,508.27
IV.	Percentage of I to III	8	9	7	11	9

Source: Finance Accounts

The above table indicates that during the year 2007-08, the revenue raised by the State Government was nine *per cent* of the total revenue receipts (Rs. 3,508.27 crore) against 11 *per cent* in the previous year. The balance 91 *per cent* of receipts during 2007-08 was from the Government of India.

6.1.1 The following table presents the details of tax revenue raised during the years 2003-04 to 2007-08:

Table 2

(Rupees in crore)

Sl. No.	Head of revenue	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase(+)/ decrease (-) in 2007-08 over 2006-07
1	Sales tax	46.12	54.73	71.17	96.64	120.76	(+)24.96
2	State excise	2.96	3.05	3.26	3.62	3.75	(+)3.59
3	Stamps and registration fees	2.33	2.20	2.81	2.83	2.93	(+)3.53
4	Taxes and duties on electricity	0.49	4.95	0.27	0.19	1	(-)99.53
5	Taxes on vehicles	3.38	3.35	3.34	3.19	3.57	(+)11.91
6	Taxes on goods and passengers	0.62	0.71	0.68	0.60	0.76	(+)26.67
7	Other taxes on income and expenditure	11.66	11.52	11.99	13.30	14.73	(+)10.75
8	Other taxes and duties on commodities and services	0.11	0.21	0.16	0.18	0.20	(+)11.11
9	Land revenue	0.57	0.68	1.32	1.01	0.75	(-)25.74
	Total	68.24	81.40	95.00	121.56	147.45	(+)21.30

Source: Finance Accounts

The reasons for variation in receipts during the year 2007-08 from those of 2006-07 as intimated by the department are as under:

Sales tax: The increase in revenue was attributed to increase in new registrations.

State excise: The department stated that the excise duty on liquor is paid by the security forces in challan and the compound fee/fines are realised while implementing prohibition. The number of security forces deployed in the State fluctuates from time to time and hence the variation.

Land revenue: The decrease in revenue realised was attributed to submergence of more than 27,000 acres of patta land by Loktak Project and various land acquisition process taken up recently.

Taxes and duties on electricity: The drastic reduction was attributed to non-collection of Manipur tax from NHPC², Loktak.

The reasons for variation have not been furnished (November 2008) by the other departments, despite being requested (September 2008 and November 2008).

6.1.2 The following table presents the details of major non-tax revenue raised during the years 2003-04 to 2007-08:

¹ Rs. 9,000 only.

² National Hydro electric Power Corporation.

Table 3

(Rupees in crore)

Sl. No.	Head of revenue	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase(+)/ decrease (-) in 2007-08 over 2006-07
1	Interest receipts	1.39	6.40	6.14	35.05	27.61	(-)21.23
2	Housing	0.93	0.98	1.11	0.68	1.72	(+)152.94
3	Water supply and sanitation	2.46	1.58	1.69	1.39	1.58	(+)13.67
4	Forestry and wild life	1.01	0.74	1.49	1.52	1.45	(-)4.61
5	Education, sports and art and culture	0.97	0.82	0.97	0.94	0.90	(-)4.26
6	Miscellaneous general services	0.57	³	6.62	82.46 ⁴	54.24 ⁵	(-)34.22
7	Power	36.77	54.41	49.87	40.24	62.29	(+)54.80
8	Major and medium irrigation	0.34	1.13	1.97	7.85	5.26	(-)32.99
9	Medical and public health	0.30	0.25	0.29	0.24	0.25	(+)4.17
10	Co-operation	0.10	0.13	0.14	0.12	0.12	(+)0.00
11	Public works	2.73	1.60	3.09	7.83	6.14	(-)21.58
12	Police	0.37	0.34	0.64	0.57	0.42	(-)26.32
13	Other administrative services	0.53	0.51	0.70	0.63	1.07	(+)69.84
14	Crop husbandry	0.03	0.04	0.07	0.30	0.10	(-)66.67
15	Social security and welfare	0.19	⁶	⁷	⁸	0.23	(+)7566.67
16	Others	0.64	0.82	1.67	1.22	1.33	(+)9.02
	Total	49.33	69.75	76.46	181.04	164.71	(-)9.02

Source: Finance Accounts

The non-tax revenue decreased from Rs. 181.04 crore in 2006-07 to Rs. 164.71 crore in 2007-08 showing a decrease of 9.02 *per cent*. The overall reduction was due to substantial reduction in collection of State's own resources on accounts of revenue from crop husbandry, miscellaneous general services, major and medium irrigation, police, public works and interest receipts. The collection of non-tax revenue registered substantial increase under housing, social security and welfare, other administrative services, power, water supply and sanitation etc. The substantial increases under these heads were, however, not sufficient of recoup the reduction in revenue collection from other heads thereby resulting in negative growth in non-tax revenue collection. The Government needs to take immediate steps to investigate the reasons for decline in revenue and improve collection.

The reason for variation in receipts during the year 2007-08 from those of 2006-07 as intimated by the department is as under:

³ Rs. 6,413 only.

⁴ Includes debt relief of Rs.75.08 crore given by Ministry of Finance, Government of India on repayment of consolidated loan.

⁵ Includes debt relief of Rs. 37.54 crore given by Department of Expenditure, Ministry of Finance, Government of India on repayment of consolidated loan.

⁶ Rs. 12,471 only.

⁷ Rs. 24,025 only.

⁸ Rs. 30,000 only.

Crop husbandry: the decrease of 66.67 *per cent* in revenue collection was attributed to late blight attack during 2007-08 which tremendously affected the yield.

Miscellaneous general services: the decrease of 34.22 *per cent* was attributed to decrease in receipt from Government of India on account of repayment of consolidated loan.

Power: the increase of 54.80 *per cent* in revenue was attributed to collection of unofficial interchange (UI) charges.

The reasons for variation have not been furnished (November 2008) by the other departments, despite being requested (September 2008 and November 2008)

6.1.3 Variations between budget estimates and actuals

The variations between budget estimates and actuals of revenue receipts for the year 2007-08 in respect of principal heads of tax and non-tax revenue are mentioned below:

Table 4

(Rupees in crore)					
Sl. No.	Head of revenue	Budget estimates	Actuals	Variations excess(+)/shortfall(-)	Percentage of variation
A. Tax revenue					
1	Sales tax	115.00	120.76	(+)5.76	(+)5.01
2	Other taxes on income and expenditure (taxes on professions, trades, callings and employment)	14.00	14.73	(+)0.73	(+)5.21
3	Other taxes and duties on commodities and services	0.18	0.20	(+)0.02	(+)11.11
4	Stamp duty and registration fees	3.00	2.93	(-)0.07	(-)2.33
5	Taxes on vehicles	4.38	3.57	(-)0.81	(-)18.49
6	State excise	3.99	3.75	(-)0.24	(-)6.02
7	Land revenue	1.10	0.75	(-)0.35	(-)31.82
8	Taxes on goods and passengers	0.94	0.76	(-)0.18	(-)19.15
9	Taxes and duties on electricity	0.30	⁹	(-)0.30	(-)99.70
B. Non-tax revenue					
1	Miscellaneous general services	52.54	54.24	(+)1.70	(+)3.24
2	Power	64.81	62.29	(-)2.52	(-)3.89
3	Public works	6.48	6.14	(-)0.34	(-)5.25
4	Forestry and wild life	2.20	1.45	(-)0.75	(-)34.09
5	Police	0.75	0.42	(-)0.33	(-)44.00
6	Interest receipts	40.00	27.61	(-)12.39	(-)30.98
7	Water supply and sanitation	2.20	1.58	(-)0.62	(-)28.18
8	Education, sports, art and culture	1.30	0.90	(-)0.40	(-)30.77
9	Other administrative services	0.82	1.07	(+)0.25	(+)30.49
10	Major and medium irrigation	8.64	5.26	(-)3.38	(-)39.12
11	Medical and public health	0.35	0.25	(-)0.10	(-)28.57
12	Social security and welfare	¹⁰	0.23	(+)0.23	(+)7566.67
13	Crop husbandry	0.15	0.10	(-)0.05	(-)33.33
14	Housing	1.50	1.72	(+)0.22	(+)14.67
15	Co-operation	0.12	0.12	0.00	0.00
16	Others	22.12	1.33	(-)20.79	(-)93.99

Source: Budget document/Finance Accounts

The reasons as furnished by the departments for receipts exceeding/falling short of budget estimates during 2007-08 were as mentioned below:

Sales tax: the increase of five *per cent* was attributed to increase in new registrations and realisation of arrears.

State excise: The department stated that the excise duty on liquor is paid by the security forces in challan and the compound fee/fines are realised while implementing prohibition. The number of security forces deployed in the State fluctuates from time to time and hence the variation.

Land revenue: The decrease of 31.82 *per cent* was attributed to submergence of more than 27,000 acres of patta land by Loktak project and various land acquisition process being taken up recently.

⁹ Rs. 9,000 only.

¹⁰ Rs. 30,000 only.

Taxes and duties on electricity: The decrease of 99.67 per cent was due to non-collection of Manipur tax from NHPC, Loktak.

Power: The shortfall of 3.89 per cent was attributed to non collection of revenue from consumers.

Forestry and wild life: The shortfall of 34.09 per cent in revenue realised was attributed to non completion of working plan for eight territorial forest divisions due to which extraction of timber and subsequent sale to earn revenue could not take place.

Education, sports, art and culture: The shortfall of 30.77 per cent in revenue realised was attributed to decrease in the enrolment of students in Government Colleges.

Housing: The increase of 14.67 per cent was attributed to clearance of outstanding house rent by retiring employees.

Reasons for variation under remaining heads of account of tax and non-tax revenue, have not been furnished by the other departments (November 2008) despite being requested (September 2008 and November 2008).

6.1.4 Analysis of collection

The break-up of the total collection at pre-assessment stage and after regular assessment of sales tax and professional tax for the year 2007-08 as furnished by the Commissioner of Taxes are as mentioned below:

Table 5

(Rupees in crore)

Head of revenue	Amount collected at pre - assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection	Percentage of column 2 to 6
1	2	3	4	5	6	7
Sales tax	120.69	0.06	—	—	120.75	99.95
Profession tax	14.73	—	—	—	14.73	100

Source: Departmental records

6.1.5 Cost of collection

The gross collection of sales tax, taxes on vehicles and percentage of expenditure to gross collection during the years 2005-06, 2006-07 and 2007-08 along with the relevant all India average percentage for 2006-07 were as mentioned below:

Table 6

(Rupees in crore)						
Sl. No.	Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average cost of collection for the year 2006-07
1.	Sales tax	2005-06	71.77	1.69	2.35	0.82
		2006-07	96.64	1.47	1.52	
		2007-08	120.76	1.41	1.17	
2	Taxes on vehicles	2005-06	3.34	1.77	52.99	2.47
		2006-07	3.19	1.46	45.77	
		2007-08	3.57	1.66	46.50	

Source: Departmental records

The cost of collection under taxes on vehicles was much higher than the national average while it was marginally higher in the Sales Tax Department.

6.1.6 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2008 in respect of some principal heads of revenue amounted to Rs. 9.49 crore of which Rs. 4.72 crore was outstanding for more than five years as mentioned below:

Table 7

(Rupees in crore)			
Sl. No.	Head of revenue	Amount outstanding as on 31 March 2008	Amount outstanding for more than 5 years as on 31 March 2008
1.	Land revenue	8.64	4.63
2.	Taxes on vehicles	0.85	0.09
Total		9.49	4.72

Source: Departmental records

6.1.7 Arrears in assessment

The details of sales tax assessment cases pending at the beginning of the year 2007-08, cases which became due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year 2007-08 as furnished by the Commissioner of Taxes in respect of sales tax are as mentioned below:

Table 8

Name of tax	Opening balance as on 31 March 2007	New cases due for assessment during 2007-08	Total assessments due	Cases disposed of during 2007-08	Balance at the end of the year 2007-08	Percentage of column 5 to 4
1	2	3	4	5	6	7
Sales tax	529	1441	1970	1604	366	81.42%

Source: Departmental records

6.1.8 Refund

The number of refund cases pending at the beginning of the year 2007-08, claims received during the year and cases pending at the close of the year 2007-08 as furnished by the departments are mentioned below:

Table 9

(Rupees in lakh)

Particulars of claims/refunds	Sales tax		Motor vehicles	
	No. of cases	Amount	No. of cases	Amount
Claims outstanding at the beginning of the year 2007-08	3	2.23	Nil	
Claims received during the year 2007-08	Nil		Nil	
Refunds made during the year	Nil		Nil	
Balance outstanding at the end of the year	3	2.23	Nil	

Source: Departmental records

6.1.9 Result of audit

Test check of records of tax receipts and other non-tax receipts conducted during the year 2007-08 revealed under assessment, non levy, short levy and loss of revenue amounting to Rs. 178.08 crore in 120 cases.

This chapter contains eight paragraphs relating to non/short levy (including penalty) of sales tax/value added tax/central sales tax; non/short realisation of show tax and professional tax; loss of revenue (energy charges) and non realisation of registration fee from contractors involving Rs. 6.75 crore. The department/Government accepted audit observations involving Rs. 0.96 crore; however report on recovery has not been received (November 2008). No reply has been received in one case (November 2008).

6.1.10 Failure to enforce accountability and protect interest of the Government

Accountant General (Audit), Manipur, arranges to conduct periodical inspection of the Government departments concerned with tax revenue and non-tax revenue to test check the transactions and verify the maintenance of important records in accordance with the prescribed rules and procedures. These inspections are followed up with inspection reports (IR). When important irregularities detected during audit are not settled on the spot, IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The number of IRs and audit observations relating to revenue receipts issued upto 31 December 2007 and pending settlement by the departments as on 30 June 2008 along with the corresponding figures for the preceding three years is mentioned below:

Table 10

	June 2005	June 2006	June 2007	June 2008
Number of pending IRs	355	366	399	418
Number of outstanding audit observations	1,067	1,106	1210	1277
Amount of revenue involved (Rupees in crore)	193.33	436.06	523.79	596.13

Department-wise break-up of the pending IRs and audit observations as on 30 June 2008 is as mentioned below:

Table 11

(Rupees in crore)

Sl. No.	Name of department	Inspection report	Audit observations	Amount involved	Year to which observations relate	No. of IRs to which even first replies have not been received
1	Hospital	4	9	0.25	2002-03 to 2007-08	-
2	Registration	10	15	0.02	1991-92 to 2007-08	5
3	Transport	49	159	4.98	1990-91 to 2007-08	29
4	Electricity	90	277	521.12	1990-91 to 2007-08	46
5	PHED	23	58	5.32	1994-95 to 2007-08	17
6	Land Revenue	82	229	11.09	1991-92 to 2007-08	47
7	Forest	67	161	12.08	1990-91 to 2007-08	47
8	Taxation	48	231	11.98	1990-91 to 2007-08	32
9	Excise	14	33	4.65	1990-91 to 2007-08	4
10	Fishery	21	55	0.57	1991-92 to 2007-08	6
11	Lottery	10	50	24.07	1990-91 to 2007-08	2
	Total	418	1277	596.13		235

6.1.11 Departmental audit committee meetings

No departmental audit committee meeting was held during the year 2007-08.

6.1.12 Response of the departments to the draft audit paragraphs

Eight draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India for the year ended March 2008 (Civil) were forwarded to the Secretaries/Commissioners of the respective departments during April, May and July 2008 through demi-official letters. The administrative Secretaries/Commissioners did not furnish replies in respect of seven draft paragraphs as mentioned below:

Table 12

Name of the Department	No. of draft paragraphs to which replies from Secretaries/Commissioners not received
Power	1
Taxation	6
Total	7

6.1.13 Recovery of revenue of accepted cases

During the years from 2001-02 to 2006-07, the departments/Government accepted audit observations involving Rs. 3.16 crore of which only Rs. 22 lakh had been recovered till March 2008 as mentioned below.

Table 13

Year of Audit Report	Total money value	Accepted money value	(Rupees in crore)
			Recovery made
2001-02	0.26	0.16	0.00
2002-03	0.72	0.51	0.02
2003-04	1.82	1.10	0.16
2004-05	0.63	0.25	0.00
2005-06	0.99	0.13	0.02
2006-07	1.87	1.01	0.02
Total	6.29	3.16	0.22

The above table indicates the amount recovered was only seven *per cent* of the accepted amount.

POWER DEPARTMENT

6.2 Loss of revenue

Failure to recover energy charges from consumers within the prescribed period led to loss of revenue of Rs. 5.50 crore

Sub Section 2 of Section 56 of Electricity Act, 2003 provides that no sum due from a consumer can be recovered after a lapse of two years from the date when such sum first became due unless it has been continuously shown as recoverable as arrears of electricity supplied. The sub section also provides that the licensee (generating company) shall not cut off the supply of electricity in such cases.

Test check of records of seven electrical divisions¹¹ between November 2007 and February 2008 revealed that the executive engineers (EE) of the divisions cut off service connections in respect of 5,076 consumers during the period April 1998 to March 2006 due to non-payment of electricity charges involving Rs.5.50 crore (Appendix – 6.1). The department, however, failed to communicate the fact of arrears to the consumers and did not recover the outstanding amount within the prescribed period of two years of their becoming due. Thus, lack of timely action by the department led to loss of Rs. 5.50 crore, as the amount became irrecoverable, of which Rs. 3.34 crore pertained to the last five years.

¹¹ Imphal Maintenance Division; Thoubal Electrical Division; Imphal Electrical Division - II; Imphal Electrical Division - III; Rural Electrical Division, Kakching; Bishnupur Electrical Division and Tamenglong Electrical Division.

The matter was referred to the department/Government in May 2008; their reply had not yet been received (November 2008).

PUBLIC WORKS DEPARTMENT

6.3 Non-realisation of registration fee

Failure of the department to claim registration fee for enlistment of contractors resulted in non-realisation of Rs. 5.32 lakh

Rules regarding enlistment of contractors in Public Works Department, Manipur as amended vide notification dated 23 August 1995 provide for realisation of registration fee from contractors for enlistment in various classes at the following rates.

Table 14

Sl. No.	Class of contractor	Amount of registration fee
1	Special class	Rs. 2,500
2	1 st class	Rs. 2,000
3	2 nd class	Rs. 1,500
4	3 rd class	Rs. 1,000
5	4 th class	Rs. 500

Test check of records of the Chief Engineer, P.W.D., Manipur in July 2007 revealed that registration fee in respect of 363 contractors was not claimed by the department on the ground that their registration fee had been realised during their initial enlistment as 4th class contractors. The contention of the department is not correct as the enlistment rules provide for certain eligibility criteria for each class of contractors and do not provide for allowing enlistment to a higher class by making a one-time payment of registration fee for a lower class. Thus, due to the failure to claim enlistment fee from 363 contractors in their existing category revenue amounting to Rs. 5.32 lakh¹² was not realised of which Rs.2.11 lakh¹³ pertains to the period from 2002-03 to 2007-08.

¹²

Spl. Class 115 nos.	@ Rs. 2,000 =	Rs. 2,30,500
1 st class 146 nos.	@ Rs. 1,500 =	Rs. 2,19,000
2 nd class 64 nos.	@ Rs. 1,000 =	Rs. 64,000
3 rd class 38 nos.	@ Rs. 500 =	Rs. 19,000
		Rs. 5,32,000

¹³

Spl. Class 47 nos.	@ Rs. 2,000 =	Rs. 94,000
1 st class 65 nos.	@ Rs. 1,500 =	Rs. 97,500
2 nd class 19 nos.	@ Rs. 1,000 =	Rs. 19,000
3 rd class 1 nos.	@ Rs. 500 =	Rs. 500
		Rs. 2,11,000

After this was pointed out, the department accepted the audit observation and stated (November 2008) that demand notices have been served to the contractors to deposit enlistment fees immediately failing which their enlistment is liable to be cancelled without further notice. The date by which the contractors have to comply with the department's circular is, however, not specified. Progress on realisation of enlistment/registration fees from the contractors has not been received (November 2008).

The matter was reported to the Government between April and July 2008; their reply has not been received (November 2008).

TAXATION DEPARTMENT

6.4 Short levy of Tax

There was short levy of tax of Rs 48.01 lakh (including penalty) due to failure of the department to detect escaped/suppressed turnover

Under Section 19 of the Manipur Sales Tax (MST) Act, 1990 and Section 39 of the Manipur Value Added Tax (MVAT) Act, 2004, if the Commissioner of Taxes has reasons to believe that the whole or any part of the turnover has escaped assessment during a particular period, he shall assess or reassess the amount of tax due from the dealer in respect of such turnover. The Commissioner shall also levy, by way of penalty, a sum not exceeding one and half times the additional tax assessed, under section 21 of the MST Act and twice the tax under section 36 (7) of the MVAT Act.

Scrutiny of the records maintained by the Assistant Commissioner of Taxes, Imphal in March 2008 revealed that a dealer, M/S Mahawar Traders dealing in edible oils, made purchases of goods worth Rs. 5.98 crore during the period June 2004 to March 2007 as depicted in the statement of utilisation of declaration Form 'C' issued by the dealer, but accounted for goods valued at Rs. 1.68 crore only in his returns thereby suppressing purchases by Rs. 4.30 crore. The assessing authority (AA) while finalising the assessment between November 2004 and May 2007 for the said period did not detect the suppression of purchase which resulted in short levy of tax and penalty of Rs. 48.01 lakh (tax: Rs. 17.20 lakh and penalty Rs. 30.81 lakh).

After this was pointed out, the AA accepted the audit observation and served (April 2008) a demand notice of tax due amounting to Rs. 17.20 lakh to the dealer with a directive to clear the tax due on or before 26 May 2008.

The matter was referred to the Government/department during May 2008 and July 2008. The department, while accepting the audit observation further stated (November 2008) that a demand notice of penalty due of Rs. 30.81 lakh had since been served (November 2008) to the dealer for payment of penalty

on or before 15 December 2008. The report on realisation of the tax and penalty due has not been received (November 2008).

Reply of the Government has not been received (November 2008).

6.5 Short levy of penalty

Penalty of Rs. 2.46 crore was levied for concealment/suppression of turnover against leviable penalty of Rs. 4.90 crore resulting in short levy of penalty of Rs. 2.44 crore

Under Section 39(1)(a) and (b) of the MVAT Act (Act), where after a dealer is assessed, the Commissioner has reason to believe that the whole or any part of the turnover of a dealer in respect of any period has escaped assessment or under assessed, the Commissioner may proceed to assess to the best of his judgement, the amount of tax due from the dealer in respect of such turnover. And as per Section 36 (7) of the Act, if the Commissioner is satisfied that the dealer, in order to evade or avoid payment of tax, has furnished incomplete and incorrect returns for any period, he shall impose, by way of penalty, a sum equal to twice the additional tax assessed. Further, under Section 42 (6) of the Act read with Rule 32 of the MVAT Rules, when a dealer is in default even after the stipulated date for payment of dues, the amount due shall be recovered as arrear of land revenue and for such purpose, the AA, shall issue to the Collector, a recovery certificate in Form 37.

During test check of the assessment records maintained by the Superintendent of Taxes (ST), Headquarters' zone in March 2008 it was noticed that on discovery of incorrect returns for the years 2006-07 and 2007-08 submitted by one dealer viz M/s J.K. Steel House who dealt in cement, iron etc. the AA re-assessed (December 2007) the dealer for the said years to additional tax of Rs. 2.45 crore¹⁴ and imposed penalty of Rs. 2.46 crore. A demand notice for the dues of Rs. 4.91 crore was served to the dealer on 17 December 2007 with a directive to clear the due amount on or before 17 January 2008. Scrutiny of the assessment record revealed that the AA had imposed penalty of Rs. 2.46 crore as against leviable penalty of Rs. 4.90 crore¹⁵. No step was, however, found taken up by the AA for imposition of the additional amount of penalty nor was any action initiated for recovery of the dues as arrear of land revenue by application of Rule 32 *ibid*. Since the dealer has closed down his business in April 2008, the likelihood of recovery of the revenue of Rs 7.35 crore (Rs. 4.90 crore + Rs. 2.45 crore) appears to be remote.

¹⁴ Tax assessed Rs. 2.46 crore.
Less already paid Rs. 82,000.

¹⁵ Additional tax assessed: Rs. 2.45 crore.
Penalty under Section 36(7): Rs. 2.45 crore X 2 i.e. Rs. 4.90 crore.

After this was pointed out, the ST, Headquarters' zone stated (April 2008) that the dealer was given further opportunity to clear the dues by 28 March 2008 and on his failure to pay the dues within the stipulated date, a recovery certificate addressed to the Deputy Commissioner (DC), Imphal West was issued (April 2008) for recovery of the outstanding dues of Rs. 4.91 crore as arrear of land revenue which is yet to be recovered. The reply was, however, silent on imposition of the additional amount of penalty of Rs. 2.44 crore.

The matter was referred to the Government between May 2008 and July 2008; their reply has not been received (November 2008).

6.6 Short levy of central sales tax

Availment of concessional rate of tax on account of inter-State sales without furnishing declaration in form 'C' resulted in short levy of tax amounting to Rs. 9.39 lakh

As per Section 8 of the Central Sales Tax (CST) Act, 1956 and Rule 12 of the CST (Registration and Turnover) Rules 1957, a dealer who claims concessional rate of tax on account of inter-State sales is required to produce requisite details in declaration form 'C' duly authenticated by the recipient/purchasing dealer. Otherwise, tax is leviable at the rate of 10 *per cent* or at the rate leviable under the State Act, whichever is higher, in case of goods other than declared goods. Such declaration in form 'C' shall be furnished to the prescribed authority up to the time of assessment. In Manipur, plywood is taxable at 12.5 *per cent*.

Test check of assessment records of the ST, Zone-I in March 2008 revealed that M/s Mangalam Woods Industries Pvt. Ltd. who dealt in plywood business sold goods worth Rs. 98.86 lakh during July 2007 to December 2007¹⁶ in the course of inter-State sales and paid tax of Rs. 2.97 lakh at the concessional rate of three *per cent* without furnishing valid declaration in form 'C'. Neither the reason/cause for not furnishing the requisite declaration in form 'C' at the time of assessment nor further time allowed by the AA for submission of the declaration in question by the dealer was on record. The resulting short levy of CST was calculated at Rs. 9.39 lakh at the differential rate of 9.5 (12.5 - 3) *per cent* on the turnover of Rs. 98.86 lakh.

The matter was reported to the Department and the Government during May 2008 and July 2008.

After this was pointed out, the AA while accepting the audit observation stated that notices had been issued (June and July 2008) to the dealer with a directive

¹⁶ Return period ending September 2007: Rs. 51.49 lakh (date of assessment 30 November 2007) and period ending December 2007: Rs. 47.37 lakh (date of assessment 7 January 2008).

to clear CST amounting to Rs. 9.39 lakh as he failed to submit the requisite declaration in form 'C'.

The matter was reported to the department and the Government during May and July 2008; their reply has not been received (November 2008).

6.7 Short realisation of show tax

Inaction of the department resulted in short realisation of show tax amounting to Rs. 3.44 lakh

The Assam Amusements and Betting tax Act 1939, as adopted in the State of Manipur provides that in case of cinematograph exhibitions, in addition to the entertainment tax, a tax at Rs 5 per show was leviable. The rate of tax was enhanced to Rs. 100 per show w.e.f. 1 August 1998. In the meantime, the Guwahati High Court, Imphal Bench, passed an interim order (7 June 1999) against a writ petition filed by the Cine Exhibitors Association of Imphal ruling payment of 50 *per cent* of enhanced tax by the petitioner subject to the final outcome of the pending writ petition.

During test check of the records maintained by the Assistant Commissioner of Taxes, Imphal in March 2008, it was noticed that the department realised show tax amounting to Rs. 0.09 lakh at the old rate of Rs. 5 per show in respect of only one cinema hall whereas a total of 7,057 shows were held in four cinema halls¹⁷ during the years 2005-06 to 2007-08 (upto February 2008). Show tax of Rs. 3.53 lakh was leviable as per the Court's interim order. Action taken to realise the outstanding tax was not on record. Thus, inaction of the department resulted in short realisation of show tax amounting to Rs. 3.44 lakh.

The matter was reported to the department and the Government during May 2008. The department, while accepting the audit observation stated (May 2008) that demand notices of Rs. 3.44 lakh were served (April 2008) to the proprietor/managers of the defaulting cinema halls for deposit of the show tax due on or before 10 May 2008. However, report of realisation of the show tax has not been received (November 2008).

The reply of the Government has not been received (November 2008).

¹⁷ Includes the cinema hall from which Rs. 5 was collected per show.

6.8 Non levy of penalty

Failure of the department to levy penalty amounting to Rs. 13.27 lakh on dealers failing to comply with provision under the MVAT Act

Under Section 58 of the MVAT Act, if the gross turnover of a dealer, in any year exceeds Rs. 20 lakh or such other amount as the Commissioner may specify, such dealer's account shall be audited by a Chartered Accountant or by a person appointed to act as an auditor of Companies by virtue of Section 226 (2) of the Companies Act, 1956 within six months from the end of the relevant year. The dealer shall furnish a copy of the certificate of the audit of accounts in form 25 to the tax authorities by the end of the month after expiry of the six months cited above failing which, the Commissioner shall impose on the dealer penalty equal to 0.1 *per cent* of the turnover.

Scrutiny of the records maintained by the ST, Zones-I, IV, V, VI and Headquarters in March 2008 revealed that, in absence of any other quantum of turnover specified by the Commissioner, 13 dealers whose turnover exceeded Rs. 20 lakh each during 2005-06 and 2006-07 and whose assessments for the said years were finalised (February 2006 to January 2008), were required to get their accounts audited by a chartered accountant and submit the audit reports to the tax authorities within the stipulated dates, i.e. by October 2006 and October 2007 respectively. However, while these dealers failed to comply with the mandatory provisions even after expiry of 4 to 16 months from the prescribed period, the department did not impose any penalty. This resulted in non-realisation of penalty to the tune of Rs. 13.27 lakh (0.1 *per cent* of taxable turnover of Rs. 132.68 crore)

The matter was referred to the Government and the department in May 2008 and October 2008. The department, while accepting the audit observation, stated (November 2008) that demand notices of Rs. 13.16 lakh were served (June 2008) to 13 dealers for payment of the penalty in question on or before 11 July 2008. Report on realisation of the penalty and reasons for raising less demand by Rs. 11,000 has not been received (November 2008). Reply of the Government has not been received (November 2008).

6.9 Non realisation of profession tax

Profession tax for the period from 2004-05 to 2007-08 amounting to Rs. 20.38 lakh remained unrealised from legal practitioners

Under the Manipur Professions, Trades, Callings and Employment Taxation Act, 1981, every person who carries on a trade or who follows a profession or calling or is in employment shall be liable to pay tax for each assessment year at the prescribed rates. The Act further provides that when a person defaults, the AA shall recover the tax due as an arrear of land revenue.

As per the Manipur Professions, Trades, Callings and Employment Taxation (seventh Amendment) Act, 2000, the rates of profession tax in respect of legal practitioners whose standing in the profession is three years or less and more than three years but less than five years are Rs. 1,000 and Rs. 2,000 per annum, respectively.

During audit of the Commissioner of Taxes, Manipur in March 2008, it was noticed that there were 458 legal practitioners in the State whose period of standing in the profession ranged from more than one year to less than five years. Though these legal practitioners were liable to pay profession tax, none of them had done so during the period from 2004-05 to 2007-08. The AA, however, did not initiate any action either to levy professional tax on the said legal practitioners or to recover the profession tax due as arrear of land revenue. Thus, inaction of the department resulted in non realisation of the professional tax amounting to Rs. 20.38 lakh for the aforesaid period.

The matter was referred to the Government and the department in May and October 2008. The department, while accepting the observation, stated (November 2008) that notices had been issued (June and September 2008) for payment of profession tax by the legal practitioners for the years 2004-05 to 2007-08 from 458 legal practitioners in the State. A report on realisation of the professional tax has not been received (November 2008).

Reply of the Government has not been received (November 2008).

Chapter VII
Government Commercial and
Trading Activities

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Overview of Government Companies and Statutory Corporations

7.1 Introduction

As on 31 March 2008 there were 15 Government companies (eight working companies and seven non-working companies¹) as against the same number of Government companies as on 31 March 2007 under the control of the State Government. 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.

7.2 Working Public Sector Undertakings (PSUs)

Investment in working PSUs

7.2.1 As on 31 March 2008, the total investment in eight working PSUs (eight Government companies) was Rs. 43.49 crore² (equity: Rs. 29.34 crore; long term loans Rs. 14.15 crore) as against Rs. 39.37 crore (equity: Rs. 29.34 crore; long term loans³: Rs. 10.03 crore) in same number of working PSUs as on 31 March 2007. 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 Figure as per Finance Account 2007-08 is Rs. 35.71 crore, the difference is under reconciliation.

³ 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

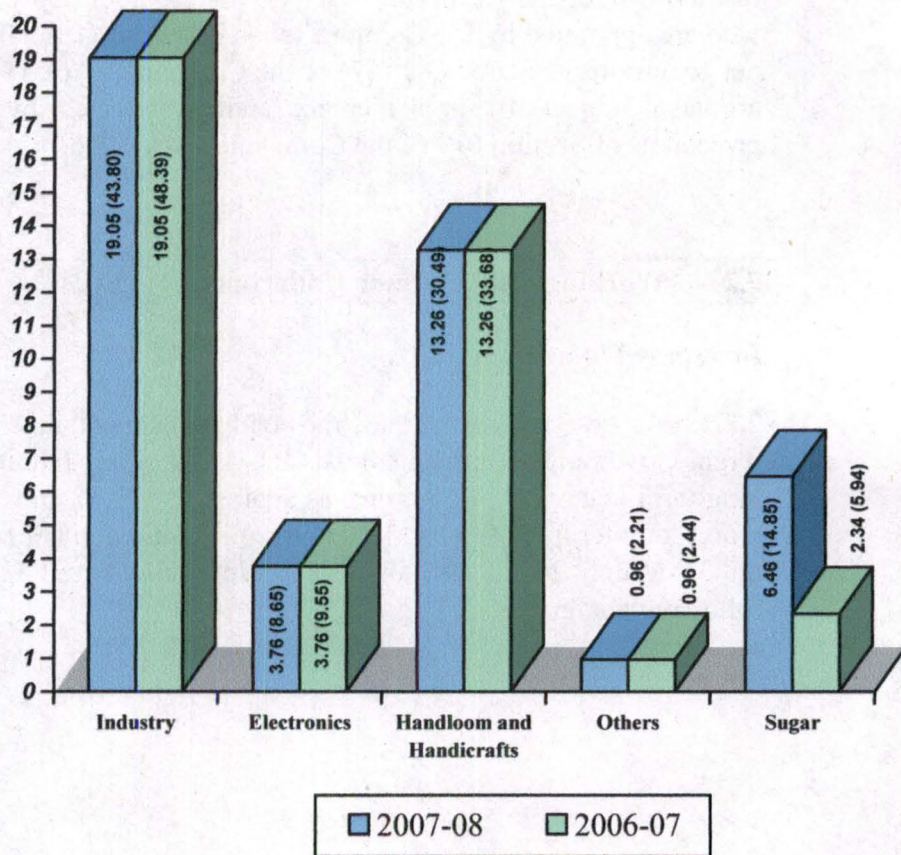
7.2.2 The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2008 and 31 March 2007 are indicated below in the bar chart:

Chart No 7.1

Investment as on 31 March 2008 and 31 March 2007

(Rupees in crore)

(Figures in brackets indicate percentage of total investment)



Working Government companies

7.2.3 The total investment in working Government companies at the end of March 2008 and March 2007 was as follows:

Table 1**(Rupees in crore)**

Year	Number of Government companies	Investment in working Government companies		
		Equity	Loan	Total
2006-07	8	29.34	10.03	39.37
2007-08	8	29.34	14.15	43.49

Source: Data compiled from the respective companies' accounts

Investment in the current year has increased over the previous year due to grant of loan during the year under Sugar sector.

The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in *Appendix 7.1*.

As on 31 March 2008, the total investment in working Government companies, comprised 67.46 per cent of equity capital and 32.54 per cent of loans as compared to 74.52 per cent and 25.48 per cent respectively as on 31 March 2007.

7.3	Budgetary outgo, grants/subsidies, guarantees and waiver of dues and conversion of loans into equity
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7.3.1 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government to working Government companies are given in *Appendices 7.1* and 7.3.

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 2007-08 are as follows:

Table 2**(Rupees in crore)**

	2005-06				2006-07				2007-08			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Equity Capital outgo from budget	1	0.05	—	—	—	—	—	—	—	—	—	—
Grants/subsidy toward:												
(i) Projects/Programmes/Schemes	—	—	—	—	—	—	—	—	—	—	—	—
(ii) Other subsidy	—	—	—	—	—	—	—	—	—	—	—	—
Total outgo	1	0.05	—	—	—	—	—	—	—	—	—	—

Source: Information as furnished by the companies

7.3.3 No information regarding guarantee given by State Government was received from the companies (September 2008).

7.4 Finalisation of accounts by working PSUs

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

7.4.2 It would be noticed from *Appendix 7.2*, out of eight working PSUs (all Government companies) none has finalised the accounts for the year 2007-08 within stipulated period. During the period from October 2007 to September 2008, two working Government companies i.e. Manipur Industrial Development Corporation Ltd. and Manipur Food Industries Corporation Ltd. finalised one accounts each for previous years (1990-91 and 1997-98 respectively).

7.4.3 The accounts of eight working Government companies were in arrears for periods ranging from 10 to 25 years as on 30 September 2008 as per details given below:

Table 3

Sl. No.	Name of working Government companies	Year from which accounts are in arrears	Number of years for which accounts are in arrear
(1)	(2)	(4)	(5)
1	Manipur Tribal Development Corporation Ltd.	1983-84 to 2007-08	25
2	Manipur Handloom and Handicrafts Development Corporation Ltd.	1988-89 to 2007-08	20
3	Manipur Industrial Development Corporation Ltd.	1991-92 to 2007-08	17
4	Manipur Film Development Corporation Ltd.	1992-93 to 2007-08	16
5	Manipur Electronics Development Corporation Ltd.	1996-97 to 2007-08	12
6	Manipur Police Housing Corporation Ltd.	1996-97 to 2007-08	12
7	Manipur State Power Development Corporation Ltd.	1997-98 to 2007-08	11
8	Manipur Food Industries Corporation Ltd.	1998-99 to 2007-08	10

Source: Data compiled from quarterly returns on status of accounts

Investment made by State Government in PSUs whose accounts are in arrears

7.4.4 The State Government had invested Rs. 14.51 crore as equity in six working PSUs during the years for which accounts have not been finalised as detailed in *Appendix 7.5*. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in

finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed time to time by the Audit, of the arrears in finalisation of accounts, no remedial measures had been taken. As a result of which the net worth of these PSUs could not be assessed in audit.

7.5 Financial position and working results of working PSUs

7.5.1 The summarised financial results of working PSUs (Government companies) as per their latest finalised accounts are given in *Appendix 7.2*.

7.5.2 According to the latest finalised accounts of eight working Government companies, three companies had incurred an aggregate loss of Rs. 55 lakh, three companies earned an aggregate profit of Rs. 1.35 crore and two companies had not commenced commercial activities.

7.6 Working Government companies

Profit earning working Government companies

7.6.1 During the period from October 2007 to September 2008, one Company namely Manipur Industrial Development Corporation Ltd., out of the three profit earning companies had finalised its accounts for the year 1990-91.

Loss incurring working Government companies

7.6.2 One company, out of three loss making working Government companies (A-3 of *Appendix 7.2*) had accumulated losses aggregating Rs. 2.21 crore which exceeded its paid up capital of Rs. 1.20 crore.

Return on capital employed

7.6.3 As per the latest finalised accounts, the capital employed⁴ worked out to Rs. 26.28 crore in eight working companies and total return⁵ thereon amounted to Rs. 1.72 crore which was 6.54 *per cent* as compared to total return of Rs. 1.21 crore (7.03 *per cent*) in the previous year (accounts finalised

⁴ Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

⁵ 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.

upto September 2007). The details of capital employed and total return on capital employed in case of working Government companies are given in **Appendix 7.2.**

7.7 Reforms in Power Sector

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

Major milestones of the reforms programme are as under:

Milestone	Achievement
For generation, transmission and distribution of electricity in the State, Corporation to be set up by August 2004 and made fully functional by July 2005.	The progress of implementing power sector reforms was slow and the Corporation has not become operational as of October 2008.
State Government will set up State Electricity Regulatory Commission (SERC)/ Joint Electricity Regulatory Commission (JERC) by November 2004 and file tariff petition immediately thereafter.	The State Government intimated (August 2008) that the Central Government had constituted a Joint Electricity Regulatory Commission (JERC) for the States of Manipur and Mizoram on 18 January 2005. The draft Regulation of the JERC has been submitted to the Government for approval.
State Government will provide full support to the SERC/JERC to enable it to discharge its statutory responsibilities. The tariff orders issued by SERC/JERC will be implemented fully unless stayed or set aside by a court order.	
State Government will ensure timely payment of subsidies required in pursuance of orders on the tariff determined by the SERC/JERC.	
State Government will undertake Energy Audit and 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.	For Energy Audit, 731 numbers of electronic energy meters had been purchased for installation at Distribution Sub Stations (11/0.4 KV sub-stations). The Government of India had also sanctioned 4 Schemes under Accelerated Power Development Reform Program (APDRP) and efforts are being made to implement the schemes in the spirit to bring down the Aggregate Technical and Commercial (ATC) loss to desired level.
State Government would achieve 100 per cent electrification of villages by 2007 subject to adequate funds being provided by the GOI under PMGY or any other relevant scheme.	The State Government was to complete 100 per cent metering and billing of all consumers by March 2003 but only 1,65,557 consumers (out of 1,80,696) were provided with energy meters (October 2008).
State Government would install meters on all 11 KV feeders by 31.12.2004.	Out of 105 numbers of 11 KV outgoing feeders, 91 feeders are provided with energy meters as of October 2008.

7.8 Non-working PSUs

Investment in non-working PSUs

7.8.1 As on 31 March 2008, the total investment in seven non-working PSUs (all Government companies) was Rs. 72.74 crore (equity: Rs. 55.99 crore; loans: Rs. 16.75 crore) as against the same amount of investment in same number of non-working Government Companies as on 31 March 2007. All the seven non-working Government companies were under closure as at the end of March 2008. As these non-working PSUs involve substantial investment of Rs. 72.74 crore, effective steps need to be taken for their expeditious liquidation.

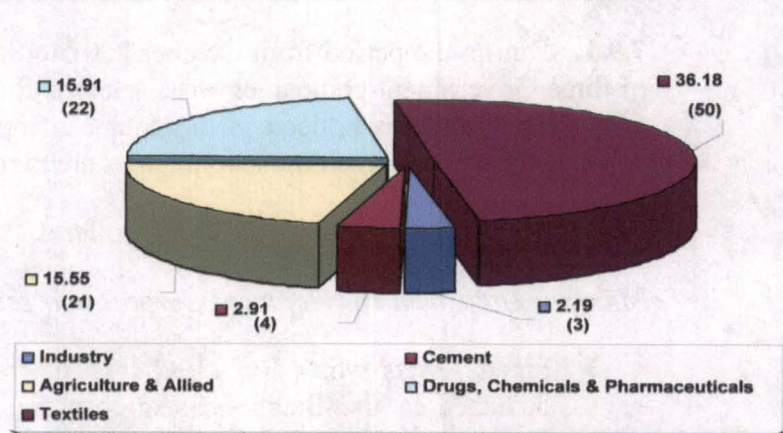
Sector-wise investment in non-working Government companies

7.8.2 The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2008 is indicated below in the pie chart. The position of investment as on 31 March 2008 remains unchanged as compared to the position as on 31 March 2007.

Chart No. 7.2

Investment as on 31 March 2008

(Figure in bracket indicate percentages of total investment)
(Rupees in crore)



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

7.8.3 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 are given in *Appendices 7.1 and 7.3*.

Finalisation of accounts by non-working PSUs

7.8.4 During the period from October 2007 to September 2008, three non-working Government companies finalised three accounts for previous years.

7.8.5 The accounts of seven non-working Government companies were in arrears for periods ranging from 11 to 24 years as on September 2008.

Financial position and working results of non working PSUs

7.8.6 The summarised financial results of non-working PSUs as per their latest finalised accounts are given in *Appendix 7.2*.

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 4

(Rupees in crore)

Particular of Companies	Paid-up capital	Net worth ⁶	Cash loss	Accumulated losses
Non-working companies	7.26	(-)0.38	-	7.64
Total	7.26	(-)0.38	-	7.64

Source: Data compiled from annual accounts of respective companies

7.9 Results of audit by Comptroller and Auditor General of India

7.9.1 During the period from October 2007 to September 2008, the accounts of three Government companies were selected for review. Some of the major errors and omissions noticed in the course of review of annual accounts of some of the above Government companies are mentioned below:

(a) Comments offered by the Comptroller & Auditor General of India

Manipur Industrial Development Corporation Ltd.

- Fixed Assets worth Rs. 11.87 lakh destroyed by fire have not been deducted in the Balance Sheet resulting in overstatement of Gross Fixed Assets in the Balance Sheet.
- Provision for loss has not been made in respect of Investment worth Rs. 10 lakh made to Meerless Steel Ltd., a loss incurring defunct company.

⁶ Net worth represents paid-up capital plus free reserves less accumulated losses.

Manipur Food Industries Corporation Ltd.

- Vital records such as Register of Fixed Assets, Register of Moveable Assets, Register of Deposits, and Register of Share Capital have not been maintained.

Manipur Cement Ltd.

- Cost of temporary structure and repairing cost on it amounting to Rs. 3.44 lakh was shown as Fixed Assets in the Balance Sheet.

(b) Comments offered by the statutory auditors on the accounts of the working Government companies are given below:

Manipur Industrial Development Corporation Ltd.

- Sales Tax deducted from sale of raw materials was not deposited.
- The company had neither provided for nor deposited Income Tax for the year under review.

Manipur Food Industries Corporation Ltd.

- The company did not maintain adequate records showing full particulars including quantitative details and situation of Fixed Assets.

7.10 Internal audit/Internal control

7.10.1 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal audit/internal control systems in the companies audited by them in accordance with the directions issued by the CAG to them under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. Accordingly, the Statutory Auditors observed deficiencies in respect of internal audit system in case of two companies. A resume of major recommendations/comments made by Statutory Auditors is as follows:

7.10.2 Manipur Industrial Development Corporation Ltd. had no Internal Audit system and no Audit Committee.

7.10.3 Manipur Spinning Mills Corporation Ltd. did not have adequate internal control procedures in respect of the purchase of raw materials, stores including components for plant & machinery, equipment and other assets.

7.11 Response to inspection reports, draft paras and reviews

7.11.1 Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned administrative departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of six weeks. Inspection reports issued up to March 2008 pertaining to 11 PSUs disclosed that 176 paragraphs relating to 32 inspection reports remained outstanding at the end of September 2008. Out of these, replies in respect of 132 paragraphs relating to 21 inspection reports have not been furnished for periods ranging from two to 16 years. Department-wise break-up of inspection reports and paragraphs outstanding as on 30 September 2008 is given in *Appendix 7.4*.

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

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

7.12.1 The status of Commercial Chapters of the Audit Reports and number of reviews/paragraphs pending for discussion at the end of 30 September 2008 are as shown below:

Table 5

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
2004-05	1	1	1	1
2005-06	1	1	1	1
2006-07	1	3	1	3
Total	7	26	7	26

During the period from September 2007 to March 2008, no paragraph was discussed by COPU.

7.13 619-B Companies

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

AUDIT OF TRANSACTIONS (COMMERCIAL)

MANIPUR TRIBAL DEVELOPMENT CORPORATION LTD.

7.14 Suspected misappropriation

Suspected misappropriation due to non adjustment of advances drawn for repair and renovation of office building – Rs. 70 lakh.

Under Article 75 of the Article of Association of the Manipur Tribal Development Corporation Ltd. (Corporation), Finance Committee (comprising of the Chairman, the Finance Secretary and Secretary, Tribal Welfare Department) is delegated to accord sanction up to Rs. 5 lakh for all purposes at a time and Rs. 1 lakh at a time by the Chairman.

Test check of records (June 2008) of the Corporation revealed that the Executive Engineer of the Corporation was paid (December 2006) an advance of Rs. 70 lakh for repair and renovation of Corporation's office building and the complex with the approval of the Chairman of the Corporation. The advance given to the Executive Engineer exceeded the financial limit of the Chairman. Audit scrutiny further revealed that the relevant documents for adjustment of the above advance were not available with the Corporation even after a lapse of 18 months (June 2008). The copy of technical sanction, measurement book (MB) and other related documents of the said work were not produced to audit.

Thus the Corporation not only violated the prescribed financial power but also risked the possibility of misappropriation of the amount which cannot be ruled out in view of non availability of relevant records.

The matter was referred to the Government/Corporation (June 2008), their replies were awaited (October 2008).

7.15 Non deposit of revenue

Non deposit of Sales tax/VAT deducted from the bills of contractors – Rs. 45.36 lakh.

As per Government of Manipur, Finance Department OM No. 5/45/2006-FD (TAX) Dated 20 March 2006, Sales Tax/VAT at prescribed rate shall be deducted at source from the bills of suppliers/contractors and the tax so deducted shall be deposited within three days from the date of passing the bills for payment.

Test check of records (June 2008) of Manipur Tribal Development Corporation Ltd. (Corporation) revealed that the Corporation deducted sales tax/VAT from 87 bills of contractors amounting to Rs. 45.36 lakh which was required to be deposited into Government account during the period from

2005-06 to 2007-08⁷. The said amount was also accounted for in the Cash Book as remitted to treasury by drawing 87 numbers of cheques in favour of the Accounts Officer, MTDC. Audit scrutiny further revealed that these cheques were not deposited in the treasury and were lying with the Corporation till the date of audit (June 2008).

Thus, due to failure on the part of the Corporation, Government revenue amounting to Rs. 45.36 lakh was not deposited to Government account for period ranging from 10 months to 36 months⁸ in violation of the OM *ibid*.

The matter was referred to the Government/Corporation (June 2008); their replies were awaited (October 2008).

MANIPUR CEMENT LIMITED

7.16 Loss of plants and machinery

Non initiation of any action to dispose of assets of Manipur Cement Ltd. resulted in loss of Rs. 56.47 lakh.

Manipur Cement Ltd. (Company) in its 33rd meeting of Board of Directors held on 19 December 2001 decided to close down the Cement Factory at Hundung with effect from 1 March 2002 due to sinking of the site under Section 25 FFA of Industrial Disputes Act, 1947. The serviceable machine/equipments of the plant was to be given to Government departments/Deputy Commissioner, Ukhrul as per their requirements and remaining material was to be disposed of through auction sale.

Test check (March 2008) of the records of the Company revealed that 64 staff out of 78 men-on-roll were retrenched with effect from 11 January 2003. Thereafter, the factory site was left unattended and the management did not take any action to dispose/safeguard fixed assets at depreciated value of Rs. 54.14 lakh⁹ as on 31 March 2003 apart from current inventory worth Rs. 2.33 lakh as on that date. Consequently, the Company reported to the police (February 2004) robbery of items valued at Rs. 40 lakh. Thereafter, the officers deputed to inspect the factory site (March 2005) reported that plant and machinery of the unit were not available on the factory site and the main

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Year	No of Contractor's bills	Amount deducted as tax (Rs)
2005-06	17	8,00,093.00
2006-07	31	21,55,269.00
2007-08	39	15,81,004.00
Total	87	45,36,366.00

⁸ As of June 2008. Tax was deducted at source and cheques drawn in favour of the Accounts Officer, MTDC from June 2, 2005 to August 18, 2007.

⁹ This is inclusive of depreciated value of buildings worth Rs. 18.61 lakh.

building including quarters of the staff were not traceable. No recovery of any of the assets had been reported.

Thus, non initiation of action by the Company to safeguard its plants and machinery resulted in loss of assets worth Rs. 37.86 lakh,¹⁰ besides damage of building worth Rs. 18.61 lakh.

The matter was referred to the Company/Government (May 2008); their replies were awaited (October 2008).

MANIPUR INDUSTRIAL DEVELOPMENT CORPORATION

7.17 Undue financial benefit to contractor

Payment of advance of Rs. 2.10 crore in violation of specific provision of the work order.

As per Section 31.1 & 31.3 of CPWD Works Manual, a contractor can be paid advance not exceeding 75 per cent of the net amount of the on-account bill under check for work already measured when there is likely to be delay in authorising payment. The advance so paid, including any overpayment which may occur, is to be adjusted/recovered when payment is made on the running account bill in respect of which the advance was paid.

Test check of records (August 2007) of Manipur Industrial Development Corporation Ltd (Corporation) revealed that an advance of Rs. 2.10 crore was paid to a contractor¹¹ (September 2006) against three works for "Construction of Project Management Complex at Sangaihat, Imphal East" (Project) in spite of specific provision in the work orders, which form part of agreement, that "No advance payment shall be made", as detailed below:

¹⁰ Plant & Machinery Rs. 35.53 lakh plus current inventories Rs. 2.33 lakh = Rs. 37.86 lakh

¹¹ Shri O. Oken Singh.

Table 6

(Rupees in lakh)

Sl. No.	Name of work	Tendered value of work	Value of work up to Final bill	Date of Completion	Date of payment of final bill	Advance paid in September 2006	Advance admissible i.e. 75 per cent of (4)	Inadmissible amount of advance (7)-(8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Land development Phase - I	115.00	83.09	15/06/2006	21/02/2007	80.00	62.32	17.68
2	C/o (rain – harvesting) Phase-II ¹²	95.12	-	Work not started	-	80.00	-	80.00
3	C/o (rain-harvesting Phase-I ¹³	68.05	68.05	10/07/2006	21/02/2007	50.00	51.04	-
	TOTAL	278.17	151.14			210.00	113.36	97.68

It was also seen in audit that the advance paid against one work (Sl. No.1) was in excess of 75 per cent of the net amount of work already measured in contravention to codal provisions, whereas advance payment against another work (Sl. No.2) was inadmissible as the work was not yet commenced. In another case (Sl. No.3) the status of recovery of advance of Rs. 30.48 lakh¹⁴ was not ascertainable due to non-availability of record even after completion of work.

On this being pointed out in audit, the Corporation stated (August 2008) that the advances were paid against progress of the works and that the advances have since been recovered in full.

The contention of the Corporation that the advances have been recovered in full is not correct as the recoveries stated were made from 12 (twelve) works (including the three against which advances were paid) executed by three contractors¹⁵. Further, though advances have been recovered from the contractors, the fact remained that the Corporation paid the advances in contravention of codal provisions and advance of Rs. 80 lakh relating to the rain-harvesting Phase-II unexecuted work¹⁶ was still not recovered (August 2008). No responsibility for violation of codal provisions was fixed.

The matter was referred to the Government (August 2008); their reply was awaited (October 2008).

¹² C/o moat, pond and water reservoir around the Management Complex for preservation of water (rain - harvesting) Phase-II.

¹³ C/o moat, pond and water reservoir around the Management Complex for preservation of water (rain - harvesting) Phase-I.

¹⁴ Rs. 50 lakh – Rs. 19.52 lakh (amount shown as recovered in the final bill) = Rs.30.48 lakh.

¹⁵ (1) Shri O. Oken Singh, (2) M Boudhajit Singh and (3) W. Ranjit Meitei.

¹⁶ C/o (rain – harvesting) Phase-II.

Manipur Handloom & Handicrafts Development Corporation Ltd.

7.18 Diversion of fund

Fund meant for two schemes amounting to Rs. 30.21 lakh was utilised for other purposes.

The State Government released Rs. 6.70 crore¹⁷ for payment of retrenchment benefit and implementation of Voluntary Retirement Scheme (VRS) to the staff of Manipur Handloom & Handicrafts Development Corporation Ltd. (Company). The State Government also released Rs. 79.27 lakh¹⁸ to the Company under Project Package Scheme (PPS) for extending assistance and training to weavers, artisans *etc.* throughout the State.

Scrutiny of records of the Company (May 2008) revealed that out of the stated amount released for VRS, a sum of Rs. 15 lakh was utilized (October 2004) for purchase of handloom and handicrafts items for India International Trade Fair 2004 (IITF) and for its New Delhi emporium.¹⁹ Out of the VRS fund, a further amount of Rs. 11.49²⁰ lakh was utilized to meet the Company's share (25 per cent) towards the cost of organizing Government of India (GoI) sponsored (75 per cent GoI share) National Level Handicrafts Fair (Craft bazaars) during June 2006 - March 2007 at four locations. Further scrutiny of records also revealed that out of the amount received by the Company for PPS as stated above, a sum of Rs. 3.72 lakh was utilized (November 2007) for procurement of handloom and handicrafts items for emporium in New Delhi, Kolkata and Imphal.

Thus the total amount of funds utilized for purposes other than for which it was meant amounted to Rs. 30.21 lakh (Rs. 15 lakh + Rs. 11.49 lakh + Rs. 3.72 lakh).

¹⁷ Rs. 607.06 lakh in October & November 2003, Rs. 15 lakh in October 2004 and Rs. 47.84 lakh in October 2006.

¹⁸ Rs. 52.56 Lakh in May 2005 and Rs. 26.71 lakh in October 2007.

¹⁹ This was against the requirement of Rs. 10.93 lakh for Emporium at Delhi and Rs. 4.97 lakh for IITF.

²⁰

Year	Location of C.B	Approved outlay	GoI Share (75 per cent)	Company Share (25 per cent)	Expenditure incurred
June 2006	Guwahati	11.40	8.55	2.85	11.40
September 2006	Kolkata	11.50	8.62	2.88	11.50
March 2007	Gangtok	11.50	8.62	2.88	11.50
February/March 2007	Siliguri	11.50	8.62	2.88	11.50
	TOTAL	45.90	34.41	11.49	45.90

On this being pointed out in audit, the Company stated (May 2008) that the VRS fund was diverted temporarily and would be adjusted with the share capital fund to be received from the State Government. The PPS fund was also diverted as a temporary measure because of non-release of share capital/working capital fund by the State Government during 2007-08.

While accepting the facts, the Government stated (September 2008) that adjustment would be done when adequate funds are released by the State Government. The reply neither indicates the time frame for the probable release of funds by the State Government nor specifies action taken by the Company for early release of funds.

Thus the amounts diverted, in contravention of Government instruction forbidding any diversion of fund, have remained unadjusted for period ranging from 10 to 49²¹ months (November 2008).



(STEPHEN HONGRAY)
Accountant General (Audit), Manipur

Imphal
The

17 FEB 2009

Countersigned



(VINOD RAI)
Comptroller and Auditor General of India

New Delhi
The

27 FEB 2009

²¹ This is with reference to VRS fund of Rs. 15 lakh utilized in October 2004 and PPS fund of Rs. 3.72 lakh diverted in November 2007.

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APPENDICES

Appendix 1.1**(Reference: Paragraphs 1.1 and 1.2)****Part A****Structure and Form of Government Accounts**

Structure of Government Accounts: The accounts of the State Government are kept in three parts (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

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.

Part II: Contingency Fund

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 the 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.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittance *etc.* which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature.

PART B

Layout of Finance Accounts

Statement	Layout
Statement No.1	Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements <i>etc.</i> 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 financial year.
Statement No.3	Exhibits the financial results of irrigation works and electricity scheme.
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, <i>etc.</i>
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans <i>etc.</i> 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 the last day of the financial year.
Statement No.9	Shows the revenue and expenditure under different heads for the 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 and plan separately.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of the financial 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, <i>etc.</i> up to the end of the financial 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, the amount of loans repaid during the year, the balances as on the last day of the financial year.
Statement No.19	Gives the details of balances of earmarked funds.

Part C

List of terms used in the Chapter I and basis for their calculation

Terms	Basis for calculation
Rate of Growth (ROG)	$[(\text{Current year amount}/\text{Previous year amount}) - 1] * 100$
Buoyancy of a parameter	ROG of the parameter/GSDP growth
Buoyancy of a parameter (X) with respect of another parameter (Y)	ROG of parameter (X)/ ROG of parameter (Y)
Average interest paid by the State	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Average Interest Rate (I_w)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{current year's Fiscal Liabilities})/2] * 100$
Interest spread	GSDP growth – Average Interest Rate
Quantum spread	Debt stock* Interest spread
Interest received as <i>per cent</i> to loans outstanding	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Development Expenditure	Social Services + Economic Services
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> all Plan grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the Major Head 2048–Appropriation for Reduction or Avoidance of Debt.

Appendix 1.2
(Reference: Paragraph 1.2.2)
Statement showing fiscal correction path

FISCAL CORRECTION PATH (2005-06 TO 2009-10)							
	2004-05	2005-06	2005-06	2006-07	2007-08	2008-09	2009-10
	Pre-actual	BE	RE	Projections	Projections	Projections	Projections
1	2	3	4	5	6	7	8
1. REVENUE RECEIPTS (1.1 TO 1.6)	1659.67	2380.28	2463.02	2708.35	2966.20	3232.49	3518.56
1.1 State's own Tax Revenue	83.13	100.24	95.00	106.40	119.17	133.47	149.48
1.2 Share in Central Taxes & Duties	287.96	344.01	344.01	378.69	434.50	499.66	577.81
1.3 State's own non-tax revenue	61.00	103.08	83.00	99.60	119.52	143.42	172.11
of which Lotteries (Gross Receipts)	0.50	0.50	0.50				
1.4 Plan Grants							
i) State Plan Schemes (Central Asstt)	698.78	906.19	1014.25	1115.68	1227.24	1349.97	1484.96
ii) Grants for CSS/CPS	105.98	88.29	88.29	97.12	106.83	117.51	129.27
1.5 Grants from Finance Commission							
i) Non-Plan	398.39	827.76	821.76	885.12	933.19	962.71	979.18
ii) Plan	7.51	--	6.00	14.75	14.75	14.75	14.75
1.6 Non-Plan Grants other than F.C.	16.92	10.71	10.71	11	11	11	11
2. REVENUE EXPENDITURE (2.1+2.2)	1526.73	1849.74	2135.05	2090.75	2256.56	2437.11	2634.30
2.1 Plan Revenue Expenditure of which	242.82	393.31	393.31	432.64	475.91	523.50	575.85
2.1.1 Outlay on CSS/CPS	68.57	47.74	47.74	52.51	57.77	63.54	69.90
2.1.2 Support to State PSUs							
2.1.3 Lotteries (Gross Expenditure)							
2.2 Non-Plan Revenue Expenditure	1283.91	1456.43	1741.74	1658.11	1780.65	1913.61	2058.45
of which							
2.2.1 Interest Payment	239.51	298.18	231.25	267.93	284.09	298.37	309.95
2.2.2 Support to State PSUs							
2.2.3 Lotteries (Gross Expenditure)	0.66	0.54	0.66	0.61	0.64	0.67	0.71
3. CAPITAL RECEIPTS (3.1 TO 3.15)	787.37	211.28	759.11	391.09	415.41	420.84	253.63
3.1 Market Borrowings (Gross)	82.99	89.91	192.28	211.51	232.66	255.92	281.52
3.2 Negotiated Loans (Budgeted)	--	40.36	40.36	40.36	40.36	40.36	40.36
3.3 Loans for State Plan Schemes (Central Asstt)	99.95	113.84	--	--	--	--	--
3.4 Loans against Net Small Savings							
3.5 Loans for Central Plan Schemes	2.01	4.25	--	--	--	--	--
3.6 Loans for Centrally Sponsored Schemes	--	--	--	--	--	--	--
3.7 W&M advance from RBI (Net)	--	--	--	--	--	--	--
3.8 W&M advances from Centre (Net)	--	--	--	--	--	--	--
3.9 Recovery of Loans & Advances	0.51	5.51	5.51	0.5	0.5	0.6	0.5
3.10 Dis-investment	--	--	--	--	--	--	--
3.11 Contingency Fund (Net)	--	--	--	--	--	--	--
3.12 Appropriation Contingency Fund (Net)	--	--	--	--	--	--	--
3.13 Inter-State Settlement (Net)	--	--	--	--	--	--	--
3.14 Other capital receipt into Consolidated Fund	609.01	0.01	--	--	--	--	--
3.15 Public Account (Net), of which	(-) 7.10	(-) 42.60	520.96	138.72	141.89	124.06	(-) 68.75
Small Savings Insurance, Provident Fund (Net)	(-) 11.55	(-) 20.00	538.00	183	183	153	-50
Reserve Fund (Net)	--	--	5.56	5.72	5.89	6.06	6.25
Deposits & advances	50.00	(-) 50.00	(-) 50.00	-15	-15	-15	-5
of which							
Deposits (Net/Budgeted)	50.00	(-) 50.00	(-) 60.00	-15	-15	-15	-5
Suspense & Miscellaneous (Net)	(-) 10.00	(-) 12.00	(-) 12.00	(-) 15.00	-12	0	0
Withdrawal from Cash Balance							
Investment Account (Net)							
Remittances (Net)	(-) 70.00	--	--	--	--	--	--
Others (Net)	34.45	39.40	39.40	(-) 20.00	(-) 20.00	(-) 20.00	(-) 20.00
4. CAPITAL EXPENDITURE (4.1 TO 4.6)	568.74	796.64	657.20	928.25	1026.19	1114.32	985.48
4.1 Plan Capital Outlay	498.08	529.99	529.99	582.99	641.29	705.42	775.96
of which outlay on CSS/CPS	89.03	41.92	41.92	46.11	50.72	55.80	61.38
4.2 Plan Lending	20.23	81.59	81.59	89.75	98.72	108.60	119.46
of which outlay on CSS/CPS	0.23	0.23	0.23	0.50	0.50	0.50	0.50
4.3 Non-Plan Capital Outlay	0.62	0.04	0.04	0.05	0.05	0.05	0.05
4.4 Non-Plan Lending	0.05	0.40	0.40	0.7	0.7	0.7	0.7
4.5 Discharge of Internal Debt.	27.79	37.67	42.43	49.01	79.68	93.81	86.57
of which Market Borrowings	14.00	16.00	16.00	16	38.78	39.05	41.82
4.6 Repayment of Loans to Centre	21.97	146.95	2.75	205.75	205.75	205.75	2.75
of which repayment of W & M Advance to Centre							
A. TOTAL RECEIPTS (1+3)	2447.04	2591.56	3222.13	3099.44	3381.61	3653.34	3772.19
B. TOTAL EXPENDITURE (2+4)	2095.47	2646.38	2792.25	3019.00	3282.75	3551.43	3619.78
C. OVERALL SURPLUS (+)/DEFICIT (-) (A-B)	351.57	(-) 54.82	429.88	80.44	98.86	101.91	152.41
D. OPENING BALANCE	(-) 609.00	(-) 423.87	(-) 257.43	172.45	252.89	351.76	453.67
E. CLOSING BALANCE (C+D)	(-) 257.43	(-) 478.69	172.45	252.89	351.76	453.67	606.07
F. REVENUE SURPLUS (+)/DEFICIT (-) (1-2)	132.94	630.54	327.97	617.60	709.65	795.39	884.27
G. GROSS FISCAL DEFICIT (-)(1+3.9+3.10)-(4.1 TO 4.4+2)	(-) 385.53	(-) 75.97	(-) 278.54	(-) 55.38	(-) 30.62	(-) 18.88	(-) 11.40
H.	(-) 146.02	222.24	(-) 47.29	212.55	253.47	279.49	298.55
I. STATE'S OWN RESOURCES (i to x)	(-) 195.43	(-) 105.03	(-) 99.25	(-) 109.42	(-) 120.31	(-) 132.30	(-) 145.48
J) Balance from Current revenues ((1.1+1.2+1.3+1.5+1.6)-(2.2+N.P. Support to PSUs))	(-) 436.51	(-) 70.63	(-) 387.26	(-) 177.30	(-) 163.27	(-) 163.35	(-) 168.87

ii) Net Contribution from State PSUs (Non-Plan support to State PSUs)							
iii) Plan Grants under FC (1.5)	7.51	-	6.00	14.75	14.75	14.75	14.75
iv) MCR (net) (3.7 to 3.15 (-) GPF (-) 4.3 to 4.6)	563.54	(-) 202.14	(-) 57.15	(-) 299.29	(-) 326.79	(-) 328.75	(-) 108.32
v) Net Provident Fund	(-) 11.55	(-) 20.00	538.00	183.00	183.00	153.00	(-) 50.00
vi) Loans against Net Small Savings (3.4)	--	--	--	--	--	--	--
vii) Market Borrowings (Gross) (3.1)	82.99	89.91	192.28	211.51	232.66	255.92	281.52
viii) Negotiated Loans (3.2)	--	40.36	40.36	40.36	40.36	40.36	40.36
ix) Adjustment of Opening Balance (D-E)	(-) 351.57	54.82	(-) 429.88	(-) 80.44	(-) 98.86	(-) 101.91	(-) 152.41
x) CSS/CPS Deficit (-)/Surplus (+) (Receipts- Disbursements)	(-) 49.84	2.65	(-) 1.60	(-) 2.01	(-) 2.16	(-) 2.32	(-) 2.51
J. CENTRAL ASSISTANCE (1.4i+3.3)	798.73	1020.03	1014.25	1115.68	1227.24	1349.97	1484.96
K. STATE PLAN RESOURCES (1+J)	603.30	915.00	915.00	1006.25	1106.93	1217.67	1339.49
L. STATE PLAN OUTLAY (=K) OR (2.1+4.1+4.2-outlay on CSS/CPS)	603.30	915.00	915.00	1006.25	1106.93	1217.67	1339.49
Fiscal Parameters							
a) GSDP at Current Prices	4186	4465	4465	4822.20	5207.98	5624.61	6074.58
b) Salary bill	692.24	686.38	866.26	781.66	823.02	866.58	912.47
c) Pensions	178.56	171.34	198.34	214.86	236.35	259.98	285.98
d) REVENUE SURPLUS (+)/DEFICIT (-) (1-2)	132.94	530.54	327.97	617.60	709.65	795.39	884.27
e) GROSS FISCAL DEFICIT (-)	(-) 385.53	(-) 75.97	(-) 278.54	(-) 55.38	(-) 30.62	(-) 18.86	(-) 11.40
f) Ratio of total Salary bill to revenue	62.44%	49.73%	50.79%	48.61%	47.41%	46.13%	44.76%
Expenditure net of interest payment & Pensions							
g) State's own tax Revenue as % age of GSDP	1.99%	2.25%	2.13%	2.21%	2.29%	2.37%	2.46%
h) State's Own Non-Tax Revenue as % age of GSDP	1.46%	2.31%	1.86%	2.07%	2.29%	2.55%	2.83%
i) Interest payment as % age of GSDP	5.72%	6.68%	5.18%	5.56%	5.45%	5.30%	5.10%
j) Total Revenue Expenditure as % age of GSDP	36.47%	41.43%	47.82%	43.36%	43.33%	43.33%	43.37%
k) Capital Expenditure as % age of GSDP	13.59%	17.84%	14.72%	19.25%	19.70%	19.81%	16.22%
l) Total expenditure as % age of GSDP	50.06%	59.27%	62.54%	62.61%	63.03%	63.14%	59.59%
m) Revenue Deficit (-)/Surplus (+) as % age of GSDP	3.18%	11.88%	7.35%	12.81%	13.63%	14.14%	14.56%
n) Fiscal Deficit (-) as % age of GSDP	9.21%	1.70%	6.24%	1.15%	0.59%	0.34%	0.19%
o) Primary deficit (-) as % age of GSDP	-3.49%	4.98%	-1.06%	4.41%	4.87%	4.97%	4.91%
p) Debt as % age of GSDP	67.59%	0.00%	80.86%	78.31%	75.17%	71.68%	63.14%
q) Guarantee liability of the State Government	87.34		87.34	87.34	87.34	87.34	87.34
DEBT	2829.46		3610.41	3776.43	3914.93	4031.48	3835.43
a) Loans from G.O.I. without W & M Advance	1455.69		1414.96	1171.23	927.49	683.76	843.03
b) Other loans	958.10		1258.82	1529.85	1770.2	2006.42	1919.85
c) Public Account (net outstanding)	415.67		936.63	1075.35	1217.24	1341.30	1272.55
Foot Note							
1.	The Plan expenditure along with the plan grants and Loan component from market are assumed at 10% growth.						
2.	The State Government has revised the DA rates of employees with retrospective effect. The arrear is Rs. Crore impounded into GPF and the annual requirement is Rs.45 crore. An amount of Rs.121 crore has been included for payment of Power dues. These are one-time elements and have been excluded in estimates for 2006-07. Growths in estimates have been given by following TFC recommendations.						
3.	Interest payment is based on assumption that the Government of India loans are consolidated and interest rates reduced to 7.5%. REC loans are rescheduled. Rescheduled HUDCO loans which are 100% risked guaranteed loan are also included.						
4.	Market Loans: In addition to the normal Open Market Loans 10% loan component of Central Assistance for State Plan/NLCPR/NEC has also been included.						
5.	Small Savings, Insurance fund etc. Small Savings loans for wiping out the opening deficit of Rs.257.43 crore, Impounding of arrear of DA revision into GPF (Rs.170 crore). Small Savings loans for payment of dues of CPSUs amounting Rs.121 crore have been included. For 2006-07, 2007-08 and 2008-09. Medium Term loans amounting Rs.609 crore to be repaid in these years are to be financed from Small savings loans @ Rs.203 crore annually. The same has been assumed in the forecast.						

Appendix 1:3

(Reference: Paragraph 1.2)

Sources and Application of funds

(Rupees in crore)

2006-07		Sources	
2,862.74		Revenue receipts	3,508.27
0.90		Recoveries of Loans and Advances	2.29
(-) 19.19		Increase in Public Debt	(-) 46.74
419.28		Net receipts from Public Account	527.76
	292.47	<i>Net effect of Small Savings</i>	252.34
	16.01	<i>Net effect of Deposits and Advances</i>	132.78
	(-) 7.19	<i>Net effect of Reserve Funds</i>	3.88
	(-) 79.58	<i>Net effect of Suspense and Miscellaneous transactions</i>	27.63
	197.57	<i>Net effect of Remittance transactions</i>	111.13
		Net effect of Contingency Fund transactions	-
74.73		Decrease in closing cash balance	-
3,338.46		Total	3,991.58
Application			
2,414.65		Revenue expenditure	2,292.52
56.84		Lending for development and other purposes	7.97
866.97		Capital expenditure	1,107.92
-		Net effect of Contingency Fund transactions	-
-		Decrease in overdraft	-
-		Increase in closing balance	583.17
3,338.46		Total	3,991.58

Appendix 1.4
(Reference: Paragraph 1.2)
Abstract of Receipts and Disbursements for the year 2007-08
(Rupees in crore)

Receipts			Disbursements				
2006-07		2007-08	2006-07	2007-08			
				Non-Plan	Plan	Total	
Section-A: Revenue							
2862.74	I. Revenue receipts	3,508.27	2,414.65	1,812.61	479.91	2,292.52	
121.57	Tax revenue	147.45	873.35	928.72	3.22	931.94	
			663.96	484.19	234.04	718.23	
181.04	Non-tax revenue	164.71	385.73	329.62	79.17	408.79	
			67.71	72.19	20.49	92.68	
436.33	State's share of Union Taxes	550.40	63.39	25.50	11.30	36.80	
			2.54	2.14	0.93	3.07	
930.63	Non-Plan Grants	981.71	64.60	8.31	55.61	63.92	
			6.24	4.68	3.66	8.34	
1020.17	Grants for State Plan Schemes	1,417.71	70.68	37.62	62.88	100.50	
			3.07	4.13	-	4.13	
151.01	Grants for Central and Centrally Sponsored Plan Schemes	213.41					
21.99	Grants for Special Schemes for NEC and for other purposes	32.88					
			877.34	399.70	242.65	642.35	
			156.13	88.59	123.38	211.97	
			49.33	33.77	39.90	73.67	
			20.96	-	0.97	0.97	
			40.65	22.45	17.10	39.55	
			432.69	154.25	2.00	156.25	
			37.89	22.24	27.01	49.25	
			99.95	66.99	-	66.99	
			4.05	0.68	5.15	5.83	
			35.69	10.73	27.14	37.87	
	II. Revenue surplus carried over in Section B		448.09			1,215.75	
Section-B: Others							
31.79	III. Opening Cash balance including Permanent Advances and Cash Balance Investment	(-) 42.94					
	IV. Miscellaneous Capital receipts		866.97	(-) 1.68	1,109.59	1,107.92	
			131.45	-	104.19	104.19	
			270.50	0.01	378.30	378.31	
			47.34	-	119.98	119.98	
			28.86	-	61.65	61.65	
			187.51	0.01	172.34	172.35	

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				0.50	Information and Broadcasting	-	0.20	0.20
				0.12	Social Welfare and Nutrition	-	17.69	17.69
				1.23	Welfare of Scheduled Caste, Scheduled Tribes and Other Backward Classes	-	4.43	4.43
				4.94	Others	-	2.01	2.01
				465.02	Economic Services	(-) 1.69	627.11	625.42
				3.84	Agriculture and Allied Activities	(-) 1.69	5.28	3.59
				0.14	Rural Development Programme	-	0.15	0.15
				18.27	Special Area Programme	-	34.23	34.23
				258.16	Irrigation and Flood Control	-	163.71	163.71
				61.38	Energy	-	153.17	153.17
				32.89	Industry and Minerals	-	26.79	26.79
				83.10	Transport	-	229.71	229.71
					Environment and Science and Technology	-	10.00	10.00
				7.24	General Economic Services	-	4.07	4.07
0.90	V. Loans and Advances recovered		2.29	56.84	V. Loans and Advances disbursed	3.85	4.12	7.97
	From Power Projects			-	For Power Projects	-		
0.53	From Government Servants	0.60		5.28	To Government Servants	3.85	-	3.85
0.37	From others	1.69		51.56	Others		4.12	4.12
448.09	VI. Revenue Surplus brought down		1,215.75	-	VI. Revenue deficit brought down			
265.96	VII. Public Debt Receipts		261.01	285.15	VII. Repayment of Public Debt			307.75
260.01	Internal debt other than Ways and Means Advances and Overdrafts	252.68			Internal debt other than Ways and Means Advances and Overdrafts	-	62.71	
	Net transactions of Ways and Means Advances including Overdraft	-			Net transactions of Ways and Means Advances including Overdraft		-	
5.95	Loans and Advances from Central Government	8.33			Repayment of Loans and Advances to Central Government		245.04	
	VIII. Appropriation to Contingency Fund				VIII. Appropriation to Contingency Fund			
	IX. Amount recouped to Contingency Fund				IX. Expenditure from Contingency Fund			
2,206.74	X. Public Accounts Receipts		2,481.01	1787.46	X. Public Accounts Disbursements			1,953.25
373.22	Small Savings and Provident Funds	332.91		80.75	Small Savings and Provident Funds		80.57	
0.84	Reserve Funds	13.33		8.03	Reserve Funds		9.45	
(-) 1.13	Suspense and Miscellaneous	191.33		78.45	Suspense and Miscellaneous		163.70	
1630.13	Remittances	1,553.06		1,432.56	Remittances		1,441.93	
203.68	Deposits and Advances	390.38		187.67	Deposits and Advances		257.60	
				(-) 42.94	XI. Closing Cash Balance			540.23
				4.73	Cash in Treasuries and Local Remittances		5.09	
				(-) 391.34	Deposits with Reserve Bank and other banks		(-)234.93	
				24.56	Departmental Cash Balance including Permanent Advances		141.89	
				319.11	Cash Balance Investment and investment of earmarked funds		628.18	
5,816.22	Total		7,425.39	5,816.22	Total			7,425.39

Appendix 1.5
(Reference: Paragraphs 1.2 and 1.6)
Summarised financial position of the Government of Manipur as on 31
March 2008

(Rupees in crore)

As on 31-03-2007		Liabilities	As on 31-03-2008	
1,133.93		Internal Debt-		1,323.89
	1,010.89	Market loans bearing interest	1,203.62	
	0.04	Market loans not bearing interest	0.04	
	-	Market Loans Suspense	-	
	8.33	Loans from LIC	8.29	
	-	Loans from GIC	-	
	9.80	Loans from NABARD	13.92	
	104.87	Loans from other institutions	98.02	
	-	Ways and Means Advances		
	-	Overdrafts from Reserve Bank of India		
1,203.26		Loans and Advances from Central Government		966.55
	0.06	Pre 1984-85 Loans	0.06	
	1,088.41	Non-Plan Loans	847.44	
	89.37	Loans for State Plan Schemes	88.73	
	2.77	Loans for Central Plan Schemes	2.49	
	17.15	Loans for Centrally Sponsored Plan Schemes	22.67	
	5.50	Loans from Special Plan Schemes	5.16	
	-	Other Ways and Means Advances	-	
	-	Contingency Fund	-	
1,129.29		Small Savings, Provident Funds etc.		1,381.62
706.97		Deposits		839.05
13.79		Reserve Funds		17.66
-		Remittance Balances		22.07
		Suspense and Miscellaneous Balances		-
391.34		Deposits with Reserve Bank and other Banks		234.94
1,604.69		Surplus on Government account		2,820.44
	1,156.60	Net Surplus as on 31 March	1,604.69	
		Less Deficit of the current year	-	
	448.09	Add surplus of the current year	1,215.75	
6,183.27		Total		7,606.22
		Assets		
5,437.06		Gross Capital Outlay on Fixed Assets		6,544.98
	173.17	Investment in shares of Companies, Corporations, Co-operatives	173.88	
	5,263.89	Other Capital Outlay	6,371.10	
193.11		Loans and Advances		198.78
	-	Loans for Power Projects	-	
	184.50	Other Development Loans	186.92	
	8.61	Loans to Government servants and Miscellaneous loans	11.86	
2.51		Advances		1.81
89.06		Remittance Balances		-
113.13		Suspense and Miscellaneous Balances		85.49
348.40		Cash		775.16
	4.73	Cash in Treasuries and Local Remittances	5.09	
	24.54	Departmental Cash Balance	141.87	
	0.02	Permanent Advance	0.02	
	319.11	Cash Balance Investments	628.18	
	-	Investment of earmarked funds		
6,183.27		Total		7,606.22

Appendix 1.6

(Reference: Paragraph 1.2)

Time Series Data on State Government Finances

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
PART A. RECEIPTS					
I. Revenue Receipts	1,420	1,743	2,409	2,863	3,508
(i) Tax Revenue	68	81	95	122	147
<i>Taxes on Sales, Trade etc.</i>	46	55	71	97	121
<i>State Excise</i>	3	3	3	4	4
<i>Taxes on Vehicles</i>	3	3	4	3	3
<i>Stamps and Registration fees</i>	2	2	3	3	3
<i>Taxes and duties on Electricity</i>	E ¹	5	—	-	-
<i>Land Revenue</i>	1	1	1	1	1
<i>Taxes on Goods and Passengers</i>	1	1	1	1	1
<i>Other Taxes and duties on commodities and services</i>	—	—	—	-	-
<i>Other Taxes</i>	12	11	12	13	14
(ii) Non-Tax Revenue	50	70	76	181	165
(iii) State's share of Union taxes and duties	241	287	342	436	550
<i>Customs</i>	52	58	67	85	104
<i>Union Excise Duties</i>	75	80	89	90	99
<i>Service Tax</i>	9	15	25	42	55
<i>Other Union Taxes and Duties</i>	105	134	161	219	292
(iv) Grants-in-aid from Government of India	1061	1305	1896	2124	2,646
2. Miscellaneous Capital Receipts	—	—	—	-	-
3. Total revenue and Non-debt capital receipts (1+2)	1,420	1,743	2,409	2,863	3,508
4. Recoveries of Loans and Advances	E ²	1	1	1	2
5. Public Debt Receipts	877	1110	218	266	261
<i>Internal Debt (excluding Ways & Means Advances and Overdrafts)</i>	350	83	213	260	253
<i>Net transactions under Ways and Means Advances and Overdrafts</i>	E ³	—	—	-	-
<i>Loans and Advances from Government of India</i>	527	1027	5	6	8
6. Total receipts in the Consolidated Fund (3+4+5)	2,297	2,854	2,628	3,130	3,771
7. Contingency Fund Receipts	—	—	—	-	-
8. Public Account receipts	745	1108	2173	2207	2,481
9. Total receipts of the State (6+7+8)	3,042	3,962	4,801	5,337	6,252
PART B. EXPENDITURE/ DISBURSEMENT					
10. Revenue Expenditure	1,464	1,651	2,004	2,415	2,292
<i>Plan</i>	205	255	412	420	480
<i>Non Plan</i>	1,259	1,396	1,592	1,995	1,812
General Services (including Interest Payments)	626	704	723	873	932
Social Services	466	523	683	664	718
Economic Services	372	424	598	878	642
Grants-in-aid and Contributions	—	—	—	-	-
11. Capital Expenditure	240	521	616	867	1,108
<i>Plan</i>	224	520	616	865	1,110
<i>Non Plan</i>	16	1	E ⁴	2	(-) 2
General Services	9	14	188	131	104
Social Services	97	258	130	271	378
Economic Services	134	249	298	465	626
12. Disbursement of Loans and Advances	2	20	61	57	8

¹ Rs.0.49 crore

² Rs.0.48 crore

³ Repayment is more than Receipt

⁴ Rs.0.16 crore

13. Total (10+11+12)	1,706	2,192	2,681	3,339	3,408
14. Repayment of Public Debt	787	456	117	285	308
<i>Internal Debt (excluding Ways & Means Advances and Overdrafts)</i>	188	24	19	40	63
<i>Net transactions under Ways and Means Advances and Overdrafts</i>	E ⁵	50	55	-	-
<i>Loans and Advances from Government of India</i>	599	382	43	245	245
15. Appropriation to Contingency Fund	—	—	—	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	2,493	2,648	2,798	3,624	3,716
17. Contingency Fund disbursements	—	—	—	-	-
18. Public Account disbursements	737	1,028	1,739	1,787	1,953
19. Total disbursement by the State (16+17+18)	3,230	3,676	4,537	5,411	5,669
PART C. DEFICITS					
20. Revenue Deficit (1-10)	(- 44)	(+ 92)	(+ 405)	(+ 448)	(+ 1,216)
21. Fiscal Deficit (3+4-13)	(- 286)	(- 448)	(- 271)	(- 475)	(+ 102)
22. Primary Deficit (21-23)	(- 71)	(- 182)	(- 33)	(- 186)	(+ 400)
PART D. OTHER DATA					
23. Interest Payments (included in revenue expenditure)	215	266	238	289	298
24. Financial Assistance to Local Bodies etc.	33	48	79	42	43
25. Ways and Means Advances (days)	48	54	127	-	7
26. Interest on Ways and Means Advances/Overdraft	5	10	3	-	-
27. State Gross Domestic Product (GSDP)	4,062	4,024	4,693	6,501	5,704
28. Outstanding Debt (year end)	2,300	3,082	3,905	4,187	4,529
29. Outstanding guarantees (year end)	22	22	209	251	211
30. Maximum amount guaranteed (year end)	214	214	247	194	207
31. No. of incomplete projects	328	NA	NA	90	228
32. Capital blocked in incomplete projects	784	NA	NA	149.79	(176.12)

(Source: Finance Accounts)

⁵ Rs.0.39 crore

Appendix 2.1
(Reference: Paragraph 2.3.1)
Areas in which major savings occurred

Grant/Appropriation No./Major Head	Areas in which major savings occurred	Savings (Rupees in crore)
(1)	(2)	(3)
Revenue-Voted		
Grant No.8- Public Works Department		
2059 (Non Plan)	Maintenance and Repairs — Functional Buildings	18.73
2216 (NP)	Construction of General Pool Accomodation	12.67
3054 (NP)	Road Works — Road Works	13.64
	State Highways – Grant under TFC Award	4.87
	National Highways – Road works	4.27
Grant No. 10 - Education		
2202 (NP)	Secondary schools	7.18
2202 (P)	Government primary schools	2.62
2202 (P)	Mid-Day-Meals	5.90
2202 (CSS)	Secondary education	4.35
Grant No. 12 – Municipal Administration, Housing and Urban Development		
2217 (NP)	Scheme under State Finance Commission	12.56
2217 (P)	Urban Development Fund	2.71
Grant No. 20 – Community Development and ANP, IRDP and NREP		
2505 (P)	MLA's Local Area Development Programme	2.20
2575 (P)	Backward Regions Grant Fund (BRGF)	41.81
Grant No. 23 – Power Department		
2801 (NP)	Purchase of power – Purchase of Power from NEEPCO	33.70
	Transmission and Distribution – Execution	2.51
Grant No. 30 – General Economic Services and Planning		
2575 (P)	Other Special Area Programme – Assistance under Rashtriya Sam Vikas Yojana (RSVY)	10.00
3451 (P)	Special Development Fund	138.49
Capital - Voted		
Grant No. 30 – General Economic Services and Planning		
4059 (P)	Special Plan Assistance	59.08
4202 (P)	Upgradation/Development of Infrastructures of Secondary schools under SPA	15.00
	Development of Sport Complex under SCA	12.50
Grant No. 36 – Minor Irrigation		
4702 (P)	Accelerated Irrigation Benefit Programme (AIBP)	26.81
		19.58
Grant No. 39 – Sericulture		
4851 (P)	Sericulture project (EAP)	35.73
Grant No. 40 – Irrigation and Flood Control Department		
4701 (P)	Thoubal River Irrigation Project	69.64
	Dollaithabi River Irrigation Project	7.57

Appendix 2.2
(Reference: Paragraph 2.3.1)
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 of savings to the provision
1	2	3	4	5
Revenue - Voted				
1.	1 - State Legislature	14.79	1.62	10.96
2.	8 - Public Works Department	175.48	53.18	30.30
3.	11 - Medical, Health and Family Welfare Services	105.71	14.40	13.62
4.	12 - Municipal Administration, Housing and Urban Development	29.61	16.26	54.91
5.	20 - Community Development and ANP, IRDP and NREP	89.26	43.08	48.26
6.	21 - Commerce and Industries & Weights and Measures Department	44.28	9.30	20.98
7.	23 - Power Department	200.95	32.66	16.25
8.	26 - Administration of Justice	9.65	2.13	22.07
9.	30 - General Economic Services and Planning	221.79	138.72	62.54
10.	36 - Minor Irrigation	8.32	3.58	42.96
11.	38 - Panchayat	31.98	5.43	16.98
12.	39 - Sericulture	21.69	6.10	28.14
13.	40 - Irrigation & Flood Control Department	36.05	9.91	27.49
14.	46 - Science and Technology	10.73	5.72	53.31
15.	47 - Welfare of Minorities and Other Backward Classes	19.42	8.38	43.15
16.	48 - Relief and Disaster Management	18.05	2.96	16.40
	Total (Revenue - Voted)	1,037.76	353.43	
Capital- Voted				
17.	6 - Transport	1.78	1.78	100.00
18.	7 - Police	2.80	1.80	64.29
19.	10 - Education	16.69	2.66	15.94
20.	12 - Municipal Administration, Housing and Urban Development	22.11	4.05	18.32
21.	15 - Food and Civil Supplies	3.02	2.37	78.48
22.	17 - Agriculture	3.16	1.04	32.91
23.	18 - Animal Husbandry and Veterinary including Dairy Farming	2.67	2.37	88.76
24.	32 - Jails	3.14	1.12	35.67
25.	36 - Minor Irrigation	99.71	39.49	39.60
26.	37 - Fisheries	2.94	2.94	100.00
27.	39 - Sericulture	62.83	36.45	58.01
28.	40 - Irrigation and Flood Control Department	164.32	63.12	38.41
29.	45 - Tourism	4.41	3.34	75.74
	Total (Capital - Voted)	389.58	162.53	
	Grand Total	1,427.34	515.96	

Appendix 2.3
(Reference: Paragraph 2.3.1)
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	6 - Transport	255.62	18.29	251.21	22.70
2	11 - Medical, Health and Family Welfare Services	10,570.10	1.00	9,131.38	1,439.72
3	12 - Municipal Administration, Housing & Urban Development	2,633.83	326.71	1,334.20	1,626.34
4	35 - Stationery and Printing	250.59	6.96	245.61	11.94
5	38 - Panchayat	2,699.47	498.05	2,654.50	543.02
6	45 - Tourism	224.82	13.56	179.98	58.40
7	46 - Science and Technology	1,069.56	3.59	501.42	571.73
	Total (Revenue-Voted)	17,703.99	868.16	14,298.30	4,273.85
Revenue- Charged					
8	5 - Finance Department	10.01	4.22	7.63	6.60
	Total (Revenue Charged)	10.01	4.22	7.63	6.60
Capital-Voted					
9	6 - Transport	-	178.15	-	178.15
10	21 - Commerce & Industries & Weights & Measures Department	663.01	1.25	453.25	211.01
11	36 - Minor Irrigation	6,290.00	3,681.00	6,021.70	3,949.30
12	39 - Sericulture	6,211.00	71.79	2,637.71	3,645.08
13	40 - Irrigation and Flood Control Department	13,758.00	2,674.00	10,119.98	6,312.02
14	45 - Tourism	409.00	32.00	107.00	334.00
	Total (Capital-Voted)	27,331.01	6,638.19	19,339.64	14,629.56
	Grand Total	45,045.01	7,510.57	33,645.57	18,910.01

Appendix 2.4
(Reference: Paragraph 2.3.1)
Cases where supplementary provisions were made in excess of actual requirement resulting in saving exceeding Rs.10 lakh in each case

(Rupees in lakh)

Sl. No.	Number and name of Grant/ Appropriation	Original provision	Expenditure	Additional requirement	Supplementary provision obtained	Saving
1	2	3	4	5	6	7
	Revenue-Charged					
	Appropriation No. 1 – Governor	158.19	161.92	3.73	17.30	13.57
	Total (Revenue Charged)	158.19	161.92	3.73	17.30	13.57
	Revenue – Voted					
	1 – State Legislature	1,294.95	1,316.30	21.35	183.77	162.42
	3 – Secretariat	2,273.43	2,694.87	421.44	570.79	149.35
	4 – Land Revenue, Stamps and Registration and District Administration	2,346.97	2,626.31	279.34	387.86	108.52
	5 – Finance Department	20,804.25	21,254.29	450.04	1,752.37	1,302.33
	7 – Police	21,704.17	26,175.37	4,471.20	5,568.01	1,096.81
	10 – Education	30,719.31	33,812.76	3,093.45	4,947.55	1,854.11
	13 – Labour and Employment	557.60	834.28	276.68	313.30	36.62
	14 – Development of Tribal and Scheduled Castes	8,861.33	9,626.51	765.18	886.36	121.18
	17 – Agriculture	4,001.64	4,552.55	550.91	587.23	36.32
	19 – Environment & Forest	3,749.69	4,170.10	420.41	651.47	231.06
	20 – Community Development and ANP, IRDP and NREP	3,717.75	4,617.64	899.89	5,208.38	4,308.49
	21 – Commerce and Industries and Weights and Measures Department	2,680.06	3,498.21	818.15	1,747.84	929.69
	26 – Administration of Justice	716.48	751.78	35.30	248.72	213.42
	28 – State Excise	664.02	752.80	88.78	119.03	30.25
	32 – Jails	457.81	477.50	19.69	32.54	12.85
	34 – Rehabilitation	100.36	1,053.58	953.22	1,009.90	56.68
	37 – Fisheries	1,022.47	1,187.88	165.41	200.47	35.06
	39 – Sericulture	1,355.93	1,558.28	202.35	812.60	610.25
	43 – Horticulture & Soil Conservation	2,820.71	3,173.81	353.10	644.46	291.36
	44 – Social Welfare Department	6,102.62	6,821.75	719.13	1,409.00	689.87
	47 – Welfare of Minorities and Other Backward Classes	1,007.79	1,103.47	95.68	933.88	838.20
	48 – Relief and Disaster Department	624.52	1,508.71	884.19	1,180.04	295.85
	Total (Revenue-Voted)	1,17,583.86	1,33,568.75	15,984.89	29,395.57	13,410.69
	Capital-Voted					
	10 – Education	626.48	1,403.32	776.84	1,042.99	266.15
	11 – Medical, Health and Family Welfare Services	589.45	3,839.26	3,249.81	3,557.99	308.18
	12 – Municipal Administration, Housing and Urban Development	1,115.50	1,805.31	689.81	1,095.16	405.35
	18 – Animal Husbandry and Veterinary including Dairy Farming	10.00	30.00	20.00	257.40	237.40
	22 – Public Health Engineering	8,656.77	12,226.61	3,569.84	4,913.23	1,343.39
	Total (Capital-Voted)	10,998.20	19,304.50	8,306.30	10,866.77	2,560.47
	Grand Total	1,28,740.25	1,53,035.17	24,294.92	40,279.64	15,984.73

Appendix 2.5
(Reference: Paragraph 2.3.1)
Statement showing the details of excess over Grants/Appropriation

Sl. No.	Number and name of Grant/ Appropriation	Total Grants/ Appropriation Rs.	Expenditure Rs.	Excess Rs.
1	2	3	4	5
	Revenue-Charged			
1	1 – State Legislature	16,04,000	1,18,40,739	1,02,36,739
2	Appropriation No. 2 – Interest Payment and Debt Services	2,94,49,05,000	2,98,50,22,705	4,01,17,705
3	26 – Administration of Justice	2,80,00,000	10,58,35,361	7,78,35,361
	Total (Revenue – Charged)	2,97,45,09,000	3,10,26,98,805	12,81,89,805
	Revenue-Voted			
4	16 – Co-operation	7,91,99,000	8,03,59,034	11,60,034
5	18 – Animal Husbandry and Veterinary including Dairy Farming	29,88,11,000	30,60,35,094	72,24,094
6	22 – Public Health Engineering	24,37,14,000	31,12,37,455	6,75,23,455
7	25 – Youth Affairs and Sports Department	18,48,78,000	18,84,99,045	36,21,045
8	41 – Art and Culture	12,04,12,000	12,20,82,538	16,70,538
	Total (Revenue – Voted)	92,70,14,000	1,00,82,13,166	8,11,99,166
	Capital-Voted			
9	8 – Public Works Department	1,27,35,28,000	1,29,66,33,405	2,31,05,405
10	23 – Power	1,29,95,84,000	1,50,32,18,430	20,36,34,430
11	25 – Youth Affairs and Sports Department	9,27,63,000	9,40,34,249	12,71,249
12	41 – Art and Culture	8,72,00,000	9,01,68,718	29,68,718
	Total (Capital-Voted)	2,75,30,75,000	2,98,40,54,802	23,09,79,802
	Capital-Charged			
13	Appropriation No. 2 – Interest Payment and Debt Services	3,08,98,22,000	3,46,53,86,786	37,55,64,786
	Total (Capital-Charged)	3,08,98,22,000	3,46,53,86,786	37,55,64,786
	Grand Total	9,74,44,20,000	10,56,03,53,559	81,59,33,559

Appendix 2.6
(Reference: Paragraph 2.3.1)
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	16 - Co-operation	779.23	12.76	803.59	11.60
2	18 - Animal Husbandry & Veterinary including Dairy Farming	2,407.73	580.38	3,060.35	72.24
3	25 - Youth Affairs and Sports Department	1,709.73	139.05	1,884.99	36.21
4	41 - Art and Culture	1,053.61	150.51	1,220.82	16.70
	Total (Revenue-Voted)	5,950.30	882.70	6,969.75	136.75
	Capital - Charged				
5	Appropriation No. 2 - Interest Payment and Debt Services	29,313.00	1,585.22	34,653.87	3,755.65
	Total (Capital-Charged)	29,313.00	1,585.22	34,653.87	3,755.65
	Capital - Voted				
6	8 - Public Works Department	4,465.92	8,269.36	12,966.33	231.05
7	23 - Power	6,010.39	6,985.45	15,032.18	2,036.34
8	25 - Youth Affairs and Sports Department	425.00	502.63	940.34	12.71
9	41 - Art and Culture	725.00	147.00	901.69	29.69
	Total (Capital - Voted)	11,626.31	15,904.44	29,840.54	2,309.79
	Grand Total	46,889.61	18,372.36	71,464.16	6,202.19

Appendix 2.7

(Reference: Paragraph 2.3.1)

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	2005-06		2006-07		2007-08	
		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	40 – Irrigation and Flood Control Department (Revenue-Voted)	4,152.05	1,072.37 (25.83)	4,142.68	1,172.32 (28.30)	3,605.28	990.59 (27.48)
2	37 - Fisheries (Capital-Voted)	78.40	39.55 (50.45)	294.45	233.74 (79.38)	294.45	294.45 (100)
3	39 – Sericulture (Capital-Voted)	4,290.00	2,781.77 (64.84)	6,262.00	3,008.47 (48.04)	6,282.79	3,645.08 (58.01)
4	21 – Commerce & Industries and Weights and Measures Department (Capital-Voted)	61.93	26.94 (43.50)	797.57	625.07 (78.37)	664.26	211.01 (31.77)

Appendix 2.8

(Reference: Paragraph 2.3.1)

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	22 – Public Health Engineering	2,437.14	3,112.37	675.23	27.70
	Total (Revenue-Voted)	2,437.14	3,112.37	675.23	27.70
	Revenue-Charged				
2	1 – State Legislature	16.04	118.41	102.37	638.22
3	26 – Administration of Justice	280.00	1,058.35	778.35	277.98
	Total (Revenue-Charged)	296.04	1,176.76	880.72	
	Capital-Voted				
4	23 – Power	12,995.84	15,032.18	2,036.34	15.67
	Total (Capital-Voted)	12,995.84	15,032.18	2,036.34	15.67
	Capital-Charged				
5	Appropriation No. 2 – Interest Payment and Debt Services	30,898.22	34,653.87	3,755.65	12.15
	Total (Capital-Charged)	30,898.22	34,653.87	3,755.65	12.15
	Grand Total	46,627.24	53,975.18	7,347.94	

Appendix 2.9
(Reference: Paragraph 2.4)
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 payments–Non-Plan (Charged)					
	01 – Interest on Internal Debt					
	101 – Interest on Market Loans					
	10 – Interest on Market Loans	8,431.08	(-) 81.90	8,349.18	9,136.36	(+) 787.18
	03 – Interest on Small Savings, Provident Funds etc.					
	104 – Interest on State Provident Funds					
	12 – Interest on State Provident Fund	4,974.89	(-) 160.03	4,814.86	5,414.81	(+) 599.95
	104 – Interest on Loans for Non-Plan Schemes	3,756.18	(-) 19.42	3,736.76	8,804.72	(+) 5,067.96
	07 – Interest on Loans for Non-Plan Schemes					
2	Grant No. 4 – Land Revenue, Stamps & Registration & District Administration					
	2053 – District Administration					
	094 – Other establishments					
	31 – Ukhrul Sub-Divisions	131.92	0.06	131.98	64.95	(-) 67.03
3	Grant No. 7 - Police					
	2055 – Police (Non-Plan)					
	104 – Special Police					
	03 – 11 th Battalion Manipur Rifles (IRB)	1,059.70	(-) 98.49	961.21	1076.69	115.48
	06 – 2 nd Battalion Manipur Rifles	1408.90	(-) 305.80	1,103.10	1,247.86	144.76
	109 – District Police	5,94.26	127.75	6070.01	425.01	(-) 5645.00
	12 – Bishenpur District					
4	Grant No. 8 – Public Works Department					
	2059 – Public Works (Non-Plan)					
	60 – Other Buildings					
	053 – Maintenance and Repairs					
	09 – Functional Buildings	1,973.19	1.00	1,974.19	100.78	(-) 1,873.41
	3054 – Roads and Bridges (Non-Plan)					
	04 – District and Other Roads					
	102 - Bridges					
	14 – Major District Roads	9.70	(-) 1.00	8.70	102.85	(+) 94.15
	4059 – Capital Outlay on Public Works (Plan)					
	01 – Office Buildings					
	101 – Construction-General Pool Accommodation					
	11 – Constn. of Non-Residential PAB Buildings - Hill	109.40	(-) 9.40	100.00	391.16	(+) 291.16
	Valley	336.60	(-) 33.74	302.86	610.71	(+) 307.85
	4216 – C.O. on Housing (Plan)					
	01 – Government Residential Buildings					
	106 – General Pool Accommodation					
	08 – Buildings at District & Sub-divisions Hill	47.00	103.00	150.00	53.09	(-) 96.91
	Valley	93.20	56.80	150.00	27.64	(-) 122.36
	5054 – Capital Outlay on Roads and Bridges (Plan)					
	03 – State Highways					
	052 – Machinery & Equipments					
	44 – New Supply Hill	10.00	(-) 10.00	Nil	84.03	(+) 84.03
	337 – Road Works					
	57 – Road Works Valley	328.33	101.67	430.00	325.27	(-) 104.73
	04 – District & other Roads					
	800 – Other expenditure					
	12 – Road Works of Central Road Fund Hill		(-) 150.00	(-) 150.00	-	(+) 150.00
	Valley		(-) 185.90	(-) 185.90	-	(+) 185.90
	39 – Major District Roads Valley	62.00	138.00	200.00	89.68	(-)110.32
	50 – Central Road Fund Hill	100.00	50.00	150.00	2.06	(-) 147.94
	48 – State Matching share of NLCPR/NEC Hill	-	129.90	129.90	-	(-) 129.90
	5055 – Capital Outlay on Road Transport (Plan)					
	050 – Lands on Buildings					
	12 – Construction of Terminal for Bus/Trucks, etc. Valley	100.00	(-) 100.00	-	559.00	(+) 559.00

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	5054 – Capital Outlay on Roads & Bridges (CPS)					
	04 – District & Other Roads					
	337 – Road Works					
	15 – Improvement/construction of Roads under NLCPR Hill	502.20	71.00	573.20	4.56	(-) 568.64
5	Grant No.10—Education					
	2202 – General Education (Non-Plan)					
	03 – University and Higher Education					
	001 – Direction and Administration					
	29 – University and College	113.82	(-) 5.47	108.35	164.26	55.91
	2202- General Education (Plan)					
	01 – Elementary Education					
	101 – Government Primary Schools					
	33 – Government Primary school Hill	5.00	257.10	262.10	-	(-) 262.10
	Valley	5.00	(-) 5.00	-	262.10	(+) 262.10
	800- Other Expenditure					
	07 – Block Grant for New Schools (PMGY) Valley	881.00	(-) 616.85	264.15	396.23	(+) 132.08
	42 – Mid-Day Meal (State Share) Hill	460.00	130.00	590.00	-	(-) 590.00
	03 – University and Higher Education					
	103 – Government Colleges and Institutes					
	31 – Government Colleges and Institutes Hill	72.41	43.99	116.40	44.43	(-) 71.97
	2202 – General Education (CSS)					
	02 – Secondary Education					
	052 – Equipments					
	01 – Computer Literacy and Studies in Schools (class) Valley	180.70	254.80	435.50	-	(-) 435.50
6	Grant No. 11 – Medical, Health & Family Welfare Services					
	2210 – Medical and Public Health (Plan)					
	110 – Hospitals & Dispensaries					
	15 – Hospitals Valley	515.28	60.11	575.39	512.46	(-) 62.93
	2211 – Family Welfare (Plan)					
	001 – Direction and Administration					
	20 – State Family Welfare Valley	-	83.00	83.00	-	(-) 83.00
	21 – State Family Welfare Bureau Valley	-	94.94	94.94	-	(-) 94.94
	101 – Rural Family Welfare Services					
	18 – Rural Family Welfare Centres Valley	-	116.30	116.30	-	(-) 116.30
	19 – Rural Family Welfare Sub-Centres Valley	-	147.20	147.20	-	(-) 147.20
	2210 – Medical & Public Health (CSS)					
	04 – Rural Health Services-Other Systems of Medicine					
	102 – Homeopathy					
	34 – Other System of Medicine (Home Remedies Kids) Valley	-	1,100.00	1,100.00	-	(-) 1,100.00
	4210 – C.O. on Medical & Public Health (CPS)					
	01 – Urban Health Services					
	110 – Hospital & Dispensaries					
	01 – Strengthening Health Equipments in Government Hospitals (NLCPR) Valley	38.21	240.64	278.85	-	(-) 278.85
7	Grant No. 12 – Municipal Administration, Housing & Urban Development					
	2217 – Urban Development (Plan)					
	01 – State Capital Development					
	800 – Other Expenditure					
	33 – Urban Development Fund Valley	145.00	1.74	146.74	(-) 124.34	(-) 271.07
8	Grant No. 14 – Development of Tribal & Scheduled Castes					
	2225 – Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes					
	02 – Welfare of Scheduled Tribes					
	001 – Direction and Administration					
	01 – Direction Hill	85.89	31.20	117.09	-	(-) 117.09
	Valley	227.11	(-) 11.20	215.91	332.80	(+) 116.89
	2225 – Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (CSS)					
	01 – Welfare of Scheduled Caste					
	800 – Other Expenditure					
	07 – Post Matric Scholarship Schemes Hill	-	132.59	132.59	-	(-) 132.59

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(1)	(2)	(3)	(4)	(5)	(6)	(7)
9	Grant No. 15 – Food and Civil Supplies					
	2408 – Food, Storage and Warehousing					
	01 – Food					
	001 – Direction & Administration					
	01 – Direction	173.68	(-) 3.54	170.14	331.43	(+) 161.29
10	Grant No. 22 – Public Health Engineering Department					
	4215 – C.O. on Water Supply & Sanitation (Plan)					
	01 – Water Supply					
	101 – Urban Water Supply					
	17 – Water Supply in other Towns					
	Hill	231.70	40.00	271.70	41.09	(-) 230.60
	Valley	680.00	230.00	910.00	595.18	(-) 314.82
	102 – Rural Water Supply					
	16 – Scheme for 5 Hill District HQ.					
	Hill	50.00	150.00	200.00	111.96	(-) 88.04
	02 – Sewerage and Sanitation					
	101 – Urban Sanitation Services					
	14 – Urban Drainage System					
	Hill	-	273.73	273.73	-	(-) 273.73
	Valley	30.00	(-) 30.00	-	70.83	(+) 70.83
	19 – Imphal Sewerage					
	Valley	2,200.00	(-) 12.93	2,187.07	2,672.82	(+) 485.75
11	Grant No. 23 – Power Department					
	2801 – Power (Non-Plan)					
	01 – Hydel Generation					
	101 – Purchase of power					
	28 – Purchase of power from NHPC	1,041.07	338.93	1,380.00	1,240.95	(-) 139.05
	29 – Purchase of power from others	1,000.00	(-) 260.08	739.92	791.18	(+) 51.26
	40 – UCPTT charge for PGCIL	1,813.79	(-) 133.79	1,680.00	2,787.75	(+) 1,107.75
	04 – Diesel Gas Power Generation					
	001 – Direction and Administration					
	01 – Direction	375.55	49.95	425.50	328.54	(-) 96.96
	08 – Execution	1,195.23	235.77	1,431.00	1,328.34	(-) 102.66
	05 – Transmission and Distribution					
	001 – Direction & Administration					
	08 – Execution	2,674.42	168.58	2,843.00	2,591.69	(-) 251.31
	4801 – Capital Outlay on Power Projects (Plan)					
	01 – Hydel Generation					
	799 – Hydel Schemes					
	60 – Loktak Down Stream HE Project					
	Hill	950.00	50.00	1,000.00	-	(-) 1,000.00
	Valley	50.00	(-) 50.00	-	1,100.74	(+) 1,100.74
	800 – Other Expenditure					
	69 – Rural Electrification Co-operative Loan					
	Hill	579.44	420.56	1,000.00	-	(-) 1,000.00
12	Grant No. 26 – Administration of Justice					
	2014 – Administration of Justice (Non Plan)					
	102 – High Courts					
	08 – High Court (Charged)	280.00	(-) 2.01	277.99	1,058.35	(+) 780.36
13	Grant No. 36 – Minor Irrigation Department					
	2702 – Minor Irrigation (Non-Plan)					
	80 – General					
	03 – Execution	283.73	14.85	298.58	205.33	(-) 93.25
	4702 – Capital Outlay on Minor Irrigation (Plan)					
	101 – Surface Water					
	05 – Pick up Weir, Low Head Barrage Percolation Tank					
	Hill	-	60.00	60.00	-5.00	(-) 65.00
	06 – River Lift Irrigation Scheme					
	Hill	-	60.00	60.00	-	(-) 60.00
	800 – Other Expenditure					
	07 – Rural Infrastructure Development Fund (RIDF)					
	Valley	115	165.00	280.00	62.77	(-) 217.23
14	Grant No. 40 – Irrigation & Flood Control Department					
	4701 – C.O. on Major & Medium Irrigation (Plan)					
	02 – Major Irrigation – Non-Commercial					
	051 – Construction					
	14 – Thoubal River Irrigation Project					
	Valley	119.39	1,085.90	13,024.90	6,060.79	(-) 6,964.11

(1)	(2)	(3)	(4)	(5)	(6)	(7)
15	Grant No. 44 – Social Welfare Department					
	2235 – Social Security and Welfare (Plan)					
	02 – Social Welfare					
	104 – Welfare of aged, infirm and destitute					
	32 – Old Age Pension Schemes (NOAPS) Valley	818.58	234.00	1,052.58	905.66	(-) 146.92
	2235 – Social Security & Welfare (CSS)					
	02 – Social Welfare					
	102 – Child Welfare					
	14 – Integrated Child Development Services Schemes Valley	227.69	303.17	530.86	468.41	(-) 62.45

Appendix 2.10
(Reference: Paragraph 2.5)
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.8— Public Works Department	
	2059 Public Works (Non-Plan)	
	80 General	
	052 Machinery and Equipment	
	06 Deduct Amount transferred to other Major heads	4,746
	799 Suspense	
	28 Workshop Suspense	5,99,800
	3054 Roads and Bridges (Non-Plan)	
	80 General	
	052 Machinery and Equipment	
	06 Deduct Amount transferred to other Major Heads	54,511
	101 Direction and Administration	
	06 Deduct Amount transferred to other Major Heads	20,10,988
	799 Suspense	
	25 Stock	1,14,81,122
	4059 Capital outlay on Public Works (Plan)	
	01 Office Buildings	
	101 Construction of GPA	
	73 Construction of office Buildings/Quarters (ACA)	Valley 58,15,325
	5054 Capital outlay on Roads & Bridges (Plan)	
	101 Bridges	
	70 Construction of Bridges (ACA)	Valley 1,74,316
	80 General	
	004 Research	
	55 Research works	Hill 7,78,771
	5054 Capital Outlay on Roads and Bridges (CPS)	
	04 District & other Roads	
	800 Other expenditure	
	14 Bridge Works of Central Road Fund	Hill 2,23,75,363
2	Grant No. 10 – Education	
	4202 Capital Outlay on Education, Sports, Art and Culture (Plan)	
	01 General Education	
	201 Elementary Education	
	92 Extension of Secondary School Class Room	Valley 43,99,112
3	Grant No.11 – Medical, Health & Family Welfare Services	
	2211 Family Welfare (CSS)	
	001 Direction & Administration	
	21 State Family Welfare Bureau	Hill 1,36,32,112
4	Grant No.14 – Development of Tribal & Scheduled Castes	
	2225 Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes (Plan)	
	102 Economic Development	
	05 Economic Upliftment	Valley 1,59,99,000
	277 Education	
	06 Education Development	Valley 2,10,80,000
	796 Tribal Area Sub-plan	
	18 Communication	Valley 1,53,00,000
	19 Special Development Programme under Proviso to Article 275 (I) of Constitution	Valley 2,72,95,999
	22 General Education	Valley 80,00,000
	23 Housing in Tribal Area	Valley 1,59,89,490
	24 Medical & Public Health	Valley 6,00,000
	26 Primitive Tribes	Valley 18,00,000
	29 Villages & Small Industries	Valley 69,98,2000
	30 Water Supply	Valley 59,97,120

1	2	3
5	Grant No. 17 – Agriculture	
	2401 Crop Husbandry (Plan)	
	103 Seeds	
	47 Regional Seed Farm for Major Field Crops, Kharungpat	Hill 3,00,000
	104 Agricultural Farms	
	37 Modernisation of Government Seed Farms	Hill 6,96,483
6	Grant No.18 – Animal Husbandry and Veterinary including Dairy Farming	
	2403– Animal Husbandry (Non Plan)	
	001 Direction and Administration	
	XX Direction	3,536
	2404 Dairy Development (Non-Plan)	
	001 Direction and Administration	
	XX Direction	49,067
	2403 Animal Husbandry (Plan)	
	001 Direction & Administration	
	XX Direction	Valley 77,420
7	Grant No.19 – Environment & Forest	
	2406 Forestry and Wild Life (Non-Plan)	
	102 Social and Farm Forestry	
	02 State share of Centrally Sponsored Scheme (CSS)	36,630
	2406 Forestry and Wild Life (Plan)	
	101 Forest Conservation, Development & Regeneration	
	08 Joint Forest Management	Hill 99,943
	102 Social and Farm Forestry	
	09 Urban and Recreation Forestry	Hill 67,000
	105 Forest Produce	
	04 Bamboo Plantation	Hill 1,67,900
	109 Extension and Training	
	34 Training	Valley 96,953
	110 Wild Life Preservation	
	02 50% State share of Centrally Sponsored Scheme	Valley 36,630
	22 Keibul Lamjao National Park	Hill 8,000
	2406 Forestry and Wild Life (CSS)	
	02 Environmental Forestry and Wild Life	
	110 Wild Life Preservation	
	22 Integrated Forest Protection Scheme	Hill 40,91,285
8	Grant No. 20 – Community Development and ANP, IRDP & NREP	
	2505 Rural Employment (Plan)	
	01 National Programmes	
	701 Jawahar Rojgar Yojana	
	19 Sampoorna Grameen Rojgar Yojana (SGRY)	Hill 1,10,63,000
9	Grant No. 22 – Public Health Engineering	
	2215 Water Supply and Sanitation (Non-Plan)	
	799 Suspense	
	05 Miscellaneous Works Advance	1,05,21,886
	08 Stock	5,22,77,529
	4215 Capital Outlay on Water Supply and Sanitation (Plan)	
	01 Water Supply	
	17 Water Supply in other Towns	Hill 27,19,745
	21 Scheme under Eleven Finance Commission	Valley 6,10,269
	4215 Capital Outlay on Water Supply and Sanitation (CPS)	
	01 Water Supply	
	102 Rural Water Supply	
	02 Accelerated Rural Water Supply Programme (ARP)	Hill 14,14,89,909
	11 Scheme for Five Hills District HQ. (NLCPR)	Hill 75,70,907
	12 Augmentation of Water Supply Schemes in Hill Districts (NLCPR)	Hill 5,93,53,014

1	2	3
10	Grant No.23 – Power	
2801	Power (Non-Plan)	
102	Hydroelectric Schemes	
18	Leimakhong Hydro Electric Project	4,04,110
4801	Capital Outlay on Power Projects (Plan)	
05	Transmission and Distribution	
03	132/33 KV Supply	Hill 13,04,346
51	Upgradation of 132 KV Supply System at Churachandpur	Valley 1,10,00,000
52	Upgradation of 132 KV Supply System at Karong	Valley 1,36,27,541
82	Installation of 33/11 KV Sub-Station at Shivapurikhan	Valley 84,98,886
84	Installation of 132/33 KV Sub-Station at Kongba	Valley 3,08,160
85	Installation of 132/11 KV Sub-Station at Moreh	Valley 34,85,315
87	Construction of 33/11 KV Sub-Station with line at Yairipok (Andro)	Hill 1,79,354
93	33 KV System (NLCPR Support)	Valley 2,23,37,999
800	Other Expenditure	
24	Special Plan Assistance (SPA)	Hill 1,40,83,160
		Valley 5,80,87,817
06	Rural Electrification	
799	Rural Electrification Schemes	
44	Rural Electrification Schemes (Normal)	Hill 77,00,482
800	Other Expenditure	
20	Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)	Valley 3,70,79,580
69	Rural Electrification Corporation Loan	Valley 40,11,825
80	General	
27	Investigation of Hydel Schemes	Valley 41,36,608
4801	Capital Outlay on Power Projects (CPS)	
05	Transmission and Distribution	
799	Transmission & Distribution System	
02	Non-Lapsable Central Pool of Resources (NLCPR)	Hill 22,673
11	Grant No. 30 – General Economic Services and Planning	
4217	Capital Outlay on Urban Development (Plan)	
60	Other Urban Development Schemes	
051	Construction	
01	Development of Urban Infrastructure in Hill Areas under SPA	Valley 12,00,00,000
4408	Capital Outlay on Food Storage & Warehousing (Plan)	
02	Storage and Warehousing	
101	Rural Godown Programmes	
18	Construction of Godowns	Valley 4,00,00,000
5452	Capital Outlay on Tourism (Plan)	
01	Tourist Infrastructure	
101	Tourist Centre	
01	Development of Sadu Chiru Water-fall Complex under SPA	Valley 3,00,00,000
12	Grant No.39 - Sericulture	
2851	Village and Small Industries (Plan)	
003	Training	
01	Direction	Hill 30,890
13	Seed Organisation	Hill 2,77,608
		Valley 4,97,133
15	Tasar Reeling & Spinning Factory	Valley 4,73,474
17	Weaving & Marketing Cum Cocoon Market	Valley 4,99,984
13	Grant No.40 – Irrigation & Flood Control Department	
4701	Capital Outlay on Major and Medium Irrigation (Plan)	
02	Major Irrigation – Non-Commercial	
14	Thoubal River Irrigation Project	Hill 3,08,38,249
14	Grant No.41 – Art and Culture	
2205	Art and Culture (Plan)	
001	Direction and Administration	
01	Direction	Hill 23,854

1	2	3
15	Grant No. 43 – Horticulture and Soil Conservation	
	2401 Crop Husbandry (Plan)	
	103 Seeds	
	13 Foundation Farm at Mao	Valley 1,77,990
	108 Commercial Crops	
	18 Mushroom Development	Valley 1,49,043
	800 Other Expenditure	
	15 Fruit Preservation Factory	Valley 4,32,357
	16 Rodent Control & Rehabilitation of Families Affected by Bamboo flowering	Hill 25,00,000
	2552 North Eastern Areas (NEC Scheme)	
	102 Soil Conservation	
	19 Extension of Potato Breeding Regional Farm, Mao	Hill 67,00,000
	2401 Crop Husbandry (CSS)	
	800 Other Expenditure	
	15 Fruit Preservation Factory	Valley 5,38,00,000
16	Grant No. 44 – Social Welfare Department	
	2235 Social Security and Welfare (Non-Plan)	
	01 Rehabilitation	
	200 Other Relief Measures	
	03 Payment of Compensation/Relief	3,35,50,000
	2235 Social Security and Welfare (Plan)	
	02 Social Welfare	
	001 Direction and Administration	
	21 Social Welfare Office	Hill 3,07,498
	104 Welfare of Aged, Infirm and Destitute	
	31 Welfare of Aged, Infirm and Destitute	Hill 28,71,300
	19 Scheme Under SIT ACT & Probation of Offenders Act/Juvenile Justice Act	Hill 2,20,098
	2235 Social Security and Welfare (CSS)	
	102 Child Welfare	
	02 Chakpikarong ICDS Project	Valley 85,548
	03 Chandel ICDS Project	Valley 77,091
	04 Chingai ICDS Project, Ukhru North	Valley 10,000
	24 Moirang ICDS Project	Hill 57,200
	30 Purul ICDS Project	Hill 29,72,298
	32 Samulamlan ICDS Project	Hill 17,67,100
17	Grant No. 45 – Tourism	
	3452 Tourism (Plan)	
	01 Tourist Infrastructure	
	800 Other Expenditure	
	06 Tourist Publicity	Hill 30,99,995
	Grand total	1,05,23,93,447

Appendix 2.11

(Reference: Paragraph 2.6)

Cases where the large savings had not been surrendered by the Departments

(Rupees in lakh)				
Sl. No.	Number and name of Grant/Appropriation	Total Grant/ Appropriation	Total savings	Amount not surrendered
(1)	(2)	(3)	(4)	(5)
	Revenue-Charged			
1	Appropriation No.1- Governor	175.49	13.57	13.57
2	Appropriation No. 3 - MPSC	160.63	7.07	7.07
3	5 Finance Department	14.23	6.60	6.60
4	8 Public Works Department	12.09	8.50	8.50
	Total (Revenue-Charged)	362.44	35.74	35.74
	Revenue-Voted			
5	1 State Legislature	1,478.72	162.42	159.80
6	2 Council of Ministers	179.28	13.65	3.65
7	3 Secretariat	2,844.22	149.35	149.35
8	4 Land Revenue, Stamps and Registration and District Administration	2,734.83	108.52	103.52
9	5 Finance Department	22,556.62	1,302.33	1,302.33
10	6 Transport	273.91	22.70	22.70
11	7 Police	27,272.18	1,096.81	1,096.81
12	8 Public Works Department	17,548.31	5,317.95	1,911.04
13	9 Information and Publicity	310.00	8.37	8.37
14	10 Education	35,666.86	1,854.10	1,854.10
15	11 Medical, Health and Family Welfare Services	10,571.10	1,439.72	1,439.72
16	12 Municipal Administration, Housing and Urban Development	2,960.54	1,626.34	1,626.01
17	13 Labour and Employment	870.90	36.62	36.62
18	14 Development of Tribal and Scheduled Castes	9,747.69	121.18	121.18
19	15 Food and Civil Supplies	499.38	9.96	9.96
20	17 Agriculture	4,588.87	36.32	36.32
21	19 Environment and Forest	4,401.16	231.06	231.06
22	20 Community Development & ANP, IRDP and NREP	8,926.13	4,308.49	4,167.11
23	21 Commerce & Industries and Weights & Measures Department	4,427.90	929.69	929.69
24	23 Power	20,095.13	3,265.91	656.00
25	24 Vigilance Department	94.00	2.02	2.02
26	26 Administration of Justice	965.20	213.42	213.42
27	27 Election	468.43	8.30	8.30
28	28 State Excise	783.05	30.25	30.25
29	29 Sales Tax, Other Taxes/Duties on Commodities & Services	172.43	4.57	3.41
30	30 General Economic Services and Planning	22,178.79	13,871.53	22.44
31	31 Fire Protection and Control	305.57	0.48	0.48
32	32 Jails	490.35	12.85	12.85
33	33 Home Guards	778.62	0.16	0.16
34	34 Rehabilitation	1,110.26	56.68	56.68
35	35 Stationery & Printing	257.55	11.94	1.94
36	36 Minor Irrigation	831.53	357.72	357.72
37	37 Fisheries	1,222.94	35.06	35.06
38	38 Panchayat	3,197.52	543.02	543.02
39	39 Sericulture	2,168.53	610.25	610.25
40	42 State Academy of Training	111.12	7.31	7.31

(1)	(2)	(3)	(4)	(5)
41	43 Horticulture & Soil Conservation	3,465.17	291.36	291.36
42	44 Social Welfare Department	7,511.62	689.87	261.92
43	45 Tourism	238.38	58.40	44.40
44	46 Science and Technology	1,073.15	571.73	561.58
45	47 Welfare of Minorities and Other Backward Classes	1,941.67	838.20	594.97
46	48 Relief and Disaster Management	1,804.56	295.85	295.85
	Total (Revenue-Voted)	2,29,124.17	40,552.46	19,820.73
	Capital-Voted			
47	2 Council of Ministers	120.00	110.00	110.00
48	5 Finance Department	40.01	34.91	34.91
49	6 Transport	178.15	178.15	178.15
50	10 Education	1,669.47	266.15	162.38
51	11 Medical, Health and Family Welfare Services	4,147.44	308.18	308.18
52	12 Municipal Administration, Housing & Urban Development	2,210.66	405.35	405.35
53	13 Labour and Employment	204.97	4.38	4.38
54	15 Food and Civil Supplies	302.01	237.00	236.99
55	16 Co-operation	159.04	62.76	33.76
56	17 Agriculture	316.04	1.04	1.04
57	18 Animal Husbandry and Veterinary including Dairy Farming	267.40	237.40	237.40
58	21 Commerce & Industries and Weights and Measures Department	664.26	211.01	211.01
59	22 Public Health Engineering	13,570.00	1,343.39	1,306.32
60	30 General Economic Services and Planning	45,277.00	3,852.84	3,852.84
61	36 Minor Irrigation	9,971.00	3,949.30	714.58
62	37 Fisheries	294.45	294.45	100.00
63	39 Sericulture	6,282.79	3,645.08	3,645.08
64	40 Irrigation and Flood Control Department	16,432.00	6,312.02	6,312.02
65	42 State Academy of Training	29.00	4.00	4.00
66	47 Welfare of Minorities and Other Backward Classes	83.33	15.00	15.00
	Total (Capital-Voted)	1,02,219.02	21,472.41	17,873.39
	Grand Total	3,31,710.63	62,060.61	37,729.86

Appendix 2.12
(Reference: Paragraph 2.7)
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)	42.77 5.00	4.84 17.24	(-) 37.93 (+) 12.24
2	15- Food and Civil Supplies (Revenue) (Capital)	0.10 3.00	- 2.32	(-) 0.10 (-) 0.68
3	21- Commerce & Industries and Weights and Measures Department (Revenue) (Capital)	- 0.03	- -	- (-) 0.03
4	22- Public Health Engineering (Revenue) (Capital)	2.00 -	14.82 -	(+) 12.82 -
5	23- Power Department (Revenue) (Capital)	0.05 -	14.04 -	(+) 13.99 -
6	36- Minor Irrigation Department (Revenue) (Capital)	1.00 -	- -	(-) 1.00 -
	Total :			
	(Revenue)	45.92	33.70	(-) 12.22
	(Capital)	8.03	19.56	(+) 11.53
	Grand Total (Voted)	53.95	53.26	(-) 0.69

Appendix 2.13
(Reference: Para 2.9.1)

Statement showing amount deposited in Major Head "8449 – Other Deposits" as on September 2008

(Rupees in lakh)

Name of Department/Drawing & Disbursing Officer	Public Works Department	Irrigation & Flood Control Department	Public Health Engineering Department	Power Department	Secretariat Planning	Chief Conservator of Forest (A&P)	Rural Development & Panchayat Raj	Veterinary & Animal Husbandry Department	Environment & Ecological Wing	Social Welfare Department	University & Higher Education Department	Municipal Administration, Housing & Urban Development Department	Education (S) Department	TOTAL	Period of retention in the head as on September 2008
2005-06															
Amount Deposited	2277.79	0	0	0	6000	0	0	0	74.06	464.98	4215.53	60	17.1	13109.46	2.5 years
Amount Withdrawn	1712.84	0	0	0	6000	0	0	0	0	464.98	4215.53	60	0	12453.35	
Amount lying in the head	564.95	0	0	0	0	0	0	0	74.06	0	0	0	17.1	656.11	
2006-07															
Amount Deposited	8590.81	6443.3	0	2273.16	0	0	0	90	0	1528.18	200.33	158.62	0	19284.4	1.5 years
Amount Withdrawn	6076.77	6443.3	0	1776.44	0	0	0	90	0	1528.18	200.33	0	0	16115.02	
Amount lying in the head	2514.04	0	0	496.22	0	0	0	0	0	0	0	158.62	0	3168.88	
2007-08															
Amount Deposited	11361.95	1381.5	854.58	5743.19	22	2478.07	2008.4	22.42	0	454.7	88.7	605.53	542.92	25563.96	6 months
Amount Withdrawn	5233.53	244	0	3188.58	10.53	562.63	0	0	0	98.92	0	580.66	0	9918.85	
Amount lying in the head	6128.42	1137.5	854.58	2554.61	11.47	1915.44	2008.4	22.42	0	355.78	88.7	24.87	542.92	15645.11	
Total deposits in the head	22230.55	7824.8	854.58	8016.35	6022	2478.07	2008.4	112.42	74.06	2447.86	4504.56	824.15	560.02	57957.82	
Total amount lying in this head	9207.41	1137.5	854.58	3050.83	11.47	1915.44	2008.4	22.42	74.06	355.78	88.7	183.49	560.02	19470.1	

Appendix 3.1
(Reference: Paragraph 3.1.7)

Execution capacity of State Government vis-à-vis proposal

(Rupees in crore)

Year	Expenditure	Cumulative expenditure in the preceding three years	Average expenditure per year in the preceding three years	No. of projects proposed during the year	Approximate cost in the proposal	Proportionate expenditure, if the proposed expenditure (column 6) is made in four years*	Proportionate expenditure during the year, considering the project duration is four years* (7) plus amount carried over)
(1)	(2)	(3)	(4) ((3) ÷ 3)	(5)	(6)	(7)((6) ÷ 4)	(8)
2002-03	19.17	152**	50	42	961	240 per year (till 2005-06)	240***
2003-04	52.41	151**	50	27	298	75 per year (till 2006-07)	315 (240+ 75)
2004-05	45.86	100**	33	51	593	148 per year (till 2007-08)	463 (240+ 75+ 148)
2005-06	71.60	117	39	51	389	97 per year (till 2008-09)	560 (240+ 75+ 148+ 97)
2006-07	47.54	170	57	58	513	128 per year (till 2009-10)	448 (75+ 148+97+ 128)
2007-08	25.34	165	55	13	NA	NA	373****

* As per guidelines, maximum project duration is three to four years.

** Expenditure during 1999-00 was Rs.20.17 crore, Rs.103.41 crore in 2000-01 and Rs.28.42 crore in 2001-02.

*** Proportionate expenditure of earlier years has not been taken due to non-availability of records.

**** Without approximate cost proposal made during 2007-08.

Appendix 3.2
(Reference: Paragraph 3.1.8.2)
Statement showing projects undertaken in the State

(Rupees in crore)

Sl. No.	Name of the projects	Date of approval	Approved cost	Amt. released (up to March/08)	Amt. utilized (up to March 2008)	Stipulated date of completion	Completed/ not completed
1	Construction of Veterinary Hospitals in 9 Districts (1584)	31/12/2007	7.49	2.31	0.00	NA	Not completed
2	Construction of Government College of Technology (467)	07/09/2004	10.00	2.63	0.00	—	-do-
3	Infrastructure Development of Manipur University Phase II (468)	29/10/2004	3.88	3.17	2.79	February 2007	Completed
4	Basic Minimum services – Construction of 40 primary schools under ADC (469)	30/12/1999	1.18	1.18	1.18	NA	Completed
5	Basic Minimum services- Construction of 32 primary schools (470)	30/12/1999	1.25	1.25	1.25	NA	-do-
6	Construction of 2 (Two) class rooms for 205 schools without Building (471)	31/03/2000	1.60	1.60	1.60	NA	-do-
7	Extension of 2 (Two) Class rooms for 172 State Govt. Secondary Schools (472)	31/03/2000	8.60	8.60	8.60	NA	-do-
8	Extension of 2 (Two) Class rooms for the State Govt. Secondary Schools including 21 newly upgraded Higher Secondary Schools (473)	31/03/2000	2.15	2.15	2.15	NA	-do-
9	University and 60 Affiliated Colleges from Manipur (474)	31/03/2000	20.00	14.78	9.70	NA	Not completed
10	Sarva Shiksha Abhiyan (1375)	27/03/2006	2.65	2.65	0.00	NA	NA
11	Construction of 8 Classrooms in Rengkai Government High School, Churachandpur (1133)	27/09/2005	0.60	0.52	0.27	NA	Not completed
12	Sarva Shiksha Abhiyan (2006-07) (1406)	29/06/2006	3.78	3.78	0.00	NA	NA
13	Modernisation of Kakching Ithei Maru Main Canal (1609)	28/03/2008	3.41	0.00	0.00	NA	Not completed
14	Strengthening of Health equipments in Govt Hospitals (508)	17/03/2005	8.27	3.99	1.00	NA	-do-
15	Basic Minimum services – Construction of primary health service centre (510)	30/12/1999	5.92	5.92	5.92	NA	Completed
16	Construction of Dharmasala Building at Regional Institute of Medical Sciences (RIMS) (1426)	11/09/2006	2.82	0.86	0.00	NA	Not completed
17	Construction and Equipping of 50 bedded Hospital at Jiribam Sub Division (1442)	30/11/2006	15.64	4.93	0.00	NA	-do-
18	Construction and Equipping of 50 bedded Hospital at Tamenglong District (1443)	30/11/2006	14.37	4.53	0.00	NA	-do-
19	Construction and Equipping of 50 bedded Hospital at Senapati District (1444)	30/11/2006	14.26	4.49	0.00	NA	-do-
20	Construction and Equipping of 50 Bedded hospital at Ukhrul District (1445)	30/11/2006	13.97	4.40	0.00	NA	-do-
21	Construction and Equipping of 50 Bedded Hospital at Chandel District (1446)	30/11/2006	13.16	4.14	0.00	NA	-do-
22	Construction of 32 PHCs in Hill areas in Manipur (1578)	21/11/2007	5.45	1.65	0.00	NA	-do-
23	Construction of 10 PHCs in valleys (1579)	20/11/2007	7.86	2.42	0.00	NA	-do-
24	Construction of 18 PHSCs in valley areas (1580)	20/11/2007	2.57	1.13	0.00	NA	-do-
25	Upgradation and Equipping of 480 Bedded JN Hospital at Imphal (1585)	31/12/2007	17.55	5.53	0.00	NA	-do-
26	Restoration of (i) Manipur Legislative Assembly, (ii) CM Secretariat Building Complex and (iii) Speaker's Bungalow and Annexxe (895)	31/03/2002	1.60	1.60	1.60	NA	Completed
27	Basic Minimum services – Construction of 156 houses for tribals (896)	30/12/1999	0.25	0.25	0.25	Na	-do-
28	Basic Minimum services – Construction of rural shelters (897)	30/12/1999	0.40	0.40	0.40	NA	-do-

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29	ST&D – 2x1MVA Sub Station at Saikul (577)	17/11/2000	1.49	1.49	1.49	NA	-do-
30	ST&D – 33 KV DC line from Yurembam to Mongsangei (578)	17/11/2000	1.72	1.72	1.72	NA	-do-
31	Electrification of tribal Villages (579)	28/01/2002	11.29	11.29	11.12	NA	Not completed
32	ST&D – 33 KV DC line from Leimakhong to Iroisemba. (580)	13/02/2002	4.31	3.60	0.00	NA	-do-
33	Trial Run of Laimakhong Heavy Fuel Based Power project (581)	18/09/2001	4.32	4.32	4.32	NA	Completed
34	Construction of 33 kv sub-station at Tousem (582)	17/03/2003	2.54	2.37	0.76	NA	Not completed
35	Construction of 33/11 kv sub-station at Noney (583)	17/03/2003	3.82	3.75	3.75	NA	Completed
36	Construction of 33/11 kv sub-station at Tamei (584)	28/02/2003	2.91	2.71	2.33	NA	Not completed
37	Construction of 33/11 kv, 2x5 MVA sub-station at Maram (Senapati Dist.) (585)	17/03/2003	2.81	2.81	2.81	December 2005	Completed
38	Construction of 33/11 kv, 2x5 MVA substation at Singhat (586)	21/03/2003	4.10	3.78	2.64	NA	Not completed
39	Installation of 132/33 KV substation at Rengpang (Tamenglong District) (587)	28/02/2003	6.44	6.36	6.35	NA	Not completed
40	ST&D – 2x1MVA Sub Station at Shivapurikhan (588)	21/10/2002	1.32	1.32	1.24	NA	-do-
41	ST&D- 33 KV DC line from Mongsangei to Khumanlampak via Kongba (590)	21/10/2002	4.52	2.40	0.60	NA	-do-
42	Installation of Sub Station at Lakhama (591)	15/03/2005	2.87	2.68	2.50	NA	-do-
43	Installation of Sub Station at Namare (592)	15/03/2005	3.75	3.50	2.81	NA	-do-
44	Installation of Sub Station at Thanlon (593)	15/03/2005	5.44	5.09	3.90	NA	-do-
45	Installation of Sub Station at Thinkew (594)	15/03/2005	3.15	2.94	2.60	NA	-do-
46	Leimakhong Heavy Fuel Based Power project (595)	15/02/1999	117.61	117.61	117.61	NA	Completed
47	Installation of 2x5 MVA 33 KV Sub-station at Moreh Town (596)	18/01/2000	4.60	4.59	4.59	NA	-do-
48	2 nd Phase electrification of 29 tribal villages (1192)	21/12/2005	4.60	2.90	1.45	NA	Not completed
49	Construction of Baily Suspension Bridge (360 ft. span) over Barak River on Tamenglong – Tousem – Haflong Road (1190)	26/12/2005	3.39	2.97	1.94	NA	-do-
50	Construction of Keishamthong Bridge (1370)	17/02/2006	3.47	3.03	3.01	NA	-do-
51	Construction of Lamlong Bridge (1369)	17/02/2006	4.54	3.97	3.19	NA	-do-
52	Construction of Singjamei bridge (793)	29/10/2004	3.69	3.35	2.88	October 2006	Completed (December 2007)
53	Senapati-Phaibung Road (59 Kms.) (794)	31/03/2000	88.72	71.23	60.04	NA	Not completed
54	Construction of Bridge over Thoubal River at Leishangthem (1437)	30/11/2006	3.41	1.07	0.00	NA	-do-
55	Construction of Kumbi Bridge over Khuga River at 10.75 km of Moirang-Kumbi Road (1465)	04/01/2007	4.32	2.70	1.28	NA	-do-
56	Construction of Bridge at Irong Ichin (1439)	30/11/2006	3.34	1.05	0.00	NA	-do-
57	Construction of Bridge over Imphal River at Kiyangei Mang Mapa (1440)	30/11/2006	4.71	1.48	1.48	March 2009	Not completed
58	Construction of Bridge at Babu Bazar (1441)	30/11/2006	2.93	0.92	0.00	NA	-do-
59	Construction of Bridge over the Thoubal River at Haokha (1447)	30/11/2006	2.76	0.87	0.69	NA	-do-
60	Construction of Bridge over Heirok river at Heirok Chingdongpok (1498)	25/05/2007	2.20	0.69	0.00	NA	-do-
61	Improvement of Jiri – Tipaimukh Road (8-48 Km) (1586)	31/12/2007	18.56	5.73	0.00	NA	-do-
62	Improvement of Lamsang-Khonghampat Road (1594)	07/03/2008	2.68	0.85	0.00	NA	-do-
63	Infrastructural development for national games (886)	15/02/1999	10.00	10.00	10.00	NA	Completed
64	Establishment of National Sports Academy at Khuman Lampak Sports complex, Imphal (1435)	30/11/2006	18.43	5.81	0.00	NA	Not completed

65	Augmentation of Water Supply for Chandel HQ and surrounding areas (692)	28/02/2003	5.64	5.56	5.56	NA	Completed
66	Augmentation of Water Supply for Churachandpur town from Khuga dam (Khuga river source) – Zone-III (693)	28/02/2003	8.15	7.84	6.54	NA	Not completed
67	Augmentation of Water Supply for Churachandpur town from Koite and Loklao river sources-Zone-I (694)	28/02/2003	14.17	13.97	12.62	NA	-do-
68	Augmentation of Water Supply for Ukhrul District Headquarter (695)	28/02/2003	5.29	5.03	5.02	NA	Completed
69	Composite water supply for Senapati District Headquarter (696)	28/02/2003	4.68	4.52	4.51	4.52	NA
70	Composite water supply for Tamenglong District Headquarter (697)	28/02/2003	4.70	4.46	4.46	3.63	NA
71	Upgradation of existing treatment plant at Bungmual from Lanva river source (Churachandpur District)-Zone-II (698)	28/02/2003	1.08	1.02	1.02	1.02	NA
72	Augmentation of Water Supply at Chakpikarong (699)	15/03/2005	1.15	0.56	0.00	NA	—
73	Augmentation of Water Supply at Khoumum (700)	15/03/2005	1.49	1.37	0.74	NA	—
74	Augmentation of Water Supply at Tamei (701)	15/03/2005	1.00	0.92	0.49	NA	—
75	Augmentation of Water Supply Scheme at Kangpokpi (702)	28/10/2004	2.12	1.93	1.56	NA	—
76	Augmentation of Water Supply Scheme at Mao (703)	28/10/2004	5.65	5.15	3.81	October 2007	—
77	Augmentation of Water Supply Scheme at Maram (704) p	28/10/2004	3.06	2.79	2.34	NA	—
78	Augmentation of Water Supply Scheme at Noney (705)	28/10/2004	1.42	1.29	1.29	NA	—
79	Augmentation of Water Supply Scheme at Saikul (706)	28/10/2004	1.68	1.56	1.34	NA	—
80	Augmentation of Water Supply Scheme at Tadubi (707)	28/10/2004	4.30	3.87	2.64	NA	-do-
81	Waithoupat Water Supply Scheme (708)	23/03/2005	59.71	23.54	16.28	March 2009	-do-
82	Augmentation of water supply to Imphal City Phase-1 (29.5 MLD) (709)	30/12/1999	43.29	42.53	41.37	NA	-do-
83	Basic Minimum services – Rural water supply (710)	30/12/1999	7.00	7.00	7.00	NA	Completed
84	Augmentation of Konthoujam Water Supply Scheme (Imphal West District) (1581)	31/12/2007	8.86	2.74	0.00	NA	Not completed
85	Augmentation of Water Supply Scheme at Purul Sub Division HQ (1587)	31/12/2007	4.29	1.32	0.00	—	—
86	Augmentation of Water Supply Scheme at Tungjoy (1588)	31/12/2007	2.16	0.68	0.00	NA	Not completed
87	Augmentation of Water Supply Scheme at Unopat and Surrounding village (1606)	31/03/2008	2.97	0.00	0.00	NA	-do-
	Total		755.30	533.46	414.40		

Appendix 3.3

(Reference: Paragraph 3.1.8.5)

Delay in release of funds

(Rupees in crore)

Name of the project (1)	Release of funds by the				Delays in days as reckoned against dates marked * in column (4) (6)
	Centre to the State		State to the Departments		
	Date (2)	Amount (3)	Date (4)	Amount (5)	
Installation of Sub-Station at Maram	7-3-03	0.84	1-12-03*	0.84	239
	12.1.04	1.00	1-9-04	0.71	413
			13-12-04	0.04	
			31-3-05*	0.25	
	10.2.05	0.97	2-7-05	0.57	215
14-7-05			0.13		
13-10-05*			0.26		
Augmentation of Water Supply Scheme at Mao	28-10-04	2.32	4-7-05*		219
	21.10.05	1.35	27-10-05	1.95	128
			17-10-05		
			28-3-06*		
	12.9.06	1.48	7-6-06	1.86	534
			11-8-06		
			27-12-06		
27-3-06					
			30-3-08*	1.20	
Construction of bridge over Imphal river at Singjamei	29-10-04	1.17	15-3-05	0.90	284
	18.10.05	1.72	8-9-05*	0.40	397
			27-10-05	0.03	
			21-1-06	0.90	
			13-10-06	0.25	
	5.7.07	0.34	19-12-06*	0.25	115
			6-8-07	0.12	
			29-11-07*	0.34	
Infrastructure development of Manipur University, Phase-II	29-10-04	1.10	29-10-05*	1.10	335
	27.12.05	1.69	2-9-06*	1.66	219
	26.9.07	0.37	11-6-08*	0.37	228
Waihoupat Water Supply Scheme	24-3-05	4.59	24-10-05	4.59	339
	21.6.06	7.26	28-3-06*		197
			5-9-06		
			31-8-06		
	28.6.07	11.69	27-3-07	7.26	245
			3-2-07*		
			29-11-07	4.43	
			30-3-08*	5.77	
Sarva Shiksha Abhiyan	Between 3/06 & 6/06	6.44	Between 3/07 & 12/07*	6.44	Between 365 days & 488 days
Construction of bridge over Imphal river at Kiyamgei Mang Mapa	30-11-06	1.48	20-11-07*	1.48	295
Construction and equipping of 50 bedded hospital at Tamenglong	30-11-06	4.53	28-3-08*	4.53	424
Construction and equipping of 50 bedded hospital at Senapati	30-11-06	4.49	28-3-08*	4.49	424
Construction and equipping of 50 bedded hospital at Ukhrul	30-11-06	4.40	28-3-08*	4.40	424
Construction and equipping of 50 bedded hospital at Chandel	30-11-06	4.14	28-3-08*	4.14	424
Establishment of National Sports Academy at Khuman Lampak Sports Complex	30-11-06	5.81	23-6-07*	5.81	145
Total				67.47	

Appendix 6.1
(Reference: Paragraph 6.2)

STATEMENT SHOWING ELECTRICITY CHARGES OUTSTANDING AGAINST DISCONNECTED CONSUMERS

Sl. No.	Name of Division	2005-06		2004-05		2003-04		2002-03		2001-02		Prior to 2001-02		TOTAL	
		No. of Consumers	Amount (Rs.)	No. of Consumers	Amount (Rs.)	No. of Consumers	Amount (Rs.)	No. of Consumers	Amount (Rs.)	No. of Consumers	Amount (Rs.)	No. of Consumers	Amount (Rs.)	No. of Consumers	Amount (Rs.)
1	Executive Engineer, Bishenpur	58	7,41,488	88	1,009,646	70	6,00,973	117	10,06,474	85	1,114,043	920	51,96,336	1,338	96,68,960
2	Executive Engineer, Kakching	22	1,57,430	39	192,677	9	62,808	29	80,689	90	257,807	241	5,34,404	430	12,85,815
3	Executive Engineer, Thoubal	69	4,94,400	205	1,348,569	318	21,57,532	102	6,63,762	65	305,432	436	19,54,200	1,195	69,23,895
4	Executive Engineer, Imphal Maint. Divn	74	15,29,797	70	1,171,969	56	8,54,172	117	19,76,192	196	4,453,355	243	37,99,072	756	1,37,84,557
5	Executive Engineer, Imphal Electrical Divn-II	388	78,51,729	139	3,978,152	118	24,61,585	87	15,29,658	157	1,837,635	128	16,26,670	1,017	19,285,429
6	Executive Engineer, Imphal Electrical Divn-III	39	8,61,693	78	992,903	129	14,76,808	6	75,104	1	11,012	58	5,00,136	311	39,17,656
7	Executive Engineer, Tamenglong Electrical Divn	23	1,23,509	6	40,686									29	1,64,195
TOTAL		673	1,17,60,046	625	8,734,602	700	76,13,878	458	53,31,879	594	7,979,284	2026	1,36,10,818	5,076	5,50,30,507

Appendix 7.1

(Reference: Paragraphs 7.2.3, 7.3.1 and 7.8.3)

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2008 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 2007-08			Debt equity ratio for 2007-08 [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	-	—	—	—	681.00	681.00	0.56:1 (0.56:1)
	Sector wise total	803.00	421.00	—	—	1224.00	-	—	—	—	681.00	681.00	0.56:1 (0.56:1)
2.	ELECTRONICS SECTOR Manipur Electronics Dev. Corporation Ltd.	376.35	—	—	—	376.35	-	—	—	—	—	—	—
	Sector wise total	376.35	—	—	—	376.35	-	—	—	—	—	—	—
3.	HANDLOOM AND HANDICRAFT SECTOR Manipur Handloom and Handicrafts Development Corporation Ltd.	1033.75	117.00	—	—	1150.75	—	—	—	175.38	—	175.38	0.15:1 (0.15:1)
	Sector wise total	1033.75	117.00	—	—	1150.75	—	—	—	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	—	—	—	—	—	—	—
	Sector wise total	6.00	—	—	—	6.00	—	—	—	—	—	—	—
8.	Sugar Sector Manipur Food Industries Corp. Ltd	97.66	—	—	—	97.66	—	—	412.00	—	549.00	549.00	5.62:1 (1.40:1)
	Total (A – Working Government Companies)	2396.26	538.00	—	—	2934.26	—	—	412.00	185.38	1230.00	1415.38	0.48:1 (0.34:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	(5)
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.	AGRICULTURE & ALLIED SECTORS Manipur Plantation Crops Corporation Ltd.	1161.79	—	—	—	1161.79	—	—	—	—	38.25	38.25	0.03:1 (0.03:1)
	Sector wise total	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	—	—	—	—	537.47	537.47	0.17:1 (0.17:1)
	Sector wise total	3081.41	—	—	—	3081.41	—	—	—	—	537.47	537.47	0.17:1 (0.17:1)
6.	CEMENT SECTOR Manipur Cement Limited	291.34	—	—	—	291.34	—	—	—	—	—	—	—
	Sector wise total	291.34	—	—	—	291.34	—	—	—	—	—	—	—
7.	DRUGS, CHEMICALS & PHARMACEUTICAL S 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)	5555.70	—	43.35	—	5599.05	—	—	—	1099.43	575.72	1675.15	0.30:1 (0.30:1)
	Grand total (A+B)	7951.96	538.00	43.35	—	8533.31	—	—	412.00	1284.81	1805.72	3090.53	0.36:1 (0.31:1)

Note: All figures in respect of companies and corporation are provisional and as given by the companies/corporation.

Loans outstanding at the close of 2007-08 represent long-term loans only.

Appendix 7.2

(Reference: Paragraphs 7.4.2, 7.5.1, 7.6.2, 7.6.3 and 7.8.6)

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 2008
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A- Working Govt. Companies															
	Industry Sector														
1.	Manipur Industrial Development Corporation Ltd.	Commerce and Industries	6/1969	1990-91	2008-09	(+) 99.94	-	1006.48	(+) 182.25	2030.42	(+) 188.18	9.27	17	268.39	-
	Sector wise Total					(+) 99.94	-	1006.48	(+) 182.25	2030.42	(+) 188.18	9.27		268.39	
2.	Manipur Electronics Development Corporation Ltd.	—do—	4/1987	1995-96	2003-04	(+) 11.19	-	269.28	(+) 61.90	372.57	(+) 12.19	3.27	12	292.85	51
	Sector wise total					(+) 11.19	-	269.28	(+) 61.90	372.57	(+) 12.19	3.27		292.85	
3.	Manipur Handloom and Handicrafts Development Corporation Ltd.	—do—	16.10.76	1987-88	2007-08	(-) 51.79	-	120.00	(-) 221.44	68.12	(-) 49.32	-	20	8.70	24
	Sector wise total					(-) 51.79	-	120.00	(-) 221.44	68.12	(-) 49.32	-	-	8.70	
4.	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	12	96.78	118
	Sector wise total					(+) 24.30	-	2.00	(+) 26.44	48.44	(+) 24.30	50.16		96.78	
5.	Manipur Tribal Development Corporation Ltd.	Tribal Area Backward Classes Development	6/1979	1982-83	2004-05	(-) 2.33	-	1.00	(+) 3.53	14.32	(-) 2.33	-	25	5.19	NA
	Sector wise total					(-) 2.33	-	1.00	(+) 3.53	14.32	(-) 2.33	-	-	5.19	
6.	Manipur State Power Development Corporation Ltd.	Electricity	3/1997	-	-	-	-	-	-	-	-	-	11	NA	NA
	Sector wise total					-	-	-	-	-	-	-	11	NA	NA
7.	Manipur Film Dev. Corporation Ltd.	Arts and Culture	1-5-1987	1991-92	2006-07	(-) 1.11	-	6.00	(-) 5.89	49.07	(-) 0.90	-	16	3.08	27
	Sector wise total					(-) 1.11	-	6.00	(-) 5.89	49.07	(-) 0.90	-	16	3.08	27

8.	Sugar Sector Manipur Food Industries Corpn. Ltd	Commerce & Industries	4/1987	1997-98	2008-09	—	—	78.39	—	45.17	—	—	10	Pre- operative stage	4
	Total (A-Working Govt. Companies)					(+) 80.20	-	1483.15	46.79	2628.11	172.12			674.99	
B. Non-working Companies															
1.	Industry Sector Manipur Cycle Corporation Ltd.	Commerce & Industries	6/85	1996-97	2008-09	(-) 7.52	-	59.26	(-) 69.56	(-)0.32	(-) 7.52	-	Under closure since 1996	2.30	NA
2.	Manipur Pulp & Allied Products Ltd.	Commerce & Industries	10/88	1994-95	2007-08	(-) 22.50	-	89.31	(-) 195.46	71.02	(-) 8.21	-	Under closure since 1/03	95.11	NA
	Sector wise total					(-) 30.02		148.57	(-) 265.02	70.70	(-) 15.73	-		97.41	
3.	Agriculture & Allied Sector Manipur Agro. Industries Corporation Ltd.	Agriculture	19-3-81	1988-89	2005-06	(-) 3.61	-	32.25	(-) 45.45	(-) 18.07	(-) 3.61	-	Under closure since 6/03	19.02	NA
4.	Agriculture and Allied Sector Manipur Plantation Crops Corpn. Ltd.	Agriculture	19.3.81	1983-84	2000-01	-	-	51.15	-	60.00	-	-	Under closure since 6/03	Pre- operative stage	NA
	Sector wise Total					(-) 3.61		83.40	(-) 45.45	41.93	(-) 3.61	-		19.02	-
5.	Textile Sector Manipur Spinning Mills Corpn. Ltd.	Commerce & Industries	27-3-74	1985-86	2008-09	(-)22.92	-	362.20	(-)22.92	577.24	(-)13.28	-	Under closure since 6/03	93.34	4
	Sector wise total					(-)22.92		362.20	(-)22.92	577.24	(-)13.28	-		93.34	-
6.	Cement Sector Manipur Cement Ltd.	Commerce & Industries	10-5-88	1992-93	2008-09	(-) 43.76	-	46.79	(-) 188.66	210.56	(-)43.76	-	under closure since 12/02	34.98	2
	Sector wise Total					(-) 43.76	-	46.79	(-) 188.66	210.56	(-)43.76	-		34.98	
7.	Drugs, Chemicals & Pharmaceuticals Sector Manipur State Drugs & Pharmaceuticals Ltd.	Chemicals & Pharma- ceuticals	7/89	1996-97	1998	(-)123.08	-	85.00	(-)241.48	267.45	-	-	Under closure since 6/03	NA	NA
	Sector wise total					(-)123.08	-	85.00	(-)241.48	267.45	-	-			
	Total (B - Non-working Companies)					(-) 223.39	-	725.96	(-) 763.53	1167.88	(-) 76.38	-		244.75	
	Grand Total (A+B)					(-) 143.19	-	2209.11	(-) 716.74	3795.99	95.74	-		919.74	

Note: Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

Appendix 7.3

(Reference: Paragraphs 7.3.1 and 7.8.3)

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 2008

(Figures in column 3(a) to 7 are in Rupees in lakh)

St. 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															
	Total — A															
	B. Non-Working Government companies															
	C. Non-Working Statutory corporations															
	Grand Total (A+B+C)															

Appendix 7.4

(Reference: Paragraph 7.11.1)

Statement showing the department wise outstanding Inspection Reports
(Inspection Report)

Sl. No.	Name of department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1	Tribal Development	1	7	55	1991-2008
2	Industries	8	15	76	1996-2008
3	Home	1	5	23	1991-2008
4	Arts & Culture	1	5	22	1991-2008
	Total	11	32	176	

Appendix 7.5

(Reference: Paragraph 7.4.4)

Statement showing Investment made by State Government in PSUs whose accounts are in arrears.

(Amount Rs. in lakh)

Sl. No.	Name of PSU	Year upto which accounts finalized	Paid up Capital as per latest finalized accounts	Investment made by State Govt. during the years for which accounts are in arrears				Years in which Investments have been received.
				Equity	Loans	Grants	Others to be specified	
	Working companies							
1.	Manipur Industrial Development Corpn. Ltd.	1990-91	1006.48	217.52	-	-		1991-92 to 2004-05
2.	Manipur Electronics Development Corpn. Ltd.	1995-96	269.28	107.07	-	-		1996-97 to 2004-05
3.	Manipur Handloom & Handicrafts Development Corpn. Ltd.	1987-88	120.00	1030.75	-	-		1988-89 to 2005-06
4.	Manipur Police Housing Corpn. Ltd.	1995-96	2.00	-	-	-		-
5.	Manipur Tribal Development Corpn. Ltd.	1982-83	1.00	76.50	-	-		1983-84 to 1991-92
6.	Manipur Food Industries Corpn. Ltd.	1997-98	78.39	19.27				1998-99 to 2003-04
	Total:		1477.15	1451.11				

In the absence of finalized accounts, the figures of investments are provisional.

