

OVERVIEW

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

Copies of the performance reviews and paragraphs were sent to the Administrative Heads of the Departments concerned by the Accountant General for furnishing replies within six weeks. All the five reviews were discussed with the concerned Principal Secretaries/ Commissioners/Secretaries and other departmental officers. In respect of two audit paragraphs reply/partial reply of the Government was received and in 17 audit paragraphs, replies had not been furnished by the State Government.

Performance reviews (Civil)

Irrigation and Flood Control and Minor Irrigation Departments

1.1 Accelerated Irrigation Benefits Programme

Accelerated Irrigation Benefits Programme was launched with the main objective of accelerating completion of on-going irrigation/multi-purpose projects on which substantial investment had already been made and beyond the resource capability of the State Government. Two major projects, one medium project and 453 minor irrigation projects in the State were included under AIBP during 2004-09. Till March 2009, no major and medium projects could be completed, however, only 413 minor irrigation projects were completed though substantial amount of investment of Rs.1,213.63 crore had been made on these projects. Against targeted irrigation potential of 81,264 hectares, only 41,130 hectares (51 *per cent*) had been created. Out of the irrigation potential created so far 61 *per cent* was from minor irrigation projects. Productivity of major crops in the State either remained stagnant or improved marginally during 2004-09, indicating that the programme had little impact on agriculture production of the State. No evaluation studies were carried out to ascertain the success parameters and utilisation of the potential created in the State. As such, the objective of speedy development of irrigation potential and its eventual utilisation for the benefits of the farmers was not achieved to the desired extent in the State due to inherent deficiencies in planning, poor financial management, execution and monitoring of the projects.

(Paragraph 1.1)

Public Health Engineering Department

1.2 Accelerated Rural Water Supply Programme

The Accelerated Rural Water Supply Programme aimed at accelerating the coverage of uncovered habitations in rural areas with provision of safe and adequate drinking water, besides revival of traditional water sources. A performance review of the programme revealed poor planning, execution of works with time and cost overrun, inadequate monitoring of quality of water and short achievement of targeted objectives. Adequate drinking water was yet to be provided to 68 *per cent* habitations as of March 2009. Despite spending Rs.272 crore during 2004-09 on the programme, no evaluation studies had been carried out to ascertain the extent of the achievement of the objectives of the programme.

(Paragraph 1.2)

Audit of Transactions (Civil)

Irregularities in records led to suspicion that work of construction of ring bund may not have been executed, resulting in suspected fraudulent payment of Rs. 32.65 lakh.

(Paragraph 2.1)

Rupees 50 lakh appears to have been paid fraudulently to two contractors purportedly for hiring of machinery for a canal work.

(Paragraph 2.4)

Rupees 9.95 lakh deposited in the DDO's account for implementation of a scheme has been misappropriated.

(Paragraph 2.5)

Government suffered a loss of Rs.21.63 lakh due to excess payment of Rs.1.63 lakh, and fraudulent payment of Rs.20 lakh to contractors.

(Paragraph 2.7)

As fish fingerlings were issued to beneficiaries without ascertaining their possession of pond of requisite size and by not following conventional norm of stocking ratio of species combination, expenditure of Rs.73 lakh incurred in implementation of a fishery scheme appears to be doubtful.

(Paragraph 2.8)

Integrated Audit**Agriculture Department****3. Integrated Audit of Agriculture Department**

State agricultural planning lacked emphasis on regional priorities and needs of field formation and beneficiaries. Retention of huge cash balances at year-ends, diversion of funds, low revenue realisation of departmental farms, drawal of advances through fully vouched bills and utilisation of departmental receipts instead of depositing them into Government accounts warrants rigid streamlining of financial management and the ways expenditure are controlled. While implementation of Oil Production Programme and Soil Testing Laboratories programmes deviated from the works-plans, the review also exposed more serious issues in distribution of quality seeds, organisation of farmers' field training, rodent control measures and execution of works at two departmental farms that needs further investigation. The Department also needs to revamp their man-power utilisation and their internal control measures.

(Paragraph 3.1)

Revenue Receipts**4. Revenue Receipts****4.1 Trend of revenue receipts**

Revenue raised by the State Government during 2007-08 was 11 *per cent* of the total revenue receipts against 9 *per cent* in the previous year. The balance 89 *per cent* of receipts during the year was from the Government of India.

(Paragraph 4.1)

The tax revenue receipts of the State Government during 2007-08 increased by 15.33 *per cent* as compared to the previous year while that of non-tax revenue increased by 53.88 *per cent*.

(Paragraphs 4.1.1 & 4.1.2)

The arrears of revenue as on 31 March 2009 in respect of some principal heads of revenue amounted to Rs. 10.56 crore of which Rs. 5.74 crore was outstanding for more than five years.

(Paragraph 4.5)

Performance Reviews (Revenue)

Taxation Department

4.13 Transition from Sales Tax to VAT System

No time limit was fixed by the department either by way of circulars or notifications to bring all the eligible Pre-VAT dealers, liable to be registered within the ambit of the VAT Act. Only 22 *per cent* of the dealers registered under repealed Act could be brought within the purview of the VAT Act.

(Paragraph 4.13.7.1)

Important registers like “Register of receipt of returns”, “Register of defaulters”, “Register of casual dealers”, “Registers to watch the recovery of the arrears of tax, interest, penalty etc.” under the repealed Act and the VAT Act were not maintained.

(Paragraph 4.13.10)

Seven dealers did not pay tax of Rs. 1.58 crore for the period from 2005-06 to 2007-08. No action was taken by the department to recover the dues. The dealers were, also liable to pay interest of Rs. 1.22 crore.

(Paragraph 4.13.13)

Two dealers had defaulted in the payment of tax of Rs. 1.51 crore along with the relevant returns for the period from 2005-06 to 2007-08. The penalty of Rs. 45.64 lakh though leviable was not levied.

(Paragraph 4.13.16.1)

Value added tax of Rs. 24.08 lakh was required to be deducted at source from the bill of a contractor dealer. However, Rs. 7.87 lakh only was deducted from the bill of the contractor. This resulted in short deduction of VAT of Rs. 16.21 lakh.

(Paragraph 4.13.19)

Transport Department

4.14 Review on “Information Technology Audit of the Department of Transport”

In five DTOs selected for the implementation of the computerisation programme, it is yet to be implemented despite availability of computer equipment and trained manpower since 2006-07.

(Paragraph 4.14.6.1)

Though computerisation programme was introduced in DTO, Imphal West in 2003, the software modules available are still only partially utilised.

(Paragraph 4.14.6.2)

Insurance details were not entered in respect of most of the vehicles.

(Paragraph 4.14.7.8)

Tax amount was not entered in respect of 62 vehicles registered from 2003 onwards.

(Paragraph 4.14.7.10)

Fine was not imposed in respect of 4,214 vehicles registered after more than 30 days of the date of purchase after 2003.

(Paragraph 4.14.7.11)

Hand Held Terminals had not been purchased by MANITRON¹ as per the terms of the contract even after seven months of the implementation of the smart card.

(Paragraph 4.14.8.3)

There was no documentation of modifications made to the application software.

(Paragraph 4.14.11.1)

Audit of Transactions (Revenue)

Professional tax amounting to Rs. 43.23 lakh including Rs. 26 lakh which had remained unrealised for more than three years was not realised from the Principal Officers.

(Paragraph 4.15)

Professional tax amounting to Rs. 24.95 lakh was not realised from 2,495 permit holders of goods vehicles, trucks and three wheelers by Director of Transport, Manipur and District Transport Officer, Bishnupur.

(Paragraph 4.16)

Home department failed to realise Rs. 73.50 lakh towards charges for deployment of security guards at various banks.

(Paragraph 4.17)

Electricity bill amounting to Rs. 15.60 lakh paid by a consumer was utilised for unofficial purpose.

(Paragraph 4.18)

Application of incorrect rate of billing resulted in short levy of electricity charges of Rs. 39.67 lakh.

(Paragraph 4.19)

¹ Manipur Electronics Development Corporation Ltd., a State PSU.

Government Commercial and Trading Activities

5. Commercial

5.1 Overview of Government Companies and Statutory Corporations

As on 31 March 2009, 14 Government companies (eight working and six non-working) of the State registered a turnover of Rs. 9.25 crore for 2008-09 as per their latest finalised accounts as of September 2009. This turnover was very insignificant: 0.15 *per cent* of State Gross Domestic Product (GDP) for 2008-09.

(Paragraphs 5.1.1 and 5.1.2)

As on 31 March 2009, the investment (capital and long-term loans) in 14 PSUs was Rs. 99.92 crore (Working PSUs: Rs. 43.08 crore and Non-working PSUs: Rs. 56.84 crore).

(Paragraph 5.1.5)

Return on Capital Employed for the 14 PSUs in the State for 2008-09 was 2.66 *per cent* while their accumulated losses amounted to Rs. 5.22 crore.

(Paragraph 5.1.14)

Accounts of working PSUs as on September 2009 were in arrears for period ranging from 10 to 26 years.

(Paragraph 5.1.24)

5.2 Audit of Transactions (Commercial)

Manipur Industrial Development Corporation Limited did not deposit Value Added Tax amounting to Rs 66.77 lakh deducted from contractors' bills.

(Paragraph 5.2)

Six Public Sector Undertakings (PSUs) ignored opportunity to recover money amounting to Rs.1.75 crore.

(Paragraph 5.3)

Eight PSUs did not take remedial action on audit observation in respect of 26 Inspection Report paras thereby foregoing the opportunity to improve their functioning.

(Paragraph 5.4)