

GOVERNMENT OF MANIPUR



Annual Technical Inspection Report
on
Panchayati Raj Institutions
and
Urban Local Bodies
for the year ending 31 March 2011



OFFICE OF THE ACCOUNTANT GENERAL (AUDIT) MANIPUR, IMPHAL

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In terms of Technical Guidance and Support (TGS) by
the Comptroller and Auditor General of India

Government of Manipur

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PREFACE

The Report is prepared for submission to the Government in terms of Technical Guidance and Support (TGS) on audit of accounts of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) under Section 20(1) of C&AG's DPC Act, 1971. The Government of Manipur entrusted the Comptroller and Auditor General of India (C&AG) the audit of accounts of the PRIs and ULBs under section 20(1) of C&AG's DPC Act, 1971 on recommendations of the Eleventh Finance Commission vide order dated 21 June 2002.

2. This is the third Annual Technical Inspection Report on Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) in the State of Manipur. This Annual Technical Inspection Report for the year 2010-11 is the consolidation of major audit findings arising out of audit of accounts of 95 PRI units and 5 ULB units conducted during the year 2010-11 as well as those which had come to notice in earlier years but could not be included in previous Reports. Matters relating to the periods subsequent to 2010-11 have also been included, wherever necessary.

3. This Report contains four Chapters– Chapter I & Chapter III relate to Accounts and Finances of the PRIs and ULBs respectively whereas Chapter II and IV deal with the observations arising out of transaction audit of selected PRIs and ULBs.

4. The purpose of this Report is to give an overview of the functioning of Panchayati Raj Institutions and Urban Local Bodies in the State of Manipur so as to draw the attention of the Executive Departments, Panchayati Raj Institutions and Urban Local Bodies for remedial actions for improvement, wherever necessary.

OVERVIEW

This Report includes four Chapters. Chapter-I and III contain an overview, including financial reporting of the Panchayati Raj Institutions and Urban Local Bodies, respectively. Chapter-II and IV contain audit observations on the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) followed by recommendations. A summary of audit findings is given as under:

As per the Manipur Panchayati Raj Act, 1994, the PRIs shall constitute Standing Committees to perform the functions assigned to them. However, none of the PRIs have constituted Standing Committees.

(Paragraph 1.3.2)

The State Government has issued orders for constituting District Planning Committees (DPCs) in all the four Valley Districts of Manipur. Although the DPCs were constituted, they were not made functional due to non-engagement of technical expert teams and secretarial support staff for monitoring and implementation of plan.

(Paragraph 1.4)

As of March 2011, the State Government transferred 16 functions to the PRIs. However, the transfer of funds, functions and functionaries to PRIs were not adequate and effective to enable them to function as institution of local self-government.

(Paragraph 1.6)

Due to non-maintenance of accounts, statements/records and poor maintenance of Cash Book, the financial as well as assets position of the PRIs could not be ascertained.

(Paragraph 1.11.1)

No Bank Reconciliation Statement was prepared in all the test-checked PRIs.

(Paragraph 1.11.2)

The State Government is yet to adopt Model Accounting System (MAS) as on March 2011. As such, none of the test-audited PRIs maintained their accounts in MAS.

(Paragraph 1.11.4)

Funds released under Twelfth Finance Commission for maintenance of accounts and creation of database were utilized on construction of crematorium and improvement of public ground by Wabagai Gram Panchayat and Leishangthem Gram Panchayat defeating the purpose for which funds were released.

(Paragraph 2.2)

The Twelfth Schedule of the Constitution enlists 18 functions to be devolved to the ULBs. However, the Government of Manipur has not yet transferred the funds, functions and functionaries to ULBs.

(Paragraph 3.3)

Test check of four Municipal Councils and one Nagar Panchayat revealed that other than Imphal Municipal Council, no other ULB had prepared budget.

(Paragraph 3.10.1)

None of the test-checked ULBs prepared monthly and quarterly Bank Reconciliation Statements. Due to non-reconciliation of balances, the correct financial position of ULBs could not be ascertained.

(Paragraph 3.10.3)

Principal Cash Books were not properly maintained in Moirang Municipal Council, Ningthoukhong Municipal Council and Yairipok Nagar Panchayat. Thus, due to non-maintenance of Cash Books, analysis of Cash receipts and disbursements for a particular scheme for a period of time could not be carried out.

(Paragraph 3.10.4)

Funds provided for Urban Wage Employment Programme were temporarily diverted for payment of salaries to staff of Imphal Municipal Council.

(Paragraph 4.1.1)

No BPL list/register was maintained in any of the test-audited ULBs for selection of beneficiaries under SJSRY scheme. Audit could not ascertain the correctness of the list of beneficiaries in the absence of BPL register.

(Paragraph 4.1.6)

Advance payment of ₹ 40.74 lakh to 27 Councillors of Imphal Municipal Council under Urban Development Fund was still outstanding due to non-submission of adjustment bills.

(Paragraph 4.2.1)

Final payments were made before completion of works in violation of General Financial Rules.

(Paragraph 4.2.2)

There was excess drawal of honorarium of ₹ 2.18 crore by the Chairperson, Vice-Chairperson and Councillors of Imphal Municipal Council during the period from August 1995 to March 2010.

(Paragraph 4.4)

CHAPTER-I

Section 'A' An Overview of the Panchayati Raj Institutions

1.1 Background

The 73rd Constitutional amendment gave Constitutional status to the Panchayati Raj Institutions (PRIs) and established a system of uniform structure, holding of regular elections, regular flow of funds through Finance Commissions, etc. As a follow up, the States are required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as institutions of self-government. In particular, the PRIs are required to prepare plans and implement schemes for economic development and social justice including those enumerated in the Eleventh Schedule of the Constitution.

In keeping with the 73rd Constitutional Amendment Act, 1992, the Manipur Panchayati Raj Act, 1994 was enacted to establish a system of two-tier PRIs at the village and district levels with elected bodies of Gram Panchayat (GP) at the village level and Zilla Parishad (ZP) at the district level for greater participation of the people and more effective implementation of rural development programmes.

The two tier Panchayati Raj system envisaged in the Manipur Panchayati Raj Act, 1994 came into force with effect from 24.06.1994. The first general election for the ZPs and GPs was held in 1997. Since then, general elections for the Panchayats have continued to be held every five years and the last election was held in September 2007.

1.2 State Profile

The total geographical area of Manipur is 22,327 sq. km. Manipur has 9 districts of which 5 districts are located in the hill areas and 4 districts are spread out in the valley. As per 2011 census, the total population of Manipur is 27,21,756 which constitutes 0.22 *per cent* of Indian population. The rural population of Manipur is 18,99,513 (69.79 *per cent*). The population growth in the decade of 2001-2011 was 18.65 *per cent* while in previous decade population growth was 24.86 *per cent*. A large proportion constituting 70 *per cent* of the total population of Manipur is engaged in agricultural and allied activities. The economy of Manipur continues to be agrarian. The demography of the State as per the 2011 census is given in the **Table 1.1** below:

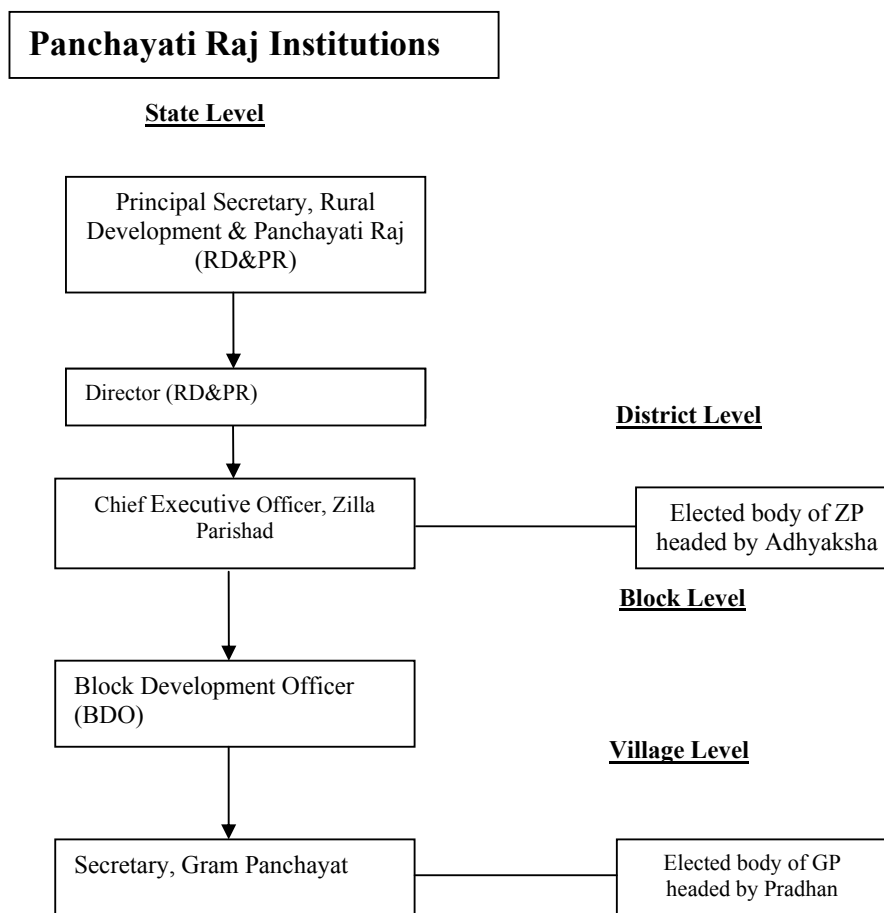
Table 1.1: Statistics of the State

Sl. No.	Indicator	Unit	Value
1	Population	1000s	2722
2	Density of population	Person in sq. Km.	122
3	Gender Ratio	Female per 1000 males	987
4	Gender Ratio (Rural)	-do-	966
5	Gender Ratio (Urban)	-do-	1038
6	Literacy	Percentage	79.85
7	Number of PRIs	Numbers	169
8	Number of Zilla Parishads	Numbers	4
9	Number of Gram Panchayats	Numbers	165

1.3 Organizational structure of PRIs

There are four ZPs and 165 GPs in the State. At the State level, the Rural Development and Panchayati Raj Department (RD&PR) of the State Government is responsible for their effective functioning.

The organogram given below shows organizational set-up of the department and the PRIs in the State:



1.3.1 The broad details of responsibility of PRIs functionaries are as under:

Table 1.2: Details of responsibility of PRIs functionaries

Authority	Functions
Principal Secretary (RD&PR)	Administers the overall monitoring and implementation of schemes relating to PRIs
Zilla Parishad (elected body)	Preparation of Plan for economic development and social justice of the District
Chief Executive Officer	Carries out the policies and directives of the ZP
Gram Panchayat (elected body)	Preparation of Annual Plan and Annual Budget
Panchayat Secretary	Keeping of records and maintenance of Accounts

1.3.2 Standing Committees

As per the Manipur Panchayati Raj Act, 1994, the PRIs shall constitute the following Standing Committees to perform the functions assigned to them:

Table 1.3: Detail of Standing Committee

Level of PRIs	Chief Political Executive	Standing Committees	Political Executives
GP	Pradhan	(a) Production Committee (b) Social Justice Committee (c) Amenities Committee	Pradhan is the Chairman of the three committees
ZP	Adhyaksha	(a) General Standing Committee	Adhyaksha is the chairman of each committee
		(b) Finance, Audit and Planning Committee	
		(c) Social justice Committee	Up-Adhyaksha is the chairman
		(d) Education & Health Committee (e) Agriculture & Industries Committee (f) Works Committee	Chairman is elected from the members of these committees

Source: The Manipur Panchayati Raj Act, 1994

In case of GP, each committee shall consist of not less than three and not more than five members including the Pradhan and Up-Pradhan as the case may be. In ZP each Standing Committee shall consist of such number or members not exceeding five including the chairman elected by the

members for ZP from amongst the elected members. However, none of the PRIs have constituted the Standing Committees.

1.4 District Planning Committee

In pursuance of Article 243 ZD of the Constitution of India and Section 96 of the Manipur Panchayati Raj Act, 1994, the Government is required to constitute a District Planning Committee (DPC) in each district to consolidate the plans prepared by the GP and ZP in the district and to prepare a draft development plan for the district as a whole. The DPC was constituted in Thoubal and Bishnupur District on 30.08.1997; while in Imphal East and Imphal West District, it was constituted on 03.05.2003. As per the Manipur Panchayati Raj Act, 1994, the DPC shall consist of the following members:

1. Adhyaksha of the Zilla Parishad (Chairperson).
2. Members of the House of the People representing the district.
3. Members of Legislative Assembly who are elected in the district.
4. Such number of Councilors as may be specified by the government from the member of Councilors of Nagar Panchayat and Municipal Councils in the district and
5. Chief Executive Officer.

Although the DPCs were constituted, they were not made functional due to non-engagement of technical expert teams and secretarial support staff for monitoring and implementation of plans. No proper guideline was issued to GPs for preparation of plan. Also, there was no practice of preparation of perspective plans of GPs and ZPs. As such, none of the GPs and ZPs had forwarded development plan to the State Government.

1.5 Financial Profile

1.5.1 Funding to PRIs

The State and Central Governments funded the PRIs in the form of grants-in-aid and devolutions for general administration and other developmental activities. Funding by the State Government was on the lines of accepted recommendations of the Second State Finance Commission (SSFC) that took into account factors like population, literacy, health, irrigation, medical facilities *etc.* The Report of the SSFC covered a period of 5 (five) years, beginning 01.04.2001. The State Government had adopted the recommendations of the SSFC, and extended the period covered up to 31.03.2010.

The receipts of the PRIs mainly consisted of grants from the State Government towards Plan and Non Plan schemes, Central and State share of Central Plan Schemes, Centrally Sponsored Schemes and other receipts of its own.

Under Sections 40 and 70 of the Manipur Panchayati Raj Act, 1994, the GPs and ZPs are respectively empowered to impose annual tax on land and buildings within the local limits of the jurisdiction of PRI subject to such rule as may be made in this behalf by the Government. Further, subject to such maximum rate as the Government may prescribe, a PRI may levy fees and rate. The fund-wise source and its custody for ZPs and GPs are given in **Table 1.4** below:

Tables 1.4: Fund flow mechanism in PRIs

Nature of Fund	ZPs		GPs	
	Source of fund	Custody of fund	Source of fund	Custody of fund
Own receipts	Assessees and users	Bank	Assess and users	Bank
Revenue grants	State Government	Bank	State Government	Bank
SFC				
State Plan Scheme				
CFC/CSS	GOI	Bank	GOI	Bank

CSS-Centrally Sponsored Scheme, CFC-Central Finance Commission, GOI-Government of India, SFC-State Finance Commission

1.5.2 Fund resources of PRIs

Fund resources of PRIs for the period 2006-07 to 2010-11 are shown in table below:-

Table 1.5: Fund Receipts of Panchayati Raj Institutions

Source of revenue		Amount (₹ in crore)				
		2006-07	2007-08	2008-09	2009-10	2010-11
Central Government	GOI share of CSS directly released to DRDA (SGRY, MGNREGS, IAY, RGSY)	14.41	12.38	68.48*	108.59 ^v	129.38 [@]
	Additional Central Assistance and FC grants released through State Budget (EFC, 12th FC, 13th FC)	2.11	6.35	4.26	8.51	5.60
	Total	16.52	18.73	72.74	117.10	134.98
State Government	Honorarium/Salary Grants	0.91	0.91	0.86	0.72	0.72
	Other Grants (SFC)	Nil	Nil	20.10	25.91	18.74 [#]
Grants (Head-2515-ORDP)	State share of CSS(RGSY,MGNREGS)	2.96	4.65	0.44	5.46	7.58 ^Ω
	Total	3.87	5.56	21.40	32.09	27.04
Grand total (Grants received from Central and State Government)		20.39	24.29	94.14	149.19	162.02
Own Source of Revenue (OSR)	Gram Panchayat	Nil	Nil	Nil	Nil	Nil
	Zilla Parishad	Nil	Nil	Nil	Nil	Nil

*Includes SGRY funds ₹ 4.87 crore., ^v Includes SGRY funds of ₹ 1.36 crore, [@] Includes IWDP funds of ₹ 1.98 crore. ^Ω Includes IAY, RGSY and IWDP funds of ₹ 1.33 crore, [#] Being the amount released on the recommendation of the SSFC under the head 'Assignment & Compensation' during 2010-11. MGNREGS-Mahatama Gandhi National Rural Employment Guarantee Scheme, IAY-Indira Awas Yojana, RGSY-Rastriya Gramin Sabak Yojana, IWDP-Integrated Waste-land Development Programme and SGRY-Sampoorna Gramin Rozgar Yojana.

As compared to 2008-09 the grants from Central Government substantially increased during 2009-10 and 2010-11 due to release of more funds under Mahatama Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

1.5.3 Release of Second State Finance Commission Grants

The recommendations of the SSFC effective from 01.04.2001 were passed in the State Legislative Assembly during December 2005. As per the accepted recommendation of SSFC the State Government is required to transfer 10 *per cent* of the State's own revenue including the State's share in the Central taxes to the local bodies including District Councils. Of this 10 *per cent*, 34.38 *per cent* is to be transferred to PRIs. The release of SSFC grants by the State Government during the last three years from 2008-09 to 2010-11 to PRIs is shown in the table below:-

Table 1.6: Release of Funds to PRIs under SFC grant

(₹ in crore)

Sl.No.	Name of PRIs	Amount		
		Released during 2008-09	Released during 2009-10	Released during 2010-11
A	Zilla Parishad			
(i)	Imphal East	0.87	1.12	0.81
(ii)	Imphal West	0.59	0.76	0.55
(iii)	Thoubal	0.94	1.21	0.87
(iv)	Bishnupur Zilla Parishad	0.62	0.79	0.57
	Total	3.02	3.88	2.80
B	Community Development Block			
(i)	Imphal East-I	2.19	2.82	2.04
(ii)	Imphal East-II	2.23	2.87	2.08
(iii)	Jiribam	0.52	0.67	0.49
(iv)	Imphal West-I	2.32	3.00	2.17
(v)	Imphal West –II	1.02	1.32	0.96
(vi)	Thoubal	3.55	4.58	3.31
(vii)	Kakching	1.76	2.27	1.64
(viii)	Bishnupur	1.78	2.30	1.66
(ix)	Moirang	1.71	2.20	1.59
	Total	17.08	22.03	15.94
	Grand Total	20.10	25.91	18.74

In the above table the amounts pertaining to 2010-11 were released as per the guidelines contained in the recommendations of the SSFC under the head 'Assignment & Compensation' during 2010-11.

1.6 Functions and powers vested with the PRIs

The Manipur Panchayati Raj Act, 1994 has vested the PRIs with the 29 functions listed in the Eleventh Schedule of the Constitution of India. Out of these 29 functions, functions of 16 departments have been transferred to PRIs as of March 2011.

Further, transfer of functionaries of 5 departments and transfer of funds of 11 departments were not actually done. The details of activities of 16 departments to be transferred to ZPs and GPs are shown in **Appendix-I**. The status on the transfer of functions, functionaries and funds in respect of 16 Departments as on 31.03.2011 is shown in **Table 1.7 & 1.8** below:-

Table 1.7: Transfer of Functions, Functionaries & Funds to ZPs

Sl. No.	Department	Latest Status on functionaries transferred	Latest Status on fund transferred
1	Fisheries	1-Inspector (Fisheries), 2 FFA to each ZP (except Thoubal)	₹ 7 lakh for 2005-06 ₹ 6 lakh for 2006-07 ₹ 3 lakh for 2007-08 ₹ 4 lakh for 2008-09
2	Horticulture	4-AAOs 8 FAs to each ZP	₹ 8 lakh for 2006-07
3	Tribal Development	1-FA & 1 RM to each ZP and 1-EO each to 2 ZPs	₹ 15.30 lakh for 2006-07 ₹ 29.70lakh for 2007-08 ₹ 38.60lakh for 2008-09
4	Rural Development	1-EO, 1-UDC/Acctt., 1-LDC to each ZP	₹ 2008.40 lakh for 07-08 ₹ 2591.68 lakh for 08-09 ₹ 3113.66 lakh for 09-10
5	Science & Technology	Not transferred	₹ 40 lakh for 2006-07 ₹ 40 lakh for 2007-08 ₹ 50 lakh for 2008-09
6	Veterinary & Animal Husbandry	1-FA/Comp Assistant to each ZP	Not transferred
7	Social welfare	2 Gram Sevikas to each ZP	Not transferred
8	Minor irrigation	1 RM/1 Pump Operator to each ZP	Not transferred
9	Agriculture	1-AEO(Agri) & 1 VEO to each ZP	Not transferred
10	Industries	1-EO(Ind) to each ZP	Not transferred
11	Co-operation	1-Sub Registrar to each ZP	Not transferred
12	Transport	Not transferred	Not transferred
13	Health	Not transferred	Not transferred
14	Arts & culture	Not transferred	Not transferred
15	Family welfare	Not transferred	Not transferred
16	Education(schools)	Not transferred	Not transferred

Table 1.8: Transfer of Functions, Functionaries & Funds to GPs

Sl. No.	Department	Latest Status on functionaries transferred	Latest Status on fund transferred
1	Fisheries	Not transferred	Not transferred
2	Horticulture	Not transferred	Not transferred
3	Tribal Development	Not transferred	Not transferred
4	Rural Development	1-Panchayat Secretary each to 165 GPs	Not transferred
5	Science & Technology	Not transferred	Not transferred
6	Veterinary & Animal Husbandry	Not transferred	Not transferred
7	Social welfare	Not transferred	Not transferred
8	Minor irrigation	Not transferred	Not transferred
9	Agriculture	Not transferred	Not transferred
10	Industries	Not transferred	Not transferred
11	Co-operation	Not transferred	Not transferred
12	Transport	Not transferred	Not transferred
13	Health	Not transferred	Not transferred
14	Arts & culture	Not transferred	Not transferred
15	Family welfare	Not transferred	Not transferred
16	Education(schools)	Not transferred	Not transferred

The PRIs shall have necessary powers to carry out all the functions entrusted, assigned or delegated to them and, in particular, to exercise all powers specified under the Manipur Panchayati Raj Act, 1994. However, due to non-transfer/partial transfer of funds and functionaries the PRIs were not able to perform the functions assigned to them.

Thus, transfer of funds, functions and functionaries to PRIs was not adequate and effective to enable them to function as institutions of local self-government.

1.7 Audit Arrangement

In terms of Sections 44(1) and 74(1) of the Manipur Panchayati Raj Act, 1994, the Director, Local Fund Audit (DLFA) acts as Primary Auditor of both tiers of PRIs. However, DLFA communicated that audit of PRIs *viz.*, GPs and ZPs have not been separately conducted by the Directorate on the ground that audit of accounts of the same had been covered at the time of checking of the accounts of Block Development Offices (BDOs). The Directorate also informed that audit of accounts upto March 2010 of all BDOs except BDO of Imphal West were conducted.

The Accountant General (Audit), Manipur, Imphal conducted audit of PRIs under Sections 14(1) & 20(1) of the Comptroller & Auditor General's (C&AG's) DPC Act, 1971. The State Government in August 2005 entrusted the audit of PRIs under Technical Guidance and Support

(TGS) arrangement to the Comptroller and Auditor General of India (C&AG) under Section 20(1) of the C&AG's (DPC) Act, 1971. However, no amendments were made so far in the Manipur Panchayati Raj Act (March 2011) to incorporate such entrustment.

1.8 Audit Coverage

Test audit of the accounts of 95 PRIs viz., Bishnupur Zilla Parishad for the year 2009-10 and 94 Gram Panchayats for the year from 2006-07 to 2009-10 was conducted during 2010-11 (**Appendix-II 'A'**).

1.9 Conclusion

PRIs have been set up in the State in conformity with the 73rd Amendment Act of the Constitution of India. The main thrust of the Act is to enable these rural local bodies to function as institutions of self-government (ISG). An effective mechanism to enable them to become ISG is through the effective devolution of the Funds, Functions and Functionaries. However, only 16 out of 29 functions listed in the Eleventh Schedule of the Constitution have been transferred till date. Thus, transfer of funds and functionaries to ZPs and GPs was not adequate and effective.

DPCs though constituted have remained non-functional due to non-engagement of technical expert teams and secretarial support staff for monitoring and implementation of plan. Due to this, consolidated and integrated development plans of the district were not prepared.

Section 'B' **Financial Reporting**

1.10 Framework

The Gram Panchayat Secretary and Chief Accounts Officer of ZP are responsible for all matters relating to the accounts of GP and ZP respectively. Every person in possession of money, accounts, records or other property pertaining to a GP or ZP shall on requisition in writing forthwith hand over such money or deliver such accounts, records or other properties to the Chief Executive Officer (CEO) or the person authorized in the requisition to receive the same. The best practice in matters relating to drawal of funds, form of bills, incurring of expenditure and rendering of accounts by GPs and ZPs are governed by the provision of Manipur Panchayati Raj Act, 1994, other Departmental Manuals, standing orders and instructions.

1.11 Financial Reporting issues

1.11.1 Non-Maintenance of Records

As per Sections 43 and 73 of the Manipur Panchayati Raj Act, 1994 (Act No.26 of 1994), PRIs shall keep their accounts in such form and manner as may be prescribed. It is mandatory for each PRI to prepare and maintain books of accounts in the prescribed form. However, test-check of one ZP and 94 GPs revealed non-maintenance of the following records/books of accounts:

- Principal Cash Book;
- Appropriation Register;
- Asset Register for movable and immovable properties;
- Stock and issue Register;
- BPL Register; and
- Grants-in-aid Register.

Due to non-maintenance of the above vital accounting records, actual position of utilization of funds, execution of various schemes, stock and stores and assets created by execution of development schemes could not be ascertained. Further, due to the prevalent deficiencies as observed, the implementation of schemes by the PRIs lacked transparency. Thus, the accountability of the PRIs' authorities could not be ensured.

1.11.2 Non-Preparation of Bank Reconciliation Statement

Bank Reconciliation is a procedure which aims to reconcile the bank balance as shown in the Cash Book of the local body with that of the bank balance as per the Bank Pass Book/Statement received from the bank. The Bank Reconciliation should be carried out on a monthly basis or at such other shorter intervals as the body or authority may decide.

However, no Bank Reconciliation Statement was prepared in all the test-checked PRIs. The possibility of theft, defalcation and misappropriation of funds could not be ruled out due to non-reconciliation of Cash Books and Bank Pass Book balances. Thus, the authenticity of cash balances as per Cash Books of all the test-checked PRIs could not be ascertained in the absence of reconciliation of balances with Bank Pass Book.

1.11.3 Non-preparation of Budget Estimates

As per provisions of Sections 42 and 72 of the Manipur Panchayati Raj Act, 1994, Annual Budget of GPs and ZPs showing the estimated receipts and disbursement for the following year is required to be prepared and submitted to the next higher authority for approval. If the approval of the higher authority is not received within such time as may be prescribed, or by the last day of the year, whichever is earlier, the budget shall be deemed to have been approved by the prescribed authority. The Act further states that no expenditure shall be incurred unless the budget is approved by the prescribed authority. Test-check of the records of 94 GPs and one ZP revealed that neither the ZPs nor the GPs have prepared the budget of their estimated receipts and disbursement for the period under audit. Despite non-preparation of budget, the State Government was releasing funds to PRIs.

In the absence of the approved Budget Estimates, the expenditure incurred by the PRIs was irregular and the probable receipts and expenditures for the financial year could not be ascertained and no financial control could be exercised in the GPs and ZPs by the State Government.

1.11.4 Maintenance of Accounts

Model Accounting Structure (MAS), 2009 for PRIs developed by the Ministry of Panchayati Raj (MoPR), Government of India in consultation with the Comptroller and Auditor General of India was forwarded to the Government of Manipur by MoPR in 2009 for adoption. However, the State Government is yet to adopt the MAS as on March 2011. As such,

none of the test-audited PRIs maintained their accounts in MAS 2009 as of March 2011.

1.11.5 Irregularities in maintenance of Cash Book

While maintaining the Cash Book, the following points should be observed:

- (i) 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.
- (ii) The Cash Books should be closed regularly and completely checked. The Head of the Office should verify the totaling of the Cash Book, or have this done by some responsible subordinates other than the writer of the Cash Book and initial it as correct.
- (iii) Further, at the end of each month, the Head of Office should verify the cash balance in the Cash Book and record a signed and dated certificate to that effect.
- (iv) The daily/monthly total of each Subsidiary Cash Book should be taken into account in the appropriate part of the Main Cash Book.

However, audit noticed that the above checks were not exercised in maintenance of Cash Book in all the test-checked PRIs, without which possibilities of loss, defalcation, embezzlement *etc.*, cannot be ruled out.

1.11.6 Conclusion

Proper financial reporting is the key element for accountability. The PRIs entrusted with public resources have the responsibility to manage these resources with utmost prudence. For this, budgets have to be prepared, accounts have to be maintained and monitoring of expenditure has to be done as per relevant Acts/guidelines/rules. It was noticed that none of the test-audited PRIs prepared Budget estimates nor prepared Accounts, and important Registers. Authenticity of cash balances as per the Cash Books of all the test-checked PRIs could not be ascertained in the absence of reconciliation of balances with Bank Pass Book. Thus, there were deficiencies in the maintenance of primary financial records like Cash Book, Receipt and Payment Accounts *etc.* The deficiency in maintenance of records resulted in absence of credible financial reporting.

CHAPTER-II

IMPLEMENTATION OF SCHEMES IN PANCHAYATI RAJ INSTITUTIONS

2.1 Twelfth Finance Commission (TFC) Awards

TFC Awards are to be utilised for repairing /rejuvenation as well as for meeting the Operation & Maintenance cost of water supply and sanitation assets taken over by the PRIs and on maintenance of accounts and creation of database. Further, as envisaged in paragraphs 6.1 and 6.4 of the guidelines for utilization of TFC grants issued by the Ministry of Finance, GoI, the State Government is mandatorily required to transfer the grants released by the GoI to PRIs within 15 days of the same being credited to the State Government accounts. In case of delayed transfer of fund to PRIs, interest at the rate equal to the RBI rate is chargeable. State Government released 3 installments of TFC grants during 2009-10 with a delay ranging from 14 to 75 days for which interest at RBI rate was released by the State Government to the PRIs.

Irregularities noticed during test check of PRIs in implementation of TFC Awards are highlighted in subsequent paragraphs.

2.2 Diversion of Funds

Funds released under TFC were to be utilized on drinking water facilities, sanitation and maintenance of accounts and creation of database. Despite clear guidelines, 2 GPs utilized ₹ 1.3 lakh on construction of crematorium and improvement of public ground defeating the purpose of the scheme. Diversion of TFC grants noticed during test check of PRIs is shown in **Table 2.1** below:

Table 2.1: Diversion of TFC grants

Sl. No.	Name of PRI	Amount (₹)	Date of diversion	Purpose of diversions
1	Wabagai GP	50,000	28.03.2009	Construction of Crematorium at Wabagai Tera Urak
2	Leishangthem GP	80,000	01.10.2009	Improvement of Public Ground at Leishangthem Khong Manung Makha Leikham Mapa
Total		1,30,000		

This is indicative of lack of internal control mechanism in these Gram Panchayats.

2.3 Non-accountal of TFC grants

In 21 GPs out of 25 GPs test-checked, no entries of the TFC grants released on 23.02.2009 (total amount of the release was ₹ 46.89 lakh) were made in the Cash Books of GPs under Community Development Block, Imphal East-II. The amount was also not reflected in the Bank Pass Books of all the test-checked 25 GPs. The reasons for non-accountal of the TFC grants were not intimated to audit.

The matter was reported to Government (September 2011). The reply is awaited (March 2012).

2.4 Conclusion

Non-adherence of guidelines in utilization of TFC grants resulted in diversion of funds and expenditure on inadmissible items.

TFC grants amounting to ₹ 46.89 lakh received by GPs was not entered in the Cash Book of GPs and also not reflected in the Bank Pass Book.

CHAPTER-III

SECTION 'A' AN OVERVIEW OF URBAN LOCAL BODIES

3.1 Introduction

The 74th Constitutional Amendment Act, 1992 paved the way for decentralization of power and transfer of 18 functions as listed in the Twelfth Schedule of the Constitution along with the corresponding funds and functionaries to the Urban Local Bodies (ULBs). To incorporate the provisions of the Constitutional Amendment Act the Manipur Municipalities Act, 1994 was enacted. It came into force from 24.05.1994. The Act empowered ULBs to function as ISG and to accelerate economic development in urban areas.

At present, there are 28 ULBs {9 Municipal Councils (MC), 18 Nagar Panchayats (NP) and one Small Town Committee (STC)} in Manipur. They cover a total area of 138.83 sq. kms with a total population of 8,22,242 as per 2011 census which is 30.21 *per cent* of the total population. Imphal Municipal Councils (IMC) having an area of 31 sq. kms with a population of 2,64,986 is the largest and the most populous among the MCs. The smallest NP is Sekmai with an area of one sq. km. Each ULB is divided into a number of wards with a minimum of 9 and a maximum of 27 wards. These wards are determined and notified by the State Government taking into account the population, dwelling pattern, geographical condition and economic consideration of the respective areas. The last election of the ULBs in the State excluding Imphal MC was held on 03.01. 2011.

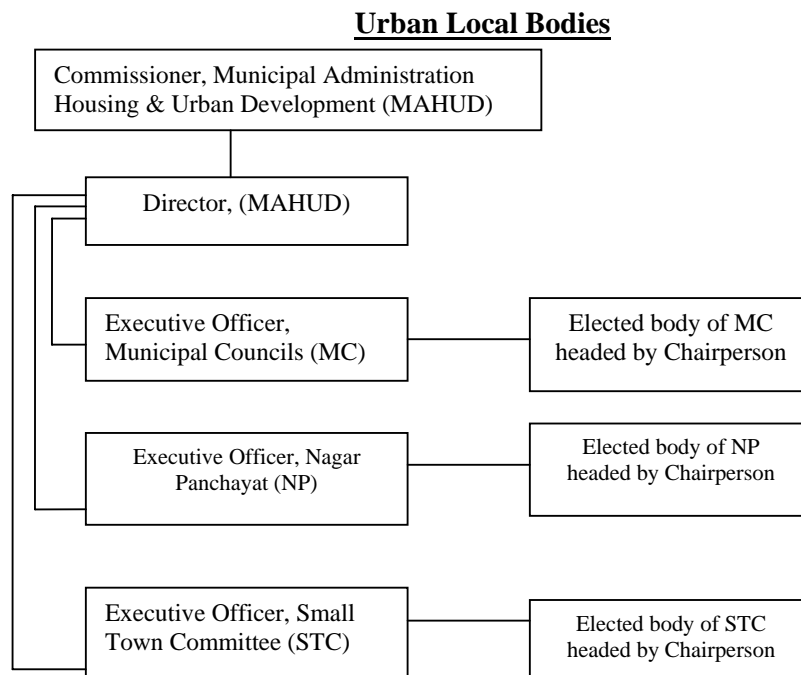
3.2 Organizational Set up

The MC/NP/STC is an ISG having a Board of Councillors/ Commissioners elected from each ward.

The Chairperson elected by the majority of Councillors/Commissioners is the Executive head of the ULB and presides over the meetings of the MC/NP/STC and is responsible for the governance of the body.

The Executive Officer appointed by the State Government is a whole time Principal Executive Officer of the body for administrative control of the ULB. Other officers are also appointed to discharge specific functions.

The following organogram shows the organizational set-up of the department and the ULBs in the State:



3.2.1 The broad details of responsibilities of functionaries are as under:

Table 3.1: Detail of responsibilities of functionaries

Authority	Functions
Commissioner, Municipal Administration, Housing & Urban Development	Administers the overall monitoring and implementation of schemes related to ULBs.
Small Town Committee/Nagar Panchayat/Municipal Council (elected body)	Preparation of Plans for economic development and social justice.
Executive Officer	Monitors the financial, executive and administrative functions of STC/NP/MC and performs all duties imposed or conferred upon him under the Manipur Municipalities Act.

3.2.2 Standing Committee

As per Section 56 of the Manipur Municipalities Act, 1994, the NP or the Council at a meeting may appoint, from time to time, committees to be called 'Standing Committee' to assist it in the discharge of any specific duties devolved upon it under this Act, within the whole or any portion of the Municipality. Further, the Urban Local Bodies may delegate to any such committee all or any of its powers which may be necessary for the

purpose of rendering such assistance. However, none of the ULBs have appointed any Standing Committee.

3.3 Devolution of Powers and Functions

Under the Manipur Municipalities Act, 1994, the State Government is required to transfer all the 18 functions listed in the Twelfth Schedule of the Constitution of India to ULBs. The SSFC in December 2005 recommended for speedy transfer of functional responsibilities including devolution of financial powers to local bodies in keeping with the spirit of the Constitution. Article 243W of the Constitution enables the State Government to empower the ULBs with such powers and authority, by enacting law, so that they function as ISG. However, Government of Manipur has not yet transferred funds, functions and functionaries to ULBs.

3.4 Annual Action Plan

ULBs are required to prepare Annual Action Plan (AAP), which are to be consolidated at the district level by the DPC into a draft development plan for the district as a whole. The main purpose of preparing such plans is to avoid plurality in planning on various developmental issues. During audit, it was observed that no such action plan was prepared in any of the test-checked ULBs. Also in the absence of AAP, the overall district plan could not emerge. Preparation of AAP by ULBs and their consolidation along with the plans of the PRIs is crucial to ensure incorporation of local needs and wants in the development process. In the absence of planning, the element of popular participation was compromised.

3.5 Financial profile

3.5.1 Funding to Urban Local Bodies (ULBs)

The ULBs are funded by grants and assistance received from State and Central Government, as well as by receipts from its own resources. However, the bulk of funds of ULBs were received from the grants and assistances given by the State and the Central Government for implementation of various schemes and projects. Administrative grants were also released by the State Government to ULBs to fund their expenditure. Regarding own source of revenue, under Sections 74 and 75

of the Manipur Municipalities Act, 1994, the ULBs may levy, collect and appropriate such taxes, duties, tolls and fees etc., under prescribed conditions. Under the provisions of the Act in force, all collections such as tax on holdings, water tax, latrine tax, tax on vehicles, trades, profession, calling & employments, fees on the registration of vehicles kept or used for hire, rent on shops and buildings, tolls and other fees and charges etc., constitute the main sources of revenue of the ULBs.

The grants released to ULBs by the State and Central Government and their Own Sources of Revenue (OSR) during 2006-07 to 2010-11 are shown in **Table 3.2** below:

Table 3.2: Grants received by ULBs during 2006-07 to 2010-11

Source of revenue		Amount (₹ in crore)				
		2006-07	2007-08	2008-09	2009-10	2010-11
Central Government	GOI share + State share of CSS schemes (Swarna Jayanti Shahari Rozgar Yojana, National Slum Development programme, Valmiki Ambedkar Awas Yojna, Basic Services to the Urban Poor/Integrated Housing Slum Development Programme and Integrated Low Cost Sanitation Scheme)	1.62	1.05	1.09	4.56	15.14
	Additional Central Assistance and FC grants released through State Budget(EFC, TFC, 13th FC)	0.90	1.80	1.80	3.60	3.81
State Government	Honorarium/Salary Grants	5.24	4.75	4.08	4.77	4.94
	Other Grants (SFC)	Nil	Nil	17.79	18.68	11.25
Total (Grants received from Central and State Governments)		7.76	7.60	24.76	31.61	35.14
Own Source of Revenue (OSR)	MCs	0.13*	0.19*	0.06*	Not available	Not available
	NPs	Nil	Nil	Nil	Nil	Nil
	STC	Nil	Nil	Nil	Nil	Nil
Total revenue from all sources (Government Grants+OSR)		7.89	7.79	24.82	31.61	35.14

*The figures indicate resources of the Municipal Councils as furnished during audit.

The enhancement in release of funds against CSS during 2010-11 was due to more release of funds under Basic Services to the Urban Poor (Housing)/Integrated Housing Slum Development Programme (IHSDP) under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) Scheme.

3.5.2 Release of Second State Finance Commission Grant

The Report of the SSFC covered a period of 5 (five) years, beginning 01.04.2001. The State Government adopted the recommendations of the SSFC, and extended the period covered up to 31.03.2010.

The release of SSFC grants by the State Government during the last three years from 2008-09 to 2010-11 to ULBs is shown in the table below:-

Table 3.3: Funds released to ULBs under Second State Finance Commission Award

(₹ in crore)

Sl. No.	Name of ULB	2008-09	2009-10	2010-11
A	Imphal Municipal Council	3.56	3.73	2.25
B	Other Municipalities/Nagar Panchayats	12.81	13.45	8.37
C	Small Town Committee	1.42	1.49	0.63
Total		17.79	18.67	11.25

Being the amount released on the recommendation of the 2nd SFC under the head 'Assignment & Compensation' to Local Bodies during 2010-11.

The minimum level of fund to be transferred to each ULB as per the devolution criteria recommended by the SSFC was found to have been devolved/transferred as shown in the Table 3.3.

3.6 Audit Arrangement

Under Section 72(1) of the Manipur Municipalities Act, 1994, the accounts of the ULBs should be audited by the Director, Local Fund Audit. As of March 2011, out of auditable 28 ULB units to be audited, DLFA conducted audit of four units up to March 2008, audit of another eight units up to March 2009 whereas audit of remaining 16 units was conducted upto March 2010.

In pursuance of the recommendations of the EFC, Government of Manipur entrusted Technical Guidance and Support (TGS) over the audit of accounts of ULBs to C&AG of India under Section 20(1) of C&AG's (DPC) Act, 1971 in August 2005. However, necessary amendment in the relevant State Acts/Rules to facilitate implementation of TGS is yet to be carried out. As of now, the C&AG conducts test audit of the ULBs under Sections 14(1) and 20(1) of C&AG's (DPC) Act, 1971.

3.7 Audit Coverage

Test audit of the accounts of 5 ULBs were conducted during the year 2010-11 (**Appendix-II 'B'**)

3.8 Conclusion

The 74th Constitution Amendment Act of the Constitution was an important step in empowering the ULBs to enable them to function as ISG. To facilitate this, functions meant to be performed by the ULBs are listed in the Twelfth Schedule of the Constitution. The task of devolution of the Funds, Functions and Functionaries (3Fs) was left with the State Governments. The State Government has not yet made any gazette notification regarding the transfer of these 3Fs to ULBs. Hence, the devolution of 3 Fs is yet to take place.

Planning is an important exercise in decision making by the ULBs. However, none of the test-checked ULBs prepared the required AAP. This resulted in the sidelining of Local needs and wants in the development process.

SECTION 'B'

FINANCIAL REPORTING

3.9 Framework

3.9.1 Financial Reporting by ULBs is the key instrument to achieve the objective of accountability. Under Section 72(1) of the Manipur Municipalities Act, 1994, every ULB shall maintain such accounts for every financial year in such form as may be prescribed and submit such statement to the Deputy Commissioner, the Director of MAHUD and the State Government. The ULBs are required to maintain their accounts in the formats prescribed in the National Municipal Accounts Manual (NMAM) with appropriate codifications and classifications.

3.9.2 Non-Compliance to previous Inspection Reports

Previous inspection reports of all the ULBs test checked as of March 2011 were forwarded to the respective Chairpersons, Executive Officers of the concerned ULBs as soon as audits were over. A copy each was also sent to the Commissioners of Finance/Municipal Administration, Housing & Urban Development (MAHUD)/Manipur Urban Development Agency (MUDA) and Director of MAHUD, Government of Manipur for information and necessary action. The audit observations pointed out not only irregularities in the implementation of schemes, but also highlighted non-production of important documents to audit. However, no compliance has been received from the Government so far.

The details of paras outstanding as of March 2011 are given in the **Table 3.4** below:-

Table 3.4: Detail of outstanding paras

Year	No. of IRs issued	No. of paras issued under part II-A	No. of paras issued under part II-B	Total	Clearance	Outstanding
2006-07	3	Nil	16	16	Nil	16
2007-08	3	2	25	27	Nil	27
2008-09	10	Nil	66	66	Nil	66
2009-10	8	Nil	59	59	Nil	59
2010-11	5	2	50	52	Nil	52
Total						220

3.10 Financial Reporting issues

3.10.1 Non-preparation of Budget

As per Section 71 of the Manipur Municipalities Act, 1994, a NP or a MC at a meeting specially convened for the purpose, two months before the close of the financial year, shall prepare the budget in such form and in such manner as may be prescribed. Budget showing *inter alia* the probable receipts and expenditure during the ensuing year and after such revision as may appear requisite shall be passed and submitted to the Director for obtaining approval of the State Government. However, test-check of four MCs and one NP revealed that other than the Imphal Municipal Council, no other ULBs had prepared budget in compliance to the provisions contained in the Act.

3.10.2 Non-Maintenance of Accounts in prescribed formats

The Ministry of Urban Development in collaboration with C&AG of India had developed the NMAM. The NMAM is based on the accrual accounting system. The ULBs were required to prepare their budget and maintain their accounts in the formats prescribed in NMAM with appropriate codifications and classifications. However, it was noticed that none of the test-audited ULBs kept their accounts as prescribed in NMAM, as of March 2011. However, the State Government issued an order in March 2011 for adoption of NMAM in ULBs with immediate effect.

3.10.3 Non-reconciliation of Cash Balances

Test check of five ULBs revealed that none of the ULBs prepared monthly or quarterly Bank Reconciliation Statements. As of 31.03.2009, the difference of cash balances as per Bank Pass Books and Cash Books in respect of Moirang MC and Ningthoukhong MC is shown in **Table 3.5**. The balances of remaining two ULBs *viz.*, Mayang Imphal MC and Yairipok NP were not made available to audit.

Table 3.5: Cash Balances of 3 ULBs as per their Bank Pass Books & Cash Books

Sl.No.	Name of the Bank & A/C No. with relevant scheme.	Pass Book figure (₹)	Cash Book figure (₹)	Difference (₹)
1	Ningthoukhong MC (UBI, Imphal Branch, Current Bank A/C No. 22545)	2,38,084.25	2,42,294.00	4,210.25
2	Moirang MC (Allahabad Bank, Imphal Branch, Savings Bank A/C No.8629)	36,47,737.00	No Main Cash Book maintained	Not available
3	Moirang MC (State Bank of India, Bishnupur Branch, Savings Bank A/C No.30762395442)	8,500.00	-Do-	- Do-
4	Moirang MC Moirang Primary Co-Op Bank Ltd. Savings Bank A/C No.1140	50,538.00	-Do-	-Do-
5	Moirang MC, Manipur Rural Bank, Moirang Branch, Savings Bank A/C No.49	1,000.00	-Do-	-Do-
6	Imphal MC (Allahabad Bank, Imphal Branch A/C No. 618 for TFC)	55,19,517.73	54,81,777.73	37,740
7	Imphal MC (Allahabad Bank, Imphal Branch A/C No. 6232 for SJSRY)	3,99,420	3,72,652	26,768
8	Imphal MC (Allahabad Bank, Imphal Branch A/C No. 6444 for NSDP)	84,073	80,991	3,082
9	Imphal MC (UBI, Imphal Branch A/C No. 32510261 for Revenue)	13,924	14,251.97	327.97
10	Imphal MC (SBI, Imphal Branch A/C No. 10929177141 for Revenue)	1,70,491.58	1,67,218.58	3,273

SJSRY-Swarna Jayanti Shahari Rozgar Yojana

Thus, due to non reconciliation of balances between Cash Book and Bank Pass Book, the correct financial position could not be ascertained and incidence of fraud, embezzlement and misappropriation of funds could not be ruled out.

3.10.4 Non-Maintenance of Cash Book

Out of five ULBs test checked, it was noticed that Principal Cash Books were not maintained in Moirang MC (from August 2008 to March 2010) and Yairipok NP (2009-2010), despite operating more than one subsidiary Cash Book. In the absence of Principal Cash Book, all receipts and payments for a particular period were not consolidated. Audit further observed that Subsidiary Cash Books were not maintained in the Ningthoukhong MC and Yairipok NP for the period from April 2006 to March 2011. Thus, due to non-maintenance of Cash Books, analysis of

cash receipts and disbursements for a particular scheme for a period of time could not be carried out.

3.10.5 Deficiencies in maintenance of Cash Books

All moneys received at the ULBs shall immediately and without exception be brought to account in the Cash Book under the direct supervision of the finance officer or in his absence the officer authorized for the purpose. The following deficiencies in maintenance of Cash Books of Imphal MC, Moirang MC, Ningthoukhong MC were noticed:

- Entries in the Cash Book were not authenticated by the competent authority;
- Daily Cash Balance was not verified and certified by the concerned authority;
- Transactions were not entered in the Cash Book on the date of occurrence;
- Cash Book was not maintained as per the prescribed format;
- Corrections and alterations in the Cash Book were made without the initials and verification of the competent authority;
- Narration for a number of transactions was not mentioned in the Cash Book;
- Voucher number and Head of Accounts were not indicated against numerous transactions.

Due to such deficiencies, the incidence of fraud, embezzlement and misappropriation cannot be ruled out.

3.10.6 Deficiencies in maintenance of records/accounts

The following deficiencies were noticed in maintenance of other records/accounts in the test checked ULBs:-

- No voucher was serially numbered and bill registers were not properly maintained.
- Subscribers' Ledger Cards pertaining to Municipal Provident Fund (MPF) were not maintained.
- Daily Collection Registers were not properly maintained and also Issue Registers of Receipt Books were not maintained.

3.11 Conclusion

Timely and correct financial reporting is of utmost importance for accountability and functioning of ULBs. Financial reports are documents that help put together and review whether fiscal prudence has been observed. The purpose is to deliver information to the stakeholders, the Government, the ULBs, the citizens, and the funding agency. Such information will reflect whether funds were utilised for the purpose they were released and whether the appropriate authority had sanctioned the release and whether the benefits accrued to the intended beneficiaries. Thus, it makes the ULBs accountable for the responsibilities that have been thrust upon them. However, weak internal control mechanism was evident as none of the test-audited ULBs prepared the Annual Accounts. There were also deficiencies in maintenance of accounts/records.

Thus, due to the prevalence of such weak internal control mechanism, a true and fair view of the financial affairs of ULBs, their assets and liabilities remained undisclosed. Without a proper financial reporting system, mis-utilisation of fund may remain undetected; as a consequence timely and corrective measures may remain uninitiated.

CHAPTER- IV

IMPLEMENTATION OF SCHEMES BY URBAN LOCAL BODIES

4.1 Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched in December 2007. It subsumed the earlier three schemes for urban poverty alleviation, namely, Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP) and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP). The key objective of the SJSRY was to provide gainful employment to the urban unemployed or underemployed through the setting up of self employment ventures or provision of wage employment. This programme relied on creation of suitable community structures, and delivery of inputs under this programme was to be through the medium of ULBs and such community structures. The funding pattern in respect of Special Category States like Manipur was to be in the ratio of 90:10 Central and the State Government funding and consists of five major components, namely:

- The Urban Self Employment Programme (USEP);
- The Urban Wage Employment Programme (UWEP);
- Urban Women Self -help Programme (UWSP);
- Skill Training for Employment Promotion amongst Urban Poor (STEP-UP); and
- Urban Community Development Network (UCDN)

In the State, the two components *viz.*, USEP and UWEP were implemented. The UWEP sought to provide wage employment to beneficiaries living below poverty line (BPL) by utilizing their labours for construction of socially and economically useful public assets. The material and labour ratio for works under the UWEP was to be maintained at 60:40 and the prevailing minimum wage rate was to be paid to the beneficiaries. The USEP gave assistance to individual urban poor beneficiaries and groups of urban poor women for setting up gainful self employment ventures. It also gave training to beneficiaries for up-gradation and acquisition of vocational and entrepreneurial skills.

Irregularities in management of fund and implementation of scheme under USEP and UWEP components are disclosed in the succeeding paragraphs:

4.1.1 Temporary diversion of SJSRY fund

It was observed that the funds provided by MUDA for UWEP components were found temporarily diverted for payment of salaries for the staff of

Imphal MC. As a result, some of the works like community structure *etc.*, could not be undertaken as per schedule.

Details of delay in implementation of UWEP components are shown in **Table 4.1** below:

Table 4.1: Delay in implementation of scheme due to temporary diversion of fund

Sanction order No. & date	Amount released (in ₹)	Purpose of fund released	Amount temporarily diverted (in ₹)	Date of diversion	Purpose of diversion	Date of recoupment	Remarks
No.18/51/M UDA-05 dt. 23.10.06	18,13,234	UWEP	17,36,271	23.10.06	Salary for Sanitary Staff of IMC	23.03.07	Five months delay. (Relevant work started on 29.03.07)
No.18/60/M UDA-2007 dt. 3.12.07	35,60,662	Community structure and UWEP	18,98,339	22.12.07	Payment of Salary for general Staff	02.05.08	Four months delay. (After recovery, the work was undertaken)

It is evident that there was abnormal delay in implementation of the works under UWEP due to temporary diversion of funds. Further, it was also observed that a sum of ₹ 97,800 (25.01.2010) was found diverted for meeting expenditure on “Celebration of Republic Day, 2010”. Utilisation of SJSRY funds towards payment of salary, though for temporary nature, was unauthorized and violated scheme guidelines. Also, this was indicative of inadequate internal control mechanism in the Imphal MC.

4.1.2 Improper utilization of funds under USEP

The objective of USEP scheme was to address Urban Poverty alleviation through gainful employment to the urban unemployed or underemployed poor by encouraging them to set up self-employment ventures. It also supported skill development and training programmes to enable urban poor to have access to employment opportunities. The delivery of inputs under the scheme was through ULBs. This Scheme had two components: (i) Assistance to individual urban poor beneficiaries for setting up gainful self-employment ventures (Loan & Subsidy) (ii) Technology/marketing/infrastructure/knowledge and other support provided to the urban poor in setting up their enterprises as well as marketing their products (Technology, Marketing & Other Support).

The Community Organizer would be the main link between the urban poor community {represented through the Community Development Society (CDS)} and the implementation machinery *i.e.* Urban Poverty Alleviation Cell at the ULB level. CDS was responsible for identification of suitable beneficiaries for self-employment ventures, preparing

applications for securing bank credit after approval of the names of beneficiaries.

However, it was observed in all the test-checked ULBs that the money was spent only for training purposes. The other component of the scheme was ignored. This was in violation of scheme guidelines. This indicated inadequate monitoring by the CDS for successful implementation of the scheme.

4.1.3 Excess Payment of wages under UWEP

In December 2006 the Finance Department, Government of Manipur had fixed minimum wages for non-scheduled employment of various categories viz., Casual/Muster Roll/Daily Basis Employees/Beneficiaries at the revised rate of ₹ 81.40 per day w.e.f. 01.01.2007. However, it was observed that Yairipok NP paid daily wages to the labourers @ ₹ 120 per day. The Yairipok NP issued a work order (December 2007) of ₹ 1.44 lakh for construction of drain at Yairipok Bazar, to the Secretary, CDS Yairipok under UWEP. The Muster Roll of the work revealed that the Yairipok NP engaged 35 beneficiaries from 04.12.2007 to 17.12.2007 to complete the work. The beneficiaries were paid @ of ₹ 120 per day as wages which was in excess of the rate fixed by the Government of Manipur. Thus, the Yairipok NP made excess payment of wages of ₹ 0.19 lakh against the rate fixed by the Government of Manipur.

4.1.4 Delay in Submission of Utilization Certificate for SJSRY

Utilization Certificates should be submitted to the concerned authority in time as directed from time to time. However, delay in submission of utilization certificates was noticed in Moirang, Ningthoukhong and Imphal MCs (**Appendix III**).

As a practice, the MUDA which releases SJSRY funds to ULBs does not release subsequent funds unless the Utilisation Certificates of the funds last released are submitted. As such, delayed submission of UCs resulted in delay in implementation of the scheme.

4.1.5 Non-existence of Urban Poverty Eradication/Alleviation Cell

The SJSRY Scheme guidelines contemplated that there shall be a Town Urban Poverty Eradication/Alleviation (UPE/UPA) Cell under the Executive Officer of the ULBs. The UPE/UPA Cell is responsible to identify the urban poor clusters and area for setting up of Community Structures. The other functions of the UPE includes conducting slum household and livelihoods surveys, identifying beneficiaries for various

schemes, promoting convergence between various development programmes, mobilizing human and financial resources at the city level and monitoring programme activities.

However, in all test-audited ULBs, no ULB had formulated UPA/UPE Cell, though funds were earmarked for the purpose. The ULBs had, where there was a scope to spend for the purpose for which funds was released, diverted the funds towards purchase of office furniture, stationery *etc.*

Thus, the funds were not utilized for the purpose for which they were sanctioned which was violation of the Scheme guidelines.

4.1.6 Non-maintenance of BPL Register

SJSRY is an Urban Poverty Alleviation scheme under which a house-to-house survey for identification of genuine beneficiaries has to be done. Non-economic parameters would also be applied to identify the urban poor in addition to the economic criteria of the urban poverty line. Community structures like the CDS would be involved in this task under the guidance of the UPE/UPA of the ULB. BPL list/register was a must for selection of beneficiaries under various scheme components in all ULB.

However, it was noticed in audit that no BPL list/register was maintained in any of the test-audited ULBs. Thus, audit could not ascertain the correctness of the list of beneficiaries in the absence of BPL register in the ULBs.

4.1.7 Internal Control Mechanism in implementation of SJSRY

Internal controls consist of rules, orders and procedures designed to provide management with a reasonable assurance that the entity is functioning in the manner intended to achieve its objectives. A good internal control system ensures optimum utilization of resources. The following lapses of internal controls were noticed in audit:

1. No system existed to monitor/watch the financial discipline. As such the funds meant for implementation of SJSRY scheme were found diverted.
2. Vital accounting records were not properly maintained; this resulted in partial disclosure of assets created under the Scheme.
3. No control measure in operational activities was taken up. This resulted in delay in implementation of schemes.
4. Implementation of SJSRY scheme depended on establishment and nurture of community organization and structures like Neighborhood groups (NHGs), Neighborhood committee (NHCs) and CDS. Due to the ineffectiveness of such

organizations/structures in all test-audited ULBs, UWEP and USEP couldn't be implemented effectively.

4.2 Urban Development Fund

4.2.1 Suspected Misappropriation of Urban Development Fund

The Urban Development Fund (UDF) which is a State Scheme was launched in the year 2005-06. The objective of the scheme was to integrate development of infrastructure services in the urban areas for which the ULBs are to prepare Detailed Project Reports (DPRs) for undertaking the schemes. The scheme is a contribution to the growing urbanization in the State.

In March 2007, Joint Director, MAHUD released grant of ₹ 42 lakh under UDF to Imphal MC. The fund so released was to be utilized to improve infrastructure facilities and help in creating durable public assets and quality oriented services. During test check, it was noticed that a sum of ₹ 40.74 lakh out of total grant of ₹ 42 lakh was withdrawn from the bank in March 2007 and disbursed on the same day it was drawn, amongst the 27 Councillors @ ₹ 1.5 lakh as advance payment to carry out work in respective Wards. Though three years had lapsed from the date of drawal of advance, the Councillors had not submitted adjustment bills for the advance drawn. Also, the management authority could not produce to audit the relevant records/documents related to utilization of funds viz., scheme file, technical sanction, administrative approval and estimates of works. Further, the details of utilization of balance amount of ₹ 1.26 lakh were not produced to audit.

Thus, the possibility of misappropriation of ₹ 42 lakh could not be ruled out.

4.2.2 Final Payment before completion of work

The Joint Director, MAHUD, Government of Manipur vide letter dated 02.03.2007 released ₹ 14 lakh to the Executive Officer (EO), Ningthoukhong MC being grants-in-aid for Urban Infrastructure and Other Development Works.

The works were to be executed departmentally without any middleman or a contractor. However, the EO, Ningthoukhong MC issued 14 work orders at an estimated cost of ₹ 78,571 for each of the 14 wards to the concerned Councillors for execution. The Cash Book disclosed that the EO/ Ningthoukhong MC made cash payment of works advances upto 90 per

cent of the cost of the work (i.e. ₹ 71,428) to each Councilor on 17.03.2007.

However, the Ningthoukhong MC could not produce any Muster Rolls in support of execution of the works in the wards concerned.

On test check of final bill in respect of 'Construction of drainage around Radha Mandhop Mandir/complex in ward No.8, it was observed that as per entries made in the First and Final Bill, the date of start of the work was 17.03.2007 and completed on 16.10.2007. However, as per entry made in the Cash Book, the final payment of bill for each work was made on 07.04.2007. Hence, it is apparent that the final payments have been made before completion of the work in violation of General Financial Rules. The entry regarding the final payment was attested by both the Chairperson and Executive Officer which indicates lack of internal control mechanism in the Ningthoukhong MC.

4.3 Twelfth Finance Commission Award

4.3.1 Diversion of Fund

The TFC Cash Books and the Bank Pass Books maintained in Imphal MC disclosed that an amount of ₹ 42.05 lakh out of ₹ 150.58 lakh of TFC grants was diverted towards payment of Pay and allowances of Imphal MC staff including wages for Muster Roll, Contract Workers/Drivers as well as for payment of pension and other retirement benefits of the retired employees of the Imphal MC.

Further, an amount of ₹ 9.28 lakh was utilized for payment of Councilors' honorarium for four months as in **Table 4.2** below:-

Table 4.2: Diversion of TFC grants towards payment of honorarium

Sl.No.	Amount (in ₹)	Month	Date of Payment	Remarks
1	2,72,200	May & June, 2007	13.07.2007	For 2 months @ ₹ 5000 to 25 councillors and ₹ 5700 for Chair Person (CP) and ₹ 5400 for Vice C.P.
2	3,28,000	Nov., 2009	10.12.2009	@ ₹ 12,000 for 25 councillors and ₹ 15,000 for C.P. and ₹ 13,000 for vice C.P.
3	3,28,000	Feb., 2010	25.02.2010	

Similarly, an amount of ₹ 10.43 lakh as part of ₹ 18.23 lakh released by MAHUD on 12.07.2006 in connection with the purchase of two Tata Tippers with Spare Tyres under Solid Waste Management was diverted

towards payment of wages for Muster Roll Staff, Contract Employees (Drivers) and Consultation Fee *etc.*, by the Imphal MC.

Besides, an amount of ₹ 1.43 lakh was diverted towards construction of three Bus Waiting Sheds in the Ningthoukhong MC out of the earmarked amount of ₹ 1.66 lakh for Solid Waste Management under the TFC Award in April 2008.

4.3.2 Operation of two Bank Accounts with two Cash Books

As per guidelines issued from time to time, a separate Cash Book and a separate Bank account should be maintained for each scheme. However, Imphal MC has operated two current Bank Accounts at Allahabad Bank and Bank of Baroda, Imphal Branch mixing National Urban Information System (NUIS) Scheme with TFC grants. Moreover, it was also observed that two separate Cash Books for TFC were maintained in Imphal MC.

Thus, due to operation of more than one Bank account and Cash Book and mixing of funds of two schemes, the balance available for the one particular scheme could not be readily worked out. Linking the nature of work done with the fund available under TFC was also not possible as there was no clear picture of fund availability under the TFC due to operation of multiple Bank Accounts.

4.3.3 Non-production of TFC documents

MAHUD released ₹ 30 lakh to Imphal MC for creation of database and maintenance of accounts under TFC with an instruction that an amount of ₹ 3 lakh be earmarked for office expenditure (OE) and ₹ 5 lakh for training and procurement of software. Out of the OE sanctioned, an amount of ₹ 1.30 lakh was drawn by Engineering Section in January 2008 for repairing and installation of six computer rooms. However, no documents on utilization of funds were produced to audit. Similarly, money receipts for ₹ 3.75 lakh dated 08.11.2007 and ₹ 1.25 lakh dated 07.02.2008 from M/S Oinam Ibohal Polytechnic, Imphal representing training fee as well as procurement of software was produced to audit in support of the voucher. However, detailed records such as names of the trainees, number of employees trained, number of days of training imparted, relevant orders for selection of trainees and details of the software procured from Oinam Ibohal Polytechnic *etc.*, could not be produced to audit. Due to non-production of basic documents audit observed that the expenditure incurred was doubtful.

The matter was referred to the Department. However, no reply has been furnished on the irregularities pointed out by the audit.

4.4 Excess drawal of honorarium

The rate of honorarium for the Chairpersons, Vice Chairpersons and Councilors of the MCs/NPs/STC in Manipur was revised in July, 1998 with retrospective effect from 01.03.1997.

Under the said revision, the monthly rates of Honorarium prescribed for the representatives of the ULB in Manipur were as follows:

Table 4.3: Prescribed rates of honorarium (per month) of elected body of ULBs

Sl.No.	Designation	Municipal Council	Nagar Panchayat/STC
1.	Chairperson	₹ 1,500	₹ 1,000
2.	Vice-Chairperson	₹ 1,200	₹ 800
3.	Councillors (both elected and nominated)	₹ 800	₹ 500

Prior to 01.03.1997, the rate of honorarium for the President, Vice-President and Commissioners of the then Imphal Municipal Board were ₹ 850 p.m, ₹ 600 p.m and ₹ 500 p.m respectively.

The Imphal MC had enhanced the rates of honorarium of their representatives without any Government approval on four occasions (August 1995, April 1997, April 2004 and April 2007) under various orders issued by the Imphal MC subject to post facto approval of the State Government. However, audit noticed that no such post facto approval of the State Government was obtained by Imphal MC as on March 2011. Under Section 35 of the Manipur Municipalities Act, 1994, the Chairman, the Vice-Chairman or any other Councillor may be granted such remuneration or such allowance as may be prescribed. However, the expenditure to be incurred under this Section shall not be contradictory to the provision of Section 71 of Manipur Municipalities Act 1994. This Section prohibits municipalities to incur any expenditure under any of the heads without the approval of the State Government.

Due to excess payment of honorarium during the period from August 1995 to March 2010, an amount of ₹ 2.18 crore is feared to be siphoned off from the exchequer of the Imphal MC, details of which are shown in **Appendix-IV**.

4.5 Conclusion

Temporary diversion of SJSRY funds delayed the implementation of works under UWEP. The wages paid under UWEP by Yairipok NP were in excess of the rate fixed by the Government of Manipur resulting in excess payment of ₹ 0.19 lakh. Due to delay in submission of utilization

certificates by MCs subsequent installments were not released in time. This resulted in delay in implementation of the Scheme. The correctness of the list of beneficiaries under SJSRY could not be ascertained due to non-maintenance of BPL list/beneficiaries by ULBs. Due to ineffectiveness of NHGs, NHCs and CDS, UWEP and USEP could not be effectively implemented.

Advances of ₹ 40.74 lakh under UDF paid to the Councillors of Imphal MC were outstanding due to non-submission of adjustment bill. In Ningthoukhong MC final payment of ₹ 14 lakh was made even before the completion of works.

TFC grants of ₹ 42.05 lakh were diverted for payment of pay and allowances, wages and other retirement benefits of Imphal MC staff. Due to excess payment of honorarium to the Chairperson, Vice-Chairperson and Councillors of Imphal MC during the period from 1995 to 2010, an amount of ₹ 2.18 crore is feared to be siphoned off from the exchequer of Imphal MC.



(Dr. N. MAISNAM)
Deputy Accountant General
(SS/GS/LB)

Imphal

Countersigned



(SIDDHARTHA SINGH LONGJAM)
Accountant General

Imphal

Appendix-I
(Reference: Paragraph 1.6)

Activity Map for 16 line departments to be transferred to PRIs

Sl. No.	Dept	Activities to be transferred to ZPs	Activities to be transferred to GPs
(i)	(ii)	(iii)	(iv)
1	Transport	a) Maintenance of Bus stands and terminus along National/State High ways/District Roads. b) Collection of parking fees as prescribed by the Transport Deptt. under a notification.	a) Maintenance of Bus stand along Inter Village Roads. b) Collection of parking fees in the rural markets in the respective areas of GPs.
2	Health	To manage all public health institutions under National Rural Health Mission(NRHM)	Implementation of activities, preparation of village action plan under NRHM
3	Veterinary.& Animal Husbandary.	a) Maintenance of Vety. Dispensaries, Health Cente`	a) Identification of beneficiary trainees for the schemes programmes through a meeting of Gram Sabha.
		b) Distribution of fodder seeds	b) Identification of beneficiaries for fodder cultivation.
4	Fisheries	a) Selection of beneficiaries under CSS FFDA progs/schemes.	Identification of beneficiaries through Gram Sabha.
		b) Distribution of feed/fishing equipment to progressive farme`	
5	Rural development.	a) Planning and implementation of works progs/shelf of projects	a)Identification of location of works with the approval of the Gram Sabha
		b) Implementation, supervision and monitoring of various CCSS Poverty Alleviation progs.	b) Identification of location of works with the approval of the Gram Sabha.
6	Education (School)	a) Organ. of Adult Edn./Non Formal education centre`	a) Selection of adult Edn./NFE centre`
		b) Repair and maintenance of primary school building.	b) Identification of works through Gram Sabha & formation of beneficiaries committee.
7	Industries	a) Association in selection of beneficiaries of KVIs and entrepreneurs in service sector.	a) Recommendation of beneficiaries through Gram Sabha
		b) Association with the task force for selection of beneficiaries under PMRY.	
8	Agriculture	a) Distribution of improved agricultural tools & implements and other inputs to farmers` b) Establishment & maintenance of rural markets.	a) Selection of beneficiaries through Gram Sabha. b) Selection of suitable marketing sites through Gram Sabha.
9	Horticulture	i) Implementation of a) Expansion progs. b) Demonstration progs.	Selection of beneficiaries/sites through Gram Sabha.

		ii) a) Assistance to small marginal farmers in the construction of small Engg Structure and land leveling. b) Constructed of water harvesting structure.	
10	Tribal Development	a) Implementation of family oriented schemes like Animal Husbandry, Fisheries, Industries, etc	Selection of beneficiaries through Gram Sabha.
		b) Maintenance of village approach roads, community hall, school buildings.	
		c) Implementation of rural shelters scheme for SC.	
11	Cooperation	Recovery of crop loan and extending credit to farmers with the assistance of Manipur State Cooperative Bank(MSCB)	To associate with the Deptt/ ZPs/MSCB in the recovery of loan and identification of farmers for extending crop loans.
12	Minor Irrigation	a) Maintenance of River Lift Irrigation & Surface Flow schemes and collection of water charges.	Identification of work sites and collection of water charges.
		b) Association with the task force for selection of beneficiaries under PMRY.	
13	Arts & Culture	a) Supervision and monitoring of cultural programmes. b) Maintenance of rural libraries under Raja Ram Mohan Roy and Rajiv Gandhi Foundations.	a) Implementation of cultural programmes through cultural Non Governmental Organisations (NGOs)
14	Social welfare	a) Supervision, Implementation and monitoring of programmes	Identification of beneficiaries.
		b) Prevention of drug abuse.	
		c) Implementation of BSY (Balika Samridhi Yojana) Schemes.	
15	Science & Technology	a) Establishment of non.conventional energy sources such as bio.gas plants/scholar cooking plants.	Selection of beneficiaries with the approval of Gram Sabha
		b) Introduction of smokeless chullha.	
		c) Improved portable chulla.	
16	Family Welfare	a) Implementation of Family Welfare scheme.	Selection of beneficiaries through Gram Sabha.

Appendix-II

(Reference: Paragraphs 1.8 & 3.7)

List of Units audited during 2010-11**(A) Panchayati Raj Institutions**

Sl.No.	Name of Unit audited	Period of Accounts covered	Period of Audit
1	27(twenty seven) Gram Panchayats under Thoubal C.D.Block	01.04.2006 to 31.03.2010	01.06.2010 to 13.06.2010
2	12(twelve) Gram Panchayats under Moirang C.D.Block	01.04.2006 to 31.03.2010	01.07.2010 to 26.07.2010
3	15(fifteen) Gram Panchayats under Kakching C.D.Block	01.04.2006 to 31.03.2010	21.08.2010 to 08.09.2010
4	25(twenty five) Gram Panchayats under Imphal East.II C.D.Block	01.04.2006 to 31.03.2010	22.11.2010 to 22.12.2010
5	15(fifteen) Gram Panchayats under Imphal West.II C.D.Block	01.04.2006 to 31.03.2010	01.02.2011 to 19.02.2011
6	Bishnupur Zilla Parishad	01.04.2009 to 31.03.2010	01.03.2011 to 11.03.2011

(B) Urban Local Bodies

Sl.No.	Name of Unit audited	Period of Accounts covered	Period of Audit
1	Imphal Municipal Council	01.04.2006 to 31.03.2010	03.05.2010 to 20.05.2010
2	Moirang Municipal Council	01.04.2006 to 31.03.2010	14.06.2010 to 30.06.2010
3	Ningthoukhong Municipal Council	01.04.2006 to 31.03.2010	07.07.2010 to 26.07.2010
4	Mayang Imphal Municipal Council	01.04.2008 to 31.03.2010	27.08.2010 to 16.09.2010
5	Yairipok Nagar Panchayat	01.04.2006 to 31.03.2010	07.10.2010 to 21.10.2010

Appendix-III

(Reference: Paragraph 4.1.4)

Statement showing delay in submission of Utilization Certificates of SJSRY

(A) Moirang Municipal Council

Sl. No.	Sanction order No.& date	Component of fund	Amount (₹)	Due date for submission of UC	Actual date of submission of UC
1	18/51/MUDA.2005 dt.12.09.2006	Community Structure, UWEP, UPE cell	231555	11.11.2006	15.03.2007
2	18/60/MUDA.20079(Pt) dt.31.03.2008	Community Structure, UWEP, UPE cell	435148	30.06.2009	31.08.2009
3	18/73/MUDA.2008 dt.19.12.2008	Community Structure, UWEP, UPE cell	474928	30.11.2009	Not yet submitted

(B) Imphal Municipal Council

Sl. No.	Sanction order No. & date	Component of fund	Amount (₹)	Due date for submission of UC	Actual date of submission of UC
1	18/51/MUDA.05 dt. 23.10.06	UWEP	813234	22.12.06	UC submitted on 07.04.07
2	18/60/MUDA.07 dt. 03.12.07	Community Structure, UWEP, UPE cell	560662	31.12.07	UC submitted on 29.10.08
3	3/60/MUDA.08 dt. 14.01.09	Community Structure, UWEP, UPE cell	960685	15.2.09	Works not completed but UC submitted on 7.3.09
4	3/67/SJSRY/MUDA.09 dt. 29.05.09	UWEP, Community Structure, UPE cell	3791177	30.06.09	UC not found submitted
5	3/67/SJSRY/MUDA.09 dt. 02.01.10	Community Structure, UWEP, UPE cell	960685	25.01.10	UC not found submitted

(C) Ningthoukhong Municipal Council

Sl. No.	Sanction order No. & date	Component of fund	Amount (₹)	Due date of submission of UC	Date of submission of UC
1	18/51/MUDA.05 dt. 28.08.2006	Community Structure, USEP & UPE cell	86790	27.10.06	UC submitted on 11.12.2006
2	18/51/MUDA.05 dt. 12.09.2006	UWEP	82368	12.11.06	UC submitted on 11.12.2006
3	18/51/MUDA.05(pt) dt. 30.11.2006	Skill training	28000	N/A	UC submitted on 21.03.2007
4	18/60/MUDA.07 dt. 14.01.2008	Community Structure, UWEP, UPE cell	240125	31.01.08	UC submitted on 20.08.2008
5	3/67/SJSRY/MUDA.09 dt. 29.05.2009	UWEP, community structure, UPE cell	332497	30.06.09	UC submitted on 07.10.2009
6	3/67/SJSRY/MUDA.09 dt. 29.05.2009	UWEP, community structure, UPE cell	80656	30.06.09	UC submitted on 22.03.2010
7	3/67/SJSRY/MUDA.09 dt. 21.07.2009	Community structure ,UWEP, UPE cell	80656	20.08.09	UC submitted on 22.03.2010
8	3/67/SJSRY/MUDA.09 dt. 07.11.2009	Community structure, UWEP, UPE cell	361395	30.11.09	UC submitted on 22.03.2010

Appendix-IV

(Reference: Paragraph 4.4)

**Statement showing excess drawal of Honorarium by
CP/VCP/Councilors of the IMC**

(1) For the period from 11.08.1995 to 29.02.1997

(in ₹)

Sl. No	Designation	Enhanced rate of honorarium drawn	Rate fixed by Govt	Difference	Period	No. of Months	Total Excess drawal
1	Chair-person	3000 p.m	850 p.m	2150 p.m	From 11.08.1995 to 29.02.1997	18 Months 21 days	40156
2.	Vice Chair-person	2700 p.m	600 p.m	2100 p.m	.do.	.do.	39223
3	25 Councilors	2500 p.m	500 p.m	2000 p.m	. do.	.do.	933871
Total							1013250

(2) For the period from 01.03.1997 to 31.03.1997

(in ₹)

Sl. No	Designation	Enhanced rate of honorarium drawn	Rate fixed by Govt.	Difference	Period	No. of Months	Total Excess drawal
1	Chair-person	3000 p.m	1500 p.m	1500 p.m	From 01.03.1997 to 31.03.1997	1	1500
2	Vice Chair-person	2700 p.m	1200 p.m	1500 p.m	.do.	.do.	1500
3	25 Councilors	2500 p.m	800 p.m	1700 p.m	. do.	.do.	42500
Total							45500

(3) For the period from 01.04.1997 to 31.03.2004

(in `₹)

Sl. No	Designation	Enhanced rate of honorarium drawn	Rate fixed by Govt	Difference	Period	No. of Months	Total Excess drawal
1	Chair-person	4500 p.m	1500 p.m	3000 p.m	From 01.04.1997 to 31.03.2004	84 Months	252000
2	Vice Chair-person	3900 p.m	1200 p.m	2700 p.m	.do.	.do.	226800
3	25 Councillors	3300 p.m	800 p.m	2500 p.m	. do.	.do.	5250000
Total							5728800

(4) For the period from 01.04.2004 to 31.03.2007

(in `₹)

Sl.No	Designation	Enhanced rate of honorarium drawn	Rate fixed by Govt	Difference	Period	No. of Months	Total Excess drawal
1	Chair-person	5700 p.m	1500 p.m	4200 p.m	From 01.04.2004 to 31.03.2007	36 Months	151200
2	Vice Chair-person	5400 p.m	1200 p.m	4200 p.m	.do.	.do.	151200
3	25 Councillors	5000 p.m	800 p.m	4200 p.m	. do.	.do.	3780000
Total							4082400

(5) For the period from 01.04.2007 to 31.03.2010

(in `₹)

Sl. No	Designation	Enhanced rate of honorarium drawn	Rate fixed by Govt	Difference	Period	No. of Months	Total Excess drawal
1	Chair-person	15000 p.m	1500 p.m	13500 p.m	From 01.04.2007 to 31.03.2010	36 Months	486000
2	Vice Chair-person	13000 p.m	1200 p.m	11800 p.m	.do.	.do.	424800
3	25 Councillors	12000 p.m	800 p.m	11200 p.m	. do.	.do.	10080000
Total							10990800