Chapter I

Social Sector

CHAPTER I

SOCIAL SECTOR

1.1 Introduction

The findings based on audit of State Government units under Social Sector are featured in this chapter.

During 2014-15, against a total budget provision of ₹ 4,886.36 crore under Social Sector, a total expenditure of ₹ 3,373.55 crore was incurred by 16 departments under the Sector. The Department-wise details of budget provision and expenditure incurred there against are shown in **Table 1.1.1.**

Table 1.1.1 Budget Provision and Expenditure of Departments in Social Sector

(₹ in crore)

Sl. No.	Department	Budget Provision	Expenditure
1	Labour & Employment	16.13	13.42
2	Information & Public Relations	7.41	7.19
3	Tribal Affairs & Hill	599.32	529.50
4	Adult Education *	1,511.53	1,085.53
5	Education (Schools) *		
6	Education (University) *		
7	Technical Education *		
8	Medical & Health and Family Welfare	624.50	578.04
9	Youth Affairs & Sports	157.40	131.77
10	Social Welfare	382.01	165.70
11	Relief & Disaster Management	18.19	15.69
12	Rural Development & Panchayati Raj	1,271.53	640.51
13	Arts & Culture	32.21	29.38
14	Minorities & Other Backward Classes	82.31	58.62
15	Consumer Affairs, Food & Public Distribution	23.47	15.51
16	Municipal Administration Housing and Urban Development	160.35	102.69
Total		**4,886.36**	**3,373.55**

Source: Appropriation Account
** Separate information not available*

Besides, the Central Government had been transferring a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2014-15 out of ₹ 74.63 crore directly released to different implementing agencies, ₹ 32.41 crore was under Social Sector. The details are shown in ***Appendix1.1***.

1.1.1 Planning and Conduct of Audit

Compliance audit is conducted in accordance with annual audit plan. The auditee units are selected on the basis of risk assessment. Areas taken up are selected on the basis of topicality, financial significance, social relevance, internal control system of the units and occurrence of defalcation/ misappropriation/ embezzlement as well as findings of previous Audit Reports. Apart from the above parameters, all departmental important directorates and district level units are audited annually.

Inspection Reports are issued to the heads of units as well as heads of departments after completion of audit. Based on the replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed for inclusion in the Audit Report of C&AG of India.

The test audits were conducted during 2014-15 involving expenditure of ₹ 5,370.64 crore including expenditure of ₹ 4,415.07 crore of previous years of the State Government under Social Sector, as shown in ***Appendix 1.2***. This chapter contains two Performance Audits *viz* Audit on "Functioning of Industrial Institute in Manipur" and Audit on "Pradhan Mantri Gram Sadak Yojana" and seven compliance audit paragraphs as discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

LABOUR AND EMPLOYMENT DEPARMENT

1.2 Performance audit on Functioning of Industrial Training Institutes in Manipur

Highlights

The main objective of Industrial Training Institutes (ITIs) is to ensure a steady flow of skilled workers in different trades for the industry. There are 11 ITIs in the State of Manipur having intake capacity of 1640 seats. They impart industrial training in different trades mainly to the less privileged, poor and downtrodden school-leaving youth so that they acquire technical skills for gainful employment. Performance audit of the functioning of ITIs showed, lack of infrastructure facilities such as adequate class rooms, power supply and hostels, shortfall in availability of tools and equipment, trades not affiliated to National Council of Vocational Training (NCVT) for want of required facilities, increase in dropouts among trainees and manpower shortage in ITIs.

- The test-checked ITIs lacked basic infrastructure facilities such as adequate building, class rooms, power supply and hostels.

(Paragraphs 1.2.8.1.1, 1.2.8.1.2, 1.2.8.1.4 & 1.2.8.1.6)

- There was shortfall in availability of tools and equipments in eight ITIs with reference to standard list of tools and equipments. The shortfall was in the range of 51 to 79.89 *per cent*.

(Paragraph 1.2.8.1.7.1)

- Only 15 trades of ITI Takyel, Imphal West were affiliated by NCVT. In case of other ITIs, none of the trades were affiliated by NCVT due to inadequate infrastructure facilities, instructors, machineries and equipments.

(Paragraph 1.2.8.2.1)

- During 2010-15, not only did the percentage of vacant seats increased by 11 *per cent*, the number of dropouts among students admitted also increased from 24.75 *per cent in* 2010-11 to 29.40 *per cent* in 2013-14 (as of September 2015, exam for 2014-15 yet to be held).

(Paragraph 1.2.8.3.1)

- The 11 ITIs in the State did not have medical facilities. Medical examination of the students was also not conducted.

(Paragraph 1.2.8.3.1.2)

- Library facility was available only in one out of the eleven ITIs in the State.

(Paragraph 1.2.8.3.1.3)

- No training grant was given to trainees and adequate raw materials and consumables were not available in the ITIs.

(Paragraph 1.2.8.3.1.4)

- ITIs are not properly and regularly monitored/inspected by the concerned authorities.

(Paragraph 1.2.8.7)

1.2.1 Introduction

Industry is dependent on skilled manpower for its production and growth. In order to provide a steady flow of skilled workers in different trades to the industry, Government of India (GoI) introduced (1950) a scheme called the Craftsmen Training Scheme (CTS). Under CTS, Industrial Training Institutes were established in various States/Union Territories to upgrade the skills of craftsmen. The administration of ITIs was transferred to State Governments in 1956. The main objectives of ITIs were to ensure a steady flow of skilled workers to the industry to meet the manpower requirements in different trades; introduce new courses in emerging areas and create self-sustaining courses; impart training to the less privileged, downtrodden and early school leavers to acquire technical skills; provide sophisticated training opportunities to women in the field of electronics and information technology for gainful employment and establish a close interaction with the industries on issues relating to exchange of technical knowledge and experience for the mutual benefit of the institutes and the industry.

1.2.2 Organisational Structure

In Manipur there are 11 ITIs with a total intake capacity of 1640[1] seats as of March 2015, of which one ITI is exclusively for women. However, there are no State level maintenance workshop and Regional Equipment Maintenance Cell for looking after the maintenance of the equipments of the ITIs. The ITIs function under the administrative control of the Principal Secretary (Labour and Employment)/Ex-Officio Director of Training. The Joint Director of Training is the Head of Department. He is assisted by one Accounts Officer, one Deputy Director of Training/Assistant Director of Training and one Surveyor (Apprenticeship) in the Directorate and 20 other officers posted at different ITIs spread in all districts.

The Director General of Employment and Training is responsible for laying down the policies and training standard. The responsibility for day-to-day administration and implementation of training programmes rest with the State

[1] Source: Annual Administrative Report 2014-15 of Labour, Employment and Training.

Government and its machineries. The National Council of Vocational Training (NCVT), an advisory body set up by GoI prescribes standards and curricula for craftsmen training. The NCVT also prescribes standards in respect of syllabi and equipment, scale of accommodation, duration of courses and method of training. Trade tests are conducted on all India basis by the NCVT and successful trainees are awarded the National Trade Certificates in the trades concerned under the seal and authority of NCVT. Besides, a State Council of Vocational Training (SCVT) affiliated to NCVT functions as a State agency to advise the State Government in carrying out the training policy laid down by NCVT and to coordinate the Vocational Training Programme throughout the State.

1.2.3 Audit Scope, Methodology and Sampling

The performance audit was conducted (April to September 2015) covering the period from 2010-11 to 2014-15 by test check of records in all the 11 ITIs of the State (*cent per cent* selection) and the Directorate of Craftsmen Training as detailed in ***Appendix 1.3***. Besides, records relating to the functioning of ITIs at the Secretariat and at the Directorate of Employment and Training were also test checked.

The audit objectives and audit criteria were discussed with the Joint Director Craftsmen and Training during the entry conference held in April, 2015. The audit findings were discussed with the Joint Director of Training in an Exit Conference held on 28 November 2015.

1.2.4 Audit Objectives

The objectives of the performance audit were to assess whether:

- Skill development training programmes and sponsored activities were as per latest industrial/market requirement and technology;
- Adequate financial support was provided by the Government for effective functioning of ITIs and the funds were properly utilised;
- High quality training was imparted to the trainees;
- Required infrastructure was available in ITIs for imparting high quality training;
- Adequate and qualified manpower was available in ITIs;
- The requirement of the industry was met through a steady flow of skilled man power in different trades;
- A proper system to ensure placement of trainees was available and
- An effective monitoring system was in place.

1.2.5 Audit Criteria

The audit criteria were derived from the following sources to benchmark the audit findings:

- Training manual for ITIs and guidelines issued by the Government of India (GoI);
- GoI/State Government orders on imparting industrial training to trainees;
- Norms prescribed by the National Council of Vocational Training (NCVT);
- The Apprentices Act, 1961 and
- General Financial Rules and Central Treasury Rules.

Audit Findings

The audit findings are discussed in the following paragraphs.

1.2.6 Planning

1.2.6.1 Eleventh and twelfth five year plans

Industrial Training Institutes help the state in producing the required skilled manpower which forms the backbone of industry. During the 11^{th} & 12^{th} Five year plan period 2007-12 and 2012-17, it was planned to increase number of trainees as well as number of ITIs. During this period, it was also planned to make available the required tools, equipments and machineries and to replace old/obsolete ones by new ones and to provide infrastructure facilities such as compound walls, class rooms, hostels, gates etc. in the ITIs. The department also planned to introduce 7 (seven) new trades (with intake capacity of 112 additional seats) under Special Plan Assistance during 2011-12 at a total cost of ₹ 4.50 crore at ITI Jiribam, Manipur.

However, we noticed a decreasing trend in the number of trainees admitted into the ITIs, declining from 1144 in 2010 to 964 in 2015. The number of ITIs in the State remained the same during this period. We also noticed that there was a shortage in availability of tools, equipments and machineries in the ITIs. Moreover, most of the available tools, equipments and machineries were outdated as per latest syllabus. Besides, three major items of work planned to be executed *viz.,* (i) construction of class rooms and workshop (in three ITIs)[2]; (ii) construction of hostels (5 ITIs)[3]; (iii) construction of compound walls in 7 ITIs[4] at a cost of ₹ 6.40 crore in the identified ITIs were not completed, though the time schedule for completion of the works had already expired.

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2 ITI Takyel, ITI Kakching and ITI Saikot.

3 ITI Takyel, ITI Komlathabi, ITI Tamenglong, ITI Phaknung and ITI Ningthoukhong.

4 ITI Takyelpat, ITI Komlathabi, ITI Tamenglong, ITI Phaknung, ITI Senapati, ITI Ningthoukhong and ITI Ukhrul.

Two ITIs[5] did not have their own buildings and are still running from rented building since 1980 and 1974 respectively. Four ITIs[6] are still without compound walls. As against the plan to introduce 7 new trades at ITI Jiribam, no new trade has been introduced till date of audit (September 2015).

1.2.6.2 Annual Action Plan and Perspective Plan not prepared

The Annual Action Plan is a working plan that identifies the activities to be taken up on priority basis in a year. The Perspective Plan is a strategic framework and plan of action at different levels for estimating the likely demand of work and preparing long term shelf of projects. A well formulated Perspective Plan with roadmaps, milestones and targets with delineation of a vision of how the ITIs could enhance skill development will certainly help to raise achievement of the state for self-employment of educated youths in the coming years. However, except for the year 2013-14, the department neither prepared any Annual Action Plan nor prepared any Perspective Plan during 2010-15 to achieve the objectives of its Five Year Plans to ensure effective and efficient planning for smooth functioning of ITIs.

In the Exit Conference (November 2015), the department replied that Action Plan is prepared annually. The reply is not acceptable as Annual Action Plan for only one year (2013-14) was available on record. Moreover even this Annual Action Plan was a reproduction of the capital outlay for five year plans of 2007-12 and 2012-17.

1.2.6.3 Distribution of ITIs

An ITI had been established in each of the nine districts of the State. Besides these, one women only ITI was established in 1993 at Takyel in Imphal West district and another ITI at Jiribam Sub-division of Imphal East district. The department had planned to establish one ITI each at Lilong and Sekmai respectively (under CSS) during the 11th Five Year Plan (2007-12). However, no new ITI was established till date of audit (September 2015).

1.2.7 Financial Management

1.2.7.1 Budget allocation

The year-wise budgetary allocation for administration of ITIs, actual expenditure and savings/excess are given in **Table No. 1.2.1** below.

[5] ITI Jiribam and ITI Tamenglong.
[6] ITI Kakching, ITI Saikot, ITI Jiribam and ITI Tamenglong.

Table No. 1.2.1 Year wise actual expenditure and saving/excess

(₹ in lakh)

Year	Budgetary allocation	Actual expenditure	Savings(+)/Excess(-)
2010-11	742.44	742.99	(-) 0.55
2011-12	757.62	734.26	(+) 23.36
2012-13	630.32	576.21	(+) 54.11
2013-14	715.34	682.95	(+) 32.39
2014-15	674.05	640.58	(+) 33.47

(Source: Departmental records)

From the above table it could be seen that the budgetary allocation for the administration of ITIs decreased from ₹ 742.44 lakh in 2010-11 to ₹ 674.05 lakh in 2014-15. The decrease in allocation was mainly due to non-filling up of regular vacant posts and resignation of 15 contract employees. During 2010-11, there was excess expenditure for pay and allowances over plan funds due to implementation of the pay revision as per 6th Central Pay Commission. However, allocation of additional funds was not found on record.

Further, the department failed to utilize the available funds fully during the period from 2011-12 to 2014-15 thereby affecting the functioning of ITIs and depriving the targeted benefits to the trainees in skill development.

1.2.7.2 Rush of expenditure

As per Rule 56 (3) of General Financial Rules (GFR), 2005 rush of expenditure at year-end is a breach of financial propriety and should be avoided. It was, however, noticed in audit that the Directorate spent between 13.31 to 64.86 *per cent* of its annual expenditure in March during 2010-15. Details are in **Table No. 1.2.2** below.

Table No. 1.2.2 Rush of expenditure in the Directorate

(₹ in lakh)

Year	Total expenditure	Expenditure in March (Percentage in the brackets)
2010-11	742.99	240.57 (32.38)
2011-12	734.26	103.82 (14.14)
2012-13	576.21	353.98 (61.43)
2013-14	682.95	442.93 (64.86)
2014-15	640.58	85.29 (13.31)

(Source: Departmental Records)

While admitting the audit observation, the department stated that the State Finance Department usually released funds in February and March.

1.2.7.3 Non-accountal of transactions in Cash Book

As per Rule 77 of Central Treasury Rules (CTRs), all monetary transactions should be entered in the Cash Book as soon as they occur, and should be attested by the Head of the Office in token of check. In this regard the following irregularities were noticed:

- Scrutiny of records in 11 ITIs showed that a total receipt of ₹ 29.64 lakh during 2010-15 were not accounted for in the departmental Cash Books. In all cases, copies of receipt of the forms under Treasury Rules-5 were not made available to Audit.

- Similarly, it was also noticed that as per bank account statement of the ITI Imphal West total cash of ₹ 12.12 lakh was drawn from the bank during April 2010 to March 2015. However, drawal of the amounts were not accounted for in the Cash Book and the copies of sanctions, bills, Vouchers, Actual Payee Receipts etc. for drawal of the same were also not available.

Thus, the utilization of total ₹ 41.76 lakh could not be verified in audit due to non-availability of records. Since the amount drawn from the Treasury/Bank was not accounted for in the departmental Cash Books, misappropriation of the same could not be ruled out.

In the Exit Conference (November 2015), the department stated that the irregularities pointed out by Audit have been communicated to the respective ITIs and their reply is awaited (February 2016).

1.2.7.4 Parking of funds

Rule 290 of CTR prohibits drawal of money from treasury without requirement for immediate disbursement.

Test check of records showed that a total amount of ₹ 4.74 crore drawn during March 2009 to March 2011 through AC bills was still lying under the Major Head 8449–Other Deposits (September 2015). The amount was meant for various infrastructure related projects funded from different GoI schemes. The parking of funds and their subsequent partial release or non-release hindered timely implementation of various construction works which remained incomplete. The department stated that the parking of funds was under the instruction of the Government which is in violation of the rules ibid.

1.2.7.5 Non-submission of DCC bills

As per provisions contained in Rules 308 and 309 of CTR, Detailed Countersigned Contingent (DCC) bills are to be submitted in respect of the Abstract Contingent (AC) bills drawn, and sent to the Office of the Accountant General (A&E) Manipur within a month from the date of drawal of such AC bills.

Test check of records, however, showed that during March 2006 to January 2012, a total amount of ₹ 14.43 crore was drawn through 39 AC bills. However, none of the DCC bills were prepared and submitted within the prescribed one month. The utilization of the funds drawn through AC bills could not be verified in the absence of DCC bills. Non-submission of DCC bills is fraught with the risk of loss/ misappropriation. The department, therefore, should discontinue the practice of drawing AC bills without settling the earlier AC bills. In reply the department stated that no DCC bill is pending.

However, copies of DCC bills were not furnished to audit till date (February 2016).

1.2.7.6 Revenue not remitted

As per Rule 7(1) of Central Treasury Rules, all the moneys received by or tendered to Government officers on account of the revenues of the Government shall, without undue delay be paid in full into treasury and shall be included in the accounts of the Government and such moneys received shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the accounts of the Government.

Test check of records showed that admission fees (Revenue portion) are collected from trainees at the rate of ₹ 286 for one year course and ₹ 526 for two years course and the same are required to be remitted through challan to the proper head of account of the State Government. However, a sum of ₹ 1.25 lakh collected as revenue being admission fees in two[7] ITIs was not remitted into Government account in violation of the Rule *ibid.* Details are shown in ***Appendix 1.4.***

Due to non-remittance of the admission fee misappropriation of the amount could not be ruled out as the whereabouts of the amount is not known.

In the Exit Conference (November 2015), the department replied that the concerned ITIs have been instructed to remit the amount and the deposit challan copies would be furnished to Audit. However, the same is yet to be received (February 2016).

1.2.7.7 Delay in remittance of revenue

As per Rule 7 of GFR, all moneys received by or on behalf of the Government either as dues of Government or for deposit, remittance or otherwise, shall be brought into Government Account without delay.

However, test check of records showed delay ranging from four to seven months in remittance of Government Revenue (Admission fees) amounting to ₹ 4.64 lakhs into Government Account/Treasury by four ITIs, in contravention of the financial rules *ibid*. Details are in ***Appendix 1.5.***

1.2.7.8 Payments made before obtaining administrative approval and expenditure sanction

Rule 22 of GFR envisages that no authority may incur any expenditure or enter into any liability involving expenditure or transfer of moneys for investment or deposit from Government account unless the same has been sanctioned by a competent authority.

Test check of bills and sanction orders of the Principal, ITI Takyelpat, Imphal showed that in 21 instances the department had incurred expenditure amounting to ₹ 23.82 lakh on different items of purchases for upgradation of

7 ITI Kakching and ITI Phaknung.

ITI Takyelpat, Imphal under Vocational Training Institutional Programme before obtaining administrative approval and expenditure sanction in violation of financial rules. The details are shown in ***Appendix 1.6.***

The department could not furnish reasons for resorting to such practices on a regular basis.

In the Exit Conference (November, 2015), the department replied that the expenditures were incurred according to Delegation of Financial Power Rules. However, the copy of the same which empowered such practice along with the sanction copies of competent authority has not been furnished to audit (February 2016).

1.2.7.9 Splitting up of sanctions and records not available

As per rule 148 of GFR, 2005 purchase should not be divided into small quantities to make piecemeal purchases to avoid sanction of higher authority.

Test check of payment vouchers of the Principal, ITI Takyelpat, Imphal showed that sanctions for purchases amounting to ₹ 23.51 lakh were split up to avoid taking approval of the competent higher authority. The details are shown in ***Appendix 1.7.*** Despite requisitions and repeated requests the relevant purchase files, tender documents/rate quotations, supply orders; stock register *etc*. for procurement of the items were not produced. Thus, in the absence of records audit could not ascertain the veracity of the expenditure.

In the Exit Conference (November 2015), the department stated that sanctions accorded were as per requirement and within the delegated power. However, specific reply to Audit observation on splitting of sanction against extant provision and non-availability of records has not been received (February 2016).

1.2.7.10 Suspected misappropriation of funds meant for procurement

Test check of records of the Directorate of Craftsmen Training, Imphal showed that on the basis of bill of a firm[8] the department drew an amount of ₹ 10 lakh vide bill No.146 (P)(V) dated 31 March 2015 for upgradation of 15 numbers of desktop computers to i5 4th generation processor. However, an amount of ₹ 9.50 lakh was transferred after deducting VAT of ₹ 0.50 lakh to the saving bank account of the Cashier of the Directorate instead of payment to the firm.

As per stock register maintained by the Directorate of Craftsmen Training, the desktops computers were shown as distributed/issued to all the ITIs for their office use. However, during joint physical verifications, no i5 desktop was available in any of the ITIs. In reply to audit queries, the department also confirmed that there were no i5 desktop computers in any of the ITIs. Thus, misappropriation of ₹ 9.50 lakh could not be ruled out.

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8 M/S Advance Multitechnologies Pvt. Ltd., Imphal.

In the Exit Conference (November 2015), the department replied that all the i5 computers have been issued. The reply of the department is not acceptable as no such desktop computer was seen during joint physical verification.

1.2.8 Implementation

1.2.8.1 Infrastructure deficiencies

The NCVT prescribed specific norms for providing basic infrastructure such as class rooms and workshops of various trades in ITIs. Test check of records in the ITIs and at the Directorate, however, showed lack of infrastructure facilities as described in the succeeding paragraphs.

1.2.8.1.1 Inadequacy of building

ITI Jiribam and ITI Tamenglong did not have their own buildings as of March 2015 and have been functioning from rented buildings since their inception from 1980 and 1974 respectively. Construction works (Administrative Building, Boys Hostel and Staff Quarters) of ITI Jiribam started in 2009-10 and the construction works of Administrative Buildings (Block-A: 7-room and Block-B: 6-rooms), Boys Hostels (18 bedded) of ITI Tamenglong was started in 2007-08. The construction works of the two ITIs remained incomplete till date of audit (July 2015). It may be stated that the funds for construction works of different ITIs including ITI Jiribam and ITI Tamenglong are still lying under the Major Head 8449-Other deposits.

During joint inspection by audit and departmental officials, it was noticed that the constructed building of ITI Tamenglong was in dilapidated condition, which needs immediate attention/repairing. In the meantime, construction of one Girls Hostel (14 bedded) was also started in 2014, which also remained incomplete till date of audit (July, 2015). However, the department could not produce any records for construction of buildings. ITI Tamenglong and ITI Jiribam are running from a rented building at a monthly rent of ₹ 1600 and ₹ 1400 respectively. Due to lack of proper/enough space the Tools/Equipments and Machineries of ITI Tamenglong remained un-installed and are lying idle at ITI Takyelpat, Imphal. Reasons for delay in completion of administrative building work even after a span of eight years and non-imposition of penalty on the contractor/work agency as per rule/agreement were not furnished.

In the Exit Conference (November 2015), the department replied that repeated requests have been made to the executing agencies[9] for early completion of the construction.

Some of the photographs obtained during joint physical verification are shown below.

[9] Planning and Development Authority and Manipur Police Housing Corporation respectively.


Dilapidated administrative building of ITI Tamenglong

1.2.8.1.2 Inadequacy of class room

According to NCVT norms, the number of class rooms required for an ITI depends upon the number of trades for which training imparted and units operated in that ITI. In four ITIs, there was shortage of class rooms ranging from six to fifteen. Details are in **Table No. 1.2.3** below.

Table No. 1.2.3 Shortage of class rooms

Sl. No.	Name of ITI	No. of class room[10]		Shortage (percentage)
		Required	Available	
1	ITI Kakching	16	8	8 (50)
2	ITI Saikot	12	6	6 (50)
3	ITI Phaknung	28	14	14 (50)
4	ITI Takyel	52	37	15(29)
Total		**108**	**65**	**43 (39.81)**

(Source: Departmental Records)

From the above table it could be seen that there was an overall shortage of 39.81 *per cent* class rooms in four ITIs. Due to non-availability of adequate class rooms, both theory and practical classes for some trades are conducted in the workshop/practical room. Absence of adequate class rooms would affect the quality of training in ITIs as tools and equipments cannot be properly housed in class rooms. In the absence of class rooms, the classes were conducted in workshops which did not have furniture for the trainees.

1.2.8.1.3 Irregularities in execution of works

As per Office Memorandum (OM) (September 2009) of State Finance Department, no AC bill should be drawn by any department without prior approval of the Finance Department. Further, in respect of construction works, the department should indicate quarterly requirement of funds and drawal through AC bill would be permitted for not more than 40 *per cent* of the sanctioned amount. The remaining amount would be drawn in two equal instalments; subject to furnishing of vouchers of the first instalment.

As per another OM (February 2010) of the Finance Department, for all construction related work where funds were deposited with a work agency[11],

[10] For both Theory and Practical.

[11] Other than Public Works Department, Public Health & Engineering Department, Power Department or Irrigation & Flood Control Department.

only 40 *per cent* of the sanctioned amount would be allowed to be drawn and deposited with the agency. The balance 60 *per cent* would be drawn and deposited in MH-8449 Other Deposits which would be allowed to be withdrawn only after DCC bills of all pending AC bills are settled. Further, all Administrative Departments would enter into Memorandum of Understanding (MoU) with the work agency as per standard format for all works taken up through such agencies, and penal interest would be charged from the agencies for delay beyond the stipulated time schedule for completion of work.

The provisions of the above two OMs of the Finance Department of the Government of Manipur would run contrary to Rule 308 and 309 of CTR which requires settling of AC bills within a month. Further, during Audit it was noticed that 15 major works for which GoI had provided ₹ 772.24 crore for construction of workshop, class room, hostel, boundary fencing were entrusted to work agencies[12]. Out of ₹ 772.24 crore GoI had released ₹ 340.26 crore. The funds were drawn through AC bills by the Directorate and corresponding sums were deposited with the respective agencies. However, no DCC bills were shown to audit except three numbers of Actual Payee Receipts of the work agencies in support of expenditure ranging from ₹ 2.41 crore to ₹ 3.40 crore. Further, the department could not produce any relevant records like physical and financial reports with present status, documents relating to selection of work agencies, inability certificates from PWD for each work, tender documents, Measurement Books, Contractors' Ledger, Register of Works and importantly Work Agreements with the Contractors of these 15 works, involving ₹ 772.24 crore.

The practice of executing major works through AC bills is irregular. The Finance Department may also need to take up early corrective measures for rectification of their Office Memoranda of September 2009 and February 2010 which are contrary to Rules 308 and 309 of CTR.

In the Exit Conference (November 2015), the department replied that no DCC bill was pending for adjustment. However, the related documents including the DCC bills have not been furnished to audit by the department (February 2016).

1.2.8.1.4 Adequate power supply not available

NCVT had prescribed power supply requirements for each trade. In order to augment power supply, transformers were installed in ten ITIs[13] and ₹ 75.20 lakh paid to Power department in December 2010. Audit, however, noticed that none of the ITIs in the State were provided with three phase connections and there were shortages of power supply ranging between 17 KVA (Kakching) to 34.73 KVA (Komlathabi) as detailed in **Table No. 1.2.4** below.

[12] Planning and Development Agency, Engineering Cell (Education) and Manipur Tribal Development Corporation Ltd.

[13] ITI Kakching, ITI Tamenglong, ITI Komlathabi, Women ITI, ITI Phaknung, ITI Ningthoukhong, ITI Ukhrul, ITI Saikot, ITI Jiribam and ITI Senapati.

Table No. 1.2.4 Shortage of power supply

(in KVA)

<table>
<tr><th>Sl. No.</th><th>Name of the ITI</th><th>Total requirement of power supply</th><th>Power supply actually available</th><th>Shortage of power supply</th></tr>
<tr><td>1.</td><td>ITI Kakching</td><td>36</td><td>19</td><td>17</td></tr>
<tr><td>2.</td><td>ITI Tamenglong</td><td>46.17</td><td>25</td><td>21.17</td></tr>
<tr><td>3.</td><td>ITI Komlathabi</td><td>54.73</td><td>20</td><td>34.73</td></tr>
<tr><td>4.</td><td>Women ITI[14]</td><td rowspan="2">18.8
100
(Total)118.8</td><td rowspan="2">100</td><td rowspan="2">18.8</td></tr>
<tr><td>5.</td><td>ITI Takyel</td></tr>
</table>

(Source: Departmental Records)

NCVT also prescribed provision of backup diesel generating sets to keep training activities continuing at the time of load-shedding/power-cuts. However, such diesel generating sets were not provided to four[15] ITIs.

In the Exit Conference (November 2015), the department stated that the problem of shortage of power was on account of Power department which failed to provide adequate power supply despite reminders at different points of time. The reply of the department is not acceptable as records in support of effective steps taken to rectify the deficiencies could not be furnished to audit (February 2016) and payments were made before successful installation of transformers.

1.2.8.1.5 Basic amenities not available in the ITIs

Scrutiny of records showed that basic amenities for trainees such as potable water supply, compound walls, playgrounds and adequate toilet facilities were not available as of September 2015 as shown in **Table No. 1.2.5** below.

Table No. 1.2.5 Non availability of Basic amenities in ITIs

<table>
<tr><th>Sl. No.</th><th>Basic amenities</th><th colspan="3">Test-checked ITIs where adequate facilities were not available</th></tr>
<tr><td>1.</td><td>Potable Water supply</td><td colspan="3">Kakching, Saikot, Komlathabi and Ukhrul</td></tr>
<tr><td>2.</td><td>Playground</td><td colspan="3">Kakching, Phaknung, Komlathabi, Jiribam and Tamenglong</td></tr>
<tr><td>3.</td><td>Compound wall</td><td colspan="3">Kakching, Saikot, Jiribam and Tamenglong</td></tr>
<tr><td rowspan="6">4.</td><td rowspan="6">Toilet Facilities</td><td>ITI</td><td>No. of trainees[16]</td><td>No. of toilets available</td></tr>
<tr><td>ITI Phaknung</td><td>142</td><td>3</td></tr>
<tr><td>ITI Senapati</td><td>53</td><td>1</td></tr>
<tr><td>Women ITI</td><td>77</td><td>2</td></tr>
<tr><td>ITI Takyel</td><td>183</td><td>4</td></tr>
<tr><td>ITI Kakching</td><td>87</td><td>4</td></tr>
</table>

(Source: Departmental Records)

Without basic amenities the ITIs were not a very attractive academic destination. Poor infrastructure would defeat the basic objective of ITIs.

[14] Two ITIs share the same 100KVA transformer.
[15] ITI Tamenglong, ITI Saikot, ITI Senapati and ITI Jiribam.
[16] No. of Trainees for the current year.

1.2.8.1.6 Hostel facilities

The DGET Training Manual provides that hostel facilities may be made available for 50 *per cent* of the trainees in each ITI.

Audit noticed that hostel facilities were not available in four ITIs. Construction works of hostels started for ITI Ukhrul (in 2008), Women ITI, Takyel in Imphal West district (in 2000), ITI Tamenglong (in 2003) and ITI Jiribam (in 2009) have not been completed till the date of audit (September 2015). Out of the sanctioned amount of ₹ 79.20 lakh for each hostel, the department incurred a total amount of ₹ 2.95 crore (₹ 73.76 lakh each) so far. As per MoU, the works were to be completed by the agencies within 48 months and the delay ranged from 2 to 11 years.

During joint physical verification, it was noticed that the construction of girls' hostel (14 bedded) at Women ITI, Takyel, Imphal started in the year 2000 was yet to be completed and was found in a dilapidated condition. Additional three rooms constructed on the northern side of the main hostel building were completed only up to plinth level till the date of audit (September 2015). The electrical fittings, doors, septic tank etc., were broken and the hostel was over grown with grass and weeds. Photographic evidence is shown below.

Entrance Gate of the Hostel

Main door view

Corridoor inside the hostel

In reply to audit query, the department stated that the Construction Agencies[17] (CA) did not take prompt action for completion of the hostels despite repeated requests. In view of this, as per para 3.6 of Memorandum of Undertaking, penalty of ₹ 5000 per week of delay, including damages or losses, if any, suffered by the department should have been imposed and recovered from the amount payable to the CA. However, there was no record of such action taken on the CA.

1.2.8.1.6.1 Lack of facilities in the hostels

Test check of records of the 11 (eleven) ITIs in Manipur showed that five hostels remained vacant (un-occupied) due to lack of facilities in the hostels as detailed in **Table No. 1.2.6** below and four ITIs[18] did not have hostel facilities:

[17] TP Cell and Manipur Tribal Development Corporation.

[18] IT Jiribam, ITI Tamenglong ITI Ukhrul and Women ITI.

Table No. 1.2.6 Lack of facilities in the hostels

Sl. No.	Name of ITI	Availability of facilities				Remarks
		Furniture	Drinking water facility	Bathroom/ Toilet facility	List of repair needed	
1	ITI Kakching	Not available	Not available	Available	Floor, bathroom and toilet	Hostel not occupied
2	ITI Saikot	Not available	Not available	Bathroom not available	Floor, bathroom, electric wiring and fans	Hostel not occupied
3	ITI Phaknung	Not available	Not available	Available	Floor, bathroom, electric wiring and fans	Hostel not occupied
4	ITI Komlathabi	Not available	Not available	Available	Floor, bathroom, electric wiring and fans	Hostel not occupied
5	ITI Ningthou-khong	Not available	Not available	Available	Floor, bathroom, electric wiring and fans	Hostel not occupied
6	ITI, Takyelpat	Available	Not available	Available	Hostel room, bathroom, electrical fittings and fans	Hostel occupied

(Source: Departmental Records)

Lack of basic amenities in the hostels makes it less attractive for the trainees to stay. Moreover, in most hostels floor, bathroom and electrical fittings need major repairing. In the absence of basic amenities, it is not possible for the trainees to occupy the hostel.

In the Exit Conference (November 2015), the department accepted Audit observation.

1.2.8.1.7 Tools and equipments

1.2.8.1.7.1 Shortage of tools and equipment

The ITIs are required to maintain tools and equipment as per the standard lists of tools and equipment of the concerned trades prescribed by NCVT. In eight out of the eleven ITIs[19] audit noticed shortfalls in the availability of tools and equipment ranging between 51 *per cent* (ITI Jiribam) and 79.89 *per cent* (Women ITI) with reference to the standard list of tools and equipment for the various trades. Details are shown in ***Appendix 1.8.***

Conducting of industrial training without the required tools and equipment would hamper the scope and quality of training required for acquiring necessary trade skills and gainful employment. The department stated that shortage of tools and equipment was due to inadequate budget provision.

1.2.8.1.7.2 Outdated Tools and Equipment

Test check of records showed that there were outdated tools and equipment as against requirement of latest syllabi in five ITIs[20]. Details are in ***Appendix 1.9.***

As per latest syllabus for Stenography trade, Manual Typewriter is to be replaced by Computer. However, none of the 11(eleven) ITIs in Manipur have

[19] ITI Senapati, ITI Ukhrul, ITI Phaknung, ITI Saikot, ITI Kakching, ITI Ningthoukhong, ITI Jiribam and Women ITI.

[20] ITI Takyel, ITI Senapati, ITI Saikot, ITI Ningthoukhong and ITI Tamenglong.

been provided with Computer for Stenography trade as per syllabus. Thus, due to non-availability of prescribed tools and equipment as per latest syllabi the quality of the training imparted is compromised.

1.2.8.1.7.3 Uninstalled machineries

Test check of records and finding of the joint inspection showed that at ITI Phaknung, ITI Jiribam, Women ITI and ITI Tamenglong, some machineries remained un-installed till the date of audit (September 2015). Details are in ***Appendix 1.10.*** Since the machineries have remained un-installed, it could not be ascertained whether proper practical classes are being conducted of the concerned trades.

In the Exit Conference (November 2015), the department accepted the audit observation.

1.2.8.1.7.4 Store items of ITI Tamenglong placed at ITI Takyel

Test check of records showed that tools/equipments, machineries, raw materials and other training materials for various trades were issued to ITI Tamenglong and some machinery to ITI Ukhrul during 2009-10.

However, the above items were not transported to the respective ITIs but were still lying at ITI Takyel, Imphal West and ITI Phaknung, Imphal East till date of audit (July 2015). In reply to audit query the department stated that the items could not be taken to Tamenglong as it is functioning in rented building and there is no proper or adequate space for keeping stores and installation of machineries. However, reasons for keeping machineries of ITI Ukhrul at ITI Phaknung were not stated. Some of the photographs obtained during joint verification are shown below.

Tools, equipments and machineries for ITI Tamenglong and ITI Ukhrul lying inside the Workshop of ITI Takyelpat and ITI Phaknung

In view of the above, no proper training was imparted to trainees of ITI Tamenglong and ITI Ukhrul. It is also seen that the department procured the items without ensuring space for installation of machineries at ITI Tamenglong and the machineries remained idle for more than five years. Utilisation of the items in future is doubtful due to wear and tear or obsoleteness of the items.

In the Exit Conference (November 2015), the department replied that due to security reasons the items of the two ITIs are kept at ITI Takyel and ITI Phaknung. However, as per para ***1.2.8.1.7.1*** the department stated that there were shortage of tools and equipments in eight ITIs due to shortage of fund.

The reply of the department is not acceptable since the tools/equipments kept in store for more than five years for security reasons is hardly justified when they could have been procured/utilised for other eight ITIs facing shortage of tools and equipments rather than keeping them idle.

1.2.8.1.7.5 Maintenance of tools and equipment

As per Director General of Employment and Training (DGET) norms, for proper maintenance of tools and equipment the following steps should be taken by each institute:

1. History Sheet of each machine should be maintained in a logbook indicating important repairs undertaken.

2. Each machine should display a maintenance chart which should indicate among other items the lubrication routine (daily, weekly and periodically)

3. Trainees, by rotation, should be detailed for oiling, greasing and other maintenance work in the section. Rotation chart should be prominently displayed in the section.

4. The supervisor-in-charge of each shop will be responsible for ensuring correct and systematic maintenance being carried out within the shop(s) under his control. The Principal and the foreman will carry out periodical checks and record such checks in the maintenance chart.

5. In order to carry out proper maintenance, the State Director may delegate to the Principals of the ITIs full power for repair and maintenance of machinery, tools and equipments and provide separate budget for the purpose.

However, audit noticed that no such steps were taken by any of the ITIs for proper maintenance of tools and equipments. Moreover, there is no State level maintenance workshop and regional maintenance cells to look into the maintenance of tools and equipments. As a result, various tools and equipments were found non-functional in most of the ITIs and no action was taken to their repair.

The department accepted (November 2015) the audit observation.

1.2.8.2 Trades and affiliation

1.2.8.2.1 Unaffiliated trades

It is essential for all ITIs to get affiliated to NCVT for each trade/unit before admitting the trainees. As per NCVT norms, an ITI seeking affiliation for starting a new trade has to ensure the availability of necessary infrastructure and instructors. Audit noticed that in two ITIs, three new trades were not affiliated to NCVT for want of required facilities as given in **Table No. 1.2.7** below.

Table No. 1.2.7 Un-affiliated new trades in ITIs

Sl. No.	Name of ITI	Year of commencement	Name of Trade	Nature of facilities not yet provided
1.	ITI, Takyel	2010-11	Craftsmen Food Production	Infrastructure facilities
		2010-11	Refrigeration and Air Conditioning (RAC)	Infrastructure facilities
		2011-12	Preservation of Fruits and Vegetables	Infrastructure facilities
2.	ITI Phaknung	2010-11	Craftsmen Food Production	Infrastructure facilities
		2011-12	Preservation of Fruits and Vegetables	Infrastructure facilities

(Source: Departmental Records)

Only 15 trades[21] of ITI Takyel, Imphal West were affiliated by NCVT. In case of other ITIs none of the trades were affiliated by NCVT due to inadequate infrastructure facilities, instructors, machineries and equipments. The trainees who had completed the courses successfully were not issued NCVT certificates, as the trades were not affiliated by NCVT. Only provisional trade certificates were issued by the State Council of Vocational Training to the trainees who had successfully completed the courses. The inability of trainees to obtain NCVT certificate despite having completed their training would affect their prospects in getting better jobs.

In the Exit Conference (November 2015), the department replied that the reason for non-affiliation of trades was due to lack of infrastructure. However, the department has remained silent on the efforts made to get the remaining trades affiliated (February 2016).

1.2.8.2.2 Introduction of new trades

At present 11 ITIs are imparting training in different Engineering and Non-Engineering trades having seat capacity of 1640. The department planned to introduce seven new trades (with intake capacity of 112 additional seats) during 2011-12 at ITI Jiribam. The department failed to introduce any new trades at ITI Jiribam due to inadequate infrastructure facilities, instructors, machineries and equipments. Further, ITI Jiribam did not admit trainees in one existing trade (Wiremen) due to non-availability of the required instructor since 2014.

Three new trades[22] were introduced at ITI Phaknung and ITI Takyel under Vocational Training Institutional Programme (VTIP) during 2010-11 to 2014-15. During joint inspection, it was noticed that most of the machineries and equipments were lying uninstalled in the ITI premises. These trades are also not affiliated with NCVT due to non-fulfilment of infrastructure norms.

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[21] Carpenter, welder, Stenography, wireman, Mechanic Radio & TV(I), Mechanic Radio & TV(II), Fitter, Electrician, Machinist, Instrument Mechanic, Surveyor, Draughtsman (Mech), Mechanic Motor vehicle, Farm Mechanic and Turner.

[22] ITI Phaknung:- Preservation of Fruits and Vegetables, Craftsmen Food Production, Refrigeration & Air Conditioning (RAC).
ITI Takyelpat :- Refrigeration & Air Conditioning.

Moreover, the department did not conduct any survey to identify the areas in which new trades are to be introduced.

The department accepted (November, 2015) the audit observation.

Examination of records of the department noticed that no trade was introduced under the centrally sponsored "Tribal Sub-Plan" scheme in Manipur. As such, the Scheduled Tribe trainees enrolled in all the 11 ITIs were deprived of the benefits of the scheme.

1.2.8.3 Administration of ITIs

1.2.8.3.1 Trends in admission and dropout

Admission to ITIs is made yearly on the basis of merit. The duration of engineering trades varies from one to three years, whereas the duration of non-engineering trades is one year. The minimum educational qualification for admission to the ITIs is from Eight Standard to Higher Secondary depending on the trades. Students between the age of 14 and 40 are eligible for admission in ITIs and there is no upper age limit for women. The sanctioned strength, admission and vacant seats in ITIs during 2010-15 are given in **Table No. 1.2.8** below.

Table No. 1.2.8 Admission of trainees and vacant seats in ITIs

Year	Sanctioned strength	Filled-up seats	Percentage of seats filled	Vacant seats	Percentage of vacancy
2010-11	1640	1144	69.76	496	30.24
2011-12	1640	1140	69.51	500	30.49
2012-13	1640	1137	69.33	503	30.67
2013-14	1640	1047	69.84	593	36.16
2014-15	1640	964	58.78	676	41.22

(Source: Departmental Records)

As can be seen from the table, the number of seats filled in the ITIs during the period from 2010-11 to 2014-15 decreased from 1144 to 964 against the sanctioned strength of 1640. The percentage of vacant seats in ITIs showed increasing trend from 30.24 *per cent* in 2010 to 41.22 *per cent* in 2015 as shown in the table above. The department, however, did not analyse the trade wise vacancies and take remedial steps to check this trend.

Further, analysis of the number of candidates admitted and appearing in the examinations in ITIs indicate an increasing trend in dropout from 24.75 *per cent* to 29.40 *per cent* during 2010-14 as detailed in **Table No. 1.2.9** below. The dropout was sharp in the year 2011-12. However, the department did not take any steps to check this trend.

Table No. 1.2.9 Candidates admitted and dropouts

Year	No. of candidates admitted	No. of candidate appeared for the first time in examination[23]	No. of dropout	percentage of dropout
2010-11	1099	827	272	24.75
2011-12	970	615	355	36.60
2012-13	1089	812	277	25.44
2013-14	915	646	269	29.40
2014-15	935	Exam yet to be held (September 2015)		

(Source: Departmental Records)

In the Exit Conference (November 2015), the department replied that the current dropout trend is due to lack of motivation of trainees which would now be done. However, the steps taken in this regard are yet to be intimated to Audit (February 2016).

1.2.8.3.1.1 Award of stipends

Test check of records relating to disbursement of stipends to trainees showed the following irregularities:

i) Acquitance (AC) - Roll for disbursement of stipends not produced

Records for disbursement of stipends amounting to ₹ 2.28 lakh at ITI Takyel, Imphal were not produced to audit for scrutiny despite requisition and reminders. Details are in **Table No. 1.2.10** below.

Table No. 1.2.10 Non-availability of Bill copies, AC-Roll/APRs

Bill No. & Date	Period	Amount *(in ₹)*
128(P)/24.3.11	For the year 2008-09	28,761
127(P)/24.3.11	September 2008 to July 2009	47,042
181(P)/31.3.12	August 2010 to July 2011	82,780
185(P)/31.3.12	September 2011 to January 2012	41,880
182(P)/31.3.12	August 2011 to February 2012	27,787
Total		**2,28,250**

(Source: Departmental Records)

In the absence of Bill copies and AC-Rolls/APRs audit could not verify the veracity of disbursement of these stipends to trainees.

ii) Disbursement of stipends made through cash

As per GoM instructions issued from time to time, stipends to trainees should be credited to their personal bank accounts through Electronic Clearing Services (ECS). However, test check of records showed that stipends

[23] Number of dropout candidates was worked out with reference to the number of candidates admitted in ITIs in a particular year and the number of candidates who appeared for the examination two years later, as most of the courses were of a two year duration.

amounting to ₹ 20.24 lakh were disbursed during 2013-15 (Details are in ***Appendix 1.11***) in cash in contravention of the Government orders *ibid.* Cash disbursement of stipends create chances of manipulation i.e. underpayment/non-payment of stipends and is in violation of Government instructions.

iii) Delay in payment of stipends

As per DGET norms stipends should be granted to trainees only after aptitude tests are over and award of stipends should be finalised within a period of about three months of the start of the new session. Audit, however, noticed that stipends to trainees amounting to ₹ 13.81 lakh were given after completion of their courses after delay ranging from eight to 32 months from the date of completion of the course. Details are in ***Appendix 1.12.*** As there was much delay in disbursement, it could not be verified in audit whether the trainees actually received the stipends.

The department in its reply informed that clarification was sought from the concerned ITIs and would be communicated. However, further reply has not been furnished (February 2016).

1.2.8.3.1.2 Medical examination for trainees

As per NCVT/DGET norms, trainees are to be medically examined at the time of admission and thereafter once a year, to ensure trainees are medically fit and perform well in their trades/courses. However, no such medical examination was conducted in any of the 11 ITIs in the State at the time of admission.

The department accepted (November, 2015) the audit observation.

1.2.8.3.1.3 Libraries not set up

As per NCVT norms, Library should be established in the ITIs. Written Instructional Materials/books/CDs and drawing of models are to be kept in library. Audio-visual Aids, Computerization with Multi-media and internet facilities should be placed for effective Craftsmen Training in the Institute.

However, as per information furnished to audit and findings of joint physical verification, it was noticed that out of the 11 (eleven) ITIs in the State, library facility was available only in one ITI[24], which was also not functional due to dilapidated condition and non-availability of books. As such, technical books and trade magazines/journals were not made available to the trainees who were deprived of the benefits of library facilities to broaden and update their technical knowledge.

[24] ITI Takyel.

1.2.8.3.1.4 Training grants, supply of raw material and consumables to trainees

i) Training grants

According to the DGET Manual, training grant is allowed to each institute at the rate of ₹ 200 per month per trainee for engineering trades and ₹ 100 per month per trainee for non-engineering trades to cover the cost of raw materials, consumables, stationery etc. However, no training grant was given to ITIs in Manipur, despite increase in cost of training materials.

In the Exit Conference (November 2015), the department replied that training grant was not given to the institutes due to lack of funds. However, the steps taken for obtaining such funds have not been intimated to Audit (January 2016).

ii) Inadequate supply of raw materials and consumable items

Scrutiny of records showed that the department had spent ₹ 76.90 lakh for purchase of raw materials and consumables. However, audit noticed that raw materials and consumables were not available to the required extent for the trades. No codal formalities have been observed in these purchases. Receipt and issue of these items were also not recorded in the stock registers. Details are in ***Appendix 1.13.***

In the absence of adequate raw materials and consumables imparting of proper hands on/practical training was doubtful.

The department accepted (November 2015) the audit observation.

1.2.8.3.2 Maintenance of records

1.2.8.3.2.1 Non-maintenance of Cash Book

Rule 77 of CTR envisage that receipt and payment of Government money should be entered in the Cash Book as soon as the transaction takes place and Government money should be kept in Bank. ITIs can utilise certain portion of admission fee for various purposes[25] for which it is collected. However, records for utilisation of the amount were not maintained by the ITIs. Also, caution money at the rate of ₹ 40/- per trainee was collected from trainees at the time of admission as security to safeguard against loss/damage caused by trainees. The same was to be refunded to the trainees on successful completion of the course.

Test check of records showed that nine[26] ITIs did not maintain Cash Book to account for the receipts and disbursement of fees collected and did not open

[25] The amount collected admission fees viz., I-Card, Training Diary, Mark Sheet, Aptitude Test and Final Test fees can be utilised for expenditure for their respective purposes.

[26] ITI Komlathabi, ITI Senapati, ITI Tamenglong, ITI Jiribam, ITI Ningthoukhong, ITI Kakching, ITI Ukhrul, Women ITI and ITI Phaknung.

bank account, in contravention of the financial rules *ibid*. Records for refund of caution money are also not available for audit scrutiny.

The department accepted (November 2015) the audit observation.

1.2.8.3.2.2 Failure to maintain Trainee's diary

As per NCVT norms, Trainees Diary is to be issued to each trainee for record of daily activities in the classes. Students are charged with ₹ 16 each as Trainee's Diary fee. However, on scrutiny of records it was noticed that Trainee's Diary were not issued and maintained by the trainees. In the absence of this, the records of progress of the training could not be verified by audit.

In the Exit Conference (November 2015), the department replied that the Trainee's Diary has been provided and it would be reviewed whether the ITIs concerned made these diaries available to the trainees. However, the steps taken regarding review of Trainee's Diary have not been intimated to Audit (February 2016).

1.2. 8.3.2.3 Records for construction works and scheme files not produced

Test check of records showed that the department had undertaken various construction works in the ITIs in the State during 2010-15 at a total cost of ₹ 6.4 crore. Details are in ***Appendix 1.14.***

However, details of the construction works such as Work plan, work programmes, copies of Administrative Approval and Expenditure Sanction, Notice Inviting Tender (NIT) Documents, detailed estimates, Work orders, Running Account (RA) Bills, Works Registers, Agreement copies, documents relating to selection of work agency and the physical and financial progress reports of the construction works, inspection reports, completion report, scheme files and copies for receipt and release of GoI funds were not produced despite requisition and reminders. In the absence of such records audit could not ascertain details of the expenditure incurred on these works and the present status of the works.

1.2.8.3.3 Centre of Excellence Scheme

The Main thrust of the Centre of Excellence scheme was to improve infrastructure and equipment facilities to modernise the syllabus and open new trades in the ITIs. There was no proposal for implementation of this Scheme in the 11(eleven) ITIs of the State. The department in its reply also stated that as of now no such scheme is approved by the GoI.

1.2.8.4 External Study tour

As stipulated in Para 37 of the DGET Manual, trainees from Industrial Training Institutes who are nearing completion of their courses may be sent for educational tour/study tour for obtaining an idea of the actual working condition of the nearby workshop. The trainees will also be entitled to a daily allowance at par with the minimum rates payable to group 'C' employees per day and to and fro second class railway fare for the journey. Further, each group of trainees has to be under the charge of a supervisory staff. Test check of records relating to study tour showed the following irregularities:

a) Supervisory staff signed the Attendance Register during tour

Test check of TA/DA receipts/APRs and attendance register showed that the Supervisory staff of study tour to Guwahati and Shillong for five to seven days in respect of ITI Saikot, ITI Senapati and Women ITI appended their signature in their respective office Attendance Register during study tour period. This indicated that those supervisory staff did not take part in the study tours though amount of TA/DA were drawn. Details are in ***Appendix 1.15.***

In the Exit Conference (November 2015), the department replied that information has been called for from the ITIs and the report will be submitted to Audit. However, the same is yet to be received (February 2016).

b) Study tour after completion of the course

Test check of records showed that study tours were conducted after completion of the course/final examination contrary to the guidelines governing the conduct of study tour and DGET norms. It would have been more beneficial to trainees in examination had the study tour been performed before completion of their training courses. Details are in ***Appendix 1.16***.

c) Obtaining bus ticket after completion of study tours

Test check of records in the Directorate of Craftsmen Training, Imphal showed that the bus tickets in connection with study tours to Shillong and Guwahati were obtained on 24 September 2010, 24 September 2010, 21 September 2010, 26 September 2010 and 29 August 2010 for the journey of 12 September 2010, 9 September 2010, 8 September 2010 and 18 September 2010 respectively (i.e. after completion of the respective journeys). The tickets were only from Churachandpur/Ukhrul/Imphal to Guwahati and back. There was no record for travel from Guwahati to Shillong and back. Some of the bills for the study tours were authorised and drawn in cash in the name of one official of the Directorate either during tour period or after completion of the journey. Further, records for lodging either at Guwahati or Shillong and any receipt for taking their breakfast and meals during that time were also not found.

In view of the irregularities as pointed out above, it is doubtful whether the study tours were actually carried out. The department stated that a concrete picture of the issues as pointed out by audit has been called for from the ITIs and the reply would be submitted to audit. However, the same has not been furnished (February 2016).

1.2.8.5 Follow up measures

1.2.8.5.1 Apprenticeship Training Scheme

The ITIs produce semi-skilled workers. In order to improve their skills and expose them to industrial environment, the trainees who successfully complete their training are sponsored to industrial establishments and are given apprenticeship training under the Apprentices Act, 1961. The period of apprenticeship training varies from six months to four years depending upon the trade. As per record, the Apprenticeship Training Scheme (ATS) is implemented in the State through one[27] Government department and three[28] private sector enterprises at different levels. The number of Apprenticeship seats allotted by the Government of Manipur is 80 in 15 trades. The year-wise physical achievement of ATS is shown in **Table No. 1.2.11** below.

Table No. 1.2.11 Year-wise physical achievement of ATS

Year	No. of Apprenticeship seats allotted	No. of Apprenticeship seats filled	No. of trainees passed
2010-11	80	12	8
2011-12	80	13	3
2012-13	80	14	14
2013-14	80	16	15
2014-15	80	Not available	
Total	**400**	**55**	**40**

(Source: Departmental Records)

From the above table, it is observed that during 2010-15, only 55 trainees were imparted ATS against allotted 400 seats. Further, as per GoM orders (February 2011), stipend at prescribed rates would be given to the ATS trainees. However, no records for payment were produced. Thus, the benefits of the scheme were not fully provided to the trainees. While accepting the audit observation, the department stated that the scheme could not be run smoothly as the state is not having big industries partners.

1.2.8.5.2 Ex-trainees follow up

As per the DGET manual, ITIs have to maintain 'Record Cards' of ex-trainees as a follow-up measure to ensure the trainees secure employment on successful completion of the training. If employed, the name of the employer should be given failing which, the whereabouts of unemployed trainees should be shown in the record cards. The trainees should also be asked to report periodically till they get employed. Audit, however, noticed that none of the ITIs in the State maintained the 'Record Card' for ex-trainees, thereby failing to follow-up the employment status of ex-trainees and ensure their employment. Reasons for non-maintenance of such records were not stated. While accepting the audit observation, the department stated that the required action would be taken up.

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27 PWD Government of Manipur.

28 Imphal Electrical and Motor Mechanical Works; Tombi Singh & Sons Carpentry Works, Sagolband; Kangla Automobiles & Electrical Works, Thangmeiband.

1.2.8.5.3 Employability of ITI trainees

The objective of establishment of ITIs was to impart industrial training to school-leaving youth so that they could acquire technical skills for gainful employment. ITIs in the State produce about 700[29] skilled persons every year by imparting industrial training in various trades. Audit however noticed that only 7.88 *per cent* of the trainees who passed out of ITIs were registered in the Employment Exchanges in the State, as shown below in **Table No. 1.2.12** below.

Table No. 1.2.12 Details of passed out ITI trainees registered in Employment Exchanges

Details	Number of trainees
Number of ITI passed candidates registered with employment exchange (during 2010-15)	278
Number of persons who got employed through employment exchanges	Such records were not maintained by the department

(Source: Departmental Records)

However**,** records of employment of trainees who had passed out were not maintained by the department as well as by the Directorate of Employment and Training. Due to non-availability of data on employment of such trainees audit could not ascertain whether the requirement of the industry was met or not through a steady flow of skilled manpower in different trades. While accepting the audit observation, the department stated that the required action would be taken up.

1.2.8.6 Human resources management

1.2.8.6.1 Vacancy in technical post

a) DGET had prescribed specific norms of technical staff for ITIs. The number of posts admissible for an ITI depends upon the seat capacity of the institute and the number of units in various trades training imparted in that ITI.

However, Audit noticed that vacancies in the technical cadre as against sanctioned posts were in the range of 33 to100 *per cent* as of March 2015 as given in **Table No. 1.2.13** below.

Table No. 1.2.13 Vacancy in technical cadre of the office of the Directorate of Craftsmen and Training

Sl. No	Name of posts	Sanctioned	No. of post filled-up	Vacancy in number *(per cent)*
1	Superintendent (Tech)	5	1	4 (80)
2	Supervisor (Tech)	2	1	1 (50)
3	Accounts Officer	1	0	1 (100)
4	Surveyor (Tech)	2	1	1 (50)
5	Sub-Inspector (Statistic)	2	0	2 (100)
6	Instructor (Language)	2	1	1 (50)
7	Instructor (Social Study)	2	1	1 (50)
8	Instructor (Math)	7	4	3 (43)

[29] Average of passed out candidate over 5 years totalling 3530.

Sl. No	Name of posts	Sanctioned	No. of post filled-up	Vacancy in number (*per cent*)
9	Instructor (Steno)	7	2	5 (71)
10	Instructor (Crafts)	41	20	21 (51)
11	Typewriter Mechanic	3	2	1 (33)
12	Maintenance Mechanic	1	0	1 (100)
13	Compounder	1	0	1 (100)
14	Store Keeper	1	0	1 (100)
15	Hostel Superintendent	2	1	1 (50)

b) Further as per DGET directives (DGE&T-19/07(7)/2014-CD dated 21 May 2014), State Government should appoint full time Principal in every ITI. In the event full time Principal is not available continuously for 6 months the trainees will not be allowed to appear in semester examination.

Audit, however, noticed that there was only one regular principal in 11 ITIs and the remaining 10 ITIs are headed by Principals in-charge for more than a decade against the DGET directives. Vacancies in technical post are bound to impact the quality of training imparted and smooth functioning of ITIs. The department accepted (November 2015) the audit observation.

1.2.8.6.2 Shortage of instructor in ITIs

DGET provides for two separate streams of Vocational Instructors (VIs), one for teaching theory and another for conducting practical classes. However, scrutiny of records showed that there was shortage of instructors ranging from two to fourteen in the 10 (ten) ITIs in the State. Details are in ***Appendix 1.17.***

Due to shortage of instructors both theory and practical classes are conducted by single instructor and is bound to have adverse impact on the quality of the training imparted.

The department accepted (November 2015) the audit observation.

1.2.8.6.3 Running of ITIs with contractual Instructors and staff

As per recommendation of the DGET which was accepted by the GoI, the contractual appointment of Instructors should be for a period of one year and also that within the period vacancies should be filled through regular recruitment with the objective of ensuring commitment of the instructors for quality training on the basis of a career in this field.

Audit however, noticed that all the 11 ITIs in the State have been running with contractual instructors and staff except few instructors in one ITI (ITI Takyel). Smooth functioning of ITIs would be adversely affected by this arrangement.

The Government of India, Ministry of Labour and Employment has issued order dated 21 May 2014, whereby the approved minimum salary of contractual instructors of ITIs should not be less than ₹ 14,000 per month with 5 *per cent* annual increase. Test check of pay bills showed that contractual instructors were paid at fixed rates of only ₹ 7,600 and ₹ 8,000 per month respectively for non-engineering and engineering trades in contravention to the DGET/NCVT recommendations. The department stated that the remuneration was not sufficient to cover the boarding and lodging expenses at the posting place.

In the Exit Conference (November 2015), the department replied that salaries paid to contract instructors were less than prescribed rates due to lack of funds. However, steps taken to obtain adequate funds have not been intimated (February 2016).

1.2.8.6.4 Wasteful expenditure on payment of salary

It was seen during test check of pay bills that salary/remuneration have been drawn continuously in the name of five Principals[30] for more than a decade. However, the said Principals were not working in any of the ITIs in Manipur. The department stated that they were appointed as Principals of five newly established ITIs in Manipur on contract basis during 2003. The five Principals were appointed but their services for the newly established ITIs were never utilised and the charges of Principals of the ITIs were held by other instructors. Despite repeated requests and requisition, the Directorate could not make available the relevant records viz., appointment of the Principals and drawal of salary/remuneration since their appointment. In the absence of such records audit could not work out the actual expenditure incurred on their salary/remuneration. However, as per available records, they have been drawing salary/remuneration at the rate of ₹ 14,700/- per month. As such, the department incurred irregular expenditure of ₹ 88.20 lakh[31] since 2003. In the Exit Conference (November 2015), the department replied that the payment of salaries was made to five Principals with the Management's approval. However, copy of the same could not be furnished (February 2016).

1.2.8.6.5 Staff training

As per NCVT norms training and re-training of instructors are mandatory. The department has been conducting Staff Training Programmes (STP) at Central Staff Training and Research Institute (CSTARI) Kolkata, Central Training Institute (CTI) Guindy, Chennai and principals' training at Indian Institute of Management (IIM) Ahmadabad. Under this programme, specific training in teaching techniques *viz*., use of audio-visual aids, class room management etc., is given for a period of two weeks to three months. Audit noticed that, during 2010-15, only 44 (40.74 *per cent*) instructors were trained as against a total strength of 108 instructors. Thus, majority of staff in ITIs was deprived of exposure to new methods of training which could help in sharpening their teaching skills.

Further, on the recommendation of the DGET/NCVT and accepted by the GoI, it is mandatory that every Instructor who has joined ITIs must complete Craftsmen Instructors training scheme (CITS) course within three years from the date of their joining/appointment.

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[30] ITI Phaknung, ITI Tamenglong, ITI Kakching, ITI Ningthoukhong and ITI Komlathabi.

[31] Calculated at the rate of ₹ 14,700 per month for 5 Principals for 10 years.

As per Labour Department's orders, some of the instructors of various ITIs were deputed for undergoing three months training course in "Training Methodology" (TM) Module under Modular pattern of Craft Instructor Training Course held at the Central Staff Training and Research Institute (CSTARI), Kolkata. We, however, noticed that TA/DA for attending the training was borne by the concerned Instructors as no TA/DA was provided either by the Directorate of Craftsmen Training, Government of Manipur or by the office of the CSTARI, Kolkata. The remaining 64 out of 108 Instructors were not even nominated for training.

In the Exit Conference (November 2015), the department replied that funds were not released by the State Government for the staff training. However, steps taken to persuade the State Government to release funds have not been intimated (February 2016).

1.2.8.7 Results of joint physical verification

1.2.8.7.1 Establishment of private business in Carpenter Workshop

During joint inspection, there were no trade related machineries, tools and equipments in the Carpenter Workshop of ITI Senapati. Instead, the building was utilized for running private handloom/weaving business as shown in the photos below.

Workshop room used for private business at ITI Senapati

In the Exit Conference (November 2015), the department replied that the matter would be looked into and intimated to Audit. However, the same is yet to be received (February 2016).

1.2.8.7.2 Illegal occupation of ITI Saikot hostel

A men's hostel (7 bedded) was constructed in 1972 at ITI Saikot. The hostel was not occupied since its inception due to lack of basic amenities such as furniture, proper drinking water facilities and electrical fittings. However, during joint inspection, it was noticed that the hostel building was occupied by local villagers. In reply to further audit query, the department stated that as the trainees did not apply for the hostel it remains un-occupied, so homeless villagers were given shelter temporarily. Thus, the occupation of the hostel building by the locals was unauthorised occupation of public property.

1.2.8.7.3 Construction of Community Resource Centre within ITI Saikot campus

During joint inspection, it was noticed that one Resource Centre was constructed within ITI Saikot campus. The resource centre was stated to have been constructed during 2013-14, by the District Rural Development Agency (DRDA), Churachandpur under Backward Region Fund. The photographic evidence is shown below.

Community Resource Centre at ITI Saikot Campus

In reply to an audit query, the department stated that the Resource Centre was constructed within the ITI campus under the order of Deputy Commissioner Churachandpur for the benefit and welfare of the local people. Construction works taken up inside ITI campus tantamount to encroachment of Government land as the Resource Centre has no link with the functioning of ITI.

In the Exit Conference (November 2015), the department replied that Deputy Commissioner would be informed about the issue and a report would be furnished to Audit. However, the same is yet to be received (February 2016).

1.2.8.8 Monitoring and evaluation

According to the DGET Manual, ITIs are required to be inspected, monitored and evaluated by inspection officers of State Directorate of Training regularly to ensure smooth and proper functioning of the ITIs. Each training centre in the state should be inspected at least once a quarter. At least one centre in the State should be inspected once a year by a tripartite team consisting of (i) State Directorate-in-charge of training; (ii) Representatives of industries who are running their own schemes and (iii) a representative of the labour organisation. Further, a few selected centres of each State should be inspected once a year by the officers of the Training Directorate of Ministry of Labour.

However, no evidence for inspection/monitoring of ITIs by the inspecting officers was found on records. Thus, ITIs in the State were not properly monitored or inspected by the concerned higher authority. In absence of inspection by higher authority whether the ITIs are functioning smoothly could not be ascertained. During joint inspection, substandard construction works of ITI building were seen, some of which are shown below.

 **Collapsed boundary fencing of ITI Senapati**	 **Collapsed boundary fencing of ITI Phaknung**
 **Substandard construction of Workshop at ITI Senapati (yet to be completed)**	 **Collapsed boundary fencing of ITI Takyelpat**

The department accepted the audit finding (November 2015) and stated that inspection at ITIs could not be taken up due to present law and order situation.

1.2.8.8.1 Physical verification

As per Rule 192(2) of GFR, 2005 stores and stock should be physically verified at least once a year by an officer/official other than those holding the charge of the stores. A certificate of verification along with the findings shall be recorded in the stock register. The inventory for fixed assets shall ordinarily be maintained at the site. Rule 192(1) of the GFRs stipulates that fixed assets should be verified at least once in a year and the outcome of the verification recorded in the corresponding register. Discrepancies, if any, shall be promptly investigated and brought to account. Further, as per NCVT norms, physical verification of tools and equipment in the ITIs was to be conducted by Principals of the ITIs (*cent per cent*) and Regional Joint Directors (25 *per cent*) every year.

However, no such physical verification was conducted in any of the ITIs and Directorate office. There was no record to indicate that the department had a practice/process for disposal of condemned or unserviceable store items.

During joint physical verification by the departmental officials and the Audit team, it was noticed that furniture, machineries, equipments and vehicles were lying scrambled in various corners of the office premises. The department did not make any effort either to repair or dispose-off the same as per rule. Further, fixed assets like office building of ITIs and hostels and lavatories of ITIs were in a dilapidated condition due to lack of maintenance and machineries and equipments were lying uninstalled. Some of the photographs taken during joint inspection are shown below.

Motors &Equipments lying in ITI Takyelpat

Various items lying at ITI Ningthoukhong

Dilapidated Lavatory of ITI Senapati

Machineries lying in ITI Takyel

Reasons for not conducting physical verification of stores and stock were not on record.

The above deficiencies noticed in audit indicated that the internal controls in the department were weak. The department accepted the audit finding (November 2015) and stated that necessary action will be initiated.

1.2.9 Conclusion

Planning for functioning of ITIs and implementation of projects lacked professional and systematic approach. The department did not formulate long term perspective plan / vision document for smooth and effective functioning of ITIs in the State. The functioning of the ITIs suffered due to lack of infrastructure facilities such as adequate buildings, class rooms, power supply and hostels. Particularly distressing was the lack of basic facilities such as drinking water and toilets in the academic institutions. There was shortfall in the availability of tools and equipment as compared to the standard list of tools and equipment in eight ITIs. Moreover, some machineries also remained uninstalled in four ITIs. There was shortage in manpower for imparting trainings. The decreasing trend of enrolment and the increasing trend of dropout is an indicator of the poor quality of trainings provided by the ITIs. Due to failure of the department to have new trades affiliated to NCVT, trainees were yet to receive National Trade Certificates thereby affecting their job opportunities as the SCVT certificates are valid only in the State. Apprenticeship and placement programmes fared badly in the state. Huge amount sanctioned by GoI were idling in civil deposits. Maintenance of machineries was very poor. The ITI campus and workshop were being used for entrepreneur purposes. Weakness in financial management and monitoring has resulted in leakage and misappropriation of funds, delay in creating of necessary infrastructure and poor quality of assets.

1.2.10 Recommendations

Job oriented skill training provides a good avenue to reduce unemployment and channelize the energy of young people in a fruitful manner for self-employment/gainful employment inside/outside the state. The department could play proactive role in this regard by tapping talent, nurturing and encourage promising skilled persons. On the basis of the above the following recommendations are made:

- With involvement of stakeholders and experts, the Perspective and Annual Plan documents need to be drawn up in great details and with well-defined milestones, goals and outputs for producing skilled persons. Best practices and successful models elsewhere need to be studied for smooth functioning of ITIs;

- Financial management in the department should be improved. Better accountability mechanisms should be put in place. Effective utilisation of funds allocated for GOI Scheme and proper maintenance of records should be ensured;

- Human resource deficiencies should be taken care of;

- Adequate infrastructure facilities particularly potable water/toilets and manpower should be provided in ITIs for smooth functioning of the ITIs. Completion of infrastructural works of ITIs should be expedited;

- Availability of adequate tools and equipment and raw materials for trainees in ITIs should be ensured and the existing ones should be well maintained and put to good use so as to provide qualitative training to trainees. Synchronisation with other concurrent programmes in the State such as Drinking Water Programme, Swach Bharat Abhiyan, could help in this matter;

- Inspection of ITIs should be carried out periodically as envisaged in the DGET manual. Proper monitoring of the projects should be carried out at different levels. Monitoring and Internal control mechanism should be strengthened and put in place expeditiously and

- Improved coordination is required between the Directorate of Craftsmen Training and other concerned departments for better placement of ITI passed candidates under the Apprenticeship training scheme.

RURAL DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

1.3 Implementation of Pradhan Mantri Gram Sadak Yojana

Highlights

The Government of India launched Pradhan Mantri Gram Sadak Yojana (PMGSY) in December 2000 to provide connectivity, by way of an 'all-weather road' to the eligible unconnected rural habitations. A Performance Audit of implementation of PMGSY in the State of Manipur was conducted during April - October 2015 covering the period 2010-15. The important audit findings are highlighted below.

- The basic records for preparation of the District Rural Road Plan (DRRP) were not available with MSRRDA/sampled Programme Implementation Units (PIUs). Works were executed on the basis of the Core Network and recommendations of the Members of the Legislative Assembly (MLA) and Members of Parliament (MP).

(*Paragraph 1.3.7.1*)

- While the upgradation works in one sampled district of Imphal East were taken up without the CUPL being prepared, the upgradation works in another sampled district of Thoubal were taken up in haphazard manner without following the priority assigned in the Comprehensive Upgradation Priority List (CUPL).

(*Paragraph 1.3.7.1.3 and 1.3.7.1.4*)

- Award of work to other than the lowest bidder resulted in a loss of ₹ 103.89 lakh in respect of 18 packages under Phase-VIII.

(*Paragraph 1.3.7.2.5.4*)

- Out of the recoverable liquidated damages of ₹ 504.91 lakh for delay in completion of 20 packages, only ₹ 46.69 lakh had been recovered from the contractors concerned leaving a balance of ₹ 458.22 lakh to be recovered.

(*Paragraph 1.3.7.2.5.6*)

- In respect of four packages in three sampled districts - Imphal East, Senapati and Ukhrul the contractors were paid ₹ 28.45 lakh for works that were not executed.

(Paragraph 1.3.7.2.5.8)

- As against target for coverage of 80 sanctioned habitations with population of 1000 and above, 75 habitations were provided with connectivity as of March 2015 after a delay of five years since the approval by the GoI.

(Paragraph 1.3.7.3.2)

- While habitations with population between 500 to 999 were to be covered by 2007, MSRRDA could cover 177 habitations out of 211 sanctioned by GoI with a shortfall of 34 eligible habitations as of March 2015.

(Paragraph 1.3.7.3.2)

- Out of the 258 habitations having a population of 250-499 which were approved by the GoI for connectivity within March 2015, 137 habitations (53 *per cent*) only had been provided connectivity as of March 2015.

(Paragraph 1.3.7.3.2)

- Out of a total of 668 works requiring routine maintenance during 2010-15, work was taken up for 406 leaving 262 without maintenance despite the availability of fund of ₹ 4.79 crore as of 31 March 2015.

(Paragraph 1.3.7.4)

- The persistent closing balances at the end of each of the financial year ranging from ₹ 0.68 crore to ₹ 176.37 crore during 2010-15 despite non-receipt of central fund during 2013-14 reflected that available funds were not put to optimum use.

(Paragraph 1.3.7.5.1)

- During 2010-15, 109 inspections were conducted by the State Quality Monitors (SQMs) in respect of 222 completed packages against the required 666 which resulted in shortfall of 557 inspections (84 *per cent*).

(Paragraph 1.3.7.6.2.2)

1.3.1 Introduction

Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched by Government of India (GoI) in December 2000 with the objective of providing services (educational, health, marketing facilities, *etc.*) through good all-weather road connectivity, to the eligible rural unconnected habitations[32] of 1,000 and above by 2003 and habitations of population size of 500 and above (250 persons in hilly, tribal areas) by end of 2007. This was to be achieved through a Core

[32] A habitation with a population of 500 persons and above in Plain areas and 250 persons in respect of the Hill States, the Desert Areas, the Tribal (Schedule V) areas and selected Tribal and Backward Districts located at a distance of at least 500 metre or more (1.5 km of path distance in case of Hills) from an All-weather road or a connected Habitation.

Network - minimal Network of roads (routes) which was considered essential to provide basic access to essential social and economic services to all eligible unconnected habitations in the selected areas through at least single all-weather road connectivity. The connectivity could be provided either through new construction where the link to the habitation was missing and additionally, if required, by 'upgradation' where an intermediate link in its present condition could not function as an all-weather road.

The programme launched in December 2000 is referred to as PMGSY-I which was 100 *per cent* Centrally funded. In May 2013 Government of India launched PMGSY-II to consolidate the entire rural road network by upgradation of selected Through Routes[33] and some Major Rural Links (MRLs). Only States and Union territories which have achieved 100 *per cent* new connectivity and 75 *per cent* of upgradation works under PMGSY-I could participate in PMGSY-II. PMGSY-II[34] is on cost sharing basis between the Centre and States in the ratio of 75:25 in normal areas and 90:10 in special areas.

In Manipur, PMGSY-I was implemented since 2000-01 and till date upto eight[35] phases have been taken up. PMGSY-II is yet to be implemented in the State. This Performance Audit is focused on the implementation of PMGSY-I in the State.

1.3.2 Organisational Arrangement

At the State level, the Department of Rural Development and Panchayati Raj (RD&PR) is the nodal authority for the implementation of PMGSY. A State Level Standing Committee with Chief Secretary as Chairman was set up (July 2000) for vetting the District Rural Roads Plan/Core Network, scrutinising the proposals and exercising overall supervision and monitoring of the scheme. Manipur State Rural Road Development Agency (MSRRDA) set up in March 2004 was made responsible for vetting of proposals and coordination of quality control activities at the State level. The Minister, RD&PR is the Chairman of MSRRDA. The Principal Secretary, RD&PR assists the Chairman as administrative Secretary. The organogram of MSRRDA at the State and at the Programme Implementing Unit (PIU)/ district level are shown in ***Appendix 1.18.***

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[33] Through Routes are the ones which collect traffic from several link roads or a long chain of Habitations and lead it to Marketing centres either directly or through the higher category roads *i.e.*, the District Roads or the State or National Highways.

[34] Under PMGSY-II, the Ministry has released funds to only two states viz. Haryana and Karnataka amounting to ₹ 244.27 crore and ₹ 200 crore respectively as on November 2014.

[35] Phases-I (2000-01), II (2001-02), V (2006-07), VI (2008-09), VII (2010-11), VIII (2012-13), IX (2013-14) and X (2014-15). Phases-III and IV were not implemented in the State, however, counting of phases resumed at Phase-V in 2006-07 after Phase-II.

1.3.3 Audit Objectives

The Performance Audit was conducted to ascertain whether:

- Systems and procedures are in place for the identification/ preparation of Core Network as well as District Rural Road Plan (DRRP) and the same were adequate and conform to the provisions of the Programme;
- Road works were executed economically, efficiently and effectively;
- Allocation and release of funds under PMGSY were adequate and timely so as to ensure optimum utilization of funds and
- Existing monitoring system and quality control mechanism was adequate and effective for achieving the programme objectives.

1.3.4 Audit Criteria

The audit criteria were derived from the following sources:

- Guidelines of Programme PMGSY-I and subsequent amendments issued by the Ministry of Rural Development, Department of Rural Development, GoI (Ministry);
- Operational Manual, Accounts Manual, Rural Road Manual, *etc.*, of PMGSY;
- Annual Reports/Instructions/guidelines issued by National Rural Road Development Agency (NRRDA);
- Outcome budget of the Ministry of Rural Development, GoI;
- Periodical reports/returns prescribed by the State Government;
- Circulars/instructions issued by the Department of Rural Development, GoI;
- Reports of National and State Quality Monitors and National Level Monitors;
- Central Public Works Department Manual;
- Studies conducted by the Planning Commission and various agencies at Central level and
- Detailed guidelines for convergence between Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and PMGSY.

1.3.5 Scope of Audit

Implementation of PMGSY in the State covering the period from April 2010 to March 2015 was test checked during April to October 2015. Four[36] districts out of the nine districts in the State were selected for scrutiny through the statistical sampling tool called Probability Proportional to Size Without Replacement (PPSWOR) method. Records of the six[37] Programme Implementation Units (PIUs) implementing PMGSY in the four sampled districts were examined. Twenty five *per cent* of the roads sanctioned (by length and amount) in the sampled districts during 2010-15 were selected through random sampling for test check as shown in **Table No. 1.3.1** below.

Table No. 1.3.1 Sampled Packages

(₹ in crore)

Particulars	Sanctioned/completed/in progress during 2010-15			Sampled		
	Packages (No)	Length of road (km)	Amount	Packages (No) *(per cent)*	Length of road (km) *(per cent)*	Amount *(per cent)*
New Connectivity	188	1477.41	579.18	52 (28%)	371.76 (25%)	155.39 (27%)
Upgradation	45	210.80	96.89	12 (27%)	51.17 (24%)	22.93 (24%)
Total	**233**	**1688.21**	**676.07**	**64 (27%)**	**422.93 (25%)**	**178.32 (27%)**

In addition, three packages for which only Stage I[38] was completed but had direct link with the 64 sampled packages were also test checked.

1.3.6 Audit Methodology

The Performance Audit commenced with an entry conference (April 2015) with the Principal Secretary, Rural Development and Panchayati Raj Department. This was followed by issue of audit requisitions and questionnaires; examination of records at the office of the Chief Engineer, MSRRDA; the Programme Implementation Units (PIUs) of the sampled districts, examination of the sampled packages and joint physical verification of 25 packages. The draft report was discussed in an exit conference (December 2015) with the Department and MSRRDA. The replies of MSRRDA have been incorporated at appropriate places.

[36] Four districts: Imphal East and Thoubal (Valley districts); and Ukhrul and Senapati (Hill districts).

[37] PIU Imphal East, PIU Thoubal, PIU-I Ukhrul, PIU-II Ukhrul, PIU-I Senapati and PIU-II Senapati.

[38] In Hill States the estimates for new construction works may be prepared in two stages viz., Stage I - Formation cutting, slope stabilization, protection works and drainage works; Stage II - Black topping which may be taken up after two rainy seasons to ensure adequate stabilization of the side slopes.

1.3.7 Acknowledgement

Audit acknowledges the cooperation extended by MSRRDA in providing necessary information and records to audit.

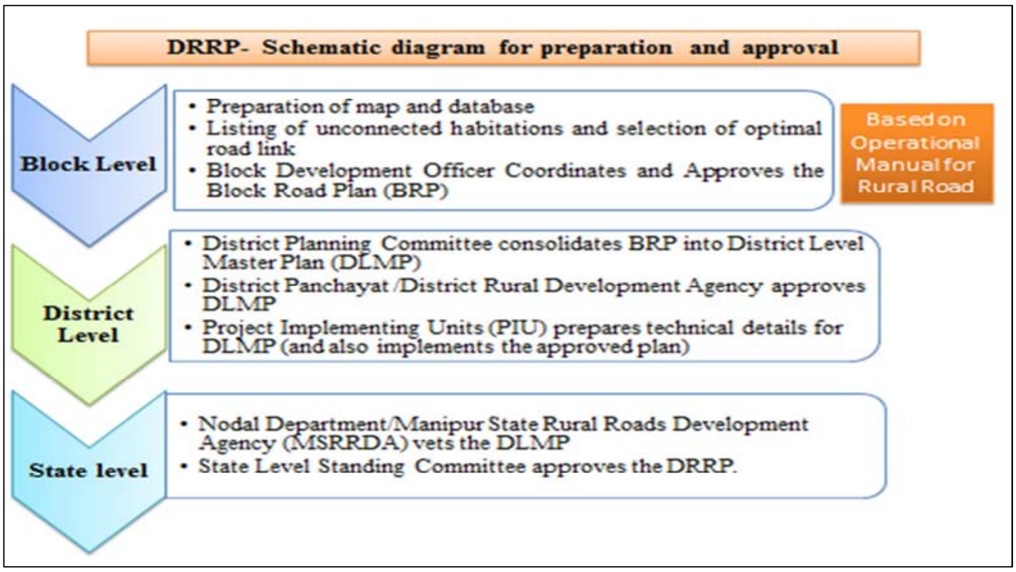
1.3.8 Audit Findings

The important findings of the performance audit have been highlighted in the succeeding paragraphs:

Core Network and District Rural Roads Plan (DRRP)

1.3.8.1 District Rural Road Plan

As per the Operational Manual for Rural Roads, the DRRP shall be prepared at two levels – the Block level and the District level. Approved Block-wise Master Plan of the Intermediate level (Block) Panchayat, would be forwarded to the District Planning Committee (DPC), and integrated into the District level Master Plan, called the District Rural Roads Plan. The Plan would be forwarded by the Programme Implementation Unit (PIU) to the Nodal Department/ State Rural Road Development Agency (SRRDA) for approval of the State level Standing Committee to finalise the DRRP. This would form the basis for selection of road works under PMGSY, through the Core Network. The process is as shown in the chart below.



However, MSRRDA/ the sampled PIUs could not produce the DRRP to audit. The basic records for preparation of the DRRP were also not available and hence, the preparation of the DRRP as per guidelines could not be ascertained in audit. The Department informed that works were executed on the basis of the Core Network and recommendations of the Members of the Legislative Assembly (MLA) and Members of Parliament (MP).

During the exit conference MSRRDA stated that DRRP which was previously available in Online Management, Monitoring and Accounting System (OMMAS) was lost due to upgradation (January 2014) to OMMAS version II.

The reply is not acceptable as MSRRDA could not substantiate their reply with production of the relevant records for preparation of DRRP and date of approval thereof.

1.3.8.1.1 Preparation of Core Network

As per guidelines of PMGSY, the Block Level Master Plan would first be prepared at the Block level by drawing up the existing road network, identifying unconnected habitations and preparing the roads required to connect these unconnected habitations. Once this exercise is completed, the Core Network for the Block is identified, by making best use of the existing and proposed road facilities in such a manner that all the eligible habitations are assured of a basic access. The Block level Master Plan and the Core Network are then placed before the Intermediate Panchayat for consideration and approval of the Core Network. After approval by the Intermediate Panchayat, the Plans would be placed before the District Panchayat for its approval. A copy of the approved Core Network would be sent to the State-level Agency (STA) as well as the National Rural Roads Development Agency (NRRDA).

MSRRDA and the sampled PIUs did not maintain any files and records in connection with the preparation of the Core Network. As such, audit could not ascertain whether the Core Network was prepared as per guidelines.

During the exit conference MSRRDA accepted (December 2015) the audit observation and stated that the records/files for preparation of Core Network would be checked at the concerned level and the position would be furnished to audit. However, no information has been received (February 2016).

1.3.8.1.2 One eligible unconnected habitation not included in CNCPL

One eligible habitation (Khoidum: Population – 488 as per Census 2001) was not included in the Comprehensive New Connectivity Priority List (CNCPL) prepared by the PIU, Thoubal[39] due to incorrect population figure of 205 in the Core Network.

During the exit conference MSRRDA stated that it would ascertain whether the road work had been taken up by the State Public Works Department. Information, however, had not been furnished to audit (February 2016).

1.3.8.1.3 Preparation of Comprehensive New Connectivity Priority List (CNCPL)/Comprehensive Upgradation Priority List (CUPL)

Once the Core Network is ready, the State is to prepare a CNCPL at block and district level of all proposed road links in order of priority. Para 3.3.3 of the Operational Manual states that upgradation works would be proposed in a district only if no new connectivity remains to be taken up. The selection of roads for upgradation would be done on the basis of survey of the road condition of the Core Network of the district which will establish a Pavement Condition Index (PCI) on a rating scale of 1 to 5. After the completion of the

[39] Such irregularity was not found in the remaining three sampled districts.

road condition survey, a Comprehensive Upgradation Priority List (CUPL) for the district would be prepared. The CNCPL had been prepared in all the four sampled districts. However, the updated CNCPL list incorporating the left out habitations was not prepared. The CUPL, though required to be prepared and maintained in respect of two sampled districts *i.e.* Imphal East and Thoubal[40], was prepared only for Thoubal district. In Imphal East district, 13 up-gradation road works were executed during 2010-11 to 2014-15 without preparation of CUPL.

During the exit conference MSRRDA accepted audit observation on non-preparation of CUPL for Imphal East district.

1.3.8.1.4 Preparation of CUPL without conducting Pavement Condition Index (PCI) Survey

The following deficiencies were found in the CUPL records of Thoubal district:

- The CUPL list furnished to Audit contained 80 numbers of roads, listed based primarily on population of habitations. Prioritization of roads based on PCI index and other factors {road type, average annual daily traffic (AADT), *etc.*} were, not found in the said list.

- During execution of upgradation works in the district, the priority assigned in the CUPL list mentioned above was not followed and roads were taken up in a haphazard[41] manner as compared to CUPL. For instance, the roads which were listed at Sl. Nos. (9) Lilong to Leishangthem (T10) and (11) Khongjom Tekcham to Wabagai (T07) of the CUPL were found executed during Phase VI (2008-09), whereas, Sl. Nos. (4) Sekmaijin to Maibam (T08) and (7) Wangbal to Lourembam (T04) were taken up six years later during Phase X (2014-15). Details are shown in **Table No. 1.3.1** below.

Table No. 1.3.1 Execution of Upgradation works in haphazard manner

Phase (Sanction Year)	Sl. No in CUPL of roads taken up
Phase VI (2008-09)	1, 3, 5, 9, 11, 17, 19, 20, 21, 23, 39, 42, 65, 78
Phase IX (2013-14)	12, 18, 36, 37, 40, 44, 48, 53, 54, 55, 56, 62, 71
Phase X (2014-15)	4, 7, 14, 15, 16, 24, 25, 28, 29, 33, 35, 38, 41, 43, 45, 46, 47, 49, 50, 52, 58, 59, 60, 61, 64, 66, 67, 70, 72, 77, 79,

- Block-wise lists named 'CUPL – Road-wise Core Network Upgradation Priority List' were found in the OMMAS website. However, the priority of roads on the OMMAS did not match with those assigned in the CUPL mentioned above. Reason for the deviation was not provided to Audit (February 2016).

[40] In respect of the other two sampled districts (Ukhrul and Senapati), upgradation work has not yet started as new connectivity is in progress.

[41] Details of roads of Thoubal district as per CUPL which were taken up under various phases.

Thus, there was no evidence for preparation of the DRRP as per guidelines. Works were executed as per the Core Network on the recommendations of the members of the legislative assembly and members of Parliament. While the upgradation works in Thoubal district were taken up in haphazard manner without following the priority assigned to the CUPL, the upgradation works in Imphal East district were taken up without preparation of CUPL.

Execution of Road Works

1.3.8.2.1 Execution of works on routes not included in Core Network

As per Para 3.8 of PMGSY guidelines, each road work under the PMGSY is to form a part of the Core Network. However, as per the OMMAS information of new connectivity/upgradation works, two works in Imphal East district executed at a cost of ₹ 416.70 lakh was not included in Core Network as shown in **Table No. 1.3.2** below.

Table No. 1.3.2 Statement showing execution of works on routes not included in Core Network

(₹ in lakh)

Package No.	Name of Package	Phase	Sanction Year	Sanctioned Cost	Expenditure incurred
MN0469	T09/Luwangsangbam Jn. to Kameng via Matai (Mantripukhri Marshyland)	IX	2013-14	673.93	343.67
MN0468	Construction of Bailey Bridge (80 feet) span over Patchao River on road from Islamabad to Chingdong Leikai	VIII-II	2012-13	98.33	73.03
Total				772.26	416.70

During the exit conference MSRRDA stated that reply would be furnished to audit after checking the matter.

1.3.8.2.2 New connectivity work not prioritised

As per paras 6.8, 6.9, 6.10 and 6.11 of Programme guidelines of PMGSY, execution of link routes as indicated in Core Networks and CNCPL were to be done strictly on the basis of order of priority in CNCPL/CUPL. Low priority routes to a market centre, a medical or educational facility could be considered as an exception. Para 6.9 (ii) stipulated that the prescription of works/packages to connect an eligible unconnected habitation also should adhere to order of priority.

In Ukhrul and Senapati[42] districts, nine works were executed at a cost of ₹ 17.12 crore prior to six eligible works placed at higher priority in the CNCPL, without any recorded reasons like connectivity to market facilities, educational or medical essential services as shown in ***Appendix 1.19.***

1.3.8.2.3 Execution of new connectivity works to connect already connected habitations

As per programme objective of PMGSY guidelines, the primary objective of

[42] In respect of the other two sampled districts (Imphal East and Thoubal), upgradation works were primarily taken up during the audit period.

the PMGSY is to provide all-weather road connectivity, to the eligible unconnected habitations in the rural areas.

Audit scrutiny of Core Network details along with the OMMAS information on execution of new connectivity works showed that in contravention to programme objective, the following new connectivity works were executed at the cost of ₹ 12.29 crore to provide new connectivity to already connected habitations in respect of the two sampled districts[43] as shown in **Table No. 1.3.3** below.

Table No. 1.3.3 Execution of new connectivity works to connect already connected habitations

(₹ in lakh)

Sl. No.	Package No.	Name of Package	Phase	Sanctioned cost	Value of work done	Total expenditure incurred
PIU Imphal East						
1.	MN0414	Bashikhong – Keirao Makting	VI	259.92	260.99	260.7
2.	MN0420	T09 to Luwangsangbam Jn. to Kameng	VI	151.92	146.03	146.03
3.	MN0418	T08 to Lairikyengbam Leikai	VI	173.17	152.50	149.85
PIU II, Senapati						
1.	MN0641	T01 to Chingmei Khunou	VII	213.22	174.90	174.90
2.	MN0665	NH-39 to Pheijang	VII	168.01	163.99	164.57
3.	MN0671	NH-39 to Saikotjang Part II (7.77 km to 15.37 km)	VII	342.94	332.73	332.53
Total				**1317.32**	**1228.49**	**1228.58**

Source: MDRRDA, Core Network and CNCPL

MSRRDA has accepted the audit observation.

1.3.8.2.4 Slab culvert not constructed

Joint physical verification of audit and MSRRDA revealed that one slab culvert of about 5 meters was required to be constructed at chainage 1.5 Km across a stream along the PMGSY road from Samaram to Pulleipokpi (MN0814) (Thoubal District)[44] as the existing one was a wooden slab constructed by the State Public Works Department. Unless the slab is constructed, there would be a missing link between two stretches of the PMGSY road across two sides of stream. The DPR was silent regarding the requirement of the slab culvert.

In respect of another ongoing upgradation work "NH-39 to Thoubal Khunou Road (MN0851)", Thoubal district, the joint physical verification team found that eight slab culverts earlier constructed were included in the DPR. However, three cross drain structures required at chainages 1.1 km, 3.8 km and 4.6 km to alleviate water-logging, had not been provided in the DPR. As of September 2015, expenditure of ₹ 169.73 lakh was incurred on the

[43] In respect of the other two sampled districts of Thoubal and Ukhrul, such cases were not found.

[44] Similar cases were not found in the remaining three sampled districts.

upgradation work. In absence of the proposed slab culverts, the condition of the road would deteriorate.

1.3.8.2.5 Tendering and Contract Management

1.3.8.2.5.1 Invitation of tenders prior to technical sanction/administrative sanction

Para 8.1.1 of the Operational Manual of PMGSY states that after the project proposals are cleared and technical sanction accorded, the executing agency would invite tenders through the established procedure for tendering, through competitive bidding following the Standard Bidding Document (SBD).

Audit noted that in respect of 69 packages sanctioned during Phase-VII (2010-11), tender was floated during March 2010 while sanction for executing the works was accorded by NRRDA later in September 2010.

MSRRDA while admitting the audit observation stated (February 2016) that issue of NIT before obtaining sanction from NRRDA was made to avoid time overrun in the tendering process. The reply is not acceptable as no package can be tendered before obtaining necessary sanction of NRRDA.

1.3.8.2.5.2 Delay in inviting tenders (NITs)

The Operational Manual of PMGSY (Sub-para 8.1.2) stipulates a time frame of seven days for advertising the press notice *i.e.* issue of NIT from the date of sanction. Scrutiny of records for issue of NITs and sanction orders by the NRRDA revealed that there were delays in the issue of NITs after sanction had been accorded by the NRRDA. It was found that in respect of Phases-VIII to X, there were delays ranging from 137 to 482 days in the issue of NIT. Details are shown in **Table No. 1.3.4** below.

Table No. 1.3.4 Delay in issue of NIT

Sl. No.	Phase (Sanction year)	Number of works[45] sanctioned by NRRDA	Date of sanction by NRRDA	Date of issue of NIT	No. of packages for which NIT issued	Time gap of issue of NIT from date of sanction (in days)	Delay in issue of NIT (taking seven days as time frame for issue of NIT after sanction by the NRRDA)
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7) = (5) – (4)*	*(8)*
1	VIII (2012-13)	90	24-05-2012	15-10-2012	50	144	137
	VIII-II (2012-13)			25-09-2013	34	489	482
2	IX (2013-14)	200	31-05-2013	22-10-2013	187	144	137
3	X (2014-15)	208	03-04-2014	24-10-2014	198	204	197

Source: MSRRDA

While accepting the audit observation, MSRRDA stated during the exit conference that inviting tenders was delayed due to enforcement of election code of conduct during the period. MSRRDA also stated that they tried to get

[45] Some works were combined into one package during issue of NIT.

exemption from the Election Commission (EC) for NIT. The reply did not explain the delay for 2010-2013 and 2014-15 when no election was held.

1.3.8.2.5.3 Delay in award of work

The PMGSY guidelines (Para 13.2) stipulate 75 days as the average tendering time *i.e.* the time frame within which works are to be awarded from the date of sanction of projects by the NRRDA. In cases where re-tendering is involved, the Operational Manual for PMGSY (Sub-para 8.1.2) stipulates 120 days as the average tendering time for completion of all formalities relating to issue of tender notice, finalisation of tender and award of works.

In respect of 46 out of 64 sampled packages there were delays in award of work ranging from 2 months to 28 months. The details are as shown in **Table No. 1.3.5** below.

Table No. 1.3.5 Delay in award of work

Sl. No.	Delay in award of work (in months) after allowing a duration of 120 days for the issue of NIT and the tendering process	No. of packages (Out of 64 sampled packages)	*Percentage* (Out of 64 sampled packages)
1	2 - 3	2	3
2	4 - 6	5	8
3	7 - 9	10	16
4	10 - 12	12	19
5	13 - 18	15	23
6	19 - 24	-	-
7	24 - 28	2	3
Total		**46**	**72**

Source: MSRRDA

During the exit conference MSRRDA stated the matter would be checked and reply would be furnished. However, no specific reply has been received (February 2016).

1.3.8.2.5.4 Loss to Government due to non-award of work to the lowest bidder

While dealing with acceptance of tenders and ascertaining the reasonability and competitiveness of rates, CPWD Works Manual 2010 provides for need of assessing the reasonability of rates through preparation of justified rates, in case where the lowest quoted bid is above 10 *per cent* of the estimated cost. However, the Manual provisions *ibid* did not restrict the bids quoted below the estimated cost.

Audit scrutiny of award of tenders for packages of Phase-VIII (sanctioned during 2012-13) showed that, by taking the aforesaid Manual provisions as the guiding principle, the Standard Bidding Document (SBD) was modified with the approval of the State Government and a new clause (*para 30.2.1*) was inserted without the approval of NRRDA. The new clause restricting the bids on the lower side (not below five *per cent* of the estimated cost) is stipulated as below.

Provision at para 30.2 will be the broad guiding principle. "No bid beyond minus 5 per cent of the amount worked out on the basis of the current schedule of rates plus the enhancement (or decrease) on account of relevant cost index will be accepted."

This modification in the SBD thus restricted the minimum reasonable quoted value to be not less than five *per cent* of the estimated cost; else it would be rejected as unreasonable. Imposing this restriction effectively rendered the minimum responsive bid value to be known to bidders. Thus, non-awarding of work to the lowest bidder not only violated the principles of confidentiality and constructive competition but also resulted in loss[46] of ₹ 103.89 lakh to the Government in respect of 18 packages[47] under Phase-VIII. Details are shown at ***Appendix 1.20.***

While accepting the audit observation, MSRRDA explained during the exit conference that the matter had been investigated by NRRDA and the then Superintending Engineer was demoted to Assistant Engineer and repatriated to the parent Department (Public Works Department). However, they were silent on the action taken on the loss.

1.3.8.2.5.5 Upgradation works on ineligible roads

As per *sub-para* 3.3.3 of the Operational Manual for PMGSY, sealed-surface all-weather roads with PCI[48] more than 2 and sealed-surface all weather roads which are less than 10 years old (even if PCI is less than 2) will not be taken up for upgradation.

Scrutiny of records at PIU Imphal East[49] showed that 15 upgradation works (Phase-IX: 6 and Phase-X: 9) on existing black top surface whose PCI indices were 3 - 4 were taken up during 2013-15. As per guidelines *ibid*, these works do not qualify for upgradation. Expenditure of ₹ 139.18 lakh was already incurred on four works of the Phase-IX roads while the information on payment for the remaining 11 works was not made available to audit. Details are shown at ***Appendix 1.21.***

During the exit conference MSRRDA stated that the matter would be checked and reply would be furnished. However, no reply had been received (February 2016).

1.3.8.2.5.6 Short recovery of liquidated damages

As per Clause 44 of the General Conditions of Contract included in the SBD, the contractor is required to pay liquidated damages at the rate of one *per cent*

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[46] Based on the difference between the amount quoted by the lowest bidder and the amount at which those works were found awarded.

[47] The Report of the Central Team from the Ministry of Rural Development, Government of India also highlighted the monetary loss to the Government of India due to non-awarding of work to L-1 bidder.

[48] Pavement Condition Index (PCI) on a rating scale of 1 to 5.

[49] In respect of Thoubal, such cases were not found and in respect of the other two sampled districts (Ukhrul and Senapati), upgradation work had not yet started as new connectivity is in progress.

of the initial contract price per week subject to a maximum limit of 10 *per cent* of the initial contract price in the event of failure to complete the work within the stipulated time period.

Scrutiny of the agreements and measurement books (MBs) of 20 packages in the six sampled PIUs revealed that the contractors failed to complete the works within the stipulated period. The period of delay ranged from 21 to 174 weeks. Neither progress review report was available nor was any meeting conducted with the contractors and the Department regarding the status of work done. Moreover, no hindrance register was maintained by the PIUs to record the reason for delay. Out of the total recoverable liquidated damages of ₹ 504.91 lakh, ₹ 46.69 lakh had been recovered from the contractors concerned leaving a balance of ₹ 458.22 lakh to be recovered ***(Appendix 1.22).***

While admitting the audit observation, MSRRDA assured in the exit conference to recover the amount of outstanding liquidated damage.

1.3.8.2.5.7 Undue benefit to contractor

Scrutiny of the records of the sampled works in the four sampled districts showed that in two districts Ukhrul and Senapati, the contractors were paid (September 2009 to December 2014) ₹ 1665.16 lakh for excavation of 5,09,582.09 cum soil in hilly areas, ordinary rock and hard rocks pertaining to six packages. Two bulldozers each were utilised for execution of the earthwork in excavation, however, log book recording, details of engagement of the bulldozers for each work were not maintained. As per the machine hour rate, the two bulldozers would be able to execute only 3,46,264.43 cum earthwork during the time they were engaged as recorded in the measurement books (MBs). Thus, the contractors were paid ₹ 193.39 lakh for 1,63,317.66 cum of earthwork which was beyond the capacity of the machinery engaged. Details are given in ***Appendix 1.23.***

During the exit conference MSRRDA stated that the matter would be checked and reply would be furnished. However, no specific reply was received (February 2016).

1.3.8.2.5.8 Payment to contractor without execution of works

In respect of four packages in three sampled districts Imphal East, Senapati and Ukhrul the contractors were paid ₹ 986.22 lakh for works recorded in the MBs. However, during joint physical verification, it was noticed that there were deficiencies in the executed works as shown in **Table No. 1.3.6** below.

Table No. 1.3.6 Payment to contractor without execution of works

(₹ in lakh)

District	Package No/ Name of Work	Amount Paid for the package/ work	Deficiencies noticed	Amount paid for the deficient work
Imphal East	MN0420/Construction of Road from Luwangsangbam Jn. To Kameng	147.99	Deficiency in carriageway width i.e. 2.7 m from Ch. 3.20 km to 4.70 km instead of the prescribed width of 3 m.	1.62
Senapati	MN0691/ Construction of road from Willong Khunou to Chakha via Rajamei (0-10.33 Km) (Stage II)	162.36	Less execution of two NP3 (1000mm dia) pipe culverts and short execution of road length by 330 m.	5.44
	MN0671/ Construction of road from NH39 to Saikotjang Part II (7.77 to 15.37 Km)	332.58	Recording of excavation of earth in hilly soil in plain area with no raised surface for around 600 m.	2.83
Ukhrul	MN0946/Construction of road from BRTF Road/T02-Chahong Khullen Part I	343.29	Short execution of 12 pipe culverts/Cross drainages	18.56
	Total	**986.22**		**28.45**

Source: PIU records and joint physical verification

As can be seen from the above table, the Department paid ₹ 28.45 lakh for works that were not executed.

Imphal East: Construction of Road from Luwangsangbam Jn. To Kameng (MN0420) Deficiency in carriageway width i.e. 2.7 m from ch. 3.20 km to 4.70 km

Senapati: Construction of road from NH39 to Saikotjang Part II (7.77 to 15.37 Km): Recording of excavation in plain areas

While accepting the audit observation, MSRRDA stated (December 2015) that action would be taken against the concerned officials.

1.3.8.2.5.9 Deficiency in technical sanction

The road from Willong Khunou to Rajamei (Package No. MN0632) awarded (February 2010) at a tendered value of ₹ 1.85 crore included an amount of ₹ 0.87 crore for "Pavement" to provide connectivity to the habitation of Rajamei. Though the technically sanctioned road length was 6.67 Km, the road actually constructed was 7.62 Km at a cost of ₹ 1.90 crore including an amount of ₹ 1.05 crore for pavement. Construction of an additional length of 0.95 km at an additional cost of ₹ 17.24 lakh was indicative of the deficiency in technical sanction. Survey and investigation of the road alignment was inadequate as the actual road length required for providing connectivity was 7.62 km as against the sanctioned length of 6.67 km.

MSRRDA stated (February 2016) that the increase in length was to provide connectivity to Rajamei village. The reply reinforces Audit's contention of deficient technical sanction.

1.3.8.2.5.10 Construction of road in contravention of PMGSY guidelines

Para 3.1.8 (Step IV) of the Operational Manual of PMGSY envisaged construction of link roads connecting the targeted eligible habitations with one link route. Execution of work under PMGSY on another village road not forming part of PMGSY is not permitted.A joint verification by Audit Team and the Deparmental Officers showed that in respect of three works in two sampled districts, the construction of the roads were in different segments connecting through routes at more than one link road connecting un-targetted habitations. In another instance, two culverts which were proposed to be constructed on PMGSY road as per DPR were found constructed along a non-PMGSY village road not forming part of DPR. Such constructions are in violation of the guidelines. Details are shown in **Table No. 1.3.7** below.

Table No. 1.3.7 Construction of road in contravention of PMGSY guidelines

(₹ in lakh)

Districts	Work	Package No.	Date of completion	Expenditure incurred	Remarks
Imphal East	Construction of road from NH 150 to Maning Huidrom via Nungoi	MN 0419	17-10-2012	161.43	The road was constructed in three segments connecting two through routes at three points at Pourabi (Untargeted), Maning Nungoi and Nungoi.
Thoubal	Samaramto Pulleipokpi Road	MN0814	29-03-2012	106.50	The road starting from a through route viz., 'Wangjing-Tentha' had a diverted portion of 0.6 km length (Untargeted) constructed inside the village at chainage 1.3 km connecting the same through route.
	Wangbal to Nungphou Road	MN0815	25-11-2011	3.52	Two culverts out of three were constructed at 320 m and 640 m respectively on another village road which was not part of PMGSY road.
			Total	**271.45**	

Source: Joint physical verification

During the exit conference MSRRDA stated the matter would be checked and reply would be furnished. However, no reply has been received (February 2016).

1.3.8.2.5.11 PMGSY road cut off due to construction of University campus

During joint physical verification of PMGSY road connecting to the Bailey bridge over Thumkhong River on road NH-39 to Makhan Khuman (MN0690) (Senapati district) it was found that the PMGSY road remained cut off due to construction of Indira Gandhi National Tribal University campus and the surrounding fencing (brick wall). It was also seen that the left side abutment appeared to be lying on hard rock structure without proper blending. The departmental officers agreed that the abutment would be technically examined before executing subsequent items of work. MSRRDA stated (February 2016) that the reason for construction of university campus wall on the PMGSY road was not known and added that the matter would be taken up at the appropriate level.

During the exit conference MSRRDA accepted the audit observation.

1.3.8.2.5.12 Execution of inadmissible work

MSRRDA had included construction of road from *"NH-39 to Saikotjang (0 to 7.77 Km)"* as package MN0652 in the work plan during 2009-10 in Phase-VI, which was forwarded to GoI for approval. This package was however not approved by GoI for Phase-VI. Subsequently, for Phase-VII (2010-11), MSRRDA included the package MN0671 for construction of the road *"NH-39 to Saikotjang Part-II (7.77 to 15.37 Km)"* to provide connectivity to the habitation Saikotjang which is situated at 8 km from National Highway 39 as per the Core Network. This package was approved by GoI at a cost of ₹ 342.94 lakh. As per the MB of this package (MN0671), 7.7 km of road starting from chainage 7.7 km to 15.40 km was executed (May 2011) for which exenditure of ₹ 332.58 lakh was incurred.

However, during joint physical verification of the road, it was found that the road started right from NH-39 *i.e.* chainage at 0 km corresponding to the package MN0652 which was not approved by GoI thereby contradicting the MB. Thus road was constructed in un-approved stretch in place of approved stretch.

Thus, the targeted habitation remained deprived of connectivity as a result of construction of the road at a chainage which was not approved by the NRRDA.

During the exit conference MSRRDA stated the matter would be checked and reply would be furnished. However, no reply has been received (February 2016).

1.3.8.2.5.13 Work incomplete/abandoned/dropped for various reasons

Out of six works pertaining to Phase VI and Phase VII sanctioned during 2008-09 and 2010-11 respectively under the jurisdiction of two districts[50], five

[50] Tamenglong and Ukhrul districts. Such cases were not found in the other two sampled districts.

works remained incomplete due to slow progress, non-construction of bridges, *etc.* and one work was closed by MSRRDA in compliance with the orders (7 November 2014) of the Hon'ble High Court as shown in **Table No. 1.3.8** below.

Table No. 1.3.8 Work incomplete/abandoned/dropped for various reasons

(₹ in lakh)

Sl. No.	District	Package No.	Road Name	Phase (Sanction Year)	Sanctioned Amount	Expenditure	Status as of April 2015
1	Tamenglong	MN0714	Tharon – L Pebram	VI (2008-09)	306.54	228.76	In progress
2	Tamenglong	MN0724	Tharon – L Pebram	VI (2008-09)	377.42	210.08	In progress
3	Tamenglong	MN0730	T02/ Old Cashar Road – Nongadang Naga – 0.00 to 5.00 km	VII (2010-11)	299.42	183.56	In progress
4	Ukhrul	MN0920	Kamjong – Chatric Khullen	VII (2010-11)	441.50	351.08	In progress
5	Ukhrul	MN0931	Lamlang Gate - Sekhor	VII (2010-11)	455.29	0	In progress
6	Ukhrul	MN0916	T01/NH150 - Choither	VI (2008-09)	383.95	254.71	Closed
Total					**2264.12**	**1228.19**	

Source: MSRRDA

During the exit conference MSRRDA accepted the audit observation.

1.3.8.3 Physical targets and achievements

The physical and financial targets and achievement there against during 2010-15 was as detailed below.

1.3.8.3.1 Length coverage

State: As per the habitation figures of 2001 census, the total length of roads to be covered in the State under PMGSY during 2001-07 was 6638.29 Km (*New connectivity- 4708.3 Km and* Upgradation- 1929.99 Km). Prior to the audit period ie till 2009-10, the State had covered 3,021.82 Km (New connectivity- 2,378.04 Km and Upgradation- 643.78 Km) (achievement of 46 per cent) incurring an expenditure of ₹ 734.41 crore (New connectivity- ₹ 589.18 crore and Upgradation- ₹ 145.23 crore) leaving a balance road length of 3,616.47 Km (New connectivity- 2,330.26 Km and Upgradation- 1,286.21 Km) uncovered. Against this target, during the period 2010-15, the State covered 1170.86 Km (New connectivity- 1038.42 Km and Upgradation- 132.44 Km) (achievement of 32 per cent), incurring an expenditure of ₹ 311.25 crore (New connectivity- ₹ 287.48 crore and Upgradation- ₹ 23.77 crore). Thus till March 2015, the State had covered total length of 4192.68 Km (*New connectivity- 3416.46 Km and Upgradation- 776.22 Km*) (achievement of 63 *per cent*) incurring an expenditure of ₹ 1045.66 crore (New connectivity- ₹ 876.66 crore and Upgradation- ₹ 169 crore). However, total length of road covered as on March 2015 reported by MSRRDA to NRRDA was 4221.16 km thereby inflating length coverage by 28.48 km.

During the exit conference MSRRDA stated the matter would be checked and detailed reply would be furnished. However, no reply has been received till date (February 2016).

Sampled districts: As per guidelines of PMGSY, all states and Union territories would be able to participate in Phase-II under this Programme after achieving 100 per cent new connectivity by 2007. The target set for new connectivity works during the period from the beginning of the scheme (December 2000) to March 2007 and achievement made there against as on March 2015 is as shown in **Table No. 1.3.9** below.

Table No. 1.3.9 Length covered and expenditure in the four sampled districts

Particulars	Physical (in Km)		
	New	Upgradation	Total
Target	1,995.13	783.04	**2,778.17**
Achievement from December 2000 to March 2015	1,700.46	383.68	**2,084.14**
Achievement during 2010-15	633.54	66.60	**700.14**

Source: MSRRDA

The following deficiencies were found from the above table:

- MSRRDA could provide new connectivity for a total length of 1700.46 km against the targeted 1995.13 km (85 per cent) during the period from the beginning of the scheme to March 2015 incurring an expenditure of ₹ 471.49 crore. Thus, MSRRDA failed to achieve 100 *per cent* connectivity as on March 2015 even after a lapse of eight years after the targeted date of completion. Consequently, the State did not qualify for commencement of PMGSY-II.

- MSRRDA is lagging behind in achieving the target set for upgradation works by achieving 11 *per cent* (covered 383.68 Km out of target for upgradation work of 783.04 Km) only as on March 2015.

1.3.8.3.2 Connectivity to eligible habitation

The cumulative target and achievement of connectivity to new habitations during the period 2010 to 2015 is shown in **Table No. 1.3.10** below.

Table No. 1.3.10 New Habitations to be connected (cumulative target and achievement)

Year	1000+ (*Eligible habitations as per 2001 Census: 80*)		999-500 (*Eligible habitations as per 2001 Census: 211*)		499-250 (*Eligible habitations as per 2001 Census: 363*)		Total	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
2010-11	80	50	190	87	116	55	386	192
2011-12	80	64	190	107	116	66	386	237
2012-13	80	69	190	133	116	87	386	289
2013-14	80	75	211	164	202	117	493	356
2014-15	80	75	211	177	258	137	549	389
Balance (to be connected)		*80-75=5*		*211-177=34*		*258-137=121*		*549-389=160*
Percentage of connectivity		*94*		*84*		*53*		*71*

Source: MSRRDA

As can be seen from the above table out of a total of 549 sanctioned eligible habitations, only 389 were connected in the State as on March 2015. The category-wise comments are as under:

Population with 1000 and above

Habitations with population of 1000 and above were to be covered by 2003. GoI accorded approval (2010-11) for providing connectivity to all the 80 eligible habitations with population above 1000. As against this target, 75 habitations were provided with connectivity as of March 2015 *i.e.* after a delay of five years since the approval by the GoI. Against the 75 habitations, five[51] habitations were still not connected in the sampled districts.

Population between 500 to 999

Habitations with population between 500 to 999 were to be covered by 2007. MSRRDA could cover 177 habitations out of 211 sanctioned (by GoI) as on March 2015.

Out of the 211 habitations in this category, 129[52] habitations pertain to the four sampled districts. Out of these 129 habitations, 101 habitations have been provided connectivity as of March 2015. Sampled district-wise achievement vis-à-vis total number of habitations as on March 2015 were Thoubal, 3 out of 3 habitations connected; Imphal East, 39 out of 40 habitations provided connectivity; Senapati, 46 out of 63 habitations provided connectivity; and Ukhrul, 13 out of 23 habitations were provided connectivity. MSRRDA could not furnish to audit the reasons for shortfall in coverage of targeted habitations in hilly districts Senapati and Ukhrul.

Population between 250 to 499

For this category, GoI had accorded approval for providing connectivity to 258 habitations out of the 363 eligible habitations by 2014-15. Audit noticed that as of March 2015, out of the approved 258 habitations under this category, the State had completed providing connectivity to 137 habitations only.

Out of the 363 eligible new habitations in this category, 184 habitations belonged to the four sampled districts of which GoI had approved connectivity for 132[53] habitations. Out of the 132 approved habitations, 60 habitations (45 *per cent*) had been provided connectivity as of March 2015. The connectivity performance of the sampled districts as on March 2015 was 52 *per cent* in Senapati (47 out of 91), 44 *per cent* in Imphal East (7 out of 16) and 24 *per cent* in Ukhrul (6 out of 25). MSRRDA could not furnish the reasons for shortfall.

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[51] Imphal East-1 ; Thoubal-0 ; Ukhrul-2 ; and Senapati-2.
[52] Imphal East-40 ; Thoubal-3 ; Ukhrul-63 ; and Senapati-23.
[53] Imphal East-16 ; Thoubal-0 ; Ukhrul-25 ; and Senapati-91.

1.3.8.4 Maintenance of PMGSY roads

Maintenance of roads is a challenge that needs to be considered. Though there is five years maintenance in-built in the programme vide Para 17.2 of PMGSY guidelines, MSRRDA had been lagging in ensuring the same during 2010-15 as shown in **Table No. 1.3.11** below.

Table No. 1.3.11 Short release of maintenance fund by State and Non-utilisation thereof by MSRRDA

(₹ in lakh)

Year	Total maintenance fund required to be credited per annum by State Govt.	Actual maintenance fund credited by the State Govt.	Total expenditure	Closing Balance as per Cash Book as on March 2015	Total no. of routine maintenance works required	Total routine maintenance done	Total maintenance works unattended (*per cent*)
2010-11	0	0	7.97	479.19	668	406	262 (39)
2011-12	100	100	58.75				
2012-13	500	500	102.43				
2013-14	600	400	639.11				
2014-15	400	400	614.76				
Total	**1600**	**1400**	**1423.02**[54]				

₹4.50 crore was released by the State Government to MSRRDA prior to 2010
Source: MSRRDA

The above table reflected the following:

- As against the requirement of maintenance funds of ₹ 16 crore, only ₹ 14 crore was credited by the State Government in Maintenance Account of MSRRDA during 2010-15 resulting in short release of funds of ₹ 2 crore.

- Out of a total of 668 works requiring routine maintenance during 2010-15, work was taken up for 406 leaving 262 without maintenance despite the availability of fund of ₹ 4.79 crore. The condition of the road may deteriorate under such circumstances.

Thus, MSRRDA failed to ensure timely maintenance of the roads constructed. MSRRDA stated (February 2016) that efforts would be made for proper maintenance of the roads.

1.3.8.4.1 Absence of zonal maintenance contract

As per para 17.2 of PMGSY guidelines, on expiry of five years post-construction maintenance, roads shall be placed under zonal maintenance contract consisting of five years maintenance including renewal as per cycle. The State Government will make the necessary budget provision and place the funds to service the zonal maintenance contract at the disposal of the State Rural Road Development Agency (SRRDA) in the Maintenance Fund Account. On scrutiny of records of MSRRDA, it was noticed that no contract

[54] Excess utilization of maintenance fund of ₹ 23.02 lakh (₹ 1423.02 – ₹ 1400) was made from the balance of the fund of ₹ 4.5 crore released prior to 2010.

was executed at zonal level for maintenance of roads even after expiry of five years. As a result, five works completed during Phase-V (2006-07) in the sampled districts of Senapati (one) and Imphal East (four) were yet to undergo maintenance.

Thus, it transpires that there was loss to the government due to non-award of work to the lowest bidder. There were instances of execution of work on routes not included in the Core Network, execution of New Connectivity work to already connected habitations, delay in inviting tenders and award of work, upgradation works executed on ineligible roads, undue benefit to the contractors and payment to the contractors without execution of works. PMGSY road remained cut off due to construction of university campus, inadmissible work executed and five works sanctioned during 2008-09 and 2010-11 remained incomplete till date of audit. MSRRDA could not achieve 100 per cent connectivity of habitations with population 250 and above as on March 2015 even after lapse of eight years from the targeted date of completion (2007). So far, the up-gradation works are concerned MSRRDA could achieve 11 per cent of the target. 262 routine maintenance works of the PMGSY roads were left unattended. As a result, the road works were not executed economically, efficiently and effectively.

Allocation, Release and Utilisation of Funds Under PMGSY

1.3.8.5 Financial targets and achievements[55]

1.3.8.5.1 Programme fund

The position of financial targets and achievements for programme fund during 2010-15 is shown in **Table No. 1.3.12** below.

Table No. 1.3.12 Position of financial target and achievements

(₹ in lakh)

Financial Year	Opening balance	Allocation (by GoI)	Central release	Misc. receipts (interest& others)	Fund available	Expenditure during the year	Closing balance
1	2	3	4	5	6(2+4+5)	7	8
2010-11	2090.29	-	8883	2354.36	13327.66	13260.04	67.61
2011-12	67.61	-	23168	178.62	23414.23	16136.50	7277.73
2012-13	7277.73	-	18414	290.64	25982.37	8345.87	17636.50
2013-14	17636.5	18100	-	8.95	17645.45	13235.71	4409.74
2014-15	4409.74	10000	10000	2178.63	16588.37	16373.33	215.04
Total		**28100.00**	**60465.00**	**5011.20**	**67566.49**	**67351.45**	

Source: Departmental records

From the above table it is seen that:

- Allocation of programme fund by the Government of India for the period 2010-13 was not available with the MSRRDA.

[55] PMGSY-I.

- GoI did not release any programme fund to the State during 2013-14 though an allocation of ₹ 181.00 crore was made in 2013-14. MSRRDA stated (December 2015) that funds were not released due to huge unspent balance in the previous year. The reply was, thus, indicative of poor implementation of the programme.

- The persistent closing balances at the end of each financial year ranging from ₹ 0.68 crore to ₹ 176.37 crore during 2010-15 reflected that the available funds was not put to optimum use.

While accepting the audit observation, MSRRDA stated during the exit conference that maximum efforts were put to make optimum use of available funds.

1.3.8.5.2 Administrative fund

As per PMGSY Guidelines, Administrative Fund connotes the fund released to the States to meet the travel expenses of PIUs, SRRDA and for Independent Quality Monitoring of 2nd tier i.e. SQM. The position of release and utilisation of Administrative Fund during 2010-15 is shown in **Table No. 1.3.13** given below.

Table No. 1.3.13 Position of release and utilisation of Administrative Fund

(₹ in lakh)

Financial Year	Opening balance	Central release	State release	Misc. receipts (Interest & Others)	Total available fund (2+4+5+6)	Expenditure during the year	Closing Balance	Percentage of utilisation
1	2	3	4	5	6	7	8	9
2010-11	196.65	0	250.00	9.55	456.20	323.99	132.21	71
2011-12	132.21	200	274.99	99.69	706.89	350.06	356.83	50
2012-13	356.83	200	310.00	182.53	1049.36	712.34	337.02	68
2013-14	337.02	403	479.98	200.73	1420.73	607.45	813.28	43
2014-15	813.28	92.34	479.41	301.78	1686.81	882.37	804.44	52

Source: Departmental records

From the above table, it is noticed that:

- There was no release of central funds for the year 2010-11 due to available unspent balance of previous years with MSRRDA,

- There was a huge closing balance at the end of each financial year during 2010-15 ranging from ₹ 1.32 crore to ₹ 8.13 crore. The utilisation of central administrative fund during 2010-15 ranged from 43 *per cent* to 71 *per cent* thereby showing that utilisation of funds was not optimum.

1.3.8.5.3 Short/delay in release of Central Administrative Fund by GoI

Para 1.4.1 of the Accounts Manual for Administrative Expenses Fund for PMGSY states that 2.5 *per cent* (1 *per cent* for administrative expenses for PIUs; 0.5 *per cent* for travel expenses of PIUs; 0.25 *per cent* for administrative and travel expenses of SRRDA subject to a maximum of ₹ 75 lakh effective from 20 May 2014; and 0.5 *per cent* for independent 2nd Tier quality monitoring) of the approved cost estimate of the rural roads shall be utilized for administrative expenses. Audit found that there was considerable short release of central administrative fund in four years as shown in **Table No. 1.3.14** below.

Table No. 1.3.14 Short release of Central Administrative Fund

(₹ in lakh)

Financial Year	Released by the GoI	Admissible Admin Fund (2.25% of Column 2)	Actual release	Short release	Percentage of short release
(1)	(2)	(3) = 2.25 per cent of (2)	(4)	(5)=(3)-(4)	(6)
2010-11	8883.00	199.87	0.00	199.87	100
2011-12	23168.00	521.28	200.00	321.28	62
2012-13	18414.00	414.32	200.00	214.32	52
2013-14	-	-	403.00	-	-
2014-15	10000.00	225.00	92.34	132.66	59
Total				**868.13**	

Source: MSRRDA

As can be seen from the above table, the short release of funds ranged from 52 *per cent* to 100 *per cent* during the period 2010-2015.

1.3.8.5.4 Delayed release of funds by the State Government to State Nodal Agency

The Government of India had released (April 2014) ₹ 100 crore to the Government of Manipur under PMGSY for the year 2014-15. As per the conditions stipulated in the release order, the State Government was to transfer the funds to the MSRRDA within 3 working days failing which the State Government would be liable to pay 12 *per cent* interest per annum for the period of delay beyond the specified period. However, the funds were transferred to MSRRDA account only on 20 June 2014 *i.e.* after a delay of 61 days beyond the specified period. The State Government was liable to pay MSRRDA ₹ 2.01 crore as interest which has not been paid till date.

While accepting the audit observation, MSRRDA stated during the exit conference that delay in release of funds was due to delay in obtaining authorization, expenditure sanction and encashment permission from the Finance Department, Government of Manipur. MSRRDA further stated that action would be initiated to obtain the amount of interest due from the Government.

1.3.8.5.5 Diversion of administrative fund towards inadmissible items

As per Para 1.4.1 of the Accounts Manual of PMGSY Administrative Expenses Fund (May 2005), all the staff costs are to be borne by the State Government. PMGSY does not provide for any staff costs. Further, para 1.4.2 of the Manual *ibid* states that the expenditure on purchase of vehicles, payment of salaries and wages and purchase or construction of buildings from the central administrative fund is not permissible.

During test check of the Cash Books, vouchers, ledger and other relevant records of the six selected PIUs of the four sampled districts, it was found that an amount of ₹ 218.99 lakh was received by the four sampled PIUs as Central Administrative Expenses Fund from NRRDA during 2010-15.PIUs incurred an expenditure of ₹ 41.63 lakh towards inadmissible items like payment of wages of casual employees, purchase of spare parts and servicing charge of office vehicle.

While accepting the audit observation, MSRRDA stated during the exit conference that MSRRDA would comply with the guidelines in future.

1.3.8.5.6 Discrepancies in accounts and Utilisation Certificates

Funds shown as utilised as per the monthly progress report (MPRs) did not match with that reported through the Utilisation Certificates (UCs) in the financial years during 2010-15 as shown in **Table No. 1.3.15** below.

Table No. 1.3.15 Discrepancies in accounts and Utilisation Certificates

(₹ in lakh)

Year	Amount of utilization as per		Difference in reporting of utilization between MPR and UC
	MPR (of MSRRDA)	UC	
1	*2*	*3*	*4 (2-3)*
2010-11	12273.21	11214.44	1058.77
2011-12	16449.89	16136.50	313.39
2012-13	9474.22	8345.87	1128.35
2013-14	13967.9	13235.71	732.19
2014-15	17393.11	16373.33	1019.78

Source: MSRRDA

As seen from the above table, funds utilised as per the MPRs exceeded the UC in each of the five years with excess ranging from ₹ 313.39 lakh to ₹ 1128.35 lakh.

MSRRDA stated (December 2015) that amount booked in UCs are the actual net amount paid while the amount in MPRs is gross amount[56]. The reply is not acceptable as the amount of funds utilised (gross amount) should have been reflected in both MPR and UC to give consistency in both the reports.

1.3.8.5.7 Irregular transfer of the Central Administrative Fund to the State Administrative Fund

As per *para* 13.1.3 of the PMGSY Operational Manual, the SRRDA would open separate bank accounts, each for PMGSY Programme Fund, Administrative Expenses Fund and Maintenance Fund. *Para* 13.1.3 of the Manual *ibid* states that unlike the Programme Fund, the Administrative Expenses Fund may be credited with funds from both PMGSY and Grant-in-aid from the State. For the Administrative Fund, MSRRDA had been

[56] As per MSRRDA, gross amount is the expenditure including tax and cess whereas net amount is the expenditure exclusive of tax and cess.

maintaining one single account[57] for both Central and State Administrative Expenses Fund till February 2012 and during 2011-12 a separate account[58] was opened.

During test check of the audited statement of accounts for the Central and State Administrative Expenses Fund, audit found that ₹ 35.84 lakh[59] was transferred from Central Administrative Expenses Fund to the State Administrative Expenses fund during 2012-13 as refund of advance taken from the State Administrative Fund. Audit, however, did not find any instance whereby the amount of ₹ 35.84 lakh was advanced from the State Administrative Fund to the Central Administrative Expenses Fund during the period 2006-12[60]. Records of the transfer of the aforesaid amount from the Central Administrative Fund to the State Administrative Fund and relevant orders of the competent authority were not produced to audit. In the absence of records, the transfer of ₹ 35.84 lakh from the Central Administrative Fund to the State Administrative Fund amounts to diversion of fund. The reasons for transfer from Central to State Administrative Fund were not furnished to audit. Had the amount not been diverted the same could have been utilised for purposes admissible under the central administrative fund.

1.3.8.5.8 Irregular utilisation of receipt from sale of tender forms

Tender forms were sold for various works by MSRRDA to prospective bidders. Audit noticed that during the period 2010-15, MSRRDA had credited the sales proceeds of tender forms amounting to ₹ 314.90 lakh to the miscellaneous receipts of the State Administrative Fund account. This formed receipt beyond their approved budget. There were no instructions on the manner in which the amount was to be treated. The amount had been utilised beyond the approved budget on expenses of MSRRDA.

During the exit conference MSRRDA accepted the audit observation.

Thus, there were instances of non-release of programme fund by GoI to the MSRRDA due to persistent accumulation of huge closing balance at the end of each financial year during 2010-15, delayed release of funds by the State Government to the nodal agency and diversion of administrative expenses towards inadmissible items.

Monitoring System and Quality Control Mechanism

1.3.8.6 Three-tier Quality Control Management System

A three-tier Quality Control Management System at Central, State and PIU level is envisaged under PMGSY.

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57 Account No. 10329732529 with the State Bank of India, Imphal Secretariat Branch.

58 Account No. 31745081256 with the State Bank of India, Imphal Secretariat Branch.

59 Vide voucher No. 185 dated 30 March 2013 (Cheque No. 229764 dated 30 March 2013)

60 All available audited statement of accounts (including prior to our audit period) were checked in order to ascertain whether this amount was advanced prior to the audit period also.

1.3.8.6.1 First tier inspection of works at field level

As per the guideline of PMGSY the responsibility of first tier inspection of works is the PIU. Twenty seven officers of the MSRRDA were imparted training on 'Project preparation, Standard Bidding Document (SBD), Quality Assurance and Maintenance of Rural Roads' during 2012-13.The services of these staff were utilised at field laboratory by the PIUs concerned.

1.3.8.6.2 Second tier inspection-State Quality Monitors (SQMs)

1.3.8.6.2.1 Engagement of SQMs for inspection of second tier quality management

Para 11.5.7 of the Operational Manual of PMGSY stipulates SQM inspection programmes should be drawn up in such a way that every work is inspected at-least three times during entire execution of work. The first two inspections of every work should be carried out during the execution of work spaced at least 3 months apart and the last inspection should be carried out on completion of every work, within one month of its completion.

While the information pertaining to number of inspections of SQM during 2010-13 could not be made available to audit by MSRRDA, the information regarding inspections assigned for the SQM and inspection carried out during 2013-15 was furnished to audit. Five to 14 retired Superintending Engineers/ Executive Engineers/ Assistant Engineers of the Public Works Department/IFCD/PHED, Government of Manipur were appointed as SQMs during 2013-15 for Second tier quality inspection. On scrutiny, audit found that the allocation of inspection of SQM during 2013-14 was around three inspections per SQM per quarter and that during 2014-15 it was around nine inspections per SQM per quarter. Thus, there was no uniformity in allocation for SQM inspection.

1.3.8.6.2.2 Shortfall of prescribed inspections by State Quality Monitors in respect of completed works

Inspection conducted by SQM during 2010-15 in respect of completed works is given in **Table No. 1.3.16** below.

Table No. 1.3.16 Shortfall in prescribed inspections by State Quality Monitors

Year	Total No. of road works completed	Inspection required	Actual inspection done	*Percentage achieved*	Shortfall in inspection	*Percentage of shortfall*
2010-11	41	123	3	2	120	98
2011-12	67	201	14	7	187	93
2012-13	42	126	53	42	73	58
2013-14	39	117	12	10	105	90
2014-15	33	99	27	27	72	73
Total	**222**	**666**	**109**	16	**557**	84

Source: Records of MSRRDA

From the table, it is seen that that during 2010-15, 109 inspections were conducted by the SQM in respect of 222 completed packages against the required inspection of 666 which resulted in shortfall of 557 inspections (84 *per cent*). MSRRDA attributed (February, 2016) the reasons for shortfall in inspection to remoteness of some locations and prevailing law and order situation.

1.3.8.6.2.3 Action Taken Reports in respect of inspections conducted by SQM

Audit noticed that out of 788 works executed (completed, in progress and maintenance) during 2010-15, the State Quality Coordinator (SQC) conducted 736 inspections during the same period. Out of 736 inspections, 10 works were rated Unsatisfactory (U) and 80 works Satisfactory Requiring Improvement (SRI).

The nature of observation made by SQM pertained to deficiencies in the areas like (i) geometrics, (ii) earthwork in embankment and cutting, (iii) thickness, grading and compaction of Granular Sub-Base (GSB) or base course, (iv) shoulder, (v) road furniture and markings *etc*. Works with the deficiencies were graded as Unsatisfactory (U) or Satisfactory Requiring Improvement (SRI). Reports on rectification of the works graded 'U' and 'SRI', were submitted by the PIU concerned to the SQC after re-inspection by another SQM. All the 90 works graded 'U' and 'SRI' were rectified and were graded Satisfactory.

1.3.8.6.3 Third tier inspection-Pendency of Action Taken Reports in respect of inspections conducted by National Quality Monitor (NQM)

Out of 788 works (completed, ongoing and maintenance) executed during 2010-15, the NQM inspected 87 works during the same period. Eighteen works were rated 'U' and 30 'SRI'. Works were graded Unsatisfactory (U) and Satisfactory Requiring Improvement (SRI) by the NQM based on the deficiencies in (i) geometrics, (ii) earthwork in embankment and cutting, (iii) thickness, grading and compaction of GSB or base course, (iv) shoulder, (v) road furniture and markings etc. The concerned contractors were informed by MSRRDA to take corrective measures on the observations made by NQM'. On completion of rectification, one SQM was assigned for verification of each work. The Action Taken Reports (ATR) of 45 works were submitted by the PIU concerned to the State Quality Coordinator and the ATRs were submitted to NRRDA by the Chief Engineer, MSRRDA. Actions in respect of three works were yet to be taken up by the respective PIUs.

1.3.8.7 District Vigilance and Monitoring Committee

District Vigilance and Monitoring Committee (DVMC) with the Hon'ble Member of the Lok Sabha as Chairman and the Deputy Commissioner as Member Secretary was to meet quarterly to monitor progress of implementation of various programmes including PMGSY. In Imphal East district two meetings were held during 2011-12 and 2012-13 against the requirement of 20 meetings during 2010-15. The remaining three sampled districts did not furnish information in this regard. Thus, audit could not ascertain the position on monitoring of the progress of implementation of PMGSY by DVMC for the years 2010-15 for the remaining three sampled districts.

MSRRDA stated (February 2016) that the requisite number of DVMC meetings could not be convened due to busy schedule of the Hon'ble MPs.

Thus, the shortfall in the prescribed inspection by the SQM and pendency of action taken reports in respect of inspection conducted by NQM showed that the existing monitoring system and quality control mechanism had not functioned as envisaged in the guidelines.

1.3.9 Conclusion

The system and procedures for identification and preparation of Core Network was not standardized. The basic records for preparation of the District Rural Road Plan were not maintained. Prioritization and execution of work was not as envisaged in CNCPL/CUPL. Road works were being executed on the basis of Core Network and recommendation of MLAs and MPs. There was leakage of funds, financial irregularity, loopholes in execution of works with monetary value to the extent of ₹ 80.70 crore (***Appendix 1.24***) due to non-adherence to provisions laid out in the SBD, the contract agreements and canons of financial propriety. The programme suffered from short release of Programme Fund, Administrative Fund and Maintenance Fund. As of March 2015, only 63 *per cent* of the targeted road length and 71 *per cent* of the targeted habitations were covered. There were huge unutilized balances in the range of ₹ 0.68 crore to ₹ 176.37 crore in the programme fund during 2010-15. This indicates poor programme management. 39 *per cent* of the routine maintenance works were left unattended. However, maintenance work could have been improved had the MSRRDA utilized ₹ 4.79 crore of the maintenance fund available with them, which remained unutilised. The monitoring and quality control systems of the programme did not function as envisaged in the guidelines.

1.3.10 Recommendation

Government/MSRRDA may consider the following steps to enhance the effectiveness of the implementation of the programme:

- Preparation of the District Rural Road Plan, Core Network, Comprehensive New Connectivity Priority List (CNCPL) and Comprehensive Upgradation Priority List (CUPL) should be done in compliance with the provisions of the Guidelines/Operational Manual for PMGSY;

- MSRRDA should take due care to take up construction of roads as per priority assigned in the approved CNCPL/CUPL;

- Concerted effort should be made to avoid delay in issue of NIT, award of work order, to adhere to the provisions of the agreement, and ensure strict supervision of execution of works;

- MSRRDA should put in place a system to ensure the maintenance of roads with five years maintenance in-built in the programme;

- MSRRDA should ensure optimum utilisation of funds observing the canons of financial propriety and

- Monitoring and Evaluation of the implementation of the programme should be done effectively to ensure that quality of the roads constructed under the programme is of high standards, as envisaged under the programme.

COMPLIANCE AUDIT

CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION DEPARTMENT

1.4 Extra Burden to Antyodaya Anna Yojana (AAY) Beneficiaries

By raising the end retail price of TDPS rice for AAY beneficiaries by ₹ 1.65 per kg above the rate specified in the guidelines, the Department put extra burden of ₹ 48.14 lakh on the beneficiaries

As per para 4.6 of the Targeted Public Distribution System (TPDS) scheme of the Government of India, the State/UT Governments were given flexibility in the matter of fixing the margin for fair price shops. However, this is not applicable to distribution of food grains under Antyodaya Anna Yojana (AAY) for which the end retail price is fixed at ₹ 3 per kg for rice.

Scrutiny of records (February 2015) of the Directorate of Consumer Affairs Food and Public Distribution Department (CAF&PD) showed that 2917.85 tonne of rice was allocated for distribution to AAY beneficiaries of Bishnupur district at the end retail price of ₹ 4.65 per kg during the period from March 2014 to March 2015, instead of ₹ 3 per kg as per the provision of the TPDS *ibid*.

This led to increase in base retail price of AAY rice by ₹ 1.65 per kg (₹ 4.65 per kg - ₹ 3 per kg). As such, the AAY beneficiaries of Bishnupur District had to bear an extra burden of ₹ 48.14 lakh[61].

The matter was referred to the Department/Government (November 2015); their reply has not been received (February 2016).

DEPARTMENT OF EDUCATION (SCHOOLS)

1.5 Extra Expenditure

The Department incurred extra expenditure of ₹ 65.08 lakh on engagement of cook cum helper in 322 schools under Midday Meal Scheme

The Director of Education (Schools), Government of Manipur issued orders (March 2011) regulating the number of cooks cum helper that can be engaged under Mid-Day Meal Scheme (MDM) in each school depending on student strength as follows:

[61] 2917.85 tonne x 1000 x (₹ 4.65 - ₹ 3.00) = ₹ 48,14,453.

Student Strength	Admissible No. of cooks*
1-75	1
76-150	2
151-250	3
251-350	4
** Thereafter, one additional cook for increase of every 100 children.*	

The Director also fixed monthly honorarium of ₹ 1,000 for each cook cum helper engaged under the scheme to be paid for 10 academic months with effect from 1 April 2011.

Scrutiny (February 2013) of records of the Directorate revealed that 672 cooks cum helpers were engaged in 322 schools under the MDM scheme during 2011-12 and ₹ 92.83 lakh was paid as honorarium. The following irregularities were noticed:

- In 197 schools, 197 cooks were engaged in excess for 11 months at honorarium of more than ₹ 1000 per month. This led to excess payment of ₹ 44.07 lakh,
- In 94 schools, 93 cooks were engaged in excess for 5 months at honorarium of more than ₹ 1000 per month. This led to excess payment of ₹ 18.97 lakh,
- In 29 schools, 29 cooks were engaged in excess for 6 months at honorarium of ₹ 1000 per month. This led to excess payment of ₹ 1.74 lakh, and
- In two schools, four cooks were engaged in excess for 11 months at honorarium of less than ₹ 1000 per month. This led to excess payment of ₹ 0.30 lakh.

The details are shown below.

(₹ in lakh)

No. of Schools (No. of Students)	No. of Cooks Permissible (No. of Cooks engaged)	Excess Cooks	Total honorarium paid	Total honorarium admissible	Excess honorarium paid
Excess cooks: 197 cooks in 197 schools for 11 months at honorarium @ ₹ 1002 to ₹ 2009 per month					
197 (13,319)	197 (394)	197	63.77	19.70	44.07
Excess cooks: 93 cooks in 94 schools for 5 months at honorarium @ ₹ 1177 to ₹ 4294 per month					
94 (7454)	109 (202)	93	24.42	5.45	18.97
Excess cooks: 29 cooks in 29 schools for 6 months at honorarium @ ₹ 1000 per month					
29 (2783)	41 (70)	29	4.20	2.46	1.74
Excess cooks: Four cooks in two schools for 11 months at honorarium @ ₹ 573 & ₹ 859 per month					
2 (70)	2 (6)	4	0. 44	0. 14	0.30
322 (23,626)	**349 (672)**	**323**	**92.83**	**27.75**	**65.08**

As can be seen from the above table, against admissible 349 cook cum helpers, 672 were engaged resulting in excess engagement of 323 cook cum helpers. Further, 596 cook cum helpers were paid monthly honorarium at rates higher than ₹ 1,000 while 400 cook cum helpers were paid honorarium for 11 months. As a result there was extra expenditure of ₹ 65.08 lakh as shown in the above table.

The matter was referred to the Department/Government (August 2015); reply has not been received (February 2016).

1.6 Misappropriation of Fund

Irregular maintenance of Cash Book resulted in misappropriation of fund to the tune of ₹ 30.55 lakh

Rule 77 (ii) of Central Treasury Rules (CTR) adopted by the Government of Manipur stipulates that all monetary transactions should be entered in the Cash Book as soon as they occur and are attested by the Head of the Office in token of check.

Scrutiny of the records of (February 2015) the Additional Director (School/Hills) showed that there was a balance of ₹ 63.87 lakh (cash: ₹ 30.55 lakh and Bank: ₹ 33.32 lakh) as on 22 August 2014 as per Cash Book Volume-2. Thereafter, the Cash Book (*i.e.*Volume-2) was closed and a new Cash Book Volume-3 was opened on 29 September 2014 with an opening balance of ₹ 33.92 lakh in bank, the entry of which was made as per the balance shown in the Bank Statement on the date of opening the Cash Book Volume-3.

There was no opening balance of cash in new Cash Book (*i.e.*Volume-3). There was also no document to indicate that the available cash in the old Cash Book (*i.e.*Volume-2) had been spent during the intervening period of 22 August 2014 and 29 September 2014.

Further, the discrepancy of cash in bank in the two cash books had not been reconciled. Corresponding entry in the Cash Book(s) of payment of ₹ 15,026[62] made during the intervening period of 22 August 2014 and 29 September 2014 had also not been done.

The cash balance of ₹ 30.55 lakh as on 22 August 2014 of the old Cash Book (Volume-2) should have been carried forward and reflected in new Cash Book (*i.e.* Volume-3). However, the cash balance had not been carried forward in the new Cash Book (*i.e.* Volume-3). In view of the above and in the absence of any record to support expenditure during the intervening period of 22 August 2014 and 29 September 2014; ₹ 30.55 lakh appears to have been misappropriated.

[62] ₹ 15,000 and ₹ 26 towards bank charges both on 27August 2014.

The Department stated (November 2015) that during the leave[63] period of the incumbent Drawing and Disbursement Officer (DDO), a new DDO took self-charge due to exigencies of work[64] and opened Cash Book Volume-3 in which only the bank balance was inadvertently taken as the opening balance. The unaccounted cash balance of ₹ 29.96 lakh would be produced in next audit.

The reply is not acceptable on account of the following grounds:

1. The Order of the Government for the new DDO to take charge was issued on 14 August 2014 *i.e.* 11 days before the incumbent DDO was to proceed on leave. As such, there was sufficient time for a proper accounting of the Cash Book and handing-over and taking-over of charge. Hence, taking of self-charge and non-handing over of charge is not justified

2. Between the time the incumbent DDO returned from leave (August 2014) and audit of the account (February 2015), there was six months' time for taking corrective action on the discrepancies of the Cash Book. However, the Department remained inactive until audit raised the issue.

3. The unaccounted cash is ₹ 30.55 lakh and not ₹ 29.96 lakh. The unaccounted cash was not shown during audit even when the issue was raised.

RURAL DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

1.7 Diversion of MGNREG Fund

An amount of ₹ 42.65 lakh earmarked for Administrative expenses under Mahatma Gandhi National Rural Employment Guarantee Scheme was diverted for civil works in contravention of the MGNREG Act, 2005.

As per Section 22 of the Mahatma Gandhi National Rural Employment Guarantee Act 2005 (Act), 6 *per cent* of the total cost of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) as may be determined by the Central Government is admissible as Administrative Expenses. Under Administrative Expenses, expenditure for Information Education and Communication (IEC), Training, Quality supervision such as Social Audit, Monitoring and Evaluation at various levels, Staff dedicated to MGNREGS, Operational expenses *etc.* was permissible[65]. However, expenditure for Civil works was not permissible under Administrative Expenses.

[63] 25 August 2014 to 28 August 2014.
[64] In pursuance of Government order dated 14 August 2014.
[65] Ministry of Rural Development (NREGA Division), Government of India's Circular No. 28012/3/05-06-NREGA dated 30 March 2007.

Scrutiny of records (November 2013) of District Rural Development Agency (DRDA), Thoubal showed that the DRDA incurred (February 2012 to August 2013) an expenditure of ₹ 42.65 lakh[66] for two civil works out of funds under Administrative Expenses. The details of the work are shown below.

(₹ in lakh)

Sl. No.	Name of the work	Sanction order No. & date	Expenditure incurred
1	Extension of new office building of dedicated staff of MGNREGA, Thoubal District	MGNREGA/TBL/BUILD/2011-12/1 dated 27/02/12	31.97
2	Repairing of Adhyaksha/Chairman DRDA Thoubal's quarter	DRDA/TBL/MGNREGA(6%)OE/2012-13 dated 25/3/13	10.68
Total			**42.65**

Expenditure of funds meant for Administrative Expenses of MGNREGS against construction works is not stipulated under the Ministry's Circular *ibid*. As such, above expenditure of ₹ 42.65 lakh is unauthorized.

The Executive Director stated (November, 2013) that construction was done in order to accommodate staff of MGNREGA and Chairman of DRDA, Thoubal. The reply of the Department is not tenable as the Administrative Expenses under the Scheme are meant to augment human resources and develop capacity for critical activities like IEC, training, planning, social audit *etc*. and not for civil works.

The Government stated (June 2015) that Ministry of Rural Development, Government of India had permitted (March 2009) recurring expenditures including office space, maintenance *etc* out of the fund meant for Administrative expenses. The reply is not acceptable as the Ministry's letter of March 2009 does not contain such instruction.

SOCIAL WELFARE DEPARTMENT

1.8 Working of Remand Homes/Juvenile/Correction Homes

1.8.1 Introduction

As per Articles 15(3), 39(e), 39(f), 45 and 47 of the Constitution of India, the State Government is responsible for protection of basic human rights of children[67] and providing for their needs. Protection of children in the State was carried out as per the provisions of "The Juvenile Justice (Care and Protection of Children) Act, 2000" and "Manipur Juvenile Justice (Care and Protection of Children) Rules, 2012".

There is only one Observation cum Special Home *i.e.* Remand Homes/Juvenile/ Correction Homes of capacity of 48 inmates at Takyel, Imphal run by the State Government. The Home was inaugurated in August

[66] Out of fund of ₹ 9.11 crore provided for Administrative Expenses under MGNREGS.

[67] As per the Juvenile Justice (Care and Protection of Children) Act, 2000, children who have not completed 18 years of age are considered as juvenile.

1992. However, it could become fully functional only from 2009 [68] onwards due to non-engagement of staff. The Home is partly funded by the Government of India through "Integrated Child Protection Scheme" (ICPS). In addition to this, there are four[69] Remand/Juvenile/Observation homes in the state privately run by Non-Government Organizations (NGOs), which has a total capacity of 125 inmates. Of these only one NGO *viz.* Institution of the Health Integrated Ministries, Churachandpur with capacity of 50 inmates was fully functional during the period covered by Audit.

1.8.2 Institutional set-up

State Child Protection Society (SCPS) and District Child Protection Units (DCPUs) were to be set up by the State Government under Integrated Child Protection Scheme (ICPS) to ensure effective children care delivery service. The SCPS would function under the overall supervision and control of the Social Welfare Department to look after child welfare/protection in the State. Another independent body *i.e.* State Project Support Unit (SPSU)[70] which directly reports to the Central Project Support Unit would be set up. In addition to these, Juvenile Justice Boards were to be established in every district to provide statutory support services. Further, as per Section 63 of the Act, police officers were to be designated as Special Juvenile Officers.

These Institutional mechanisms *viz.* SCPS, DCPUs, SPSU and Juvenile Justice Boards have been established in the State. Besides these Institutional set-ups, the system has been augmented with police officers being designated as Special Juvenile Officers in some police stations in all the nine districts of the State.

1.8.3 Audit findings

Audit of the Remand Homes/Juvenile/Correction Homes was conducted during June 2015. The funding pattern and other points noticed in audit are discussed in the succeeding paragraphs.

1.8.3.1 Funding pattern

Integrated Child Protection Scheme (ICPS) is a comprehensive scheme for child care, and was launched in 2009 with fund sharing pattern between the Centre and State in the ratio 90:10. Apart from Remand /Juvenile/Correction homes, the scheme also provides funds for Children /Shelter homes, emergency outreach, institutional care, family and community based care *etc*.

The details of funds released by the Government of India and Government of Manipur and expenditure during 2010-11 to 2014-15 are as below.

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68 The Home was functional for a short period from May 1999 till 2002.

69 (i) Institution of the Health Integrated Ministries, Churachandpur; (ii) All Backward Classes and Economic Development Organization (ABCEDO), Samaram, Thoubal District, Manipur; (iii) SANA-EBEMMA, Sagolband Mabudhou Mantri Leikai, Imphal West, Manipur and (iv) Women Income Development Association (WIDA), Nambol, Bishnupur District, Manipur.

70 SPSU will be phased out in 2015-16.

Financial position of Remand/Observation home during 2010-11 to 2014-15

(₹ in lakh)

Year	State run home			NGO run home			Total Amount	Expen-diture
	Central	State	Total	Central	State	Total		
2010-11	Nil	Nil	Nil	1.77	1.77	3.54	3.54	3.54[71]
2011-12	Nil	1.45	1.45	13.45	Nil	13.45	14.9	14.9
2012-13	Nil	1.82	1.82	16.25	Nil	16.25	18.07	18.07
2013-14	19.10	0.69	19.79	17.92	Nil	17.92	37.71	37.71
2014-15	8.37	0.74	9.11	11.43	Nil	11.43	20.54	20.54
Total	**27.47**	**4.70**	**32.17**	**60.82**	**1.77**	**62.59**	**94.76**	**94.76**

During 2010-11 to 2014-15, out of total funds of ₹ 94.76 lakh released to two[72] Remand Homes/Juvenile/Correction Homes, the Central Government had contributed ₹ 88.29 lakh and the State Government had contributed ₹ 6.47 lakh. Thus, the State Government had not contributed its due share to the Remand Homes/Juvenile/Correction Homes during 2010-11 to 2014-15.

1.8.3.2 Juvenile offenders accommodated in Remand Homes/ Juvenile/ Correction Homes

The number of juvenile offenders in the state accommodated in these homes during 2010-11 to 2014-15 is shown below.

Number of juvenile offenders accommodated in Remand Homes/Juvenile/Correction Homes

	2010-11	2011-12	2012-13	2013-14	2014-15
Home run by State Government					
Boys	6	8	13	22	33
Girls	-	-	2	4	6
Sub-total	***6***	***8***	***15***	***26***	***39***
Homes privately run by NGO[73]					
Boys	32	27	33	38	26 [74]
Girls	-	-	-	-	-
Sub-total	***32***	***27***	***33***	***38***	***26***
Grand Total	**38**	**35**	**48**	**64**	**65**

As seen from the above table, the trend of juvenile offenders accommodated in the Remand Homes/Juvenile/Correction Homes is on the rise, except during the year 2011-12. There was a sharp increase of juvenile offenders in 2013-14, reason for which is not readily ascertainable. No girl juvenile offender was admitted in these homes till 2011-12. Since 2013-14, the number of girl offenders has risen over the years.

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71 Fund released was under "A programme for Juvenile Justice". Both the Centre and the State had contributed ₹ 1.77 lakh each.

72 State run Home at Takyel, Imphal and NGO i.e. Health Integrated Ministries run Home at Churachandpur.

73 Only the NGO at Churachandpur viz. Health Integrated Ministries run Home have been considered since other NGOs are not fully functional.

74 Of the four homes run by NGOs, three homes were started recently *w.e.f.* January 2015 and yet to get funding.

During 2010-11 to 2014-15, there were 35 to 65 juvenile offenders in the State. Only 6 to 39 inmates (12.5 *per cent* to 81.5 *per cent* of the capacity) were accommodated in the state run Home. Sixty *per cent* to 84 *per cent* of the offenders during 2010-11 to 2013-14 were accommodated in the home(s) run by the NGOs.

1.8.3.3 Accommodation of juvenile offenders

As per para 6.4 (a) of the ICPS guidelines, juvenile offenders should be segregated as per age groups of 7-11 years, 12-16 years and 16-18 years and other mental and physical conditions. Separate provisions for counseling room, sick room/first aid room, rooms for hearing of cases by Juvenile Justice Board *etc*. are to be provided as per Manipur Juvenile Justice (Care & Protection of Children) Rules, 2012.

It was noticed in Audit that juveniles were not segregated according to these age groups and as per the physical and mental status of the inmates. They were also not segregated on the basis of the nature of crimes/offences committed by the inmates.

There were no separate room/dormitories reserved for girls even though the Home had accommodated girl inmates during 2012-13 to 2014-15. Though a Superintendent should remain full time at the home, no residence was provided for him at the Home. There was also no separate counselling and guidance room, no separate sick room/first aid room, no class room, no room for hearing of cases by Juvenile Justice Board.

1.8.3.4 Diet

As per Schedule-II of Manipur Juvenile Justice (Care & Protection of Children) Rules 2012, inmates were to be provided Rice/Wheat *etc* at the rate of 600-700 gram per day per head. Chicken or eggs were to be provided once a week. Milk was to be provided for breakfast. Cooking was to be done by Liquidified Petroleum (LP) Gas only.

Audit test-checked the diet provided to the inmates for a randomly selected period *i.e.* December 2014 to February 2015. During this period, the consumption of main staple food, rice *etc*. was 20 kg per day for an average of 32 inmates *i.e.* 625 gram per head per day, which was within the range provided in the Rules.

Bread or boiled peanuts/other grams were mainly provided for breakfast. Nutritious food such as milk, curd, chicken or egg was not provided. Cooking gas was not used in kitchen and cooking was done on firewood which may lead to health hazards for the inmates.

1.8.3.5 Health care

As per Annexure X of IPCS guidelines, one doctor is to be provided for 50 inmates. However, Audit noticed no doctor was appointed at the home and as such medical check-up of inmates was not regularly done. Thus, the inmates were deprived of basic health care facilities at the Home.

1.8.3.6 Recreation

As per Annexure XIV of IPCS guidelines, recreation facilities like playground, recreation rooms *etc*. are to be provided. One playground of about the size of a basketball ground was provided at the Home. Other recreational activities provided at the Home were indoor games like table tennis, carrom *etc*. Thus, the inmates could avail of only limited recreational facilities at the Home.

1.8.3.7 Behavioral correction

As per Annexure XI of IPCS guidelines, one counselor was to be appointed for 50 inmates. Audit noticed that no formal behavioral correction counseling was imparted to the inmates of the Home.

The Probation Officer of the Home stated (June 2015) that Individual Care Plan was prepared for every inmate based on Social Investigation Report. The Superintendent-in-charge of the Home stated (June 2015) that counselling sessions for the juveniles in conflict with law were sometimes provided by the counsellor of the District Child Protection Unit.

As such, behavioural correction efforts were minimal and not regular as regular counsellor had not been appointed for the Home. Thus, a crucial factor which could play an important role in behavioral correction of the inmates was absent in the Home.

1.8.3.8 Juveniles accommodated with other criminals

As per Section 12(3) of the Juvenile Justice (Care and Protection of Children) Act 2000, no juvenile offenders are to be lodged in prison with other criminals. However, Superintendent-in-charge of the Home stated (June 2015) that 12 juveniles transferred to the home from Sajiwa Jail had shared common accommodation with other criminals at the jail. As such, the possibility of the juveniles being influenced by the behavior of criminals cannot be ruled out.

1.8.3.9 Role of community service

As per Rule 15(4) of Manipur Juvenile Justice (Care and Protection of Children) Rule 2012, State Government should arrange community service for the juvenile offenders. This would promote reintegration of such juveniles into the society.

The State Government, however, had not taken up any steps to promote Community service for the juvenile offenders to promote reintegration of such juveniles into the society. Such services which could potentially impart behavioral correction and a sense of belonging to the society needs to be encouraged.

1.8.3.10 Location of the home

Audit noticed that a Children Home meant for children in need of care and protection was located near the Home where juvenile offenders were accommodated. The children of either Home could easily sneak into the other Home through the common fence. As the two Homes shared a common entrance, there is a likelihood of the children mingling together which in turn may influence a behavioral change to the children of the Children home.

1.8.3.11 Non-availability of regional version of the Act & Rules

As per Rule 16(4) of Juvenile Justice (Care and Protection of Children) Rules 2012, simplified and child friendly versions of the Act and the Rules in regional languages should be made available. However this was not developed by the State Government. As such, there is the risk of not fully understanding the provisions and facilities provided in the Act by the inmates and their guardians.

1.8.3.12 Staff position of the home

As per Annexure X of ICPS norm, there should be 14 staff for 50 inmates. Against this norm, there was 19 contractual staff at the home since1999. The yearly proposal of funds, however, was based on14 staff. There was no regular Superintendent at the home. One caretaker looked after the maintenance of the home as Superintendent-in-charge. As such, supervision and co-ordination works of the Home could not have been properly done.

The matter was referred to the Government (December 2015); their reply has not been received (February 2016).

1.9 Doubtful Expenditure

Doubtful expenditure of ₹ 44.02 lakh in the absence of any evidence of disbursement of the amount to the intended beneficiaries

As per Rule13 (ii) of the Receipt and Payment Rules 1983 of Government of India as adopted by the Government of Manipur, all monetary transactions should be entered in the cash book as soon as they occur. Rule 30 read with Rule 57 *ibid* requires that when payment is made to a private party, a certificate to the effect that payment has been made to the proper person is to be recorded on the body of the bill and a proper acknowledgement is to be obtained from the payee concerned.

The Director, Social Welfare Department encashed a sum of ₹ 44.05 lakh (March 2012, March 2013 and June 2013) for payment of stipends to 4,641 numbers of dependent/destitute children under the schemes of "Children's Home/Creache-Balwadi", "Foster Care Home" and for setting up of State Resource Centre under National Mission for Empowerment of Women. The whole amount was deposited in bank account[75] and taken as receipt under bank column of the cash book maintained by the Department.

Scrutiny of records (October 2014) of the office of the Director showed that the cash book was closed on 21 February 2014 with closing bank balance of ₹ 44.05 lakh after which there was no entry in the cash book. However the bank statement showed a closing balance of only ₹ 2900 as on 21 February 2014. This indicates that ₹ 44.02 lakh (₹ 44.05 lakh - ₹ 0.03 lakh) was withdrawn from the bank account without making corresponding entry in the cash book as required by extant rule *ibid*. Since there was no proof for payment/disbursement of ₹ 44.02 lakh, there was discrepancy in the closing cash balance as per bank statement and the cash book to that extent.

The Department was asked (July 2015) to clarify the discrepancy between the bank balance and cash book balance and furnish details of expenditure, actual payee receipt (APR), beneficiary list etc. In response the Department furnished (September 2015) proof of drawal of money from Government account and deposit of the same into the bank account as stated above. Out of the 4,641 children who were eligible to get scholarship/stipend amounting to ₹ 32.67 lakh, the Department could furnish a list of only 1004 children who were entitled to stipend/scholarship of ₹ 7.23 lakh. However, the Department could not furnish copy of APR for actual disbursement of scholarship/stipend and for payment made to third party for the State Resource Centre. In view of the facts stated above, expenditure of ₹ 44.02 lakh was doubtful.

The matter was reported (October 2015) to the Government; reply has not been received (February 2016).

1.10 Suspected Misappropriation of Fund

As the Department could not account for unspent balance of ₹ 50.57 lakh meant for implementation of IGMSY and SNP, there was an apparent danger of misappropriation of fund

Indira Gandhi Matritva SahyogYojana (IGMSY) is a maternity benefit scheme whose objective is to improve the health and nutritional status of pregnant and lactating women and their young infants. A beneficiary of IGMSY receives a total cash incentive of ₹ 4000 in three installments. Supplementary Nutrition Programme (SNP) is primarily designed to bridge the gap between the Recommended Dietary Allowance and the Average Daily Intake of children (6 months to 6 years) and pregnant and lactating mothers under the Integrated Child Development Services (ICDS) Scheme. A beneficiary of SNP receives

[75] No 0254050024017 of United Bank of India, MG Avenue, Imphal.

food supplements as per the feeding and cost norms prescribed in the scheme[76].

The Director, Social Welfare Department drew (January – March 2012) ₹ 10.25 crore for IGMSY and SNP through seven bills during January 2012 and March 2012 as shown in the table below.

(₹ in lakh)

Name of Scheme	Drawal of Fund			Disbursement			Balance Fund
	No of bills	Month	Amount	No of cheques	Month	Amount	
Indira Gandhi Mantriva Sahyog Yojana (IGMSY)	6	January & March 2012	150.63	25	April 2012 to February 2014	107.42	43.21
Supplementary Nutrition Programme (SNP)	1	March 2012	874.51	68	April 2012 to November 2013	867.15	7.36
Total	**7**		**1,025.14**	**93**		**974.57**	**50.57**

Scrutiny of the records (October 2014) of the Directorate of Social Welfare showed that ₹ 10.25 crore was deposited[77] during January 2012 and March 2012. Out of the amount deposited, the DDO made total payments of ₹ 9.75 crore for IGMSY and SNP during April 2012 to February 2014 through 93 cheques. It was noticed that the bank balance in the Account was only ₹ 6,239 (14 October 2014) and there was no cash in hand as per joint physical verification (22 October 2014). This leaves an unaccounted amount of ₹ 50.51 lakh[78]. There were no records to show that the amount has been spent. Thus, due to the failure of the Department to account for the unspent balance of ₹ 50.57 lakh meant for implementation of IGMSY and SNP, there was an apparent misappropriation of ₹ 50.57 lakh.

The Director stated (November 2014) that the matter will be looked into. However, no further intimation in this regard has been received till date (February 2016).

76

Category	*Feeding & Nutritional norms (per beneficiary per day)*		*Cost norms (in ₹ per beneficiary per day)*
	Calories (K cal)	*Protein (g)*	
Children (6-67 months)	500	12-15	4.00
Severely Malnourished Children (6-67 months)	800	20-25	6.00
Pregnant Mother and Nursing Mother	600	18-20	5.00

77 Account No. 0254050020208 of United Bank of India, MG Avenue Branch, Imphal.

78 ₹ 50,57,240 - ₹ 6,239 = ₹ 50,51,001.