Chapter II

Economic Sector

CHAPTER II
ECONOMIC SECTOR

2.1 Introduction

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

During 2014-15, against a total budget provision of ₹ 3,140.00 crore, a total expenditure of ₹ 2,206.79 crore was incurred by 18 departments under the Economic Sector. The Department-wise details of budget provision and expenditure incurred there against are shown in **Table 2.1.1** below.

Table 2.1.1 Budget Provision and Expenditure of Departments in Economic Sector

(₹ in crore)

Sl. No.	Department	Budget Provision	Expenditure
1	Command Area Development Authority	236.63	164.01
2	Agriculture		
3	Sericulture	82.79	28.08
4	Economic and Statistics	17.46	14.89
5	Commerce and Industries	143.82	69.37
6	Co-operation	19.20	18.78
7	Fisheries	32.71	29.69
8	Horticulture and Soil Conservation	89.41	83.13
9	Veterinary and Animal Husbandry	109.03	72.72
10	Science and Technology	6.07	5.87
11	Tourism	91.61	55.41
12	Forest Department (including Environment)	169.72	131.00
13	Irrigation and Flood Control	524.18	218.73
14	Minor Irrigation	123.40	46.28
15	Public Works	616.66	466.27
16	Power	565.42	492.73
17	Public Health Engineering	247.81	245.77
18	Information Technology	64.08	64.06
Total		**3,140.00**	**2,206.79**

Source: Appropriation Accounts

Besides, the Central Government has 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, ₹ 27.22 crore was under Economic Sector. The details are shown in ***Appendix 2.1***.

2.1.1 Planning and Conduct of Audit

The test audits were conducted during 2014-15 involving expenditure of ₹ 3,722.53 crore including expenditure of ₹ 3,564.38 crore of previous years of the State Government under Economic Sector, as shown in ***Appendix 2.2.*** This chapter contains our findings of Performance Audit on "Effectiveness of Manipur Pollution Control Board" of Forest and Environment Department, five compliance audit paragraphs and Follow up Audit on "CCO based audit of Department of Horticulture and Soil Conservation" as discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

FOREST AND ENVIRONMENT DEPARTMENT

2.2 Performance Audit on Effectiveness of Manipur Pollution Control Board

Highlights

The Manipur Pollution Control Board (MPCB) is responsible for formulation and implementation of policy for prevention, control or abatement of pollution in the State. The following deficiencies were noticed in the functioning of the Board:

- Out of the 877 numbers of industries operating (May 2015) in the State, only 521 industries (59 *per cent*) had obtained approval from MPCB while the remaining 356 industries had not obtained the mandatory approval.

(Paragraph 2.2.7.2)

- MPCB had spent between 60 *per* cent to 87 *per cent* of the total fund available during 2010-11 to 2014-15.

(Paragraph 2.2.8.1)

- Out of 25 parameters of water quality standards required to be measured, between 10 to 13 parameters were not measured during the period 2010-11 to 2013-14.

(Paragraph 2.2.9.2)

- Air quality monitoring by MPCB was deficient and the sample was not reliable due to inadequate measurement and lack of required number of observations.

(Paragraph 2.2.9.3)

- Five District Hospitals (Bishnupur, Ukhrul, Senapati, Chandel and Tamenglong) do not have incinerators for disposal of bio-medical wastes.

(Paragraph 2.2.9.5)

- Water cess was not collected from 126 and 521 industries which were granted consent to operate during the year 2014 and 2015 respectively.

(Paragraph 2.2.9.9)

2.2.1 Introduction

Manipur Pollution Control Board (MPCB/the Board) is a statutory body constituted in 1989 under Section 4 of the Water (Prevention and Control of Pollution) Act, 1974. The Board is responsible for formulation and implementation of policy for prevention, control or abatement of pollution in the State under various environmental laws[1]. MPCB monitors compliance by polluting units to the provisions/clauses incorporated in various environmental Acts and Rules. The vision of MPCB is to let the people of the state breathe clean air, drink safe water and live in healthy environment. The mission of the Board is to develop/build its capacity to address environmental challenges emanating from rapid urbanization and growth of small and medium scale industries in Manipur.

The Board is required to plan comprehensive programme for prevention, control or abatement of Water, Air, Noise Pollution and advise the State Government in this regard. Requisite personnel are to be trained in collaboration with Central Pollution Control Board (CPCB). Air pollution control areas and control equipment are to be inspected to assess air quality and take requisite remedial steps. Laboratory (ies) for analysis of samples are to be established or recognized. The Board can grant authorization for handling of wastes (Hazardous, Municipal, Bio-Medical, Plastic, Batteries and E-waste) and dismantler/recycler of E-wastes. Compliance to the standards on ground water, ambient air, leachate quality, compost quality and incineration standards are to be monitored.

In order to discharge the above mandated functions effectively, the Board can obtain information from the persons in charge of any establishment, enter and inspect, take samples of effluents/emissions, grant/reject/withdraw consent for establishment of any industry or process after due enquiry and approach Courts for restraining persons causing pollution.

2.2.2 Organisational Setup

The Board is headed by the Chairman (an elected member of the State Assembly) who is assisted by a Member Secretary (a regular technical employee of the Board). The activities for prevention and control of pollution and the enforcement of various environmental acts are done through various wings. The organogram of the Board is given below.

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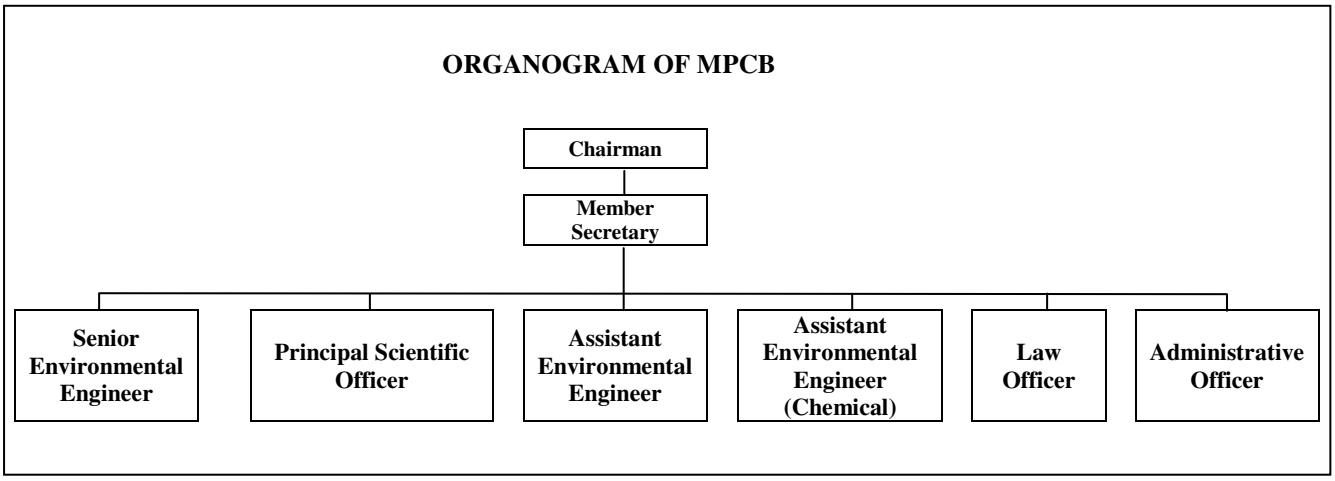
[1] The Water (Prevention and Control of Pollution) Act 1974; The Water (Prevention and Control of Pollution) Cess Act 1977; The Air(Prevention and control of Pollution) Act 1981; The Environment (Protection) Act 1986 and the rules made there under *viz*., the Environment (Protection) Rules, 1986; the Municipal Solid Waste (Management and Handling) Rules 2000; the Bio-Medical Waste (Management and Handling) Rules 1988; the Hazardous Waste (Management and Handling) Rules 1989; the Batteries (Management and Handling) Rules 2001; the E-waste (Management and Handling) Rules, 2011, Recycled Plastics Manufacture and Usage Rules 1999 and the Noise Pollution (Regulation and Control) Rules 2000, as amended from time to time.



The Board is stationed at Imphal and has no Regional or Branch Offices in other parts of the State. Senior Environmental Engineer is responsible to look after Municipal Solid Waste, Air Quality, Hazardous Waste, e-waste; Principal Scientific Officer monitors Water Quality, Eco-Clubs; Assistant Environmental Engineer monitors Noise and all miscellaneous works; Assistant Environmental Engineer (Chemical) monitors Vehicle Emission testing, Plastic Waste; Law Officer deals with the legal aspects of the Environmental Acts and Rules.

2.2.3 Audit Objectives

Audit objectives are to ascertain whether:

- Mechanisms adopted by the Board for prevention, control and abatement of pollution are effective and efficient;
- Fund management by the Board is efficient to secure optimum utilization;
- The Board's monitoring of compliance to Acts, Rules and conditions by the stakeholders is efficient and effective and
- Adequate manpower and effective Internal Control mechanisms exist.

2.2.4 Audit Criteria

Audit findings were benchmarked against the following criteria:

- The Water (Prevention and Control of Pollution) Act 1974;
- The Water (Prevention and Control of Pollution) Cess Act 1977;
- The Air (Prevention and Control of Pollution) Act 1981;

- The Environment (Protection) Act 1986 and the rules made there-under[2] and

- Directions and notifications issued by CPCB, Government of India (GoI) and State Government from time to time.

2.2.5 Scope and Methodology of Audit

During the performance audit of MPCB, documents/records for the period from 2010-11 to 2014-15 were test checked. Information was also collected from National Sample Survey of India, Government of India (GoI) and the following departments/offices of the Government of Manipur (GoM) *viz.,* Department of Environment and Forests, Directorate of Commerce and Industries, Sewerage and Drainages Division of Public Health Engineering Department (PHED), Urban Local Bodies and Municipal Administration Housing and Urban Development (MAHUD).

A workshop on "Introduction to Environment Audit with special emphasis on Audit of State Pollution Control Boards" was held at International Centre for Environment Audit and Sustainable Development (iCED), Jaipur from 27 April 2015 to 1 May 2015 along with other North Eastern Region (NER) States in which audit methodology and environment issues were discussed with subject experts.

The performance audit commenced (April 2015) with an Entry Conference with MPCB. The Board is supervising the activities of nine schemes *viz.*, i) Water Quality Monitoring, ii) Air Quality Monitoring, iii) Noise Level Monitoring, iv) Bio-Medical Waste Monitoring, v) Municipal Solid Waste Monitoring (implemented through MAHUD), vi) Hazardous Waste, vii) E-waste, viii) Plastic Waste Management and ix) Eco-Club. Records of implementation of these nine schemes in five sampled districts[3] were test checked by examination and analysis of records, issue of requisitions, questionnaires and examination of replies thereof and interaction with the officers of the MPCB. The audit findings were discussed in an Exit Conference (October 2015) with the MPCB. Reply of MPCB is incorporated in the report, wherever available.

2.2.6 Acknowledgement

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

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[2] The Environment (Protection) Rules, 1986; the Municipal Solid Waste (Management & Handling) Rules 2000; the Bio-Medical Waste (Management & Handling) Rules 1988; the Hazardous Waste (Management & Handling) Rules 1989; the Batteries (Management & Handling) Rules 2001; the E-waste (Management and Handling) Rules, 2011, Recycled Plastics Manufacture & Usage Rules 1999 and the Noise Pollution (Regulation & Control) Rules 2000, as amended from time to time.

[3] Out of nine districts in the State, five districts (56 *per* cent) viz., Imphal West, Thoubal, Chandel, Churachandpur and Senapati were selected through random sampling without replacement.

Audit Findings

The important findings of the performance audit are discussed in the succeeding paragraphs.

2.2.7 Mechanism to Prevent, Control and Abate Pollution

Planning

2.2.7.1 Improper planning and reporting

As per Section 17(1)(a) of Water Act 1974, MPCB was required to plan a comprehensive programme for prevention, abatement and control of pollution of streams and wells in the state and to secure the execution thereof. Further, under Section 39(2) of the Water Act, every State Board shall, during each financial year, prepare, in such form as may be prescribed, an annual report giving full account of its activities under the Act during the previous financial year and copies thereof shall be forwarded to the State Government within four months from the last date of the previous financial year and that Government shall cause every such report to be laid before the State Legislature within a period of nine months from the last date of the previous financial year.

MPCB stated (November 2015) that the comprehensive programme is prepared every year and submitted to the State Government for approval. However, approved copy of the same was not furnished to audit. Further, Audit noticed that most of the works for prevention, abatement and control of pollution were left unexecuted.

Further, scrutiny of records of MPCB revealed that the Board prepared Annual report giving full account of the activities under the Act during the period 2010-13. However, copies of the report for the years 2013-14 and 2014-15 could not be produced to audit.

2.2.7.2 Inventory of industries not maintained

As per Section 17(1)(a) of Water (Prevention and Control of Pollution) Act, 1974 and Section 17(1)(a) of Air (Prevention and Control of Pollution) Act, MPCB was required to plan comprehensive programmes for prevention and control of pollution. For this purpose, identification of pollutants discharged into environment was to be done. The resultant inventory was to form the basis for planning pollution prevention/abatement programmes. Audit noticed that MPCB did not conduct any survey to identify the polluting industries as envisaged above during the period 2010-15. Inventory of polluting industries in the State was also not maintained. This is evident from the fact that out of the 877 numbers of industries operating (May 2015) in the State as per Department of Industries GoM's records, only 521 industries (59 *per* cent) had obtained approval from MPCB while the remaining 356 were not available in

the records of MPCB. The 356 industries were operating without the approval of MPCB.

MPCB stated (November, 2015) that it carries out inventory and survey of industries while issuing/renewal of Consent to Establish/Operate certificates. Some of the industries registered at the Department of Industries, Government of Manipur may not require the consent of the Board for establishment as they are of non-polluting nature. The reply is not acceptable as survey is for identifying new polluting units.

Fund Management

2.2.8 Financial Management

2.2.8.1 Funds received and expenditure

The fund received and expenditure incurred by MPCB during the period 2010-11 to 2014-15 are shown in **Table No. 2.2.1** below.

Table No. 2.2.1 Fund received and expenditure incurred

(₹ in lakh)

Year	Opening Balance	Funds received			Total fund available	Expenditure incurred	Closing Balance	Expenditure as % of total fund available
		Govt. of India	Govt. of Manipur	Others				
2010-11	83.87	37.90	195.39	5.01	322.17	263.16	59.01	82%
2011-12	59.01	55.78	240.38	3.56	358.73	296.72	62.01	83%
2012-13	62.01	45.55	192.10	4.17	303.83	182.38	121.45	60%
2013-14	121.45	58.87	105.83	4.60	290.75	253.85	36.90	87%
2014-15	36.90	4.29	175.64	18.88	235.71	198.11	37.60	84%
Total		**202.39**	**909.34**	**36.22**	**1,231.82***	**1,194.22**		**97%**

(Source: Board's record)

****₹ 83.87 + ₹ 202.39 + ₹ 909.34 + ₹ 36.22***

As can be seen from the above table, MPCB had spent between 60 *per* cent to 87 *per cent* of the total fund available during 2010-11 to 2014-15. The expenditure of ₹ 11.94 crore during 2010-11 to 2014-15 includes ₹ 5.64 Crore (47 *per cent*) on payment of salary.

2.2.8.2 Poor release of scheme[4] funds

The details of the utilization of scheme funds are given in **Table No. 2.2.2** below.

[4] Nine scheme as mentioned in para No. 2.2.5 of this Report.

Table No. 2.2.2 Comparison of expenditure on pay and allowances and on scheme/project against total expenditure

(₹ in lakh)

Year	Budget estimate	Total expenditure incurred	Expenditure on pay and allowances (percentage of total expdt)	Expenditure on scheme/ project	Expenditure on other activities
2010-11	273.00	263.16	106.29 (40%)	32.06 (12%)	124.81 (48)
2011-12	275.00	296.72	106.70 (36%)	90.53 (31%)	99.48 (33)
2012-13	300.00	182.38	132.62 (73%)	3.98 (2%)	45.79 (25)
2013-14	348.50	253.85	105.51 (42%)	90.64 (36%)	57.71 (22)
2014-15	965.00	198.11	112.69 (57%)	7.84 (4%)	77.57 (39)
Total	**2161.50**	**1,194.22**	**563.81 (47%)**	**225.05 (19%)**	**405.36 (34)**

(Source: Board's record)

It can be seen from the above table that during 2010-15, on an average 47 *per cent* of expenditure was incurred on pay and allowances of the staff whereas expenditure on scheme/project constituted only 19 *per cent.* The remaining amount of ₹ 405.36 (34 *per cent*) was utilized for purchase of stamps, travelling allowances, purchases of furniture, etc. The expenditure on pay and allowances was in the range of 36 *per cent* to 73 *per cent* while that on scheme/project was in the range of two *per cent* to 36 *per cent*. Comparatively the expenditure on scheme/projects was much lesser than the expenditure on pay and allowance. Thus, due to the meagre release of funds, implementation of schemes/projects was hampered as discussed in subsequent paras.

MPCB stated (November 2015) that it is not entrusted with execution of scheme of major works as it is a regulatory body for implementation of various Acts and Rules. Hence the major portion of the expenditure is incurred on meeting pay and allowances of the staff of MPCB.

The reply is not tenable as the budget is not prepared on the basis of annual action plan for the period 2010-11 to 2014-15 as shown in the **Table No. 2.2.3** below.

Table No. 2.2.3 Budget estimate and allocation

(₹ in lakh)

Year	Budget estimates (BE)	Work program / annual action plan (AAP)	Deviation of AAP from BE (AAP-BE)	Budget allocation (BA)	Deviation of BA from BE (BA-BE)
2010-11	273.00	200.00	(-) 73.00	233.29	(-) 39.71
2011-12	275.00	250.00	(-) 25.00	296.16	21.16
2012-13	300.00	180.00	(-) 120.00	237.65	(-) 62.35
2013-14	348.50	120.00	(-) 228.50	164.70	(-) 183.80
2014-15	965.00	210.00	(-) 755.00	179.93	(-) 785.07

In the above table it can be seen that the annual action plan (AAP) had fallen short of the budget estimate (BE) in the range of ₹ 25 lakh to ₹ 755 lakh despite of the fact that the budget estimates and annual action plan/work programmes were prepared by the board. The budget allocation had also fallen short of the budget estimate during 2010-15 except during 2011-12. The

difference between the BE and the AAP indicates that BE was not prepared based on the AAP. Thus, the budget estimates was unrealistic.

Further, the budget allocation fell short of the BE in the four years in the range of ₹ 39.71 lakh to ₹ 785.07 lakh.

Compliance to Acts, Rules and Conditions by the Stakeholders

2.2.9 Programme Implementation

2.2.9.1 Industries were not categorised

As per notification issued by the GoI (December 1999) the State Board or the Committee, as the case may be, may issue the consent order for the period specified against each of the following category of industries:

I. Red Category of industries : Two years

II. Orange Category of industries: Three years

III. Green Category of industries : Five years

The consent or authorization order shall be issued or renewed in the prescribed format.

The State Board or the Committee, as the case may be, may stipulate additional conditions to the consent or authorization order. The categorization was required to know the exact numbers of high, medium and low polluting industries in the State.

However, Audit noticed that MPCB did not have records on categorization of industries. Data for various categories of industries for which consent certificates issued were maintained in a consolidated register and not category wise. Consent was granted for one year to the industries irrespective of categories in contravention of the above Rules.

2.2.9.2 Monitoring data of water quality inadequate

As per Section 17(1)(f) of Water (Prevention and Control of Pollution) Act 1974 MPCB is required to monitor the quality of water. There were 70 station in the State earmarked for monitoring water quality across the State.

As per the guidelines for monitoring Water Quality Standards issued by CPCB, the following parameters of surface water are to be monitored during pre-monsoon (April- May):

Sl No	Particulars	Parameters to be monitored
1	General	Colour, odour, temperature, acidity (pH), Electric Conductivity (EC), Dissolved Oxygen (DO), Turbidity, Total Dissolved Solid (TDS)
2	Nutrients	NH_3-N, NO_2 + NO_3, Total Phosphorus
3	Organic Matter	Biological Oxygen Demand (BOD), Chemical Oxygen Demand (COD)

Sl No	Particulars	Parameters to be monitored
4	Major Ions	Potassium (K), Sodium (Na), Calcium (Ca), Magnesium (Mg), CO_3, HCO_3, Cl, SO_4
5	Other in-organics	Fluorine, Boron and other location specific parameter, if any
6	Microbiological	Total and Faecal Coliforms

Test check of the parameters measured by the Board showed that for the year 2014-15 water pollution level during pre-monsoon months of April and May was not measured. Examination of the records of the MPCB showed that during 2010-14 the Board had not measured 10 to 13 parameters out of 25 prescribed parameters required to be measured as per the Act as shown in ***Appendix 2.3***. It was noticed that most of the parameters measured were within the prescribed limit.

MPCB stated (November 2015) that it would try to monitor all the parameters, if relevant, in the coming years. Further, MPSCB stated (February 2016) that due to breakdown of equipment and non- availability of staff, some of the parameters could not be measured. However, due to incomplete measurement of pollution parameters, the level of water pollution could not be ascertained.

2.2.9.3 Air pollution not monitored

The National Air Quality Monitoring Programme (NAMP) is a nation-wide programme to monitor four ambient air qualities viz, Sulphur Dioxide (SO_2), Oxide of Nitrogen (NO_2), Suspended Particulate Matter (SPM) and Respirable Suspended Particulate Matter (RSPM/PM_{10}). The programme has a network of 342 operating stations covering 127 cities/towns (including Imphal) in 26 states and four union territories. The objectives of the programme are:

- To determine status and trends of ambient air quality;
- To ascertain whether the prescribed ambient air quality standards are violated;
- To identify Non-attainment cities, etc.

The monitoring of pollutants is to be carried out for 24 hours (4-hourly for gaseous pollutants and 8-hourly sampling for particulate matter) with a frequency of twice a week, to have 104 observations in a year.

In Manipur the NAMP has one monitoring station in Imphal. Though four parameters are to be monitored/observed, only two parameters (RSPM/PM_{10} and SPM) were monitored/observed. No monitoring was made for two parameters viz. SO_2 and NO_2 during the years 2010-2015. Scrutiny of records for the year 2010-11 to 2014-15 showed that MPCB monitored air quality as shown in the **Table No. 2.2.4** below.

Table No. 2.2.4 Shortfall in Monitoring Air Quality

Year	Required No. of observation	Actual	Shortfall
2010-11	104	Nil	104
2011-12	104	Nil	104
2012-13	104	Nil	104
2013-14	104	Nil	104
2014-15	104	22	82
Total	**520**	**22**	**498**

From the above table it was observed that only 22 observations were done during the year 2014-15 with a shortfall of 82 observations. Further there was no record for monitoring of air quality during the earlier four years (2010-11 to 2013-14).

The instrument for measuring other parameters was not available.

Thus, the air quality monitoring in Manipur by the MPCB was deficient and the sample is not reliable due to inadequate measurement and lack of required number of observations.

2.2.9.4 Treatment of effluent not adequate

As per the Section 17(1)(f) of Water (Prevention and Control of Pollution) Act, 1974, MPCB was required to inspect sewage or trade effluents and review plans, specifications or other data relating to plants set up for the treatment of water and purification thereof and the system for disposal of sewage or trade effluents or in connection with the grant of any consent. The operation of treatment plant was entrusted to the Public Health Engineering Department (PHED), Government of Manipur, as stated by the MPCB.

Scrutiny of records revealed that neither MPCB nor PHED had maintained data relating to the total quantity of effluents discharged in all the districts of the State. MPCB had not initiated any step to assess the total quantity of effluents discharged. PHED stated (August 2015) that the work was not related to their department. However, during a joint inspection with MPCB a Sewage Treatment Plant was found constructed at Lamphel, Imphal West under the supervision of the PHED which is yet to be operational as shown by the photograph below.

Sewage treatment plant at Lamphel

2.2.9.5 Authorisation, segregation and disposal of biomedical wastes

As per Rule 5(2) of Bio-Medical Waste (Management and Handling) Rules, 1998 (BMW Rule), every occupier, where required, shall set up in accordance with the time-schedule in Schedule VI, requisite bio-medical waste treatment facilities like incinerator, autoclave, microwave system for the treatment of waste, or, ensure requisite treatment of waste at a common waste treatment facility or any other waste treatment facility. These are also to be complied as per the scheduled date by 31 December 2002.

Further, as per Rule 6(2) bio-medical wastes shall be segregated into containers/bags at the point of generation in accordance with Schedule II[5] prior to its storage, transportation, treatment and disposal. The containers shall be labeled according to Schedule III.

Rule 8(1) *ibid* requires every occupier of an institution generating, collecting, receiving, storing, transporting, treating, disposing and/or handling bio medical waste in any other way except such occupier or clinics, dispensaries, pathological laboratories, blood banks providing treatment/service to less than 1000 patients per month shall make an application in Form 1 to the prescribed authority (MPCB) for grant of authorisation.

Further, as per Section 15(1) of Environment (Protection) Act, 1986 failure to comply with the provision of the Act shall be punishable with imprisonment term which may extend to five years or with fine which may extend to Rupees one lakh.

During audit (June 2015) it was observed that out of 657 numbers of Health Care Establishments (HCEs) identified by MPCB in the State, only 55 HCEs (eight *per cent*) were authorised by MPCB during 2011-12. However, segregated data regarding the number of hospitals violating the above Rules are not available with the Board.

[5] Colour coding and type of container for disposal of Bio-Medical Wastes.

As per Schedule VI to Rule 5, all types of Hospitals are required to have autoclave/microwave systems or access to such systems for waste treatment. In a sample of 13 hospitals (8 Government hospitals[6] and 5 private hospitals[7]) having more than 50 beds and above, incinerators were installed only in 4 hospitals *viz.* RIMS, JNIMS, Thoubal District Hospital and M/s Shija Hospital. The remaining four private hospitals availed the facility of common incinerator installed at M/s Shija Hospital.

Further, it was noticed that none of the remaining five district hospitals[8] having more than 50 beds each have incinerator. These district hospitals used deep burial methodology for burial of bio-medical waste as shown in the following photograph:

Deep burial site at Chandel District Hospital

The recommended procedure of autoclave or microwave system was not complied by these hospitals. MPCB had not taken any action to bring compliance by the defaulting hospitals. Reason for not taking action against the defaulting hospitals was not available on record (January 2016).

A joint inspection of five Health Care Establishments (HCEs)[9] was conducted (February 2016) by Audit and MPCB. Three of these HCEs were authorised HCEs and the remaining two are unauthorised. The three authorised HCEs utilized the common incinerators at Shija Hospitals and research Institute for disposing of the bio medical wastes. Further, there were facilities of the colour coded bin and sharp pit in the three HCEs as shown in the photographs below.

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6 Regional Institute of Medical Sciences (RIMS), Jawaharlal Nehru Institute of Medical Sciences (JNIMS) and 6 District Hospital-Thoubal, Bishnupur, Ukhrul, Senapati, Chandel and Tamenglong.

7 M/s Shija Hospital and Research Institute, Raj Medicity, Catholic Medical Centre (CMC), City Hospitals and Imphal Hospital.

8 District hospitals- Bishnupur, Ukhrul, Senapati, Chandel and Tamenglong.

9 Three authorized Shija hospital and Research Institute, Raj Medicity and Catholic Medical Centre (CMC)} and two unauthorized (Noor Hospital & Research Institute and Rural Hospital & Research Centre).

Colour coded bin in CMC hospital

Incinerator in Shija Hospital and Research Institutes

The two unauthorised HCEs had not utilised colour coded bin. As a result the waste was collected and segregated in open carton boxes in an unsafe manner, as shown in the photograph below.

Segregated wastes in Noor Hospital and Research Institute

Further it was noticed that no proper sharp pit, deep burial ground, incinerator, autoclave and microwave system for treatment of bio-medical waste as per Bio-Medical Waste Rules was available in the two HCEs.

It was also noticed that MPCB had not initiated any action against the defaulting HCEs.

2.2.9.6 Noise pollution

The Noise Pollution (Regulation and Control) Rules, 2000 notified (February 2000) by the Ministry of Environment and Forests, prescribes the ambient air quality standards in respect of noise for different areas/zones as shown in **Table No. 2.2.5** below.

Table No. 2.2.5 Ambient air quality in respect of noise

Area code	Category of area/zone	Limit in dB(A) Leq	
		Day Time	Night time
(A)	Industrial Area	75	70
(B)	Commercial Area	65	55
(C)	Residential Area	55	45
(D)	Silence Zone	50	40

Further Rule 3(3) of the Noise Pollution (Regulation and Control) Rules, 2000 provides that the State Government shall take measures for abatement of noise including emanations from vehicular movements and ensure that the existing noise level do not exceed the ambient air quality standards specified under these Rules.

MPCB measured the noise level in respect of silence zone[10] during the years 2011-14. The noise level measured in the silence zones was higher than the prescribed levels; ranging from 51.2 dBA to 75.4 dBA during day time and 40.7 dBA to 50.8 dBA during night time. However, no action was taken up by the MPCB/State Government in contravention of the above Rules.

Thus, due to inaction on the part of the State Government, the provision of the Rules has become ineffective.

2.2.9.7 Non-segregation of Municipal Solid Wastes

Schedule II of Municipal Solid Waste (Management and Handling) Rules 2000 prohibit littering of municipal solid waste in cities, towns and in urban areas notified by the State Governments. Further Sl. No. 1.1.(1) of the Schedule provides for organising house-to-house collection and segregation of municipal solid wastes.

However, in Imphal municipal area, daily collection of municipal solid waste is yet to be achieved in residential area and segregation of solid waste is not done at source. This may lead to mixing of organic and inorganic municipal solid waste.

The Board has not taken up with the Imphal Municipal Corporation to increase the frequency of collection of Municipal Solid waste and segregation of waste at source.

2.2.9.8 Plastic wastes

Plastic waste and plastic bags are highly toxic and even have cancer causing constituents such as benzene and vinyl chloride. Plastic bags are not easy to dispose of either through recycling, burning or land filling as they are not bio-degradable. Plastic bags when dumped into rivers, streams and sea contaminate the water, soil, marine life. Smaller pieces of plastic carried away through storm water drains pile up in waterways leading to unexpected floods. Photograph of plastic waste heap is shown as follows:

[10] Keishampat Raj Bhawan, Manipur University, D.M. College and Regional Institute of Medical Sciences.

Plastic wastes on the roadside

As per Section 9(c) of the Plastic Waste (Management and Handling) Rules 1999, no person shall manufacture carry bag, multi layered plastic pouch or sachet or any plastic waste, without obtaining registration certificate from State Pollution Control Board prior to commencement of operation. Legal action can be initiated against any violations of the Rules. It was noticed that two plastic recycling centres in the State *viz*., M/S S.J Plastic Agency and M/S M.R. Enterprises were not authorised by MPCB. Further, the Board had not initiated any action against these defaulting centres. The Government of Sikkim has banned the use of plastic bags in Sikkim. It has benefited in less choking of drain. Thus, due to inaction on the part of the Board, harmful effect of recycling of plastics could pose health hazard to the masses.

MPSCB stated (November 2015) that any industry not complying/refusing to comply with the Rules or not registered with MPCB will be dealt with as per law in due course of time. However, action taken on the non-complying industries is yet to be intimated to Audit (February 2016).

2.2.9.9 Water Cess not levied from private sector industries

Section 3(2)(a) of the Water Cess Act 1977 provides for collection of cess on water consumption by person carrying on any industries and by local authorities. The water cess so collected by the Board is to be remitted into the Consolidated Fund of India and GoI appropriates the water cess amount to CPCB and MPCB. The rate of water cess payable are shown in ***Appendix 2.4***. As per the records furnished by MPCB, 126 and 521 industries were granted consent to operate during the years 2014 and 2015 respectively. However, no water cess was collected from these industries.

Further, scrutiny of records showed that four water supply industries (*viz*., Chingaren Water Supply, Pishak Drinking Water, Robita Domestic Water Supply and Salan Water) drew water from Imphal River and Iril River during the year 2013-14. Out of these only Chingaren Water Supply had taken consent to operate while the other industries had not applied for consent. Further, water cess was not collected from all these industries.

While accepting audit observation, the Board stated (August 2015) that Water Cess could not be collected due to limited financial resources and manpower. The Board is considering to levy water cess from the Cantonment Board that are having own water supply for domestic purposes. The reply is not acceptable as collection of Water Cess could have alleviated the financial constraint of the Board.

MPCB stated (November 2015) that under Section 16(1) of Water (Prevention and Control of Pollution) Cess Act, 1977 industries consuming water less than 10 Kilo litre per day are exempted from water cess. As such water consumed by most of the industries of the State is minimal. However, the actual data of water consumption by the industries along with the exemption list has not been furnished to Audit and hence the claim of MPCB could not be accepted.

Moreover, the service of Cess Collector posted in the Board was not utilized for the collection of water cess and he was assigned for monitoring/testing of Vehicular Emission *etc*. As a result the cess was not assessed and collected properly.

2.2.9.10 Consent issued without proper check

As per Section 21 of the Air (Prevention and Control of Pollution) Act 1981 read with Section 25 of Water (Prevention and Control of Pollution) Act 1974, application for consent to MPCB is to be made in the prescribed form. The following documents were to be enclosed/submitted with the application:

- Particulars of the industrial plant;
- Non-agricultural land certificate from Sub-Deputy Collector;
- Details of layout plan indicating different processes and point sources of effluent discharge/air emission/solid waste/hazardous waste;
- Position of stack/effluent treatment plant;
- DG set capacity in Kilo Volt Ampere (KVA);
- Manufacturing process of each product with flow diagram, chemical reactions and material balance with water budget;
- Details of water pollution control/air pollution control devices and solid waste/hazardous waste management proposed to be provided and
- Details of land available for disposal of effluent and its area.

However, test check of the records of consent management[11] for the year 2012-13 and 2013-14 showed that applicants had not submitted the above documents.

[11] Records for the years 2010-11, 2011-12 and 2014-15 were not maintained.

MPCB stated (November, 2015) that the industries are granted consent on the basis of report submitted by the inspection team and field verification. The reply is not tenable as MPCB did not maintain any records for application and grant of such consent as mandated as per the provisions.

2.2.9.11 Eco-Clubs under National Green Corps (NGC)

National Green Corps (NGC) is a national programme conceptualized and initiated by the Ministry of Environment and Forests (MoEF), GoI in 2001-02. School children of formative age (5 to 14 years) are to be in the vanguard for campaign to green the Earth and works of Eco-Clubs of schools across the country. Every recognized school, with classes up to 12th standard, is eligible to start an Eco-Club consisting of 30-50 children, interested in environment-related issues. A teacher in-charge shall supervise the activities of the Eco-Club such as growing and maintaining vegetable gardens, herbal gardens, tree plantations, *etc*.

MPCB is the Nodal Agency to oversee the implementation of the Eco-Club under the NGC programme in the State. As per NGC guidelines issued by MoEF upto 250 Eco-Clubs per district can be formed and financial assistance to the tune of ₹ 2500 per annum per Eco-Club can be given. The District Implementation and Monitoring Committee (DIMC) of NGC gets ₹ 25,000 per annum for meetings, monitoring and follow up activities. Each Nodal agency receives 5 *per cent* of the total actual expenditure incurred on Eco-Clubs and the expenses of the DIMC. GoI releases Grants-in-aid to States in two instalments. The Nodal Agency releases funds to the DIMC of NGC which in turn gives the amount allocated to each of the Eco-Clubs. In addition, each of the Eco-Clubs would be provided a kit of resource materials including activity manuals and posters.

Each Eco-Club is required to submit Actual Progress Reports (APRs)/UCs to the DIMCs concerned, DIMCs to MPCB and by MPCB to the Ministry/CPCB for release of the next Grants-in-aid. As per scheme guidelines next instalment would not be released unless the UC is received by the Ministry.

Details of Grants-in aid received from the Government of India and its utilization is shown in **Table No. 2.2.6** below.

Table No. 2.2.6 Details of Grants-in aid received from the Government of India and its utilization

(₹ in lakh)

Year	OB	Grants–in-aid received from GoI	Other sources	Fund available	Financial assistance to schools	Financial assistance to DIMCs	Administrative charges	Total	CB
1	2	3	4	5=(1+2+3)	6	7	8	9=(6+7+8)	10
2010-11	3.55	Nil	Nil	3.55	Nil	Nil	Nil	Nil	3.55
2011-12	3.55	47.80	0.50	51.85	43.75	2.25	2.29	48.29	3.56
2012-13	3.56	Nil	Nil	3.56	Nil	Nil	Nil	Nil	3.56
2013-14	3.56	48.30	Nil	51.86	43.75	2.25	2.30	48.30	3.56
2014-15	3.56	Nil	Nil	3.56	Nil	Nil	Nil	Nil	3.56

Thus, it can be seen from the above table that a total amount of ₹ 96.1 lakh were received in 2011-12 and 2013-14. Further during the year 2011-12, 1350 Eco-Clubs were granted an amount of ₹ 2500 per Eco-Clubs while in 2013-14, 1750 Eco-Clubs were given such grants. During the years 2010-11, 2012-13 and 2014-15 no Grants-in-aid by GoI was released to the MPCB due to non-submission/delay in submission of UCs. The Board stated that the fund could not be disbursed in time to many Eco-Clubs due to remote location, law and order problems and other factors such as hilly terrain, etc. Thus, the Eco-Clubs were deprived of the scheme benefits during 2010-11, 2012-13 and 2014-15.

Implementation of Eco-Clubs programme was test checked in 400 schools out of 1750 educational institutions. Eco-Clubs were functioning in the test checked schools. The units planted plants, trees and saplings inside the school premises. Further, in some of the schools, cleanliness drives were carried out.

MPCB stated (November, 2015) that the concerned DIMCs have to submit the UCs for onward submission to the Government of India for release of next Grants-in-aid.

However, the MPCB has not taken effective steps for timely submission of the UCs of the expenditure incurred by the Eco-clubs despite the fact that the DIMCs are supervising the schools located at remote areas.

Internal Control Mechanism

2.2.10 Human Resource Management

2.2.10.1 Staffing position

The functioning of the Board is dependent on the contract staff of 38 numbers (68 *per cent* of total staff strength) as there was only18 regular staff (32 *per cent* of total staff strength). The contract staff held assignment/responsibilities of technical[12] nature. Such dependence on contractual staff could be detrimental to the efficiency and effectiveness to the Board. The Board has not furnished actual sanctioned strength of staffs to audit.

In reply, MPCB stated (November, 2015) that proposal has been submitted to the State Government for regularization of the contract staff.

2.2.10.2 Internal control mechanism

Internal control system is a management tool to provide reasonable assurances to achieve the objectives of the organisation and to ensure functioning of the entity in an economical, efficient and effective manner.

The following lapses of internal control were noticed:

[12] Assistant Data Collector, Lab Assistants, Smoke Emission Tester etc.

- There was discrepancy of the amount of fees collected for auto emission test as recorded by the technical staff and the accounting section which has been reconciled at the instance of audit.

- Stock Registers were not maintained properly.

- As per bill and cheques issue register, payments were made for purchase of items. However, copies of bill and stock register for entering the items were not available.

- GoI did not release fund for Eco-Clubs due to non-submission/delay in submission of UC.

2.2.11 Conclusion

The Board did not take proactive steps like maintenance of inventory of polluting industries, *etc*. Scheme/project implementation was not a priority as indicated by financial resource allocation of only 19 *per cent* of the total expenditure of the Board for it. The Board failed in its role as the custodian for identification, prevention, control and abatement of pollution as basic functions like monitoring of water quality, monitoring of air pollution, treatment of effluent *etc*. were either not taken up or efforts were inadequate. Regulatory role was not fulfilled as industries were functioning without authorization/consent of the Board and no efforts were made to penalise the defaulters.

2.2.12 Recommendation

The Board may consider the following:

- Plan a comprehensive programme for prevention, control and abatement of pollution;

- Conduct a survey of industries for identification of industries;

- Enhance resource allocation for schemes/projects;

- Maintain a consent register for categorizing the industries;

- Ensure that all Health Care Establishments (HCEs) follow the stipulated rules and

- Augment its resources by collecting water cess.

COMPLIANCE AUDIT

IRRIGATION AND FLOOD CONTROL DEPARTMENT

2.3 Wasteful and Extra Expenditure

The Department incurred wasteful expenditure of ₹ 165.40 lakh and extra expenditure of ₹ 54.88 lakh due to faulty design/drawing and deviation from recommendations respectively

As per Rule 21(ii) read with Rule 22 of General Financial Rule 2005, financial order and strict economy should be enforced while incurring or authorizing expenditure from public fund and the expenditure should not be *prima facie* more than the occasion demands. No authority may incur any expenditure unless the same has been sanctioned by a competent authority.

The Central Water Commission (CWC), Government of India approved (November 2011) the design for construction of bypass arrangement of water conductor system[13] for Reduced Datum (RD) 139.00 m to 373.926 m of Thoubal Multipurpose Project. As per approved design, a slide gate was to be constructed at Elevation (EL) 814.55 m (to be located at RD 373.926 m along the water conductor system).

Test check of the records (March 2014) of the Executive Engineer, Thoubal Project Division – II, Irrigation and Flood Control Department (IFCD) showed that the Division awarded (August 2012) this work to a contractor[14] for ₹ 339.31 lakh as per CWC's design of November 2011. The contractor completed (January/ February 2013) all earthwork in excavation required for the full stretch and was paid ₹ 207.71 lakh (September 2013) as shown in **Table No. 1** of ***Appendix 2.5***. In this regard Audit noticed the following:

I - Wasteful Expenditure:

In July 2012 (eight months after approval of design), the Department sought specific drawing of the gates from CWC. Six months later (January 2013), CWC made queries on the regulating nature of the gate, quantum of flow requirement on downstream, period of year during which the gates shall be operational and suggested the feasibility of using spillway crest gate or by-pass arrangement provided in turbine valve. Based on the Department's response to the queries (February 2013), CWC changed (April 2013) the entire design/ drawing (after lapse of 17 months of approving original design) with a view to have precise control over flow and replaced the slide gate with Howel-Bunger (HB) Valve at EL 829.25 m (which was also to be located at RD 373.926 m along the water conductor system). This affected/changed the alignment of the water conductor system for the stretch RD 315.155 m to RD

[13] As stated by the Department (September 2015), the water conductor system is meant for providing water for power generation and when it is not operating, it is meant for providing irrigation water of 18.00 cumecs.

[14] Md. Gaffar.

373.926 m. Due to change in alignment, the earthwork in excavation already executed in this stretch (January/ February 2013) became redundant and the expenditure of ₹ 165.40 lakh (**Table No. 2** of ***Appendix 2.5***) incurred on earthwork was wasteful. The original alignment and revised alignment of the water conductor system are shown in the charts below.

Chart 1: Alignment as per design approved in November 2011

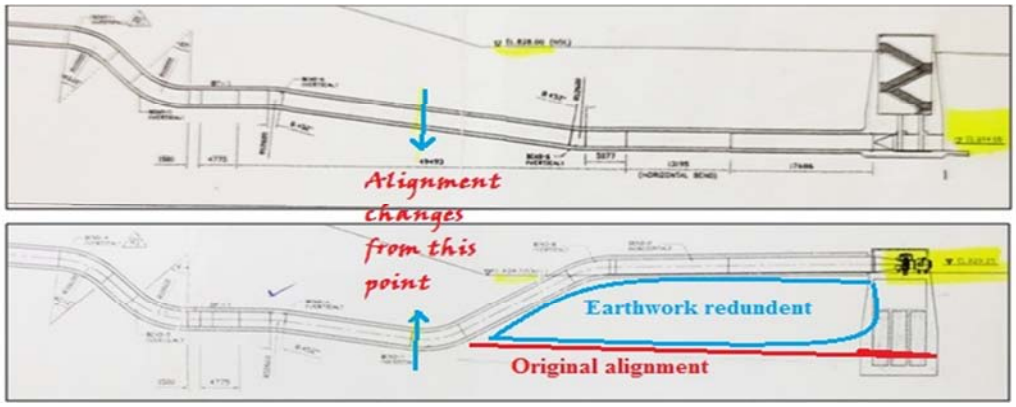

Chart 2: Alignment as per revised design approved in April 2013

In response to Audit's query (August 2015), the Department stated (September 2015) that the concept and design was finalized after deliberations with CWC as they are their consultants. However, the Department admitted that the wasteful expenditure could have been avoided.

Wastage of public fund could have been avoided had the purpose, requirement, use and operation of the water conductor system been fully understood at the planning stage itself before finalizing the design. As such, the Department erred in going ahead with the earthwork even when the design aspects had not been fully conceptualized.

II - Extra Expenditure:

It was also noticed that in the revised design (April 2013), CWC had recommended compacted backfill of the already excavated trench along the changed alignment of RD 315.155 m to RD 373.926 m. However, the Division filled the stretch with 14,242.81 cum of gravelled material (completed in July 2013) at the rate of ₹ 597.05 per cum and paid the contractor ₹ 85.04 lakh[15] (September 2013) as against the CWC norms of ₹ 30.16 lakh as shown in **Table No. 3** of ***Appendix 2.5***. Non-adherence to CWC recommendation led to extra expenditure of ₹ 54.88 lakh (₹ 85.04 lakh - ₹ 30.16 lakh).

Thus, change in design well after execution of work and major deviation from the approved specification and original alignment of work led to wasteful expenditure to the tune of ₹ 165.40 lakh and also extra expenditure of ₹ 54.88 lakh.

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

[15] 14,242.81 cum X ₹ 597.05/cum = ₹ 85,03,670

2.4 Wasteful Expenditure

The Department incurred wasteful expenditure of ₹ 69.71 lakh on transportation of earth due to unplanned and un-coordinated execution of work

Rule 21(ii) of General Financial Rules 2005 as adopted by the State Government states that every officer incurring or authorizing expenditure from public fund should enforce financial order and strict economy and see that the expenditure should not be prima facie more than the occasion demand.

Irrigation and Flood Control Department (IFCD) awarded (June 2008) one stretch from RD 41550 m to RD 42190 m of "Construction of Right Side Main Canal" of Khuga Irrigation Project - Earthwork (the work) to contractor[16] at a tendered amount of ₹ 89.27 lakh. The contractor was required to excavate earth and dispose-off the excavated earth by mechanical transport upto 2 km lead. The adjoining stretch from RD 42190 m to RD 42550 m (which is at a distance of 1 km from RD 41550 m) of the work was awarded (August 2008) to another contractor[17] at a tendered amount of ₹ 98.86 lakh wherein the only item of work was bringing to site earth for embankment by mechanical transport from lead of 2 km.

Test check of the records (February and March 2014) of the Executive Engineer, Khuga Canal Division - I, IFCD showed that the two contractors were paid a total of ₹ 157.18 lakh (February 2013) for disposal of excavated earth and bringing earth for embankment respectively as shown in the table below.

(₹ in lakh)

Sl No	Chainage/ Stretch (RD)	Work done through mechanical transport/ Date of award of work	Rate ₹ /cum	Executed		Admissible		Wasteful expen-diture Amount (6 – 8)	Remark
				Quantity cum	Amount	Quantity cum	Amount		
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
1	41550 m – 42190 m	Disposal of excavated earth - lead upto 2 km **Jun-08**	142.4	44,230.68	62.98	44,230.68	62.98	0	This quantity of earth could have been utilised in RD 42190 m – 42550 m for a lead of 1 km
2	42190 m – 42550 m	Bringing earth from lead upto 2 km for embankment / **Aug-08**	157.6	59,772.20	94.2	15,541.52#	24.49	69.71	Transportation cost for earth utilised from RD 41550 m – 42190 m no longer admissible
Total					**157.18**	**59772.20**	**87.47**	**69.71***	

 # 59,772.20 cum - 44,230.68 cum = 15,541.52 cum
** ₹ 94.2 lakh – ₹ 24.49 lakh = ₹ 69.71 lakh*

[16] Shri S. N. Pavei
[17] Shri Kalanchung

From the above table it can be seen that had the Department properly planned and coordinated the execution of work in the two adjoining stretches, instead of giving tender to another contractor for bringing earth for embankment, all excavated earth from the first stretch could have been utilised for embankment in the second stretch which falls within 1 km[18] range. This would have resulted in cost saving to the extent of ₹ 69.71 lakh as shown in the above table.

On this being pointed out, the Department stated (July 2015) that soil (earth) to be used in canal embankment is very important and should be from a known area where the character of the soil is suitable for the purpose of embankment. Since hard and dense soil excavated from the first stretch does not meet the requirement, the same cannot be used for embankment in the second stretch.

The reply is not acceptable as type/character of soil required in embankment and the quarry from where soil was to be obtained were not specified in the technical sanction and work order for the second stretch. The type of soil brought to site for the second stretch was also not recorded in the measurement book. Further, absence of item for compaction of earth brought to site for embankment in the second stretch also raises doubts on the actual execution of work.

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

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.5 Irregular Drawal of Self Cheques

Irregular drawal of ₹ 6.41 crore made through self cheque by the Drawing and Disbursing Officer without any records of disbursement of the amount

The Finance Department, Government of Manipur had banned drawal of cheque in favour of self by all Drawing and Disbursing Officers (DDOs) with effect from 13 March 2008 vide Order No. 9/2/2007-FR(Misc) dated 13 March 2008. Failure to comply with the order *ibid* was to be treated as a case of fraud and would be liable to prosecution under the Manipur Public Servants Personal Liability Act, 2006. Also, Rule 30(1) and 57 of Receipts and Payments Rules, 1983 stipulate that in case of payment for works done, service rendered or articles supplied, 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 acknowledgment obtained when payment is made to a private party.

Scrutiny of records (August 2015) of the Executive Engineer, Water Supply Division – VIII, Senapati, Public Health Engineering Department showed that ₹ 6.41 crore was drawn through self cheques during the period from January

[18] The farthest point for disposal of earth excavated at RD 41550 m would be at RD 42550 m which is at a distance of 1000 m *i.e.*, 1 km.

2014 to February 2015 in contravention of the extant provisions *ibid*. The details of drawal of self cheques are shown in ***Appendix 2.6***. There was no recorded acknowledgment of receipt of the payments by the contractors on account of which actual disbursement and receipt of the amount by the proper person cannot be vouched. Thus, the Executive Engineer, the Divisional Accountant and the Cashier of Water Supply Division – VIII, Senapati failed to comply with the extant provisions leading to irregular drawal of ₹ 6.41 crore through self cheques with high risk of misappropriation as actual payees' acknowledgment was not obtained.

The Executive Engineer stated (August 2015) that the detailed reply would be furnished at a later date. However, no such reply has also been received till date (February 2016).

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

PUBLIC WORKS DEPARTMENT

2.6 Loss to Government Due to Incorrect Adoption of Base Rate

Excess expenditure of ₹ 55.05 lakh was incurred due to erroneous calculation of rate, adoption of higher rates and payment for inadmissible work

As per Sl. No. B11 under Sub-Head "Bridge Work" of the Manipur Analysis of Rate (MAR) 2011, the rate for execution of a bore pile with reference to another bore pile of different size can be extrapolated as per proportion of bore pile cross-sectional area[19].

i) The Executive Engineer, Bridge Division, Public Works Department, Imphal awarded (March 2011) the work "Construction of approach road to Singjamei Bridge including Traffic Rotary" for ₹ 177.14 lakh to a local contractor[20]. One of the items of work was installation of 1,230 running meter (RM) of 550 mm diameter (dia) bore piles of M-20 Grade at a cost of ₹ 40.47 lakh. The contractor was paid the full amount (March 2014) as shown in the following table:

[19] A bore pile is cylindrical in shape. The circular face at the end of the bore pile is called the cross section of the bore pile. The area of this circular face is the cross-sectional area of the bore pile.

[20] Shri L. Baleshwor Singh

(₹ in lakh)

Portion	Tendered value of work	Length of 550 mm dia bore pile (RM)	Rate for bore pile (₹/RM)	Amount paid for bore pile
SH: Approach road Singjamei Bazar side	80.2	430	3290	14.15
SH: Approach road Kongba side	96.94	800	3290	26.32
Total	**177.14**	**1230**		**40.47**

Test check of records (February 2015) showed that the Division had first analysed the probable rate of ₹ 5083.71 per Running Metre for execution of 1000 mm dia bore pile from which the rate ₹ 2796.04 per RM[21] was worked out for 550 mm dia bore pile by taking ratio/proportion of the two dias (*ie* 1000 mm and 550 mm). After adding Sales Tax, labour cess and carriage charges for material required, rate of ₹ 3226.85 per RM was arrived at for the 550 mm bore pile and was awarded to the contractor at 102 *per cent* for ₹ 3290 per RM. This rate was calculated based on the ratio/proportion of the dias. The same was not acceptable as the ratio/proportion should be based on cross-sectional area of the two bore piles as stated in MAR *ibid*. Taking the rates as proportional to cross-sectional area of the two bore piles, execution of 550 mm bore pile should have been awarded to the contractor at the rate of ₹ 1,924.95 per RM (as shown in ***Appendix 2.7***) at an expenditure of only ₹ 23.68 lakh (1230 RM X ₹ 1,924.95 per RM). This erroneous calculation of rate led to excess payment of ₹ 16.79 lakh (₹ 40.47 lakh - ₹ 23.68 lakh) to the contractor.

ii) A second work "Construction of Salanthong Bridge over Imphal River" which was awarded (February 2005) for ₹ 2.14 crore to another local contractor[22] required execution of 1150 RM of 900 mm dia M-20 Grade bore pile at a cost of ₹ 51.64 lakh. This item was fully substituted (February 2008) with 3225 RM of 600 mm dia M-35 Grade bore pile at analyzed rate of ₹ 3142.50 per RM due to change of design of bridge. The contractor was paid ₹ 101.35 lakh (February 2014) for execution of 3225 RM of 600 mm dia bore piles.

Scrutiny of rate for execution of 600 mm dia bore piles indicated that the Division had adopted "Machinery Hire & Running charge" and "Labour" rate from an undated quotation of an unregistered firm (of doubtful credentials)[23] which were found to be higher than the rates adopted for identical item for another work[24]. Based on analysis of rate for identical item[25], the rate for the 600 mm dia M-35 grade bore piles should have been ₹ 2,146.64 per RM instead of ₹ 3142.50 per RM as shown in ***Appendix 2.8***. Due to adoption of rates higher than justifiable, the

[21] ₹ 5083.71x $\frac{550}{1000}$ =₹ 2796.04

[22] Shri Ch. Iboyaima Singh

[23] Though the firm's name is***"M/S Govind Burma Company Pvt Ltd, Guwahati",*** the signatory was ***proprietor, Badal Paul & Brothers Co. Pvt. Ltd***.

[24] Construction of Bridge over Imphal river at Heingang Awang Leikai.

[25] Rate analysis of M-35 grade bore pile for "Construction of Bridge over Imphal River at Heingang Awang Leikai".

Department had incurred excess expenditure of ₹ 32.12 lakh[26] on execution of 600 mm dia bore piles.

iii) Further, it was also noticed that the Division had paid ₹ 6.14 lakh (February 2014) to the contractor for execution of 150 RM[27] of 900 mm dia bore piles for which date of execution was not recorded in the Measurement Book. This payment is not admissible as all 900 mm dia bore piles were fully substituted with 600 mm dia bore piles as stated above and amounts to excess payment of ₹ 6.14 lakh to the contractor.

Thus, erroneous calculation of rate, adoption of higher rates and payment for inadmissible item led to a total excess expenditure of ₹ 55.05 lakh and resulted in loss to the Government to that extent.

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

2.7 Unauthorised Execution of Work

Expenditure of ₹ 4.91 crore was incurred on new construction works without approval of the competent authority

As per Rule 129 of the General Financial Rules, 2005, no work shall be commenced without obtaining administrative approval and expenditure sanction from the appropriate/competent authority. Further, as per Rule 12 of the delegation of Financial Power Rules, 1995 Government of Manipur, approval of the Public Investment Board (PIB) is to be obtained in case of investment proposal exceeding ₹ 3 crore. Approval of investment proposal between ₹ 20 lakh to ₹ 300 lakh in respect of Engineering Departments shall vest with the Finance Department.

Scrutiny of records (August-September 2014) of the Executive Engineer, Bishnupur Division, Public Works Department showed that the work "Construction of Ring Bund along the Western and Southern side boundaries of the Eco Park, Moirang" involving banking for a length of 3.6 km and shingling of the same with sand gravel conforming to IRC Grade-II of Ministry of Surface Transport (MoST) specification for an average width of 3.75 m and 22.50 cm thick was taken up at an estimated cost of ₹ 4.93 crore. The Chief Engineer, PWD approved splitting of the work into four portions according to the convenience of the stretches available at the work site to facilitate completion within the targeted date as the work was emergent in nature. However, the four portions of the work were awarded to two contractors (November 2012 and January 2013) for ₹ 4.93 crore as shown in the following table:

[26] 3225 RM x (₹ 3142.50 - ₹ 2,146.64) = ₹ 32,11,648.50

[27] Measurement for this was recorded at pages 63 to 71 of Measurement Book (MB) No. 154/Bldg without entering the date of execution.

(₹ in lakh)

Name of the work	Portion[28] of the work	Work order date	Tender value	Amount Paid
Construction of Ring Bund along the Western and Southern side boundaries of the Eco Park, Moirang	Portion-I	27-11-12	106.92	106.91
	Portion-II	28-11-12	97.22	97.22
	Portion-III	31-1-13	97.15	95.07
	Portion-IV	27-11-12	191.29	191.29
Total			**492.58**	**490.50**

The work entails new construction of ring bund along the boundaries of the Eco Park which take the nature of increasing concrete assets of a material and permanent character. Till date of audit (October 2014), the contractors were paid ₹ 4.91 crore[29].

The Department had not obtained administrative approval and expenditure sanction (AA & ES), as per extant provisions. The work was not placed before the Public Investment Board (PIB) nor was approval of the Finance Department obtained.

The Department stated (August 2015) that AA & ES were not obtained as the work was of the nature of repair and maintenance and was taken up under non plan budget provision with the approval of the administrative Department. The contention of the Department is not acceptable as the object of the expenditure was creation of new concrete assets of a material and permanent character for which the provisions *ibid* are applicable. Thus the expenditure of ₹ 490.50 lakh was unauthorised.

HORTICULTURE AND SOIL CONSERVATION DEPARTMENT

2.8 Follow up Audit on "CCO Based Audit of Department of Horticulture and Soil Conservation"

2.8.1 Introduction

The Chief Controlling Officer (CCO) Based audit of "Department of Horticulture and Soil Conservation" for the period 2006-07 to 2010-11 was featured in the Audit Report (Report No. 2) of the Comptroller and Auditor General (CAG) of India, Government of Manipur for the year ended 31 March 2011 under the paragraph 3.1. The Report was placed before the State Legislative Assembly on 6 July 2012 and was discussed by the Public Accounts Committee (PAC), Manipur on 25 September 2012. The PAC made two recommendations as follows:-

- The department should pursue for proper land allotment to the upcoming farm for revival of progeny orchard cum nursery sanctioned under North Eastern Council

[28] Portion –I, II & IV awarded to Kh. Khelendro Singh and Portion-III to Ph. Adim
[29] As per Measurement Book, 99 *per cent* of the work has been completed.

- The withdrawal of funds through contingent bills should be discontinued since such practice may encourage misappropriation of funds

2.8.2 Follow-up Audit

Follow-up audit on the above CCO based audit was conducted to ascertain the status of implementation of the audit recommendations featured in the Audit Report *ibid*. For this purpose, an audit questionnaire was sent (May 2015) to the Horticulture and Soil Conservation Department, Government of Manipur. After analysis of the replies of the Department, further queries were made (July 2015) to the Department to gather additional information. Audit conclusions were drawn after scrutiny of relevant records, analysis of available data and replies to the queries. The audit comments are featured in the following paragraphs:

2.8.3 Recommendations and their status

The CCO based audit report contained six recommendations, which were accepted by the Department. Out of these only one recommendation was implemented while the remaining five were partially implemented. Status of implementation of these recommendations as noticed during test check of records is discussed below.

2.8.3.1 *Recommendation: The objectives and targets of plan documents require more focus on logistics and infrastructural support with need-based planning for optimal results.*

This recommendation was partially implemented. Though the plan documents of the Department for the years 2011-15 showed focus on infrastructural support, farm wise allocation of funds and production targets was not reflected.

2.8.3.2 *Recommendation: Financial management requires meticulous monitoring of funds needed and expenditure to avoid savings, excess of expenditure and rush of expenditure at the fag end of the year. Special attention needs to be given to check advance payments through fully vouched contingent bills as such practices have the potential of serious financial irregularities.*

This recommendation was partially implemented. The department issued order (August 2014) forbidding advance payments through fully vouched contingent bills. There were savings both under plan and non-plan heads which the department attributed either to unavoidable circumstances (under non-plan head) or non-release of funds by Government of India for Centrally Sponsored Scheme.

2.8.3.3 *Recommendation: The Department should make concerted efforts to revive MAGFRUIT factory as it has the potential of earning revenue as well as providing employment opportunities in the State.*

This recommendation was partially implemented. Though NEC had given Administrative Approval of ₹ 952 lakh (June 2015) for the project – "Re-establishment of MAGFRUIT Factory, Manipur" and the first installment of ₹ 342.72 lakh was released (September 2015), only tender formalities were completed (October 2015).

2.8.3.4 *Recommendation: Efforts should also be made with all seriousness to revamp the sick farms with adequate budgetary support so as to ensure self-sustainability. This would reduce the dependence on outside agencies for quality plants.*

This recommendation was partially implemented. The department took-up steps to revamp the four sick farms[30] through ₹ 309.98 lakh sanctioned by NEC (May 2011) by developing infrastructural structures like staff quarter, water harvesting reservoir, vermin compost unit, progeny orchard cum nursery, mother planting, etc for which expenditure of ₹ 400 lakh was incurred (March 2015). However, the department stated (December 2015) that the revived sick farms will start producing Quality Planting Materials (QPM) from 2020 onwards.

2.8.3.5 *Recommendation: Expansion of area under fruits and vegetable under Technology Mission should be done in cluster approach through selection of beneficiaries from contiguous areas so as to maximise benefits.*

This recommendation was implemented. Selection of beneficiaries for expansion of area under fruits and vegetable under Technology Mission was done through identified village cluster since 2011-12.

[30] Progeny Orchard-cum-Nurseries Farm (i) Maram, (ii) Gelzang, (iii) Thawai Mahadev and (iv) Jiribam

2.8.3.6 *Recommendation: Proper monitoring of implementation of various schemes is required, focusing on loopholes in implementation so as to ensure corrective action for achieving effective and economic results.*

This recommendation was partially implemented. Though a Sub-Committee was constituted (January 2010) for internal evaluation and monitoring of various schemes, no activity of the Sub-Committee was noticed.

2.8.4 Conclusion

The efforts made to implement the recommendations is yet to produce results. The revamped sick farms are yet to start production. The approved project for revival of MAGFRUIT factory is yet to commence.