Report of the Comptroller and Auditor General of India

For the year ended 31 March 2015

GOVERNMENT OF MANIPUR

Report No. 1 of 2016

Report of the
Comptroller and Auditor General of India

For the year ended 31 March 2015

GOVERNMENT OF MANIPUR

Report No. 1 of 2016

TABLE OF CONTENTS

PREFACE

1. *This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Manipur under Article 151 of the Constitution of India.*

2. *This Report contains significant results of performance audit and compliance audit of the Departments of the Government of Manipur under Social, Economic, Revenue and General Sectors including the Labour and Employment Department, Rural Development and Panchayati Raj Department, Social Welfare Department, Consumer Affairs, Food and Public Distribution Department, Department of Education (Schools), Forest and Environment Department, Irrigation and Flood Control Department, Public Health Engineering Department, Public Works Department, Taxation Department and Transport Department and two Public Sector Undertakings viz. Manipur State Power Distribution Company Ltd and Manipur Industrial Development Corporation Ltd.*

3. *The cases mentioned in the Report are those which came to notice in test audit during the year 2014-15, as well as those which came to notice in earlier years, but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2014-15 have also been included appropriately in the Report.*

4. *The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.*

Executive Summary

EXECUTIVE SUMMARY

This Report has been prepared in six chapters. Chapters I to V deal with Social, Economic, Public Sector Undertakings, Revenue and General Sectors, and Chapter VI deals with Follow up of Audit observations. The Report contains five performance audits on Functioning of Industrial Training Institutes in Manipur, Implementation of Pradhan Mantri Gram Sadak Yojana, Effectiveness of Manipur Pollution Control Board, Implementation of Re-Structured Accelerated Power Development and Reforms Programme and Admissibility of Input Tax Credit; two mini reviews/thematic audits on Energy Billing System (EBS) of Manipur State Power Distribution Company Ltd. and Implementation of Smart Card Project for Driving Licence and Registration Certificates of vehicles and 17 paragraphs. Follow up Audit on “CCO based audit of Department of Horticulture & Soil Conservation” is also featured.

According to existing arrangements, copies of the performance audits and paragraphs were sent to the Administrative Heads of the concerned departments with the request to furnish replies within six weeks. All the performance audits were discussed with the concerned Administrative Heads of the departments and other departmental officers. In respect of six paragraphs, reply of the Government/Department was received. The Government/Department did not furnish reply for 11 paragraphs.

CHAPTER I

SOCIAL SECTOR

PERFORMANCE AUDIT

Performance Audit on Functioning of Industrial Training Institutes in Manipur

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, classrooms, 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 in eight ITIs. 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 National Council of Vocational Training (NCVT), trainees were yet to receive National

Trade Certificates thereby affecting their job opportunities as the State Council of Vocational Training (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.

(Paragraph 1.2)

Performance Audit on Implementation of Pradhan Mantri Gram Sadak Yojana (PMGSY)

The system and procedures for identification and preparation of Core Network under PMGSY 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 Comprehensive New Connectivity Priority List (CNCPL)/Comprehensive Upgradation Priority List (CUPL). Road works were being executed on the basis of Core Network and recommendation of Members of Legislative Assembly (MLAs) and Members of Parliament (MPs). There was leakage of funds, financial irregularity, loopholes in execution of works with monetary value to the extent of ₹ 80.70 crore due to non-adherence to provisions laid out in the Standard Bidding Document (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 Manipur State Rural Road Development Agency (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.

(Paragraph 1.3)

COMPLIANCE AUDIT PARAGRAPHS

Consumer Affairs, Food and Public Distribution Department: By raising the end retail price of Targeted Public Distribution System (TPDS) rice for Antyodaya Anna Yojana (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.

(Paragraph 1.4)

Department of Education (Schools): The Department incurred extra expenditure of ₹ 65.08 lakh on engagement of cook cum helper in 322 schools under Midday Meal Scheme.

(Paragraph 1.5)

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

(Paragraph 1.6)

Rural Development and Panchayati Raj Department: 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.

(Paragraph 1.7)

Social Welfare Department: The Remand Homes/Juvenile/Correction Homes in the State did not have amenities and facilities as required under the existing Act and Rules. Behavioral correction efforts were minimal and not regular. No steps were taken to promote reintegration of juvenile offenders into the society. One caretaker looked after the maintenance of the Home as Superintendent-in-charge. Though the trend of juvenile offenders accommodated in the Remand Homes (35 to 65 juvenile offenders) was on the rise during 2010-11 to 2014-15, the State Government did not contribute its due share of funding.

(Paragraph 1.8)

The Department incurred doubtful expenditure of ₹ 44.02 lakh in the absence of any evidence of disbursement of the amount to the intended beneficiaries.

(Paragraph 1.9)

As the Department could not account for unspent balance of ₹ 50.57 lakh meant for implementation of Indira Gandhi Matritva Sahyog Yojana (IGMSY) and Supplementary Nutrition Programme (SNP), there was an apparent danger of misappropriation of fund.

(Paragraph 1.10)

CHAPTER II

ECONOMIC SECTOR

PERFORMANCE AUDIT

Performance Audit on Effectiveness of Manipur Pollution Control Board

Manipur Pollution Control Board (MPCB) 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.

(Paragraph 2.2)

COMPLIANCE AUDIT PARAGRAPHS

Irrigation and Flood Control Department: 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.

(Paragraph 2.3)

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

(Paragraph 2.4)

Public Health Engineering Department: Irregular drawal of ₹ 6.41 crore made through self cheque by the Drawing and Disbursing Officer without any records of disbursement of the amount.

(Paragraph 2.5)

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

(Paragraph 2.6)

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

(Paragraph 2.7)

Horticulture and Soil Conservation Department: The efforts made to implement the recommendations 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 are yet to produce results. The revamped sick farms are yet to start production. The project for revival of MAGFRUIT factory is yet to commence.

(Paragraph 2.8)

CHAPTER III

ECONOMIC SECTOR (Public Sector Undertakings)

Overview of Government Companies and Statutory Corporations

As on 31 March 2015, there were 11 State Public Sector Undertakings (SPSUs) (eight were working and three were non-working), none of which were listed on the stock exchange(s). The State working SPSUs registered a turnover of ₹ 35.22 crore as per their latest finalised accounts as of September 2015. This turnover was equal to 0.22 *per cent* of State Gross Domestic Product (GDP) for 2014-15. The working SPSUs incurred an aggregate loss of ₹ 20.69 crore as per their latest finalised accounts as of September 2015.

(Paragraph 3.1.1)

As on 31 March 2015, the investment (capital and long-term loans) in 11 SPSUs was ₹ 55.47 crore (Working SPSUs: ₹ 50.11 crore/90.34 *per cent* and Non-working SPSUs: ₹ 5.36 crore/9.66 *per cent*).

(Paragraph 3.1.6)

The accounts were in arrears for periods ranging from two years to 27 years. The delays in finalisation of accounts were due to lack of required control over the Companies by the Government, abnormal delay in compilation and approval of the accounts, delay in submission of the same to the Statutory Auditors by the management and delay in adoption of accounts in the Annual General Meeting.

(Paragraph 3.1.10)

The overall loss of working SPSUs increased from ₹ 0.02 crore in 2010-11 to ₹ 20.69 crore in 2014-15. Though four of the working SPSUs earned profit of ₹ 1.86 crore during 2014-15, the remaining four working SPSUs incurred loss of ₹ 22.54 crore.

(Paragraph 3.1.15)

PERFORMANCE AUDIT

Performance Audit on Implementation of Re-Structured Accelerated Power Development and Reforms Programme

Planning for implementation was beset with delays in - constitution of Distribution Reforms Committee (DRC), appointment of IT Consultant, submission of Detailed Project Reports (DPRs) and non-prioritisation of projects based on prevailing Aggregate Technical and Commercial (AT&C) losses which stands at an average of 84.06 percent. Inefficient financial management led to diversion of scheme fund, delay in obtaining counterpart fund from Financial Institution and non-opening of separate bank accounts. Ineffective programme implementation caused delay in appointment of IT Implementing Agency, extension of undue benefits to Turn-Key firms, diversion of materials and issue of Letter of Awards in excess of approved cost. Monitoring of the programme implementation and evaluation was inadequate as regular meetings of DRC and Project Monitoring Unit were not being held.

(Paragraph 3.2)

Audit of Energy Billing System (EBS) of Manipur State Power Distribution Company Limited

The Energy Billing System (EBS) was implemented without any IT policy and long-term IT strategy. There was no documented Business Continuity plan. Thus continuation of the billing function in case of any eventuality was not ensured. The Company did not have effective management controls such as delineation of duties and responsibilities. This led to application of wrong tariff. There were several deficiencies in input controls and processing controls in the system. Consequently, the system failed to ensure data integrity. Lack of effective controls resulted in generation of erroneous bills and non-billing of certain periods.

(Paragraph 3.3)

COMPLIANCE AUDIT PARAGRAPHS

Manipur Industrial Development Corporation Limited: Payment of irregular advance amounting to ₹ 167.41 lakh to a contractor, out of which supplies for ₹ 115.49 lakh had not been received by the Company even after expiry of more than one year of contract agreement, resulted in extension of undue benefit to the supplier.

(Paragraph 3.4)

CHAPTER IV

REVENUE SECTOR

Trend of revenue receipts

During the year 2014-15, the revenue raised by the State Government (₹ 700.56 crore) was nine *per cent* of the total revenue receipts of ₹ 7998.27 crore as against ten *per cent* in the preceding year (₹ 733.40 crore). The balance 91 *per cent* of receipts of ₹ 7297.71 crore during 2014-15 was from the Government of India.

(Paragraph 4.1.1)

The Tax Revenue raised during 2014-15 (₹ 516.83 crore) increased by 9.33 *per cent* as compared to the previous year (₹ 472.73 crore). The Non-Tax Revenue raised during 2014-15 (₹ 183.73 crore) decreased by 29.52 *per cent* as compared to the previous year (₹ 260.67 crore).

(Paragraph 4.1.2 and 4.1.3)

Response of the Departments/Government towards Audit

In respect of the Inspection reports (IRs) issued upto December 2014, 755 paragraphs involving ₹ 97.38 crore relating to 256 IRs remained outstanding at the end of June 2015.

(Paragraph 4.6)

PERFORMANCE AUDIT

Performance Audit on Admissibility of Input Tax Credit (ITC)

Taxation Department failed to detect apparent deficiencies in the ITC claims as there was no system for verification of tax invoices submitted by dealers in support of ITC claims. System for tax audit and audit assessment as provided in the MVAT Act and MVAT Rules was not activated. There were no Audit and Enforcement wings. Record maintenance by dealers as well as by the Assessing Authority was poor.

(Paragraph 4.12)

Implementation of Smart Card Project for Driving Licence (DL) and Registration Certificates (RCs) of Vehicles

Transport Department, Government of Manipur had outsourced the Smart card project to Manipur Electronic Development Corporation Ltd (MANITRON) without any time frame for completion. The overall shortfall on issue of smart card was 82 *per cent* even after six years from date of commencement of the project. Also there was inordinate delay in issuing of Smart Card Registration Certificates. The Department had neither issued instruction nor given any direction to field offices with regard to conversion of the backlog registration certificates/driving licences. There was mismatch between MANITRON and National Informatics Centre (NIC) data on issue of smart card driving licence. The department was still issuing manual Driving Licences (in four District Transport Offices) even after implementation of smart card project.

(Paragraph 4.13)

COMPLIANCE AUDIT PARAGRAPHS

Taxation Department: Evasion of tax upto ₹ 11.28 lakh due to suppression of purchase turnover and consequent penalty to the tune of ₹ 22.54 lakh.

(Paragraph 4.14)

The Department failed to impose penalty amounting to ₹ 48.86 lakh leviable on 77 dealers for not getting their accounts audited.

(Paragraph 4.15)

The Department failed to collect outstanding tax of ₹ 108.38 lakh and penalty of ₹ 23.64 lakh from the dealers.

(Paragraph 4.16)

Transport Department: Arrears of annual Tax from the owners of vehicles amounting to ₹ 4.28 lakh along with penalty of ₹ 6.75 lakh was not realised.

(Paragraph 4.17)

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 11th & 12th 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.

---

[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.

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.

---

[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.

---

[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.

---

[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.***

---

[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.

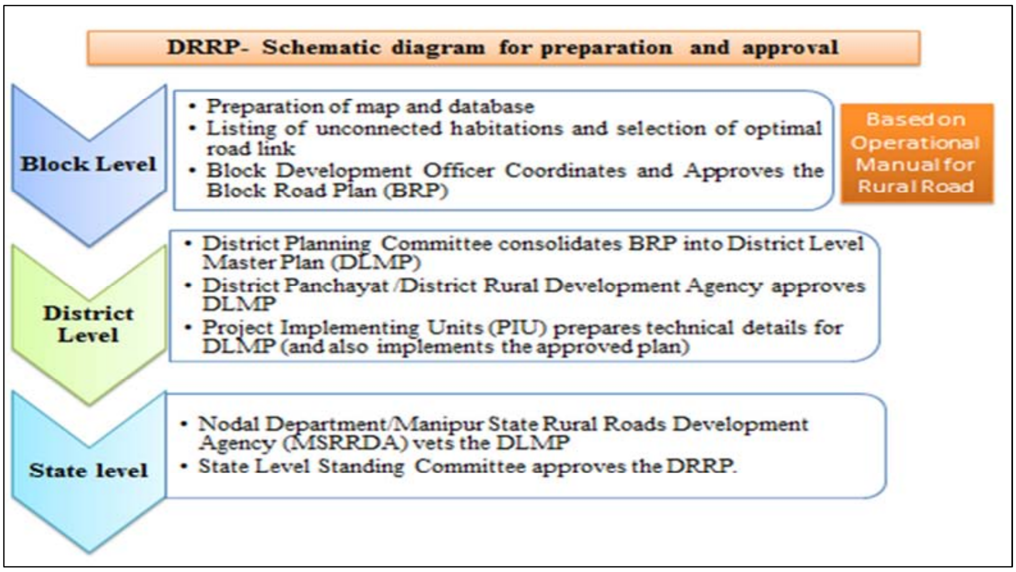
1.3.8 Audit Findings

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*

---

[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)

<table>
<tr><th rowspan="2">Year</th><th colspan="2">1000+ (Eligible habitations as per 2001 Census: 80)</th><th colspan="2">999-500 (Eligible habitations as per 2001 Census: 211)</th><th colspan="2">499-250 (Eligible habitations as per 2001 Census: 363)</th><th colspan="2">Total</th></tr>
<tr><th>Target</th><th>Achievement</th><th>Target</th><th>Achievement</th><th>Target</th><th>Achievement</th><th>Target</th><th>Achievement</th></tr>
<tr><td>2010-11</td><td>80</td><td>50</td><td>190</td><td>87</td><td>116</td><td>55</td><td>386</td><td>192</td></tr>
<tr><td>2011-12</td><td>80</td><td>64</td><td>190</td><td>107</td><td>116</td><td>66</td><td>386</td><td>237</td></tr>
<tr><td>2012-13</td><td>80</td><td>69</td><td>190</td><td>133</td><td>116</td><td>87</td><td>386</td><td>289</td></tr>
<tr><td>2013-14</td><td>80</td><td>75</td><td>211</td><td>164</td><td>202</td><td>117</td><td>493</td><td>356</td></tr>
<tr><td>2014-15</td><td>80</td><td>75</td><td>211</td><td>177</td><td>258</td><td>137</td><td>549</td><td>389</td></tr>
<tr><td colspan="2">Balance (to be connected)</td><td>80-75=5</td><td colspan="2">211-177=34</td><td colspan="2">258-137=121</td><td colspan="2">549-389=160</td></tr>
<tr><td colspan="2">Percentage of connectivity</td><td>94</td><td colspan="2">84</td><td colspan="2">53</td><td colspan="2">71</td></tr>
</table>

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.

---

[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.

---

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.

---

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.

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.

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.

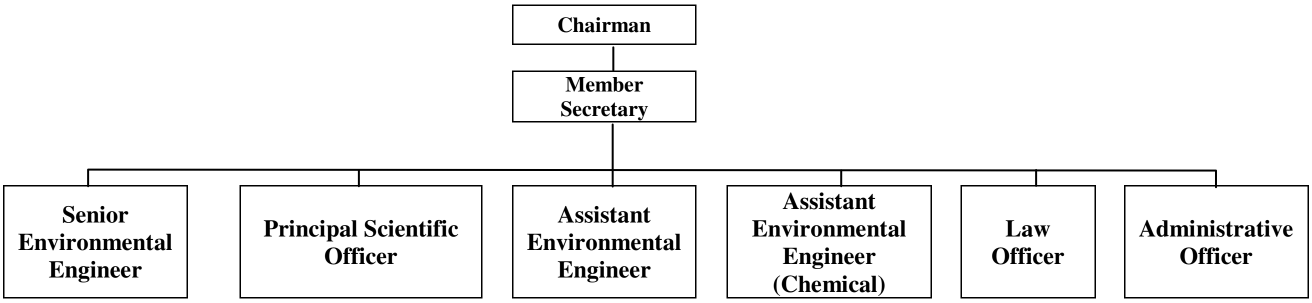
2.2.2 Organisational Setup

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.

---

[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.

ORGANOGRAM OF MPCB



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.

[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.

---

[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	Adminis trative 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

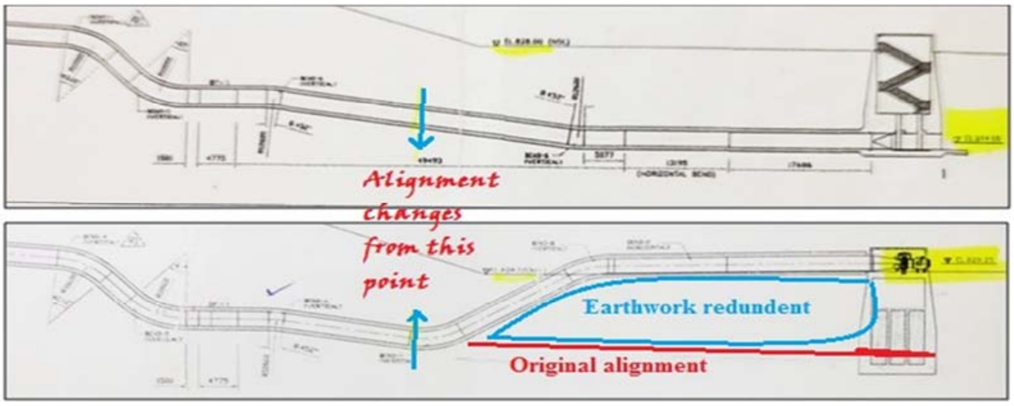


Chart 2: Alignment as per revised design approved in April 2013

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.

Chapter III

Economic Sector (PSUs)

CHAPTER III
ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKING)

3.1 Functioning of State Public Sector Undertakings

Introduction

3.1.1 The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature keeping in view the welfare of people and also occupy an important place of the economy in the State. As on 31 March 2015, there were 11 SPSUs in Manipur. None of these SPSUs was listed on the Stock exchange. During the year 2014-15, no SPSU was incorporated and none was closed down. The details of the State PSUs in Manipur as on 31 March 2015 are given in **Table No. 3.1.1** below.

Table No. 3.1.1 Total number of SPSUs as on 31 March 2015

Type of SPSUs	Working SPSUs	Non-working SPSUs[1]	Total
Government Companies	8	3	11
Total	**8**	**3**	**11**

The working State PSUs registered a turnover of ₹ 35.22 crore as per their latest finalised accounts and provisional figures given by the Companies as of September 2015. This turnover was equal to 0.22 *per cent* of State Gross Domestic Product (GDP) of ₹ 16,364 crore for 2014-15. The working SPSUs incurred an aggregate loss of ₹ 20.69 crore as per their latest finalised accounts as of September 2015. The overall losses of working SPSUs were mainly on account of heavy losses incurred by two power sector SPSUs (i) Manipur State Power Company Ltd. and (ii) Manipur State Power Distribution Company Ltd. as discussed under **paragraph 3.1.15**. The SPSUs had 3,501 employees as at the end of March 2015.

As on 31 March 2015, there were three non-working SPSU, against which the State Government had invested ₹ 3.73[2] crore. The investments in the non-working SPSUs do not contribute to the economic growth of the State.

Accountability Framework

3.1.2 Audit of the financial statements of a company in respect of financial years commencing on or after 1 April, 2014 is governed by the provisions of the Companies Act, 2013. However, audit of a company in respect of financial years that commenced earlier than 1 April, 2014 continued to be governed by the Companies Act, 1956.

[1] Non-working SPSUs are those which have ceased to carry on their operations.
[2] Does not include loans from Hindustan Paper Corporation and loans from financial institutions.

According to Section 2(45) of the Companies Act, 2013 (Act), a Government Company is one in which not less than 51 *per cent* of the paid up capital is held by the Central and/or State Government(s) and includes a subsidiary of a Government Company. The process of audit of Government companies under the Act is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013.

Statutory Audit

3.1.3 The financial statements of a Government Company (as defined in Section 2 (45) of the Companies Act, 2013) are audited by the Statutory Auditors, who are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 139(5) or (7) of the Companies Act. These financial statements are subject to supplementary audit to be conducted by the CAG under the provisions of Section 143(6) of the Act.

Further, the Statutory Auditors of any other company (Other Company) owned or controlled, directly or indirectly, by the Central and/or State Government (s) are also appointed by CAG as per the provisions of Section 139(5) or (7) of the Act.

As per the provisions of Section 143(7) of the Act, the CAG, in case of any company (Government Company or Other Company) covered under sub-section (5) or sub-section (7) of Section 139 of the Act, if considers necessary, by an order, cause test audit to be conducted of the accounts of such Company (Government Company or Other Company) and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit.

Role of Government and Legislature

3.1.4 The State Government exercises control over the affairs of these SPSUs through its administrative departments. The Chief Executive and Directors on the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State Government companies are to be placed before the Legislature under Section 394 of the Act. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Manipur

3.1.5 The State Government has financial stake of ₹ 55.47[3] crore in these SPSUs. This stake is of mainly three types:

- **Share Capital and Loans**- In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.

3 Does not include loans from NABARD and other Central agencies, FDs etc.

- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when required.

- **Guarantees-** State Government also guarantees the repayment of loans (with interest) availed by the SPSUs from Financial Institutions.

Investment in State PSUs

3.1.6 As on 31 March 2015, the investment (capital and long-term loans) in 11 SPSUs was ₹ 55.47 crore as per details given in **Table No. 3.1.2** below.

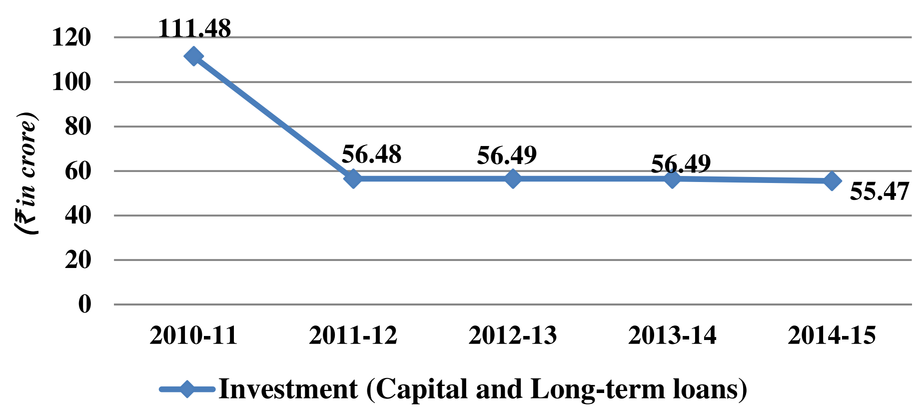
Table No. 3.1.2 Total investment in PSUs

(₹ in crore)

Type of SPSUs	Government Companies		
	Capital	Long Term Loans	Total
Working SPSUs	50.11	0.0026	50.11
Non-working SPSUs	3.73	1.63	5.36
Total	**53.84**	**1.63**	**55.47**

Out of the total cumulative investment of ₹ 55.47 crore in SPSUs as on 31 March 2015, 90.34 *per cent* was in working SPSUs and the remaining 9.66 *per cent* in non-working SPSUs. This total investment consisted of 97.06 *per cent* towards capital and 2.94 *per cent* in long-term loans. The investment has declined from ₹ 111.48 crore (2010-11) to ₹ 55.47 crore (2014-15) during last five years as shown in **Chart No. 3.1.1** below.

Chart No. 3.1.1 Total investment in SPSUs



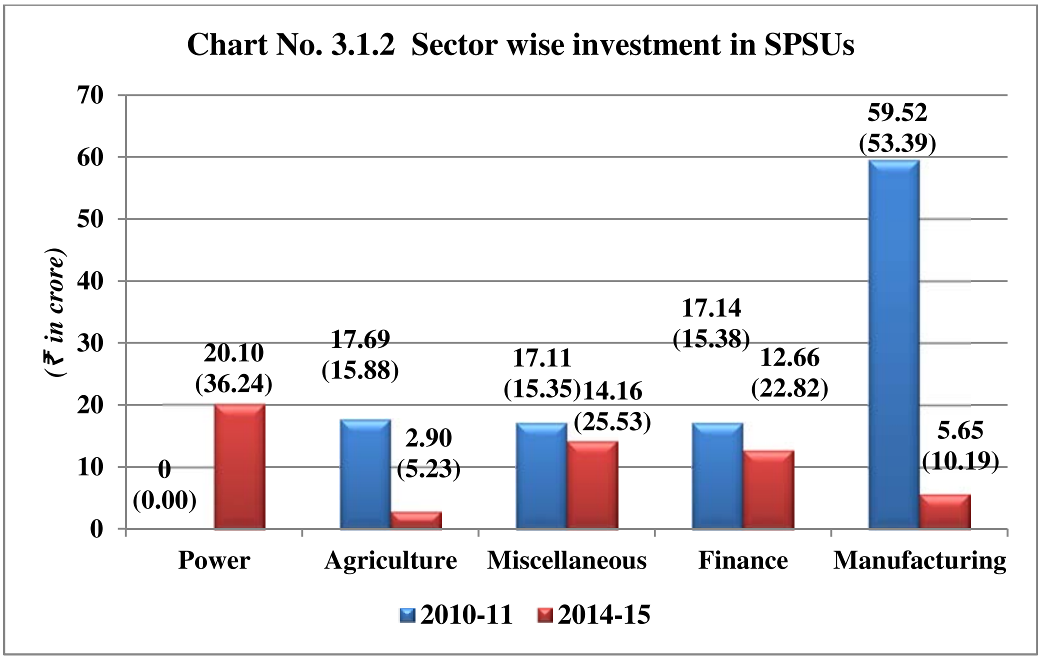
3.1.7 The sector wise summary of investments in the SPSUs as on 31 March 2015 is given in **Table No. 3.1.3** below.

Table No. 3.1.3 Sector-wise investment in SPSUs

Name of Sector	Government / *Other*[4] *Companies*		Total	Investment
	Working	Non-Working		*(₹ in crore)*
Power	2	NA	2	20.10
Manufacturing	2	NA	2	5.65
Finance	2	NA	2	12.66
Miscellaneous[5]	2	1	3	14.16
Agriculture & Allied	NA	2	2	2.90
Total	**8**	**3**	**11**	**55.47**

NA – Not applicable

The investment in all the five sectors and percentage there of at the end of 31 March 2011 and 31 March 2015 are indicated in **Chart No. 3.1.2** below. The thrust of SPSU investment was in power sector which constitutes the highest percentage (36 *per cent*) of total investment in SPSUs during 2014-15. This investment was due to formation of two power sector companies, viz., (i) Manipur State Power Company Ltd. and (ii) Manipur State Power Distribution Company Ltd. during 2013-14.



(Figures in brackets show the percentage of total investment)

From the above chart it can be seen that investments of State Government except for power sector has decreased in all other sectors during 2014-15 as compared with 2010-11.

The decrease of investment (91 *per cent*) under manufacturing sector was mainly due to liquidation of three companies, viz., (i) Manipur Cement Ltd., (ii) Manipur Cycle Corporation Ltd. and (iii) Manipur Spinning Mills Corporation Ltd. during the period 2010-15.

4 '*Other Companies*' as referred to under Section 139(5) and 139(7) of the Companies Act, 2013.

5 Includes investment of ₹ 0.02 crore in one working company under infrastructure sector.

The total Investment in finance sector decreased from ₹ 17.14 crore in 2010-11 to ₹ 12.66 crore in 2014-15. This was due to conversion of one working SPSUs[6] into a Society by dissolving it during 2011-12.

Special Support and Returns During the Year

3.1.8 There was no budgetary outgo towards equity, loans, guarantees issued, loans converted into equity and interest waived in respect of SPSUs during the year 2014-15.

Reconciliation with Finance Accounts

3.1.9 The figures in respect of equity and loans as per records of SPSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the SPSUs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2015 is stated in **Table No. 3.1.4** below.

Table No. 3.1.4 Equity, loans, guarantees outstanding as per the Finance Accounts *vis* a *vis* records of SPSUs

(₹ in crore)

Outstanding in respect of	Amount as *per* Finance Accounts	Amount as *per* records of SPSUs	Difference
Equity	45.19	53.84	8.65
Loans	-	1.63	1.63

Audit observed that the differences occurred in respect of 10 SPSUs[7] and some of the differences were pending reconciliation over a period of more than 18 years. The Government and the SPSUs should take concrete steps to reconcile the differences in a time-bound manner.

Arrears in Finalisation of Accounts

3.1.10 The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e., by the end of September in accordance with the provisions of Section 96 (1) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of the Act.

The **Table No. 3.1.5** below provides the details of progress made by working SPSUs in finalisation of accounts as of 30 September 2015.

6 Manipur Film Development Corporation Ltd.
7 In respect of one SPSU, viz., Manipur Police Housing Corporation Ltd., the figures were matching.

Table No. 3.1.5 Position relating to finalization of accounts of working SPSUs

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	Number of Working SPSUs	8	7	7	7	8
2	Number of accounts finalised during the year	23	17	21	23	16[8]
3	Number of accounts in arrears	120	110	96	80	72
4	Number of Working SPSUs with arrears in accounts	8	7	7	7	8
5	Extent of arrears (numbers in years)	11 to 28 years	9 to 27 years	5 to 26 years	2 to 26 years	2 to 27 years

From the table, it could be observed that the number of accounts in arrears has decreased from 120 (2010-11) to 72 (2014-15). The accounts were in arrears for periods ranging from 2 years (Manipur State Power Company Ltd. and Manipur State Power Distribution Company Ltd.) to 27 years (Manipur Tribal Development Corporation Ltd.).

The reasons for delay in finalization of accounts were attributed to:

- Lack of required control over the Companies by the Government;
- Abnormal delay in compilation and approval of the accounts and delayed submission of the same to the Statutory Auditors by the Management and
- Delay in adoption of accounts in Annual General Meeting.

The Administrative Departments are responsible for overseeing the activities of these entities and to ensure that the accounts are finalised and adopted by these SPSUs within stipulated period. During the period 2014-15 (upto September 2015), the Departments concerned were informed (August 2014 and August 2015) of the arrears in finalisation of accounts by these SPSUs. In addition, the Principal Accountant General (Audit) had also taken up (October 2015) the matter with the State Government for clearing the arrears of accounts and emphasizing on the importance of preparation of accounts on time. Despite all these efforts, 72 accounts of working SPSUs are in arrear as of December 2015 in respect of 8 working SPSUs.

3.1.11 The State Government had invested ₹ 2.48 crore (Equity), in eight SPSUs during the years for which accounts had not been finalized as detailed in ***Appendix 3.1***. In the absence of finalisation of accounts and their subsequent audit, it could not be assessed whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved. Government's investment in such PSUs remained outside the control of State Legislature.

8 Sixteen accounts included ten accounts of Manipur Handloom & Handicrafts Corporation Ltd for the period 1995-96 to 2004-05; five accounts of Manipur Food Industries Corporation Ltd. for the period 2003-04 to 2007-08 and one account of Manipur Electronics Development Corporation Ltd.

3.1.12 In addition to above, as on 30 September 2015 there were arrears in finalisation of accounts by non-working SPSUs. Three non-working SPSUs had arrears of accounts for periods ranging from 20 to 30 years as shown in **Table No. 3.1.6** below.

Table No 3.1.6 Position relating to arrears of accounts in respect of non-working SPSUs

No. of non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
3	1984-85 to 2014-15	20 to 30 years

Impact of Non-Finalisation of Accounts

3.1.13 As pointed out above (**paragraph 3.1.10** to **3.1.12**), the delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. Due to pendency of accounts, the actual contribution of SPSUs to the State GDP for the year 2014-15 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

Recommendations

The Government may consider to:

- Set up a cell to monitor clearance of arrears of accounts and set the targets for individual companies and
- Increase the staff strength of the companies with suitable manpower to liquidate the arrears in accounts.

Performance of SPSUs as per Their Latest Finalised Accounts

3.1.14 The financial position and working results of working Government companies are detailed in ***Appendix 3.2***. A ratio of SPSU turnover to State GDP shows the extent of SPSU activities in the State economy. **Table No. 3.1.7** below provides the details of working SPSU turnover and State GDP for a period of five years ending 2014-15.

Table No. 3.1.7 Details of working SPSUs turnover *vis-à-vis* State GDP

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover[9]	5.71	3.54	5.35	7.03	35.22
State GDP[10]	9137	11123	12910(P)	14324(A)	16364(P)
Percentage of Turnover to State GDP	0.06	0.03	0.04	0.05	0.22

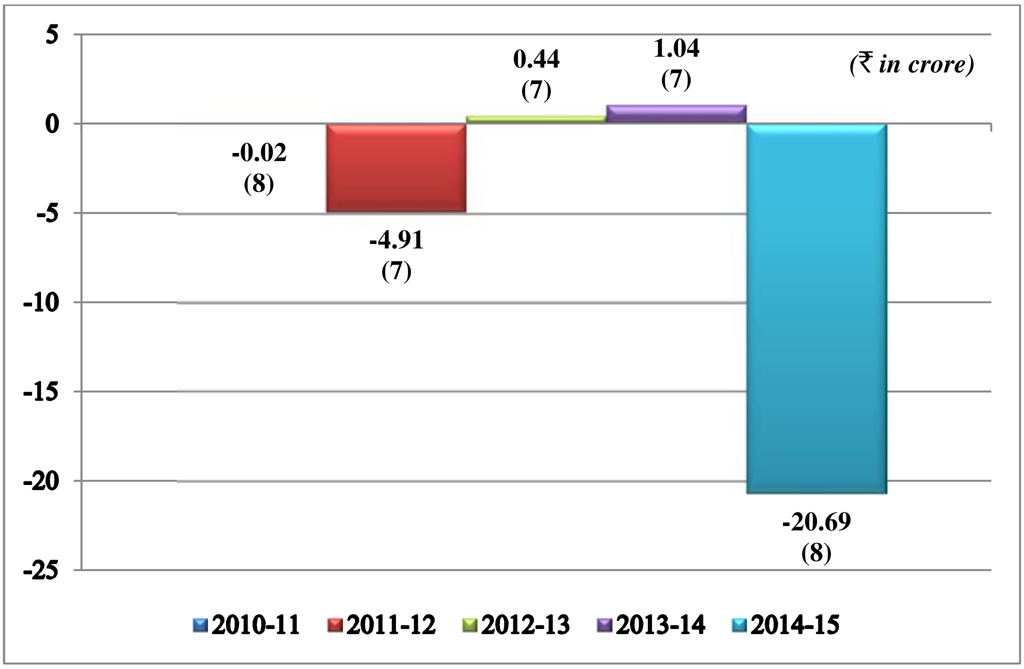
[9] Turnover as per the latest finalised accounts of SPSUs as on September 2015.

[10] State GDP figures as per information furnished by the Department of Economics and Statistics (at current price with base year 2004-05); (P)=Provisional, (A)=Advance.

As compared to the State GDP which showed an increasing trend throughout the period from 2010-11 to 2014-15, the turnover of the working SPSUs showed a decreasing trend up to 2011-12 and thereafter the turnover showed an increasing trend. Although there has been an overall increase in the percentage of turnover of SPSU to the State GDP from 0.06 *per cent* in 2010-11 to 0.22 *per cent* in 2014-15, the contribution of SPSU turnover to the State GDP still remains meager.

3.1.15 Overall profits earned and losses incurred by State working SPSUs during 2010-11 to 2014-15 are given below in a **Chart No. 3.1.3** below.

Chart No. 3.1.3 Profit/Loss of working SPSUs



(Figures in bracket show the number of working SPSUs in the respective years)

During the year 2014-15, out of eight working SPSUs, four SPSUs earned profit of ₹ 1.86 crore which was mainly contributed by Manipur Industrial Development Corporation Ltd. (₹ 1.33 crore). Four SPSUs incurred loss of ₹ 22.54 crore of which Manipur State Power Distribution Company Ltd. (₹ 12.05 crore) and Manipur State Power Company Ltd. (₹ 8.00 crore) were the major contributors.

3.1.16 Some other key parameters of State SPSUs are given in **Table No. 3.1.8** below.

Table No. 3.1.8 Key parameters of State PSUs

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Return on total Capital Employed (*per cent*)	(-) 2.23	(-)14.96	0.71	1.84	(-)20.95
Debt	31.06	5.91	10.43	10.43	3.05[11]
Turnover[12]	5.71	3.54	5.35	7.03	36.34
Debt/ Turnover Ratio	5.44	1.67	1.95	1.42	0.08
Accumulated losses	6.94	10.37	40.76	45.19	74.74

The accumulated losses of SPSUs registered significant increase of ₹ 67.80 crore from ₹ 6.94 crore in 2010-11 to ₹ 74.74 crore in 2014-15. The Debt-Turnover ratio of SPSUs had improved from 5.44 in 2010-11 to 0.08 in 2014-15 mainly due to decrease of ₹ 28.01 crore in debt from ₹ 31.06 crore in 2010-11 to ₹ 3.05 crore in 2014-15.

3.1.17 The State Government has not formulated (September 2015) any dividend policy.

Winding up of Non-Working SPSUs

3.1.18 There were three non-working SPSUs[13] as on 31 March 2015. So far, no steps have been taken by the Government to wind up these Companies under the provisions of the Companies Act, 1956. The number of non-working SPSUs at the end of each year during the past five years are given in **Table No 3.1.9** below.

Table No 3.1.9 Non-working PSUs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
No. of non-working companies	6	6	3	3	3
Total	**6**	**6**	**3**	**3**	**3**

The Government did not take any initiative to wind up non-working companies.

Accounts Comments

3.1.19 Out of eight working companies, only one working company, viz., Manipur Electronics Development Corporation Ltd., forwarded its audited accounts (2012-13) to the Principal Accountant General (Audit), Manipur during the year 2014-15. The submitted accounts of the company and the accounts of Manipur Food Industries Corporation Ltd.[14] (2007-08) which was submitted earlier were selected for Supplementary audit. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the

[11] Includes loan from NABARD (₹ 1.37 crore) and loan against fixed deposit (₹ 0.04 crore).

[12] Turnover of working SPSUs as per their latest finalised accounts as of 30 September of the respective year.

[13] (i) Manipur Agro Industries Corporation Ltd., (ii) Manipur Plantation Crops Corporation Ltd. and (iii) Manipur Pulp & Allied Corporation Ltd.

[14] MFICL submitted accounts for five years (2003-04 to 2007-08) out of which accounts for 2007-08 were selected for audit. Ten years accounts of MH&HC (1995-96 to 2004-05) were also finalised.

quality of maintenance of accounts needs to be improved. The details of aggregate money value of comments of statutory auditors are given in **Table No. 3.1.10** below.

Table No. 3.1.10 Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2012-13		2013-14		2014-15	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1	Decrease in profit	1	0.07	1	0.21	1	0.25
2	Increase in loss	-	-	3	0.90	-	-
3	Non-disclosure of material facts	-	-	6	15.18	1	1.37
4	Errors of classification	-	-	-	-	1	0.23

During the year, the statutory auditors had given qualified certificates on the accounts. The compliance of companies with the Accounting Standards remained poor. The audit comments were mainly on the non-compliance with the Accounting Standards namely AS-2 (Valuation of Inventories) and AS-15 (Employee Benefits).

Response of the Government to Audit

Performance Audits and Paragraphs

3.1.20 For the Economic Sector (PSUs) Chapter of the Report of CAG for the year ended 31 March 2015, one performance audit, one thematic audit and one compliance audit paragraph involving Manipur State Power Distribution Company Ltd and Manipur Industrial Development Corporation Ltd were issued to the Principal Secretaries of the respective administrative departments with request to furnish replies within six weeks. The State Government has not furnished their reply (February 2016).

Follow up Action on Audit Reports

Replies outstanding

3.1.21 The Reports of the CAG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. All Administrative Departments are to submit replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the CAG within a period of three months[15] of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The position of replies/explanatory notes to paragraphs/performance audits pending to be received from the State Government/Administrative Departments concerned is given in **Table No. 3.1.11** below.

[15] *Suo moto* replies to be furnished within three months in case Audit Paragraphs are not selected by the PAC/COPU during this period.

Table No. 3.1.11 Explanatory notes not received (as on 30 September 2015)

Year of the Audit Report (Commercial/ SPSU)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and paragraphs in the Audit Report		Number of PAs/ paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2013-14	29 June 2015	Nil	3	NA	3
Total		**0**	**3**	**0**	**3**

From the above, it could be seen that explanatory notes to three paragraphs included in the Audit Report (2013-14) in respect of two departments, which were commented upon, were awaited (September 2015).

Discussion of Audit Reports by COPU

3.1.22 The status as on 30 September 2015 of performance audits and paragraphs relating to SPSUs that appeared in the State Audit Reports of the last five years (2009-10 to 2013-14) and discussed by the Committee on Public Undertakings (COPU) was as given in **Table No. 3.1.12** below.

Table No. 3.1.12 Performance Audits/Paras appeared in State Audit Reports *vis-à-vis* discussed by COPU as on 30 September 2015

Period of Audit Report[16]	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2009-10	Nil	3	Nil	Nil
2010-11	1	Nil	1	Nil
2011-12	1	Nil	1	Nil
2012-13	Nil	2	Nil	Nil
2013-14	Nil	3	Nil	Nil
Total	**2**	**8**	**2**	**0**

Compliance to Reports of the COPU

3.1.23 Action Taken Notes (ATNs) to 110 recommendations pertaining to four Reports of the COPU presented to the State Legislature between March 1987 and March 2011 had not been received from the Government (September 2015) as indicated in **Table No. 3.1.13** below.

[16] 32 performance audit/paragraphs (7 performance audit and 25 paragraphs) pertaining to Audit Reports from 1995-96 to 2006-07 are yet to be discussed by COPU. Audit Report for 2007-08 was discussed by COPU but recommendation is yet to be published.

Table No. 3.1.13 Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total No. of recommendations in COPU Report	No. of recommendations where ATNs not received
10th Report (1986-87)	1	8	8
11th Report (1995-96)	1	53	53
12th Report (1998-99)	1	9	9
13th Report (2010-11)	1	40	40
Total	**4**	**110**	**110**

The above reports of COPU contained recommendations in respect of paragraphs pertaining to five departments of the State Government, which appeared in the Reports of the CAG of India for the years 1983-84 to 2008-09.

Recommendations

The Government may ensure:

- Furnishing of replies to inspection reports/ draft paragraphs/ performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule;
- Recovery of loss/outstanding advances/overpayments within the prescribed period and
- Revamping of the system of responding to audit observations.

Disinvestment, Restructuring and Privatisation of SPSUs

3.1.24 No disinvestment, privatization or restructuring of SPSUs occurred during 2014-15.

PERFORMANCE AUDIT

MANIPUR STATE POWER DISTRIBUTION COMPANY LTD

3.2 Implementation of Re-Structured Accelerated Power Development and Reforms Programme

Highlights

- APDRP was modified during the XIth Plan as "Re-structured Accelerated Power Development and Reform Programme" (R-APDRP) with the aim of restoring the commercial viability of the distribution sector by putting in place appropriate mechanism so as to substantially reduce the Aggregate Technical and Commercial (AT&C) losses, establishment of reliable and automated sustainable systems for collection of base line data, adoption of IT in the areas of energy accounting, consumer care and strengthening of Distribution network of State Power Utilities.

(Paragraph 3.2.1)

- The decision to install prepaid energy meters instead of tamper proof electronic meters in 13 project towns as per the DPRs resulted in extra expenditure/liability of ₹ 57.27 crore.

(Paragraph 3.2.8.3)

- Allocation of pre-paid energy meters in 8 towns out of 13 project towns was not as envisaged in the Detailed Project Reports. While no prepaid energy meters were allocated to 3 project towns (Lilong (I/W), Moreh and Samurou), less number of energy meters than provided in Detailed Project Reports were allotted in Kakching, Mayang Imphal and Laxmi Thongkhong project towns while in Nambol and Thoubal project towns excess allocations were made. 4785 numbers of prepaid energy meters were allocated to one town (Churachandpur) where R-APDRP is not implemented.

(Paragraph 3.2.8.4)

- Inspite of measures taken to reduce the AT&C loss, the achievement in this regard was not satisfactory as the AT&C loss in the four 'Go Live' towns out of the total 13 project towns ranged between 70.11 *per cent* and 86.53 *per cent* as on March 2015. In respect of one project town (Ningthoukhong) which was declared 'Go Live', the AT&C loss had increased from pre-project level of 78.11 *per cent* to 86.53 *per cent* as on 31 March 2015.

(Paragraph 3.2.9.4)

- R-APDRP fund of ₹ 119.66 crore was diverted for a period ranging between three to seven months in violation of the scheme guidelines.

(Paragraph 3.2.10.3)

- R-APDRP materials worth ₹ 0.57 crore were diverted for other works not connected with the scheme.

(Paragraph 3.2.11.3)

- MSPDCL released (October 2013 to April 2014) advance for erection of material value of ₹ 9.61 crore to 7 numbers of Turn-Key firms before fulfillment of the mandatory conditions for payment of advance resulting in extension of undue financial benefit to the firms. Excess advance paid to M/s Shyama Power India Ltd. Gurgaon of ₹ 1.26 crore was not recovered/adjusted resulting in extension of undue financial benefit to the firm. Advance payment of ₹ 58.98 crore was released (October 2013 to April 2014) to eight numbers of Turn-Key firms without mentioning any clause of interest in contravention of CPWD Works Manual 2012 provisions.

(Paragraph 3.2.11.4)

- The Company failed to take adequate safeguards for proper performance of the contracts and minimum Contract Performance Guarantee of ₹ 17.86 crore remains uncollected from the Turn-Key Firms.

(Paragraph 3.2.11.5)

- No justification for procurement of 6953 lesser numbers of 7.5 metre poles than provided in DPRs was found on record.

(Paragraph 3.2.11.7)

3.2.1 Introduction

Power Sector reforms in India have been going on for more than a decade. Initially, the focus was more on bringing about structural changes like unbundling of State Electricity Boards (SEBs) and creation of independent generation, transmission and distribution companies. In the subsequent period, power generation received maximum focus. However, in the recent past, it was felt that power distribution is the weakest link in the entire value chain and Power sector cannot achieve viability and sustainable development unless issues in the power distribution are resolved.

The Government of India (GoI) introduced 'The Accelerated Power Development and Reform Programme' (APDRP) in the year 2002-03 with the objective of improving the financial viability of the State Power Utilities/Boards, reduce Transmission and Distribution (T&D) losses, improve reliability, quality and availability of power supply. The Ministry of Power (MoP), GoI took up an evaluation exercise of APDRP through independent agencies, such as Indian Institute of Management (IIM) Ahmedabad, Administrative Staff College of India and Tata Consultancy Services. While recommending the continuance of APDRP beyond Xth Plan (2002-2007), the agencies made certain suggestions for achieving better results which, inter alia, include direct release of funds to utilities, adoption of Information Technology in a big way, adherence to specific reform milestones, better project management, third party quality checks, continuance of cash incentives to utilities and training of utility staff.

APDRP scheme was modified during the XIth Plan (2007-2012) as "Re-structured Accelerated Power Development and Reform Programme" (R-APDRP) with the aim of restoring the commercial viability of the distribution sector by putting in place appropriate mechanism so as to substantially reduce the Aggregate Technical and Commercial (AT&C)[17] losses, establishment of reliable and automated sustainable systems for collection of base line data, adoption of IT in the areas of energy accounting, consumer care and strengthening of Distribution network of State Power Utilities. The scheme also envisages establishment of Supervisory Control & Data Acquisition System/Distribution Management System (SCADA/DMS) in large towns, capacity building, incentive scheme for distribution personnel *etc.*

The project area coverage will be urban areas-towns and cities with a population of more than 30,000. The population limit will be 10,000 in the case of Special Category States *viz* all North Eastern States, Sikkim, Uttarakhand, Himachal Pradesh and Jammu & Kashmir. Projects under the present scheme shall be taken up in two parts. Part-A shall include the projects for establishment of baseline data and IT applications for energy accounting/auditing and IT based consumer service centres. Part-B shall include regular distribution strengthening projects.

In Manipur, R-APDRP is implemented by Manipur State Power Distribution Company Ltd. (MSPDCL)[18] through the Deputy General Manager (Project Monitoring Unit), Urban Projects, as shown in the Organogram in ***Appendix 3.3***.

3.2.2 Organisational Setup

The Company is headed by the Managing Director assisted by a Company Secretary and Vigilance Officer and other Managers and Directors of various branches. The Headquarters/ Corporate office of the Company is situated in Imphal and has Branch offices in every district of the State.

3.2.3 Scope of Audit

The performance audit was conducted during May 2015 to September 2015 in which performance of Electricity Department, Government of Manipur (EDM)/Manipur State Power Distribution Company Ltd (MSPDCL) during the period from 2009-10 to 2014-15 was assessed. Records of MSPDCL and 13 project towns implementing R-APDRP in the State were test checked.

---

[17] Sum total of technical loss, commercial losses and shortage due to non-realisation of total billed amount.{Total energy Input Less energy realised/ total energy Input}*100.

[18] Electricity Department Manipur was unbundled and corporatized into two successor Companies viz., Manipur State Power Company Limited (MSPCL) and Manipur State Power Distribution Company Limited (MSPDCL) in pursuance of GoM Order No. 5/5/2011-Power effective from 1 February 2014.

All these thirteen projects under Part-A[19] and Part-B[20] were selected for audit scrutiny. The details of the projects selected for audit scrutiny indicating their date of sanction, release of funds, stipulated date of completion and status as on 31 March 2015 is given in ***Appendix 3.4A and 3.4B.***

3.2.4 Audit Objectives

The performance audit was conducted to assess whether:

- Policy was adequate for preparation of baseline data for covering Consumer Indexing, Global Information System (GIS) Mapping, and Metering of Distribution Transformers *etc.*;
- Initiative and planning required for implementation of programme were appropriate and adequate;
- Programme was implemented in an efficient, effective and economical manner;
- An efficient mechanism was evolved for quality control of works carried out and equipments purchased for implementation of the programme;
- The mechanism for monitoring of the projects was adequate to ensure adherence to timelines and incorporated effective remedial measures at appropriate stages and
- An evaluation was carried out to assess the progress, outcome and intended benefits under the programme.

3.2.5 Audit Criteria

The audit criteria were derived from the following sources:

- Electricity Act 2003;
- Guidelines for R-APDRP issued by the MoP;
- Quadripartite Agreement;
- Standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- CPWD Works Manual and
- General Financial Rules.

---

19 Projects for establishment of baseline data and Information Technology (IT) applications for energy accounting/auditing and IT based consumer service centre.

20 Projects on regular distribution strengthening.

3.2.6 Audit Methodology

Scope, objectives and criteria of the performance audit were explained to the Management of MSPDCL in presence of Joint Secretary (Power), Government of Manipur (GoM) in an Entry Conference held in May 2015. Thereafter, the audit team test checked records at the Corporate Office and Divisional Offices; issued audit observations/memos to the Management for comments; interacted with the Management, analysed data with reference to audit criteria, and discussed audit findings with the Management. The draft performance audit report was discussed with the management of MSPDCL in the presence of Deputy Secretary (Power) in an Exit Conference held in December, 2015. The reply of the Management has been incorporated in the report at appropriate places.

Audit Findings

Important audit findings are discussed in the following paragraphs.

3.2.7 Planning

Proper planning is critical and an integral part of programme implementation. Timely establishment of institutional mechanism planned in the policy and proper performance of the role assigned to it is of paramount importance for the successful implementation of the programme. As per the guidelines for R-APDRP, a quadripartite agreement shall be entered into between state utilities, Government of India, Power Finance Corporation and the State Government to implement the R-APDRP. As a part of its obligation, the State Government will undertake to comply with the following:

i) Constitution of SERC;

ii) Constitution of DRC at State level and

iii) Achieve target of AT&C loss reduction to 15 *per cent* by 2021-22[21].

The position of institutional mechanism in place and measures taken to achieve the target of AT&C losses as per the R-APDRP is given in the following paragraphs:

3.2.7.1 Constitution of Corporation and State Electricity Regulatory Commission (SERC)

A Memorandum of Agreement (MOA) was signed (July 2004) between MoP, Government of India and State Government as a joint commitment for implementation of reforms programme in power sector with identified milestones. As per the MOA, Electricity Corporation was to be set up for generation, transmission and distribution of electricity in the State by August 2004 and made fully functional by July 2005.

[21] As per Ministry of Power, Government of India DO No. 14/5/2011-APDRP (Vol-II) dated 27 April 2015, the AT&C loss trajectory for Manipur is 25 *per cent* by 2019-20

Accordingly, the Manipur State Power Distribution Company Ltd. (MSPDCL) was incorporated (under the Companies Act, 1956) on 15 July 2013 and it became functional on 1 February 2014, after delay of 8 years and 6 months.

The State government was also required to set up State Electricity Regulatory Commission (SERC)/Joint Electricity Regulatory Commission (JERC) by November 2004. However, JERC for the states of Manipur and Mizoram was constituted in January 2005 and it became operational in January 2008.

3.2.7.2 Constitution of Distribution Reforms Committee (DRC)

In pursuance of the Guidelines for R-APDRP and Memorandum of Agreement signed by the State Government with Ministry of Power for implementation of APDRP, State Level Distribution Reforms Committee (DRC) was formed in January 2010. The DRC is required to meet at least once in three months to monitor compliance of conditionalities of projects *etc* under R-APDRP. However, it was observed that during the period from January 2010 to March 2015, DRC had conducted only three meetings against the requirement of 21 meetings. Thus, there was a shortfall being 86 per cent. This indicated that the implementation of the programme was not monitored as envisaged in R-APDRP guidelines.

3.2.7.3(i) Establishment of Special Courts

As envisaged in Section 153(1) of National Electricity Act, 2003, Special Courts for speedy trial of offences relating to theft of power *etc.* were required to be set up in each State. The Government of Manipur constituted (June 2004) Special Courts for the purpose of trial of the offences under the said Act. The position relating to setting up of courts in Manipur, cases of power thefts and other such offences noticed and punished is given in **Table No. 3.2.1** below.

Table No. 3.2.1 Position of court cases for power theft and other offences

Date of setting up of Special Court	Nos. of offences recorded between the period April 2008 to March 2015	Nos. of cases in which trial conducted	Nos. of cases in which penalties imposed	Nos. of cases pending for decisions	Duration of pendency of each case (Months)
June 2004	489	461	461	28	6-8

(***Source: As furnished by the Company***)

From the above table, it is noticed that, in Manipur, 489 offences were recorded during the period from April 2008 to March 2015, out of which trials were conducted and penalties were imposed in 461 cases (94 *per cent)*. Decision in respect of 28 cases was pending for the last six to eight months.

3.2.7.3(ii) Measures against theft of electricity

The Electricity Supply Act 2003 contains provisions for ensuring minimum pilferage and power losses. As per Section 163(1) of the Electricity Act 2003 a licensee or any person duly authorized by a licensee may enter the premises of a consumer for ascertaining the amount of electricity supplied or the electrical quantity contained in the supply and also for inspection, testing etc.

However, details of inspections done as per the above provisions and the number of cases of pilferage/theft of electricity were not made available to audit. Thus, audit cannot comment on adequacy of measures taken by the utility against theft of electricity. Audit noticed that the Company appointed (April 2015) District Nodal Officers (DNOs) for taking assistance from Superintendents of Police of the concerned districts for revenue drive for improving revenue collection. However, no specific targets were set and records for conducting revenue drives were not produced to audit.

3.2.8 Detailed Project Reports (DPR) of Project Towns

The guidelines for R-APDRP provide that the utilities shall prepare DPR in two parts for each of the project area. Part-A shall include the projects for establishment of baseline data and IT applications for energy accounting/auditing and IT based consumer service centres. Part-B shall include regular distribution strengthening projects. In Manipur, 13 project towns were identified and DPRs were prepared for all the 13 project towns and sanctioned (March 2010) by the nodal agency (Power Finance Corporation). The targeted date of completion of the Part-A of the projects was March 2015 (later extended to June 2016) whereas Part-B of the projects was stipulated to be completed by February 2016. So far, (September 2015), none of the projects was completed.

Audit noticed instances where works actually executed were not as per approved Detailed Project Report as discussed in the succeeding para.

3.2.8.1 Delay in appointment of IT Consultants

As per R-APDRP guidelines, utilities may appoint IT Consultants through an open bidding process from the panel of IT Consultants prepared by the Nodal Agency (PFC) for preparing DPRs of Part-A projects. PFC Ltd. in its letter dated 2 January 2009 instructed the State Government to make arrangements for preparation of DPRs (Part-A) for early submission and subsequent sanction of the projects.

Audit noticed that the Electricity Department, in pursuance of Government letter No. 7/2/2008-Power dated 16 January 2009, invited tender (5 May 2009) for appointment of IT Consultant for Greater Imphal (Phase-1) from the 20 firms of empanelled IT Consultants. However, the Department later discovered that only one IT Consultant is to be selected for the whole state and as such the NIT of May 2009 was cancelled and M/s Feedback Ventures Pvt. Ltd. New Delhi was appointed (25 September 2009) as IT Consultant. Thus, the process for appointment of IT Consultant took 143 days against the prescribed time limit of 15 to 25 days.

3.2.8.2 Delay in submission of Part-B of the DPRs

As per guidelines, the sanction process and other formalities for execution of Part-A and Part-B projects can be taken up simultaneously except Part-B activities which are likely to start 3-6 months after the start of Part-A projects, for making arrangements for ring fencing of the project area and verification of the starting figure of AT&C loss of the project area by an Independent agency appointed by the MoP. This would help the utilities to reduce the overall project execution cycle.

The Part-A projects for the 13 towns were approved by the R-APDRP Steering Committee in March 2010. It was noticed that DPRs for Part-B projects were submitted to PFC after two years in March 2012 at a total cost of ₹ 497.59 crore. However, as the PFC Ltd. advised the EDM for modifications and further revision of the Part-B DPRs, the 3rd meeting of the DRC (5 November 2012) approved the revised Part-B DPRs for the 13 projects for a total cost of ₹ 398.87 crore ***(Appendix 3.4A & Appendix 3.4B)*** and submitted to PFC Ltd. on 8 November 2012 only. The R-APDRP Steering Committee ultimately approved the Part-B projects in February 2013. Thus, there was delay in submission of DPRs (Part-B) for a period exceeding two and a half years from the date of sanction of Part-A projects. This had adversely affected the objective of reducing the overall project execution cycle.

3.2.8.3 Extra expenditure on purchase of prepaid energy meters

Part-B of the R-APDRP deals with renovation, modernization and strengthening of 11KV SS/ Transformers/Transformer Centres, re-conductoring of lines at 11 KV level and other distribution strengthening projects. The works to be executed under Part-B include, among others, replacement of electromagnetic energy meters with tamper proof electronic meters.

On the approval (February 2013) of the R-APDRP Steering Committee, PFC approved (March 2013) the implementation of Part-B projects in 13 Project towns in the State of Manipur at the total cost of ₹ 398.87 crore. For replacement of electromagnetic energy meters with tamper proof electronic meters, a sum of ₹ 22.98 crore was earmarked for metering works in the 13 project towns. However, it was observed that the State Government approved (May 2013) a proposal for replacement of electronic energy meters with prepaid energy meters. Accordingly, work orders for supply and installation of 60,336 prepaid energy meters were placed on two contractors at a cost of ₹ 80.25 crore which exceeded the approved cost as per DPRs (₹ 22.98 crore) by ₹ 57.27 crore.

During the Exit Conference, the Company replied (December 2015) that it was done with the approval of the Government and there is specific order, copies of which will be intimated. However, the relevant documents are yet to be received in Audit (February 2016).

3.2.8.4 Allocation of prepaid energy meters

The Company awarded (September 2013), work order for supply and installation of prepaid energy meters (Single phase: 22,784 Nos. and 3-phase: 1,484 Nos.) and 2 Vending Software and 20 sets of Hardware items for the 12 project towns (excluding[22] Imphal city) to M/s Genus Power Infrastructure Ltd. Jaipur at a total cost of ₹ 33.74 crore (Supply: ₹ 29.16 crore + installation: ₹ 4.58 crore).

[22] The allocation of pre-paid energy metres in Imphal city was as per the quantity mentioned in LOA to M/S NE Energy Solutions.

It was, however, noticed in audit that the allocation of the energy meters among the 13 project towns were not done as per the supply orders and DPRs. As per information furnished to audit, the prepaid energy meters were allocated amongst 10 numbers of towns including Churachandpur, a non-R-APDRP town. No prepaid energy meters were allocated to 3 numbers of towns (Lilong - Imphal West, Moreh and Samurou). In respect of only four towns (Bishnupur, Lilong Town, Moirang and Ningthoukhong), the allocation was made as per the quantity mentioned in the LOA and DPRs. In respect of three project towns (Kakching, Mayang Imphal and Laxmi Thongkhong), the allocated numbers were less than numbers mentioned in LOA and DPRs. In Nambol and Thoubal, the allocations were in excess of the LOA.

The reasons/circumstances under which the prepaid energy meters could not be allocated on the basis of DPRs and supply orders were not provided to audit. Thus, the intended benefits could not be achieved in six project towns out of 13 project towns. The position of prepaid energy meters procured as per DPRs/supply order, actual allocation made by the Company and the number installed as of September 2015 are shown ***Appendix 3.5***.

During the Exit Conference, the Company replied (December, 2015) that the installation of prepaid meter system in Churachandpur town, was done with the approval of the Government. However, the order of the Government is yet to be furnished to audit (February 2016).

3.2.9 Appointment of Independent Evaluating Agencies

3.2.9.1 Para 7.1 of the guidelines for the R-APDRP requires that baseline data for Part-B Projects should be verified by the Third Party Independent Evaluating Agency (TPIEA). Audit observed delays in appointment of IT Independent Agency and verification of baseline data by independent agency as mentioned in following paragraphs:

3.2.9.2 Verification of baseline data

As per para 7.1 of the guideline, baseline data and required system was to be verified by an Independent Agency appointed by the Nodal Agency on behalf of MoP and Part-B projects are required to be taken up after verification of initial AT&C loss by MoP through the Nodal Agency.

An Independent Agency namely M/S WAPCOS was appointed by the nodal agency for verification of the baseline AT&C loss. Audit observed that the Company had taken-up implementation of the Part-B (involving regular distribution strengthening works) of all the 13 projects during September 2013 without getting the initial AT&C losses verified by M/S WAPCOS.

Till date of audit (September 2015), the initial baseline data of only 10 project towns out of 13 project towns has been verified by this independent Agency. Thus, the above guidelines of R-APDRP were not adhered to during implementation of the projects.

It may not be out of place to mention here that only four towns (Thoubal, Ningthoukhong, Bishnupur and Moirang) have been declared 'Go Live'[23] till March 2015. Another project (Nambol) was declared 'Go Live' in August 2015. Thus there was a delay in declaring 'Go Live' in eight R-APDRP Project towns.

3.2.9.3 Delay in appointment of Information Technology Implementing Agency (ITIA)

R-APDRP Steering Committee[24] in its 16th meeting (2 March 2010) approved a total loan amount of ₹ 31.55 crore towards 13 Part-A projects under R-APDRP. As per the terms and conditions of the sanction order, the Utility[25] is required to appoint IT Implementing Agency (ITIA) within three months from the date of sanction order or the date of release of advance from PFC whichever is earlier. Thus, the ITIA was required to be appointed by June 2010.

Audit noticed that M/s Tata Consultancy Services Ltd (TCS) was appointed as common ITIA for the seven North Eastern States in July 2011 after a delay of one year thereby hampering the timely implementation of the programme.

3.2.9.4 AT&C losses in 'Go Live' projects

As per para 9.1 of R-APDRP guidelines, the State Utility is required to evolve adequate mechanism for prevention of AT&C loss and achieve AT& C loss reduction at least by three *per cent* per year starting one year after the year in which first project of Part-A is completed. Though, MSPDCL took up various measures to reduce the AT&C loss, such as, strengthening of transmission and distribution systems; 100 *per cent* metering of feeders, distribution transformers, consumers; ring fencing of 13 project towns; introduction of computerised billing and revenue collection system *etc.*, the achievement in this regard was not satisfactory as the AT&C loss in the four 'Go Live' towns out of the total 13 project towns ranged between 70.11 *per cent* and 86.53 *per cent* as on 31 March 2015. The position of AT&C losses of 13 project towns is given in **Table No. 3.2.2** below.

Table No. 3.2.2 Position of AT&C losses of the 13 project towns

Sl. No.	Name of Town/project	AT&C losses (in *per cent*)		Remarks
		Before sanction of project (initial baseline data) 2008-09	At the end of 2014-15	
1	Bishnupur	79.86	70.11	Go Live declared
2	Imphal Town	60.19	Yet to be completed	
3	Kakching	79.88	Yet to be completed	
4	Laxmi Thongkhong	93.32	Yet to be completed	
5	Lilong (I/W)	84.15	Yet to be completed	
6	Lilong Town	96.11	Yet to be completed	
7	Mayang Imphal	71.96	Yet to be completed	
8	Moirang	96.38	72.60	Go Live declared
9	Moreh	88.26	Yet to be completed	

23 Go Live: Project becoming operational.

24 The Steering Committee approved DPRs of R-APDRP projects after validated and appraised techno commercially by PFC and fixing time schedule for completion of projects.

25 In Manipur, MSPDCL from February 2014; previously Electricity Department Manipur (EDM).

Sl. No.	Name of Town/project	AT&C losses (in *per cent*)		Remarks
		Before sanction of project (initial baseline data) 2008-09	At the end of 2014-15	
10	Nambol	81.90	Yet to be completed	
11	Samurou	93.84	Yet to be completed	
12	Thoubal	88.95	70.22	Go Live declared
13	Ningthoukhong	78.11	86.53	Go Live declared

(Source: As furnished by the Company)

As seen from the above, AT&C losses of only four 'Go Live' towns could be assessed till the end of 2014-15 though the Part-A projects were originally scheduled to be completed within three years (March 2013) from the date of sanction. Due to slow progress, the R-APDRP Steering Committee extended the date of the projects till June 2016. It was noticed in that AT&C losses in respect of Ningthoukhong town as on 31 March 2015 had increased even after declaring the project as Go live' as AT&C losses were found to be 86.53 *per cent* against 78.11 *per cent* fixed before sanction of the project. This indicated that the scheme objective of reducing AT&C loss was not achieved in this project town. On this being pointed out, the Company stated (March 2016) that apparent increase in AT&C loss was on account of prepaid energy bills collected from Ningthoukhong town was not accounted in the MIS report. The reply is not acceptable as it is not only indicative of system weakness but also has high risk of misappropriation of revenue.

However, the AT&C losses in Bishnupur Project town had shown an improvement from 79.86 *per cent* before sanction of project to 70.11 *per cent* at the end of 2014-15. Similarly, AT&C losses had registered a substantial improvement in two other towns of Moirang and Thoubal.

Fund/Financial Management

3.2.10 Release and utilization of funds

3.2.10.1 Regular and timely release of funds is an essential requirement for effective implementation of any programme. Delays, irregular or short release of funds have a cascading impact on the execution of time-bound activities that are interlinked. The position of fund released by the PFC and expenditure incurred by the MSPDCL for both Part-A and Part-B projects of R-APDRP (as of March 2015) is shown in the **Table No. 3.2.3** below.

Table No. 3.2.3 Position of funds released by the PFC and expenditure incurred by the MSPDCL for both Part-A and Part-B projects of R-APDRP

(₹ in crore)

Particulars	Project cost	Fund released by PFC	Fund released by REC	Total fund released	Expenditure
R-APDRP (Part-A)	31.55	9.47	-	9.47	10.42
R-APDRP (Part-B)	398.87	119.66	39.88	159.54	182.93

Position relating to project wise release of funds and utilization there against is given in ***Appendix 3.4A and 3.4B.***

Audit noticed that the nodal agency (PFC) had released (April 2011 for Part-A and March 2013 for Part-B) upfront advance of 30 per cent of the project cost at the time of sanction of the projects but had not release further installments as discussed in the succeeding para.

3.2.10.2 Second installment of loan not released

As per para 5.1 of the R-APDRP guidelines and quadripartite agreement, initially 100 *per cent* funds for the approved Part-A projects shall be provided in the form of a loan from GoI. The loan along with interest thereon shall be converted into a grant once the required system is established and verified by an independent agency appointed by the Ministry of Power (MoP) through the Nodal Agency. No conversion to grant will be made in case projects are not completed within three years from the date of sanctioning of the project. Upto 30 *per cent* of the approved project cost can be released as GoI loan up front on approval of the project. Based on progress/utilization, 60 *per cent* cost would be disbursed as GoI loan progressively. Balance 10 *per cent* of the project cost would be disbursed as GoI loan only after full utilisation of the loan disbursed through earlier tranches.

Audit test check showed that a sum of ₹ 31.55 crore was approved for the 13 Part-A projects in March 2010. PFC Ltd. released a sum of ₹ 9.47 crore, being 30 *per cent* of the approved cost in March 2011. However, no further fund was released by PFC Ltd after March 2011 till March 2015 in spite of request (March 2015) for request for release of second tranche under R-APDRP by the Government of Manipur. Thus, for all the 13 projects, no further installment was released for a period of four years.

Para 5.2 of the R-APDRP guidelines provided that for Part-B projects, initially upto 90 *per cent* funds shall be provided as loan from GoI. The balance (10 *per cent)* shall be raised from Financial Institutions, namely, PFC/Rural Electrification Corporation (REC)/multi-lateral institutions and/or own resources. Out of the 90 *per cent* of project cost to be funded through GoI loan, 30 *per cent* was to be released up front on approval of the project. Release of 50 *per cent* was to be based on progress and the remaining 10 *per cent* only against full utilisation of GoI and FIs loans.

Test check of records showed that R-APDRP Steering Committee approved (February 2013) a sum of ₹ 398.87 crore for 13 Part-B projects in the State. The PFC Ltd. released (March 2013) a sum of ₹ 119.66 crore as upfront loan on approval of the projects. No further installment was released by the PFC Ltd. till March 2015.

Further, the Company had tied-up counterpart funding in October 2014, after a delay of one year and eight months from the date of release of Part-B funds (March 2013).

3.2.10.3 Irregular deposit of funds to Bank accounts operated by the State Government

The Nodal Agency (M/S PFC), released (30 March 2013) a sum of ₹ 119.66 crore as first instalment of loan for implementation of Part-B projects in the 13 project towns ***(Appendix 3.4B)***. Test check of records of MSPDCL revealed that the Finance Department, Government of Manipur instructed (2 April 2013) the Company to deposit the above amount into the bank account No. 30249613647, which was jointly operated by the Principal Secretary (Finance) and Under Secretary (Finance Resource), Government of Manipur. Accordingly, the Company (previously Electricity Department Manipur) withdrew ₹ 119.66 crore (3 April 2013) from the bank account (No. 31677191266) maintained for R-APDRP funds and credited into account No. 30249613647.

The State Government subsequently returned the above amount in two installments (₹ 59.00 crore on 12 July 2013 and ₹ 60.66 crore on 7 November, 2013). Thus, Central fund of ₹ 119.66 crore was temporarily diverted to the other bank account for period ranging between three months and seven months.

3.2.11 Implementation

3.2.11.1 Projects not prioritized

As per para 4 of the R-APDRP guidelines, the utilities shall prepare Detailed Project Reports (DPRs) in two parts (Part-A and Part-B) for each of the project areas. The DPRs should indicate the order of priority of the projects. Prioritization of projects for reduction of AT&C losses should be based on the prevailing AT&C losses and input energy for improvement in revenue collection and increase in customer satisfaction. Audit noticed that order of priority of the projects was not indicated while forwarding the DPRs to the Nodal Agency.

3.2.11.2 Liquidated damage not levied

As per the LOAs of the 13 Part-B projects, if the supply of equipments/materials and erection, testing and commissioning and handing over of the equipments is delayed beyond the schedule date or any time extensions granted, the firms shall pay to the Company (previously EDM) a liquidated damages as penalty at the rate of 0.5 *per cent* of the total contract price for the package for each week of delay or part thereof in the handing over of respective line. The above amount of liquidated damages shall be subject to a maximum of five *per cent* of the total contract price.

It was observed that, the schedule for completion of supply and erection works had overshot by nine months and three months respectively (as of June 2015). As time extension had not been sought/granted, liquidated damage of ₹ 14.95 crore (five *per cent* of ₹ 298.98 crore) for delay in supply and ₹ 2.91 crore (five *per cent* of ₹ 58.20 crore) for delay in erections works was recoverable from the nine Turn-key firms. However, liquidated damages were not recovered from the Turn-key firms inspite of issue of notices to the defaulting firms (April 2015).

During the Exit Conference, the Company replied that the amount involved will be recovered from future payments. Information regarding recovery of the same is yet to be received (February 2016).

3.2.11.3 Diversion of R-APDRP materials

Test check of records showed that the Managing Director, MSPDCL vide his office order (25 June 2015) issued instructions for diversion of R-APDRP materials worth ₹ 6.40 lakh for Moreh Town to 'L.T. AB cabling works' in Senapati Division which was not part of the R-APDRP. On another instance (6 April 2015), R-APDRP materials worth ₹ 3.73 lakh from the same town were diverted to 'Testing and charging of newly constructed 33/11 KV Sub-Station' at Joupi, Chandel District under 10th Plan Rajiv Gandhi Grameen Vidyutikaran Yojana. Materials for 'Renovation and modernization of 33/11 KV Sub-station' for Lilong Town worth ₹ 47.35 lakh were diverted to a non-R-APDRP area at Karong, Senapati District. Thus, R-APDRP materials worth ₹ 57.48 lakh were diverted for the works not connected with the scheme as per details given in ***Appendix 3.6.*** Diversion of R-APDRP materials for works executed in non-R-APDRP areas is likely to hamper the implementation of the programme as envisaged.

During the Exit Conference (December 2015), the Company replied that it was a temporary diversion of materials and detailed replies would be submitted soon. Information regarding recovery of the same is yet to be received (February 2016).

3.2.11.4 Extension of undue financial benefit to Turn-Key firms

Para 32.6 of CPWD Works Manual 2012 lays down that in respect of certain specialized and capital intensive works with estimate cost ₹ 2.00 crore and above, the Mobilisation Advance (MA) limited to 10 *per cent* of tendered amount at 10 *per cent* simple interest can be sanctioned to the contractors on specific request as per terms of contract. Para 37.15 *ibid* further provides that advance payments demanded by firms against fabrication contracts, Turn-Key contracts *etc.* should be limited to 30 *per cent* of contract value.

a) As per LOAs for implementation of Part-B projects (Supply and Erection) (September, 2013), advance payment of 20 *per cent* of the Ex-Works price of equipments plus full inland freight and insurance charges shall be paid against submission of irrevocable Bank Guarantee (BG) for the equivalent amount.

   In respect of erection work, advance payment of 20 *per cent* of the erection price shall be paid on establishment of site office, commencement of work and certification by the engineer that satisfactory mobilisation for erection has been done.

   Test check of records showed that MSPDCL released (October 2013 to April 2014) erection advance of 20 *per cent* amounting to ₹ 9.61 crore to seven numbers of Turn-Key firms before fulfillment of the mandatory conditions and before commencement of supply of materials by the firms resulting in extension of undue financial benefit to the firms to that extent.

During the Exit Conference (December 2015), the Company replied that erection works were to be done simultaneously as soon as materials were received, and hence the advance was paid.

The reply was not tenable as instances were found where advance was paid much before supplies had started *e.g* advance payment for erection work of Bishnupur project town was paid to M/S T&T Projects in December 2013 whereas supply of the materials was started in March 2015.

b) The Company issued a work order for erection portion for Imphal City to M/s Shyama Power India Ltd. Gurgaon at the total contract price of ₹ 32.30 crore (inclusive of Service tax, Cess, VAT and Departmental charges). As per the work order, ₹ 4.83 crore (20 *per cent* of total erection charges of ₹ 24.15 crore) was paid to the firm in October 2013. The work order was, however, amended (October 2014) and the value of contract was reduced to ₹ 23.38 crore. Thus, the admissible 20 *per cent* advance was arrived at ₹ 3.57 crore (20 *per cent* of ₹ 17.83 crore). The excess advance paid as per the original work order worked out to ₹ 1.26 crore (₹ 4.83 crore – ₹ 3.57 crore). However, the excess advance of ₹ 1.26 crore was not recovered/adjusted resulting in extension of undue financial benefit to the firm.

The Company accepted (December, 2015) the audit observation on non-adjustment of excess advance in respect of Imphal town project and stated that there was some miscommunication among the officials concerned and gave assurance that the amount will be adjusted from unpaid bill of about ₹ 2 crore of the contractor.

c) Scrutiny of records also showed that LOAs for supply of all equipments/materials and also for erection works for implementation of Part-B projects in the 13 project towns were issued to nine Turn-Key firms in September 2013. Audit noticed that interest free mobilization advance for supply of the materials/equipments amounting to ₹ 58.98 crore was released (October 2013 to April 2014) to eight Turn-Key firms in contravention of the provisions of the CPWD Manual. Release of interest free mobilisation advance besides being contrary to the provisions of CPWD Manual also violated the instructions (2007 and 2011) of Central Vigilance Commission regarding securing the mobilisation advance by a Bank Guarantee of 110 *per cent*.

Thus, exemption of interest on the Mobilisation Advance was an extension of undue financial benefit to the Turn-Key firms.

The reply of the Company was awaited (February 2016).

3.2.11.5 Contract Performance Guarantee (CPG) not collected

Para 21.1 of CPWD Manual 2012 stipulates that the successful tenderer shall deposit an amount equal to 5 *percent* of the tendered and accepted value of work as performance guarantee in one of the accepted forms. Further, Para 7.4 of LOAs for implementation of R-APDRP (Part-B projects) also provides that Contract Performance Guarantee (CPG) at the rate of 15 *per cent* of the contract price shall be furnished by the Turn-Key Firms (TKFs) and the guarantee shall be valid upto 90 days after the end of warranty period as specified in the bidding document.

Test check of LOAs for implementation of Part-B projects awarded (September 2013) to nine TKFs at the total contract value of ₹ 357.18 crore showed that the Company did not collect the required CPG and the TKFs were allowed to execute the works without submission of CPG in violation of the provisions of CPWD Manual and terms of LOAs. The Company, thus, failed to take adequate safeguards for proper performance of the contracts as CPG of ₹ 17.86 crore (5 *per cent* of ₹ 357.18 crore) was not collected.

Para 11 of LOA issued to M/s TCS for implementation of Part-A projects also stipulates that the firm should furnish bank guarantee from any Scheduled commercial bank towards performance guarantee at the rate of 10 *per cent* of the contract price. However, M/s TCS did not submit the required bank guarantee.

On this being pointed out, the Company stated that the TKFs were asked to submit the CPG failing which an amount equivalent to 15 *per cent* of the contract price will be retained upto 90 days after the end of the warranty period.

During the Exit Conference (December 2015), the Management accepted the audit observation and further stated that CPG was not yet submitted and payments would be held up from the payable amounts of the contractor's liabilities. However, the documents in this regard are yet to be received (February 2016).

3.2.11.6 Bank guarantee not renewed

As per the LOAs issued for implementation of Part-B projects, the TKFs were entitled to 20 *per cent* advance for supply of materials/equipments and also for erection works to be paid against submission of irrevocable bank guarantee for the equivalent amount from a Nationalised/Scheduled Bank having branch in Manipur. As per the terms of the LOA, advance amounting to ₹ 58.98 crore (supply: ₹ 49.37 crore and erection: ₹ 9.61 crore) were released to the firms against submission of irrevocable BG of the equivalent amount. However, test check of the records revealed that out of 7 firms to whom advance for erection had been released had not renewed 11 BGs beyond their validity period and therefore these BGs had expired (during January 2014 and March 2015) even though the work had not been completed (February 2016).

In case of Part-A projects also, M/s TCS was paid 10 *per cent* advance amounting to ₹ 1.14 crore against submission of bank guarantee. However, the bank guarantee was not renewed after its expiry on 21 January 2014.

3.2.11.7 Extra expenditure on purchase of galvanised poles: ₹ 10.61 crore

The Company issued (September 2013) work orders/LOAs for Part-B projects in the 13 project towns for procurement of 10643 numbers of Steel Tubular Poles (STPs) of nine metre length and 10299 numbers of STPs of eight metre length at the total cost of ₹ 21.07 crore and ₹ 18.62 crore respectively. In addition, work orders for procurement of 22071 numbers of 7.5 meter poles were also issued to a contractor.

Subsequently, the Company decided (October 2014) to galvanise 8275 numbers of 9 meter STPs and 7920 numbers of 8 meter STPs at the rate of ₹ 49.19 per kg at a total cost of ₹ 10.61 crore.

Audit observed that on account of galvanization of 8275 numbers of 9 meter STPs and 7920 numbers of 8 meter STPs, the Company had to place orders for only 15118 numbers of 7.5 meter STPs instead of 22071 numbers of 7.5 meter STPs as originally decided. Thus, for avoiding excess cost, the Company decided to procure 6953 numbers of 7.5 meter STPs less than originally envisaged in DPRs as shown in ***Appendix 3.7***.

However, the deviation from the DPRs was not approved by the Steering Committee and no justification for this deviation was on record.

During the Exit Conference (December 2015), the Company replied that there was no extra expenditure as they had adjusted galvanized pole with MS Pole, and that a detailed reply would be given after consultation with the technical persons involved. However, the detailed reply was awaited (February 2016).

3.2.11.8 Irregularities in execution of works under R-APDRP (Part-A projects)

The Electricity Department, Government of Manipur issued two work orders (December 2011) to M/s APE Power Pvt. Limited for supply and erection of energy meter for feeders, distribution transformers and HT consumers under R-APDRP Scheme (Part-A project) in Manipur at a cost of ₹ 12.79 crore for supply of materials and ₹ 2.88 crore for erection.

As per the terms and condition of the orders for supply of materials, an advance payment of 25 *per cent* of the order value if required is to be made against submission of irrevocable bank guarantee of equivalent amount from a Nationalised/Scheduled Bank. For erection work, 100 *per cent* payment was required to be made after completion of work. The work schedule for supply of materials had to be commenced within one month of issue of work order and to be completed within three months from the date of receipt of technically and commercially clear order and the erection work be completed within 6 months from the date of receipt of technically and commercially clear order.

The Electricity Department, Government of Manipur released (May 2012) 25 *per cent* of the work order value for supply of materials amounting to ₹ 3.20 crore in favour of M/S APE Power Pvt. Ltd.

However, due to inordinate delay in execution of the work by M/s APE Power, MSPDCL cancelled (February 2015) the supply order of materials and also cancelled unexecuted work thereof. While issuing the cancellation of order, the Company took into account only 170 Nos. of sub-standard poles supplied by M/s APE Power Ltd. and did not take into account the actual status of work executed. The work completed by M/s APE Power as of date (September 2015) *vis-à-vis* the LOA issued was as below in **Table No. 3.2.4** below.

Table No. 3.2.4 Position of work completed by M/s APE Power as of date (September 2015) *vis-à-vis* the LOA issued

Materials	LOA Qty.	Executed	Balance
Boundary Meters	72	53	19
DT Meters	1168	1072	96
HT Meters/Feeder Meters	331	89	242

Till March 2015, MSPDCL had released ₹ 10.53 crore (₹ 6.70 crore from Part-A and ₹ 3.83 crore from Part-B) to M/s APE Power Pvt. Ltd. Audit observed that:

(a) As per R-APDRP guidelines for Part-A works, the total amount approved for ring fencing and system metering was ₹ 2.47 crore. However, the contract amount for the works with M/s APE Power Limited was ₹ 15.67 crore which exceeded the approved cost by ₹ 13.20 crore. No justification for exceeding the R-APDRP guidelines was on record.

(b) The Department did not deduct at source a sum of ₹ 0.49 crore (VAT at the rate of 5.6 *per cent* and Departmental charges at the rate of 11.75 *per cent*) from the advance payment of ₹ 3.20 crore.

(c) Payments of ₹ 7.33 crore to M/s APE Power Limited was made without any accompanying invoice and certification that the work was completed.

(d) Out of the advance paid to M/s APE Power Ltd. of ₹ 3.20 crore, an amount of ₹ 2.56 crore only was adjusted in the subsequent payments.

(e) Inspite of delay in executing of works, MSPDCL did not levy penalty and liquidated damages of 10 *per cent* of the work order value amounting to ₹ 1.33 crore (10 *per cent* of ₹ 10.84 crore (Material) plus ₹ 2.42 crore (Erection))

3.2.11.9 Excess Payment to Turn-Key firms: ₹ 0.25 crore

As per supply orders issued to various Turn-Key firms for supply and execution of R-APDRP Part-B schemes, an advance of 20 *percent* of the contract amount was to be paid to the turnkey firms which were to be adjusted in the subsequent bills. Test check of records showed that in four towns, MSPDCL paid ₹ 1.26 crore being full amount of freight charges without adjusting the 20 *per cent* advance already paid till March 2015. This resulted in excess payment to the Turn-Key firms amounting to ₹ 0.25crore as detailed below in **Table No. 3.2.5** below.

Table No. 3.2.5 Position of excess payment to the Turn-Key firms

(₹ in crore)

Sl. No.	Name of Town	Turn-Key Firm	Amount
1	Bishnupur town	M/s T&T Projects Ltd., Guwahati	0.02
2	Nambol town	M/s T&T Projects Ltd., Guwahati	0.04
3	Moirang town	M/s Techno Power Enterprises (P) Ltd., Dimapur	0.16
4	Ningthoukhong town	M/s Electrokings, Jorhat	0.03
Total			**0.25**

During the Exit Conference, the Company replied (December 2015) that effective action would be taken to recover the excess amount. However, intimation in this regard is yet to be received (February 2016).

3.2.11.10 Computerisation of commercial activities

The activities to be covered under Part-A include adoption of IT applications for meter reading, billing and collection; energy accounting and auditing; MIS; redressal of consumer grievances; establishment of IT enabled consumer service centers etc.

With the objective of increased consumer satisfaction, computerization of commercial activities (billing, collection *etc*) was required to be done in the project towns. However, it was noticed in audit that computerization of commercial activities was done only in five[26] 'Go Live' towns and in one project (Lilong Town), commercial run had started (September 2015).

3.2.11.11 Customer Service System (CSS)

The Customer Service System (CSS) should comprise of logging, tracking and redressal of customer requests and queries. CSS is supposed to meet functions like requests for temporary disconnections, special connection/disconnection, interface with spot metering and billing system *etc.* Audit noticed that CSS is yet (December 2015) to be established in the State.

3.2.11.12 Online Connection Management System (CMS)

Online CMS was installed in the five 'Go Live' projects and another one project (Lilong Town) where commercial run has started. As informed to audit, the system supports the collection for energy billed from multiple payment channels for enhancement of customer convenience. The system also supports expeditious disconnections and dismantlement.

3.2.11.13 Erroneous Energy Accounting

Billing centers were established in only five 'Go Live' projects and another one project where commercial run has started. The billing system comprised of bill generation, printing and dispatch to the consumers. Scrutiny of the AT&C loss

[26] Four project towns were declared 'Go Live' till 31 March 2015. One town *viz.*, Nambol declared 'Go Live' in August 2015.

report for March 2015 showed that in case of Bishnupur ('Go Live' project), the net input energy (KWH) from feeder (Bishnupur 11 KV) was 17363 KWH while the billed unit showed 56132 KWH (323 *per cent* of net input energy). Thus, the energy accounting was not reliable. Though AT&C losses ranged between 70.11 *per cent* and 86.53 *per cent* in the four 'Go Live' towns, there was no proper analysis for huge losses in these towns.

3.2.11.14 Consumer Grievance Redressal Forum (CGRF)

As per Section 42(5) of the Electricity Act, 2003, every distribution licensee shall, within six months from the appointed date or date of grant of licence, whichever is earlier, establish a forum for redressal of grievances of the consumers in accordance with the guidelines as may be specified by the State Commission.

It was noticed from the Annual Report of Joint Electricity Regulatory Commission (2013-14) that the Commission had notified Regulations on Consumer Grievance Redressal and directed the State Power Department to set up Internal Grievance Redressal Cell (IGRC) and Consumer Grievance Redressal Forum (CGRF) and also to draw the awareness of all consumers of grievance redressal mechanism through wide publication in local newspapers/media. Accordingly, one CGRF was set up in the State. Further, 18 numbers of IGRCs have also been set up at different places of the State

However, during examination of records in the 13 project towns, none of the Divisions could produce Grievance Register. Thus, grievances of the consumers, such as wrong billing, replacement of meters, replacement of damaged service lines, voltage complaints *etc.* could not be ascertained in audit. Moreover, no quarterly/periodical consumer grievance meetings were held at divisional headquarters for collection of grievances and their redressal.

3.2.11.15 Electricity Ombudsman

Section 42(6) of the Electricity Act, 2003 provides that any consumer, who is aggrieved by non-redressal of his grievances under Sub-Section 5, may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be appointed or designated by the State Commission. Sub-section 7 further stipulates that the Ombudsman shall settle the grievance of the consumer within such time and in such manner as may be specified by the State Commission.

As noticed from the Annual Report of JERC (2013-14), the Chief Engineer of the Commission was designated (January 2014) as Electricity Ombudsman for Manipur and Mizoram as an interim arrangement. Thus, no regular Electricity Ombudsman has, so far, been appointed and Complains/Petitions filed to the Electricity Ombudsman were not available on records.

3.2.12 Capacity Building

3.2.12.1 Capacity building exercises were to be carried out to train the personnel engaged in the implementation of the scheme. Audit noticed that Partner Training Institutes (PTIs) were identified following which resource institute was also identified for imparting training to the distribution personnel.

As informed to audit, capacity building exercises was carried out to train the utility personnel (Deputy Managers and Assistant Managers) on 'Pre-Post Go Live Scenario', 'Asset Management under R-APDRP Part-A' *etc.* However, the required 6 months certificate programme in power distribution is yet (December 2015) to be imparted to technician/line men.

3.2.13 Quality Control System

3.2.13.1 Assistance of expert agencies

As per R-APDRP guidelines it was desirable for the Utility to obtain the assistance of expert agencies, such as, Indian Electrical and Equipment Manufacturing Association, Confederation of Indian Industry and BIS for standardizing the materials/equipments used in the programme. However, the EDM/MSPDCL did not obtain the assistance of expert agencies for standardizing the equipments/materials. Further, pending completion of the projects, instances of failure of the items/systems after completion of the project could not be ascertained in audit.

3.2.13.2 Performance parameters

It is expected that there should be improvement in performance in power supply, reduction in AT&C losses (reduction in power failures, reduction in number/duration of outages *etc.*) of existing Distribution Transformers where capacitors are installed. Further, reduction in load on connecting feeders and reduction in distribution loss should be as envisaged. However, as Capacitor Bank installation and commissioning for all 13 towns are currently in progress, the results achieved in these regards could not be assessed in audit.

3.2.14 Monitoring Mechanism

3.2.14.1 Inadequate monitoring by DRC

As per the scheme guidelines, Distribution Reforms Committee (DRC) was constituted (January 2010) with the following objectives:

- To recommend the project proposal of the Company to the Ministry of Power;
- To monitor compliance to the conditionalities and
- To monitor the achievement of milestone and targets under the scheme.

However, DRC meetings were held only three times since inception, the last being held in November 2012. Tenders for Part-B projects were invited during May 2013 and works were awarded during September 2013. However, no DRC meeting was held during the aforesaid period to monitor the tendering process and implementation of the work.

3.2.14.2 Project Monitoring Unit (PMU)

With a view to streamline project monitoring, a Project Monitoring Unit (PMU) was created (June 2014) in the Corporate Office of the MSPDCL. In order to make the functioning of PMU effective, fortnightly meetings are to be mandatorily taken up at the level of Deputy General Managers (DGMs) with the TKFs. The DGMs are to send copies of minutes of the fortnightly meetings to the General Managers, Executive Director (Technical) and Managing Director. Further, the TKFs are to increase their manpower with managerial capabilities and to furnish the list of manpower deployed along with the work execution schedule to the DGMs.

Divisional offices did not produce to audit copies of minutes of fortnightly meetings with the TKFs, indicating that such meetings were not held. Further, list of manpower deployed by the TKFs and work execution schedule were also not available with the Divisional offices.

3.2.15 Conclusion

- Planning for implementation of the programme was deficient as there were delays in constitution of DRC, appointment of IT Consultant, submission of DPRs and non-prioritisation of projects based on prevailing AT&C losses which stands at an average of 84.06 *percent*.

- Financial management was inefficient resulting in diversion of scheme fund, delay in obtaining counterpart fund from Financial Institution and non-opening of separate bank accounts.

- Programme implementation was not effective resulting in delay in appointment of IT Implementing Agency, extension of undue benefits to Turn-Key firms, diversion of materials and issue of Letter of Awards in excess of approved cost.

- Monitoring of the programme implementation and evaluation was inadequate as regular meetings of DRC and Project Monitoring Unit were not being held.

3.2.16 Recommendations

The Company may consider the following:

- Financial management may be strengthened to ensure transparency and financial discipline in programme implementation;

- Instances of undue benefit to contractors should be avoided;

- The implementation of the programme to be strictly in accordance with the guidelines/DPRs;
- Monitoring mechanism should be strengthened to ensure accountability in timely completion of the programme implementation and
- Deviations from the DPRs/Project Guidelines should be done only after approval of the Steering Committee of R-APDRP.

3.3 Audit of Energy Billing System (EBS) of Manipur State Power Distribution Company Ltd.

3.3.1 Introduction

The Manipur State Electricity Department (EDM) has been unbundled and corporatized into two functionally independent State owned successor entities with effect from the 1 February 2014 - The Manipur State Power Company Limited (MSPCL) as the Holding Company (HOLDCO) is to discharge the functions of the State Transmission and Generation Utility and the functions of State Load Dispatch Centre (SLDC) and The Manipur State Power Distribution Company Limited (MSPDCL) as the deemed distribution licencee (Discom). The MSPDCL is responsible for the implementation of the Energy Billing System (EBS) in the State.

To enable accurate and timely energy accounting and auditing, the State Electricity Department, Government of Manipur entrusted (2005) the task of computerisation of the Billing System of Electricity to National Informatics Centre (NIC), Manipur as a pilot project at a cost of ₹ 6.07 lakh. The Energy Billing System of MSPDCL has subsequently been implemented (2010-11) in two divisions of Imphal Electrical Division (IED) *i.e.,* IED-I and IED-II in Manipur.

The draft thematic Audit Report was issued to the MSPDCL/State Government on 7 December 2015. However, reply of the Company/Government was not received till date (February 2016).

The thematic audit report has therefore been finalised without the reply of the Company/Government.

3.3.2 Scope

The thematic audit covers the period from inception of the Project (2005) upto March 2015. Audit was carried out from July 2015 to August 2015 in the two divisions of IED-I and IED-II where EBS has been implemented.

3.3.3 Objectives

The objective of the audit was to review and evaluate the effectiveness of the billing system in achieving the organisational objectives of reduction of time lag in issuing computerised bills, provision of accurate billing and accounting information. This was done through evaluation of management controls and analysis of data, using 'IDEA' software, in respect of consumers from inception of the Project upto March 2015. The audit findings are as below.

3.3.4 Financial Management

The total fund allocated for implementation of EBS is given in **Table No. 3.3.1** below.

Table No. 3.3.1 Details of fund position

(₹ in Lakh)

Year	Project	Divisions covered by the project	Funds allocated	Expenditure incurred
2004-05	Pilot Project on EBS	Imphal Electrical Division-I (IED-I)	6.07	6.07
2010-11	Rolled out Phase-I	IED-II, IED-III and Imphal Maintenance Division (now IED-IV)	32.86	32.86
Total			**38.93**	**38.93**

Source: Departmental records

As per Pilot Project and the Phase–I, the EBS was to be implemented in IED-I, IED-II, IED-III and IED-IV. However, only IED-I and IED-II have implemented the EBS. The Company had incurred an expenditure of ₹ 5.06 lakh on IED-III Project and ₹ 7.69 lakh on IED-IV project. In view of non-implementation of IED-III and IED-IV projects, the entire expenditure of ₹ 12.75 lakh has been rendered unfruitful.

3.3.5 IT Security Policy

A well-defined IT Security Policy helps to create an environment that ensures security of equipments, maintain system security and availability, data integrity, and individual privacy by preventing unauthorized access to information and information systems and by preventing misuse of, damage to, or loss of data.

Though the Company stated that IT security policy has been formulated, a copy of the same was not produced to Audit though called for (August 2015). Thus, Audit is not in a position to comment on adequacy of the IT security policy.

Audit observed that there were no records or documents detailing control procedures/system at each level to monitor the cases of creation of new database of consumers, deletion of consumers from master data bank, acceptance of duplicate or unauthentic records. In the absence of such documented control procedures, the possibilities of security breaches/unauthorised changes in the master database could not be ruled out.

3.3.6 Lack of IT Policy and IT Strategic Plan

Information technology planning provides a structured means of addressing the impact of technologies, including emerging technologies, in an organisation. During the planning process, relevant technologies are to be identified and evaluated in the context of broader business goals and targets. Based on a comparative assessment of relevant technologies, the direction for the organisation can be established.

The IT strategic plan/IT long term plan is the starting point for any investment in an IT system as it identifies future changes which have to be budgeted for. The plan is vital for an organisation because it provides an increasing potential for enhancing the value of existing products or services, providing new products and services, introducing alternative delivery mechanisms and to overcome challenges from rapid pace of technological changes.

The Company had not formulated a formal IT policy and a long-term IT strategy for monitoring the implementation of IT application in a systematic manner with clear roles and responsibilities.

3.3.7 Inadequate Business Continuity Plan

The Energy Billing System is a critical system to ensure timely generation of bills and revenue realisation by the Company. If the consumers' bills are not generated in time due to any untoward incident/disaster, the revenue earning capacity of the Company may be adversely affected.

Thus, it is essential for the Company to prepare and document a disaster recovery and business continuity plan. Although backup of the billing data was taken at periodical intervals, there was no formal policy regarding the frequency of test check of backup data for recovery.

3.3.8 Lacunae in change management control

Change management control refers to controls to be exercised in carrying out changes to the system. It *inter-alia*, covers authorisation for changes to the system to incorporate tariff changes and for effecting improvement in the system, monitoring progress in making such changes to the system, use of systematic approach to program design, documentation standards to ensure that program can be easily read and understood and testing of software program *etc*. Timely changes in tariff have a significant bearing on revenue.

A proper documentation of changes made to the system is necessary so that the same could be readily understood to facilitate further modification as and when necessary. Though the Company stated that the General Manager (Electric Circle-I) is responsible for any modification to the system when tariff is changed, the Company could not produce copy of order/circular entrusting the GM (EC-I) with the responsibility of any modification to the system when tariff is changed. This shows that there was no documented delineation of duties and responsibilities for modification to the system. The range of applicable rates as per the various tariff orders issued by the Company are given in **Table No. 3.3.2** below.

Table No. 3.3.2 Range of applicable rates as per Tariff Order

Tariff Order	Range of rates (₹ per kwh) applicable to consumers		
	Domestic	Commercial	High Tension (HT)
2010-11	2.20 to 3.20	2.50 to 4.00	2.50 to 3.50
2012-13	2.40 to 3.60	2.50 to 4.40	2.50 to 4.00
2014-15	2.80 to 4.60	2.90 to 5.60	2.70 to 5.40

Audit observed that in respect of 2234 bills of all categories pertaining to the period 01 September 2012 to 28 March 2014, the tariff rate applied was as per Tariff Order 2010-11, instead of applicable Tariff Order 2012-13 which resulted in a loss of ₹ 5.89 lakh.

Similarly, in respect of 2429 (2013 + 416) bills of all categories pertaining to the period 01 April 2014 to 24 March 2015, the tariff rate applicable was as per Tariff Order 2014-15, whereas tariff rate of the Tariff Order 2012-13 was applied which resulted in a loss of ₹ 4.58 lakh. The total loss in revenue due to wrong application of tariff rate works out to ₹ 10.47 lakh as shown in **Table No. 3.3.3** below.

Table No. 3.3.3 Table showing number of bills where wrong tariff has been applied.

(in ₹)

Name of Division	Tariff applied	Tariff to be applied	No. of Bills issued with wrong tariff	Energy charge as per wrong tariff	Applicable Energy charge	Loss in revenue
IED-I	2010-11	2012-13	2,234	74,00,570	79,89,240	5,88,670
IED-I	2012-13	2014-15	2,013	32,48,391	36,80,834	4,32,442
IED-II	2012-13	2014-15	416	4,54,665	4,80,525	25,860
Total			**4,663**	**1,11,03,626**	**1,21,50,599**	**10,46,972**

Audit observed that the Company/erstwhile EDM authorised the NIC to make tariff changes in the customers' bills from time to time. However, there were no control procedures in the Company to oversee whether correct rates were applied in all the cases. The system was also not able to throw out exception reports in case revised rates were not applied to certain consumers.

3.3.9 Insufficient Input Control

Input to the Energy Billing System comprises data and instructions for processing. Data entry is done manually via keyboard. Effective control over both these types of inputs is critical as they involve considerable human intervention and are, therefore, error prone and susceptible to fraud. From analysis of the database it was observed that the consumer ID number comprises of 18 digits; comprising of four digits code for sub division, two digits for feeder code, three digits as route number, four digits as pole number and last five digits being the consumer serial number.

Audit scrutiny showed that in the case of Imphal Electrical Division-II, the number of digits of Consumer ID numbers are not uniform as shown in **Table No. 3.3.4** below.

Table No. 3.3.4 Table showing inconsistency in number of digits in Consumer ID

Number of digits in Consumer ID		No. of Consumers with less digits
Standard Digits	Applied Digits	
18	14	9
18	15	90
18	16	900
18	17	9000
Total		**9999**

The above inconsistencies in number of digits in consumer IDs indicated absence of effective control over data relating to energy billing system and the data integrity is compromised.

3.3.10 Incorrect data in the Consumer Bill Transaction Table

(i) Processing of bills in the energy billing system involves operations such as validation of data received from the billing units, updating of records, performing calculations and generation of bills. Audit verification of the Consumer Bill Transaction Table revealed that the database contained inconsistent data, invalid entries indicating lack of validation checks and input controls as follows:

a) The payment date was found prior to the bill generation date in case of 1216 (IED-II) and 4067 (IED-I) consumers.

b) The bill serve date was found prior to the bill generation date in case of six (IED-II) and 38100 (IED-I) number of bills.

c) Instances were noticed where critical fields in the data base were left blank or erroneous entry was made without system generating any error report. For example Treasury Receipt numbers were left blank in many cases, alpha numeric entry was accepted in one case etc.

Unreliable processing of information in the system resulted in inclusion of incorrect data in the system.

(ii) Further, it was observed that though the Energy Billing System was computerised with effect from 2005 there were cases of non-billing of active consumers for a period ranging from two days to 461 days in 37 instances in IED-I and from 28 days to 181 days in 95 instances in IED-II resulting in loss of revenue to the tune of ₹ 0.73 lakh. As an illustrative example four cases of non-billing are shown in **Table No. 3.3.5** below.

Table No. 3.3.5 Table showing non-billing consumers

Sl. No	Division	Consumer ID	Last Bill served upto	Next Bill served from	Non Billing Period			Amount (₹)
					From	To	No. of days	
1	IED-I	101204026111301452	07/08/2008	12/11/2009	08/08/2008	11/11/2009	461	9957.60
2	IED-I	101112000000006674	18/12/2012	21/12/2012	19/12/2012	20/12/2012	2	9.40
3	IED-II	102101000000010905	20/11/2014	21/05/2015	21/11/2014	20/05/2015	181	1608.00
4	IED-II	102201000000019349	03/10/2014	01/11/2014	04/10/2014	31/10/2014	28	104.80

a) In case of consumer No. 101204026111301452 the last bill served was upto 7 August 2008 and the next bill would start from 8 August 2008. However, the company served next bill with effect from 12 November 2009 resulting in non-billing of 461 days;

b) In case of consumer No. 101112000000006674 the last bill served was on 18 December 2012 and the next bill would start from 19 December 2012.

However, the company served next bill with effect from 21 December 2012 resulting in non-billing of 2 days;

c) In case of consumer No. 102101000000010905 the last bill served was on 20 November 2014 and the next bill would start from 21 November 2014. However, the company served next bill with effect from 21 May 2015 resulting in non-billing of 181 days and

d) In case of consumer No. 102201000000019349 the last bill served was on 3 October 2014 and the next bill would start from 4 October 2014. However, the company served next bill with effect from 1 November 2014 resulting in non-billing of 28 days.

In both the cases (i) and (ii), the system was not able to generate error reports. Thus, any wrong entry or inconsistency in data may go unreported by the system indicating lack of data validation checks.

3.3.11 Conclusion

The Energy Billing System (EBS) was implemented without any IT policy and long-term IT strategy. There was no documented Business Continuity plan. Thus continuation of the billing function in case of any eventuality was not ensured. The Company did not have effective management controls such as delineation of duties and responsibilities. This led to application of wrong tariff. There were several deficiencies in input controls and processing controls in the system. Consequently, the system failed to ensure data integrity. Lack of effective controls resulted in generation of erroneous bills and non-billing of certain periods.

3.3.12 Recommendations

The Company may consider to ensure:

- An effective, comprehensive IT policy and business continuity plan;
- A system to provide re-verification of changes in tariff, inconsistencies in input data, wrong entries etc by generating appropriate error/exception reports and
- Establishment of effective monitoring mechanism and internal audit system.

COMPLIANCE AUDIT

MANIPUR INDUSTRIAL DEVELOPMENT CORPORATION LTD.

3.4 Undue Benefit to the Supplier

Payment of irregular advance amounting to ₹ 167.41 lakh to a contractor, out of which supplies for ₹ 115.49 lakh had not been received by the Company even after expiry of more than one year of contract agreement, resulted in extension of undue benefit to the supplier

Rule 159 (1) of General Financial Rules, 2005 stipulates that payment for services rendered or supplies made should be released only after the services have been rendered or supplies made. Advance payments should not exceed 30 *per cent* of the contract value in case of private firms, for which adequate safeguard in the form of bank guarantee (BG) *etc.* should also be obtained.

Manipur Industrial Development Corporation Ltd. (the Company) entered (November 2012 and September 2013) into an agreement with M/s Good Health (India) Pvt. Ltd. (supplier) for supply of steel (TMT bars) and cement valuing ₹ 239.16 lakh as per details given below. The terms and conditions of the award for supply orders provided for payment of 100 *per cent* advance against BG of equal amount from any bank at Imphal. The stipulated date of completion of supplies of steel and cement was 31 May 2013 and 18 October 2013 respectively.

(₹ in lakh)

Material	Quantity to be supplied	Date of Agreement/ BG	Amount	Date of payment of Advance	Stipulated date of completion	Date of expiry of BG	Quantity not received	Value of material not received as on February 2015	Time lapsed after stipulated date of completion
TMT Steel Bars	276.00 MT	30/11/12	193.66	01/12/12	31/05/13	31/5/13	144.66 MT	101.38	1 yr & 9 months
Cement	10,000 Bags	16/09/13	45.50	18/09/13	18/10/13	18/3/14	3,100 Bags	14.11	1 yr & 4 months
Total			**239.16**					**115.49**	

The Company paid (December 2012 and September 2013) an advance of ₹ 239.16 lakh for delivering of the supplies as per the agreement. Audit observed that:

i) The Company had paid advance of 100 *per cent* instead of only 30 *per cent* as stipulated in Rule 159(1) of General Financial Rules, 2005. Thus, the advance given to the contractor, in excess of 30 *per cent* of the value of ordered quantity amounting to ₹ 167.41 lakh[27], was irregular and an undue benefit to the contractor.

ii) Even after payment of advance for full ordered quantity for the supplies, the contractor had supplied material valuing ₹ 123.67 lakh

[27] At 30 *per cent*, the admissible advance is only ₹ 71.75 lakh. So excess advance paid is ₹ 239.16 lakh - ₹ 71.75 lakh = ₹ 167.41 lakh.

only and the balance material valuing ₹ 115.49 lakh remained to be delivered (February 2016). Thus, the Company had failed to take any concrete action against the supplier for ensuring delivery of the material within scheduled time frame.

iii) The Company had not secured its interests properly as the BG for supply of steel bars and cement had already expired in May 2013 and March 2014 respectively before completion of the supplies. The Company had not taken any action to get the date of BGs extended till the completion of the supplies or recovery of the advance paid. Consequently, the un-adjusted advance already paid to the supplier amounting to ₹ 115.49 lakh remained unsecured and chances of recovery of the same appeared remote.

Thus, the Company extended undue advantage to M/s Good Health (India) Pvt. Ltd. (supplier) in the form of excess irregular advance to the tune of ₹ 167.41 lakh out of which supplies amounting to ₹ 115.49 lakh had not been received even after one year of the agreement.

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

Chapter IV

Revenue Sector

CHAPTER IV
REVENUE SECTOR

4.1 Trend of Revenue Receipts

4.1.1 The tax and non-tax revenue raised by the Government of Manipur during the year 2014-15, the State's share of net proceeds of Union taxes and duties assigned to States and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table No. 4.1.1** below.

Table No. 4.1.1 Trends of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
1	**Revenue raised by the State Government**					
	• Tax revenue	267.05	368.07	332.83	472.73	516.83
	• Non-tax revenue	259.88	311.53	231.78	260.67	183.73
	Total:	**526.93**	**679.60**	**564.61**	**733.40**	**700.56**
2	**Receipts from the Government of India**					
	• State's share of net proceeds of Union taxes	990.57	1154.03	1317.83	1438.79[1]	1526.89[1]
	• Grants-in-aid	3912.44	3819.92	4937.32	5110.60	5770.82
	Total:	**4903.01**	**4973.95**	**6255.15**	**6549.39**	**7297.71**
3	**Total receipts of State Government (1 & 2)**	**5429.94**	**5653.55**	**6819.76**	**7282.79**	**7998.27**
Percentage of 1 to 3		**10**	**12**	**8**	**10**	**9**

(Source: Finance Accounts)

The above table indicates that during the year 2014-15, the revenue raised by the State Government (₹ 700.56 crore) was nine *per cent* of the total revenue receipts of ₹ 7998.27 crore as against ten *per cent* in the preceding year (₹ 733.40 crore). The balance 91 *per cent* of receipts of ₹ 7297.71 crore during 2014-15 was from the Government of India.

4.1.2 The details of tax revenue raised during the period 2010-11 to 2014-15 are given in **Table No. 4.1.2** below.

[1] Includes only the amount booked under the Minor Head 901 - share of net proceeds assigned to the State, booked under the Major Heads 0020 - Corporation tax, 0021-Taxes on income other than corporation tax, 0032 - Taxes on wealth, 0037 – Customs, 0038- Union excise duty, 0044 - Service tax.

Table No. 4.1.2 Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2010-11		2011-12		2012-13		2013-14		2014-15		Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Taxes on sales, trade *etc.*	220.00	227.57	242.20	296.92	250.80	258.52	385.88	395.74	500.00	433.33	(+) 9.50
2	Motor Vehicles Tax	15.00	4.44	15.65	13.21	17.17	15.83	19.57	18.73	22.31	20.77	(+) 10.90
3	State Excise	6.00	6.61	12.11	9.80	8.59	9.93	12.74	9.20	14.52	9.32	(+) 1.31
4	Stamps and Registration Fees	10.00	3.57	15.52	4.82	6.64	5.99	6.26	7.90	7.14	7.76	(-) 1.77
5	Land Revenue	5.00	1.29	1.05	0.84	1.68	1.24	1.09	1.12	1.24	1.42	(+) 26.79
6	Taxes on duties on electricity	0.44	0.003	0.01	0.34	-	0.04	0.44	0.05	0.50	-	(-) 100.00
7	Others	32.30	23.57	31.30	42.14	47.95	41.28	65.89	39.99	75.12	44.23	(+) 10.65
Total		**288.74**	**267.05**	**317.84**	**368.07**	**325.51**	**332.83**	**491.87**	**472.73**	**620.83**	**516.83**	**(+) 9.33**

(Source: Finance Accounts and Annual Financial Statement)

One Department reported the following reasons for variation:

Minor Irrigation Department: The increase of revenue during 2014-15 was due to increase of Staff Pay and Sale Tax deducted from the Cheque Drawal Authority (C.D.A.) during the year.

The other Departments despite being requested (April 2015) and subsequent reminder (August 2015) did not furnish the reasons for variation in receipts from that of the previous year (February 2016).

4.1.3 The details of the non-tax revenue raised during the period 2010-11 to 2014-15 are indicated in **Table No. 4.1.3** below.

Table No. 4.1.3 Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2010-11		2011-12		2012-13		2013-14		2014-15		Percentage of increase(+)/ decrease (-) in 2014-15 over 2013-14
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Miscellaneous General Services	200	76.87	99.38	138.33	93.01	75.29	167.38	110.83	184.12	132.48	(+) 19.54
2	Power	160	88.29	250	106.58	177.7	108.3	171.69	96.23		0.10	(-) 99.90
3	Interest receipts	45	44.65	41.04	25.18	54.03	20.66	30.47	33.1	33.52	30.60	(-) 7.55
4	Forestry and Wild Life	5	2.1	7.73	3.46	2.54	2.94	4.18	3.71	4.18	4.62	(+) 24.53
5	Major and Medium Irrigation	15	10.49	12.47	8.61	12.69	3.75	10.42	2.42	11.46	2.04	(-) 15.70
6	Public Works	11.46	16.88	21.36	15.13	20.43	6.01	18.31	1.81	20.14	2.90	(+) 60.22
7	Other Administrative Services	1.47	1.08	0.45	2.89	1.3	1.39	3.49	1.18	3.84	1.01	(-) 14.41
8	Police	0.75	0.88	1.14	0.9	1.07	0.99	1.08	1.03	1.19	0.79	(-) 23.30
9	Medical and Public Health	0.57	0.12	0.14	0.1	0.15	0.15	0.12	0.29	0.13	0.34	(+) 17.24
10	Co-operation	0.17	0.19	0.2	0.26	0.22	0.33	0.31	0.22	0.34	0.49	(+) 122.73
11	Other non-tax receipts	17.21	18.33	25.81	10.09	22.70	11.97	22.32	9.85	25.14	8.36	(-) 15.13
	Total	**456.63**	**259.88**	**459.72**	**311.53**	**385.84**	**231.78**	**429.77**	**260.67**	**284.06**	**183.73**	**(-) 29.52**

(Source: Finance Accounts & Annual Financial Statement)

The respective Departments reported the following reasons for variation:

Co-operation Department: The increase of revenue during 2014-15 was attributed to increase in target and recovery of pending audit fees for the last year from Cooperative Societies and Voluntary Organizations.

Public Works Department: The increase of revenue during 2014-15 was attributed to more realization of registration fee from contractor and realization of outstanding House Rent.

Police Department: The decrease of revenue during 2014-15 was on account of less receipts during the year due to withdrawal of Police deployed with Private Companies.

Forest Department: The increase of revenue during 2014-15 was mainly due to sale of departmentally extracted timber under 13th Finance Commission recommendation.

The other Departments despite being requested (April 2015) and subsequent reminder (August 2015) did not intimate the reasons for variation in receipts from that of the previous year (February 2016).

4.2 Analysis of Arrears of Revenue

The arrears of revenue as on 31 March 2015 on two principal heads of revenue amounted to ₹ 12.10 lakh, of which ₹ 9.40 lakh was outstanding for more than five years, as detailed in **Table No. 4.2.1** below. The arrears of revenue in respect of other heads of revenue (viz., Taxes on Sales, Trade *etc*., Passenger and Goods Tax, Other Taxes on Commodities and Services, Entertainment and Luxury Tax *etc*., and Stamp and Registration Fees) have not been furnished.

Table No. 4.2.1 Arrears of revenue

(₹ in lakh)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2015	Amount outstanding for more than 5 years as on 31 March 2015	Replies of Department
1	Other Taxes on Income and Expenditure	0.14	0.07	Not furnished
2	Land Revenue	11.96	9.33	Not furnished
Total		**12.10**	**9.40**	

It would be seen from the table that the recovery of ₹ 9.40 lakh (the Revenue Department has not furnished the amount of revenue outstanding for more than five years) was pending under the head "Other Taxes on Income and Expenditure" and "Land Revenue" for more than five years. Arrears of ₹ 12.10 lakh were pending with the departmental authorities. Revenue amounting to ₹ 9.40 lakh pending for recovery for more than five years indicates that the chance of recovery of revenue is remote.

4.3 Arrears in Assessments

No information in respect of arrears in assessment was furnished by the Taxation Department though called for (April 2015) and subsequent reminder (August 2015).

4.4 Evasion of Tax Detected by Department

No information in respect of evasion of tax detected was furnished by the Taxation Department though called for (April 2015) and subsequent reminder (August 2015).

4.5 Pendency of Refund Cases

No information in respect of pendency of refund cases was furnished by the Taxation Department though called for (April 2015) and subsequent reminder (August 2015).

4.6 Response of the Departments/Government Towards Audit

The Principal Accountant General (Audit), Manipur (PAG (Audit)) conducts periodical audit of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the Rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/ Governments are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG (Audit) within one month from the date of issue of IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

Inspection Reports issued upto December 2014 disclosed that 755 paragraphs involving ₹ 97.39 crore relating to 256 IRs remained outstanding at the end of June 2015 as mentioned below along with the corresponding figures for the preceding two years in **Table No. 4.6.1** below,

Table No. 4.6.1 Details of pending Inspection Reports

	June 2013	June 2014	June 2015
Number of pending IRs	221	235	256
Number of outstanding audit observations	581	641	755
Amount involved (₹ in crore)	66.37	74.24	97.39

4.6.1 The department-wise details of the IRs and audit observations outstanding as on 30 June 2015 and the amounts involved are mentioned in **Table No. 4.6.2** below.

Table No. 4.6.2 Department wise details of IRs

(₹ in crore)

Sl. No.	Name of Department	Nature of receipts	No. of outstanding IRs	No. of outstanding audit observations	Money value involved
1	Finance	Taxes on Sales, Trade *etc.*	53	173	33.09
		Passenger & Goods Tax (PGT)	Nil	Nil	Nil
		Other Taxes & Duties on Commodities and Services (OTD)	Nil	Nil	Nil
		Entertainment & Luxury Tax *etc.*	Nil	Nil	Nil
2	Excise	State Excise	10	26	3.87
3	Revenue	Land Revenue	111	315	28.30
4	Transport	Taxes on Motor Vehicles	69	193	31.60
5	Stamp and Registration	Stamp & Registration Fees	13	48	0.52
Total			**256**	**755**	**97.38**

Audit did not receive replies from the head of the offices within one month from the date of issue of the IRs for 16 IRs issued during 2014-15. This large pendency of the 256 IRs due to non-receipt of the replies is indicative of the fact that the head of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG (Audit), Manipur in the Inspection Reports.

The Government may consider having an effective system for providing prompt and appropriate response to audit observations.

4.6.2 Departmental Audit Committee Meetings

The Government sets up Audit Committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. However, no departmental audit committee meetings were held during 2014-15.

As can be seen from **para 4.7.1** there is large pendency of IRs. In view of this, the Government may ensure holding of audit committees meetings to expedite clearance and settlement of outstanding audit observations.

4.6.3 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the PAG (Audit) to the Principal Secretary/Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Four draft paragraphs were sent to the Principal Secretaries/Secretaries of the respective departments by name between July and October 2015.The Principal Secretaries/Secretaries of the departments did not send replies to three draft paragraphs despite issue of reminders (November 2015) and the same have been included in this Report without the response of the departments.

4.6.4 Follow up on Audit Reports – summarised position

The internal working system of the Public Accounts Committee (PAC), notified in December, 2002 laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall *suo moto* initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of Tabling the Report, for consideration of the Committee. Inspite of these provisions, the explanatory notes on Audit Paragraphs of the Reports were being delayed inordinately. Forty paragraphs (including two performance audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Manipur for the years ended 31 March 2008, 2009, 2010, 2011, 2012 and 2013 were placed before the State Legislature Assembly between 19 March 2009 and 16 July 2014. The action taken explanatory notes (ATNs) from the concerned Departments on these paragraphs were received late with average delay of one month in respect of each of these Audit Reports. Action taken on explanatory notes in respect of 18 paragraphs/reviews from four departments (Revenue, Taxation, Transport and Home) had not been received for the Audit Reports for the years ended 31 March 2011, 2012 and 2013 so far (December 2015).

The PAC discussed 18 selected paragraphs/reviews pertaining to the Audit Reports for the years 2011, 2012 and 2013 and its recommendations on 13 paragraphs were incorporated in their 38th, 40th and 45th Reports. However, ATNs have not been received in respect of 13 recommendations of the PAC from the departments concerned as mentioned in **Table No. 4.6.3** below.

Table No. 4.6.3 Position of Outstanding ATNs

Year	Name of Department	No. of Recommendations
2011	Transport	3
2012	Transport	1
	Taxation	4
2013	Taxation	3
	Tourism	1
	Transport	1
Total		13

4.7 Analysis of the Mechanism for Dealing With the Issues Raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/ Audit Reports by the Departments/ Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraph **4.7.1** and **4.7.2** discuss the performance of Land Revenue Department under revenue Major Head 0029 – Land Revenue and cases detected in the course of local audit during the last ten years and also the cases included in the Audit Reports for the years 2005-06 to 2014-15.

4.7.1 Position of Inspection Reports

The summarised position of the Inspection Reports (IRs) issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2015 are tabulated in **Table No. 4.7.1** below.

Table No. 4.7.1 Position of Inspection Reports

(₹ in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing Balance during the year		
		IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
1	2005-06	22	49	1.71	6	27	1.29	Nil	2	0.002	28	74	2.99
2	2006-07	28	74	2.99	12	32	2.99	1	Nil	Nil	39	106	5.98
3	2007-08	39	106	5.98	17	40	3.62	3	8	0.05	53	138	9.55
4	2008-09	53	138	9.55	7	24	1.81	Nil	9	0.12	60	153	11.24
5	2009-10	60	153	11.24	14	50	5.91	Nil	2	0.003	74	201	17.15
6	2010-11	74	201	17.15	10	24	2.90	1	4	0.01	83	221	20.04
7	2011-12	83	221	20.04	12	21	2.04	6	13	0.04	89	229	22.04
8	2012-13	89	229	22.04	8	23	3.04	1	Nil	Nil	96	252	25.08
9	2013-14	96	252	25.08	6	28	3.07	1	1	Nil	101	279	28.15
10	2014-15	101	279	28.15	16	99	11.04	Nil	Nil	Nil	117	378	39.19

The Government arranges *ad-hoc* Committee meetings between the Department and PAG (Audit) to settle the old paragraphs. As would be evident from the above table, against 28 outstanding IRs with 74 paragraphs from 2005-06, the number of outstanding IRs increased to 117 with 378 paragraphs at the end of 2014-15. This is indicative of the fact that adequate steps need to be taken by the Department in this regard to reduce the number of outstanding IRs and paragraphs.

4.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Departments and the amount recovered are mentioned in **Table No. 4.7.2** below.

Table No. 4.7.2 Position of paragraphs accepted by the Departments

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases
2004-05	Nil	Nil	Nil	Nil	Nil	Nil
2005-06	1	0.02	1	0.02	Nil	Nil
2006-07	1	0.04	1	0.04	Nil	Nil
2007-08	Nil	Nil	Nil	Nil	Nil	Nil
2008-09	Nil	Nil	Nil	Nil	Nil	Nil
2009-10	1	0.06	1	0.06	Nil	Nil
2010-11	Nil	Nil	Nil	Nil	Nil	Nil
2011-12	1	0.03	1	0.03	Nil	Nil
2012-13	Nil	Nil	Nil	Nil	Nil	Nil
2013-14	1	0.32	Nil	Nil	Nil	Nil
Total	**5**	**0.47**	**4**	**0.15**	**Nil**	**Nil**

From the above table it is observed that the progress of recovery even in accepted cases was very slow during the last ten years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. No mechanism for pursuance of the accepted cases had been put in place by the Department/Government. Further, the arrear cases including accepted audit observations were not available with the office of the Sub-Registrar, Land Revenue Department. In the absence of a suitable mechanism, the Department could not monitor the recovery of accepted cases.

The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

4.8 Action Taken on the Recommendations Accepted by the Departments/Government

The draft Performance Audits (PAs) conducted by the office of the PAG (Audit), Manipur are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These PAs are also discussed in an exit conference and the Department's/Government's views are included while finalizing the Audit Reports.

The following PAs on the Department of Taxation were featured in the Audit Reports of the last five years. The details of recommendations and their status is given in **Table No. 4.8.1** below.

Table No. 4.8.1 Status of recommendations of Performance Audit

Year of AR	Name of the PA	No. of recommendations	Details of the recommendations	Status
2010-11	Performance Audit on "Declaration Forms in Inter-State Trade and Commerce"	5	The Government of Manipur may consider the following steps to enhance the effectiveness of the machinery for concession and exemption in Inter-State sales, branch transfer and transparency in assessment in respect of intra State transactions: ➢ Installing a mechanism to ensure that cross verification of Declaration forms is done diligently by the AAs concerned before accepting the Declaration Forms; ➢ Prescribing a periodic return to monitor the progress made from time to time in cross verification of the Declaration Form at the Commissioner of Taxes' level; ➢ Uploading dealers' details, forms issued and utilization thereof in the TINXSYS.COM website for a transparent assessment and as an aid to assessment of State offices as well as other States. Necessary steps may be taken to provide full access to the modules developed and the TINXSYS website; ➢ Putting in place a system to maintain records to watch the receipt of Declaration Forms from outside the State and dispatch of Declaration Forms to other States; and ➢ Taking early action to install internal audit wing to ensure strict compliance with the provisions of the Act and the Rules by the Assessing/Departmental officers.	Compliance to audit observations and recommendations have not been intimated to audit.

4.9 Audit Planning

The unit offices under various departments are categorized into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter alia* include critical issues in Government revenues and tax administration *i.e.* budget speech, White Paper on State Finances, reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2014-15, there were 63 auditable units, of which 15 units were planned and 15 units had been audited, which is 24 *per cent* of the total auditable units.

4.10 Results of Audit

Position of local audit conducted during the year

Test check of the records of 15 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers and other departmental offices conducted during the year 2014-15 showed under assessment/short levy/loss of revenue aggregating ₹ 9.62 crore in 35 cases. During the course of the year, no reply was furnished by the Departments regarding under assessment and other deficiencies which were pointed out in audit during 2014-15. The departments had not recovered any amount in 635 cases during 2014-15 pertaining to the audit findings of the previous years.

4.11 Coverage of This Report

This Report contains two Performance Audits (Admissibility of Input Tax Credit and Implementation of Smart Card Project for Driving Licence and Registration Certificates of vehicles) and four paragraphs (selected from the audit detections made during the local audit referred to above) involving financial effect of ₹ 4.23 crore.

The Departments have furnished their reply to the Performance Audits. In respect of the four paragraphs, the Departments/ Government have accepted audit observations involving ₹ 0.88 crore out of which ₹ 0.11 crore had been recovered. The replies in the remaining cases have not been received (February 2016). These are discussed in succeeding paragraphs.

PERFORMANCE AUDIT

TAXATION DEPARTMENT

4.12 Admissibility of Input Tax Credit

Highlights

Taxation Department, Government of Manipur is responsible for ensuring proper checking of Input Tax Credit (ITC) claims in the returns filed, verification of tax invoices and other documents in support of ITC claims, imposition of restrictions under Manipur Value Added Tax Act 2004 and Manipur Value Added Tax Rules, 2005 *etc*. During audit the following deficiencies were noticed in the ITC system:

- The returns furnished by dealers did not show the stock position of goods with different items attracting different rates. Without stock position the veracity of the returns could not be ascertained.

(Paragraph 4.12.7.2)

- There was no system for the verification of tax invoices submitted by dealers in support of ITC claims. During the years 2012-13 to 2014-15, 41 dealers made excess claim of ₹ 28.07 lakh.

(Paragraph 4.12.7.3)

- There was neither any arrangement nor dedicated staff for conducting tax audit and audit assessment in the department as per MVAT Act.

(Paragraph 4.12.8)

- Section 35 of MVAT Act required periodic survey for identification of unregistered dealers, however, during the period under audit, only one survey was conducted.

(Paragraph 4.12.9)

- There was no formal grievance redressal system in the department. No Appellate Tribunal has been constituted till date.

(Paragraph 4.12.11)

4.12.1 Introduction

Value Added Tax (VAT) is a multi-point tax payable by manufacturers, processors, whole-sale dealers and retailers on the value added at each point of sale with provision for credit of tax paid during purchase and also at each point of purchase of such goods at rates mentioned in various State Value Added Tax Acts/Rules. In Manipur the tax rates are specified in Schedule I and II of the State VAT Act.

The tax payable by a dealer on sale of goods under the Act is called Output Tax while the tax paid by the dealer on purchases of goods/raw materials is called Input Tax. A dealer is liable to pay the net tax through the process of offsetting of Input Tax Credit (ITC) from the Output Tax.

The Manipur Value Added Tax Act (MVAT) 2004 and MVAT Rules, 2005 regulate the claims and allowance of ITC and imposition of restrictions on claim of ITC. Under the Act and Rules, registered dealers are entitled the benefit of ITC on purchases made from registered dealers within the State of Manipur with certain restrictions. It is the responsibility of the Taxation Department, Government of Manipur (GoM) to ensure proper checking of ITC claims in the returns filed, verification of tax invoices and other documents in support of ITC claims, imposition of restrictions under MVAT Act and Rules, establishing monitoring mechanism for the detection of bogus dealers in the VAT chain *etc*.

4.12.2 Organisational Setup

The Taxation Department is headed by the Commissioner of Taxes (CT) and is under the administrative control of Finance Department. For administrative convenience, the State is divided into 13 zones[2]. Each zone is headed by an Assistant Commissioner of Tax (ACT) or Superintendent of Taxes (STs).The dealers are required to file their tax returns with the respective ACTs/STs under whose jurisdiction they fall. The ACTs/STs monitor filing of returns, assess the returns filed and monitor payment of tax. The department does not have either an Audit wing or Vigilance wing.

4.12.3 Scope of Audit and Methodology of Audit

Only 128 dealers spread across 11 zones[3] claimed ITC[4] during the period 2012-13 to 2014-15. All these dealers were selected for test check.

The scope, objective and criteria of the Performance Audit were explained to the officers of the Department headed by the Commissioner of Taxes in an Entry Conference held in April 2015. Thereafter the Audit Team issued audit requisitions and questionnaires to elicit data and information on ITC claims. Books of accounts, assessment records, invoices in support of ITC claims and other records relating to VAT were test checked in the office of the Commissioner of Taxes and the offices of ACTs/STs. Based on the ITC claims, invoices of selling dealers were requisitioned and examined. Records of VAT maintained by the 128 dealers claiming ITC were also examined. The audit observations were discussed with officers of the Department headed by the Assistant Commissioner of Taxes in an Exit Conference in November 2015.

---

2 Including the section dealing with Works contracts which is treated as a zone.

3 No ITC claims reported in respect of Zones XI and Works Contract.

4 *(₹ in crore)*

Year	Number of dealers	VAT collected	Amount of ITC claimed
2012-13	103	224.83	14.64
2013-14	123	354.37	17.35
2014-15	122	429.42	14.15
Total		**1008.62**	**46.14**

The comments and views of the Department are incorporated in the report at appropriate places.

4.12.4 Audit Objectives

The Performance Audit was conducted to assess whether:

- the system provides for detection of apparent deficiencies in ITC claims in the returns filed;
- the system of VAT audit provides for adequate checks over ITC claims;
- the control mechanism in the Department is effective in ensuring compliance to provisions and detection of fraudulent dealers in the VAT chain;
- the ITC System is easy to administer and
- the dealers find the ITC system user friendly, efficient in grievance redressal and implementation of various statutory provisions including refunds.

4.12.5 Audit Criteria

The audit criteria were derived from the following sources:

- Provisions of MVAT Act, 2004;
- Provisions of MVAT Rules, 2005 and
- Notifications and orders issued under MVAT Act and MVAT Rules by the Government of Manipur from time to time.

4.12.6 Acknowledgement

Audit acknowledges the cooperation extended by the Taxation Department in providing necessary information and records for the purpose.

Audit Findings

Deficiencies noticed in the system of admitting ITC claims of dealers by the Department are discussed in the following paras:

4.12.7 Deficiencies in ITC Claims in the Returns Filed

4.12.7.1 Poor maintenance of records

As per Rule 10 of MVAT Rules, for availing ITC a registered dealer shall maintain output register showing a true and up-to-date account of all sales of goods, input register showing a true and up-to-date account of all purchases of goods, delivery notes received, sale and purchase documents, inventory of raw material, dispatch register of goods for sale outside the State and VAT Account register. Section 3 of MVAT Act provides that the Commissioner may make and issue general rules and specify forms for regulating the practice and proceedings of all officers and persons, issue such orders, instructions *etc*. for administration of this Act.

Test check of records of dealers showed that 108 dealers did not maintain output register, and 120 dealers did not maintain VAT Account register. There was no documented evidence to prove that the Tax Authorities conducted test check on the maintenance of prescribed records by the dealers. In absence of VAT account register, reverse credit on amount of ITC availed in respect of those goods which are not sold/resold because of theft/loss/destruction/ purchased taxable goods returned to the selling dealer *inter alia* could not be seen and checked by Audit.

The department has not notified records to be maintained by the Zones. Except for challan register, none of the test checked Zones maintained any records/registers for watching the receipt of returns. Consequently, the Assessing Authority (AA) had not monitored filing of returns and enforcing compliance by dealers.

The assessment files maintained for every registered dealer were not page marked and bound. This made the invoices supporting the ITC claims or purchases vulnerable/susceptible to loss, misplacement etc. Further, there were no records which could give a consolidated picture of dealers indicating details such as status of returns filed, assessments done, tax due and paid, ITC claimed by dealers in each zone etc. Without such records, the identification and selection of dormant or inactive dealers, dealers who do not submit returns but are claiming ITC *etc*. could not be examined in audit.

Thus, due to poor maintenance of records, the Department had not monitored the filing of returns and ITC claims by the dealers.

The Department accepted (December 2015) that record maintenance by both the Department as well as the dealers was poor and that official instructions would be issued to the dealers to comply with MVAT Rule 10. However, no information regarding issue of instruction has been received (February 2016).

4.12.7.2 Deficiencies in filing of returns

As per Rule 24 of MVAT Rules, every registered dealer and every dealer liable to pay tax shall furnish a correct and complete return in Form 10[5] in which the dealer is required to disclose details of his turnover, show the breakup of goods taxable at different rates, furnish details of calculation of Reverse Tax Credit etc. The Department issued (February 2013) order[6] for verification of returns with trading accounts of the dealers.

Out of 128 dealers test checked, 118 dealers did not attach with the returns calculation sheet of ITC claimed during the tax period. Trading accounts were

[5] Returns to be filed within 20 days from the close of a quarter or from the end of the month, depending upon the turnover of the dealer.

[6] Vide order No. 1(130)/IMP/2011 dated 18 February 2013.

neither submitted by 112 dealers with their returns nor was it called for by the Assessing Authority. The returns did not show the stock positions of goods attracting different rates of tax.

For admitting ITC claim under Section 17 of the MVAT Act, declaration of stock of unsold goods in Form 10 attracting different rates of tax at the end of a tax period is essential. The quantum of reversal of ITC on the unsold goods in case of closure of business or if goods are not sold because of any theft, destruction or damage for any reason *etc*., could not be ascertained without stock position of goods. Moreover, without stock positions, veracity of the returns could not be ascertained.

It was noticed that the list of purchase and sales was neither submitted along with the monthly/quarterly returns where filing of returns was done manually nor uploaded in the case of online submission of returns. Moreover, there were no instances of calling for sales lists[7] from selling dealers. Such lacuna could have been avoided had the department made filing of the list of purchase and sales by dealers along with returns mandatory.

The Department stated (December 2015) that though return in Form 10 requires declaration of different claims/sales and purchase figures, the dealers cannot be expected to maintain exact stock position. Moreover, stock position and furnishing of trading account statement is not mandatory for determining ITC. The reply is not acceptable as determining the quantum of reversal of ITC under Section 17(11) of the MVAT Act would not be possible if the exact stock position from time to time is not maintained. Moreover, verification of return (ITC claim) with trading account is mandatory as stated above.

4.12.7.3 Deficiencies in scrutiny of returns

i) Section 34(3) of MVAT Act provides that if a registered dealer has filed the return in respect of any tax period within the prescribed time and the return so filed is found to be in order, it shall be accepted as self-assessment subject to adjustment of any arithmetical error apparent on the face of the said return.

   Sales list of the selling dealer would disclose the tax actually paid by the purchasing dealer along the VAT chain. Before allowing set-off of ITC, invoices submitted by the dealer claiming ITC needs to be cross checked with sales list to verify the correctness of the claim. However, the MVAT Act/Rule is silent about requirement for submission of sales list by the selling dealer. There was also no record of notification issued by the Government in this regard. As the dealer was not obligated, no sales list was submitted along with returns scrutinized by audit. Moreover, two important modules in the VAT-soft namely e-filing of invoices and e-audit have not been implemented. Thus, there was no system of cross-checking of tax invoices submitted by dealers claiming ITC with the sales list and payment of tax by the selling dealers. The department has also not issued any check-list for scrutiny of ITC claim which could act as a ready reckoner to the

[7] Details of sales containing invoice No., date, name of purchasing dealer, particulars of the sales, value of sales, tax rate and the tax etc.

Assessing Authority. There was no system in place for verification of tax invoices submitted by dealers in support office claims.

ii) On scrutiny of tax returns and assessment orders along with tax invoices submitted by dealers claiming ITC, the following irregularities were noticed:

1. 41 dealers made excess ITC claim of ₹ 28.07 lakh[8] during the period from 2012-13 to 2014-15 as shown in ***Appendix 4.1.***

   The Department stated (December 2015) that notice was served to 29 dealers and three dealers have refunded the excess ITC to the tune of ₹ 11,143. In case of one dealer (M/S Furnish Well), ITC was claimed in the return by mistake. This contention is not acceptable as it contradicts the Assessment Order which allowed ITC. The department also stated that there was no excess ITC claim by two dealers (M/S Car Care and M/S CCN Mobiles). However, the Department did not furnish documents to substantiate their claim. The status in respect of remaining six dealers was not furnished.

2. Four dealers made excess claim of ₹ 1.95 lakh by claiming ITC at higher rate of 13.5 *per cent* on a purchase turnover of ₹ 30.37 lakh against permissible 5 *per cent* rate as shown in ***Appendix 4.2***.

   The Department stated that (December 2015) that notices were served to the dealers.

3. Section 17 of MVAT Act stated that ITC claim is allowed only for purchase of goods within the State from a registered dealer. Four dealers however submitted ITC claims of ₹ 5.83 lakh on invoices issued by unregistered dealers (***Appendix 4.3***) in contravention of the Act.

   The Department stated (December 2015) that that notices were served to the dealers.

4. ITC of ₹ 1.10 lakh was allowed to one dealer[9] on purchase turnover of ₹ 43.44 lakh for which the selling dealer could not be identified as neither the name of the dealer nor the TIN was available on the invoices.

5. Section 17(10) of MVAT Act allowed ITC claim only against tax invoice unless there is evidence that the same has not been issued by the selling dealer. However, ITC of ₹ 1.59 crore was allowed on a purchase turnover of ₹ 18.61 crore to 14 dealers ***(Appendix 4.4)*** even though tax invoices were not available with the dealer in contravention of the Act.

   The Department stated (December 2015) that it was not practical to keep all tax invoices in the office custody and it was not mandatory to show all tax invoices to Audit since they had made necessary checks and verifications. The reply is not acceptable as there were no documentary evidences of checks and verifications such as working sheets, list of purchases, names of selling dealers etc.

[8] ITC claimed ₹ 167.31 lakh ***minus*** ₹ 139.24 lakh (tax amount in the invoices).
[9] M/s Vipin Traders (TIN-14110143190).

6. Five dealers had claimed ITC to the tune of ₹ 7.78 lakh on purchase turnover of ₹ 103.48 lakh from four dealers ***(Appendix 4.5)*** who either did not file returns or showed nil sales in their returns. In case of one dealer[10], some of the invoices were issued before registration of the dealer.

   The Department stated (December 2015) notices were issued to the dealers and informed that in respect of three selling dealers (M/S Sarajeevan Enterprises, M/S Jain Electrical and Hardware Store and M/S Rebecca's World), the reply was awaited. In respect of one dealer M/S Furnish Well, ITC was claimed in the return by mistake. The contention is contrary to the assessment order and the selling dealer has to deposit the tax levied as per the invoice.

7. One dealer[11] claimed ITC of ₹ 1.67 lakh for the quarter ending June 2012 on a taxable purchase of ₹ 14.02 lakh from one selling dealer[12] whose VAT as per return was less than the ITC claimed[13].

8. One manufacturer[14] sold goods worth ₹ 11.09 crore to four local dealers during the period from January 2012 to December 2014 and charged VAT at the rate of 1 *per cent* as per return furnished. However, the four dealers claimed ITC of ₹ 50.69 lakh at the rate of 4 *per cent* and 5 *per cent* of the value of goods (details given in ***Appendix 4.6****)*. Moreover, the rate of VAT shown in the tax invoice and return furnished by the manufacturer to the taxation authority were different, which were not cross checked by the Assistant Commissioner of Taxes/Superintendent of Taxes.

   The Department stated (December 2015) that the matter was referred to the Government.

9. Six dealers claimed ITC of ₹ 5.09 lakh on a taxable purchase of ₹ 37.71 lakh from M/s N.T Enterprises (TIN-14810346178). The dealer did not file returns for period after the quarter ending June 2013. The return filed by the selling dealer did not show sales ***(Appendix 4.7).*** As a result veracity of the claim of ITC could not be ascertained. This would also mean that either the selling dealer was concealing the sales or the purchasing dealers were making wrong claims.

4.12.8 System of VAT Audit Over ITC Claims

i) Section 33 and 36 MVAT Act provide for Tax Audit and Audit Assessment respectively to act as a check of evasion of tax and as a deterrent to erring dealers.

ii) Section 33 provides that the Commissioner or any other tax officer as directed by him shall undertake Tax Audit of the records, stock in trade and the related documents of the dealers, who are selected by the Commissioner in the manner as may be prescribed for the purpose and shall examine the

[10] M/s Amp e-Services (TIN-14921852126).
[11] M/s Kishan Electronics (TIN-14410041124).
[12] M/s Thangjam Agency (TIN-14410119128).
[13] Tax of ₹ 0.19 lakh on a sale of ₹ 1.41 lakh.
[14] M/s Satyam Industries (TIN-14010638166).

correctness of return or returns filed and admissibility of various claims including input tax credit.

iii) Under Section 36 of the Act, the Commissioner may serve on a dealer in the prescribed manner a notice requiring him to appear on a date and place specified therein, which may be in the business premises or at a place specified in the notice, to either attend and produce or cause to be produced the books of account and all evidence on which the dealer relies in support of his returns including tax invoice, if any, or to produce such evidence as specified in the notice.

iv) Under VAT system much reliance is placed on self-assessment by the dealer and hence there are still chances of evasion of taxes by filing incorrect returns, suppression of facts etc. if there is no system of random check. Tax Audit and Audit Assessment are crucial as the records of dealers including books of accounts are examined in detail by the Assessing Authority. Planning for Tax Audit is completely absent in the department as discussed below.

Scrutiny of records showed that the department has not prescribed any criteria for selection of dealers for Tax Audit nor timeline for conduct of Tax Audit. There was no dedicated staff for Tax Audit. Neither Tax Audit nor Audit Assessment was done during the period from 2012-13 to 2014-15 inspite of the provisions in the MVAT Act except Audit Assessment of one dealer during 2013-14 and 2014-15.

Tax Audit and Audit Assessment of dealers provides an occasion for analysis of purchases and sales in the VAT chain and could also serve as a means to have a first-hand knowledge of trail of transactions of major dealers and collection of dealers' database. As Tax Audit and Audit Assessment were not conducted, database of the selling dealers was not available. This hampered identification of unregistered dealers and cross-checking of turnovers of sales and purchase.

On analysis of details of sales of selling dealers made available by the Department, it was noticed that 61 unregistered dealers[15] with a purchase turnover of ₹ 123.75 crore during 2012-13 to 2014-15 ***(Appendix 4.8)*** were not detected**.** The unregistered dealers in VAT chain would cause loss of tax on value additions. Similarly it was found that 31 registered dealers made local purchases of ₹ 69.32 crore during 2012-13 to 2014-15, out of which 16 dealers did not file their return and 15 dealers did not disclose the purchase in their return ***(Appendix 4.9)***. The loss of VAT on account of suppression of purchase turnover and subsequent sales could not be quantified in absence of the sales data and minimum standard profit margin. Thus, in the absence of Tax Audit wing, there is no deterrence on unregistered dealers doing irregular business and their suppression of local purchase.

The Department accepted (December 2015) the audit observation and stated that appropriate action would be taken.

[15] A dealer is required to get registered provided the gross turnover during last 12 consecutive months is ₹ 6 lakh or more.

4.12.9 Effectiveness of control mechanism in the Department in ensuring compliance to provisions and detection of fraudulent dealers in the VAT chain

i) Section 65 of MVAT Act provides for periodic survey for identification of unregistered dealers.

During the past three years (2012-13 to 2014-15) only one survey was reported to have been conducted. However, the details of the survey could not be furnished. As such the chances of detection/identification of fraudulent/bogus/ inactive dealers in the VAT chain were low.

There were instances of registered dealers claiming ITC against purchase made from unregistered dealers on the strength of the tax invoices issued by the unregistered dealer as mentioned in foregoing paragraph (4.12.7.3(ii)(3)). Cases of ITC claim by registered dealers against purchase made from registered dealers who had not filed return or filed returns with nil sales on the strength of the tax invoices issued by the latter dealers were also noticed. These irregularities remained undetected in VAT chain in the absence of enforcement wing.

ii) Section 54(2) read with Section 55(9) and 56 of MVAT Act provides that every registered dealer shall keep all accounts, registers and documents maintained in the course of business - electronically or in other forms until the expiry of five years after the end of the year to which they relate or for such other period as may be prescribed or until the assessment reaches its finality whichever is later. Section 64 of MVAT Act stipulated that the Commissioner may require any dealer to produce before him any accounts or documents, or to furnish any information, relating to stock of goods, sales, purchases, deliveries of goods, payments made or received by the dealer, or any other information relating to his business, as may be necessary for the purpose of this Act and these records, shall at all reasonable time, be open to inspection by the Commissioner.

The Department could not furnish any record of inspection conducted during the period covered by this audit. As a result Audit could not ascertain whether the Department was aware of the completeness of records maintained by the dealers. Audit requisitioned the output register/sales list from 74 selling dealers through the Department, out of which 42 dealers (57 per cent), as shown in ***Appendix 4.10***, could not produce records relating to 2012-13 to 2014-15. Hence, record maintenance at the dealer level was very poor.

The Department stated (December 2015) that neither the MVAT Act nor the MVAT Rules have specific provision for the external audit team to call for records/documents of the dealers. In this regard, Audit had obtained the dealers' records/documents through the concerned Tax Authority and hence the onus lies on the Department for making records available for test check by Audit.

4.12.10 The ITC System

(i) Imposition of restrictions of Input Tax Credit on purchases of goods, raw materials, capital goods etc.

Test check of the list of dealers claiming ITC showed that none of them were manufacturers, processor, dealers in SEZ zones, exporter claiming ITC and dealers who have been permitted by the Commissioner to make payment of presumptive tax at a percentage of the turnover of sales in lieu of tax as provided under Section 21 of MVAT Act. Further, no dealers who dealt in works contracts claimed ITC. As such, instances of complex situations such as partial allowance of ITC, imposing restrictions under different provisions of the Act in case of manufacturer, dealers in SEZ zones, exporters *etc*. were not noticed during period covered in Audit.

(ii) Shortage of manpower

There was shortage of staff. Against a sanctioned strength of 162, there were only 105 staff (35 *per cent* vacancy). The details are given below:

Sl. No.	Group	Sanctioned strength	Man-in-position	Vacancy
1	A	4	3	1
2	B	13	10	3
3	C	101	61	40
4	D	44	31	13
Total		**162**	**105**	**57**

Source: Departmental record

There was no specific delegation of power of the Commissioner of Taxes to other tax authorities. There were no Audit wing and Enforcement wing. As a result, implementation of the enforcement activities remained unattended. Moreover, two important modules in the VAT-soft namely e-filing of invoices and e-audit have not been implemented. This hampers detection of bogus, dormant or inactive dealers.

Thus, the Department had difficulties in implementation of the ITC system because of shortage of staff, non-existence of audit and enforcement wings and non-implementation of software modules.

The Department accepted (December 2015) that there was shortage of manpower.

4.12.11 Dealer Feedback on ITC System Interface

There was no formal grievance redressal system in place in the department. Appellate Tribunal has not been constituted so far. From the feedbacks collected from ITC claiming dealers, it was observed that majority[16] of the dealers found the system easy to comprehend. The dealers did not face problem in clearance of doubts and grievance redressal as the officials and staffs of the department were accessible and co-operative.

[16] Out of the 118 respondents, 10 said that the system is complicated, 2 stated that the system is moderate while the remaining 106 responded that the system was easy to comprehend.

The Department accepted (December 2015) that there was no official grievance redressal mechanism and the same would be looked into.

4.12.12 Conclusion

The Department failed to detect apparent deficiencies in the ITC claims as there was no system for verification of tax invoices submitted by dealers in support of ITC claims. System for tax audit and audit assessment as provided in the MVAT Act and MVAT Rules was not activated. There were no Audit and Enforcement wings. Record maintenance by dealers as well as by the Assessing Authority was poor.

4.12.13 Recommendations

For effective implementation of Input Tax Credit,

- The Department should bring automation in assessment and encourage online filing of returns, grievance redressal *etc.;*
- The deficiencies of the ITC system pointed out with respect to record maintenance, filing and scrutiny of returns, enforcement, *etc*., be addressed through appropriate notifications;
- The Department should place a system of cross verification of tax invoices in support of ITC claims with details available with selling dealers and
- System for selection of dealers and planning for Tax Audit and Audit Assessment should be evolved and implemented at an early date.

TRANSPORT DEPARTMENT

4.13 Implementation of Smart Card Project for Driving Licence and Registration Certificates of Vehicles

4.13.1 Introduction

The Department of Transport, Government of Manipur is governed by the Motor Vehicle Act (1988), Central Motor Vehicle Rules (1989); and other such notifications issued from time to time. The Department is responsible for identification of bonafide holders of Vehicle's Registration certificates and driving licences and also for maintaining records of the population of vehicles running in the State. In order to usher transparency and e–governance through induction of Information Technology (IT) in Transport Sector, standardized software was developed by the Ministry of Road Transport & Highways (Ministry), Government of India (GoI) in consultation with National Informatics Centre (NIC), and Governments of State/ Union Territory and the Smart Card industry. The software has been made available to State / Union Territory free of cost.

Smart Card was defined[17] in the Gazette Notification No. G.S.R. 400(E), dated 31 May 2002 and No.G.S.513 (E) dated 10 August 2004 issued by the Ministry, GoI. The Gazette Notification also empowered the States to prescribe the date for introduction of Smart Card based documents and precise specifications to be adopted for Smart Cards, Hand Held Terminals, printers and Smart Card Readers as embodied in the Central Motor Vehicle Rules, 1989 to ensure their uniform applicability throughout the country.

The Government of India set (September 2007) a dateline of 31 March 2008 for the States to complete implementation of Smart Card based project for issue of Driving Licence (DL) and Registration certificate (RC) and computerization of all Road Transport Officers (RTOs). In Manipur, the Department of Transport is responsible to implement the project.

4.13.1.1 Organisation Setup

The Department of Transport, Government of Manipur (the Department) is headed by a Secretary at the State level as the Administrative Head. At the Directorate level, the Department is headed by a Director who is assisted by two Deputy Directors, one Assistant Director and one Chief Information Technology Officer (IT Cell). There are nine districts in the State and each district is under the charge of one District Transport Officer (DTO) who is responsible for activities such as registration of vehicles, issue of driving licence, road permits and fitness issue etc. However, in Senapati district, there are two DTOs (Kangpokpi and Senapati) whereas there are no DTOs in Chandel and Tamenglong districts till the date of audit (October 2015). In addition, the Chief Technology Officer is responsible for technical activities such as Smart Card Registration Certificates, Driving Licence, etc.

4.13.1.2 Scope and Objective of the Audit

The State of Manipur has nine districts. The Department had so far implemented the project in six DTOs (namely Imphal West, Imphal East, Churachandpur, Thoubal, Bishnupur and Kangpokpi) and the Audit on Smart Card Project for Driving Licence and Registration Certificates of vehicles covered all these six DTOs for the period from 2010-11 to 2014-15. The objective of the audit was to evaluate the extent of implementation of the project in the State. Audit of records of DTO's was conducted during October to November 2015.

4.13.1.3 Objective of the Project

The objective of the project is to electronically link all the RTOs to their respective State Headquarter and subsequently link to the Central level to create National Register of Vehicles data. This system will ultimately prevent fabrication of fake Registration certificates and driving licences and impersonation in the context of the prevailing law and order situation of the States. The NIC would be the nodal agency for providing the national electronic connectivity.

---

[17] Smart Card means a device capable of storing data and executing commands which is a microprocessor chip mounted on a plastic card.

4.13.1.4 Planning for the implementation of the Project

Proper planning is important for achieving the targets of the project. Thorough planning should be done to assess the requirements of equipment and finance and ensure smooth progress on implementation and timely completion of the project.

The Department outsourced the project to the Manipur Electronic Development Corporation Ltd (MANITRON) as an Implementing Agency (IA) by entering into an agreement on 15 April 2008 for a period of five years which could be extended through a fresh agreement. Audit noticed that the Department implemented the project without proper planning. There was no strategy to convert all pre–scheme manual Driving Licences (DL) and Registration Certificates (RC) to Smart Card versions and no time frame to fully cover the entire State. Terms and conditions did not specify issues of commissioning, quality and durability of Smart Card. Due to lack of proper planning, implementation of the project was ineffective and progress was very slow. Details of implementation of the project are discussed in the succeeding paragraphs.

4.13.2 Audit Findings

4.13.2.1 Implementation of project

The State Government issued an order No. 19/1/2001-T(MV)pt dated 24 October 2008 to introduce Smart Cart Based Transport Management System in the State. The project involved issue of new Smart Card based RC/DL .For the existing holder of DL (other than Smart Card), their DL in Smart Card would be issued within a period of six months. The DTO, Imphal West was to commence issuing Smart Card RC and Smart Card DL with effect from 30 October 2008, whereas the GoI's target date for completion of the project by all States and Union Territories was 31 March 2008. Out of eight DTOs, the Department had so far commenced the project in six DTOs (October 2015). The dates of commencement of Smart Card project in each of the DTOs are given in **Table No. 4.13.1** below.

Table No. 4.13.1 Date of commencement of the Smart Card Project in the Districts

Sl. No.	District	Date of commencement
1	Imphal West	30-10-08
2	Imphal East	18-11-09
3	Churachandpur	18-11-09
4	Thoubal	05-01-11
5	Bishnupur	05-01-11
6	Kangpokpi (*under Senapati District*)	05-01-11
7	Senapati	Not commenced
8	Ukhrul	Not commenced

Source: Departmental Records

From the table above, it is seen that there was inordinate delay in the commencement of the project in all districts. Two DTOs *viz.,* Senapati and Ukhrul were not covered under this scheme as on date of Audit (October 2015). The Department did not furnish date/target when the project would be covered in the entire State. As a result, the Department had not complied with the direction of the Ministry of Road Transport, Government of India of completing the project even after a lapse of six years from the target date of implementation of the project. The Department stated (February 2016) that the project could not be fully implemented due to frequent bandhs, shortage of power supply and poor network connectivity.

4.13.2.2 Physical and financial target

The Department did not lay down physical and financial targets for completion of the project. The Implementing Agency is allowed to charge ₹ 180 per Driving Licence and ₹ 421 for Registration Certificate of Light Motor Vehicles (LMV) and Commercial Motor Vehicles (CMV) and ₹ 410 for Registration Certificate of Two Wheelers for issue of Smart Card.

As per Clause No. 3 of the contract agreement, the Department had provided equipment/appliances like servers, client machines, printers, 16 port networking switches, scanners, web camera with finger scanner and digital signature pad to the implementing agency for implementation of the project.

Accordingly the Department released ₹ 7.20 lakh[18] during 2007 to the Implementing Agency for purchase of equipment.

The implementing agency (MANITRON) had so far issued 21,376 Smart Card RCs of LMVs, 88,698 Smart Card RCs of two wheelers and 79,196 Smart Card DLs till 31 March 2015 (both fresh and existing). The year wise performance of issue of Smart Card is given in **Table No. 4.13.2** below.

Table No. 4.13.2 Issue of Smart Card Driving Licence and Registration Certificate by MANITRON

Sl. No.	Type of Smart Cards	** 2008-10	Years					Total
			2010-11	2011-12	2012-13	2013-14	2014-15	
1	RC for Four Wheelers (LMVs)	2,425	2,461	3,527	3,773	4,186	5,004	21,376
2	RC for Two wheeler	7,753	8,721	12,546	17,111	20,405	22,162	88,698
3	Driving Licences	5,825	10,845	14,795	15,122	15,289	17,320	79,196
Total		**16,003**	**22,027**	**30,868**	**36,006**	**39,880**	**44,486**	**1,89,270**

Source: Departmental Records ** from 30-10-08 to 31-03-10

The Department stated that commercial vehicles were not covered under the project as their taxes were allowed to be deposited on quarterly basis which will ultimately need regular changes/update of RC. The reply of the department is not acceptable as regular updating of RC smart card regarding payment of tax could have been done electronically. Thus, commercial vehicles were being left out of the purview of Smart Cards even after a lapse of 6 years since the launching of the project. The total achievement against the population of vehicles on issue of Smart Card (RCs and DLs) as on 31 March 2015 is given in **Table No. 4.13.3** below.

[18] vide Bill No. 136 and 137 dated 27 March 2007 for ₹ 3,87,935 on Cash Book Page No. 161 and Bill No. 69 dated 30 October 2007 for ₹ 3,31,901 on Cash Book Page No. 227.

Table No. 4.13.3 Outstanding Registration Certificates and Driving Licences to Smart Card as on 31 March 2015

Sl. No.	Type	Population/No to be converted into Smart Card	Smart Card issued by MANITRON	Percentage	
				Achievement	Shortfall
1	Four (4) Wheeler Registration Certificates –**LMVs	70,761	21,376	30 %	70 %
2	Two (2) Wheeler Registration Certificates	2,20,841	88,698	40%	60 %
3	Driving Licences	7,31,510	79,196	11 %	89 %
Total		**10,23,112**	**1,89,270**	**18 %**	**82 %**

Source: Departmental Records

*** ***LMV****: Light Motor Vehicles (Car, Van, Jeep, etc. four wheelers other than commercial vehicles)*

From the above table, it is seen that the achievement of issue of Smart Card during the last five years ranged from 11 *per cent* to 40 *per cent* only with an overall achievement of 18 *per cent* even after six years from the date of commencement of the project. The pace of issue of Smart Cards is found to be very poor. The Department however, did not strive to ensure timely completion of the project.

The district wise details of outstanding position of conversion of Registration Certificates and Driving Licences to Smart Card are given in **Table No. 4.13.4** below.

Table No. 4.13.4 District–wise details of outstanding Registration Certificates and Driving Licences to Smart Card as on 31 March 2015

Sl. No.	Districts	Date of implementation	Type of Smart Card	Population to be converted into Smart Card	Smart Card issued by MANITRON	Shortfall in number and percent
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
1	Imphal West	30/10/2008	Four Wheeler	47,245	17,035	30,210 (64%)
			Two wheeler	1,42,180	68,851	73,329 (52%)
			Driv. Licences	2,37,058	43,032	1,94,026 (82%)
2	Imphal East	18/11/2009	Four Wheeler	4,022	1,574	2,448 (61%)
			Two wheeler	14,465	8,189	6,276 (43%)
			Driv .Licences	21,096	6,674	14,422 (68%)
3	Churachandpur	18/11/2009	Four Wheeler	1,602	473	1,129 (70%)
			Two wheeler	21,599	4,062	17,537 (81%)
			Driv. Licences	1,45,266	11,973	1,33,293 (92%)
4	Thoubal	05/01/2011	Four Wheeler	4,735	559	4,176 (88%)
			Two wheeler	18,750	3,709	15,041 (80%)
			Driv. Licences	90,994	10,325	80,669 (89%)
5	Bishnupur	05/01/2011	Four Wheeler	12,630	1,642	10,988 (87%)
			Two wheeler	21,378	3,658	17,720 (83%)
			Driv. Licences	1,99,392	6,462	1,92,930 (97%)
6	Kangpokpi (SenapatiDist)	05/01/2011	Four Wheeler	527	93	434 (82%)
			Two wheeler	2,469	229	2,240 (91%)
			Driv. Licences	37,704	730	36,974 (98%)
TOTAL			**Four Wheeler**	**70,761**	**21,376**	**49,385 (70%)**
			Two wheeler	**2,20,841**	**88,698**	**1,32,143 (60%)**
			Driv. Licences	**7,31,510**	**79,196**	**6,52,314 (89%)**

From the above table, it is noticed that the percentage of outstanding Registration Certificates and Driving Licences to be issued as Smart Cards was the lowest in DTO Imphal East and highest in DTO Kangpokpi. Though the manual RC/DL were required to be surrendered within a period of six months from the date of commencement of project and fresh RC/DL are to be issued in Smart Card form, there was no enforcement mechanism to ensure the same.

4.13.2.3 Delay in issue of Registration Certificates

As per Rule 48 of the Motor Vehicle Rules, 1989, on receipt of an application for issue of certificates of registration under Rule 47 and after verification of the documents furnished therewith, the registering authority shall, subject to the provisions of Rule 44, issue to the owner of the motor vehicle a certificate of registration in Form 23 or Form 23-A, as may be specified in the Notification issued by the concerned State Government within the period of 30 days from the receipt of such an application.

Test check of the database of NIC (who activates the Smart Card) for the period 2010-15 showed that there were inordinate delays in issue of Smart Cards. Analysis of the number of days between date of registration and issue of RCs is shown in the **Table No. 4.13.5** below.

Table No. 4.13.5 Analysis of days between registration and issue of Registration Certificates during 2010-15

DTO	No. of days for issuing the card				Total
	0-30	31-90	91-365	>365	
Imphal West	64,648	684	1,664	4,988	71,984
Imphal East	7,949	84	192	554	8,779
Churachandpur	1,468	1,156	778	253	3,655
Bishnupur	3,250	64	230	547	4,091
Kangpokpi	163	79	65	25	332
Total	**77,478**	**2,067**	**2,929**	**6,367**	**88,841**

Source: Departmental Records

From the above table, it is seen that as against issue of 88,841 Smart Card RCs during 2010-15, 11,363 (12.80 *per cent)* were issued after the permissible stipulated time. The period of delays ranged from 30 to 90 days in 2,067 cases (2.3 *per cent)*, and in 2,969 cases (3.3 *per cent)* ranged from 90 to 365 days. Further, in 6,367 cases (7.2 *per cent)*, RCs were issued with a delay of more than 365 days. There is also no provision in the contract agreement to hold the Implementing Agency liable for the extraordinary delay or for imposition of financial penalty. Thus, the Department could not ensure issue of RCs on time. As such, there is a possibility that the vehicle owners might be also holding manual RCs thereby leading to the chances of duplication of RCs and impersonation of vehicle owners. In reply to an audit query the department stated that on fresh registration of vehicles, Smart Cards were issued timely.

4.13.3 Conversion of Backlog Registration Certificates

The Smart Card project was started in the State during 2008-09. In the first phase of implementation, the project was launched in Imphal West district on 30 October 2008 and thereafter the project was extended to five more DTOs on different dates. As per record provided by the Department, it is seen that the

Department had issued 1,74,956 RCs for LMVs and two wheelers before implementation of the project by six DTOs. Out of which the total number of RCs converted from manual to Smart Card during the year 2008–15 is given in **Table No. 4.13.6** below.

Table No. 4.13.6 Conversion of Pre-Scheme RCs to Smart Card

DTO	Commencement of Smart Card project	Type	No of RCs issued prior to implementation of project	No. of RCs Converted
Imphal West	30/10/08	4Wheeler	32,000	116
		2Wheeler	83,500	46
Imphal East	18/11/09	4Wheeler	1,584	338
		2Wheeler	7,390	308
Churachandpur	18/11/09	4Wheeler	499	113
		2Wheeler	14,998	40
Bishnupur	05/01/11	4Wheeler	8,621	965
		2Wheeler	13,787	142
Kangpokpi	05/11/11	4Wheeler	454	57
		2Wheeler	2,083	9
Thoubal	05/11/11	4Wheeler	2,300	201
		2Wheeler	7,740	45
Total		4Wheeler	45,458	1,790
		2Wheeler	1,29,498	590
Grand Total			**1,74,956**	**2,380**

Source: Departmental Records

From the above table it can be seen that out of 1,74,956 of backlog Registration Certificates, the Department had converted only 2,380 (1 *per cent*) to Smart Card in six DTOs. The Department had neither issued instruction nor given any direction to field offices with regard to conversion of the backlog certificates/licences till date. The deficient monitoring resulted in poor performance and shortfall of 99 *per cent* of the project in respect of conversion of backlog Registration. This will have serious adverse impact on the objective of project implementation.

4.13.3.1 Mismatch data on issue of driving licences

The Smart Card Project was outsourced to MANITRON as Implementing Agency during 2008–09. Accordingly, Smart Card of Registration Certificates and Driving Licences were issued from time to time. The Smart Card Registration Certificates and Driving Licences issued by the department in collaboration with MANITRON are captured by NIC (State). The NIC provides national connectivity to all the State Head Quarters and are then linked at the Central level to create National Register of motor vehicle data.

The department maintains the servers for storing the data and NIC captures the data of all Smart Card Driving Licences and Registration Certificates applications. The Smart Cards are activated by NIC in collaboration with MANITRON. Test check showed mismatch in the database of driving licences maintained by MANITRON and NIC as given in **Table No. 4.13.7** below.

Table No. 4.13.7 Comparison of figures* of NIC and MANITRON Driving Licence data

Year	NIC	MANITRON	Difference
**2008-10	5,080	5,128	-48
2010-11	9,123	8,605	518
2011-12	11,931	12,149	-218
2012-13	13,546	13,326	220
2013-14	13,626	13,199	427
2014-15	14,747	14,816	-69
Total	**68,053**	**67,223**	**830**

Source: Departmental Records

** Excluding figures of DTO Churachandpur; ** from 30 October 2008 to 31 March 2010*

From the above table it can be seen that the number of smart card DLs issued as per record of MANITRON was 830 less than the record of NIC. The difference indicates lacuna in maintenance of proper records on the number of smart card DLs issued during 2008-15 .The Department could not give a reconciled correct figure of Smart Card issued indicating it lacks control over implementation of the project.

The Department stated that steps were being taken to reconcile and find out the difference. The Department also stated that the reason could be due to dislocation of records and poor connectivity. The reply is not acceptable since the department had to maintain proper record on issue of smart card DLs and reconcile the figure with NIC periodically.

4.13.3.2 Inconsistency in reporting of vehicle population.

The field offices (DTOs) submitted monthly report on vehicles registered and driving licences issued during the month which were subsequently compiled at the Directorate level. However, audit noticed that the format of the reports of field offices were not uniform. It was seen that the report for DTO Thoubal for March 2013 shows only for the current month whereas the report for DTO Imphal West for the same month showed current month and cumulative figures of vehicle population. Audit also observed that the types of vehicles mentioned in the reports of DTOs were not uniform. As a result, the annual compilation of population was not consistent. Moreover, there was mismatch between the vehicle population furnished by MANITRON and the figures furnished by the six DTOs as shown in **Table No. 4.13.8** below.

Table No. 4.13.8 Mismatch between DTOs and MANITRON figures

Year	Four wheelers			Two wheelers			Total		
	DTOs	MANITRON	Diff.	DTOs	MANITRON	Diff.	DTOs	MANITRON	Diff.
2010-11	5,181	2,461	2,720	17,636	8,721	8,915	22,817	11,182	11,635
2011-12	4,816	3,527	1,289	12,807	12,546	261	17,623	16,073	1,550
2012-13	4,061	3,773	288	18,465	17,111	1,354	22,526	20,884	1,642
2013-14	5,766	4,186	1,580	22,395	20,405	1,990	28,161	24,591	3,570
2014-15	5,479	5,004	475	20,040	22,162	-2,122	25,519	27,166	-1,647
CB	**25,303**	**18,951**	**6,352**	**91,343**	**80,945**	**10,398**	**1,16,646**	**99,896**	**16,750**

From the above table a mismatch could be seen in the number of RCs of LMVs and two wheelers issued in six DTOs and MANITRON. The number of RCs of the implementing agency is less than total of six DTOs by 16,750 during 2010-15.

The Department did not have reliable records of vehicle population. The Department did not furnish reasons for the inconsistencies.

4.13.3.3 Issuance of Manual Driving Licences

The Government of Manipur (Transport Department) issued notifications dated 24 October 2008, 7 November 2009 and 27 December 2010 that all fresh Driving Licences be issued in Form 7 (Smart Card) as per Rule 16 of the CMV Rules 1989.

Test check of records showed that the number of driving licences issued during 2010-15 by four DTOs is more than that issued by MANITRON by 1,40,038 as shown in **Table No. 4.13.9** below.

Table No. 4.13.9 Driving Licences issued by DTOs and MANITRON after implementation of Smart Card Project

Year	Districts	Driving Licences issued		No. of Driving Licences issued other than Smart Card *Col (3) – Col (4)*
		Department (DTOs)*	MANITRON	
(1)	(2)	(3)	(4)	(5)
2010-11	Churachandpur	8,193	2,240	5,953
2011-12	Bishnupur, Churachandpur, Thoubal, Kangpokpi	57,917	6,203	51,714
2012-13	Bishnupur, Churachandpur, Thoubal, Kangpokpi	35,494	6,269	29,225
2013-14	Bishnupur, Churachandpur, Thoubal, Kangpokpi	34,970	5,824	29,146
2014-15	Bishnupur, Churachandpur, Thoubal, Kangpokpi	31,781	7,781	24,000
Total		**1,68,355**	**28,317**	**1,40,038**

Source: Departmental Records

** Including the Driving Licences issued by MANITRON as mentioned in column (4)*

From the above table, it is noticed that against a total number of 1,68,355 driving licences issued, 1,40,038 (83 *per cent)* of DLs were non Smart Card driving licences issued by four DTOs even after the implementation of Smart Card project in violation of direction of Ministry and State Government order. The Department had not taken stringent action to avoid such irregular practice. The Department stated (February 2016) that manual driving licence was issued considering the urgency of application of driving licences as there was shortage of power supply and poor network connectivity. The reply is not acceptable as 83 *per cent* of the driving licences were issued manually, which indicates that no effort was made by the DTOs to issue driving licences in Smart card. Hence the main objective of the project for smart card DLs was not achieved even after six years of implementation of the project.

4.13.3.4 Hand Held Terminals not utilised

Hand Held Terminals (HHTs) are intended to be used as Smart Card readers for on–field officials to verify the authenticity of the Smart Card Driving Licences or Registration Certificates on the spot at any point of time. In terms of Clause 4(g) of the agreement, MANITRON supplied 25 numbers of HHTs to the Department between January 2012 and March 2013. These HHTs were provided for maintaining smooth operation of the Smart Card project. The department stated that out of 25 HHTs, duly approved software had been installed in 10 HHTs and the remaining 15 HHTs software installation was still pending (December 2015). Thus, HHTs remained unutilised and was kept idle.

4.13.4 Conclusion

Transport Department, Government of Manipur had outsourced the Smart card project (RCs & DLs) to MANITRON on 15 April 2008 without any time frame for completion. The overall shortfall on issue of smart card was 82 *per cent* even after six years from date of commencement of the project. Also there was inordinate delay in issuing of Smart Card (RCs). The Department had neither issued instruction nor given any direction to field offices with regard to conversion of the backlog registration certificates/driving licences. There was mismatch between MANITRON and NIC data on issue of smart card driving licence. The Department was still issuing manual DLs (4 DTOs) even after implementation of smart card project.

4.13.5 Recommendation

The Government may consider the following to ensure effective implementation of the Smart Card project:

- Prepare a plan indicating target dates of completion of the project in all districts of the State for timely issue of Registration Certificates and Driving Licences, and vigorously monitor implementation;

- Instructions may be issued to ensure that no RC/DL are issued in manual form;

- Prepare an action plan to convert all backlog RCs and DLs into smart card within a specific time frame and declare them invalid after a prescribed time limit and

- Involve dealers and driving schools in the process of issuing of certificates and make it incumbent upon them to obtain only Smart Cards as is the practice in some States.

COMPLIANCE AUDIT

TAXATION DEPARTMENT

4.14 Evasion of Tax by Suppression of Purchase Turnover

Evasion of tax upto ₹ 11.28 lakh due to suppression of purchase turnover and consequent penalty to the tune of ₹ 22.54 lakh

As per Section 39 of the Manipur Value Added Tax Act (MVAT Act), 2004 after a dealer is assessed under Section 34(3) for any year or part thereof, if the Commissioner has reasons to believe that the whole or any part of the turnover in respect of any period has escaped assessment or been under-assessed, he may proceed to assess to the best of his judgment, the amount of tax due in respect of such turnover. Further, under Section 36(7)(b), penalty equal to twice the amount of additional tax assessed is leviable in the event of furnishing incorrect and incomplete returns on the part of the dealer.

Scrutiny of records (June 2015) maintained in Taxation Zones I and VIII showed that the concerned Assessing Authorities (AA) finalised the assessments of three dealers[19] under Section 34(3) of the Act *ibid* for different quarters between September 2013 and September 2014 based on the purchase turnover of goods of ₹ 5.49 crore from outside the State declared by the dealers in their returns.

On cross verification of records such as daily movement of Form C, goods registers (Check Gate Register) maintained at Hengbung taxation check post with purchase invoices obtained from website of Taxation Department, audit noticed that the dealers had purchased taxable goods worth ₹ 6.66 crore (details are shown in ***Appendix 4.11***). Thus, the declaration of purchase turnover of ₹ 5.49 crore as against the actual purchase of ₹ 6.66 crore amounted to suppression of purchase turnover to the tune of ₹ 1.18 crore (₹ 54.15 lakh taxable at the rate of 5 *per cent* and ₹ 63.48 lakh taxable at the rate of 13.5 *per cent*) which resulted in evasion of tax upto ₹ 11.28 lakh[20]. Consequently, under Section 36(7)(b) of the Act, it attracted penalty of ₹ 22.54 lakh.

On this being pointed out, the Commissioner stated (June 2015) that the matter will be looked into and tax will be recovered from the defaulting dealers. However, recovery of tax and penalty has not been intimated to audit (February 2016).

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

---

[19] i) M/s A.R. Store (TIN- 14810036182).
ii) M/s A.K. Enterprises (TIN-14921426134) and.
iii) M/s Manipur Agency House (TIN- 14410006162).

[20] 5% of ₹ 54.15 lakh + 13.5% of ₹ 63.48 lakh = ₹ 2.71 lakh + ₹ 8.57 lakh = ₹ 11.28 lakh.

4.15 Non-Levy of Penalty

The Department failed to impose penalty amounting to ₹ 48.86 lakh leviable on 77 dealers for not getting their accounts audited

Section 58 of the Manipur Value Added Tax (MVAT) Act, 2004 read with Departmental notification dated 13 September 2010 provides *inter alia* that if the gross turnover of a dealer in any year exceeds ₹ 60 lakh he shall get his accounts audited by a Chartered Accountant or by a person appointed to act as an auditor of the company within six months from the end of the assessment year and furnish such audited accounts to the Tax Authorities by the end of the month after expiry of the period of six months. In the event of failure, the Tax Authority shall impose a penalty on defaulter at the rate of 0.1 *per cent* of the turnover as may be determined by the taxation authority.

Test check of records (July 2015) of the Taxation Zones I, II, III, IV V *etc.* showed that 77 dealers whose turnover exceeded ₹ 60 lakh each during 2013-14 were assessed for total taxable turnover of ₹ 488.61 crore during the year. However, these dealers did not submit their audited accounts till July 2015 as against the due date of submission *i.e*. October 2014. The Tax Authorities did not levy penalty of ₹ 48.86 lakh (i.e. 0.1 *per cent* of taxable turnover of ₹ 488.61 lakh) as required under provisions *ibid*.

On this being pointed out the Commissioner of Taxes stated (July 2015) that the penalty would be recovered from the defaulting dealers. However, the position of actual recovery is yet to be furnished (January 2015).

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

4.16 Outstanding Tax and Penalty

The Department failed to collect outstanding tax of ₹ 108.38 lakh and penalty of ₹ 23.64 lakh from the dealers

Under Section 42(5) of the Manipur Value Added Tax (MVAT) Act, 2004, where a dealer fails to make payment of the tax assessed or interest levied or penalty imposed on him or any other amount due from him under the Act within 30 days of the date of service of the notice of demand, the Commissioner shall, after giving the dealer reasonable opportunity of being heard, direct that such dealer shall, in addition to the amount due, pay, by way of penalty, a sum equal to two *per cent* of such amount of tax, penalty, interest or any other amount due, for every month, for the period for which payment has been delayed by him after the date on which such amount was due to be paid. In the event that tax still remains unpaid after the due date of payment of notice served, Section 42(6) specifies that the dues shall be recovered as arrears of land revenue as per directions contained in Section 42(7).

Scrutiny of records (June 2015) of Commissioner of Taxes, Government of Manipur showed that four dealers[21] were served (July 2013 – May 2015) notices of demand for tax/interest/penalty in Form-8[22] of MVAT Rules 2005 with direction to pay a sum of ₹ 139.50 lakh within thirty days from the date of serving of the notices as shown in ***Appendix 4.12-A***. Against the demand, three[23] of the dealers paid ₹ 31.12 lakh (upto June 2015). The balance amount of ₹ 108.38 lakh remained outstanding, thereby attracting penalty of ₹ 23.64 lakh (June 2015) as shown in ***Appendix 4.12-B.***

Thus, the Department had failed to collect Government revenue to the tune of ₹ 132.02 lakh (₹ 108.38 lakh + ₹ 23.64 lakh).

The matter was referred to Department/Government (September, 2015) and reply is yet to be received (February 2016).

TRANSPORT DEPARTMENT

4.17 Arrears of Annual Tax on Vehicles

Arrears of annual Tax from the owners of vehicles amounting to ₹ 4.28 lakh along with penalty of ₹ 6.75 lakh was not realised

Sections 3 and 5 of the Manipur Motor Vehicles Taxation (MMVT) Act, 1998, read along with its amendment dated 31 March 2011, provide that a tax shall be levied and collected, on all motor vehicles used or kept for use in Manipur, in advance at the appropriate rate as specified in the First Schedule to the Act, and by appropriate opted mode of payment which *inter alia* include annual tax payable annually or quarterly at the rates applicable for the specific class of vehicle. Under Section 14 of this Act, in case of default, the vehicle owner shall be punishable with fine which may extend to a sum equal to the annual tax payable. Under Section 18 when a person without any reasonable cause fails to pay the tax, the registering authority shall proceed to recover such tax, including penalty as arrears of land revenue.

Scrutiny of the records (February 2015) of District Transport Officer (DTO), Imphal West such as Combined Register, Payment Register, Cash Book, TR-5 and data from VAHAN software showed that the DTO did not collect annual tax from 62 owners of goods vehicles for periods ranging from one quarter to fifteen quarters. The total annual tax realisable in respect of the 62 goods vehicles works out to ₹ 10.95 lakh**.** A fine of ₹ 10.95 lakh was also leviable which the department should have realised as per provisions stated above.

[21] M/s Manjushree Sales Agency (TIN 14410355160) and M/s Manipur Trading Corporation (TIN 14920634158), M/s Zenith Agency (TIN 14410086186) and M/s Kangleipai Service Station (TIN 14010782151).

[22] As per Rule 27, 28, 29 & 30 of MVAT Rules 2005, Notice of demand in Form 8 is served only after the dealer had been given reasonable opportunity of being heard.

[23] M/s Manipur Trading Corporation (TIN 14920634158), M/s Zenith Agency (TIN 14410086186) and M/s Kangleipai Service Station (TIN 14010782151).

While admitting the audit observation, the DTO, Imphal West, stated (November 2015) that tax amounting to ₹ 6.67 lakh was realised and an amount of ₹ 4.20 lakh was also collected as penalty.

However, recovery of the balance amount of annual Tax of ₹ 4.28 lakh (₹ 10.95 lakh *minus* ₹ 6.67 lakh) along with penalty of ₹ 6.75 lakh (₹ 10.95 lakh *minus* ₹ 4.20 lakh) from the owners of vehicles has not been intimated (February 2016).

Chapter V

General Sector

CHAPTER V
GENERAL SECTOR

5.1 Introduction

During 2014-15, against a total budget provision of ₹ 3,690.95 crore, a total expenditure of ₹ 2,529.74 crore was incurred by 16 Departments under the General Sector. The Department-wise details of budget provision and expenditure incurred there against are shown in **Table No. 5.1.1** below.

Table No. 5.1.1 Budget provision and expenditure of Departments in General Sector

(₹ in crore)

Sl. No.	Department	Budget Provision	Expenditure
1	Planning	1,181.16	197.36
2	Election	15.89	14.68
3	Police	1,160.51	1,042.32
4	General Administration	80.13	69.08
5	Finance *	990.94	984.36
6	Local Fund Audit		
7	Printing and Stationery	5.60	5.12
8	Administration of Justice	91.89	66.95
9	Revenue (including Office of Deputy Commissioners)	77.43	70.71
10	Fire Service	12.01	11.14
11	Assembly Secretariat	51.80	46.60
12	Vigilance	2.95	2.90
13	Manipur Public Service Commission	4.81	4.25
14	State Academy of Training	6.97	6.23
15	Governor Secretariat	4.01	3.65
16	Home	4.85	4.39
	Total	**3,690.95**	**2,529.74**

Source: Appropriation Accounts

** Excluding Appropriation No. 2 – Interest Payment and Debt Services*

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 total release of ₹ 74.63 crore directly released to different implementing agencies, ₹ 15.00 crore was under General Sector. The details are shown in ***Appendix 5.1.***

5.1.1 Planning and Conduct of Audit

Test audits were conducted during 2014-15 involving expenditure of ₹ 2,088.38 crore (including expenditure of ₹ 1,855.08 crore of previous years) of the State Government under General Sector, as shown in ***Appendix 5.2***.

Chapter VI

Follow up of Audit Observations

CHAPTER VI
FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Follow up on Audit Reports

As per the recommendations made by the High Powered Committee[1], *suo moto* explanatory notes on corrective/remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the Departments duly vetted by the Principal Accountant General (Audit), Manipur to the Public Accounts Committee (PAC)/Committee on Public Undertakings (CoPU) within three months[2] from the date of placing of Audit Reports in the Legislature.

Audit Report for the year 2013-14 featured two Performance Audits and 20 Compliance Audit paragraphs, out of which *suo moto* explanatory notes pertaining to one Compliance Audit paragraph had been received within the stipulated period of three months. However, in respect of earlier Audit Reports for the years 1999-2013 *suo moto* explanatory notes pertaining to 321 Compliance Audit paragraphs/ Performance Audits were not received within the stipulated period of three months either from the Departments or through the Manipur Legislative Assembly Secretariat.

6.2 Action Taken on Recommendation of Public Accounts Committee

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

As of December 2015, the PAC had published 33 Reports excluding one Report on Spot Visit and seven Reports on regularisation of excess expenditure. These Reports altogether contained 1,468 recommendations based on the examination of Audit Reports by the PAC. In respect of 10 Reports (1st Report to 10th Report) of the PAC containing 518 recommendations and 11 Reports (21st to 37th Report, excluding five Reports (excess regularisation) and one Report (Spot Visit) containing 219 recommendations, the Action Taken Notes (ATN) had been received and the PAC had published its subsequent reports on the ATN. Of the remaining 731 recommendations, no ATNs were received.

In the case of the CoPU, nine Reports had been published as of November 2014 excluding four Reports of Spot Visits. Based on the examination of the Audit Reports, the CoPU had published 147 recommendations. No ATN, however, had been furnished by the Departments/Corporations.

---

1 High Powered Committee appointed to review the response of the State Governments to the Audit Reports of the Comptroller and Auditor General of India (Shakdher Committee Report).

2 *Suo moto* replies to be furnished within three months; in case Audit paragraphs are not selected by the PAC/COPU during this period.

6.3 Monitoring of Audit Observations

The following committees had been formed at the Government level to monitor the follow up action on audit related matters:

Departmental Audit and Accounts Committees: Departmental Audit and Accounts Committees (DAAC) had been formed (January 2010) by all Departments of the State Government under the Chairmanship of the concerned Departmental Administrative Secretary to monitor the follow up action on Audit related matters. The function of the DAACs were to monitor the progress in disposal of the outstanding audit paras and Inspection Reports issued by the Principal Accountant General (Audit) and to review and supervise the working of the Departmental Audit and Accounts Sub-Committees constituted. The DAACs were to hold meeting once in three months. During 2014-15, no meeting of the DAAC was held.

State Audit and Accounts Committee: State Audit and Accounts Committees (SAAC) had been formed (January 2010) at the State Level under the Chairmanship of the Chief Secretary to monitor the progress in disposal of outstanding audit objections and pending Inspection Reports and to review and oversee the working of the DAAC. The SAAC was to meet once in six months. During 2014-15, no meeting of the SAAC was held.

6.4 Response to Audit Observations and Outstanding Inspection Reports

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

As of September 2015, 1895 Inspection Reports issued from 2003-04 onwards were outstanding for settlement. Even the initial replies, which were required to be received from the Heads of Offices of the Government Departments within four weeks from the date of issue of IRs were not received from the Departments.

It is recommended that the Government may review the matter and ensure that an effective system exists for: (a) sending replies to the Audit office within the prescribed time schedule; (b) recovering losses/outstanding advances/over payments in a time bound manner and (c) promptly sending response to audit observations.

Imphal **(Birendra Kumar)**
The 7 April 2016 **Principal Accountant General (Audit), Manipur**

Countersigned

New Delhi **(Shashi Kant Sharma)**
The 18 April 2016 **Comptroller and Auditor General of India**

APPENDICES

Appendix 1.1

(Reference: Paragraph 1.1)

Statement showing details of funds transferred directly to Implementing Agencies under Social Sector

(₹ in lakh)

Sl. No.	Name of Department	Name of Implementing Agencies	Fund released
1	Education	Jana Shikshan Sansthans, Senapati Imphal West Thoubal	74.93
		Society for Progressive Development for GIA for Research Publication and Monitoring	1.27
		Community Development Programme Centre for Access and Equity	4.00
		Sub-Total	***80.20***
2	Art and Culture	One NGO (Individuals) for Archives and Archival Libraries	0.56
		Two NGOs for Archives and Archival Libraries	0.61
		203 NGOs (Dance and Cultural Organisations) for Promotion and Dissemination of Art and Culture	645.74
		14 Individuals for Promotion and Dissemination of Art and Culture	6.21
		Sub-Total	***653.12***
3	Social Welfare	25 NGOs for Assistance to Voluntary Organization for providing Social Defence	292.32
		39 NGOs for Assistance to Voluntary Organization for programmes related to aged	131.26
		18 NGOs for Comprehensive Scheme for Combating Trafficking	143.95
		56 NGOs for Deen Dayal Disabled Rehabilitation Scheme	225.12
		Rural Development Organization for Working Women Hostel	30.00
		Leirik Memorial Charitable Society for Working Women Hostel	5.32
		Department of Social Welfare Government of Manipur for Gender Budgeting and Gender Disaggregated Data	2.78
		State Institute of Rural Development Manipur for Gender Budgeting and Gender Disaggregated Data	3.90
		17 NGOs for National Mission for Empowerment of Women Including Indira Gandhi Matritva Sahyog Yojana (IGMSY)	106.63
		14 NGOs for Scheme for the Welfare of Working Children in need of Care and Protection	75.15
		People Advance in Social Service, Churachandpur for Scheme arising out of the Implementation of the Person With Disabilities	4.09
		Education Research Cell for Scheme arising out of the Implementation of the Person With Disabilities	18.82
		Revival Foundation for Grants for Construction of Boys & Girls Hostel for SC & OBC	44.31
		Galaxy Club for Detailed National Survey to Access the Extent Pattern	28.46
		Sub-Total	***1112.11***
4	Medical, Health and Family Welfare	Manipur State Medicinal Plants Board, Manipur for National Medicinal Plants Board	6.20
		State Health Society, Manipur, Imphal for NRHM	578.00
		State Forest Development Agency for National Medicinal Plants Board	5.00
		Sub-Total	***589.20***
5	Minority and Other Backward Classes	14 NGOs for Free coaching and allied Scheme for Minorities	95.88
		One NGO for Free coaching for SCs & OBCs	7.35
		23 NGOs for Grants-in-aid to NGOs for SCs, OBCs, & Research & Training	56.68
		15 NGOs for Scheme for Leadership Development of Minority Women	31.59
		Amelioration Society for Skill Development Initiative	28.20

Sl. No.	Name of Department	Name of Implementing Agencies	Fund released
		Sangai Foundation Agency for Scheme for Leadership Development of Minority Women	3.22
Sub-Total			***222.92***
6	Labour and Employment	26 NGOs for Step support to Training and Employment Programme for Women	220.33
		Youth Development Services for GIA to Research/Academic Institution and Non-Government Voluntary Organisations	0.34
Sub-Total			***220.67***
7	Youth Affairs and Sports	5 NGOs for Promotion of Sports among Disabled	14.61
		9 NGOs for Youth and Adolescent Development General Component	78.27
		Th. Rajen Singh (Individual Agency) for Youth Hostel	1.44
		Integrated Rural Development & Education Organization for Grants for Construction of Boys & Girls Hostel for SC & OBC	44.30
Sub-Total			***138.62***
8	Tribal Affairs and Hills	11 NGOs for Grants-in-aid to NGOs for STs including Coaching & Allied Scheme and Award for Exemplary service	223.00
Sub-Total			***223.00***
9	Information and Public Relation	2 NGOs for Advocacy and Publicity	0.75
		Directorate of Information and Public Relation, Manipur for North Eastern Council	0.08
Sub-Total			***0.83***
TOTAL			**3240.67**

(Source: Finance Accounts)

** includes departments of Education (School), Education (University and Technical Education) and Adult Education, whenever relevant.*

Appendix 1.2

(Reference: Paragraph 1.1.1)

Year-wise details of expenditure audited in respect of Social Sector during 2014-15

(₹ in lakh)

Year	Expenditure incurred
2002-03	101.21
2003-04	245.19
2004-05	574.12
2005-06	697.30
2006-07	614.68
2007-08	926.32
2008-09	1307.56
2009-10	6368.36
2010-11	23224.81
2011-12	65153.27
2012-13	144460.3
2013-14	197833.81
2014-15	95557.37*
Total	**537064.30**

* *As the financial year 2014-15 was not completed during the period of audit, the expenditure was low during 2014-15 as compared to 2013-14.*

Appendix 1.3

(Reference: Paragraph1.2.3)

List of units covered during Performance Audit on ITI, 2015

Sl. No.	Name of Units	Location/ District
1.	ITI Takyel Imphal West	Imphal West
2.	ITI Phaknung	Imphal East
3.	Women ITI	Imphal West
4.	ITI Saikot	Churachandpur
5.	ITI Komlathabi	Chandel
6.	ITI Kakching	Thoubal
7.	ITI Ningthoukhong	Bishnupur
8.	ITI Ukhrul	Ukhrul
9.	ITI Tamenglong	Tamenglong
10.	ITI Senapati	Senapati
11.	ITI Jiribam	Imphal East
12.	Government Secretariat	Imphal West
13.	Directorate of Employment and Training	Imphal West
14.	Directorate of Craftsmen and Training	Imphal West

Appendix 1.4

(Reference: Paragraph 1.2.7.6)

Statement showing short deposit of admission fees

(All amounts in ₹)

Name of ITI	One year course	No. of trainees	Rate of admission/ Trainee	Amount	2 yr course	No. of trainees	Rate of admission/ Trainee	Amount	Total revenue collected	Total deposited	Challan No. and date	Difference
(1)	(2)	(3)	(4)	(5)= {(3)x(4)}	(6)	(7)	(8)	(9)= {(7)x(8)}	(10)= {(5)+(9)}	(11)	(12)	(13)= {(10)-(11)}
Kakching	2011-12	78	286	22,308	2011-13	16	526	8,416	30,724	27,578	4364 dt. 17.12.11	3,146
	2012-13	77	286	22,022	2012-14	31	526	16,306	38,328	34,896	6043 dt. 22.3.13	3,432
	2013-14	67	286	19,162	2013-15	16	526	8,416	27,578	21,572	3388 dt. 30.10.13	6,006
	2014-15	63	286	18,018	2014-16	21	526	11,046	29,064	25,760	3801 dt. 15.1.15	3,304
										Sub-Total		**15,888**
Phaknung	2010-11	108	286	30,888	2010-12	93	526	48,918	79,806	59,418	2915 dt. 30.12.10	20,388
	2011-12	91	286	26,026	2011-13	101	526	53,126	79,152	54,614	5258 dt. 4.2.12	24,538
	2012-13	82	286	23,452	2012-14	89	526	46,814	70,266	47,522	6043 dt. 22.3.13	22,744
	2013-14	72	286	20,592	2013-15	89	526	46,814	67,406	48,790	3388 dt. 3010.13 & 4873 dt. 18.1.14	18,616
	2014-15	70	286	20,020	2014-16	72	526	37,872	57,892	35,234	3801 dt. 15.1.15	22,658
										Sub-Total		**1,08,944**
Total												**1,24,832**

Appendix 1.5

(Reference: Paragraph 1.2.7.7)

Statement showing delay in remittance of revenue

Name of ITI	Year	Amount (in ₹)	Date of collection	Challan No. & Date of deposit	Delay (in months)
Saikot	2010-11	27,578	Aug-10	2922 dt. 30.12.10	4
	2011-12	16,480	Aug-11	5530 dt. 18.2.12	6
	2012-13	36,446	Aug-12	6043 dt. 22.3.13	7
	2014-15	27,916	Aug-14	3801 dt. 15.1.15	5
Komlathabi	2010-11	29,230	Aug-10	2868 dt. 29.12.10	4
	2012-13	31,146	Aug-12	6043 dt. 22.3.13	7
	2013-14	11,506	Aug-12	4873 dt. 16.1.14	5
	2014-15	22,608	Aug-14	3801 dt. 15.1.15	5
Phaknung	2010-11	59,418	Aug-10	2915 dt. 30.12.10	4
	2011-12	54,614	Aug-11	5258 dt. 4.2.12	6
	2012-13	47,522	Aug-12	6043 dt. 22.3.13	7
	2013-14	28,790	Aug-13	4873 dt. 16.1.14	5
	2014-15	35,234	Aug-14	3801 dt. 15.1.15	5
Jiribam	2010-11	11,656	Aug-10	4367 dt. 21.3.11	7
	2011-12	3,918	Aug-11	5258 dt. 4.2.12	6
	2012-13	12,188	Aug-12	6043 dt. 22.3.13	7
	2013-14	3,832	Aug-13	4873 dt. 16.1.14	5
	2014-15	3,938	Aug-14	3801 dt. 15.1.15	5
Total		**4,64,020**			

Appendix 1.6

(Reference: Paragraph 1.2.7.8)

Statement showing payments made before Administrative Approval and Expenditure Sanction (AA & ES)

Sl. No.	Particulars	Bill No. & Date	Amount (₹)	Dt. and No. of Cash Memos
1	Purchase of Exide battery	95 dt.5/3/10	23,185	8 May 2009 **(1)**
2	Purchase of consumable items	94 dt.5/3/10	70,495	2 May 2009 to 25 July 2009 **(3)**
3	Purchase of stationery	93 dt. 5/3/10	46,190	16 April 2009 to 28 April 2009 **(2)**
4	Purchase of Exide Battery	92 dt. 5/3/10	46,330	28 May 2009 to 11 June 2009 **(2)**
5	Purchase of consumable items	89 dt. 5/3/10	23,180	27 May 2008 to 12 February 2010 **(8)**
6	Purchase of consumable items under VTIP	98 dt. 8/3/10	72,410	10 September 2009 to 25 November 2009**(3)**
7	Purchase of consumable items under VTIP	97 dt. 8/3/10	95,860	27 June 2009 18 August 2009**(4)**
8	Purchase of consumable items under VTIP	117 dt. 23/3/10	23,000	15 February 2010 **(1)**
9	Purchase of consumable items under VTIP	116 dt. 23/3/10	72,470	21 February 2010 **(1)** (amount=24190)
10	Purchase of training materials of VTIP trades of ITI	5 dt. 26/3/11	1,67,120	19 May 2003 to 26 February 2011 **(16)**
11	Purchase of consumable items for the trade of Dress making and Preservation of Fruits and Vegetables	1 dt. 24/2/14	1,99,190	22 July 2013 to 16 September 2013**(13)**
12	Purchase of consumable items for the trade of Electrician	2 dt. 24/2/14	1,49,565	3 July 2013 to 4 September 2013**(14)**
13	Purchase of consumable items for the trade of Craftsmen Food Production and Hair and skin Care	3 dt. 24/2/14	1,93,950	29 June 2013 to 4 September 2013**(18)**
14	Purchase of consumable items for the trade Mechanic Motor Vehicle	4 dt. 24/2/14	1,74,295	10 Mar'13 to 12 Sep'13 **(13)**
15	Purchase of consumable items for the trade of RAC	5 dt. 12/3/14	90,620	12 June 2013 to 17 September 2013**(14)**
16	Purchase of misc. consumable Items for the trade IT & ESM	6 dt. 12/3/14	99,140	24 July 2013 to 8 October 2013**(8)**
17	Purchase of consumable items for the trade of Craftsmen Food Production	7 dt. 12/3/14	1,23,190	4 June 2013 to 2 August 2013**(10)**
18	Purchase of consumable items for the trade of Preservation of Fruits & Vegetables	8 dt. 12/3/14	87,600	12 June 2013 to 20 Aug'13 **(5)**
19	Purchase of consumable items for the trade of Hair and Skin Care	9 dt. 12/3/14	1,73,580	2 May 2013 to 18 October 2013**(17)**
20	Purchase of consumable items for the trade Mechanic Motor Vehicle	10 dt. 12/3/14	1,88,870	6 March'2013 to 17 Oct'2013**(13)**
21	Purchase of misc. consumable Items	11 dt. 22/3/14	2,62,200	6 Jan'2013 to 28 Jan'2014 **(30)**
Total			**23,82,440**	

Appendix 1.7

(Reference: Paragraph 1.2.7.9)

Statement showing splitting of sanction orders

Sl. No.	Particulars of purchases[1] for upgradation of ITI Imphal under VTIP	Bill No. & Date	Amount (₹)	No. of split sanctions
1	Purchase of consumable items for the trade of Dress making and Preservation of Fruits and Vegetables	1 dt. 24/2/14	1,99,190	8
2	Purchase of consumable items for the trade of Electrician	2 dt. 24/2/14	1,49,565	6
3	Purchase of consumable items for the trade of Craftsmen Food Production and Hair and skin Care	3 dt. 24/2/14	1,93,950	8
4	Purchase of consumable items for the trade Mechanic Motor Vehicle	4 dt. 24/2/14	1,60,352	7
5	Purchase of consumable items for the trade of RAC	5 dt. 12/3/14	90,620	4
6	Purchase of misc. consumable Items for the trade IT&ESM	6 dt. 12/3/14	93,192	4
7	Purchase of consumable items for the trade of Craftsmen Food Production	7 dt. 12/3/14	1,23,190	5
8	Purchase of consumable items for the trade of Preservation of Fruits &Vegetables	8 dt. 12/3/14	87,600	4
9	Purchase of consumable items for the trade of Hair and Skin Care	9 dt. 12/3/14	1,73,580	7
10	Purchase of consumable items for the trade Mechanic Motor Vehicle	10 dt. 12/3/14	1,77,538	8
11	Purchase of misc. consumable Items	11 dt. 22/3/14	2,62,200	13
12	Purchase of training materials of VTIP trades of ITI	5 dt. 26/3/11	1,67,120	8
13	Purchase of consumable items under VTIP	117 dt. 23/3/10	23,000	-
14	Purchase of consumable items under VTIP	116 dt. 23/3/10	72,470	-
15	Purchase of consumable items under VTIP	98 dt. 8/3/10	72,410	3
16	Purchase of consumable items under VTIP	97 dt. 8/3/10	95,860	4
17	Purchase of Exide battery	95 dt.5/3/10	23,185	-
18	Purchase of consumable items	94 dt.5/3/10	70,495	3
19	Purchase of stationery	93 dt. 5/3/10	46,190	2
20	Purchase of Exide Battery	92 dt. 5/3/10	46,330	2
21	Purchase of consumable items	89 dt. 5/3/10	23,180	-
Total			**23,51,217**	

[1] The items are raw materials for training of different trades. Though there was a single bill, the sanctions were split up.

Appendix 1.8

(Reference: Paragraph 1.2.8.1.7.1)

Statement showing shortfall in availability of tools and equipments

Sl. No.	Name of ITI	Required no. of tools & Equipment as per DGET/NCVT Norms	No. of various Tools & equipments actually available	Shortage	Percentage of shortage
1	Senapati	1289	268	1021	79.21
2	Ukhrul	4315	1512	2803	64.96
3	Phaknung	5598	2657	2941	52.54
4	Saikot	2364	533	1831	77.45
5	Kakching	2046	645	1401	68.48
6	Ningthoukhong	2336	1106	1230	52.65
7	Jiribam	300	147	153	51.00
8	Women ITI	2591	521	2070	79.89

Appendix 1.9

(Reference: Paragraph 1.2.8.1.7.2)

Statement showing outdated tools and equipments

<table>
<tr><th rowspan="2">Name of ITI</th><th rowspan="2">Trade</th><th colspan="2">Name of tools equipments</th></tr>
<tr><th>Required as per latest syllabus</th><th>Available</th></tr>
<tr><td rowspan="3">ITI Takyel</td><td>Stenography</td><td>Computer latest version with latest OS</td><td>8 Nos. of Type Writer</td></tr>
<tr><td>* COPA (A+B)</td><td>Desktops computers of latest configuration (i3/i5)</td><td>6 Nos. of P-IV Computer sets</td></tr>
<tr><td>IT & ESM</td><td>Desktops computers of latest configuration (i3/i5)</td><td>5 Nos. of P-IV Computer sets</td></tr>
<tr><td>ITI Senapati</td><td>Stenography</td><td>Computer latest version with latest OS</td><td>5 Nos. of Typewriter</td></tr>
<tr><td>ITI Saikot</td><td>Stenography</td><td>Computer latest version with latest OS</td><td>Typewriter</td></tr>
<tr><td rowspan="10">ITI Ningthoukhong</td><td rowspan="4">IT & ESM **</td><td>2KVA online UPS</td><td>UPS 1 No.</td></tr>
<tr><td>Optical scanner (Flatbed A4)</td><td>Scanner 1 No.</td></tr>
<tr><td>Mouse</td><td>Mouse (non-optical) 1 No. (Not working)</td></tr>
<tr><td>Colour TV</td><td>TV (black & White)-2 Nos.</td></tr>
<tr><td rowspan="2">Embroidery</td><td rowspan="2">Sewing machine</td><td>Sewing machine 6 Nos. (not working)</td></tr>
<tr><td>Sewing machine (Flora) 2 Nos. (not working)</td></tr>
<tr><td>SP ***</td><td>Computer latest version with latest OS</td><td>7 nos. Typewriter</td></tr>
<tr><td rowspan="3">COPA</td><td>Desktops computers of latest configuration (i3/i5)</td><td>Monitor(CRT), CPU-7 Nos.</td></tr>
<tr><td>UPS</td><td>UPS 7 Nos. (not working)</td></tr>
<tr><td>Scanner</td><td>Scanner 1 No. (not working)</td></tr>
<tr><td rowspan="2">ITI Tamenglong</td><td>Stenography</td><td>Computer latest version with latest OS</td><td>Typewriter to be replaced by Computer as per new syllabus</td></tr>
<tr><td>Secretarial Practice</td><td>Computer latest version with latest OS</td><td>Typewriter to be replaced by Computer as per new syllabus</td></tr>
</table>

*COPA : Computer Operator and Programming Assistant
**IT & ESM : Information Technology and Electronic System Management
*** SP : Secretarial Practice

Appendix 1.10

(Reference: Paragraph 1.2.8.1.7.3)

Statement showing un-installed machineries

<table>
<tr><th rowspan="2">Name of ITIs</th><th rowspan="2">Name of Trade</th><th colspan="2">List of Machineries</th><th rowspan="2">Date of received/supplied</th></tr>
<tr><th>Name of Machineries</th><th>Quantity</th></tr>
<tr><td rowspan="14">ITI Phaknung</td><td rowspan="10">Refrigeration & Air Conditioning</td><td>Ice Candy Machine</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td>Vacuum Pump</td><td>2 nos.</td><td>Not furnish</td></tr>
<tr><td>A/C Cooler</td><td>2 nos.</td><td>Not furnish</td></tr>
<tr><td>Room Cooler</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td>Acetylene Cylinder</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td>Water Cooler-I</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td>Refrigerant Charging Machine</td><td>2 nos.</td><td>Not furnish</td></tr>
<tr><td>High Vacuum pump</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td>Grinder Machine</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td>Stand Type Drilling Machine</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td rowspan="2">COPA</td><td>Room Air Conditioner</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td>Window Air Conditioner</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td rowspan="2">Motor Mechanic</td><td>Car Washer</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td>Air Compressor</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td rowspan="2">ITI Jiribam</td><td rowspan="2">Wireman</td><td>DC motor 3HP 220V</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td>One AC Single phase induction motor</td><td>1 no.</td><td>Not furnish</td></tr>
<tr><td rowspan="2">Women ITI</td><td>Embroidery</td><td>Sewing machine</td><td>1 no.</td><td>7/4/1994</td></tr>
<tr><td>Dressmaking</td><td>Training Machine</td><td>1 no.</td><td>7/4/1994</td></tr>
<tr><td>ITI Tamenglong</td><td colspan="2">All items received are place at ITI Takyel, Imphal</td><td></td><td>2009-10</td></tr>
</table>

Appendix 1.11

(Reference: Paragraph 1.2.8.3.1.1(ii))

Statement showing cash disbursement of stipends during 2013-2015

Name of ITI	Amount (in ₹)
Women ITI	88,700
ITI Ukhrul	2,14,178
ITI Tamenglong	1,00,932
ITI Kakching	1,51,836
ITI Jiribam	50,216
ITI Ningthoukhong	3,44,213
ITI Saikot	41,928
ITI Senapati	43,870
ITI Phaknung	4,61,264
ITI Takyel	2,92,409
ITI Komlathabi	2,34,644
Total	**20,24,190**

Appendix 1.12

(Reference: Paragraph 1.2.8.3.1.1 (iii))

Statement showing delay in payment of stipends

Name of ITI	Bill No. & date	Amount (in ₹)	Period	Date of payment	Delay in months
Phaknung	120(P) dt. 22.3.11	68,760	Nov'09 to July'10	22.3.11	8
	122(P) dt. 26.3.13	1,64,280	August'09 to July'10	26.3.13	32
Komlathabi	122(P) dt. 26.3.13	1,64,688	August'09 to July'10	26.3.13	32
Ningthoukhong	181(P) dt. 31.3.12	1,45,620	August'10 to July'11	31.3.12	8
	122(P) dt. 26.3.13	1,55,940	August'09 to July'10	26.3.13	32
Saikot	122(P) dt. 26.3.13	30,048	August'09 to July'10	26.3.13	32
Senapati	127(P) dt. 24.3.11	22,080	Sept'08 to July'09	24.3.11	20
	128(P) dt. 24.3.11	8,292	for the year 2008-09	24.3.11	20
	122(P) dt. 26.3.13	27,720	August'09 to July'10	26.3.13	32
Kakching	127(P) dt. 24.3.11	1,53,600	Sept'08 to July'09	24.3.11	20
	128(P) dt. 24.3.11	48,000	for the year 2008-09	24.3.11	20
	122(P) dt. 26.3.13	1,59,600	August'09 to July'10	26.3.13	32
Tamenglong	127(P) dt. 24.3.11	89,600	Sept'08 to July'09	24.3.11	20
	128(P) dt. 24.3.11	19,620	for the year 2008-09	24.3.11	20
Women ITI	127(P) dt. 24.3.11	34,409	Sept'08 to July'09	24.3.11	20
	128(P) dt. 24.3.11	13,200	for the year 2008-09	24.3.11	20
Takyel	127(P) dt. 24.3.11	47,042	Sept'08 to July'09	24.3.11	20
	128(P) dt. 24.3.11	28,761	for the year 2008-09	24.3.11	20
Total		**13,81,260**			

Appendix 1.13

(Reference: Paragraph 1.2.8.3.1.4(ii))

Statement showing availability of raw materials and consumable items

Sl. No.	Name of ITI	Availability of training Raw materials and consumable	Reasons for non-availability	Remarks
1	Senapati	Not available	Non-supply from directorate	
2	Women ITI	Not available	Not received from Government since last 5 years	
3	Jiribam	Not available	Non-supply from directorate	
4	Saikot	Available in limited quantity	No regular supply from head office	
5	ITI Kakching	Not available	Non-supply from directorate	
6	ITI Phaknung	Raw materials and consumable items for Practical classes are available in limited quantity	No regular supply from the directorate	
7	ITI Komlathabi	Not adequate	Non-supply from directorate	
8	ITI Tamenglong	Not available	Not transported to ITI Tamenglong but placed at ITI Takyel, Imphal	

*3 ITIs viz, ITI Takyel, ITI Ukhrul and ITI Ningthoukhong stated that raw materials are available in their institutes.

Appendix 1.14

(Reference: Paragraph 1.2.8.3.2.3)

Statement showing details of Construction Civil Works

(₹ in lakh)

Sl.No.	Name of work	Name of ITI	Expenditure/utilised as on date
1	Classroom and workshop	Women ITI	44.61
		ITI Kakching	44.61
		ITI Saikot	44.61
		Sub-total	**133.83**
2	Hostel	ITI Takyel	73.76
		ITI Komlathabi	73.76
		ITI Tamenglong	73.76
		ITI Phaknung	73.76
		ITI Ningthoukhong	73.76
		Sub-total	**368.8**
3	Boundary fencing	ITI Takyel	19.58
		ITI Komlathabi	19.58
		ITI Tamenglong	19.58
		ITI Phaknung	19.58
		ITI Ningthoukhong	19.58
		ITI Senapati	20.30
		ITI Ukhrul	20.30
		Sub-total	**138.50**
Total			**641.13**

Appendix 1.15

(Reference: Paragraph 1.2.8.4(a))

Statement showing details of study tours of supervisory staff

Name of ITI	Name of Guide teacher	Bill No. & date	Session	Date of journey	Amount of TA/DA
Senapati	L Rajen Singh (Instructor maths)	45(P) dt. 13.9.10	2009-10	12.9.10 to 18.9.10	770
Saikot	P Rajen Singh	46(P) dt. 13.9.10	2009-10	8.9.10 to 14.9.10	770
	GA Tiken				770
	Y Achouba				770
	T Chinzamang				770
	N Roma Devi				770
Women ITI	A Sapna Devi	52(p) dt. 10.8.11	2010-11	16.8.11 to 22.8.11	700
	K Suchitra Devi				700
Senapati	Th Santa Singh	98(p) dt. 16.2.13	2011-12	4.3.2013 to 8.3.2013	700
	T Ronex Singh				700
	A Ojit				700
	S Kaohe W/S attendant				700
Saikot	Y Achouba Singh	-	2011-12	10.3.2013 to 14.3.2013	700
	N Roma Devi				700
	L Hemanta				700
	K Kamkhogin				700
	T Chinzamang				700
Woman ITI	O Sushilkumar	-	2011-12	10.3.2013 to 14.3.2013	700
	A Sapana Devi				700
	L Bijen				700
Total					**14,420**

Appendix 1.16

(Reference: Paragraph 1.2.8.4(b))

Statement showing study tour conducted at the end of the course

Bill No. & date	Name of ITI	Session	Period of tour
80(p)(v) dt. 03.12.12	Ningthoukhong	2011-12	10-17.2.2013
	Phaknung	2011-12	2-8.2.2013
	Takyel	2011-12	4-10.2.2013 &18-24.3.2013
	Senapati	2011-12	14-17.2.2013
	Komlathabi	2011-12	11-15.2.2013
	Saikot	2011-12	13/2/13 Visit at ITI Guwahati
	Kakching	2011-12	10-16.2.2013
	Ukhrul	2011-12	11-16.2.2013
	Jiribam	2011-12	8-13.3.2013
	Tamenglong	2011-12	11-15.3.2013
	Women ITI	2011-12	11-16.2.2013

Appendix 1.17

(Reference: Paragraph 1.2.8.6.2)

Statement showing shortage of instructors in ITIs

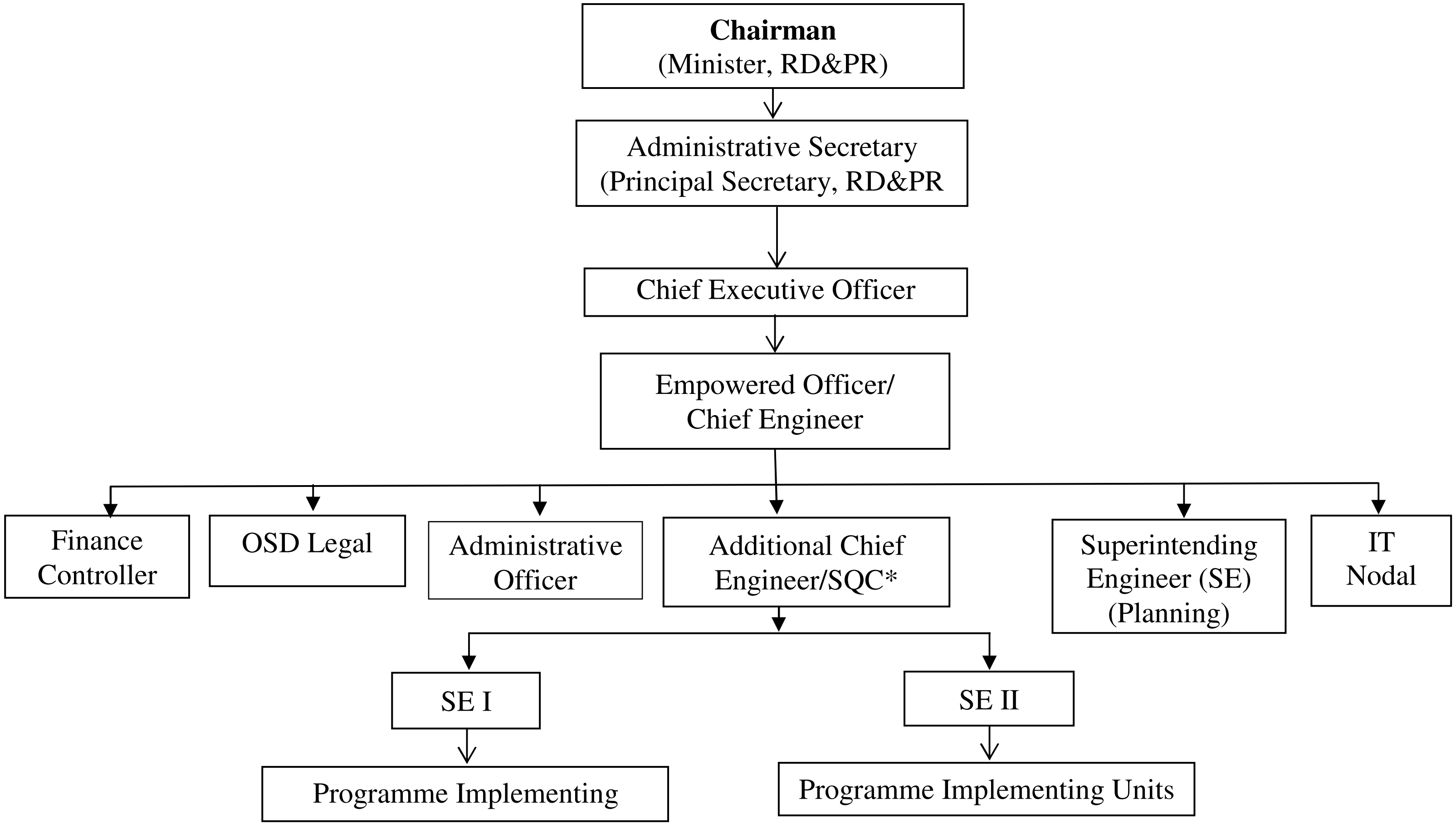
Sl. No.	Name of ITI	Sanctioned strength as per NVCT norms	Actual number employed	Shortage
1	ITI Kakching	10	5	5
2	ITI Saikot	12	6*	6
3	ITI Jiribam	3	1	2
4	ITI Phaknung	28	14*	14
5	ITI Senapati	8	4	4
6	ITI Takyel	30	27	3
7	ITI Tamenglong	20	10	10
8	ITI Ukhrul	25	22	3
9	ITI Komlathabi,	14	7*	7
10	ITI Ningthoukhong	16	8*	8
11	Women ITI	4	4	0
Total		**170**	**108**	**62**

*Only one instructor available for both theory and practical classes

Appendix 1.18

(Reference: Paragraph 1.3.2)

Organogram



***SQC- State Quality Coordinator**

Appendix 1.19

(Reference: Paragraph 1.3.8.2.2)

New Connectivity works not prioritised

Sl. No.	Block	Name of Habitation provided Connectivity (Habitation Code)	Population as per Core Network and CNCPL	Name of Road as per CNCPL (Link Route code)	Total Population served (including population of incidentally connected habitations)	Rank of priority in CNCPL	Phase of providing Connectivity (Package Code)	Remarks
Senapati district								
1.	Kangpokpi	Gorkha Tapon (024)	1016	T. Waichong to Gorkha Tapon (L046*1)	2857	2 in Priority slot "1000 & above"	**VI** (MN0634)	Execution on *L040*1* was initiated prior to execution on L046*1 and L032 which are at higher rank of priority in CNCPL violated the order of priority.
		Santalabari (095)	1007	NH-39 to Santalabari (L032)	2521	3 in Priority slot "1000 & above"	**VI** (MN0635)	
		Songtun (J) (106)	*1015*	*IT Road to Songtun (J) (L040*1)*	*1015*	*4 in Priority slot "1000 & above"*	***V*** *(MN0608)*	
2.	Kangpokpi	P. Kotha (083)	507	NH – 39 to P. Kotha (L038)	2016	2 in Priority slot "500 to 999"	**IX** (MN06173)	Execution on *L046*2* was initiated prior to execution on L038 which is at higher rank of priority in CNCPL violated the order of priority.
		Makui Ashang (064)	*522*	*Gurkha Tapon to Makui Ashang (L046*2)*	*1546*	*3 in Priority slot "500 to 999"*	***VIII*** *(MN0675)*	
3.	Mao Maram (Tadubi)	Chakha (002)	751	Rajamei to Chakha (L032*2)	1393	1 in Priority slot "500 to 999"	**VIII** (MN0685, (MN0686)	Execution on three Link Routes *L029, L034*2* and *L031* prior to execution on L032*2 which is at higher rank of priority in CNCPL violated the order of priority.
		Sadim Naga (054)	*860*	*Katomei to Sadim Naga (L029)*	*860*	*3 in Priority slot "500 to 999"*	***VII*** *(MN0643)*	
		Emeffithumei (007)	*714*	*Maram Khullen to Emeffithumei (L034*2)*	*714*	*4 in Priority slot "500 to 999"*	***VII*** *(MN0646)*	

Sl. No.	Block	Name of Habitation provided Connectivity (Habitation Code)	Population as per Core Network and CNCPL	Name of Road as per CNCPL (Link Route code)	Total Population served (including population of incidentally connected habitations)	Rank of priority in CNCPL	Phase of providing Connectivity (Package Code)	Remarks
		Makui Longdi (028)	*545*	*Oklong Mariram to Makui Longdi (L031)*	*545*	*6 in Priority slot "500 to 999"*	***VII*** *(MN0642)*	
Ukhrul district								
4.	Ukhrul	Khangkhui Khullen (011)	756	T02 to Khangkhui Khullen (L036)	2247	1 in Priority slot "500 to 999"	**VIII** (MN0954)	Execution on two Link Routes *L028* and *L029* prior to execution on L036 which is at higher rank of priority in CNCPL violated the order of priority.
		Seikhor (045)	*939*	*Lamlang Gate to Seikhor (L028)*	*939*	*4 in Priority slot "500 to 999"*	***VII*** *(MN0931)*	
		Champhung (001)	*760*	*Tuinem to Champhung (L029)*	*760*	*4 in Priority slot "500 to 999"*	***VII*** *(MN0932)*	
5.	Phungyar	Sikibung (035)	976	Litan to Sikibung(L029)	976	1 in Priority slot "500 to 999"	**IX** (MN09103)	Execution on two Link Routes *L034* and *L030* was initiated prior to execution on Link Route L029 which is at higher rank of priority in CNCPL violated the order of priority..
		ThawaiTangkhul (041)	*911*	*Gwaltabi to Thawai Tangkhul (L034)*	*911*	*1 in Priority slot "500 to 999"*	***VII*** *(MN0923)*	
		Lungphu (020)	*615*	*Litan to Lungphu (L030)*	*615*	*3 in Priority slot "500 to 999"*	***VII*** *(MN0930)*	

Source: MSRRDA

Appendix 1.20

(Reference: Paragraph 1.3.8.2.5.4)

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

(Amount in ₹)

Sl. No.	Package No.	Particulars	Awarded Value	Value quoted by the lowest (L-1) bidder (*percentage* below the Estimated Cost)	Financial Loss
(1)	(2)	(3)	(4)	(5)	(6) = (4) – (5)
1	MN0242	Chakpikarong to Challong Lamkhai (Phiranmachet Pt-I)	5,60,69,191.29	5,59,03,412.15 (*5.28*)	1,65,779.14
2	MN0245	SajikTampak to Molphei	4,88,22,100.03	4,87,70,869.56 (*5.10*)	51,230.47
3	MN0247	Chakpikarong to Thorcham (Ph-II: 8.20 km)	3,28,94,177.35	3,28,42,621.45 (*5.15*)	51,555.90
4	MN0251	Moreh (NH-39) to Woksu: Pt-I (0 - 7.00 Km)	3,10,85,634.35	3,10,29,122.30 (*5.17*)	56,512.05
5	MN0359	NH-150 (Thanlon) to Muntha (Irang) Phase-2 : 13.72 KM (0.00 to 13.72 km)	4,90,93,134.28	4,63,34,750.22 (*10.34*)	27,58,384.06
6	MN0361	Singhat to Songkong (0.00 to 15.27 km)	5,36,95,796.76	5,35,84,629.47 (*5.20*)	1,11,167.29
7	MN0362	Tiddim Rd to T. Khayang (0.00 - 9.20 km)	3,23,61,983.98	3,22,94,014.63 (*5.20*)	67,969.35
8	MN0673	Charoipandongba Chiru to Tingkai Khunou (0.00 to 9.45 km)	3,52,73,832.14	3,50,01,971.08 (*5.73*)	2,71,861.06
9	MN0676	Lamchok to Gimtihari (6.24 km)	2,25,47,966.55	22485309.97 (*5.002*)	62,656.58
10	MN0682	Makokching to Sadangkuki Pt-I (0.00 to 12 km)	4,48,94,119.63	4,45,35,443.97 (*5.76*)	3,58,675.66
11	MN0684	Nurathel to Mongbung	2,51,21,883.60	2,47,42,460.38 (*6.43*)	3,79,423.22
12	MN0748	T02 to Kahulong (Phase-II : 9.00 - 18.00 Km)	3,39,36,560.51	3,38,80,392.60 (*5.16*)	56,167.91
13	MN0946	BRTF Rd (T02) to Chahong khullen (0.00 : 10.00 Km)	3,83,31,976.83	3,75,00,518.54 (*7.06*)	8,31,458.29
14	MN0947	BRTF Rd(T02) to Chahong Khullen (Pt II: 10.00 - 20.00 km)	3,53,67,323.87	3,53,11,388.88 (*5.15*)	55,934.99
15	MN0949	Chatric Khullen to Maokot (0.00 : 10.00 Km)	3,82,63,077.59	3,74,29,830.29 (*7.07*)	8,33,247.30
16	MN0950	T02 / BRTF Rd to Shingcha (0.00 : 10.00 Km)	3,59,97,333.10	3,57,89,663.60 (*5.55*)	2,07,669.50
17	MN0951	T01 / BRTF Rd(Hongbai) to Kangoi (0.00 : 15.65 Km)	4,83,73,473.64	4,43,58,469.75 (*12.88*)	40,15,003.89
18	MN0954	T02 / BRTF Rd to Khangkhui Khunou (0.00 : 14.55 Km)	3,62,07,306.50	3,61,52,950.08 (*5.14*)	54,356.42
Total					**1,03,89,053.00**

Source: MSRRDA and OMMAS

Appendix 1.21

(Reference: Paragraph 1.3.8.2.5.5)

Upgradation works on ineligible roads

Sl. No.	Road Name/Road No	PCI Surveyed during/Reported during (Year)	Surface Type/PCI Index	Taken up during Phase (Sanction Year)	Sanctioned Cost (₹ in lakh)	Expenditure as on March 2015 (₹ in lakh)
1	T05 (Kongkham Leirak) to Chingangbam Leikai/L060	2014/July 2014	BT/3	IX (2013-14)	56.77	Not available
2	Laishram Leikai to Sajor Leikai/L058	2014/July 2014	BT/3	IX (2013-14)	62.06	45.33
3	T05 (Ningthoubung) to Kongpal Khaidem Leikai/L059	2014/July 2014	BT/3	IX (2013-14)	75.71	Not available
4	NH-150 to Angom Leikai/L051	2014/July 2014	BT/3	IX (2013-14)	116.31	20.05
5	T07/0.0 km to Ningomthongjao /L041	2014/July 2014	BT/3	IX (2013-14)	194.34	33.28
6	Bashikhong to Keirao Makting (Left Out) Uchekon to Takhok/L034*2	2014/July 2014	BT/3	IX (2013-14)	170.10	40.52
7	T08 to Mantripukhri Thakurbari/L068	2014/July 2014	BT/4	X (2014-15)	204.61	Not available
8	T05 to Chingmeirong Rongmei Colony/L062	2014/July 2014	BT/3	X (2014-15)	51.25	Not available
9	Uyumpok to Lamboikhul /L037	2014/July 2014	BT/3	X (2014-15)	373.75	Not available
10	Lamlai to Kamuchinjin Khunou/L047*2	2014/July 2014	BT/3	X (2014-15)	111.31	Not available
11	Moirangkampu to Phaknung/L056	2014/July 2014	BT/3	X (2014-15)	307.74	Not available
12	Moirangpurel to Etham/L043	2014/July 2014	BT/3	X (2014-15)	312.4	Not available
13	Irilbung to KeiraoBitra/L030	2014/July 2014	BT/3	X (2014-15)	204.61	Not available
14	Ayangpali to Thambalkhong/L039	2014/July 2014	BT/3	X (2014-15)	190.85	Not available
15	T07/0.7 to CEDTI & CHC/L040	2014/July 2014	BT/3	X (2014-15)	161.33	Not available
Total					**259.31**	**139.18**

Source: MSRRDA and 'Pavement Condition Index' Report of PIU Imphal East for the month of July 2014

Appendix 1.22

(Reference Para 1.3.8.2.5.6)

Short recovery of liquidated damages

(₹ in lakh)

Sl No.	Package No.	Name of work	Sanctioned Amount	Construction (Tendered Amount)	Start of work	Stipulated Date of completion	Actual Date of completion/ In progress	Delay in weeks	Liquidated Damage Leviable @ 1% Of TA Per Week *	Liquidated damage leviable@ 10% of TA	Amount Collected	Recover able balance Amount
1	2	3	4	5	6	7	8	9	10	11	12	13
Imphal East												
1	MN0419	*Construction of road from:* NH-150 (Sawombung) to Nungoi	174.34	147.42	15-11-2009	14-11-2010	16-10-2012	92	135.63	14.74	0	14.74
2	MN0420	*Construction of road from:* T01 (Luwangsang-bam Jn.) to Kameng	160.18	136.56	18-10-2009	17-10-2010	30-08-2011	41	56.00	13.66	1.44	12.22
3	MN0427	*Construction of road from:* Molkon to Matakhong	187.66	146.41	12-12-2009	11-12-2010	09-12-2011	48	70.27	14.64	1.54	13.1
4	MN0412 (A+B+C)	*Construction of road from:* T03(JT Road) to Mongbung	252.58	228.92	21-01-2009	20-01-2010	07-09-2011	78	178.56	22.89	2.37	20.52
Sub-total									**440.46**	**65.93**	**5.35**	**60.58**
Senapati-I												
1	MN0621	*Construction of road from:* Oinam to Ngamju	455.22	354.71	10-11-2009	09-05-2011 (18 Months)	30-04-2012	47	166.71	35.47	3.93	31.54
2	MN0632	*Construction of road from: Willong Khunou to Rajamei*	201.04	177.24	10-02-2010	09-08-2011 (18 Months)	10-05-2012	36	63.81	17.72	1.85	15.87
3	MN0633	*Construction of road from :Bendra-mei to Yangkhullen*	201.04	103.00	22-11-2009	21-05-2011 (18 Months)	30-04-2012	45	46.35	10.30	1.07	9.23
Sub-Total									**276.87**	**63.49**	**6.85**	**56.64**
Senapati-II												
1	MN0625	*Construction of road from:* New	319.46	278.73	02-01-2009	01-06-2010 (18 months)	01-10- 2011	64	178.39	27.87	2.91	24.96

		Keithelmanbi to Charoipandongba (Chiru)										
Sub-Total									**178.39**	**27.87**	**2.91**	**24.96**
Thoubal												
1	MN0804	*Construction of road from* :Imphal river to Ikop Pat	354.50	351.62	24-12-2006 (As per MB)	23-12-2007 (As per MB)	15-10-2010 (12 Months)	135	474.69	35.16	3.60	31.56
2	MN0825	*Construction of road from :Sekamijin to Sugnu (Lupa)*	278.39	253.34	14-11-2009	13-11-2010	31-12-2012 (12 Months)	102	258.06	25.33	2.64	22.69
3	MN0821	*Construction of road from: Khoirom Kekru to Pechi road*	161.68	145.47	12-03-2009	11-03-2010	30-10-2012 (12 Months)	126	183.30	14.55	1.56	12.99
4	MN0814	*Construction of road from: Samaram to Pulleipokpi*	146.59	125.00	28-02-2009	27-02-2010	29-03-2012 (12 Months)	100	125	12.5	1.31	11.19
5	MN0806	*Construction of road from: Thongjao to Komnao*	149.63	146.34	19-01-2007	18-01-2008	03-09-2011 (12 Months)	174	254.63	14.63	1.49	13.14
Sub-Total									**1295.68**	**102.17**	**10.6**	**91.57**
Ukhrul-I												
1	MNO923	*Construction of road from* Gwaltabi to Thawai (T)	189.18	151.74	25-09-2010	25-03-2012 (18 months)	26-03-2014	96	145.67	15.17	1.60	13.57
2	MNO928	*Construction of road from* Siroi to Chingsui (0 to 15 km)	391.2	354.07	22-10-2010	21-03-2012 (18 months)	25-10-2014	124	439.05	35.41	3.71	31.70
3	MNO932	*Construction of road from* Tuinem to Champhung	420.95	412.44	28-09-2010	27-02-2012 (18 months)	10-08-2014	118	486.68	41.24	3.62 (1.81+1.81)	37.62
Sub-Total									**1071.40**	**91.82**	**8.93**	**82.89**
Ukhrul-II												
1	MN0920	*Construction of road from* Kamjong to Chatric Khullen	441.5	427.65	23-09-2010	22-03-2012	26-4-2013 (In progress, dt of last measure-ment)	52	222.04	42.77	3.49	39.28

2	MN0927	*Construction of road from* BRTF Road to Lairam Khullen	462.49	427.69	17-10-0210	16-04-2012	01-12-2012	30	128.10	42.77	4.28	38.49
3	MN0942	*Construction of road from* Huishu to Khamasom Phungru – II	492.98	428.17	07-06-2013	06-12-2014	23-06-2015 (In progress, dt of last measure-ment)	26	111.28	42.82	4.28	38.54
4	MN0952	*Construction of road from* T01 (BRTF Road) to Khamlang	307.79	252.67	29-05-2013	30-11-2014	12-05-2015 (In progress, dt of last measure-ment)	21	53.76	25.27	0	25.27
Sub-Total									**515.18**	**153.63**	**12.05**	**141.58**
Total									**3777.98**	**504.91**	**46.69**	**458.22**

** Subject maximum limit of 10 per cent of Tender Amount as shown in column 11*

Appendix 1.23

(Reference: Paragraph 1.3.8.2.5.7)

Undue benefit to contractor

Details of Package No. and Name of work, Tendered Amount (Amount paid), Date of start & Time allowed	Work executed: Agreement Item No. / Particulars	Work executed: Volume (cum)	Date of measurement as per MB	No. of days taken to complete the excavation works as per MB	No. of days during which the said work could be executed as per the prescribed consumption statement (taking two D-50 bull dozers) (as calculated by Audit)	Volume of earth that can be excavated by two bull dozers in the recorded no of days (cum)	Volume of earth not excavated as calculated by audit (cum)	Payment made on volume not executed (₹)
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6) = (Cl. 3 divided by machine hour rate of two dozers working for 8 hours)**	**(7)=(Respective machine hour rate x 2 x 8 x no. of days)**	**(8)= (Cl. 3- Cl. 7)**	**(9)= (Cl. 8 x rate of the item)**
MN 691 : Construction of road from Willong Khunou to Chakha via Rajamei (0 to 10.33 km) ₹ 474.22 lakh **(₹ 162.36 lakh)** (*Senapati district*) Date of start: 11-07-2014 Time allowed: 18 months	6. Excavation in hilly areas in soil by mechanical means including cutting and trimming of side slopes and disposing of excavated earth with a lift upto 1.5 m and a lead upto 20 m as per drawing and technical specification	30,310.95	16/11/2014	10	$\frac{30310.95}{43.28x2x8}$ = **44**	43.28x2x8x10= 6924.8	23,386.15	18,70,892 (@₹80)
	7. Excavation in hilly area in ordinary rock not requiring blasting by mechanical means including cutting and trimming of slopes and disposal of cut material with a lift upto 1.5 m and lead upto 20 m.	5,828.8			$\frac{5828.8}{28.32x2x8}$ = **13**	0	5,828.8	7,86,888 (@₹135)
Oinam to Namju - MN0621-VI, (15.685 km) ₹ 373.04 lakh **(₹ 412.12 lakh)**	6. Excavation in hilly areas in soil by mechanical means including cutting and trimming of side slopes and disposing of excavated earth	41,604.98	25/02/2010	107	$\frac{41604.98}{43.28x2x8}$ = **60**	43.28x2x8x60= 41604.98	0	0

(*Senapati district*) Date of start: 11-10-2009 Time allowed: 18 months	with a lift upto 1.5 m and a lead upto 20 m as per drawing and technical specification							
	7. Excavation in hilly area in ordinary rock not requiring blasting by mechanical means including cutting and trimming of slopes and disposal of cut material with a lift upto 1.5 m and lead upto 20 m.	24,818.31			24818.31 = **55** 28.32x2x8	28.32x2x8x20= 9062	15,756.31	15,32,931.4 (@₹97.29)
	8. Excavation in hilly areas in hard rock requiring blasting by mechanical means, lift upto 1.5 m and disposal of excavated rock upto a lead of 20 m	24,700.9			24700.9 = **27** 56.67x2x8	56.67x2x8x27= 24700.9	0	0
Keithelmanbi to Charoi Pandongba Chiru MN0 625 (11 km.) ₹ 291.54 lakh **(₹ 257.93 lakh)** (*Senapati district*) Date of start: 01-02-2009 Time allowed: 18 months	6. Excavation in hilly areas in soil by mechanical means including cutting and trimming of side slopes and disposing of excavated earth with a lift upto 1.5 m and a lead upto 20 m as per drawing and technical specification	56,691.06	28/04/2009	116	56691.06 = **82** 43.28x2x8	43.28x2x8x82= 56691.06	0	0
	7. Excavation in hilly area in ordinary rock not requiring blasting by mechanical means including cutting and trimming of slopes and disposal of cut material with a lift upto 1.5 m and lead upto 20 m.	11,339.75			11339.75 = **25** 28.32x2x8	28.32x2x8x25= 11339.75	0	0
	8. Excavation in hilly areas in hard rock requiring blasting by mechanical means, lift upto 1.5 m and disposal of excavated rock upto a lead of 20 m	22,881.9			22881.9 = **25** 56.67x2x8	56.67x2x8x9=8160.48	14,721.42	28,10,760.72 (@₹190.93)

MN 671 : Construction of road from NH 39 to Saikotjang (7.77 to 15.37 Km) ₹ 324.83 lakh **(₹ 332.58 lakh)** (*Senapati district*) Date of start: 30-9-2010 Time allowed: 18 months	6. Excavation in hilly areas in soil by mechanical means including cutting and trimming of side slopes and disposing of excavated earth with a lift upto 1.5 m and a lead upto 20 m as per drawing and technical specification	47,637.38	18/10/2010	19	47637.38 / 43.28x2x8 = **69**	43.28x2x8x19= 13157.12	34,480.26	26,70,496.14 (@₹77.45)
	7. Excavation in hilly area in ordinary rock not requiring blasting by mechanical means including cutting and trimming of slopes and disposal of cut material with a lift upto 1.5 m and lead upto 20 m.	9,567.6			9567.6 / 28.32x2x8 = **21**	0	9,567.6	10,68,318.22 (@₹111.66)
	8. Excavation in hilly areas in hard rock requiring blasting by mechanical means, lift upto 1.5 m and disposal of excavated rock upto a lead of 20 m	3,302.85			3302.85 / 56.67x2x8 = **4**	0	3,302.85	7,88,555.438 (@₹238.75)
MN 920 : Construction of road from Kamjong to Chatric Khullen (26 to 40 Km) ₹ 444.87 lakh **(₹ 349.09 lakh)** (*Ukhrul district*) Date of start: 23-9-2010 Time allowed: 18 months	6. Excavation in hilly areas in soil by mechanical means including cutting and trimming of side slopes and disposing of excavated earth with a lift upto 1.5 m and a lead upto 20 m as per drawing and technical specification	1,22,000	30/3/2011	189	122000 / 43.28x2x8 = **176**	43.28x2x8x176 =122000	0	0
	7. Excavation in hilly area in ordinary rock not requiring blasting by mechanical means including cutting and trimming of slopes and disposal of cut material with a lift upto 1.5 m and lead upto 20 m.	30,000			30000 / 28.32x2x8 = **66**	0	30,000	35,25,900 (@₹117.53)

	8. Excavation in hilly areas in hard rock requiring blasting by mechanical means, lift upto 1.5 m and disposal of excavated rock upto a lead of 20 m	17,500			17500 / 56.67x2x8 **= 19**	56.67x2x8x13= 11787.36	5,712.64	14,35,643.56 (@ ₹251.31)
MN09123: Construction of road from L 32 to Nongdam K ₹ 148.67 lakh **(₹ 151.08 lakh)** (*Ukhrul district*) Date of start: 09-10-2014 Time allowed: 18 months	6. Excavation in hilly areas in soil by mechanical means including cutting and trimming of side slopes and disposing of excavated earth with a lift upto 1.5 m and a lead upto 20 m as per drawing and technical specification	36,298.38	11-05-2014	57	36298.38 / 43.28x2x8 =52	43.28x2x8x52= 36298.38	0	0
	7. Excavation in hilly area in ordinary rock not requiring blasting by mechanical means including cutting and trimming of slopes and disposal of cut material with a lift upto 1.5 m and lead upto 20 m.	16,696.43			16696.43 / 28.32x2x8 = 37	0	16696.43	19,09,904.63 (@₹114.39)
	8. Excavation in hilly areas in hard rock requiring blasting by mechanical means, lift upto 1.5 m and disposal of excavated rock upto a lead of 20 m	8,398.8			8398.8 / 56.67x2x8 = 9	56.67x2x8x5=4533.6	3865.2	9,38,818.428 (@₹242.89)
Total payment made ₹ 1,665.16 lakh	**Total**	**5,09,582.09**					**1,63,317.66**	**193,39,108**

Source: MSRRDA

Appendix 1.24

(Reference: Paragraph 1.3.9)

Abstract of financial irregularities noticed during the Performance Audit of PMGSY

(₹ in lakh)

Sl. No	Para No.	Particulars	Money Value)
1	1.3.7.2.1	Execution of Works on routes not included in Core Network	416.70
2	1.3.7.2.2	New Connectivity work not prioritised	1,712.00
3	1.3.7.2.3	Execution of New Connectivity works to connect already connected habitations	1,228.58
4	1.3.7.2.5.4	Loss to Government due to non-award of work to the lowest bidder	103.89
5	1.3.7.2.5.5	Upgradation works on ineligible roads	139.18
6	1.3.7.2.5.6	Short recovery of liquidated damages	458.22
7	1.3.7.2.5.7	Undue benefit to contractor	193.39
8	1.3.7.2.5.8	Payment to contractor without execution of works	28.45
9	1.3.7.2.5.9	Deficiency in Technical Sanction	17.24
10	1.3.7.2.5.10	Construction of road in contravention of PMGSY guidelines	271.45
11	1.3.7.2.5.12	Execution of inadmissible work	332.58
12	1.3.7.2.5.13	Work incomplete/abandoned/dropped for various reasons	1,228.19
13	1.3.7.4	Maintenance of PMGSY roads	479.00
14	1.3.7.5.3	Short/delay in release of Central Administrative Fund by GoI	868.13
15	1.3.7.5.4	Delayed release of funds by the State Government to State Nodal Agency	200.55
16	1.3.7.5.5	Diversion of administrative fund towards inadmissible items	41.63
17	1.3.7.5.7	Irregular transfer of the Central Administrative Fund to the State Administrative Fund	35.84
18	1.3.7.5.8	Irregular booking of receipt from sale of tender forms to miscellaneous receipts of the State Administrative Fund	314.90
Total			**8,069.92**

Appendix 2.1

(Reference: Paragraph 2.1)

Statement showing details of funds transferred directly to Implementing Agencies under Economic Sector

(₹ in lakh)

Sl. No.	Name of the Department	Name of Implementing Agencies	Fund released
1	Science & Technology	S. Kula Women's College for Bioinformatics	16.32
		Lilong Haoreibi College for HRD Biotechnology	15.72
		14 NGOs for Design and Technical Upgradation Scheme	22.57
		S.Kula Women's College for HRD Biotechnology	17.29
		Manipur Renewable Energy Development Agency (MANIREDA) for Off Grid DRPS	157.47
		D.M. College Of Science for Research Development for Conservation	3.03
		Manipur Renewable Energy Development for Renewable Energy for Rural Application for all Villages	5.88
		Centre for Human Resource and Economic Development for Research Education Training and Outreach	1.50
		Manipur Science and Technology Council for State Science and Technology Programme	32.48
		Manipur Science and Technology Council for Science and Technology Programme for Socio Economic Development	91.96
		12 NGOs for Science and Technology Programme for Socio Economic Development	62.06
		United College, Lambung ,Chandel for Technology Development Programme	5.00
		Society's Abbatial Network for Greater Advancement (Sanga) Technology Development Programme	5.00
		Imphal College for Technology Development Programme	4.00
		5 NGOs for Biotechnology for Social Development	32.14
		Care and Share (Cash) Foundation for Biotechnology for Societal Development	7.90
Sub-Total			***480.32***
2	Tourism	Manipur Development Society for North Eastern Council	107.82
		Assistance to IHMS FCIS *etc.* for Institute of Hotel Management Catering Technology and Applied Nutrition Manipur	300.00
Sub-Total			***407.82***
3	Commerce and Industries	2 NGOs for Baba Saheb Ambedkar Hastashilpa Vikas Yojana	2.85
		Department of Commerce and Industries for NER-Textile Promotion Scheme	740.93
		Department of Commerce and Industries for Infrastructure and Capacity Building	328.00
		12 NGOs for Human Resource Development (HRD), Handicraft	18.34
		Department of Commerce and Industries for Human Resource Department (ISDS)	311.70
		One NGO for Handicrafts-Infrastructure and Technical Development Scheme	14.14
		Manipur Handloom & Handicrafts Development Corporation, Ltd. for National Handloom Development Programme CS	5.00
		4 NGOs for Marketing Support and Services & Export Promotion Scheme	25.89
		2 NGOs for Research & Development (Handicrafts)	5.00

Sl. No.	Name of the Department	Name of Implementing Agencies	Fund released
		Associate Action for Progressive Development Society, Manipur for Scheme for Infrastructure Development	245.67
		The Socio Oriental Fast Industrial Association for Scheme for Human Resource Development	0.50
		2 NGOs for MDA Programme	0.50
		Private Sector Companies for MDA Programme	2.00
		Sub-Total	***1700.52***
4	Forest and Environment	Directorate of Environment, D/o Environment and Forest, Government of Manipur for Alliance and R & D Mission	75.00
		Foundation for Environment and Economic Development Services for Disha Programme for Women in Science	6.00
		One NGO For Environment Information Education and Awareness	1.60
		Manipur ENVIS Centre on Status of Environment and related issues	12.80
		Manipur Pollution Control Board for Pollution Abatement	38.17
		Sub-Total	***133.57***
5	Agriculture	Office of Agriculture Officer (Market Intelligence) for Integrated Scheme on Agriculture Marketing	0.14
		Sub-Total	***0.14***
		Total	**2722.37**

Source: Finance Accounts

Appendix 2.2

(Reference: Paragraph 2.1.1)

Year-wise details of expenditure audited in respect of Economic Sector during 2014-15

(₹ in lakh)

Year	Expenditure incurred
2001-02	81.4
2002-03	76.97
2003-04	151.87
2004-05	329.34
2005-06	733.67
2006-07	1183.58
2007-08	1196.53
2008-09	1592.14
2009-10	4889.04
2010-11	15261.43
2011-12	33964.41
2012-13	211987.65
2013-14	84989.53
2014-15	15815.83*
Total	**372253.39**

* *As the financial year 2014-15 was not completed during the period of audit, the expenditure was low during 2014-15 as compared to 2013-14.*

Appendix 2.3

(Reference: Paragraph 2.2.9.2)

Parameters measured for monitoring of water quality

Sl. No.	Parameters to be observed	2010-11	2011-12	2012-13	2013-14	2014-15
1	Colour	-	-	-	-	NA
2	Odour	-	-	-	-	NA
3	Temperature	Yes	Yes	Yes	Yes	NA
4	PH	Yes	Yes	Yes	Yes	NA
5	Electric Conductivity (EC)	Yes	Yes	Yes	Yes	NA
6	Dissolved Oxygen (DO)	Yes	Yes	Yes	Yes	NA
7	Turbidity	Yes	-	-	Yes	NA
8	Total Dissolved Solid (TDS)	Yes	Yes	Yes	Yes	NA
9	NH3-N	-	-	-	-	NA
10	NO2+NO3	-	-	-	-	NA
11	Total Phosphorus (P)	Yes	Yes	Yes	Yes	NA
12	Biological Oxygen Demand (BOD)	Yes	Yes	Yes	Yes	NA
13	Chemical Oxygen Demand (COD)	Yes	Yes	Yes	Yes	NA
14	Potassium	-	-	Yes	-	NA
15	Sodium (Na)	Yes	Yes	Yes	Yes	NA
16	Calcium (Ca)	Yes	-	Yes	Yes	NA
17	Magnesium (Mg)	Yes	Yes	Yes	Yes	NA
18	CO3	-	-	-	Yes	NA
19	Hydro Carbonate (HCO3)	-	-	-	-	NA
20	Chlorine (Cl)	Yes	Yes	Yes	Yes	NA
21	SO_4	-	-	-	-	NA
22	Flourine (F)	-	-	-	-	NA
23	Boron (B)	-	-	-	-	NA
24	Total Coliform	Yes	Yes	Yes	Yes	NA
25	Faceal Coliform	-	-	-	-	NA
	No of parameters not measured during the year	11	13	11	10	25

**NA: Not available*

(Source: Board's record)

Appendix 2.4
(Reference: Paragraph 2.2.9.9)

Rate of water cess

SCHEDULE II of Water Cess Act 1977 (vide Section 3)			
Sl No	**Purpose for which water is consumed**	**Maximum rate under sub-section (2) of Section 3[2] (paise/kilo litre)**	**Maximum rate under sub-section (2A) of Section 3[3] (paise/kilo litre)**
1	Industrial cooling, spraying in mine pits or boiler feeds	5	10
2	Domestic purposes	2	3
3	Processing whereby water gets polluted and the pollutants are- (i) easily bio degradable; or (ii) non-toxic or (iii) both non-toxic and easily bio degradable	10	20
4	Processing whereby water gets polluted and the pollutants are- (i) Not easily bio degradable; or (ii) toxic or (iii) both toxic and not easily bio degradable	15	30

Appendix 2.5
(Reference: Paragraph 2.3)

Table No. 1: Total stretch of earthwork in excavation executed (RD 290.277 m to RD 373.926 m)

Type of soil	Rate (₹/cum)	Quantity (cum)	Amount (₹)
In all types of soil including shale	394.00	32417.71	127,72,578
Excavation in rock	610.50	13101.48	79,98,454
Total		**45,519.19**	**207,71,032**

Table No. 2: Stretch of earthwork executed but redundant due to change in design (RD 315.155 m to RD 373.926 m)

Type of soil	Rate (₹/cum)	*Quantity (cum)*	*Amount (₹)*
In all types of soil including shale	394.00	24,574.09	96,82,191
Excavation in rock	610.50	11,232.37	68,57,360
Total		**35,806.46**	**165,39,552**

[2] The cess under sub-section (1) shall be payable by (a) every person carrying on any industry and (b) every local authority, and shall be calculated on the basis of water consumed by such person or local authority, as the case may be, for any of the purpose specified in column (1) of schedule II at such rate, not exceeding the rate specified in the corresponding entry in column (2) thereof, as the Central Government may, by notification in the Official Gazette, from time to time, specify.

[3] Where any person carrying on any industry or any local authority consuming water for domestic purpose liable to pay cess fails to comply with any of the provisions of section 25 of the water act 1974 or any of the standards laid so down by the Central Government under Environment (Protection) Act 1986, cess shall be, notwithstanding anything contained in sub section 2 of section, calculated and payable at such rate, not exceeding the rate specified in column (3) of Schedule II, as the Central Government may, by notification in the Official Gazette, from time to time, specify.

Appendix 2.5

(Reference: Paragraph 2.3)

Table No. 3: Calculation of cost for execution of compacted backfill

Excavation, banking and Compaction:	₹ 81.30	**A**	(Sl. No. 1.12.1.2 of MSR 2011)
Carriage:	₹ 102.02		
Add 15% C.P on Carriage:	₹ 15.30		
Total for carriage:	₹ 117.32	**B**	
Sub - Total (A + B)=	**₹ 198.62**	**C**	
Add 5.6% (ST):	₹ 11.12	**D**	
Add 1% (L/Cess):	₹ 1.99	**E**	
Total (C+D+E)=	**₹ 211.73**	**F**	
Volume of work executed (cum)	**14,242.81**	**G**	
Cost of execution (**FxG**)	**₹ 30,15,630**		

Appendix 2.6

(Reference: Paragraph 2.5)

Statement showing details of self cheques drawn

(Amount in ₹)

Sl. No.	Name of work/Particular Payment	Cheque No. & Date	Gross Amount
1	Payment of Minimum Needs Programme (MNP) works	D107346 08-01-2014	50,00,000
2	Payment of National Rural Drinking Water Supply Programme (NRDWSP) works	D107347 23-01-2014	37,66,000
3	Payment of Nirmal Bharat Abhiyan (NBA) works	D107354 21-03-2014	22,00,000
4	Cash payment of SPA (Special Plan Assistant) works	D107355 28-03-2014	58,45,000
5	Payment of NRDWSP (Central) works	D107359 28-07-2014	95,00,000
6	Payment of NRDWSP (Central) works	D107377 30-07-2014	95,00,000
7	Payment of NRDWSP (Central) works	D107378 01-08-2014	74,16,961
8	Payment of NRDWSP (Central) works	D107384 06-11-2014	70,85,000
9	Payment of NRDWSP (Central) works	99013 21-02-2014	50,00,000
10	Payment of NRDWSP (Central) works	99015 23-02-2015	88,00,000
TOTAL			**641,12,961**

Source: Departmental records

Appendix 2.7

(Reference: Paragraph 2.6)

Re-calculation of the rate per RM for 550 mm dia bore pile of M - 20 Grade for the work "Construction of Approach road to Singjamei Bridge i/c Traffic Rotary"

Sl No	Particulars	Amount (₹)	Remark
	As per Work Order		
1	Cost per RM for 550 mm dia M-20 Grade as worked out by the Department	3,226.85	
2	Rate per RM at which the work was awarded to the contractor	3,290.00	
3	Work awarded at percentage above	102%	$\frac{3,290.00}{3,226.85} X100$
	Calculation by Audit		
4	Analysed cost of execution of 1000 mm dia of M-20 Grade per RM	5,083.71	As analysed by Dept
5	Cross sectional area of 1000 mm bore pile = $\frac{\pi}{4} x (\frac{1000}{1000})^2$	0.786sqm	Cross section area of cylinder of diameter D $=\frac{\pi}{4}D^2$; 1000mm=1m
6	Cross sectional area of 550 mm bore pile = $\frac{\pi}{4} x (\frac{550}{1000})^2$	0.238sqm	
7	Proportionate cost for execution of 550 mm dia M-20 Grade per RM	1,539.34	$5,083.71X\frac{0.238}{0.786}$
8	Add carriage charges	231.03	As given by Dept
9	Sub - Total	1,770.37	(7) + (8)
10	Add 6.6% for sales tax and labour cess	116.84	6.6% of (9)
11	Total cost per RM	1,887.21	(9) + (10)
12	**Tendered cost @ 102% of Cost per RM**	**1,924.95**	102% of (11)

Appendix 2.8

(Reference: Paragraph 2.6)

Re-calculation of the rate per RM for 600 mm dia bore pile of M - 35 Grade for the work "Construction of Salanthong Bridge over Imphal River"

1	**Boring, providing and installing…**					
(a)	660 mm dia pile M-35 grade					
Details of cost of 25 m depth						
	1000 mm (dia) M-35 grade			(₹)		(₹)
(i)	Concrete	19.62	cum	4,030.27		79,073.90
(ii)	Bentonite @10% concrete	2	tonnes	2,408.00		4,816.00
					(A)	**83,889.90**
2	**Machinery Hire & Running charge**[4] Machinery :Hire and running charges of piling rig. Bentonite pump, diesel, tremie pipe, mixer, tripod and all incidental accessories i/c repair and renewal, muck removal, mobilisation, shifting pile rigs, etc					
		24	Hr	780.00		18,720.00
	HS Diesel @ 5 ltr/hr	120	Litres	37.80		4,536.00
	Mobil Oil @ 0.125 ltr/hr	3	Litres	265.00		795.00
					(B)	**24,051.00**
3	**Labour**					
	Work supervisor[5]	6	Each	210.00		1,260.00
	Operator	8	Each	130.00		1,040.00
	Mechanic[6]	4	Each	230.00		920.00
	Mazdoor	30	Each	120.00		3,600.00
					(C)	**6,820.00**
					(A+B+C)	**1,14,760.90**
	Sundries @ 2% of (A+B+C)				**(D)**	2,295.22
	Add contractor's profit @ 15 % on (A+B)					16,191.13
	Add contractor's profit @ 10 % on (C)					682.00
		Cost for 25 m depth				**1,33,929.25**
		Cost per running metre				5,357.17
		Add carriage charge per RM				605.71
				Total cost per RM	**(E)**	**5,962.88**
	Rate for 600 mm dia pile M-35 grade per RM= $E \, x \, \frac{(600)^2}{(1000)^2}$					**2,146.64**

4 Quantity and rates as per analysis for "Construction of Bridge over Imphal river at Heingang Awang Leikai".

5 Rate of Govind Burma Company Pvt Ltd substituted by analysis for Construction of Bridge over Imphal river at Heingang Awang Leikai.

6 Rate of Govind Burma Company Pvt Ltd substituted by analysis for Construction of Bridge over Imphal river at Heingang Awang Leikai.

Appendix 3.1

(Reference: Paragraph 3.1.11)

Statement showing investments made by State Government in SPSUs whose accounts are in arrears

(Figures in columns 4 & 6 to 8 are ₹ in lakh)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	**Working Government Companies**						
1	Manipur Industrial Development Corporation Limited	2007-08	1214.34	2008-09 to 2014-15	9.66	-	-
2	Manipur Tribal Development Corporation Limited	1987-88	51.50	1988-89 to 2014-15	76.50	-	-
3	Manipur Police Housing Corporation Limited	1997-98	2.00	1998-99 to 2014-15	0.00	-	-
4	Manipur Food Industries Corporation Limited	2007-08	350.39	2008-009 to 2014-15	0.00	-	-
5	Manipur Electronics Development Corporation Limited	2012-13	214.88	2013-14 and 2014-15	161.47	-	-
6	Manipur State Power Company Ltd.	2013-14	1005.00	2014-15	0.00	-	-
7	Manipur State Power Distribution Company Ltd.	2013-14	1005.00	2014-15	0.00	-	-
8	Manipur Handloom & Handicrafts Development Corporation Limited	2004-05	1167.95	2005-06 to 2014-15	0.00	-	-
Total			**5011.06**		**247.63**	**-**	**-**

Appendix 3.2

(Reference: Paragraph 3.1.14)

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised financial statements as on 30 September 2015

(Figures in columns (5) to (12) are ₹ in lakh)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed[7]	Return on capital employed	Percentage return on capital employed	Man-power
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. Working Government Companies													
FINANCE													
1	Manipur Industrial Development. Corpn. Ltd.	2007-08	2013-14	1214.34	-	(-)3097.67	27.89	133.07	-	(1883.33)	133.07	(Negative)	40
2	Manipur Tribal Development. Corpn. Ltd.	1987-88	2013-14	51.50	-	(-)22.37	1.75	(-)11.71	Non-disclosure: 67.95	29.04	(-)11.71	(Negative)	142
Sector wise total				**1265.84**		**(-)3120.04**	**29.64**	**121.36**	**-**	**29.04**	**121.36**	**-**	**182**
INFRASTRUCTURE													
3	Manipur Police Housing Corporation Limited	1997-98	2012-13	2.00	-	58.97	11.01	29.07	-	60.97	29.07	47.68	160
Sector wise total				**2.00**	**-**	**58.97**	**11.01**	**29.07**	**-**	**60.97**	**29.07**	**47.68**	**160**
MANUFACTURING													
4	Manipur Food Industries Corporation Limited	2007-08	2014-15	350.39	137.00[8]	(-)71.02	0.41	0.41	Non-disclosure: 137.00 & Error in classification: 23.00	416.37	0.41	0.10	5

[7] Capital employed has been calculated as shareholders' funds plus long-term borrowings

[8] Loan from NABARD

Appendix 3.2 (contd)

(Reference: Paragraph 3.1.14)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed[7]	Return on capital employed	Percentage return on capital employed	Man-power
1	2	3	4	5	6	7	8	9	10	11	12	13	14
5	Manipur Electronics Development Corporation Limited	2012-13	2014-15	214.88	0.26	(-)620.67	146.39	23.33	Decrease in profit: 25.00	(-)405.53	23.33	(Negative)	42
Sector wise total				**565.27**	**137.26**	**(-)691.69**	**146.80**	**23.74**	**-**	**416.37**	**23.74**	**0.10**	**47**
POWER													
6	Manipur State Power Company ltd.	2013-14	2015-16	1005.00	-	(-)799.75	-	(-)799.75	-	205.25	(-)799.75	(Negative)	798
7	Manipur State Power Distribution Company Ltd.	2013-14	2015-16	1005.00	-	(-)1204.97	3326.16	(-)1204.97	-	(-)199.97	(-)1204.97	(Negative)	2297
Sector wise total				**2010.00**	**-**	**(-)2004.72**	**3326.16**	**(-)2004.72**	**-**	**205.25**	**2004.72**	**-**	**3095**
MISCELLANEOUS													
8	Manipur Handloom & Handicrafts Development Corporation Limited	2004-05	2014-15	1167.95	4.00[9]	(-)1475.12	8.19	(-)238.04	-	(-)307.17	(-)238.04	(Negative)	14
Sector wise total				**1167.95**	**4.00**	**(-)1475.12**	**8.19**	**(-)238.04**	**-**	**-**	**(-)238.04**	**-**	**14**
Total A (All sector wise working Government companies)				**5011.06**	**141.26**	**(-)7232.60**	**3521.80**	**(-)2068.59**		**711.63**	**(-)2068.59**	**-**	**3498**

[9] Loan against FD

Appendix 3.2 (contd)

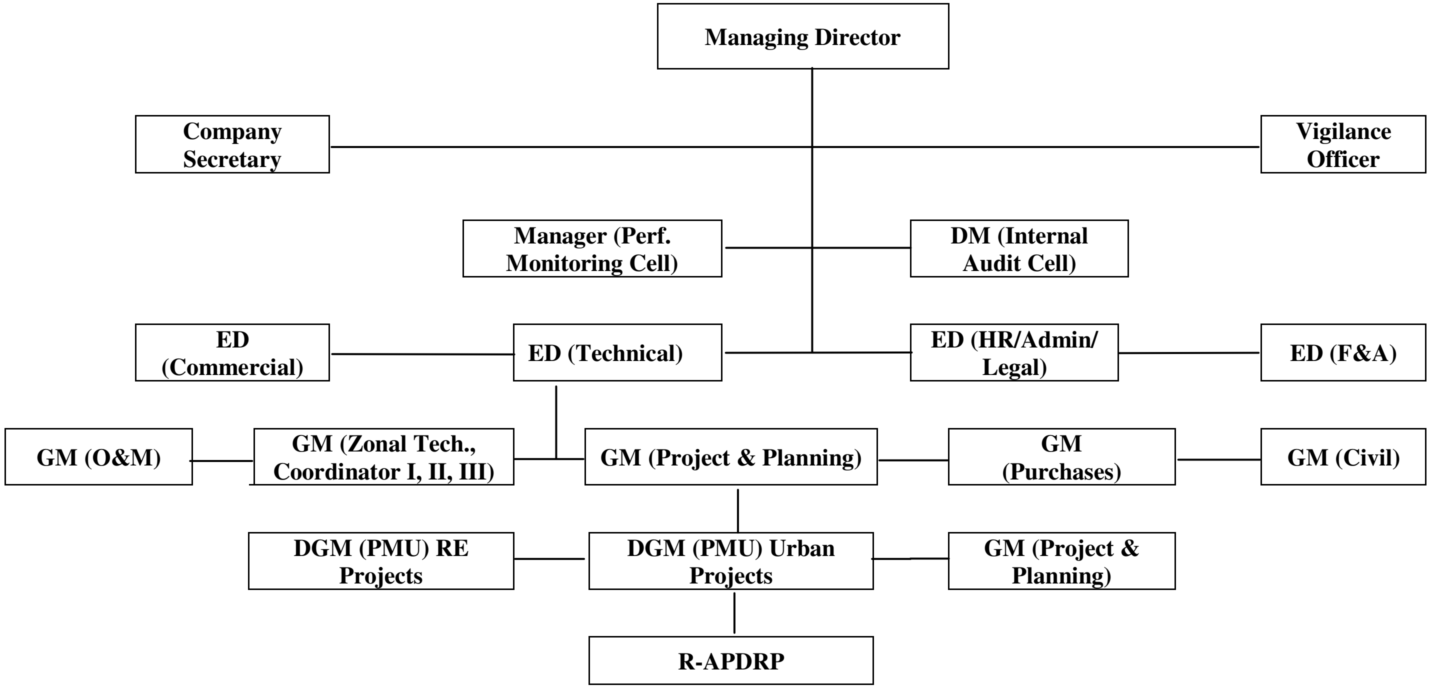
(Reference: Paragraph 3.1.14)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed[7]	Return on capital employed	Percentage return on capital employed	Man-power
1	2	3	4	5	6	7	8	9	10	11	12	13	14
B. Non-working Government companies													
AGRICULTURE & ALLIED													
1	Manipur Agro Industries. Corporation Limited	1988-89	2005-06	232.25	-	(-)45.45	19.02	(-)3.61	-	186.80	(-)3.61	(Negative)	-
2	Manipur Plantation Crops. Corporation Limited	1983-84	2000-01	51.15	6.50	-	-	-	-	57.65	-	(Negative)	2
Sector wise total				**283.40**	**6.50**	**(-)45.45**	**19.02**	**(-)3.61**	**-**	**244.45**	**(-)3.61**	**-**	**2**
MISCELLANEOUS													
3	Manipur Pulp & Allied Products Limited.	1994-95	2007-08	89.31	157.13	(-)195.47	93.15	(-)22.50	-	(-)18.16	(-)22.50	(Negative)	1
Sector wise total				**89.31**	**157.13**	**(-)195.47**	**93.15**	**(-)22.50**	**-**	**-**	**-**	**-**	**1**
Total B (All sector wise non-working Government company)				**372.71**	**163.63**	**(-)240.92**	**112.17**	**(-)26.11**		**244.45**	**(-)26.11**	**-**	**3**
Grand Total (A+B)				**5383.77**	**304.89**	**(-)7473.52**	**3633.97**	**(-)2094.70**		**956.08**	**(-)2094.70**	**-**	**3501**

Appendix 3.3

(Reference: Paragraph 3.2.1)

Organogram of Manipur State Power Distribution Company Ltd.



1.	Perf.:	Performance	2.	DM:	Deputy Manager
3.	ED:	Executive Director	4.	HR:	Human Resource
5.	F&A:	Finance & Accounts	6.	GM:	General Manager
7.	O&M:	Operation & Maintenance	8.	DGM:	Deputy General Manager
9.	PMU:	Project Monitoring Unit	10.	RE:	Rural Electrification

Appendix 3.4A

(Reference: Paragraph 3.2.3, 3.2.8.2 & 3.2.10.1)

Statement showing project details and date of signing Quadripartite Agreement, approved project cost, tendered cost of the project and release of funds and present status of work on date of audit (September 2015)

Part-A Projects

Date of sanction	02 March 2010
Date of inviting tenders	20 May 2010
Date of award of tenders	20 July 2011
Stipulated date of completion	March 2015 (extended to June 2016)
Date of signing of quadripartite agreements	13 December 2010

(₹ in crore)

Name of Project	Approved project cost	Tendered Cost of the Project	Release of 1st Instalment of funds by PFC	Total amount released so far	Present Status of work/ Physical progress achieved so far (% of total work)
Imphal	24.77	Not furnished	7.431	7.431	70%
Bishnupur	0.68	Not furnished	0.204	0.204	Go Live
Nambol	0.55	Not furnished	0.165	0.165	Go Live
Ningthoukhong	0.38	Not furnished	0.114	0.114	Go Live
Moirang	0.63	Not furnished	0.189	0.189	Go Live
Thoubal	0.91	Not furnished	0.273	0.273	Go Live
Kakching	0.90	Not furnished	0.270	0.270	70%
Lilong Town	0.49	Not furnished	0.147	0.147	Commercial run.
Lilong (I/W)	0.50	Not furnished	0.150	0.150	70%
Samurou	0.37	Not furnished	0.111	0.111	70%
Mayang Imphal	0.40	Not furnished	0.120	0.120	70%
Laxmi Thongkhong	0.35	Not furnished	0.105	0.105	70%
Moreh	0.62	Not furnished	0.186	0.186	70%
Total	**31.55**	**-**	**9.47**	**9.47**	

Appendix 3.4B

(Reference: Paragraph 3.2.3, 3.2.8.2, 3.2.10.1 & 3.2.10.3)

Statement showing project details and date of signing Quadripartite Agreement, approved project cost, tendered cost of the project and release of funds and present status of work on date of audit (September 2015)

Part-B Projects

Date of sanction	18 February 2013
Date of inviting tenders	06 May 2013
Date of award of tenders	12 September 2013
Stipulated date of completion	February 2016 (extended to June 2016)
Date of signing of quadripartite agreements	13 December 2010

(₹ in crore)

Name of Project	Approved project cost	Tendered Cost of the Project	Release of 1st Instalment of funds by PFC	Total amount released so far (As of 3/2015)	Present Status of work/ Physical progress achieved so far (% of total work)
Imphal	180.60	200.30	54.18	54.18	61.35
Bishnupur	14.30	15.97	4.29	4.29	85.00%
Nambol	22.58	23.35	6.774	6.774	84.34%
Ningthoukhong	9.69	10.77	2.907	2.907	78.52%
Moirang	31.19	34.00	9.357	9.357	65.70%
Thoubal	24.79	27.51	7.437	7.437	61.33%
Kakching	25.65	27.69	7.695	7.695	41.56%
Lilong Town	13.28	13.94	3.984	3.984	95%
Lilong (I/W)	14.26	15.45	4.278	4.278	95.00%
Samurou	12.57	13.88	3.77	3.77	72.80%
Mayang Imphal	12.39	13.46	3.717	3.717	47.30%
Laxmi Thongkhong	9.52	10.66	2.856	2.856	95.00%
Moreh	28.05	30.44	8.415	8.415	40.11%
Total	**398.87**	**437.42**	**119.66**	**119.66**	

Appendix 3.5

(Reference: Paragraph 3.2.8.4)

Statement showing requirement/procurement of prepaid energy meters and their actual allocation

Sl. No.	Name of Town	Prepaid meters required & procured as per DPRs/LOA	Numbers of meters allocated	Installed (September 2015)
1	Imphal	36,052	36,052	33,539
2	Bishnupur	2,432	2,432	2,432
3	Kakching	2,040	801	801
4	Laxmi Thongkhong	1,435	630	630
5	Lilong (I/W)	1,610	0	0
6	Lilong Town	1,200	1,200	1,200
7	Mayang Imphal	1,510	1,182	1,182
8	Moirang	3,121	3,121	2,851
9	Moreh	2,432	0	0
10	Nambol	1,040	1,847	1,697
11	Ningthoukhong	1,666	1,666	1,666
12	Samurou	1,610	0	0
13	Thoubal	2,688	5,120	5,120
14	Churachandpur	0	4,785	4,200
Total		**58,836**	**58,836**	**55,318**

Appendix 3.6

(Reference: Paragraph 3.2.11.3)

Statement showing diversion of R-APDRP materials

Project Town: Moreh
'LT cabling works in Senapati Division'

Sl. No.	Particulars of items	Quantity	Rate (₹)	Amount (₹)
1	Insulation piercing connector suitable for AB cable (95/70 sq. mm.)	250 nos.	299.52	74,880
2	Insulation piercing connector suitable for AB cable (70/50 sq. mm.)	250 nos.	299.52	74,880
3	Insulation piercing connector suitable for AB cable (50/35 sq. mm.)	500	299.52	1,49,760
4	G.I. Cross Arm for Suspension Hardware	300 nos.	624.70	1,87,410
5	Dead end fittings for AB cable	50 nos.	435.93	21,797
6	Suspension fittings for AB cable	300 nos.	435.93	1,30779
Sub-Total (A)				**6,39,506**

For testing and charging of newly constructed 33/11 KV S/S at Joupi under RGGVY scheme

Sl. No.	Particulars of items	Quantity	Rate (₹)	Amount (₹)
1	ACSR (Rabbit)	5 km.	61320.61	3,06,603
2	11 KV Pin Insulator with Pin	45 nos.	389.47	17,526
3	11 KV G.O. Switch	2 nos.	24381.35	48,763
Sub Total (B)				**3,72,892**

Name of Project Town: Lilong Town
Renovation and modernization of 33/11 KV Sub-station

Sl. No.	Particulars of items	Quantity	Rate (₹)	Amount (₹)
1	11 KV VCB Panels	1 set	43,23,135.65	43,23,135.65
2	24V, 250 AH Battery with accessories	1 set	1,87,806.45	1,87,806.45
3	Battery charger for 24 volts battery	1 set	2,23,905.50	2,23,905.50
Sub Total (C)				**47,34,847.60**
Grand Total				**57,47,245.60**

Appendix 3.7

(Reference: Paragraph 3.2.11.7)

Statement showing requirements of 7.5 meter Steel Tubular Poles (STPs) and quantity intended to be procured as per the original LOAs as well as amended LOAs.

Sl. No.	Name of project	Item of work	Qty. of work (in km)	No. of poles required	No. of poles as per original LOAs	No. of poles as per amended LOAs
1	Imphal City	New LT Line with AB Cables Augmentation of LT Lines	83.40 **600.55**	1251 **9008**	1251 **9008**	1251 **7042**
2	Lilong Town	New LT Line with AB Cables Augmentation of LT Lines	13.20 **50.60**	199 **759**	199 **759**	199 **249**
3	Kakching	New LT Line with AB Cables Augmentation of LT Lines	24.40 **53.39**	365 **801**	365 **801**	365 **462**
4	Ningthoukhong	New LT Line with AB Cables Augmentation of LT Lines	7.90 **13.10**	119 **197**	**119** **197**	**84** **152**
5	Nambol	New LT Line with AB Cables Augmentation of LT Lines	24.50 **70,60**	368 **1059**	368 **1059**	368 **355**
6	Thoubal	New LT Line with AB Cables Augmentation of LT Lines	21.30 **60.90**	319 **914**	319 **914**	319 **415**
7	LaxmiThongkhong	New LT Line with AB Cables Augmentation of LT Lines	6.60 **49.00**	99 **735**	99 **735**	99 **502**
8	Lilong (I/W)	New LT Line with AB Cables Augmentation of LT Lines	13.90 **77.80**	209 **1167**	209 **1167**	209 **485**
9	Mayang Imphal	New LT Line with AB Cables Augmentation of LT Lines	8.30 **46.80**	125 **702**	125 **703**	125 **359**
10	Moirang	New LT Line with AB Cables Augmentation of LT Lines	7.50 **58.50**	113 **878**	113 **879**	113 **589**
11	Bishnupur	New LT Line with AB Cables Augmentation of LT Lines	12.50 **25.60**	187 **384**	187 **384**	187 **42**
12	Samurou	New LT Line with AB Cables Augmentation of LT Lines	7.20 **60.70**	108 **910**	108 **910**	108 **620**
13	Moreh	New LT Line with AB Cables Augmentation of LT Lines	24.60 **48.30**	369 **724**	369 **724**	369 **50**
Total		**New LT Line with AB Cables Augmentation of LT Lines**	**255.30 1215.84**	**3831 18240**	**3831 18240**	**3796 11322**
Grand Total				**22071**		**15118**

Appendix 4.1

(Reference: Paragraph 4.12.7.3(ii)1)

Statement showing excess ITC Claims

(All amount in ₹)

Sl. No.	Name of dealer (TIN)	Quarter ending	Local purchase (13.5 %)	ITC (13.5%)	Local purchase (5 %)	ITC (5%)	Total local purchase	Total ITC claimed	Invoice value	ITC as per tax invoices	Excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12) = (9)-(11)
1	M/s Ideal Computer (14920364184)	Dec-13	-	-	5,38,525	26,926	5,38,525	26,926	4,78,780	22,795	4,131
2	M/s Mahalaxmi Stores (14510019125)	Mar-13	20,35,281	2,74,763	-	-	20,35,281	2,74,763	19,67,277	2,44,760	30,003
3	M/s Auto Lubri Agency (14310031191)	Jun-12	9,04,795	1,22,147	-	-	9,04,795	1,22,147	5,68,207	76,808	45,339
		Jun-14	6,16,549	83,234	-	-	6,16,549	83,234	4,50,148	60,314	22,920
4	M/s Sangeeta Hardware (14310037154)	Dec-13	3,12,500	42,188	1,12,763	5,638	4,25,263	47,826	4,72,415	47,152	674
		Jun-14	1,81,000	24,435	4,41,386	22,069	6,22,386	46,504	2,05,435	24,455	22,049
5	M/s H P sales & Services (14110064176)	Jun-13	1,12,984	15,253	-	-	1,12,984	15,253	1,12,984	13,439	1,814
		Sep-13	4,32,089	58,332	-	-	4,32,089	58,332	3,95,612	51,394	6,938
		Dec-13	4,56,316	61,603	-	-	4,56,316	61,603	4,02,040	54,276	7,327
		Jun-14	4,33,347	58,502	-	-	4,33,347	58,502	3,81,804	51,543	6,959
		Sep-14	2,90,005	39,151	-	-	2,90,005	39,151	2,55,511	34,494	4,657
6	M/s S.K. Enterprises (14110144103)	Jun-12	-	-	62,67,528	3,13,376	62,67,528	3,13,376	60,26,470	2,41,059	72,317
		Sep-12	-	-	122,70,658	6,13,533	1,22,70,658	6,13,533	112,19,906	4,48,798	1,64,735
		Dec-12	-	-	96,79,854	4,83,993	96,79,854	4,83,993	85,23,517	3,40,941	1,43,052
		Mar-13	-	-	83,08,970	4,15,449	83,08,970	4,15,449	79,89,394	3,19,576	95,873
		Jun-13	-	-	161,60,537	8,08,027	1,61,60,537	8,08,027	138,48,689	5,53,587	2,54,440
		Sep-13	-	-	136,93,170	6,84,659	1,36,93,170	6,84,659	103,23,140	5,16,156	1,68,503

Sl. No.	Name of dealer (TIN)	Quarter ending	Local purchase (13.5 %)	ITC (13.5%)	Local purchase (5 %)	ITC (5%)	Total local purchase	Total ITC claimed	Invoice value	ITC as per tax invoices	Excess
		Dec-13	-		15,84,484	79,224	15,84,484	79,224	15,09,032	75,452	3,772
7	M/s Basanta Kumar Radhika Ranjan Das (14110095195)	Jun-13	3,22,675	43,561	-	-	3,22,675	43,561	3,00,306	40,541	3,020
		Sep-13	2,60,593	35,180	-	-	2,60,593	35,180	2,39,437	32,324	2,856
8	M/s Furnishwell (14110040130)	Sep-14	33,89,450	4,57,576	-	-	33,89,450	4,57,576	32,30,250	3,84,215	73,361
9	M/s D.K. Steel (14110098128)	Jun-13	-	-	16,64,645	83,232	16,64,645	83,232	16,00,620	80,031	3,201
		Sep-13	-	-	16,63,478	83,174	16,63,478	83,174	15,84,265	79,213	3,961
10	M/s Khalsa Medicos (14110087115)	Jun-13	-	-	9,70,405	48,520	9,70,405	48,520	9,70,405	46,210	2,310
		Sep-13	-	-	10,36,240	51,812	10,36,240	51,812	10,36,241	49,345	2,467
		Dec-13	-	-	12,37,013	61,851	12,37,013	61,851	12,37,013	58,905	2,946
		Mar-14	-	-	9,54,819	47,741	9,54,819	47,741	9,54,819	45,468	2,273
		Sep-14	-	-	14,22,319	71,116	14,22,319	71,116	14,22,319	67,729	3,387
11	M/s Jaipur Medical Hall (14110008101)	Dec-13	2,38,982	32,262	17,41,275	87,063	19,80,257	1,19,325	18,96,833	1,16,772	2,553
		Jun-14	1,93,494	26,122	28,16,650	1,40,833	30,10,144	1,66,955	27,02,261	1,45,853	21,102
		Dec-14	1,26,630	17,095	22,89,824	1,14,491	24,16,454	1,31,586	23,22,747	1,25,755	5,831
12	M/sAshok Steel & Sanitary Mart(14110031137)	Dec-13	1,00,839	15,448	-	-	1,00,839	15,448	1,13,492	13,613	1,835
13	M/s Manipur Glass & Plywood Centre (14110037100)	Jun-12	2,31,652	31,273	-	-	2,31,652	31,273	2,31,652	27,861	3,412
		Sep-12	2,06,135	27,828	-	-	2,06,135	27,828	2,06,135	25,329	2,499
		Jun-13	1,06,294	14,350	-	-	1,06,294	14,350	1,06,294	12,901	1,449
14	M/s Shree Hardware (14921814134)	Sep-14	1,93,127	26,072	7,299	365	2,00,426	26,437	2,01,226	22,263	4,174
15	M/S Imphal Ayurvedic Bhavan (14110082162)	Dec-12	69,225	9,349	2,22,321	11,116	2,91,546	20,465	2,91,577	19,369	1,096
		Mar-13	2,19,785	29,671	3,17,848	15,892	5,37,633	45,563	5,33,334	44,540	1,023
		Jun-13	2,40,761	32,503	5,16,426	25,821	7,57,187	58,324	7,57,187	56,931	1,393

Sl. No.	Name of dealer (TIN)	Quarter ending	Local purchase (13.5 %)	ITC (13.5%)	Local purchase (5 %)	ITC (5%)	Total local purchase	Total ITC claimed	Invoice value	ITC as per tax invoices	Excess
		Sep-13	4,10,669	55,440	3,14,820	15,742	7,25,489	71,182	7,37,885	43,373	27,809
		Sep-14	4,20,200	56,727	2,74,499	13,725	6,94,699	70,452	7,95,729	58,616	11,836
16	M/s Hukmichand Chandanmal Badgra (14110010121)	Dec-12	-	-	46,61,250	2,33,063	46,61,250	2,33,063	46,61,250	2,21,965	11,098
		Mar-13	-	-	64,52,571	3,22,629	64,52,571	3,22,629	64,52,571	3,07,266	15,363
		Jun-13	-	-	83,32,478	4,16,624	83,32,478	4,16,624	83,32,578	3,96,792	19,832
		Sep-13	34,326	4,634	78,33,090	3,91,654	78,67,416	3,96,288	78,36,241	3,75,491	20,797
		Dec-13	-	-	90,51,741	4,52,589	90,51,741	4,52,589	90,51,741	4,31,036	21,553
		Mar-14	7,615	1,028	96,22,851	4,81,143	96,30,466	4,82,171	96,30,466	4,59,137	23,034
		Jun-14	3,11,189	4,211	146,20,807	7,31,040	1,49,31,996	7,35,251	146,51,996	6,99,939	35,312
		Sep-14	96,360	13,009	151,31,308	7,56,565	1,52,27,668	7,69,574	152,27,670	7,34,570	35,004
		Dec-14	1,04,595	14,121	159,69,664	7,98,483	1,60,74,259	8,12,604	160,73,259	7,76,166	36,438
17	M/s National Ply House (14110068119)	Jun-12	1,61,178	21,759	-	-	1,61,178	21,759	1,61,180	19,240	2,519
		Sep-12	-	-	67,814	9,154	67,814	9,154	67,860	8,158	996
		Dec-12	53,995	7,289	-	-	53,995	7,289	53,995	6,572	717
		Jun-14	53,211	7,183	-	-	53,211	7,183	53,111	6,354	829
18	M/s Vipin Traders (14110143190)	Jun-12	15,998	2,160	12,43,217	62,161	12,59,215	64,321	12,36,266	53,102	11,219
		Sep-12	29,487	3,981	15,46,630	77,332	15,76,117	81,313	15,51,779	68,292	13,021
19	M/s Amit Hardware (14110012141)	Jun-12	-	-	1,96,533	26,532	1,96,533	26,532	1,96,497	24,398	2,134
		SEP.14	1,58,444	21,390	-	-	1,58,444	21,390	1,14,766	13,696	7,694
20	M/s Commerce Worth (43110212171)	Sep-13	1,03,630	13,990	-	-	1,03,630	13,990	15,518	1,888	12,102
21	M/s Lubol Traders (14110035177)	Mar-13	8,90,933	1,20,276	-	-	8,90,933	1,20,276	8,90,933	1,06,679	13,597
		Jun-13	4,63,971	62,636	-	-	4,63,971	62,636	4,47,465	53,219	9,417
		Sep-13	6,73,459	90,917	-	-	6,73,459	90,917	6,32,756	75,257	15,660
		Dec-13	5,51,736	74,484	-	-	5,51,736	74,484	5,34,888	56,393	18,091

Sl. No.	Name of dealer (TIN)	Quarter ending	Local purchase (13.5 %)	ITC (13.5%)	Local purchase (5 %)	ITC (5%)	Total local purchase	Total ITC claimed	Invoice value	ITC as per tax invoices	Excess
		Mar-14	8,41,206	1,13,563	-	-	8,41,206	1,13,563	8,41,206	92,695	20,868
		Sep-14	24,27,237	3,27,677	-	-	24,27,237	3,27,677	27,34,672	3,25,256	2,421
		Dec-14	48,90,132	6,60,168	-	-	48,90,132	6,60,168	34,68,125	4,15,243	2,44,925
22	M/s Calcutta Trading Co. (14110004158)	Jun-12	61,73,338	83,341	63,795	3,190	62,37,133	86,531	6,67,599	79,033	7,498
		Sep-12	6,47,101	87,359	75,542	3,777	7,22,643	91,136	7,22,723	84,049	7,087
		Dec-12	7,68,877	1,03,798	17,387	869	7,86,264	1,04,667	7,86,264	99,094	5,573
		Jun-13	5,60,217	75,629	1,05,508	5,290	6,65,725	80,919	7,02,898	72,294	8,625
		Sep-13	6,83,238	92,237	26,329	1,316	7,09,567	93,553	7,48,459	88,807	4,746
		Dec-13	9,66,451	1,30,471	-	-	9,66,451	1,30,471	10,75,410	1,29,299	1,172
		Mar-14	8,06,911	1,08,933	-	-	8,06,911	1,08,933	9,24,921	1,07,982	951
23	M/s Mona Cosmetics (14510031148)	Sep-14	4,87,452	65,806	-	-	4,87,452	65,806	4,06,278	54,847	10,959
24	M/s B.S Enterprises (14510044181)	Sep-13	-	-	9,37,560	46,878	9,37,560	46,878	8,34,770	42,462	4,416
		Dec-13	-	-	4,42,320	22,116	4,42,320	22,116	3,78,242	18,652	3,464
		Mar-14	-	-	6,34,084	31,704	6,34,084	31,704	5,94,115	29,350	2,354
		Jun-14	-	-	7,19,491	35,975	7,19,491	35,975	6,58,169	31,072	4,903
		Sep-14	-	-	7,23,360	36,168	7,23,360	36,168	6,05,304	29,617	6,551
25	M/s Beauty Corner (14510092176)	Dec-12	17,96,893	2,42,580	2,774	139	17,99,667	2,42,719	18,21,529	2,32,187	10,532
26	M/S New Yaima Store (14510231111)	Jun-12	12,16,295	1,64,200	33,615	1,681	12,49,910	1,65,881	10,40,901	1,36,954	28,927
		Mar-13	10,42,700	1,40,165	-	-	10,42,700	1,40,165	3,71,014	50,086	90,079
27	M/s Radha Krishna Store (14510023165)	Jun-12	6,30,044	85,866	-	-	6,30,044	85,866	6,25,341	35,109	50,757
		Dec-14	8,00,339	1,08,046	-	-	8,00,339	1,08,046	7,37,449	96,848	11,198
28	M/s V.K. Stationery Store (14210141100)	Jun-12			5,05,777	25,289	5,05,777	25,289	4,05,777	19,323	5,966
		Sep-12	-	-	5,09,796	25,490	5,09,796	25,490	4,85,520	24,276	1,214

Sl. No.	Name of dealer (TIN)	Quarter ending	Local purchase (13.5 %)	ITC (13.5%)	Local purchase (5 %)	ITC (5%)	Total local purchase	Total ITC claimed	Invoice value	ITC as per tax invoices	Excess
		Dec-12	-	-	4,13,687	20,684	4,13,687	20,684	3,93,988	19,699	985
		Mar-13	-	-	4,99,200	24,960	4,99,200	24,960	4,65,439	22,164	2,796
29	M/s Jain Electrical and Hardware Store (14210032174)	Mar-12	-	-	20,12,080	1,00,604	20,12,080	1,00,604	19,16,267	95,814	4,790
		Jun-12	-	-	18,62,960	93,148	18,62,960	93,148	17,59,406	88,006	5,142
		Sep-12	-	-	28,15,348	1,40,767	28,15,348	1,40,767	26,81,286	1,34,064	6,703
30	M/s Balajee Trading Co (14210147160)	Sep-12	1,83,151	24,725	-	-	1,83,151	24,725	1,29,804	17,261	7,464
		Jun-13	6,12,540	82,693	-	-	6,12,540	82,693	82,693	8,665	74,028
		Sep-14	3,69,775	49,920	-	-	3,69,775	49,920	3,30,357	40,392	9,528
		Dec-14	2,44,928	33,065	-	-	2,44,928	33,065	2,19,651	26,981	6,084
31	M/s Manipur Drug House (14210003175)	Mar-13	9,12,627	1,23,205	13,50,196	67,519	22,62,823	1,90,724	22,21,495	1,58,064	32,660
32	M/s Ashok Store14210154133	Jun-12	1,01,844	13,749	47,723	2,386	1,49,567	16,135	1,47,658	13,849	2,286
		Sep-13	3,96,668	53,550	-	-	3,96,668	53,550	3,60,056	48,606	4,944
33	M/s Dwarka Prasad Sahu (14210079159)	Jun-12	13,427	1,813	16,626	831	30,053	2,644	30,053	2,186	458
		Sep-12	10,194	1,376	34,090	1,704	44,284	3,080	45,573	1,939	1,141
		Sep-13	-	-	40,488	2,024	40,488	2,024	42,259	954	1,070
34	M/s Anil Trading Co. (14210112101)	Jun-12	5,52,912	74,643	-	-	5,52,912	74,643	5,70,010	65,754	8,889
35	M/s Pooja Stationery (14920301136)	Jun-13	-	-	4,27,455	21,373	4,27,455	21,373	4,27,455	20,355	1,018
		Sep-13	-	-	94,221	4,712	94,221	4,712	94,221	4,486	226
36	M/s Kangleipak Collection (14610018142)	Mar-13	2,52,447	34,080	-	-	2,52,447	34,080	2,02,447	24,016	10,064
37	M/s Car care (14710032115)	Jun-13	1,76,497	23,827			1,76,497	23,827	1,43,875	19,423	4,404
		Dec-13	1,77,965	24,025	-	-	1,77,965	24,025	1,57,084	21,206	2,819
		Mar-14	2,12,900	28,742	-	-	2,12,900	28,742	2,12,900	25,323	3,419

Sl. No.	Name of dealer (TIN)	Quarter ending	Local purchase (13.5 %)	ITC (13.5%)	Local purchase (5 %)	ITC (5%)	Total local purchase	Total ITC claimed	Invoice value	ITC as per tax invoices	Excess
		Jun-14	1,13,945	15,383	-	-	1,13,945	15,383	1,13,945	13,553	1,830
		Sep-14	1,73,300	23,396	-	-	1,73,300	23,396	1,73,300	20,613	2,783
		Dec-14	1,45,700	19,670	-	-	1,45,700	19,670	1,45,700	17,330	2,340
38	M/s CNN Mobile (14210280132)	Jun-12	-	-	6,05,290	30,265	6,05,290	30,265	5,76,405	28,820	1,445
		Sep-12	-	-	5,92,360	29,618	5,92,360	29,618	5,64,152	28,206	1,412
		Dec-12	-	-	5,81,599	29,080	5,81,599	29,080	5,53,904	27,696	1,384
		Mar-13	-	-	6,54,408	32,720	6,54,408	32,720	6,23,246	31,161	1,559
		Jun-13	-	-	5,12,778	25,639	5,12,778	25,639	4,87,664	24,383	1,256
		Dec-13	-	-	6,10,377	30,519	6,10,377	30,519	5,87,938	29,067	1,452
		Mar-14	-	-	5,33,190	26,660	5,33,190	26,660	5,07,807	25,391	1,269
		Jun-14	-	-	6,17,076	30,854	6,17,076	30,854	5,87,698	29,388	1,466
		Sep-14	-	-	6,07,673	30,384	6,07,673	30,384	5,78,743	28,937	1,447
		Dec-14	-	-	6,67,550	33,378	6,67,550	33,378	6,35,768	31,788	1,590
39	M/s Rebecca's World (14920939114)	Sep-13	3,18,485	42,995	16,12,384	80,619	19,30,869	1,23,614	6,00,750	31,597	92,017
		Dec-13	-	-	41,93,187	2,09,659	41,93,187	2,09,659	10,83,034	63,196	1,46,463
		Mar-14	4,95,910	66,948	17,66,423	88,321	22,62,333	1,55,269	8,02,233	41,357	1,13,912
40	M/s KNK Associates (14810467127)	Mar-14	-	-	9,47,409	47,370	9,47,409	47,370	9,05,514	45,236	2,134
41	M/s Mohanlal Prakashchand Sharma (14011631105)	Dec-13	25,08,999	3,38,715	-	-	25,08,999	3,38,715	24,10,450	3,05,821	32,894
		Sep-14	28,27,617	3,81,728	-	-	28,27,617	3,81,728	20,48,359	2,77,013	1,04,715
Total			**5,17,55,766**	**62,01,220**	**21,01,50,826**	**1,05,30,037**	**26,19,06,592**	**1,67,31,257**	**23,47,34,447**	**1,39,24,061**	**28,07,196**

Appendix 4.2

(Reference: Paragraph 4.12.7.3(ii)2)

Statement showing claim of ITC at higher rates than the actual rate of tax

(All amount in ₹)

Sl. No.	Name of dealer	Quarter ending	Local purchase (13.5%) as per returns	ITC (13.5%) as per returns	Invoice value (5%)	ITC (5%) as per invoice	Invoice value (13.5%)	ITC (13.5%) as per invoice	Excess
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) = (5) - (7) - (9)
1	M/s A.N. Steel (14110089135)	Dec-14	1,71,150	23,105	1,63,000	8,150	-	-	14,955
2	M/s Hardware Exchange (14110073169)	Jun-12	79,405	10,720	69,322	3,465	-	-	7,255
		Sep-12	79,588	10,744	55,216	2,761	17,279	2,332	5,651
		Dec-12	52,317	7,063	38,987	3,413	5,467	738	2,912
		Mar-13	33,121	4,471	31,553	1,578	-	-	2,893
		Jun-13	88,900	12,002	65,677	3,283	2,264	306	8,413
		Sep-13	50,250	6,784	47,856	2,394	-	-	4,390
		Dec-13	29,490	3,981	24,448	1,222	2,340	315	2,444
		Mar-14	68,500	9,248	65,238	3,262	-	-	5,986
		Jun-14	58,856	7,946	58,257	2,918	2,724	169	4,859
		Sep-14	70,110	9,465	59,775	2,990	461	63	6,412
		Dec-14	62,191	8,396	59,928	2,992	13,306	1,249	4,155
		Sub-total	**8,43,878**	**1,13,925**	**7,39,257**	**38,428**	**43,841**	**5,172**	**70,325**
3	M/s Amar Hardware (14110048113)	Jun-12	58,700	7,925	18,571	929	34,538	4,662	2,334
		Sep-12	1,19,546	16,139	82,384	4,120	27,304	3,686	8,333
		Dec-12	1,66,346	22,457	64,381	3,219	85,005	11,475	7,763
		Mar-13	2,25,460	30,437	1,10,009	5,501	96,872	13,078	11,858
		Jun-13	1,92,690	26,013	1,08,771	5,439	69,163	9,337	11,237
		Sep-13	3,31,240	44,717	1,53,562	7,678	1,49,779	20,221	16,818
		Mar-14	1,71,051	23,092	70,906	3,545	85,111	11,489	8,058
		Jun-14	3,01,520	40,705	2,30,685	11,535	52,247	7,053	22,117
		Dec-14	2,10,077	28,360	65,787	3,290	1,24,229	16,771	8,299
		Sub-total	**17,76,630**	**2,39,845**	**9,05,056**	**45,256**	**7,24,248**	**97,772**	**96,817**
4	M/s Rebecca's World (14920939114)	Jun-13	4,16,169	56,183	4,24,101	22,271	43,755	5,907	28,005
Grand total			**30,36,677**	**4,09,953**	**20,68,414**	**1,05,955**	**8,11,844**	**1,08,851**	**1,95,147**

Appendix 4.3

(Reference: Paragraph 4.12.7.3(ii)3)

Statement showing ITC claims on purchases from unregistered dealers

(All amount in ₹)

Sl. No.	Name of dealer claiming ITC (TIN)	Quarter ending	Invoice Value	ITC (VAT)	Name of unregistered seller
1	M/s Kishan Electronics (14410041124)	Mar-12	2,71,550	36,659	M/s Joy Electronics
		Sep-12	8,44,600	1,14,021	M/s Joy Electronics
2	M/s Furnishwell (14110040130)	Mar-14	7,68,000	1,03,680	M/s Star Engineering and Steel Industries
3	M/S New Yaima Store (14510231111)	Jun-13	1,41,458	19,096	Ravi Raj Pradhan
		Sep-13	2,58,115	35,800	Ravi Raj Pradhan
		Dec-13	87,422	11,837	Ravi Raj Pradhan
		Mar-14	2,42,793	32,772	Ravi Raj Pradhan
		Jun-14	97,556	13,168	Ravi Raj Pradhan
		Sep-14	1,99,144	26,882	Ravi Raj Pradhan
4	M/s Beauty Corner (14510092176)	Mar-12	3,74,128	50,607	Ravi Raj Pradhan
		Jun-12	1,37,758	18,598	Ravi Raj Pradhan
		Sep-12	1,68,770	22,782	Ravi Raj Pradhan
		Dec-12	2,70,058	36,457	Ravi Raj Pradhan
		Dec-13	4,52,876	61,138	Ravi Raj Pradhan
Total			**43,14,228**	**5,83,497**	

Appendix 4.4

(Reference: Paragraph 4.12.7.3(ii)5)

Statement showing list of dealers claiming ITC without tax invoices

(All amount in ₹)

Sl. No.	Name of Dealer	QTR	Local purchase (5%)	ITC claimed (5%)	Local purchase (13.5%)	ITC claimed (13.5%)	Total local purchase	Total ITC claimed
1	M/s Navjivan Pharmacy (14510128148)	Dec-12	7,10,212	35,510	-	-	7,10,212	35,510
		Mar-13	5,90,212	29,511	-	-	5,90,212	29,511
	Sub-total		**13,00,424**	**65,021**	**-**	**-**	**13,00,424**	**65,021**
2	M/s Jaipur Medical Hall (14110175223)	Mar-13	6,78,062	33,903	46,732	6,308	7,24,794	40,211
		Jun-13	8,59,672	42,984	23,366	3,154	8,83,038	46,138
		Sep-13	7,69,824	38,491	36,216	4,889	8,06,040	43,380
		Sep-14	26,70,206	1,33,510	52,648	7,107	27,22,854	1,40,617
	Sub-total		**49,77,764**	**2,48,888**	**1,58,962**	**21,458**	**51,36,726**	**2,70,346**
3	M/s M.M. Hardware (14110061146)	Mar-14	-	-	44,959	6,069	44,959	6,069
		Jun-14	-	-	2,40,848	32,514	2,40,848	32,514
		Sep-14	-	-	52,271	7,057	52,271	7,057
		Dec-14	-	-	2,33,260	31,490	2,33,260	31,490
	Sub-total		**-**	**-**	**5,71,338**	**77,130**	**5,71,338**	**77,130**
4	M/s Mangal Medical Store (14110105202)	Jun-12	80,000	4,000	-	-	80,000	4,000
		Mar-13	1,32,616	6,631	-	-	1,32,616	6,631
		Jun-13	1,78,093	8,905	-	-	1,78,093	8,905
		Sep-13	1,07,658	5,383	-	-	1,07,658	5,383
		Dec-13	2,59,489	12,974	-	-	2,59,489	12,974
		Mar-14	2,31,258	11,563	-	-	2,31,258	11,563
		Jun-14	1,85,458	9,273	-	-	1,85,458	9,273
		Dec-14	2,05,269	10,263	-	-	2,05,269	10,263
	Sub-total		**13,79,841**	**68,992**	**-**	**-**	**13,79,841**	**68,992**
5	M/s Vipin Traders (14110143190)	Sep-13	16,02,626	80,131	3,12,213	42,149	19,14,839	1,22,280
		Mar-14	12,48,411	62,421	4,32,752	58,422	16,81,163	1,20,843
		Jun-14	10,59,399	52,970	6,54,128	88,307	17,13,527	1,41,277
		Sep-14	7,21,280	36,064	12,03,373	1,62,455	19,24,653	1,98,519
		Dec-14	16,89,500	84,475	22,96,428	3,10,018	39,85,928	3,94,493
	Sub-total		**63,21,216**	**3,16,061**	**48,98,894**	**6,61,351**	**112,20,110**	**9,77,412**

Sl. No.	Name of Dealer	QTR	Local purchase (5%)	ITC claimed (5%)	Local purchase (13.5%)	ITC claimed (13.5%)	Total local purchase	Total ITC claimed
6	M/s Food Corner (14110113181)	Sep-12	4,90,749	24,537	-	-	4,90,749	24,537
		Dec-12	3,91,064	19,553	1,88,665	25,468	5,79,729	45,021
		Mar-13	4,20,404	21,020	1,77,037	23,900	5,97,441	44,920
		Jun-13	3,01,590	15,080	5,92,729	80,018	8,94,319	95,098
		Sep-13	4,10,276	20,514	3,23,204	43,633	7,33,480	64,147
		Dec-13	1,70,135	8,507	1,85,189	25,001	3,55,324	33,508
		Mar-14	2,07,588	10,379	3,24,675	43,831	5,32,263	54,210
		Jun-14	2,45,772	12,289	5,49,668	74,205	7,95,440	86,494
		Sep-14	2,56,048	12,802	5,97,447	80,655	8,53,495	93,457
		Dec-14	67,147	3,357	8,15,130	1,10,043	8,82,277	1,13,400
	Sub-total		**29,60,773**	**1,48,039**	**37,53,744**	**5,06,754**	**67,14,517**	**6,54,792**
7	M/s Hukmichand Chandammal (14110010121)	Mar-12	47,04,518	2,35,226	21,415	2,891	47,25,933	2,38,117
		Jun-12	57,12,883	2,85,644	6,190	836	57,19,073	2,86,480
		Sep-12	50,10,563	2,50,528	22,572	3,047	50,33,135	2,53,575
	Sub-total		**154,27,964**	**7,71,398**	**50,177**	**6,774**	**154,78,141**	**7,78,172**
8	M/s Max Enterprises (14110058116)	Dec-13	-	-	4,25,351	57,422	4,25,351	57,422
		Jun-14	-	-	86,843	11,724	86,843	11,724
		Sep-14	-	-	15,33,128	2,06,972	15,33,128	2,06,972
		Dec-14	-	-	9,09,772	1,22,819	9,09,772	1,22,819
	Sub-total		**-**	**-**	**29,55,094**	**3,98,937**	**29,55,094**	**3,98,937**
9	M/s International Departmental Store (14610007129)	Jun-12	7,32,286	36,614	2,99,986	40,498	10,32,272	77,112
		Sep-12	8,87,653	44,383	2,07,147	27,965	10,94,800	72,348
		Dec-12	5,37,561	26,878	-	-	5,37,561	26,878
	Sub-total		**21,57,500**	**1,07,875**	**5,07,133**	**68,463**	**26,64,633**	**1,76,338**
10	M/s Vikash Medicos (14510117135)	Sep-13	3,05,022	15,251	-	-	3,05,022	15,251
		Dec-13	7,15,783	35,789	-	-	7,15,783	35,789
		Mar-14	10,33,698	51,635	-	-	10,33,698	51,635
		Jun-14	17,72,160	88,608	-	-	17,72,160	88,608
		Sep-14	4,39,957	21,998	-	-	4,39,957	21,998
	Sub-total		**42,66,620**	**2,13,331**	**-**	**-**	**42,66,620**	**2,13,331**

Sl. No.	Name of Dealer	QTR	Local purchase (5%)	ITC claimed (5%)	Local purchase (13.5%)	ITC claimed (13.5%)	Total local purchase	Total ITC claimed
11	M/s Radha Krishna Store (14510073165)	Dec-12	-	-	9,11,433	1,23,043	9,11,433	1,23,043
		Mar-13	-	-	11,56,964	1,56,190	11,56,964	1,56,190
	Sub-total		**-**	**-**	**20,68,397**	**2,79,233**	**20,68,397**	**2,79,233**
12	M/s Beauty Corner (14510092176)	Mar-13	56,304	2,815	14,36,410	1,93,915	14,92,714	1,96,730
		Jun-13	82,706	4,135	20,84,395	2,81,393	21,67,101	2,85,528
		Sep-13	1,00,297	5,015	18,74,385	2,53,042	19,74,682	2,58,057
		Jun-14	22,750	1,137	21,61,989	2,91,868	21,84,739	2,93,005
		Sep-14	1,32,088	6,604	16,77,464	2,26,458	18,09,552	2,33,062
		Dec-14	17,519	876	16,84,911	2,27,463	17,02,430	2,28,339
	Sub-total		**4,11,664**	**20,582**	**1,09,19,554**	**14,74,139**	**1,13,31,218**	**14,94,721**
13	M/s Robin Pharmacy (14510036101)	Jun-12	109,42,560	5,47,128	-	-	109,42,560	5,47,128
		Sep-12	165,55,144	8,27,757	-	-	165,55,144	8,27,757
		Dec-12	123,07,703	6,15,385	-	-	123,07,703	6,15,385
		Mar-13	46,448	2,322	-	-	46,448	2,322
		Sep-13	78,79,917	3,93,996	-	-	78,79,917	3,93,996
		Dec-13	69,52,251	3,47,613	-	-	69,52,251	3,47,613
		Mar-14	50,56,451	2,52,823	-	-	50,56,451	2,52,823
		Jun-14	95,41,034	4,77,052	-	-	95,41,034	4,77,052
	Sub-total		**692,81,508**	**34,64,076**	**-**	**-**	**692,81,508**	**34,64,076**
14	M/s Anjana Store (14910034181)	Sep-12	-	-	98,96,892	13,36,081	98,96,892	13,36,081
		Dec-12	-	-	83,48,521	11,27,050	83,48,521	11,27,050
		Mar-13	-	-	99,75,835	13,46,738	99,75,835	13,46,738
		Jun-13	-	-	112,38,584	15,17,209	112,38,584	15,17,209
		Sep-13	-	-	122,88,976	16,59,011	122,88,976	16,59,011
	Sub-total		**-**	**-**	**517,48,808**	**69,86,089**	**517,48,808**	**69,86,089**
Grand Total			**10,84,85,274**	**54,24,212**	**7,76,32,101**	**1,04,80,328**	**18,61,17,375**	**1,59,04,540**

Appendix 4.5

(Reference: Paragraph 4.12.7.3(ii)6)

Statement showing dealers with ITC claims on purchase from registered dealers who either did not file returns or showed nil sales in returns

(All amount in ₹)

Sl. No.	Name of dealer	Quarter ending	Name of seller (TIN)	Local purchase	ITC (VAT)	Remark
1	M/s Furnishwell (14110040130)	Sep-14	M/s Modern Auto and Steel Industries (14010628163)	32,30,250	3,84,214	The selling dealer did not file returns
2	M/s Sarajeevan Enterprises (14210049150)	Jun-12	M/s Drive India Enterprise Solution Ltd (14610117162)	12,22,586	61,129	The selling dealer filed nil returns
		Sep-12	M/s Drive India Enterprise Solution Ltd (14610117162)	9,15,916	45,795	The selling dealer filed nil returns
		Dec-12	M/s Drive India Enterprise Solution Ltd (14610117162)	3,68,284	18,414	The selling dealer filed nil returns
3	M/s Jain Electrical and Hardware Store(14210032174)	Jun-12	M/s Amp e-Services Private Limited (14921852126)	5,79,504	28,976	The selling dealer was registered in December 2013
		Sep-12	M/s Amp e-Services Private Limited (14921852126)	8,51,934	42,595	
4	M/s Car care (14710032115)	Mar-14	Royal Activa Enterprises (14410116195)	2,12,900	25,323	The selling dealer did not file returns
		Jun-14	Royal Activa Enterprises (14410116195)	12,000	1,427	
		Sep-14	Royal Activa Enterprises (14410116195)	1,73,300	20,613	
		Dec-14	Royal Activa Enterprises (14410116195)	1,45,700	17,330	
5	M/s Rebecca's World (14920939114)	Jun-13	M/s Amp e-Services Private Limited (14921852126)	4,26,264	21,313	The selling dealer was registered in December 2013
		Sep-13	M/s Amp e-Services Private Limited (14921852126)	4,41,286	22,065	
		Dec-13	M/s Amp e-Services Private Limited (14921852126)	9,80,700	49,038	The selling dealer filed nil returns
		Mar-14	M/s Amp e-Services Private Limited (14921852126)	7,87,014	39,350	The selling dealer filed nil returns
Total				**103,47,638**	**7,77,582**	

Appendix 4.6

(Reference: Paragraph 4.12.7.3(ii)8)

Statement showing purchase from M/s Satyam Industries who filed returns with 1 *per cent* VAT payable

(All amount in ₹)

Sl. No.	Name of dealer (TIN)	Quarter ending	Invoice value	VAT (ITC) as per tax invoice	Rate of tax as per Invoice
1	M/s S.K. Enterprises (14110144103)*	Jun-12	60,26,469	2,41,059	4%
		Sep-12	11219905	4,48,796	4%
		Dec-12	85,23,517	3,40,941	4%
		Mar-13	79,89,394	3,19,576	4%
		Jun-13	13848689	5,53,587	4%
		Sep-13	10323140	5,16,156	5%
		Dec-13	15,09,032	75,452	5%
	Sub-total		**5,94,40,146**	**24,95,567**	
2	M/s A.N. Steel (14110089135)	Dec-13	7,75,645	38,782	5%
		Mar-14	38,55,924	1,92,796	5%
		Jun-14	26,52,835	1,32,643	5%
		Sep-14	10,73,838	53,692	5%
	Sub-total		**83,58,242**	**4,17,913**	
3	M/s D.K.Steel (14110098128)	Jun-13	16,00,620	80,031	5%
		Sep-13	15,84,265	79,213	5%
		Dec-13	7,56,824	37,841	5%
	Sub-total		**39,41,709**	**1,97,085**	
4	M/s Manipur Trading Co (14920634168)	Jun-14	12381565	6,19,079	5%
		Sep-14	10855656	5,42,783	5%
		Dec-14	15931687	7,96,585	5%
	Sub-total		**3,91,68,908**	**19,58,447**	
Total			**11,09,09,005**	**50,69,012**	5%

*In respect of M/s SK Enterprises, ITC as per Invoice is (50,69,012) is short of VAT leviable of ₹ 29,72,007 (5% of ₹ 5,94,40,146)

Appendix 4.7

(Reference: Paragraph 4.12.7.3(ii)9)

Statement showing purchase from M/s NT Enterprises which did not show any sales

(All amount in ₹)

Sl. No.	Name of dealer	TIN	Quarter ending	Invoice value	VAT (ITC)
1	M/s Gupta Auto Corporation	14410033141	Sep-12	19,553	2,639
			Mar-14	89,944	12,142
			Jun-14	46,882	6,329
2	M/s Durga Automobiles	14310028161	Sep-12	78,516	10,599
			Dec-12	71,855	9,700
			Mar-13	40,576	5,478
			Jun-13	15,079	2,036
			Sep-13	30,905	4,172
			Dec-13	19,589	2,645
			Sep-14	40,997	5,534
3	M/s Vinod Motors	14310052110	Jun-12	41,250	5,569
			Dec-12	22,618	3,053
			Mar-13	56,546	7,633
			Sep-13	90,491	12,216
			Dec-13	58,940	7,957
4	M/s Punya Motors Pvt. Ltd	14010624123	Apr-13	1,57,080	21,205
			May-13	1,99,042	26,871
			Jun-13	1,75,234	23,656
			Jul-13	1,57,080	21,206
			Sep-13	1,57,080	21,206
			Oct-13	32,852	4,435
			Nov-13	1,57,080	21,206
5	M/s Mohon Motors	14310076156	Jun-12	1,19,435	16,124
			Jun-13	1,16,464	15,723
6	M/s Eastern Motor	14010036160	Jul-13	2,44,792	33,047
			Aug-13	1,27,720	17,242
			Oct-13	3,25,719	43,972
			Nov-13	1,53,662	20,745
			Dec-13	2,81,277	37,972
			Jan-14	2,92,189	39,448
			Feb-14	1,44,974	19,576
			Mar-14	2,05,632	27,761
Total				**37,71,053**	**5,09,097**

Appendix 4.8

(Reference: Paragraph 4.12.8)

Statement showing local purchase turnover of un-registered dealers

(All amount in ₹)

Sl. No.	Name of dealers	Address	2012-13	2013-14	2014-15	Total
1	M/s Bajrang Hardware	NA	-	29,83,986	-	29,83,986
2	M/s ES ES Enterrises	NA	1,42,92,239	19,23,389	-	1,62,15,628
3	M/s K.A.R. Enterprises	NA	17,33,62,117	11,13,10,725	1,85,14,179	30,31,87,021
4	M/s Kamal Cement & Sanitary	NA	-	-	53,58,065	53,58,065
5	M/s Khiangte Enterprise	NA	14,97,91,109	11,80,96,631	1,88,99,654	28,67,87,394
6	M/s M F Enterprise	NA	15,79,83,549	11,23,77,869	195,83,603	28,99,45,021
7	M/s Madan Hardware	NA	-	17,76,546	72,87,297	90,63,843
8	M/s M M Steel	NA	-	-	24,21,580	24,21,580
9	M/s Multi Business	NA	-	-	21,82,994	21,82,994
10	M/s Oknarel Steel House	NA	-	20,87,905	93,53,389	1,14,41,294
11	M/s Sumit Hardware	NA	-	-	42,69,575	42,69,575
12	M/s Tidim Hardware	NA	-	-	52,95,368	52,95,368
13	M/s United Steel	NA	-	35,94,602	51,55,596	87,50,198
14	M/s V. Sema Scrap & Disposal Shopalentine Steel	NA	292,44,024	372,36,153	748,93,041	14,13,73,218
15	M/s Valentine Steel	NA	6,00,102	15,95,495	110,00,512	1,31,96,109
16	M/s Abu Steel	NA	-	18,31,700	73,70,667	92,02,367
17	M/s AdaiShing	NA	-	12,82,150	-	12,82,150
18	M/s Aryan Store	NA	-	-	11,88,886	11,88,886
19	M/s B. Cement & Store	NA	-	-	10,59,895	10,59,895
20	M/s B.K. Sharma	NA	-	-	16,64,429	16,64,429
21	M/s B.R. Hardware	NA	21,79,132	16,79,419	-	38,58,551
22	M/s Balbir Singh	NA	-	-	35,86,130	35,86,130
23	M/s S O Whole Seller	Keishampat	-	-	8,28,798	8,28,798
24	M/S Labango Store	Langthabal	-	-	12,75,536	12,75,536
25	M/S Sarat Store	Irom Pukhri	-	-	24,46,295	24,46,295
26	M/S Gandhi Store	Irom Pukhri	-	-	13,75,138	13,75,138
27	M/S Renu Store	Kongba	-	-	12,04,514	12,04,514
28	M/S Momo 1 Store	Kwakeithel	-	-	25,40,551	25,40,551
29	M/S Sukur Store	Lilong	-	-	11,03,833	11,03,833
30	M/S Ronald Store	Keishamthong	-	-	13,88,576	13,88,576
31	M/S TuTu Store	Keishamthong	-	-	15,40,570	15,40,570
32	M/S Rohit Store	Keishamthong	-	-	23,95,689	23,95,689
33	M/S Sharma Store	Kakwa Nameirakpam	-	-	21,50,260	21,50,260

Sl. No.	Name of dealers	Address	2012-13	2013-14	2014-15	Total
34	M/S Pak Vareity Store	Bamon Leikai	-	-	26,56,428	26,56,428
35	M/S I.K. Store	Canchipur	-	-	43,63,121	43,63,121
36	M/S Leishabi Dukan	Moirangkhom	-	-	20,61,107	20,61,107
37	M/S Kumars	Singjamei	-	-	35,43,367	35,43,367
38	M/S Moreh Dukan	Kakwa	-	-	30,41,756	30,41,756
39	M/S Mochabi Store	Ayangpalli	-	-	13,16,884	13,16,884
40	M/S Premchand Store	Singjamei	-	-	15,89,903	15,89,903
41	M/S Sobha Store	Takhel Leikai	-	-	26,27,809	26,27,809
42	M/S Bikram Enterprises	Chingamakha	-	-	11,70,237	11,70,237
43	M/S Babudhon Variety Store	Wangkhei	-	-	14,55,776	14,55,776
44	M/S Bikka Store	Singjamei	-	-	15,93,381	15,93,381
45	M/s Anil & Company	Ukhrul	-	16,81,057	4,91,727	21,72,784
46	M/s Arun Enterprise	Singjamei	-	30,73,473	8,74,047	39,47,520
47	M/s Asha Provision Store	Churachandpur	-	12,79,089	10,36,534	23,15,623
48	M/s Ashoka Grain	Thangal bazar	-	9,23,490	7,48,310	16,71,800
49	M/s Bajrang Store	Churachandpur	-	41,86,939	32,10,568	73,97,507
50	M/s Dhireng Singh	Moirang	-	38,28,806	12,64,499	50,93,305
51	M/s Lalli Store	Masjid Road	-	52,88,774	34,52,327	87,41,101
52	M/s M.L Pandey	Kangpokpi	-	51,44,529	14,11,938	65,56,467
53	Manikumar	Kwakeithel	-	39,17,472	13,01,371	52,18,843
54	M/s Raj Traders	Thangal bazar	-	30,07,502	16,39,217	46,46,719
55	M/s Raj Traders	Masjid Road	-	17,80,890	2,25,392	20,06,282
56	M/s Rehena Store	Churachandpur	-	24,09,673	11,10,250	35,19,923
57	M/s S. K. Corner	Moirang	-	-	33,97,802	33,97,802
58	M/s S.P Traders	Nagamapal	-	33,58,723	20,02,499	53,61,222
59	M/s Singham Agency	Thangal Bazar	-	7,94,480	5,28,212	13,22,692
60	M/s T. K Singh	Bishnupur	-	22,10,854	-	22,10,854
61	M/s Zomi Provision Store	Dewlahland	-	33,27,690	6,03,573	39,31,263
Total			**52,74,52,272**	**44,39,90,011**	**26,60,52,655**	**1,23,74,94,938**

Appendix 4.9

(Reference: Paragraph 4.12.8)

Statement showing dealers with local purchase turnover who either did not file returns or did not show purchase in their returns

(All amount in ₹)

Sl. No.	Name of dealer (TIN)	2012-13	2013-14	2014-15	Total	Remarks
1	M/s C. N. Trader (14011846121)	356,52,565	382,78,418	622,18,626	1361,49,609	Purchase not shown in the returns.
2	M/s National Steel & Co. (14710014129)	109,78,310	90,62,374	132,49,117	332,89,801	Purchase not shown in the returns.
3	M/s Dhana Lakshmi (14510112182)	-	378,17,223	392,34,074	770,51,297	Purchase not shown in the returns.
4	M/s Bidhya Agencies (14920938104)	13,05,628	61,32,651	50,86,711	125,24,990	Purchase not shown in the returns.
5	M/s Sinha & Brothers (14710059191)	8,95,693	11,33,141	11,13,260	31,42,094	Had not filed returns.
6	M/s K.K store (14922103114)	-	-	597,62,409	597,62,409	Purchase not shown in the returns.
7	M/s A.R. Store (14810036182)	23,73,372	-	142,60,732	166,34,104	Purchase not shown in the returns upto June 2014; no returns filed after that.
8	M/s A.U. Brothers (14810412159)	-	150,01,811	61,45,937	211,47,748	Had not filed returns.
9	M/s Brojen Steel (14920019129)	122,14,501	94,46,835	39,49,827	256,11,163	Had not filed returns.
10	M/s K. N. & Sons Variety Store (14710269157)	124,67,518	55,93,116	50,14,897	230,75,531	Had not filed returns.
11	M/s Ramung Enterprises (14510138151)	31,50,906	60,15,895	186,65,738	2,78,32,539	Status of filing of returns not known.
12	M/s H.P Agency (14920073184)	-	-	91,09,201	91,09,201	Had not filed returns.
13	M/s L.I. Steel (14810427115)	-	-	217,70,171	217,70,171	Had not filed returns.
14	M/s Langol Lairembi Steel & Cement House (14010644129)	-	465,24,662	538,86,846	10,04,11,508	Had not filed returns.
15	M/s Mahen Hardware Store(14921733100)	10,51,571	70,30,878	77,81,092	158,63,541	Had not filed returns.
16	M/s Kamal Brother & Sons (14810689116)	42,29,369	-	-	42,29,369	Purchase not shown in the returns.
17	M/s Manipur Traders (14922683191)	-	-	42,61,007	42,61,007	Had not filed returns.
18	M/s S.S.W. Iron Store (14810096103)	18,72,767	-	-	18,72,767	Purchase not shown in the returns.

Sl. No.	Name of dealer (TIN)	2012-13	2013-14	2014-15	Total	Remarks
19	M/s Sarat Kumar Enterprises (14710054141)	-	16,57,863	-	16,57,863	Had not filed returns.
20	M/s Sudheer Iron Store (14921913154)	-	151,15,363	65,98,272	217,13,635	Status of filing of returns not known.
21	M/s Thangjing Hardware (14920280120)	129,05,701	96,73,107	94,91,733	320,70,541	Had not filed returns.
22	M/s Zing Agency (14810206136)	15,93,894	-	-	15,93,894	Had not filed returns.
23	M/s Agarwal General Store (14510040141)	-	41,53,212	20,81,933	62,35,145	Purchase not shown in the returns.
24	M/s Anil Store (14710209139)	-	88,72,178	32,13,526	120,85,704	Had not filed returns.
25	M/s H.K. Jain (14710120122)	-	42,34,042	14,40,717	56,74,759	Purchase not shown in the returns.
26	M/s Laxmi Store (14510093186)	-	16,70,122	11,07,215	27,77,337	Had not filed returns.
27	M/s Mukesh Store (14210102195)	-	11,37,130	8,73,052	20,10,182	Purchase not shown in the returns.
28	M/s P. K. Store (14920197163)	-	40,76,448	16,71,713	57,48,161	Purchase not shown in the returns.
29	M/s S.K Jain and Co.(14921954176)	-	17,96,736	7,71,697	25,68,433	Had not filed returns.
30	M/s Kwik N Easy (14921528184)	-	-	35,66,754	35,66,754	Had not filed returns.
31	M/s Central Arcade Enterprises (14921526164)	-	-	18,07,110	18,07,110	Had not filed returns.
Total		**10,06,91,795**	**23,44,23,205**	**35,81,33,367**	**69,32,48,367**	

Appendix 4.10

(Reference: Paragraph 4.12.9)

Statement showing list of dealers who failed to produce sales list or sales registers

Sl. No.	Name of dealer	TIN
1	M/s Aadinath Traders	14110005168
2	M/s Ajitkumarjain	14510003159
3	M/s AMP e-services	14921852126
4	M/s Banni Superstore	14110020124
5	M/S BCS Peripherals	14010940179
6	M/S Computer Ware	14010665145
7	M/s D. D Enterprises	14610042188
8	M/s Debopriyo Agencies	14410058100
9	M/s Dhana Lakshmi	14510112182
10	M/s Jain Medicos	14110038110
11	M/s Jaipur Medical Hall	14110008101
12	M/s Jugtam Pharmacy	14610044111
13	M/S Kamal Automobiles	14410007172
14	M/s Khalsa Medicos	14110061146
15	M/s Leima Enterprise	14011280184
16	M/s MahaLaxmi Store	14510019125
17	M/s Mahabir Pharmacy	14210024191
18	M/S Mahalaxmi Enterprises	14010848132
19	M/s Manipur Agency House	14410006162
20	M/S Manipur Drug House.	14210003175
21	M/s Manipur Trading Co.	14920634168
22	M/S Manjushree Sales Agency	14410355160
23	M/s Marble and Sanitary House	14510101169
24	M/s Medicine Mart	14610033195
25	M/s Mozaic Media and Communication	14410267153
26	M/s Navajiavan Aushudhalaya	14510106122
27	M/s NT Enterprises	14810346178
28	M/S Pawan Kumar Rajesh Kumar	14110007188
29	M/s R K. Telecommunication Phillips.	14510347107
30	M/s Rana Medicos	14610011169
31	M/S Ranjit Enterprises	14310105155
32	M/s Royal Activa Enterprises	14410116195
33	M/s Sachdeva medical Hall	14410021118
34	M/S Sandy Enterprises	14610036128
35	M/s Satyam Infotec	14510211105
36	M/S Satyam Infoways	14920443101
37	M/S Thangjam Agency	14410119128
38	M/s Thokchom Iboyaima & Sons	14410252100
39	M/S United Trading Company	14510034178
40	M/s W. Ibohal Singh and Sons	14310091112
41	M/s Y. Tomba Singh and Sons	14011007170
42	M/s Manipur Tobacco Mart	14510228178

Appendix 4.11

(Reference: Paragraph 4.14)

Statement showing evasion of tax by concealment of taxable turnover of sales and leviable penalty thereon

(₹ in lakh)

Quarter Ending (Date of assessment)	Purchase Turnover as per return/ assessment			Applicable tax			Purchase turnover as per check gates register/ 'C' form			Tax leviable			Taxable turnover suppressed*	Tax evaded	Penalty leviable
	Taxable @ 5%	Taxable @ 13.5%	Total	Taxable @ 5%	Taxable @ 13.5%	Total	Taxable @ 5%	Taxable @ 13.5%	Total	Taxable @ 5%	Taxable @ 13.5%	Total			
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14 (10-4)**	**15 (13-7)**	**16 (two times of 15)**
M/s A.R. Store (TIN-148110036182															
Dec-2013 (27.02.2014)	7.64	-	7.64	0.38	-	0.38	36.56	2.71	39.27	1.83	0.37	2.20	31.63	1.82	3.62
June-2014 (08.07.2014)	7.13	-	7.13	0.36	-	0.36	16.45	2.40	18.85	0.82	0.32	1.14	11.72	0.78	1.56
Sub-total	***14.77***	***-***	***14.77***	***0.74***	***-***	***0.74***	***53.01***	***5.11***	***58.12***	***2.65***	***0.69***	***3.34***	***43.35***	***2.60***	***5.18***
M/s A.K. Enterprises (TIN-14921426134															
Sept-2013 (10.01.2014)	-	-	-	-	-	-	-	9.66	9.66	-	1.30	1.30	9.66	1.30	2.60
Sub-total	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***9.66***	***9.66***	***-***	***1.30***	***1.30***	***9.66***	***1.30***	***2.60***
Manipur Agency House (TIN-14410006162)															
June-2014 (27.11.2014)	-	261.80	261.80	-	35.34	35.34	8.18	294.47	302.65	0.41	39.75	40.16	40.85	4.82	9.64
Sept - 2014 (27.11.14)	-	272.08	272.08	-	36.73	36.73	7.73	288.12	295.85	0.39	38.90	39.29	23.77	2.56	5.12
Sub-total	***-***	***533.88***	***533.88***	***-***	***72.07***	***72.07***	***15.91***	***582.59***	***598.50***	***0.80***	***78.65***	***79.45***	***64.62***	***7.38***	***14.76***
Total	**14.77**	**533.88**	**548.65**	**0.74**	**72.07**	**72.81**	**68.92**	**597.36**	**666.28**	**3.45**	**80.64**	**84.09**	**117.63**	**11.28**	**22.54**

* For 5 % Tax (Column 8 – Column 2) and For 13.5 % Tax (Column 9 – Column 3)

i.e For 5 % Tax (₹ 68.92 lakh – ₹ 14.77 lakh) and For 13.5 % Tax (₹ 597.36 lakh – ₹ 533.88 lakh)

i.e For 5 % Tax (₹ 54.15 lakh) and For 13.5 % Tax (₹ 63.48 lakh)

Appendix 4.12

(Reference: Paragraph 4.16)

A - Statement showing details of demand notice served to the dealers

(in ₹)

Sl. No.	Dealer	Tax assessed	Add Interest determined	Add Penalty imposed	Less Input Tax Credit	Less amount already paid	Notice of Demand served for
1	M/s Kangleipak Service Station	29,88,846	2,48,142	0	0	15,77,111	16,59,877
2	M/s Zenith Agency	14,47,141	23,167	0	99,874	3,90,000	9,80,434
3	M/s Manjushree Sales Agency	26,81,862	1,820	24,268	0	15,22,142	11,85,808
4	M/s Manipur Trading Corporation.	445,09,920	23,33,924	0	110,43,514	256,76,637	101,23,693
Total		**516,27,769**	**26,07,053**	**24,268**	**111,43,388**	**291,65,890**	**139,49,812**

B - Statement showing outstanding tax and penalty

(in ₹)

Sl. No.	Dealer	Date of Notice of Demand	Tax Periods (Quarter ending)	Notice of Demand served for	Due date of payment	Tax Paid	Date of payment	Gross Outstanding	Net Tax Outstanding	No. of days in default as on 30/6/15	Penalty leviable @2% as on 30/6/15
1	M/s Kangleipak Service Station	22-01-14	Dec 2011 to Dec 2013	16,59,877	21-02-14	7,61,569	25-02-14	8,98,308		4	4,426
								8,98,308	8,98,308	490	2,93,447
2	M/s Zenith Agency	18-07-13	Mar 2013 to Jun 13	39,400	17-08-13			39,400	39,400	682	17,914
		05-04-14	Sep 2013 to Mar 2014	2,85,209	05-05-14			2,85,209	2,85,209	421	80,049
		04-12-14	Jun 2014 to Sep 2014	6,55,825	03-01-15	2,00,000	30-12-14	4,55,825		64	19,449
						1,50,000	04-03-15	3,05,825	3,05,825	118	24,058
3	M/s Manjushree Sales Agency	18-02-15	Sep-14	2,78,503	20-03-15			2,78,503	2,78,503	102	18,938
		05-05-15	Dec 2014 to Mar 2015	9,07,305	04-06-15			9,07,305	9,07,305	26	15,727
4	M/s Manipur Trading Corporation.	23-08-14	Jun 2012 to Mar 2014	101,23,693	22-09-14			101,23,693		276	18,62,760
						20,00,000	25-06-15	81,23,693	81,23,693	5	27,079
Total				**139,49,812**		**31,11,569**			**108,38,243**		**23,63,846**

Appendix 5.1

(Reference: Paragraph 5.1)

Statement showing details of funds transferred directly to Implementing Agencies under General Sector

(₹ in lakh)

Sl No.	Name of the Department	Name of Implementing Agencies	Fund released
1	Planning	Deputy Commissioner, Imphal West & Deputy Commissioner, Churachandpur for MPs Local Area development Scheme (MPLADS)	1500.00
Total			**1500.00**

Source: Finance Accounts

Appendix 5.2

(Reference: Paragraph 5.1.1)

Year-wise details of expenditure audited in respect of General Sector during 2014-15

(₹ in lakh)

Year	Expenditure incurred
2003-04	125.58
2004-05	224.14
2005-06	263.59
2006-07	478.16
2007-08	822.73
2008-09	833.09
2009-10	2097.55
2010-11	4048.91
2011-12	7758.45
2012-13	124322.06
2013-14	44534.10
2014-15	23329.81
Total	**208838.17**