

CHAPTER II

GENERAL SECTOR

2.1 Introduction

The findings based on audit of State Government units under General Sector are featured in this chapter. During 2016-17, against a total budget provision of ₹ 3,520.47 crore, a total expenditure of ₹ 2,855.03 crore was incurred by 15 Departments under the General Sector. The Department-wise details of budget provision and expenditure incurred there against are shown in **Table No. 2.1.1**.

Table No. 2.1.1 Budget provision and expenditure of Departments in General Sector

(₹ in crore)

Sl. No.	Department	Budget Provision	Expenditure
1	Planning	590.28	85.29
2	Election	48.09	47.35
3	Police	1,295.38	1,196.06
4	Finance *	1,300.12	1,298.56
5	Local Fund Audit		
6	Stationery and Printing	5.62	5.08
7	Administration of Justice	77.40	49.71
8	Land Revenue, Stamp and Registration and District Administration	85.10	72.19
9	Fire Protection and Control	12.27	10.15
10	Secretariat	72.73	61.84
11	Vigilance	3.49	3.33
12	Manipur Public Service Commission	5.00	4.33
13	State Academy of Training	6.27	5.63
14	Governor Secretariat	4.39	4.06
15	Rehabilitation	14.33	11.45
Total		3,520.47	2,855.03

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 2016-17, out of total release of ₹ 330.54 crore directly released to different implementing agencies, ₹ 6.37 crore was under General Sector. The details are shown in **Appendix 2.1**.

2.1.1 Planning and conduct of Audit

Audits were conducted during 2016-17 involving expenditure of ₹ 23,925.22 crore (including expenditure of ₹ 23,730.21 crore of previous years) of the State Government under General Sector, as shown in *Appendix 2.2*.

This chapter contains one Performance Audit on '*Implementation of Border Area Development Programme*' and one Compliance Audit paragraph as discussed in the succeeding paragraphs.

PERFORMANCE AUDIT
PLANNING DEPARTMENT
2.2 Implementation of Border Area Development Programme
Highlights

Audit of implementation of Border Area Development Programme (BADP) during 2012-13 to 2016-17 revealed the following irregularities:

- *Though the guidelines envisage for preparation of a detailed village - wise long-term action plan/ perspective plan prioritizing the projects for filling the gaps, the Department did not prepare the long term plan for the period 2012-17.*

(Paragraph 2.2.8.1 (b))

- *Annual work programme taken up in the villages did not address gaps identified in the respective villages in the survey report for the period 2011-12.*

(Paragraph 2.2.8.1(c))

- *The District Level Committee failed to define “Saturation of a village with basic infrastructure”.*

(Paragraph 2.2.8.4)

- *132 number of works costing ₹5.07 crore was executed in 22 villages located beyond 0-10 km from international border indicates lack of proper planning.*

(Paragraph 2.2.8.5)

- *The Department forfeited ₹2.94 crore of Central fund due to non-submission of Utilisation Certificates in respect of fund released during previous years.*

(Paragraph 2.2.9.1)

- *There was delay ranging from one to twelve months in release of fund by the State to implementing agencies thereby resulting in delay in the execution of the work.*

(Paragraph 2.2.9.1(b))

- *Out of the 88 youths who were imparted training on Food Processing, only 45 trainees were from villages within 10 km and the remaining 43 trainees were from villages beyond 10 km from the international border.*

(Paragraph 2.2.9.10)

- *District Level Committee did not prepare any report for the works/schemes taken up under BADP for submission to the State Government. The State Government also did not forward any report to the Ministry of Home Affairs.*

(Paragraph 2.2.10.2)

2.2.1 Introduction

Border Area Development Programme (BADP) was started in 1986-87 as a 100 per cent Centrally Sponsored Scheme for balanced development of border areas of States bordering Pakistan, namely Jammu and Kashmir, Punjab, Gujarat and Rajasthan. Subsequently it was extended to all the international land borders covering 17 States.

The main objective of BADP is to meet the special developmental needs of the people living in remote and inaccessible areas situated near the international border and to provide the border areas with the entire essential infrastructure through convergence of Central/State/BADP/Local schemes and participatory approach. Funds are allocated to the States on the basis of (i) length of international border, (ii) population of border blocks and (iii) area of border blocks. BADP funds are to be utilised only in those villages of the blocks, which are located 'within 0-10 km' from the international border – proximity to the international border would determine priority of the villages. After saturating these boundary villages with basic infrastructure, the set of villages located next to the boundary villages were to be taken up³⁴. If the first village in a block is located at a far away location from the international border, the first village/hamlet in the block may be taken as "0" kilo meter (km) distance village for drawing the priority list.

BADP is implemented in Manipur since 1997-98 and covers eight border blocks³⁵ of three districts bordering Myanmar viz., Chandel, Churachandpur and Ukhrul. Four more blocks³⁶ which are not having international borders but having villages within 0-10 km of the international border were also added during 2015-16.

2.2.2 Organization setup

Planning Department is the nodal department of BADP at State level headed by Principal Secretary (Planning), who is assisted by the Director and Joint Director (Nodal Officer) of the Planning Department.

³⁴ As per guidelines (2009), the villages were classified based on the distance from boundary as 0-10 km, 0-15 km and 0-20 km and so on. In 2015, the revised guidelines re-classified the boundary distances to 0-10 km, 0-20 km and 0-30 km and so on up to 0-50 km.

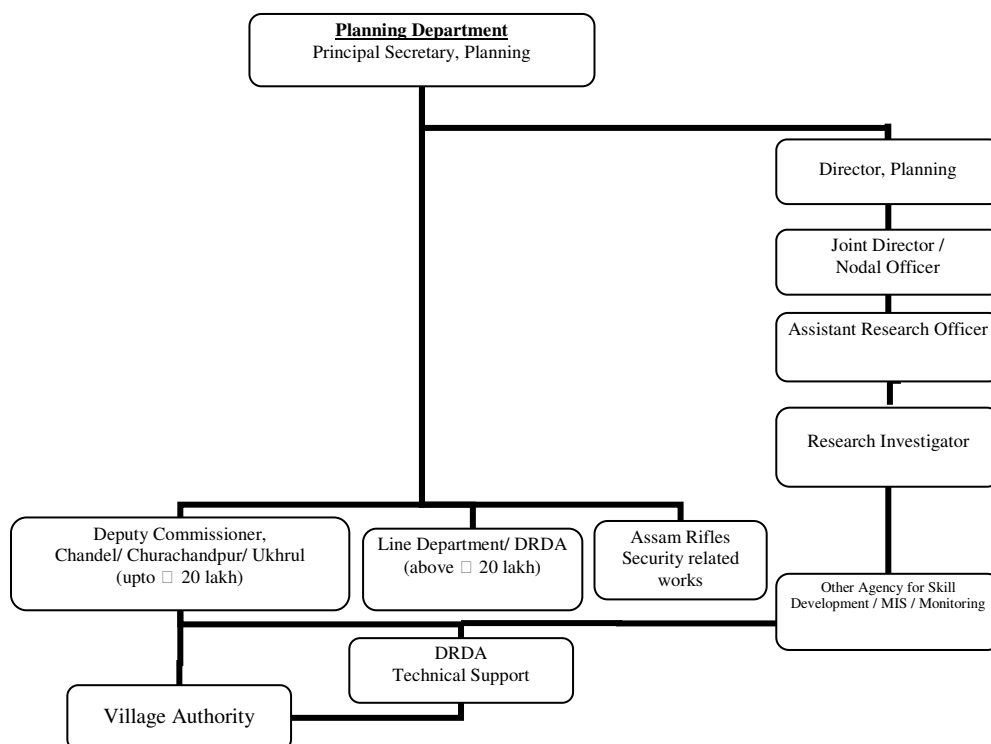
³⁵ (1) Tengnoupal, (2) Chakpikarong of Chandel District; (3) Singhat, (4) Thanlon of Churachandpur District; (5) Chingai, (6) Kamjong, (7) Kasom Khullen and (8) Ukhrul of Ukhrul District.

³⁶ (1) Machi and (2) Chandel blocks of Chandel District; (3) Phungyar block of Ukhrul District; (4) Sangaikot block of Churachandpur District

Earlier, BADP was implemented through various line departments. However, from 2009-10, the implementing agencies are as follows:

- (i) Deputy Commissioners through village authorities if the project cost is upto ₹ 20 lakh,
- (ii) Line Departments, if the project cost is above ₹ 20 lakh,
- (iii) Assam Rifles for security related works; and
- (iv) Planning Department through other agencies for skill development (CIPET/ICM/SAT) and MIS (MARSAC/SAT)³⁷.

Chart No. 2.2.1 Organogram for implementation of BADP



2.2.3 Audit Objectives

The Performance Audit on BADP was conducted to assess whether:

- planning process of the implementation of the Programme was adequate, effective and according to the BADP guidelines;
- the Programme was implemented with due regard to economy, efficiency and effectiveness;
- implementation of scheme was properly monitored; and
- the objectives of the programme have been achieved.

³⁷ Central Institute of Plastics Engineering and Technology (CIPET); Institute of Co-operative Management (ICM); State Academy of Training (SAT); Manipur Remote Sensing Application Centre (MARSAC)

2.2.4 Scope of Audit

The Performance Audit on BADP covering the period from 2012-13 to 2016-17 was conducted during April to July 2017. One district (Ukhrul District) out of the three districts where the BADP is being implemented in the State was selected on the basis of Probability Proportionate to Size Without Replacement (PPSWOR) method with size measure as the total amount of fund released during 2012-17. Two border blocks (Chingai and Ukhrul) in the selected district were selected on the basis of Simple Random Sampling Without Replacement (SRSWOR) method. Ten villages (five each from selected blocks)³⁸ were also selected using SRSWOR method. Beneficiary survey on capacity building and skill development was conducted (10 beneficiaries per selected Village) on random basis.

2.2.5 Audit Methodology

Audit commenced with an entry conference with the Director of Planning in April 2017 during which the audit objective, scope and criteria were discussed. Thereafter, records of the Directorate of Planning and sampled District Rural Development Agencies were test checked. Joint physical inspection of the works executed in the sampled villages was also carried out. Audit findings were sent to the Government/Department in October 2017 and the Department submitted its reply in December 2017. The audit findings were discussed with the departmental authorities in an exit conference held in January 2018. Views of the Department have been incorporated in the Report wherever applicable.

2.2.6 Audit criteria

The criteria for assessing the implementation and achievement of the scheme are as under:

- BADP Guidelines 2009 and Revised Guidelines 2015 of the Government of India;
- Government of India Orders and Notifications;
- Government of Manipur Orders and Notifications;
- CPWD Manual/Code followed by Government of Manipur;
- GFR 2005 and Central Treasury Rules;
- Long term action plan (Perspective Plan) of every village and Annual action plans of the Department;
- Minutes of meeting of Empowered Committee of the Centre; and
- Records of Social Audit, Reports of National Quality Monitors (NQMs) and other Third Party Inspections.

³⁸ Chingai Block: Nungbi Khullen, Chingai, Poi, Huishu and New Tusom villages; Ukhrul Block: Khamasom, Ronshak, Sihai Khullen, Sihai Khunnou and Lunghar Villages

2.2.7 Acknowledgement

Indian Audit and Accounts Department (IA&AD) acknowledges the cooperation extended by the State Government in providing necessary information and records to Audit.

Audit Findings

Audit findings are discussed in subsequent paragraphs.

2.2.8 Planning

2.2.8.1 Inadequate Planning

As per Para 3.3 of the BADP Guideline (2009), a baseline survey shall be carried out in border villages in order to assess the gaps in basic physical and social infrastructure. Preparation of a village-wise plan shall be ensured duly indicating the projects/funding through State Plan Schemes/the Centrally Sponsored Schemes (CSS)/Flagship Schemes of Government of India and the BADP. Such a plan shall also ensure the convergence of various Central/State schemes with the BADP. Micro analysis of all the seven sectors³⁹ are to be done for preparation of Plan.

The following issues were noticed by Audit:

(a) Delay in conduct of Baseline Survey

The Planning Department conducted baseline survey in 2011-12 for implementation of various works under BADP. However, it was not updated on a regular basis as the Department failed to submit any documentary evidence on updation. Audit however, noticed that the baseline survey for two villages (Lunghar and Khamasom) out of the 10 sampled villages of Ukhrul block was conducted only during 2015-16. As such, the BADP works in the two villages for the years from 2012-13 to 2015-16 were implemented without assessing the gaps in basic physical and social infrastructure.

The Department accepted (January 2018) that there was delay in conducting of baseline survey in the two villages and stated that the baseline survey was updated once in a year for villages within the 0-10 km belt of the international boundary. However, substantiating documents were not produced to Audit (February 2018).

(b) Long term action plan/Perspective plan not prepared

The Guidelines also envisage preparation of a detailed village-wise long term action plan/ perspective plan prioritizing the projects for filling the gaps. Out of the long term plan, Annual Action Plans (AAP) may be prepared picking up the prioritized projects.

³⁹ 1. Infrastructure, 2. Health, 3. Agriculture & Allied, 4. Social 5. Education, 6. Sports (This sector was under Education before Guideline, 2015) and 7. Special/Specific Area Scheme (This sector was introduced in the Guideline, 2015)

The Department prepared village-wise work programmes under cluster approach during the years 2006-07 and 2007-08. However, a detailed village-wise long term action plan/ perspective plan covering all the border villages in the State for the years 2012-17 to identify prioritized projects of the villages was not prepared. As such, targets were not set for filling up the gaps in basic physical and social infrastructure. Thus, the programmes were implemented without a detailed plan.

The Department accepted (January 2018) the observation and stated that village-wise long term plan will be prepared in consultation with the Deputy Commissioners in future and target will be set accordingly for filling up the gaps identified in the baseline survey.

(c) Gaps identified in the baseline survey not addressed in the annual work programmes

BADP emphasized on bottom-up planning by carrying out baseline surveys to assess the critical gaps on physical and social infrastructure in remote border areas. Scheme guidelines also emphasized to fill the critical gaps in road network, social infrastructure and essential needs rather than smaller schemes which directly benefit specific villages. Analysis of the sector wise gaps in basic physical and social infrastructure identified in the Survey Reports and the projects implemented under BADP for filling up the gaps in respect of all the sampled villages (**Appendix 2.3**) revealed that the annual work programmes taken up in the villages did not address the gaps identified in the survey reports (2011-12) of the villages as stated in **Table No. 2.2.1**.

Table No. 2.2.1 Gaps identified in baseline survey but not addressed

Name of Sector	Gaps identified in the survey conducted in 2011-12	Remarks
Education Sector	All the schools of the sampled villages did not have toilet facility.	The gaps identified in the report was not addressed in the Annual Work Programmes (AWP).
	All the sampled villages did not have library facility.	The Department constructed library halls in two villages New Tusom and Huishu in AWP 2013-14 and 2014-15. Library was not constructed in other villages.
Infrastructure Sector	Power supply was not available in three sampled villages (Poi, New Tusom and Huishu)	There was no plan in the AWP for provision of power supplies to the households in the three villages.
	Water supply was not available in three sampled villages (New Tusom, Ronshak and Khamasom)	One village (Khamasom) was provided with water supply. There was no plan in the AWP for water supply in the other two villages (New Tusom, Ronshak).
Health Sector	Health facility was not available in four sampled villages (Huishu; Ronshak, Lunghar and Sihai Khullen).	There was no plan in the AWP for providing health facility in the four villages.
Social Sector	All the sampled villages did not have public toilet and community centre.	Construction of public toilet was not taken up in five sampled villages (Huishu, New Tusom, Poi, Ronshak and SihaiKhunnou) and construction of community centres was not yet taken up in three sampled villages (Huishu, Sihai Khullen and SihaiKhunnou).

Name of Sector	Gaps identified in the survey conducted in 2011-12	Remarks
Sports Sector	The base line survey report indicated that all the sampled villages did not have sports infrastructure other than playground.	Infrastructure for sports other than playgrounds were not addressed in the AWP.
Agriculture & Allied Sector	The baseline survey indicated that all the sampled villages did not have animal husbandry and veterinary facility.	Animal husbandry and veterinary facility were provided in only two villages (Nungbi Khullen and Ronshak). The AWP did not provide for the facility in other villages.

Implementation of the Programme in the sampled border villages was flawed as the gaps identified in the survey report were not taken care while translating the same into Annual Action Plan during the year 2012-17.

The Department accepted (January 2018) the audit observation and stated that efforts will be made to address the gaps in future. Action taken up to address the gaps had not been intimated to Audit (February 2018).

2.2.8.2 Delay in holding of State Level Screening Committee Meetings and submission of the Annual Action Plan

As per Guideline, the State Level Screening Committee (SLSC) should meet at least twice in a year. The first meeting should be convened in February/March (March/April for the year 2016 onwards) in order to finalize and approve the schemes recommended by the village committee/panchayat/block level committee/DLC *etc.* as stipulated in the guidelines for the following year. The Annual Action Plan (AAP) is required to be finalized in the first meeting. State Government is required to submit the Annual Action Plan (AAP) for the years 2012-16 to the Ministry latest by the month of May every year and for 2016-17 latest by March/April 2016.

Audit noticed that the SLSC was constituted/reconstituted thrice by the State Government in May 1998, July 2008 and August 2015 headed by the Chief Secretary and nine other members including the Inspector General Assam Rifles (South), Manipur.

It was further noticed that during 2012-17, the first SLSC meetings for the year were delayed by one to five months. This in turn delayed submission of AAP to the Ministry by one to four months as shown in **Table No. 2.2.2**.

Table No. 2.2.2 Delay in holding of SLSC meeting and submission of AAP

Year	SLSC meeting			Submission of AAP		
	Meeting date	Due date	Delay in months	Date of submission	Due date	Delay in months
2012-13	4 May 2012	March 2012	1	14 May 2012	May 2012	No delay
2013-14	19 Sep 2013	March 2013	5	21 September 2013	May 2013	1
2014-15	14 July 2014	March 2014	3	14 July 2014	May 2014	2
2015-16	7 Sep 2015	March 2015	5	11 September 2015	May 2015	4
2016-17	11 April 2016	April 2016	No delay	21 May 2016	April 2016	1

Source: Planning Department

The delays in submission of AAPs impacted timely implementation of the Annual Work Programme. The delay in holding of SLSC meetings resulted in holding up sanction of schemes and release of funds by Government of India to

State Government and from State Government to the Implementing Agencies. As a result, the Annual Work Programme spilled over to the following years.

The Department stated (January 2018) that SLSC meeting were held usually by May/June and the submission of Annual Action Plan was delayed due to revision of work programme (in 2012-13), elections (in 2013-14 and 2014-15) and modification of guidelines (in 2015). The reply is not acceptable as the SLSC meetings for the years 2013-14; 2014-15 and 2015-16 was held in September 2013; July 2014 and September 2015 respectively. Moreover, delay in submission of Annual Action Plan shows lack of commitment on the part of the Department to the implementation of the scheme.

2.2.8.3 Sector-wise allocation analysis

As per Para 5.2 of Guidelines (2015), State Government shall draw the annual plan for taking various schemes/projects under various sectors for overall balanced development of the region and for filling the gaps in basic physical and social infrastructure in the border areas. The Guidelines (2015) also suggested the maximum/minimum limit of sector-wise allocation was suggested. State Government should ensure that no single sector get disproportionately large share of the allocation of the State. However, the maximum/minimum limit suggested is for guidance only and not mandatory for the State Government.

Audit noticed that all the sectors were covered under BADP. Sector-wise allocation to be made as per Guideline and actual allocation made during 2015-16 and 2016-17 is shown in **Table No. 2.2.3**.

Table No. 2.2.3 Percentage of sector-wise allocation and expenditure

(₹ in lakh)

Name of sector	Percentage of allocation to be made as per Guideline	2015-16			2016-17		
		Amount	Percentage of allocation actually made	Percentage of Excess(+) / Shortage(-)	Amount	Percentage of allocation actually made	Percentage of Excess(+) / Shortage(-)
Education	10 (Min)	88.00	5.23	(-) 4.77	141.61	7.39	(-) 2.61
Health	10 (Min)	76.00	4.52	(-) 5.48	125.52	6.55	(-) 3.45
Agri & Allied	10 (Max)	238.45	14.17	(+) 4.17	277.16	14.47	(+) 4.47
Infrastructure	35 (Max)	614.88	36.55	(+) 1.55	518.88	27.10	(-) 7.90
Social	30 (Max)	333.00	19.79	(-) 10.21	466.62	24.37	(-) 5.63
Sports	5 (Min)	98.15	5.83	(+) 0.83	130.05	6.79	(+) 1.79
Special/ Specific area schemes	10 (Min)	233.96	13.91	(+) 3.91	255.14	13.32	(+) 3.32
Total		1,682.44			1914.98		

Source: Compiled from data of Planning Department

As seen from the above table, the percentage of fund allocated in the Education, Health and Social sectors during 2015-16 and 2016-17 was less than the minimum allocations prescribe in the guidelines. Further, excess allocation was made in the Agriculture and Allied, Sports and Special and Specific Area sectors during 2015-16 and 2016-17. In the Infrastructure Sector, excess allocation was made during 2015-16 and short allocation was made during 2016-17.

Although the guidelines stated that minimum/maximum limit suggested is for guidance only and not mandatory, the Department should have taken into account the suggested limit to have holistic approach in the implementation of the programme across various sectors.

The Department did not offer any comment (February 2018).

2.2.8.4 Failure of DLCs to define “Saturation of a village with basic infrastructure”

As per para 2.2 of BADP Guideline (2015), District Level Committees (DLCs) shall make their own definition for “*Saturation of a village with basic infrastructure*”. The DLCs were constituted during April 2011, September 2012, June 2014 and August 2015. The committees were headed by the Chairman, Autonomous District Council during April 2011 to June 2014 and by the Deputy Commissioner of the districts from June 2014 onwards.

However, the DLCs did not define (September 2017) as to what makes up “*Saturation of a village with basic infrastructure*” despite implementation of schemes under BADP since 1997-98.

During the exit conference (January 2018), the Department stated that the matter will be taken up with the Government. Further action taken had not been intimated to Audit (February 2018).

2.2.8.5 Implementation of BADP in villages located beyond 0-10 km.

As per Guidelines, only after saturating the villages located within 0-10 km from the international border with basic infrastructure, the next set of villages located within 0-15/0-20 km, 0-30 km and so on up to 0-50 km are to be taken up.

The District Rural Development Agency (DRDA), Ukhruil executed 132 numbers of works costing ₹ 5.07 crore in 22 villages located beyond 0-10 km from the international border before saturating the villages located within 0-10 km with basic infrastructure. This had minimised the flow of fund to the villages within 0-10 km. Thus, taking up BADP works in the villages beyond 10 km was not only irregular but also hindered in achieving saturation of the villages within 0-10 km.

The Department stated (December 2017) that the BADP was implemented in the villages beyond 0-10 km belt with the approval of the SLSC. The reply is not acceptable as the implementation of BADP in the villages beyond 0-10 km from the international border was in contravention of the Guidelines as these could be taken up only after saturation of requirements of villages located within 0-10 km belt.

2.2.8.6 Assets created under BADP not maintained

According to Guidelines, the State Government may keep a provision not exceeding 15 *per cent* of the allocation made to the State for maintenance of assets created under the BADP after three years from the date of issue of completion certificate in respect of the assets. The State Government neither created inventory of assets/asset register to watch subsequent claims for maintenance of assets created under BADP (September 2017) nor kept any

provision for maintenance of assets. Hence, assets being three years/more than three years old were not maintained.

The Department did not offer any comments in their reply (February 2018).

2.2.9 Economy, Efficiency and Effectiveness

2.2.9.1 Short release of BADP fund

As per para 8.2 of BADP Guideline (2009), funds will be released to States in two instalments. The 1st instalment (90 per cent) will be released to the State only after the receipt of Utilization Certificates (UCs) for the amount released in the previous years except the preceding year. If there is any shortfall in furnishing the UCs for the amount released during the previous years except the preceding year, the same would be deducted at the time of release of the 1st instalment. The 2nd instalment (remaining 10 per cent) of the allocation of the State will be released to the State only after furnishing of UCs to the extent of not less than 50 per cent of the amount released during the month of preceding year. The State Government is also required to furnish Quarterly Progress Reports (Physical & Financial) up to the quarter ending September (i.e. 2nd quarter of the financial year). Again, as per para 9.2 of BADP Guidelines (2009), the year-wise consolidated UCs are required to be submitted within one month of the closure of the financial year.

The details of budget allocations, release of fund, amount deducted for non-submission of UCs and details of submission of UCs for the years 2012-17 in respect of the State are shown in **Table No. 2.2.4**.

Table No. 2.2.4 Statement showing budget and actual release of fund in respect of the State

(₹ in crore)

Year	Budget	Amount Deducted	Amount released by GOI (Amount for which UC was to be submitted)	Amount for which UC was submitted	Date of submission UC to Ministry	Due date of submission of UC	Delay in months	Balance for which UCs are not submitted
2012-13	22.00	2.71	19.29	19.29	30-10-2014	30-04-2014	6	0.00
2013-14	22.00	-	22.00	22.00	28-01-2016	30-04-2015	8	0.00
2014-15	22.00	-	22.00	21.77	31-01-2017	30-04-2016	9	0.23
2015-16	22.00	-	22.00	12.97	31-01-2017	30-04-2017	-	9.03
2016-17	25.00	0.23	30.77	0.00	Not submitted	30-04-2018	-	30.77
Total	113.00	2.94	116.06	76.03				40.03

Source: Planning Department

During 2012-17, GoI released ₹ 116.06 crore which was more than the budget allocation of ₹ 113 crore by ₹ 3.06 crore. The excess release of fund (₹ 3.06 crore) over the allocation was due to the release of ₹ 6 crore by the Government of India for the implementation of three model villages⁴⁰

⁴⁰ Mounaphai village in Chandel District; Lungthul village in Churachandpur District and Nungbi Khullen village in Ukhrul District

(March 2017) and counter balanced as deduction of ₹ 2.94 crore due to non-submission of UCs for the years 2010-11 (₹ 2.71 crore deducted in 2012-13) and 2014-15 (₹ 23 lakh deducted in 2016-17). Thus, the State forfeited Central funding to the tune of ₹ 2.94 crore due to non-submission of UCs.

The Department admitted (January 2018) that ₹ 2.94 crore was forfeited by Government of India due to non-utilisation of fund released during previous years as stated *ibid*.

It was observed that during 2010-11 to 2015-16, submission of UCs was delayed by 6 to 9 months. The circumstances leading to delay in submission of UCs and impact thereof are as follows:

(a) Parking of funds

As per para 8.3 of Guideline (2009), parking of funds at any level is strictly prohibited. The State received ₹ 22.00 crore from the Ministry in February 2014. However, in violation of the Guidelines, the Department parked an amount of ₹ 18.80 crore for two to ten months under Major Head 8449 (Other deposits) as detailed in **Table No. 2.2.5**.

Table No. 2.2.5 Details of fund deposited and withdrawn

(₹ in crore)

Year	Date of deposit	Amount deposited	Date of withdrawal	Amount withdrawn	Period of parking
2013-14	30-03-2014	18.25	28-05-2014	9.13	2 months
			30-10-2014	5.47	7 months
			16-02-2015	3.65	10 months
	Sub total	18.25		18.25	
2015-16	21-03-2016	0.55	07-11-2016	0.55	7 months
	Grand total	18.80		18.80	

Source: Planning Department

Parking of funds to Deposit Accounts affected timely release of fund to the Districts and timely submission of UCs.

The Department stated (December 2017) that funds were parked due to ban in encashment of fund by Finance Department. However, the Department could not produce any specific order of the Finance Department regarding imposition of ban on withdrawal of fund.

(b) Delay in release of funds by the State to implementing agencies

As per para 8.3 of Guidelines (2009), funds should be released by the State Governments to the implementing agencies immediately upon receipt of the same from Government of India. In contravention to this, release of fund by the State Government to implementing agencies was delayed by one to twelve months (**Appendix 2.4**). This resulted in delay in execution of schemes by the Implementing Agencies in the border villages. The work programmes for 2012-13 were executed during 2013-14; work programmes for 2013-14 were executed during 2014-15 and so on. The annual work programmes of 2016-17 in the sampled villages costing ₹ 2.24 crore was not taken up till date of audit (July 2017).

The Department stated (December 2017) that there was no delay in release of funds to implementing agencies except due to delays by Finance Department. However, there was no record produced to Audit that the Department requested Finance Department for timely release of funds as per their requirements.

(c) Delay in completion of works

As per the terms and condition of the work order, the works should be completed within six months from the date of issue of work order.

Scrutiny of 136 works in ten sampled villages revealed that 29 works (15 works under Agriculture and allied, nine works under Infrastructure, four works under Social Sector and one work under Sports Sector) in eight villages costing ₹ 1.48 crore executed during the year 2014-15 and 2015-16 were delayed by three to eight months (*Appendix 2.5*).

Thus, delay in execution of the works had impacted timely delivery of services to the border villages.

The Department stated (December 2017) that they will try to avoid delay in completion of work and release fund as early as possible.

2.2.9.2 Retention of heavy cash Balance

Details of fund receipt and expenditure in respect of Ukhrul District are shown in **Table No. 2.2.6**.

Table No. 2.2.6 Fund receipt and expenditure in respect of Ukhrul District

(₹ in crore)

Year	Opening Balance	Fund received	Accrued Interest	Total fund available	Expenditure	Closing Balance (as on 31 st March)
2012-13	0.90	9.94	0.10	10.94	4.12	6.82
2013-14	6.82	0.73	0.15	7.70	7.36	0.34
2014-15	0.34	12.44	0.08	12.86	6.57	6.29
2015-16	6.29	7.97	0.19	14.45	5.76	8.69
2016-17	8.69	3.40	0.26	12.35	6.71	5.64
Total		34.48	0.78		30.52	

Source: Planning Department.

Out of ₹ 36.16 crore⁴¹ available during 2012-17, the district spent ₹ 30.52 crore leaving a balance of ₹ 5.64 crore at the end of the period (31 March 2017). As can be seen from the above table, the closing balance at the end of each year was in the range of ₹ 0.34 crore to ₹ 8.69 crore. Retention of heavy cash balance was mainly due to delay in release of fund by the State on account of which the annual work programmes was implemented in the subsequent year. For instance, the expenditure of ₹ 6.71 crore incurred during the year 2016-17 was towards the implementation of the AWP of 2015-16. The fund received against AWP for the year 2016-17 was yet to be spent as on date of audit (July 2017).

⁴¹ Opening Balance of ₹ 90 lakh + fund received ₹ 34.48 crore + accrued interest ₹ 78 lakh

It appears that during the period covered by the audit, the AWP's were not implemented on time and hence the intended benefits could not accrue as envisaged.

The Department did not offer any comments on the observation in their reply (February 2018).

2.2.9.3 Interest accrued on deposit of BADP fund not utilised and bank accounts not reconciled with cash book

Interest not utilised

As per Guidelines (2014 and 2015), interest accrued on deposits of BADP fund at any level shall be treated as additional resources under the BADP and would be utilised on the works/projects drawn by the District Level Committee for the areas covered under the Guidelines as Priority villages.

The DRDA, Ukhrul operates a Savings Account in the United Bank of India for the BADP and ₹ 78 lakh accrued as interest for the period 2012-2017 (*Appendix 2.6*). Out of this, ₹ 15 lakh was utilised for execution of three works and ₹ 3.5 lakh for Management Information System and the remaining amount (₹ 59.50 lakh) was lying in the Bank instead of utilising in BADP works/projects.

The Department stated (December 2017) that DRDA and Assam Rifles have been instructed to submit work proposals including maintenance of assets created for utilisation of interest accrued with approval of SLSC. Compliance had not been intimated to Audit (February 2018).

Bank accounts not reconciled with Cash Book

Cash book and Bank account should be reconciled at the end of every year to settle the differences between the closing balances of the cash book and that of bank.

Audit noticed that reconciliation of the cash book balance with the bank balance was not done by the Department during the last five years. As such, there were differences between the closing balances as per cash book and as per Bank Statement as stated in **Table No. 2.2.7**.

7 Difference between bank balance and Cash Book closing balance as on 31 March

(Amount in ₹)

Year	Closing as per Bank Statement	Closing as per Cash Book	Differences
2012-13	7,16,97,592	6,82,23,365	34,74,227
2013-14	61,81,151	34,30,263	27,50,888
2014-15	7,49,39,324	6,29,06,167	1,20,33,157
2016-17	5,66,76,074	5,64,96,080	1,79,994

Source: Bank Statement and Cash Book

The Department did not give any specific reply (February 2018).

2.2.9.4 Excess Expenditure - ₹ 2.93 crore

For execution of department works, estimates should be prepared exclusive of contractor's profit. The Executive Director (ED), DRDA, UkhruI however, had prepared the estimates for the works based on Manipur Schedule of Rates (MSRs) which is inclusive of 15 *per cent* contractor's profit.

During 2012-17, ₹ 24.65 crore was incurred for execution of 707 works departmentally through village authorities/committees as shown in *Appendix 2.7*. As contractors were not engaged, preparation of estimates based on MSRs without excluding 15 *per cent* for contractor's profit amounting to ₹ 2.93 crore was irregular and hence resulted in extra expenditure to that extent.

On this being pointed out, the ED DRDA, UkhruI stated (September 2017) that contractor's profit was retained in lieu of carriage charges of construction materials. The reply is not acceptable as carriage charge of materials should be based on appropriate analysis based on distance of the source of material.

The matter was referred to the Department. The Department stated (December 2017) that the DRDAs had been advised to analyse rate with necessary deductions while preparing estimates (January 2018).

2.2.9.5 Payment without supporting documents - ₹ 5.44 crore

The Department executed 136 works costing ₹ 5.44 crore in the ten sampled villages of Chingai Block and UkhruI Block of UkhruI District during 2012-16. However, supporting documents such as vouchers for purchase of materials and actual payee receipts (APRs) in support of payment for labour charges pertaining to the works executed were not available. In absence of these documents audit could not ascertain whether those works were executed in an economic, efficient and effective manner.

The Department accepted (December 2017) the audit observation and stated that henceforth supporting APRs, vouchers and relevant documents will be maintained by District/ Block level from 2016-17 BADP works.

2.2.9.6 Unauthorised execution of substitute items of works - ₹ 31.50 lakh

As per *para 24.2.3* of the CPWD Works Manual, 2012, no extra/substitute items of work should be executed or approved without the prior concurrence of its necessity by the authority that accorded the technical sanction.

Scrutiny of 71 works under the Agriculture and Allied sector executed in ten villages revealed that substituted work items for ₹ 31.50 lakh was executed in 11 works in seven villages (*Appendix 2.8*) without obtaining the approval of the authority that accorded the technical sanction. This has violated the codal provision of CPWD works Manual.

The Department accepted (December 2017) the audit observation and stated that they will curtail and avoid such substitution of items of works in future and

ex post facto approval for revised estimates will be obtained and intimated to Audit. Further communication in this regard was not received (February 2018).

2.2.9.7 Display board not erected

As per para 9.2 of Guideline (2009), display board may be kept at project sites indicating that the work is being done or has been completed under the BADP of Government of India. However, during joint physical verification of 35 works, it was found that display boards were not erected at 26 work-sites (July 2017). Thus, information indicating the name of the programme (BADP), name of the work, estimated cost, date of commencement, date of completion of construction and the name of the executing agency were not displayed.

The Department accepted (January 2018) the audit observation and stated that such boards would be erected in future.

2.2.9.8 Work not executed by Border Guard Force (BGF) - ₹ 25 lakh

The State Government had taken up “Construction of Bridge over Maklangkhong River, Ukhrul District” for ₹ 1.00 crore under BADP 2013-14 to be executed by the Inspector General of Assam Rifles (IGAR), South (BGF). The amount was released as detailed in **Table No. 2.2.8**.

Table No. 2.2.8 Details for release of ₹ 1.00 crore

(₹ in crore)				
Sanction No and date	Sanction amount	Date of release	Amount released	Percentage of release
4/8/2013-14 (BADP)/ Plg (Pt) dated 22/03/14	0.38	28-05-2014	0.19	50 %
		13-01-2015	0.11	30 %
		16-02-2015	0.08	20 %
4/8/2014-15 (BADP)/ Plg (Pt) dated 22/12/14	0.48	24-01-2015	0.48	100 %
		27-03-2015	0.14	100 %
Total	1.00		1.00	

Source: Planning Department

The work was not taken up due to poor response to the tender by contractors. The matter was discussed in the SLSC meeting held in September 2015. In the meeting, it was decided that ₹ 38 lakh out of ₹ 1 crore sanctioned for the “Construction of Bridge over Maklangkhong River, Ukhrul District” will be spent on execution of seven other works as proposed by BGF. All seven works were completed. Further during the meeting held in April 2016, SLSC decided to utilise the remaining ₹ 62 lakh (₹ 1 crore- ₹ 38 lakh) for execution of 12 works. Out of 12 works, five works amounting to ₹ 25 lakh as detailed in **Table No. 2.2.9** were not taken up as on date of audit (July 2017).

Table No. 2.2.9 Details of five works not executed

Sl. No.	Block	Name of work	Cost of the work (₹ in lakh)
1	Kamjong Block	Installation of 12 X Solar lights at Bungdung, Kashung Village	5.00

Sl. No.	Block	Name of work	Cost of the work (₹ in lakh)
2	Kamjong Block	Providing of 12 X Solar lights at Mollen Village	5.00
3	Kamjong Block	Installation of 12 X Solar lights at Maokot Village	5.00
4	Chingai Block	Installation of 10 Nos Solar lights at Tusom CV	5.00
5	Chingai Block	Extension of Community Hall at New Tusom Village	5.00
		Total	25.00

Source: Planning Department

As such, an amount of ₹ 25 lakh was lying unutilised in the account of the IGAR, South. This has resulted in delay in creation of asset in the border villages.

The Department stated (December 2017) that the works were executed. However, related documents like completion report, MBs, etc. were not made available to Audit (February 2018).

2.2.9.9 Training programmes not conducted

The DRDA, Ukhrul received ₹ 85.04 lakh in two installments (₹ 75.02 lakh in January 2016 and for ₹ 10.02 lakh in March 2016) for conducting nine training programmes for the year 2015-16 as shown in *Appendix 2.9*. However, the training programmes were not conducted and the fund was lying idle in the bank as on date of audit (July 2017). As such, the youth of the border villages were deprived of the opportunity for capacity and skill development.

The DC, Ukhrul stated (January 2018) that seven training programmes have been completed and two were in progress. However, related documents like list of trainees, curriculum etc. was not made available to Audit.

2.2.9.10 Imparting of Food Processing training to youth of villages which are not part of the 0-10 km belt

DRDA, Ukhrul spent ₹ 9.80 lakh for conducting training on food processing during 2013-14. The payment was made to Participatory Action for Sustainable Development Organisation (PASDO), MR Road, Dungrei, Hungpung village and Nehru Yuva Kendra (NYK) Ukhrul. Details of the payments are shown in **Table No. 2.2.10**.

Table No. 2.2.10 Statement showing details of expenditure

Firm	Bill No. and date	Cheque No.	Amount (₹ in lakh)
PASDO	85 dated 05-02-2014	912569	1.40
PASDO	87 dated 21-02-2014	912571	2.10
NYK	14 dated 12-09-2014	912595	6.30
		Total	9.80

Source: DRDA Ukhrul

Scrutiny of records relating to the trainings conducted by PASDO showed that 88 youth participated in the training, out of which only 45 trainees were from villages within 10 km and the remaining 43 trainees were from villages beyond 10 km from international border though sufficient numbers of eligible youths

were available in the villages within 0-10 km belt. Imparting training for the youths from villages beyond 0-10 km of the international border deprived the youth of the border villages.

The Department stated (December 2017) that although sufficient eligible trainees were available in the border villages (0-10 km), the border youths from 0-15 km were also allowed in the training courses since work programmes covers upto 15 km in Ukhrul District. The Department further stated that the DRDAs will be instructed to ensure that youths from 0-10 km are trained and proper scrutiny of trainees will be carried out in future. The reply of the Department is not acceptable as it shows lack of assessment of trainings suitable to promote income generation and self employment in the border villages.

2.2.10 Monitoring

2.2.10.1 No Social Audit System

As per BADP Guideline (2009 and 2015), an appropriate Social Audit System should be put in place by the State Government.

The State Government had established the Manipur Social Audit Agency in January 2014. The State Government however, as on date of audit did not conduct Social Audit for BADP due to man power constraint. Thus transparency in implementation of the programme was not ensured. There was no assessment of views of the villagers through Social Audit.

The Department accepted (December 2017) the audit observation and stated that direction was issued to DRDAs for conducting Social Audit on BADP.

2.2.10.2 Lack of Monitoring

As per Guidelines (2009 and 2015), each border block should be assigned to a high-ranking State Government Nodal Officer who should regularly visit the block and take responsibility for BADP schemes. A quarterly report should be sent to the Ministry of Home Affairs indicating the number of inspections conducted and highlighting the important achievements as well as lacunae pointed out in the reports of the inspecting officers. Third party inspection also need be commissioned by the States for an independent feedback on the quality of work and other relevant issues.

It was observed that a Nodal Officer was not appointed for each border block as envisaged in the guidelines. Instead in November 2010, the State Government designated the Joint Director, Planning, as the State Nodal Officer of BADP. The Joint Director, Planning, in his capacity as the State Nodal Officer of BADP inspected 25 works during 2014-15 and submitted his reports to the State Government. The State Nodal Officer did not carry out further inspections in 2015-16 and 2016-17.

The Department/ State Government on its part did not submit quarterly reports to the Ministry of Home Affairs during 2012-17 as required under the BADP guidelines.

The State Government appointed two agencies viz., Volunteers for Village Development and Ukhrul District Community Resource Management Society as Third Party Inspection Agencies (TPIAs) for Ukhrul district during 2010-11. Out of the 136 works executed under BADP at a cost of ₹ 5.44 crore in the ten sampled villages during the period of audit, the TPIAs commented that in respect of 15 works, the quality of the works needs improvement and also recommended⁴² certain action to be taken up by the Department such as orientation and proper guidance, timely monitoring and technical supervision, etc. Details of the TPIAs comments are given in **Appendix 2.10**. However as of February 2018, the Department was yet to initiate action on any of the matters pointed out by the TPIAs.

Further, as per Guideline, the District Level Committee (DLC) shall take responsibility for monitoring quality and implementation of Works under BADP and submit a quarterly report to State Government for onward transmission to the Ministry of Home Affairs along with the photos of the works/schemes. It was noticed in audit that the DLC in the quarterly reports submitted to the Department during 2012-17 reported only the physical and financial progress of BADP works. However, the quality of the works remained unreported.

Due to non-reporting of the quality aspect, the reporting was incomplete to this extent. As a consequence, the quality of the works were not getting due attention which are pointed out in TPIAs report at **Appendix 2.10**.

The Department stated (December 2017) that Inspection Report of Nodal Officers was submitted to the Government of India and direction has been issued for the submission of DLC inspection report. It was also stated that the Department will comply with guidelines for more effective monitoring of the implementation of the BADP from the current year.

The Department's reply regarding submission of inspection report is not acceptable as the records produced to Audit pertains to the training conducted under the Capacity building programme. Quarterly reports sent to the Ministry of Home Affairs, if any, were not produced to Audit (February 2018).

2.2.10.3 Non submission of reports by the National Quality Monitors

As per Guideline, the Ministry of Home affairs under its third party inspection and quality control mechanism has to appoint National Quality Monitors (NQMs). The NQMs shall inspect BADP schemes and submit their reports to the Department of Border Management as well as the State Governments on a quarterly basis. The NQMs shall also suggest improvements in the execution of schemes, if required.

⁴² February 2014, May & June 2015, February 2016 and April 2017

However, the NQM did not inspect the implementation of the schemes during 2012-17. The State Government had also not requested to Ministry of Home for inspection of the works under the BADP. As such, the implementation of the Programme was not inspected, monitored and evaluated by the Quality Control Monitor of the Ministry of Home affairs. As such, the irregularities in the implementation of the Programme such as implementation of the BADP works beyond 0-10 km belt, delay in completion of the works, excess expenditure etc were not pointed out on time.

2.2.11 Achievement of the objectives of the programme

2.2.11.1 Poor achievement of the objective of the programme

During the period covered by this Performance Audit, major shortfalls in achieving the programme objectives are shown below:

- The infrastructure created under the programme are not adequate quantitatively for the bordering areas as gaps identified in the survey report were not fully covered (*Paragraph 2.2.8.1(c)*).
- None of the border villages were declared to be “saturated” although the schemes had been implemented in the state since 1997-98 (*Paragraph 2.2.8.4*).
- Works were not completed within the stipulated time (*Paragraph 2.2.9.1(c)*).
- Training programmes were conducted without prior assessment of the suitable training in the border villages (*Paragraph 2.2.9.12*).
- Targets were not set for filling up the gaps in basic physical and social infrastructure (*Paragraph 2.2.8.1(c)*).

2.2.12 Conclusion

Works under BADP scheme were implemented without updating the baseline survey conducted during 2011-12. No long term perspective plan was prepared for saturation of villages with basic infrastructure. There was delay in transfer of funds to implementing agencies for implementation of the programme. Creation of durable assets and capacity building of the youths in the border areas were affected due to financial irregularities like payment without supporting documents, unauthorized execution of substitute items of work, etc. Transparency and improvement in quality of works could not be ensured as system of inspection and monitoring was not put in place. In spite of implementation of BADP in the State since 1997-98, saturation of villages within 0-10 km belt of the international border was not achieved.

2.2.13 Recommendation

The State Government may consider to:

- Update the Baseline Survey conducted during 2011-12 on a regular basis to identify the gaps addressed in the AWP;
- Prepare a detailed village-wise long term action plan or perspective plan prioritizing the projects for filling up the gaps in basic physical and social infrastructure as brought out in the baseline survey.;
- Release fund to implementing agencies for timely implementation of the AWP;
- Execute the work as per the approved estimates;
- Establish definitions for “*Saturation of a village with basic infrastructure*” at the district level and take up adequate steps to saturate villages located within 0-10 km with basic facilities; and
- Strengthen monitoring of the implementation of the programme.

COMPLIANCE AUDIT

PLANNING DEPARTMENT

2.3 Undue benefit to contractors

Manipur Development Society gave undue benefit of ₹ 1.67 crore to the contractors on account of non-deduction of applicable security deposit and payment in excess of work order thereby leaving the works without any construction guarantee

As per para 21.2(2) of CPWD Works Manual 2012 which is adopted by the Government of Manipur, a sum at the rate of five *per cent* of the gross amount of the bill shall be deducted from each running account bill of the contractor, till the sum along with the sum already deposited as earnest money amounts to five *per cent* of the tendered amount of the work. Such deduction shall be made unless the contractor has deposited the amount of security. Further as per provisions under paras 22.1.3, 22.2 and 22.5 of the Manual, security deposit so deducted can be refunded only after completion of the work in all respect including clearance of site and expiry of maintenance period in accordance with the terms of the contract. However, such refund will be subject to rectification by the contractor of all the defects noticed and pointed out by the department officers during the guaranteed period and after assessment of the likely recoveries against the contractor. Further, as per Rule 21 read with Rule 129 of the General Financial Rules (GFR), 2005 no work can be commenced or liability incurred in connection with it until *inter alia* a work order is issued and expenditure thereon should not be *prima facie* more than the demand (work order value).

Scrutiny of records (July 2016) of the Director, Manipur Development Society (MDS), which is under the administrative control of the Planning Department, revealed that the Society had paid ₹ 13.91 crore against 24 works during 2013 to 2016 shown in **Table No. 2.3.1**.

Table No. 2.3.1 Abstract of security deposit not deducted

(₹ in lakh)

Particular of Payments	Number of works	Work order value	Amount paid	Security Deposit not deducted	Excess Paid	Balance to be paid
Part payment made	21	1654.93	1032.44	40.55	-	622.49
Paid in excess of work order value	3	245.69	358.70	12.94	113.01	-
Total	24	1,900.62	1,391.14	53.49	113.01	622.49

Details of the works are given in **Appendix 2.11**. As can be seen from the table, security deposit of ₹ 53.49 lakh was not deducted from the contractor's bill in violation of CPWD works Manual. Further, in respect of three works, the amount already paid had exceeded the work order value by ₹ 1.13 crore (excess of 46 *per cent* over work order) in contravention of the GFR provision *ibid*. Further, the excess payment against these three works rules out any scope for recovery of applicable security deposit.

Thus, the contractors were given undue benefits to the tune of ₹ 1.67 crore on account of non-deduction of applicable security deposit amounting to ₹ 53.49 lakh and excess payment to the tune of ₹ 1.13 crore. Further, the works were left without any post construction guarantee /maintenance period safeguards as envisaged in the provisions *ibid*.

The matter was reported to Planning Department (August 2017). In response, MDS claimed (January 2018) that there was no excess payment as payments were made against the work orders and also stated that further payments would be made subject to the recovery of security deposit due.

The contention of MDS that there was no excess payment against the three works *ibid* is not acceptable because the work order submitted with the reply was for only ₹ 245.69 lakh against which ₹ 358.70 lakh was already paid as on date of audit (July 2016). Recovery against security deposit or excess payment, if any, has not been intimated (March 2018).