

Chapter I
General Sector

CHAPTER I

GENERAL SECTOR

1.1 Introduction

This Chapter contains findings based on audit of State Government departments under the General Sector. General Sector plays an important role in an economy as this sector is responsible for creating environment wherein policies and plans are formulated and implemented for economic and social development. General Sector includes Planning, Police, Finance, Local fund Audit, Justice, Fire Department, District Administration, etc.

The expenditure incurred during the last five years by some of the major departments under General Sector are as given/shown in the following Table.

Table 1.1.1: Expenditure incurred by major departments under General Sector during 2017-22

(₹ in crore)

| Years | Finance including Local Fund Audit* | Police | Planning | Total on General Sector (per cent) | Total Expenditure |
|---------|-------------------------------------|----------|----------|------------------------------------|-------------------|
| 2017-18 | 1,416.84 | 1,299.56 | 162.33 | 3,188.88 (27.98) | 11,397.17 |
| 2018-19 | 1,549.64 | 1,378.62 | 160.76 | 3,397.70 (23.29) | 14,590.22 |
| 2019-20 | 1,747.11 | 1,577.20 | 63.14 | 3,740.79 (21.79) | 17,165.50 |
| 2020-21 | 1,740.39 | 1,880.17 | 119.72 | 4,166.43 (18.51) | 22,505.98 |
| 2021-22 | 2,441.78 | 2,078.42 | 260.74 | 5,285.95 (19.68) | 26,855.94 |

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

Source: Appropriation Accounts.

Table 1.1.2 provides Department-wise details of budget provision and expenditure incurred by the 17 departments pertaining to General Sector during 2020-21 and 2021-22.

Table 1.1.2: Department-wise budget provision and expenditure under General Sector during 2020-21 and 2021-22

(₹ in crore)

| Sl. No. | Department | 2020-21 | | | 2021-22 | | |
|---------|---|------------------|-------------|---------|------------------|-------------|----------|
| | | Budget Provision | Expenditure | Savings | Budget Provision | Expenditure | Savings |
| 1 | Police | 2,347.69 | 1,880.17 | 467.52 | 2,359.22 | 2,078.42 | 280.80 |
| 2 | Finance | 2,294.20 | 1,740.39 | 553.81 | 2,639.04 | 2,441.78 | 197.26 |
| 3 | Local Fund Audit* | | | | | | |
| 4 | Administration of Justice | 159.50 | 68.18 | 91.32 | 196.58 | 60.47 | 136.11 |
| 5 | Planning | 508.99 | 119.72 | 389.27 | 1,403.15 | 260.74 | 1,142.41 |
| 6 | Land revenue, Stamps & Registration and District Administration | 172.52 | 97.87 | 74.65 | 187.65 | 102.12 | 85.53 |
| 7 | Secretariat | 134.73 | 99.49 | 35.24 | 188.73 | 102.54 | 86.19 |
| 8 | Election | 41.82 | 25.93 | 15.89 | 106.85 | 104.70 | 2.15 |
| 9 | Jails | 31.77 | 28.76 | 3.01 | 33.98 | 30.50 | 3.48 |
| 10 | Home Guards | 53.84 | 52.94 | 0.90 | 47.97 | 47.08 | 0.89 |

| Sl. No. | Department | 2020-21 | | | 2021-22 | | |
|--------------|-----------------------------------|------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| | | Budget Provision | Expenditure | Savings | Budget Provision | Expenditure | Savings |
| 11 | Fire Protection and Control | 22.14 | 19.89 | 2.25 | 30.69 | 26.08 | 4.61 |
| 12 | Governor | 7.83 | 5.80 | 2.03 | 11.54 | 9.24 | 2.30 |
| 13 | Manipur Public Service Commission | 6.83 | 3.81 | 3.02 | 6.84 | 4.40 | 2.44 |
| 14 | Stationery and Printing | 7.15 | 5.71 | 1.44 | 7.47 | 5.86 | 1.61 |
| 15 | Vigilance and anti-corruption | 6.24 | 3.97 | 2.27 | 6.00 | 4.77 | 1.23 |
| 16 | State Academy of Training | 6.91 | 4.80 | 2.11 | 8.47 | 4.45 | 4.02 |
| 17 | Rehabilitation | 9.82 | 9.00 | 0.82 | 4.77 | 2.80 | 1.97 |
| Total | | 5,811.98 | 4,166.43 | 1,645.55 | 7,238.95 | 5,285.95 | 1,953.00 |

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

Source: Budget Documents and Appropriation Accounts.

As can be seen from **Table** above, there was overall savings of ₹ 1,645.55 crore (28.31 per cent) during 2020-21 and ₹ 1,953 crore (26.98 per cent) during 2021-22 against Budget provision under General Sector.

During 2020-21, Planning Department had the maximum savings of ₹ 389.27 crore (76.48 per cent) followed by Administration of Justice ₹ 91.32 crore (57.25 per cent) and Manipur Public Service Commission ₹ 3.02 crore (44.27 per cent), against their respective Budget provisions in terms of percentage.

Again, during 2021-22, Planning Department had the maximum savings of ₹ 1,142.41 crore (81.42 per cent) followed by Administration of Justice ₹ 136.11 crore (69.24 per cent) and State Academy of Training Department ₹ 4.02 crore (47.46 per cent) against their respective Budget provisions.

1.1.1 Planning and execution of Audit

Compliance audit of General Sector is conducted in accordance with an Annual Audit Plan approved by the Comptroller and Auditor General of India. Topicality, financial profile, social relevance, internal control system of the units and occurrence of defalcation/ misappropriation/ embezzlement as well as the past audit findings form the basis of risk assessment for selection of audit units. After completion of the compliance audits, Inspection Reports (IRs) are issued to the heads of units as well as to the concerned heads of departments. In the light of replies received, audit observations are reviewed and settled, if action taken by the audit client is satisfactory. However, if no action is taken or action taken is not satisfactory, the audit findings are retained and units are advised to take further suitable remedial measures. However, some very serious and selected audit findings are processed for inclusion in the Audit Report of the Comptroller and Auditor General of India for placing the same before the State Legislative Assembly as mandated by the Constitution.

During 2020-21, we conducted audit of 21 units pertaining to General Sector involving expenditure of ₹ 1,376.24 crore. As of March 2022, 20 Inspection

Reports containing 76 paras were issued to the State Government with copies to the Heads of the departments concerned.

Again, during 2021-22, we conducted audit of 8 units pertaining to the General Sector involving expenditure of ₹ 988.10 crore. As of March 2022, 8 IRs containing 28 paras were issued to the State Government with copies to the Heads of the departments concerned.

Year-wise details of expenditure audited in respect of General Sector during 2020-21 and 2021-22 are shown in **Appendix 1.1**.

This chapter contains one Subject Specific Compliance Paragraph viz. “Umbrella Scheme of Modernisation of Police Force” and three Compliance Audit paragraphs as discussed in succeeding paragraphs.

COMPLIANCE AUDIT

HOME DEPARTMENT

1.2 Subject Specific Compliance Audit of “Umbrella scheme of Modernisation of Police Force”

1.2.1 Introduction

Police force is essential for maintenance of law and order and ensuring effective check on crimes. Law and order being the state subject, the State Police has its jurisdiction on law and order over the entire State of Manipur with a total population of 34.37 lakh¹ and a geographical area of 22,327 square kilometer.

To strengthen police infrastructure, mobility, modern weaponry, communication equipment and forensic set-up, etc., Government of India in 2017 implemented the Umbrella scheme² of “Modernisation of Police Force” (MPF schemes) for a three-year period from 2017-18. The scheme comprised of 17 sub-schemes of which four are implemented in Manipur viz., (i) Assistance to States for Modernisation of Police (ii) Assistance to States for Special Projects/programmes for upgrading Police infrastructure (iii) Security Related Expenditure (SRE) and (iv) Crime and Criminal Tracking Networks and System (CCTNS). The incidence of crime in Manipur are as follows:

¹ Estimated population of the State in 2021 as per IndiaCensus.net

²The State also has some State schemes of which the major schemes are (i) Centralised procurement (ii) Construction of Police Building (iii) Maintenance and repair of Police Buildings and (iv) Construction of Police Stations.

Table 1.2.1: Table showing incidence of crime in the State of Manipur

| Year | Incidence of crime | Manipur | |
|------|--------------------------|--------------|-----------------------------------|
| | | Number | Crime Rate per lakh of population |
| 2016 | Indian Penal Code (IPC) | 3,170 | 121.90 |
| | Special Local Laws (SLL) | 928 | 35.70 |
| | Total | 4,098 | |
| 2017 | IPC | 3,416 | 130.00 |
| | SLL | 834 | 31.70 |
| | Total | 4,250 | |
| 2018 | IPC | 2,869 | 93.10 |
| | SLL | 912 | 29.60 |
| | Total | 3,781 | |
| 2019 | IPC | 2,830 | 91.00 |
| | SLL | 831 | 26.70 |
| | Total | 3,661 | |
| 2020 | IPC | 2,349 | 74.80 |
| | SLL | 637 | 20.30 |
| | Total | 2,986 | |
| 2021 | IPC | 2,484 | 78.30 |
| | SLL | 720 | 22.70 |
| | Total | 3,204 | |

Source: website of NCRB.

During 2016-20, the crime rate of IPC ranged from 74.80 to 130.00 per lakh of population and crime rate of SLL ranged from 20.3 to 35.70 per lakh of population.

1.2.2 Organisation Structure

The Department is headed by Commissioner, Home Department at the Government level and the Director General of Police (DGP) at the Department level. There are three Police Zones, each headed by Inspector General of Police (IGP) and four Ranges headed by Deputy Inspector General of Police (DIG). There are 16 Districts in the State, each headed by Superintendent of Police (SP), under which Police Stations and Police Outpost serve as field units in the districts. As on 1 March 2023, there are 101 functional Police Stations in the State. Also, there are 17 Armed Police Battalions headed by Commandant.

1.2.3 Scope of Audit and Methodology

The Subject Specific Compliance Audit of “Umbrella scheme of Modernisation of Police Force” (November 2021 to February 2022) covered the period from 2016-17 to 2020-21. The audit covered all the sub-schemes under MPF schemes implemented in Manipur viz., (i) Assistance to States for Modernisation of Police (ii) Assistance to States for Special Projects/programmes for upgrading Police infrastructure (iii) Security Related Expenditure (SRE) and (iv) Crime and Criminal Tracking Networks and System (CCTNS).

Audit scrutinised relevant records maintained by 18 offices selected out of 45 Auditable Units, using Probability Proportional to Size without Replacement

method (*Appendix 1.2*). Audit also conducted joint physical verification along with the departmental representatives.

Entry Conference was held (November 2022) with the Department in which the audit objectives, scope, criteria, and samples selected were explained, followed by an Exit Conference (March 2023) wherein audit findings were discussed. The responses of the Government have been incorporated in the report at appropriate places.

1.2.4 Audit objectives

The audit was conducted with the objectives to ascertain whether:

- Planning of the Department for implementation of schemes/ programmes was efficient;
- Financial management was efficient, economical and effective; and
- Funds were utilised optimally for the intended purposes.

1.2.5 Audit Criteria

The criteria based on which the Audit was conducted are:

- The schemes/ programmes guidelines;
- Norms prescribed by Bureau of Police Research and Development;
- General Financial Rules 2005 and 2017 & Central Treasury Rules;
- State Action Plan Documents; and
- Orders and instructions of the Central and the State Governments.

1.2.6 Sample selection

There were 45 Auditable units (23 SP Offices, 6 Manipur Rifles, 11 Indian Reserved Battalion and five other Offices) (*Appendix 1.2*). Of these, 12 units³ were sampled (7 SP offices, three IRBs, two MRs) for test check. In addition, five other offices (The Director General of Police, Manipur Police Telecom Organisation, Forensic Science Laboratory, Manipur Police Training College, Manipur Police Housing Corporation) and one SP office {Criminal Investigation Department (Crime Branch)} were selected.

1.2.7 Planning

Modernisation of Police Force Guidelines required that a strategic plan be prepared to identify and analyse the gaps in various components under Modernisation of Police Force (MPF) scheme in conjunction with the Bureau

³ For selection of district and field functionaries, a minimum of 30 *per cent* of the total number of the districts and field functionaries were selected on the basis of 'Probability Proportionate to Size Without Replacement' with size measure as amount of expenditure.

of Police Research and Development (BPR&D) and to rectify any shortcomings noticed. On the basis of the five-year strategic plan, Annual Action Plan (AAP) was to be prepared for approval by GoI.

However, audit noticed that no strategic plan was prepared by the State Government during 2016-17 to 2020-21 under MPF scheme. Though State AAP were prepared for the GoI scheme, no AAPs were prepared by the Department for infrastructure development and modernisation/ strengthening carried out from State's resources.

Due to lack of planning, many important activities relating to modernisation have either been delayed considerably or not implemented at all as discussed in **Paragraph 1.2.9.**

1.2.7.1 Delayed submission of Annual Action Plans of MPF

The Annual Action Plan under MPF Scheme is sanctioned by the High Powered Committee (HPC) of Ministry of Home Affairs (MHA). AAP are forwarded to HPC through State Level Empowered Committee (SLEC) headed by the Chief Secretary. As per instructions of the MHA, Government of Manipur (GoM) was to submit State AAP to the MHA in time for review and approval by HPC. Details of submissions and approvals of annual plans are given in the following **Table.**

Table 1.2.2: Timelines for submission of annual plans and the delay in release of MPF fund

| Year | Due date of submission | Date of submission of Action Plan to the Ministry | Delay in Submission of Annual Action Plan (in days) | Date of approval by MHA | Amount (₹ in crore) | Date of release of fund |
|--------------|------------------------|---|---|-------------------------|---------------------|---------------------------|
| 2016-17 | 31.03.2016 | 04.05.2016 | 34 | 30.06.2016 | 4.90 1.77 | 02.09.2016, 19.12.2016 |
| 2017-18 | 30.06.2018 | 21.07.2018 | 21 | * | | |
| 2018-19 | 27.04.2018 | 07.06.2018 | 41 | 09.06.2018 | 4.05 | 27.09.2018 |
| 2019-20 | 31.12.2018 | 16.03.2019 | 75 | 19.03.2019 | 6.73 4.02 | 03.10.2019, 30.03.2020 |
| 2020-21 | 31.12.2019 | 23.01.2020 | 23 | 29.06.2020 | 8.01 | Not available |
| Total | | | | | 29.48 | |

* No record produced to Audit.

Source: Records of the Department.

From the above **Table**, it was noticed that State AAPs were submitted to MHA with a delay of 21 days to 75 days which subsequently delayed its approval and release of funds for the modernisation programme. However, no measures were taken by the Department to submit the State AAP on time to MHA.

The Department attributed (February 2023) the reason for delay in submission of State AAP to late receipt of proposals from field units.

1.2.7.2 Fund released by MHA and expenditure

The proposal of the Department in the State AAP and the fund released by the Ministry during 2016-17 to 2021-22 financial years are as follows:

Table 1.2.3: Details of funds proposed by Department and released by the MHA and Expenditure

(₹ in crore)

| Scheme | 2016-17 | | | 2018-19 | | | 2019-20 | | | 2020 - 21 | | | 2021-22 | |
|---|--------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|---------------|--------------|
| | P | R | E | P | R | E | P | R | E | P | R | E | R | E |
| Mobility | 2.45 | | 2.58 | 2.87 | | 2.87 | 2.65 | | 0.00 | 2.65 | | | | |
| Weaponry | 1.19 | | 0.00 | 1.30 | | 0.00 | 1.30 | | 0.00 | 1.30 | | | | |
| Communication Equipment | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.00 | 4.02 | 0.00 | 2.17 | | | | |
| Forensic Equipment | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.98 | | | | |
| Security/ Intelligence equipment | 5.90 | 6.67 | 2.46 | 0.64 | 4.05 | 0.00 | 0.82 | | 0.00 | 1.67 | 8.01* | 0.32* | 24.08* | 3.63* |
| Training Equipment | 0.15 | | 0.00 | 0.00 | | 0.00 | 0.00 | 13.72 | 0.00 | 0.00 | | | | |
| FSL Equipment | 0.15 | | 0.00 | 0.60 | | 0.25 | 0.00 | | 4.01 | 0.00 | | | | |
| CCTNS equipment | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 | 1.84 | | | | |
| Construction of Police infrastructure | 0.00 | | 0.00 | 6.08 | | 0.00 | 5.84 | | 3.34 | 0.00 | | | | |
| Sub-total | 9.84 | 6.67 | 5.04 | 11.49 | 4.05 | 3.12 | 10.61 | 17.74 | 7.35 | 10.61 | 8.01* | 0.32* | 24.08* | 3.63* |
| Supplementary | | | | | | | | | | | | | | |
| Weaponry | 0.00 | | 0.00 | | | 0.00 | 0.00 | | 0.00 | 0.00 | | | | |
| Mobility | 0.44 | | 0.00 | 0.56 | | 0.00 | 0.53 | | 0.00 | 0.00 | | | | |
| Communication/ Security/ intelligence equipment | 1.53 | 0.00 | 0.00 | 1.74 | 0.00 | 0.00 | 0.79 | | 0.00 | 0.00 | 0.00* | 0.00* | 0.00* | 0.00* |
| Construction | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 | 4.24 | | | | |
| FSL equipment | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.80 | | 0.00 | 0.00 | | | | |
| Total | 1.97 | 0.00 | 0.00 | 2.30 | 0.00 | 0.00 | 2.12 | 0.00 | 0.00 | 4.24 | | | | |
| Grand Total | 11.81 | 6.67 | 5.04 | 13.79 | 4.05 | 3.12 | 12.73 | 17.74 | 7.35 | 14.85 | 8.01* | 0.32* | 24.08* | 3.63* |

* The Department could not furnish the bifurcation of Expenditure for 2020-21 and 2021-22. As such, the fund released and expenditure as appearing the Finance Accounts of the respective years had been adopted.

P = Proposal, R = Released, E = Expenditure, B = Balance

Note: No fund was released by the MHA during 2017-18.

Source: Records of the Department.

During 2016-17 to 2020-22, an amount of ₹ 60.55 crore was released by the Ministry against which the Department incurred an expenditure of only ₹ 19.46 crore leaving an accumulated balance of ₹ 41.09 crore at the end of March 2022. The Department earmarked the balance amount of ₹ 41.09 crore to be spent on various items as given in **Appendix 1.3**. However, the balance amount is yet to be spent as on March 2022.

In none of the five years, the Ministry released the entire amount envisaged in the State AAP component wise. Instead of component wise release of fund, a lump sum amount was released. While accepting the Audit observation, the Department stated (February 2023) that the components projected in the AAP were as per the detailed analysis of requirements of proposals received from the concerned units.

The Department admitted the delay in submission of State AAP.

1.2.8 Financial Management

Under MPF scheme, the Central and State government were to share the expenditure in the ratio of 90:10.

1.2.8.1 Release of funds

During 2016-22⁴ GoI released ₹ 60.55 crore. However, GoM did not release its share of ₹ 6.73 crore till March 2022. During 2018-19, GoI did not release ₹ 5.00 crore due to non-submission of utilisation certificate by the State Government for ₹ 5.00 crore of previous scheme of police modernisation (2011-17).

Audit also observed that:

- During 2016-2022, ₹ 60.55 crore was released by GoI for modernisation of police force. However, the Department could utilise only ₹ 19.46 crore (32.14 per cent) as of March 2022 and the remaining amount of ₹ 41.09 crore (67.86 per cent) remained unutilised (*Appendix 1.3*).
- Owing to low utilisation of funds, implementation of schemes under MPF suffered. Further, funds of ₹ 12.20 crore⁵ earmarked for Communication equipment, arms, vehicles and upgrading Forensic Laboratory during 2016-20, were still not procured as of March 2022.

1.2.9 Programme Implementation

The audit findings of the sub-schemes under MPF schemes viz., (i) Assistance to States for Modernisation of Police (ii) Assistance to States for Special Projects/programmes for upgrading Police infrastructure (iii) Security Related Expenditure (SRE) and (iv) Crime and Criminal Tracking Networks and System (CCTNS) are discussed in succeeding paras.

1.2.9.1 Assistance to States for Modernisation of Police and for Special Projects/ programmes for upgrading Police infrastructure

Assistance to States for Modernisation of Police is made to equip the police force with modern weapons, police mobility basic facilities etc. to enhance police performance. Assistance for forensic science and Closed Circuit Television (CCTV) cameras are provided both through Assistance to States for Modernisation of Police and for Special Projects/ programmes for upgrading Police infrastructure.

1.2.9.1.1 Availability of weapons

As per norms prescribed (July 2020) by the Committee of the State Police Department, the requirement of arms, present holding and shortage in the State as on 31 March 2021 is as shown in the following **Table**:

⁴ No fund was released during 2017-18.

⁵ ₹ 12.95 crore – ₹ 0.75 crore (for construction works).

Table 1.2.4: Arms requirement and present holding in Police Department

| Types of arms | As on 31 March 2021 | | |
|---------------------------|---------------------|-----------------|-------------------|
| | Requirement | Present holding | Shortage/ excess |
| 7.62 mm SLR IAI | 6,895 | 10,976 | (+) 4,081 |
| AK Rifles/ AK Series | 4,663 | 3,908 | (-) 755 |
| INSAS Rifle/ Excalibur | 7,013 | 6,743 | (-) 270 |
| 9mm Pistol / Glock pistol | 6,120 | 3,921 | (-) 2,199 |
| Carbine Amogh | 692 | 345 | (-) 347 |
| Ghaatak/ TAR | 11,024 | 1,275 | (-) 9,749 |
| SMG 9mm Carbine | 2,800 | 3,137 | (+) 337 |
| MP5/JVPC | 1,198 | 796 | (-) 402 |
| 0.303 Rifle | 12,814 | 10,003 | (-) 2,811 |
| LMG | 1,494 | 1,259 | (-) 235 |
| 51" mm Motar | 588 | 364 | (-) 224 |
| Sniper | 591 | 10 | (-) 581 |
| Tear Gas Gun | 3,000 | 1,389 | (-) 1,611 |
| 38 mm MSL | 527 | 81 | (-) 446 |
| UBGL for INSAS Rifle | 2,231 | 0 | (-) 2,231 |
| UBGL for AK Series | 2,231 | 0 | (-) 2,231 |
| MGL 40 mm | 395 | 0 | (-) 395 |
| Total | 64,276 | 44,207 | (-) 20,069 |

Source: Records of the Department.

As seen from the **Table** above, there was huge shortage in modern arms such as Carbine Amogh (50 per cent), Ghatak Rifle (88 per cent), Glock pistol (64 per cent), etc. Further, as regards total requirement of 4462 UBGL⁶, the present holding was nil. There was excess holding of 4,081 SLR and 337 SMG 9 mm Carbine against the requirement.

As per the scale of arms of the Police Department, there was a total shortage of 7,791 arms in the sampled units (**Appendix 1.4**) as on March 2021. Majority of the shortages were in the category of modern arms such as Ghatak rifles, assault rifles, Excalibur rifles etc. Audit observed that despite proposal in AAPs during the years 2016-17 to 2020-21 amounting to ₹ 5.09 crore for weaponry purchase, and despite availability of unspent balance of ₹ 41.09 crore during 2016-17 to 2021-22 under the scheme, the State Government failed to prioritise the unspent balance to procure necessary weaponry to equip the police force with modern weapons as well as reduce the existing shortfall.

The Department stated (February 2023) that due to technical issue of UBGL, Excalibur Rifles and Carbine Amogh, further procurement of the same had been stopped. It further stated that the excess SLR would be utilised for training purposes at MPTC. The reply of the Department is not convincing as the Department itself had proposed procurement of these weapons but no expenditure was incurred during 2016-17 to 2020-21 under weaponry.

⁶ Under barrel grenade launcher.

1.2.9.1.2 Shortage of Ammunitions

The Police Department prescribed (July 2020) the scale of ammunition. Ammunition used by the State Police in SLR, Ghatak rifles and AK Rifles, Insas rifles and Excalibur are 7.62 mm and 5.56 mm.

Based on the prescribed scale of ammunition, Audit worked out the requisite ammunition of the test checked units and noticed that there was huge shortage of ammunition of 7.62 mm and 5.56 mm. As on 31 March 2021, against the requirement of 8,40,120 ammunition of 7.62 mm, the availability was 7,81,310 ammunition, resulting in a shortage of 58,810 (7.53 per cent) ammunitions. For 5.56 mm ammunition, against the requirement of 4,37,910 there was 348,530 ammunition, resulting in shortage of 89,380 (25.64 per cent). The significant shortfall in ammunition of modern arms could have an impact on the maintenance of law and order of the State. The shortage of ammunition is shown in the following Table.

Table 1.2.5: Shortage of ammunition

| Sl. No. | Type of Ammunition | Requirement | Available | Shortage (-) / Excess (+) |
|---------|--------------------|------------------|------------------|---------------------------|
| 1 | 7.62 mm | 8,40,120 | 7,81,310 | (-) 58,810 (7.53 %) |
| 2 | 9 mm | 2,88,540 | 3,75,892 | 87,352 (23.24 %) |
| 3 | 5.56 mm | 4,37,910 | 3,48,530 | (-) 89,380 (25.64 %) |
| | Total | 15,66,570 | 15,05,732 | (-) 60,838 |

The Department stated (February 2023) that the Police Department procured assorted ammunition annually to replete the shortage taking into account shortage and excess ammunition.

In order to mitigate the shortage of ammunition, the Department should take necessary measures to procure the ammunitions as per requirement.

1.2.9.1.3 Storage of Arms and Ammunitions

There are three Central Reserve for storage of ammunitions and munitions at 1st Battalion Manipur Rifles, Imphal, 2nd Battalion Manipur Rifles, Imphal and 7th Battalion Manipur Rifles, Khangabok. Joint physical verification of the Central Reserves disclosed major shortcoming in these three Central Reserves in maintenance and upkeep of storage facilities of ammunitions as discussed below:

(a) Improper Storage of Arms and Ammunitions

As per instruction of the Ministry of Home Affairs, storage of weapons/ammunition should be done in appropriate buildings *i.e.* Keeper of Technical Equipment (KOTE). Adequate arrangements for prevention of fire and essential equipment for firefighting in and around such storehouses shall be ensured to restrict and prevent any collateral damages due to fire.

Audit noticed during Joint Physical Inspection (February 2021) with the Department that the storage building at 1st Battalion Manipur Rifles was in a dilapidated condition. Roofs of the barracks had water leakages. Audit also

noticed similar water leakages at 7th Battalion Manipur Rifles. Some photographs of KOTE in a dilapidated condition with water leakages have been given below:



Storage of arms in the old barrack with water leakages (Arms KOTE at 1st Battalion Manipur Rifles)



Water leakages in the Arms KOTE (7th Battalion Manipur Rifles)

(b) Inadequate firefighting equipment at KOTE

The Police Department did not assess the requirement of firefighting equipment in the arm KOTE in liaison with the State Fire Service. During joint physical verification, Audit noticed that there were no smoke detectors, fire alarm systems *etc.* Only basic firefighting equipment such as fire extinguishers and sand buckets were found installed. However, the fire extinguishers had expired and there were no records to show when the fire extinguishers were last refilled. Further, the sand buckets were without sand. This indicated that 1st Battalion Manipur Rifles, 2nd Battalion Manipur Rifles and 7th Battalion Manipur Rifles had been functioning without even basic firefighting arrangements till February 2022.



Installation of sand buckets without sand (7th Battalion Manipur Rifles)



Sand buckets without sand and expired fire extinguishers (1st Battalion Manipur Rifle)

Thus, KOTE where weaponry was stored was exposed to the risk of fire hazards.

(c) Absence of boundary wall

The Central Reserve at 1st Battalion, Manipur Rifles was partly bounded by barbed wire fencing and did not have a boundary wall. As of date (February 2022), these KOTE lacked adequate physical security *i.e.* boundary wall with watch tower. Audit noticed that departmental repairing and maintenance of

KOTE at 1st Battalion Manipur Rifles was carried out during 2019-21 with a total expenditure of ₹ 16.50 lakh but the old barrack at nearby location where sizeable arms and ammunition have been stored was not covered in the repairing works.



Due to improper storage, inadequate firefighting equipment and absence of boundary wall in KOTE the arms and ammunitions were lying in unsafe condition and are prone to risk of theft, pilferage, looting and fire hazard.

(d) Disposal of unserviceable weapons

As per the Standard Operating Procedure⁷ for disposal of old, obsolete and unserviceable weapons, the field units would compile an inventory of all such weapons and forward to the Directorate. The Directorate should constitute a Board of Officers/ Empowered Committees for submitting their recommendations with respect to declaration of weapons/ ammunitions as obsolete.

The unserviceable or obsolete weapons are practically of no use to the Forces for operational or any other purposes. As manpower is required for their safe-keeping and space is required for storage, disposal of these category of weapons should be done in a time bound manner as per laid down norms.

Audit noticed from the records of test checked units that there were 1,195 unserviceable weapons (**Appendix 1.5**) as of 31 March 2021. These unserviceable weapons were stored in the concerned units. No action has been initiated by the Department for disposal of unserviceable weapons as of 31 March 2021.

While admitting the audit observation, the Department stated (February 2023) that the disposal of obsolete weaponry is under process.

⁷ Issued in December 2018 by Ministry of Home Affairs

1.2.9.1.4 Police mobility

Police mobility has direct linkage to its performance. Quick police response helps to save precious lives, maintain law and order and protect public and private property. The AAP had projected a requirement of ₹ 10.62 crore to meet this requirement.

(a) Shortage of vehicles at police stations

Bureau of Police Research and Development (BPR&D) has prescribed norms of two four-wheelers (light motor vehicles) and three two wheelers (motor cycles) for every Police Station (PS). Scrutiny of records of sampled districts revealed that out of 41 PSs, 17 PSs (41 per cent) and 41 PSs (100 per cent) did not have the required number of four-wheelers and two-wheelers respectively, including 31 PSs (76 per cent) which did not have any two-wheeler at all. The details are at **Appendix 1.6**.

Audit noticed that the number of Light Vehicles (LVs) were more than the norms in the Superintendent of Police (SP) Offices of Imphal West (58), Thoubal (26), Imphal East (43), Senapati (4) and Bishnupur (39) whereas the police stations under these SP offices were lacking the LVs. As the Police Stations are the cutting edge and respond to requirements of law and order, the LMV need to be provided in the Police Stations rather than pool them in the office of the SPs.

In respect of Motor Cycles (MCs), there were excess number of vehicles in SP Offices of Imphal West (6), Thoubal (8), Imphal East (13), Bishnupur (4) whereas there were shortages of MCs in Churachanpur (5), Senapati (6) and Chandel (7). Audit also noticed that there were excess number of LVs in some of the police stations of Imphal West, Thoubal, Imphal East, Senapati, Chandel against the norms which could have been allocated to the police stations where there are shortages for quick response. There were many Police Stations without any MCs.

While accepting the audit observation, the Department stated (February 2023) that due to creation of seven new districts (December 2016), new police stations and police outposts created in the newly created districts, vehicles could not be provided as per norms of the BPR&D. The reply of the Department is not acceptable as these 41 PSs existed prior to creation of new districts. Moreover, ₹ 2.64 crore earmarked for Mobility (**Appendix 1.3**) was not utilised for procurement of vehicles despite the availability of unspent balance of ₹ 41.09 crore during 2016-17 to 2021-22 under the scheme.

Thus, the objective of providing adequate mobility to the Police force is yet to be achieved despite release of adequate fund by MHA. Shortage of vehicles could adversely affect the mobility and response time of police in the field which could impact law and order situation in the State.

Recommendation: *The excess vehicles in SP offices and Police Stations could be rationalised to reduce the shortages in other SP offices and Police Stations to enhance their operational efficiency and the unspent funds of the scheme earmarked for mobility, may be utilised on a priority in order to mitigate the critical operational shortages.*

(b) Shortage of vehicles for Armed police

As per the Ministry of Home Affairs, Government of India, the scale for authorisation (March 2018) of transport for an armed police battalion should be 15 heavy vehicles; 10 medium vehicles; seven light vehicles and three motor cycles. Scrutiny of records of sampled armed battalions revealed that there was shortage of vehicles in the Armed police as shown in the following **Table**.

Table 1.2.6: Vehicles in the Armed police

| Name of unit | Requirement as per scale/norm | | | | Present holding of on-road vehicles | | | | Shortage(-)/excess(+) of vehicles | | | |
|--------------|-------------------------------|-----------|-----------|-----------|-------------------------------------|-----------|-----------|----------|-----------------------------------|------------|----------|------------|
| | HV | MV | LV | MC | HV | MV | LV | MC | HV | MV | LV | MC |
| 1st MR | 15 | 10 | 7 | 3 | 3 | 2 | 6 | 1 | -12 | -8 | -1 | -2 |
| 2nd MR | 15 | 10 | 7 | 3 | 2 | 2 | 11 | 1 | -13 | -8 | 4 | -2 |
| 3rd IRB | 15 | 10 | 7 | 3 | 11 | 1 | 7 | 1 | -4 | -9 | 0 | -2 |
| 4th IRB | 15 | 10 | 7 | 3 | 13 | 1 | 10 | 0 | -2 | -9 | 3 | -3 |
| 9th IRB | 15 | 10 | 7 | 3 | 4 | 5 | 7 | 1 | -11 | -5 | 0 | -2 |
| Total | 75 | 50 | 35 | 15 | 33 | 11 | 41 | 4 | -42 | -39 | 6 | -11 |

Note: HV = Heavy vehicles i.e. TATA Truck, Bus, Water Tanker

MV = Medium vehicles i.e. TATA 407, Ambulance and Prison Van

LV = Light vehicles i.e. TATA Xenon, TATA Yodha, Innova, TATA Sumo, Gypsy, Mahindra Scorpio, Mahindra Thar, etc.

MC = Motor Cycle

MR = Manipur Rifles

Source: Records of the Department.

It can be seen from the above **Table** that there was no shortage of Light Vehicle (LV) in Armed police units except for 1st Manipur Rifles (MR) where there was shortage of one LV. There was excess of LVs in 2nd MR (+4) and 4th IRB (+3). In respect of Heavy Vehicles, Medium Vehicles and Motor Cycles, there were shortages in all the five Armed police units.

Thus, the minimum requirement of vehicles for armed police as prescribed by the Ministry was not fulfilled which would impact the operational efficiency of the police force. Though these armed police units made several requests (June 2018) for provision of adequate number of vehicles, no action was initiated.

The Department stated (February 2023) that there were shortages of vehicles due to non-procurement of vehicles as per MHA scale during the establishment of these Armed Police units.

The reply of the Department is not acceptable because these Armed Police units are old establishments. The funds for MPF *inter alia* include those for improving mobility of Police Department. There was unspent balance of ₹ 41.09 crore as on 31 March 2022 and no vehicles were purchased for these Armed police units. The shortages of heavy and medium vehicles would adversely impact movement of troops and response times thus adversely impacting the operational efficiency of the Armed police.

Recommendation: *The Department should initiate steps to utilise the unspent funds of the scheme earmarked for mobility, on a priority in order to mitigate the critical operational shortages of heavy and medium vehicles as per norms.*

(c) Shortfall in maintenance of vehicles

Police mobility is directly linked with its operational efficiency. Quick response of police forces during the time of law and order problems, helps significantly in protecting life and property of the people. Thus, regular maintenance of vehicles is essential for effective discharge of duties by the police personnel.

Audit noticed from the scrutiny of records of the Department that repair and maintenance of the vehicles were poor. There was huge shortfall in maintenance of vehicles by the Department as shown in the following **Table**.

Table 1.2.7: Statement showing shortfall in repairing of vehicles vis-à-vis the requirement

| Year | Vehicles requiring repair | | | Vehicles repaired | | | Shortfall in repairing of vehicles | | |
|--------------|---------------------------|-------------|------------|-------------------|------------|------------|------------------------------------|----------------------|---------------------|
| | Major | Minor | Servicing | Major | Minor | Servicing | Major (%) | Minor (%) | Servicing (%) |
| 2016-17 | 153 | 323 | 99 | 37 | 69 | 53 | 116 (75.82 %) | 254 (78.64%) | 46 (46.46%) |
| 2017-18 | 71 | 238 | 88 | 4 | 43 | 44 | 67 (94.37 %) | 195 (81.93%) | 44 (50 %) |
| 2018-19 | 82 | 252 | 81 | 35 | 77 | 65 | 47 (57.32%) | 175 (69.44%) | 16 (19.75%) |
| 2019-20 | 94 | 248 | 128 | 49 | 86 | 90 | 45 (47.87%) | 162 (65.32%) | 38 (29.69%) |
| 2020-21 | 64 | 201 | 77 | 30 | 56 | 49 | 34 (53.13%) | 145 (72.14%) | 28 (36.36%) |
| Total | 464 | 1262 | 473 | 155 | 331 | 301 | 309 (66.59%) | 931 (73.77 %) | 172 (36.36%) |

Source: Records of the Department.

As is evident from the **Table** above, the shortfall in maintenance of vehicles for major repairing and maintenance ranged from 48 to 94 per cent, 65 per cent to 82 per cent for minor repairing and for Servicing 19 per cent to 50 per cent during the period 2016-17 to 2020-21. Shortfall in maintenance of vehicles especially vehicles requiring major repairing would heavily impact the

operational efficiency of the police force. Further, the vehicles off road/unused for long time may complete their service life as fixed by the Government.

While admitting the audit observation, the Department stated (February 2023) that the shortfall in maintenance of vehicles was due to non-availability of fund under maintenance.

(d) Vehicles used by the Department after completing their useful life

Government of Manipur had fixed (December 1996) the norms for condemnation of vehicle in Police Department. The vehicles may be condemned as per the Life of vehicles as given in the following **Table**.

Table 1.2.8: Life of different types of vehicles as fixed by the Government

| Description of vehicles | Life of vehicles |
|-------------------------|-------------------------------|
| Heavy/Medium vehicles | 10 years or 150000 kilometres |
| Light vehicles | 10 years or 150000 kilometres |
| Motor cycles | 7 years or 100000 kilometres |

Scrutiny of records of units selected in Audit revealed that 207 out of 363 vehicles (57 per cent) heavy/ medium/ light vehicles had completed their service life as fixed by the Government. Further, 37 out of 59 Motor Cycles (63 per cent) had completed their service life. Though the prescribed service life of these vehicles had been completed, these vehicles were still being used by the Department. Non- replacing of these vehicles which had outlived their service life despite availability of funds would impact efficacy in the mobility and police performance. The position of available vehicles and vehicles that have completed their prescribed life is shown in **Appendix 1.7**.

While admitting the audit observation, the Department stated (February 2023) that in order to meet the immediate requirement of vehicles, the Department had repaired the over-age vehicles and utilised them in different locations for duties as per the requirement. Hence, proposal for condemnation of different types of vehicles could not be initiated on time.

(e) Non-repairing or replacement of Off-road vehicles

Vehicles play the most important role for quick response to any law and order situations. It is imperative that sufficient number of vehicles in good condition are in place for operational efficiency of the Police.

The position of off-road vehicles in the sampled units of the Department as of 31 March 2021 is as shown in the following **Table**.

Table 1.2.9: Position of vehicles in the sample units

| | Heavy | Medium | Light | Motorcycle | Total |
|---|---------|---------|----------|------------|----------|
| Total holding of vehicles | 173 | 206 | 1226 | 258 | 1863 |
| No. of off-road vehicles against the total holding (per cent) | 29 (17) | 35 (17) | 201 (16) | 71 (28) | 336 (18) |

Out of total 1,863 vehicles, 336 vehicles were off-road vehicles. These vehicles had been lying off-road for a period ranging from one to ten years.

Appropriate action for repairing/maintenance or disposal and replacement of off-road vehicles needs to be taken by the Department. Moreover, the shortfall in maintenance of vehicles especially vehicles requiring major repairing would also adversely impact the operational efficiency of the police force.

While admitting the audit observation, the Department stated (February 2023) that repairing and replacement of vehicles could not be carried out due to fund constraint and the Department was planning to provide phase-wise replacement of old vehicles. The response of the department is not acceptable as adequate funds (₹ 41.09 crore) were available as on 31 March 2022 under MPF.

1.2.9.1.5 Police Communication System

Manipur Police Telecommunication Organisation (MPTO) is responsible for providing immediate and secure communication to the police. Intra-district communication interconnects police stations, police posts, mobile units, district police and administrative officers for which police radio control rooms established at district headquarter have to remain active for 24 hours. For inter-district communication, radio centres are established at state radio headquarter and at each district. State headquarter is connected with zonal and range headquarters which are connected with each other and district headquarters. Most secret communications are also sent by radio department. Police in Manipur uses Very High Frequency (VHF) sets as mode of communication.

(a) Requirement and availability of communication equipment

For effective communication, Bureau of Police Research and Development (BPR&D) recommended one Very High Frequency (VHF) Handheld set per three police personnels in field offices. As of March 2021, the State had sanctioned strength of 15,391 against which 13,876 constables and head constables were in position. Against men-in-position, there was requirement of 4,625 handheld sets. However, only 2,007 handheld sets (43 *per cent*) were available as of March 2023.

Audit also noticed that out of 2007 handheld sets, 100 sets were defective. Thus, the net functional handheld sets available with the Department was 1,907 only.

Further, as per information available, 64 out of 84 police stations did not have telephones and 11 police stations out of 84 were running without wireless facilities as of January 2020. Thus, shortage of communication equipment in the Department would adversely affect effective communication.

(b) Status of procurement of telecommunication equipment

The status of utilisation of funds available under MPF for acquisition of modern communication equipment for the Police force as on 31 March 2021 are as shown in the following **Table**.

Table 1.2.10: Status of procurement of telecommunication equipment

(₹ in lakh)

| Year | Allocation of fund | | Utilisation | No. of equipment proposed by MPTO to PHQ | No. of equipment purchased as on 31 March 2021 | No. of equipment purchased as on March 2023 |
|---------|--------------------|--------|-------------|--|--|---|
| | Source of fund | Amount | | | | |
| 2016-17 | MPF | Nil | Nil | 850 | Nil | Nil |
| 2017-18 | MPF | Nil | Nil | 4,136 | Nil | Nil |
| 2018-19 | MPF | Nil | Nil | 505 | Nil | Nil |
| 2019-20 | MPF | 402.00 | Nil | 505 | Nil | Nil |
| 2020-21 | MPF | Nil | Nil | Nil | Nil | Nil |

Source: Records of the Department.

During 2016-19, the MPTO proposed to the PHQ for procurement of communication equipment under the MPF scheme. However, the Police Department did not consider the proposal in the Annual Action Plan and hence no fund was provided during the three years. However, during 2019-20, the Ministry of Home Affairs sanctioned (March 2020) ₹ 4.02 crore and the same was earmarked for procurement of 505 communication equipment. After Audit pointed out the shortages, the Department procured equipment for ₹ 3.73 crore as of February 2023. The balance amount of ₹ 29 lakh was yet to be utilised (February 2023).

(c) Inventory of defective Communication Sets

The Department had 3,383 communication sets as on 31 March 2021. Out of the 3,383 communication sets available in the Department, 2,501 sets were deployed in field units and the remaining 882 sets were kept in reserve as shown in the following Table.

Table 1.2.11: Inventory of defective and unserviceable communication sets

| Devices | Holding | Deployed | Available in store | | Total | Net functional |
|------------------|--------------|--------------|--------------------|------------|------------|----------------|
| | | | Functional | Defective | | |
| VHF Handheld set | 2,007 | 1,477 | 430 | 100 | 530 | 1,907 |
| Vehicle/ Static | 1,260 | 967 | 219 | 74 | 293 | 1,186 |
| Repeater | 62 | 19 | 7 | 36 | 43 | 26 |
| HF Set | 54 | 38 | 5 | 11 | 16 | 43 |
| Total | 3,383 | 2,501 | 661 | 221 | 882 | 3,162 |

Source: Records of the Department.

Out of 882 sets kept in reserve, only 661 sets were functional and 221 sets were defective. Thus, out of 3,383 communication sets, only 3,162 sets (93 per cent) were functional. Of the communication sets kept in reserve in the store, as many as 25 per cent were defective.

1.2.9.1.6 Forensic Science Laboratories

“Modernisation of Forensic Science Laboratories” is necessary to improve the quality of evidence and expedite criminal justice delivery process.

The Manipur police has only one Forensic Science Laboratory (FSL) at Imphal which has eight divisions viz., (i) Ballistics, (ii) Biology, (iii) Chemistry, (iv) Documents, (v) Toxicology (vi) Photography (vii) Cyber and (viii) Physics.

In addition, there are two mobile forensic units in Imphal West and Imphal East districts which function from the campus of the respective Superintendent of Police offices. Expert teams from mobile units visit round the clock throughout the State and collect evidences/samples from crime spots.

(a) Delay in disposal of cases

The status of cases received, disposed and pending during 2016-21 is given in the following **Table**.

Table 1.2.12: Statement showing status of case disposal by Forensic Science Laboratory, Manipur during the period from 2016-17 to 2020-21

| Year | Pending at the beginning of the year | Receipt during the year | Total | Disposal during the year (%) | Pending at the end of the year (%) |
|--------------|--------------------------------------|-------------------------|-------|------------------------------|------------------------------------|
| 2016-17 | 2,140 | 406 | 2,546 | 222 (8.72) | 2,324 (91.28) |
| 2017-18 | 2,324 | 764 | 3,088 | 727 (23.54) | 2,363 (76.47) |
| 2018-19 | 2,364 | 954 | 3,318 | 1,348 (40.63) | 1,970 (59.37) |
| 2019-20 | 1,969 | 702 | 2,671 | 876 (32.80) | 1,795 (67.20) |
| 2020-21 | 1,795 | 596 | 2,391 | 666 (27.85) | 1,725 (72.15) |
| Total | | 3,422 | | 3,839 | |

Source: Manipur Forensic Science Laboratory.

It can be seen from the above **Table** that at the beginning of 2016-17, total pending cases were 2,140. During 2016-17 to 2020-21, 3,422 cases were received and 3,839 cases were disposed. The rate of disposal of cases during 2016-17 to 2020-21 ranged between 8.72 per cent to 40.63 per cent. At the end of 2020-21, there was total 1,725 pending cases.

As on March 2023, there were shortages of 3 laboratory Assistants (Sanctioned Strength: 8), 11 Scientific Assistants (Sanctioned Strength: 21) and 3 Scientific Officers (Sanctioned Strength: 12). Thus, there were significant shortages in all the cadres affecting quick disposal of cases.

The Department stated (February 2023) that lack of manpower, equipment and infrastructure and fund are the major reasons for failure in disposal of pending cases. COVID pandemic also was a factor for less number of disposal of cases during 2019-21. The reply of the department is not tenable because there was an amount of ₹ 3.91 crore earmarked for FSL⁸ (**Appendix 1.3**) in the AAP for 2018-19 to 2019-20. Further, the shortage of man-power had not been addressed by the State Government⁹.

⁸ Including Security items as bifurcation was not furnished

⁹ As per Administrative Report of the Department of 2018-19, proposals for filling up of the vacant post was submitted to the State Government.

(b) Status of procurement of forensic equipment

The position of fund released and expenditure of Manipur State Police Forensic Science Laboratory (MFSL) for purchase of equipment was as given in the following **Table**.

Table 1.2.13: Status of funds of MFSL

(₹ in crore)

| Year | Allocation of fund | | Utilisation | Balance |
|--------------|--------------------|----------------------------------|-------------|-------------|
| | Source of fund | Amount (Central and State Share) | | |
| 2016-17 | - | Nil | Nil | Nil |
| 2017-18 | CCPWC * | 1.48 | 1.37 | 0.11 |
| 2018-19 | MPF | 0.60 | 0.25 | 0.35 |
| 2019-20 | MPF | 7.00 | 4.01 | 2.98 |
| | Nirbhaya Fund | 3.50 | 3.25 | 0.25 |
| 2020-21 | - | Nil | Nil | Nil |
| Total | | 12.58 | 8.88 | 3.70 |

* *Cybercrime prevention against women and children.*

Source: Records of the Department.

During 2017-20, GoI allocated an aggregate amount of ₹12.58 crore under different schemes for strengthening of the Laboratory. As can be seen in the above, the Department could utilise ₹ 8.88 crore only out of the allocated fund of ₹ 12.58 crore. The balance of ₹ 3.70 crore remains un-utilised as of March 2022. This defeated the objective of strengthening the Forensic Laboratory with modern equipment.

(c) Shortage of equipment

As per the information furnished by the MFSL, the Laboratory required 2,347 equipment. Against this requirement, 22 equipment were available in the Laboratory (**Appendix 1.8**). Thus, there was shortage of 2,325 (99 per cent) equipment.

In Ballistic Division, where number of cases received by the Laboratory was the highest, basic equipment such as Scanning electron microscope with X-ray spectrometer, High resolution zoom stereo Microscope and bullet catcher were not available. In Chemistry Division, one basic equipment-HPLC for identifying the components in a mixture and separate mixture of very similar components was not available.

Thus, the MFSL was ill-equipped and has been functioning without requisite equipment to carry out examination.

While admitting the audit observation the Department stated (February 2023) that in respect of Chemistry Division, purchase of the basic equipment viz., HPLC is under process. The Department also stated that there is no sufficient space to keep Scanning electron microscope in the Ballistic division. The reply is not acceptable as the Department had not taken up any steps for creation of sufficient space to accommodate equipment.

(d) Non-upgradation of Forensic Science Laboratory

To facilitate timeliness and scientific evidence in investigating sexual assault cases and other crimes cases and for better convictions, MHA instructed (January 2019) to update forensic science set up on top priority while preparing State Action Plan 2019-20. The area of focus for better and faster conviction are (i) DNA Analysis (ii) Cyber forensic and (iii) Narcotic testing facilities. The Department submitted (December 2019) Forensic Action Plan to the Ministry for a project cost of ₹ 7.00 crore under “Assistance to States for Special Projects/ Programmes for upgrading Police Infrastructure”. For strengthening of Forensic Science Services, ₹ 7.00 crore was released during 2019-20. Audit noticed that draft e-tender was submitted (August 2020) to the Home Department. As of December 2021, the requisite equipment had not been procured, resulting in non-upgradation of Forensic Science Laboratory with requisite infrastructure.

Thus, due to shortage of required equipment and lack of adequate laboratory facilities, the MFSL has to depend on Forensic Science Laboratory of other states like West Bengal, Assam, etc., in some cases.

1.2.9.1.7 Non-procurement of CCTV

The DGP constituted (December 2017) a Committee to work out the requirement of CCTV cameras and based on inputs from all Superintendents of Police, the Committee worked out the requirement of 157 CCTV cameras on National Highways and important Police Stations.

Accordingly, the Department, Government of Manipur submitted (January 2018) a project proposal of ₹ 5.50 crore to the MHA for installation of Closed Circuit Television (CCTV) cameras and surveillance system at important Police Stations and National Highways as per Supreme Court order¹⁰ (***Appendix 1.9***). This would enhance NH security by capturing records/images relating to undesirable/criminal activities of insurgents, smugglers, looters, anti-social elements, foreigners and road accidents. The proposal was duly approved (March 2018) by the State Level Empowered Committee.

During 2017-18 and 2018-19, the Government of India sanctioned (March and May 2018) ₹ 4.95 crore with instruction for immediate implementation of the project. The committee submitted (February 2019) Detailed Project Report and approval for draft e-tender was sought (February 2019) from the State Government which in turn directed to obtain the approval of Information Technology Department. After approval of the IT Department, the Police Department pursued with the GoM for draft e-tender during March 2020 to June 2021. As of October 2021, approval of the draft e-tender notice was awaited from the Government. The MHA in the video conference held (July 2021) asked the Department to return the funds sanctioned as it remained unutilised for four years. Thus, due to delay in tendering process, CCTV cameras could not be

¹⁰ Dated 24/7/2015.

procured (March 2022) and the State Government may be forced to surrender the amount released by MHA due to delay in the procurement process.

During Exit Conference (March 2023), the Department stated that a committee has been constituted in this regard. The reply is not acceptable as the Department failed to utilise the funds for four years due to which MHA had asked the Department to return the fund.

1.2.9.1.8 Non-availability of basic facilities in Police Stations

As per Modernisation of Police Force scheme police stations should have basic facilities such as disable friendly entry, suspect/witness examination room, interrogation room, counselling room, etc., to improve police functioning and delivery of services. In 24 Police Stations test checked, some of the basic facilities as envisaged in the Modernisation of police to improve police functioning and delivery of police services were not available as detailed in the following **Table**.

Table 1.2.14: Facilities not available in Police Stations

| Facilities | Number of Police Stations where the facilities were not available (per cent) |
|---|--|
| Disabled friendly entry | 21 (88) |
| Adequate rooms for officers in the police station | 16 (67) |
| Community policing room | 21 (88) |
| Suspect/witness examination room | 17 (71) |
| Recreational room & gym | 23 (96) |
| Interrogation room | 18 (75) |
| Counselling room | 20 (83) |

Non-availability of facilities in these test-checked police stations ranged from 67 per cent (Adequate rooms for officers in the police station) to 96 per cent (Recreational room & gym).

While admitting the audit observation, the Department stated (February 2023) that due to limitation of fund, construction of infrastructure for all police stations could not be taken up as per requirement. However, the facts on record do not support the reply as the funds earmarked for ‘Construction of police infrastructure’ in AAP were ₹ 6.08 crore in 2018-19, ₹ 5.84 crore in 2019-20 and ₹ 4.24 crore in 2020-21 against which expenditure of only ₹ 3.34 crore was made upto 2019-20, showing that the Department did not undertake sufficient planning to ensure that the amount is spent as per requirement.

Recommendation: *It is recommended that the unspent funds of the scheme earmarked for Construction of police infrastructure’ in AAP, may be utilised on priority in order to ensure basic infrastructure in all police stations.*

1.2.9.1.9 Security Related Expenditure

Security Related Expenditure (SRE) Scheme is implemented for the States seriously affected by militancy/ insurgency. It includes raising of India Reserve Battalions, Petrol, Oil and Lubricants (POL) in operations, maintenance of designated camps for groups under Suspension of Operations (SoO), expenditure on rehabilitation of surrendered militants etc.

(a) Loss to the State Government

As per Security Related Expenditure (SRE) guidelines, 75 per cent of expenditure on POL incurred by State Police will be reimbursed by the Central Government excluding taxes levied by the State Government on POL.

During 2016-17 to 2020-21, the Department claimed to have incurred ₹ 166.24 crore as expenditure on POL under SRE. The Internal Audit Wing (IAW) of the Ministry however, approved an amount of ₹ 90.54 crore only out of claim of ₹ 166.24 crore for reimbursement after deducting VAT and inadmissible item.

During scrutiny of records of the claims submitted to MHA, Audit noticed that the Department has miscalculated the permissible amount. As per calculation made by Audit, admissible amount of such claim worked out to ₹ 93.51 crore. Details are given at **Appendix 1.10**. This resulted in less reimbursement of ₹ 2.97 crore to the State Government, which was not yet taken up with the Ministry.

The Department has not furnished any reply (March 2023).

(b) Irregular payment to SoO cadres

Under the Security Related Expenditure scheme, reimbursement of expenditure on maintenance of designated camps of militant groups under SoO Agreement with Central/ State Government is admissible @ ₹ 6,000 per cadre per month. Government of India, Government of Manipur and two militant groups¹¹ had entered into this agreement with effect from 22 August 2008. As per guidelines for reimbursement of Security Related Expenditure, Aadhaar card (Unique biometric identification number) link is mandatory for payment to surrendered militants/ SoO cadres with effect from 1 April 2018. During the period 1 April 2018 to 31 March 2021 the Department incurred an expenditure of ₹ 27.38 crore for payment to the cadres under SoO as shown in the following **Table**.

Table 1.2.15: Details of amount paid to SoO cadres

| Sl. No. | Payment Period | No. of militants | Duration (month) | Rate (in ₹) | Amount (₹ in lakh) | Date of payment |
|--------------|--------------------------------|------------------|------------------|-------------|--------------------|-----------------|
| 1 | October 2017 to March 2018 | 1,122 | 6 | 3,000 | 6,05.88 | 22.04.2019 |
| 2 | April 2018 to September 2018 | 1,122 | 6 | 6,000 | | |
| 3 | October 2017 to March 2018 | 1,059 | 6 | 3,000 | 5,71.86 | 22.04.2019 |
| 4 | April 2018 to September 2018 | 1,059 | 6 | 6,000 | | |
| 5 | October 2018 to September 2019 | 2,167 | 12 | 6,000 | 15,60.24 | 21.07.2020 |
| Total | | | | | 27,37.98 | |

Source: Records of the Department.

The payments were made to the representatives of the cadres by cheque. There was no record for unique biometric identification number linking of the cadres.

¹¹ (i) The Kuki National Organisation and (ii) the United People's Front

Thus, payment of ₹ 27.38 crore to the cadres was irregular payment in terms of the Guidelines.

The Department stated (February 2023) that necessity of linking of unique biometric identification numbers was discussed in the meeting of the Joint Monitoring Group held on 30 December 2016 but details of unique biometric identification numbers were not submitted by the groups. The reply is not acceptable as linking of unique biometric identification number for surrendered militants is mandatory with effect from 1 April 2018 as per SRE guidelines.

(c) Irregular payment to surrendered militants

The objective of the scheme for surrender-cum-rehabilitation of militants in the North Eastern states is to wean away the misguided youth and hardcore militants from militancy. Such militants are to be scrutinised by the Screening Committee and a final decision would be taken by the State Government for payment of stipend upto ₹ 4,000 per cadre per month (enhanced to ₹ 6,000 per month per militant with effect from 1 April 2018). An immediate grant of ₹ 2.50 lakh (enhanced to ₹ 4.00 lakh with effect from 1 April 2018) was also to be kept in the name of the surrendered militant as Fixed Deposit for a period of three years.

During August 2017, 68 militants surrendered to the State Government and ₹ 5.44 lakh (68 x ₹ 4,000 x 2) was sanctioned (December 2017) as monthly stipend for two months before recommendation of the Scrutiny Committee. Besides, the State Government sanctioned ₹ 20,000 each per cadre out of the immediate grant of ₹ 2.50 lakh for immediate payment *i.e.* ₹ 13.60 lakh (68 x ₹ 20,000) in August 2017. The remaining amount of ₹ 2.30 lakh per cadre for 68 cadres *i.e.* ₹ 156.40 lakh was kept as Fixed Deposit in the name of the surrendered militants. However, the Screening Committee rejected (March 2018) 15 out of the 68 surrendered militants, as they were not genuine militant cadres.

Thus, before the recommendation of the Screening Committee, the Department paid monthly stipend to the 68 cadres alongwith ₹ 20,000 from the immediate grant kept in Fixed Deposit, amounting to ₹ 19.04 lakh¹². Out of ₹ 19.04 lakh, ₹ 4.02 lakh was paid to 15 fake militants. Thus, before recommendation of the Scrutiny Committee, the Department made payment of ₹ 4.20 lakh¹³, which was irregular.

While admitting the audit observation the Department stated (February 2023) that the stipends were released to meet the immediate requirements such as food and lodging for the surrendered cadres lodged at the camp before screening by the Screening Committee.

¹² ₹ 5.44 lakh + ₹ 13.60 lakh.

¹³ (15x ₹8000)+(15x ₹20000) = ₹ 4.20 lakh.

The reply was not acceptable as the Department made payment to the cadre before recommendation of the Screening Committee which resulted in payment to fake militants.

(d) Non-release of fund for immediate payment to the surrendered militants

With effect from 1 January 2018, surrendered militants were entitled an immediate grant of ₹ 4 lakh to be kept in the name of the surrendered militants as Fixed Deposit for a period of three years.

The Screening Committee for surrendered militants during 2019-20 screened and declared 22¹⁴ surrendered militants as genuine cadres.

However, the Department could not furnish documents about release of funds to the surrendered militants.

1.2.9.1.10 Implementation of Crime and Criminal Tracking Network System (CCTNS)

The Crime and Criminal Tracking Network Systems (CCTNS) aims at creating a comprehensive and integrated system for enhancing the efficiency and effectiveness of policing through adopting of principle of e-Governance and creation of a nationwide networking infrastructure for evolution of IT-enabled-state-of-the-art tracking system around 'Investigation of crime and detection of criminals'. A Memorandum of Understanding (MoU) was signed (September 2009) between MHA and GoM for implementation of the project in the State. The project was to be implemented in 216 locations including 101 police stations and 115 higher offices. The scheme was implemented in the State with effect from September 2009.

Government of India has sanctioned ₹ 20.03 crore since inception of CCTNS scheme in 2009 against which the Department incurred expenditure of ₹ 17.67 crore on CCTNS as on 31 March 2022. During audit coverage period *viz.*, from 2016-17 to 2021-22, an amount of ₹ 8.41 crore¹⁵ was sanctioned of which expenditure of ₹ 5.37 crore¹⁶ had been incurred¹⁷.

Audit noticed that the System integrator (SI) had completed installation of hardware components in 216 locations in May 2016. The system was not fully functional due to pending networking, delay in appointment of system integrator *etc.* The shortcomings in implementation of CCTNS are as follows:

- (i) Networking:*** Audit noticed that networking was pending in 34 Police Stations out of 101 Police Stations as on January 2023.
- (ii) Delay in appointment of System integrator (SI):*** The State Government had appointed (August 2013) Rolta India Limited as SI for a period of three years *i.e.* till 26 March 2020 from the date of Go-live on March

¹⁴ 22 militants were screened (6 militants in July 2019 & 16 in March 2020).

¹⁵ 41.98 *per cent* of the total amount ₹ 20.03 crore received.

¹⁶ 30.39 *per cent* of the total expenditure of ₹ 17.67 crore.

¹⁷ during 2016-17 to 2020-21.

2017. However, after the expiry period of service of the SI, the service of SI was not extended even though the Department had no in-house technical manpower to maintain CCTNS application. The Department stated (February 2023) that E-tender for hiring a new system integrator had been floated in January 2023 and the tender would be opened on 27 February 2023. Further, action had not been intimated (March 2023).

Thus, due to pending networking and appointment of System Integrator the CCTNS was not fully functional in the State even after 12 years from the date of implementation of the Scheme.

1.2.10 Conclusion

No strategic plan was prepared by the State Government during 2016-17 to 2020-21 under Modernisation of Police Force (MPF) scheme due to which many important activities relating to modernisation have either been delayed considerably or not implemented. Annual Action Plans of 2016-17 to 2020-21 were submitted to MHA with a delay of approximately one to over two months which subsequently delayed its approval, release of funds and implementation of the modernisation activities/ programmes.

There was lack of prioritization and no monitoring of the implementation of the scheme of MPF. Despite availability of funds under the scheme, there was tardy implementation and funds remained unspent every year (2016-22). As on 31 March 2022, ₹ 41.09 crore remained unspent.

There were huge shortages of modern arms such as Carbine Amogh, Ghatak rifle, Glock pistol. There were also shortages of ammunitions. Keeper of Technical Equipment (KOTE) where weapons/ ammunition are kept were in dilapidated condition without adequate firefighting equipment and proper boundary wall. The Department failed to utilise the available funds to purchase modern weapons.

There were excess number of Light Motor Vehicles and Motor Cycles in some Superintendent of Police (SP) offices while there were shortages in most of the police stations and in some SP offices. There were also less number of heavy and medium vehicles in all Armed Police units. The Department failed to utilise the available funds to purchase vehicles.

The State Forensic Science Laboratory was facing serious shortages of equipment and manpower. Shortages of much needed manpower across different cadres had not been addressed. Department failed to utilise the allocated fund by GoI to strengthen Manipur Forensic Science Laboratory with modern equipment.

Against guidelines of Security Related Expenditure, ₹ 27.38 crore was released to the accounts of cadres under Suspension of Operation (SoO) without linking of unique biometric identification numbers.

Crime and Criminal Tracking Network Systems (CCTNS) was not fully functional in the State even after 12 years from the date of implementation of the Scheme.

1.2.11 Recommendations

The State Government may consider the following recommendations:

- i. Prioritize the requirements of the police force under Modernisation of Police Force ;*
- ii. Strictly monitor the progress of implementation of Modernisation of Police Force and utilization of funds thereof as per priorities.*
- iii. to address shortage of weapons and ammunitions on priority basis as it could limit operational efficiency of the police force;*
- iv. to address the shortages of vehicles to improve mobility of the police force ;*
- v. to address the shortage of technical manpower in the forensic science laboratories;*
- vi. to take initiative to link unique biometric identity numbers of the Surrendered militants/ SoO cadres for making payment for better transparency; and to fix responsibility on the concerned person for making payment to the surrendered militants/SoO cadres without linking of unique biometric identity numbers; and*
- vii. to complete networking in all Police stations and to appoint System Integrator under Crime and Criminal Tracking Network Systems (CCTNS)*

EDUCATION (S) DEPARTMENT

1.3 Non-remittance of VAT into Government Account

Education Engineering Wing of Education (S) Department had not deposited VAT amounting to ₹ 2.34 crore to the Government Account.

Government of Manipur notified (September 2009)¹⁸ that the amount of sales tax deducted at source should be deposited by the Drawing and Disbursing Officer (DDO) within seven days from expiry of the month. In case the DDO fails to deposit the tax within the prescribed period, he shall be liable to pay penalty not exceeding double the amount of tax not so deposited.

Further, Rule 7 of the General Financial Rules, 2017 stipulates that all money received by or on behalf of the Government either as dues of Government or for

¹⁸ Vide notification No. 5/45/2006-FD (TAX) dated 03.09.2009.

deposit, remittance or otherwise, shall be brought into Government Account without delay. Rule 37 also stipulates that an officer shall be held personally responsible for any loss sustained by the Government through fraud or negligence on his part.

Scrutiny of records (January 2021) of the Chief Engineer, Education Engineering Wing (EEW), Education (S) Department revealed that during the period from September 2013 to March 2018, EEW received an amount of ₹ 90.09 crore from National Institute of Technology (NIT), Manipur for undertaking various deposit works for Development of Infrastructure for NIT, Manipur. Audit noticed that the amount so received was inclusive of 5.6 *per cent* VAT amounting to ₹ 4.30 crore which was to be deposited in the designated bank within seven days from the expiry of the month of receipt. However, out of the total amount deducted as VAT, the EEW had deposited only ₹ 1.96 crore¹⁹ with delays ranging from 51 days to 385 days²⁰, for which penalty of double the amount of tax *i.e.*, ₹ 3.92 crore was payable. The balance of ₹ 2.34 crore (₹ 4.30 crore – ₹ 1.96 crore) which was lying in the bank account of EEW was yet to be remitted into Government Account as on the date of audit (January 2021).

Thus, in violation of the Government order and Financial Rules *ibid*, the EEW had not deposited the deducted VAT amount of ₹ 2.34 crore into Government account even after lapse of more than four years which tantamount to loss of Government revenue. A penalty of ₹ 8.6 crore²¹ is also liable to be paid by EEW on account of failure to deposit the Government revenue within the prescribed time period.

While accepting the audit observation (January 2021), the EEW stated that the deposit of statutory dues into Government Account was in process. However, latest position of the deposit is yet to be furnished to Audit (March 2023).

Recommendation: Non-deposit of VAT amount would affect the State Government's Tax Revenue. The amount needs to be deposited into on priority basis and also take appropriate action against the incumbent officer responsible for such lapses.

¹⁹ ₹ 0.95 crore (VAT deducted for January 2014 to December 2014 deposited on 28/02/2015) plus ₹ 1.01 crore (VAT deducted for January 2015 to August 2015 deposited on 27/11/2015).

²⁰ 08/01/2015 to 28/02/2015 and 08/02/2014 to 28/02/2015.

²¹ ₹ 3.92 crore on the delayed deposit of ₹ 1.96 crore and ₹ 4.68 crore on the remaining VAT amount of ₹ 2.34 crore yet to be deposited into Government account.

TRIBAL AFFAIRS AND HILLS DEPARTMENT

1.4 Non-deposit of TDS into Government account

Manipur Tribal Development Corporation had not deposited Sales Tax of ₹ 17.42 crore and GST amount of ₹ 1.04 crore into the Government Account.

As per Government of Manipur notification (September 2009)²², the amount of Sales Tax deducted at source should be deposited by the Drawing and Disbursing Officer (DDO) within seven days from expiry of the month. In case the DDO fails to deposit the tax within the prescribed period, he shall be liable to pay penalty not exceeding double the amount of tax not so deposited.

Further, as per Section 51(2) of the Manipur Goods and Services Tax Act, 2017, the amount deducted as Tax Deducted at Source (TDS) shall be paid to the Government Account by the deductor within ten days after the end of the month in which such deduction is made.

Manipur Tribal Development Corporation (MTDC) is a State Government Company incorporated in 21 June 1979 (under Tribal Affairs and Hills Department) and engaged in construction of infrastructure facilities, particularly in Hill Districts of Manipur. Non-deposit of TDS by the Corporation as noticed in audit of records (January to February 2021) of the Corporation are discussed as follows:

a) Non-deposit of Sales Tax deducted at source - ₹ 17.42 crore

While making payments to the contractors for various works during 2018-19 and 2019-20, elements of Sales Tax at the rate of 5.6 per cent of the value of work done was deducted at source by MTDC from each Running Account bill. The amount so deducted was retained in the bank account of MTDC for deposit into the Government account, the details of which are as shown in the following Table:

Table No. 1.4.1: Amount of Sales Tax deducted at source not deposited

(₹ in lakh)

| Sl. No. | Year | Opening Balance | Sales Tax deducted at Source | Progressive Total of Sales Tax deducted | Sales Tax Deposited into Govt. A/c | Closing Balance |
|--------------|---------|-----------------|------------------------------|---|------------------------------------|-----------------|
| 1 | 2018-19 | 1,816.45 | 17.09 | 1,833.54 | - | 1,833.54 |
| 2 | 2019-20 | 1,833.54 | 7.93 | 1,841.47 | 99.33 | 1,742.14 |
| Total | | | | | 99.33 | |

However, Audit noticed that during the period 2018-20, as against the total outstanding Sales Tax amount of ₹ 18.41 crore lying in its bank account, MTDC had deposited only ₹ 99.33 lakh. Thus, there was an outstanding balance of Sales Tax amounting to ₹ 17.42 crore (March 2020) yet to be deposited into the Government Account even after lapse of 11 to 32 months.

²² Vide notification No. 5/45/2006-FD (TAX) dated 03.09.2009.

b) Non-deposit of GST deducted at Source - ₹ 1.04 crore

Similarly, elements of Goods and Service Tax at the rate of two *per cent* amounting to ₹ 1.76 core was deducted at source under the Manipur GST Act, 2017 from each Running Accounts (RA) bill by MTDC during 2018-19 to 2020-21. The amount so deducted was also retained in the bank account of the Corporation without depositing into appropriate Government account as shown in the following **Table**:

Table No. 1.4.2: Amount of GST deducted at Source not deposited

(₹ in lakh)

| Sl. No. | Year | Opening Balance | Deducted during the year | Progressive Total of TDS | Deposited during the year | Closing Balance | Remarks |
|------------------|---------|-----------------|--------------------------|--------------------------|---------------------------|-----------------|-------------------------|
| 1 | 2018-19 | - | 31.55 | 31.55 | 2.43* | 29.12 | *Since inception of TDS |
| 2 | 2019-20 | 29.12 | 81.51 | 1,10.63 | 0.16 | 1,10.47 | |
| Sub Total | | | 1,13.06 | | 2.59 | | |
| 3 | 2020-21 | 1,10.47 | 63.38 | 1,73.85 | 70.19 | 1,03.66 | as on January 2021 |
| Total | | | 1,76.44 | | 72.78 | | |

As on March 2020, against the total tax of ₹ 1.13 crore deducted at source (TDS), MTDC deposited ₹ 2.59 lakh. As on the date of audit (January 2021), as against the accumulated TDS amount of ₹ 1.76 crore, MTDC had deposited ₹ 72.78 lakh, leaving an outstanding balance of ₹ 1.04 crore. Thus, MTDC failed to clear the statutory dues to the Government for which it was liable to pay penal interest prescribed under provision of the Act *ibid* for delay in deposition of the TDS.

The matter was pointed out to MTDC (September 2022). MTDC did not furnish the reason for not depositing the balance amount of TDS into the Government Account, but stated (February 2021) that the statutory dues would be deposited at the earliest. However, action taken in this regard has not been intimated (March 2023).

Recommendations: Necessary action may be initiated by the Department to get the outstanding amount of the Sales Tax and TDS deposited into Government Account and also take appropriate action against the incumbent officer responsible for such lapses.

1.5 Non-deposit of Labour Cess

Manipur Tribal Development Corporation had not deposited Labour Cess amounting to ₹ 3.81 crore into the account of Manipur Building and Other Construction Workers' Welfare Board.

Section 3(1) and 3(3) of the Building and Other Construction Workers' Welfare Cess Act, 1996 mandates levy and collection of cess of not less than one *per cent* of the cost of construction works to fund labour welfare schemes and the

proceeds of the cess collected shall be paid to Manipur Building and Other Construction Workers' Welfare Board after deducting the cost of collection of such cess not exceeding one *per cent* of the amount collected. Accordingly, Government of Manipur directed (January 2011) the concerned Drawing and Disbursing Officers (DDOs) to deduct at source, one *per cent* of the basic cost of construction as labour cess and deposit the amount to a specified Head of Account²³ by challan. Government of Manipur also instructed (November 2017)²⁴ that the amount of labour cess by challan be transferred in favour of Secretary, Manipur Building and Other Construction Workers' Welfare Board (the Welfare Board)²⁵.

Audit noticed from the scrutiny of records (January to February 2021) of the Managing Director, Manipur Tribal Development Corporation (MTDC) of Tribal Affairs and Hills Department, Manipur that while making payments by Running Account (RA) bills to contractors for various works executed, elements of labour cess of one *per cent* was deducted from each Running Account bill by MTDC. The deducted amount was retained in the bank account of MTDC for further deposition to the account of the Welfare Board. The details are as given in the following **Table**.

Table No. 1.5.1: Amount retained in bank account

(₹ in lakh)

| Sl. No. | Year | Opening Balance | Labour Cess deducted during the year | Progressive total of Labour Cess deducted | Labour Cess deposited | Closing Balance | Remarks |
|---------|--------------|-----------------|--------------------------------------|---|-----------------------|-----------------|-----------------------------------|
| 1 | 2018-19 | 253.71 | 67.55 | 321.26 | 1.62 | 319.64 | |
| 2 | 2019-20 | 319.64 | 43.99 | 363.63 | 14.86 | 348.77 | |
| 3 | 2020-21 | 348.77 | 32.29 | 381.06 | - | 381.06 | as on February 2021 ²⁶ |
| | Total | | 143.83 | | 16.48 | | |

However, Audit noticed that during the period 2018-21, against the total amount of ₹ 3.97 crore²⁷ of Labour Cess deducted, MTDC had deposited only ₹ 0.16 crore into the account of the Welfare Board. Thus, there was an outstanding balance of Labour Cess amounting to ₹ 3.81 crore lying with MTDC as on February 2021 which was yet to be deposited into the account of the Welfare Board against the provisions of the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Government orders *ibid*.

When pointed out by Audit, MTDC did not furnish (February 2021) the reason for not depositing the amount into the account of the Welfare Board, but stated

²³ Major Head 0045- Other Taxes and Duties on Commodities and Services, Minor Head 112- Receipts from Cesses under Other Acts.

²⁴ Vide Finance Department OM no.12/1/2011-FR(Cess)/Pt dated November 2017.

²⁵ Account No. 31636873257 (SBI, Porompat Branch).

²⁶ Updated position since December 2020 could not be furnished. As such, the closing balance is taken as the position as on date of Audit *i.e.* February 2021.

²⁷ ₹ 2.53 crore + 1.44 crore

that the statutory dues would be deposited at the earliest. However, action taken in this regard has not been furnished till date (March 2023).

Recommendation: Necessary action may be initiated by the Department to get the outstanding amount of Labour Cess deposited into the account of the Welfare Board so that the amount is utilised for its intended purpose.