

## **Chapter III**

### **Economic Sector**

**(Other than State Public Sector Enterprises)**



## CHAPTER III

### ECONOMIC SECTOR (OTHER THAN STATE PUBLIC SECTOR ENTERPRISES)

#### 3.1 Introduction

This Chapter contains findings based on audit of the State Government Departments under the Economic Sector other than the State Public Sector Enterprises.

The Economic Sector is one of the most important sectors of economy of any State. This Sector is directly responsible for production of goods and services and responsible for generation of employment in the economy. The expenditure incurred during the last five years by some major Departments under Economic Sector are tabulated below:

**Table 3.1.1: Expenditure incurred by major departments under Economic Sector during 2017-22**

(₹ in crore)

Years	Public Works	Power	Public Health Engineering	Total on Economic Sector (in per cent)	Total Expenditure
2016-17	722.04	765.87	275.29	2,814.63 (25.94)	10,852.06
2017-18	553.76	573.50	309.84	2,324.31 (20.39)	11,397.17
2018-19	692.76	556.79	372.14	2,673.17 (18.32)	14,590.22
2019-20	392.34	408.89	351.55	2,033.12 (11.84)	17,165.50
2020-21	562.79	409.99	710.58	3,182.60 (14.14)	22,505.98
2021-22	574.86	426.54	878.42	2,963.23 (11.03)	26,855.94

Source: Appropriation Accounts.

Department-wise details of budget provisions and expenditure incurred by the 18 departments pertaining to the Economic Sector during 2020-21 and 2021-22 are as follows.

**Table 3.1.2: Budget Provision and Expenditure of departments under Economic 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	Public Works	894.98	562.79	332.19	1,008.25	574.85	433.40
2	Environment and Forest	805.68	246.96	558.72	718.52	225.08	493.44
3	Water Resources	501.43	264.72	236.71	618.39	185.58	432.81
4	Power	461.07	409.99	51.08	547.36	426.54	120.82
5	Public Health Engineering	1,103.14	710.58	392.56	1,847.37	878.42	968.95
6	Agriculture	407.60	234.29	173.31	392.64	142.52	250.12
7	Minor Irrigation	276.34	141.04	135.30	303.61	49.32	254.29
8	Textiles, Commerce	199.60	72.74	126.86	198.44	51.62	146.82

Sl. No.	Department	2020-21			2021-22		
		Budget Provision	Expenditure	Savings	Budget Provision	Expenditure	Savings
	and Industries						
9	Animal Husbandry and Veterinary including Dairy farming	243.76	146.23	97.53	244.05	95.75	148.30
10	Horticulture and Soil Conservation	129.29	92.12	37.17	110.19	52.16	58.03
11	Tourism	225.35	94.35	131.00	381.74	80.38	301.36
12	Fisheries	55.34	37.23	18.11	78.03	39.88	38.15
13	Transport	33.51	29.14	4.37	32.59	11.86	20.73
14	Co-operation	35.78	24.73	11.05	38.41	23.04	15.37
15	Sericulture	45.38	29.43	15.95	45.99	23.06	22.93
16	Information Technology	85.45	64.07	21.38	171.76	84.64	87.12
17	Economic and Statistics	25.47	17.14	8.33	30.49	14.09	16.40
18	Science and Technology	5.60	5.05	0.55	5.63	4.44	1.19
	<b>Total</b>	<b>5,534.76</b>	<b>3,182.60</b>	<b>2,352.17</b>	<b>6,773.46</b>	<b>2,963.23</b>	<b>3,810.23</b>

Source: Budget documents and Appropriation Accounts.

As can be seen from **Table** above, there was overall savings of ₹ 2,352.17 crore (42.49 per cent) against Budget provision under Economic (Other than State Public Sector Enterprises) Sector. In terms of percentage, Environment and Forest Department had the maximum savings of ₹ 558.72 crore (69.35 per cent) followed by Textiles, Commerce and Industries ₹ 126.86 crore (63.56 per cent) and Tourism Department ₹ 131.00 crore (58.13 per cent) against their respective Budget provisions.

During 2021-22, there was a total savings of ₹ 3,810.23 (56.25 per cent) out of which Minor Irrigation accounted for the maximum savings of ₹ 254.29 crore ( 83.76 per cent) followed by Tourism Department ₹ 301.36 crore (78.94 per cent) and Textiles, Commerce and Industries ₹ 146.82 crore (73.99 per cent).

### 3.1.1 Planning and execution of Audit

Compliance audit is conducted in accordance with an Annual Audit Plan for the year 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 audit, 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 audited entities is satisfactory. However, if no action is taken or action taken is not enough, the audit findings are retained and units are advised to take further suitable remedial measures. However, some serious and selected audit findings are processed for inclusion in the Audit Report of the Comptroller and Auditor General of India for placing of the same before the State Legislative Assembly as mandated by the Constitution.

Keeping in view the importance accorded to the Economic Sector by the State, Audit also accorded due importance to this Sector. During 2020-21, we conducted audit of 76 units pertaining to Economic Sector involving expenditure of ₹ 1,187.84 crore including expenditure of previous years. As of March 2022, 58 Inspection Reports containing 388 paras were issued to the State Government with copies to the heads of the concerned departments.

During 2021-22, we conducted audit of 54 units pertaining to the Economic Sector involving expenditure of ₹ 4,080.04 crore including expenditure of the previous years. As of March 2022, 5 IRs containing 22 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 Economic Sector during 2020-21 and 2021-22 are shown in **Appendix 3.1**.

This Chapter contains five Compliance Audit paragraphs including Subject Specific Compliance Audit on “Implementation of Pradhan Mantri Kisan Samman Nidhi Yojana (PM-KISAN) in Manipur” as discussed in the succeeding paragraphs.

## COMPLIANCE AUDIT

### AGRICULTURE DEPARTMENT

#### 3.2 Subject Specific Compliance Audit on Implementation of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Yojana in Manipur

##### 3.2.1 Introduction

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme is a 100 per cent funded central sector scheme operated under Direct Benefit Transfer (DBT) mode. Under the scheme, which came into effect from 1 December 2018, income support @ ₹ 6,000 per annum *i.e.* @ ₹ 2,000 every four months is provided to all eligible farmer families across the country to meet expenses relating to agriculture and allied activities and to meet domestic needs. The salient features of the scheme are as follows:

- i. Payment of ₹ 6,000 per farmer family per year in three instalments of ₹ 2,000 each to be released in the months of April-July, August-November and December – March each year;

- ii. A landholder farmer's family is defined as "a family comprising of husband, wife and minor children, who own cultivable land as per land records of the State". Only one person from the defined farmer family is entitled to the scheme benefits, provided that the person is the land owner as per records;
- iii. For identification of *bona fide* beneficiary in Manipur, the certificate issued by the Village authority, namely, the Chairman/Chief, authorising any tribal family to cultivate a piece of land, may be accepted<sup>38</sup>. Such certification of village Chairman/Chief shall be authenticated by the concerned sub-divisional officers;
- iv. Responsibility of identification of beneficiaries and of ensuring correctness of beneficiaries' details lies entirely with the State Government; and
- v. The amount due to the beneficiaries under the scheme is to be paid directly into their bank accounts through Direct benefit transfer (DBT) using Public Financial Management System (PFMS) portal.

Registration of beneficiaries can be done by the State Government through existing databases or a mechanism devised for the purpose. The eligible beneficiaries can also register themselves through online mode vide the PM-KISAN web portal, PM-KISAN mobile app or through Common Service Centres (CSCs).

In Manipur, the State Government directly uploaded the list of farmers after collecting application forms with supporting documents. Besides, beneficiaries also registered themselves through online mode via the PM-KISAN web portal, PM-KISAN mobile app and through Common Service Centres (CSCs).

As on 31 March 2021, there were 5,92,290 registered beneficiaries in Manipur.

### 3.2.2 Audit objectives

The audit was conducted to ascertain whether:

- procedural norms were followed in selection of beneficiaries;
- benefits were transferred to the right beneficiaries;
- there was delay in transferring benefits to the beneficiaries; and
- mechanism for redressal of grievances of the beneficiaries was in place.

### 3.2.3 Scope of Audit and Methodology

This audit covered the period from 2018-19 to 2020-21 and included verification of land records as well as test checking of beneficiary records and

<sup>38</sup> As per revised guidelines of February 2019

payments made in bank accounts of beneficiaries selected for the scheme at various levels.

The coverage in the audit is as shown below:

No of Districts	No of Blocks	Villages	Beneficiaries records	Method adopted of selection
5 (33 per cent of 16 districts) *	10 (2 from each selected district)	30 (3 villages from each selected block)	450 (15 from each selected villages)	District – Stratified Random Sampling was applied using Interactive Data Extraction and Analysis (IDEA) software  Others strata – Random sampling

\* Valleys - Imphal West, Jiribam and Thoubal Hills – Churachandpur and Kamjong

Audit also examined records of the state nodal department viz., Department of Agriculture. Details are given in **Appendix 3.2**.

### 3.2.4 Financial Status of the Scheme

PM-KISAN scheme is being executed through Direct Benefit Transfer (DBT) mode. Funds are first transferred from Central Government through Department of Agriculture and Farmers' Welfare (DAC&FW) to the Sponsoring bank of the States /UTs, from where funds are transferred to various destination banks.

The amount is finally credited to beneficiaries' account by the Destination banks. The entire fund flow is made online through Public Financial Management System (PFMS) portal. The details of funds received and disbursed under the scheme as of March 2021 are as shown below:

**Table 3.2.1: Financial Status of the Scheme**

(₹ in lakh)

Year	Amount transferred	Amount disbursed to destination banks	Amount successfully disbursed to beneficiaries	Amount refunded to Ministry after payment failure
2018-19	145.52	145.52	145.42 (99.93 %)	0.10 (0.07 %)
2019-20	8,782.08	8,782.08	8,756.62 (99.71 %)	25.46 (0.29 %)
2020-21	24,082.80	24,082.80	24,037.28 (99.81 %)	45.52 (0.19 %)
<b>Total</b>	<b>33,010.40</b>	<b>33,010.40</b>	<b>32,939.32 (99.78 %)</b>	<b>71.08 (0.22 %)</b>

As can be seen from above **Table**, an amount of ₹ 330.10 crore was transferred during 2018-19 to 2020-21 to the destination banks for disbursement to the benefits to the beneficiaries. However, successful transfer to beneficiaries from the banks ranged from 99.71 per cent to 99.93 per cent. As of March 2021, an amount of ₹ 71.08 lakh that could not be transferred to beneficiaries was refunded to the GoI. The Department could not furnish any reason for the failure in transfer of funds to the beneficiaries (March 2023).

### 3.2.5 Audit Findings

#### 3.2.5.1 Non-availability of beneficiaries records

The State Government had not notified any mechanism for registration and verification of beneficiaries under the scheme. As a practice, registration in the State was done on the basis of application forms submitted by the farmers along with supporting documents as a proof of their identity and eligibility fulfilment. The application form had a provision of self-declaration by the farmers which were to be duly certified by the district level administrative authorities on the basis of supporting documents submitted along with application forms.

Out of 450 beneficiary records that were sampled for physical verification, records of only 177 beneficiaries could be produced to audit, as shown in the following **Table**:

**Table 3.2.2: Non-availability of beneficiaries records**

Records produced in respect of sample beneficiaries	Imphal West	Jiribam	Thoubal	Chura-chandpur	Kamjong	Total
Number of records produced	27	32	0	31	87	177
Number of records not produced	63	58	90	59	3	273

As can be seen from the above **Table**, none of the sample districts could produce all the records of the sample beneficiaries and in Thoubal district not a single record could be produced. In the absence of records, audit could not ascertain whether the eligibility of these beneficiaries were certified by the state officials before their entry in the portal.

The Department accepted the audit findings (December 2021).

#### 3.2.5.2 Delay in processing of application forms of beneficiaries

As per the data available in the PM - KISAN portal, application of 1,38,299 number of individuals who applied for the scheme during the period from November 2019 to January 2021 were to be processed and approved by the State officials till date of audit (31 March 2021). As such, financial benefit of the scheme had not been extended to these potential beneficiaries for two to 16 months *i.e.* till date of audit (March 2021).

The Department accepted (December 2021) the audit findings and stated that such applications should be approved by the concerned DCs in future.

#### 3.2.5.3 Irregularities in selection of beneficiaries and transfer of funds

The beneficiaries' data available in the PM-KISAN portal is limited and does not contain vital information (date of payment of instalment, details of User IDs used to approve beneficiaries, bank account details, land record details, *etc.*). The data provided by the Ministry contained all the vital information. As such, this data were used for audit analysis through Interactive Data Extraction and



Analysis (IDEA)<sup>39</sup> software tools. There were 5,92,290<sup>40</sup> beneficiaries in the State registered in the PM-KISAN portal, as analysed from the data. Of these, Aadhaar seeding<sup>41</sup> of 5,86,795 beneficiaries (99.07 per cent) was done as of March 2021.

Audit noticed that there were 1,91,244 beneficiaries (32.29 per cent of 5,92,290) who were wrongly enrolled due to various reasons viz. fraudulent use of Government employees User IDs of State Nodal Officer (SNO), fraudulently created Government User IDs, enrolled without supporting documents (land records, bank passbooks etc.), flagged as ineligible beneficiaries by the Department and Income Tax payee. Details are shown in the following **Table**:

**Table No 3.2.3: Irregularities in selection of beneficiaries and amount transferred**

(₹ in lakh)

SI No.	Particulars of ineligible beneficiaries	Detected by	No. of Beneficiaries	Amount
1	Fraudulent use of Government Employees User IDs of SNO and fraudulently created Government User IDs	Detected by the Agriculture Department, GoM	29,086	3,20.42
		Detected by Audit	64,833	6,83.36
2	Without supporting documents	Detected by the Agriculture Department, GoM	708	26.50
		Detected by Audit	92,216	54,38.06
3	Flagged as ineligible beneficiaries by the Department	Detected by the Agriculture Department, GoM	3105	24.68
4	Income Tax Payees	Detected by the Agriculture Department, GoM	1296	56.00
<b>Total</b>			<b>1,91,244</b>	<b>65,49.02</b>

The audit findings are discussed in succeeding paragraphs:

**(a) Payment to beneficiaries registered by Fraudulent use of Government Employees User ID of SNO / fraudulently created Government User IDs**

Scrutiny of PM-KISAN data<sup>42</sup> revealed that there were 2,26,340 beneficiaries registered in five districts viz., Thoubal, Kakching, Bishnupur, Imphal West and Imphal East. Of these, 93,919 beneficiaries were ineligible and registered by fraudulent use of Government Employees User IDs of SNO/ fraudulently created Government User IDs. Some of these beneficiaries were red flagged by the Department (29,086 ineligible beneficiaries) and Audit additionally detected 64,833 ineligible beneficiaries. Details of fraudulent registration of

<sup>39</sup> IDEA is a comprehensive data analysis tools with a modern, intuitive interface and advanced analytical functionalities.

<sup>40</sup> As obtained from Ministry of Agriculture.

<sup>41</sup> Taken as beneficiaries whose eKYC are done.

<sup>42</sup> As provided by CDMA.

beneficiaries through fraudulently created Government User IDs have been given in the following Table:

**Table 3.2.4: Payment to beneficiaries registered by fraudulent use of Government Employees User IDs of SNO/ fraudulently created Government User IDs**

(₹ in lakh)

No. of registered beneficiaries	Detected by Department				Detected by Audit			
	No. of beneficiaries registered irregularly	Instalment No.	Number of beneficiaries	Amount	No. of beneficiaries registered irregularly	Instalment No.	Number of beneficiaries	Amount
<b>Thoubal - Beneficiaries uploaded by unauthorised person using User ID (THOU05) of DC Thoubal after obtaining the access to ID fraudulently</b>								
1,20,400	28,540	1	15,135	302.70	27,621	1	1,672	33.44
		-	-	-		2	2	0.04
		-	-	-		3	2	0.04
<i>Sub-total</i>				<b>302.70</b>				<b>33.52</b>
<b>Kakching - Beneficiaries uploaded by fraudulently created Government User IDs (KAKC01 &amp; KAKC09)</b>								
63,144	0	0	0	0.00	31,784	1	13,180	263.60
<i>Sub-total</i>				<b>0.00</b>				<b>263.60</b>
<b>Bishnupur - Beneficiaries uploaded by fraudulently created Government User ID (BISH662903)</b>								
27,609	534	1	515	10.30	395	1	379	7.58
		2	349	6.98		2	245	4.90
<i>Sub-total</i>				<b>17.28</b>				<b>12.48</b>
<b>Imphal West - Beneficiaries uploaded by fraudulently created Government User ID (IMPW02)</b>								
8,979	2	1	2	0.04	2,526	1	2,460	49.20
		2	2	0.04		2	2,460	49.20
		-	-	-		3	2,434	48.68
		-	-	-		4	1,192	23.84
		-	-	-		5	172	3.44
<i>Sub-total</i>				<b>0.08</b>				<b>174.36</b>
<b>Imphal East - Beneficiaries uploaded by fraudulently created Government User ID (IMPE02)</b>								
6,208	10	1	9	0.18	2,507	1	2,443	48.86
		2	9	0.18		2	2,441	48.82
		-	-	-		3	2,438	48.76
		-	-	-		4	2,341	46.82
		-	-	-		5	307	6.14
<i>Sub-total</i>				<b>0.36</b>				<b>199.40</b>
<b>2,26,340</b>	<b>29,086</b>			<b>320.42</b>	<b>64,833</b>			<b>683.36</b>

➤ **Detected by Department:**

As can be seen from the table, there were 29,086 ineligible beneficiaries registered by fraudulent use of User IDs of Government employees of SNO/ fraudulently created Government User IDs which were detected by the Agriculture Department, GoM. Maximum number of 28,540 cases out of 29,086 cases were detected in Thoubal district. The Department also detected

fraudulent registration cases in Bishnupur, Imphal West and Imphal East. An amount of ₹ 3.20 crore had been paid to these beneficiaries, registered using fraudulent means.

➤ ***Detected by Audit:***

Audit analysed the data and detected further 64,833 ineligible beneficiaries registered by fraudulent use of User IDs of Government employees of SNO/ fraudulently created Government User IDs. Maximum number of cases were detected in Kakching district 31,784 cases (49.02 *per cent*) where the Department had failed to detect even a single case, followed by Thoubal district at 27,621 cases (42.60 *per cent*). Imphal West district (2,526 cases) and Imphal East district (2,507) which had similar number of cases, followed by Bishnupur district (395 cases). An amount of ₹ 6.83 crore had been paid to these beneficiaries, registered using fraudulent means.

As per information, two First Information Reports (FIRs) were filed in this issue in July 2020. Outcome of FIRs has not been furnished (March 2023).

Thus, there was a well-planned fraudulent *modus operandi* to register beneficiaries fraudulently and take benefit of the scheme.

Audit noticed that there was no system in place to control fraudulent use of government employees' user IDs. This tantamounts to system infiltration which should be fixed. There was lack of system controls and monitoring to prevent fraudulent data entry. The validation of data was not done as per norms.

***Recommendation: The State Government should fix responsibilities for failure to detect fraudulent use of Government User IDs on a large scale, order full investigation and lodge FIRs and monitor progress of time bound outcome of FIRs. Further, the State Government should validate the details of beneficiaries and their bank account. Robust system controls to ensure that Government employees user IDs are not hacked, is required.***

***(b) Payment to beneficiaries selected without supporting documents***

The beneficiaries' information uploaded on the system at the district/tehsil/ block level is required to be verified by supervisory officials with the original forms to correct any errors/discrepancies.

Audit noticed that 92,924 out of 5,92,290 beneficiaries registered in the State were approved by SNO (user ID: MANI01) during November 2019 to February 2021 without required documents. Further, the supporting documents submitted by the beneficiaries such as photocopies of Jamabandi, Bank Account Passbook and Aadhaar Card were not in the custody of SNO for verification.

➤ **Detected by Department:**

The Department had detected 708 individuals<sup>43</sup> as ineligible beneficiaries as they had been enrolled without supporting documents. An amount of ₹ 26.50 lakh had been disbursed to these beneficiaries.

➤ **Detected by Audit:**

Audit further detected another 92,216 ineligible beneficiaries enrolled without supporting documents through IDEA assisted data analytics. An amount of ₹ 54.38 crore had been disbursed to these beneficiaries.

Thus, altogether an amount of ₹ 54.65 crore<sup>44</sup> had been paid to 92,924 beneficiaries (708 +92,216) enrolled without supporting documents. Payment of ₹ 54.65 crore made in five installments is as shown in the following **Table:**

**Table 3.2.5: Payment to beneficiaries selected without supporting documents**

Instalment No.	No. of beneficiaries who were not paid	No. of beneficiaries who were paid	Rate per instalment (₹)	Amount paid (₹ in crore)
1	4,157	88,767	2,000	17.75
2	15,104	77,820	2,000	15.57
3	37,077	55,847	2,000	11.17
4	42,522	50,402	2,000	10.08
5	92,532	392	2,000	0.08
<b>Total</b>				<b>54.65</b>

As can be seen above, the number of beneficiaries were reduced in each instalment and no payment were made after the fifth instalment.

Analysis of data further revealed the following irregularities while capturing data:

**Table 3.2.6: Irregularities while capturing data**

Beneficiaries having attributes	Number of beneficiaries
Invalid mobile number	639
No mobile number	1,214
Duplicate mobile no.	42,685
Duplicate bank account	5
No land record	28,785*
No Block name	7
No date of birth	14,632
Beneficiaries having bank account in outside the State	6,344(out of 85,002 beneficiaries having bank account)

\* Out of 39,664 belonging to valley districts.

The Department accepted the audit findings and stated (December 2021) that approval was given during the initial phase of the implementation of the scheme and that there was lack of knowledge in this regard at that time.

<sup>43</sup> Initially flagged by the Department as ineligible beneficiaries and later ascertained with Audit that they enrolled without required documents

<sup>44</sup> ₹ 0.27 crore + ₹ 54.38 crore

However, necessary steps to rectify the irregularities and recover the instalments already paid to ineligible beneficiaries were not taken by the Department (March 2023).

***(c) Payment to ineligible beneficiaries flagged by Nodal Department***

Audit noticed that in nine districts<sup>45</sup> 3,105 beneficiaries out of 5,92,290 beneficiaries in the PM-KISAN portal were flagged ineligible beneficiaries by the Nodal Department and had been paid an amount of ₹ 24.68 lakh as of March 2021.

The Department stated (December 2021) that identification of beneficiaries was the responsibility of the Deputy Commissioners of each district and due to the ongoing cybercrime cases pertaining to registration of ineligible beneficiaries in three districts viz., Thoubal, Bishnupur and Kakching, cash payment to the entire beneficiaries belonging to these three districts had been put on hold.

***(d) Payment to beneficiaries who were Income Tax payees***

As per scheme Guidelines, a person paying Income Tax is not eligible for the benefit.

Audit noticed that 1,296 beneficiaries (out of 5,92,290 beneficiaries) who were paying income tax were included in the PM-KISAN portal. As of March 2021, an amount of ₹ 56 lakh had been paid to these beneficiaries in violation of the Guidelines.

Thus, altogether an amount of ₹ 65.49 crore<sup>46</sup> had been paid to 1,91,244 ineligible beneficiaries as of March 2021.

***Recommendation:*** The Department needs to take action to validate the details of beneficiaries and recover the amount paid to the ineligible beneficiaries.

***3.2.5.4 Fund Transfer to beneficiaries whose details do not match with bank Account details***

The State government authorities are responsible for selection of beneficiaries. Further, GoI instructed (February 2019) the State Governments to cross-check the beneficiaries and their bank accounts.

Audit noticed that beneficiary name in respect of 46,023 beneficiaries were not matching with their bank accounts. Despite this discrepancy, financial benefits amounting to ₹ 27.30 crore have been transferred to these 46,023 beneficiaries as shown below:

<sup>45</sup> Bishnupur, Kakching, Kamjong, Kangpokpi, Noney, Pherzawl, Senapati, Thoubal and Ukhrol.

<sup>46</sup> ₹ 3.20 crore + ₹ 6.83 crore + ₹ 54.65 crore + ₹ 0.25 crore + ₹ 0.56 crore

**Table 3.2.7: Fund Transfer to beneficiaries whose details do not match with Account details**

Installment No.	Beneficiaries having name not matching with Bank Account	Amount per installment	Total (₹ in crore)
1	40,140	2,000	8.03
2	35,476	2,000	7.10
3	27,845	2,000	5.57
4	18,112	2,000	3.62
5	8,337	2,000	1.67
6	4,046	2,000	0.81
7	2,522	2,000	0.50
<b>Total</b>			<b>27.30</b>

The Department stated (December 2021) that validation of bank accounts submitted by the beneficiaries was done by PFMS. The reply was not tenable as validation of bank accounts by PFMS was only on the correctness of the account details and the system was not supposed to check the accuracy of the names of the beneficiaries.

**Recommendation:** The Department needs to validate the details of bank account with beneficiaries names and take steps to recover the amount paid in bank account of non-beneficiaries.

### **3.2.5.5 Benefit extended to more than one family member and with no land holding**

As per the scheme guidelines, only landholding farmer families<sup>47</sup> are eligible for the benefit under the scheme. For identification of *bona fide* beneficiary in Manipur, the certificate issued by the Village authority, namely, the Chairman/Chief, authorising any tribal family to cultivate a piece of land, may be accepted and such certification of village Chairman/Chief shall be authenticated by the concerned sub-divisional officers.

Further, the State Government was to certify the eligibility of the beneficiaries and the self-declarations furnished by the applicants were to be certified by the Deputy Commissioner or his representatives.

Audit findings of the test-check of records of sampled 177 beneficiaries in four<sup>48</sup> test checked districts are as follows:

- No family details were provided in 68<sup>49</sup> application forms in respect of 68 beneficiaries;
- 32 beneficiaries had added their family members as beneficiaries. Thus there were 35 excess beneficiaries who were paid an amount of ₹ 2.92 lakh, as detailed in **Appendix 3.3**;

<sup>47</sup> Defined as “a family comprising of husband, wife and minor children who owns cultivable land as per land records of the concerned State/UT”.

<sup>48</sup> Thoubal district did not furnish any records.

<sup>49</sup> Churachandpur district (28), Jiribam district (1), Kamjong district (25) and Imphal West district (14).

- Further, there were 12 beneficiaries with no land holdings against their names in Imphal West district; and
- The certificates issued by the Village authority in respect of 16 beneficiaries in Jiribam district were not authenticated by the concerned Sub-Divisional Officers.

Thus, correctness of self-declaration contained in the application forms submitted by the intended beneficiaries were not properly verified. The Department accepted the audit findings (December 2021).

#### **3.2.5.6 Delay in payment of first instalment**

It is imperative that financial benefits are paid in a timely manner. Though the Operational guidelines is silent on the timeline of payment, Audit noticed that out of 4,97,126 numbers of beneficiaries who got their first instalment payment, 2,47,211 (49.73 *per cent*) beneficiaries got their first instalment between 0 to 30 days. The remaining 2,49,915 (50.27 *per cent*) beneficiaries got their first instalment after more than 30 days of their registration. Range of delay in getting their first instalment after registration is as follows:

**Table 3.2.8: Delay in credit of first instalment**

Sl. No.	Delay in credit of first instalment	No. of beneficiaries
1	One Month - Six Months	2,18,532
2	Six months - One Year	29,246
3	One Year - Two Years	2,136
4	More than Two years	1
	<b>Total</b>	<b>2,49,915</b>

The Department accepted (December 2021) the audit finding and stated that beneficiaries whose first instalment payments were delayed were mostly those beneficiaries who registered themselves through Common Service Centres (CSCs) and PM-KISAN Portal.

#### **3.2.6 Lack of Grievance Redressal Mechanism**

As per the Operational Guidelines, the States shall notify State and District Level Grievance Redressal Monitoring Committees (GRMC) to look into all the grievances related to implementation of the scheme. Any grievances or complaints which are received should be disposed of on merit preferably within two weeks time.

However, the State has not set up the State or District Level Grievance Redressal Monitoring Committee till date of audit. Grievances or complaints received from the beneficiaries were noted and attended to at the district level offices. However, no grievances and actions taken thereon were kept on record. The percentage of resolution of the complaints of the beneficiaries lodged in the portal was below one *per cent*. Only 10 out of 1,579 grievances of the beneficiaries lodged in the portal had been resolved within the prescribed time period of two weeks and 1,569 grievances were not yet resolved (July 2021)



The Department stated (December 2021) that GRMC were set up in the districts and were uploaded in the PM-KISAN portal and the grievances were uploaded in the portal. The department was asked to furnish documentary evidence of setting up of the Committees. However, the Department had not submitted (March 2023) any reply of any action taken by GRMC and clearance of pending grievances.

### 3.2.7 No physical verification of beneficiaries

Section 10.5 of the scheme guidelines envisages that the State Governments should ensure checking for around 5 *per cent* of the beneficiary for the eligibility during the year.

Scrutiny of records revealed that no physical verification as stipulated in the guidelines was conducted during the year 2019-20 by the Department. During 2020-21, physical verification of 14,569 beneficiaries was to be conducted by the Department in all the 16 districts of the State. Out of this, the Department had completed verification process for only 496 beneficiaries in six districts only. In the remaining 10 districts, no physical verification was done. The percentage of physical verification conducted in the districts ranged between 0.004 *per cent* to 0.83 *per cent*. As such, the physical verification conducted was much lesser than the recommended 5 *per cent* envisaged in the guidelines.

The Department stated (December 2021) that necessary instructions in this regard were regularly given to Deputy Commissioners. However, actual action taken by the DCs were not known and no reply was furnished in this regard.

### 3.2.8 Conclusion

There were delays in processing of application forms of beneficiaries by two to 16 months. Records of the beneficiaries were not properly maintained in the selected districts. Irregular financial benefits of ₹ 65.49 crore was given to 1,91,244 ineligible beneficiaries as they were enrolled by fraudulent use of User IDs of Government Employees of SNO/ fraudulently created Government User IDs, without required documents and some were Income Tax payees. There was a well-planned fraudulent *modus operandi* adopted to register beneficiaries unauthorisedly in order to take benefits of this Government scheme by using fraudulent User IDs. There was lack of system controls and monitoring to prevent fraudulent data entry. The validation of data was not done as per norms. Financial benefits of ₹ 27.30 crore were made in seven instalments to 46,023 beneficiaries whose details did not match with accounts details. Payments were also made to more than one family members and to families with no land holdings. The percentage of the mandatory physical verification of beneficiaries which was required to be conducted by the Department in the State was very low.



### 3.2.9 Recommendations

- i. *Verification of beneficiaries may be completed on priority basis to weed out the ineligible beneficiaries. Validation and verification of beneficiaries and documents must be streamlined and strengthened to eliminate ineligible beneficiaries;*
- ii. *There should be systematic monitoring of the implementation of the scheme;*
- iii. *The State Government should fix responsibilities for failure to detect fraudulent use of Government User IDs on a large scale, order full investigation, lodge FIRs and monitor time bound progress of the outcome of FIRs. Further, the State Government should validate the details of beneficiaries and their bank account;*
- iv. *Improve Information Technology system control for data entry and validation of beneficiaries;*
- v. *Recovery of instalments paid to ineligible beneficiaries should be made;*
- vi. *The State and the District Level Grievance Redressal Monitoring Committee may be set up in the State. A proper system for registering of grievances and tracking the resolution of the grievances lodged may be developed as the percentage of resolution of the complaints lodged by the beneficiaries is low; and*
- vii. *Physical verification of beneficiaries should be carried out annually as per the guidelines.*

## TRADE, COMMERCE AND INDUSTRIES DEPARTMENT

### 3.3 Idle expenditure

***Non-completion of cold chain facility for more than seven years rendered expenditure of ₹ 1.20 crore idle.***

Rule 26 (iv) of General Financial Rules, 2005 (as adopted by Government of Manipur) states that the duties and responsibilities of a controlling officer in respect of funds placed at his disposal is to ensure that adequate control mechanism is functioning in his department for prevention, detection of errors and irregularities in the financial proceedings of his subordinate offices and to guard against waste and loss of public money.

Scrutiny of records (October 2019) of the Directorate of Trade, Commerce and Industries, Manipur revealed that the Government of Manipur sanctioned (March 2012) an amount of ₹ 3.00 crore for establishment of an Integrated Cold Chain/ Value Addition Facility Centre<sup>50</sup> at Ukhrul District with the objective to

<sup>50</sup> Though the cost of the project was ₹ 300.11 lakh viz. Cold Storage 50 MT capacity (₹ 49.79 lakh), Common Processing Hall (₹ 18.65 lakh), Common Facility Centre (₹ 31.46 lakh), Gate

save perishable fruits and vegetables produced in the District. The project was entrusted to Manipur Industrial Development Corporation Limited (MANIDCO)<sup>51</sup> with a condition that 40 per cent of the sanctioned amount i.e ₹ 1.20 crore should be released to MANIDCO as advance.

As per the Memorandum of Understanding (MoU), MANIDCO was required to submit a monthly account by the tenth of every month which should indicate the time required for completion against each item of work. MANIDCO should also submit an item-wise progress report in physical and financial terms on a quarterly basis. However, no record was available about the target date of completion of the work.

The Department encashed (March 2012) ₹ 120 lakh (40 per cent of the sanctioned cost)<sup>52</sup> for implementation of the project. After deducting 2.53 lakh for purchase of land for the Cold Chain Facility and Registration, the remaining amount of ₹ 117.47 lakh was deposited (April 2013) with MANIDCO. Accordingly, MANIDCO completed (October 2013) Land Development work that was estimated at a cost of ₹ 72.52 lakh. However, neither evidence showing utilisation of the remaining amount of ₹ 44.95 lakh (₹ 117.47 lakh - ₹ 72.52 lakh) nor release of additional amount to MANIDCO to complete the remaining items of work was found on record. In fact, the Department could not produce records such as monthly accounts, quarterly progress report of the work etc., that were required to be submitted by the work agency as per the MoU. Further, no record showing any action taken by the Department to pursue the matter with the work agency or the Government to complete the project was found in Audit.

To confirm the status of the work, a joint physical verification was conducted on 2 February 2023 along with representatives of the Department wherein it was found that the land development work was completed with barbed wire fencing and Iron Gate at entrance. A structure (primary processing center) was also seen constructed, but reportedly through another funding.



(₹ 2.19 lakh), Office Building (₹ 28.21 lakh), Approach Road (₹ 27.22 lakh), Campus Lighting (₹ 25.95 lakh), Barbed Wire Fencing (₹ 44.03 lakh) and Land Development (₹ 72.50 lakh), the sanctioned amount was ₹ 300 lakh

<sup>51</sup> MoU signed with MANIDCO 19.04.2013. The details of the remaining amount of ₹ 180 lakh is being called for.

<sup>52</sup> vide AC bill no. 607 dated 30.03.2012.

On enquiry, the Department also stated that no additional fund was released to the work agency as the Government failed to release the remaining 60 per cent of the project cost till date. Hence, the work remained incomplete.

Thus, the project that was sanctioned in March 2012 remained incomplete for more than seven years rendering idle expenditure of ₹ 1.20 crore on the project.

## PUBLIC WORKS DEPARTMENT

### 3.4 Avoidable payment

***Due to delay in release of payment to the contractor, PWD incurred an avoidable expenditure of ₹ 6.95 crore as Financing Charges.***

Rule 21 of the General Financial Rules, 2005 states that every officer incurring or authorising expenditure from public money should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed.

Scrutiny of records (October 2020) of the Project Director, Externally Aided Projects, Public Works Department's Project Implementing Unit (PIU) for the period from April 19 to March 2020 revealed that the Department took up two road works under Asian Development Bank (ADB) assisted projects viz., (i) Tupul to Bishnupur (CW1) and (ii) Thoubal to Kasom Khullen (CW2) under 'Improvement and upgradation of road sections under North Eastern State Roads Investment Programme (NESRIP) for ₹ 233 crore<sup>53</sup>. Both the works were awarded (December 2013) to the same contractor<sup>54</sup>.

As per Clause 14.7 and 14.8 of the Contract Agreement, the Project Implementing Unit (PIU) shall pay to the contractor the amount certified in each Interim Payment Certificate (IPC)<sup>55</sup> within 56 days after the PIU receives the statement and supporting document for the works carried out, failing which the contractor shall be paid Financing Charges (FC) compounded monthly on the amount unpaid during the period of delay calculated at the annual rate of three per cent above the discount/ prime lending rate of the Reserve Bank of India (RBI).

Scrutiny of records of the PIU revealed that 53 IPCs for ₹ 367.94 crore were issued for both the works during the period from May 2014 to July 2020. However, payment in respect of 42 IPCs for ₹ 221.07 crore<sup>56</sup> were delayed. As such, the contractor submitted (September 2015) the first claim of FC amounting to ₹ 26.83 lakh. A negotiation, however, took place between the PIU

<sup>53</sup> GoI approved its share of ₹ 209.70 crore on 23.09 2011.

<sup>54</sup> M/s DRAIPL-ABCI Joint Venture

<sup>55</sup> The payment to the contractor for the works carried to be delivered within 28 days by the Engineer/Project Manager after receiving statement and supporting documents for the works carried out from the Contractor.

<sup>56</sup> ₹ 126.50 for CW1 and ₹ 94.57 crore for CW2.

and the contractor and a Memorandum of Understanding (MoU) was signed (March 2016), wherein the contractor agreed to waive-off all the previous FC<sup>57</sup> while reserving the right to re-claim the FC in the event of delay in payment of subsequent IPCs. The PIU in turn assured that all future payments would be made in time.

Further scrutiny of records, however, revealed that the commitment made in the MoU could not be fulfilled and there were delays in release of payment for subsequent IPCs also. Consequently, the contractor submitted (January 2018) a representation that nullified the previous waived-off FC while also insisting on payment of FC for subsequent delays. The PIU subsequently paid ₹ 7.37 crore<sup>58</sup> (as of October 2020) to the contractor as FC for the period from 22 February to 18 March 2019 for delay in payment of 42 IPCs (₹ 221.07 crore) ranging from 17 days to 169 days. The delay was due to late processing of bills by PIU coupled with late release of funds by Central Government and non-release of funds by State Government after funds were made available to them, as shown in the following Table:

**Table 3.4.1: Delay<sup>59</sup> in release of funds**

Number of Bills delayed in payment	Delay in processing bills by PIU	Delay in release of funds by Central Government	Delay in release of funds by State Government
<b>Tupul to Bishnupur (CW1)</b>			
18	1 (46 days)	9 (3 days to 77 days)	11 (10 days to 82 days)
<b>Thoubal to Kasom Khullen (CW2)</b>			
24	2 (2 days to 4 days)	11 (1 days to 77 days)	16 (1 day to 129 days)

Against payment of ₹ 7.37 crore made by PIU for delay in payment of 42 IPCs, Audit calculation of FC payable to the contractor based on the different interest rates notified by RBI from time to time showed that ₹ 6.95 crore<sup>60</sup> was payable as FC to the contractor for the delayed payment. Thus, ₹ 42.09 lakh<sup>61</sup> (₹ 7.37 crore - ₹ 6.95 crore) was paid in excess to the contractor as FC. The details are given in **Appendix 3.4A & B**.

While admitting to the audit observations (January 2023), the Department stated that they have recovered ₹ 36.94 lakh (October 2021) out of the total amount of ₹ 42.09 lakh Financing Charge paid in excess. Thus, there was a balance amount of ₹ 5.15 lakh yet to be recovered. The Department further stated that the remaining amount of ₹ 5.15 lakh will be recovered from the retention money of ₹ 15.69 lakh payable to the contractor. Recovery of the remaining amount had not been intimated. (March 2023).

<sup>57</sup> Accumulated to ₹ 42.85 lakh on date of signing the MoU.

<sup>58</sup> ₹ 3.35 crore for CW1 and ₹ 4.02 crore for CW2.

<sup>59</sup> Delays as reckoned *vis-à-vis* 56 days, the time mentioned in the Agreement within which payment of Interim Payment Certificate is to be made.

<sup>60</sup> ₹ 3.10 crore for CW1 and ₹ 3.85 crore for CW2.

<sup>61</sup> ₹ 24.97 lakh for CW1 and ₹ 17.12 lakh for CW2.

Thus, due to failure of the Department to release payments on time an avoidable expenditure of ₹ 6.95 crore as Financing Charges was incurred by the Department.

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 3.5 Undue benefit to contractor

**Undue benefit of ₹ 2.28 crore given to contractors due to adoption of higher rate of scaffolding item in construction of six overhead tanks.**

Rule 21 of General Financial Rules 2017 as adopted by Government of Manipur states that every officer incurring or authorising expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy. The expenditure should not be *prima facie* more than the occasion demands.

As per para 24.2 of CPWD Analysis of rates for Delhi Volume-2 (2016), shuttering material used in scaffolding will become unserviceable after use of 40 times.

Scrutiny of records (December 2021 – January 2022) of the Executive Engineer, Imphal East Division, Public Health Engineering Department revealed that the work ‘Construction of six Overhead Tanks and ground sump and necessary pipelines in Thongju and its adjoining areas in Imphal East district for promoting tourism<sup>62</sup> was to be executed at a cost of ₹ 23.89 crore as shown in the following **Table**:

**Table 3.5.1: Details showing Estimated cost vis-à-vis Award cost**

(Amount in ₹)				
Work	Nos.	Estimated cost	Total Estimated cost	Award cost (percentage above Estimated cost)
Construction of Over-Head tanks (6 lakh litre capacity)	4 Nos.	3,38,24,215	13,52,96,860	16,39,89,145 (21.21 %) <sup>63</sup>
Construction of Over-Head tanks (4.54 lakh litre capacity)	2 Nos.	3,01,05,925	6,02,11,850	7,48,86,013 (24.37%) <sup>64</sup>
<b>Total</b>				<b>23,88,75,158</b>

Construction of each of these Over-Head tanks consisted of 33 items of work, which among others, included ‘Construction of Scaffolding including fabrication, erection, dismantling, removal of the same, etc.,’ (referred hereafter as “Scaffolding, fabrication etc.”).

As per the item rate analysis, Scaffolding and fabrication, etc., work comprised using of material such as Mild Steel tubes/pipes, clamps, base plates, jacks, etc. Calculation was made on the basis that these material (*viz.*, *Mild Steel*

<sup>62</sup> Funded under the North East Special Infrastructure Development Scheme (NESIDS) project.

<sup>63</sup> Actual percentage comes to 21.2069112320862 %.

<sup>64</sup> Actual percentage comes to 24.3708887868418 %.

tubes/pipes, clamps, base plates, jacks, etc.) would be unserviceable after using only four times. Accordingly, the estimated cost of Scaffolding, fabrication etc., work was worked out @ ₹ 34,21,377 (excluding 12 per cent GST) per Over-Head Tank.

Material used in Scaffolding, fabrication etc., work (viz., Mild Steel tubes/pipes, clamps, base plates, jacks, etc.) becoming unserviceable after using only four times is unlikely. Audit compared a similar item rate analysis of CPWD<sup>65</sup> and it was seen that such Scaffolding materials was treated as unserviceable after using 40 times. Considering the higher usage number adopted by CPWD (40 times), Audit calculated the cost of Scaffolding and fabrication, etc., work adopting a similar procedure followed by the Department and arrived at a cost of ₹ 3,16,037 per Over-Head Tank, against ₹ 34,21,377 per Over-Head Tank adopted by the Department. The details of comparison of these costs are given at **Appendix 3.5**.

The excess amount in construction of the six Over-Head tanks due to adoption of higher rate of Scaffolding, fabrication etc., work is shown in the following **Table**:

**Table 3.5.2: Details showing excess amount**

(Amount in ₹)

Name of Work (Number)	Estimated Cost of Scaffolding and fabrication, etc., work per Over-Head Tank		Difference	Difference after factoring the percentage above the estimate	Excess amount
	As adopted by the Department (Estimated cost inclusive of 12% GST)	As worked out by Audit (Estimated cost inclusive of 12% GST)			
(1)	(2)	(3)	(4) (2-3)	(5)	(6)
Construction of O/H tanks of 6.00 lakh litre capacity (4 Nos.)	34,21,377 (38,31,942)	3,16,037 (3,53,961)	31,05,340	37,63,983  (i.e. 21.21 per cent above)	1,50,55,930  (37,63,983 x 4)
Construction of O/H tanks of 4.54 lakh litre capacity (2 Nos.)	(Calculation on the basis that Scaffolding material are used 4 times)	(Calculation on the basis that Scaffolding material are used 40 times)		38,62,111  (i.e. 24.37 per cent above)	77,24,223  (38,62,111 x 2)
<b>Total undue benefit</b>					<b>2,27,80,153</b>

Thus, due to adoption of higher rate of the Scaffolding, fabrication etc., work, undue benefit amounting to ₹ 2.28 crore was extended to the contractor in execution of six Overhead Tanks.

In reply, the Department stated (March 2022) that the analysis of the Scaffolding was done as per norms. The Department further stated (December 2022) that the work was taken up on Turnkey basis for which all the designs, drawings, materials etc., were entirely under the scope of contractor. Hence, the question

<sup>65</sup> CPWD Analysis of rates for Delhi Volume-2 (2016).



of undue benefit to contractor because of unserviceability of materials does not arise.

The reply is not acceptable as Scaffolding materials becoming unusable after using four times is unlikely. Further, the Department had not furnished any norms which they claimed to have followed. In fact, Manipur Works Departments does not have its own published manual and follows the *mutatis mutandis* the CPWD manual.

***Recommendation: The State Government should fix responsibility on the concerned person for non-adoption of CPWD rate analysis for the item of work and thus allowing undue benefit to the contractor.***

### 3.6 Avoidable expenditure

***Avoidable expenditure of ₹ 74.06 lakh was incurred by Water Supply Maintenance Division-II of PHED on removal of sliding earth.***

Rule 21 of General Financial Rules 2017 states that every officer incurring or authorising expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy. The expenditure should not be *prima facie* more than the occasion demands.

Scrutiny of records (March 2022) of the Executive Engineer, Water Supply Maintenance Division-II, Public Health Engineering Department Manipur revealed that during 2019-21, the Department executed 10 (ten) works (February 2019 to August 2020) from State Fund for removal of excess excavated earth<sup>66</sup> sliding under construction of Water Treatment Plant (WTP) project at Chingkheiching at the cost of ₹ 3.14 crore. An expenditure of ₹ 2.88 crore was incurred (till date of Audit) for removal of the sliding earth of volume 82,085.67 cum at a distance of 5 km on these 10 works.

Audit noticed that a resort *viz.*, M/s Green Gold Park and Resort on the opposite side of the road had unconditionally offered to the Department (March 2017) its fields for dumping of the excess excavated earth from the WTP project. However, the Department prepared an estimate to dump the earth excavated at a distance of 5 km from the slide @ ₹ 382.12 per cum instead of a nearer distance just opposite to work site as offered by the Resort before commencement of the work. The Department did not consider the offer made by the Resort, which would have reduced the expenditure by ₹ 74.06 lakh. The details of calculation are given at **Appendix 3.6**. There is no record to show that the offer made by the Resort which could result in lesser expenditure was considered by the Department. Instead, the Department executed these 10 works by dumping the excess excavated earth of volume 82,085.67 cum at a longer

<sup>66</sup> Sliding of earth had taken place on the Northern side of the Lamlong Tinsid Road, adjacent to Green - Gold park and Resorts (on the opposite side of the road).

distance of 5 km and incurred an expenditure of ₹ 3.14 crore instead of ₹ 2.40 crore as shown in the following **Table**:

**Table 3.6.1: Details showing avoidable expenditure**

(Amount in ₹)

Quantity executed (Estimated quantity) (in cum)	Work amount for dumping excess earth at 5km	Work amount for dumping excess earth at 1km @ ₹ 291.90 per cum	Avoidable expenditure
(1)	(2)	(3)	(4) = (2-3)
82,085.67 (81,358.00)	3,13,66,576 (82,085.67 @ ₹ 382.12 per cum)	2,39,60,807 (82,085.67 @ ₹ 291.90 per cum)	74,05,769

Thus, the Department could have saved ₹ 74.06 lakh by dumping the excavated earth at the nearer site offered by the Resort.

The matter was referred (January 2023) to the Government; no reply is received (February 2023).