

# Overview



## OVERVIEW

This Report has been prepared in six chapters. Chapters I to V deal with General, Social, Economic (Other than State Public Sector Enterprises), Economic (State Public Sector Enterprises) and Revenue Sectors and Chapter VI deals with Follow up of Audit Observations. The Report contains eleven compliance audit paragraphs including two Subject Specific Compliance Audits viz., “Umbrella scheme of Modernisation of Police Force” and “Implementation of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Yojana in Manipur”.

According to existing arrangements, copies of the Compliance audit paragraphs were sent to the Administrative Heads of the concerned Departments with a request to furnish replies within six weeks.

All the Subject Specific Compliance Audit Paragraphs were discussed with the concerned Administrative Heads of the Departments and other departmental officers. Replies received from the State Government in respect of the Compliance Audit paragraphs have been incorporated in the Report.

## CHAPTER I GENERAL SECTOR

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.

This chapter contains four compliance audit paragraph including one Subject Specific Compliance Audit paragraph viz., “*Umbrella Scheme of Modernisation of Police Force*”.

## COMPLIANCE AUDIT

### **HOME DEPARTMENT**

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

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 Ministry of Home Affairs (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.

### ***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).*

**(Paragraph 1.2)**

### **EDUCATION (S) DEPARTMENT**

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

**(Paragraph 1.3)**

### **TRIBAL AFFAIRS AND HILLS DEPARTMENT**

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

**(Paragraph 1.4)**

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.

**(Paragraph 1.5)**

## **CHAPTER II SOCIAL SECTOR**

During 2020-21, we conducted audit of 32 units involving expenditure of ₹ 4,443.82 crore including expenditure of the previous years. As of March 2022, 29 IRs containing 176 paras were issued to the State Government with copies to the heads of the departments concerned.

During 2021-22, we conducted audit of 37 units pertaining to the Social Sector involving expenditure of ₹ 1054.67 crore including expenditure of the previous years. As of March 2022, 19 IRs containing 123 paras were issued to the State Government with copies to the heads of the departments concerned.

This chapter contains one Compliance Audit paragraph.

### **COMPLIANCE AUDIT**

#### **SOCIAL WELFARE DEPARTMENT**

Social Welfare Department had blocked funds amounting to ₹ 8.08 crore meant for construction of Anganwadi Centre Buildings for three to four years.

**(Paragraph 2.2)**

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

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.

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”*.

### COMPLIANCE AUDIT

#### ***DEPARTMENT OF AGRICULTURE***

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

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 bank 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.

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**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.*

**(Paragraph 3.2)**

**TRADE, COMMERCE AND INDUSTRIES DEPARTMENT**

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

**(Paragraph 3.3)**

**PUBLIC WORKS DEPARTMENT**

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

**(Paragraph 3.4)**

**PUBLIC HEALTH ENGINEERING DEPARTMENT**

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

**(Paragraph 3.5)**

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

**(Paragraph 3.6)**

## CHAPTER IV ECONOMIC SECTOR (STATE PUBLIC SECTOR ENTERPRISES)

As of 31 March 2022, the State of Manipur had 13 State Public Sector Enterprises (SPSEs) (all Government Companies including one non-working). However, none of these SPSEs were listed on the Stock Exchange.

*(Paragraph 4.1.1)*

During last five years, the overall pendency of SPSE accounts had increased from 94 Accounts (2017-18) to 105 Accounts (2021-22) which was attributable to less number of Accounts finalised (23 Accounts) by the SPSEs during 2018-22 as compared to the number of accounts due for finalisation (41 Accounts) during the said period.

Against the total arrears of 105 Accounts (9 SPSEs) as on 31 March 2022, 58 Accounts (55 *per cent*) pertained to two SPSEs namely, Manipur Tribal Development Corporation Limited (34 Accounts) and Manipur Police Housing Corporation Limited (24 Accounts).

*(Paragraph 4.1.5)*

### ***Recommendations***

- i. State Government may set up a special cell to oversee the clearance of arrears of accounts and set the targets for individual SPSEs, which may be monitored by the cell;*
- ii. State Government may ensure that existing vacancies in the accounts department of SPSEs are timely filled up with persons having domain expertise and experience; and*
- iii. The SPSEs may get the figures of equity and loans reconciled with the State Government Departments to reflect correct position in the State Finance Accounts.*

## CHAPTER V REVENUE SECTOR

During 2020-21, the revenue raised by the State Government was ₹ 1,442.56 crore which was 11.11 *per cent* of its total revenue receipts of ₹ 12,982.65 crore of the State. The balance receipts of ₹ 11,540.09 crore (88.89 *per cent*) during 2020-21 were from Government of India as State's share of net proceeds of Union taxes and duties and GIA.

During 2021-22, the revenue raised by the State Government was ₹ 1,756.64 crore which was 12.47 *per cent* of its total revenue receipts of ₹ 14,091 crore of the State. The balance receipts of ₹ 12,334.36 crore (87.53 *per cent*) were from



Government of India as State's share of net proceeds of Union taxes and duties and GIA.

*(Paragraph 5.1)*

During the year 2020-21, there were 64 auditable units, of which 19 units were planned and audited. During the year 2021-22, out of 64 auditable units, 8 units were planned and audited.

*(Paragraph 5.3)*

This Chapter contains one compliance audit paragraph involving financial effect of ₹ 73.33 lakh.

## COMPLIANCE AUDIT

### TAXATION DEPARTMENT

Failure of the Department to take timely action to realise outstanding tax from a dealer resulted in short-recovery of tax revenue amounting to ₹ 32.74 lakh and interest of ₹ 40.59 lakh.

*(Paragraph 5.6)*

## CHAPTER VI FOLLOW UP OF AUDIT OBSERVATIONS

Audit Report for the year 2019-20 (Report No. 2 of 2022) featured two Performance Audit paragraphs and ten Compliance Audit paragraphs. The Report was placed in the State Legislature on 22 February 2023. In respect of earlier Audit Reports for the years 1999-2019, *suo moto* Explanatory Notes pertaining to 415 Performance Audits and Compliance Audit paragraphs were not received within the stipulated period of three months from the Departments.

*(Paragraph 6.1)*

As of January 2023, the PAC had published 37 Reports on the findings in the Audit Reports. These PAC Reports altogether contained 1,582 recommendations based on the examination of Audit Reports by the PAC. In respect of 21 Reports of the PAC containing 737 recommendations, the Action Taken Notes (ATN) had been received. Of the remaining 845 recommendations contained in 16 Reports of the PAC, no ATNs were received.

*(Paragraph 6.2)*

As on March 2022, there was 2,418 outstanding IRs with 11,590 audit paragraphs pertaining to General, Social and Economic Sectors other than SPSEs that were pending settlement.

In respect of Revenue Sector, there were 334 pending Inspection Reports with 1,181 outstanding audit paragraphs involving ₹ 242.66 crore as outstanding audit observations at the end of June 2022.

*(Paragraphs 6.4.1 and 6.4.2)*

***Recommendations***

It is recommended that the Government may review the matter and ensure:

- i. Submission of Action Taken Notes to the recommendations of the Public Accounts Committee (PAC)/ Committee on Public Undertakings (CoPU); and*
- ii. Convene of regular meetings of Departmental Audit and Accounts Committee (DAAC) and State Audit and Accounts Committee (SAAC) to review, discuss and monitor the progress in disposal of outstanding Inspection Reports and paragraphs.*