PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Manipur under Article 151 of the Constitution of India for being laid on the floor of the State Legislature.

The Report contains significant results of Performance Audit and Compliance Audit of the Departments of the Government of Manipur under General, Social, Economic, and Revenue Sectors including Rural Development and Panchayati Raj Department, Social Welfare Department, Minority Affairs Department, Public Health Engineering Department, Public Works Department, Department of Power, Transport Department and Taxation Department.

The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2023-24, as well as those which came to notice in earlier years, but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2023-24 have also been included, wherever necessary. The Report has been finalised after considering the response of the Government Departments, wherever received.

Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

EXECUTIVE SUMMARY

This Report has been prepared in six chapters. Chapters I to V deal with 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 five Performance Audits *viz.* "Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme in Manipur", "Integrated Child Development Services (ICDS) Scheme", "Jal Jeevan Mission (JJM)", "The System of Energy Billing and Collection of Revenue by Manipur State Power Distribution Company Limited (MSPDCL)" and "Functioning of District Transport Offices and State Transport Authority" and six compliance audit paragraphs including one Subject Specific Compliance Audit *viz.* "Department's Oversight on GST Payments and Returns Filing- Phase II".

According to existing arrangements, copies of the Performance Audits and Compliance Audit Paragraphs were sent to the Administrative Heads of the concerned Departments with a request to furnish replies within six weeks.

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

A synopsis of the important findings contained in the Report is given below.

CHAPTER I
GENERAL SECTOR

During 2023-24, the Office of the Accountant General (Audit), Manipur, planned to audit 44 out of 117 units in the General Sector. Out of which, 16 units were audited. These audits involved an expenditure of ₹1,144.54 crore including expenditure of previous years. As of March 2024, 08 Inspection Reports (IRs) containing 39 paragraphs were issued to the Government with copies to the Heads of Departments concerned.

CHAPTER II
SOCIAL SECTOR

During 2023-24, the Office of the Accountant General (Audit), Manipur, planned to audit 88 out of 263 units in the Social Sector. Out of which, 54 units were audited. These audits involved an expenditure of ₹7,453.20 crore including expenditure of previous years. As of March 2024, 36 IRs containing 197 paragraphs were issued to the State Government with copies to the Heads of Departments concerned.

This chapter consists of two Performance Audits *viz.* **"*Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme in***

Manipur" **and** ***"Integrated Child Development Services (ICDS) Scheme"*** and one Compliance Audit Paragraph.

PERFORMANCE AUDIT

Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme in Manipur

The National Rural Employment Guarantee Act (NREGA) enacted in September 2005 was later renamed as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in October 2009. It seeks to provide a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work at the statutory minimum wage. The Ministry of Rural Development (MoRD), Government of India (GoI) is monitoring the entire implementation of this scheme in association with State Government. This Act was introduced with an aim of improving the purchasing power of the rural people, by providing primarily semi or un-skilled work to people living below poverty line in rural India. It attempts to bridge the gap between the rich and poor in the country. Roughly one-third of the stipulated work force must be women.

MGNREGA provides a powerful framework of rights to ensure rural households have access to employment and livelihood security. The scheme encourages a sense of community and collective responsibility by strengthening Panchayati Raj institutions. MGNREGA promotes a bottom-up approach to planning and execution, empowering local communities to take charge of their development. Through the creation of productive assets of prescribed quality and durability, the scheme addresses immediate economic needs while laying the foundation for long-term prosperity.

In Manipur, the scheme was implemented *w.e.f.* 2006-07 in Tamenglong district. Coverage was extended to all the districts *w.e.f.* 2008-09.

The Rural Development and Panchayati Raj (RD&PR) Department, Government of Manipur (GoM) is the nodal Department for implementation of the Scheme in the State.

A Performance Audit on the "Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme" was carried out covering the period from 2019-20 to 2023-24 to assess: *the adequacy of planning process and financial management towards achieving the goals of the Act*; *achievement of fair access to employment opportunities with generation of employment adequately leading to social protection and livelihood security*; *the creation and maintenance of durable and useful assets were in compliance with rules and regulations and ensured convergence with other programmes/ schemes; and achievement of greater transparency and accountability through the existence and functioning of appropriate and adequate monitoring, social audit and grievance redressal systems*.

Some of the major findings of the Performance Audit are as follows:

Baseline survey was not conducted and no expert institutions were empanelled to finalise the framework and methodology for the pilot baseline survey. As a result, realistic development plan could not be prepared.

Data at Management Information System (MIS) revealed significant gaps in mandatory information *viz*. details of job card without- bank account number; Household (HH) photographs and workers without individual photographs.

Door-to-door survey was not conducted annually during the period 2019-2024 for identification and registration of willing Households (HHs) in all the sampled GPs. During 2019-2024, only 0.02 to 0.79 *per cent* HHs who demanded jobs were provided 100 days employment.

There were huge closing balances ranging from ₹138.73 crore (2023-24) to ₹673.82 crore (2022-23). The Finance Department, GoM retained 49 to 91 *per cent* of the unspent balances at the end of the financial years. During 2019-2024, there was short receipt of Central share of ₹1,971.39 crore due to availability of unspent balances of previous year, inability to send Utilisation Certificates (UCs) and proposal for 2nd tranche in time. Central share of ₹3,584.61 crore was released to State Employment Guarantee Fund (SEGF) account with delay ranging from 13 to 248 days. Similarly, state share of ₹386.67 crore was also released with delay ranging from 07 to 347 days. In the State large liabilities were pending on account of unpaid wages and material during 2019-2024 ranging from ₹454.09 crore (2023-24) to ₹1,020.37 crore (2021-22) despite the availability of unspent balance at the end of the respective years.

The RD&PR Department, GoM procured local made Face Masks and Hand Sanitisers by incurring an expenditure of ₹14.79 crore at State level and ₹5.59 crore in the sampled districts from the fund for administrative expenses against the Operational Guidelines and instruction of Ministry of Rural Development (MoRD).

During 2019-2024, the prescribed wages and material ratio was not maintained ranging from two districts in 2019-20 to eight districts in 2023-24, as an amount of ₹39.23 crore was utilised in excess on the material component, which could have generated 15.77 lakh Person Days (PDs) of wage employment.

Against the payable compensation of ₹240.42 crore for delayed payment, only ₹0.02 crore was approved and ₹49.51 crore was not verified (as of May 2025) by the Programme Officer. The State Government did not pay the compensation payable for delayed payments. In the sampled six blocks, unemployment allowance of ₹69.73 lakh was not provided to 6,074 HHs though they had demanded work during 2019-2024. At the State level, there was delay in payment of wages ranging from 83 to 99 *per cent* during the period 2019-2024.

Out of the prescribed 10 meetings of the State Employment Guarantee Council (SEGC) during 2019-2024, only two meetings were held in 2020-21. The non-official members of the SEGC were neither re-appointed nor new members were appointed. The posts of non-official members remained vacant since 15 January 2022. This compromised the oversight, monitoring and advisory functions to be discharged by the SEGC as envisaged under the Act, thereby reducing transparency and accountability in the implementation of the scheme at the State level.

In the State, GPs ranging between 4.02 and 93.59 *per cent* remained unaudited during 2019-2024 against the number of GPs planned by the Manipur Social Audit Agency (MSAA). However, the shortfall ranged from 77.73 to 98.70 *per cent* against required number of social audits to be conducted as per Operational Guidelines.

The State Government did not appoint full time Director of MSAA but was given to a senior official of the State Government as additional charge. Further, there was shortage of administrative staff and Resource Persons for conduct of social audit.

During 2019-2024, Vigilance Cell was not constituted at the State, District and Local level. Further, no State Quality Monitor (SQM)/ District Quality Monitor (DQM) were appointed. Citizens' Charter had not been developed due to which MGNREGS in Manipur had been implemented without any mandated duties of PRIs and Government officials. Hence, the main stakeholders of the scheme remained unaware of the duties and function of the MGNREGA functionaries.

Recommendations:

The Government may consider the following recommendations-

- *Conduct a comprehensive baseline survey to accurately assess the quantum and timing of labour demand and prepare a realistic documented annual plan.*
- *The State Government should ensure the timely release of funds to the SEGF to facilitate efficient utilisation and avoid accumulation of pending liabilities.*
- *Take steps to register households with complete information and issue accurate Job cards within the stipulated time.*
- *Guarantee 100 days of wage employment to all the eligible households, as mandated by the Act.*
- *Fix accountability for inadmissible expenditure, diversion of scheme funds and unauthorised utilisation and take appropriate corrective and disciplinary action against the concerned officers/ officials.*
- *The Department should strictly adhere to the prescribed wage-material ratio to optimise person-day generation and ensure compliance with scheme guidelines.*

- *Ensure prompt payment of unemployment allowance and compensation for delayed payment of wages to the eligible beneficiaries.*
- *The SEGC may hold bi-annual meeting regularly, appoint its non-official members and perform its duties as prescribed.*
- *The Department may appoint regular Director of MSAA and other staff and Resource Persons on priority.*
- *The Department should reassess the manpower requirement and ensure that adequate number of staff with requisite skills are provided.*
- *The Department may take up steps to constitute Vigilance Cell, appoint State and District Quality Monitor and prepare Citizens' Charter.*

Integrated Child Development Services (ICDS) Scheme

Integrated Child Development Services (ICDS) Scheme was launched by the GoI, in 1975 with the aim to help children and nursing mothers to respond to the challenge of providing pre-school and non-formal education on one hand and break the vicious cycle of malnutrition, morbidity, reduced learning capacity and mortality on the other. The scheme was launched in the same year in the State of Manipur. The beneficiaries under the scheme are children in the age group of zero to six years, pregnant women and lactating mothers and adolescent girls in the age group of 14 to 18 years. In November 2017, GoI renamed the ICDS as 'Anganwadi Services' and restructured it into 'Umbrella ICDS'. In March 2018, POSHAN Abhiyaan (erstwhile National Nutrition Mission) was launched to achieve improvement in the nutritional status of beneficiaries in a time bound manner. In August 2022, POSHAN Abhiyan and ICDS were re-structured as 'Saksham Anganwadi and Poshan 2.0' for implementation during the 15th Finance Commission period 2021-22 to 2025-26.

The package of services provided as part of the programme comprised, *inter-alia* (i) Supplementary Nutrition Programme (SNP), (ii) Immunisation, (iii) Health Check-up, (iv) Referral Services, (v) Non-formal Pre-school Education (PSE) and (vi) Nutrition and Health Education (NHED).

The Social Welfare Department (Department) is responsible for the implementation of ICDS in the State. The Department implements three components of the programme *viz*., SNP, PSE and NHED, while the other three components are implemented in coordination with the Consumer Affairs, Food and Public Distribution Department and Health and Family Welfare Department (health check-up and referral services and immunisation).

A Performance Audit on "Integrated Child Development Services (ICDS)" was carried out covering the period from 2018-19 to 2023-24 to assess: *the comprehensiveness of the Planning for identification and coverage of beneficiaries, the activities under various interventions were designed to meet the scheme objectives and inter-sectoral monitoring mechanism were robust; optimal utilisation of available physical, human and financial resources and* *maximisation of the benefits of ICDS by convergence with other related programmes; effectiveness of awareness created among the targeted beneficiaries; and effectiveness, efficiency and economy of the delivery of services in achieving the desired outcomes of ICDS.*

Some of the major findings of the Performance Audit are as follows:

The State Empowered Programme Committee, the highest body for planning, supervision and monitoring the implementation of ICDS in the state which was supposed to meet once every month, did not meet even once during the period 2018-2024. There were neither district ICDS Mission nor block ICDS Mission Committee in any of the sampled districts to get together and operationalise ICDS Mission Mode to take decisions on child development issues.

The State Convergence Committee met once during 2018-2024 against the requirement of once in each quarter. Further, the District and Block Convergence Committee did not meet at all during the period 2018-19 to 2023-24. There were no district and block convergence action plans during the period 2018-19 to 2023-24 indicating that the Committees were non-functional.

The Department did not lift 3,000 MT of rice for the fourth quarter of 2019-20 meant for Supplementary Nutrition Programme of 3,77,140 beneficiaries (children 6 months to 6 years: 3,22,186 and pregnant and lactating mother: 54,954).

Medicine kits were not available in 100 AWCs, the facts were confirmed from the Joint Physical Verification (JPV) (January 2024). Non-availability of medicine kits for controlling common ailments like fever, cold, cough, worm infestation, *etc.* including medicines and basic equipment for first-aid would result in exposure of young beneficiaries under the scheme to the vulnerability of common ailments.

Anganwadi Centre (AWC) buildings were in dilapidated conditions and not fit to effectively function as AWCs. There were no basic facilities such as proper buildings, toilets, drinking water facilities and space for indoor and outdoor activities of children.

There was delay in release of funds by the Government of Manipur to the implementing agencies for more than three years resulting in delay in completion of 936 AWCs. The GoI provided funds for construction of toilets and drinking water facilities for the AWCs with the objective of achieving total sanitation and cleanliness by 02 October 2019, however, the Department could not achieve the objective as of March 2024.

As of March 2024, out of 38 CDPOs, only 30 of them had received job related training while 33 of them had received induction training. Also, out of 377 Supervisors, only 53 of them had received the requisite job related training, leaving a backlog of 324. Only 56 Supervisors had received induction training.

There were shortfalls in the visit of senior functionaries in the 13 sampled ICDS projects, by the supervisors to the Anganwadi Centres ranging from 11 to 45 *per cent*, while shortfall in respect of Child Development Project Officers (CDPOs) ranged from 64 to 78 *per cent*.

Recommendations:

The Government may ensure that-

- *The Department should make all the institutional mechanisms under the scheme to participate fully in the planning process. The Department should also ensure that the requisite number of meetings of the State Empowered Committee are held for proper planning, supervision and monitoring for the effectiveness of the ICDS Scheme in the State.*
- *Convergence Action Plan should be materialised in order to accomplish the benefits of convergence of services.*
- *The Department should provide adequate nutrition to all the eligible beneficiaries.*
- *Medicine kits should be provided to all AWCS on regular basis to arrest exposure of young beneficiaries to the vulnerability of common ailments.*
- *Priority should be given to complete the construction of the Anganwadi Centres and toilets and providing the drinking water facilities.*
- *Regular training should be provided to Anganwadi services' functionaries.*
- *Supervision of district and project level functionaries should be strengthened as per prescribed standard to enhance delivery of services, quality of services and infrastructure issues.*

COMPLIANCE AUDIT

MINORITY AFFAIRS DEPARTMENT

Adoption of incorrect quantity on an item of work by Minorities and Other Backward Classes Economic Development Society (MOBEDS) in 12 projects led to inflation of cost in the contract agreements by ₹2.08 crore. This together with recording of incorrect quantity during execution resulted in excess payment to the tune of ₹0.98 crore.

Recommendation:

The State Government may take steps to adjust/ recover the excess payment of ₹0.98 crore from the contractors and safeguard the remaining project funds.

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

During 2023-24, the Office of the Accountant General (Audit), Manipur, planned to audit 54 out of 370 units in the Economic Sector. All the planned units were audited during 2023-24. These audits involved an expenditure of ₹2,709.93 crore including expenditure of previous years. As of March 2024, 21 IRs containing 77 paragraphs were issued to the State Government with copies to the heads of the concerned departments.

This chapter contains one Performance Audit on ***"Jal Jeevan Mission (JJM)"*** and two compliance audit paragraphs.

PERFORMANCE AUDIT

Jal Jeevan Mission (JJM)

The Jal Jeevan Mission (JJM), a flagship scheme, was launched by the Prime Minister of India on 15 August 2019. JJM adopts to provide potable water to rural areas through pipe water supply and aims to provide piped water supply to each of the 19 crore rural households of the country through Functional Household Tap Connections (FHTCs) by the end of 2024.

In Manipur, Public Health Engineering Department (PHED) (Department) is the implementing agency of the Programme covering 2,556 villages in the State. Out of the 15 villages covered in the three sampled districts, 13 villages sourced their water through gravity and two villages relied on groundwater exploration.

A Performance Audit on 'Jal Jeevan Mission' covering the period from 2019-20 to 2023-2024 was conducted to assess: *the successful achievement of Programme objectives (output and outcomes); existence of efficient institutional framework for planning, implementation, and post operational management of the schemes; economy and efficiency in utilisation of Financial resources; and sustainability of assets created through the programme for the next two to three decades and do not compromise water security for future generations*.

The major audit findings are as below:

Gram Panchayats of the sampled villages did not hold Gram Sabha meetings to approve Village Action Plan (VAP) as per JJM guidelines. This led to non-involvement of communities in planning and ineffective village action plans.

The State could not achieve the target of providing every rural household with Functional Household Tap Connections (FHTCs) by December 2024 by 20.41 *per cent* depriving 92,146 households of potable water supply. As per the Integrated Management Information System (IMIS) data, out of 2,556 villages, 39 villages had no FHTC as of December 2024.

In the sampled villages, it was observed that none of the 351 beneficiaries with FHTCs had a meter installed for their household connection.

Cross verification of IMIS data with the record of the Village Water and Sanitation Committees (VWCSs) revealed that there were 3,328 inflated number of FHTCs in the nine sampled villages indicating serious lapses in data integrity and potential misreporting of scheme progress under JJM.

Due to non-submission of Utilisation Certificate (UC) for the previous year (1st instalment of 2022-23), no fund was received from the Ministry during the year 2023-24, resulting in non-execution of approved activities for ₹335.18 crore. Moreover, annual accounts for the year 2022-23 and 2023-24 were not prepared.

Lack of regular review and analysis of procurement and issuance data of Field-Testing Kits (FTK) were observed in audit which was confirmed during JPV. This led to inefficient procurement processes leading to overstocking of stock and inability to distribute the stock in time before expiration.

Operational guidelines of JJM highlights the need to plan for skilled human resources in each district and for each village in convergence with Pradhan Mantri Kaushal Vikash Kendra (PMKVK) on priority, which was not yet taken up. Audit, however, observed that skilling development activities were conducted only in 180 villages out of 2,556 villages. Thus, 2,376 (92.96 *per cent*) villages have not been covered under skilling activities.

There was a significant gap in compliance with JJM planning guidelines as no district-level water budgets or comprehensive source sustainability plans were furnished for review. Audit observed that in all 351 surveyed households that had FHTCs, beneficiaries reported water shortages during the lean season, thereby indicating that the absence of planned source sustainability measures undermined the objective of JJM to provide a reliable and year-round supply of potable drinking water to rural households.

Inability to collect five *per cent* of the capital cost of the project have affected the involvement of the community in JJM activities and lack of sense of ownership.

Recommendations:

The State Government may-

- *facilitate participation of communities in planning, implementation and maintenance to increase transparency and social accountability.*
- *ensure that the incomplete works are completed by the State Water Sanitation Mission without further delay to achieve the target of providing tap water connection to every rural household.*
- *ensure installation of meter for every household.*

- *check and monitor appropriately online submission of data and information on IMIS to improve reliability of the database.*
- *ensure submission of UCs in time to enable timely receipt of fund from Ministry and timely execution of approved activities. Efforts should be made to prepare accounts for all the years.*
- *proper stock taking and assessment of requirement be made to minimise overstocking and non-distribution of FTKs to enable the beneficiaries testing the water quality for potential waterborne health risks.*
- *converge with Pradhan Mantri Kaushal Vikash Kendra (PMKVK) for skilling activities.*
- *make proper arrangement for source sustainability so that water reaches the households throughout the year.*
- *strengthen community engagement for increased local accountability, reduced over-reliance on state funding and increased likelihood of active local participation in operation and upkeep.*

COMPLIANCE AUDIT

PUBLIC WORKS DEPARTMENT (PWD)

Works carried out without requisite Administrative Approval & Expenditure Sanction, Technical Sanction, work order and without call of tender by awarding and payment to a contractor who was a near relative of the Engineer-in-charge resulted in irregular expenditure of ₹3.21 crore by the Executive Engineer, Imphal East Division on unauthorised works.

Recommendation:

The State Government may investigate the diversion of ₹3.21 crore to unauthorised works and fix responsibility on officials involved for irregular payments.

Due to inflated provision for earthwork and for providing/ laying cement concrete, the Executive Engineer, Building Division, Public Works Department made an excess payment thereby extending an undue benefit of ₹61.73 lakh to the contractor.

Recommendation:

The Government may recover the excess payment of ₹61.73 lakh from the contractor without delay.

CHAPTER IV
ECONOMIC SECTOR
(STATE PUBLIC SECTOR ENTERPRISES)

As of 31 March 2024, the State of Manipur had 14 State Public Sector Enterprises (SPSEs) (all Government Companies including three non-working). However, none of these SPSEs were listed on the Stock Exchange.

During the last five years, the overall pendency of SPSE accounts had increased from 103 Accounts (2019-20) to 122 Accounts (2023-24) which was attributable to less number of Accounts finalised (18 Accounts) by the SPSEs during 2019-2024 as compared to the number of accounts due for finalisation (53 Accounts) during the said period.

Against the total arrears of 122 Accounts (11 SPSEs) as on 30 September 2024, 62 Accounts (51 *per cent*) pertained to two SPSEs namely, Manipur Tribal Development Corporation Limited (36 Accounts) and Manipur Police Housing Corporation Limited (26 Accounts).

Recommendations:

The State Government may-

- *mandate each administrative department to prepare a time-bound action plan for SPSEs under their control to clear the backlog of accounts, starting with the most delayed cases.*
- *set up a special cell to oversee the clearance of arrears of SPSE-accounts and set the targets for individual SPSEs, which may be monitored by the cell.*
- *ensure that existing vacancies in the Accounts departments of SPSEs are filled up in a timely manner with persons having domain knowledge and experience.*
- *organise focused training sessions on statutory compliance, financial reporting, and governance for SPSE finance personnel and nodal officers in administrative departments.*

As on 31 March 2024, there were three non-working SPSEs, which had been non-functional for last 20 to 24 years. Since the non-working SPSEs were neither contributing to the State economy nor meeting the intended objectives of their formation, the liquidation process to wind up these SPSEs needs to be expedited.

This chapter contains one Performance Audit on ***"The System of Energy Billing and Collection of Revenue by Manipur State Power Distribution Company Limited (MSPDCL)"*** and one compliance audit paragraph as discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

The System of Energy Billing and Collection of Revenue by Manipur State Power Distribution Company Limited (MSPDCL)

After the unbundling and corporatising of the Manipur State Electricity Department into two independent State-owned entities *viz*. Manipur State Power Company Limited (MSPCL) and Manipur State Power Distribution Company Limited (MSPDCL) with effect from 01 February 2014, MSPDCL is responsible for the distribution of power through 11kV and below distribution lines and the implementation of the Energy Billing System (EBS) in the State.

MSPDCL (Company) uses *e*-Billing software, a web-based platform for its billing and online payment. The integrated IT billing system which became operational in August 2019 aimed to achieve regular bill preparation, distribution and revenue collection for post-paid consumers; centralised monitoring and report generation for all post-paid and prepaid consumers; and generation of prepaid recharge vouchers for different prepaid meter manufacturers from a single window/ platform.

A Performance Audit of "The System of Energy Billing and Collection of Revenue by MSPDCL" covering the period from 2018-19 to 2023-24 was conducted *to ascertain the adequacy of the IT-enabled energy billing system adopted by MSPDCL; the economy, efficiency and effectiveness of the management of the metering and energy billing; customer service and satisfaction; promptness in collection of Company's revenue/ arrears; and the existence of an adequate monitoring and internal control system*.

The significant audit findings are as below:

The Company could not achieve the target of 100 *per cent* metering set by Joint Electricity Regulatory Commission (JERC) (Manipur and Mizoram) (M&M) as 65,587 consumers were unmetered out of total 5,60,238 consumers. In the absence of energy meters, the Company prepared the energy bills of the unmetered consumers based on the formula which was already withdrawn by the JERC (M&M) without ascertaining the actual quantum of energy consumed by these consumers. MSPDCL had not completed the installation of meters even for the High Tension (HT) consumers as of March 2024 as the *percentage* of installation of energy meters ranged between 58 and 65 *per cent* during 2020-21 and 2023-24.

The Company had not completed the installation of feeder meters and Distribution Transformer (DT) meters. *Percentage* of installation of 11kV feeder meters was 57 *per cent* while the *percentage* of installation of DT meters was 15 *per cent* as on 31 March 2024. Due to non-completion of installation of Feeder meters and DT meters, feeder-wise energy loss for all 11 kV lines and Low Tension (LT) line loss for individual DT fed LT lines could not be ascertained and identification of theft in particular feeder could not be done.

Audit observed that for the period from April 2018 to March 2024, 75,612 pre-paid consumers out of 4,91,820 pre-paid consumers (LT and HT), were not migrated to the Web-based Billing System as on 31 March 2024. The outstanding amount related to the consumers whose accounts were not migrated to billing system was not available. The absence of migrated data prevented automated recovery of arrears through the mandated 20 *per cent* deduction from recharge value.

IT billing system of MSPDCL lacked basic access controls, permitting simultaneous logins from multiple systems using the same user ID, thereby creating vulnerabilities for unauthorised access and potential data manipulation.

An amount of ₹24.05 crore was outstanding in respect of 88 HT consumers as of March 2024 in the six sampled Divisions. However, no disconnection was done in respect of these HT consumers inspite of having significant amount of arrears by invoking the provisions of JERC (M&M) Electricity Supply Code Regulations, 2013 stipulating issue of disconnection notices for default in payment of dues after giving him a notice period of 15 clear days.

MSPDCL could not realise the whole of the billed amount during the financial years 2018-19 to 2021-22 and 2023-24. The percentage of amount collected as against the amount billed ranged between 83 and 93 *per cent* during these five years while MSPDCL could achieve 107 *per cent* collection against the amount billed during the financial year 2022-23 indicating ineffective enforcement of recovery measures.

Audit noticed that the State Government did not release the full amount of assured subsidy to MSPDCL in five out of six years covered by audit. Though MSPDCL did not receive the subsidy amount in advance from the State Government in monthly instalments, MSPDCL also did not adopt the full cost tariffs as mandated by the Electricity Act, 2003.

Records for the collection of revenue by sampled Revenue Divisions and Sub-Divisions revealed that revenue amounting to ₹54.63 lakh collected by the Yairipok Sub-Division under Thoubal Electrical Division during January 2021 to January 2024, was neither remitted into the Bank Account nor retained in the custody of the cashier/ chest, thereby indicating suspected misappropriation. Audit also observed delay in remittance of revenue by four Electrical Divisions.

MSPDCL had to incur avoidable expenditure of ₹10.33 crore towards payment of Late Payment Surcharge to North Eastern Electric Power Corporation Ltd. (NEEPCO), which could have been avoided had MSPDCL not defaulted in payment of power purchase bills.

MSPDCL had not complied with the JERC (M&M) "Redressal of Consumer Grievances" Regulations, which mandate the establishment of Internal Grievance Redressal Cells (IGRC) at multiple levels and the maintenance of complaint registers. This lapse undermines consumer rights protection, prevents effective monitoring of service quality and obstructs regulatory oversight.

There was no Internal Audit Wing in MSPDCL. IT security audit by external agency was conducted only once in 2021 during the period of audit. However, MSPDCL did not conduct any internal audit of its IT resources and environment indicating weak internal control mechanisms.

Recommendations:

MSPDCL may ensure-

- *100 per cent metering of all High Tension (HT), Low Tension (LT), and Distribution Transformers (DTs) as mandated, including installation of smart meters to facilitate real-time energy audit.*
- *That Meters be installed at all incoming and outgoing points of substations and feeders to enable feeder-wise energy loss analysis and timely detection of theft or leakages.*
- *The migration of all pre-paid consumers to the web-based billing system be completed without delay to enable automated recovery of arrears from recharge amounts.*
- *Contractual provisions for surcharge on delayed payments be enforced, and secure payment arrangements such as advance payments or sovereign guarantees be put in place for high-risk consumers.*
- *IT billing systems be upgraded to restrict logins to one active session per user ID and access be granted only to authorised personnel.*
- *Enforcement of disconnection provisions under the JERC Supply Code for chronic defaulters, including HT consumers with high arrears.*
- *Targeted arrear recovery drives be undertaken, linking future supply to settlement of outstanding dues.*
- *Billed, collected and outstanding revenue may be reconciled regularly with clear accountability fixed for deviations.*
- *The release of subsidies in monthly advance instalments in accordance with Section 65 of the Electricity Act, 2003 by the State Government.*
- *The adoption of the full-cost tariff as required under the Act in cases of delayed subsidy release.*
- *Cash handling protocols be strictly enforced, ensuring daily deposit of collections into bank accounts and real-time monitoring through tools such as the 'Cash Tracker' module. Retention of cash beyond prescribed timelines be prohibited, with accountability fixed for delays or non-remittance. Surprise inspections be conducted at cash counters, vending stations, and revenue collection points to verify compliance.*
- *Adherence to timelines for payment to generating companies to avoid Late Payment Surcharges.*

- *Internal Grievance Redressal Cells (IGRCs) be established at all mandated levels, maintaining complete registers of complaints, action taken, and resolution timelines.*
- *Periodic internal audits be conducted to ensure full compliance with JERC directives and provisions of the Electricity Act, 2003.*

COMPLIANCE AUDIT

POWER DEPARTMENT

Manipur State Power Company Limited (MSPCL)

MSPCL extended undue benefit to the Contractor in the form of excess mobilisation advance of ₹3.63 crore and interest amount of ₹0.92 crore on mobilisation advance not yet recovered.

CHAPTER V

REVENUE SECTOR

During 2023-24, the revenue raised by the State Government was ₹1,433.07 crore which was 9.74 *per cent* of its total revenue receipts of ₹14,706.17 crore. The balance receipts of ₹13,273.10 crore (90.26 *per cent*) during 2023-24 were from Government of India as State's share of net proceeds of Union taxes and duties and GIA.

During the year 2023-24, there were 93 auditable units, of which 21 units were planned and audited.

This Chapter contains one Performance Audit on ***"Functioning of District Transport Offices and State Transport Authority"*** and two compliance audit paragraphs including one Subject Specific Compliance Audit (SSCA) on ***"Department's Oversight on GST Payments and Returns Filing (Phase-II)"*** involving financial effect of ₹385.52 crore.

PERFORMANCE AUDIT

Functioning of District Transport Offices and State Transport Authority

As per the Government of India (Allocation of Business) Rules, 1961, the Ministry of Road Transport, Government of India is responsible for formulation of broad policies relating to road transport and enforcement of Motor Vehicles Act, 1988 and Central Motor Vehicles Rules, 1989. Rule 68 of the Motor Vehicles Act also mandated the establishment of State Transport Authorities across India.

Resultantly, the State of Manipur enacted the Manipur Motor Vehicle Taxation Act, 1998 which details the taxes, fees, cess to be levied on motor vehicles. Manipur Motor Vehicle Taxation Act, 1998 governs the various levies on motor vehicles plying in the State. The Transport Department, Government of Manipur (GoM) is responsible for the enforcement of the Motor Vehicle Rules and collection of tax, levies, cess, *etc*. Vehicle Administration and Highway Administration Network (VAHAN) 2.0 software and SARATHI software were introduced in Manipur in December 2003. The upgraded VAHAN 4.0 was implemented in Manipur in May 2017 and the SARATHI 4.0 in April 2018.

A Performance Audit on the functioning of District Transport Offices and State Transport Authority covering the period from 2019-20 to 2023-24 was conducted *to assess whether the DTOs effectively managed the issue, renewal and cancellation of licenses as per the Act/ Rules; regulated and controlled over registration and use of vehicles through registration, issuing permits and fitness certificates; efficiently assessed, levied, collected and remitted revenue and took effective action on arrears; effectively conducted the enforcement activities; and adequate manpower, equipment, and other resources were provided to discharge their functions and also to ensure public service delivery.*

The significant audit findings are as below:

Driving Licence (DL) was not issued to the E-rickshaw/ E-cart drivers and no mandatory *10-day training* programme was conducted for them. Further, Manipur Road Transport buses were being plied by unqualified drivers without valid DL. No conductor licence was issued by the Department for stage carriages as required under MV Act.

In four active Driving Schools under the Transport Department there were cases of inadequate infrastructure and inadequate equipment/ apparatus. Various deficiencies were noticed in the Institute of Driver Training and Research Centre (IDTRC) *viz*. non-availability of the required Teaching and Training equipment except Traffic Sign Boards and Slide Projector; Workshop equipment, testing equipment; Driving Training Simulator and Driving Range Aids. In the Driving Range, out of the required 12 types of road/ tracks for imparting basic driving practice, six types (50 *per cent*) of Road/ Tracks, were not available. Further, in violation of the terms of the MoU, Tata Motors Ltd. did not supply any of the Vehicles, Aggregates and Cut Section of Aggregates to the Institute till May 2025.

Analysis of VAHAN registration data of 5,43,570 vehicles registered between 12 February 1942 to 13 April 2024 in the State revealed several irregularities. These included cases where the same chassis number was assigned to more than one vehicle; duplicate chassis numbers were allotted; both chassis and engine numbers were duplicated for the same vehicle; the same engine number was assigned to multiple vehicles and 'NIL' engine numbers were recorded. Further analysis of VAHAN database showed that 428 vehicles with identical chassis and engine numbers were registered at multiple DTOs with different registration numbers. This indicated that the Department did not adequately capture and verify unique identification details *viz.* chassis and engine numbers during registration, which compromised the integrity of the system and increased the risk of fraudulent registration of illegally acquired vehicles.

Data analysis of VAHAN revealed that 1,04,373 applications (9,010 for Temporary Registration and 95,363 for Permanent Registration) were submitted after seven days from the date of purchase/ sale of motor vehicles during the period from 01 April 2019 to 31 March 2024. This indicated that the Department did not effectively monitor dealers to ensure timely submission of registration applications or enforce compliance by trade certificate holders to prevent delivery of vehicles without registration. Thus, the possibility of vehicles plying on the road without registration could not be ruled out.

Data analysis revealed that for the period from April 2019 to March 2024, in the State, 22,575 certificates of registration were issued after 30 days from the receipt of application for registration of motor vehicles. Audit further noticed that out of the aforesaid 22,575 vehicles, 9420 vehicles were found to be hypothecated under various Banks/ Financiers with 324 vehicles financed by SBI who had been imposed penalty of ₹28.86 lakh for non-registration/ non-hypothecation of vehicle within the timeframe and recovery/ payment of vehicle search charges.

On the basis of laden weight of Transport vehicles, there were excess and short collection of Motor Vehicle (MV) tax amounting to ₹6.12 lakh and ₹4.46 crore respectively. Similarly, on the basis of seat capacity of Transport vehicles, there were excess and short collection of MV tax amounting to ₹0.98 lakh and ₹13.61 lakh respectively.

There was non-collection of five years MV tax and Green Tax to the tune of ₹65.12 lakh and ₹5.64 lakh respectively in respect of Non-transport vehicles who applied for Green Tax. Similarly, there was non-collection of MV tax and Green Tax to the tune of ₹8.98 lakh and ₹2.02 lakh respectively in respect of Transport vehicles who applied for Green Tax.

Transport Department did not collect ₹1.15 crore as MV tax and ₹30 (₹2 + ₹28) lakh as Green Tax from 1,936 transport vehicles that have completed 15 years life span in the state of Manipur and were still active.

Data migration of all motor vehicles in the State to VAHAN 4.0 which was to be completed by 13 May 2022 was not completed as of May 2025.

There was lack of co-ordination between Transport Department and Police Department as details of number of motor vehicle offences were neither shared by the Police Department nor the Transport Department had requested the data from the Police Department.

There was delay in use of e-Challan machines in all the traffic police offices under the test-checked districts and all the e-challans which were sent to e-court (virtual court) issued by Traffic Police were pending.

The Transport Department did not conduct any random checks of the PUC centres during 2019-20 to 2023-24, the authorised operators of both the Centres had not been trained *etc*. The Transport Department did not mandate a PUC centre at any fuel station in the State. Out of the three authorised PUC/ Pollution Checking Centres, prescribed standards were not fully adhered. Vehicles with expired PUCC were still plying as audit noticed that PUCC of 78,236 vehicles had expired as on 31 March 2024 though they were still active in VAHAN database. In the case of the three sampled DTOs, the number of vehicles with expired PUCC as on 31 March 2024 were 36,715 (Imphal West), 34,943 (Imphal East) and 3,344 (Thoubal).

During the period from 01 January 2019 to 31 March 2024, 295 new passenger vehicles registered in the State were not fitted with Vehicle Location Tracking Device (VLTD). As such, support mechanism for safety of women and girl children in public passenger transport vehicles under 'Nirbhaya' Framework was not implemented in the State.

The provisions of penalties for various motor vehicle related offences were not complied in the three test-checked DTOs and Traffic Police due to non-availability of infrastructure such as CCTV cameras at check post/points, body worn cameras, non-offloading of overloaded vehicles, non-impounding of vehicles committing offences citing lack of infrastructure and parking space.

There was a shortage of manpower by 72.32 *per cent* in the Department as a whole and the percentage of shortage of manpower in DTOs ranged from 65.45 to 100 *per cent* as of May 2025. This may result in compromising the Department's ability to enforce vehicle regulations, conduct safety inspections, manage road safety and deliver public services effectively.

Out of the 58 citizen centric vehicle related services, the Transport Department had launched only 31 faceless services as of May 2025.

Recommendations:

The Department may-

- *ensure all E-rickshaw/ E-cart drivers undergo the mandatory 10-day training and hold valid licences.*
- *mandate valid licences for all MST drivers and conductors, with a centralised register and periodic verification.*
- *launch awareness drives and streamline conductor licensing; enforce penalties for employing unlicensed conductors.*
- *enforce compliance of Driving Schools with required infrastructure, equipment and dual-control vehicles.*
- *strengthen IDTRC by completing infrastructure, procuring training equipment and enforcing supply commitments.*
- *cleanse and validate VAHAN records to remove duplicate chassis/engine numbers and cancel fraudulent registrations.*
- *enforce timely dealer submissions, fix accountability for delays, and introduce automatic penalties for defaulting dealers.*

- *ensure registration of hypothecated vehicles within 30 days; distinguish dealer vs DTO delays.*
- *correct MV tax assessments by reconciling VAHAN with physical records, recover shortfalls, and refund excess collections.*
- *enforce Green Tax and five-year MV tax on vehicles over 15 years; prevent revenue loss.*
- *complete migration to VAHAN 4.0 and strengthen data validation protocols.*
- *mandate data sharing between Police and DTOs for timely licence suspension/disqualification of offenders.*
- *ensure effective use of e-Challan system by deploying machines, clearing court pendencies and monitoring revenue.*
- *tighten pollution control by mandating PUC centres at fuel stations, enforcing adherence to standards, and penalising expired PUCCs.*
- *implement Nirbhaya framework by setting up monitoring centre and fitting Vehicle Location Tracking Devices (VLTDs) and emergency buttons in public transport vehicles.*
- *augment enforcement with impounding yards, custody facilities, CCTV, speed guns, and body cameras.*
- *address manpower shortages by filling critical enforcement, tax and mechanical inspector posts.*
- *expand faceless citizen-centric services beyond current limited rollout to enhance transparency and ease of access.*

COMPLIANCE AUDIT PARAGRAPHS

SUBJECT SPECIFIC COMPLIANCE AUDIT

Department's Oversight on GST Payments and Returns Filing

TAXATION DEPARTMENT

In the MIS GST back-end portal 183 taxpayers in the three sampled zones did not file 3,871 returns for 2020-21. As per the MIS report on GSTR-3B non-filers, the total expected shortfall across the three zones for the year 2020-21 amounted to ₹17.12 lakh. Out of 3,871 cases of non-filers identified, GSTR-3A was issued in 184 cases.

Recommendation: *The Department may initiate action against non-filers by assessing the tax liability to the best of their judgement by invoking the best judgment assessment order (ASMT-13).*

Two out of three sampled zones *viz.* Zone-1 & 10 did not conduct scrutiny of taxpayers' returns for the year 2020-21. Only, Zone-4 conducted scrutiny for four taxpayers for the year 2020-21 and tax discrepancies of ₹14.40 lakh were issued to these four taxpayers through ASMT-10.

Recommendation: *The Department may ensure the scrutiny of returns in a time bound manner before the cases become time barred.*

In 56 cases out of the total 140 cases of cancellation, there were delays in issuance of Form REG-19 ranging from ranging between 01 to 917 days. The reason for delay in cancellation was because the Department did not monitor the cancellation process.

Out of the 140 cases of cancellation, GSTR-10 was filed in only 13 cases. The Department had no information/ reports to track the filing of GSTR-10 by the taxpayer and thus recovery proceedings of tax liability could not be initiated by the Zones. Further best judgement orders in ASMT-13 were also not issued by the Department as a result of which tax liability, if any, could not be recovered.

Recommendation: *The Department may strengthen the monitoring mechanism in the Zones to ensure that due procedures for cancellation of registration, filing of final returns in form GSTR-10 and assessment of tax liabilities are adhered to.*

Out of 20 sampled cases, 28 instances of ITC related mismatches amounting to ₹70.86 crore were noticed. The deficiencies were due to availing ITC irregularly, availing ineligible ITC and or non-reversal of ITC. Hence, these cases remain as mismatches.

Scrutiny of GSTR-1, GSTR-3B and GSTR-9 returns filed by the 20 sampled taxpayers for the years 2018-19 to 2020-21 revealed mismatch of ₹1.16 crore in discharge of tax liability by comparing the tax liability furnished in the returns.

Recommendation: *Department should ensure remedial action for all the compliance deviations brought out in this report before they get time barred.*

COMPLIANCE AUDIT

RURAL DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT (RD&PR)

Manipur State Rural Roads Development Agency (Agency) did not deposit amount of Tax Deducted at Source (TDS) from contractors within the timeframe stipulated in the GST Act. Thus, due to inefficiency leading to delay in remittance of TDS, an avoidable expenditure of ₹67.51 lakh was made by the Agency as penalty/ interest.

CHAPTER VI
FOLLOW UP OF AUDIT OBSERVATIONS

Audit Report for the year 2022-23 (Report No. 2 of 2025) featured three Performance Audits, one Subject Specific Compliance Audits and eight Compliance Audit paragraphs. The Report was placed in the State Legislature on 10 March 2026. In respect of earlier Audit Reports for the years 1999-2022, *suo moto* Explanatory Notes pertaining to 427 Performance Audits and Compliance Audit paragraphs were not received within the stipulated period of three months from the Departments.

As of March 2025, the PAC had published 38 Reports on the findings in the Audit Reports. These PAC Reports altogether contained 1,592 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 855 recommendations contained in 17 Reports of the PAC, no ATNs were received.

As of March 2024, there were 2,608 outstanding IRs with 12,491 audit paragraphs pertaining to General, Social and Economic Sectors (other than SPSEs) that were pending settlement.

In respect of Revenue Sector, there were 355 pending Inspection Reports with 1,336 outstanding audit paragraphs involving ₹341.23 crore as outstanding audit observations at the end of June 2024.

The Departmental Audit and Accounts Committees (DAAC) and State Audit and Accounts Committees (SAAC) which were to hold meeting once in three months and once in six months respectively did not hold any meetings during 2023-24.

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. *Convening 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.*