

CHAPTER III
PERFORMANCE REVIEWS (CIVIL)

RURAL DEVELOPMENT DEPARTMENT

3.1 Pradhan Mantri Gram Sadak Yojana

Highlights

The programme was launched in the State during 2000-01 with the objective of connecting by good all weather roads 27 large and 487 small rural habitations respectively by the end of 2003 and 2007. However, it could not make much headway till the end of 2004-05 because of delays in releasing funds to the implementing units and finalisation of tenders and ineffective monitoring.

The objective of connecting large habitations with more than 1000 population by 2003 could not be achieved as of March 2005 and there is little likelihood of the State achieving the second objective of connecting all smaller habitations by 2007.

(Paragraph 3.1.6)

Release of Rs.40 crore provided by the Central Government for completion of old incomplete roads of Basic Minimum Service (BMS) programme was delayed by the Government of Manipur (ten months to four years).

(Paragraph 3.1.9)

Road works worth Rs.26.30 crore in Churachandpur, Bishnupur and Imphal West districts were awarded to pre-qualified contractors without competitive bidding in violation of the general financial rules and the guidelines of the programme.

(Paragraph 3.1.20)

After incurring expenditure of Rs.81.11 lakh, seven incomplete works in Bishnupur district were closed.

(Paragraph 3.1.27)

Introduction

The Pradhan Mantri Gram Sadak Yojana (PMGSY) launched in December 2000 as a 100 per cent Centrally Sponsored Scheme was intended to improve rural road connectivity in the country. The main objective of the programme

was to provide road connectivity through good all weather roads to all unconnected rural habitations with population of 1,000 persons and above in three years (2000-2003) and unconnected habitations with 500 persons and above (250 in case of hill areas) by the end of the Tenth Plan period (2007).

The scheme was introduced in Manipur in the year 2000-01. The State is encircled by nine hill ranges with a small oval valley at the centre. About 90 *per cent* of the total geographical area of the State is covered by hills, which remain largely unconnected.

Improved road connectivity in rural areas in hill and valley districts of the State will not only help in effective implementation of poverty alleviation programmes but will also accelerate the pace of development by providing better access to educational, health and marketing facilities resulting in substantial improvement in quality of life of the rural population.

Scope of audit

3.1.1 A review of PMGSY covering the period from April 2000 to March 2005 was conducted during February to October 2005. Three districts *viz.*, Bishnupur and Imphal West in valley area and Churachandpur in hill area were selected out of the nine districts in the State for detailed scrutiny.

Out of 33 packages for 59 new connectivity (416.444 km) and 71 upgradation (294.202 km) road works sanctioned for Rs.80.71 crore so far in nine districts, 13 packages comprising of 11 new connectivity (73 km) and 41 upgradation (151 km) works taken up for execution at the cost of Rs.27.06 crore in three selected districts were examined during the course of the review.

637 old incomplete Basic Minimum Service (BMS) road works were also undertaken for completion under PMGSY at a sanctioned cost of Rs.40 crore. Of these 637 BMS road works, 212 road works in three selected districts costing Rs.13 crore were covered under the review. The review covered 33 *per cent* of the sanctioned cost of the works (Rs.120.71 crore). The actual expenditure under the programme was Rs.72.69 crore as of March 2005, of which Rs.23.57 crore was covered under the review.

Audit objectives

3.1.2 Performance audit of the programme was conducted with a view to:

- ✓ assess the extent of achievement of overall programme objectives;
- ✓ ascertain whether schemes had been carried out efficiently as per requisite quality parameters/specifications prescribed;
- ✓ whether a plan was properly drawn to achieve fulfilment of policy objectives;

- ✓ whether available funds were utilised optimally;
- ✓ whether road works were taken up in consonance with the District Rural Roads Plan (DRRP) Core Network to secure economy and efficiency in implementation of the programme;
- ✓ whether the three tier quality control mechanism was effective to deliver/fulfil the prime objectives of the programme; and
- ✓ whether the monitoring system was adequate to achieve the desired objectives.

Organisational arrangement

3.1.3 At the State level, the Department of Rural Development and Panchayati Raj (RD&PR) was the nodal authority for the implementation of the scheme. A State Level Standing Committee set up in July 2000 was responsible for vetting the District Rural Roads Plan/Core Network, scrutinising the proposals and exercising overall supervision and monitoring of the scheme. Manipur State Rural Road Development Agency set up in September 2004 was made responsible for vetting of proposals and co-ordination of quality control activities at the State level.

At the district level, DRDA/PIU was responsible for preparation of Block Level Master Plan, DRRP, Core Networks, Detailed Project Reports (DPRs) and checking the quality of material and workmanship.

The Public Works Department (PWD) was declared the executing agency for implementation of PMGSY in June 2001. The Executive Engineers of PWD of the concerned districts were to function as PIUs. Formal orders for setting up of PIUs were issued only in October 2004. Chief Engineer-cum-State Quality Coordinator was appointed as late as March 2005.

Audit criteria

3.1.4 PMGSY guidelines issued by the Government of India formed the basis of audit criteria for assessing the performance in implementation of the scheme. The audit criteria used for making assessment of performance were:

- ✓ achievement of overall programme objectives with reference to benchmark in terms of targets prescribed;
- ✓ adequacy of planning after launching of the scheme;
- ✓ implementation of approved DRRP and core network;
- ✓ compliance with financial rules in tendering for competitive bidding and timely processing of tenders;

- ✓ adequacy of sample test and inspection of works carried out by the State Quality Monitors (SQM) and National Quality Monitors (NQM); and
- ✓ effectiveness of mechanism to monitor proper implementation of the scheme.

Audit methodology

3.1.5 The methodology employed involved detailed scrutiny of records and collection of information on actual implementation of the programme from State and district level agencies. The evidence was collected through examination of records maintained in the Department of Rural Development and Panchayati Raj, Manipur State Rural Road Development Agencies (MSRRDA), selected District Rural Development Agencies (DRDAs) and Programme Implementation Units (PIUs) in Bishnupur, Imphal West and Churachandpur districts, issue of specific questionnaires to the implementing agencies and discussions with the departmental officers at district and State levels.

Audit findings

Audit findings as a result of the review are discussed in the succeeding paragraphs. These findings were discussed with the Department represented by Commissioner (Rural Development) and his officials and their views were taken into account while finalising the review.

Overall programme objectives and achievements

3.1.6 The position of connected and unconnected habitations in the State at the commencement of the scheme in 2000-01 and the habitations planned to be connected in Phase I (2000-01) and Phase II (2001-02) as per proposals submitted to the Government of India was as given in the table below:

Table No.1

Type of habitations to be connected under PMGSY	Habitations with population			Total
	1000 +	500–999	250–499	
Total No. of habitations in the State	526	518	638	1682
Total No. of connected habitations	498	367	302	1167
Total No. of unconnected habitation	27+1*	151	336	515
Habitations proposed to be covered under PMGSY during 2000-2001 (Phase–I).	12	25	25	62
Habitations proposed to be covered under PMGSY during 2001-2002 (Phase–II).	15	35	14	64

* Out of 28, one habitation (Karang village in Bishnupur district) cannot be connected being an island in Loktak lake.

As 498 habitations in the State with population more than 1000 were already connected and one habitation was an island in Loktak lake, the State

Government had only 27* unconnected habitations in this category to be connected in three years (by 2003). The 487 (151+336) unconnected habitations with population between 250 to 999 were to be connected by the end of 2007.

The State Government decided to provide connectivity to 62 habitations by completing the ongoing incomplete BMS road works in Phase-I in 2000-01 and the remaining 453 habitations (515-62) by 2007. It proposed to take up new works for connecting 64 habitations in Phase-II (2001-02) of the programme and the remaining 389 habitations in the subsequent phases.

Test-check (April 2005) of records of the Rural Development Department disclosed that:

- ✓ The State Government failed to complete both the phases even three years after the scheduled date of completion.
- ✓ Of the 62 habitations to be covered under Phase-I by completion of old BMS road works, information regarding habitations actually connected as of March 2005 could not be provided by the State Government as they did not have the information due to lack of monitoring. This indicated extreme casualness on the part of the State level agency in monitoring and ensuring timely implementation of the programme.
- ✓ In Phase-II, only three habitations could be connected as of March 2005 against 64 habitations approved under this phase. All the three habitations were of less than 1000 population category and thus no habitation with more than 1000 population was connected as of March 2005.
- ✓ Thus, the objective of providing connectivity to all large habitations with more than 1000 population by 2003 could not be achieved as of March 2005 and there is little likelihood of achieving the other objective of connecting the smaller habitations (250+) by 2007.

Financial planning

3.1.7 The position of funds sanctioned/released by Government of India and expenditure incurred under the programme in the State during the period 2000-05 is given in the table below:

Table No.2

(Rupees in crore)

Year	Funds sanctioned by GOI	Funds released by GOI	Short release (per cent)	Expenditure	Cumulative Excess (+)/ Unspent(-)
2000-01	40.00	40.00	Nil	Nil	40.00
2001-02	80.71	40.00	50.44	20.00	60.00
2002-03	Nil	Nil	Nil	Nil	60.00
2003-04	Nil	Nil	Nil	37.16	22.84
2004-05	Nil	18.00	Nil	15.53	25.31
Total:	120.71	98.00	33.72	72.69	25.31

Out of the total sanctioned amount of Rs.120.71 crore, Rs.40 crore was for Phase I and the remaining amount (Rs.80.71 crore) was for Phase II of the programme.

Audit examination disclosed that there were inaccuracies in projection of funds requirements and serious delays in release and utilisation of funds as discussed below:

Incorrect projection of requirement of funds

Phase-I

3.1.8 For the works executed in Bishnupur, Churachandpur and Imphal West districts under Phase–I, against the requirement of Rs.17.59 crore the State Government projected a requirement of Rs.13.10 crore only in the project proposals, and, therefore, received less allocation of Rs.4.49 crore from the Government of India.

Incorrect projection of funds requirements indicates inefficient financial planning as the State Government neither obtained requisite funds from Government of India nor was it in a position to provide balance funds from the State Plan budget for completion of these roads.

Phase-II

Without proper estimation of cost of works, the State Government projected a requirement of only Rs.8.38 crore to the Government of India for Thoubal district in the proposals submitted in October 2001. The estimated cost of works was subsequently increased by the State Technical Agency (STA) to Rs.11.18 crore. Hence, the State Government received Rs.2.80 crore less from the Government of India due to poor planning.

Gaps between requirements projected and funds actually required reflect, poor financial planning in both the phases of the programme.

Funding of the programme

PMGSY was a 100 *per cent* Centrally Sponsored programme. The funds released by the Government of India to the State Government was required to be transferred to the executing agencies within 15 days of release by the Government of India as per the programme guidelines.

Delays in release of funds to executing agencies in Phase–I

3.1.9 The State Government failed to release funds to the executing agencies/DRDAs within the time limit prescribed. It delayed the release of Rs.40 crore for Phase–I for periods ranging between 10 months to four years. The delay was in contravention of the programme guidelines. Of these an amount of Rs.6.82 crore released by the State Government as late as February

2005 was kept in the bank account of Manipur State Rural Development Agency and not released to the DRDAs as on date (March 2005). Another amount of Rs.8.18 crore (diverted from Phase I to Phase II) was yet to be released by the State Government for pending works of Phase I. These delays in release of funds adversely affected timely implementation/completion of Phase-I works.

Non-release of funds under Phase-II

3.1.10 Phase II of the programme which commenced in 2001-02 was to be completed within 12 months. Though Government of India allocated Rs.80.71 crore for Phase-II, it released only Rs.40 crore as first instalment in February 2002 (The State Government released this to the DRDAs only after October 2003). The second instalment was to be released on submission of utilisation certificate of the first instalment. The State Government delayed execution of works under Phase II and could not submit utilisation certificate for the first instalment till January 2005. On submission of the same in February 2005, Government of India released Rs.18 crore on 31 March 2005. As the State did not submit utilisation certificate for the entire amount released so far (June 2005) under the programme, the balance Rs.22.71 crore was not released by Government of India. The State Government was, however, asked to temporarily utilise the unspent amount of Rs.8.18 crore of Phase-I for meeting immediate requirements under Phase II.

Irregular use of funds for clearing old liabilities

3.1.11 The State Government included in the project proposal of Phase-I BMS works which were already completed before launching of PMGSY programme (completed before March 2000) as incomplete works and utilised Rs.1.21 crore from PMGSY funds for clearing old liabilities (Churachandpur district: 15 works – Rs.72.40 lakh and Imphal West district: 23 works – Rs.48.37 lakh).

Payment without execution of works

3.1.12 The physical progress of 12 BMS works in Imphal West district at the time of their conversion into PMGSY (March 2000) ranged from 40 to 80 *per cent*. There was no further progress of works on these roads as of May 2005 but DRDA made payment of Rs.16.79 lakh to the contractors from PMGSY funds against these roads without execution of any work during the last four years (*Appendix-XXI*). Though the bills were called for during audit, these could not be produced.

Physical Planning

Delay in preparation of Core Network

3.1.13 As per the guidelines issued by the Government of India, roads under PMGSY had to be constructed based on the approved Core Network. Scrutiny of records, however, disclosed that the works under Phase–I and II were taken up/executed before its preparation. The State Government submitted the final draft Core Network for Phase III/IV/V to the National Rural Development Agency (NRDA) only in August 2005. This had not been approved as of September 2005. Preparation of DPR for these phases was still in progress (October 2005). As such, the Government of India did not release any funds against the remaining phases as of October 2005. Inefficiency in physical planning led to considerable delays in implementation of PMGSY and no works could be taken up for Phase–III (2002-03) and subsequent phases till October 2005.

Lack of technical manpower

3.1.14 For efficient planning and monitoring of the scheme, it was also essential that the nodal department had adequate technical manpower to ensure accurate and timely preparation of project proposals. Audit examination disclosed that the work of implementation of PMGSY was entrusted to the Department of Rural Development and Panchayati Raj which did not have any technical manpower.

Finally, the State Rural Development Agency, an autonomous agency, was established in March 2004 but that agency also could not function properly due to lack of technical manpower till March 2005.

Implementation

Financial performance

3.1.15 As of June 2005, expenditure of Rs.79.21 crore was incurred under both the phases against a total sanction of Rs.120.71 crore, which was only 66 *per cent*.

Imphal West, Ukhrul, Tamenglong districts performed poorly and had spent less than 50 *per cent* of the outlays sanctioned. District-wise details of expenditure incurred are given in *Appendix–XXII*.

Physical performance

Phase–I

3.1.16 According to programme guidelines, works under PMGSY had to be executed within nine to 12 months of clearance of project proposals.

The State Government, however, could not complete 27 *per cent* of works under Phase-I even after four years of receiving full allocation of Rs.40 crore in March 2001 from Government of India. Of the 637 works (570 roads and 67 bridges) sanctioned under Phase-I, only 466 works (422 roads and 44 bridges) were completed as of June 2005. The remaining 171 works were yet to be completed. District-wise details of sanctioned and completed works are given in the *Appendix-XXIII*. Imphal West, Imphal East, Chandel and Churachandpur districts performed poorly with 58, 24, 36 and 30 *per cent* of sanctioned works still remaining incomplete as of June 2005.

Phase-II

3.1.17 One hundred thirty road works consisting of 59 new connections (for connecting 64 habitations) and 71 upgradation works were undertaken under Phase-II for construction of 416.444 km of new roads and 294.202 km of upgradation works of existing roads during 2001-02. As the funds were released by the Government of India in February 2002, the works were to be completed by March 2003 (within one year of release of funds).

Audit examination disclosed that there were serious slippage in completion of works under this phase. The implementing agencies could complete only 371.321 kms of new roads and 168.57 kms of upgradation works as of June 2005. Physical performance was 89 *per cent* in construction of new roads lengths and only 57 *per cent* in upgradation works with delay of more than two years.

District-wise physical performance is given in *Appendix-XXII*. Three districts of Bishnupur, Imphal West and Thoubal performed poorly with 55, 53 and 30 *per cent* works respectively remaining incomplete as of June 2005.

Delay in completion of works was attributable to delay in release of funds by the State Government to the implementing agencies, delay in processing of tenders for award of works, slow progress of execution of works and adverse law and order situation in the State.

Works not taken up despite allotment of funds

3.1.18 In Churachandpur district, a proposal for allotment of funds of Rs.58.91 lakh under Phase-I was made to take up three incomplete bridge works of the erstwhile BMS scheme. Expenditure of Rs.2.35 crore had already been incurred on these bridges till March 2000. Government of India released to the State Government the proposed amount in March 2001, but no works had commenced on these bridges as of March 2005 though the works were to be completed within 12 months.

Execution of work***Delay in processing of bids/tenders***

3.1.19 According to PMGSY guidelines, all State level formalities relating to issue of tender notice, finalisation of tender and award of works were to be completed within 120 days of clearance of the project proposals failing which the works in question would be cancelled. The State Government would also stand to lose the amount released for the work by the Government of India.

Test-check of records in Bishnupur, Churachandpur and Imphal West districts revealed that there were considerable delays in processing and finalisation of tenders for Phase–II ranging between 11 to 14 months beyond the prescribed period of 120 days as shown in the table below:

Table No.3

Date of clearance by Government of India	Name of district	Number of packages	No. of works	Cost approved (Rupees in lakh)	Date of issue of work order
19.10.2001	Bishnupur	4	21	877.52	18.1.2003 (4 Nos.)
19.10.2001	Churachandpur	6	11	889.76	22.1.2003 (2 Nos.) 23.1.2003 (1 No.) 24.1.2003 (1 No.) 5.5.2003 (2 Nos.)
19.10.2001	Imphal West	3	20	938.50	20.1.2002 (3 Nos.)

While the guidelines provide only nine to 12 months for completion of the works after clearance from the Government of India, the State Government took 14 to 18 months in just processing the tenders and awarding the works.

Awarding of works to pre-qualified contractor without call of tender

3.1.20 The State Government issued 33 work orders between January 2003 and December 2003 for 33 packages consisting of 59 new roads and 71 upgradation works for existing roads in nine districts of the State under Phase II valuing Rs.80.67 crore.

The tendering/selection process for award of works adopted by the State Government was examined by Audit in three districts (Bishnupur, Churachandpur and Imphal West) to ascertain whether the bidding process was efficient, competitive and transparent and to see that no work/contract was awarded in contravention of prescribed conditions. It was found that work orders for execution of projects under PMGSY valuing Rs.26.30 crore in the three selected districts were given to contractors who were selected in an irregular manner without competitive bidding as discussed below:

Churachandpur District

Fifty eight contractors had pre-qualified for participating in the tender for execution of works under Phase II in respect of Churachandpur district as per order issued by the Deputy Commissioner, Churachandpur on 27 September

2002. The marks scored by these contractors at the pre-qualification stage varied between 27.7 and 50.

The Government, however, on 13 November 2002 issued instructions that works under PMGSY scheme in all districts would be awarded to the pre-qualified contractors without call of tender and directed PIUs/DRDAs to identify particular contractors (out of pre-qualified contractors) for award of specific packages of works under PMGSY in their districts. The above instructions of the Government of Manipur were in contravention of the provisions of the financial rules, the CPWD Manual and PMGSY guidelines issued by the Government of India, as these instructions permitted selection of contractors for award of works valuing more than Rs.80 crore in various districts of the State without competitive bidding.

In view of these instructions from the Government, the District Level Tender Committee¹ (DLTC), Churachandpur decided to issue NIT to seven contractors (out of 58 pre-qualified contractors) on 19 November 2002 for award of six packages (one contractor each for five packages and two contractors for the sixth package of works valuing Rs.8.33 crore) and on 4 December 2002 the DLTC recommended all these seven contractors for award of work without calling financial bids from all the pre-qualified contractors. The criteria adopted by DLTC for selecting seven contractors for award of work out of 58 pre-qualified contractors were not found on record.

The Government finally awarded contract to six contractors for six packages in the district accepting six names recommended by DLTC and rejecting one contractor. The works were awarded between 5.25 and 5.60 *per cent* above the estimated cost in respect of all the six packages.

In fact, the DLTC was asked by the apex level in the Government on 15 November 2002 to recommend specific contractors for award of works, thus interfering with the process of independent assessment of contractors by the DLTC. The DLTC complied with the direction from the apex level, in violation of financial rules and instructions of Government of India.

Bishnupur district

In Bishnupur district also, the DLTC did not invite financial bids from all the pre-qualified contractors. The DLTC recommended four contractors for four packages valuing Rs.8.97 crore out of 25 pre-qualified contractors. The DLTC in its proceedings dated 22 November 2002 did not record any reason or criteria for selecting the four contractors and rejecting others except that the specific contractors were recommended in the wake of directions from the apex level in the Government. The recommendations of DLTC were accepted by the Government and the works were awarded to the four contractors during

¹ A DLTC consists of Deputy Commissioner of the district concerned as Chairman and two or three other officers of Public Works Department / DRDAs as members.

January 2003 at percentages between 5.59 *per cent* and 5.64 *per cent* above the estimated costs.

Imphal West district

Similarly, in Imphal West district, financial bids were not invited from all the 47 pre-qualified contractors and the DLTC was asked by the apex level in the Government to recommend specific contractors for award of work valuing Rs.9 crore.

The practice of not calling tenders or not giving opportunity to all the pre-qualified bidders to participate in the financial bidding not only violate all norms of financial propriety and competitive bidding but is also fraught with the risk of fraud, possibility of abuse of authority and undue favours being extended to the contractors causing substantial loss to the Government exchequer.

Deficiencies in contract management

3.1.21 In Bishnupur, as per the work orders issued in January 2003 for Phase II, the works should have been completed within nine months (Package No. MN 0101 to 0104).

In respect of Churachandpur, the time for completion given to contractors was 12 months reckoned from January 2003 (in case of 4 packages) and May 2003 (in case of 2 packages). However, no package had been completed as of March 2005.

Similarly, in Imphal West district also there were delays of more than two years in completion of works in all the three packages.

No action was taken against any of the contractors for non-completion of the works within the scheduled time.

The Commissioner, Rural Development in his reply (July 2005) admitted that physical achievement towards completion of works was very poor and main reasons for delay, besides contractors' own lapses, were limited working season and the adverse law and order situation. He accepted that no action was taken to penalise the defaulting contractors for non-adherence to the contractual obligations.

Irregular refund of earnest money deposit

3.1.22 According to clause 1 (b) of the conditions of contract, the earnest money deposited by the contractors shall form part of the 10 *per cent* maintenance performance security to be taken as guarantee for maintenance of roads for five years by the contractor.

It was noticed that in Bishnupur district, an amount of Rs.6.50 lakh received as earnest money from four contractors was released to them between January and July 2004 in violation of the contract conditions. Since the works had not yet been completed and the agreement also provided for maintenance of roads for five years by the same contractor, the release of earnest money which formed part of the maintenance performance guarantee was irregular.

Irregularities in procurement and issue of bitumen

3.1.23 According to the agreements (Clause No. 10) executed between the Deputy Commissioner/Executive Director, DRDA and the contractors in respect of Bishnupur district, the contractors were responsible for procurement of required construction material such as cement, bitumen, steel *etc.* at their own risk and cost.

However, in contravention of the contract conditions, the Government decided to issue bitumen to the contractors and released Rs.1.40 crore to the Deputy Commissioner/Executive Director, DRDA, Bishnupur in December 2003 for procuring bitumen for the purpose. The Government appointed a transport contractor *viz.* M/s Continental Transport Agency, Imphal in December 2003 for lifting bitumen from Guwahati to Bishnupur.

An agreement was executed with the above transport agency in January 2004 to lift 867 MT of bitumen and the agency was required to transport bitumen within two months i.e. by 22 March 2004, failing which its bank guarantee of 5 *per cent* of the total value of the material to be transported (Rs.6.74 lakh) was to be invoked by the State Government. However, the agency lifted only 832.48 MT and failed to lift the balance quantity of 34.52 MT of bitumen valuing Rs.5.37 lakh as of March 2005. Neither was the bank guarantee of the agency encashed nor was it got revalidated.

3.1.24 According to the Bin Card maintained by DRDA, Bishnupur, a quantity 398.197 MT of bitumen was issued to the work, leaving a balance of 434.283 MT in stock as on 24 February 2005. Examination of records of the DRDA, however, disclosed that 183.261 MT of bitumen valuing Rs.34.97 lakh was issued unauthorisedly on loan basis but not recorded in the Bin Card and the issue register.

These unauthorised issues were made (i) without formal indent to EE, Bishnupur (105.011 MT), and (ii) to a contractor (78.250 MT) on loan basis. The cost (Rs.34.97 lakh) of bitumen issued was yet to be recovered from the contractors.

Further, a total quantity of 122.458 MT of bitumen was issued for four road works in Bishnupur district between October 2004 and February 2005, but the progress of black topping on these roads was reported to be nil as of March 2005.

In Imphal West district, records relating to procurement of bitumen valuing Rs.1.52 crore were not produced to Audit. In the absence of such records, actual quantity of bitumen lifted, received and issued to contractors could not be verified.

Work management

Unapproved works taken up for execution

3.1.25 Out of Rs.2.10 crore released to Bishnupur district for Phase–I, an amount of Rs.27.04 lakh was spent for payment of 18 works not included in the approved works of the programme in the district.

Award of work not included in the project proposals

3.1.26 Project proposals for Phase–II were cleared by the Government of India in October 2001 in respect of Churachandpur district. Construction of new connectivity between Teiseng village to Gelmol village of 5.60 km length was neither included in the project proposals nor approved by the Government of India. However, anticipating a saving of Rs.55.98 lakh out of the sanctioned proposals of Rs.8.90 crore for the district (technical approval was for Rs.8.34 crore), a proposal for a separate package No. MN 0307 was prepared (estimated to cost Rs.62.25 lakh) and was included in Phase–II with the approval of the State Level Standing Committee (SLSC) in December 2003. The shortfall was decided to be met from PMGSY for 2003-04 which was not yet approved by the Government of India. Since the project proposals for Phase–II had already been cleared by Government of India, this new work amounting to Rs.62.25 lakh was included in the earlier approved package (MN 0301) by preparing a deviation statement which was approved by the Additional Chief Engineer and State Quality Co-ordinator in November 2003 *i.e.* after two years of clearance given by the Government of India.

Incomplete works

3.1.27 In Bishnupur district, seven works for construction of roads and bridges remained incomplete as on March 2005 with physical progress of the works ranging from 40 to 98 *per cent* (*Appendix–XXIV*). Expenditure of Rs.81.11 lakh was incurred on these works (BMS: Rs.55.16 lakh and PMGSY: Rs.25.95 lakh). The Executive Engineer (EE), Bishnupur Division, PWD (executing agency) stated that all BMS works converted to PMGSY had been closed at the position as and where it is. The decision to close the works without completion is considered imprudent.

Deviation from approved works

3.1.28 The project proposal for the annual plan 2001-02 (Phase–II) in respect of Churachandpur district provided for new connectivity covering 15 km under package No. MN 0301 which was approved/cleared by Government of

India. Examination of records of actual execution of works *viz.*, schedule of quantity in work orders, running bills, progress reports *etc.*, disclosed that works costing Rs.1.99 crore were awarded under this package for “upgradation of existing Water Bound Macadam roads” connecting Bijang to Teising, Bethal to Molnom and Zomi colony to Zellang instead of “new connectivity”.

Quality control

Quality checks by PIUs

3.1.29 The programme envisaged a three tier quality control and monitoring mechanism for ensuring quality in construction of roads. In the first tier at district level, the executing agency (PIU/Executive Engineer, Quality Control) were responsible to perform the mandatory quality control test. Test-check by Audit in Churachandpur and Bishnupur districts, however, disclosed that the required numbers of quality tests were not carried out by the executing agencies in these districts. The number of tests actually conducted was low in case of base/surface course (bituminous) and base course (non-bituminous) items as shown in the *Appendix–XXV*. Thus, the first tier quality monitoring agencies did not adhere to quality norms.

Quality checks by SQM

3.1.30 The second tier quality control was to be carried out by the State Quality Control Units/Monitors engaged by the State Government, independent of the executing agencies. Though PMGSY was launched in 2000-01, the State Level Quality Monitors (SQM) were appointed only in October 2004. Hence no effective quality monitoring at the second tier was carried out during the period 2000-01 to 2003-04.

As per guidelines for quality monitoring issued by the National Rural Roads Development Agency, Government of India, every work was required to be inspected by SQM at least twice, once during the execution of works and the second within one month of completion of work.

As per records made available to Audit, only 27 roads covering four districts were inspected by the SQM between October 2004 and March 2005 out of 59 new roads and 71 upgradation works taken up in nine districts of the State under Phase–II. Of the 27 roads inspected, 17 roads though incomplete, were graded as ‘good’ and remaining 10 roads were left ungraded by SQM.

Quality checks by NQM

3.1.31 The third tier of quality control was to be exercised by National Quality Monitors (NQMs) through periodic inspections to evaluate quality of material used and workmanship achieved in execution of works. The NQM carried out inspections in the State in March 2003, December 2004 and

January 2005. Measurement books, survey details and quality control registers were not produced to NQM by PIUs in three districts (Senapati, Churachandpur and Bishnupur) inspected by them in December 2004.

These important records including Measurement books were also not produced to Audit in the test-checked districts of Churachandpur and Bishnupur, in the absence of which the genuineness of payments made against works executed could not be verified in audit.

Non-setting up of field laboratories

3.1.32 Test-check of records further disclosed that field laboratories were not set-up by the contractors for quality testing despite specific provisions in the agreement making contractors responsible for setting up of field laboratories at their own cost. Tests were carried out at the Quality Control and Monitoring Laboratory at Porompat, Imphal (a Government laboratory under Public Works Department) instead of asking the contractors to set up their own field laboratories. Thus, the tests were conducted at Government cost and this constituted undue favour to the contractors.

The Chief Engineer, Manipur State Rural Roads Development Agency in his reply to Audit admitted (September 2005) that no substantial rectification works had been carried out so far by PIUs on the deficiencies pointed out by SQM and NQM. Hence, the quality of roads constructed under PMGSY cannot be expected to be of a satisfactory level.

Monitoring

Non-implementation of online management and monitoring system

3.1.33 The Central Government advised the State authorities to equip all PIUs with necessary computer hardware to implement Online Management and Monitoring System (OMMS) for PMGSY at State and district levels. The Government of India, Ministry of Rural Development also released funds to National Informatics Centre Services Inc. in June 2002 for various States including Manipur towards the cost of hardware required for computerisation. It was noticed in audit that online monitoring system as envisaged in the Government of India guidelines was not introduced in the State as of September 2005.

In reply, the Chief Engineer, MSRRDA stated that the computers provided by Government of India were issued to PIUs in November 2002 but inter-connectivity of the districts could not be achieved fully for want of trained manpower. As a result, OMMS could not be implemented so far. The reply was not acceptable as the agency or nodal department should have organised training programmes with the help of Ministry of Rural Development, NIC or other agencies to train personnel for implementation of OMMS on priority.

Conclusion

3.1.34 The guidelines issued by Government of India were not strictly followed by the State Government in implementation of the programme. There were cases of diversion of funds, irregular use of funds to clear old liabilities and works not being taken up despite allotment of funds. The progress of work under PMGSY in the State was very slow due to substantial delays in release of funds by the State Government, abnormal delays in finalisation of tenders and delay in execution of works. Well laid norms of financial propriety and tendering procedures were overlooked in award of works of crore of rupees to pre-identified contractors without competitive bidding. The monitoring of the programme was poor and quality control ineffective. Thus, the objectives of the programme could not be achieved and the quality of roads constructed was also not of desired level.

Recommendations

- Financial rules and prescribed procedures for award of tenders should be strictly followed to ensure competitive bidding in award of works so as to derive advantage of best cost and transparency in selection of contractors.
- The State Government and MSRRDA should monitor the programme more effectively to cut down delays and ensure that works are awarded and completed as per the time schedule approved by the Government of India and there are no slippages or deviations from the approved project plan.
- Quality of works executed under PMGSY should be strictly monitored by the three tier quality control agencies and the State Government by conducting prescribed quality tests and field visits in respect of each road and ensuring that necessary rectifications are made by the contractors before the final payments are released to them.
- Online management and monitoring system should be introduced without further delay and release of funds should be linked to performance in execution of works and adherence to quality norms.

3.2 MEMBER OF LEGISLATIVE ASSEMBLY LOCAL AREA DEVELOPMENT PROGRAMME

Physical and financial progress of works and proper utilisation of funds provided under MLAs Local Area Development Programme for creation of durable community assets were not monitored. Deputy Commissioners of districts who were responsible for implementing the programme did not submit accounts and utilisation certificates for funds released under the programme. Financial rules and procedures were not followed by DRDAs in 140 works involving Rs.82.52 lakh in seven test-checked constituencies, and prescribed records were not maintained as a result of which it could not be verified if the works had actually been executed.

Introduction

MLAs Local Area Development Programme (MLALADP) was launched in the State in 1996-97 covering 60 assembly constituencies in nine districts with the objective of taking up developmental works on the basis of recommendations of the MLAs for creation of durable community assets in the respective constituencies by constructing village roads, bridges, culverts, schools, common shelters for old or handicapped *etc.* The cost of each work component was not to exceed Rs.2 lakh.

In April 2001, the responsibility of implementing the programme was entrusted to the Department of Rural Development and Panchayati Raj (RD&PR). District Rural Development Agencies (DRDAs) were responsible for implementation of the programme at the district level.

Release of Funds and their utilisation

3.2.1 Funds for MLALADP were provided from the State Plan budget and funds released in a particular year to a DRDA, if remaining unutilised, could be carried forward to the subsequent year. A total amount of Rs.39 crore was released for implementation of the programme during 2001-05² as given below:

Table No.1

Year	Number of MLAs	Amount released per MLA	Total amount of funds released under MLALADP
		(Rupees in lakh)	(Rupees in crore)
2001-02	60	10.00	6.00
2002-03	60	15.00	9.00
2003-04	60	10.00	6.00
2004-05	60	30.00	18.00
Total			39.00

Source: Records of the department

² No funds were provided for the year 2000-01.

District-wise allocation of funds during the four years ending 2004-05 are given in *Appendix-XXVI*.

Audit examination disclosed that the nodal department released funds at a fixed rate every year without even asking the concerned agencies (DRDAs) to provide accounts and utilisation certificate against funds already released in the previous year.

Scrutiny of records of the monitoring cell of the nodal department (RD&PR) revealed that out of nine DRDAs in the State eight did not submit utilisation certificates to the nodal department. The nodal department, however, continued to release funds to DRDAs in a routine manner without insisting on utilisation certificates against amounts released earlier. Thus, utilisation certificates for Rs.26.55 crore were awaited from eight DRDAs as of June 2005 as shown below:

Table No.2

(Rupees in crore)

Name of DRDAs	Period	Fund released for which utilisation certificates were awaited
Imphal West	2001-02 to 2004-05	8.45
Bishnupur	2001-02 to 2003-04	2.10
Thoubal	2004-05	3.00
Churachandpur	2001-02 to 2004-05	3.90
Tamenglong	2001-02 to 2004-05	1.95
Ukhru	2001-02 to 2004-05	1.95
Chandel	2001-02 to 2004-05	1.30
Senapati	2001-02 to 2004-05	3.90
	Total:	26.55

While accepting the facts, the Commissioner (RD&PR) stated (October 2005) that in future annual work programmes for each district would be approved by the department in advance for better planning and effective control. However, no clarification was given regarding delays in submission of utilisation certificates.

MLALADP accounts

3.2.2 Programme guidelines issued by the State Government in November 2000 made it mandatory for the DCs / DRDAs to prepare and submit audited statements of accounts of MLALADP to the nodal department every year.

It was, however, seen that seven DRDAs did not submit any audited statements of accounts to the nodal department for funds of Rs.28.60 crore released to them from 2001-02 to 2004-05 as shown below:

Table No.3

	(Rupees in crore)
1. Imphal East	7.15
2. Imphal West	8.45
3. Tamenglong	1.95
4. Bishnupur	3.90
5. Ukhul	1.95
6. Chandel	1.30
7. Senapati	3.90
Total:	28.60

Lack of monitoring

3.2.3 It was seen in audit that no monthly financial and physical progress report was submitted by DRDAs to the nodal department during the period from 2001-02 to 2004-05. As a result, the nodal department could not monitor progress of implementation of the programme in different districts and constituencies and could not provide even figures of actual expenditure made by the various districts/DRDAs in the State.

The Commissioner (RD&PR) accepted their failure to monitor the progress of implementation of the programme and issued instructions to the Deputy Commissioners/Executive Directors, DRDAs (October 2005) to furnish hence-after physical and financial progress reports regularly to the nodal department by the 6th of every month for proper review and monitoring of the programme.

Financial performance

3.2.4 Information collected by Audit from the four selected DRDAs of Imphal East, Imphal West, Bishnupur and Thoubal on funds and expenditure were as follows:

Table No.4

(Rupees in lakh)

Name of DRDA	Year	Opening balance ³	Fund available	Interest received	Total	Expenditure	Closing Balance
Imphal East	2000-01	121.35	Nil	1.22	122.57	114.47	8.10
	2001-02	8.10	Nil	0.23	8.33	5.13	3.20
	2002-03	3.20	220.00	0.52	223.72	182.75	40.97
	2003-04	40.97	165.00	0.52	206.49	198.02	8.47
	2004-05	8.47	330.00	0.28	338.75	290.10	48.65
	Total:			715.00	2.77		790.47
Imphal West	2000-01	49.08	130.00 ⁴	2.54	181.62	155.42	26.20
	2001-02	26.20	Nil	0.97	27.17	6.85	20.32
	2002-03	20.32	260.00	1.47	281.78	159.94	121.84
	2003-04	121.85	195.00	3.88	320.73	241.84	78.89
	2004-05	78.89	390.00	2.67	471.56	265.61	205.95
	Total:			975.00	11.53		829.66
Thoubal	2000-01	33.33	1.00 ⁵	1.51	35.83	27.13	8.71
	2001-02	8.71	Nil	0.15	8.86	8.02	0.84
	2002-03	0.84	200.00	0.38	201.22	175.00	26.22
	2003-04	26.22	154.10	0.49	180.81	161.70	19.11
	2004-05	19.11	304.29	0.52	323.92	292.59	31.33
	Total:			659.39	3.05		664.44
Bishnupur	2000-01	62.39	Nil	0.35	62.74	61.76	0.98
	2001-02	0.98	Nil	0.05	1.03	0.12	0.91
	2002-03	0.91	120.00	0.27	121.18	99.32	21.86
	2003-04	21.86	90.00	0.40	112.26	104.66	7.60
	2004-05	7.60	180.00	0.36	187.96	122.00	65.96
Total			390.00	1.43		387.86	

Source : Records of DRDAs.

The information collected from DRDAs disclosed that the funds remaining unspent at the end of the financial year in each district increased significantly in 2004-05. This was mainly due to increase in the annual allotment amount per constituency and late release of funds. The amount of funds released during 2004-05 (Rs.30 lakh per constituency) to each constituency was much higher as compared to the previous years (Rs.10 lakh to Rs.15 lakh per constituency). Out of the total amount of Rs.12 crore provided for the year 2004-05 in respect of four selected districts, Rs.4 crore was released only in the month of March 2005.

Physical performance

3.2.5 As the nodal department could not provide any data on physical performance of the programme in different districts of the State, Audit collected physical performance reports from the selected DRDAs for the last five years to assess physical performance of the programme. Physical

³ Opening balance includes bank interest.

⁴ No funds were released during 2000-01, however funds released during 1999-2000 was accounted for in 2000-01 by the DRDA, Imphal West.

⁵ No funds were released during 2000-01. This was recovery.

performance in terms of works sanctioned and completed during 2000-05 in the four districts were as follows:

Table No.5**(Rupees in lakh)**

Name of DRDA	Number of works sanctioned	Value	Number of works completed	Value	Number of works not completed	Value
Imphal West	1462	975.00	1159 (79%)	780.58	303(21%)	194.42
Imphal East	1237	825.00	1147 (93%)	776.53	90 (7%)	48.47
Thoubal	712	650.00	600 (84%)	613.60	112 (16%)	36.40
Bishnupur	622	430.00	529 (85%)	371.00	93 (15%)	59.00
Total	4033	2880.00	3435 (85%)	2541.71	598 (15%)	338.29

Year-wise position of works executed in these districts under MLALADP during 2000-05 is given in *Appendix–XXVII*.

The above analysis indicates that 15 *per cent* of the works sanctioned in these districts during the five years still remain to be completed.

Audit examination further disclosed that two DRDAs alone (Thoubal and Bishnupur) issued formal work orders stipulating time schedule for completion of works. The other two DRDAs (Imphal West and Imphal East) did not issue any formal work orders for the works undertaken by them making it difficult to monitor execution and timely completion of works.

When this was pointed out, the Commissioner (RD&PR) directed (October 2005) all the DRDAs to strictly follow Government instructions and guidelines in execution of works under the programme.

Non-observance of financial rules and procedures

3.2.6 The programme guidelines prescribed that normal financial and audit procedures should be followed in all works taken up under MLALADP. Further, the guidelines also stipulated that works should be executed by DRDAs, Panchayati Raj Institutions and reputed Non-Government Organisations (NGOs).

Test-check in the four districts revealed little evidence that the works had been executed by the prescribed agencies. In most of the cases checked it was seen that cheques were merely given to the beneficiary committees for executing the works. In the absence of any documentation it was difficult for Audit to ascertain if in fact any work had been executed at all.

Test-check further revealed that normal financial rules and procedures were not followed by DRDAs in execution of 140 works involving shingling, construction of clubs, community halls, culverts, drains, cremation sheds,

fencing and earth filling *etc.* in seven constituencies involving a total expenditure of Rs.82.52 lakh as per details shown below:

Table No.6

(Rupees in lakh)

DRDA/ Constituency	Year	Number of works	Expenditure
Imphal West			
Wangoi	2000-01	9	4.39
Mayang Imphal	2001-02	10	10.00
Thangmeiband	2002-03	30	15.00
	2003-04	20	9.00
Uripok	2002-03-2003-04	14	10.23
Konhoujam	2003-04	14	10.00
Total:		97	58.62
Imphal East			
Andro	2000-01	8	5.00
	2004-05	24	10.00
Total:		32	15.00
Bishnupur			
Nambol	2004-05	11	8.90
Total:		11	8.90
Grand total:		140	82.52

In respect of these works, no estimates, measurements, final payments supported by vouchers, actual payee's receipts, muster rolls or other evidence in support of execution of the works could be made available to Audit. The DRDA's simply issued cheques to the beneficiary committees against proposals and obtained receipts thereof.

Expenditure of Rs.82.52 lakh was thus incurred without documentary evidence in support of execution of the works.

After the above irregularities were brought to the notice of the Government, the Commissioner (RD&PR) directed (October 2005) all the Deputy Commissioners/ Executive Directors of DRDAs to ensure that prescribed records are maintained and norms for recording necessary measurements of works executed are observed strictly as per rules.

Diversion of funds

3.2.7 Providing grants and loans out of MLALADP funds is prohibited under the programme guidelines. Test-check of records revealed that DRDA, Thoubal advanced Rs.16.03 lakh from MLALADP funds for purposes not related to the MLALADP as shown below:

Table No.7

(Rupees in lakh)

Year	Amount diverted	Purpose	Funds recovered	Balance yet to be recovered
2000-01	1.15	Paid to SDC (HQ) as loans for State functions of Khongjom Day, 2000	1.15	Nil
	0.50	Exgratia to Indrani Devi and Juboti Devi	1.00	Nil
	0.50			
2001-02	0.91	DRDA Admn	Nil	0.91
2002-03	1.09	DRDA Admn	Nil	1.09
2003-04	0.48	DRDA Admn	Nil	0.48
	5.00	Ex-gratia granted by DC Thoubal	4.45	0.55
	0.74	DC Thoubal	Nil	0.74
	1.56	To M/s Holywood Express for printing charges of BPL Survey Forms	1.56	Nil
2004-05	1.35	MPLADP (Outer)	1.35	Nil
	0.28	DC Thoubal	0.28	Nil
	0.18	MPLADP (Outer)	Nil	0.18
	0.29	MPLADP (Outer)	0.29	Nil
	2.00	BO (HQ) for payment of ex-gratia	Nil	2.00
Total:	16.03		10.08	5.95

An amount of Rs.10.08 lakh has since been refunded to MLALADP leaving a balance of Rs.5.95 lakh yet to be refunded as of June 2005.

Irregular expenditure

3.2.8 A vehicle (Trekker Diesel) costing Rs.2.80 lakh was purchased irregularly by DRDA, Thoubal during 2003-04 by making payment from Interest funds of MLALADP.

DRDA, Bishnupur incurred irregular expenditure of Rs.0.45 lakh out of MLALADP funds for construction of security tower at DC's office, replacement of vehicle's parts and purchase of petrol, oil and lubricants.

Non-deposit of interest to Government account

3.2.9 Paragraph 3.3 of the programme guidelines provides that out of interest accrued on deposits of MLALADP funds, Rs.0.20 lakh per district may be allowed to meet the contingency charges *etc.*, by the DCs for implementing the programme, and the balance interest earned shall be deposited in the Government account.

Scrutiny of records of four selected DRDAs, however, revealed that an amount of Rs.18.78 lakh had accrued as interest on deposits of MLALADP funds during the period 2000-05, but the entire amount was retained by the DRDAs and no amount was remitted to the Government account.

The DRDAs concerned should take immediate action to remit the excess amount of interest (Rs.14.78⁶ lakh) to the Government account.

Execution of inadmissible works

3.2.10 Test-check of records of DRDA, Imphal West revealed that works relating to places of worship were executed in Wangoi constituency spending Rs.5.60 lakh by the DRDA under MLALADP although they did not fall under the permissible works listed in the programme guidelines.

Accepting the irregularity, the Commissioner (RD&PR) advised (October 2005) all the DRDAs not to include places of worship and other inadmissible works under the MLALADP in future.

Execution of works in excess of permissible limit

3.2.11 Paragraph 2.1 of the programme guidelines envisaged that the cost of each work component should not exceed Rs.2 lakh.

Test-check of records in the selected DRDAs viz., Imphal West, Imphal East, Thoubal and Bishnupur revealed that 47 works costing more than Rs.2 lakh each were taken up under MLALADP in violation of guidelines. DRDA-wise position of excess expenditure incurred is given in the table below:

Table No.8

(Rupees in lakh)				
DRDA	Period	Number of works costing more than Rs.2 lakh	Value of works	Value of sanction in excess of permissible limit
Imphal East	2002-03 to 2004-05	32 (8 Constituencies)	112.56	48.56
Thoubal	2002-03 to 2004-05	11 (5 Constituencies)	38.90	16.90
Imphal West	2002-03 to 2004-05	3 (1 Constituency)	7.60	1.60
Bishnupur	2004-05	1 (1 Constituency)	2.50	0.50
Total:		47 (15 Constituencies)	161.56	67.56

Non-adherence to programme guidelines resulted in excess expenditure of Rs.67.56 lakh in four districts. The constituency-wise position is given in Appendix-XXVIII.

Non-creation of durable community assets

3.2.12 Records of DRDAs Imphal West, Bishnupur and Thoubal revealed that maintenance works viz., cutting/clearance of floating phumdis⁷, clearance of landslide, clearance of drains amounting to Rs.7.65 lakh were taken up under MLALADP which had not resulted in creation of any durable community assets as required under the scheme.

⁶ Rs.18.78 lakh - (Rs.0.20 lakh x 4 DRDAs x 5 years) = Rs.14.78 lakh.

⁷ Floating water-grass

Inspection of works

3.2.13 Para 5 of the programme guidelines stipulates that a schedule of inspection prescribing minimum number of field visits to work spots by each supervisory level functionary should be drawn up by the DCs to ensure timely and satisfactory completion of the works as per approved specifications.

Scrutiny of records of four selected DRDAs revealed that the concerned DCs had not drawn up any schedule of inspection prescribing field visits of works by supervisory officers of executing agencies despite this requirement in the programme guidelines. No registers recording the number of field visits undertaken was maintained in any of the four DRDAs test-checked. Thus, DCs failed in their responsibility to verify that works had been executed by beneficiary committees as per specifications prescribed.

On this being pointed out in audit, the department directed the DCs to monitor progress of work regularly and ensure that works are executed as per approved specifications.

Conclusion

3.2.14 There was no system of monitoring and evaluation of MLALADP. Monthly physical or financial progress reports, audited statements of accounts and utilisation certificates were not furnished regularly by the implementing agencies. No inspection was carried out by DRDAs or State level agencies to ensure that the works were executed as per specifications. Record maintenance by the executing agencies was poor making it difficult to verify whether works had actually been executed and whether the funds had been utilised for the purpose for which these were sanctioned.

Recommendations

- Release of funds to each constituency should be linked to adherence to the programme guidelines and maintenance of prescribed records/proof of expenditure.
- Works should be executed by the prescribed agencies.
- An effective system for inspection of works should be evolved and strictly enforced to ensure that the works are executed as per approved specifications.
- Expenditure under the scheme should be carefully monitored.
- Time limits should be prescribed for execution and completion of sanctioned works.

**VETERINARY AND ANIMAL HUSBANDRY
DEPARTMENT**

**3.3 VETERINARY AND ANIMAL HUSBANDRY
SERVICES**

Highlights

The Veterinary and Animal Husbandry Department is responsible for production, preservation, protection and improvement of livestock and poultry through health care arrangement and genetic improvement with the objective of increasing production of milk, egg and meat. Veterinary and animal husbandry services in the State were inefficient and ineffective.

Despite incurring expenditure of Rs.17.18 crore during 1997-2002 under Cattle Development Programme, the cross breed cattle population in the State did not increase and, therefore, the entire expenditure was rendered unfruitful and the programme objectives were not achieved.

(Paragraph 3.3.13)

Integrated Dairy Development Project remained largely unfruitful due to delay in installation and commissioning of the Dairy Plant and non-functioning of Dairy Co-operative Societies and Rural Dairy Centres. Inefficient operation of the Central Dairy, Porompat led to loss of Rs.2.69 crore during 2000-05.

(Paragraphs 3.3.18, 3.3.19, 3.3.20 & 3.3.21)

The outlay of Rs.1.58 crore on poultry development programme during the years 2000-05 (including Rs.1.42 crore on salaries) was infructuous.

(Paragraph 3.3.14)

The department failed to procure high yielding variety of pigs for the last seven years for two district piggery farms resulting in blocking of capital of Rs.36 lakh and unproductive expenditure of Rs.47.11 lakh on salaries of the idle staff.

(Paragraph 3.3.17)

Immunisation and disease surveillance programmes were not implemented effectively. No vaccination of cattle was carried out against brucellosis for four years and there was shortfall of 91 per cent in immunisation targets for foot and mouth disease. Achievements in providing vaccination against poultry disease like bird flu were also insignificant.

(Paragraph 3.3.22)

Introduction

The Veterinary and Animal Husbandry Department (V&AH) is responsible for production, preservation, protection and improvement of livestock and poultry by way of health care management and genetic improvement with the objective of augmenting production of livestock and poultry products such as milk, egg and meat in the State. The department has a network of veterinary hospitals, dispensaries and aid centres to meet health care needs of the livestock including immunisation against infectious diseases, and is implementing a number of programmes and schemes for genetic improvement of indigenous cattle and poultry in the State. The department is also responsible for providing adequate avenues for self employment of unemployed youths by providing help through livestock and rearing programmes.

Scope of Audit

3.3.1 The review covered five years from 2000-01 to 2004-05 and was conducted between April and July 2005 by examination of records of the department maintained in the directorate and various offices at district level. Out of nine districts in the State, six districts⁸ were covered and offices of Integrated Cattle Development Project (ICDP), Central Dairy Farm, Broiler Project at Porompat (Imphal East), Central Poultry Farm at Mantripukhri (Imphal West), Regional Cross Breeding Farm at Turibari (Senapati), District Veterinary Office (DVO), Thoubal, DVO, Bishnupur, DVO, Churachandpur were visited during the course of the review. Major programmes relating to implementation of various veterinary and animal husbandry services were studied and evaluated to assess whether outlays on these programmes resulted in desired outcomes.

Expenditure covered under the review was Rs.76.25 crore which is 78 *per cent* of the total expenditure of the department.

Audit objectives

3.3.2 The review was conducted to assess:

- ✓ efficiency, economy and effectiveness in planning and implementation of various programmes;
- ✓ whether and to what extent, stated programme objectives have been met; and
- ✓ how effective veterinary and animal husbandry services were.

⁸ Imphal East, Imphal West, Thoubal, Senapati, Bishnupur and Churachandpur

Organisational arrangement

3.3.3 The Commissioner (V&AH) is the administrative head of the department. The Director (V&AH) is the executive and technical head of the Veterinary and Animal Husbandry Department for implementation and monitoring of various programmes. He is assisted by two Joint Directors in implementation of various programmes and dairy schemes. The Joint Directors are assisted by nine Deputy Directors/Specialists in the technical and administrative affairs of the department.

At the district level, Joint Director is the head of the establishment responsible for administration and implementation of district plan programmes. The Joint Director is assisted by Specialists/Deputy Directors, Veterinary Officer, Sub-Divisional Officer (Extension), para veterinarian field staff and other staff.

For the dairy sector, Deputy Director (Dairy) is the technical head. He is assisted by a Procurement Officer, a Distribution Officer, a Dairy Engineer, a Dairy Development Officer, a Veterinary Officer and other technical staff for maintenance of dairy plant and execution of all dairy development programme.

Audit criteria

3.3.4 The targets fixed for the programmes were taken as bench marks for assessing yearly performance. The important audit criteria used were:

- ✓ achievements with reference to targets and overall programme objectives;
- ✓ production and efficiency of operation of animal farms and dairy plant;
- ✓ economic and efficient use of manpower and other resources; and
- ✓ efficiency in completion of projects and opening of new farms.

Audit methodology

3.3.5 Evidence was collected through scrutiny of records maintained by the Directorate and nine⁹ of the 23 subordinate offices, issue of specific questionnaires to implementing agencies and discussion with the departmental officers heading the organisation at district and State level. The information gathered, supported by documentary evidence obtained from departmental files or written replies furnished by the department, was analysed and used to evaluate performance.

⁹ (1) Project Officer, ICDP, Porompat, (2) Regional Cross Breed Cattle Farm, Turibari, (3) Deputy Director, Dairy Development, (4) Central Poultry Farm, Mantripukhri, (5) Duck Farm, Thenguchingjin, (6) Regional Broiler Farm, Porompat, (7) District Veterinary Officer, Bishnupur, (8) District Veterinary Officer, Thoubal, (9) District Veterinary Officer, Churachandpur

Despite a meeting being arranged with Commissioner (AH & Vety.) and his officials to discuss the audit findings, no one came from the department and so the review could not be discussed. However, the written replies furnished by the department were taken into account while finalising the Audit findings.

Audit findings

Financial outlay and expenditure

3.3.6 The budget of the department under Animal Husbandry and Dairy Development for the last five years is given below:

Table No.1

(Rupees in crore)

Year	Budget provision	Expenditure	Saving	Percentage of Saving
2000-01	22.98	17.36	5.62	24.46
2001-02	23.88	19.85	4.03	16.88
2002-03	24.36	18.21	6.15	25.25
2003-04	23.78	20.89	2.89	12.15
2004-05	24.20	21.82	2.38	9.83
Total:	119.20	98.13	21.07	17.68

Source: Furnished by department

The total savings of Rs.21.07 crore which account for 17.68 *per cent* of the total budget (Rs.119.20 crore) during 2000-2005 was largely attributed to non-release of funds by the Government.

The audit findings are discussed in the succeeding paragraphs:

Cattle Development Programme

3.3.7 Two major components of the programme are Intensive Cattle Development Project (ICDP) and Regional Cross Breed Cattle Breeding Farm, Turibari. The performance of these two components is discussed below—

Intensive Cattle Development Project (ICDP)

The objective of the project is to upgrade indigenous cattle by adopting a cross-breeding programme with germplasm of superior genetic bulls through artificial insemination (AI). The cross breeding programme is carried out in AI centres in various veterinary institutions e.g. hospitals, dispensaries, ICDP sub-centres and main AI centres.

The network of AI centres in the State registered significant expansion with opening of nearly 100 new centres during 2000-05. The number of AI centres in the State increased from 154 in 2000-01 to 255 in 2004-05.

Low performance in Hill districts

Audit examination disclosed that despite significant increase in the number of AI centres, the cross breeding programme largely remained confined to the valley districts only. The number of AI cases recorded in valley and hill districts, number of AI centres and the comparative performance of various districts in terms of average number of AI cases done per centre per year are given in the table below:

Table No.2

Name of the district	Number of indigenous cattle (female)	Number of AI centres as on 31.3.2005	Number of AI case done					Total AI cases	Average number of AI cases ¹⁰ per centre per year
			2000-01	2001-02	2002-03	2003-04	2004-05		
A. Valley districts									
Imphal East	21,765	37	6,028 (50)	2,653 (17)	2,797 (30)	2,687 (37)	2810 (37)	37,594	91
Imphal West	16,643	42		4378 (37)	5607 (42)	5,529 (42)	5,105 (42)		126
Thoubal	29,638	53	1,274 (56)	1,289 (57)	1,377 (52)	1,867 (53)	1,577 (53)	7,384	28
Bishnupur	13,286	34	327 (32)	430 (32)	788 (34)	1,326 (34)	1,641 (34)	4,512	31
Sub-total A	81,332	166	7,629	8,750	10,569	11,409	11,133	49,490	
B. Hill districts									
Chandel	10,990	16	Nil (2)	Nil (2)	Nil (16)	Nil (16)	Nil (16)	Nil	Nil
Senapati	32,076	29	52 (6)	77 (6)	94 (29)	259 (29)	265 (29)	747	8
Ukhrul	11,463	19	Nil (2)	Nil (2)	103 (19)	156 (19)	385 (19)	644	11
Tamenglong	11,834	11	Nil (2)	Nil (2)	Nil (11)	Nil (11)	Nil (11)	Nil	Nil
Churachandpur	12,198	14	38 (4)	63 (4)	169 (14)	181 (14)	139 (14)	590	13
Sub-total B	78,561	89	90	140	366	596	789	1,981	
Adopted Model village (in valley districts)			33	32				65	
Grand total:	1,59,893	255	7,752	8,922	10,935	12,005	11,922	51,536	

Source: Furnished by department.

(Note: The figures in bracket indicate number of AI centres in the district during the year)

Five hill districts account for 49.13 per cent of the total indigenous female cattle population of the State, but only 3.84 per cent of the AI cases were carried out in the hill districts out of the total of 51,536 AIs conducted during 2000-05 in the entire State. The remaining 96.16 per cent AIs were done in valley districts. The hill districts of the State therefore, remained mostly uncovered by the cross breeding programme despite large number of AI centres having been opened in those districts during 2000-05. The infrastructure of AI centres in these districts therefore, remained idle.

¹⁰ Average is worked out for last four years period from 2001-02 to 2004-05.

Despite Chandel and Tamenglong districts not carrying out any AIs during 2000-05, more AI centres were opened in these districts. The number of AI cases done per centre per year in other districts (other than Chandel and Tamenglong) on an average varied from 8 to 126 during 2001-02 to 2004-05. Apart from all the hill districts, Thoubal and Bishnupur districts in the valley also performed poorly with only 28 to 31 AI cases being carried out per centre per year.

Low achievement with reference to targets

3.3.8 The overall achievement of the cross breeding programme was also much below the targets fixed for AI work as indicated in the table below:

Table No.3

Year	AI cases			
	Targets	Achievement	Shortfall	Percentage shortfall
2000-01	40,000	7,752	32,248	80.62
2001-02	30,000	8,922	21,078	70.26
2002-03	40,000	10,932	29,068	72.67
2003-04	40,000	12,005	27,995	70.00
2004-05	60,000	11,925	48,075	80.13
Total:	2,10,000	51,536	1,58,464	75.46

Source : Furnished by department.

Against the target of carrying out 2.10 lakh AIs during 2000-2005, only 0.52 lakh AIs were performed during this period. The achievement was less than 25 *per cent* of the targets fixed.

As per departmental norms, success rate of AIs between 40 to 50 *per cent* is considered very good. Audit examination revealed that in Manipur, 0.52 lakh AIs resulted in only 0.22 lakh calves being born, indicating overall failure rate of 57.69 *per cent* in the State. The failure rates were abnormally high in Senapati (95.58 *per cent*) and Ukhrul (90.37 *per cent*) districts as compared to the norm.

Reasons for shortfall in achievements and high failure rates in AI cases were neither investigated nor were remedial measures taken up by the department.

Frozen semen technology

In the absence of frozen semen production centre, the State is procuring required doses of frozen semen from outside the State (Karnataka and Gujarat). During 2000-01 to 2004-05, against the target of 2.10 lakh doses, only 0.69 lakh doses were procured. Out of these, 0.65 lakh doses were issued for insemination and 0.52 lakh inseminations were done. The reasons for short procurement were not on record.

Shortfall in production of liquid nitrogen plant

3.3.9 The department is maintaining three liquid nitrogen plants. The three plants of 10 litres per hour production capacity are located at Porompat (two) and Kakching (one). The third plant at Porompat was installed and commissioned in December 2004 after a delay of four years from its receipt in September 2001. Irregularities and delays in procurement and installation of liquid nitrogen plant and other equipment (cryocans) under the ICDP were commented upon in paragraph 4.14 of the Report of the Comptroller and Auditor General of India, Government of Manipur, for the year ended 31 March 2004. Further developments regarding production of liquid nitrogen and utilisation of these plants are discussed in the succeeding paragraphs.

Test check of records relating to production of liquid nitrogen revealed that the three plants together operated for a total of 8,469 hours and produced only 46,871 litres of liquid nitrogen during 2000-01 to 2004-05 as against the quantity of 84,690 litres (8469 x 10) that should have been produced by these plants based on their 10 litres per hour production capacity. The shortfall of 37,819 litres (44.66 per cent) in production of liquid nitrogen was abnormally high.

Further, against the target of producing 3 lakh litres during 2000 to 2005, the three plants produced only 46,871 litres of liquid nitrogen achieving only 15.62 per cent of the target fixed for the period.

Regional Cross Breed Cattle Breeding Farm, Turibari

3.3.10 The Regional Cross Breed Cattle Breeding Farm, Turibari, Senapati district was set up in 1975-76 with the capacity of 100 cows for producing cross breed cows for supply to farmers.

High mortality rate of live stock in the farm

Audit examination disclosed that the farm was operating much below its optimum capacity. The position of opening herd strength, addition, disposal, death, birth, mortality rates and closing balance during 2000-05 is given below.

Table No.4

Year	Opening balance of livestock	Addition		Disposal	Death	Closing balance of livestock	Percentage of	
		New parent	By birth				Birth	Mortality to opening herd strength and addition
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2000-01	37 (21)	Nil	9	Nil	15	31	24.32	32.60
2001-02	31 (15)	Nil	4	1 (cow)	7	27	12.90	20.00
2002-03	27 (13)	Nil	5	2 parent	8	22	18.52	25.00
2003-04	22 (11)	Nil	Nil	Nil	8	14	0	36.36
2004-05	14 (6)	Nil	3	Nil	3	14	21.42	17.65
Total:		Nil	21	3	41		56.76	70.69

Source: Furnished by department.

Note: The figures within brackets represent number of cows

The parent stock of the farm decreased by more than 60 *per cent* during 2000-05 due to high mortality rate (ranging between 18 to 36 *per cent*). In the absence of post mortem reports, the cause of death of animals could not be ascertained. The department stated that no facility for proper diagnosis was available for want of modern equipment. Gradual decrease in the herd strength was attributed to non-replacement of old animals by new stock and death of animals.

The farm held only 14 cattle (as against the capacity of 100 cattle) at the end of March 2005 and employed seven personnel to maintain the stock. The staff employed was largely idle and expenditure of Rs.14.61 lakh was incurred on their salaries during the last 5 years.

Programme objectives not achieved

The main objective of the farm was to produce cross breed cattle having exotic blood level of 62.50 *per cent* adaptable to local environment, for supply to various agencies and local farmers. Cross breed bulls were also to be distributed free of cost to headman of villages in remote areas for natural breeding and gradual improvement of local breed for increased milk production.

No cross breed bulls were distributed during the period form 2000-01 to 2004-05 and therefore, the objectives of the cross breeding programme were not achieved.

Low milk yield of cows in the farm

3.3.11 The parent stock of cows maintained in the farm is of high yielding variety and therefore, should produce at least 6-8 litres of milk per day per milch cow. Audit examination however, disclosed that the milk yield per day per cow in the farm was very low as indicated in the table:

Table No.5

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	Total
Average number of cows	21	15	13	11	6	
Average number of milch cows	3	3	5	Nil	3	
Annual Milk production (in litres)	1162	1440	1843	Nil	1118	
Average yield of milk per day per cow (in litre)	1.06	1.32	1.01	0.00	1.02	
Value of milk (Rs. in lakh)	0.12	0.15	0.20	Nil	0.13	0.60

Source: Furnished by department.

As against the norm of producing 6-8 litres of milk per day per cow, the average daily yield per cow per day in the farm ranged between 1.02 and 1.32 litres only. There was no production of milk during 2003-04.

Fodder production in the Turibari farm

3.3.12 The Turibari cross breeding farm has 31 acres of cultivable land for cultivation of green fodder for farm animals. It was seen during audit that no cultivation of fodder was carried out by the farm during the period from 2000-01 to 2004-05. The Project Officer stated that fodder cultivation could not be undertaken as farm equipment like tractor *etc.*, were out of order.

The farm employed eight muster roll employees for cutting ordinary grass for supply to the farm animals and paid them Rs.7.68 lakh during 2000-05 as wages.

Impact of cross breeding programme

3.3.13 According to quinquennial census conducted by the statistical cell of the department in 1997 and 2002, cross breed cattle population of the State in 2002 was 68,938 as compared to 68,826 cattle in 1997.

Thus, despite the department spending Rs.17.18 crore during the period 1997-2002, the cross breed cattle population of the State remained the same. Hence, the outlay of Rs.17.18 crore on the Cattle Development programme in the State during 1997-2002 was unfruitful and did not produce desired outcome.

Poultry Development programme

3.3.14 The Poultry Development Programme is intended to produce and supply improved variety of chicks and ducklings to farmers for augmenting egg and poultry meat production in the State. Expenditure of Rs.1.58 crore (excluding Rs.81.62 lakh under CSS) was incurred under the Poultry Development Programme during 2000-05 by the State Government.

The State has three farms *viz.* Central Poultry Farm, Mantripukhri, Duck Farm, Thenguchingjin and Regional Broiler Project, Porompat which were established in the years 1957-58, 1980-81 and 1983-84 respectively. Each farm is headed by a Poultry Development Officer assisted by a Veterinary Officer.

Inoperative farms

Audit examination of records relating to poultry farms disclosed that one farm (Regional Broiler Project) was inoperative for the last two years and other two farms (Central Poultry Farm and Duck Farm) were inoperative for the last three years. Comparative position of capacities of the farms and the number of birds held in them during 2000-05 was as follows:

Table No.6

Poultry Farm	Farm Capacity (No. of birds)	Number of birds maintained				
		2000-01	2001-02	2002-03	2003-04	2004-05
Central Poultry Farm, Mantripukhri	10,000	1070	871	Nil	Nil	Nil
Regional Broiler Project, Porompat	5,500	589	489	148	Nil	Nil
Duck Farm, Thenguchingjin	2,000	149	61	Nil	Nil	Nil
Total	17,500	1808	1421	148	Nil	Nil
Total Expenditure (Rs. in lakh)		23.29	21.18	36.46	39.78	37.39

Source: Furnished by department.

The three farms in the State held only 1,808 birds in 2000-01 as against their total capacity of 17,500 birds. By 2004-05, all the remaining foundation stock/birds had either died (1021) or were disposed off (787) by the farm officials. Hence, the farms held no bird for the last two years. The abnormal death of birds was attributed by the department to non-availability of balanced poultry feed. The department further stated that remaining birds were disposed off for table purposes.

The reply of the department is not acceptable as it spent Rs.1.42 crore on payment of salaries to the idle staff in the farms but failed to provide funds for purchase of poultry feed for small number of birds in these farms. Further, it was also irregular on the part of the farm officials to dispose off the parent stock for table purposes especially when the number of surviving birds was very small. This highlights lack of concern on the part of the Director (V&AH) to ensure proper implementation of the poultry development programme and also indicates that monitoring of important programmes at the level of the Government was not done causing substantial loss to the public exchequer and depriving the people of the State of the intended benefits of these developmental programmes.

Hence, the entire outlay of Rs.1.58 crore on poultry development programme during the year 2000-05 (including Rs.1.42 crore on salaries) was rendered infructuous.

Idle manpower

3.3.15 Audit examination also disclosed that while the number of birds/foundation stock in the three farms was decreasing and finally became nil in June 2002, the number persons employed in the farms increased and expenditure of Rs.93.28 lakh was incurred on their salaries during 2002-05.

The department is presently incurring unproductive expenditure at the rate of Rs.37.49 lakh per year on the salaries of the idle staff in these farms.

The department stated that due to prolonged financial crunch, the functioning of the farms was temporarily abandoned. The reply is not acceptable as the idle staff of the farms was not employed gainfully elsewhere. The decision to post/employ additional manpower in inoperative farms was improper.

Inordinate delay in completion of poultry projects

3.3.16 Under a Centrally Sponsored Scheme “Cent per cent Central assistance to State Poultry/Duck Farms”, the Government of India sanctioned Rs.90 lakh for implementation of the scheme at Broiler Production Farm, Porompat and Central Poultry Farm, Mantripukhri (Rs.45 lakh each sanctioned in July 1999 and August 2000 respectively). The scheme was to be implemented at the above two places during 1999-2000 and 2000-01 respectively.

Audit examination disclosed that against the sanctioned amount of Rs.90 lakh, the expenditure incurred so far was Rs.60 lakh and balance amount of Rs.30 lakh was kept under 8449 Other Deposits for opening of a Personal Ledger Account. The department failed to procure the necessary equipment and create requisite infrastructure for the farms even after five years of the release of necessary funds by the Central Government. As a result, the existing farms remained inoperative and likelihood of their becoming functional in near future is remote.

Piggery Development programme

3.3.17 The programme is intended to increase cross breed pig population of the State. Total expenditure of Rs.45.39 lakh was incurred under Piggery Development in the State during 2000-01 to 2004-05 including Rs.24.41 lakh under Plan and Rs.20.98 lakh under CSS schemes. The performance of important piggery development schemes is discussed below:

Integrated Piggery Development scheme

The department has five¹¹ district piggery farms of 50 breeding sows capacity each, established under Central assistance. A new farm is also being established at Hiyanglam in Thoubal district under assistance provided by the Government of India.

The department has been implementing Integrated Piggery Development Schemes under 100 per cent Centrally Sponsored scheme since 1995-96. Details of funds sanctioned and released (Rs.1.10 crore) by Government of India for implementation of the scheme in the State during 1996-2005 are given in the table below:

¹¹ Torbung-Churachandpur district, Uchanpokpi-Chandel district, Tarungpokpi-Bishnupur district, Duigailong-Tamenglong district, Muirei village-Ukhrul district.

Table No.7

District	Amount released by Government of India (Rs. in lakh)	Date of sanction by Government of India	Purpose	Unutilised funds as on 31 March 2005 (Rs. in lakh)
Chandel	12.50	26-03-1996	Strengthening of Pig Breeding Farm at Uchanpokpi, Chandel	3.30
Bishnupur	22.00	24-10-1997	Strengthening of Pig Farms at Tarungpokpi in Bishnupur	14.00
Tamenglong	22.00	24-10-1997	Strengthening of Pig Farms at Duigailong, Tamenglong	22.00
Ukhrul	22.00	12-10-1999	Strengthening of Pig Breeding Farm, Muirei village, Ukhrul	2.00
	10.00	31.10.2001		10.00
Thoubal	22.00	31-10-2001	Establishment of Pig Breeding Farm at Hiyanglam, Thoubal	5.02
Total	110.50			56.32

Source: Furnished by the department

Test-checks in three piggery farms at Duigailong in Tamenglong, Torbung in Churachandpur and Tarungpokpi in Bishnupur district disclosed that against the total capacity of 150 breeding sows of these farms, no sow was held in the farms for the last 4-5 years. All the farms were found non-functional and unproductive expenditure of Rs.47.11 lakh was, therefore, incurred on the salaries of 12 persons posted in these farms who remained completely idle.

Further, out of Rs.44 lakh provided by the Government of India in 1997-98 for strengthening of pig breeding farms at Tarungpokpi and Duigailong, an amount of Rs.36 lakh still remained unspent (July 2005), of which Rs.28 lakh was to be used for purchase of exotic variety of pigs for the two piggery farms. The department failed to procure high yielding variety of pigs (either locally or from abroad) even after seven years of release of funds by the Government of India.

Failure to procure exotic variety of pigs for seven years not only shows inefficiency of the concerned officers dealing with the procurement of farm animals in the department but also highlights the fact that no authority of the department or Government was monitoring the programme to ensure that farms were made operational and that the intended benefits of the programme were provided to the people of the State.

Thus, the objective of strengthening the two pig breeding farms could not be achieved.

Dairy Development programme

The programme aims at increasing production of disease free milk and its by-products in the State by procuring, processing and pasteurising raw milk for supply to the public. Two rural dairy centres (Sekmajin and Moirang) have been set up for collection of milk from surrounding villages through a milk

union and 51 dairy co-operative societies (DCS). The milk collected through these rural dairy centres and societies is processed at the Central Dairy Plant, Porompat before distribution.

Test-check by Audit disclosed that the dairy development programme in the State had failed in achieving its objectives and no efforts were made by the department to revive the programme despite availability of funds.

Inefficient operation of the Central Dairy Plant

3.3.18 The Central Dairy Plant at Porompat was set up by the State Government in December 1971 for supply of pasteurised milk and milk products to Imphal city and surrounding areas.

Audit examination disclosed that the Central Dairy Plant, which employed staff of 45 to 52 was operating much below its installed processing capacity. Details of installed capacity of the plant, annual targets fixed for processing and the quantity of milk actually processed during 2000-05 are given below:

Table No.8

(In lakh litres)

Year	Yearly capacity of the plant	Target	Achievement	Shortfall in terms of percentage	
				Against annual target	Against annual capacity of the Plant
(1)	(2)	(3)	(4)	(5)	(6)
2000-01	36.50	3.60	1.11	69.17	96.96
2001-02	36.50	3.60	0.84	76.67	97.70
2002-03	36.50	3.60	1.09	69.72	97.01
2003-04	36.50	3.60	1.65	54.17	95.48
2004-05	36.50	3.60	0.20	94.44	99.45
Total:	182.50	18.00	4.88	72.89	97.33

Source: Furnished by department.

The plant had a capacity to process 182.50 lakh litres of milk during 2000-05 against which only 4.88 lakh litres of milk was actually processed. Thus, the plant operated at 2.67 per cent of its installed capacity during 2000-05. Shortfalls in terms of achievement of targets for processing of milk ranged between 54 to 94 per cent and in comparison to the capacity of the plant ranged from 95 to 99 per cent.

The targets for processing milk were kept very low (10 per cent of the processing capacity). The Central Dairy, Porompat could not achieve even these low targets resulting in idle manpower and substantial loss to the Government.

Audit examination further revealed that the Government had incurred an expenditure of Rs.2.06 crore on salaries of staff employed and Rs.1.25 crore on other operating expenses including cost of milk procured against which the Plant generated an income of Rs.62 lakh only during 2000-05. Thus, inefficient operation of the Central Dairy, Porompat led to loss of Rs.2.69

crore to the Government during 2000-05. Thus, inefficient operation of the Central Dairy, Porompat led to loss of Rs.2.69 crore to the Government during 2000-05.

As the Central Dairy, Porompat, the only milk processing plant in the State, has remained almost non-functional during the last five years, the objective of providing disease free processed milk to the public in the State could not be achieved.

The reasons for failure of the programme were attributed mainly to frequent breakdowns in the Central Dairy Plant (boiler plant, chilling plant, refrigerator and chimney) and non-functioning of Dairy Co-operative Societies (DCS) responsible for collection of milk from rural areas as discussed in the succeeding paragraphs.

Integrated Dairy Development Project

For strengthening dairy development in the State and removal of various bottlenecks in the operation of the existing dairy plant, the Government of India sanctioned and released Rs.2.24 crore during 1993-94 to 1998-99 under Integrated Dairy Development Project (IDDP) of which Rs.2.22 crore were released by the State Government during 1994-2004. An amount of Rs.1.93 crore had been spent by the department on the project and the balance of Rs.29 lakh kept under 8449–Other Deposits (July 2005). Examination of records relating to this project disclosed the following:

Delay in installing and commissioning of the Dairy Plant

3.3.19 Out of Rs.2.24 crore released by the Central Government, an amount of Rs.58 lakh was paid by the department to National Dairy Development Board, Kolkata in January 1997 for procurement of dairy plant equipment for renovation of the aging Central Dairy Plant at Porompat. Though the equipment was supplied by the Board in 1998, the plant/equipment could not be installed and commissioned for the last seven years due to non-completion of civil foundation work till date by Manipur Industrial Development Corporation Limited (MANIDCO), a State Government Public Sector Undertaking, and delays in finalisation of erection tender by the department.

The case highlights the inefficiency of the department and MANIDCO who could not complete minor civil works for seven years.

Organisation of Dairy Co-operative Societies

3.3.20 As of March 2005, 51 dairy co-operative societies (DCS) having 1,624 members had been organised under Integrated Dairy Development Project (IDDP) and granted capital subsidy, managerial grant and milk testing equipment of Rs.8.08 lakh for supplying raw milk to the Central Dairy, Porompat through rural dairy centres.

Test-check of records disclosed that only six DCS were operating and most of the newly organised societies were non-functional resulting in non-collection of adequate quantity of raw milk for processing at the Central Dairy. Reasons for failure of DCS were stated to be (i) insufficient quantity of marketable surplus milk in the villages, and (ii) milk producers preferring to sell their produces individually and not collectively through DCS. One reason for reluctance of the villagers to supply milk to the Government dairy was irregular payment of milk bills by the State Animal Husbandry Department.

An amount of Rs.5.02 lakh was earmarked in 1994-95 as revolving fund for Milch Cow Induction programme that could not be implemented even after 10 years.

Rural Dairy Centres

3.3.21 The rural dairy centres (RDCs) provide storage facilities for collection and chilling of milk before supply to the Central Dairy, Porompat. The State has two¹² RDCs which were non-functional for want of renovation, electrification *etc.* Due to non-functioning of these centres, only limited quantity of milk could reach the Central Dairy, Porompat for processing.

The equipment purchased at a cost of Rs.58 lakh for renovation of the Central Dairy Plant at Porompat did not yield any result as the same was yet to be installed. Out of 51 dairy co-operative societies, 45 were non-functional. The rural dairy centres were also non-functional, and as such no storage facilities could be made available to local products of milk. Thus the IDDP was largely unsuccessful.

Animal Health Coverage programme

3.3.22 Health care needs of the livestock in the State are looked after by the department through a network of 55 veterinary hospitals, 109 veterinary dispensaries and 39 aid centres. The objective of the Animal Health Coverage programme is to provide veterinary services like treatment, immunisation, diagnosis and prevention of livestock and poultry diseases in the State. Important schemes under this programme are, (i) providing veterinary and animal health services through veterinary hospitals, dispensaries and aid centres, (ii) immunisation of livestock and birds, and (iii) disease surveillance programme. Two schemes *viz.*, immunisation of livestock and birds, and disease surveillance programme were taken up for scrutiny in the review.

Outlay on the programme

A total expenditure of Rs.46.82 crore was incurred on the programme during 2000-05 details as per are given in the table below:

¹² Sekmajin and Moirang

Table No.9

(Rupees in crore)

Year	Plan	Non-Plan	CSS	Total
2000-01	1.62	6.58	0.08	8.28
2001-02	0.37	8.82	0.16	9.35
2002-03	0.05	8.95	0.02	9.02
2003-04	0.42	8.95	0.41	9.78
2004-05	0.11	9.15	1.13	10.39
Total	2.57	42.45	1.80	46.82

Source: Furnished by department.

Immunisation of livestock and birds

With a view to control and prevent outbreak of epidemic diseases and ensure proper animal health care, mass vaccination programmes have been taken up in the State.

Test-check by Audit disclosed that the performance of the programme in terms of immunisation coverage actually achieved was significantly lower than the annual targets fixed for each type of disease/infection.

Against the target of immunising 13.40 lakh cattle against foot and mouth disease during 2001-2005, only 1.20 lakh animals were vaccinated resulting in 91.04 *per cent* shortfall in achievement of targets. No targets were fixed for vaccination of cattle against brucellosis during 2000-04 and therefore no vaccination work was carried out against these diseases in the State during the four years. It was only in 2004-05 that the department started vaccination against brucellosis with 0.49 lakh cattle being vaccinated against the target of one lakh. Shortfall in achieving targets resulted in 3,000 doses of Bruvax vaccine (out of 4000 doses purchased) expiring during 2004-05.

Similarly, achievement in providing vaccination to poultry birds against poultry diseases like bird flu and immunisation of pigs against swine fever were also very low. Shortfall in achievement of targets was attributed to non-availability of vaccines in time. The reply of the department is not acceptable as test check of records by Audit revealed that some vaccines like bruvax and swine vaccine expired due to non-issue as discussed in para 3.3.28 of this Report. Further, the department could not state the reasons for its failure to make requisite vaccines available on time.

Disease Surveillance Programme

3.3.23 To check outbreak of epidemic diseases like foot and mouth disease (FMD), brucellosis, swine fever, bird flu *etc.*, the department was to carry out disease investigation by testing the samples in laboratory. The information on the number of samples collected and number of samples tested positive for various types of diseases during 2000-05 was not made available to Audit.

Delay in release of funds

The Government of India released Rs.2.10 crore during 2000-01 to 2004-05, out of which, the State Government released only Rs.1.69 crore to the programme (control of foot and mouth disease) as of March 2005. Thus, balance of Rs.41 lakh provided by the Central Government was yet to be released to the programme by the State Government.

Besides, the sharing pattern of funds for the programme being 75:25 between the Centre and the State, the State Government released its share amounting to Rs.43.93 lakh out of Rs.66.97 lakh during the period from 2003-04 to 2004-05. Balance portion of the State share of Rs.23.04 lakh had not been released as of July 2005 as shown in *Appendix–XXIX*.

Out of Rs.93.36 lakh drawn on proforma bills by the department in March 2005 for purchase of veterinary medicine and vaccine for implementation of animal and disease surveillance and control of foot and mouth disease, Rs.85.15 lakh was yet to be disbursed as of July 2005.

Hence, the State Government failed to release requisite funds to the disease surveillance programme affecting the surveillance work.

Internal control system

The following weaknesses/deficiencies were noticed in the internal control system in the Department.

Budgetary and Expenditure controls

Budgetary and expenditure controls were ineffective resulting in diversion of funds and irregular retention of money after close of the financial year defeating the system of legislative financial control as discussed below:

Diversion of Central funds

3.3.24 There are 12 Centrally Sponsored Schemes for animal health care and development under implementation in the Department. The Government of Manipur persistently delayed/defaulted in release of funds received from Government of India under these schemes. Out of the total amount of Rs.4.77 crore released by the Central Government during 2000-2005, an amount of Rs.99.47 lakh was yet to be released by the State Government to the implementing agencies (March 2005) in respect of nine schemes.

Non-release/short release of funds hindered implementation of important plan schemes. The Department attributed non/short release of funds to acute financial crunch faced by the State Government. This indicated that CSS funds were being diverted by the State Government to meet its increasing non-plan expenditure in other sectors.

Non-submission of DCC bills

3.3.25 It was seen in audit that the Departmental officers, who had drawn large amounts from Government accounts on Abstract Contingent (AC) bills did not submit Detailed Countersigned Contingent (DCC) bills for years together in contravention of the Central Treasury Rules. DCC bills amounting to Rs.1.95 crore were awaited as of March 2005 from the Director of Vety. & AH, Deputy Director (Dairy), and Project Officer, ICDP in respect of AC bills drawn by them between 2000-01 and 2004-05.

Thus, the Department is resorting to the irregular practice of drawing large amount of funds on AC bills without immediate requirement to avoid lapse of grant. The practice has weakened the system of budgetary control on the Department.

Rush of expenditure at the end of the financial year

3.3.26 There was heavy rush of expenditure in the Department at the end of the financial years 2001-02 and 2003-04. About 32 *per cent* of the total annual expenditure in 2001-02 and 24 *per cent* in 2003-04 was booked in the month of March of the respective years.

The department attributed heavy rush of expenditure at the end of the financial year to non-release of funds at regular intervals by the Finance Department. This indicates that the letter of credit (LOC) system is not properly monitored and implemented in the State resulting in sufficient funds not being available for implementation of the programmes during the year.

Purchase procedures

3.3.27 The Department had incurred the following expenditure on procurement of medicine/vaccine and equipment during the last five years:

Table No.10

(Rupees in lakh)

Procurements	Year					Total
	2000-01	2001-02	2002-03	2003-04	2004-05	
Medicine/vaccine	NA	9.07	16.33	17.70	79.91	123.01
Hospital equipment	NA	NA	NA	3.52	13.45	139.98

Source: Furnished by the Department

Examination of records relating to purchase of medicines, vaccine and equipment disclosed that:

- The Department did not follow financial rules as no tender was invited for purchase of medicines and hospital equipment during 1999-2005.

- Supply orders did not include provisions relating to levy of liquidated damages and action to be taken in cases of short/defective supply of medicines/equipment.
- Procurement of medicines was made on *ad hoc* basis without assessing the requirements of field units.

Test-check (April-July 2005) further revealed that 23 contingent bills amounting to Rs.85.15 lakh were encashed in March 2005 on the basis of proforma/invoice bills of suppliers. However, no medicines were procured as of July 2005 and, therefore, the amounts remained undisbursed. Funds were drawn to avoid lapse of budget grant and kept in the bank account resulting in blocking of funds.

Thus, controls relating to assessment and timely procurement of requisite quantity of medicines and medical equipment through prescribed procedures and tendering norms were not in place which may result in procurement of substandard medicines, shortage of life saving drugs/vaccines, and frauds and misappropriation.

Controls relating to stores and stock

3.3.28 Examination of records relating to Stores and Stock disclosed lack of internal controls and monitoring as discussed below:

- ✓ Stock registers/ledgers have not been maintained properly. Invoice/challan numbers of the suppliers and value of the medicines/costs of the equipment have not been noted in the stock register/ledger.
- ✓ Physical verification of stores and stock is not being carried out at regular intervals as no prescribed time schedule has been fixed by the Department for such verifications.
- ✓ Value of expired medicine/vaccine could not be assessed as the cost of the medicine/vaccine was not noted in the stock register. The quantity of expired medicine/vaccine held in stock was as given below:

Table No.11

Sl.	Name of medicine	Date of receipt	Date of manufacture	Date of expiry	Quantity received	Issue	Balance	Value
1.	RDF1 vaccine	13.11.2001	11/2001	10/2002	10,000 doses	6,800	3,200	NA
2.	Swine vaccine (5 doses/vial)	6.1.2001	4/2000	3/2001	13,335 doses to 1,000 (pb)	5,215	9,140	NA
3.	—do—	12.4.2004	4/2003	3/2005	20,000 doses	17,300	2,700	NA
4.	—do— (10 doses/vial)	15.6.1998	20.5.1998	11/1998	3,210	870	2,340	NA
5.	Bruvax vaccine	12.4.2004	NA	NA	4,000 doses	1,000	3,000 ¹³	NA

Source: Furnished by the Department.

Audit examination further disclosed that 13,335 doses of swine vaccine were purchased in January 2001 with expiry date of March 2001. Thus, at the time of receipt, the doses had shelf life remaining of only three months. In the short period of January to March 2001, only 5,215 doses could be issued and the remaining 9,140 doses expired resulting in loss to Government.

Further, the failure of the Department to achieve immunisation targets for 2004-05 as discussed in para 3.3.22 above, resulted in 2,700 doses of swine vaccine getting expired in March 2005 due to non-issue, causing loss to the Government. The amount of loss due to expiry of vaccines could not be computed as the cost of vaccines was not recorded in the stock accounts.

Conclusions

3.3.29 Veterinary and Animal Husbandry Services in the State were inefficient, ineffective and remained largely non-operational. Despite incurring substantial expenditure, the Cattle Development Programme did not significantly increase the cross breed cattle population in the State and remained confined to valley area only. There was lack of monitoring and financial mismanagement in the department resulting in death of poultry for want of poultry feed, and non-procurement of exotic variety of pigs for seven years despite availability of funds. The poultry and piggery development programmes had stopped but the department continued to incur infructuous expenditure on salaries of idle staff.

Inefficient operations of the Central Dairy, Porompat caused substantial loss to the Government, and the Dairy Development Programme in the State could not be implemented due to abnormal delays in installation and commissioning of the dairy plant and failure to organise dairy co-operative societies, thus depriving the people of the State of disease free pasteurised milk.

Adequate immunisation of livestock and poultry birds against deadly diseases like bird flu, foot and mouth disease, brucellosis *etc.* was not ensured putting the public at risk of contracting diseases from consumption of infected animal products.

¹³ 3,000 doses of expired vaccines had been returned to the supplier for supplying fresh medicine but not returned till the date of audit (July 2005).

Recommendation

- The department should either transfer idle staff from inoperative farms or make the farms operative immediately by procuring exotic variety of pigs and high yielding variety of poultry birds as foundation stock.
- Deficiencies in cattle development programme should be removed for achieving better coverage in valley and hill districts of the State.
- The dairy plant at Porompat should be made operational and dairy cooperative movement in the State strengthened by addressing problems of the members.
- Norms regarding animal health coverage and disease surveillance should be strictly adhered to.
- Monitoring of activities/programmes needs to be strengthened at all levels in the Department.