

CHAPTER-IV

IMPLEMENTATION OF SCHEMES IN URBAN LOCAL BODIES

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4.1 Swarna Jayanti Sahari Rozgar Yojana (SJSRY)

4.1.1 Selection of beneficiaries

Small Town Committee, Moreh, received ₹ 6.84 lakh from MUDA for implementation of Urban Wage Employment Programme (UWEP) under SJSRY Scheme for the year 2008-09. The whole amount was utilised on various purposes and also Utilization Certificates (UCs) were submitted for the whole amount. Scheme guidelines envisaged that UWEP seeks to provide wage employment to beneficiaries living below the poverty line within the jurisdiction of ULBs by utilizing their labour for construction of socially and economically useful public assets. The labourers are especially to be unskilled and semi-skilled. Small Town Committee, Moreh could not provide the Muster Rolls and the BPL list for the wage labourers. Thus, the genuineness of the beneficiaries could not be ascertained in audit. Hence, it is observed that the fruitfulness of the scheme is defeated.

The authority while accepting the audit observation stated (April 2013) that the authority had submitted the list of beneficiaries to the Director, MUDA. However, the fact remains that the list of beneficiaries and muster rolls were not produced to Audit.

During 2008-10, the Wangoi NP provided skill training under Urban Self Employment Programme (USEP) component of SJSRY to 108 beneficiaries in two profession viz., embroidery and carpentry incurring an expenditure of ₹ 2.16 lakh. The details of the training imparted and expenditure incurred were shown as follows:

Table 4.1- Details of Training imparted under USEP during 2008-10

Year	No of beneficiaries trained	Profession/ trade	No. of months	Name of the institution	Expenditure incurred (₹ in lakh)
2008-09	36	Embroidery	3	Modern style ladies tailor & embroidery	0.72
2009-10	65	Embroidery	3	Modern style ladies tailor & embroidery	1.44
	7	Carpentry	3	Ibungo furniture house	
Total	108				2.16

As per guideline, these beneficiaries are entitled to get financial assistance up to a maximum of ₹ 0.50 lakh as loan with 15 *per cent* subsidy and beneficiary contribution of 5 *per cent* of the project cost as margin money for setting up gainful self employment ventures. The NP by a resolution (December 2008) selected four beneficiaries for financial assistance. The selected beneficiaries were also extended financial assistance. Audit observed that none of the beneficiaries to whom financial assistance was given were from amongst the beneficiaries who have successfully completed the above training. There was also no record to show that these four beneficiaries were selected on priority basis after considering non economic parameters and that they have acquired the required skills from other sources as envisaged. Thus, unjustifiable action of the Nagar Panchayat resulted in deprivation of benefit to the targeted group of people and the purpose of the training was frustrated.

The matter was referred to the concerned authorities (August 2013); their reply had not been received (January 2014).

Test check of records of the Bishnupur MC revealed that the Council received (December 2009 and May 2011) ₹ 5.32 lakh from MUDA for implementation of UWEP for the year 2008-09. The fund was utilised and UC was also submitted to the MUDA. However, Audit observed the irregularities in selection of beneficiaries as discussed in the succeeding paragraphs.

4.1.2 Irregular selection of beneficiaries

Para 7.1 of the SJSRY scheme guidelines states that the UWEP seeks to provide wage employment to beneficiaries living below the poverty line (BPL) within the jurisdiction of ULBs by utilizing their labour for construction of socially and economically useful public assets. As per para 4.2.5 and 8.1 *ibid*, the Community Development Societies (CDS) was also to be the focal point for identification of genuine beneficiaries for receiving benefits under the Scheme. Audit observed that 219 beneficiaries (123 beneficiaries in the 1st instalment and 96 beneficiaries in the 2nd instalment) were benefited by the implementation of UWEP in the Bishnupur MC. However, on cross-check of

Muster Rolls and BPL list, approved by the Department of Food and Civil Supplies, Government of Manipur, Audit observed that 80 beneficiaries (45 beneficiaries from the 1st instalment and 35 beneficiaries from the 2nd instalment) were non-BPL Card holders. This pointed to the fact that the CDS did not exercise control in identification of the beneficiaries while implementing UWEP. Due to engagement of non-BPL candidates the benefits of the scheme remained undelivered to the majority of targeted group. As such, the purpose of the flagship programme was frustrated.

4.1.3 Extension of undue benefits to some beneficiaries

As per guidelines, the CDS should play the role of identification of beneficiaries and, a house-to-house survey for identification of genuine beneficiaries for receiving benefits under SJSRY, with focus on slums and low-income settlements, need to be conducted. However, in Nambol MC, the survey report on identification of beneficiaries by the CDS was not on record. The beneficiaries for implementing the SJSRY Scheme were selected from the list of BPL families approved by the Department of Food and Civil Supply, Government of Manipur. And, the basis on which the beneficiaries were selected from the listed BPL families was also not on record. As such, some beneficiaries were found benefited consecutively while others were not at all benefited from the Scheme. Out of the total fund, ₹ 7.55 lakh was meant for UWEP to the beneficiaries living below the poverty line in the local area. From this opportunity, 230 beneficiaries out of the listed 1,739 BPL card holders in respect of Nambol MC were benefited @ ₹ 1,313.88 approximately per beneficiary. However, out of the 230 beneficiaries, 9 beneficiaries were benefited consecutively both in the first and second installments thereby depriving the benefits of the scheme to other beneficiaries who had never availed of the benefits. As such, it was observed that the mode of selection of beneficiaries was in violation of the scheme guidelines.

The matter was referred to the concerned authorities (April 2013); their reply had not been received (January 2014).

4.1.4 Execution of works

4.1.4.1 Deviation from the approved work programme

The Nambol MC received ₹ 11.25 lakh from MUDA for implementation of SJSRY for the year 2008-09. The fund was fully utilised and against which UC was also submitted. Out of the total funds, ₹ 3.21 lakh was allocated for Community Structures. As per guidelines SJSRY shall rest on the foundation of community development and empowerment. Towards this end, community organizations like Neighbourhood Groups (NHGs), Neighbourhood Committees (NHCs), and CDSs shall be set up in the target areas. The CDSs

will be the focal points for purposes of identification of beneficiaries, preparation of loan and subsidy application, monitoring of recovery, and generally providing whatever other support necessary for the programmes. The CDSs will also identify viable projects suitable for the area.

Thus, establishment of CDS is emphasized for successful implementation of the Scheme. Though there was record for setting up of the CDS as early as December 1999, no CDS office building was in existence in the Nambol MC. On the other hand, repairing of CDS's office building was included in the approved work programmes for utilizing the released fund. However, the fund allocated for repairing of CDS's office building amounting to ₹ 3.21 lakh was found to have been utilised on repairing and finishing of the Nambol MC's Office building. As such, the purpose of the fund for which it was released was defeated and the successful implementation of the Scheme had been hindered.

The matter was referred to the concerned authorities (April 2013); their reply had not been received (January 2014).

The Kakching MC constructed retaining wall and flooring near Composite Hall at a cost of ₹ 1.20 lakh out of SJSRY funds which were not in the work programme. On this being pointed out the MC stated that the proposed works were dropped and replaced by the construction of retaining wall and flooring on priority basis in a Council's meeting [vide resolution No.4(a) of Council sitting No.40(special), dt.24.02.2010]. The funds were released on the basis of the work programme submitted by the MC. As such, alteration of approved work programme without the approval of the Government was a financial rules besides indicating lack of proper planning on the part of the MC.

The matter was referred to the concerned MC (May 2013); their reply had not been received (January 2014).

In the work programme for utilisation of the SJSRY fund for the year 2008-09 in respect of the Lilong NP, a work for repairing of roof and ceiling of the office of CDS for ₹ 0.75 lakh was included. However, the actual work of repairing of roof and ceiling was done in the office of the Lilong NP instead of the office of CDS. This was in violation of the approved work programme.

The matter was referred to the concerned authorities (April 2013); their reply had not been received (January 2014).

4.1.5 Inadmissible Expenditure

The objective of UWEP is to provide wage employment to the urban poor and creation of socially and economically useful public assets by utilizing their labour. The works were to be decided by the Community structure like NHGs, NHCs and CDSs. However, all the works carried out in the Thoubal Municipal Council under UWEP for the year 2008-09 were decided by the Council. Further, the Thoubal MC executed two works under UWEP for the year 2008-09 (i) construction of room inside Municipal Campus at a cost of ₹ 5.00 lakh and (ii) repairing of floor for Municipal shops in front of Municipal Council, Thoubal at a cost of ₹1.20 lakh. These constructions of room inside the Municipal Council campus and repairing of Municipal shops do not have any bearing with the objective of the scheme as these are Municipal assets and not public assets. Thus, the objective of the scheme has been defeated.

The matter was referred to the concerned authorities (June 2013); their reply had not been received (January 2014).

4.2 Twelfth Finance Commission (XII-FC) Award

4.2.1 Unfruitful Expenditure

During 2008-12, the Wangoi NP received ₹ 10.54 lakh under XII-FC award from MAHUD Department, Government of Manipur. The funds were released for utilization in maintenance of double entry accounting system, creation of database and solid waste management. The NP engaged a Computer Operator (CO) w.e.f 11.02.2008 for creation of database at a consolidated pay of ₹ 5,000 per month. The CO was working for 44 (forty four) months in the NP and ₹ 2.20 lakh was paid for the purpose. However, no data was found created in any physical records, nor was preserved in computer system.

Further scrutiny revealed that the NP incurred ₹ 1.85 lakh (July 2008 to December 2009) on course/training fees for maintenance of double entry accrual accounting system. However, Audit observed that no account, except Cash Book was maintained by the NP. The NP had not adopted double entry accrual accounting system as of March 2013.

The Nambol MC incurred ₹ 1.15 lakh (19.12.2009) and ₹ 0.21 lakh (24.11.2010) for training on Double Entry Accounting System on accrual basis. A Computer Operator on payment of honorarium @ ₹ 5000 per month was also engaged during 2009-10 to 2011-12 for maintenance of accounts and ₹ 1.25 lakh was paid to the CO. On scrutiny, audit observed that the Nambol MC had not adopted Double Entry Accounting System in accrual basis as prescribed in the National Municipal Account Manual (NMAM).

Thus, expenditure of ₹ 6.66 lakh incurred by the two ULBs was an unfruitful expenditure.

The matter was referred to the concerned authorities (Wangoi NP-August 2013 & Nambol MC-April 2013); their reply had not been received (January 2014).

4.2.2 Diversion of Funds

Government of Manipur in its release orders stipulated that XII-FC grants were to be utilised for maintenance of Double Entry Accounting System, Creation of Database and Solid Waste Management. As per para 3.1 of the guidelines for release and utilization of grants recommended by the XII-FC, the grants were to be utilized for Solid Waste Management and maintenance of accounts and creation of database. On scrutiny of related files/ documents, following irregularities were noticed:

The Nambol MC procured a Xerox Machine and Computer Accessories at a cost of ₹ 1.60 lakh and electrical goods at a cost of ₹ 0.60 lakh out of XII-FC grants. The authority of Nambol MC stated that the Xerox Machine and Electrical goods were procured as per the Council's Resolution. The copy of the resolution was not made available to Audit. However, procurement of aforementioned items out of XII-FC grants was not permissible. As such, the Nambol MC diverted a sum of ₹ 2.20 lakh on procurement of inadmissible items under the scheme besides denial of core services to the targeted group of people.

The Thoubal MC diverted (2009-2011) ₹ 2.56 lakh towards payment of pay and allowances of staff of the MC from the funds of XII-FC awards.

The matter was referred to the concerned authorities (Nambol MC-April 2013, Thoubal MC-June 2013 & Bishnupur MC-May 2013); their reply had not been received (January 2014).

4.3 Thirteenth Finance Commission (XIII-FC) Award

XIII-FC has recommended grant-in-aid to local bodies as a percentage of the previous year's divisible pool of taxes over and above the share of the State. The grant has been recommended for both General Areas and Special Areas.

The Finance Commission had recommended that the State Government must gradually put in place standards for delivery of all essential services by local bodies. Municipalities to notify by the end of fiscal year the service standards for four service sectors viz., (i) water supply; (ii) sewerage; (iii) storm water drainage and (iv) solid waste management.

4.3.1 Excess Payment of Wages

The Labour Department, Government of Manipur prescribed ₹ 122.10 as the rate of an unskilled labourer per day, effective from February 2011. The Imphal MC incurred (April and May 2011) ₹ 63.54 lakh towards clearance of drains. Scrutiny of records revealed that the rate of wage paid to the unskilled labourers ranged from ₹ 250 to ₹ 300 per day which was much higher than the rate prescribed by the Labour Department, Government of Manipur. As such Audit worked out an excess payment of ₹ 34.99 lakh (**Appendix-VI**). There was no record to substantiate as to why payment of wages in excess of prescribed rate notified by the Government of Manipur was made to the unskilled labourers. The excess expenditure on payment of wages could be utilized for creation of assets as recommended by XIII-FC. Also, such practice of the Council would lead to incurrence of major chunk of the funds towards labour payment thereby leaving various areas of services envisaged by the XIII-FC unattended.

The matter was referred to the concerned authorities (May 2013); their reply had not been received (January 2014).

4.3.2 Utilization of Fund on Inadmissible Items

Test check of records of The Thoubal and Kakching MCs revealed that the MCs executed (Thoubal:10 works and Kakching: 5 works) under the XIII-FC Awards which are not part of the four services such as Water Supply, Solid Waste Management, Sewerage and Storm Water Drainage suggested by the Finance Commission. Details are shown in table as follows:

Table No. 4.2- Utilisation of XIII-FC fund on inadmissible items

Sl. No.	Name of the work	Amount (₹ in lakh)
Thoubal MC (2010-11)		
1	Improvement of earth filling at AK. Sanatomba Leirak	1.33
2	Surface dressing at Khangangkhang Lampak	0.19
3	Improvement of earth work and shingling at Thoubal Mayai Leikai	0.60
4	Improvement of earth filling and shingling work near community bank	0.83
5	Construction of waiting shed at Ningbam Utha Makha Leikai	0.73
6	Improvement of earth filling at Pangambam Leirak	0.30
7	Surface dressing at Kiyam Lai Leirak, Kiyam Makha and Awang Leikai	0.80
8	Surface dressing at Maibam Leirak, Mutum Mayai Leikai, Heikrujam Maning Leirak, Khong Ahanbi Leirak	0.50
9	Surface dressing at Kabarstan Lampak	0.41
10	Surface dressing at Heibirai Awang Lambi, Awang Lambi, Maning Maya	0.56
Sub-Total		6.25
Kakching MC (2011-12)		
1	Development of Crematorium Centre in Ward No. 4	0.50
2	Development of Crematorium Centre in Ward No. 12	0.20
3	Development of Crematorium Centre in Ward No. 5	0.10
4	Development of Crematorium Centre in Ward No. 7 & 1	0.20
5	Development of Crematorium Centre in Ward No. 3	0.10
Sub-Total		1.10
Grand total		7.35

Thus, an expenditure of ₹ 7.35 lakh was spent by the MCs in contravention of the guidelines of the XIII-FC.

The matter was referred to the concerned authorities (June 2013); their reply had not been received (January 2014).

4.4 Second State Finance Commission (SSFC) Awards

4.4.1 Diversion of Fund

Funds under the SSFC Awards were meant for construction of socially and economically useful public amenities and infrastructure development. The Imphal MC utilised ₹ 49.49 lakh from the fund under the SSFC Awards for purposes departing from the recommendations of the Commission. The details are as shown in the table as follows:

Table No. 4.3- Details showing diversion of SSFC Award

Sl. No.	Purpose of payments	Date of payment	Amount paid (₹ in lakh)
1	Paid to retired/expired staff of Imphal MC	04.07.2011	1.42
2	Paid to Executive Officer for reimbursement for social service	07.09.2011	0.56
3	Expenses on cleanliness drive in Imphal City IMC	07.09.2011	1.81
4	Financial assistance to 27 Wards of IMC for National Cleanliness day on 2 nd Oct. 2011	03.10.2011	2.00
5	Payment of honorarium for Chairperson, Vice-Chairperson and Councillors	24.10.2011	2.30
6	Purchase of material and labour charge in connection with Prime Minister's visit to Imphal on 03.12.2011	05.03.2012	6.24
7	Expenses on payment of back-log pay	28.06.2012	35.17
Total			49.50

In another case, the Kakching MC purchased (November 2011) a Safari Dicor-Ex at the cost of ₹ 7.20 lakh from the funds of the SSFC Award.

The fund under the SSFC Award is for creation of socially and economically useful public assets. However, the ULBs had spent such funds for administrative expenses and purchase of vehicle. This is in violation of the recommendation of the SSFC.

The matter was referred to the concerned authorities (May 2013); their reply had not been received (January 2014).

4.4.2 Unfruitful Expenditure

The MAHUD released ₹ 19.18 lakh to the Bishnupur MC under SSFC Award for execution of developmental works such as Community Well, Public Bathroom, Market Shed, Mini Community Hall, Waiting Shed, Community Centre, etc. On test-check of MBs for construction of Community Centres at Ward Nos.4 and 11 at a cost of ₹ 1.25 lakh each, Audit observed that the two works commenced on 19.04.2010 and were completed on 29.05.2010. The works were implemented by the Bishnupur MC. As on the date of completion the MC had spent ₹ 1.25 lakh each for the two works (i.e. ₹ 2.50 lakh). A joint team comprising of the staff of the MC and audit party conducted (12.02.2013) physical verification of the works. During verification, audit noticed that the two Centres were in the incomplete shapes. The meeting point of floor and wall of the community centre at ward No.4 were badly damaged. The two works appeared to have been abandoned for months together. Thus, Audit concluded that the MC could not provide proper amenities thereby frustrating the purpose of spending the fund.

The Nambol MC constructed a Market Shed at Ward No.18 under the SSFC grants for the year 2008-09 at a cost of ₹ 2.00 lakh. As recorded in the measurement book the work was completed in May 2010. The final payment for the work was made in May 2010. However, on physical verification the flooring of the Market Shed was found incomplete. The prevailing condition of the work and location of the work site were not conducive for a market place. As such, incomplete Market Shed stood empty over the last two years resulting in an unfruitful expenditure of ₹ 2.00 lakh.

The matter was referred to the respective concerned authorities (BMC-May 2013 & NMC-April 2013); their reply had not been received (January 2014).

4.4.3 Delay in Execution

The Bishnupur MC received ₹ 30.30 lakh (April 2011) under the SSFC Award for implementation of the following works:

Table No. 4.4- Details of works to be taken up under SSFC Award

Sl. No.	Name of works	Amount (₹ in lakh)
1	Renovation of Kiyamba Ningshing Sanlen	19.00
2	Renovation of community toilet at Municipal Campus	2.30
3	Improvement of Pukri Achouba at Ward No.6 and Sougajjam Pukri at Ward No.1	9.00
Total		30.30

Test check of relevant files/document revealed that the proposed work programme related to renovation of community toilet at Municipal Campus was yet to be implemented. Even after almost two years from the date of the release of fund, renovation of community toilet was yet to be commenced. Renovation of Kiyamba Ningshing Sanglen was found to be in progress as of February 2013. The Bishnupur MC could not complete the work after passage of almost two years from the date of release of fund (26.04.11). As such, implementation of the work under SSFC award was found tardy.

The matter was referred to the concerned authorities (May 2013); their reply had not been received (January 2014).

4.4.4 Non-deposit of Sales Tax to Government Account

As per Government of Manipur Notification¹ dated 3 September 2009, the person deducting sales tax at source on behalf of the person executing works contract should deposit the amount so deducted into the designated bank authorized by the State Government in this behalf within seven days from the

¹ No.5/45/2006-FD(TAX)

expiry of the month. The Kakching MC deducted (October to December 2011) ₹ 1.03 lakh² as Sales Tax at source from the contractors. However, the amount was not deposited to the concerned head of accounts of the Government as of May 2012 in violation of the order of the State Government.

The matter was referred to the concerned authorities (May 2013); their reply had not been received (January 2014).

4.5 Realization of revenue

4.5.1 Untapped Source of Revenue

As per bye-law 4(c) and (f) of the Manipur Municipality (Registration and Licensing of Shops) Bye-laws, 1998 the validity of a shop keeper's license shall be one calendar year commencing from the date of issue of license, and every application for the renewal of license shall be made so as to reach the licensing authority at least thirty days before the date on which it expires; provided that if the application for the renewal of license is not received within the time, specified above, the license shall be renewed only on payment of a fee amounting to twice the fee ordinarily payable.

On test check of records of the Imphal MC, it was observed that during the period 01.04.2011 to 31.03.2012 the Council received ₹ 5.27 lakh and ₹ 2.66 lakh as Registration fee and license fee respectively for establishment of various shops within the Municipality area. Out of 300 shopkeepers registered in the Imphal MC during the period 01.04.2011 to 17.02.2012, only 18 shopkeepers renewed their licenses before the expiry date. The licenses of 282 shops were yet to be renewed as of March 2013. However, the license of 282 shops were neither renewed nor cancelled by the Imphal MC. There was also no record to substantiate that the MC regularly serves notices to the shopkeepers for collection of license fees. Due to inaction of the Imphal MC, the Council could not realize revenue in time.

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Sl. No.	Name of contractors	Amount deducted (₹ in lakh)	Month of deduction
1	Y. Narayan singh	0.46	October, 2011
2	-do-	0.33	November, 2011
3	Naorem Deben Singh	0.24	December, 2011
Total		1.03	

The matter was referred to the concerned authorities (May 2013); their reply had not been received (January 2014).

4.5.2 Irregularities in Collection of Toll Tax

As per bye-law No. 14 of the Imphal MC (Entry toll on vehicles & animals) Bye-Laws, 1998, the Council may, by a resolution passed in a meeting, appoint agents periodically by inviting tenders through open auction for collection of entry toll tax on vehicles and/or animals on such terms and conditions as may be decided by it.

Test check of the relevant files/documents revealed that Imphal MC appointed an agent namely Shri Takhellambam Gopal Singh for two years up to 28.02.2010 (the starting date not on record) for collection of toll tax and the agent had to remit a sum of ₹ 2.85 lakh per month to the Imphal MC. The period of agency was extended in favour of Shri Takhellambam Gopal Singh for a period of four years up to 28.02.2014 without inviting tenders in violation of bye-law and the payable amount of toll tax by the agent was reduced to ₹ 1.20 lakh per month in a meeting of Finance and Assessment Committee of Imphal MC held on 26.06.2010 in view of frequent bandh, blockade and strike prevailing in the State. It was also resolved in the meeting that the agent had to remit the reduced amount of ₹ 1.20 lakh irrespective of bandh, blockade and strike. However, during the year 2011-12 there were cases of exemption of toll tax amounting to ₹ 5.60 lakh as shown in table below:

Table No. 4.5- Details of Exemptions of Toll Tax

(₹ in lakh)

Sl. No.	Period	Amount Realisable	Amount Realised	Amount Exempted
1	January and Feb 2011	2.40	0.10	2.30
2	Aug, Sept, and Oct, 2011	3.60	0.30	3.30
Total		6.00	0.40	5.60

Thus, Imphal MC suffered a loss of ₹ 5.60 lakh by allowing exemption in contrary to the resolution of Finance and Assessment Committee.

Further, on test check of the documents and receipt book produced by the Imphal MC, it was observed that there was delay up to a maximum of 8 months and 22 days in submission of the toll tax by the agent. Delay in collection of toll tax has also been pointed out by audit in the earlier report.

The matter was referred to the concerned authorities (May 2013); their reply had not been received (January 2014).

4.5.3 Non-deduction of Income Tax from the Contractor

As per Section 194C of the Income Tax Act, 1961 any person responsible for paying any sum to any resident contractor for carrying out any work has to deduct income tax at source from the contractor. The rate of tax to be deducted at source is one per cent in case payment is made to an individual.

Imphal MC executed a work viz. leveling and land-filling of dumping site at Lamphelpat, at the tender amount of ₹ 24.69 lakh. However, the whole amount was paid (October 2012) to the Contractor without deduction of Income Tax (IT). Due to non-deduction of IT while making payment, there was an excess payment of ₹ 0.25 lakh (1 per cent of ₹ 24.69 lakh) to the Contractor.

The matter was referred to the respective concerned authorities (May 2013); their reply had not been received (January 2014).

4.5.4 Poor Realization of Rent/Fees from Women Vendors

On test check of the records related to 11 (eleven) women vendors' sites, audit observed that Imphal MC collected rent ranging from ₹ 12 to ₹ 90 per month in various market areas. Information for the above 11 women vendors' site for the period 2011-12 as furnished by Imphal MC is highlighted below.

Table No. 4.6- Details showing collection of rents from Women Vendors sites (in ₹)

Sl. No.	Name of market	No. of sheds	Rent fee per month	No. of holders	Total demand during the year 6=(4 x 5 x 12)	Total rent collected during the year
1	2	3	4	5	6	7
1	Women Vendor-Singjamei Bazaar	16	12	501	72,144	Nil
2	Women Vendor-New Market & Linthoingambi	18	90	1,216	13,13,280	6,864
3	Women vendor-Laxmi Bazaar	14	90	734	7,92,720	15,950
4	Women vendor-Purana Bazaar	27	90	1,703	18,39,240	2,352
5	Women Vendor-Naga Nala	12	15	982	1,76,760	Nil
6	Chana Yonfam	1	15	83	14,940	Nil
7	Chakri Kom Session Court	5	15	140	25,200	Nil
8	Women Vendor-Session Court	3	15	216	38,880	Nil
9	Lamlong Bazaar (New)	16	12	210	30,240	Nil
10	Lamlong Bazaar (Old)	6	12	58	8,352	Nil
11	Women Vendor-Ngari Keithel Maning	-	15	398	71,640	Nil
Total					43,83,396	25,166

As is evident from the above table that ₹ 25,166 was collected against the total target of ₹ 43.83 lakh for the period 2011-12. The Imphal MC was yet to collect ₹ 43.58 lakh for the stated period of audit. Thus, the MC could not collect its own revenue in time.

The matter was referred to the respective concerned authorities (May 2013); their reply had not been received (January 2014).

4.5.5 Non-deposit of Revenue to the Municipal Fund

Section 68 (1) of the Manipur Municipalities Act, 1994 states that all sums received by or on behalf of the Council under the provisions of this Act or of any other law for the time being in force or under any contract shall be credited to the municipal fund.

However, on test-check of the Deposit Register of the Bishnupur MC, audit noticed that during the period from April 2009 to March 2012 the MC did not deposit revenue of ₹ 4.72 lakh to the municipal fund. The same was also not reflected in the Cash Book. Due to non-deposit of revenue to the municipal fund a sum of ₹ 4.72 lakh is feared to have been embezzled.

The matter was referred to the concerned authorities (May 2013); their reply had not been received (January 2014).

4.6 Excess Payment of Honorarium to Chairperson, Vice- Chairperson and Councillors

The rate of honorarium payable to Chairperson, Vice- Chairperson and Councillors of the MC in Manipur up to 31 December 2011 were ₹ 1500, ₹ 1200 and ₹ 800 per month respectively. These rates were effective from March 1997. The rates were revised by the Government of Manipur in January 2012 which was effective from 1 January 2012.

Under the said revision, the monthly rates of Honorarium prescribed for the representatives of the ULB in Manipur were as follows:

Table No. 4.7- Details of monthly rates of Honorarium

(₹ in lakh)		
Sl. No.	Designation	Municipal Council
1	Chairperson	0.06
2	Vice-Chairperson	0.05
3	Councillors (both elected and nominated)	0.03

The Imphal MC enhanced the rates of honorarium of their representatives without any Government approval and paid ₹ 0.15 lakh, ₹ 0.13 lakh and ₹ 0.12 lakh per month to its Chairperson, Vice-Chairperson and Councillors during April 2011 to March 2012. The payment was made as per the order of the Council (April 2007) for enhancement of honorarium which was subject to post facto approval of the State Government. However, Audit noticed that no such post facto approval of the State Government was obtained by Imphal MC as of March 2013. Under Section 35 of the MMA, 1994, the Chairman, the Vice-Chairman or any other Councilor may be granted such remuneration or such allowance as may be prescribed. However, the expenditure to be incurred under this Section shall not be contradictory to the provision of Section 71 of

Manipur Municipalities Act 1994. This Section prohibits Municipalities to incur any expenditure under any of the heads without the approval of the State Government.

Due to excess payment of honorarium during the period from April 2011 to March 2012 an amount of ₹ 34.73 lakh had been spent from the exchequer of the Imphal MC (**Appendix-VII**). The same was pointed out in the ATIR 2011 but no action had been initiated by the Government.

The matter was referred to the concerned authorities (May 2013); their reply had not been received (January 2014).

4.7 Drawal of Sitting Allowance without approval of the State Government

Section 35 of the MMA, 1994 stipulates that the Chairperson, the Vice-Chairperson or any other Councilor of a Council may be granted by the Council such remuneration or such allowance as may be prescribed. Provided that the expenditure to be incurred under this section shall without prejudice to the provisions of Section 71, be paid out of the Municipal Fund. This Section prohibits Municipalities to incur any expenditure under any of the heads without the approval of the State Government.

However, Audit noticed drawal of sitting allowance without the approval of the State Government by the elected bodies of the 3 Municipalities as shown in table below.

Table No. 4.8- Details of expenditures incurred on Sitting Allowance

(₹ in lakh)			
Sl. No.	Name of the ULB	Period	Amount
1	Nambol MC	April 2009 to March 2012	0.76
3	Kakching MC	April 2008 to March 2012	4.76
4	Bishnupur MC	April 2009 to March 2012	5.85
Total			11.37

As is seen from the table above the three ULBs had spent ₹ 11.37 lakh as sitting allowance for their elected bodies. Thus, the ULBs had spent ₹ 11.37 lakh without the approval of the Government.

The matter was referred to the respective concerned authorities (during April-May 2013); their reply had not been received (January 2014).

4.8 Maintenance of records

Maintenance of records is inevitable for complete transparency and accountability in spending public funds by the ULBs. Test check of 11 ULBs revealed that the following important records to show the authenticity of

spending funds under SJSRY, XII-FC, XIII-FC and SSFC were not maintained by the ULBs:

- Detailed Estimates;
- Technical Sanction;
- Measurement Books;
- Muster Rolls;
- Stock Receipt and Issue Register; etc.

Non-maintenance of vital records is a serious issue and needs special attention of the higher Administrative Authority of the State Government. This is indicative of lack of transparency and accountability in spending public funds by the ULBs.

4.9 Conclusion

Small Town Committee, Moreh could not provide the Muster Rolls and the BPL list for the wage labourers under UWEP. Thus, the genuineness of the beneficiaries could not be ascertained in audit. Extension of financial assistances by the Wangoi NP to the ineligible persons deprived those who had undergone the required skill development training under USEP. There were instances of deficiency in the process of selection of beneficiaries which resulted in selection of some particular beneficiaries repeatedly under UWEP depriving the other eligible beneficiaries. The fund allocated under SJSRY for repairing of CDS's office building amounting to ₹ 3.21 lakh was found to have been utilised on repairing and finishing of the Nambol MC's Office building. The Kakching MC constructed retaining wall and flooring near Composite Hall at a cost of ₹ 1.20 lakh out of SJSRY funds which were not in the work programme. The Wangoi NP and Nambol NP incurred expenditure of ₹ 6.66 lakh under XII-FC on course/training fees for maintenance of double entry accrual accounting system however, no account, except Cash Book was maintained by these NPs. The Thoubal MC diverted ₹ 2.56 lakh towards payment of pay and allowances of the staff of the MC from the XII-FC awards. The Imphal MC made excess payment of wages amounting to ₹ 34.99 lakh to unskilled labourers in contravention of the rate prescribed by the Labour Department. The fund under the SSFC Award is for creation of socially and economically useful public assets. However, the ULBs had spent such funds for administrative expenses and purchase of vehicle. Even after almost two years from the date of the release of fund under SSFC, renovation of community toilet at Bishnupur MC was yet to be commenced. The Kakching MC deducted (October to December 2011) ₹ 1.03 lakh as Sales Tax at source from the contractors. However, the amount was not deposited to the concerned head of accounts of the Government as of May 2012 in violation of the order of the State Government. The Imphal MC suffered a loss of ₹ 5.60

lakh on collection of toll tax by allowing exemption to an agent in contrary to the resolution of Finance and Assessment Committee. The Imphal MC was yet to collect rent amounting to ₹ 43.58 lakh from the Women Vendors for the period of 2011-12. Due to non-deposit of revenue to the municipal fund by the Bishnupur MC a sum of ₹ 4.72 lakh is feared to have been embezzled. Due to excess payment of honorarium to Chairperson, Vice-Chairperson, and Councillors during the period from April 2011 to March 2012 an amount of ₹ 34.73 lakh had been spent from the exchequer of the Imphal MC. Three ULBs had spent ₹ 11.37 lakh as sitting allowance during 2009-12 for their elected bodies without approval of the Government.

4.10 Recommendations

- Transparency in Selection of beneficiaries plays the key role in the successful implementation of schemes. Thus, the ULBs should select the targeted beneficiaries based on the guidelines of the schemes.
- The ULBs should focus on timely realisation of own revenue to strengthen their resources so that there should not be any diversion/inadmissible expenditure for payment of honorarium/pay and allowances and administrative expenses from the funds meant for developmental activities.
- Non-maintenance of vital records is a serious issue. The highest Administrative Authority should issue stringent instruction to the ULBs for maintenance of vital records.



(Dr. N. Maisnam)

Deputy Accountant General (Audit)

Imphal

Countersigned



(Siddhartha Singh Longjam)
Accountant General (Audit)

Imphal