

EXECUTIVE SUMMARY

This Report has been prepared in six chapters. Chapters I to V deal with Social, Economic, Public Sector Undertakings, Revenue and General Sectors, and Chapter VI deals with Follow up of Audit observations. The Report contains three performance audits and 19 paragraphs.

According to existing arrangements, copies of the performance audits and paragraphs were sent to the Administrative Heads of the concerned departments with the request to furnish replies within six weeks. All the performance audits were discussed with the concerned Administrative Heads of the departments and other departmental officers. In respect of 15 paragraphs, reply of the Government/Department was received. Replies had not been furnished by the Government/Department for 4 paragraphs.

CHAPTER I SOCIAL SECTOR

MEDICAL AND HEALTH DEPARTMENT

1.2 Implementation of National AIDS Control Programme-III (NACP-III)

The objective of NACP-III was to halt and reverse the epidemic of AIDS during 2007-12. However, infirmities were noticed in the implementation of the programme by the Manipur AIDS Control Society (MACS). There were deficiencies in financial management including non-utilisation of funds, rush of expenditure at the fag end of the year, avoidable expenditure incurred on purchase of essential kits *etc.* The draft revised Manipur State AIDS Policy had not been approved by the State Government and hence, NACP-III was closed without assistance of an approved AIDS Policy. The appreciable shortfall in Integrated Counseling and Testing Centres referrals in respect of High Risk Groups (HRGs) depicted that the Targeted Intervention programme was not implemented fruitfully thereby defeating the objective of early detection of HIV status.

High shortfall in Regular Medical Check up and condom distribution among HRGs reflected the deficiency in the performance of the programme in the test checked units. The shortfall in distribution of needles and syringes among Injecting Drug Users hindered the task of preventing the spread of HIV through sharing of needles under Needle Syringe Exchange Programme. Besides minimal collection of blood units during Voluntary Blood Donation camps, the rational use of blood in health care facilities was not monitored. The increase in the detection of HIV positive cases by 14,936 during 2007-12 indicates that the objective of NACP-III to halt and reverse the epidemic of

AIDS could not be achieved. There was adverse trend with altogether 3,568 People Living with HIV/AIDS (PLHA) who had either expired or could not be tracked during 2007-12. This reflected the gaps in achieving greater care, support and treatment of PLHA. Some of the key posts like those of Senior Medical Officers and Medical Officers in the important division of Care, Support and Treatment remained vacant. There were deficiencies in establishing a State wide Strategic Information Management System which is crucial for the decision makers to come out with needful responses to face the epidemic of HIV/AIDS.

(Paragraph 1.2)

YOUTH AFFAIRS AND SPORTS DEPARTMENT

1.3 Working of Youth Affairs and Sports (YAS) Department

The performance of Manipur in sports is commendable despite the Government's shortcomings in providing the necessary facilities and infrastructure. This could be attributed to the inherent love of sports and games, exemplified by the support and enthusiasm displayed by various youth clubs and organizations in various localities, particularly in the valley areas of the State. Planning of sports activities and implementation of projects by the YAS Department lacked professional and systematic approach. The Department did not formulate district level planning nor did it bring out a well formulated long term perspective plan/vision document for promotion of games and sports in the State. Due to poor financial management and weak internal controls, several irregularities were noticed, such as possible misappropriation of funds, non-accountal of transactions, parking of funds, making avoidable payments, excess payments, persistent trend of incurring of expenditure before obtaining administrative approval and expenditure sanction, irregular deductions of Value Added Tax and Agency charges. All the 12 test checked projects were taken up without call of tender and payments were made without ensuring proper execution of work. Cash incentives to the deserving sportspersons and sports associations were not released in time. Constructions of sports infrastructure have not started despite release of funds. Execution of projects and their subsequent monitoring by the Department was weak and ineffective.

(Paragraph 1.3)

CHAPTER II ECONOMIC SECTOR

Fertilizers of different types were purchased by the Agriculture Department at higher rates than their Maximum Retail Price, resulting in avoidable extra expenditure of ₹ 96.28 lakh.

(Paragraph 2.2)

Award of work to the second and third lowest bidders by the Electricity Department by ignoring the lowest bidder resulted in avoidable expenditure of ₹ 13.82 crore in implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana scheme in two districts.

(Paragraph 2.3)

Though works were actually executed with smaller gauge of wire, rate of a larger gauge of wire as provided in the estimates was adopted by the Irrigation and Flood Control Department, leading to undue benefit to the contractors to the tune of ₹ 1.17 crore, of which ₹ 83.30 lakh has been recovered.

(Paragraph 2.6)

CHAPTER III ECONOMIC SECTOR (Public Sector Undertakings)

3.1 Overview of Government Companies and Statutory Corporations

As of March 2013, there were ten PSUs (all Companies including three non-working) in the State. The working PSUs registered a turnover of ₹ 5.35 crore for 2012-13 as per their latest finalized accounts as of September 2013. This turnover was equal to 0.05 *per cent* of State Gross Domestic Product (GDP) for 2012-13. The State PSUs earned a profit of ₹ 0.44 crore in the aggregate for the year 2012-13 as per their latest finalized accounts.

(Paragraph 3.1.1)

As of March 2013, the investment (Capital and Long term loans) in the ten PSUs was ₹ 56.49 crore (Working PSUs: ₹ 35.25 crore and Non-working PSUs: ₹ 21.24 crore).

(Paragraph 3.1.4)

The turnover of working PSUs decreased from ₹ 6.75 crore in 2007-08 to ₹ 6.48 crore in 2012-13. The percentage of turnover to State GDP decreased from 0.12 *per cent* in 2007-08 to 0.06 *per cent* in 2012-13.

(Paragraph 3.1.9)

Manipur Electronic Development Corporation Ltd., released *cent per cent* Advance to a firm for supply of material, without any safeguard, leading to non-supply of material worth ₹ 39.71 lakh for more than six years.

(Paragraph 3.2)

CHAPTER IV REVENUE SECTOR

4.1 Trend of revenue receipts

During 2012-13, the revenue raised by the State Government (₹ 564.61 crore) was 8 *per cent* of the total revenue receipts as against 12 *per cent* in the preceding year. The balance 92 *per cent* of receipts during 2012-13 was from the Government of India.

(Paragraph 4.1.1)

The Electricity Department made short billing of energy charges of six bulk consumers resulted in loss to the Government to the tune of ₹ 22.59 lakh.

(Paragraph 4.5)

Suppression of purchase turnover resulted in evasion of tax of ₹ 7.07 lakh and penalty of ₹ 14.14 lakh by two dealers.

(Paragraph 4.7)

The Tourism Department made short deduction of VAT and Agency Charges at source, in violation of the orders of the Finance Department, resulted in loss to the Government to the tune of ₹ 1.47 crore.

(Paragraph 4.9)

CHAPTER V GENERAL SECTOR

PLANNING DEPARTMENT

5.2 Performance Audit of Roads & Bridges Projects in Manipur funded by Non Lapsable Central Pool of Resources and North Eastern Council

Roads & Bridges Projects funded under Non Lapsable Central Pool of Resources (NLCPR) and North Eastern Council (NEC) were prioritised by the Planning Department without any gap analysis of the existing facilities of roads and bridges in the State. The priority lists were not submitted in time to the Ministry of Development of North Eastern Region (DoNER). There were cases of dropping of projects from the retained lists by the Ministry of DoNER due to non-submission of original DPRs by the State Government.

The financial management of the State with regard to funds sanctioned for NLCPR and NEC projects was poor. Funds for implementation of the projects were not released on time. There were short releases of State Matching Share and appropriation of central funds meant for execution of works for payment of Value Added Tax, Agency Charges *etc.* Detailed Project Reports were not prepared efficiently resulting in their repeated revisions. There were cases of diversion of funds for inadmissible works, undue benefit to the contractors due to incorrect estimation of rates, payment for execution of fictitious works and delay in completion of works. Contract Management for implementation of the projects was poor. The concerned State Government Departments had not taken any corrective measures on the recommendations of the previous Audit Report for the year ended 31 March 2008. Thus, the overall performance of the State in implementation of NLCPR and NEC funded Roads & Bridges projects was unsatisfactory.

(Paragraph 5.2)

CHAPTER VI FOLLOW UP OF AUDIT OBSERVATIONS

As of October 2013, 1779 Inspection Reports issued from 2003-04 onwards were outstanding for settlement. Even the initial replies, which were required to be received from the Heads of Offices within four weeks from the date of issue were not received from the Departments. Thus, non-furnishing of replies and inaction against the defaulting officers involve risks of financial irregularities and possible loss to the Government.

(Paragraph 6.4)