

EXECUTIVE SUMMARY

This Report has been prepared in three chapters. Chapters I to III deal with Economic Sector (Other Than State Public Sector Undertakings), Economic Sector (State Public Sector Undertakings) and Revenue Sector respectively. The Report contains two performance audits on 'Implementation of Accelerated Irrigation Benefits Programme' and 'Implementation of Schemes for Flood Control and Flood Forecasting' and ten compliance audit paragraphs.

According to existing arrangements, copies of the performance audits and paragraphs were sent to the Administrative Heads of the concerned Departments with a 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. Replies of the Government/Department wherever received have been incorporated in the report.

CHAPTER I ECONOMIC SECTOR (OTHER THAN STATE PUBLIC SECTOR UNDERTAKINGS)

PERFORMANCE AUDIT

Implementation of Accelerated Irrigation Benefits Programme

Perspective Plan and Annual Plans were not formulated for systematic implementation of AIBP Projects. Deficiencies in planning, financial management and execution of irrigation projects was noticed. Against the targeted irrigation potential of 43.78 thousand hectares, irrigation potential of only 25.70 thousand ha (59 *per cent*) was created in respect of the sampled irrigation projects as on March 2016, of which 42 *per cent* was utilised. There was time overrun to the extent of 29 years for Thoubal Multipurpose and 19 years for Dolaithabi Barrage Projects, consequently the project cost of Thoubal Multipurpose and Dolaithabi Barrage Projects increased by about 36 and 27 times respectively. Land Acquisitions for the Thoubal and Dolaithabi Projects are yet to be completed. The State government incurred extra and avoidable expenditure due to weak contractual management. There were delays on the part of the State Government in releasing central assistance to the implementing agencies. Due to keeping of central fund under Deposit head, no central assistance for Thoubal and Dolaithabi Projects was released during 2011-12 and 2013-14. There were deficiencies in monitoring and evaluations of the projects also.

(Paragraph 1.2)

Implementation of Schemes for Flood Control and Flood Forecasting

Planning for management of flood was not effective and comprehensive as Comprehensive Master Plan for the State was not prepared. The State was dependent on conventional system of flood forecasting/warning instead of modern technology. The Department had neither scientifically assessed the database of flood prone areas nor prepared frequency based inundation maps and depended on conventional system of flood forecasting/warning. The Flood Plain Zoning Act, 1978 was not operationalized and the Action Plan of the National Disaster Guidelines was not complied with till date of audit. There was inordinate delay in release of funds by the State Government and in completion of the schemes/projects. Inefficiency in execution of the schemes was apparent from cases of execution of work without design and implementation of projects at sites not identified as flood prone areas. There were instances of extension of undue benefit to the contractors. Site inspection of schemes/projects by Departmental officers was not documented properly. Joint physical verification of some of the projects disclosed cases of poor quality of works executed. In spite of execution of 22 Flood Management Projects and procurement of flood fighting materials during the period 2007-16, the quantum of flood damage in terms of area, population and value of flood damage is in the ascending trend.

(Paragraph 1.3)

COMPLIANCE AUDIT

Co-Operation Department: Failure of the State Government to honour its commitment of One Time Settlement proposal resulted in loss of ₹ 11.08 crore to the Government.

(Paragraph 1.4)

Irrigation and Flood Control Department: Undue benefit of ₹ 1.75 crore was extended to the contractor due to recovery of cement at a rate lesser than the applicable issue rate.

(Paragraph 1.5)

Public Works Department: Incorrect adoption of rates led to undue benefits of ₹ 34.22 lakh to the contractors of two bridge works.

(Paragraph 1.6)

CHAPTER II
ECONOMIC SECTOR
(STATE PUBLIC SECTOR UNDERTAKINGS)

As on 31 March 2016, there were 12 State Public Sector Undertakings (SPSUs) in Manipur. None of these SPSUs were listed on the Stock exchange. The working PSUs of the State registered a turnover of ₹ 34.70 crore as per their latest finalised accounts as of September 2016. This turnover was equal to 0.17 *per cent* of Gross State Domestic Product (GSDP) of ₹ 19,890 crore for 2015-16. The working SPSUs incurred an aggregate loss of ₹ 23.90 crore as per their latest finalised accounts as of September 2016.

(Paragraph 2.1.1)

As on 31 March 2016, the investment (capital and long-term loans) in 12 SPSUs was ₹ 205.32 crore. Out of the total cumulative investment of ₹ 205.32 crore in SPSUs as on 31 March 2016, 98.04 *per cent* was in working SPSUs and the remaining 1.96 *per cent* in non-working SPSUs.

(Paragraph 2.1.6)

The accounts of the SPSUs were in arrears for periods ranging from one year to 28 years. The delay in finalization of accounts were due to abnormal delay in compilation and approval of the accounts and delayed submission of the same to the Statutory Auditors by the Management, delay in adoption of accounts in Annual General Meeting and deficiency in monitoring of arrears of accounts of the Companies by the Government.

(Paragraph 2.1.10)

The overall losses of working SPSUs increased from ₹ 4.91 crore in 2011-12 to ₹ 23.90 crore in 2015-16. Seven SPSUs incurred loss of ₹ 24.19 crore.

(Paragraph 2.1.16)

COMPLIANCE AUDIT

Manipur Food Industries Corporation Limited: Irregular payment of mobilization advance without any security resulted in undue financial benefit of ₹ 2.51 crore to the contractor and consequently an advance of ₹ 1.97 crore stands unrecovered.

(Paragraph 2.2)

Manipur Handloom and Handicrafts Development Corporation Limited: Failure to ensure power supply to run the machinery installed at the Common Facility Centre rendered the total investment of ₹ 27.66 lakh unfruitful.

(Paragraph 2.3)

CHAPTER III REVENUE SECTOR

Trend of Revenue Receipts

During the year 2015-16, the State Government's revenue of ₹ 699.92 crore from own sources was eight *per cent* of the total revenue receipts of ₹ 8,280.10 crore as against nine *per cent* in the preceding year (₹ 700.56 crore). The balance 92 *per cent* receipt amounting to ₹ 7,580.70 crore during 2015-16 was received from Government of India.

(Paragraph 3.1.1)

The Tax Revenue raised during 2015-16 (₹ 550.44 crore) increased by 6.50 *per cent* as compared to the previous year (₹ 516.85 crore). On the other hand, the Non-Tax Revenue raised during 2015-16 (₹ 149.48 crore) decreased by 18.70 *per cent* as compared to the previous year (₹ 183.73 crore).

(Paragraphs 3.1.2 and 3.1.3)

Response of the Departments/ Government towards Audit

In respect of Inspection Reports issued up to December 2015, 770 paragraphs involving ₹ 143.90 crore relating to 255 Inspection Reports remained outstanding at the end of June 2016.

(Paragraph 3.6)

COMPLIANCE AUDIT

Transport Department: The Department could not avail competitive rates for High Security Registration Plates (HSRPs) due to acceptance of rates quoted seven years back and not following the advice of the Finance Department for re-tender. Tardy implementation of HSRP defeated the purpose of the scheme and resulted in loss of revenue. None of the District Transport Officers (DTOs) maintained records for cross checking the number of vehicles affixed with HSRPs without authorisation of the Department.

(Paragraph 3.11)

Taxation Department: Due to inaction of the Department, nine dealers escaped assessment and evaded tax of ₹ 2.70 crore for which penalty of ₹ 5.40 crore is also payable by the dealers.

(Paragraph 3.12)

Concealment of sales turnover resulted in evasion of tax of ₹ 25.46 lakh by a dealer for which penalty to the tune of ₹ 50.92 lakh was also leviable.

(Paragraph 3.13)

Delay in assessment of returns filed resulted in tax evasion to the tune of ₹ 7.29 lakh and penalty to the tune of ₹ 14.58 lakh.

(Paragraph 3.14)

Government suffered a loss of ₹ 22.21 lakh due to unregistered dealers.

(Paragraph 3.15)