

CHAPTER I GENERAL SECTOR

1.1 Introduction

The Chapter contains findings based on audit of State Government departments under the General Sector. General Sector plays an important role in an economy as this sector is responsible for creating environment wherein policies and plans are formulated and implemented for economic and social development. General Sector includes Planning, Police, Finance, Justice, Fire Department, District Administration, etc.

The expenditure incurred during the last five years by some of the major Departments pertaining to the General Sector are tabulated below.

Table 1.1.1: Expenditure incurred by major departments under General Sector during 2018-23

(₹ in crore)

Years	Finance	Police	Planning	Total on General Sector (per cent)	Total Expenditure [#]
2018-19	1,549.64	1,378.62	160.76	3,397.70 (23.29)	14,590.22
2019-20	1,747.11	1,577.20	63.14	3,740.79 (21.79)	17,165.50
2020-21	1,740.39	1,880.17	119.72	4,166.43 (18.51)	22,505.98
2021-22	2,441.78	2,078.42	260.74	5,285.95 (19.68)	26,855.94
2022-23	2,820.01	2,147.84	535.45	6,008.15 (22.17)	27,096.84

Source: Appropriation Accounts.

General, Economic (Other than PSUs) and Social Sectors.

Table 1.1.2 provides Department-wise details of budget provision and expenditure incurred by the 16 departments pertaining to General Sector during 2022-23.

Table 1.1.2: Department-wise budget provision and expenditure under General Sector during 2022-23

(₹ in crore)

Sl. No.	Department	2022-23			Savings as per cent of Budget Provision
		Budget Provision	Expenditure	Savings	
1	Police	2,258.12	2,147.84	110.28	4.88
2	Finance	3,235.18	2,820.01	415.17	12.83
3	Administration of Justice	175.72	100.85	74.87	42.61
4	Planning	1,542.71	535.45	1,007.25	65.29
5	Land Revenue, Stamps & Registration and District Administration	141.90	115.32	26.58	18.73
6	Secretariat	173.86	120.34	53.52	30.78
7	Election	28.48	20.44	8.04	28.23
8	Jails	42.68	38.14	4.54	10.64
9	Home Guards	56.52	54.64	1.88	3.33
10	Fire Protection and Control	35.88	21.92	13.96	38.91
11	Governor Secretariat	7.84	6.01	1.83	23.34
12	Manipur Public Service Commission	7.16	6.11	1.05	14.66
13	Stationery and Printing	7.96	5.14	2.82	35.43
14	Vigilance Department	8.24	5.74	2.50	30.34

Sl. No.	Department	2022-23			Savings as per cent of Budget Provision
		Budget Provision	Expenditure	Savings	
15	State Academy of Training	16.72	7.04	9.68	57.89
16	Rehabilitation	6.94	3.16	3.78	54.47
Total		7,745.91	6,008.15	1,737.75	22.43

Source: Appropriation Accounts

As it can be seen from the **Table** above, there was savings of ₹ 1,737.75 crore (22.43 per cent) during 2022-23 against Budget provision under General Sector. Additionally, during 2022-23, Planning Department had the maximum savings of ₹ 1,007.25 crore (65.29 per cent) followed by State Academy of Training at ₹ 9.68 crore (57.89 per cent) and Rehabilitation at ₹ 3.78 crore (54.47 per cent) against their respective Budget provisions in terms of percentage.

1.1.1 Planning and execution of Audit

Compliance audit of General Sector is conducted in accordance with an Annual Audit Plan approved by the Comptroller and Auditor General of India. Topicality, financial profile, social relevance, internal control system of the units and occurrence of defalcation/ misappropriation/ embezzlement as well as the past audit findings form the basis of risk assessment for selection of audit units. After completion of the compliance audits, Inspection Reports (IRs) are issued to the heads of units as well as to the concerned heads of departments. In the light of replies received, audit observations are reviewed and settled, if action taken by the audit client is satisfactory. However, if no action is taken or action taken is not satisfactory, the audit findings are retained and units are advised to take further suitable remedial measures. However, some very serious and selected audit findings are processed for inclusion in the Audit Report of the Comptroller and Auditor General of India for placing the same before the State Legislative Assembly as mandated by the Constitution.

Out of total 19 units pertaining to General Sector (including 2 Apex Bodies) selected for compliance audit during 2022-23, we conducted audit of 18 units¹ involving expenditure of ₹ 399.65 crore including expenditure of the previous years. As of March 2023, four Inspection Reports containing 19 paras were issued to the Government with copies to the Heads of the Departments concerned.

Year-wise details of expenditure audited in respect of General Sector during 2022-23 are shown in **Appendix 1.1**.

This chapter contains one compliance audit paragraph as discussed in the succeeding paragraph.

¹ Including 2 Apex Bodies for which no expenditure is incurred.

COMPLIANCE AUDIT

TRIBAL AFFAIRS AND HILLS DEPARTMENT

1.2 Undue benefit to contractors

Non-collection of Performance Guarantee from contractors led to extension of undue benefit to contractors to the tune of ₹ 2.4 crore.

As per Rule 171 of the General Financial Rules (GFR) 2017 (as adopted by Government of Manipur), Performance Security/Guarantee is to be obtained from the successful bidder who is awarded the contract, for an amount equal to five to ten *per cent* of the value of the contract. This may be furnished in the form of an Account Payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank in an acceptable form with validity for a period of sixty days beyond the date of completion of all contractual obligations.

Further, Clause 1 under Contract Agreement of General Conditions of Contract for execution of the work stipulates that the contractor shall submit an irrevocable Performance Guarantee of five *per cent* of the tendered amount in addition to other deposits mentioned elsewhere in the contract for proper performance of the contract agreement within specified period from the date of issue of letter of acceptance.

Test check of the records of the Director, Tribal Affairs and Hills Department (TA&HD) (July to August 2022), revealed that Work Orders were issued during June 2020 to September 2021 by the Directorate to different contractors for an amount of ₹ 48.06 crore for 19 construction works as detailed in *Appendix 1.2*. However, Performance Guarantees were not obtained from the successful bidders after award of the work contracts. The works were allowed to be executed even though the prescribed Performance Guarantees were not submitted by the contractors in violation of the Rule/Contract agreement. The Performance Guarantees at the rate of five *per cent* worked out to ₹ 2.40 crore (*Appendix 1.2*). Inability of the Department to collect Performance Guarantee from the contractors resulted in undue benefit to the tune of ₹ 2.40 crore.

In the absence of Performance Guarantees there was no safeguard available with the Department in case of non-performance of contract by the contractors. The Department replied (April 2024) that Performance Guarantee had not been collected from the contractors through oversight and assured that such irregularities would be avoided henceforth. The Department, however, replied that out of 19 works six works were still ongoing and Performance Guarantees for these works would be deducted from the payments.

Recommendation:

The Government should follow the codal provisions to ensure that applicable performance guarantee is inevitably collected from the contractors.