

CHAPTER III

ECONOMIC SECTOR (OTHER THAN STATE PUBLIC SECTOR ENTERPRISES)

3.1 Introduction

The Chapter contains findings based on audit of the State Government Departments under the Economic Sector other than the State Public Sector Undertakings.

The Economic Sector is one of the most important sectors of the economy of any State. This Sector is directly responsible for production of goods and services and responsible for generation of employment in the economy. The Economic Sector has three sub-sectors *i.e.* Primary sector includes raw materials, mining, fishing, agriculture, *etc.*, Secondary includes production of finished goods and the Tertiary sector includes production and supply of intangible goods and services to the consumers *e.g.* retail, tourism, banking, insurance, transport, entertainment, IT services, *etc.* Government's investment in this Sector and the health of an economy has direct relationship and thus, it requires steady attention of the government.

The Government of Manipur has accorded due importance to the Economic Sector in the State by allocating a significant part of its financial resources to this Sector. During 2022-23, the Agriculture, Industry and Service sectors grew at the rate of (-) 0.63 *per cent*, 1.00 *per cent* and 6.69 *per cent* respectively as compared to the previous year 2021-22⁴³. The expenditure incurred during the last five years by some major Departments under Economic Sector are as tabulated below:

Table 3.1.1: Expenditure of the major departments under Economic Sector during 2018-23

(₹ in crore)

| Years | Public Works | Power | Public Health Engineering | Total on Economic Sector (In per cent) | Total Expenditure [#] |
|---------|--------------|--------|---------------------------|---|--------------------------------|
| 2018-19 | 692.76 | 556.79 | 372.14 | 2,673.17 (18.32) | 14,590.22 |
| 2019-20 | 392.34 | 408.89 | 351.55 | 2,033.12 (11.84) | 17,165.50 |
| 2020-21 | 562.79 | 409.99 | 710.58 | 3,182.60 (14.14) | 22,505.98 |
| 2021-22 | 574.86 | 426.54 | 878.42 | 2,963.23 (11.03) | 26,855.94 |
| 2022-23 | 811.55 | 317.95 | 882.01 | 3,085.96 (13.97) | 22,096.84 |

Source: Appropriation Accounts.

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

Department-wise details of budget provisions and expenditure incurred by the 18 departments pertaining to the Economic Sector during 2022-23 are as follows.

⁴³ Based on Advance Estimates furnished by Directorate of Economics & Statistics, Manipur.

Table 3.1.2: Budget Provision and Expenditure of departments under Economic Sector during 2022-23

(₹ in crore)

| Sl. No. | Department | 2022-23 | | | |
|--------------|------------------------------------|------------------|-----------------|-----------------|---|
| | | Budget Provision | Expenditure | Savings | Savings as per cent of Budget Provision |
| 1 | Public Works | 1,134.99 | 811.55 | 323.44 | 28.50 |
| 2 | Environment and Forest | 749.84 | 198.06 | 551.78 | 73.59 |
| 3 | Water Resources | 939.36 | 258.77 | 680.59 | 72.45 |
| 4 | Power | 518.38 | 317.95 | 200.43 | 38.66 |
| 5 | Public Health Engineering | 2,348.60 | 882.01 | 1466.59 | 62.45 |
| 6 | Agriculture | 399.72 | 133.92 | 265.80 | 66.50 |
| 7 | Minor Irrigation | 379.27 | 28.90 | 350.37 | 92.38 |
| 8 | Textiles, Commerce and Industries | 211.01 | 56.47 | 154.54 | 73.24 |
| 9 | Veterinary and Animal Husbandry | 238.56 | 93.82 | 144.74 | 60.67 |
| 10 | Horticulture and Soil Conservation | 93.22 | 56.13 | 37.09 | 39.79 |
| 11 | Tourism | 316.57 | 60.18 | 256.39 | 80.99 |
| 12 | Fisheries | 62.07 | 30.94 | 31.13 | 50.15 |
| 13 | Transport | 59.36 | 14.09 | 45.27 | 76.26 |
| 14 | Co-operation | 41.63 | 25.11 | 16.52 | 39.68 |
| 15 | Sericulture | 42.26 | 23.72 | 18.54 | 43.87 |
| 16 | Information Technology | 195.15 | 74.94 | 120.21 | 61.60 |
| 17 | Economics and Statistics | 29.48 | 14.55 | 14.93 | 50.64 |
| 18 | Science and Technology | 5.49 | 4.85 | 0.64 | 11.66 |
| Total | | 7,764.96 | 3,085.96 | 4,679.00 | 60.26 |

Source: Budget documents and Appropriation Accounts.

As it can be seen from **Table** above, there was overall savings of ₹ 4,679.00 crore (60.26 per cent) against Budget provision under Economic (Other than Public Sector Undertakings) Sector. In terms of percentage, Minor Irrigation Department had the maximum savings of ₹ 350.37 crore (92.38 per cent) followed by Tourism Department of ₹ 256.39 crore (80.99 per cent) and Transport Department ₹ 45.27 crore (76.26 per cent) against their respective Budget provisions.

3.1.1 Planning and execution of Audit

Compliance audit is conducted in accordance with an Annual Audit Plan for the year 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 audit, 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 audited entities is satisfactory. However, if no action is taken or action taken is not enough, the audit findings are retained and units are advised to take further suitable remedial measures. However, some serious and selected audit findings are processed for inclusion in the Audit Report of the Comptroller

and Auditor General of India for placing of the same before the State Legislative Assembly as mandated by the Constitution.

Keeping in view the importance accorded to the Economic Sector by the State, we in Audit also accorded due importance to the audit of this Sector. Out of a total of 125 units selected for compliance audit pertaining to Economic Sector during 2022-23, we conducted audit of all 125 units (100 per cent) involving expenditure of ₹ 2,536.12 including expenditure of previous years. As of March 2023, 37 Inspection Reports containing 171 paras have been issued to the State Government with copies to the heads of the concerned departments.

Year-wise details of expenditure audited in respect of Economic Sector during 2022-23 are shown in *Appendix 3.1*.

This Chapter contains one Performance Audit and two compliance audit paragraphs as discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

TOURISM DEPARTMENT

3.2 Performance Audit on Development and Promotion of Tourism

The Performance Audit on ‘Development and Promotion of Tourism’ covered the period from 2017-18 to 2022-2023. The major audit findings are highlighted below:

Highlights:

Due to non-preparation of Tourism Master Plan, Perspective Plan and Annual Action Plans, the tourism development projects were taken up in an ad hoc manner.

(Paragraph 3.2.7.1)

No State Level Tourism Steering Committee and Tourism Advisory Committee had been formed though envisaged in State Tourism Policy. The Department did not involve private entrepreneurs to promote tourism in the State.

(Paragraph 3.2.7.2 & 3.2.7.3)

The State Government could not avail GoI grant amounting to ₹ 92.45 crore in respect of 13 Product Infrastructure Development for Destinations and Circuits (PIDDC) projects due to non-completion of the projects. The 13 projects were lying incomplete/abandoned after incurring ₹ 50.85 crore even after delays ranging from seven to 13 years.

(Paragraph 3.2.9.3)

In respect of the project “Development of Eco-Tourism Destinations in each Assembly Constituency” items of work worth ₹ 2.88 crore were not executed though payments had been made.

{Paragraph 3.2.9.4.2 (a)}

The non-opening of the light and sound show under Swadesh Darshan Scheme after its inauguration on 14 August 2018 rendered the Light and Sound Show non-functional thereby resulting in wasteful expenditure of ₹ 6.35 crore.

(Paragraph 3.2.9.6.1)

In respect of the project “Development of Spiritual Circuits” taken under Swadesh Darshan Scheme, assets worth ₹ 16.83 crore were either lying idle/unutilised or not utilised for the intended purposes.

(Paragraph 3.2.9.6.2)

3.2.1 Introduction

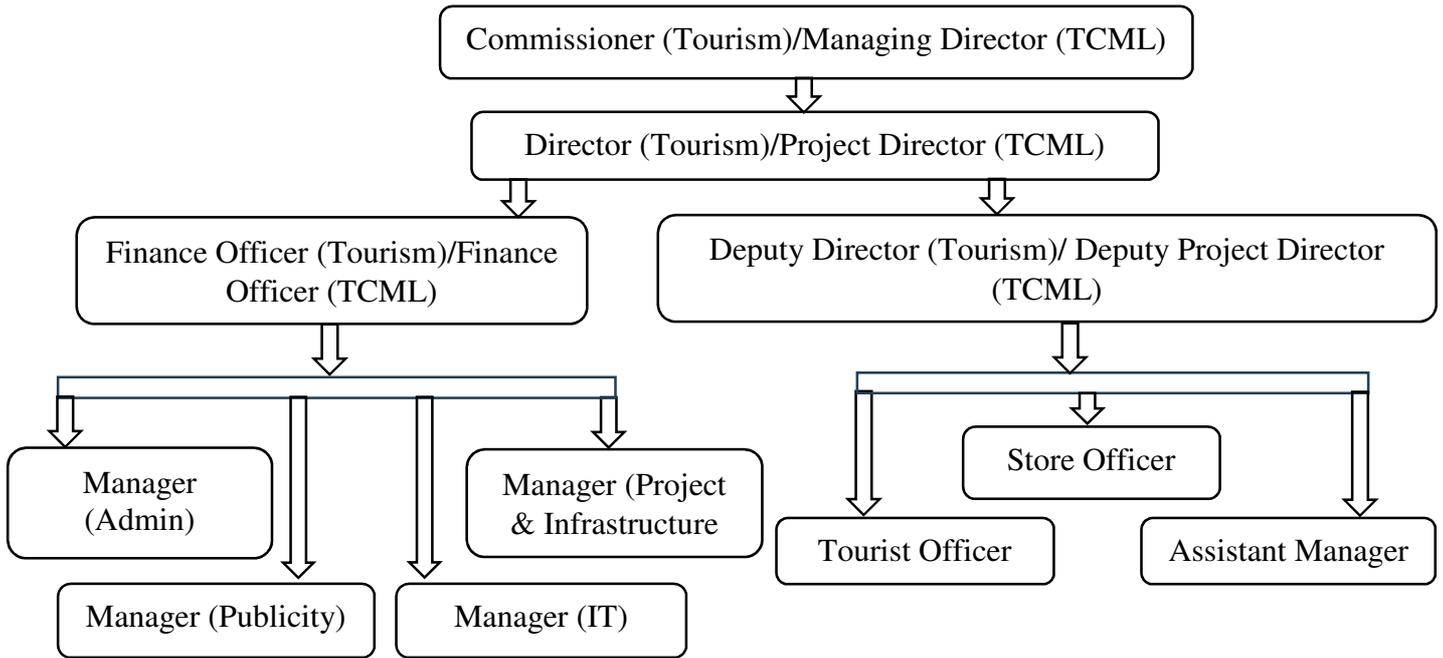
Manipur is strategically located in the North-eastern corner of India bordering Myanmar. Nestled in the foothills of the Eastern Himalayas, the State is considered the Gateway to South East Asia. The state is a promising tourist destination for adventure and nature lovers alike. For growth of tourism in the State, the Government of India (GoI) and the State Government have been funding several tourism projects for creation of infrastructure, promotion and publicity.

The Tourism Department and the Tourism Corporation of Manipur Limited (TCML), a public sector undertaking, are responsible for development and promotion of tourism in the state. The Tourism Department and TCML take up various infrastructure works such as development of spiritual circuit, amusement park, eco-tourism destination lodges, *etc.*, and promote tourism through publicity, tourism festivals *etc.*

3.2.2 Organisational set-up

The Commissioner, Tourism Department, who is also the Managing Director of TCML is the administrative head of the Department. At the Directorate level, the Director, who is also the Project Director of TCML is the functional head. TCML is headed by a Chairman, appointed by the Government from among the elected members of State Legislative Assembly. The Organisational set up of the Department is as shown below:

Organisational set up



3.2.3 Audit Objectives

The Performance Audit was conducted to assess whether:

- State Tourism Policies and Plans were formulated in line with National Tourism Policy and Perspective Plan and implemented effectively;
- Implementation of tourism infrastructure development projects and tourism promotional activities were as per prescribed guidelines/procedures and whether implemented in an economic, efficient and effective manner;
- Management of funds and development of human resources were economical, efficient and effective and the operations & maintenance of tourism infrastructure were proper; and
- Monitoring, evaluation and impact assessment were adequate and effective.

3.2.4 Audit Scope and Methodology

The Performance Audit (PA) was carried out for the period from 2017-18 to 2022-2023 covering 36 out of 76 tourism projects implemented by Tourism Department. The projects were selected based on Simple Random Sampling Without Replacement method. The details of sample selection of schemes/projects for audit examination were as under:

Table 3.2.1: Statement showing sample selection of schemes/projects

| Sl. No. | Scheme | Total Projects | Sample Selected |
|--------------|--|----------------|-----------------|
| 1. | Central Financial Assistance for setting up new Institute of Hotel Management | 01 | 01 |
| 2. | One time Special Assistance of Central Plan Schemes | 01 | 01 |
| 3. | Shyama Prasad Mukherji Rurban Mission | 01 | 01 |
| 4. | Non-Lapsable Central Pool of Resources (NLCPR) | 02 | 02 |
| 5. | Swadesh Darshan Scheme | 02 | 02 |
| 6. | Special Assistance to States for Capital Expenditure | 03 | 03 |
| 7. | North-East Special Infrastructure Development Scheme (NESIDS) | 04 | 01 |
| 8. | Product/Infrastructure Development for Destination & Circuits-Completed (PIDDC) | 07 | 03 |
| 9. | North Eastern Council (NEC) | 8 | 02 |
| 10. | State Plan | 13 | 06 |
| 11. | Product/Infrastructure Development for Destination & Circuits-Incomplete/Abandoned (PIDDC) | 34 | 14 |
| Total | | 76 | 36 |

An Entry Conference with the Departmental officials was held on 21 September 2022 wherein audit objectives, scope, criteria and methodology of the PA were discussed.

Audit was conducted during October 2022 to October 2023 by test check of records in Tourism Directorate office, TCML office, and 11 Offices (Work Agencies) executing the sampled projects. An Exit Conference was held on 26 February 2024 wherein the audit findings were discussed, and the replies of the Department have been incorporated in appropriate places in the report. From the Government/Department side, the Exit Conference was attended by the Special Secretary (Tourism), Director (Tourism), Project Director (MDS), Deputy Director (Tourism) and other officers of the work agencies.

3.2.5 Audit Criteria

Audit findings were benchmarked against the criteria derived from the following sources:

- Manipur Tourism Policy 2014 and 2022;
- Scheme Guidelines;
- Detailed Project Reports of the selected projects;
- General Financial Rules and CPWD Works Manual;
- Directions/Guidelines issued by Ministry of Tourism, GoI and the State Government.

3.2.6 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the authorities of the Tourism Department, TCML and various work agencies (like MPHCL, PWD, MDS and EEW) during the conduct of the Performance Audit.

Audit Findings

Significant Audit findings relating to the development of tourism infrastructure and promotional activities in the State noticed during the Performance Audit are discussed in succeeding paragraphs.

3.2.7 Planning

Proper planning is essential for bringing holistic growth of tourism in the State. A long-term action plan (Master Plan/Perspective Plan) based on reliable database enables preparation of Annual Action Plans which would enable systematic development and promotion of tourism.

3.2.7.1 Non-preparation of Tourism Master Plan, Perspective Plans and Annual Action Plans by Tourism Department

Manipur Tourism Policy 2014 was prepared in line with the National Tourism Policy 2002. As per Manipur Tourism Policy 2014, the choice of new destinations for development will have to be based on their intrinsic attractions, potential for development and the carrying capacity as well as availability of resources and such development will be guided by well-conceived Master Plans.

Audit noticed that the Tourism Department did not prepare any such Master Plan even after nine years of formulation of the first State Tourism Policy in 2014. Moreover, no Perspective Plans and Annual Action Plans were prepared for prioritising the available resources. As such, tourism projects were taken up in an *ad hoc* manner.

The implementation of tourism projects without preparing Tourism Master Plan, Perspective Plan and Annual Action Plans would not be effective in achieving sustainable development of tourism in the State.

During Exit Conference (February 2024), the Department accepted the audit observation and stated that steps would be initiated to ensure preparation of Master Plan, Perspective Plans and Annual Action Plans without further delay.

3.2.7.2 Non-constitution of Tourism Development Committees

Manipur Tourism Policy envisaged constitution of Committees at different levels for effective monitoring and co-ordination to ensure comprehensive and sustained development of tourism in the State.

A State Level Tourism Steering Committee (SLTSC) was to be constituted by the Tourism Department. The Committee was to meet every six months and deliberate upon the issues for comprehensive development and growth of tourism industry in the State. Further, a Tourism Advisory Committee (TAC) was to be constituted for fostering inter-departmental and inter-agency co-operation & co-ordination. The Committee was to meet every three months to take stock of actions taken by the concerned departments/agencies and to

make constructive suggestions for promotion of Travel and Tourism Industry in the State.

The Tourism Department did not constitute the Committees as per the State Tourism Policy. The non-constitution of Tourism Development Committees was an indication of reduced focus on the direction for tourism development in the State.

During Exit Conference (February 2024), the Department accepted the audit observation and stated that proposal for formation of State Level Tourism Steering Committee and Tourism Advisory Committee is being forwarded to the Government for approval. However, no further development has been intimated (May 2024).

3.2.7.3 Non-involvement of private entrepreneurs

Manipur Tourism Policy envisaged integrated development of tourism infrastructure through Public Private Partnership (PPP)/Public Private Community Partnership (PPCP) to achieve sustainable and economic development by extending incentives to encourage private entities. Financial assistance of 20 *per cent* of the capital cost of investment up to a maximum of ₹ 35.00 lakh was admissible for development of new 'Tourism Unit' subject to the condition that financial assistance will be released only after the completion and commencing operation of the 'Tourism Units'.

During 2017-18 to 2022-23, the Tourism Department did not take any initiative to involve private stakeholders for development of sustainable tourism units in the State.

During Exit Conference (February 2024) while accepting the audit observation, the Department stated that one project was running under PPP mode and Government approval was awaited for another project. However, the details of the project running in the State under PPP mode had not been furnished to Audit.

However, there were no schemes in the State during audit coverage period to encourage private entities by providing incentives/subsidies for development of new tourism units, though envisaged in the State Tourism Policy.

3.2.7.4 Non-implementation of other policy measures of Manipur Tourism Policy

As per State Tourism Policy, tourism is considered as the major engine of economic growth and employment generation. The policy aimed to harness the tourism potential of the State to attract tourists and investments by developing world class infrastructure and by undertaking effective promotion, publicity and marketing.

Audit noticed that the following significant measures had not been implemented (May 2024) though envisaged in the State Tourism Policy:

- Financial cost-benefit analysis of the sampled projects;

- Homestays, especially in the interior areas for providing a unique experience of the local culture to the visiting tourists;
- Policy for sub-letting of Tourism Infrastructure/Assets on PPP basis;
- To set up Nature Interpretation centre to educate people including tourists about the richness of biodiversity of the State, Acts, Rules and Guidelines of Ecotourism;
- Legislative framework to regulate tourism trade and industry, ensure safety and security of tourists;
- Inter-departmental working committee for better coordination amongst various departments;
- Introduction of tourist police at important tourist centres;
- Policy for promotion of medical tourism;
- Market surveys and studies to understand the requirements of tourists as also the impact of past promotional measures to take requisite corrective or new policy initiatives.

During Exit Conference (February 2024), the Department accepted the audit observation and stated that steps would be initiated to ensure preparation of financial cost benefit analysis of projects and to set up policy for medical tourism, inter-departmental working committee and nature interpretation centres.

3.2.8 Financial Management

3.2.8.1 Budget Provision and Expenditure

The budget provision and expenditure of Tourism Department during 2017-18 to 2022-23 were as follows:

Table 3.2.2: Budget Provision and Expenditure

(₹ in crore)

| Year | Budget | Expenditure | Savings (Percentage of Savings) |
|--------------|-----------------|---------------|------------------------------------|
| 2017-18 | 78.40 | 30.90 | 47.50 (60.59) |
| 2018-19 | 62.25 | 51.64 | 10.61 (17.04) |
| 2019-20 | 60.28 | 32.65 | 27.63 (45.84) |
| 2020-21 | 225.35 | 94.35 | 131 (58.13) |
| 2021-22 | 381.74 | 80.38 | 301.36 (78.94) |
| 2022-23 | 316.57 | 60.17 | 256.40 (80.99) |
| Total | 1,124.59 | 350.09 | 774.50 |

Source: Appropriation Accounts

As can be seen in the above table, the budget provision depicted an increasing trend in 2020-21 and 2021-22 and decreasing trend in 2018-19, 2019-20 and 2022-23. There were persistent savings ranging from 17.04 per cent to 80.99 per cent during 2017-18 to 2022-23. Against total budget provision of ₹ 1,124.59 crore during 2017-18 to 2022-23, the total expenditure was ₹ 350.09 crore. There was overall savings of ₹ 774.50 crore which indicated that the Department could not optimally utilise the budgetary allocation.

3.2.8.2 Delay in release of funds

As per guidelines of NLCPR funded projects, funds were to be transferred by the State Government to the implementing agency within 15 days of release by GoI. For North East Special Infrastructure Development Scheme (NESIDS) project, funds were to be released by the State Government to the implementing agency immediately after receipt of fund from GoI. Further, funds were to be released along with State Matching Share within 30 days for NEC funded projects. The Utilisation Certificates (UCs) were to be submitted to the Ministry of Development of North Eastern Region within 12 months of the closure of the financial year.

Audit noticed that there were delays in release of funds by the State Government to the implementing agencies. The delays ranged from 83 days to 421 days for NLCPR projects, 69 days to 468 days for NESIDS projects and 40 days to 573 days for NEC projects. This has delayed submission of UCs for five months to 24 months (Details are given in **Appendix 3.2**).

During Exit Conference (February 2024), the Department stated that the delay in release of funds by the Finance Department was due to poor financial condition of the State.

3.2.8.3 Non-submission of Detailed Countersigned Contingent (DCC) Bills

As per Central Treasury Rules (Rule 308 and Rule 309) (as adopted by Government of Manipur), Abstract Contingent (AC) bills should be regularised by Detailed Countersigned Contingent (DCC) bills. AC bills should not be drawn without certificate to the effect that DCC bills in respect of earlier AC bills drawn more than a month before have been submitted to the Controlling Officer.

Audit noticed that DCC bills for a total amount of ₹ 102.40 crore, drawn during 2017-18 to 2022-23 through 13 AC bills by the Tourism Department and transferred to the work agencies, were outstanding as of March 2023 in violation of the extant Rules (Details are given in **Appendix 3.3**). Thus, due to non-submission of DCC bills against 13 AC bills, audit could not ascertain whether the expenditure of ₹ 102.40 crore was incurred for the purpose for which it was sanctioned.

During Exit Conference (February 2024), the Department stated that action would be initiated for adjustment of pending AC Bills. However, no further development has been received (May 2024).

3.2.8.4 Diversion of funds

As per Rule 26 of the General Financial Rules, expenditure should be incurred for the purpose for which funds have been provided.

Audit noticed diversion of funds in respect of three sampled projects:

- (i) *Development of Spiritual Circuit in Manipur:* The project taken up under Swadesh Darshan Scheme (fully funded by GoI) for development of a spiritual circuit at Shri Govindaji Temple-Imphal, Shri Bijoy Govindajee Temple-Imphal, Shri Gopinath Temple-Ningthoukhong, Shri Bungsibudon Temple-Thoubal, Shri Kaina Temple-Yairipok in the State was completed in October 2020 at a total cost of ₹ 42.91 crore. The approved cost (₹ 45.33 crore) of the project was without agency charge. The State Government did not release separate fund for payment of agency charge and incurred ₹ 2.52 crore out of central fund for payment of agency charge.

Thus, central fund amounting to ₹ 2.52 crore was utilised towards payment of agency charge.

- (ii) *Infrastructure Development of Tourist Destination at Shanthei Natural Park, Andro, Imphal East District, Manipur:* The project is funded by NEC and was completed (June 2017) at a total cost of ₹ 4.78 crore. The approved cost of the project (₹ 4.78 crore) was without agency charge. The State Government did not release separate fund for payment of agency charge and incurred ₹ 48.78 lakh out of central fund for payment of agency charge.

Thus, central fund amounting to ₹ 48.78 lakh was diverted towards payment of agency charge.

The central fund utilised for payment of agency charge could have been utilised for completion of construction of vehicle parking, internal electrical installation (IEI) and water supply & sanitary installation (WSSI) works for Cafeteria and Public Kitchen which were not completed.

- (iii) Similarly, there was utilisation of ₹ 12.92 lakh of central fund towards payment of agency charges in respect of the PIDDC project “Providing Infrastructure in and around Imphal City”.

The Department had not furnished any specific reply (May 2024).

3.2.8.5 Undue favour to Contractors due to award of work without collecting Performance Guarantee Bond

As per Para 5.2 & 5.3 of CPWD Works Manual 2019 (as adopted by the Government of Manipur), the successful tenderer shall deposit an amount equal to 5 per cent (reduced to 3 per cent for contract entered during November 2020 to March 2023 on account of economy slow down due to CoVID-19) of the tendered and accepted value of the work and the letter for commencement of work shall be issued to the contractor only after he submits the performance guarantee in an acceptable form.

Audit observed that out of six sampled State Plan Projects, four projects⁴⁴ were awarded without collecting Performance Guarantee Bonds. Three of the projects were awarded in April 2021 at a total tendered value of ₹ 391.32 lakh for which Performance Guarantee Bonds amounting to ₹ 11.74 lakh (3 per cent of ₹ 391.32 lakh) was to be collected from the contractors. The other project was awarded in November 2016 at a tendered value of ₹ 10.41 crore for which Performance Guarantee Bond of ₹ 52.05 lakh (5 per cent of ₹ 10.41 crore) was to be collected from the contractor.

The award of the works to the contractors without collecting Performance Guarantee Bonds amounting to ₹ 63.79 lakh resulted in undue favour to the Contractors.

During Exit Conference (February 2024), the Department and the Work Agencies accepted the audit observation and stated that Performance Guarantee Bonds would be collected henceforth.

3.2.8.6 Non-deposit of Income Tax, Labour Cess, TDS on GST and Agency Charge

➤ Income Tax

As per Section 194C of the Income Tax Act, any person responsible for paying any sum exceeding ₹ 30,000 to a contractor for carrying out any work shall at the time of payment deduct an amount equal to one per cent of the value and deposit it to Central Government Account within seven days from the end of the month in which tax was deducted.

Audit noticed that income tax amounting to ₹ 76.41 lakh deducted during March 2021 to January 2023 in respect of seven sampled projects was not deposited (May 2024) to Central Government Account despite delays ranging from over 15 months to 37 months.

➤ Labour Cess

As per Office Memorandum (OM) of January 2011 read with OM of November 2017 of the Finance Department, Government of Manipur, one per cent of the basic cost of construction shall be deducted at source by the Drawing and Disbursement Officer (DDO) as Labour Cess and the same shall be transferred by Challan in favour of Secretary, Manipur Building & Other Construction Workers' Welfare Board, Manipur.

Audit noticed that labour cess amounting to ₹ 83.88 lakh was deducted during March 2018 to December 2022 in respect of nine sampled projects but had not been transferred to Manipur Building & Other Construction Workers' Welfare Board deposited till date (May 2024).

⁴⁴ i) Renovation of Thangal General Statue and Eco-Tourism Complex at Mayangkhang, Senapati. ii) Improvement and beautification of Hao Salam Eco-Tourism Destination Park. iii) Development of Eco-Tourism Complex at Noney near Railway Bridge and iv) Infrastructure Development for destination & circuit (SH: Construction of Administrative Building, Statue, Landscaping etc., at Marjing).

➤ **Tax Deduction at Source on Goods and Service Tax (TDS on GST):**

As per section 51 of GST Act 2017 (Central GST and State GST Acts), the amount deducted as tax shall be paid to the Government by deductor within ten days after the end of the month in which such deduction is made.

Audit noticed that TDS of GST amounting to ₹ 86.37 lakh deducted from Central share bills during February 2021 to December 2022 in respect of five sampled projects was not deposited (May 2024) despite delays ranging from 16 months to 38 months.

➤ **Agency Charge**

As per Office Memorandum No.5/6/2006-FC dated 14/9/2012 of Finance Department, Government of Manipur, out of 11.75 per cent of basic construction cost as Agency Charge, the work agency was entitled to 3.75 per cent and the balance 8 per cent Agency Charge was to be deposited to Government Account.

Manipur Police Housing Corporation Limited (MPHCL) was the executing agency for all the three sampled projects funded under Special Assistance to States for Capital Expenditure. The cost of the projects was inclusive of 11.75 per cent Agency Charge. The executing agency was to deposit a total amount of 4.48 crore as Agency Charge. However, the amount had not been deposited till date (May 2024). The details are given below:

Table 3.2.3: Details of Agency Charge not deposited

(₹ in crore)

| Sl. No. | Project | Expenditure exclusive of GST | Agency charge to be deposited (8 per cent of Expenditure) |
|--------------|--|------------------------------|---|
| 1 | Development of Ropeway Project at Ibudhou Marjing, Heingang, Imphal East, Manipur. | 10.49 | 0.84 |
| 2 | Development of Water Amusement Park at Thenguchingjin, Imphal East, Manipur. | 28.67 | 2.29 |
| 3 | Development of INA Headquarters at Moirang | 16.87 | 1.35 |
| Total | | 56.03 | 4.48 |

The Department and the work agencies had not furnished any specific reply on non-deposit of income tax, labour cess, TDS on GST and Agency Charge (May 2024).

3.2.8.7 Irregular payment of Advance

Manipur Police Housing Corporation Limited (MPHCL) was the executing agency for all the three sampled projects funded under Special Assistance to States for Capital Expenditure.

Audit scrutiny of payments made to the contractors revealed irregular payment of advances as detailed below:

- An advance of ₹ 3.50 crore was paid to the contractor for the work “Development of INA Headquarters at Moirang” without any provision for payment of such advance in the agreement;

- Mobilisation advance of ₹ 2.25 crore was paid to a contractor (September 2021) for the Engineering, procurement, and construction (EPC) contract of the project “Development of Ropeway Project at Ibudhou Marjing, Heingang, Imphal East, Manipur”. However, Audit noticed that another advance of ₹ 3.00 crore was paid (July 2022) to the contractor without any provision in the agreement. Till date of audit (March 2023) recovery of mobilisation advance amounting to ₹ 97.87 lakh had been made resulting in short recovery of advance of ₹ 4.27 crore;
- Similarly, without any provisions in the agreement advances amounting to ₹ 8.25 crore⁴⁵ were paid to the contractors of the projects viz., ‘Establishment of State Institute of Hotel Management at Nongmaiching’ and ‘Eco - Tourism project at Cheiraoching’.

The payment of advances to the contractors without any provision for payment of such advances resulted in extension of undue favour to the contractor.

The Department and the work agencies had not furnished any specific reply (May 2024).

3.2.8.8 Non-refund of unutilised amount

The Tourism Department transferred ₹ 7.21 crore to MPHCL for the work “Development of Cave Tourism Project at prominent Tourist sites at Khangkhui Cave, Ukhrul District, Manipur” during March 2019 to June 2021. The work had been completed in December 2022. Out of ₹ 7.21 crore, MPHCL incurred a total expenditure of ₹ 7.02 crore including admissible Agency charge. Thus, there was a balance amount of ₹ 19.33 lakh which was refundable to the Tourism Department. However, the amount had not been refunded to the Tourism Department till date (May 2024).

Further, out of ₹ 104.35 crore released by the Ministry of Tourism (MoT), GoI for the two projects under Swadesh Darshan Scheme, the Tourism Department/TCML transferred ₹ 103.61 crore to the work agencies and retained ₹ 0.74 crore purportedly for monitoring & supervision expenses. However, no supporting vouchers for monitoring & supervision expenses were available.

As the projects had been completed and closed, the unutilised amount of ₹ 0.74 crore should have been refunded to the Ministry. However, the Tourism Department refunded (November 2022) ₹ 20 lakh only to the Central Nodal Agency Account of the Ministry of Tourism resulting in irregular retention of ₹ 54 lakh of unutilised project fund released by the Ministry.

The Department and the work agencies had not furnished any specific reply (May 2024).

⁴⁵ ‘Establishment of State Institute of Hotel Management at Nongmaiching’ - ₹ 2.85 crore + ‘Eco - Tourism project at Cheiraoching’ - ₹ 5.40 crore

3.2.8.9 Non-levy of compensation due to delay in completion of work

As per clause 2 of the Conditions of Contract in respect of the two sampled NLCPR funded projects, the contractor who fails to complete the work within the stipulated date shall be liable to pay an amount of compensation equal to one *per cent* or such smaller amount as the Superintending Engineer /Managing Director may decide on the estimated cost of the work for every day that the due quantity of work remains incomplete subject to a maximum of 10 *per cent* of the estimated cost of the work. For the works taken up under the project “Establishment of State Institute of Hotel Management” the amount of compensation equal to 1.5 *per cent* per month on the tender value of the work was to be levied for every month that the quantity of work remains incomplete subject to a maximum of 10 *per cent* on the tender value of the work.

Audit scrutiny revealed that the delays in completion of the two sampled NLCPR funded projects were 29 months and 44 months whereas the delays in respect of nine sub-works of the project “Establishment of State Institute of Hotel Management” ranged from six to 43 months as detailed in the following Table:

Table 3.2.4: Details of delay in execution of works

(₹ in lakh)

| Sl. No. | Name of Project | Estimated Cost (EC) | Stipulated date of completion as per Work Order | Status as on May 2025 | Delay |
|------------------|---|---------------------|---|----------------------------|-----------|
| 1 | Development of Cave Tourism Project at prominent Tourist sites at Khangkhui Cave, Ukhrul District, Manipur. | 659.36 | March 2019 | Completed in December 2022 | 45 months |
| 2 | Eco- Tourism project at Cheiraoching (Thangmeiband), Imphal west. | 1285.39 | September 2018 | Completed in February 2021 | 29 months |
| Total | | 1944.75 | | | |
| Sl. No. | Name of work | Tender Amount (TA) | Stipulated date of completion | Status as on May 2025 | Delay |
| 1 | Construction of Compound drain | 24.28 | January 2021 | Completed in March 2024 | 26 |
| 2 | Construction of hostel | 149.71 | February 2021 | | 25 |
| 3 | IEI of hostel block | 13.23 | September 2022 | | 6 |
| 4 | Construction of Principal Quarter | 32.88 | January 2021 | | 20 |
| 5 | Land Development | 17.63 | August 2019 | | 43 |
| 6 | Construction of Compound fencing | 69.82 | January 2020 | | 38 |
| 7 | Construction of Gate (2 nos.) | 3.84 | January 2021 | | 26 |
| 8 | Construction of Hotel Management Building | 464.10 | August 2021 | | 19 |
| 9 | IEI of Hotel Management Building | 41.46 | September 2022 | | 06 |
| Sub-total | | 816.95 | | | |

As per clause 5 of the conditions of contract, if the contractor shall desire an extension of time for completion of the work on the grounds of his having been unavoidably hindered in its execution or on any other ground, he shall apply in writing to the Engineer-in-charge within 30 days of the date of hindrance on account of which he desires such extension as aforesaid and the Engineer-in-charge shall if in his opinion reasonable grounds be shown thereof authorise

such extension of time if any, as may, in his opinion be necessary or proper. However, hindrance register was not on record and despite delay in completion of the works, no compensation had been levied on the Contractors.

3.2.9 Implementation

3.2.9.1 Tourist Arrivals

Manipur Tourism Policy envisaged making the State one of the leading tourist destinations in North-East India in terms of international tourist arrivals and domestic tourist arrivals. The details of year-wise tourist arrivals in the State during 2018-2022 were as under:

Table 3.2.5: Tourist Arrivals in Manipur

(figures in lakh)

| Year | FTA (India) | FTA (Manipur) | DTA (India) | DTA (Manipur) | Total (Manipur) | FTA (%) | DTA (%) |
|------|-------------|---------------|-------------|---------------|-----------------|---------|---------|
| 2018 | 105.60 | 0.064 | 18,537.78 | 1.76 | 1.824 | 0.06 | 0.009 |
| 2019 | 109.30 | 0.124 | 23,219.80 | 1.65 | 1.774 | 0.11 | 0.007 |
| 2020 | 27.40 | 0.031 | 6,102.20 | 0.497 | 0.528 | 0.11 | 0.008 |
| 2021 | 15.20 | 0.006 | 6,776.30 | 0.496 | 0.502 | 0.04 | 0.007 |
| 2022 | 61.90 | 0.039 | 17,310.10 | 1.48 | 1.519 | 0.06 | 0.008 |

(FTA: Foreign Tourist Arrivals; DTA: Domestic Tourist Arrivals) to all States/UTs in India
Source: 2018 figure from India Tourism Statistics published by Ministry of Tourism and others are departmental figures. Data for 2023 were not available.

During 2018-2022, FTA in Manipur ranged merely from 0.04 per cent to 0.11 per cent of the total FTA in India. The share of DTA was even lesser which ranged merely from 0.007 per cent to 0.009 per cent of the total DTA in India. The number of tourists arriving in the State decreased during 2019, 2020, 2021 and increased during 2022. The major tourist destinations in Manipur are given in the following **Table**.

Table 3.2.6: Major Tourist Destinations in Manipur

| Category of Destination | Major Destination | Attractions |
|-------------------------|----------------------|--|
| Nature & Wild Life | Loktak Lake | It is the largest freshwater lake in northeast India famous for its unique floating swamps, known as Phumdis, and the world's only floating National Park (Keibul Lamjao). |
| | Shirui hills | Known for its scenic hill-top panorama covered with stretches of vibrant wildflowers and the rare state flower, the Shirui lily. |
| | Khangkhui Lime Caves | Enclosed by different patterns of stalagmites and stalactites, caving in here through the depth and in darkness is an enthralling experience for tourists, archaeologists, and researchers. |
| | Kangla | It is the most important historical and archaeological site in the State. Kangla served as the royal palace since the period of <i>Pakhangba</i> . The enticing beauty of the fort and the dramatic elegance of the surrounding makes it a major tourist destination for tourists. |

| Category of Destination | Major Destination | Attractions |
|-------------------------|------------------------------|--|
| Historical Site | INA Memorial | A place of great significance in India's struggle for freedom. This memorial honours the noble sacrifices made by Indian soldiers under the leadership of Netaji Subhash Chandra Bose. |
| | Imphal War Cemetery | A poignant site dedicated to soldiers who sacrificed their lives in the battle against Japanese forces during World War II. |
| Exclusive Destination | Ema Market | It is the only "all women" market in the world and the best shopping destination in the State for local and exquisite goods. |
| | Moreh | A busy town on the Indo-Myanmar border and a huge commercial hub known as Shoppers' paradise. |
| | Mapal Kangjeibung | It is the world's oldest Polo ground. |
| Culture & Heritage | Shree Shree Govindaji Temple | It is a historic Centre of the Vaishnavites in the State. Twin domes covered with gold plated sheets, paved courtyard, and large congregation hall are noted features. The presiding deity, Radha-Krishna is carved out of a jackfruit tree. |
| | Shri Bijoy Govindajee Temple | Considered the oldest temple in the State, it is believed that the elder brother of the God in the Shree Shree Govindaji Temple resides here. Peaceful and serene, the temple gives the visitor a sense of tranquility and utter bliss. |
| | Shri Gopinath Temple | It is the second largest temple in the State. The sheer grandeur of the temple shows itself in a white, humongous structure the very sight of which sends all into a transcendental state. |

Source: www.manipur tourism.gov.in

The destination-wise tourist footfall in the State was not available (except for Kangla). The details of tourist arrivals to the North-Eastern States during 2018-2022 were as under:

Table 3.2.7: Inflow of Tourists (Foreign and Domestic) in the North-Eastern States

(Figures in lakh)

| State | 2018 | | 2019 | | 2020 | | 2021 | | 2022 | |
|-------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | Tourist Arrival | Share per cent |
| Arunachal Pradesh | 5.20 | 5.88 | 5.63 | 5.67 | 0.44 | 2.27 | 1.03 | 4.07 | 2.23 | 1.87 |
| Assam | 47.26 | 53.46 | 54.75 | 55.11 | 12.74 | 65.82 | 14.10 | 55.73 | 83.91 | 70.14 |
| Manipur | 1.82 | 2.06 | 1.81 | 1.82 | 0.53 | 2.74 | 0.50 | 1.98 | 1.43 | 1.19 |
| Meghalaya | 12.16 | 13.75 | 12.71 | 12.79 | 0.27 | 1.39 | 1.55 | 6.13 | 9.45 | 7.90 |
| Mizoram | 0.77 | 0.87 | 1.66 | 1.67 | 0.31 | 1.60 | 0.87 | 3.44 | 2.21 | 1.85 |
| Nagaland | 1.06 | 1.20 | 1.31 | 1.32 | 0.11 | 0.57 | 0.24 | 0.95 | 1.00 | 0.84 |
| Sikkim | 14.97 | 16.93 | 15.55 | 15.65 | 3.36 | 17.36 | 5.23 | 20.68 | 16.94 | 14.16 |
| Tripura | 5.17 | 5.85 | 5.92 | 5.96 | 1.60 | 8.26 | 1.78 | 7.03 | 2.44 | 2.04 |
| Total | 88.41 | | 99.34 | | 19.36 | | 25.30 | | 119.61 | |

Source: India Tourism Statistics published by Ministry of Tourism

It is evident from the above **Table** that Assam continued to be the largest attraction to tourists arriving in the North-East. The tourist arrival in Manipur

ranged from merely 1.19 *per cent* to 2.74 *per cent* of the total tourist arrivals in the North-East during the period 2018-22.

3.2.9.2 Non-availability of basic facilities for tourists

Accessibility to the tourist destinations, availability of basic amenities, safety and security and cleanliness of the tourist destinations would enhance the overall tourist inflow and satisfaction.

Audit noticed that there were no dedicated public transport facilities for any of the tourist destinations in the State. For tourist accommodation, there were around 63 hotels in the district headquarters including one each of 4-star and 3-star category. For far flung hill areas, accommodations like hotels and cottages were not available but private run homestays were available. None of the homestays in the State were registered with the Tourism Department though guidelines for registration and classification of homestays were issued in 2020. There were only two tourist facilitation counters/centres in the State (one at Bir Tikendrajit International Airport and the other at TCML office).

Audit noticed that the public utility in respect of the Art and Craft Centre at Maibam Lokpa Ching Bishnupur District, Manipur was not maintained and in dilapidated condition as shown in the following photograph:



Dilapidated public toilet in Art & Crafts Centre at Nambol Maibam Lokpa ching (23/10/2023)

As per Manipur Tourism Policy, the State Government was to enact suitable legislation on travel trade/tourist police for protection and security of tourists and for providing institutional mechanism to deal with complaints received from tourists and the industry to create a better security perception amongst actual and potential visitors. However, no such legislation has been enacted till date (May 2024).

3.2.9.3 Incomplete/abandoned projects under PIDDC

The Ministry of Tourism, Government of India introduced the scheme of Product/Infrastructure Development for Destinations and Circuits (PIDDC) in 2007-08 for improving existing tourism products and developing new tourism products. Under this scheme, the first instalment (80 *per cent* of the approved cost) was to be released on sanction of the project and the second instalment (20 *per cent* of the approved cost) was to be released on the completion of the work and on receipt of the Utilisation Certificate. The scheme was discontinued

w.e.f. 2015-16. As per NEC Guidelines 2018, support from NEC was admissible for completion of PIDDC projects which were more than 50 per cent complete.

Audit noticed that out of the 17 sampled PIDDC projects, the State Government could avail full GoI grant in respect of four projects only. There was short receipt/non-availment of GoI grant in respect of the remaining 13 projects. The details of 17 sampled projects are given below:

Table 3.2.8: Status of sampled PIDDC projects

(₹ in lakh)

| Sl. No. | Name of Project | Executing Agency | Approved Cost | Date of Sanction | Stipulated date of completion | Fund Receipt | Short Receipt of GoI | Completed /Not Completed | Delay in completion as of March 2023 (Year) |
|--|--|---|-----------------|------------------|-------------------------------|----------------|----------------------|--------------------------|---|
| 1 | Construction of Art and Craft Centre at Maibam Lokpa Ching Bishnupur District, Manipur under Destination Development. | Manipur Tribal Development Corporation Limited (MTDC) | 218.36 | 28-03-2008 | 27-03-2010 | 174.7 | 43.66 | Not completed | 13 |
| 2 | Tourist Destination Development at Ishingthingbi Lake, Manipur | Manipur Tribal Development Corporation Limited (MTDC) | 315.22 | 12-11-2009 | 11-11-2012 | 252.18 | 63.04 | Not completed. | 10 |
| 3 | Integrated Development of Tourist Destination, Bishnupur, Manipur. | Manipur Tribal Development Corporation Limited (MTDC) | 357.42 | 27-03-2008 | 26-03-2010 | 285.94 | 71.48 | Not completed. | 13 |
| 4 | Tourist Destination at Khongjom War Memorial Complex, Manipur. | Manipur Development Society (MDS) | 361.16 | 08-07-2009 | 07-01-2011 | 288.90 | 72.26 | Not completed | 12 |
| 5 | Upgradation of Integrated Tourist Destination at Sendra, Moirang, Bishnupur District, Manipur) | Manipur Development Society (MDS) | 433.64 | 21-12-2009 | 20-12-2012 | 346.91 | 86.73 | Not completed | 10 |
| 6 | Integrated Tourist Destination at Kotsophai, Chakpikarong, Chandel District, Manipur | Manipur Development Society (MDS) | 480.7 | 16-08-2013 | 15-08-2014 | 96.14 | 384.56 | Not completed | 9 |
| 7 | Development of Tourist Destination at Sadu Chiru Waterfall, Senapati District. | Manipur Development Society (MDS) | 482.12 | 01-10-2014 | 30-09-2015 | 96.42 | 385.7 | Not completed | 7 |
| 8 | Integrated Tourist Destination at Chingkhei Ching, Imphal East, Manipur. | Manipur Development Society (MDS) | 485.58 | 16-08-2013 | 15-08-2014 | 97.11 | 388.47 | Not completed | 9 |
| 9 | Integrated Development of Tourist Circuit Imphal-Bishnupur-Churachandpur, Manipur | Manipur Tribal Development Corporation Limited (MTDC) | 580.32 | 22-12-2008 | 21-12-2011 | 464.26 | 116.06 | Not completed | 11 |
| 10 | Integrated Tourist Circuit at Karang-Chaoba Ching and Thanga Bishnupur District, Manipur | Manipur Development Society (MDS) | 762.89 | 31-03-2014 | 31-03-2015 | 610.3 | 152.59 | Not completed | 8 |
| 11 | Mega Project INA Memorial Complex at Moirang, Manipur. | Manipur Development Society (MDS) | 1238.59 | 02-11-2010 | 01-11-2013 | 619.3 | 619.29 | Not completed | 9 |
| 12 | Providing of Infrastructure project In and Around Imphal City. | Manipur Tribal Development Corporation Limited (MTDC) | 4095.14 | 05-12-2014 | 04-12-2015 | 819.03 | 3276.11 | Not completed | 7 |
| 13 | Development of Tourist Resort at Sendra Hillock, Water Sports Complex at Takmu and other facilities in adjoining areas of Bishnupur District, Manipur. | Manipur Development Society (MDS) | 4518.62 | 21-02-2014 | 20-08-2015 | 933.72 | 3584.90 | Not completed | 8 |
| Total | | | 14329.76 | | | 5084.91 | 9244.85 | | |
| Projects for which full GoI grant have been availed | | | | | | | | | |
| 1. | Integrated Tourist Destination at Longmai, Noney in Manipur. | Manipur Development Society (MDS) | 338.49 | 28-9-2010 | 27-9-2013 | 338.49 | Nil | Completed | |

| Sl. No. | Name of Project | Executing Agency | Approved Cost | Date of Sanction | Stipulated date of completion | Fund Receipt | Short Receipt of GoI | Completed /Not Completed | Delay in completion as of March 2023 (Year) |
|--------------------|--|---|-----------------|------------------|-------------------------------|----------------|----------------------|--------------------------|---|
| 2. | Integrated Tourist destination at Kakching Garden, Manipur | Manipur Development Society (MDS) | 478.15 | 30-09-2013 | 29-09-2014 | 478.15 | Nil | Completed | |
| 3. | Manipur Adventure and Allied Sports Institute Complex (MAASIC), Keirao, Imphal East, Manipur | Manipur Development Society (MDS) | 485.64 | 29-03-2013 | 28-03-2014 | 485.64 | Nil | Completed | |
| 4. | Infrastructure Development of Adventure Tourism Complex at Lamdan, Manipur. | Manipur Tribal Development Corporation Limited (MTDC) | 374.41 | 23-12-2008 | 22-12-2012 | 374.41 | Nil | Completed | |
| Total | | | 1676.69 | | | 1676.69 | Nil | | |
| Grand Total | | | 16006.45 | | | 6761.60 | 9244.85 | | |

From the **Table**, it could be seen that against the total approved GoI share of ₹ 160.06 crore for the 17 sampled PIDDC projects, the State Government received ₹ 67.61 crore only resulting in short receipt/non-availment of GoI share amounting to ₹ 92.45 crore. The short receipt of GoI share for the 13 projects was due to delay in completion of the projects. Further, after the closure of the PIDDC Scheme in 2015-16, the State Government could not complete the projects from its own fund.

Thus, 13 projects remained incomplete after incurring ₹ 50.85 crore and even after delays ranging from seven to 13 years from the stipulated date of completion and resultantly the objective of establishing tourist destinations/Circuit could not be achieved.

Out of the 13 incomplete projects, joint physical verification was conducted during December 2022 to October 2023 for 11 projects and it was found that nine projects with a total project cost of ₹ 88.57 crore had been abandoned after incurring a total expenditure of ₹ 25.31 crore (Details are given in **Appendix 3.4**).

In respect of the project “Tourist Destination at Khongjom War Memorial Complex, Manipur”, components such as Open-Air Theatre, Children’s Amusement Park constructed at a cost of ₹ 35.31 lakh were not found during physical verification. The structures were reported to have been demolished.

The abandonment of the nine projects before completion resulted in non-achievement of the intended objective of development of tourist destinations/circuits and ultimately resulted in wasteful expenditure of ₹ 25.31 crore (**Appendix 3.4**).

During Exit Conference (February 2024), the Department accepted the audit observations and stated that the balance part of GoI share could not be availed due to delay in completion of works by the Work Agencies. Further, the Department stated that the projects implemented by Manipur Development Society (MDS) remained incomplete as MDS was embroiled in financial irregularities and was under investigation by the Central Bureau of Investigation (CBI).

3.2.9.4 Projects under State Plan

During 2017-18 to 2022-23, thirteen Projects with a total approved cost of ₹ 76.12 crore were taken up under State Plan of which six projects with a total approved cost of ₹ 54.92 crore were sampled for audit examination. The audit findings are discussed in subsequent paragraphs:

3.2.9.4.1 Improvement and beautification of Hao Salam Eco tourist destination park

The improvement and beautification of Hao Salam Eco-tourist destination park was taken up at a cost of ₹ 1.50 crore by the Tourism Department. The Executive Engineer TP Cell-(Valley 2) was selected as the work agency and the Tourism Department transferred (October 2021) ₹ 1.37 crore to TP Cell-(Valley 2) for execution of the project after deduction of ₹ 0.13 crore towards labour cess, agency charge and GST.

The work was completed in November 2021 and handed over to the Tourism Department in December 2021. However, on Joint Physical Verification of the work site (January 2023), Audit observed that items worth ₹ 80.07 lakh were found not executed though payments had been made.

The Executive Engineer, TP Cell-(Valley 2)⁴⁶ stated (February 2024) that the unexecuted items have now been executed. However, payment of ₹ 80.07 lakh was made based on false entries in the measurement book and undue financial benefit was given to the work agency. Also, the destination park was yet to be opened to the public thereby resulting in idle expenditure of ₹ 1.50 crore.

During the Exit Conference (February 2024), the Department stated that a District Management Committee (DMC) would be entrusted with the maintenance and upkeep of the completed assets.

3.2.9.4.2 Development of Eco-Tourism Destinations in each Assembly Constituency

(a) Delays in completion and non-utilisation of created assets

The Government of Manipur decided (October 2020) to develop Eco-Tourism Destination in each Assembly Constituency (AC) at a cost of ₹ 50 lakh per AC through respective District Rural Development Agency (DRDA). Out of ₹ 50 lakh, ₹ 30 lakh was to be funded from the State Plan and ₹ 20 lakh was to be funded from MLA Local Area Development Fund (MLALAD). The project was taken up with the objective of promoting tourism and providing sustainable income for local communities.

Audit noticed that out of 27 Eco-Tourism Destinations executed by the four sampled DRDAs (Imphal West DRDA-13, Bishnupur DRDA-06, Senapati DRDA-06 and Chandel-02), the construction works of Eco-Tourism Destinations under three Assembly Constituencies (Sagolband, Bishnupur and

⁴⁶ Renamed as Engineering Cell (Valley-2) under Health & Family Welfare Department

Moirang⁴⁷) had not commenced till date of audit (October 2023). In 11 ACs, works had not been completed despite delays ranging from eight to 15 months from the stipulated date of completion. Out of the remaining 13 works, nine works were completed with delays ranging from one to 12 months (Details are given in **Appendix 3.5**).

The agencies for operation and maintenance of the completed Eco-Tourism Destinations in 13 ACs were yet to be selected (May 2024) and there was no record of any tourist footfall in any of these destinations. During joint physical verification (January to March 2023) of the destinations, Audit observed that items of works in 14 ACs worth ₹ 2.88 crore remained unexecuted though payments had been made. Further, Audit observed that the destinations lacked attraction and the constructed infrastructures were lying idle/unutilised resulting in idle expenditure of ₹ 6.50 crore (13 x ₹ 50 lakh).

The Department had not furnished any specific reply regarding the unexecuted items worth ₹ 2.88 crore till date (May 2024). On non-utilisation of the created assets, the Department stated (February 2024) that the assets could not be utilised due the present turmoil in the State since May 2023 and a District Management Committee would be entrusted for maintenance and upkeep of the completed assets.

(b) Wasteful Expenditure due to wrong selection of site

The work “Development of Eco-Tourism Destination in Moirang Assembly Constituency” was taken up at Moirang Sendra Foothill near Hubida Lake by DRDA-Bishnupur. The work order was issued (September 2021) to the Secretary of the Construction Committee of Moirang AC with the stipulation to complete the work within six months *i.e.* by March 2022. The proposed site for the work at Moirang Sendra Foothill near Hubida Lake, was approved by the Government in May 2021.

The first installment of ₹ 14.22 lakh was released in November 2021 to the Construction Committee. However, as the progress of the work was slow, Show Cause Notice was issued (May 2022) to the Secretary of the Construction Committee. In June 2022, the Executive Director, DRDA Bishnupur directed Sub Divisional Officer-Moirang to re-verify the project site as the site was likely within the areas already acquired by Director, Youth Affairs and Sports (YAS) and accordingly the construction committee was informed to stop the construction work. On re-verification, it was confirmed that the site had already been acquired by YAS Department and thereby no construction work was taken up further.

The value of the work executed by the Construction Committee worked out to ₹ 5.52 lakh and as such the construction committee was intimated in August and September 2022 to refund the balance amount of ₹ 8.70 lakh. However, the

⁴⁷ Work site changed after incurring ₹ 5.52 lakh and construction work not started in the new site.

amount was yet to be refunded by the construction committee as on the date of audit (January 2023).

Thus, inappropriate site selection resulted in wasteful expenditure of ₹ 14.22 lakh (including amount of ₹ 8.70 lakh which was not refunded).

During Exit Conference (February 2024), the Department accepted the audit observation and stated that the construction work was taken up based on “No Objection Certificate” for the selected site issued by the then Sub-Divisional Officer, Moirang.

However, lack of due diligence in site selection resulted in wasteful expenditure of ₹ 14.22 lakh.

(c) Excess payment of consultancy charge for preparation of DPR.

Survey and Investigation are critical activities for preparation of any Detailed Project Report (DPR). The DPR for the project “Development of Eco-Tourism Destination in each Assembly Constituency” was prepared by M/S Rajeshor & Associate (approved architect for tourism projects under TCML). However, no work order/agreement was on record.

The DPR for the project was prepared as a model DPR for the 60 Assembly Constituencies of the State and the honourable Chief Minister released the model DPR on 27th September 2020. The DPR contained only estimates and drawings and did not mention the objective of the project and its cost benefit analysis. The Project sites were approved by the Government in 2021 indicating the fact that the DPR had been prepared without any survey and investigation of the proposed sites.

The cost of preparation of DPR was ₹ 0.52 lakh and accordingly, the Architect submitted bill of ₹ 0.52 lakh for preparation of the model DPR. However, the Director (Tourism) in its letter dated 9th May 2021 intimated all Deputy Commissioners (Executive Directors, DRDA) executing the project to release consultancy charge @ ₹ 0.52 lakh per AC. Accordingly, DRDA-Imphal West, DRDA-Bishnupur, DRDA-Senapati and DRDA-Chandel incurred ₹ 6.21 lakh⁴⁸, ₹ 2.07 lakh, ₹ 3.10 lakh and ₹ 1.03 lakh respectively towards payment of consultancy charge.

The payment of consultancy charge to the consultant for every AC for preparation of a single model DPR was irregular and resulted in excess expenditure of ₹ 11.89 lakh in respect of the four sampled districts.

The Department stated that the consultancy charge included expenditure for printing, binding, site visit, modification of design or layout based on terrain of the proposed project site and monitoring of each AC.

The reply is not acceptable as it was not supported by any documentary evidence of site visit, modification of design and monitoring of the project sites.

⁴⁸ For 12 ACs excluding Sagolband AC (work had not been started as on January 2023)

3.2.9.4.3 Idle expenditure on construction of Guest house at Saivom Village, Tengnoupal

The State Government accorded (March 2018) Administrative Approval & Expenditure Sanction amounting to ₹ 35.00 lakh for the work “Construction of Guest house at Saivom Village”. Initially, the Tourism Department engaged (August 2018) Manipur Infrastructure Development Agency (MIDA) as the Work Agency. However, the Work Agency was changed (December 2019) to Manipur Police Housing Corporation Limited (MPHCL) as MIDA could not commence the work.

The Construction of the Guest House was completed at a cost of ₹ 33.67 lakh and handed over to the Tourism Department in February 2021. However, the Guest House was yet to be inaugurated and opened to the public. The Tourism Department had not recruited staff to run the Guest House. On Physical Verification (April 2023), Audit observed that the Guest House was lying idle even after more than two years of its completion. The Tourism Department had not taken up any step to furnish and operate the Guest House. The Guest House was found un-authorisedly utilised by the Village Level Federation, indicating non-utilisation of the Guest House for the intended purpose.

During Exit Conference (February 2024), the Department stated that a District Management Committee (DMC) would be entrusted for maintenance and upkeep of the completed assets.

3.2.9.5 Projects under the funding of North Eastern Council (NEC)

The audit finding on implementation of Projects under NEC are discussed in subsequent paragraphs:

3.2.9.5.1 Non- completion of Renovation works at Yatri Niwas at Moreh

The project of “Renovation of Yatri Niwas at Moreh” to provide accommodation to tourists was sanctioned in March 2011 under NEC funding at a cost of ₹ 4.08 crore with the stipulation to complete the work by March 2014. The entire project cost was to be borne by NEC. The work was implemented by Manipur Development Society (MDS). NEC had released a total amount of ₹ 3.58 crore directly to MDS in three instalments during March 2011 to May 2014.

Audit observed that the work had been 60 *per cent* physically completed and a total expenditure of ₹ 1.14 crore had been incurred as of October 2023. The project remained incomplete despite a delay of over nine years from the stipulated date of completion and despite having un-utilised fund of ₹ 2.44 crore with the work agency.

Thus, the objective of providing accommodation to tourists could not be achieved due to non-completion of the project thereby rendering expenditure of ₹ 1.14 crore idle.

During Exit Conference (February 2024), the Department stated that the work could not be completed due to involvement of the work agency in financial

irregularities cases. Regarding parking of unutilised fund, the Project Director (MDS) stated that the case is being investigated by CBI and the status would be intimated once the CBI clears the case.

3.2.9.5.2 Non-utilisation of Infrastructure Developed at Tourist Destination at Shanthei Natural Park

The project of “Infrastructure Development of Tourist Destination at Shanthei Natural Park-Andro” was taken up under NEC funding at a sanctioned cost of ₹ 4.78 crore. The objective of the project was to strengthen the aesthetic view of the existing natural park for promoting eco-tourism. The work was entrusted to Education Engineering Wing by the Tourism Department in 2014. The work was completed in April 2017 and inaugurated in June 2017. The components of the project *inter alia* included Cafeteria, Vehicle Parking, Yard lighting & Illumination and Landscaping.

On physical verification (September 2023) of the project site with the officials of Education Engineering Wing, Audit observed that the cafeteria constructed at a cost of ₹ 32.63 lakh was still lying idle/unutilised. The construction of vehicle parking was found abandoned before completion after incurring expenditure of ₹ 6.44 lakh. None of the 35 Solar Lights installed at a cost of ₹ 23.63 lakh were found working. Moreover, landscaping items worth ₹ 71.82 lakh (1,998 Arica Palm-₹ 9.99 lakh, 5,870 Juniperous plant-₹ 46.96 lakh, 2,990 Jasmine Plant-₹ 2.39 lakh, Standard Doob Grass Lawn-₹ 1.98 lakh, Land development including filling up of good earth fit for plantation & making of doob grass lawn-₹ 10.50 lakh) were not found.

The non-utilisation of the asset (Cafeteria), the abandonment of work before completion (Vehicle Parking), the non-functioning of the solar lights and unsuccessful plantation work under landscaping resulted in wasteful expenditure of ₹ 1.34 crore.

The Executive Engineer (EE), Education Engineering Wing stated that the non-functioning of the solar lights, Cafeteria, and mortality of huge number of plants for landscaping was due to non-maintenance by the Tourism Department. Further, the EE stated that the vehicle parking could not be completed due to shortage of fund. The Tourism Department stated that tender had been floated for operation and maintenance of the park and approval of the Government for finalisation of bidder was awaited (May 2024).

However, non-utilisation of the assets after construction and non-maintenance of the park resulted in wasteful expenditure of ₹ 1.34 crore.

3.2.9.6 Projects under Swadesh Darshan

Ministry of Tourism (MoT), GoI, launched (2014-15) the Swadesh Darshan Scheme for integrated development of theme-based tourist circuits in the country. This scheme was envisioned with the idea of positioning the tourism sector as a major engine for job creation, driving force for economic growth, building synergy with various sectors to enable tourism to realise its potential.

Under the Scheme, the Ministry of Tourism, GoI sanctioned two projects at an estimated cost of ₹ 117.56 crore for Manipur. The projects were fully funded by the Ministry of Tourism. The two projects were completed at a total cost of ₹ 103.55 crore with delays of 13 months and 27 months. The details of the two projects are given below:

Table 3.2.9: Projects under Swadesh Darshan Scheme

(₹ in crore)

| Sl. No. | Name of Project | Project Cost | Date of Sanction | Stipulated date of completion | Actual date of completion | Delay in completion | Expenditure |
|--------------|---|---------------|------------------|-------------------------------|---------------------------|---------------------|---------------|
| 1 | Development of Tourist Circuit in Manipur: Imphal-Khongjom under North East Circuit of Swadesh Darshan scheme. | 72.23 | 29-06-2015 | 28-06-2017 | 14-08-2018 | 13 months | 60.64 |
| 2 | Development of Spiritual Circuit in Manipur: Shri Govindaji Temple-Shri Bijoy Govindajee Temple Shri Gopinath Temple- Shri Bungsibudon Temple-Shri Kaina Temple under Swadesh Darshan Scheme. | 45.33 | 25-07-2016 | 24-07-2018 | 28-10-2020 | 27 months | 42.91 |
| Total | | 117.56 | | | | | 103.55 |

The audit findings on implementation of these projects are discussed in subsequent paragraphs:

3.2.9.6.1 Wasteful expenditure on Development of Tourist Circuit in Manipur: Imphal-Khongjom under North East Circuit

The project “Development of Tourist Circuit in Manipur: Imphal-Khongjom” was taken up by the Tourism Department through the Public Works Department as the work agency. The work was completed (August 2018) by the Monitoring & Quality Control Division of Public Works Department at a cost of ₹ 60.64 crore and handed over (October 2018) to Tourism Department. One of the components of the project was installation of Light and Sound Show at Kangla. The installation of Light and Sound Show was completed at a cost of ₹ 6.35 crore with inauguration on 14 August 2018.

In preparation for opening the show to the public, trial runs were conducted to ensure proper functioning of the show. However, the Light and Sound Show was never opened to the public except for selected guests during Sangai Festival 2019.

On physical verification (November 2023) of the works taken up at Kangla, Audit observed that major hardware equipment like projectors, servers, uninterruptible power supply (UPS) were not functional, and the gallery was found damaged due to lack of operation & maintenance.

The non-opening of the light and sound show for public after its inauguration on 14 August 2018 and lack of operation & maintenance rendered the Light and Sound Show non-functional thereby resulting in wasteful expenditure of ₹ 6.35 crore incurred for the work including its installation.

During Exit Conference (February 2024), the Department accepted the audit observation and stated that the Light & Sound Show had never been opened to

the public after its trial run. The Department also stated that the public show could not be performed after inauguration due to strong objection from the Commissioner (Arts & Culture). Further, the Department stated that all the tools & equipment were outdated, and replacement was not possible as they are no longer manufactured.

Thus, the execution of the work of light and sound show without holding deliberations with other stake holders resulted in wasteful expenditure of ₹ 6.35 crore.

3.2.9.6.2 Non-utilisation of infrastructure developed at the Spiritual Circuit in Manipur

The project “Development of Spiritual Circuit in Manipur-Shri Govindaji Temple and Shri Bijoy Govindajee Temple at Imphal, Shri Gopinath Temple at Ningthoukhong, Shri Bungsibudon Temple at Thoubal and Shri Kaina Temple at Yairipok” was taken up by the Tourism Department through the Public Works Department. The Building Division-I of Public Works Department was the Executing Agency.

The work was completed in October 2020 at a cost of ₹ 42.91 crore and handed over to Tourism Department in January 2021. During physical verification (November 2022) along with officials of the executing division, Audit observed that assets worth ₹ 16.82 crore were either lying idle/unutilised or not utilised for the intended purposes. The details are given below:

Table 3.2.10: Details of Assets lying idle/not utilised for intended purposes

(₹ in crore)

| Sl. No. | Component | Cost of construction | Result of Physical Verification |
|-------------------------------------|-------------------------|----------------------|--|
| Shri Govindajee Temple | | | |
| 1. | Multipurpose Hall | 2.90 | First floor found modified and utilised as living rooms. 2 nd floor was empty and dirty due to non-maintenance. |
| 2. | Reception cum cloakroom | 0.14 | Utilised as living room for Village Defence Force personnel |
| 3. | Facilitation Centre | 3.28 | Ground floor (nine rooms) fully occupied by Pala loisang and other temple personnel. First floor-nine rooms and one hall empty were not furnished. |
| 4. | Interpretation Centre | 1.10 | Utilised as accommodation for Pandit Loishang and Maibi Loishang |
| 5. | CCTV Camera System | 0.09 | Non-functional |
| Shri Bijoy Govindajee Temple | | | |
| 1. | Administrative Office | 0.31 | Found utilised as kitchen |
| 2. | CCTV Camera | 0.07 | Reported as not working since installation |
| Shri Gopinath Temple | | | |
| 1. | Multipurpose Hall | 4.62 | The three rooms and one hall at first floor was yet to be furnished and as such lying idle. |

| Sl. No. | Component | Cost of construction | Result of Physical Verification |
|---------------------------------|---|----------------------|--|
| Shri Bungshibodon Temple | | | |
| 1. | Administrative Office | 0.89 | The Administrative Office was lying idle/unutilised. |
| 2. | Compound lighting including façade lighting | 0.64 | The two high mast lights were not working, six of the eight flood lights were without electric connection. |
| 3. | Toilet Block & Hand wash Station | 0.17 | There was no water supply. |
| 4. | CCTV Camera System | 0.04 | Reported not working since installation |
| Shri Kaina Temple | | | |
| 1. | Multipurpose hall | 2.57 | Lying idle since construction as there was already a multipurpose hall of 500 capacity. |
| Total | | 16.82 | |

Thus, the assets created at a cost of ₹ 16.82 crore in five temples for Development of Spiritual Circuits were either lying unutilised or not utilised for the intended purposes.

The Department stated that, as the assets were constructed at the famous ritual places of the State, the State Government had handed over the assets to the concerned Temple Board/Committee during the inauguration of the project and the temple Boards/Committees are responsible for maintenance of these assets.

The reply was not acceptable because the Government should ensure that the assets are utilised only for the purpose for which they are created. However, there was either non-utilisation of assets, non-functioning of assets or utilisation of assets for purposes other than the intended purposes.

3.2.9.7 Projects under Special Assistance to States for Capital Expenditure

During 2017-18 to 2022-23, three Projects with a total approved cost of ₹ 131.61 crore were taken up under Special Assistance to States for Capital Expenditure. All the three projects were selected for the Performance Audit. The projects were yet to be completed despite delays ranging from three months to eleven months. The details of the projects are given below:

Table 3.2.11: Projects under Special Assistance to States for Capital Expenditure

(₹ in crore)

| Sl. No. | Name of Project | Project Cost | Stipulated date of completion | Status as of March 2023 | Delay as of March 2023 | Upto date expenditure (as of March 2023) |
|--------------|--|---------------|--------------------------------------|-------------------------|------------------------|--|
| 1 | Development of Ropeway Project at Ibudhou Marjing, Heingang, Imphal East, Manipur. | 51.61 | EPC- December 2022 Civil- March 2023 | Ongoing | EPC-3 months | 16.42 |
| 2 | Development of Water Amusement Park at Thenguchingjin, Imphal East, Manipur. | 40.00 | April 2022 | Ongoing | 11 months | 34.25 |
| 3 | Development of INA Headquarters at Moirang | 40.00 | June 2022 | Ongoing | 9 months | 23.03 |
| Total | | 131.61 | | | | 73.70 |

The audit findings on implementation of the projects are discussed in subsequent paragraphs:

3.2.9.7.1 Development of Ropeway Project at Ibudhou Marjing, Heingang, Imphal East, Manipur.

(a) Commencement of execution of the work without obtaining Environmental Clearance and Forest Clearance

The work “Development of Ropeway Project at Ibudhou Marjing, Heingang, Imphal East, Manipur” was approved (October 2020) by the Ministry of Finance at a cost of ₹ 35.00 crore under Special Assistance to States for Capital Expenditure. The total project cost was ₹ 51.61 crore and the State Government had to bear the additional amount of ₹ 16.61 crore. The stipulated date of completion of the work was March 2023. The objective of the project was to develop Ibudhou Marjing, Heingang as a tourist destination.

As per the Environment Impact Assessment (EIA) notification issued (2006) by the Ministry of Environment and Forest (MoEF), no Aerial Ropeways project shall be undertaken without prior environmental clearance from the State Level Environment Impact Assessment Authority. Further, as per Section 2 of the Forest Conservation Act, 1980, prior approval of GoI was mandatory for use of forest land for non-forest purposes.

Audit observed that forest clearance was required for diversion of 0.9001 ha of forest land for the project. The Tourism Department applied (February 2022) for forest clearance and in-principle/Stage-I approval of the Central Government was obtained (January 2023). The State Forest Department intimated (February 2023) the Tourism Department for payment of ₹ 18.72 lakh as cost of Net Present Value, Compensatory Afforestation and cost of felling trees and erection of boundary pillars. Audit noticed that no payment in this regard had been made as of August 2023. As such, the State Forest Department had not handed over the forest land to the Tourism Department till date (August 2023). However, the construction work had been carried out in forest land and expenditure of ₹ 16.42 crore had been incurred till date (March 2023). Also, there was no environmental clearance for the project.

Thus, the execution of the project without obtaining Forest Clearance and Environmental Clearance was highly irregular.

During Exit Conference (February 2024), the Department accepted the fact that the Ropeway project had started before obtaining forest clearance and environmental clearance. Further, the Department stated that payment for compensatory afforestation would be made in due course and intimated to audit. However, the latest status in this regard has not been furnished till date (May 2024).

(b) Non-completion of project

The ancillary work (Civil works, Electrical work, Development works, Fire Extinguisher *etc.*) of the project “Development of Ropeway Project at Ibudhou

Marjing, Heingang, Imphal East, Manipur” was awarded (July 2022) to a local contractor at ₹ 20.16 crore with the stipulation to complete the work by March 2023.

As per Progress Report and Joint Physical Verification, Audit noticed that construction of only one component (*i.e.* Main Gate) out of the 12 components had been taken up as of March 2023. However, audit examination of Measurement Book and vouchers revealed that the payment of ₹ 1.96 crore was made to the contractor out of which works valued at ₹ 0.71 crore were not actually executed.

Thus, payment of ₹ 0.71 crore was made to the contractor based on the false entries in the Measurement Book. Moreover, execution of 11 out of 12 components of the project had not yet commenced thereby resulting in delayed achievement of the objective of developing the spot as a tourist destination.

No specific reply was furnished by the Department (May 2024).

3.2.9.7.2 Delay in completion of Development of Water Amusement Park at Thenguchingjin, Imphal East, Manipur.

The Project “Development of Water Amusement Park at Thenguchingjin” was taken up at a cost of ₹ 40.00 crores with the objective of developing the spot as main tourist destination. The Tourism Department entrusted the work (December 2020) to Manipur Police Housing Corporation Limited (MPHCL). The Tourism Department had deposited a total amount of ₹ 36.00 crores to MPHCL in three instalments during the period from June 2021 to June 2022.

The Project was split into two components-EPC Contract for Survey & Planning, Design & Construction, Supply & Installation, Testing & Commissioning, Supervision for Operation & Maintenance for three months and Construction of Secondary Civil Components, IEI, Solar Lighting, CCTV and PA System. The EPC contract was awarded in July 2021 at a cost of ₹ 31.74 crore with the stipulation to complete the work by April 2022 and the work for secondary civil components was awarded in October 2021 at ₹ 3.61 crore with the stipulation to complete by April 2022.

Audit noticed that the works were not completed till the date of audit (April 2023) despite a delay of 12 months from the stipulated date of completion. Thus, the objective of developing Thenguchingjin as a major tourist destination was not achieved till the date of audit (April 2023).

As per agreement, liquidated damages shall be levied for delay in completion of the works for reasons attributable to the contractor @ 1.5 *per cent* of tendered value of work per month of delay up to a maximum of 10 *per cent* of the tendered amount. However, no compensation for delay in completion of the work was levied on the contractors resulting in undue favour to the contractor.

The Department stated (May 2025) that the project was completed and inaugurated in March 2024, however, no reply was furnished regarding delay in completion of work and non- levy of compensation on the contractor.

3.2.9.7.3 Delay in Development of INA Headquarters at Moirang

The Government of India sanctioned ₹ 40.00 crore (January 2022) for the development of INA Headquarter at Moirang, Bishnupur District, Manipur. However, the State Government released ₹ 30.81 crore to the Tourism Department for implementation of the project. The work was entrusted to MPHCL, and the work was awarded in December 2021 at a cost of ₹ 25.79 crore (excluding labour cess and agency charge) with the stipulation to complete the work by July 2022.

Audit noticed that three items of work (installation of water fountain, pond development and Gazebo in pond area) valued at ₹ 2.75 crore were yet to be commenced as of March 2023 despite a delay of eight months from the stipulated date of completion. Moreover, the construction of parking area and gates were not completed till the date of audit (March 2023).

As per clause 2 of the Conditions of Contract, the contractor if fails to complete the work within the stipulated date shall be liable to pay an amount of compensation equal to one and half *per cent* per month on the tender value of the work for every month that the quantity of work remains incomplete subject to a maximum of 10 *per cent* of the Tender Value of the work. As such, the Contractor was liable to pay compensation for delay (10 *per cent* of the tendered value). However, records made available did not indicate levy of compensation on the contractor for delay in completion of the work.

No reply was furnished by the Department (May 2024).

3.2.9.8 Projects under Non-Lapsable Central Pool of Resources

The two NLCPR projects costing ₹ 20.80 crore implemented during 2017-18 to 2022-23 were selected for the Performance Audit. The details of the projects are given below:

Table 3.2.12: Projects under NLCPR

| Sl. No. | Name of Project | Project Cost (₹ in crore) | Stipulated date of completion as per Sanction Order | Status as on March 2023 | Delay | Upto date expenditure (₹ in crore) |
|---------|---|---------------------------|---|----------------------------|-----------|--|
| 1 | Eco- Tourism project at Cheiraoching (Thangmeiband), Imphal west. | 13.30 | December 2019 | Completed in February 2021 | 14 months | ₹14.15 crore (including outstanding Advance of ₹ 4.18 crore & cost of stores ₹ 2.38 crore) |
| 2 | Development of Cave Tourism Project at prominent Tourist sites at Khangkhui Cave, Ukhrul District, Manipur. | 7.50 | November 2019 | Completed in December 2022 | 36 months | ₹ 7.11 crore |
| | | 20.80 | | | | 21.26 |

Audit findings on implementation of the Projects are discussed in subsequent paragraphs.

3.2.9.8.1 Idle expenditure on Eco-Tourism project at Cheiraoching, Thangmeiband

The project “Eco-Tourism project at Cheiraoching, Thangmeiband, Imphal West” was sanctioned (December 2017) by the Ministry of Development of North-Eastern Region (MoDONER) at a cost of ₹ 13.30 crore under NLCPR. The Central share was ₹ 11.63 crore, and the balance amount of ₹ 1.67 crore was to be borne by the State Government. The MPHCL was the Executing Agency of the project.

The work was completed and handed over to the Tourism Department in February 2021. On joint physical verification (August 2023) of the project site along with Officials of MPHCL, Audit observed that components of the project such as Resource Building, Information Centre, Ticket Counter and Public Toilet were lying idle/unutilised. The Department had not deployed any staff to make the project operational. Thus, the assets created under Eco-Tourism project at Cheiraoching, Thangmeiband, Imphal West” were lying idle.

The Department stated (March 2024) that the management of the assets was entrusted to Cheiraoching Management Committee on trial basis in the year 2021 and had been put on hold after COVID pandemic in the year 2021-22.

The reply of the Department is not acceptable as the project is still not operational even after COVID pandemic.

3.2.9.8.2 Un-utilised infrastructure regarding ‘Development of Cave Tourism Project at prominent tourist sites at Khangkhui Cave, Ukhrul District’

The work “Development of Cave Tourism Project at prominent tourist sites at Khangkhui Cave, Ukhrul District” was sanctioned (December 2017) by the Ministry of Development of North-Eastern Region at a cost of ₹ 7.5 crore under NLCPR. The Central share was ₹ 6.55 crore, and the balance amount of ₹ 0.95 crore was to be borne by the State Government. MPHCL was the Executing Agency of the project.

The work was completed in December 2022 at a cost of ₹ 7.11 crore. On Joint physical verification (April 2023), Audit observed that components of the project such as tourist lodge and community hall were lying unutilised.

During Exit Conference (February 2024), the Department stated that the project was recently inaugurated, and steps are being taken up for handing of the project to local authorities.

3.2.9.9 Project under Shyama Prasad Mukherjee Rurban Mission (SPMRM)

Shyama Prasad Mukherji Rurban Mission (SPMRM) was launched in February 2016. The Mission strives to strengthen rural areas by providing economic, social and infrastructure amenities, thus leading to sustainable and balanced regional development in the country.

Audit findings are discussed below:

(i) Payments without execution of works on Establishment of Eco-Tourism Park at Thangal Surung

Rural Development and Panchayati Raj Department (RD&PR) entrusted Tourism Department for Establishment of Eco-Tourism Park at Thangal Surung under SPMRM at a cost of ₹ 99.98 lakh. The RD & PR Department transferred (October 2020) ₹ 50.60 lakh to Tourism Department for execution of the project.

The Office of the Executive Engineer Technical and Promotion Cell-(Valley 2) was selected as the work agency and the Tourism Department transferred (April 2021) ₹ 50.60 lakh to Technical and Promotion Cell-(Valley 2) for execution of the project.

The work consisted of 12 components and work orders for the twelve components were awarded in April 2021 and utilisation certificate for ₹ 50.60 lakh was submitted to Tourism Department in July 2021.

On joint physical verification of the work site (January 2023), Audit observed that items of works amounting to ₹ 19.55 lakh had not been executed though payments had been made for those items. The details of the items not executed are given below:

Table 3.2.13: Details of items not executed

(₹ in lakh)

| Sl. No. | Component | Items not yet executed | Amount paid for unexecuted items (in ₹) |
|--------------|----------------------|--|---|
| 1 | Booking Counter | Wood work, panelled and glazed shutter, Steel Work and Plastering | 1.13 |
| 2 | Drinking Water Point | GI Pipe fittings (Item No 22) not executed but ₹ 42550 paid | 0.42 |
| 3 | Community Toilet | Steel Reinforcement | 4.12 |
| 4 | Pavement | Not started/executed at the proposed location in the DPR | 4.40 |
| 5 | Gate | Item No 9 (Steel Work) and 10 (Plastering) | 2.31 |
| 6 | Solar Lights-10 Nos | Not started/executed | 4.45 |
| 7 | Landscaping | Standard Doob Grass Lawn, plantation and allied works and balance work of land preparation and land development work | 2.72 |
| Total | | | 19.55 |

Thus, payment of ₹ 19.55 lakh was made to the contractors without execution of works. Further, the work remained abandoned since July 2021 due to non-receipt of the balance fund. The abandonment of the work resulted in wasteful expenditure of ₹50.60 lakh. The following photographs show the major incomplete components of the project:



Gate (as on 21st January 2023)



*Drinking water point
(As on 21st January 2023)*



Booking Counter (As on 21st January 2023)



Toilet (As on 21st January 2023)

During Exit Conference (February 2024), the Department stated that the project could not be completed since the Ministry had stopped releasing funds. However, reason for non-release of fund by the Ministry was not stated. No specific reply was furnished for the unexecuted items of work (May 2024).

3.2.9.10 Central Financial Assistance for setting up new Institute of Hotel Management

Establishment of State Institute of Hotel Management at Nongmaiching Ching

(a) Payment for suspected execution of work

The Ministry of Tourism accorded Administrative and Financial Sanction of ₹ 12.00 crore for setting up of the State Institute of Hotel Management (SIHM) at Nongmaiching, Imphal.

The construction work of State Institute of Hotel Management (SIHM) was entrusted to MDS in March 2014. In June 2015, MDS submitted Utilisation Certificate (UC) to Tourism Department for ₹ 1.00 crore claiming that the amount had been utilised from its own resources for construction of RCC Approach Road, Compound Fencing and Land Development and requested Tourism Department to deposit the amount.

The incumbent Director in his field visit on 28 May 2018 along with representatives from MIDA confirmed that no work of SIHM had been started by MDS. Thereafter, the work agency was changed from MDS to MIDA in July 2018. In the same month, the Chief Engineer, MDS once again requested

Director (Tourism) to release/deposit the amount of ₹ 1.00 crore for which UC had been submitted by them. In August 2018, the Director informed the Chief Engineer, MDS to submit details of the works executed for the project along with the measurement, photos of work. As against the earlier claimed amount of ₹ 1.00 crore, the Project Director, MDS submitted a claim of ₹ 34.46 lakh for construction of compound wall fencing at Eastern and Western side and main gate. Audit observed that there were two separate bills for the same work. As the bills had two separate completion dates for the same work, the bills appeared fictitious. However, the Department could not detect the irregularity and did not insist on relevant documents such as tender papers, work order copy and measurement book *etc.* before paying ₹ 34.47 lakh to MDS.

As the incumbent director had in his field visit confirmed that no work for SIHM had been executed by MDS, the payment of ₹ 34.47 lakh to MDS based on fictitious bills was not acceptable.

Thus, the Department made payment of ₹ 34.47 lakh to MDS based on fictitious bills.

The Department had not furnished any specific reply (May 2024).

(b) Excess Payment

The work “Establishment of State Institute of Hotel Management at Nongmaiching Ching” *inter alia* included “Construction of compound fencing” which was awarded to a local contractor in July 2019 at a tendered amount of ₹ 69.82 lakh with the stipulation to complete the work by January 2020.

The work was initially taken up by MIDA and 1st RA bill amounting to ₹ 32.81 lakh had been paid to the contractor by MIDA in September 2019. The balance work was handed over to MPHCL in December 2019.

Audit scrutiny revealed that MPHCL paid an advance of ₹ 25.00 lakh to the contractor in March 2020. Thereafter, the contractor was paid ₹ 33.45 lakh in July 2023 (2nd RA bill). The payment of ₹ 25.00 lakh advance to the contractor was overlooked by MPHCL, and no recovery was made. Thus, as against the tendered amount of ₹ 69.82 lakh, the contractor had been paid a total amount of ₹ 91.26 lakh resulting in overpayment of ₹ 21.44 lakh (excess over tendered amount).

The work agency (MPHCL) stated (September 2023) that the advance was not recovered from the contractor’s bill through oversight and the contractor had been informed for refund of the amount. However, no further reply has been received (May 2024).

3.2.9.11 Projects under North East Special Infrastructure Development Scheme (NESIDS)

Incomplete works on Development of Road Connectivity from Khabam Lamkhai to Hannaching Heingang via Marjing Polo Complex, Heingang Ching, Imphal East

The project “Development of Road Connectivity from Khabam Lamkhai to Hannaching Heingang via Marjing Polo Complex, Heingang Ching” was sanctioned (December 2018) by MoDONER at a cost of ₹ 29.20 crore (Central Share-₹ 25.48 crore & State Share-₹ 3.72 crore). The objective of the project was to develop well connected tourist circuit for promotion of pilgrimage at the tourist sites of Marjing Polo Complex, Hannaching and Khabam Lamkhai. The Tourism Department entrusted the work to MPHC.

MPHC awarded the work (March 2019) to a local contractor at a cost of ₹ 26.99 crore with the stipulation to complete the work by March 2020. An expenditure of ₹ 22.16 crore was incurred, and the work was not yet completed (November 2023). Audit observed that out of ten components, only two components had been completed as of March 2023. In respect of five components, the physical progress ranged from 25 *per cent* to 98 *per cent*. Three components were yet to commence. Thus, the work remained incomplete after incurring expenditure of ₹ 22.16 crore despite a lapse of three years from the stipulated date of completion.

During Exit Conference (February 2024), the Department attributed the delay due to land acquisition issues and stated that the matter was being taken up by the District Administration.

Thus, the execution of the project without clear site resulted in delay in completion of the project and the objective of the project was yet to be achieved.

3.2.10 Promotion of Tourism

(a) Festivals

The State celebrates various tourism festivals every year to showcase the tourism potential of the State with a view to promoting the State as a world class tourist destination. Among these festivals, the Sangai Festival and the Shirui Lily Festival are the major festivals which started from 2010 and 2017 respectively. The Sangai Festival is held in the month of November. The first, 2nd, 3rd and 4th Shirui Lily Festivals were held in May 2017, April 2018, October 2019 and May 2022. Due to Covid-19 pandemic, these festivals were not held in 2020 and 2021.

The Sangai Festival is labelled as the grandest festival of the State and helps promote the State as a world class tourism destination. The Festival showcased the tourism potential of the State in the field of Arts & Culture, Handloom, Handicrafts, indigenous sports, cuisine, Music and Adventure sports of the state

etc. The Shirui Lily festival showcases cultural events, artifacts, games, music and food of the State in general and particularly that of the Tangkhul Naga tribe. The expenditure incurred during last five years for organising Sangai and Shirui lily festival were as below:

Table 3.2.14: Expenditure for organising Sangai and Shirui Festival

| (₹ in crore) | | | |
|--------------|-----------------|----------------------|-------------------|
| Year | Sangai Festival | Shirui Lily festival | Total Expenditure |
| 2017-18 | 11.21 | 2.08 | 13.29 |
| 2018-19 | 10.72 | 5.05 | 15.77 |
| 2019-20 | 8.43 | 3.15 | 11.58 |
| 2020-21 | 0.00 | 1.00 | 1.00 |
| 2021-22 | 0.00 | 0.00 | 0.00 |
| 2022-23 | 17.55 | 4.63 | 22.18 |
| Total | 47.91 | 15.91 | 63.82 |

Source: Departmental figures

The expenditure was incurred from State Plan except for ₹ 20.00 lakh from NEC during 2018-19. Thus, the Tourism Department incurred a total expenditure of ₹ 63.82 crore in organising the Sangai Festival and Shirui Lily Festival during 2017-18 to 2022-23. The details of tourist footfall during 2019 to 2022 were as below:

Table 3.2.15: Month wise Tourist Footfall

| Month | 2019 | | | 2020 | | | 2021 | | | 2022 | | |
|--------------|-----------------|--------------|---------------|---------------|--------------|---------------|--------------|------------|---------------|-----------------|-------------|-----------------|
| | DTV | FTV | Total | DTV | FTV | Total | DTV | FTV | Total | DTV | FTV | Total |
| January | 12,904 | 1,385 | 14,289 | 14,467 | 1,172 | 15,639 | 5,836 | 29 | 5,865 | 6,928 | 102 | 7,030 |
| February | 12,046 | 1,534 | 13,580 | 15,337 | 1,308 | 16,645 | 6,813 | 31 | 6,844 | 8,817 | 123 | 8,940 |
| March | 13,392 | 1,624 | 15,016 | 8,000 | 557 | 8,557 | 8,561 | 60 | 8,621 | 10,194 | 176 | 10,370 |
| April | 14,681 | 1,163 | 15,844 | 0 | 0 | 0 | 1,195 | 31 | 1,226 | 12,377 | 174 | 12,551 |
| May | 12,887 | 846 | 13,733 | 0 | 0 | 0 | 147 | 3 | 150 | 11,793 | 263 | 12,056 |
| June | 13,352 | 1,027 | 14,379 | 24 | 15 | 39 | 286 | 5 | 291 | 13,482 | 261 | 13,743 |
| July | 13,524 | 797 | 14,321 | 15 | 41 | 56 | 634 | 8 | 642 | 11,359 | 264 | 11,623 |
| August | 13,345 | 796 | 14,141 | 3 | 12 | 15 | 5,660 | 22 | 5,682 | 11,214 | 299 | 11,513 |
| September | 13,519 | 750 | 14,269 | 351 | 3 | 354 | 3,725 | 38 | 3,763 | 13,208 | 352 | 13,560 |
| October | 14,511 | 714 | 15,225 | 2,813 | 3 | 2,816 | 4,314 | 126 | 4,440 | 13,641 | 574 | 14,215 |
| November | 14,621 | 844 | 15,465 | 3,688 | 12 | 3,700 | 6,033 | 95 | 6,128 | 24,744 | 743 | 25,487 |
| December | 16,224 | 962 | 17,186 | 5,013 | 28 | 5,041 | 6,376 | 199 | 6,575 | 10,259 | 587 | 10,846 |
| Total | 1,65,006 | 12442 | 177448 | 49,711 | 3,151 | 52,862 | 49580 | 647 | 50,227 | 1,48,016 | 3918 | 1,51,934 |

Source: Departmental figures

From the above, it could be seen that trend of tourist footfall in the State increased during October to December except for 2020. During 2022, the tourist footfall was highest in November *i.e.* the month in which the Sangai festival was held.

The Department stated (October 2023) that the evaluation of the impact of organising festivals such as Sangai and Shirui lily festivals had not been carried out till date.

(b) Other promotional measures

In addition to organising festivals for promotion of tourism in the State, the Tourism Department had been taking up other promotional measures to

showcase the rich potential of tourism in the State. Some promotional measures taken up by the Department were as given below:

- Printing of tourist guide books, leaflets and placing them at hotels and tourist arrivals (Airport *etc.*);
- Participating in tourism related events like travel & tourism fair, investor meet, destination north east, India Travel Mart *etc.*
- Media campaign in major cities like Delhi, Calcutta, Guwahati, Mumbai *etc.*

3.2.11 Capacity Building Programme

According to Manipur Tourism Policy, capacity building for the service providers of tourism sector is essential for the growth of tourism industry. The policy envisaged training of the officers and staff for enhancing their knowledge and capabilities and induction of tour guides and their training. There were seven private service providers in the State as per information furnished by the Department.

Audit observed from records made available that during the period under review, the Department had not prepared any long-term plan for training needs analysis or setting of Annual targets for number of persons to be trained. During the audit period, the department had not inducted any tour guide. Also, no training programme for capacity building for the departmental officials and service providers was organised as per Manipur Tourism Policy.

During Exit Conference (February 2024), the Department stated that due to shortage of manpower, the preparation of long-term plan, training needs of the Staff and other issues pertaining to capacity building could not be addressed.

3.2.12 Monitoring & Evaluation

An effective monitoring system is a prerequisite to ensure that the tourism projects are executed economically and efficiently and completed in time. Manipur Tourism Policy envisaged that Tourism Advisory Committee will act as a State Level Monitoring Committee and shall obtain reports on a regular basis and undergo periodical inspection of projects/sites through independent agencies having technical expertise.

Audit observed that Tourism Advisory Committee had not been formed and there was no structured monitoring system in place to oversee the execution and management of tourism projects. Also, there was no effective system of review/evaluation of achievement of the envisaged benefits of the implemented projects.

During Exit Conference (February 2024), the Department stated that due to shortage of manpower, monitoring and evaluation issues could not be addressed in a way it should be.

3.2.13 Conclusion

Audit noticed that the development of tourist infrastructure in the Manipur was taken up in *ad hoc* manner due to non-preparation of Tourism Master Plan, Perspective Plan and Annual Action Plans. No State Level Tourism Steering Committee and Tourism Advisory Committee had been formed though envisaged in the State Tourism Policy. The Department did not involve private entrepreneurs to promote tourism in the State.

There were persistent savings of Budget provision which indicated weak budgetary management. There were instances of delays in release of funds and diversion of funds.

The Tourism Department executed projects without conducting any cost-benefit analysis. The State Government could not avail Central grant in respect of 13 Product Infrastructure Development at Destinations and Circuits (PIDDC) projects due to non-completion of the projects on time. The 13 projects were lying incomplete/abandoned even after delays ranging from seven years to 13 years. Further, the implementation of the projects was marred by delays in completion, wasteful expenditure, overpayment, and payment without execution *etc.* Assets were lying idle/unutilised after construction due to lack of arrangement for operation and maintenance. No Capacity Building Programme for service providers of tourism infrastructure was taken up during the review period. There was absence of effective monitoring mechanism. No evaluation of the achievement of the envisaged benefits of the implemented projects had been conducted.

3.2.14 Recommendations

The following recommendations may be considered by the State Government:

- *To prepare Tourism Master Plan, Perspective Plan and Annual Action Plans and the development of tourism infrastructure based on these plans to ensure sustainable development of Tourism in the State;*
- *To review and strengthen budgetary management to ensure optimal utilisation of budget provisions to avoid persistent savings;*
- *To ensure feasibility studies/cost-benefit analysis before taking up of projects;*
- *To ensure that the completed projects are properly utilised through proper arrangements for their operation & maintenance;*
- *To ensure that projects are executed after obtaining due environmental clearance;*
- *To ensure that all projects are completed in a timely manner and to fix responsibility on the concerned officers/officials for undue delay/non-completion of projects or for making fictitious payments;*
- *To ensure effective monitoring in implementation of the projects.*

COMPLIANCE AUDIT

PUBLIC WORKS DEPARTMENT

3.3 Non-completion of work

The work taken up in May 2014 was not yet completed due to inability of the Department to take timely action.

The work “Construction of Tombisana Market for Rehabilitation of Women Vendors at Khwairamband Bazar (Market), Imphal” was approved (February 2014) by the erstwhile Ministry of Housing & Urban Poverty Alleviation under 10 *per cent* Lump-sum provision for North Eastern Region (NER) States at a cost of ₹ 49.34 crore⁴⁹. The Department of Municipal Administration, Housing and Urban Development (MAHUD) was the executing and monitoring agency. The construction of the Market was entrusted (February 2014) to Public Works Department (PWD), Manipur.

Audit of the Building Division I, PWD (June 2022) revealed that the division awarded (May 2014) the work to a work agency (1st contractor)⁵⁰ at a tendered amount of ₹ 39.67 crore with the stipulation to complete the work by May 2016.

The Agency could not complete the work by the agreed upon date. The Department served four show-cause notices during the period from August 2016 to April 2017 due to unsatisfactory progress or abandonment of the work. However, the work remained incomplete and physical progress was 30 *per cent*.

Considering that the rescission will consume extra cost if the work was awarded to another contractor and will cause further delay in completion, another MoU was signed in July 2017 between PWD and the Agency giving the agency one last opportunity to expedite and complete the work by 31 March 2018. As per the MoU if the Agency fails to complete the work, the agreement will be terminated.

Once again, the Agency could not complete the work leaving balance work of ₹ 32.09 crore (with 30 *per cent* physical progress). Two show cause notices were served in September 2018 and the agreement was finally terminated on 11 October 2018. The balance work was awarded (October 2020) to another work agency⁵¹ (2nd contractor) at a tendered (through e-tender) amount of ₹ 38.01 crore (₹ 5.92⁵² crore more than the original cost) with the stipulation to complete the work by April 2022 (18 months). The reasons for retendering of the work only after two years from the date of termination of the contract with the 1st contractor were not available.

⁴⁹ Central Share = ₹ 36.21 crore and State Share = ₹ 13.13 crore

⁵⁰ M/S Simplex Projects Limited, Kolkata

⁵¹ M/S Sri Avantika Contractors (I) Limited, Hyderabad

⁵² ₹ 38.01 crore – ₹ 32.09 crore = ₹ 5.92 crore

(a) Non-recovery of ₹ 3.97 crore from the Contractor

As per clause 14 of the agreement with the 1st contractor, if the contractor at any time makes default during currency of work or does not execute any part of the work with due diligence and continues to do so even after a notice in writing of seven days in this respect from the Engineer-in-Charge, the Engineer-in-Charge shall determine the amount, if any, recoverable from the contractor for completion of the part work/ part incomplete work of any item(s) taken out of his hands and execute at the risk and cost of the contractor. The liability of contractor on account of loss or damage suffered by Government because of action under this clause shall not exceed 10 *per cent* of the tendered value of the work payable within 30 days of termination. As such, out of the extra cost of ₹ 5.92 crore, ₹ 3.97⁵³ crore was recoverable from the 1st contractor. However, the same is yet to be recovered from the Contractor. There was no record of any claim made against the contractor under Clause 14 of the Agreement.

Thus, the delay in completion of the work resulted in cost overrun of ₹ 5.92 crore and inability of the department to invoke agreement clause 14 resulted in non-recovery of ₹ 3.97 crore from the 1st contractor.

The Department stated that clause number 14 of the agreement was not applicable.

The reply of the Department is not acceptable because as per clause 14 of the agreement a minimum of 10 *per cent* of the tendered value is recoverable from the contractor if the contractor does not complete the work in stipulated time.

(b) Inability to avail Central share of ₹ 12.07 crore

As per terms and conditions, the Central share of ₹ 36.21 crore for the work was to be released in three equal instalments where the second and third instalments were to be released depending upon the physical and financial progress of implementation and subject to utilisation of previous release(s). The Ministry released 1st instalment of ₹ 12.07 crore to the State Government in February 2014 and 2nd instalment of ₹ 12.07⁵⁴ crore.

In January and February 2021, the Ministry reminded the State Government that the release of 3rd and final installment was subject to submission of utilisation certificate of Central Share as well as State Share and furnishing of progress report, inspection report, photograph, *etc.* However, the State Government did not submit the required documents in time. The Utilisation Certificate for ₹ 25.48⁵⁵ crore and physical and financial progress reports were submitted in October 2021.

Further, Audit noticed that as on date (May 2024), out of total State Matching Share of ₹ 13.13 crore only ₹ 1.34 crore was released. The work remained

⁵³ 10 per cent of tendered value

⁵⁴ March 2018 (₹ 4.17 crore) and June 2018 (₹ 7.90 crore)

⁵⁵ Central Share – ₹ 24.14 crore and State Share – ₹ 1.34 crore

incomplete with overall financial progress of ₹ 25.48 crore and overall physical progress of 70 per cent as on May 2024.

The Department stated that the balance work was awarded on 08 October 2020 and UC was submitted on 26 March 2021. However, the scheme had been closed by the Central Government by 31 March 2021 as such there is no fault of the Department.

However, due to ineffective action/monitoring by the Department the work was not completed on time even as it was due to be completed by the 1st contractor by March 2018 and the work was again retendered after two years of termination of the contract with the 1st contractor. The reasons for delay in retendering were not on record.

Thus, inability of the department to invoke agreement clause 14 resulted in non-recovery of ₹ 3.97 crore from the 1st contractor and due to delay in submission of Utilisation Certificates and non-release of full State Matching Share, the State Government could not avail 3rd installment Central Share of ₹ 12.07 crore for the work and the work remained incomplete.

TRADE, COMMERCE AND INDUSTRIES DEPARTMENT

3.4 Wasteful expenditure

Lack of monitoring and inability of the State Government to contribute its share for Honey Processing Facilities at Toupokpi, Bishnupur resulted in wasteful expenditure to the tune of ₹ 3.23 crore

Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Commerce & Industry, Government of India accorded (15 December 2015) approval for Establishment of Common Infrastructure Facilities for Honey Processing at Toupokpi in Bishnupur at a total project cost of ₹ 6.94 crore. The financial assistance of Ministry for the project was ₹ 4.09 crore and the remaining amount of ₹ 2.85 crore was to be contributed by State Government.

As per the tripartite Memorandum of Understanding (MoU) signed (March 2016) by APEDA, Directorate of Commerce & Industries (the Implementing Agency) (IA) and Manipur Industrial Development Corporation Limited (the Executing Agency (MANIDCO) (EA) the first instalment of fund was to be released to IA after receiving Bank Guarantee (BG) for ₹ 1.64 crore *i.e.*, 40 per cent of the Central fund of ₹ 4.09 crore from the State Government.

As per the terms of the MoU, the IA was to commission the project within a period of 18 months from the date of signing of MoU *i.e.*, by September 2017. APEDA reserved the right to invoke the BG at any time if the project completion and implementation was delayed beyond the stipulated time.

Test check of records (April–May 2022) of the Directorate, Trade, Commerce and Industries, Government of Manipur revealed that the Director (Commerce

& Industries) submitted (January 2016) BG for ₹ 1.64 crore to APEDA with the request to release 1st instalment of ₹ 1.64 crore. The Government of India sanctioned 1st instalment of ₹ 1.64 crore, out of which ₹ 0.10 crore was deducted as processing fee and service charges, and the balance amount ₹ 1.54 crore was released (April 2016) to the State Government. The State Government contributed ₹ 5.00 lakh as its share (March 2018).

Further scrutiny revealed that in January 2017 the Director (Commerce & Industries) submitted Utilisation Certificate (UC) of ₹ 1.54 crore to APEDA and requested for release of 2nd instalment.

APEDA informed (January 2018) the IA that financial assistance scheme for common infrastructure had been discontinued effective from 2017-18 and advised the Department to submit re-validated BG along with other information. The Department was also asked to complete the project and submit the running bills/invoices, UC and completion certificate by 28 February 2018 to enable them to release the financial assistance as per approval.

In response to APEDA's letter, the IA submitted (March 2018) the re-validated BG along with the other required information and requested APEDA to extend the completion of the project upto 31 March 2019.

APEDA observed (October 2018) that the project which was to be implemented in 18 months could not be implemented even after lapse of 30 months and that the State Government had contributed only ₹ 5.00 lakh out of its share of ₹ 2.85 crore. Considering the uncertainty in the funding of state share and delay in the project by more than 1 year, APEDA invoked the BG of ₹ 1.64 crore as per terms 1(b) of the MoU with the decision that the BG of ₹ 1.64 crore forfeited would be kept with APEDA as security deposit instead of BG which shall be released on reimbursement basis after submission of UC, running bills/invoices and assessment of physical and financial progress. The IA was also advised to complete the project by 31 March 2019. Scrutiny of records revealed that no further fund was released by the State Government till date (March 2024) and no further works could be carried out after exhaustion of ₹ 1.59 crore⁵⁶ (₹ 1.54 crore central share + ₹ 0.05 crore State share) in January 2017.

A Joint Physical Verification (JPV) of the project was conducted (April 2022) by the audit team along with the officials of the Directorate. During the JPV, it was noticed that the construction works had stopped due to non-receipt of further funds from APEDA and non-release of State Government share and the building was left incomplete and found in a dilapidated condition. Thus, expenditure of ₹ 1.59 crore incurred on the project proved infructuous.

However, considering that the BG amount of ₹ 1.64 crore had been forfeited by the APEDA and its release appears bleak in the present situation, an amount of

⁵⁶ Land Development- 100 % by incurring ₹ 0.11 crore and civil work of construction of Processing Centre- 56 % by incurring ₹ 1.43 crore

₹ 1.64 crore has been rendered as wasteful expenditure in the exchequer of the State Government.

During the Exit Meeting (May 2022), the Department stated (March 2024) that the project could not be completed due to non-release of the state share.

Thus, inability of the State Government to release its due share led to non-completion of the project resulting in wasteful expenditure of ₹ 3.23 crore (₹ 1.59 crore + ₹ 1.64 crore).

Recommendation: The Department should impress upon the State Government to release its due share to complete the work so that the objectives of the project is fulfilled.