

CHAPTER III

ECONOMIC SECTOR

(OTHER THAN STATE PUBLIC SECTOR ENTERPRISES)

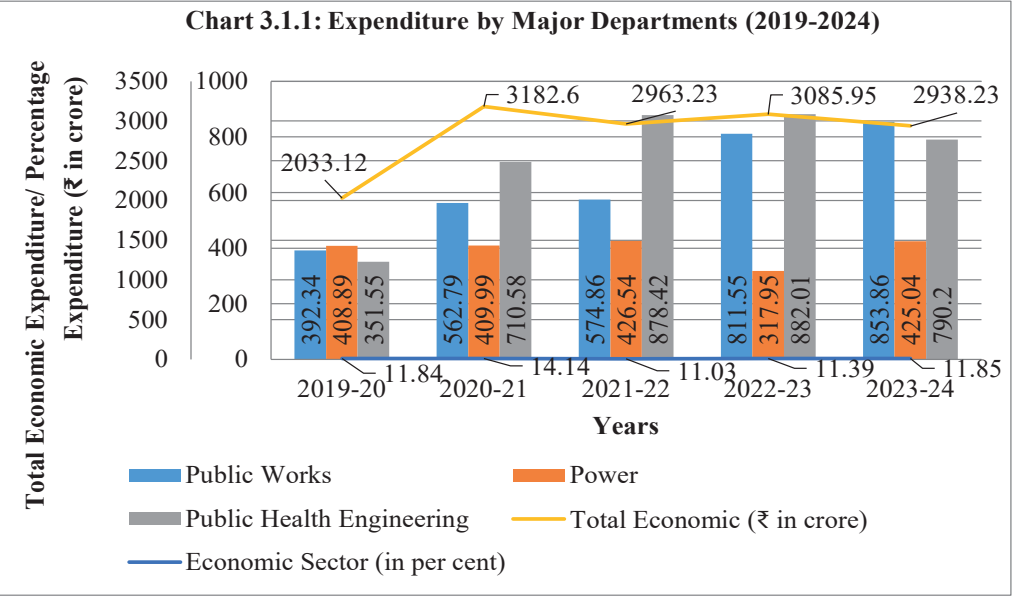
3.1 Introduction

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

The Economic Sector as one of the most important sectors 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.* the Primary sector includes raw materials, mining, fishing, agriculture, the Secondary sector 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 have a direct relationship and thus, the sector requires the continued 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 2023-24, the Primary, Secondary and Tertiary sectors grew at the rate of 3.50 *per cent*, 18.32 *per cent* and 13.50 *per cent* respectively as compared to the previous year 2022-23⁴⁷.

The expenditure incurred during the last five years by the major Departments under the Economic Sector is depicted in **Chart 3.1.1**.



Source: Appropriation Accounts of respective years

⁴⁷ Based on Quick Estimates furnished by Directorate of Economics and Statistics, Manipur.

Table 3.1.1 provides department-wise details of budget provisions and expenditure incurred by 18 departments pertaining to the Economic Sector during 2023-24.

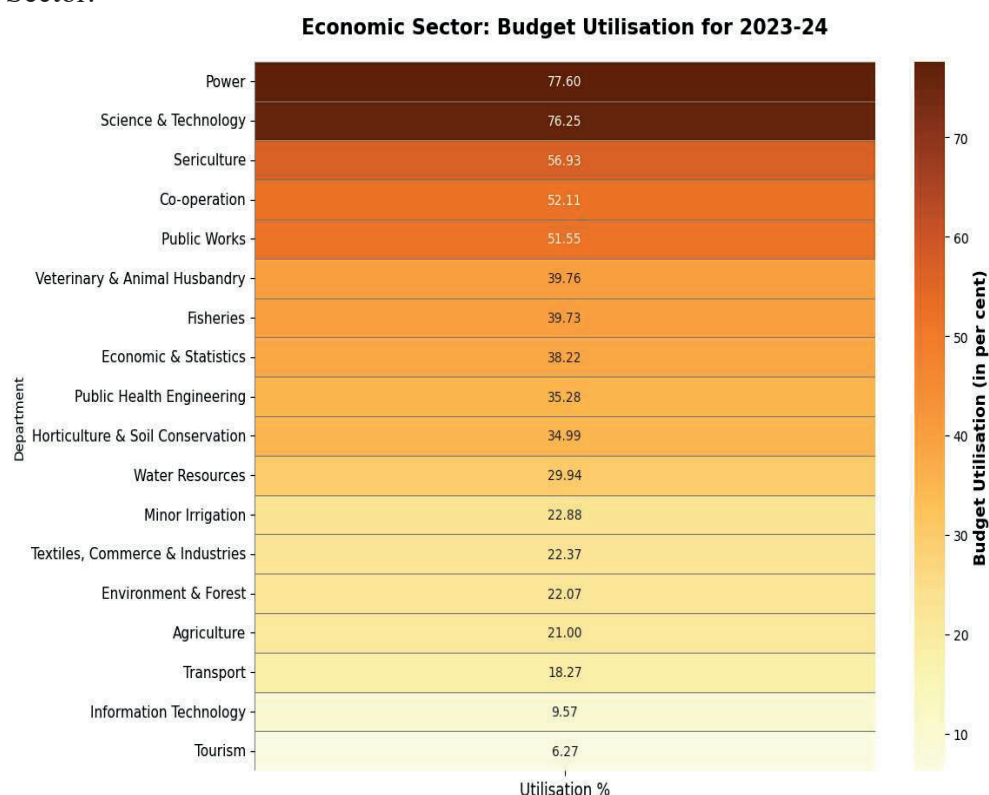
Table 3.1.1 Budget Provision and Expenditure of departments under the Economic Sector during 2023-24

(₹ in crore)

Sl. No.	Department	2023-24			
		Budget Provision	Expenditure	Savings	Savings as per cent of Budget Provision
1	Public Works	1656.30	853.86	802.44	48.45
2	Environment and Forests	755.13	166.67	588.46	77.93
3	Water Resources	839.84	251.48	588.36	70.06
4	Power	547.75	425.04	122.71	22.40
5	Public Health Engineering	2239.93	790.20	1449.73	64.72
6	Agriculture	391.60	82.25	309.35	79.00
7	Minor Irrigation	307.81	70.44	237.37	77.12
8	Textiles, Commerce and Industries	169.35	37.89	131.46	77.63
9	Veterinary and Animal Husbandry	194.25	77.24	117.01	60.24
10	Horticulture and Soil Conservation	96.51	33.77	62.74	65.01
11	Tourism	387.54	24.30	363.24	93.73
12	Fisheries	63.58	25.26	38.32	60.27
13	Transport	62.35	11.39	50.96	81.73
14	Co-operation	44.33	23.10	21.23	47.89
15	Sericulture	51.26	29.18	22.08	43.07
16	Information Technology	199.74	19.11	180.63	90.43
17	Economics and Statistics	33.41	12.77	20.64	61.78
18	Science and Technology	5.60	4.27	1.33	23.75
Total		8,046.28	2,938.22	5,108.06	63.48

Source: Budget documents and Appropriation Accounts, 2023-24.

Heatmap 3.1 shows the Budget utilisation for 2023-24 under the Economic Sector.



Source: Budget documents and Appropriation Accounts, 2023-24

KEY INSIGHTS

(i) Department-Wise Utilisation Analysis

A. High Budget Utilisation (≥ 70 per cent)

- **Power:** 77.60 per cent
- **Science and Technology:** 76.25 per cent

These departments demonstrated efficient fund absorption and better planning.

B. Moderate Budget Utilisation (40–69 per cent)

- **Sericulture:** 56.93 per cent
- **Cooperation:** 52.11 per cent
- **Public Works:** 51.55 per cent

The performance was mixed and scope existed to improve planning and execution.

C. Low Budget Utilisation (< 40 per cent)

- **Veterinary & Animal Husbandry:** 39.76 per cent
- **Fisheries:** 39.73 per cent
- **Economics & Statistics:** 38.22 per cent
- **Public Health Engineering:** 35.28 per cent
- **Horticulture & Soil Conservation:** 34.99 per cent
- **Water Resources:** 29.94 per cent
- **Minor Irrigation:** 22.88 per cent
- **Textiles, Commerce & Industries:** 22.37 per cent
- **Environment & Forests:** 22.07 per cent
- **Agriculture:** 21.00 per cent
- **Transport:** 18.27 per cent
- **Information Technology:** 9.57 per cent
- **Tourism:** 6.27 per cent

These departments struggled with fund utilisation, indicating delays, poor planning or implementation gaps.

(ii) Audit Conclusion

Audit observed significant underutilisation of funds during 2023-24. Out of the total ₹8,046.28 crore budgeted for the 18 departments, only ₹2,938.22 crore (36.52 per cent) was utilised, leaving savings of ₹5,108.06 crore (63.48 per cent) unspent.

- The departments, including **Power and Science & Technology**, showed efficient fund utilisation. However, major departments such as **Public Health Engineering** (35.28 per cent), **Water Resources** (29.94 per cent) and **Agriculture** (21 per cent) performed poorly.
- This reflected weak planning, probable delayed project implementation and lack of adequate monitoring mechanisms.

Recommendations:

- Departments with utilisation below 60 *per cent* should submit action plans to improve fund absorption.
- Planning Department must strengthen its project implementation mechanisms to ensure timely fund deployment.
- Periodic mid-year expenditure reviews should be conducted to monitor utilisation trends.
- Unspent funds should be reallocated to the needy departments to maximise efficiency.
- The Finance Department may introduce budget execution performance indicators for better monitoring.

3.1.1 Planning and execution of Audit

Compliance audit is conducted in accordance with an Annual Audit Plan approved by the Comptroller and Auditor General of India. Topicality, financial profile, social relevance, internal control system of the units and occurrence of defalcation/ misappropriation/ embezzlement as well as the past audit findings form the basis of the 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 sufficient, the audit findings are retained and units are advised to take further suitable remedial measures. However, some serious and material audit findings are processed for inclusion in the Audit Report of the Comptroller and Auditor General of India which is then placed before the State Legislative Assembly as mandated by the Constitution.

Keeping in view the importance accorded to the Economic Sector by the State, Audit also accorded due importance to the audit of this Sector. Out of total 370 units, 54 units were selected for the compliance audit pertaining to Economic Sector during 2023-24, all 54 units (100 *per cent*) were covered, involving expenditure of ₹2,709.93 crore (details are shown in **Appendix 3.1**). As of March 2024, 21 Inspection Reports containing 77 paragraphs were issued to the Government with copies to the heads of the concerned departments.

This chapter contains one performance audit and two compliance audit paragraphs as discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.2 “Jal Jeevan Mission (JJM)”

A Performance Audit on Jal Jeevan Mission (JJM) in Manipur was carried out covering the period from 2019-20 to 2023-24. The Performance Audit brought out the following significant findings.

Highlights

- *The State could not achieve the target of providing every rural household with Functional Household Tap Connections (FHTCs) by December 2024, falling short by 20.41 per cent and depriving 92,146⁴⁸ households of potable water supply.*

(Paragraph 3.2.8.2)

- *As per the Integrated Management Information System (IMIS) data, out of 2,556 villages, 39 villages had no FHTC as of December 2024.*

(Paragraph 3.2.8.3)

- *In the sampled villages, it was observed that none of the 351 beneficiaries with FHTCs had a meter installed for their household connection. Further, the Government while accepting the fact stated that the provision for metering in rural household will be in future scope.*

(Paragraph 3.2.8.6)

- *Cross verification of IMIS data with the record of the Village Water and Sanitation Committees (VWCSs) revealed that there were 3,328 inflated number of FHTCs in the nine sampled villages indicating serious lapses in data integrity and potential misreporting of scheme progress under JJM.*

(Paragraph 3.2.8.12)

- *Even after the engagement of Implementation Support Agencies (ISAs), two out of 2,556 Village Action Plan (VAPs) were yet to be prepared. Thus, the payment of ₹75,000 per month per ISA was not linked to the time schedule and outputs on quarterly basis.*

(Paragraph 3.2.9.4)

- *Lack of regular review and analysis of procurement and issuance data of Field-Testing Kits (FTK) were observed in audit which was confirmed during JPV. This led to inefficient procurement processes leading to*

⁴⁸ Actual would be 95,474 considering the inflated FHTCs (3,328), as discussed under Paragraph 3.2.8.12

overstocking of stock and inability to distribute the stock in time before expiration.

(Paragraph 3.2.9.12)

- *Operational guidelines of JJM highlights the need to plan for skilled human resources in each district and for each village in convergence with Pradhan Mantri Kaushal Vikash Kendra (PMKVY) on priority, which was not yet taken up. Audit however observed that skilling development activities were conducted only in 180 villages out of 2,556 villages. Thus, 2,376 (92.96 per cent) villages have not been covered under skilling activities.*

(Paragraph 3.2.9.14)

- *Gram Panchayats of the sampled villages did not hold Gram Sabha meetings to approve Village Action Plan (VAP) as per JJM guidelines. This led to non-involvement of communities in planning and ineffective village action plans.*

(Paragraph 3.2.9.17)

- *Due to non-submission of Utilisation Certificate (UC) for the previous year (1st instalment of 2022-23), no fund was received from the Ministry during the year 2023-24, resulting in non-execution of approved activities for ₹335.18 crore. Moreover, annual accounts for the year 2022-23 and 2023-24 were not prepared.*

(Paragraph 3.2.10.3)

- *18,997 Rm of pipes were yet to be issued for the Imphal West Division, Public Health Engineering Department (PHED) and 1,076.50 Rm of 200 mm dia. D.I. pipes and 5,396.50 Rm of 150 mm dia. D.I. pipes were yet to be issued for the Kakching Division, PHED as of December 2024.*

(Paragraph 3.2.10.9)

- *There was a significant gap in compliance with JJM planning guidelines as no district-level water budgets or comprehensive source sustainability plans were furnished for review. Audit observed that in all 351 surveyed households that had FHTCs, beneficiaries reported water shortages during the lean season, thereby indicating that the absence of planned source sustainability measures undermined the objective of JJM to provide a reliable and year-round supply of potable drinking water to rural households.*

(Paragraph 3.2.11.1)

- *The inability to collect five per cent of the capital cost of the project had affected the community involvement in JJM activities and lack of sense of ownership. This not only violated JJM's operational conditions but also reflected poor community engagement, weakened local accountability and risk of over-reliance on State funding.*

(Paragraph 3.2.11.2)

3.2.1 Introduction

Programme to provide safe water supply to villages in India was started in 1954 with the National Water Supply and Sanitation Programme. Since then, the focus on rural water supply was covered by revised/ renewed programmes such as Accelerated Rural Water Supply Programme (ARWSP) (launched in 1972-73) which was later scaled up as Swajaldhara in 2002, National Rural Drinking Water Programme (2009-10).

The Jal Jeevan Mission (JJM), a flagship scheme, was launched by the Prime Minister of India on 15 August 2019. It adopts to provide potable water to rural areas through pipe water supply. It aims to provide piped water supply to each of the 19 crore rural households of the Country through Functional Household Tap Connections (FHTCs) by the end of 2024. A FHTCs has three definite characteristics, (i) it provides water in adequate quantity, *i.e.*, at least 55 litres *per capita* per day (lpcd), (ii) it provides water of prescribed quality, *i.e.*, BIS:10500 standard and (iii) water supply is on regular basis, *i.e.*, continuous supply in long-term.

In Manipur, Public Health Engineering Department (PHED) (Department) is the implementing agency of the Programme covering 2,556 villages in the State. Out of the 15 villages covered in the three sampled districts⁴⁹, 13 villages sourced their water through gravity and 02 villages relied on groundwater exploration.

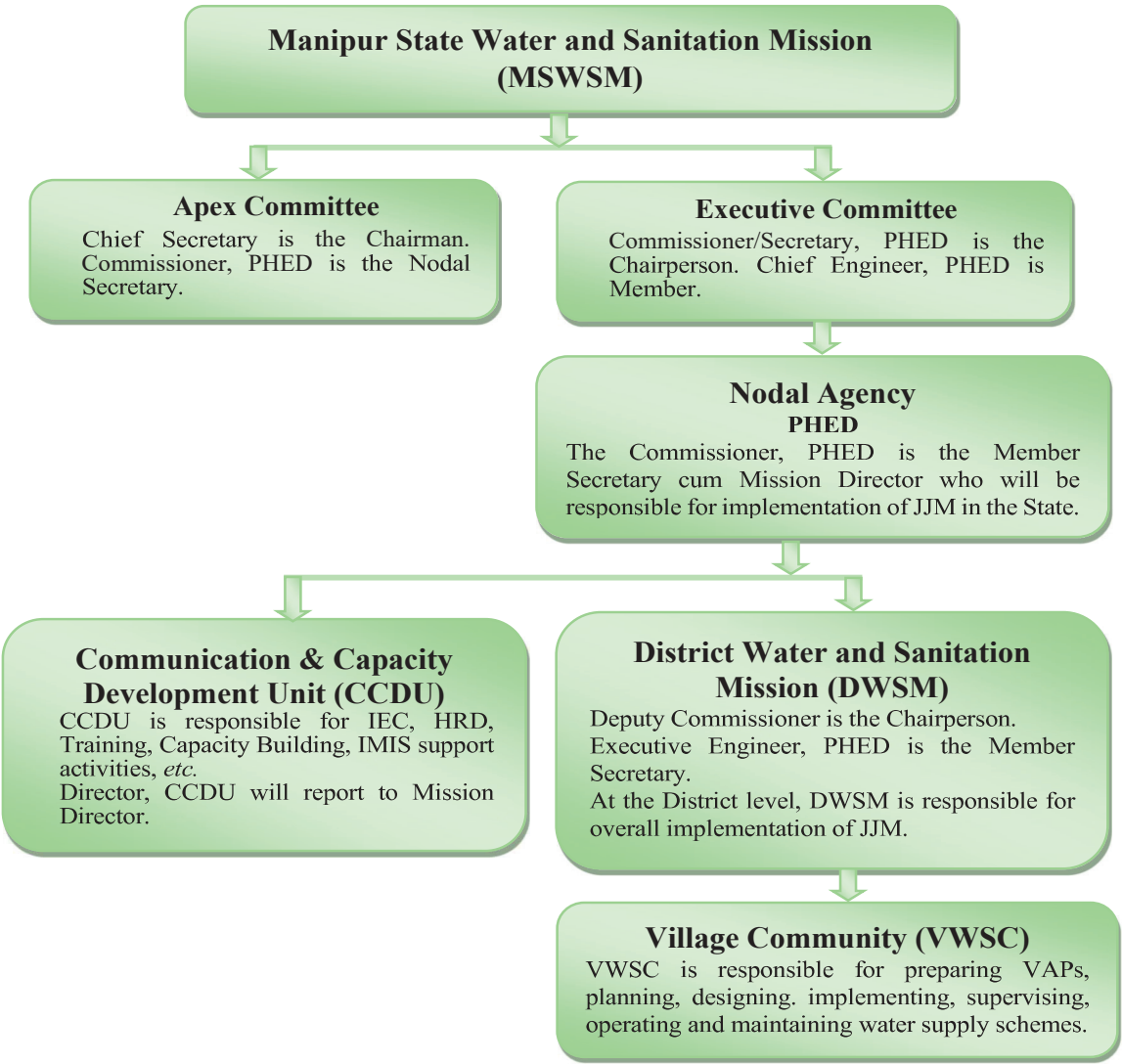
As per data available with the Department, in the State the number of FHTCs was 25,920 (5.74 *per cent*) out of 4,51,566 rural households as on 01 April 2019. By 31 December 2024, the number of FHTCs increased to 3,59,420 (79.59 *per cent*).

3.2.2 Organisational setup

The organisational setup that is to be followed for implementation of the scheme is as detailed in **Chart 3.2.1**.

⁴⁹ Imphal East, Imphal West and Kakching district.

Chart 3.2.1 Organisational setup for implementation of JJM in Manipur



3.2.3 Scope of Audit

The performance audit covered a period of five years from 2019-20 to 2023-24. Relevant records of 03 out of 16 district divisional offices of PHED, Communication & Capacity Development Unit (CCDU) and the Office of the Chief Engineer, PHED were scrutinised (July to December 2024). Test checks were carried out in the three selected Divisions including survey of beneficiaries, scrutiny of records and other evidence of Village Water and Sanitation Committees (VWSCs) in the 15 selected villages. Details are given in *Appendix 3.2*.

3.2.4 Audit Objectives

The Performance Audit was taken up to ascertain whether:

- Programme objectives (output and outcomes) have been achieved successfully;

- Efficient institutional framework is in place for planning, implementation, and post operational management of the schemes;
- Financial resources have been employed in an economic and efficient manner; and
- Assets created through the programme are sustainable for the next two to three decades and do not compromise water security for future generations.

3.2.5 Audit Criteria

The audit criteria were drawn from:

- Operational Guidelines for Implementation of JJM;
- Margdarshika for Gram Panchayat & VWSC to Provide Safe Drinking Water in Rural Households;
- Water Quality Monitoring and Surveillance Framework;
- SDG obligations and Standard Operating Procedure for Water Sanitation and Hygiene (WASH) standards;
- General Financial Rules, 2017;
- Orders/ Office Memorandum issued by Ministry and State Finance Department from time to time;
- Goods and Services Tax (GST) Act, 2017;
- Manual for the Utilisation of 15th Finance Commission tied grants to Rural Local Bodies/ Panchayati Raj Institution for water and sanitation 2021-22 to 2025-26;
- Handbooks on “Gram Panchayats to help them plan, implement, operate, maintain and manage drinking water security”; and
- Integrated Management Information System (IMIS) Data for JJM.

3.2.6 Audit Methodology

The Performance Audit commenced with an Entry Conference (28 June 2024) with the Secretary, PHED, Chief Engineer and other responsible officers of PHED, Manipur, wherein the audit scope, objectives, criteria and methodology were explained. Scrutiny of documents of sampled districts, beneficiary survey, VWSC survey, joint physical verification of schemes was done wherever possible and photographic evidence were taken to substantiate the audit findings.

An Exit conference was held on 28 May 2025 with the Secretary, PHED and other officers from the Department, wherein the audit findings were discussed and the replies of the Department have been incorporated as appropriate in the report.

3.2.7 Acknowledgement

Audit acknowledges the cooperation extended by the PHED and Rural Development and Panchayati Raj Department and VWSCs in providing necessary information and records during audit.

Audit Findings

The findings of the Performance Audit on the implementation of JJM are discussed in the succeeding paragraphs.

3.2.8 Audit Objective: Whether programme objectives (output and outcomes) have been achieved successfully?

3.2.8.1 Output Outcome framework of Jal Jeevan Mission

As per Chapter 12 of JJM Operational Guidelines, the Mission’s primary output is to provide a functional household tap connection (FHTC) to all rural households by 2024 and also strive to achieve four key measurable outcomes such as improved health conditions of rural communities; reduction in drudgery faced by women and girls and empowerment of women, reduced school dropout rates of upper primary level girls; and increase in employment opportunities for rural communities.

3.2.8.2 Progress of household connections

JJM aims to provide piped water supply to 4,51,566 rural households of the State through Functional Household Tap Connections (FHTCs) by the end of 2024, out of which, 1,38,886⁵⁰ FHTCs were in the sampled three districts.

The year-wise progress of FHTCs in Manipur as per the Integrated Management Information System (IMIS) data is shown in the **Table 3.2.1 and Chart 3.2.2.**

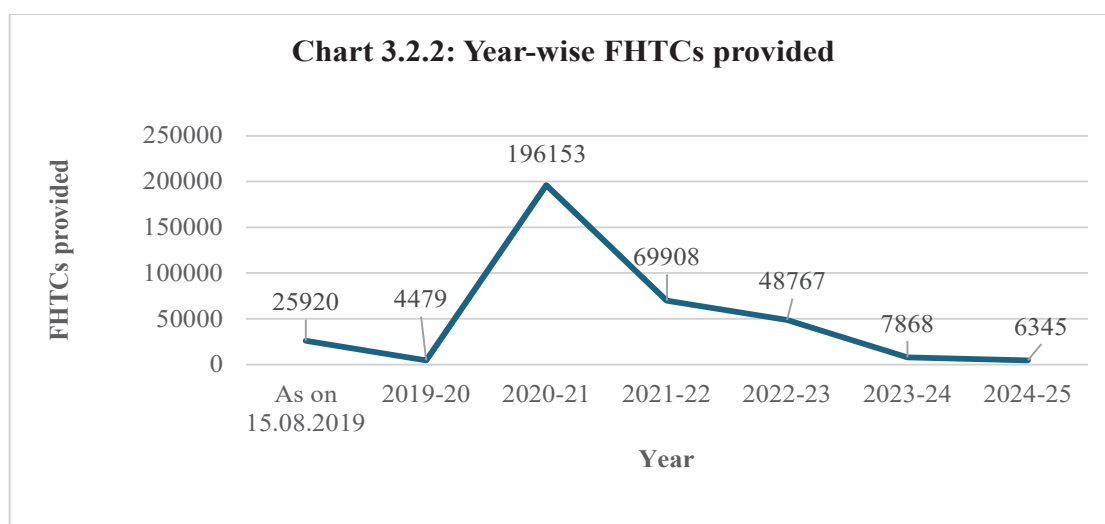
Table 3.2.1: Year-wise progress of FHTCs

Year	FHTCs	Progressive Total of FHTCs	Achievement (as Percentage of 4,51,566)
As on 15.08.2019	25,920	25,920	5.74
2019-20	4,479	30,399	6.73
2020-21	1,96,153	2,26,532	50.17
2021-22	69,908	2,96,440	65.65
2022-23	48,767	3,45,207	76.45
2023-24	7,868	3,53,075	78.19
2024-25	6,345	3,59,420*	79.59

Source: Integrated Management Information System (IMIS) Data

* Out of 3,59,420 FHTCs covered during the period 2019-2024, there was an inflated FHTCs of 3,328 in nine sampled villages, as discussed under **Paragraph 3.2.8.12.**

⁵⁰ Imphal East: 72,889; Imphal West: 45,725 and Kakching: 20,272



Source: IMIS Data

As can be seen from the above chart and table, the achievement as per IMIS data, 1,96,153 (43.44 *per cent*) of the rural household was provided with FHTC during the year 2020-21 only.

The district-wise achievement in respect of FHTC is shown in **Table 3.2.2**.

Table 3.2.2: District-wise achievement

Sl. No.	District	No. of Village	Total Rural household	Household Connections with PWS ⁵¹ as on 15.08.2019	Percentage of coverage as on 15.08.2019	Household Connections with PWS as on 31.12.2024	Percentage of coverage as on 31.12.2024
1	Jiribam	50	7,272	79	1.09	2,740	37.68
2	Pherzawl	89	8,005	316	3.95	4,128	51.57
3	Bishnupur	48	33,004	1,720	5.21	23,978	72.65
4	Kamjong	121	11,334	2,245	19.81	8,323	73.43
5	Noney	73	11,492	1,412	12.29	8,799	76.57
6	Senapati	136	42,625	3,059	7.18	32,689	76.69
7	Imphal West	113	45,725	1,520	3.32	35,347	77.30
8	Ukhrul	96	31,199	3,212	10.30	24,375	78.13
9	Chandel	265	19,475	405	2.08	15,311	78.62
10	Tamenglong	102	16,511	469	2.84	13,094	79.30
11	Imphal East	152	72,889	2,089	2.87	58,689	80.52
12	Kangpokpi	534	32,327	2,197	6.80	27,674	85.61
13	Churachandpur	524	42,161	2,072	4.91	36,061	85.53
14	Tengnoupal	165	14,973	298	1.99	13,045	87.12
15	Kakching	28	20,272	1,205	5.94	17,676	87.19
16	Thoubal	60	42,302	3,622	8.56	37,491	88.63
Total		2,556	4,51,566	25,920	5.74	3,59,420	79.59

Source: Information furnished by the Department

The analysis of the JJM implementation in Manipur revealed a mixed performance marked by early momentum but an inability to sustain progress toward the goal of universal FHTCs. While the State achieved an impressive coverage of over 43⁵² *per cent* in the year 2020-21 alone, subsequent years saw a steep decline in the number of new connections, leading to an overall coverage

⁵¹ PWS - Piped Water Supply

⁵² $(1,96,153 \div 4,51,566) \times 100$

of only 79.59 *per cent* by December 2024. This shortfall has left 92,146⁵³ (4,51,566 minus 3,59,420) rural households, over one-fifth of the total target, without access to piped drinking water. Moreover, district-level data points to stark disparities in implementation, with coverage ranging from just 37.68 *per cent* in Jiribam to 88.63 *per cent* in Thoubal. The inability to maintain the initial pace, coupled with significant regional imbalances, suggests underlying issues related to planning, execution, fund flow, and possibly administrative or logistical challenges. Had the momentum of 2020-21 been maintained, the State could have achieved its target by 2021-22 as envisaged in its approved Annual Action Plan.

The State Government accepted the non-achievement of target and stated (April 2025) that the slowdown of progress since May 2023 was due to the prevailing law and order situation. The State Government also stated that the remaining households will be covered in due course of time. The State Government added that the slow progress of work was mainly in New Development Bank funded schemes. The reply of the State Government is not fully acceptable as the fact, however, remained that during the years 2019-2022, the Department could not achieve the targets even under normal conditions. Moreover, no alternative measures or mitigation plans were prepared and conveyed to ensure the achievement of the targets.

3.2.8.3 Zero FHTC Villages as per IMIS

As per the IMIS data, out of 2,556 villages, 39 villages had no FHTC as of December 2024. Out of the deprived 92,146 households, 3,112 households were from these 39 villages with zero FHTC, as detailed in *Appendix 3.3*.

The State Government accepted (April 2025) that 39 villages had no FHTC. Further, the State Government stated that only five villages out of the 39 villages had been left out during the planning stage as the villages were getting water from nearby springs. In the Exit Conference, the State Government stated (May 2025) that the villages would be provided with FHTC within one year.

This points to significant gaps in the formulation of Village Action Plans (VAPs) and suggests inadequate ground-level needs assessment or data validation by the implementing agencies. The exclusion of these villages from FHTC coverage represents a deviation from the Mission's goal of universal and equitable access to safe drinking water.

3.2.8.4 Progress of connection in the sampled villages

Out of 469 beneficiaries surveyed, 96 beneficiaries (20.47 *per cent*) were from the three villages where there was either no functional Water Supply Scheme (WSS) or water from the WSS had yet to reach the village. Of the remaining

⁵³ Actual would be 95,474 considering the inflated FHTCs (3,328), as discussed under Paragraph 3.2.8.12

373 beneficiaries, 351⁵⁴ (74.84 *per cent*) had FHTC and 22 (4.69 *per cent*) did not have a FHTC. Out of the 22 beneficiaries, six were with dry tap, six with financial problem, nine were hesitant to take connection due to low pressure, and one did not have a distribution pipe near the house. 11 out of the 22 were dependent on Community Stand post as well. Thus, 118 (96 + 22) households did not have a FHTC.

The State Government while accepting the audit observation assured (May 2025) that the projects would be completed within three months and FHTCs would be provided to all the villagers.

3.2.8.5 Quantity, Quality and regularity of supplied water

Chapter 6 of the Operational Guidelines states that JJM is a time-bound mission-mode programme to ensure that every rural household has a FHTC by 2024 to provide drinking water in adequate quantity (minimum 55 lpcd), of prescribed quality (BIS:10500) on regular basis.

Annexure VI of the JJM Operational Guidelines provides functionality assessment of FHTCs as shown in the **Table 3.2.3**.

Table 3.2.3: Functionality assessment of FHTCs

	Fully functional	Partially functional	Non-functional
Quantity	≥55 lpcd	>40 lpcd <55 lpcd	<40 lpcd
Quality	Potable	Potable	Non-potable
Regularity	12 months or daily basis	9-12 months <daily basis	<9 months <daily basis

Source: JJM Guidelines (Annexure VI)

Chapter 12 of the JJM Operational Guidelines also provide for distribution of household meters and flow meters for verification of the adequacy of quantity of supplied water and FTKs⁵⁵, bacteriological vials sample test at labs and community feedback for quality checks of the water supplied.

During the field visit and beneficiary surveys, it was found that no flow meter or household meter had been installed. Out of 351 beneficiaries who had FHTC, 260 (74.07 *per cent*) were satisfied with the quantity of supplied water. All the beneficiaries stated that water supply could not be availed on a daily basis. The position of the frequency of supplied water is shown in **Table 3.2.4**.

Table 3.2.4: Frequency of supplied water

Frequency of supplied water	Number of beneficiaries
Alternate days	36
3 times a week	12
Once in three days	103
Twice a week	65
Once in four days	56
Once in five days	15
Once in six days	28

⁵⁴ 31 beneficiaries of Maisnam Kamong Village of Imphal West District had also been included. The beneficiaries of this village were enjoying the benefit of JJM till the outbreak (03 May 2023) of the conflict.

⁵⁵ Field testing kits

Frequency of supplied water	Number of beneficiaries
Once in a week	35
No regularity	1

Source: Beneficiary Survey report

All the above 351 beneficiaries stated that there had been a shortage of supplied water during lean season (February to May) which made them dependent on other sources (pond, river) and on purchasing potable water from commercial water carriers. Even the work for augmentation of sources had also been planned in a fragmented manner and had been proposed to the Ministry only in August 2024, which was yet to be approved as detailed in **Paragraph 3.2.9.15 (Fragmented planning)**. As could be seen from the beneficiary survey, FHTCs had been partially functional as the water supply had not been regular.

Out of 351 beneficiaries surveyed, 313 beneficiaries (89.17 *per cent*) stated that the quality of water had been satisfactory, while 38 beneficiaries (10.83 *per cent*) were not satisfied with the quality of water citing reasons such as excessive chlorine, rustiness, presence of mosses and high turbidity.

The audit revealed that while FHTCs had been provided, the core objective of JJM, to ensure the supply of potable water in adequate quantity and on a regular basis was only partially achieved. Water quantity and quality were generally acceptable to a majority of beneficiaries; however, no household or flow meters had been installed, contrary to the JJM Operational Guidelines, undermining the verification of actual supply levels. Furthermore, water was not supplied on a daily basis to any surveyed household, with most beneficiaries receiving water only once every 2–4 days. The situation worsened during the lean season (February to May), forcing households to resort to alternative sources or purchase water.

The delay in planning and proposing augmentation of water sources (only in August 2024) reflected fragmented planning and weak foresight. Although 89.17 *per cent* of beneficiaries reported satisfaction with water quality, 10.83 *per cent* cited issues such as excessive chlorine and turbidity, indicating lapses in quality control. Overall, FHTCs were found to be partially functional, compromising the intent of assured, safe and sufficient water supply under the JJM.

3.2.8.6 Non-metering of household connection

As per Paragraph 2.3 of the Operational Guidelines of JJM, the 14th Finance Commission (2015-2020) recognised health, education, drinking water and sanitation as public services of national importance and defined the sustainable drinking water supply systems as 'those being operated under a formal management model, have 100 *per cent* household meters installed and whose net revenues from water tariffs and subsidies are sufficient to cover at least the Operation & Maintenance (O&M) costs of the system. It has also recommended 100 *per cent* metering of individual connections in both rural and urban households, commercial establishments and institutions and individual

connections be provided only when functional water meters are installed. In the sampled villages, it was observed that none of the 351 beneficiaries with FHTCs had a meter installed for their household connection.

In the absence of installation of meter, audit could not ascertain whether the minimum requirement of 55 lpcd as envisaged in the guideline was being provided to the beneficiaries. However, it could also be seen from the results of Audit's beneficiary survey, as discussed in **Paragraph 3.2.8.5**, that 25.93 *per cent* of the beneficiaries who were provided FHTC were not satisfied with the quantity of water supply. Further, it was also observed that no arrangement had been made to provide metering of the household connection.

The State Government stated (May 2025) that the provision for metering in rural household will be in future scope.

The JJM Operational Guidelines and the 14th Finance Commission explicitly linked sustainability of drinking water systems with 100 *per cent* metering of individual connections. Providing FHTCs without meters constitutes a direct non-compliance with these guidelines. The absence of meters prevents measurement of actual water consumption, making it impossible to apply volume-based tariffs or assess O&M cost recovery. Without metering, households may have little incentive to conserve water, leading to overuse or wastage, particularly in water-scarce regions. It also hampers the ability of authorities to monitor usage trends, identify leakages or losses and optimise supply planning.

3.2.8.7 Outcome-Dropout rate of Upper Primary Level Girls

As per the UDISE+⁵⁶ data available from the Project Director, Samagra Shiksha State Implementation Society, Manipur, the dropout rate for upper primary level girls for the three sampled districts and for the State is given in **Table 3.2.5**.

Table 3.2.5: Dropout rate (per 100) for upper primary level girls in selected districts and the State

District	2018-19	2019-20	2020-21	2021-22	2022-23
Imphal West	3.17	0.09	4.04	-1.82	5.33
Imphal East	1.12	2.47	0.47	3.42	8.57
Kakching	-0.64	1.32	0.08	5.27	2.12
Manipur State	2.76	3.55	3.65	5.21	9.22

Source: UDISE Data

As can be seen from **Table 3.2.5** that the dropout rate had increased in the State year by year from 2018-19 to 2022-23 (Data is available only up to 2022-23).

However, during beneficiary survey, all the 469 beneficiaries confirmed that there had been no dropout of school going girls due to travelling long distances to fetch drinking water.

As such, at least for the sampled districts, the dropout rate could not be linked with the implementation of JJM in the State.

⁵⁶ UDISE- Unified District Information System for Education

3.2.8.8 Outcome-Water borne disease

Out of 351 beneficiaries who had FHTC, 196 beneficiaries (55.84 *per cent*) could not reply to the effect of JJM on water borne disease and 49 beneficiaries (13.96 *per cent*) stated in affirmative to the reduction of water borne diseases after getting potable drinking water supply.

Data for two water borne diseases, *viz.*, Acute Diarrheal Disease and Typhoid under Integrated Disease Surveillance Programme was not available with the PHED. In the absence of such data with the department, the data furnished by the State Health Society, National Health Mission, Manipur, was adopted and it was found that the trend for the two water borne diseases increased from 2019-20 to 2022-23 and decreased in 2023-24 for the State as a whole, as shown in **Tables 3.2.6 and 3.2.7**.

Table 3.2.6: Cases of Acute Diarrheal Diseases in selected districts and State

Name of the District	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Imphal East	0	0	124	761	628	1513
Imphal West	0	0	84	462	445	991
Kakching	0	0	21	214	39	274
State	0	1	1,514	8,037	3,310	12,862

Source: NHM data

Table 3.2.7: Cases of Typhoid in selected districts and State

Name of the District	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Imphal East	0	0	5	18	24	47
Imphal West	0	0	1	25	7	33
Kakching	0	0	7	41	1	49
State	0	0	129	2,029	345	2,503

Source: NHM data

Though there had been an increase in the FHTC in the State, there was no year-wise corresponding reduction in water borne disease as can be seen from the above tables. Moreover, the implementing authority of JJM did not maintain records of water borne diseases in the State. Thus, audit was unable to establish a causal relationship between implementation of JJM and reduction in water borne disease. Thus, the implementation of JJM could not be considered the sole measurable indicator for assessing the reduction of water borne diseases.

3.2.8.9 Outcome-Drudgery of women in villages

118 beneficiaries had no FHTC as already mentioned. Thus, they were deprived of the benefits of a functional tap at the ease of their home. Further, 108 (91.52 *per cent*) out of the 118 beneficiaries had to purchase potable water with expenditure ranging from ₹350 to ₹2,400 per month.

All the remaining 351 beneficiaries who had FHTC informed that the problems of women/ girls had been reduced due to water reaching their homes by saving their time and labour. However, during lean season, when there was shortage of water at the source, the villagers had to depend on other sources as confirmed by all the 351 beneficiaries. The households had to bear the extra burden of purchasing drinking water from commercial water carriers.

3.2.8.10 Outcome-Employment opportunities for rural communities

As per the Annual Reports of Periodic Labour Force Survey Report (PLFSR) published by the Ministry of Statistics and Programme Implementation, GoI, the Unemployment Rate for rural population in the State of Manipur from 2019-20 to 2023-24 is shown in **Table 3.2.8**.

Table 3.2.8: Unemployment rate of the State (as per PLFSR)

Year	Unemployment Rate as per PLFSR	HH having FHTC as per IMIS
2019-20	9.2	30,399
2020-21	3.8	2,26,532
2021-22	9.5	2,96,440
2022-23	4.5	3,45,207
2023-24	5.5	3,53,075

Source: Departmental records

During the beneficiary survey, out of 351 beneficiaries who had FHTCs, 349 (99.43 *per cent*) beneficiaries stated that no employment opportunities had arisen in the community due to the provision of drinking water supply. Only two beneficiaries (engaged in the Brass and Bell Metal family business) from Oinam Thingel village of Imphal West District, stated that employment opportunity had increased due to reaching of water supply at home.

3.2.8.11 Non-completion of work

The district-wise status of works of the water supply schemes under JJM funding and New Development Bank (NDB) funding is shown in **Table 3.2.9**.

Table 3.2.9: Status of water supply scheme

Name of the District	JJM				NDB				Total
	Completed	Non-Completed	HH	FHTC	Completed	Non-Completed	HH	FHTC	
Bishnupur	20	0	12,500	12,223	0	33	18,528	9,779	53
Chandel	94	3	7,992	7,436	0	82	11,483	7,875	179
Churachandpur	352	78	19,410	16,804	0	127	20,145	16,651	557
Imphal West	32	0	22,388	21,941	0	45	23,337	13,406	77
Kamjong	55	0	4,407	4,407	0	88	6,927	3,916	143
Kangpokpi	182	0	10,577	10,404	14	246	21,750	17,270	442
Tengnoupal	26	13	4,018	3,875	38	74	8,892	7,148	151
Imphal East	27	16	20,724	18,836	0	103	49,084	37,256	146
Senapati	30	0	11,492	10,955	0	106	31,133	21,734	136
Noney	32	0	3,297	3,296	0	82	7,295	4,614	114
Thoubal	25	10	25,576	24,157	1	30	16,726	13,334	66
Pherzawl	32	12	2,832	2,575	73	0	5,173	1,553	117
Ukhrul	23	19	10,127	10,045	0	52	18,014	12,146	94
Kakching	15	3	11,673	10,829	3	11	8,599	6,847	32
Jiribam	3	19	2,402	2,322	0	23	4,870	418	45
Tamenglong	44	6	4,827	4,769	0	97	8,482	5,149	147
Total	992	179	1,74,242	1,64,874	129	1199	2,60,438	1,79,096	2,499

Source: Departmental records

As can be seen from **Table 3.2.9** above, out of 1,171 works of Water Supply Schemes under JJM funding, 992 (84.71 *per cent*) works had been completed and 179 (15.29 *per cent*) had not been completed. While the physical progress of works of rural water supply schemes undertaken under NDB funding was not satisfactory. Further, out of 1,328 works, 129 (9.71 *per cent*) had been completed and 1,199 (90.29 *per cent*) works had not been completed. The

Department stated that 1,79,096 (68.77 *per cent*) out of 2,60,438 households had been provided with a FHTC. Thus, the non-completion of works under NDB has impacted on the non-achievement of target of providing every rural household with a FHTC by December 2024.

The very low completion rate (9.71 *per cent*) of NDB-funded schemes represents a significant bottleneck in the overall progress of the JJM in Manipur. This had directly impacted the ability to achieve the target of 100 *per cent* rural household coverage, particularly in the districts where many NDB-funded projects remained incomplete.

The high proportion of incomplete schemes under NDB, despite planning and allocation of funds, suggested issues in project planning and execution, co-ordination between implementing agencies and delayed fund flow. Projects under JJM showed far better completion rates, implying that the oversight on externally funded schemes like NDB had been inadequate.

The State Government stated (May 2025) that the non-completion of work was mainly due to slow progress on account of the outbreak of ethnic conflict since May 2023 and prevailing law and order condition in the State. The contractors of NDB Package No. VIII and IX which was terminated due to litigation issues, had been revoked and the work had recommenced to achieve the target in due course.

3.2.8.12 Inflated reporting of beneficiaries

Cross checking of Departmental data with VWSC records revealed that there were inflated number of FHTCs in the sampled villages in IMIS as given in **Table 3.2.10**.

Table 3.2.10: Table showing inflated number of beneficiaries

Sl. No.	Name of village	District	Total HH	FHTC provided (as per IMIS)	Number of FHTC as per VWSC record	Inflated FHTC	Inflated (Percentage)
1	Bitra Urakhong	Imphal West	384	379	331	48	13
2	Hayel	Kakching	423	406	212	194	48
3	Mayenglamjao		728	657	332	325	49
4	Waikhong Laimanai		403	359	89	270	75
5	Nongren	Imphal East	429	290	0	290	100
6	Changamdabi		1,346	1,346	0	1346	100
7	Top Dusara West		484	254	0	254	100
8	Kiyamgei Muslim Arapti		575	575	344	231	40
9	Pundongbam		668	593	223	370	62
Total			5,440	4,859	1,531	3,328	68

Source: IMIS data and VWSC records

The inflated number of FHTCs in remaining villages of Manipur could also not be ruled out. The Department should ensure proper monitoring and verification of online data submissions to the IMIS to enhance the reliability of the database. The Department stated (May 2025) that inflated reporting of beneficiaries is due to communication gap between VWSC members and PHED staffs.

The presence of inflated FHTC data in IMIS, as revealed through cross-verification with VWSC records, indicates deficiencies in data integrity, transparency, and accountability under the implementation of JJM in Manipur. This indicates serious lapses in data integrity and suggests potential misreporting of scheme progress under the Jal Jeevan Mission. The discrepancies undermine the credibility of official records, pose risks of financial irregularities, and reflect systemic weaknesses in monitoring and internal controls.

3.2.9 Audit Objective: Whether efficient institutional framework is in place for planning, implementation, and post operational management of the schemes?

3.2.9.1 State Water & Sanitation Mission

As per Paragraph 5.2 of the JJM Operational Guidelines, the concept of State Water and Sanitation Mission (SWSM) started in 1999 for coordination, convergence and policy guidance at the State level, headed by Chief Secretary of the State. SWSM, a state level institution headed by Chief Secretary with Principal Secretary/ Secretary in-charge of PHED/ RWS Department as Mission Director, is the organisation responsible for implementation of JJM in the State.

As per guidelines, most of the mission officials will be taken on deputation from various departments/ agencies/ institutions for time-bound implementation of JJM. In addition to public health engineers, the mission will also have officials/ personnel for project management, finance management, IT, IEC, capacity building and training, NGO coordination.

However, SWSM had not been deputed with officials from various departments and no personnel for project management, finance management, IT, IEC, capacity building and training, NGO coordination, had been earmarked.

The SWSM would have (i) Apex Committee and (ii) Executive Committee. The Apex Committee would be headed by the Chief Secretary of the State with Secretaries in-charge of PHE/ Rural Water Supply, Rural Development and Panchayati Raj (RD&PR), Primary Education, Health, Finance, Planning, Information and Public Relations and a Government of India representative as members.

State may decide to have an officer with administrative experience or Principal Secretary/ Secretary in charge of PHED/ RWS Department as Mission Director.

In the meeting held on 13 February 2020, the then existing Apex Committee expanded the members of the Apex Committee as per JJM Guidelines. The Apex Committee also approved the administrative secretary, PHED to be Mission Director who will be responsible for implementation of JJM in the State.

As per guidelines, the Apex Committee will meet at least twice a year and if possible, quarterly.

One meeting of the Apex Committee was held for the year 2019-20 (13 February 2020), two meetings for the year 2020-21 (11 August 2020 and 21 January 2021), one meeting for the year 2021-22 (17 November 2021) and one meeting for the year 2023-24 (06 December 2023). The meetings deliberated on Composition of the Committees, Action plan for JJM, status of implementation, financial status of JJM, VAP, VWSC, proposal for construction of district laboratories. No meeting was held for the year 2022-23. Inadequate review of the schemes resulted in delay in completion of works.

The Apex Committee is responsible for coordination among various departments and other agencies for convergence. However, as discussed in succeeding paragraphs, due to lack of coordination among various departments, convergence works had not yet been executed in the sampled villages.

The State Government stated (May 2025) that review meetings at the Secretary level with the departments were held monthly. Further, the Apex committee would be apprised to conduct the review meetings in future. The fact, however, remained that the stated mechanism for coordination and review had not been effective in ensuring convergence among the departments concerned.

3.2.9.2 Gram Panchayat/ Village Water & Sanitation Mission

As per the Handbook for Gram Panchayats on managing village-level drinking water security and Paragraph 5.4 of the Operational Guidelines of the JJM, the Village Water and Sanitation Committee (VWSC) is a standing committee of the Gram Panchayat (GP), responsible for planning, implementation, operation, maintenance, and management of drinking water schemes. Further, as per Paragraph 5.4 of the Operational Guidelines on JJM, VWSC or GP shall function as a legal entity under the 73rd Constitutional Amendment and its composition must ensure inclusive representation, including 50 *per cent* women and members from weaker sections (SC/ST). VWSC may be headed by Sarpanch/ Up-Sarpanch/ GP member/ traditional village head/ senior village leader as the Gram Sabha may decide and Panchayat Secretary may act as Secretary.

1. Non-Compliance with Institutional Guidelines

Audit scrutiny of sampled villages revealed significant deviations from the prescribed institutional framework:

- In all the sampled villages for which VWSC formation records were available, the Panchayat Secretary was neither the secretary nor a member of the VWSC, contrary to the role envisaged in the guidelines.
- No quarterly reports on implementation, progress or operational performance were submitted by VWSCs to the Gram Panchayat, indicating a lack of oversight and accountability.

- In six out of seven villages, the representation of women members in VWSCs was found to be below the mandated 50 *per cent*, compromising the inclusiveness and participatory approach central to the scheme.

2. Legal empowerment of VWSCs not operationalised

In a meeting of the Manipur State Level Water and Sanitation Mission (SLWSM) held on 13 February 2020, it was resolved that the PHED, in coordination with the RD&PR and Tribal Affairs & Hills Departments, would prepare rules to empower VWSCs as legal entities across all villages. However, no such rules were produced to audit and it could not be ascertained whether these were ever drafted or implemented.

3. Gaps in formation and functioning of VWSCs

- IMIS data indicated that seven out of 2,556 villages had not constituted VWSCs.
- Field verification in sampled districts showed that out of 15 villages surveyed, only 11 had active VWSCs, while four villages had none, reflecting a mismatch between reported data and ground realities.

4. Deficiencies in financial and administrative practices

In the functioning VWSCs surveyed:

- In the absence of metered connections, user charges ranging from ₹100 to ₹250 per month were collected from the beneficiaries as decided by the respective VWSCs, however, the user charges were not deposited into the VWSC's bank accounts, despite the accounts having been opened. Due to non-maintenance of proper records of collection, actual amount collected by VWSCs could not be ascertained by audit.
- There was poor maintenance of basic records, including:
 - Absence of vouchers for purchases and payments,
 - No annual operation and maintenance (O&M) budget,
 - No stock registers for chemicals and materials, and
 - No repair and maintenance registers.

The audit findings point to systemic non-compliance with the institutional provisions outlined in the JJM guidelines. The absence of effective constitution, empowerment and operationalisation of VWSCs as envisaged led to weak monitoring, poor financial accountability and inadequate maintenance of rural water supply infrastructure. These institutional lapses have contributed to avoidable gaps in scheme implementation and undermine the long-term sustainability and community ownership of the JJM.

Weak financial practices, absence of records and deficiencies in reporting to Gram Panchayats indicated systemic institutional lapses that undermined effective implementation, monitoring and sustainability of rural water supply schemes.

The State Government, while accepting the observation added (May 2025) that the user charges collected from the beneficiaries would be deposited into bank accounts. Necessary instructions/ arrangements would be made to make Panchayat Secretaries of GP as Secretary for VWSC. Further, the State Government stated that O&M policy for VWSC was yet to be approved by the State Government.

3.2.9.3 District Water & Sanitation Mission

In the meeting of the Manipur State Level Water & Sanitation Mission held on 13 February 2020, the then existing Apex Committee renamed the District Water & Sanitation Committee as District Water & Sanitation Mission (DWSM) with Deputy Commissioner as Chairperson and Executive Engineer, PHED as member secretary and other nine members from different departments. The DWSM is responsible for overall implementation of JJM in the district.

As per Paragraph 5.3 of the JJM Operational Guidelines, DWSM will convene monthly meetings to consider and accord administrative approval of the in-village water supply schemes, plan protection and preservation of village water sources, grey water management, preventing water bodies/ sources from getting polluted *etc.*

There was no record of meetings of the DWSMs of the three selected districts during the period of review.

As per the JJM Operational Guideline Paragraph 5.3, to support the DWSM, there should be separate Project Manager(s) for technical, financial and monitoring, Coordinators for Implementation Support Agencies (ISAs), IEC, Capacity Building & Training, MIS, Water Quality Monitoring & Surveillance (WQM&S).

However, technical and professional persons as envisaged in the guidelines were not available at the DWSM level. No separate staff was available for DWSM. The Divisional office of the PHED itself acted as support staff of DWSM. No records for functioning of the DWSM as separate entity could be seen during the performance audit.

The Department while accepting the audit observation stated (May 2025) that proposals was been made to the Government for engagement of separate staff for DWSM. Since the proposal was kept in abeyance, the PHED staff acted as support staff of DWSM.

As per Paragraph 5.3, DWSM is to ensure availability of funds for source sustainability works and grey water management in villages through convergence and projects may be cleared only if these components are part of DPR.

Since the function of DWSM was performed by the Implementing agency *i.e.*, PHED, the prepared DPR did not include the components of work to be taken up through convergence. In the absence of a DPR that should have included works to be taken up through convergence, it was observed and discussed in succeeding paragraphs that even the Gram Panchayats were unable to utilise the fund from 15th FC tied grant for convergence.

The non-functional status of DWSMs and the absence of dedicated staff and structured oversight mechanisms resulted in lapses in implementation of key planning and convergence provisions of the JJM guidelines. This contributed to gaps in scheme implementation, weakened institutional accountability and restricted access to available convergence funds at the Gram Panchayat level, thereby compromising the effectiveness and sustainability of the Mission.

3.2.9.4 Implementation support agency

As per Paragraph 4.23 of Margdarshika for Gram Panchayat & VWSC, Implementation Support Agencies (ISAs) are responsible for organising Gram Sabha, organising meetings of sub-committee, facilitating resolution in Gram Sabha, and acceptance of village scheme, mobilisation of community contribution, O&M arrangement, facilitating sanitation and grey water management activities. Self Help Groups (SHGs)/ CBOs/ NGOs/ VOs, need to be identified and empanelled as ISAs to handhold the community and facilitate the participatory approval and implementation, management, O&M, of in-village infrastructure by the Gram Panchayat or VWSC.

Further, as per Paragraph 5.5 of JJM Operational Guideline, for delivery of results, ISA will be provided financial support to engage a team comprising of six to eight members and conduct project activities. Once an ISA is selected by DWSM, it has to prepare the action plan for the villages it is allotted for entire scheme cycle with the help of PHED/ RWS Department and clearly specifying quarterly outputs. This plan will be in-line with the scheme cycle suggested by SWSM. Payment to ISA will be linked to the time schedule and outputs on quarterly basis.

The PHE Department approved (August 2021) the engagement of 21 ISAs under JJM. The VAPs were approved even before the engagement of ISAs. Even after the engagement of ISAs, two out of 2,556 VAPs were yet to be prepared (Kangpokpi-1 and Tengnoupal-1).

The State Government while accepting the audit observation stated (April 2025) that the VAPs were not prepared as the households were relatively few.

The composition of the team member of the ISA was also fixed by the Department with one Team Leader and five Members. The Remuneration of the Team Leader was fixed at ₹15,000 per month and that of the Member at ₹12,000 per month per person. Thus, ₹75,000 per month was fixed for one ISA which was in violation of the operational guidelines, as payments were to be made to the ISA based on the time schedule and outputs on quarterly basis.

No time schedule and specified quarterly output of the ISA were found to be prepared in the three sampled districts. The ISA also did not submit the quarterly output. Thus, the payment of ₹75,000 per month per ISA was not linked to the time schedule and outputs on quarterly basis.

The State Government while accepting the audit observation stated (May 2025) that the ISAs were paid monthly after certification of the work done by the division.

ISAs are meant to be the primary facilitators of community engagement, Gram Sabha resolutions and participatory planning. Their delayed engagement and limited involvement in preparing Village Action Plans undermined bottom-up planning and reduced community ownership, key principles of the JJM.

The payment of a fixed monthly remuneration to ISAs, instead of linking it to quarterly deliverables and timelines as mandated, defeats the incentive structure intended to ensure accountability, performance, and timely execution of responsibilities.

The absence of action plans and quarterly outputs from ISAs suggests that key support functions like sanitation planning, O&M facilitation and grey water management were likely inadequately addressed, impacting the overall quality and sustainability of the scheme at the village level.

The misalignment between the ISA's actual functioning and their intended role as per the JJM guidelines indicates a weakening of institutional support mechanisms, which may result in poor implementation outcomes, especially in villages with limited administrative capacity.

3.2.9.5 Non-conduct of social audit

As per Paragraph 5.4(xviii) of the operational guidelines of JJM, VWSCs have to undertake social audit of JJM. The social audit will help in ensuring quality and transparency in the implementation of JJM during the construction phase as well as during the operation and maintenance phase.

During the survey of VWSCs and beneficiaries of the sampled villages, it was found that no social audit of JJM activities was conducted. Further, during the audit of Gram Panchayat, the Panchayat Secretaries confirmed that no social audit was conducted for JJM related activities.

The State Government while accepting the audit observation stated (May 2025) that necessary instructions would be given to all concerned to conduct social audit.

Social audits provide real-time, grassroots-level feedback on issues such as irregular water supply, poor construction, or non-functional tap connections. Their absence means decision-makers and implementers are deprived of critical local insights that could improve performance and further, their non-conduct reflects poor institutional compliance, affecting programme credibility. Thus,

non-conduct of social audit defeated the principle of transparency, social accountability and involvement of the people.

3.2.9.6 Non-segregation of water quality monitoring function from water supply authorities

As per Paragraph 5.1.2.2 of the Water Quality Monitoring and Surveillance (WQMS) Framework, a Drinking Water Quality Commissionerate (DWQC) is recommended for separation between water supply delivery and water quality testing services to develop trust, transparency and accountability of water quality. The DWQC will be headed by the Chief Chemist (Water Quality) of the State/ UT designated as the nodal officer, who would directly report to the Secretary or Principal Secretary of the Department responsible for the rural water supply on all matters relating to water quality with information copy to the counterpart engineers. The States/ UTs are to complete this transition by 02 October 2022 positively.

In Manipur, there was no Dedicated Water Quality Control (DWQC) system, resulting in the absence of separation between water supply delivery and water quality testing services. Lack of trust could also be observed during the beneficiary survey where the consumers of Lamjaotongba Water Supply Scheme in Imphal West were reluctant to use the tap water for drinking purpose as the beneficiaries stated that the source water of the scheme is from Nambul River and the source of water is mixed with water from Lamphel sewerage project, even though tests were conducted (November 2024) and were within permissible limit.

Further, as per Paragraph 5.1.2.1 of the WQMS Framework, the SWSM is to nominate Chief Chemist of drinking water quality Commissionerate as the member of executive committee of SWSM.

The SWSM, Manipur did not nominate the Chief Chemist as member of the executive committee of SWSM.

Lack of institutional separation between water supply and water quality testing undermines the credibility and impartiality of test results, as the same agency is both supplying and certifying water quality. Further, not having the Chief Chemist as a member of the Executive Committee of the State Water and Sanitation Mission (SWSM) deprives the committee of critical scientific and technical expertise in water quality.

Without independent quality surveillance and institutional mechanisms to ensure regular, reliable testing, substandard or contaminated water may go undetected, increasing the risk of waterborne diseases and undermining the health benefits envisaged under the JJM.

3.2.9.7 Non-accreditation of Testing Labs

As per Chapter 8 of WQMS Framework, since the announcement of Jal Jeevan Mission, all laboratories are mandated to be accredited/ recognised by the National Accreditation Board for Testing and Calibration Laboratories (NABL).

The State had one state laboratory and twelve district laboratories, though four districts viz. Kamjong, Noney, Pherzawl, and Tengenoupal lacked district laboratory facilities. Among the existing laboratories, the state laboratory and seven district laboratories (Bishnupur, Chandel, Imphal East, Imphal West, Kangpokpi, Thoubal and Kakching) were accredited by the NABL. However, the remaining five district laboratories (Churachandpur, Jiribam, Senapati, Tamenglong, and Ukhrul) are not NABL-accredited.

In reply, the State Government stated (April 2025) that NABL accreditation processes were delayed/ temporarily expired owing to acute staff shortages, sporadic law and order disruptions and difficult logistics for sending samples and assessors.

Further, in May 2025 the State Government replied that construction works for the four districts Kamjong, Noney, Pherzawl and Tengenoupal which lacked district laboratory facility would be completed within the financial year. The State Government also added that the NABL accreditation process for Churachandpur, Jiribam, Senapati, Tamenglong and Ukhrul was under process.

This constitutes a deviation from national guidelines under the JJM and weakened the quality assurance mechanisms intended to safeguard public health. With four districts lacking laboratory facilities entirely and five districts operating non-accredited laboratories, there is a clear disparity in access to water quality testing infrastructure across the State which may create a credibility gap in water quality surveillance and may lead to inaccurate assessments.

3.2.9.8 Testing of inadequate number of parameters

As per Paragraph 5.1.2.2 of the WQMS Framework on the functions of DWQC and Annexure-III (Guidelines) on the list of parameters to be monitored at the State Laboratory and District Laboratories, 73 parameters are to be monitored at the State Level and 23 parameters are to be monitored at the District Level.

However, the State Laboratory could monitor only 16 parameters (22 per cent) and the District Laboratories could monitor 13 parameters (57 per cent).

The State Government replied (April 2025) that under the national protocol for drinking water quality, routine testing is mandated for 13 essential parameters and all those parameters are tested regularly. However, as per the same guideline, it is suggested that the laboratories may also analyse all the parameters once in a year keeping in view the newly emerging contaminants, thereafter frequency of analysis for some of the parameters may be reduced or

increased as deemed appropriate by the respective State Government as per local conditions.

Limiting testing to a subset of parameters significantly increases the risk of missing harmful contaminants, including heavy metals, pesticides, pathogens and other hazardous substances. This could lead to undetected health risks and exposure to unsafe drinking water.

3.2.9.9 Lack of manpower

The PHE Department has a sanctioned strength of one Chief Chemist, one biologist and four Laboratory Assistants. There is no sanctioned strength of chemist, biologist and Laboratory Assistant separately for the districts laboratories.

The persons-in-position *vis-à-vis* sanctioned strength at the State and the district laboratories are shown in **Table 3.2.11**.

Table 3.2.11 Statement showing persons-in-position *vis-à-vis* sanctioned strength at the state and the district levels

Level	Category of Post	Sanctioned Strength	Person-in-position	Excess (-)/ Shortage (+)
State	Chief Chemist	1	0	1
	Chemist	0	1	(-) 1
	Biologist	1	0	1
	Data Entry Operator	0	1	(-)1
	Laboratory Assistant	4	3	1
	Microbiologist	0	1	(-)1
	Peon	0	1	(-)1
District	Chemist/Junior Chemist	0	15	(-)15
	Laboratory Assistant	0	14	(-)14

Source: Departmental records

As can be seen from the above **Table 3.2.11**, even though there were no sanctioned posts, the Department appointed chemists, data entry operators, laboratory assistants, microbiologists, junior chemists, peon on contract basis and are remunerated from JJM fund.

However, out of one sanctioned post no Chief Chemist and Biologist were appointed at the state level. Further, as per Paragraph 5.2 of the WQMS Framework, one microbiologist/ bacteriologist at the district level is required. However, at the district level, neither microbiologist post had been created nor appointed as of December 2024.

The shortfall in sanctioned positions and lack of appointments, especially for microbiological testing, severely undermines the State's ability to detect and respond to biological contaminants, which are critical indicators of potable water safety. Inadequate staffing directly affects the quality, consistency, and reliability of test results. Without sufficient trained personnel, laboratories may be unable to perform the required number of tests or meet the standards of testing protocols.

The Department's reliance on contract-based personnel remunerated through JJM funds, without sanctioned posts may lead to issues of accountability, lack

of long-term capacity building and discontinuity in technical knowledge retention.

The State Government accepted (April 2025) the shortage of manpower and stated that process was underway for regular appointments and proposals would be initiated to create additional post as necessary.

3.2.9.10 Water Quality Testing

As per Paragraph 5.1.3.2 (xxv) of the WQMS Framework, district laboratories are responsible for testing 250 water sources/ samples per month (3,000 in a year).

Further, JJM in partnership with Indian Council of Medical Research has launched (March 2021) an online portal “Water Quality Information System” (WQIS) as an online tool for water testing to be regularly monitored for investigating and tracking the quality of drinking water supply.

As per information available in WQMIS, from 2021 to 2024, against the target of 48,000 tests (for all the 16 districts) as per guidelines, the district laboratories conducted 17,413 (36.28 *per cent*) tests in 2021-22, 21,950 (45.73 *per cent*) tests in 2022-23 and 17,271 (35.98 *per cent*) tests in 2023-24. The details are shown in *Appendix 3.4*.

As per Paragraph 5.1.2.3 (iii) of the WQMS Framework, State Laboratory should test at least five *per cent* of the total drinking water samples across all district level laboratories at random and uniform geographical spread. Thus, as per the guideline, the State Laboratory had a target of 2,400 (five *per cent* of 48,000) tests per year. However, the State Laboratory could conduct five tests in 2021-22, eight in 2022-23 and 29 in 2023-24 from the samples received from District Laboratories.

Thus, the State was not able to conduct the tests as stipulated in the guidelines. As such, the chances of providing unsafe drinking water to the consumers could not be ruled out.

The persistent shortfalls in water quality testing by both district and state laboratories undermine the effectiveness of water quality surveillance, weaken the credibility of test data reported in the Water Quality Information System (WQIS), and increase the risk of undetected contamination in drinking water sources. The deficiencies in adherence to prescribed testing norms not only compromised public health and safety but also reflected systemic gaps in compliance, institutional capacity and monitoring, thereby compromising the core objectives of the JJM.

The State Government stated that (April 2025) number of water quality tests conducted in the state was consistent with the targets defined on the JJM WQMS portal. However, the State Government did not furnish the supporting document for the defined targets. The fact remained that the Department had not fixed the quantum of targets for water quality tests based on JJM guidelines to draw assurance on water quality.

3.2.9.11 Lack of water quality surveillance by community

As per Paragraph 5.1.6 of the WQMS Framework, five women identified from local community is to conduct water quality test using FTKs, bacteriological vials and report the results.

On analysis of the WQMIS data for the three sampled districts at the Village level, audit noticed non-testing of water quality despite issue of FTKs and H2S bacteriological vials as shown in the **Table 3.2.12**.

Table 3.2.12: Non-testing of FTKs in the sampled villages

District	Total Villages	Total FTKs issued	Total H2S Vials issued	No. of villages where no testing was done		
				2021-22	2022-23	2023-24
Imphal East	152	482	2300	102	22	57
Imphal West	113	350	1135	71	2	17
Kakching	28	268	1000	19	1	1
Total	293	1,100	-	192	25	75

Source: Departmental records

Thus, in the three sampled districts, 192 (65.53 *per cent*) villages in 2021-22, 25 (8.53 *per cent*) villages in 2022-23 and 75 (25.60 *per cent*) villages in 2023-24 had not conducted water quality surveillance through FTKs though the villages had been issued at least one FTKs. As such, a minimum of 292 FTKs issued for conducting water quality surveillance were rendered useless resulting in minimum wasteful expenditure to the tune of ₹7.01 lakh (₹2,400 X 292).

Moreover, as per Paragraph 5.1.7 of the WQMS Framework, ISAs should facilitate GPs/ VWSCs in conducting timely water quality tests and uploading the data. However, as pointed out above, even after appointment of ISAs (August 2021), there was lack of water quality surveillance at the community level which points to non-satisfactory role of the ISA in mobilising the community.

The fact that up to 65.53 *per cent* of villages (in 2021-22) did not conduct any tests despite receiving FTKs indicates a breakdown in community engagement. The fact that at least 292 FTKs valued at ₹7.01 lakh were not utilised, reflected inefficient procurement and distribution without corresponding usage. ISAs are specifically tasked with facilitating community-level water quality testing and data reporting. The continued gaps in testing, even after the appointment of ISAs, indicated their non-satisfactory performance, poor mobilisation efforts, and non-fulfilment of one of their core responsibilities under the WQMS Framework.

The State Government accepted (April 2025) the low-level community-based water surveillance and attributed it to COVID-19 pandemic restrictions and law and order situation and stated (May 2025) that they will try to improve the level of community-based water quality surveillance.

3.2.9.12 Irregularities in planning, purchase and issuance of Field Test Kits

As per Chapter 10 of the operational guidelines of JJM, water quality monitoring and surveillance are critical for ensuring safe drinking water, detecting potential waterborne health risks and educating stakeholders on water quality issues. Field-Testing Kits (FTKs) and H2S bacteriological vials are essential tools used by Gram Panchayats (GPs) and VWSCs for primary detection of contamination in drinking water sources.

Joint physical verification (November 2024) of stock of FTKs and H2S bacteriological vials found gross negligence, with damaged, soaked, or torn boxes and green moss. Stock of FTKs and H2S bacteriological vials was stacked haphazardly, with no tagging, labelling or monitoring mechanism. Unorganised stacking increases the risk of pilferage or unauthorised access, as can be seen from the **Photograph 3.2.1**.

Photograph 3.2.1



Joint verification of FTK stock on 04 November 2024

Thus, lack of regular review and analysis of procurement and issuance data indicated inefficient procurement processes leading to overstocking of stock and inability to distribute the stock in time before expiration.

Over the period 2020 to 2023, the CCDU office procured 12,500 FTKs and 68,000 H2S vials in three phases, at a total cost of ₹3.57 crore (inclusive of GST). The details are shown in the **Table 3.2.13**.

Table 3.2.13: Details of procurement of FTKs and H2S vials
(Amount in ₹)

Sl. No	Supply Order Date & Order No.	Quantity of FTK	Unit price	Quantity of H2S	Unit price	Date of manufacture & Expiry	Amount inclusive of @12 per cent GST
1	27-10-2020 & No.Dir/CCDU/ WQ/ 46-Vol-II/ 2020/745	2,500	2400	33,000	17	NA*	73,48,320
2	17-01-2022 & No.Dir/CCDU/WQ/ 46-Vol-II/2022/ 859	3,000	2400	15,000	17	Feb 2022 to Feb 2024	83,49,600
3	01-08-2023 & No.Dir/CCDU/ WQ/ 46 Vol-II/ 2023/1110	7,000	2500	20,000	17	Oct 2023 to Oct 2025	1,99,80,800
Total		12,500		68,000			3,56,78,720

Source: Departmental records

* NA- Not Available

The stock distribution and balance analysis of FTK & H2S Vials as of November 2024, are shown in the **Table 3.2.14**.

Table 3.2.14: Details of stock distribution & balance of FTK & H2s Vials as of November 2024

(Amount in ₹)

Status of Stock	Items	Received	Issued	Balance	Unit Price	Cost	GST @12 per cent	Actual Value
1	2	3	4	5	6	7	8	9=(7+8)
Expired Stock	FTK	2,500	2,424	76	2400	1,82,400	21,888	2,04,288
		3,000	2,792	208	2400	4,99,200	59,904	5,59,104
	Sub-Total	5,500	5,216	284		6,81,600	81,792	7,63,392
	H2S Vials	33,000	32,231	769	17	13,073	1,569	14,642
		15,000	14,500	500	17	8,500	1,020	9,520
	Sub-Total	48,000	46,731	1,269		21,573	2,589	24,162
Total value								7,87,554
Current Stock	FTK	7,000	1,723	5,277	2,500	1,31,92,500	15,83,100	1,47,75,600
	H2S Vials	20,000	3,492	16,508	17	2,80,636	33,676	3,14,312
	Total value							1,50,89,912

Source: Departmental records

The procurement and distribution of Field Testing Kits (FTKs) and H2S vials under JJM found significant inefficiencies. From **Table 3.2.14**, it is noticed that the third procurement order (7,000 FTKs) was significantly larger than the combined total of the first two orders (5,500 FTKs). Moreover, considering the two-year expiry period for both FTKs and H2S vials and historical issuance rate, this bulk procurement appeared unjustified, leading to wastage/ expiry of 284 FTKs and 1,269 H2S vials from the first two orders, resulting in a financial loss of ₹7.88 lakh.

The two-year expiry period necessitates timely distribution and usage. Out of 12,500 FTKs and 68,000 H2S vials procured, only 6,939 FTKs and 50,223 H2S vials were issued. The current stock of 5,277 FTKs and 16,508 H2S vials valued at ₹1.51 crore will expire by October 2025 if not utilised efficiently.

This points to overestimation in procurement planning, inadequate inventory management and non-ensuring of timely utilisation of test kits, thereby compromising both the cost-efficiency and the effectiveness of community-level water quality surveillance efforts.

The State Government accepted the audit observation and stated (April 2025) that steps would be taken to prevent future stock losses.

3.2.9.13 Non-dissemination of test results

As per Paragraph 5.4 (xvi) of operation guidelines of JJM, the Gram Panchayat or VWSC is to ensure to disseminate the test results among the community.

During the survey of the sampled villages, it was found that there was no dissemination of test results in the community.

The non-compliance with the mandate to disseminate water quality test results, as prescribed under Paragraph 5.4(xvi) of the JJM Operational Guidelines, represents a clear deviation from prescribed transparency practices, weakening

the principles of community participation and informed decision-making. Water quality issues, if present, need timely and widespread communication to enable preventive action (e.g., boiling water, avoiding consumption). Non-dissemination delays this process, potentially exposing the public to undetected health hazards.

3.2.9.14 Skill Development

As per Paragraph 4.25 of Margdarshika for Gram Panchayat & VWSC, to achieve the goal of FHTC on a long-term basis *i.e.* assured water supply of prescribed quality to every rural household, skilled human resource such as masons, plumbers, fitters, electricians *etc.*, are required at village level. Also, due to the scale of works to be undertaken, skilled work-force will be required, for which locally available labour will have to be trained. A mobile group of local technicians can be formed so that their availability can be ascertained. The objective is to have reliable and trustworthy arrangement at village level so that potable water supply to rural homes is not disrupted. A total of ₹1.26 crore was spent on skill development activities of 355 numbers of pump operators, masons, plumbers, fitters, electricians, as shown in **Table 3.2.15**.

Table 3.2.15: Skill development activities

Year	Expenditure (₹ in crore)	Number of persons trained					
		Pump operator	Motor Mechanic	Plumber	Electrician	Fitters	Mason
2019-20	0	0	0	0	0	0	0
2020-21	0	0	0	0	0	0	0
2021-22	0.28	11	9	12	8	11	10
2022-23	0.91	74	35	44	37	50	51
2023-24	0.07	2	0	1	0	0	0
Total	1.26	87	44	57	45	61	61

Source: Departmental records

As per data available with the department, out of 2,556 rural villages, skill development activities were conducted only in 180 villages. Thus, 2,376 (92.96 *per cent*) had not been covered under skill development activities. The details are shown in **Table 3.2.16**.

Table 3.2.16: Village coverage of skilling activities

Sl. No.	Name of District	No. of village	No. of village where skilling activities conducted as per IMIS
1	Bishnupur	48	9
2	Chandel	265	89
3	Churachandpur	524	3
4	Imphal East	152	1
5	Imphal West	113	1
6	Jiribam	50	1
7	Kakching	28	8
8	Kamjong	121	0
9	Kangpokpi	534	1
10	Noney	73	7
11	Pherzawl	89	1
12	Senapati	136	14
13	Tamenglong	102	15
14	Tengnoupal	165	7

Sl. No.	Name of District	No. of village	No. of village where skilling activities conducted as per IMIS
15	Thoubal	60	14
16	Ukhrul	96	9
Total		2,556	180

Source: Departmental records

Paragraph 9.4 of the operational guidelines of JJM highlights the need to plan for skilled human resources in each district and for each village, for which convergence with Pradhan Mantri Kaushal Vikash Kendra (PMKVK) operational in each district will have to be worked out. States have to identify district-wise requirement of such skilled human resources and their training will have to be taken up on priority through PMKVK.

The Department stated that the Manipur Society for Skill Development in convergence with the Rural Development & Panchayati Raj Department and Tribal Affairs and Hills Department had proposed imparting skill development training under JJM. However, the said program was yet to be implemented.

The audit revealed serious gaps in the implementation of skill development activities under the JJM, with only 180 out of 2,556 villages (seven *per cent*) covered, despite ₹1.26 crore spent on training a limited number of pump operators, plumbers, fitters and electricians. This inadequate coverage compromises the long-term sustainability and reliability of in-village water supply systems, as the availability of locally trained personnel is critical for timely maintenance and uninterrupted service.

The absence of convergence with Pradhan Mantri Kaushal Vikas Kendra (PMKVK), as required under JJM guidelines, reflects a missed opportunity to scale and institutionalise skill-building at the grassroots level. Without a skilled and responsive workforce, rural communities remain vulnerable to service disruptions, and the goal of functional household tap connections backed by sustainable O&M support is significantly undermined.

3.2.9.15 Fragmented Planning

As per Paragraph 5.2 of the JJM Operational Guidelines, the proposals to the State Level Scheme Sanctioning Committee (SLSSC) should be invariably reviewed by Source Finding Committee for availability of potable water in adequate quantity of prescribed quality for the scheme design period.

However, the Source Finding Committee was constituted only on 11 January 2024 after the SLSSC meeting (December 2023) proposing setting up of (a) Augmentation of sources for various water supply schemes in the State (estimated amount of ₹116.85 crore) and (b) Source sustainability of various water supply schemes in the State (estimated amount of ₹288.28 crore). The proposal for Augmentation of sources for various water supply schemes in Manipur State for estimated amount of ₹116.85 crore was sent (August 2024) to the Ministry of Jal Shakti and was pending approval (December 2024).

In this connection, it may be stated that the Source Finding Committee should have been constituted at the planning stage of JJM implementation in the State. Thus, the work for augmentation of sources should have been included in the State Action Plan. However, the Department could not furnish State Action Plan to audit till date (December 2024). In the absence of source augmentation works, the beneficiaries had to face water scarcity problem during lean season as corroborated during beneficiary survey.

The State Government, while accepting the observation, stated (May 2025) that the proposal of augmentation of various sources amounting to ₹116.85 crore had not been approved. The State Government also added that though source finding committee were not formed in the initial stage, recommendations from the villagers had been taken during the preparation of VAP and that source augmentation issues had been realised later, especially after the ethnic conflict of May 2023.

The non-integration of source augmentation needs into the initial State Action Plan, which was also not furnished to audit, points to weak institutional coordination and a lack of strategic foresight. As a result, critical proposals amounting to over ₹400 crore had to be taken up belatedly, delaying necessary interventions. Most importantly, the absence of timely source augmentation contributed directly to water scarcity during lean seasons, as reported by beneficiaries, thereby undermining the core objective of JJM to ensure regular and adequate potable water supply to all rural households.

3.2.9.16 Absence of baseline survey

As per Paragraph 3.6.1 operational guideline of JJM, a VAP will be prepared by Gram Panchayat or VWSC with the support of PHED Department based on the baseline survey of the village.

However, the Department replied (December 2024) that no baseline survey under JJM was conducted even at the planning stage. Thus, in the absence of baseline survey, households left out during planning stage could not be ruled out.

The non-conduct of baseline survey, as mandated under Paragraph 3.6.1 of the JJM Operational Guidelines, represents a foundational planning gap that compromises the integrity and effectiveness of the VAPs. Without a baseline assessment of existing water supply infrastructure, household-level access, source sustainability and service gaps, the VAPs risk being generic, inaccurate and misaligned with actual village needs. This compromises the quality of scheme design, prioritisation and resource allocation. It also impairs the ability to set measurable benchmarks, monitor progress and assess outcomes. Furthermore, the absence of baseline data hinders the effective identification of unserved and vulnerable populations, thereby risking exclusion and inequitable service delivery.

3.2.9.17 Poor involvement of rural community in planning and implementation

As per Paragraph 3.6.1 of operational guidelines of JJM, a VAP will be prepared by Gram Panchayat or VWSC with support from ISA, PHED/ RWS Department, DWSM based on baseline survey, resource mapping and needs of the village community.

Further, the Gram Panchayat or VWSC is to ensure participation of village community including all its habitations, ISA, DWSM, PHED/ RWS Department, *etc.* in Gram Sabha. The VAP would be approved in the Gram Sabha and submitted to DWSM for further action.

The PHE Department made data entry about VAP of each village in the IMIS portal.

However, on scrutiny of the records of the Gram Panchayat office of the sampled villages, it was revealed that the Gram Sabha meetings to approve VAP as per JJM guidelines were not held. This led to non-involvement of communities in planning and ineffective village action plans.

The State Government accepted (May 2025) the fact and stated that engagement of ISAs in Manipur was late.

The absence of Gram Sabha meetings to approve VAPs, as required under Paragraph 3.6.1 of the Jal Jeevan Mission (JJM) Operational Guidelines, undermines the participatory and community-led approach central to the Mission. Its non-convening suggests that the VAPs may have been prepared in a top-down manner, without adequate consultation with the community. This not only compromises the legitimacy and relevance of the plans but also weakens community ownership, accountability, and long-term sustainability of water supply schemes. While it raises concerns about potential exclusion of marginalised groups, bypassing the Gram Sabha also undermines the democratic spirit of decentralised planning envisaged under the 73rd Constitutional Amendment and JJM framework.

3.2.9.18 Lack of convergence with 15th Finance Commission

As per Paragraph 6.3 of JJM operational guidelines, the Finance Commission grants can be used for taking up the source sustainability and greywater management activities.

- i. As per Paragraph 2.1 of the Manual for the utilisation of Fifteenth Finance Commission (15th FC) (2021-22 to 2025-26), 40 *per cent* of the recommended grant is basic grant (untied) and the remaining 60 *per cent* is tied grant for (a) drinking water *etc.* and (b) sanitation.

The State Finance Department released (August 2022) 15th FC grants of ₹15.32 crore being payment of first instalment of tied grant for rural local bodies under for the year 2021-22.

After the expiry of the term of the last PRI on 24 October 2022, the Rural Development and Panchayati Raj (RD&PR) Department issued an order that no payment be made after 31 October 2022 under any circumstances for all work programmes or activities to be taken up under 15th FC. Consequent upon the RD&PR Department's administrative approval for appointment of Chairpersons/ members of the Administrative Committee for Gram Panchayat and Zilla Parishad on 07 March 2024, the Deputy Commissioners appointed (March 2024) the administrative committees of the GPs and ZPs of the respective districts. No election to the local bodies has been held since the expiry of the last term (October 2022).

Audit noticed that though the restriction on payment had been lifted in June 2024, the work for construction of soak pit and leaching pit included under tied grant had not been taken up (December 2024) in the sampled villages due to non-clarity on the issue of implementing agency as stated by the office of the gram panchayats.

- ii. Further, as per Paragraph 3.1 of the above manual, the Department of Drinking Water and Sanitation would also handhold and provide technical guidance to the RLBs in implementing the tied grant component or the schemes/ technology to be adopted for efficient use of the tied funds.

However, due to lack of convergence, the work was not executed depriving the villages of the benefit of the scheme.

- iii. As per Paragraph 8.1 of the Manual for the utilisation of Fifteenth Finance Commission tied Grants to Rural Local Bodies for water and sanitation (2021-22 to 2025-26), Gram Panchayats have been mandated to prepare Gram Panchayat Development Plan (GPDP) for rural economic development and social justice. The GPDP planning process has to be comprehensive and participatory and based on full convergence with other Schemes. A GPDP takes input from the VAP and reports the progress in the commensurate tied fund of the 15th Finance Commission in the GPDP.

However, the panchayat offices of the sampled villages were unaware of the concept of VAP which defeats the requirement of taking input from the VAP while preparing the GPDP. This shows that the planning process was not based on convergence.

This led to non-achievement of convergence with the Finance Commission.

The State Government accepted the lack of Convergence with 15th Finance Commission and stated (May 2025) that the works for construction of soak pit and leaching pit included under tied grant had to be executed by Gram Panchayat under funding from 15th FC. However, correspondence for

clarification that the works were to be executed by the GPs were yet to be furnished to audit (September 2025).

3.2.10 Audit Objective: Whether financial resources have been employed in an economic and efficient manner?

3.2.10.1 Fund position of the State

The JJM is funded through Ministry of Jal Shakti and the State Government in the ratio of 90:10. In Manipur, external funding was also obtained through Central Government from New Development Bank (NDB) for development of water supply projects. The audit findings on external fundings are discussed under **Paragraph 3.2.10.11**. The year wise details of funds released by the Central and State Governments and expenditure incurred by the Department for the period 2019-2025 are given in **Table 3.2.17**.

Table 3.2.17: Fund position of the State (JJM Funding)

(₹ in crore)

Year	Opening Balance	Fund Receipt		Total available Fund*	Total Expenditure	Balance
		Central	State			
2019-20	0	91.17	6.00	97.17	34.20	62.97
2020-21	62.97	141.80	18.88	223.65	207.66	15.99
2021-22	15.99	601.19	54.58	671.76	527.58	144.18
2022-23	144.18	256.03	41.78	441.99	259.67	182.32
2023-24	182.32	0.00	8.06	190.38	156.37	34.01
Total		1,090.19	129.30	-	1,185.48	-

Source: Departmental records

* Excluding Bank interest receipt: ₹1.29 crore for 2021-22, ₹3.53 crore for 2022-23 and ₹4.12 crore for 2023-24 which are refunded to GoI & GoM.

The financial analysis of implementation of the JJM in Manipur from 2019-20 to 2023-24 revealed that while the State received a total of ₹1,219.49 crore (including Central and State shares) for rural water supply projects, no central funds were received in 2023-24. Reason for non-release of fund is discussed in **Paragraph 2.3.4**. Although ₹1,185.48 crore was spent over the period, the sudden halt in central funding raises concerns about potential fund flow disruptions, which could adversely impact project continuity, particularly ongoing works and operations planned under earlier allocations. Moreover, the consistent carry-forward of unutilised balances in earlier years, peaking at ₹182.32 crore in 2022-23, suggests delays in fund absorption or implementation bottleneck.

3.2.10.2 Payment of work without Third Party Monitoring

As per Chapter 6 of the JJM guidelines, it is mandatory for all the works to be inspected and certified by a Third-Party Inspection Agency (TPIA) before making payment.

M/s EGIS India Consulting Pvt. Limited was engaged (November 2020) as TPIA for Implementation of Water supply schemes in Manipur under JJM for a period of 30 months *i.e.* till June 2023. However, the Department had not engaged any other TPIA after June 2023.

As on June 2023, there were many works/ schemes in progress which had not been inspected by any TPIA. District-wise overall work balance as of June 2023 is shown in the **Table 3.2.18**. Details of water supply schemes with higher percentage of incomplete works are highlighted in **Appendix 3.5**.

Table 3.2.18 : District wise work balance in percentage as of June 2023

Sl. No.	Name of the District	Overall balance work (in percentage)
1	Imphal East	8
2	Imphal West	7
3	Churachandpur	9
4	Chandel	8
5	Kamjong	1
6	Bishnupur	5
7	Jiribam	3
8	Kakching	2
9	Kangpokpi	4
10	Noney	6
11	Pherzawl	3
12	Senapati	2
13	Ukhrul	7
14	Thoubal	8
15	Tengnoupal	3
16	Tamenglong	13

Source: Third Party Monitoring 'EGIS' Report

Further, ₹153.59 crore had been paid for works of water supply schemes *w.e.f.* July 2023 till June 2024 (**Appendix 3.6**), without inspection and certification by an empanelled TPIA after disengagement of the EGIS India Consulting Pvt. Limited in violation of JJM guidelines.

This represents a serious violation of transparency and quality assurance protocols, as several water supply works remained incomplete or unverified during this period. The absence of an empanelled TPIA not only compromises the credibility of scheme execution and quality control but also exposes the department to risks of overpayment, substandard work, and potential financial irregularities.

The State Government accepted the observation and stated (May 2025) that engagement of TPIA *M/s* EGIS India Consulting Pvt. Limited expired in June 2023 and it could not be extended due to May 2023 incident as the firm was not willing to continue due to law and order situation.

3.2.10.3 Non submission of UC

As per Paragraph 7.8.1.2 of Operational Guidelines of JJM, the 2nd instalment amount will be 50 *per cent* of the total allocation admissible to a State in the financial year and its release shall be assessed based on the financial progress made by the State. This included provisional UC for the current year for the amount equivalent to 60 *per cent* of available balance (Central Fund) and State Matching share; Report of the AG for the year preceding the previous year/

ASA⁵⁷ from the C&AG of India's empanelled CA of previous year and final Central and State UC for the previous year.

Ministry of Jal Shakti, Department of Drinking Water & Sanitation released an amount of ₹256.03 crore as first instalment for Jal Jeevan Mission during 2022-23. However, UC for the same had not been submitted (December 2024) and resultantly, the Ministry did not release the 2nd instalment of ₹256.03 crore.

It was also noticed in audit that there was a closing balance of ₹182.32 crore (Central ₹164.43 crore and State: ₹17.89 crore) at the end of March 2023.

Thus, non-utilisation of the fund in time and non-fulfilment of conditions for release of 2nd instalment of Central share resulted in deprivation of 2nd instalment of central fund to the tune of ₹256.03 crore.

Ministry of Jal Shakti, Department of Drinking Water & Sanitation conveyed (March 2023) approval of the AAP 2023-24 to the State Government. As per the approved AAP, the financial resources for JJM for the year 2023-24 was ₹335.18 crore.

However, due to non-submission of UC for the previous year (1st instalment of 2022-23), no fund was received from the Ministry during the year 2023-24 resulting in non-execution of approved activities. Moreover, annual accounts for the year 2022-23 and 2023-24 have not been prepared.

The State Government stated (May 2025) that UC for financial year 2022-23 amounting to ₹233.64 crore had been submitted in August 2024 and UC for financial year 2023-24 would be submitted in due course.

3.2.10.4 Fund flow

As per Paragraph 7.9 of the operational guidelines of JJM, the funds released by the Government of India to the State Government shall be transferred to the single nodal agency account of SWSM within 15 days along with the corresponding matching State share as per the funding pattern *i.e.*, 90:10 Centre-State sharing basis. On receipt of the Central and State share of JJM by the SWSM in the single nodal account, its allocation amongst the districts, based on the annual district action plans (DAP) finalised by the respective SWSM shall be made within two weeks. Based on the allocation, a drawal limit will be set for every district by the SWSM and it will authorise districts to raise payment advice and payment will be made from Single Nodal Account.

As per Paragraph 7.15 of the operational guidelines of JJM, all transactions under JJM are to be made mandatorily through PFMS. Fund utilisation by State under JJM are monitored through PFMS.

The Department of Drinking Water and Sanitation, Ministry of Jal Shakti intimated (February 2021) the State that central fund, along with due state matching share, were not transferred to the single nodal account of the Mission

⁵⁷ Audited Statement of Accounts

in a timely manner. In view of this, it was decided that the central funds would be directly released to an 'escrow account' of SWSMs *w.e.f.* 01 April 2021.

Consequently, from October 2021, the Ministry released JJM funds for the state directly in the Escrow Account of the SWSM. The State Government released the state share to the above account henceforth. This arrangement ensured the timely release of funds as discussed in the succeeding paragraph.

3.2.10.5 Delay in release of fund

The release of JJM fund for the period 2019-20 to 2022-23 is shown in **Table 3.2.19**. There was no fund released for the period 2023-24.

Table 3.2.19: Delay in receipt of fund in SNA

(₹ in crore)

Year	Central share	Sanction date	Release to SNA from Finance Department, GoM	Delay beyond 15 days
2019-20	28.21	28.08.2019	03.01.2020	113
	39.48	20.02.2020	29.07.2020	145
	23.48	26.03.2020	29.07.2020	110
Total	91.17	-	-	-
2020-21	2.58	01.06.2020	29.07.2020	43
	30.37	14.09.2020	28.10.2020	29
	32.95	13.11.2020	23.12.2020	25
	32.95	31.12.2020	24.03.2021	68
	32.95	18.02.2021	24.03.2021	19
	10.00	27.03.2021	30.04.2021	19
Total	141.80	-	-	-
2021-22	120.30	13.05.2021	16.06.2021	19
	Release of fund after operationalisation of ESCROW account			
	120.30	05.10.2021	12.10.2021	No delay
	120.30	06.12.2021	09.12.2021	No delay
	120.30	31.01.2022	03.02.2022	No delay
	21.48	30.03.2022	31.03.2022	No delay
	98.51	30.03.2022	31.03.2022	No delay
Total	601.19	-	-	-
2022-23	2.56	12.08.2022	18.08.2022	No delay
	6.40	12.08.2022	18.08.2022	No delay
	119.05	12.08.2022	18.08.2022	No delay
	2.56	07.03.2023	10.03.2023	No delay
	6.41	07.03.2023	10.03.2023	No delay
	119.05	07.03.2023	10.03.2023	No delay
Total	256.03	-	-	-

Source: Departmental records

As can be seen from the above table, the delay in receipt of fund in Single Nodal Account of SWSM from date of sanction order by the Ministry ranged from 19 to 145 days during August 2019 till May 2021. The delays in transferring the funds from the Finance Department, GoM hampers the smooth implementation of the mission.

However, after the fund were directly transferred to the SNA (escrow) account of the Implementing Agency, there was no delay in the receipt of funds from the Ministry.

3.2.10.6 Diversion of funds

Diversion of funds amounting to ₹14.23 lakh from JJM fund were observed in the following cases:

1. An amount of ₹6.04 lakh was paid (December 2021) to BL Enterprises for 1,000 printed T-shirts and 1,000 caps for a Mega Marathon (NE) event.
2. TA/ DA amounting to ₹6.28 lakh for attending various trainings, workshops for other non JJM schemes like, NDB, integrated sewerage system, Swaccha Bharat Mission by officers/ officials of the department as shown in the *Appendix 3.7*.
3. An amount of ₹1.91 lakh was utilised for renovation of office building of PHED at Khuyathong.

The State Government stated (May 2025) that since there was no separate fund for SBM and other Schemes, JJM funds were utilised for payment of TA/ DA expenses of officers for workshops, reviews, training. The reply is not acceptable since TA/ DA could be drawn from the State Budget.

The Department further stated (May 2025) that the renovation of office was done as part of the development of MIS infrastructure. However, renovation of office building is not allowed as per JJM guidelines.

3.2.10.7 Excess payment for supply of pipes

The Public Health Engineering (PHE) Department, Imphal East Division, procured pipes under JJM. The details of the supply order where there is excess payment are as shown in **Table 3.2.20**.

Table 3.2.20: Details of supply of pipes

Name of Agency, Supply order No. & Date	Size (mm)	Order Quantity (in Rm)	Order Amount (in ₹)	Rate (in ₹)	Quantity Received (in Rm)	Value of Receipt quantity (in Rm)	Actual Payment (in ₹)	Excess (in ₹)
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9=(8-7)</i>
Electrosteel Casting Ltd. EE/IE-PHED/ 3(3)2021-22/01 & 05-06-2021	200	3830	9000,500	2350	3378.5	7939475	7,12,91,948	13,311
	150	19237	34857,444	1812	19231	34846572		
	100	21425	28495,250	1330	21423	28492590		
Total	-	-	7,23,53,194	-	-	7,12,78,637		
BST Infratech Ltd. CE/PHE/2P(R)/20 19(Pt)/1000 & 19- 03-2020	100	28945	25153,205	869	24813	21562497	5,04,12,500	19,434
	80	25084	14975,148	597	21495	12832515		
	65	28337	130,35,02 0	460	24295	11175700		
	50	13394	47,68,264	356	11428	4068368		
	40	1800	4,60,800	256	1544	395264		
	32	1910	4,18,290	219	1638	358722		
Total	-	-	5,88,10,727	-	-	5,03,93,066		
Total Excess								32,745

Source: Departmental records

However, audit noticed discrepancies in supply orders, payments and documentation. The findings indicate financial irregularities like excess payments. There were discrepancies between the quantities ordered and

received across various pipe sizes. The division made an excess payment of ₹0.33 lakh without receipt of materials in full. Records of follow-up actions were not available for the above pending pipes. Immediate corrective measures, including recovery, enhanced monitoring, and improved financial controls, are essential to prevent future discrepancies.

The Department accepted (April 2025) the excess payment.

3.2.10.8 Non-functional water supply schemes in the sampled villages

During joint physical verification (JPV) and beneficiary survey of 15 villages, it was observed that the villages were not having any FHTC due to absence of any functional water supply scheme despite claims made in IMIS, as shown in Table 3.2.21.

Table 3.2.21: Non-functional water supply schemes in sampled villages

Sl. No.	Name of Village	Total HH	No. of FHTC (Claim made in IMIS)	Actual FHTC	Remarks
1	Changamdabi, Imphal East	1255	1255	0	Nungaipokpi WSS was yet to be completed
2	Nongren, Imphal East	429	290	0	Nongren WSS was yet to be started
3	Top Dusara West, Imphal East	484	254	0	Water from Top Kanglatombi WSS was yet to reach the village

I. Changamdabi village

The PHE Department, Imphal East Division, initiated the execution of the “Water Supply Scheme at Nungaipokpi⁵⁸” at a total cost of ₹5.98 crore (Appendix 3.8).

Despite expenditure of ₹5.71 crore (95 per cent of the project cost), as detailed in Appendix 3.8, severe discrepancies in project execution were noticed in joint physical verification conducted in September 2024. The expenditure of ₹76.48 lakh, purportedly incurred on key components such as construction of approach road and levelling (₹18.93 lakh), construction of compound wall (₹22.33 lakh), providing household tap water connections (₹16.19 lakh) and procurement of pumpset (₹19.03 lakh) were found to be either missing or not executed at the work site. Thus, misappropriation of fund to the tune ₹76.48 lakh could not be ruled out.

The State Government replied (April 2025) that the work for providing FHTC had not been billed yet though information already furnished by the Department indicated that the payment had already been made. The State Government further stated that the procurement of the pumpset was delayed due to the law and order situation. However, in the same reply, the Department had already

⁵⁸ Construction of approach road and levelling, Intake, Aerator, Settling tank, slow sand filter, service reservoir, chowkidar quarter cum godown, compound wall, boulder saudades as protection wall, drain and culvert, providing and laying of filter media, procurement of pipes i/c pipe specials, laying and fixing of pipelines, procurement of pumps, energisation, providing household tap water connection and Last mile connectivity

made an expenditure of ₹19.03 lakhs towards procurement of pumpset. Release of payment without receipt of the item was in violation of Rule 172 of GFR which stipulates that payments for services rendered or supplies made should be released only after the services have been rendered or the supplies made.

In the exit conference, the State Government accepted (May 2025) that only earthwork in excavation in hill cutting had been done for the work-construction of approach road. Other components like singling, WBM and pre mix carpeting which are included in technical sanction were not done. The State Government also accepted that work for construction of compound wall had not been done. The Secretary instructed the EE to take necessary action and assured that the works would be completed within three months.

JPV (September 2024) identified multiple structural deficiencies, including overgrown vegetation at the site, cracks in the slow sand filter and instability in pump house infrastructure, non-installation of the pump at the intake point and inefficient layout of main distribution pipelines, which were laid in the middle of the road, obstructing road construction and posing risks for future maintenance which may be seen from the site visit photos shown in **Picture 3.2.2**.

Picture 3.2.2: Photographs were captured on 09 September 2024



Laying of pipe in middle of road Development of crack in reservoir wall No compound wall

The non-completion of work of the water supply scheme has led to deprivation of access to drinking water in the village.

II. Nongren Village

Nongren village is covered by Augmentation of Nongren Water Supply Scheme of New Development Bank, NDB project. As per DPR of Augmentation of Nongren Water Supply Scheme, the project consists of items of works Construction of Pump House, Procurement of Electric motor Pumpset, Providing and Laying of Filter Media, Energisation of Intake and treatment site, Construction of Approach road, Construction of Aerator, Providing internal fitting to treatment Units, Construction of public hydrant, Procurement of pipes

and specials, Laying and fixing of pipes amounting to a total estimated cost of ₹1.15 crore. During Joint Physical Verification (August 2024) of the site along with the officials of Imphal East Division, PHED, it was found that the existing water supply scheme of Nongren was not functional and was in abandoned state.

Picture 3.2.3: Photographs were captured on 23 August 2024



Abandoned Water Supply Scheme. Water supply structure is partially seen in red circle in the photo. Site over-grown with bushes & entry to structure was not possible



Plant growth inside Settling Tank

Since the Augmentation work of the Nongren Water supply scheme under the NDB project had not commenced, the beneficiaries were deprived of the intended benefits of the scheme. The delay in access to clean drinking water had affected the main objectives of JJM related to functional household tap connections and public health and hygiene.

In the exit conference, the Department assured (May 2025) that the works would be completed within three months.

III. Top Dusara West

Top Dusara West village was covered under the Augmentation of Kanglatombi Top Water Supply Scheme (WSS) through the NDB project. As per the information provided by the Department, the total number of Households was 484, out of which 254 households were stated to have been provided with tap water connections. However, during the beneficiary surveys and JPV it was found that, not a single household had actually been provided with tap water connection under the Scheme. There was no main water supply pipeline laid to provide water to Top Dusara West from Kanglatombi Top WSS. Hence, 484 households remained without tap water connections.

In the exit conference, the State Government assured (May 2025) that the works would be completed within three months.

3.2.10.9 Non-issue of pipes

The PHE Imphal West Division placed (October 2023) supply order for 150 mm dia K7 D.I pipes of running metre 31,623 @ ₹2,687/ Rm to M/s Kejriwal Casting Limited. The Division received the pipes of 31,623 Rm in 40 invoices between 17 and 29 January 2024. The Division issued the pipes of 12,626 Rm to 19 water supply schemes of Imphal West District between 5 and 21 February

2024. Thus, 18,997 Rm of the pipes valued ₹5.10 crore (₹2,687 X 18,997) were yet to be issued even after a gap of 11 months from the date of receipt while JJM envisages provision of every rural household with FHTCs by December 2024. A balance amount of ₹5.10 crore remains tied up in undelivered or unutilised stock. The details of non-issue of pipes in Imphal West District are shown in **Table 3.2.22**.

Table 3.2.22: Non-issue of pipes (Imphal West)

Sl. No.	Name of Scheme	Requirement (in Rm)	Issued (in Rm)	Balance (in Rm)
1	Augmentation of Bitra Urokhong WSS	1,800	720	1,080
2	Augmentation of Chongtham Kona Water Supply Scheme	784	308	476
3	Augmentation of Hayel WSS	850	340	510
4	Augmentation of Khonghampat W/S Scheme	2,000	800	1,200
5	Augmentation of Khurkhul WSS	5,000	2,000	3,000
6	Augmentation of Tharoijam WSS	1,000	400	600
7	Augmentation of Uchiwa Water Supply Scheme	785	314	471
8	Construction of Aerator and Slap roofing of Ground sump of Samushang WSS	2,000	800	1,200
9	Construction of Mini Treatment unit at Khordak	1,000	400	600
10	Construction of WSS at Hangoon	3,000	1,200	1,800
11	Construction of WSS at Heibongpokpi	660	264	396
12	Construction. of WSS at Mayanglangjing Taning	1,000	400	600
13	Construction of WSS at Langjing Achouba	3,200	1,280	1,920
14	Extension of Pipeline for Phuramakhong and Langthabal Lep area	1,514	600	914
15	Extension of pipeline for Langthabal Mantrikhong area	1,000	400	600
16	Extension of pipeline for Leiphrapkam Leikai area	2,000	800	1,200
17	Extension of pipeline for Sorokhaibam Leikai area	514	200	314
18	Extension of pipeline upto Sangaiprou Mamang areas	1,500	600	900
19	Extension of supply to Langthabal Kunja area	2,000	800	1,200
20	Pipe not linked to any scheme	16	0	16
Total		31,623	12,626	18,997

Source; Departmental records

Further, PHE Kakching Division placed (27 October 2023) supply order for 200 mm dia. K9 D.I pipes of Rm 1,500 @ ₹4056 per Rm and 150 mm dia. K9 D.I pipes of Rm 15,663 @ ₹3,251 per Rm to M/s Kejriwal casting Limited. The division received the pipes of 200 mm in two invoices on 02 April 2024 and 150 mm on 19 invoices between 18 March 2024 and 17 April 2024. The division issued the pipes of 200 mm dia. of 423.50 Rm to one water supply scheme of Kakching district on 23 and 26 December 2024. The division also issued the pipes of 150 mm dia. of 10,266.50 Rm to six water supply schemes of Kakching district between 13 June 2024 and 29 September 2024. Thus, 1,076.50 Rm of 200 mm dia. D.I. pipes and 5,396.50 Rm of 150 mm dia. D.I. pipes had not been issued even after a gap of eight months from the date of receipt while JJM envisages provision of every rural household with FHTCs by December 2024. A balance amount of ₹2.19 crore remained tied up in undelivered or unutilised stock. Details are given in the **Table 3.2.23**.

Table 3.2.23: Non-issue of pipes (Kakching)

Supply order & Date	Size (mm)	Quantity (in Rm)	Rate (in ₹)	Amount (in ₹)	Issued (in Rm)	Balance (in Rm)	Balance Amount (in ₹)
EE/KAK-PHED/S.O./2020-21/ 67 & 27-10-2023	200	1,500	4,056	60,84,000	423.5	1,076.5	43,66,284
	150	15,663	3,251	5,09,20,413	10266.5	5,396.5	1,75,44,022
Total				5,70,04,413	-	-	2,19,10,306

Source: Departmental records

The State Government replied (April 2025) that there was delay in issue of pipe due to law and order situation. Thus, delay in pipe distribution had led to delays in completing water supply schemes thereby depriving every household with an FHTC of the benefits of the scheme. The objectives of JJM, specifically household water connectivity, were being directly affected due to these inefficiencies.

3.2.10.10 Non-deduction of TDS on GST

As per Section 51 of GST Act 2017, (a) a department or establishment of the Central Government or State Government; or (b) local authority; or (c) Governmental agencies; or (d) such persons or category of persons as may be notified by the Government on the recommendations of the Council, shall deduct tax at the rate of one *per cent* for Central GST and one *per cent* for State GST from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees.

Further, as per Section 24(vi) of the CGST Act, every Government department required to deduct tax must compulsorily obtain registration as a TDS deductor. The non-registration itself constitutes a distinct violation, attracting penal provisions under Section 122(1)(xi) for non-obtaining registration when liable.

Test check of records of the office of the CCDU revealed that TDS-GST amounting to ₹6,27,163 was not deducted at source for payment to different firms for various purposes as shown in *Appendix 3.9*.

Thus, non-deduction of GST at source violates the codal provisions of the act.

The State Government accepted the procedural lapse in not deducting TDS on GST and stated (April 2025) that this had occurred due to initial oversight and the absence of a dedicated accountant at the time. The State Government, further, stated (May 2025) that GST registration had been made in January 2024.

Thus, the reasons cited by the State Government that due to staff shortage and non-registration of CCDU as GST Deductor, ₹6,27,163 was not deducted at source could not absolve it from a statutory responsibility. The lapse constitutes a violation of Sections 24(vi) and 51 of the CGST Act, attracting interest and penal liability.

3.2.10.11 Funding under New Development Bank (NDB)

As per chapter 14 of operational guidelines of JJM, Externally Aided Projects (EAPs) are an important source of additional funding available to the States to fill up the funding gap that may arise in JJM implementation. States are to ensure that ultimate goal of such EAPs is provision of FHTCs, and such projects can cover both rural and urban areas. States/ UTs are encouraged to seek external financial assistance through EAPs funded by bi-lateral and multi-lateral agencies.

To fill up the funding gap in JJM implementation in State of Manipur, a loan agreement was signed (June 2020) between the Government of India and New Development Bank (NDB) for 312 million USD for construction and upgradation of drinking water supply systems in the State of Manipur.

The borrower shall pay interest at the rate being an aggregate of the Reference rate for the Loan Currency (USD) and the Spread⁵⁹. The loan shall be repaid in 38 semi-annual instalments with amortisation schedule from 15 September 2025 to 14 March 2044. As on 31 March 2024, a total of 259.79 million USD had been spent which included an amount of 91.66 million USD on rural water supply projects as shown in **Table 3.2.24**.

Table 3.2.24: NDB loan amount and expenditure

(Amount in USD million)

Contract Loan Amount			Expenditure till 31 March 2024		
NDB Loan (80 per cent)	GoM Funding (20 per cent)	Total amount	NDB loan	GoM funding	Total amount
312	78	390	207.99	51.80	259.79

The NDB projects were divided into 12 packages. The rural areas of Manipur are clubbed into packages RWS P-VIII to RWS P-XI. The package-wise expenditure and physical progress are shown in **Table 3.2.25**.

Table 3.2.25: Package details of NDB for rural water supply

(Amount in USD million)

Packages	Contractor	Expenditure (in per cent)	Physical progress (in per cent)
Rural Areas			
RWS P-VIII (Imphal East, Kamjong, Ukhrul)	M/s Sudhakara	13.19 (25)	30.91
RWS P-IX (Bishnupur, Imphal West, Noney, Tamenglong)	M/s Vishnu Prakash	10.39 (17)	27.95
RWS P-X (Kakching, Thoubal, Kangpokpi, Senapati,)	M/s Koya	31.67 (57)	57.85
RWS P-XI (Tengnoupal, Jiribam, Pherzawl, Chandel, Churachandpur,)	M/s GCKC	36.41 (51)	51.02

Source: Departmental records

The physical progress of the water supply projects in rural areas ranged from 27.95 to 57.85 per cent.

The contract with M/s Sudharkara Infratech Pvt. Ltd., Hyderabad, for package VIII covering Imphal East, Kamjong & Ukhrul Districts and M/s Vishnu

⁵⁹ Spread means 1.05 per cent per annum provided that if the Reference Rate is replaced with a Replacement Reference Rate, the spread will be adjusted as necessitated by the replacement of the Reference Rate, in consultation with the borrower.

Prakash R Punglia Ltd., Jodhpur for package IX covering Imphal West, Noney, Bishnupur & Tamenglong districts had been terminated (November 2023) for non-execution of the work effectively and delaying it inordinately. Further, no other contractor has been engaged for the two packages. This had resulted in low physical progress of the two packages as highlighted in **Table 3.2.25**.

The audit of EAPs under the JJM in Manipur revealed significant delays and non-performance in the execution of rural water supply packages funded by a \$312 million loan from the NDB, with an expenditure of \$259.79 million already spent as of March 2024.

Despite this substantial investment, physical progress in key rural packages remained low, ranging from only 27.95 to 57.85 *per cent*. The absence of replacement contractors stalled further progress in affected districts, jeopardising the timely achievement of FHTCs in rural areas. This not only undermined the intended impact of the EAPs but also raised concerns about financial efficiency, project governance, and the sustainability of debt-financed infrastructure development.

The State Government stated (May 2025) that the contract for package VIII and package IX had revoked on July 2024 and March 2025 only. The State Government also assured that the works would be completed within one year.

3.2.11 Audit Objective: Whether tests created through the programme are sustainable for the next two to three decades and do not compromise water security for future generations?

3.2.11.1 Sustainability of water sources

As per Annexure XB of the JJM Operational Guideline, District Action Plan should include the long-term drinking water security of the district. For this, it would prepare a district annual water budget based on the quantum of surface and groundwater available, water available from long distance water transfer and assess the uses by domestic, agricultural, industrial, etc. It would also contain details of water conservation activities to be taken up to ensure drinking water security by augmenting surface sources by rejuvenation and restoration of water bodies and recharging the groundwater aquifers.

However, the Department formed the Source Finding Committee only on 11 January 2024, well after key planning and approval stages had occurred. Following approval by the State Water and Sanitation Mission (SWSM), a proposal for source augmentation works, estimated at ₹116.85 crore, was sent to the Ministry of Jal Shakti in August 2024 and remained pending approval.

The Department further reported that out of 1,171 JJM schemes, 955 schemes lacked any provision for source augmentation.

Audit also noted that no district-level water budgets or comprehensive source sustainability plans were furnished for review, indicating a significant gap in compliance with JJM planning guidelines. As a result, in all 351 surveyed

households that had FHTCs, beneficiaries reported water shortages during the lean season. This clearly indicates that the absence of planned source sustainability measures undermined the objective of JJM to provide a reliable and year-round supply of potable drinking water to rural households.

The State Government stated (May 2025) that though source finding committees were not formed in the initial stage, recommendations from the villagers were taken during preparation of Village Action Plans. Source augmentation issues have been realised late specially after the May 2023 incident.

3.2.11.2 Lack of community contribution

As per Paragraph 6.1.2 of the JJM Operational Guidelines, willingness of the community and contribution as mandated (five *per cent* of the capital cost) under JJM from at least 80 *per cent* households of village is a pre-requisite for taking up water supply scheme. The Ministry of Jal Shakti while giving approval (March 2023) of the Annual Action Plan 2023-24 reiterated that any shortfall in community contribution shall have to be met by the state from its own resources and state may make best efforts for depositing of the community contribution.

The Department replied that no community contribution for initial construction of the scheme had been deposited till December 2024. The same was also corroborated during the beneficiary survey as all the 469 surveyed beneficiaries stated that they were unaware of the concept of community contribution.

During the VWSC survey, all the VWSCs also confirmed that no community contribution had been collected. The surveyed VWSCs also informed that no bank account had been opened for depositing community contributions till December 2024.

The absence of community contribution, as mandated under Paragraph 6.1.2 of the JJM Operational Guidelines, represents a fundamental deviation from the principles of community ownership and financial participation in rural water supply schemes. Despite clear instructions from the Ministry of Jal Shakti reiterating the requirement of five *per cent* capital cost contribution from at least 80 *per cent* of households, no contributions had been deposited as of December 2024, and neither beneficiaries nor VWSCs were aware of the requirement.

Moreover, no bank accounts were opened to facilitate such deposits, indicating a complete lack of institutional preparedness and mobilisation. This not only violates JJM's operational conditions but also reflects poor community engagement, weakened local accountability, and risks over-reliance on state funding. The absence of community buy-in compromises the sustainability, monitoring and long-term maintenance of water supply schemes, diminishing the likelihood of active local participation in operation and upkeep.

3.2.11.3 Non-formulation of operation and maintenance policy

As per Paragraph 6.1.4 of the operational guidelines of JJM, management and operation and maintenance (O&M) of the water supply scheme by the Gram Panchayat or VWSC will form the cornerstone of the long-term sustainability of the scheme. Further, as per Paragraph 5.2, SWSM should develop O&M strategy to ensure financial sustainability of the scheme.

Absence of operating and maintenance guidelines/ rules had resulted inactive VWSCs, non-preparation of OM budgets, non-involvement of Panchayat Secretaries in VWSCs, poor maintenance of basic records *etc.* as depicted in **Paragraph 3.2.9.2**. This undermines the long-term sustainability of the scheme. The Department stated (December 2024) that the guidelines/ rules for operating and maintaining JJM water supply infrastructure was under preparation.

Without active involvement of Gram Panchayats or VWSCs in managing and maintaining the infrastructure, there is a heightened risk of service breakdowns, poor upkeep and eventual non-functionality of schemes. Moreover, the lack of a state-level O&M strategy developed by the SWSM undermines financial planning for recurring costs, leading to inadequate budgeting, poor cost recovery and over-dependence on external funding. This weakens local ownership and accountability, reduces the lifespan of created assets and ultimately compromises the JJM's core objective of providing reliable, safe, and sustainable drinking water to every rural household.

3.2.12 Conclusion

The State has not adopted bottom-up approach in the implementation of the scheme. The State achieved an impressive coverage of over 43 *per cent* in the year 2020-21 alone, subsequent years saw a steep decline in the number of new connections, leading to an overall coverage of only 79.58 *per cent* by December 2024. This shortfall has left 92,146 (actual would be 95,474 considering the inflated FHTCs of 3,328) rural households *i.e.* over one-fifth of the total target, without access to piped drinking water. In 39 villages, not a single household had been provided with FHTC. There was no installation of household meters which prevents measurement of actual water consumption, making it impossible to apply volume-based tariffs or assess O&M cost recovery. There were inflated number of FHTCs in the sampled villages in IMIS. This undermines the credibility of official records and reflects systemic weaknesses in monitoring and internal control. The absence of effective constitution, empowerment and operationalisation of VWSCs as envisaged led to weak monitoring, poor financial accountability, and inadequate maintenance of rural water supply infrastructure.

Weak financial practices, absence of records and deficiencies in reporting to Gram Panchayats indicate systemic institutional lapses that undermined effective implementation, monitoring, and sustainability of rural water supply schemes. The payment of a fixed monthly remuneration to ISAs, instead of

linking it to quarterly deliverables and timelines as mandated, defeats the incentive structure intended to ensure accountability, performance and timely execution of responsibilities. Non-conduct of social audit defeated the principle of transparency, social accountability and involvement of the people. Lack of institutional separation between water supply and water quality testing undermines the credibility and impartiality of test results as the same agency was both supplying and certifying water quality. The Department's reliance on contract-based personnel remunerated through JJM funds, without sanctioned posts may lead to issues of accountability, lack of long-term capacity building and discontinuity in technical knowledge retention. The fact that up to 65.5 *per cent* of villages (2021-22) did not conduct any test despite receiving FTKs indicates a breakdown in community engagement. There was overestimation in procurement planning, inadequate inventory management, and non-ensuring of timely utilisation of test kits. The Department formed the Source Finding Committee only on 11 January 2024 well after key planning and approval stages had occurred. The non-integration of source augmentation needs in the initial planning stages points to weak institutional coordination and a lack of strategic foresight.

The non-conduct of baseline survey represents a foundational planning gap that undermines the integrity and effectiveness of VAPs. Due to non-submission of Utilisation Certificate for the year 2022-23, no fund was received from the Ministry during the year 2023-24. The presence of non-functional water supply scheme in three sampled villages led to deprivation of benefits of the scheme to the villagers. The absence of community contribution represents a fundamental deviation from the principles of community ownership and financial participation in rural water supply schemes.

3.2.13 Recommendations

The State Government may consider to:

- *facilitate participation of communities in planning, implementation and maintenance to increase transparency and social accountability.*
- *ensure that the incomplete works are completed by the State Water Sanitation Mission without further delay to achieve the target of providing tap water connection to every rural household.*
- *ensure installation of meter for every household.*
- *check and monitor appropriately online submission of data and information on IMIS to improve reliability of the database.*
- *ensure submission of UCs in time to enable timely receipt of fund from Ministry and timely execution of approved activities. Efforts should be made to prepare accounts for all the years.*

- *proper stock taking and assessment of requirement be made to minimise overstocking and non-distribution of FTKs to enable the beneficiaries testing the water quality for potential waterborne health risks.*
- *strengthen monitoring and evaluation system of the execution of works to achieve the objective of the scheme within the stipulated time frame.*
- *converge with Pradhan Mantri Kaushal Vikash Kendra (PMKVK) for skilling activities.*
- *make proper arrangement for source sustainability so that water reaches the households throughout the year.*
- *strengthen community engagement for increased local accountability, reduced over-reliance on state funding and increased likelihood of active local participation in operation and upkeep.*

COMPLIANCE AUDIT

PUBLIC WORKS DEPARTMENT

3.3 Irregular expenditure on unauthorised works

Works carried out without requisite Administrative Approval & Expenditure Sanction, Technical Sanction, work order and without call of tender by awarding and payment to a contractor who was a near relative of the Engineer-in-charge resulted in irregular expenditure of ₹3.21 crore by the Executive Engineer, Imphal East Division on unauthorised works.

As per Rule 136 (1) of General Financial Rules (GFR), 2017, (as adopted by Government of Manipur) no work shall commence, or liability be incurred in connection with it until:

- Administrative Approval & Expenditure Sanction (A/A & E/S) have been accorded by the Competent Authority;
- Technical Sanction (T/S) has been accorded by the Competent Authority;
- Funds to cover the charge during the year have been provided by competent authority;
- Tenders invited and processed in accordance with rules; and
- A Work order issued.

Rule 26 (ii) of GFR, 2017 further provides that the expenditure is incurred for the purpose for which funds have been provided.

Further, as per clause 36 of General Conditions of Contract (GCC), 2020 of the Manipur Public Works Department (PWD), the contractor shall not be permitted to tender for works in the Manipur PWD circle responsible for award

and execution of contracts in which his near relative⁶⁰ is posted as Divisional Accountant or as an officer in any capacity between the grades of the Superintending Engineer and Assistant Engineer (both inclusive).

In the PWD, where the Cheque Drawal Authority (CDA) system is in force, works are first accorded Administrative Approval and Expenditure Sanction (AA&ES) before tenders are called and contracts are awarded. Once AA&ES is granted, the tendering process is initiated, followed by the award of work to selected contractors. Payments for these works typically on a running account basis are made to the concerned contractors.

To ensure timely payment, each Division prepare and submit a liability statement to the Finance Department through the Administrative Department. Based on this liability statement, the Finance Department will release funds in the form of CDA, specifying the name of the approved work. Upon receipt of the CDA, the Division will issue cheque to the respective contractor for the executed portion of the work.

Scrutiny of records (March-April 2022) of the Office of the Executive Engineer, Imphal East Division, PWD revealed that between September 2020 and January 2022, 140 Cheque Drawal Authorities (CDAs) amounting to ₹46.03 crore were issued for payment to various contractors for the execution of 289 civil works.

However, audit observed that out of the sanctioned ₹46.03 crore, ₹3.21 crore had not been paid to the intended contractors. Instead, this amount had been disbursed to four other contractors for 150 works, even though these works were not included in the CDAs and were not listed in the Division's liability statements.

Further, the office had no records showing that it had obtained the following approvals for these 150 works:

1. Administrative Approval and Expenditure Sanction (AA&ES),
2. Technical Sanction,
3. Work orders, or
4. Tender approvals from the competent authority.

(₹ in lakh)

Year	No of CDA's released	Total CDA Amount	No. of Work against which the CDAs were released	No. of unauthorised Work	Amount paid for unauthorised work
2020-21	50	1273.27	119	60	152.51
2021-22	90	3329.51	170	90	169.03
Total	140	4,602.78	289	150	321.54

Scrutiny of the liability statements further revealed that no proposals had been submitted for clearing liabilities related to these 150 works.

In addition, for any of these works, there were no records of:

- Tender notices being issued,

⁶⁰ Near relatives include children.

- Tender forms being sold,
- Work orders being generated, or
- Agreements being executed.

Audit also observed that 141 out of 150 works valuing ₹2.93 crore were awarded and paid to a contractor who was a near relative of the Engineer-in-charge, in violation of GCC, 2020.

The absence of basic documentation and control checks such as verification of approved liabilities, validation of contractor eligibility and confirmation of sanction orders indicated a breakdown of internal controls, lack of due diligence and oversight, resulting in unauthorised and irregular expenditure amounting to ₹3.21 crore.

The State Government stated (July 2025) that the works had been carried out in an emergent manner during the Covid Pandemic by diverting funds from available works as Emergency case on setting up of Covid care centres in Imphal East⁶¹ by resorting to restricted tender as provided under Paragraph 1.5(1) of CPWD Works Manual, 2019.

The reply of the State Government is not acceptable as the audit observation pertained to irregular payment for unauthorised works which were not of emergent nature related to Covid pandemic. Moreover, audit observed that works claimed to have been executed during the Covid pandemic were not found in the list of 150 unauthorised works pointed out by audit. Also, out of the total 150 works valuing ₹3.21 crore under observation, payment for 141 works valuing ₹2.93 crore was paid to the contractor⁶² (a near relative) which was a violation of the GCC, 2020.

Thus, the Division had incurred unauthorised and irregular expenditure on works which were neither sanctioned nor approved and which lacked basic documentation such as AA&ES, technical sanction, tender notices, work orders or agreements. The justification of the State Government on emergency works during the Covid pandemic was not acceptable in the absence of any evidence that the works executed were related to Covid-19 or that they were carried out under emergent circumstances.

Recommendation:

The State Government may-

- ***investigate the diversion of ₹3.21 crore to unauthorised works and fix responsibility on officials involved for irregular payments.***
- ***ensure strict adherence to CPWD Works Manual provisions and the Manipur PWD General Conditions of Contract to prevent conflicts of interest and unauthorised payments.***

⁶¹ i) Pothole repairing of road leading to Porompat Headquarters, Inter State Bus Terminus, Khuman Lampak.

⁶² The daughter of the then Engineer-in-Charge.

- *institute stringent internal control mechanisms for verification of liabilities, approvals and contractor eligibility before disbursing funds.*

3.4 Undue benefit to contractor due to inflated volume of work

Due to inflated provision for earthwork and for providing/ laying cement concrete, the Executive Engineer, Building Division, Public Works Department made an excess payment thereby extending an undue benefit of ₹61.73 lakh to the contractor.

The Public Works Department (PWD) of Manipur is responsible for execution of construction and maintenance of government buildings, roads, and other public infrastructure. As per Rule 144 of the General Financial Rules (GFR), 2017, and Paras 2.1 and 2.5 of the CPWD Works Manual, 2014, no work shall commence unless a proper and accurate estimate has been prepared, technically sanctioned, and funds duly allocated. The estimate forms the foundation for awarding contracts, preparing Measurement Books (MBs), and making payments. Any deviation or manipulation in estimates or MB entries can lead to serious financial irregularities, undue benefit to contractors, and direct loss to the exchequer.

Audit scrutiny of the work “Major Improvement of State Guest House, Babupara, Imphal (Phase-II)” revealed that the estimates and Measurement Book (MB) entries were grossly inflated and did not correspond with actual site conditions. The estimate provided for 45 units of excavation, each of 110.51 metres in length, although the actual eastern boundary of the Guest House measured only 106.50 metres. This resulted in an inflated excavation length of 4,972.95 metres, over 44 times the physical boundary length, and the recording of 11,679.48 cubic metres of earthwork which could not have been executed. Based on these fictitious entries, the contractor was paid ₹18.49⁶³ lakh in excess.

Further examination of the MB showed cement concrete work recorded at 633.46 cubic metres against a realistic site requirement of only 12.78 cubic metres. This meant that 620.68 cubic metres of cement concrete was falsely entered, leading to an additional overpayment of ₹43.24⁶⁴ lakh. Together, these inflated entries resulted in undue financial benefit of ₹61.73 lakh to the contractor.

The Department admitted in January 2024 that the boundary length was only 106.50 metres, thereby corroborating Audit finding that the estimate and MB entries were inflated and fictitious. However, despite this admission, neither recovery was initiated nor was any responsibility fixed on the officials who had prepared and certified these entries. The reply of the Executive Engineer that

⁶³ ₹158.31 per cum X 11,679.48 cum

⁶⁴ (620.68 cum X ₹6,966.66)

the values would be rectified during re-measurement was untenable, as the actual site dimensions were already known and acknowledged.

The irregularities occurred due to poor site verification at the estimation stage, absence of supervisory checks and recording of fictitious MB entries that remained undetected during payment. The fact that such illogical and impossible quantities were sanctioned and certified suggests not only gross negligence but also the possibility of collusion between departmental officials and the contractor.

As a result, the Government suffered a direct financial loss of ₹61.73 lakh. More broadly, the case demonstrates systemic weaknesses in estimation, verification, and payment processes within the PWD. By permitting such inflated billing to pass through unchecked, the Department not only compromised financial discipline but also created a serious precedent for misuse of public funds in future works.

Audit concludes that the work on “*Major Improvement of State Guest House, Babupara, Imphal (Phase-II)*” suffered from serious deficiencies in planning, estimation, and verification. Inflated estimates and fictitious MB entries led to excess payment of ₹61.73 lakh to the contractor, despite the Department’s own admission that the boundary length was only 106.50m. The reply of the Executive Engineer that values would be rectified at the time of re-measurement is not acceptable, as physical site dimensions had already been established and admitted. Thus, the payments should be strictly based on actual work executed at site.

This case reflected weaknesses in internal controls, lack of effective supervision and possible collusion, resulting not only in direct financial loss but also in systemic risks of inflated billing across the Public Works Department.

Recommendations

The State Government may:

- ***recover the excess payment of ₹61.73 lakh from the contractor without delay.***
- ***fix accountability on officials responsible for preparing inflated estimates, recording fictitious MB entries, and certifying irregular payments.***
- ***strengthen departmental internal control and verification mechanisms by mandating third-party measurement checks for high-value works.***
- ***conduct a special audit of similar works under PWD to detect and rectify other cases of inflated or fictitious billing.***
- ***ensure strict compliance with GFR 2017 and CPWD Works Manual by linking estimates and MBs to actual site verification reports.***