

CHAPTER III

PERFORMANCE REVIEWS (CIVIL)

PLANNING DEPARTMENT

3.1 Non-lapsable Central Pool of Resources

Highlights

The Non-Lapsable Central Pool of Resources (NLCPR) was established in 1998 for speedy development of infrastructure projects in the North Eastern States. In Manipur, 87 projects were sanctioned by the Government of India (GOI) during 1998-08. A review of twelve of these projects brought out significant deficiencies as highlighted below:

Project proposals were formulated without carrying out a gap analysis of infrastructure requirements and without considering utilisation capacity of the funds.

(Paragraph 3.1.7)

There were persistent savings of the funds released, ranging from 34 to 83 per cent during 2002-08.

(Paragraph 3.1.8.2)

The State Government appropriated an amount of Rs.1.93 crore as sales tax and Rs.2.02 crore as agency charges from the NLCPR funds, in contravention of the scheme guidelines.

(Paragraph 3.1.8.7)

Although most of the projects under critical sectors were given adequate priority and funding, implementation of projects under these sectors was poor.

(Paragraph 3.1.9.2)

3.1.1 Introduction

The Non-Lapsable Central Pool of Resources (NLCPR) was established by the GOI in 1998 from the unspent balance of the 10 *per cent* provided in the budget of Central Ministries/Departments for the North Eastern Region (NER), for funding specific infrastructure projects in the NER.

The broad objectives of the schemes were to:

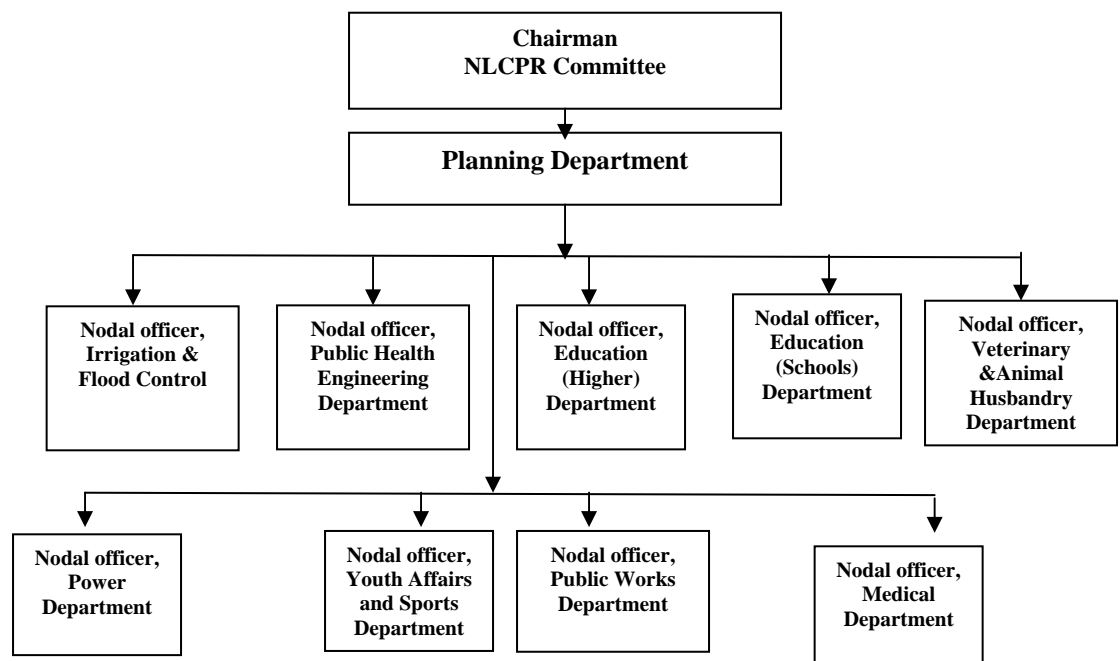
- ensure speedy development of infrastructure in the NER by increasing the flow of budgetary financing with projects in physical infrastructure sector receiving priority, and

- create physical and social infrastructure in sectors like roads & bridges, irrigation & flood control, power, education, health, water supply & sanitation *etc.*

3.1.2 Organisational Set up

The NLCPR is administered by the Ministry of Development of North Eastern Region (MoDONER) through the NLCPR committee consisting of a Chairman (Secretary, MoDONER), five members and one member convenor. The Planning Department of the State is the nodal Department to monitor the projects/schemes and submit all the project proposals, quarterly progress reports, utilisation certificates *etc.* to the MoDONER. Organisational structure for implementation of the NLCPR funded projects in the State is given below:

Chart-I



3.1.3 Scope of Audit

Performance review of the execution of the NLCPR funded projects in the State during 2003-08 was conducted during May to July 2008. Twelve (14 *per cent*) out of 87 approved schemes/projects with an approved cost of Rs.161.09 crore (21 *per cent* of the total approved cost of Rs.755.30 crore) were selected for detailed check.

3.1.4 Audit Objectives

The objectives of the performance review were to assess whether:

- There was a critical assessment of needs in each of the infrastructural areas and whether the individual projects were planned properly;

- Adequate funds were released in a timely manner and utilised for the specified purpose in accordance with the scheme guidelines and Detailed Project Reports (DPRs);
- Projects have been executed in an efficient and economic manner and achieved their intended objectives; and
- There is a mechanism for adequate and effective monitoring and evaluation of projects.

3.1.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- NLCPR guidelines;
- DPRs of the projects;
- Conditions and norms of releasing the funds; and
- Prescribed monitoring system.

3.1.6 Audit Methodology

Audit methodology included selection of projects/schemes based on simple random sampling without replacement method, holding of an entry conference (May 2008) with the Planning Department and the implementing departmental officials, checking of the relevant records, analysis of data and documentary evidence on the basis of audit criteria to arrive at audit findings, conclusions and recommendations. Audit findings were discussed with the Departmental authorities in an exit conference (October 2008) and their views/replies have been incorporated in the review at appropriate places.

Audit Findings

The important points noticed in the course of the review are discussed in the succeeding paragraphs.

3.1.7 Planning

As per guidelines, the State Government should prepare a Perspective Plan after a thorough analysis of gaps in infrastructure under various sectors. The projects for consideration under NLCPR should be picked up strictly from the perspective plan and according to the priority assigned therein. However, the Planning Department did not prepare a gap analysis or Perspective Plan. Consequently, the priority accorded to various projects in the Annual Plans lacked justification. During exit conference (October 2008) the Department accepted the inadequacies in the planning process and assured that necessary amends would be made in this regard.

The State Government, while making proposals for new projects, should identify the source of funding and provide such inputs to the NLCPR

Committee for its consideration. However, the Planning Department stated (November 2008) that no specific records were maintained in this regard.

As per guidelines, the project proposal should indicate that the project has not been taken up or proposed to be taken up under any other funding mechanism. Although all the 12 test-checked projects contained such an assurance in the project proposal, these were not based on the inputs from the concerned Departments.

The State should take into consideration the last three years' cumulative expenditure it has utilized under NLCPR as the indicator of its capacity to spend funds. The State Government, however, formulated proposals without considering this aspect. While the State's yearly execution/utilization capacity ranged from Rs.33 crore to Rs.57 crore (as shown in *Appendix 3.1*) during the period (2002-08), it proposed to spend an amount of Rs.240 crore to Rs.560 crore during these years.

3.1.8 Financial Management

3.1.8.1 Funding pattern

Funds were released to the State Government in the form of grants and loan in the ratio 90:10 till 2004-05. From 2005-06, only grant portion was released as per the recommendation of the Twelfth Finance Commission. 35 per cent of the approved cost was released as first instalment and subsequent releases depended on the progress of implementation. As per norms, funds released were to be transmitted by the State Government to the implementing agencies within 30 days and were to be utilised within six months (raised to nine months from July 2004) from the date of release by the GOI.

3.1.8.2 Allocation and expenditure

During 1998-08, against the approved cost of Rs.755.30 crore for 87 projects, the GOI released Rs.533.46 crore out of which, Rs.414.40 crore had been spent by the State Government. Details are given in *Appendix 3.2*.

The year-wise position of budget allocation, release of funds by the GOI and expenditure thereagainst during 2002-08 were as follows:

Table 1

(Rupees in crore)

Year	Budget allocation			Funds released by GOI			Expenditure	Savings	Percentage of savings
	Central share	State share	Total	Opening balance	During the year	Total			
(1)	(2)	(3)	(4)(2+3)	(5)	(6)	(7)(5+6)	(8)	(9)(7-8)	(10)
2002-03	57.84	-	57.84	26.96	74.92	101.88	19.17	82.71	81
2003-04	49.20	-	49.20	82.71	18.05	100.76	52.41	48.35	48
2004-05	41.05	-	41.05	48.35	58.98	107.33	45.86	61.47	57
2005-06	43.30	3.93	47.23	61.47	46.97	108.44	71.60	36.84	34
2006-07	71.81	74.64	146.45	36.84	93.89	130.73	47.54	83.19	64
2007-08	100.69	16.69	117.38	83.19	61.86	145.05	25.34	119.71	83
Total	363.89	95.26	459.15		354.67		261.92		

Source: Departmental records

The table reveals that there were persistent savings over the years, ranging from 34 to 83 *per cent* of the available funds. In most of the cases, expenditure during a year was less than the savings of the earlier year.

There were delays in release of Central funds by the State Government to the implementing agencies. Audit scrutiny revealed that such funds were not utilised optimally, which ultimately affected the progress in completion of the projects and denial of the intended benefits to the targeted beneficiaries. This reinforces the fact that the utilisation capacity of NLCPR funds in the State was poor.

3.1.8.3 Release of State share

The State released Rs.5.76 crore as its share of ten *per cent* of the project cost in respect of 51 projects (approved after July 2004) against the Central release of Rs.152.45 crore, resulting in short release of Rs.9.49 crore which affected the execution of the projects.

3.1.8.4 Separate accounts of projects

As per guidelines, the State should ensure that the projects funded under NLCPR are shown at sub-head level in their plan budgets so that the withdrawals from those heads, as certified by audit, can be matched with the expenditure figures supplied by the State for its projects. However, for some projects, sub-heads were not opened in the State plan budget. Hence, expenditure figures of the Department cannot be vouched with the figures certified by audit. Of the 12 selected projects, in respect of only two projects *viz.*, Infrastructure Development of Manipur University, Phase-II and Installation of Sub-Station at Maram, the sub-heads¹ were opened. For the remaining ten projects, no sub-heads were opened.

3.1.8.5 Release of funds to implementing agencies

As per NLCPR guidelines, the State Government should release the funds to the implementing agency within 30 days from the date of release by the GOI. However, it delayed the release of funds ranging from 115 to 534 days as shown in detail in *Appendix 3.3*.

During the exit conference (October 2008), the Department stated that the progress of work was affected due to law and order problem which consequently delayed the release of funds.

3.1.8.6 Utilization of funds

As per norms, funds were to be released within 30 days to the implementing agencies and utilised within six months from the date of their release by the GOI. From July 2004, the limit for utilisation of funds was raised to nine months. In five of the selected projects as shown below the funds made available to the State Government were released to the implementing agencies

¹ Major Head 2202 General Education, (CPS) Sub-Head 99 in case of Manipur University and Major Head 4801 Capital Outlay on Power (CPS), Sub-Head - 02, Detailed head – 06 in case of Maram sub-station.

with delays ranging from 6 to 15 months. Consequently, the schedule of implementation of these projects was hampered and these funds were not utilised even as of August 2008.

Table 2

(Rupees in crore)

Name of the project	Amount released	Date of release of funds by the GOI	Date of release of funds by the State Government to the implementing agencies	Due date of utilization of funds	Delay period
Construction and equipping of 50 bedded hospital at Tamenglong	4.53	30-11-06	28-03-2008	31-8-07	15 months
Construction and equipping of 50 bedded hospital at Senapati	4.49	30-11-06	28-03-2008	31-8-07	15 months
Construction and equipping of 50 bedded hospital at Ukhrul	4.40	30-11-06	28-03-2008	31-8-07	15 months
Construction and equipping of 50 bedded hospital at Chandel	4.14	30-11-06	28-03-2008	31-8-07	15 months
Establishment of National Sports Academy at Khuman Lampak Sports Complex	5.81	30-11-06	23-06-2007	31-8-07	6 months
Total	23.37				

Source: Departmental Records

The above five projects could not be started as of August 2008 despite the fact that Rs.23.37 crore were released for the projects in November 2006. There was also no further release of funds from the GOI as of August 2008 against these projects, which suggested that the flow of Central funds to the State was affected by non-utilisation of the funds apart from delaying creation of crucial infrastructural requirements in the State.

3.1.8.7 Diversion of funds

NLCPR funds cannot be appropriated as State revenues as per the guidelines of the scheme. However, the State Government, while releasing funds (September 2006-March 2008) for construction of 12 projects mentioned below appropriated sales tax (Rs.1.93 crore) and agency charge (Rs.2.02 crore) from the NLCPR funds as shown below:

Table 3

(Rupees in lakh)

Name of project	Amount released	Sales tax deducted	Agency charge deducted
(1)	(2)	(3)	(4)
Medical Department			
50 bedded district hospital at Tamenglong	452.57	25.34	18.10
50 bedded hospital at Senapati district	449.22	25.16	17.97
50 bedded hospital at Ukhrul	440.04	24.64	17.60
50 bedded hospital at Chandel	414.47	23.21	16.58
50 bedded hospital at Jiribam	492.74	27.59	19.71
Dharamsala building in RIMS	86.27	4.83	Nil
10 PHC and barrack type quarters in valley areas	242.00	1.09	7.77
18 PHC in valley areas	113.16	5.26	11.05
32 PHSC in hill areas	165	7.68	16.11
480 bedded JN hospital (up gradation and strengthening)	552.75	12.63	9.03
National Sports Academy at Khuman Lampak	580.60	32.51	68.22
Education Department			
Infrastructure development of MU (Ph-II)	316.51	3.48	--
Total	4305.33	193.42	202.14

Source: Departmental Records

Thus, out of Rs.43.05 crore released by the GOI, only Rs.39.10 crore was available for execution of the works.

During the exit conference (October 2008), the Department accepted the observation made by Audit and stated that it was done to raise the revenue of the State.

3.1.8.8 Diversion of funds to projects not related to NLCPR

The GOI released (March 2005) rupees one crore as first installment for procurement of medical equipment for five Community Health Centres² (CHCs) @ Rs.20 lakh per CHC, in order to strengthen the secondary health care institutions at district levels.

Out of this amount, the State Government diverted (March 2006) Rs.63.71 lakh for purchase of equipment and instruments for Accident and Trauma Centre at Jawaharlal Nehru Hospital, Porompat, which was not a project under NLCPR. Thus, the diversion frustrated the purpose for which the fund was sanctioned.

3.1.8.9 Diversion of funds to other NLCPR projects

During March 2004, the GOI released Rs.4.59 crore for Waithou Pat Water Supply Scheme, a NLCPR project. Out of this amount, the State Government released (October 2005) Rs.40 lakh for Irilbung Water Treatment Plant, another NLCPR project. The Department stated (November 2008) that this was a critical scheme and for want of adequate State's share during the year, it had to divert the funds to complete it. It also stated that the diverted amount would be restored to Waithoupat Scheme during 2008-09. The amount of Rs.40 lakh is yet to be recouped (July 2008).

3.1.8.10 NLCPR funds in DDO's bank accounts

As per Rule 290 of Central Treasury Rules, no money should be drawn from the treasury unless it is required for immediate disbursement. It is also not permissible to draw money from the treasury in anticipation of demand or to prevent the lapse of budget grants.

Monitoring & Evaluation Division parked a huge amount of NLCPR funds in the DDO's bank account (NO.1038412833-SBI, Paona Bazar, Imphal) as shown below:

Table 4

Year	(Rupees in crore)												
	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
2006-07	0.46	0.31	1.35	1.03	0.96	0.91	0.82	0.73	0.72	0.66	1.58	3.02	12.55
2007-08	3.02	2.88	2.54	2.54	1.81	1.42	0.59	0.59	3.75	1.86	1.11	5.62	27.73

Source: Departmental records

² Jiribam, Wangoi, Kakching, Moirang and Kangpokpi.

Drawal of funds without immediate requirement was indicative of poor planning and inadequate financial control. The Department could not give the reasons for drawal of funds in excess/in anticipation of requirement.

3.1.9 Project Implementation

Implementation of the NLCPR schemes in the State is discussed in the succeeding paragraphs.

3.1.9.1 Physical and financial achievement

As per the GOI guidelines, the duration of NLCPR funded projects should not exceed three to four years. The physical and financial performance of the NLCPR funded projects in the State as of March 2008 is given in the table below:

Table 5

(Rupees in crore)

Year	No. of projects approved	Approved cost	Total funds released (per cent)	Total funds utilised (per cent)	Projects completed (per cent)
Up to 2002-03	36	409.47	381.01 (93)	352.12 (92)	20 (55)
2003-04	--	--	--	--	--
2004-05	18	122.63	70.33 (57)	48.97 (70)	4 (22)
2005-06	6	19.25	16.04 (83)	10.01 (62)	Nil (0)
2006-07	14	117.90	41.03 (35)	3.45 (8)	Nil (0)
2007-08	13	86.05	25.05 (29)	0.00 (0)	Nil (0)
Total	87	755.30	533.46	414.55	24

*Approved cost, Total funds released, Total funds Utilised are against the projects mentioned in each row
Source: Planning Department

Out of 87 approved projects, 59 projects were taken up for execution and the remaining 28 projects had not been taken up as of March 2008. Twenty-four out of the 87 projects, representing 28 per cent, were completed as of March 2008. Non-completion of projects was essentially due to the delay in release of funds to the executing agencies, non-utilisation of funds within the stipulated time and slow progress of works.

3.1.9.2 Sector wise performance of projects

Sector wise performance of NLCPR funded projects in the State as of March 2008 is given in the table below:

Table 6

(Rupees in crore)

Sector	No. of projects approved (per cent)	Approved cost	Funds released	Funds utilized (per cent)	Projects completed (per cent)
Roads & Bridges	14	148.72	99.91	74.66 (75)	2 (14)
Power	20	193.61	187.23	174.59 (93)	7 (35)
Water Supply	23	193.86	139.65	118.59 (85)	4 (17)
Irrigation & Flood Control	1	3.41	0.00	0.00 (0)	Nil (0)
Health	12	121.84	43.99	6.92 (16)	1 (8)
Education	11	55.69	42.31	27.54 (65)	6 (55)
Agriculture & Allied Sector	1	7.49	2.31	0.00 (0)	Nil (0)
Sports	2	28.43	15.81	10.00 (63)	1 (50)
Miscellaneous	3	2.25	2.25	2.25 (100)	3 (100)
Total	87	755.30	533.46	414.55	24

Source: Departmental records

From the table it would be seen that there was no achievement in Agriculture and Irrigation and Flood Control sectors and marginal achievement of 14 per cent to 55 per cent in Roads & Bridges, Water Supply, Power, Sports and Education. The performance of the State in the Health sector was only eight per cent which is very low in comparison with other sectors. However, achievement against target in Miscellaneous sectors³ was cent per cent.

Although critical sectors like Roads & Bridges, Water Supply and Power etc. were given adequate priority and funding, the implementation of project in these critical sectors was poor. Implementation of projects under Power sector was 35 per cent; Roads & Bridges sector was 14 per cent and Water Supply was 17 per cent. No project under Irrigation & Flood Control sector could be completed. This indicates that the State Government had not given adequate priority to speed up the completion of works in the critical sectors.

3.1.9.3 Targets and achievement

The physical and financial progress as of March 2008 in respect of the 12 projects examined in detail is given below:

Table 7

(Rupees in lakh)

Name of the projects	Date of approval	Approved cost *	Amount released by the GOI	Expenditure	Stipulated date of completion	Remarks
WATER SUPPLY SCHEMES						
Waithou Pat Water Supply Scheme	23-3-05	59.71	23.54	16.28	3/09	Not completed
Augmentation of Water Supply Scheme at Mao	28-10-04	5.65	5.15	5.01	10/07	Completed in October 2008
ROADS & BRIDGES SCHEMES						
Construction of bridge over Imphal river at Singjamei	29-10-04	3.69	3.35	3.60 **	10/06	Completed in December 2007 and utilized
Construction of bridge over Imphal river at Kiyamgei Mang Mapa	30-11-06	4.71	1.48	2.11**	3/09	Not completed, work is progressing as per schedule
HEALTH SCHEMES						
Construction and equipping of 50 bedded hospital at Tamenglong	30-11-06	14.37	4.53	Nil	Nil	Work not yet started
Construction and equipping of 50 bedded hospital at Senapati	30-11-06	14.26	4.49	Nil	Nil	-do-
Construction and equipping of 50 bedded hospital at Ukhrul	30-11-06	13.97	4.40	Nil	Nil	-do-
Construction and equipping of 50 bedded hospital at Chandel	30-11-06	13.16	4.14	Nil	Nil	-do-
SPORTS SCHEMES						
Establishment of National Sports Academy at Khuman Lampak Sports Complex	30-11-06	18.43	5.80	Nil	Nil	-do-
EDUCATION SCHEMES						
Sarva Shiksha Abhiyan	March 2006 & June 2006	6.44	6.44	6.44	2005-07	Fully utilised December 2007
Infrastructure development of Manipur University, Phase-II	29-10-04	3.89	3.17	3.89 **	2/07	Completed in March 2007 & operational
POWER SCHEMES						
Installation of Sub-Station at Maram	27-3-03	2.81	2.81	3.98 **	12/05	Completed in January 2006 & commissioned

* Including 10 per cent of State's share.

** The excess in expenditure over the fund released by GOI was borne by the State Government/Manipur University.
Source: Departmental records

³ Rural Development, Tribal Development and Restoration of Manipur Legislative Assembly and Secretariat Complex.

The projects funded through NLCPR are supposed to be completed within a period of three to four years except in certain exceptional cases. It would be seen from the above table that all the five projects completed were completed with a delay ranging from one month to one year. The stipulated date of completion of two projects was not yet over and works of five projects have not been started. An analysis of all the 12 projects revealed the following:

- **Waithou Pat Water Supply Scheme:** The scheme aimed at providing drinking water to 4,25,350 persons⁴ and was initially targeted to be completed by March 2008. Subsequently, the due date was revised to March 2009. However, as of July 2008 the overall progress of the work was 49 *per cent* and none of the nine components of scheme has been completed. Although an amount of Rs.45.59 crore (Central share – Rs.23.54 crore and State share – Rs.22.05 crore) has been released, only Rs.16.28 crore has been spent so far.

The Planning Department stated (November 2008) that the work could not be started due to interference from various underground groups and that the work was frequently obstructed (a total of 289 days) from April 2006 to September 2008.

As the present unfortunate problems faced by the scheme cannot be wished away, it is unlikely that the progress of work would pick up any momentum. Therefore, it is unlikely that the scheme would be completed by the targeted date. Besides the time and cost over-run of the scheme, the aim of providing safe drinking water to the targeted population would have to be delayed.

- **Augmentation of Water Supply Scheme at Mao:** The scheme envisaged provision of drinking water to 27,595 people of Mao by October 2007. The scheme was completed (October 2008) at a cost of Rs.5.01 crore against an approved cost of Rs.5.65 crore. The scheme was completed (October 2008) with a delay of one year from the stipulated date of completion. It can be expected that the problem of water scarcity in Mao, a hilly station, would be mitigated and the targeted population would benefit from the scheme.
- **Construction of a bridge over the Imphal River at Singjamei:** The bridge was first taken up under the State plan scheme and later included (October 2004) in the list of the NLCPR funded projects at an approved cost of Rs.3.69 crore. The bridge, which was stipulated to be completed by October 2006, was completed in December 2007 at a cost of Rs.3.60 crore.

The crowded Singjamei bazaar area and the busy Singjamei-Kongba road were hitherto connected by a single lane bridge, causing great difficulty to the commuters. The newly constructed double lane bridge,

⁴ 2,84,543 rural population in 56 villages and 1,40,807 urban population in 5 towns; through 25 secondary service reservoirs located at various places

though completed (December 2007) with a delay of about one year, is able to cater to the ever increasing traffic volume and the benefit of construction of the bridge has been fully achieved.

- **Construction of bridge over Imphal River at Kiyamgei Mang Mapa:** The objective of the bridge was to provide better connectivity to all the villages of Kiyamgei on either side of the Imphal River with the National Highway No.39. It was scheduled to be completed by September 2009. As of June 2008, the progress is at par with the provisions of the DPR and the intended benefit could be provided to the commuters as envisaged, if the current trend of progress of work is maintained.
- **Construction of 50 bedded hospitals at four District Headquarters⁵:** The NLCPR committee sanctioned (November 2006) construction of a 50 bedded hospital at each of the hilly districts of Senapati, Chandel, Ukhrul and Tamenglong at a total approved cost of Rs.55.76 crore. These hospitals aimed to cater to more than 35,000 out-patients and in-patients in each of these far flung hilly districts. Although the GOI released an amount of Rs.17.56 crore in November 2006, the State Government released the amount to the implementing agency only in March 2008, after a delay of nearly one and a half years. There was no reason on record as to why the amount was released belatedly. As of November 2008, these works could not be started and there was no further release of funds from the GOI. The delay would amount to significant set-back in enhancing health care to the 5.26 lakh population⁶ of these districts, who would be compelled to travel a distance ranging from 61 km. (Senapati district) to 158 km. (Tamenglong district) in hilly terrain to come to the State capital for better medical care. Such inordinate delay in utilisation of funds may further impact the release of funds from the Centre.
- **Establishment of National Sports Academy at Khuman Lampak:** The objective of developing a sports academy in the State was to promote the sports talent in the State to an international standard. The project consisted of eight buildings/components at an approved cost of Rs.18.43 crore. Manipur, though with a small population of 21.67 lakh, has produced many talented sports persons, achieving many laurels at national and international levels. While the project was approved in November 2006, the execution is yet to commence. Delay in construction of the academy would deprive training facilities to budding sportsmen in six disciplines⁷ as envisaged in the DPR. Besides this, boarding facilities to 150 boys and 150 girls will also be delayed.
- **Sarva Shiksha Abhiyan:** Sarva Shiksha Abhiyan (SSA) is an important programme of the GOI to universalise elementary education in the country in a mission mode. The programme was launched in

⁵ Senapati, Chandel, Ukhrul, and Tamenglong.

⁶ Senapati -1.56 lakh, Chandel – 1.18 lakh, Ukhrul – 1.41 lakh and Tamenglong -1.11 lakh, as per 2001 census.

⁷ Archery, Boxing, Judo, Takewondo, Weightlifting and Wrestling.

Manipur in 2000-01 but could be implemented only in March 2004, due to legal wrangles. An amount of Rs.6.44 crore was released from the pool in two instalments in March 2006 and June 2006 covering the years 2005-07. Out of this amount, Rs.3.27 crore was released to SSA, Manipur in March 2007 and the remaining amount of Rs.3.99 crore (including the State share) was released in December 2007. The sanction orders did not indicate the specific purposes for which the funds were to be utilised. Therefore the specific purpose for which the funds were utilised could not be ascertained in audit. Further, the delay in release of the funds by more than a year would affect effective implementation of the scheme.

- **Infrastructure Development of Manipur University, Phase-II:** The scheme consisted of two components (a) Construction of Boys' Hostel and (b) Construction of Girls' Hostel. The hostels were of 100 bedded capacity each, to provide boarding facilities to the students of the university. The hostels were completed (March 2007) at a cost of Rs.3.89 crore with a negligible delay of one month. Both the hostels are fully occupied and are able to meet the boarding requirement of the 1,489 scholars enrolled in the University during the academic year 2007-08.

- **Installation of 2X3.15 MVA, 33/11 KV sub-station at Maram:** The project envisaged electrification of distant villages around Maram and to mitigate the problem of low voltage at the consumers' end. The project was started in November 2003 and was completed in January 2006. Test check of log-book of the sub-station pertaining to the period March to June 2006 revealed that the power could be supplied on an average for 6 hours a day. This was mostly due to power shedding and occasionally due to shut-down of the sub-station for repair works of power distribution network. There was also an occasion on which power could not be supplied continuously for three days. Unless availability of power in the State improves, it is unlikely that the full benefit of the sub-station will reach the people.

The shortcomings noticed in the implementation of the 12 projects selected for performance audit are discussed in the succeeding paragraphs:

3.1.10 Execution of selected projects/schemes

3.1.10.1 Waithou Pat Water Supply Scheme

(i) **Award of work in advance:** The scheme provided for construction of 25 Secondary Service Reservoirs (SSR) at a cost of Rs.1.53 crore, at different places for further distribution of treated water. PHED awarded (June - July 2007) 21 of these SSR works, with due date of completion by August 2008. Of these works, six SSRs have been completed; two were 80 *per cent* complete, and 13 works have not started as of June 2008.

As progress of construction of the Treatment Plant of the scheme was only 23 *per cent* during the last 27 months (March 2006 to June 2008), considering the

pace of work, completion of the plant in the near future is remote. Thus, award of SSR works was not in keeping with the progress of the treatment plant. This means that the completed SSRs or nearly completed SSRs had to remain idle, creating more liability for their repair and maintenance in due course of time.

The schemes also provided for construction of 3 m wide black top road for a length of 5.58 kilometres over embankment around Waithou Pat to facilitate inspection and to promote tourism. The Department awarded (June-July 2007) six works for construction of the road at a cost of Rs.72.54 lakh, due to be completed by August 2008. However, as the embankment work around Waithou Pat (impounding reservoir) had not been completed, the work could not be taken up till June 2008. Thus, the award of road work before completion of earth work (embankment) is indicative of poor project management.

(ii) **Non-delivery of pipes:** PHED placed (October 2005) two supply orders with M/S Electro Steel Castings Ltd., Kolkata and another one (December 2005) with M/S Jindal Saw Ltd., New Delhi for purchasing DI pipes of different sizes costing Rs.15.34 crore and paid (September-October 2006) an advance of Rs.5.20 crore. However, the firms had delivered pipes worth only Rs.4.06 crore as of July 2008. The details are as follows:

Table 8

Name of firm	Size (in mm)	Quantity (in Rm*/piece)	Rate (per Rm*/piece) (In rupees)	Amount (Rupees in lakh)	Delivered		Advance paid (Rupees in lakh)	Balance to be delivered (Rupees in lakh)
					Quantity (in Rm*/piece)	Amount (Rupees in lakh)		
1	2	3	4	5	6	7	8	9(8-7)
Electro steel Castings Ltd. ⁸	100	7880	606.82	47.82	-	-	-	-
	150	12456	916.55	114.17	-	-	-	-
	200	18959	1219.95	231.29	-	-	-	-
	250	7284	1599.21	116.49	-	-	-	-
	300	2500	2025.25	50.63	-	-	-	-
	350	4800	2525.87	121.24	-	-	-	-
	400	900	3050.51	27.45	-	-	-	-
	450	2000	3653.54	73.07	-	-	-	-
	500	10100	4250.24	429.27	7172	304.83	-	-
600**	140	44318.95	62.05	85	37.67	-	-	
Sub-total inclusive of 0.5 per cent DGSD inspection charge				1279.85		344.21	370	25.79
Jindal Saw Ltd. ⁹	100	7234	606.82	43.9	-	-	-	-
	150	2666	916.55	24.44	-	-	-	-
	200	3700	1219.95	45.14	1611	19.65	-	-
	250	400	1599.21	6.4	-	-	-	-
	300	4200	2025.25	85.06	2067	41.86	-	-
	350	1900	2525.87	47.99	-	-	-	-
Sub-total inclusive of 0.5 per cent DGSD inspection charge				254.19	-	61.82	150	88.18
Total				1534.04		406.03	520	113.97

* Rm means Running Metre

** Quantity and rate in case of 600 mm pipes is per piece while it is per Rm in case of other pipes

Source: Departmental records

⁸ Supply orders No: CE/PHE/2-3(Tech)/05/1817 dated 29.10.05 and CE/PHE/2-3/(Tech)/05/2196 dated 9.12.2005

⁹ Supply order No: CE/PHE/2-3/(Tech)/05/2196 dated 9.12.2005

As per terms and conditions of the supply orders, the material should be delivered within six months from the date of placing the orders. The firms, however, failed to deliver the pipes even after 20 months from the date of release of advances. No action (July 2008) had been taken up for non-delivery of the pipes.

The Department admitted (November 2008) the advance payment to the firms and attributed the non-receipt of pipes to law and order problem.

3.1.10.2 Augmentation of Water Supply Scheme at Mao

(i) **Excess expenditure:** PHED placed (March 2005) five supply orders with M/S Electro Steel castings Limited, Kolkata for supply of 74,806 metres of Ductile Iron (DI) pipes of various diameters for implementation of the scheme and three other water supply schemes¹⁰.

The supplier sent (March 2005) five proforma invoices amounting to Rs.5.58 crore for supply of the entire quantity of pipes. However, the Department paid the supplier Rs.5.88 crore (Rs.4.50 crore as advance in July 2005 and Rs.1.38 crore as final payment in August 2006) leading to an excess payment of Rs.30 lakh.

The Department admitted (November 2008) the excess payment and stated that it would take steps to refund the amount.

(ii) **Avoidable expenditure:** Test check revealed that five works¹¹ were located on the Imphal-Dimapur Road in Senapati district, 60 kilometres from Imphal. As such, the material should have been received and stored at Senapati itself for use in the specified works, since storage facility was available at Senapati. However, the Department transported 61,016 Rm¹² of the pipes from Dimapur up to Imphal for storage. The details are shown below:

Table 9

			(in Rupees)
Sizes of pipes (diameter in mm)	Quantities (metres)	Transportation cost per metre of the pipe	Amount
200	4,300	38.40	1,65,120
150	18,300	27.60	5,05,080
125	8,905	21.60	1,92,348
100	29,511	15.73	4,64,208
Total	61,016		13,26,756

Source: Departmental records

This imprudent action of the Department had caused the Government an extra expenditure of Rs.13.27 lakh on movement of the material for an extra distance of 60 kilometres from Senapati to Imphal. Apart from this, there will

¹⁰ Saikul, Kangpokpi, Maram, Tadubi of Senapati District

¹¹ At Mao, Saikul, Maram, Tadubi and Kangpokpi of Senapati District.

¹² Running metre

also be similar expenditure on subsequent movement of the material from Imphal to the worksites at the time of their use in the works.

3.1.10.3 Construction of a bridge over the Imphal River at Singjamei

In the DPR of this work, there was no provision for paying hire charges of tubular steel pipes consisting of H frame, clamps *etc.*, needed for staging/formwork for construction of superstructure of the bridge. The rate quoted by the contractor in the agreement for construction of superstructure was inclusive of the cost of formwork. The contractor was, however, paid Rs.11.91 lakh for hiring the material needed for staging/formwork, which was sanctioned (January 2007) as extra item. Records relating to hiring of material by the contractor could not be produced to audit. Payment of Rs.11.91 lakh for hire charges of material for staging/formwork for construction of superstructure of the bridge tantamount to undue aid to contractor.

3.1.10.4 Establishment of National Sports Academy at Khuman Lampak

The GOI released (November 2006) Rs.5.81 crore for construction of the academy building. The amount was drawn (March 2007) through AC bill and deposited in "8449-Other Deposits". The amount was withdrawn (June 2007) and Rs.4.68 crore was deposited with the PWD (after deducting Rs.68.22 lakh as departmental charges, Rs.11.61 lakh as income tax and Rs.32.51 lakh as local sales tax). The PWD had not taken up the work as of March 2008. Consequently, the State Government decided (May 2008) to entrust the construction work to Manipur Development Society and asked (April 2008) the PWD to refund the amount deposited with them. However, the amount was neither refunded as of August 2008, nor was the work taken up for execution. Thus, due to lack of inter departmental co-ordination, the project could not be started and the State Government failed to utilise the funds that was provided in November 2006.

3.1.10.5 Infrastructure Development of Manipur University, Phase-II

As per DPR of the scheme, the floor area to be constructed for each of the Boys' hostel and Girls' hostel was 2,420.90 sqm. The estimate was framed for 2,177.32 sqm for each of the hostels, 243.58 sqm short from that of the DPR. However, the floor area of the Boys' hostel was executed only for 2,080.74 sqm and that of the Girls' hostel was executed only for 2007.00 sqm. The details are shown below:

Table 10

Name of floor	Area in square metres			
	As per DPR	As per estimate	Actually executed	Difference
(1)	(2)	(3)	(4)	(5)(2-4)
100 Bedded Boys' Hostel				
Ground floor	942.90	693.80	657.58	285.32
First floor	822.50	741.76	711.58	110.92
Second floor	655.50	741.76	711.58	-56.08
Sub-total (A)	2420.90	2177.32	2080.74	340.16
100 Bedded Girls' Hostel				
Ground floor	942.90	693.80	641.00	301.90
First floor	822.50	741.76	683.00	139.50
Second floor	655.50	741.76	683.00	-27.50
Sub-total (B)	2420.90	2177.32	2007.00	413.90
Total(A+B)	4841.80	4354.64	4087.74	754.06

Source: Departmental records

It would be seen from the table that there was less construction of floor area of 340.16 sqm¹³ for the Boys' hostel and 413.90 sqm¹⁴ for the Girls' hostel respectively. Thus, altogether the floor area actually constructed was 754.06 sqm less than that of the DPR. This indicated that the DPR was not prepared on a realistic basis and would result in reduction of floor area of these hostels by 14 per cent (Boys' hostel) and 17 per cent (Girls' hostel).

3.1.10.6 Installation of 2X3.15 MVA, 33/11 KV sub-station at Maram

(i) **Purchase of line material:** As per agreement, the work of stringing line consisted of two items viz. supply of line material and erection of lines. The cost of erection was payable at the rate of 20 per cent of the cost of line material. The work was completed (January 2006) at a cost of Rs.21.17 lakh. However, the Department purchased material in excess of the requirement.

The excess quantity purchased exceeded 50 per cent of the requirement, except in the case of bolts and nuts and amounted to Rs.11.12 lakh. Purchase of such huge material beyond requirement may invite risk of pilferage. There was also no reason on record as to why the material was purchased in excess of requirement.

The Department stated (November 2008) that the material purchased in excess would be utilized in operation and maintenance of lines strung under NLCPR schemes. The reply is not acceptable as funds from NLCPR are meant for creation of infrastructure and not for their maintenance.

(ii) **Purchase of equipment:** The work consisted of three components viz. (i) construction of sub-station (ii) stringing of lines and (iii) civil works. The work was awarded (September 2003) to M/s Shyama Power (India), Haryana at its tendered amount of Rs.3.85 crore on turnkey basis.

Scrutiny of the records revealed that in respect of construction of the sub-station component the following items of equipment were procured by the

¹³ 2420.90 sqm -2080.74 sqm

¹⁴ 2420.90 sqm -2007 sqm

firm from different manufacturing companies at a lower price than what was paid to the firm by the Department. The details are shown below:

Table 11

(Rupees in lakh)

Particulars of equipment (Name of the manufacturer)	Manufacturer's price *	Amount paid to the firm by the Department	Avoidable expenditure
(1)	(2)	(3)	(4)(3-2)
3.15 MVA power transformers (M/s East India Udyog Ltd. Ghaziabad)	18.25	61.15	42.90
36 KV isolated with earth blade (M/s Power Line Accessories Ltd, Raipur)	2.20	7.84	5.64
36 KV isolated without earth blade (M/s Power Line Accessories Ltd, Raipur)	0.99	3.36	2.37
36 KV SF ₆ circuit breakers (M/s Crompton Greaves Ltd, Nasik)	14.41	39.20	24.79
30 KV lightning arresters (M/s Crompton Greaves Ltd, Nasik)	2.00	16.13	14.13
Total	37.85	127.68	89.83

Source: Departmental records

* Price including Central Excise duty of 16 per cent, Educational Cess of 2 per cent, Central sales tax of 4 per cent plus Freight charges (taken as 10 per cent of basic cost for Sl.Nos 2,3,4 &5 and amount actually paid for Sl. No 1)

There was nothing on record to establish that the Department made any effort to ascertain the rates of manufacturers to establish the reasonability of these rates and also no negotiations were held with the firm to reduce the rates of these equipment. Thus, an extra expenditure of Rs.80.85 lakh¹⁵ could have been avoided, had the Department finalized the tender after ascertaining the manufacturers' price of these equipment.

3.1.11 Lack of transparency

As per NLCPR guidelines, all the schemes supported from the pool should be given wide publicity. Immediately after approval of a project, the State Government should display a board indicating the date of sanction of the project, likely date of completion, estimated cost of the project, source of funding, contractor's name and the physical target *etc.* at project site. However, no such information was displayed at the project sites of three out of twelve projects.

3.1.12 Monitoring and evaluation

As per guidelines, the following measures for monitoring and evaluation of various projects sanctioned under NLCPR schemes are to be carried out:

➤ *Submission of Quarterly Progress Reports*

A Quarterly Progress Report (QPR) as prescribed by the Ministry giving project-wise progress of implementation should reach the Ministry within three weeks after the end of the quarter. Scrutiny of selected QPRs revealed that there were delays ranging from three to seventeen weeks in sending the QPRs in the six out of the twelve projects.

¹⁵ Rs.89.83 lakh minus 10 per cent commission as contractor's profit=Rs.80.85 lakh.

➤ ***Quarterly meetings***

Chief Secretary of the State should hold quarterly meetings to review the progress of implementation of the ongoing projects under NLCPR and prepare a summary of such meeting and make it available to the Ministry. While meetings were held by the Chief Secretary in general, the mandated four quarterly review meetings were not held in all the years during the review period.

➤ ***Field inspection***

State Government is to carry out field-inspection of projects periodically. However, against 65 projects sanctioned during 2002-08, none of the projects was inspected by the State Government.

➤ ***Meetings of Monitoring Committee***

Planning Department did not fix the year-wise number of meetings to be held during 2003-08. As such, no meetings were held during these years.

3.1.13 Conclusion

The review revealed that in the absence of a gap analysis of the infrastructure in the State, adequate priority was not accorded to completion of projects in the infrastructure sector although these were accorded priority in funding. The capacity of the State in execution of the projects and utilisation of funds was not considered while formulating the project proposals. Fund management was poor and affected the timely execution of projects. There were cases of inordinate delay in release of funds to the implementing agencies. Out of the 12 selected projects, five projects/schemes had been completed and two projects were in progress while five works had not been started even after 20 months from their approval by the GOI. There were also cases of lack of transparency and inadequate monitoring and evaluation of the programme, leading to diversion of funds.

3.1.14 Recommendations

- Gap analysis should be done before formulating project proposals; key areas to be covered should be identified and accorded adequate priority both in funding as well as execution.
- Planning process should be strengthened and accountability should be fixed for any deviations from the approved DPRs or diversions of scheme funds to other activities.
- Stringent inspection of all on-going projects should be carried out to ensure that the projects are completed on time, avoid extra expenditure, and ensure timely utilisation of funds.
- Monitoring and evaluation should be made more effective to ensure that intended benefits are derived by the society and scarce funds are used gainfully.

EDUCATION DEPARTMENT (SCHOOLS)

3.2 Nutritional Support to Primary Education (Mid-day Meal Scheme)

Highlights

The National Programme of Nutritional Support to Primary Education, a Centrally Sponsored Scheme, commonly known as “Mid-day-Meal scheme (MDM)” was launched on 15 August 1995 with the principal objective of boosting the universalisation of primary education by increasing enrolment, retention and learning levels of children and simultaneously improving nutritional status of primary school children of 6 to 11 years age group. The scheme is currently being implemented in 2,945 primary schools. However, about 68,000 students enrolled in the EGS/AIE centres are not covered by the scheme.

Some of the important audit findings are highlighted below:

Implementation of the scheme was based on unreliable enrolment data.

(Paragraph 3.2.7)

Cooking cost was released with delays ranging from 109 to 394 days.

(Paragraph 3.2.8.4)

Total quantity of 55,895 quintals of rice was issued in excess of the requirement.

(Paragraph 3.2.9.4)

The benefit of the scheme was not extended to the children attending EGS/AIE centres due to non-finalisation of formalities.

(Paragraph 3.2.9.5)

3.2.1 Introduction

The GOI launched the National Programme of Nutritional Support to Primary Education, commonly known as the “Mid-Day-Meal (MDM)” scheme on 15 August 1995 as a Centrally Sponsored Scheme for children of primary stage (Class I to V) in Government, Local bodies and Government aided schools. In October 2002, it was also extended to cover children studying in Education Guarantee Scheme (EGS) and Alternative Innovative Education (AIE) centres.

The objectives of the scheme are to:

- boost universalisation of primary education, especially to the disadvantaged sections;
- improve nutritional status of students of primary stage; and
- provide nutritional support to such students of primary stage in drought affected areas during summer vacations.

Under the scheme, Central assistance was provided to the State by way of free supply of foodgrains through Food Corporation of India (FCI) @ 100 grams per child per feeding day where cooked meal was served and @ 3 kg per month where only foodgrains were distributed including transport subsidy of foodgrains. The revised guidelines with effect from September 2004 made it mandatory to serve cooked meals to the eligible children with a calorific content of 450 grams and protein content of 10-12 grams.

In Manipur the scheme was introduced in November 1995 and is currently implemented in 2,945 primary schools. Initially foodgrains were provided to the school children. In compliance with the Supreme Court's order (April 2004), the State Government started providing cooked meal with effect from 14 November 2004¹⁶. The scheme, however, had not been extended to the 2,019 EGS/AIE centres in the State.

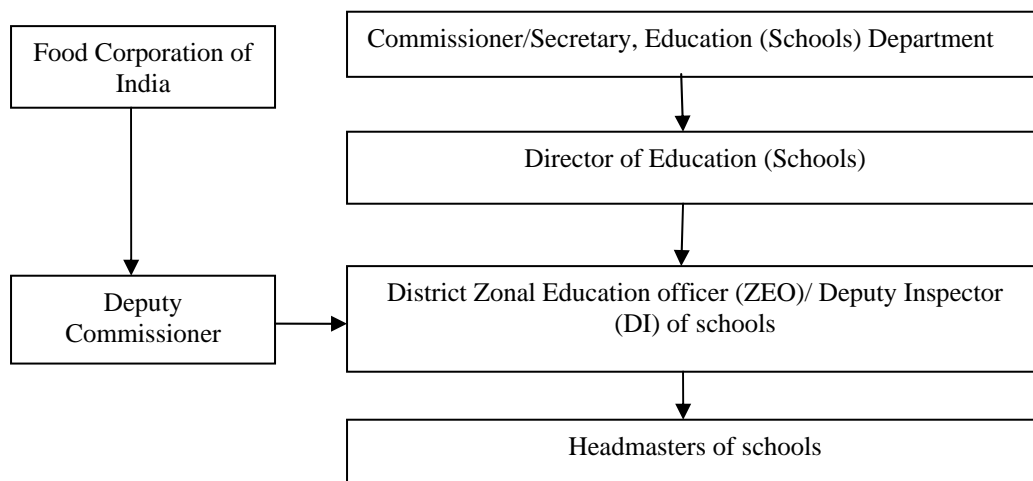
3.2.2 Organisational Set up

The Directorate of Education (Schools) is the nodal Department at the State level for implementation of the scheme. The Commissioner/Secretary is the Chairman of the Steering-cum-Monitoring Committee (SMC) at the State level. The Deputy Commissioners are the Chairmen of SMC at the district level as well as nodal officers at the district level. The School Management Development Committees are assigned the responsibility for implementation of the programme at the local levels in consultation with the respective Zonal Education Officers (ZEO)/ Deputy Inspectors (DI) of Schools.

The FCI is the nodal agency for supply of foodgrains. The organizational set up for implementation of the programme in the State is given below:

¹⁶ The scheme was started in 20 selected schools on experimental basis in 1 June 2004.

Chart 1



3.2.3 Scope of Audit

The performance review was carried out during April-June 2008 and covered the implementation of the scheme during 2003-08. Four out of nine districts viz. Imphal (East & West)¹⁷, Bishnupur, Churachandpur and Senapati including 80 schools (20 schools from each selected district) were selected on random sampling without replacement method for detailed checking.

3.2.4 Audit Objectives

The objectives of the performance review were to assess whether:

- the State Government implemented the programme effectively and achieved its principal objective of universalisation of primary education;
- there was improvement in enrolment, attendance, and retention of the children in primary schools;
- there was improvement in the nutritional status of the children in primary classes;
- Financial management was efficient and funds provided were utilised effectively for the intended purpose; and
- the internal controls were effective and ensured monitoring at various levels and timely and reliable programme information.

3.2.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

¹⁷ The capital districts of Imphal (East) and Imphal (West) are considered as one district for the purpose of this review.

- Scheme guidelines;
- Norms prescribed for nutritional content, attendance and retention of enrolled children;
- Quality assurance norms; and
- Monitoring mechanism prescribed at various levels.

3.2.6 Audit Methodology

Audit methodology included selection of field units based on simple random sampling without replacement method, holding of an entry conference (May 2008) with the Departmental officers, test check of relevant records/documents, analysis of data and documentary evidence against the audit criteria to arrive at audit findings and conclusions. Audit findings were discussed with the Departmental officers in an exit conference (September 2008) and the replies of the Department have been incorporated in the review at appropriate places.

Audit Findings

The important points noticed in the course of the review are discussed in the succeeding paragraphs.

3.2.7 Planning

Adequate planning is the necessary first step towards achieving the objectives of the scheme. This involves identification of the eligible children through an appropriate survey, to provide mid-day meals. The State Government had not carried out any survey during the review period to identify the actual number of children enrolled at the primary level.

The State was required to prepare a comprehensive Annual Work Plan and Budget (AWP&B) with effect from 2006-07, based on the details of enrolment at the school level and aggregated at block, district and State level for the preceding year, in order to project its requirement of funds and foodgrains for the succeeding year. The AWP&B was to be approved by the Programme Advisory Board of the GOI.

The State Government formulated the AWP&B for the years 2006-08. However, disaggregated enrolment details at the school level were not furnished to the GOI along with the AWP&B, as the details were available only at the district level. In the absence of a survey to identify the eligible students for provision of mid-day meals, the Government projected its requirement of foodgrains and funds to the GOI on an *ad hoc* basis.

Scrutiny of the enrolment figures furnished by the State Government to the GOI revealed wide variation between these figures and the enrolment figures available with the District Information System of Education (DISE) during 2006-08, as shown below:

Table 1

Year	Enrolment figures as per DISE	Enrolment figures adopted by the Department in the AWP&B	Difference
(1)	(2)	(3)	(4) (2-3)
2006-07	3,43,974	2,30,854*	(+) 1,13,120
2007-08	2,03,590	2,02,476 **	(+) 1,114

* excluding 69,005 children attending EGS/AIE centres.

** excluding 68,159 children attending EGS/AIE centres.

Source: Annual work plans and budget of the Department

Thus, the data furnished by the State Government to the GOI cannot be vouched. There was inadequate attention to planning, especially in maintaining a reliable database regarding enrolment of children, which will have a repercussive effect in future preparation of works plans, monitoring and impact evaluation of the scheme.

3.2.8 Financial Management

3.2.8.1 Funding pattern

Funding pattern of the scheme is summarised below:

- **Foodgrains**

GOI provided rice free of cost through the FCI. With effect from 14 November 2004, the State Government started providing cooked meal to the eligible children.

- **Transportation of foodgrains from the FCI depot to school**

Up to August 2004, transportation cost was reimbursed by the GOI @ Rs.50 per quintal and the State Government was to bear the remaining cost. With effect from September 2004, Rs.100 per quintal was reimbursed by the GOI, and the balance was to be borne by the State Government.

- **Cost of cooking**

From September 2004 to August 2006, it was Re.1 per child per day *plus 15 per cent* of the Additional Central Assistance (ACA) under PMGY¹⁸. From September 2006 onwards, the GOI was to reimburse Rs.1.80 per child per day, provided, the State Government pays Re.0.20 per child per day.

- **Infrastructure**

From July 2006, Rs.60,000 per unit per school was to be paid by the GOI for construction of kitchen-cum store and kitchen devices at an average cost of Rs.5,000 per school.

¹⁸ Prime Minister's Gramodaya Yojana

• **Monitoring, Management and Evaluation (MME)**

The GOI was to pay 0.9 per cent of the total expenditure on MME from September 2004 to June 2006 and the balance was to be paid by the State Government. From July 2006 onwards, the GOI was to pay 1.8 per cent of the total assistance and the State Government was to pay the balance.

3.2.8.2 Allocation, release and utilization of funds

The year wise position of allotment of funds and expenditure under MDM scheme and the amount required for cooking cost for the years 2003-08 is given below:

Table 2

(Rupees in crore)

Year	Budget Provision	Funds released	Expenditure	Excess(+)/ Saving (-) with the Dept.	Amount deposited in '8449-Other Deposits'
(1)	(2)	(3)	(4)	(5)(3-4)	(6)
2003-04	0.43	0.19	0.19	--	--
2004-05	6.73	3.65	3.37	(-)0.28	--
2005-06	8.60	8.58	8.87	(+) 0.29	--
2006-07	10.15	10.23	9.92	(-) 0.31	--
2007-08 ¹⁹	24.69	24.69	16.91	--	7.78
Total	50.60	47.34	39.26	(-)0.30	7.78

Note: Fund released by Centre and State during 2003-04 to 2006-07 could not be segregated by the Department

Source: Budget and Departmental records

The Department did not maintain the details of funds provided by the Central and the State Governments separately except for the year 2007-08. Consequently, it was not possible to assess whether the quantum of funds supposed to be provided by the Centre and the State, as per the guidelines of the scheme, were provided.

During 2006-07, it was noticed that release of funds exceeded the Budget provision by eight thousand rupees. Excess release of funds over budget provision not only dilutes the legislative control over expenditure but also is indicative of the fact that no proper budgetary control has been exercised in release of funds.

Scrutiny revealed that the expenditure of Rs.39.26 crore incurred on implementation of the scheme during 2003-08 was only on account of cooking cost. Based on the enrolment data available with DISE (which formed the basis for projection in Sarva Siksha Abhiyan), the requirement of funds on

¹⁹ Details of funds for the year 2007-08:

Sources	Sanctioned amount	Fund released	Expenditure	Amount deposited in '8449-Other Deposits'
State	14.36	14.36	8.89	5.47
Centre	10.33	10.33	8.02	2.31
Total	24.69	24.69	16.91	7.78

account of cooking cost for the years 2003-08 would work out to Rs.37.03 crore²⁰.

The State Government has neither incurred any expenditure for lifting 3,33,661 quintals of rice during 2003-08 nor has made any claim for reimbursement on account of transportation cost at the prescribed rate, which amounted to Rs.1.61 crore from the GOI. Further, funds for infrastructure of Rs.17.67 crore @ Rs.60,000 per school and cooking device of Rs.1.47 crore @ Rs.5,000 per school had not been released to the 2,945 schools currently covered by the scheme.

Thus, release of funds was not made on the matching requirement of different components of the scheme and appears to have been made without making adequate analysis.

3.2.8.3 Release of Central funds

It was noticed that the State Government had short released the Central funds to the Department. The Central funds retained by the State Government as of March 2008 are as follows:

- Rupees 38.30 lakh out of cooking cost of Rs.9.38 crore released by the GOI during 2007-08;
- Rupees 8.59 lakh received in November 2007 as Central assistance for cooking cost of upper primary children (class VI-VIII); and
- Rupees 2.53 lakh received in January 2008 as Central assistance towards Management, Monitoring & Evaluation (MME).

Thus, overall, Rs.49.42 lakh of the Central funds had been retained by the State Government and not passed on to the Department.

3.2.8.4 Delay in release of funds for meeting cooking costs

Timely provision of mid-day meals to the children was affected by delay in release of funds to the implementing agencies. During 2005-08, while the State Government provided Rs.35.73 crore to the Department for meeting the cooking cost, Rs.33.74 crore was released by the Department to the school authorities with delays ranging from 109 to 394 days as can be seen from the table below:

²⁰ For providing MDM @ 200 days per year.

Table 3

(Rupees in crore)

Amount released by the State Government	Date of release	Amount released by the Department to the implementing agencies	Date of release by the Department	Period of delay (In days)*
(1)	(2)	(3)	(4)	(5)
2005-06				
2.33	May & June 2005	2.29	Between 17 September and 9 December 2005	109-192
2.38	July and August 2005	2.19	Between 19 December 2005 and 24 April 2006	141-267
2.80	September to November 2005	3.30	Between 3 February 2006 and 18 May 2006	126-230
1.08	January 2006	1.08	Between 30 May 2006 and 21 December 2006	119-324
2006-07				
2.26	May & June 2006	2.16	Between 10 Jan 2007 and 7 May 2007	224-341
3.69	July to September 2006	3.59	Between 29 April 2007 and 19 May 2007	272-292
4.28	October to December 2006 and January & February 2007	4.28	Between 15 Sept 2007 and 29 Nov.2007	319-394
2007-08				
16.91	May 2007 to Feb 2008	14.85	Between 5 April 2008 and 12 June 2008	309-377
35.73		33.74		

* reckoned from the end of the first month in column 2.

Source: Departmental records

During 2005-07 there were cases of release of cooking cost to the implementing agencies in the succeeding financial years and for 2007-08, the entire cooking cost was released during 2008-09. It could not be ascertained why cooking cost was released with such delays while foodgrains were released monthly by the FCI. There was, thus, no correlation between the supply of foodgrains and release of funds for cooking cost.

The Department stated (October 2008) that delay in release of cooking cost was due to the prevailing law and order situation in the State. Such delay, however, would mean that foodgrains could not be converted into cooked food and would thus defeat the purpose of providing cooked meals to the students.

3.2.8.5 Allocation of extra conversion cost²¹

Fund allocation for cooking cost comprised of three sub-components *i.e.* salary for cooks, fuel cost and conversion cost. In the sanction order of cooking cost for the year 2007-08, funds were shown to have been provided for 220 days for 1.89 lakh students. However, detailed checking of break up of the sanction order revealed that funds for cooks and fuel cost were actually provided for 200 days, whereas conversion cost was provided for 220 days. The Department could not furnish any justification for the mismatch between the two figures and hence provision of conversion cost for extra 20 days in the absence of corresponding funds for cooks' salary and fuel could not be vouched.

²¹ Cost for vegetables, dal, condiments, oil *etc.*

3.2.8.6 *Parking of funds*

Scrutiny of the records revealed that cooking cost for the months of October 2006 to February 2007 amounting to Rs.4.28 crore was shown as expenditure in the financial year 2006-07 although the amount was not released to the zonal offices till September 2007.

Besides this, the following cases of parking of funds were noticed:

- Out of Rs.24.69 crore released during 2007-08, the Department had shown Rs.16.91 crore as expenditure and the remaining amount of Rs.7.78 crore (State's share - Rs.5.46 crore as cooking cost and Centre's share - Rs.2.32²² crore) had been parked in "8449-Other Deposits". The actual expenditure during the year was only Rs.14.68 crore, leaving an unspent balance of Rs.2.23 crore.
- Rupees 7.04 crore received by the State Government during March 2007 for construction of kitchen sheds was deposited in the bank account and remained unutilised as of June 2008.

Thus, an amount of Rs.17.05 crore remained unutilised. Of this, Rs.9.05 crore relates to cooking cost, which would be enough to provide cooked meal to one lakh students for over two years for 200 days per year at the prescribed norm of Rs.1.80²³ per student per feeding day.

The MME fund could not be utilized despite having a committee for MME. Rupees 73 lakh allotted for cooking devices could not be spent. As such, no cooking device has been purchased and issued to the implementing agencies.

3.2.9 **Programme Implementation**

The principal objective of the scheme was to improve enrolment, attendance and retention of children at the primary level to boost the national objective of universalisation of primary education.

3.2.9.1 *Enrolment of students*

The year-wise position of enrolment of children in the age group of 6-11 years as per the records of the DISE is given below:

²² Cooking cost –Rs.135.93 lakh; Management, Monitoring & Evaluation cost- Rs.22.82 lakh and cooking devices- Rs.72.85 lakh.

²³ Curry is being presently provided @ Rs.1.80 per student per feeding day.

Table 4

Year	Total	General category	Scheduled Caste	Scheduled Tribe
(1)	(2)	(3)	(4)	(5)
2003-04	3,16,246	1,96,591	9,894	1,09,761
2004-05	3,04,327	1,70,512	8,017	1,25,798
2005-06	3,59,999	1,95,675	7,383	1,56,941
2006-07	3,43,974	1,68,732	11,352	1,63,890
2007-08	2,03,590	86,036	6,464	1,11,090

Source: DISE records

As can be seen above, there is no particular pattern to the enrolment of children in the targeted age group during the review period. The number of children enrolled fluctuated during 2003-08 and generally showed a declining trend towards 2007-08. In the absence of a survey relating to identification of children and their enrolment, the basis for the data furnished by the DISE cannot be vouched. The Department admitted (June 2008) that the enrolment data is not authentic.

The status of enrolment of the 80 schools test-checked during the review period is given below:

Table 5

Year	Enrolment of students of the 80 selected schools				
	Imphal	Bishnupur	Churachandpur	Senapati	Total
(1)	(2)	(3)	(4)	(5)	(6)
2003-04	2,316	2,590	2,003	2,325	9,234
2004-05	2,473	2,194	1,644	2,593	8,904
2005-06	2,228	2,822	1,995	2,574	9,619
2006-07	2,104	2,948	2,116	3,258	10,426
2007-08	2,042	2,622	1,890	2,510	9,064

Source: Records of the selected schools

Here again, there is no clear pattern to the enrolment data. The number of children enrolled displayed wide fluctuation from year to year but declined during 2007-08 in all the districts.

It was therefore not possible to gauge the impact of implementation of the MDM scheme in terms of enrolment and retention of children in the State during 2003-08.

3.2.9.2 Drop out rate

The position of drop out students in the 80 selected schools during the years 2003-08 was as follows:

Table 6

Year	Number of students in the 80 selected schools		
	Enrolment	Drop-out	Percentage of drop out
2003-04	9,234	1,900	21
2004-05	8,904	2,158	24
2005-06	9,619	2,538	26
2006-07	10,426	2,601	25
2007-08	9,064	1,809	20

Source: Records of the selected schools

The percentage of drop out students in the 80 selected schools during the years 2003-08 was quite high ranging from 20 *per cent* to 26 *per cent*, and this goes to prove that there was no impact of the scheme in improving the retention of pupils in these schools.

3.2.9.3 Provision of cooked meal

As per norm, the State Government was to provide cooked food to students studying in lower primary schools (class I-V) @ 100 grams per child per school day for a minimum of 200 days in a year.

As the scheme was implemented in the State with effect from 14 November 2004, cooked meal should have been provided for 76 days (based on a minimum of 200 feeding days in a year) during 2004-05. However, cooked meal was provided only on 50 days during 2004-05. During 2005-06 and 2006-07, cooked meals were provided on 149 and 160 days respectively, a shortfall of 26 *per cent* and 20 *per cent* respectively. During 2007-08, however, the Department was able to provide cooked meal for the minimum required number of 200 days.

3.2.9.4 Lifting of foodgrains

The quantity of rice lifted and issued to the schools should be as per the actual requirement. The position of foodgrains lifted by the implementing agencies from the FCI during the years 2005-08²⁴ *vis-à-vis* requirement as per the actual number of feeding days is given below:

Table 7

(In quintals)

Year	Number of children fed	Actual no. of feeding days	Quantity of foodgrains lifted from FCI (rounded)	Quantity of rice required as per actual no. of feeding days @ 100 gm per child per day	Excess lifting of foodgrain <i>vis-à-vis</i> requirement (-) less/(+) more
(1)	(2)	(3)	(4)	(5)	(6)
2004-05	3,05,695	50	34,434 ²⁵	15,245	(+) 19,189
2005-06	2,84,000	149	59,142	42,316	(+) 16,826
2006-07	2,30,854	160	53,689	36,937	(+) 16,752
2007-08	1,89,083	200	40,945	37,817	(+) 3,128
TOTAL	10,09,632	559	1,88,210	1,32,315	(+) 55,895

Source: Departmental records and FCI records

The number of children given in the above table differs from the enrolment figures furnished by the DISE, as mentioned in **Paragraph 3.2.9.1**. The figures given in the above table are based on the sanction orders issued by the State Government and are much lower than the DISE data (**Table 4**). In view of the variation in the figures, the authenticity of the data cannot be vouched in audit.

As shown in the table above, the Department had lifted 1,88,210 quintals of rice during the years 2004-08²⁶ and was shown to have been issued to the

²⁴ Cooked meal was actually provided in the State with effect from 14 November 2004.

²⁵ During 2004-05, 91,075 quintals of rice was issued. In the absence of monthly break-up of quantity of rice lifted, the calculation has been made proportionately for 138 days *i.e.* w.e.f. 14 November 2004.

²⁶ With effect from 14 November 2004.

schools. However, the requirement of rice for the beneficiaries worked out to 1,32,315 quintals only, resulting in excess issue of 55,895 quintals of rice *vis-à-vis* its requirement.

3.2.9.5 Non-coverage of EGS and AIE centres

The Government of Manipur could not extend the MDM scheme to children belonging to 2,019 EGS and AIE centres (EGS: 971 and AIE: 1,048) as of March 2008 due to non-finalisation of modalities of implementation of the scheme in these centres. No effective steps have been taken to bring these centres under the scheme as of March 2008. As a result, 68,159 children²⁷ attending EGS and AIE centres were deprived of the benefits provided under the scheme.

3.2.9.6 Transportation of foodgrains

Transportation of foodgrains from the nearest FCI Depot to each Primary School is the logistical responsibility of the Department. The State Government is to ensure accurate projection of requirements, timely lifting of foodgrains allocated, monitoring of their distribution and also ensure the prescribed quality. The quantity of foodgrains lifted during 2003-08 by the State and the amount to be reimbursed by the GOI are as below:

Table 8

(In Rupees)

Year	Quantity lifted and utilised (in quintal) (rounded)	Transportation charge payable @ Rs.50/Rs.100 per quintal	Departmental expenditure toward transportation
(1)	(2)	(3)	(4)
2003-04	88,810	70,30,791 ²⁸	Nil
2004-05	91,075	91,07,500	Nil
2005-06	59,142	59,14,200	Nil
2006-07	53,689	53,68,900	Nil
2007-08	40,945	40,94,500	Nil
Total	3,33,661	3,15,15,891	Nil

Source: Departmental records

As per the scheme guidelines, up to August 2004 transportation cost @ Rs.50 per quintal was to be reimbursed by the GOI. The rate was enhanced to Rs.100 per quintal with effect from September 2004. Transportation cost was to be first borne by the State Government, which was later to be claimed for reimbursement from the GOI at the prescribed rate. Audit scrutiny, however, revealed that the Government had not incurred any expenditure on transportation cost during the review period.

The Department stated (May 2008) that no transporters could be appointed during the last few years and transportation of foodgrains were made at the level of ZEOs/Directorate in the interest of the scheme. In fact in the four

²⁷ Anticipated figure as per Annual works plan and budget 2007-08.

²⁸ @ Rs.50 for 5 months up to August 2004 and @ Rs.100 for 7 months from September 2004 onwards.

selected districts, it was seen that three²⁹ ZEOs transported foodgrains at their own expense during 2006-08.

The Department accepted the need to streamline the system and decided (May 2008) to appoint regular transporters through open tenders.

3.2.9.7 Construction of kitchen sheds

The GOI provided funds for construction of kitchen sheds through Central Assistance for NSDP³⁰ and SGRY³¹ schemes of MAHUD³² and RD&PR³³ departments during 2004-05. The State Government has directed (November 2004) RD&PR/MAHUD to construct 3,035 kitchen sheds (374 in urban and 2,661 in rural areas) @ Rs.30,000 each. The details are shown below:

Table 9

(Rupees in lakh)

Name of the scheme	Name of the construction agency	Amount* involved	No. of kitchen sheds to be constructed	No. of completed kitchen sheds as of March 2008	Percentage of completion
(1)	(2)	(3)	(4)	(5)	(6)
NSDP	MAHUD	112.20	374	340	91
SGRY	RD& PR	798.30	2661	2227	84
	Total	910.50	3,035	2,567	85

* The amount involved is paid through the central scheme mentioned in column (1)

Source: Departmental records

Though the buildings were supposed to be handed over by May 2005 the construction agencies could submit completion report of 2567 kitchen sheds only (340 in urban and 2,227 in rural areas) in March 2008.

Scrutiny of the records of zonal offices, selected schools and joint inspection (September-October 2007) revealed that in most cases the construction was very poor and substandard³⁴. In 14 cases, kitchen sheds were found to be unusable. As such, food had to be cooked in teachers' common room or open spaces and cooking materials had to be stored in schools.

3.2.10 Nutritional status

3.2.10.1 Micro-nutrient supplementation

One of the objectives of the scheme was to improve nutritional status of the students. The scheme envisaged appropriate interventions relating to micro-nutrient supplementation and de-worming, *e.g.*, administration of six monthly doses for de-worming and vitamin "A" supplementation, administration of weekly iron and folic acid supplement and other appropriate supplementation depending on common deficiencies found in the local area. Technical advice and doses for the above was to be obtained by the school from the nearest

²⁹ ZEO, Wangoi, Imphal East and Imphal West.

³⁰ NSDP=National Slum Development Programme.

³¹SGRY= Sampurna Grameen Rozgar Yojana

³² MAHUD=Municipal Administration, Housing and Urban Development.

³³ RD&PR=Rural Development and Panchayati Raj.

³⁴ Such as, low roofing, leakage of roofing, non-provision of doors and windows, mud and bamboo chattai walls, water logging due to non-levelling of floor *etc.*

primary health centre/Government hospital, and was to be funded from appropriate scheme of the Health Department or the school health programme. Scrutiny of the records revealed that the Department had not taken any steps for regular health check up, regular supply of micro-nutrient supplementation, and regular de-worming (June 2008). Moreover, no provision was made in the budget for micro-nutrient supplementation and de-worming during the period covered by audit.

3.2.10.2 Quality of meals

As per the scheme guidelines, food should be tested by the members of school committee before serving it to the children in order to ensure its quality. However, records in support of testing of food before serving were not maintained in any of the 80 schools test checked. In the absence of such records, it could not be ascertained whether the food was actually tested every day by members of the school committee before distribution to children. Thus, quality of food served to the children could not be ascertained.

3.2.10.3 Calorific and protein content of meals

The guidelines stipulate provision of cooked meals with a minimum content of 300 calories and 8-12 grams of protein which was revised (September 2006) to 450 calories and 12 grams of protein per child on each school day. Test check of the records revealed that the Department had not evolved any mechanism to determine the calorific value and protein content available in the served meal. Hence, no cognizance to this valuable health aspect had been given while implementing the programme.

3.2.10.4 Inspection of meals served in schools

The guidelines stipulate fixation of monthly targets for inspections of meals served in schools to be conducted by the officers of the district, block and other officers locally available in other Departments like Revenue/General Administration, Rural Development, Women and Child Development, Health and Family Welfare, Food and Civil Supplies *etc.* Further, inspection targets were required to be fixed by the State Government so that the implementation of the scheme in 25 per cent of primary schools is inspected every quarter and all primary schools are inspected at least once a year. No targets for inspection of schools had been fixed by the Department during 2003-08.

In the absence of systematic and regular inspections, the Department is not in a position to assure itself about the quantity, quality and hygiene of meals supplied to the school children.

3.2.11 Non-supervision of cooks

MDM scheme guidelines envisage that responsibility for cooking would as far as possible be assigned to local women's Self Help Groups (SHG), Village Education Committees (VEC), School Management-cum-Development Committee (SMDC), Parent Teacher Associations/Mother Teacher Associations (PTA/ MTA) and Non-Government Organizations (NGO) where

available. Scrutiny of the records of seven zonal³⁵ offices in the four selected districts including 80 schools, however, revealed that there was no record of involvement of such organizations.

3.2.12 Monitoring

3.2.12.1 Non-functional Steering cum Monitoring Committee

As per the scheme guidelines, the Steering cum Monitoring Committees (SMC) were to be set up at four levels viz. National, State, district and block for guidance, monitoring, co-ordination and taking action on the reports furnished by the implementing agencies. National and State level SMC were to meet at least once every six months, and district and block level SMC at least once in a quarter.

Scrutiny of the records revealed that the three State level SMCs were constituted only in May 2005 and no meeting at any level was held up to March 2008. The State Government had not incurred any expenditure on management, monitoring and evaluation activities and Central assistance of Rs.25.35 lakh³⁶ provided for this purpose remained unspent. No steps were taken to involve mothers to supervise the preparation of meals and feeding of children as provided in the guidelines and no quarterly assessment of the programme through district Institutes of Education & Training was ever carried out.

3.2.13 Internal Audit

Scrutiny of the records of the selected district offices and schools revealed that despite having a separate internal audit wing in the Department, no internal audit was conducted during the last five years.

The Department did not adopt any internal control mechanism to ascertain the actual utilisation of the funds and foodgrains released to school authorities by obtaining expenditure statements with vouchers.

The utilisation certificates were prepared on the basis of release of funds from ZEO level without ascertaining the actual expenditure incurred. No progress report of physical and financial achievement has been prepared or submitted to the Government.

Regular internal audit by the Directorate of Local Fund of the State Government was also not conducted at the ZEO level during the period covered under the review.

3.2.14 Conclusion

Implementation of the MDM scheme in Manipur was unsatisfactory and failed to achieve the objective of universalisation of elementary education and

³⁵ ZEOs, Imphal West, Imphal East, Wangoi, Bishnupur, Churachandpur, Dy. Inspector of Schools, Moirang and Henglep.

³⁶ Rs.11.10 lakh received prior to 2006-07; Rs.11.72 lakh in 2006-07 and Rs.2.53 lakh in 2007-08

improvement in the nutritional status of the children. Planning process was hampered due to the absence of a reliable database relating to the enrolment of children. Considerable number of children from the EGS and AIE centres were left out of the purview of the scheme. There was no conclusive evidence of improvement in enrolment, attendance and retention of children in the schools. Most of the kitchen sheds constructed were not usable. The Department had not taken any steps for regular health check-up and regular supply of micro-nutrient supplementation and had not evolved any mechanism to determine the calorific value and protein content of the served meals. The monitoring system was deficient due to lack of regular flow of progress reports from the zonal and district level offices.

3.2.15 Recommendations

- A centralised and reliable database should be set up relating to population, enrolment, attendance, and other facilities extended to the children under the scheme.
- Requirement of foodgrain should be assessed on an annual basis with reliable inputs from school level and release of funds for cooking cost should be synchronised with the lifting of foodgrains.
- The benefits of the scheme should also be extended to EGS/AIE centres.
- Regular health check-ups should be introduced in the schools and micro nutrient supplements and de-worming medicines should be provided to the children.
- Monitoring mechanism should be strengthened and enforced effectively so as to secure accountability at various levels of programme implementation.