

**CHAPTER III**  
**CIVIL DEPARTMENTS**

**SECTION "A"**  
**(AUDIT REVIEWS)**

**RURAL DEVELOPMENT DEPARTMENT**

**3.1 Rural Housing Schemes**

Indira Awaas Yojana(IAY) was implemented with effect from January 1996 through all the nine District Development Agencies (DRDAs) under the administrative control of Rural Development Department in the state. The main objective of the programme was to help in the construction and upgradation of dwelling units by members of scheduled castes and scheduled tribes living below the poverty line (BPL) and also BPL non SC/ST households by providing them assistance in the ratio of 60:40. Due to short release of funds by Central and State Government, under utilisation of available funds, non-transparency in selection of beneficiaries, poor coverage of targeted beneficiaries and short release of assistance to the beneficiaries, performance under IAY remained defective.

*Highlights*

Government of India could not release Rs.16.19 crore during 1998-2002 due to non-submission of proposals for release of second instalments of Central share by the DRDAs.

(Paragraph 3.1.7)

State share of Rs.31 lakh was diverted to another scheme during 1997-98 depriving BPL families of benefits under IAY.

(Paragraph 3.1.9)

Four blocks under two DRDAs did not account for Rs.0.39 crore received during 1997-2002.

(Paragraph 3.1.10)

As against targeted construction of 12687 dwelling houses during 1997-2002, 5564 houses only could be completed representing 44 per cent coverage.

(Paragraph 3.1.16)

**There was short release of assistance of Rs.1.11 crore for construction of houses and Rs.3.68 lakh for upgradation of existing dwelling houses in four DRDAs.**

**(Paragraphs 3.1.19 and 3.1.25)**

**Out of 6752 dwelling houses constructed and upgraded during 1997-98 to 2001-02, 4233 houses were not provided with smokeless chulhas and in 4644 houses sanitary latrines were not constructed.**

**(Paragraph 3.1.27)**

### *Introduction*

**3.1.1** Government of India launched Indira Awaas Yojana (IAY) during 1985-86 as a sub-scheme of Rural Landless Employment Guarantee Programme. From April 1989, it continued as a sub-scheme of Jawahar Rozgar Yojana (JRY). IAY was delinked from JRY from 1 January 1996 and made an independent scheme. To supplement the efforts of IAY and address various issues on Rural Housing, Government of India launched five<sup>1</sup> new schemes from 1 April 1999. Of these, three<sup>2</sup> schemes were introduced in the State. The objective of IAY is primarily to help construction/upgradation of dwelling units of the population living below the poverty line (BPL) in rural areas belonging to SCs/STs, free bonded labourers and non SCs/STs categories in the ratio of 60:40 by providing grants-in-aid.

### *Audit Coverage*

**3.1.2** Out of 9 DRDAs (34 blocks), four<sup>3</sup> DRDAs (44 *per cent*) along with 13 blocks<sup>4</sup> (50 *per cent*) covering 30 *per cent* of the total expenditure during 1997-98 to 2001-02 and the State Monitoring Cell were test-checked during the period from April 2002 to June 2002.

### *Organisational set-up*

**3.1.3** The Rural Housing Schemes in Manipur was implemented through all nine DRDAs<sup>5</sup> under the administrative control of Rural Development Department

<sup>1</sup> (a) Pradhan Mantri Gramodaya Yojana (PMGY) (b) Credit-cum-Subsidy Scheme for Rural Housing (CCSSRH) (c) Samagra Awaas Yojana (SAY) (d) Innovative Stream for Rural Housing and Habitat Development (ISRHD) and (e) Setting up of Rural Building Centres (RBC)

<sup>2</sup> PMGY, CCSSRH and ISRHD

<sup>3</sup> DRDA (Imphal West), DRDA (Ukhrul), DRDA (Chandel) and DRDA (Churachandpur)

<sup>4</sup> Imphal West district : Haorangsabal and Wangoi block

Ukhrul district: Ukhrul TD block, Kamjong, Kasom Khullen and Chingai block.

Churachandpur district: Churachandpur, Singhat, Henglep, Thanlon, Tipaimukh and Samulamlan block.

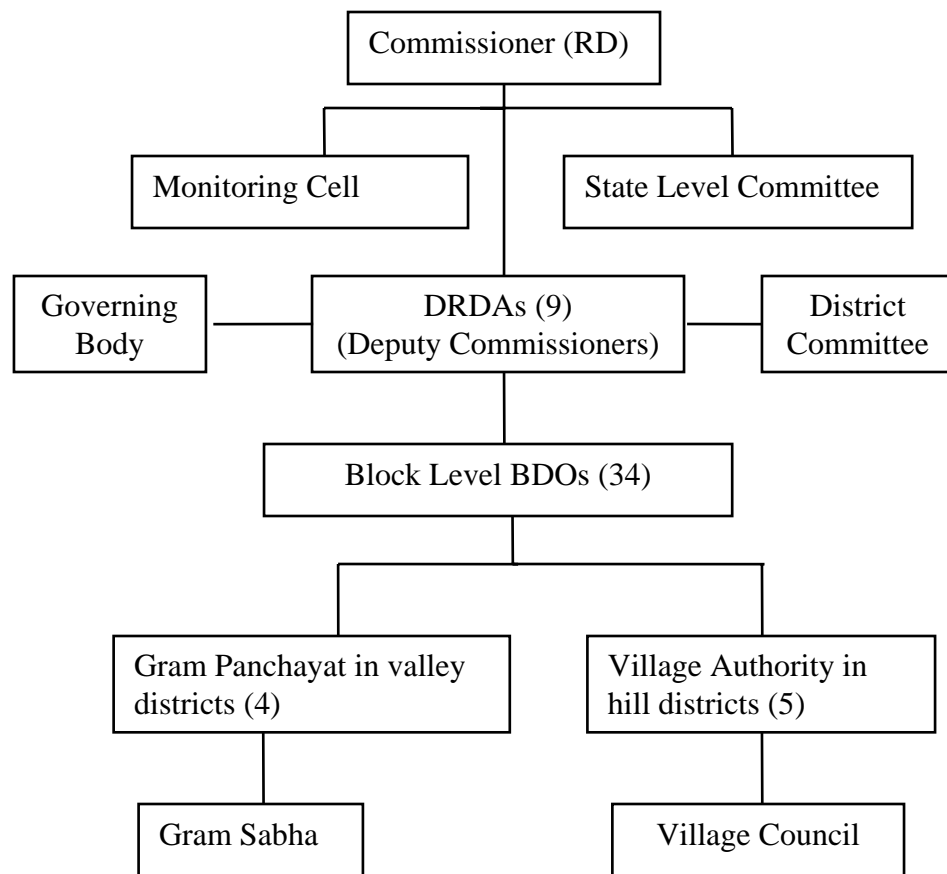
Chandel district: Chandel TD block.

<sup>5</sup> Imphal East, Imphal West, Bishnupur, Thoubal, Churachandpur, Ukhrul, Chandel, Tamenglong and Senapati.

headed by Commissioner, Rural Development Department and Panchayati Raj. The Chairman/Executive Director of the DRDAs were assisted by Block Development Officers.

3.1.4 The organisational structure is shown in the following chart:

**Chart No.3.1**



**Funding of scheme**

3.1.5 Funds under IAY were shared between Government of India and the State Government on 80:20 cost sharing basis up to March 1999. From April 1999, the ratio was changed to 75:25. While Central shares were released direct to each DRDA, the State share was released to DRDAs through RD Department.

3.1.6 Year wise position of allocation of funds and release by Government of India and the State Government during 1997-98 to 2001-02 are given below:

Table No.3.1

(Rupees in crore)

Year	Allocation of fund		Funds released			Short released		Unspent balance	Total fund available (6+9)	Expenditure	Closing balance
	GOI	State	GOI	State	Total	GOI (2-4)	State (3-5)				
1	2	3	4	5	6	7	8	9	10	11	12
1997-98	1.04	0.26	0.57*	0.31*	0.88	(-)0.47	(+)0.05	3.05 <sup>6</sup>	3.93	2.30	1.63
1998-99	3.20	0.80	1.57	0.31	1.88	(-)1.63	(-)0.49	1.63	3.51	2.58	0.93
1999-2000	6.93	2.31	1.77	0.65	2.42	(-)5.16	(-)1.66	0.93	3.35	1.60	1.75
2000-01	8.67	2.89	3.26	0.50	3.76	(-)5.41	(-)2.39	1.75	5.51	3.02	2.49
2001-02	6.62	2.21	3.10	2.20	5.30	(-)3.52	(-)0.01	2.49	7.79	3.25	4.54
<b>Total:</b>	<b>26.46</b>	<b>8.47</b>	<b>10.27</b>	<b>3.97</b>	<b>14.24</b>	<b>(-)16.19</b>	<b>(-)4.50</b>	—	—	<b>12.75</b>	—

(Source: Information furnished by the Monitoring Cell and Progress Reports of DRDA)

**3.1.7** Government of India could not release Rs.16.19 crore during 1997-2002 due to non-submission of required documentation such as audited statement of accounts, utilisation certificates *etc.* by the DRDAs. It was however, noticed that in the case of 4 DRDAs Rs.38.96 lakh<sup>7</sup> were deducted by the Government of India from the fund allocated on account of late submission of proposals (Rs.15.85 lakh) and excess carry over of balance (Rs.22.18 lakh) by DRDAs, and short release of funds by State Government (Rs.0.93 lakh).

**3.1.8** Instead of releasing state's share within one month, the State Government released its share of Rs.2.21 crore (out of Rs.3.66 crore released) during 1998-99 to 2001-02 after a delay of 3 to 10 months from the time of release of Central share.

**3.1.9** The State Government sanctioned (October 1997) Rs.31 lakh as its share for construction of houses under Basic Minimum Service (an erstwhile programme) with instruction to charge the expenditure against IAY during 1997-98. Thus the incorrect sanction order had led to diversion of IAY funds to the other scheme depriving benefits of the BPL families under IAY.

\* excludes Central share: Rs.2.34 crore and State share: Rs.0.52 crore released during 1997-98 for the year 1996-97. Amounts are included in the opening balance (unspent balance) for 1997-98.

<sup>6</sup> Includes unspent balance of Rs.0.19 crore pertaining to the year 1996-97 and Rs.2.86 crore sanctioned on March 1997 but released during 1997-98.

<sup>7</sup> Rs.7.11 lakh (1997-98), Rs.24.65 lakh (2000-01) and Rs.7.20 lakh (2001-02).

### Financial performance

**3.1.10** As per cash book of two DRDA's, Rs.55.16 lakh (DRDA Chandel: Rs.34.96 lakh and DRDA Ukhrul: Rs.20.20 lakh) were released to four blocks<sup>8</sup> during April 1997 to March 2002 of which only Rs.16.42 lakh were accounted for by three blocks in their cash books. The Block Development Officers could not also produce Actual Payee's Receipts *etc.* in support of disbursement of the balance amount of Rs.38.74 lakh. DRDA Chandel stated (September 2002) that non-accountal of Rs.18.54 lakh by the blocks was under investigation.

**3.1.11** One DRDA, Chandel diverted Rs.4.42 lakh out of IAY fund to JRY Account (Rs.1.72 lakh) and for other inadmissible works (Rs.2.70 lakh) during 1998-2000.

### Beneficiary identification

**3.1.12** A survey conducted by State Government during 1997-98 identified 2,46,980 rural families living below the poverty line (BPL) in the State (out of the total BPL population of 13,31,504). According to 1991 census housing shortage of the State is 1,24,015 out of which 89,198 (72 *per cent*) are in rural areas. As per guidelines of IAY, Gram Sabha at block level was to select beneficiaries from list of eligible households to be prepared by DRDAs. Test-check in four DRDAs revealed that documentary evidence of selection of beneficiaries by Gram Sabhas was not maintained. As a result basis of selection of 5195<sup>9</sup> beneficiaries during 1997-2002 in the four test checked districts could not be verified in audit.

**3.1.13** Government of India fixed (September 1997) the income limit of Rs.280.86 per capita per month for identification of rural BPL member/families in the State. Test-check in three DRDAs revealed that 4147<sup>10</sup> beneficiaries with income level ranging from Rs.391.66 to Rs.1666.66 were selected during 1997-2002. Of this, assistance to 1830 beneficiaries (1793 new construction and 37 upgraded houses as of March 2002) to the tune of Rs.2.59 crore was released

during 1997-98 to 2001-02 (*Appendix-XV*) which was beyond the scope of the scheme.

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(Rupees in lakh)

DRDA	Block and period	Amount given by DRDAs	Amount accounted by BDOs	Unaccounted amount by Block
Ukhrul	Ukhrul, TD Block, April 1997 to October 2000	20.20	Nil	20.20
Chandel	Chandel Block April 1997 to March 2002	25.34	10.95	14.39
	Chakpikarong Block	2.93	2.29	0.64
	Machi Block 1999-2000 to 2001-02	6.69	3.18	3.51
Total:		55.16	16.42	38.74

<sup>9</sup> Imphal West –1010; Churachandpur- 2063; Chandel- 1048 and Ukhrul- 1074

<sup>10</sup> Imphal West- 1010; Churachandpur – 2063 and Ukhrul- 1074

**3.1.14** As per report submitted (September 1999) to Government of India, rural BPL families in Chandel district was 69,316. In November 1999 Deputy Commissioner, Chandel reported to the State Government that the actual figure was 12,688, but the corrected figure was not intimated (June 2002) to Government of India.

### Physical performance

**3.1.15** Year-wise target fixed for construction/upgradation of dwelling units and achievement there against during 1997-98 to 2001-02 are given below:

**Table No.3.2**

(In numbers)

Year	Target	Achievement	
		Houses completed	Houses under progress
1997-98	619	1096 <sup>11</sup> (177)	610
1998-99	1912	1125 (59)	—
1999-2000	3360	708 (21)	477
2000-01	3266	1276 (39)	935
2001-02	3530	1359 (38)	601
<b>Total:</b>	<b>12687</b>	<b>5564 (44)</b>	<b>2623</b>

(Source: As furnished by the Monitoring Cell)  
(Figures within brackets represent percentage.)

**3.1.16** Against targeted coverage of 12,687 BPL families 5 per cent of total BPL families (2,46,980) during 1997-98 to 2001-02, construction of 5,564 dwelling units (44 per cent of the target) could only be completed as of March 2002 which indicated poor performance of the scheme in the State.

**3.1.17** Position of construction of dwelling units in respect of SC/ST and non SC/ST beneficiaries during 1997-98 to 2001-02 are given below:

**Table No.3.3**

Year	Target			Houses completed		Total
	SC/ST	Others	Total	SC/ST	Others	
	(In number)					
1997-98	446	173	619	889	207	1096
1998-99	1392	520	1912	878	247	1125
1999-2000	2550	810	3360	474	234	708
2000-01	2903	363	3266	921	355	1276
2001-02	3084	446	3530	1100	259	1359
<b>Total:</b>	<b>10375</b>	<b>2312</b>	<b>12687</b>	<b>4262</b>	<b>1302</b>	<b>5564</b>
	<b>(82)</b>	<b>(18)</b>	<b>(100)</b>	<b>(77)</b>	<b>(23)</b>	<b>(100)</b>

(Figures in brackets represent percentage.)

**3.1.18** According to guidelines of IAY, 60 per cent houses were to be constructed for SC/ST beneficiaries and 40 per cent for non-SC/ST beneficiaries. But in the

<sup>11</sup> Higher achievement shown during the year was mainly due to non-fixation of target against Rs.2.86 crore received from Government of India and State Government for 1996-97 during 1997-98.

State, targeted construction was fixed in the ratio 82:18 during 1997-2002 against which completion was in the ratio 77:23 as of March 2002. Thus approved norm of construction was not followed.

### Funds transfer to beneficiaries

**3.1.19** According to IAY guidelines, each beneficiary was to be assisted to the extent of Rs.20,000 in plain areas and Rs.22,000 in hilly/difficult areas for construction of their dwelling houses. Test-check in four DRDAs revealed that 4 beneficiaries of DRDA Imphal West were assisted (1997-98 and 1998-99) at the rate of Rs.12,500 each instead of Rs.20,000 and 1183 beneficiaries of DRDA Chandel, Ukhrul and Churachandpur were released (1997-98 to 2000-01) assistance ranging from Rs.11,200 to Rs.18,333 instead of the admissible rate of Rs.22,000 each. This had thus led to short-release of assistance to the tune of Rs.1.11 crore to the beneficiaries as detailed below:

**Table No.3.4**

(Rupees in lakh)

Sl. No.	Name of the DRDA	Year of payment	No. of beneficiary	Admissible rate (Rupees)	Amount admissible	Assistance released	Short release of assistance
1.	Imphal West	1997-98 and 1998-99	4	20,000	0.80	0.50	0.30
2.	Churachandpur	1999-2000	48	22,000	10.56	8.80	1.76
3.	Chandel	1997-98 to 2000-01	289	22,000	63.58	45.79	17.79
4.	Ukhrul	1997-98 to 2000-01	846	22,000	186.12	94.75	91.37
	<b>Total</b>		<b>1187</b>		<b>261.06</b>	<b>149.84<sup>12</sup></b>	<b>111.22</b>

(Source: DRDA records)

### Upgradation of houses

#### Financial performance

**3.1.20** According to guidelines, from April 1999, 20 per cent of total allocation was to be earmarked for conversion of unserviceable kutcha houses into pucca/semi pucca houses.

<sup>12</sup> includes Rs.19.01 lakh being the material components.

**3.1.21** Funds available for conversion of unserviceable kutcha houses into pucca/semi-pucca houses during 1997-98 to 2001-02 are given below:

**Table No.3.5****(Rupees in lakh)**

Year	Funds allocated	Funds received	Short release
1999-2000	184.20	48.43	135.77 (74)
2000-01	231.11	75.29	155.82 (67)
2001-02	176.48	103.97	72.51 (41)
<b>Total:</b>	<b>591.79</b>	<b>227.69</b>	<b>364.10</b>

(Source: DRDA records)

(Figures within brackets represent percentage)

**3.1.22** The above table shows that the percentage of short release of funds ranged from 41 to 74 *per cent* during 1999-2002.

### Physical performance

**3.1.23** Year-wise target fixed for upgradation of houses and achievement thereagainst during 1999-2000 to 2001-02 are given below:

**Table No.3.6**

Year	Target	Achievement		Total expenditure
		Completed	Under progress	
		(In number)		(Rupees in lakh)
1999-2000	1848	361	—	23.24
2000-01	1796	350	147	32.33
2001-02	1765	477	—	28.44
<b>Total</b>	<b>5409</b>	<b>1188 (22)</b>	<b>147</b>	<b>84.01 (37)</b>

(Source : DRDA records)

(Figures within brackets represent percentage)

**3.1.24** As against 37 *per cent* utilisation of available funds, (Rs.227.69 lakh) physical achievement was only 22 *per cent*.

**3.1.25** According to guidelines of IAY, each beneficiary was to be assisted @ Rs.10,000 for conversion of unserviceable kutcha houses into pucca/semi pucca houses. In one DRDA (Ukhru) assistance for upgrading the houses to 42 beneficiaries @ Rs.5,000 during 1999-2000 and to 79 beneficiaries @ Rs.8,000 during 2001-02 were only given. This had resulted in short-release of assistance



to the tune of Rs.3.68 lakh to the beneficiaries as detailed below:

**Table No.3.7**

Name of the DRDA	Year	No. of beneficiary	Rate admissible	Rate sanctioned	Difference	Amount
			(In Rupees)			(Rupees in lakh)
Ukhrul	1999-2000	42	10,000	5,000	5,000	2.10
	2001-02	79	10,000	8,000	2,000	1.58
<b>Total:</b>		<b>121</b>				<b>3.68</b>

### Use of local technology and materials

**3.1.26** As per guidelines each house was to be provided with a smokeless chulha and construction of sanitary latrine in each house was mandatory.

**3.1.27** As per information furnished (June 2002) by the Commissioner Rural Development, out of 6752 dwelling houses constructed and upgraded during 1997-98 to 2001-02, 4233 houses were not provided with smokeless chulhas and in 4644 houses sanitary latrines were not constructed which represents less achievement of 63 per cent and 69 per cent respectively.

### Allotment of houses

**3.1.28** Under the programme, allotment of dwelling units should be in the name of female member of beneficiary households. Alternatively, it could be allotted in the name of both husband and wife.

**3.1.29** As per information furnished (June 2002) by the Commissioner, RD, 2221 dwelling houses constructed during 1997-98 (1096) and 1998-99 (1125) were not formally allotted to any beneficiaries as there was no prescribed format for allotment. Further, out of 3343 dwelling houses constructed/upgraded during 1999-2000 to 2001-02, 1873 dwelling units were allotted to male beneficiaries without any prescribed format in violation of the scheme guidelines.

### Monitoring

**3.1.30** The State Government had not prescribed any reports/returns to be submitted by the DRDAs as required under the programme. No officer at State level had ever visited the districts and ascertained the performance of the programme through field visits. Even officers at the district, sub-division and block levels had not visited the work sites. The State Government also had not conducted periodic evaluation studies on the implementation of the IAY as

specified in the guidelines. Thus, system of monitoring the programme was lacking.

### **Inventory Registers**

**3.1.31** According to guidelines of IAY, the implementing agencies should have a complete inventory of houses constructed/upgraded showing the date of commencement and completion of construction of dwelling units, name of the village and block in which the house is located, occupation and category of beneficiaries and other particulars. But inventory of 2631 houses constructed(2525)/upgraded(106) during 1997-98 to 2001-02 were not maintained in any of the four DRDAs test-checked.

### **Credit cum subsidy scheme**

**3.1.32** This scheme for Rural Housing targets rural families having annual income upto Rs.32,000. Under the scheme, subsidy upto a maximum of Rs.10,000 per household can be given and construction loan upto Rs.40,000 per household is admissible. The State Government was to identify the source of loans to the beneficiary. The subsidy portion is shared by Centre and the State in 75:25 ratio.

**3.1.33** Though Government of India released (December 2000) Rs.33.38 lakh to the Manipur State Housing Board for implementation of scheme, the amount was lying unutilised in the bank account as of March 2002. Thus the scheme remained inoperative in the State.

### **Innovative scheme for rural housing and habitat development**

**3.1.34** The main object of the scheme is to promote and propagate innovative technologies, materials methods, designs *etc.* for cost effective and environment friendly rural housing and habitat development. Under the scheme, a maximum assistance of Rs.50 lakh was to be provided to Government organisations and Rs.20 lakh to voluntary organisations for executing a project.

**3.1.35** As per information furnished by Commissioner (RD), Government of India approved three districts (Imphal East, Imphal West and Bishnupur) under the scheme and released Rs.129.70 lakh to three DRDA's (Imphal East-Rs.49.70 lakh, Imphal West-Rs.50.00 lakh and Bishenpur-Rs.30.00 lakh) during 2000-01 and 2001-02. Test check revealed that DRDA Imphal West alone could utilise the total available fund of Rs.50.00 lakh on construction of houses and infrastructure development and accordingly utilisation certificate was forwarded (June 2001, February 2002 and April 2002). DRDA Imphal East could utilise only Rs.18.64 lakh for construction of 71 houses against the target of 142 houses. Balance

amount of Rs.61.06 lakh (Imphal East-Rs.31.06 lakh and Bishnupur Rs.30.00 lakh) remained unutilised as of October 2002. Reason for non-utilisation of funds was not intimated by the concerned DRDA's.

### **Conclusion**

**3.1.36** Due to short release of funds by Central and State, under utilisation of available funds, non-transparency in selection of beneficiaries, poor coverage of targeted beneficiaries and short release of assistance to the beneficiaries, performance under IAY remained defective.

## 3.2 Swaranjayanti Gram Swarozgar Yojana

Swaranjayanti Gram Swarozgar Yojana (SGSY) was launched on 1 April 1999 with the main objective of providing income (more than Rs.2000 per month) to rural families living below the poverty line (BPL) covering 30 per cent of rural BPL families in five years (1999-2004) i.e., 6 per cent per year. The swarozgaris (individual and self help groups) were to be brought above the poverty line in 3 years providing them income generating assets through bank credit and subsidy. In the State 0.58 per cent of the rural BPL families were covered under the programme in three years (1999-2002) as against 18 per cent coverable under SGSY. No adequate initiative was taken at any level for proper implementation of the programme. Due to poor coverage of BPL families, short release of funds by the State Government, poor response of bankers in extending credit to swarozgaris and incorrect disbursement of subsidy, the very purpose of the scheme has been frustrated. The programme thus remained unsuccessful in the State till March 2002.

### Highlights

Government of India (GOI) could not release Rs.8.51 crore due to non-submission of proposal/utilisation certificates and audited statements by all DRDAs.

(Paragraph 3.2.6)

As against State's share of Rs.52.35 lakh during 1999-2002, State Government released only Rs.17.80 lakh leading to short release of Rs.34.55 lakh.

(Paragraph 3.2.7)

Four DRDAs disbursed Rs.42.18 lakh to 40 Self Help Groups (SHGs) and 580 individuals without arranging bank credit as required under guidelines of SGSY.

(Paragraph 3.2.12)

Two to six DRDAs incurred expenditure of Rs.1.54 crore and Rs.87.64 lakh during 1999-2002 on erstwhile programmes/schemes and administrative expenses respectively beyond the scope of SGSY.

(Paragraphs 3.2.31 and 3.2.32)

Monitoring and evaluation of the programme was not done at any level (State, District and Block level) and thus achievement of the desired objectives of the programme was not ensured.

(Paragraph 3.2.33)

## Introduction

**3.2.1** Swaranjayanti Gram Swarozgar Yojana (SGSY) was launched on 1 April 1999 by Government of India in replacement of six<sup>13</sup> erstwhile self employment programmes/schemes. The programme was introduced in the State on 1 April 1999 and was being implemented by all the 9 District Rural Development Agencies (DRDAs) (4 in Valley districts and 5 in Hill districts). The programme aimed at providing income (more than Rs.2000 per month) to the rural population living below the poverty line (BPL) people by creation of a large number of micro-enterprises in rural areas. It envisaged the coverage of 30 *per cent* of the rural BPL families in each block in the next five years (1999-2000 to 2003-04). The targeted families included 50 *per cent* SC/ST, 40 *per cent* women and 3 *per cent* disabled. The assisted families (Swarozgaris) were to be brought above the poverty line in three years by providing them with income generating assets through bank credit and subsidy. The programme also sought to organise the rural BPL people into self help group (SHGs) and gradually, building up their capacity to generate sustainable income.

## Audit Coverage

**3.2.2** Out of 9 DRDAs (34 blocks), 3 DRDAs<sup>14</sup> (33 *per cent*) with 5 blocks<sup>15</sup> (50 *per cent*) covering 51 *per cent* of the total expenditure and 30 *per cent* of the total 2,46,980<sup>16</sup> rural BPL families in the State were test checked during April to June 2002.

## Organisational structure

**3.2.3** The SGSY programme in Manipur was implemented through all nine DRDAs<sup>17</sup> under the administrative control of Rural Development Department headed by Commissioner, Rural Development and Panchayati Raj (RD & PR). The Chairman/Executive Director of the DRDAs were assisted by Block Development Officers.

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<sup>13</sup> Integrated Rural Development Programme, Training of Rural Youth for self Employment, Development of Women and Children in Rural Areas, Supply of Improved tool kits to Rural Artisans, Ganga Kalyan Yojana and Million Wells scheme.

<sup>14</sup> Imphal East, Imphal West and Ukhrul.

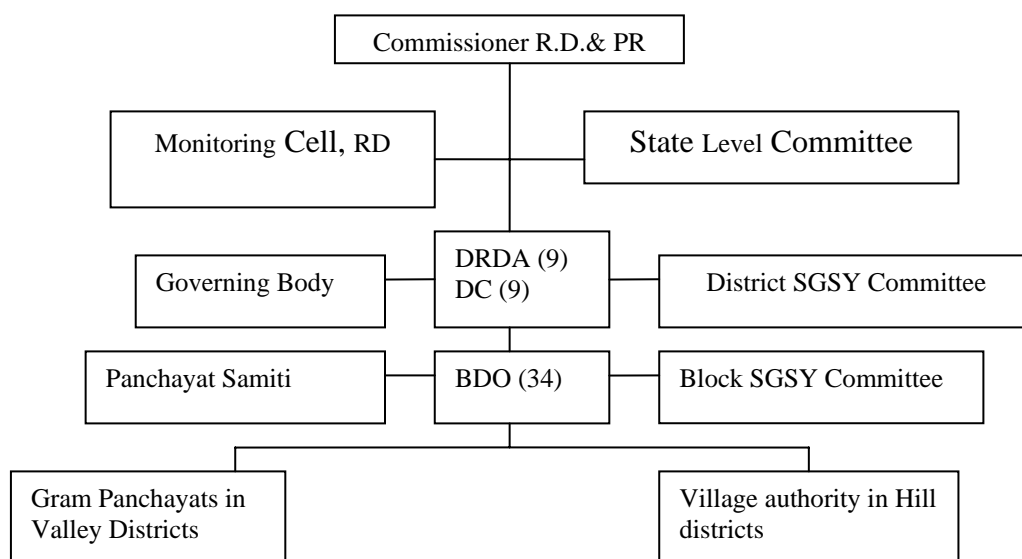
<sup>15</sup> Sawombung, Keiraobitra, Haorangsabal, Ukhrul and Kamjong.

<sup>16</sup> SC- 11747, ST- 171426, Women- 2,26,931 Physically handicapped- 3013

<sup>17</sup> Imphal East, Imphal West, Bishnupur, Thoubal, Churachandpur, Ukhrul, Chandel, Tamenglong and Senapati.

The organisational set up for implementation of the scheme in the state is as under:

**Chart No.3.2.**



Notes: (1) State level committee had not been formally constituted.  
 (2) Panchayat Samiti's function at Block level was done by general body of gram pradhans in the valleys and village authorities in hills.

### Funding

**3.2.4** The programme was to be funded by the Central and State Government in the ratio of 75:25. The position of allocation of fund, release thereagainst and funds utilised by DRDA during 1999-2000 to 2001-02 are given below:

**Table No.3.8**

(Rupees in lakh)

Year	Fund allocation		Fund released		Shortfall		Release of IRDP Backlog State	Expenditure
	Central	State	Central (1 <sup>st</sup> Inst)	State	Central	State		
1999-2000	238.19	79.40	119.10	-	119.09	79.40	142.32	205.95
2000-01	482.36	160.79	24.94	17.80	457.42	142.99	-	124.83
2001-02	287.00	95.66	13.02	-	273.98	95.66	-	29.11
<b>Total</b>	<b>1007.55</b>	<b>335.85</b>	<b>157.06</b>	<b>17.80</b>	<b>850.49</b>	<b>318.05</b>	<b>142.32</b>	<b>359.69</b>

(Source – Departmental record)

**3.2.5** Out of the total Central allocation of Rs.1007.55 lakh earmarked for all the 9 DRDAs of the State, Rs.119.10 lakh to 9 DRDAs (1999-2000), Rs.24.94 lakh to 2 DRDAs (Imphal East and Imphal West) during 2000-01 and Rs.13.02 lakh to 2 DRDAs (Thoubal and Chandel ) during 2001-02 could be provided for the scheme by the Centre. This total amount of Rs.157.06 lakh related to the first instalment of Central share.

**3.2.6** Government of India did not release the full allocated fund (Rs.850.49 lakh) to the DRDAs due to non-submission of proposal/utilisation certificate and audited statement of accounts by all the nine DRDAs.

**3.2.7** As against State's share of Rs.52.35 lakh (releasable during 1999-2000 to 2001-02, (one third of Central release of Rs.157.06 lakh), the State Government released only Rs.17.80 lakh during 2000-01 leading to short release of Rs.34.55 lakh. Reasons for short release during 2000-01 was attributed to ban imposed on drawal by RBI. For 1999-2000 and 2001-02 reasons for short release was not intimated.

**3.2.8** Short release of funds by Government of India and the State Government at the end of 2001-02 against allocations stood at 84 and 95 *per cent* respectively.

**3.2.9** Against the State allocation of Rs.335.85 lakh the State Government made budget provision of Rs.129.40<sup>18</sup> lakh during 1999-2000 to 2001-02. Thus, there was inadequate budget provision to the tune of Rs.206.45 lakh (shortfall being 61 *per cent*).

## Physical and Financial performance

### Financial performance

**3.2.10** Funds received from Central and State Governments, expenditure incurred on SGSY components and on other activities including bank credits during the years 1999-2000 to 2000-01 were as follows:

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<sup>18</sup> Rs.75.50 lakh (1999-2000), Rs.43.90 lakh (2000-01) and Rs.10.00 lakh (2001-02).

Table No.3.9

(Rupees in lakh)

Sl. No.	Particulars	1999-2000	2000-01	2001-02	Total
1.	Unspent balance of previous year	164.74 <sup>19</sup>	220.21	138.32	
2.	Fund received from				
	(a) GOI	119.10	24.94	13.02	157.06
	(b) State Government	142.32	17.80	--	160.12
	<b>Total-2</b>	<b>261.42</b>	<b>42.74</b>	<b>13.02</b>	<b>317.18</b>
3	Fund available during the year	426.16	262.95	151.34	481.92
4 (I)	Expenditure on account of				
	(a) Subsidy	18.75	34.08	20.10	72.93
	(b) Infrastructure development	Nil	25.44	3.20	28.64
	(c) Revolving Fund	Nil	5.80	Nil	5.80
	(d) Training	Nil	1.58	Nil	1.58
	(e) Risk fund for consumption credit	5.41	3.50	Nil	8.91
	<b>Total 4(I)</b>	<b>24.16</b>	<b>70.40</b>	<b>23.30</b>	<b>117.86</b>
(II)	Expenditure on account of				
	(a) DRDA Administration expense	41.04	41.08	5.52	87.64
	(b) Erstwhile programmes/schemes	140.75	13.15	0.29	154.19
	<b>Total 4(II)</b>	<b>181.79</b>	<b>54.23</b>	<b>5.81</b>	<b>241.83</b>
	<b>Total -4</b>	<b>205.95<sup>20</sup></b>	<b>124.63</b>	<b>29.11<sup>21</sup></b>	<b>359.69</b>
5	Credit disbursement by bank	Nil	Nil	1.00	1.00

(Source : Monthly Progress Report/Balance Sheet/Utilisation Certificate)

### Non-payment of bank loan/credit

**3.2.11** Of the total subsidy of Rs.72.93 lakh during 1999-2002, three DRDAs deposited Rs.30.75 lakh in banks (Rs.18.75 lakh during 1999-2000 by two DRDAs<sup>22</sup> and Rs.12 lakh by one DRDA<sup>23</sup> in respect of 27 Self Help Groups (SHGs)/422 Swarozgaris during 2001-02) but only one SHG (Imphal West) received bank credit of Rs.1 lakh in March 2002 for reasons not on record.

### Payment of subsidy without credit from Bank

**3.2.12** Four DRDAs<sup>24</sup> directly disbursed Rs.42.18 lakh (Rs.72.93 lakh – Rs.30.75 lakh) to 40 SHGs consisting of 435 swarozgaris and 580 individuals swarozgaris without arranging bank credit contrary to the provisions of guidelines of SGSY.

<sup>19</sup> Unspent balance of erstwhile schemes.

<sup>20</sup> Excluding information in respect of one DRDA (Tamenglong) for want of M.P.R.

<sup>21</sup> Excluding information in respect of one DRDA (Chandel) for want of M.P.R.

<sup>22</sup> Imphal West District and Imphal East District

<sup>23</sup> Thoubal District

<sup>24</sup> Senapati, Ukhrul, Tamenglong and Chandel.



**Identification of Swarozgaris/formation of SHGs**

**3.2.13** Identification of Swarozgaris and formation of SHGs and coverage of BPL families with reference to total rural families in three test checked DRDAs during 1999-2000 to 2001-02 are given below:

**Table No.3.10**

**(In numbers)**

Name of DRDA	Total BPL families	Individual Swarozgaris	No. of SHGs formed	BPL families in SHGs	Total BPL families covered	Per cent coverage of BPL families	BPL families required to be covered(18%)
Imphal West	24,387	Nil	6	105	105	0.43	4390
Imphal East	32,483	Nil	19	290	137 <sup>25</sup>	0.42	5847
Ukhrul	16,564	346	6	95	441	2.66	2982
<b>Total</b>	<b>73,434</b>	<b>346</b>	<b>31</b>	<b>490</b>	<b>683</b>		<b>13219</b>

(Source – Departmental Record.)

**3.2.14** The above table shows that against 13219 BPL families to be covered in three DRDAs (test checked) only 683 BPL families were actually covered upto March 2002.

**3.2.15** Test check of records further revealed that identification and selection of BPL families in Ukhrul district was not recommended by the village authority. As authorised by the block level SGSY Committees, all the BDO's under Ukhrul DRDA identified and selected the swarozgaris from BPL families.

**Physical performance**

**Achievement in terms of coverage**

**3.2.16** According to the information furnished by the department (June 2002) and MPR's, BPL families targeted to be covered and actually covered during the years 1999-2000 to 2001-02 are given below:

<sup>25</sup> out of 9 SHGs.

Table No.3.11

(In numbers)

	1999-2000	2000-01	2001-02	Total
Total number of rural BPL families targeted	3630	4998	4373	13001
Total number of rural BPL families actually covered	242	934	261	1437
Coverage of vulnerable groups				
SC/ST	20	934	103	1057
Women	96	449	98	643
Disabled	--	05	--	05

N.B. The position is in respect of 9 DRDAs for 1999-2000 and 2001-02 (excluding Tamenglong for 1999-2000 and Chandel for 2001-02)

**3.2.17** During 1999-2002, 18 *per cent* (44456 BPL families) of total rural BPL families (2,46,980) were to be covered under the scheme, against which only 13001 families were targeted and only 1437 families were covered. Target fixed was only 5 *per cent* and families covered were 0.58 *per cent* of the total rural BPL families which indicated poor achievement in terms of coverage.

### Planning

#### Preparation of Annual/Perspective Plans

**3.2.18** No annual action/perspective plan was prepared in any of the three test checked districts for reasons not stated (May 2002).

#### BPL families identification

**3.2.19** BPL census was conducted as per Central guideline of April 1997 and the report was submitted to Government of India in September 1999.

#### Identification of key activities

**3.2.20** The guidelines envisaged an elaborate process in identification of key activities under which the SGSY Committee, Panchayat Samitee, BDO and the Governing Body of DRDA were to select key activities on the basis of detailed analysis of available facilities of infrastructure, training, market support *etc.*

**3.2.21** In Ukhrul DRDA (test checked) there was no evidence in the records shown to audit that the process of selection was gone through although as many as 3 to 19 activities were identified in 5 blocks against 4 to 5 as envisaged in the guideline.

### Preparation of Project Reports

**3.2.22** Of the three DRDAs (test checked), one DRDA (Ukhrul) did not prepare any project report in respect of any key activity as required. In the absence of project report dealing with, inter alia, viability of the project, the activities taken up by beneficiaries did not progress as no bank loans were sanctioned for their activities.

### Programme Implementation

#### Assistance to individuals

**3.2.23** In Ukhrul district (test checked) subsidy amounting to Rs.15.38 lakh was disbursed (2000-01) to 346 beneficiaries and 6 SHGs (95 swarozgaris) without any credit from bank beyond the scope of the scheme. No evaluation of generation of income, made out of the assistance, by the beneficiaries was done by the said DRDA. In respect of other two districts test checked (Imphal East and Imphal West), no individual beneficiary was selected and assisted.

### Role of Banks

#### Credit-subsidy ratio

**3.2.24** Due to poor participation of bank, subsidy credit ratio and per capita investment ranged between 1:0 to 1:0.05 and Rs.3,649 to Rs.8,084 respectively during 1999-2000 to 2001-02 as shown below :

**Table No.3.12**

**(Rupees in lakh)**

Sl. No.	Particulars	1999-2000	2000-01	2001-02
1	Amount paid as			
	Subsidy	18.75	34.08	20.10
	Credit	-	-	1.00
	Total disbursement	18.75	34.08	21.10
2	No. of Swarozgaris assisted	242	934	261
3.	Subsidy credit ratio	1:0	1:0	1:0.05
4.	Per capita investment (in rupees)	7748	3649	8084

(Source – Departmental figures.)

## Self Help Group

### Evolution of SHGs

**3.2.25** The process of evolution and grading exercise of SHGs was not in existence in the three DRDAs (Imphal East, Imphal West and Ukhrul) and as a result, building up of capacity to generate sustainable income could not be assessed.

### Revolving fund

**3.2.26** For creation of revolving fund in respect of 4 SHGs, DRDA(Imphal West) deposited Rs.0.40 lakh (Rs.0.10 lakh x 4) to banks during 2000-01 but the concerned banks did not provide cash credit facility amounting to Rs.0.60 lakh (Rs.0.15 lakh x 4) to the SHGs and, as a result, funds provided by DRDA could not be utilised for capital formation. No revolving fund was however provided by the other two DRDAs test checked (Imphal East and Ukhrul).

### Infrastructure creation

**3.2.27** Test check revealed that in Imphal West district, market sheds at 3 places were constructed at an expenditure of Rs.1.81 lakh during 1999-2001 but these could not be utilised as of March 2002 by the assisted swarozgaris. Reason for non-utilisation of created infrastructure by the swarozgaris was neither on record nor stated.

**3.2.28** Further, the Executive Engineer (EE), DRDA Imphal West was paid (March 2001) Rs.1.61 lakh for construction of a training hall in the district. The said infrastructure has not been created as of June 2002 for reasons not on record.

**3.2.29** As per SGSY guideline, funds for infrastructure development in no case were to be used to augment the resources of the State Government for development of general infrastructure. In Ukhrul DRDA, Rs.9.24 lakh were spent during 2000-01 for improvement and construction of inter-village road, construction of rest house, community hall and repair of quarters, office *etc.* beyond the scope of the guidelines. Similarly, in DRDA Imphal East, Rs.0.78 lakh were utilised (2000-01) on construction of one building and Rs.0.60 lakh on road side plantation scheme which was also not permissible under SGSY.

### Technology Management

**3.2.30** Assessment of need of technology introduction/upgradation in terms of identified key activities was not done at any level and at any stage in the districts test checked.

### Other Points of Interest

**3.2.31** Two to six DRDAs incurred expenditure of Rs.1.54 crore<sup>26</sup> out of SGSY fund during 1999-2002 on 6 erstwhile self employment programmes/schemes<sup>27</sup> (discontinued w.e.f. April 1999) which was not permissible under SGSY.

**3.2.32** Two to five DRDAs incurred expenditure of Rs.87.64 lakh<sup>28</sup> out of SGSY funds during 1999-2002 towards administrative expenses which was not admissible.

### Monitoring and Evaluation

**3.2.33** State Monitoring Cell set up for monitoring and evaluation of the programme did not monitor or evaluate the implementation of the programme. DRDAs/block officials did not closely monitor the economic activities taken up by the Swarozgaris assisted under the programme during 1999-2002 as required under the SGSY. No field visits and physical verification of assets created by swarozgaris out of the assistance received by them was ever conducted by DRDA authorities and BDOs as provided in the guidelines. District wise monthly/annual progress reports have never been submitted by the State Government to the Government of India. Thus, achievement of the desired objectives of the programme was not ensured at any level.

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<sup>26</sup> Imphal East, Imphal West, Thoubal, Ukhrul, Senapati, Churachandpur: 1999-2000(Rs.140.75 lakh), Imphal East, Imphal West, Bishnupur, Ukhrul and Churachandpur: 2000-01(Rs.13.15 lakh) Bishnupur and Churachandpur: 2000-01(Rs.0.29 lakh).

<sup>27</sup> Integrated Rural Development Programme (Rs.47.64 lakh), Training Rural Youth for Self Employment (Rs.10.81 lakh), Million Wells Scheme (Rs.32.09 lakh), Development of Women and Children in Rural Areas (Rs.13.97 lakh), Supply of Improved tool kits to rural artisans (Rs.0.82 lakh), Ganga Kalyan Yojana (Rs.10.41 lakh), and Rs.38.45 lakh scheme wise expenditure not available in MPRs.

<sup>28</sup> Imphal East, Imphal West, Ukhrul and Senapati: 1999-2000(Rs.41.40 lakh)  
Imphal East, Bishnupur, Ukhrul, Tamenglong and Senapati: 2000-01(Rs.41.08 lakh)  
Bishnupur and Senapati: 2001-02(Rs.5.52 lakh).

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### **Conclusion**

**3.2.34** Due to poor coverage of BPL families, short release of funds by the State Government, poor response of bankers in extending credit to swarozgaris and incorrect disbursement of subsidy, the very purpose of the scheme has been frustrated. Technology management and upgradation of identified key activities was lacking. The programme thus remained unsuccessful as of March 2002.

**SECTION "B"**

**AUDIT PARAGRAPHS**

**COMMAND AREA DEVELOPMENT DEPARTMENT**

**3.3 Extra expenditure on procurement of cement by CADA**

**Procurement of cement of costlier grade led to an extra expenditure of Rs. 7.48 lakh.**

**3.3.1** According to Additional Chief Engineer, CADA's letter dated January 1999, the department was using Ordinary Portland (OP) cement of 33 grade satisfactorily for its field programme viz. construction of lined field channels *etc.* The department was procuring OP cement of 33 grade at the Government approved rate from a Guwahati based firm and in October 1999 the department had procured 767.37 MT of cement of 33 grade with the Guwahati based firm at the approved rate of Rs.3523.72 per MT on FOR Imphal basis for its field works.

**3.3.2** Test-check of records (April 2002) of the Additional Chief Engineer, CADA, Manipur, Imphal however, revealed that the department placed 3 (three) supply orders (October, December 1999 & January 2000) on a Calcutta based firm for 1500 MT of ACC super cement (slag) at Rs.4102.22 per MT on FOR Imphal basis against which 1292.95 MT of cement was received upto March 2000. No further supply was made till October 2002.

**3.3.3** As the department was using OP cement of 33 grade satisfactorily, purchase of ACC Super cement (slag) being costlier by Rs. 578.50 (Rs. 4102.22-Rs. 3523.72) per MT resulted in an extra expenditure of Rs. 7.48 lakh (Rs. 578.50 x 1292.95 MT).

**3.3.4** The matter was reported to Government (July 2002). In reply, the Additional Chief Engineer stated (September 2002) that purchase of ACC (slag) cement was made as the supply position intimated (August 1999) by the CCI Ltd. was too meagre to meet the annual requirement. Further, payment to ACC Ltd. was to be made after the receipt of the material, whereas, in case of OP Cement of 33 grade, advance payment was to be made, which was considered not possible due to economic hardship of the Government.

**3.3.5** The reply of the department is not tenable because the department did not plan in advance to procure the cement for execution of normal work to be executed during the month from November to April. Had the department planned and placed supply order in time, then delivery schedule could have been arranged to meet the demand and avoided the extra payment.

**3.3.6** The reply of the Government is however awaited (December 2002).

## COMMERCE AND INDUSTRIES DEPARTMENT

### 3.4 Non-utilisation of financial assistance

#### Funds amounting to Rs.264.99 lakh for setting up of Industrial Growth Centre remained unutilised due to delay in acquisition of land.

**3.4.1** Under the growth centre scheme announced by the Government of India during 1988, the State Government's proposal for setting up of an Industrial Growth Centre at Kanglatongbi in Senapati district was approved by Government of India (1989). Later the site was shifted to Lamlai-Napet in Imphal East district with the approval of Government of India (1998) due to large scale encroachment at Kanglatongbi site in the wake of ethnic clashes. The objective of setting up of the Industrial Growth Centre was to promote industrialisation of backward areas along with concomitant infrastructure development. Manipur Industrial Development Corporation Ltd. (MANIDCO) was designated implementing agency under the Department of Commerce and Industries, Manipur. The estimated cost of the project was Rs.30 crore of which a maximum of Rs.15 crore was to be financed by Government of India as Central assistance. The land requirement was estimated at 461 acres (private land: 303.83 acres; Government Khasland: 157.17 acres).

**3.4.2** Test check (September 2001) of the records of the Director, Commerce and Industries Department, Imphal revealed that out of the sanctioned amount of Rs.276.59 lakh (Central fund: Rs.150 lakh; State contribution: Rs.126.59 lakh), both Central and State Government released Rs.150 lakh only (1989-90: Rs.50 lakh State contribution; 2000-01: Rs.100 lakh direct Central release) to the MANIDCO from 1989-90 to 2000-01. MANIDCO had spent Rs.8.08 lakh (Rs.7.84 lakh for project report and Rs.0.24 lakh on works not related to the project).

**3.4.3** Of the balance amount of Rs.126.59 lakh (Rs.276.59 lakh minus Rs.150.00 lakh) the department kept Rs.123.07 lakh (Rs.69.98 lakh in March/1991, Rs.3.09 lakh in November/1997 and Rs.50 lakh in April/1999) under '8449-Other deposits' as per instructions of the State Finance Department and incurred expenditure of Rs.3.52 lakh on project report for Export Promotion Industrial Park which was outside the purview of the project work.

**3.4.4** It was further noticed that the acquisition and allotment of land for setting up of growth centre could not materialise as of April/2002 due to the following reasons as attributed by the Department:

(i) Writ petition filed by the private land owners in the Hon'ble Guwahati High Court during the year 1999. The Imphal Bench of the said High Court, however, rejected (24 April 2000) the Public Interest Litigation on the ground of maintainability and vacated the earlier interim order passed in favour of private land owners.



(ii) Non-availability of financial sanction for withdrawal of money from deposit head.

**3.4.5** Thus, due to delay in acquisition of land, funds amounting to Rs.264.99 lakh remained unnecessarily locked up thereby frustrating the very purpose of the project. Besides, there was irregular expenditure of Rs.3.76 lakh which could have been avoided.

**3.4.6** The matter was reported to Government in February 2002; their reply had not been received (December 2002).

### **3.5 Nugatory Expenditure**

**Of the Central assistance of Rs.20 lakh earmarked for purchase of equipment for setting up of Trade Centres at Imphal and Moreh, the department unauthorisedly diverted Rs.11.64 lakh for other purposes.**

**3.5.1** For construction of Trade Centres at Imphal and Moreh, Government of India released (December 1994) Rs.2 crore as additional Central assistance to the State Government. In March 1995, State Government accorded expenditure sanction for Rs.2 crore at the rate of Rs. 1 crore each (Major Works: Rs.90 lakh and purchase of equipment Rs.10 lakh) for setting up of two centres by the department.

**3.5.2** Test-check in audit (August/September 2001) revealed that the Director, Commerce and Industries Department, Imphal unauthorisedly diverted Rs.7.89 lakh out of funds (Rs.10 lakh) earmarked for purchase of equipment for setting up of Trade Centre at Imphal and spent it (September 1996 and October 1997) on development and extension of existing Handloom Centre of MHHDC (Rs.7.29 lakh) and hiring an apartment on rent (Rs.0.60 lakh) which was to be utilised for Handloom Sales Emporium of Manipur Handloom and Handicrafts Development Corporation Ltd. (MHHDC).

**3.5.3** Further, scrutiny of records revealed that the construction of Moreh Trade Centre was completed in April 2000 at a total cost of Rs.88.75 lakh, but equipment required for the Centre was not purchased as of August 2002. Instead, the department, without obtaining specific approval of the Government, utilised (August 1996) Rs.3.75 lakh (out of fund of Rs.10 lakh meant for equipment) for dismantling and reconstruction of existing tailoring-cum-training centre and girls' hostel at Moreh which was beyond the objectives of the scheme.

**3.5.4** This had resulted in a nugatory expenditure of Rs.11.64 lakh (Rs.7.89 lakh + Rs.3.75 lakh).

**3.5.5** The matter was reported to the Government in February 2002; the reply had not been received (December 2002).

<b>ELECTION DEPARTMENT</b>
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<b>3.6 Unauthorised expenditure</b>
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<p><b>Joint Chief Election Officer unauthorisedly spent election fund totalling Rs.19.47 lakh on various purposes and incurred an extra avoidable expenditure of Rs.3.08 lakh on purchase of white cream wove paper for special revision of electoral rolls.</b></p>
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*Diversion of Election fund*

**3.6.1** Government of Manipur accorded (December 2001) expenditure sanction of Rs.3.50 crore for different purposes relating to conduct of 8<sup>th</sup> Manipur Legislative Assembly Election, 2002.

**3.6.2** Test check (June/July 2002) of records of the Chief Electoral Officer (CEO), Imphal revealed that an expenditure of Rs.19.47 lakh was incurred between January 2002 and June 2002 out of the election funds for purposes not covered by the aforesaid sanction as detailed below:

**Table No.3.13**

(Rupees in lakh)

Sl. No.	Items of expenditure	Amount	DDO	Month of expenditure
1	Construction of vehicle shed	1.78	Joint CEO	February 2002
2	Payment of telephone bills for the period prior to December 2001	1.06	-do-	January 2002
3	Purchase of computer, projectors, accessories <i>etc.</i>	14.84	-do-	January 2002 to June 2002
4	Purchase of refrigerator, stabilisers, carpet, cushion and synthetic carpet	0.79	-do-	March 2002
5	Cash paid to the officers club, Imphal for purchase of utensils, Sofa, sofa cover and table cover	1.00	-do-	January 2002
<b>Total</b>		<b>19.47</b>		

**3.6.3** The Joint CEO stated (July 2002) that purchase of computer Multimedia projector photocopier and computer accessories *etc.* (Rs.14.84 lakh) was part of training programme on use of Electronic Voting Machine (EVM), purchase of refrigerator and payment of telephone bills out of election funds were due to non-release of LOC by the Finance Department and payment of Rs.1.00 lakh to the officers club, Imphal was made as an assistance for arrangement of refreshment during the training programme of Electronic Voting Machine system as arranging the training in a hotel would have entailed much higher expenditure. The reply

was not tenable since the expenditure on items mentioned above was beyond the scope of the Government sanction.

***Extra expenditure***

**3.6.4** For procurement of 3500 reams of 60 GSM (size 43x69 cms) white cream wove paper for special revision of electoral rolls, 2002 the Joint CEO obtained (September 2001) proforma invoice from M/s Hindustan Paper Corporation Ltd. (HPC), Guwahati for Rs.10.81 lakh on FOR Imphal basis (@ Rs.308.99 per ream). It was however noticed (June/July 2002) that instead of making procurement direct from HPC, the Joint CEO procured (November/December 2001) the materials (3500 reams of paper 60 GSM<sup>29</sup> size 43x69 cms) from a local stockist of HPC at a total cost of Rs.13.89 lakh (@ Rs.396.97 per ream). Thus, due to purchase of paper at higher cost, the department had incurred an extra avoidable expenditure of Rs.3.08 lakh.

**3.6.5** On this being pointed out, the Joint CEO stated (July 2002/September 2002) that purchase of paper was made from the local authorised dealer of HPC by incurring an additional expenditure of Rs.3.08 lakh because procurement from HPC Guwahati would require the services of two/three officers/staff besides their journey expenses, transportation charges and other taxes with the consequent risk of life and property posed by prevailing law and order situation along the National Highway.

**3.6.6** The reply was not tenable because the cost of paper as intimated (September 2001) by HPC, Guwahati was inclusive of insurance charge and freight charge from paper mill to Imphal.

**3.6.7** The matter was referred to Government (July 2002); reply had not been received (December 2002).

**3.7 Unauthorised expenditure out of electoral roll fund and from fund for electoral photo identity cards**

**Construction of wall fencing, store room and repairing of godown out of funds for special revision of electoral rolls 2001 and 2002 and for electoral photo identity cards resulted in unauthorised expenditure of Rs.22.27 lakh.**

**(i) 3.7.1** Government of Manipur accorded expenditure sanction for Rs.1.16 crore (November 2000: Rs.0.42 crore and November 2001: Rs.0.74 crore) for special revision of electoral rolls 2001 and 2002. The amount was sanctioned for specific purposes viz., (i) remuneration for officers, staff and others (ii) POL (iii) purchase of paper (iv) contingencies (specified), and (v) computerisation and printing of supplementary electoral rolls.

**3.7.2** Test check (June/July 2002) of records of the Chief Electoral Officer (CEO), Imphal revealed that between May 2001 and April 2002, the Joint CEO

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<sup>29</sup> GSM: Gram per square metre.

made payment of Rs.15.21 lakh to Manipur Development Society for construction of wall fencing (Rs.14.91 lakh) and repair of godown (Rs.0.30 lakh) of CEO's office which were not provided for in the sanction.

**3.7.3** This had resulted in diversion of funds and an unauthorised expenditure of Rs.15.21 lakh on wall fencing and repair of godown out of funds (Rs.1.16 crore) for special revision of electoral rolls.

**3.7.4** On this being pointed out, the Joint CEO stated (July 2002/September 2002) that the works were part of the drive to keep the Election Department fully secured as the CEO's office stores electronic voting machines, computers, gestener machines, electoral rolls *etc.* As the State Government did not provide separate funds for the purpose, the department created such infrastructure from the savings of the electoral rolls fund. However, the fact remained that permission of the Government was not obtained (July 2002) for diversion of electoral rolls funds for construction of wall fencing and repair of godown.

(ii) **3.7.5** Government of Manipur sanctioned (March 1999) Rs.7.06 lakh for payment to Manipur Electronic Development Corporation Limited for reconstruction and preparation of a fresh number of office copies of electoral photo identity cards (EPIC) damaged in the fire incident at sub-divisional officer's/Revenue Officer's office at Jiribam. The Joint Chief Electoral Officer (CEO), Imphal had drawn (March 1999) the amount (Rs.7.06 lakh) and kept in it a bank account operated in the name of Joint CEO in the SBI Main Branch, Imphal (No.01000/050443).

**3.7.6** Test check (June/July 2002) of the records of the CEO, Imphal revealed that instead of utilising the amount for EPIC, CEO spent (April 2001) the entire amount of Rs.7.06 lakh for construction of wall fencing, store room *etc.* in the CEO's office through Manipur Development Society (a State Government undertaking).

**3.7.7** This had resulted in diversion of funds and unauthorised expenditure of Rs.7.06 lakh on construction of wall fencing, store room *etc* out of fund for EPICs. On this being pointed out in audit, the Joint CEO stated (July 2002) that the photo identity card (PIC) scheme could not be implemented due to violent obstruction by certain groups of people and as such the amount (Rs.7.06 lakh) earmarked for EPIC was utilised for construction of wall fencing, store room and drain with a view to secure office complex. The reply is not tenable because the fund was not utilised for the purpose for which it was sanctioned.

**3.7.8** The matter was reported to Government in July 2002; reply had not been received (December 2002).

**HORTICULTURE AND SOIL CONSERVATION  
DEPARTMENT**

**3.8 Drawal of funds without immediate requirement by Director,  
Horticulture and Soil Conservation vis-à-vis idle expenditure**

**Out of Rs.40 lakh drawn in March 1999, Rs.9.83 lakh was retained in current deposit account as of August 2002 and the expenditure of Rs.33.78 lakh on the scheme as of September 2002 remained idle.**

**3.8.1** Rule 290 of Central Treasury Rules provides that no money shall be drawn from treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent lapse of budget grant.

**3.8.2** Test check of records (January 2002) of the Director of Horticulture and Soil Conservation revealed that against Government sanction (March 1999) for implementation of Centrally sponsored scheme on mushroom cultivation in the State during 1998-99, the Deputy Director of the Directorate drew (March 1999) Rs.40 lakh in abstract contingent bill. Of this, the department could utilise Rs.30.17 lakh as of April 2002 and there was an unspent amount of Rs.9.83 lakh (May 2002) as per the cash book which was, however, lying in the current deposit account of the Directorate (August 2002). Reason for non-utilisation of the balance amount (Rs.9.83 lakh) as attributed by the department (May 2002) were non-supply of machinery by a firm (Rs.3.66 lakh), non-completion of electrification work (Rs.2.51 lakh) and construction of toilet, water reservoir *etc.* (Rs.3.32 lakh) and non-payment of wages (Rs.0.34 lakh).

**3.8.3** Thus, drawal of fund to the extent of Rs.9.83 lakh was without immediate requirement and because of their retention in current deposit account, Government sustained loss of interest of Rs.4.05 lakh<sup>30</sup> at the borrowing rate of Government during 1999-2000 to 2002-03 (August 2002).

**3.8.4** The department in a reply (October 2002) stated that the amount (Rs.9.83 lakh) has been handed over (August 2002) by cheque to the Soil Conservation office, Kangpokpi, of which Rs.3.61 lakh was paid (September 2002) to the Guwahati based firm for equipment. It was further stated that no work could be taken up due to non-receipt of machinery and non-completion of electrification work.

<sup>30</sup> Calculation of interest

4/99 to 3/2000 @ 12.25% on Rs.9.83 lakh	Rs.1.20 lakh
4/2000 to 3/2001 @ 12% on Rs.9.83 lakh	Rs.1.18 lakh
4/2001 to 3/2002 @ 12% on Rs.9.83 lakh	Rs.1.18 lakh
4/2002 to 8/2002 @ 12% on Rs.9.83 lakh	<u>Rs.0.49 lakh</u>
	Rs.4.05 lakh

**3.8.5** The slow and tardy implementation of the scheme has deprived the people of the benefit of the scheme so far (October 2002) and the expenditure of Rs.33.78 lakh on the scheme remained idle.

**3.8.6** The matter was reported to Government (April 2002); reply had not been received (December 2002)

## TOURISM DEPARTMENT

### **3.9 Non-execution of projects for tourist infrastructure with Central assistance**

**Projects for tourist infrastructure with Central assistance of Rs.2.88 crore were not executed leading to non-release of further assistance of Rs.6.79 crore.**

**3.9.1** To boost tourism in the State, Government of India, Ministry of Tourism sanctioned 25 projects (February 2000: 7 projects, March 2000:1 project, and March 2001: 17 projects) estimated to cost Rs.12.96 crore (Central share Rs.9.70 crore and State share Rs.3.26 crore) with the following terms and conditions:

(i) Projects were to be completed within a period of 12 to 30 months from the date of sanction.

(ii) The State Government would contribute land for the projects free of cost and provide cost of site development, compound wall fencing, approach road, external water supply, electricity *etc.*

(iii) Amount released by the Central Government should not be kept unutilised for more than six months. In case of non-utilisation of amount within the stipulated time, the same had to be surrendered to Central Government or their formal approval should be taken to transfer/adjust the amount against other Central Financially Assisted Projects.

**3.9.2** Test-check (April 2002) of records of the Director of Tourism, Manipur revealed that Government of India had released Rs.2.91 crore (February/2000 - Rs.0.64 crore; March/2000 -Rs.0.03 crore and March/2001 -Rs.2.24 crore) being first instalment for 25 projects as an advance to start with the project work. Of this, the State Government released (January 2002) only Rs.3 lakh for one project (estimated cost: Rs.12.48 lakh; sanctioned in March 2000). The work of this project taken up during 2000-01 was completed upto 25 *per cent* as of October 2002.

**3.9.3** The works of the remaining 24 projects could not be taken up even after a lapse of 17 to 31 months from the date of sanction due to non-acquisition of land in respect of 18 projects and non-release of fund (Central and State shares) by the State Government for reasons not stated.

**3.9.4** Contrary to the terms of sanctions, State Government neither refunded the unutilised amount to the Central Government nor made any proposal to transfer/adjust the amount against other Central financially assisted projects.

**3.9.5** Thus, non-utilisation of Central assistance of Rs.2.88 crore (Rs.2.91 crore – Rs.0.03 crore) coupled with non-release of State share resulted in non-execution of the projects. As a result, a further instalment of Central assistance of Rs.6.79 crore (Rs.9.70 crore - Rs.2.91 crore) to the State could not be released. Besides, objective of the projects to boost tourism in the State remained unachieved.

**3.9.6** The matter was reported to Government (June 2002); reply had not been received (December 2002).

## **VETERINARY AND ANIMAL HUSBANDRY DEPARTMENT**

### **3.10 Idle outlay on procurement of dairy equipment for Central Dairy, Porompat**

#### **Dairy equipments procured at Rs.38.47 lakh were not installed and objective of IDDP in the State remained unfulfilled.**

**3.10.1** Government of India released (March 1994-1999) Rs.224.10 lakh for implementation of the Integrated Dairy Development Project (IDDP) in the State. National Dairy Development Board (NDDB) on the request of the State Government, recommended (August 1995) replacement of old and unserviceable equipment and machineries of Central Dairy Farm, Porompat, Imphal, in order to make the plant operate efficiently at the installed capacity of 10,000 litres per day (the dairy was then handling only around 1200 litres per day). In March 1996, State Government decided to procure equipment for replacement of the Dairy plant through NDDB and made advance payment of Rs.57.95 lakh (January 1997) to NDDB towards cost of equipment and procurement fee (4 per cent).

**3.10.2** Scrutiny in audit (August-September 2001) of records of the Director, Veterinary and Animal husbandry Department, Imphal revealed that the Deputy Director, Central Dairy received (August 1997-September 1998) equipments costing Rs.38.47 lakh (excluding procurement fee of Rs.1.73 lakh) from different suppliers through NDDB. These could not be installed/commissioned due to non-completion of civil works by the department as of September 2001 because of restriction on encashment of bill as stated (October 2002) by the Director. Balance amount of Rs.17.75 lakh was, however, lying with NDDB as of June 2001. The Deputy Director (Dairy) stated (September 2001), that one Calcutta based firm (through NDDB) took up installation work of refrigeration plant in 1999-2000 but discontinued the work after doing 40 per cent work due to non-completion of civil work by the department for want of funds. Another Calcutta based firm engaged through NDDB could not take up installation of steam boilers and chimney on the same ground. For erection, installation and commissioning of dairy plant for procurement of milk including dismantling of old plant equipment,

execution of agreement and issue of work order were stated to be under process (October 2002).

**3.10.3** The IDDP was targeted for completion by 1996-97 but it remained incomplete in the State even after extended period of 2000-01 granted by Government of India (August 2000). As per report submitted (July 2001), to the Government of India, State Government released only Rs.174.53 lakh (1994-95 to 1999-2000) against release of Central assistance of Rs.224.10 lakh (1993-94 to 1998-99) of which Rs.32.70 lakh was kept under '8449-Other Deposit'. It was also noticed that physical achievement of the project as of March 2001 as a whole was far below the target as it would appear from the following table:

**Table—3.14**

Sl. No.	Item	Target	Achievement	Shortfall
1	Dairy Cooperative Society organised	60 Nos.	51 Nos.	9 Nos.
2	Dairy Cooperative Society membership	3250 Nos.	1624 Nos.	1626 Nos.
3	Dairy average milk procurement litre per day	5,250 ltrs	1,000 ltrs	4250 ltrs
4	Dairy average milk marketing litre per day	8,000 ltrs	1,500 ltrs	6,500 ltrs.

**3.10.4** Thus, there was slow and tardy implementation of IDDP in the State. The department stated (October 2002) that no further progress could be made during 2001-02.

**3.10.5** Shortfall in procurement and marketing of milk was stated to be due to non-strengthening/upgrading of the dairy plant.

**3.10.6** Non-installation and commissioning of dairy plants thus led to an idle outlay of Rs.38.47 lakh on procurement of equipment and the dairy was not capable of handling the targeted quantity of milk which frustrated the objective of the project.

**3.10.7** The matter was reported to Government (February 2002); reply had not been received (December 2002).



## YOUTH AFFAIRS AND SPORTS DEPARTMENT

### 3.11 Locking up of funds in the Directorate of Youth Affairs and Sports Department

#### Rs.512.06 lakh was drawn and retained in deposit account to avoid lapse of budget grant

**3.11.1** Rule 290 of Central Treasury Rules prohibits drawal of money from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demand or prevent lapse of budget grants.

**3.11.2** Test check of records (April 2002) revealed that the Director of Youth Affairs and Sports drew (September 1995-March 1999) Rs.1855.79 lakh from the treasury for giving grants to club/organisation/association for construction/renovation of play field (Rs.44.98 lakh), in connection with 5<sup>th</sup> National Games (Rs.1806.51 lakh) and for giving vocational training of tribal youth (Rs.4.30 lakh). The money was deposited (March 1996-December 2001) under the major head of Account 8449-Other Deposits. Out of this, Rs.1343.73 lakh was withdrawn by the department and utilised (June 1996- May 1999) for various purposes (grants for construction/renovation of play-ground :Rs.37.65 lakh, 5<sup>th</sup> National Games: Rs.1306.08 lakh) retaining the balance amount of Rs.512.06 lakh still in the deposit account as of March 2002. Since funds could not be utilised even after a lapse of 3 to 6 years of the drawal and the 5<sup>th</sup> National Games were also over in February 1999, the amount drawn was obviously in excess of immediate requirement and to avoid lapse of budget grants.

**3.11.3** Besides, the training of tribal youth scheduled to be held between September 2001 and March 2002 was also not conducted in spite of availability of funds for the purpose. The Director of the department stated (September 2002) that training could not be held due to non-availability of encashment permission from Finance Department.

**3.11.4** Thus, drawal of money in anticipation of demand and their retention in deposit account resulted in loss of interest of Rs.253.54 lakh<sup>31</sup> (calculated at the average borrowing rate of 12.41 per cent).

**3.11.5** The matter was referred to the Government in June 2002; reply has not been received (December 2002).

<sup>31</sup> Rs.7.33 lakh from 4/96 to 3/2002 @ 12.41%	Rs.5.38 lakh
Rs.499.43 lakh from 4/98 to 3/2002 @ 12.41%	Rs.247.92 lakh
Rs.4.30 lakh from 1/02 to 3/2002 @ 12.41%	<u>Rs.0.14 lakh</u>
Total	Rs.253.44 lakh