

OVERVIEW

This Report contains eight chapters. Chapter–I contains a detailed analysis of the financial position of the State. Chapter–II reviews the Government’s control over expenditure during the year. The remaining six chapters contain 4 reviews and 20 paragraphs based on audit of certain selected schemes and programmes and financial transactions of the Government. A synopsis of the findings contained in the reviews and important paragraphs is presented in this overview.

1. Financial position of the State Government

The assets of the State Government declined from Rs.3045.30 crore in 2000-01 to Rs.2989.00 crore in 2001-02. The liabilities of the State Government grew from Rs.2092.65 crore in 2000-01 to Rs.2197.53 crore in 2001-02.

During 2001-02 the revenue receipts of the State Government were Rs.1176.78 crore against which revenue expenditure was Rs.1337.96 crore resulting in revenue deficit of Rs.161.18 crore.

There was revenue surplus during the period from 1997-98 to 1998-99 but the State was having revenue deficits between 1999-2000 and 2001-02.

The fiscal deficit increased from Rs.189.75 crore in 1997-98 to Rs.340.31 crore during 2001-02.

The interest payment increased from Rs.78.90 crore in 1997-98 to Rs.191.41 crore in 2001-02.

The amount of capital expenditure decreased from Rs.254.56 crore in 1997-98 to Rs.175.46 crore in 2001-02 and its share in total expenditure decreased from 24 to 12 *per cent* during the same period.

As on 31 March 2002, 6 of the Government companies in which Government had invested Rs.35.50 crore, were running under loss. While the interest on market borrowings during the year was 10.35 *per cent* the investment in Government companies *etc.* fetched insignificant return.

During the period from 1997-98 to 2001-02 the total liabilities of the Government had grown by 92 *per cent*. This was on account of 91 *per cent* growth in internal debt, 61 *per cent* in loans and advances from Government of India and 120 *per cent* growth in other liabilities.

Analysis of financial data of the Government revealed that the State Government had negative BCRs in all the five years, suggesting that Government had to depend only on borrowings for meeting its Plan expenditure. The ratio of capital expenditure to capital receipts was steadily decreasing from 1.32 to 0.30 during

1997-98 to 2001-02 indicating that a substantial part of the capital receipts was not available for investment.

(Paragraphs 1.1 to 1.12)

2. Appropriation audit and control over expenditure

During 2001-02 expenditure of Rs.3589.10 crore was incurred against the total grants and appropriations of Rs.3087.60 crore resulting in excess of Rs.501.50 crore. The overall excess was the result of excess of Rs.895.20 crore in 8 cases of grants and appropriations offset by saving of Rs.393.70 crore in 70 cases of grants and appropriations. The excess of Rs.895.20 crore required regularisation by the Legislature under Article 205 of the Constitution.

Supplementary provision of Rs.657.52 crore obtained during 2001-02 constituted 27 *per cent* of original budget provision of Rs.2430.08 crore. In 25 cases, supplementary provision of Rs.94.57 crore proved unnecessary in view of final saving in each case being more than supplementary provision obtained in March 2002.

In 37 cases expenditure fell short by more than Rs.1 crore in each case and also by more than 10 *per cent* or more of the total provision.

In 10 cases there were persistent savings in excess of Rs.10 lakh in each case and 20 *per cent* or more of the provision.

(Paragraphs 2.1 to 2.4)

3. Audit Reviews on Development and Welfare activities

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.

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.

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

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

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.

(Paragraph 3.1)

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 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.

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.

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.

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.

(Paragraph 3.2)

3.3 Review on Irrigation and Flood Control Department including Manpower Management

To provide assured irrigation to the farmers of the State, the department had taken up eight irrigation projects between 1973 and 1993 of which five had been completed and commissioned up to 1995 and one partially commissioned in 1991. Upto the end of the Ninth Plan period (March 2002) irrigation potential of 28,500

hectares was created by six projects of which, actual addition during the Ninth Plan period was only 350 hectares (one per cent of the targeted achievement). Due to reluctance of farmers, utilisation of irrigation potential as at the end of Ninth Plan period was only 15,300 hectares (54 per cent). Five flood control projects taken up between 1984 and 1992 remained incomplete as of March 2002.

Rupees 4.04 crore retained under 8449–Other Deposit between 1998-99 and 2000-01 remained unutilised as of March 2002.

As against targeted creation of irrigation potential of 29295 hectares during the Ninth Plan only 350 hectares were created. The shortfall was mainly due to failure of canals of Loktak Lift Irrigation Project due to siltation of beds and non-completion of projects.

16 divisions incurred idle expenditure of Rs.14.25 crore during 1997-2002 on engaging 882 to 1500 work charged and muster roll labourers without any work.

(Paragraph 4.1)

3.4 Material Management of Public Works Department

A review on material management of Public Works Department conducted by test check of records covering the period from 1997-98 to 2001-02 revealed poor budgetary control, improper planning for procurement of materials, excess credit to suspense stock, discrepancies in stock account with reference to physical balance and improper storage arrangement.

There were persistent savings against budget provisions in all the years under review which varied from 2 *per cent* to 89 *per cent*. Reason for savings was stated to be due to short release of funds by the State Government.

Poor planning for procurement of materials had resulted in suspension of the works midway and non-completion of works till June 2002 for want of materials worth Rs.2.22 crore.

Department failed to get the materials as per the terms of contract resulting in undue financial aid to the supplier due to short supply of materials valuing Rs.10.15 lakh and injudicious payment of advance amounting to Rs.1.34 crore. No action was taken to recover the cost (Rs.10.15 lakh) from the defaulting suppliers.

(Paragraph 5.1)

4 Other Points

4.1 Civil

Unproductive expenditure/Idle outlay/Locking up of funds

Funds of Rs.13.77 crore drawn by the Director of Municipal Administration, Housing and Urban Development Department, Imphal under various development programmes had been retained in other deposits without implementation of the programmes.

(Paragraph 2.6)

Funds amounting to Rs.264.99 lakh drawn by the Director Commerce and Industries Department, Imphal for setting up of Industrial Growth Centre remained unutilised due to delay in acquisition of land.

(Paragraph 3.4)

Out of Rs.40 lakh drawn by the Deputy Director of Horticulture and Soil Conservation Department, Imphal, 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.

(Paragraph 3.8)

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

(Paragraph 3.9)

Dairy equipments procured at Rs.38.47 lakh by the Deputy Director, Central Dairy, Porompat were not installed and objective of Integrated Dairy Development Project in the State remained unfulfilled.

(Paragraph 3.10)

Rs.512.06 lakh was drawn and retained in deposit account by the Director of Youth Affairs and Sports Department to avoid lapse of budget grant

(Paragraph 3.11)

Energy meters retained in stock of the Executive Engineer, Store Division (Electricity) Yurembam, without use beyond guarantee period led to locking up of funds to the tune of Rs.95.44 lakh.

(Paragraph 5.3)

Unauthorised expenditure/Extra expenditure

Joint Chief Election Officer unauthorisedly spent Rs.41.74 lakh out of funds for election, special revision of electoral roll and electoral photo identity cards 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.

(Paragraphs 3.6 and 3.7)

Undue financial aid

Injudicious payment of advance by the Chairman, District Rural Development Agency, Ukhrul, to a supplier resulted in undue financial aid amounting to Rs.16 lakh.

(Paragraph 7.6)

4.2 REVENUE

Irregular grant of exemption under the Central Sales Tax Act 1956 led to non-levy of tax to the tune of Rs.3.18 lakh

(Paragraph 6.5)

Levy of concessional rate on Inter-State sales turnover of dealer not supported by valid declaration in Form 'C' resulted in under-assessment of Central Sales Tax of Rs.3.42 lakh and non-levy of penalty of Rs.2.59 lakh

(Paragraph 6.6)

Application of incorrect rates of billing on account of defectives meters resulted in short realisation of revenue of Rs.4.59 lakh

(Paragraph 6.7)

Professional tax amounting to Rs.11.85 lakh was not realised from 1185 permit holders of Goods Vehicles Trucks, Taxies and Three wheelers by Transport Officer, Imphal West

(Paragraph 6.8)

4.3 COMMERCIAL

General view of Government Companies and Statutory Corporation

As on 31 March 2002 there were 15 Government Companies (13 working Companies and 2 non-working Companies) and one Statutory Corporation in the State. The total investment of working Public Sector Undertakings was Rs.103.61 crore (working Government Companies Rs.71.41 crore and working Statutory Corporation Rs.32.20 crore).

The total investment in 2 non-working Companies was Rs.1.15 crore as on 31 March 2002.

Out of 2 non-working Government Companies one Company was under liquidation for 3 years and substantial investment of Rs.0.42 crore was involved in this Company.

The accounts of 13 working Companies and one working Corporation were in arrears ranging from 5 to 20 years.

Of the 5 loss incurring working companies, aggregate loss incurred by 4 working Companies was Rs.5.00 crore and that by one working Corporation was Rs.16.70 crore.

No dividend was declared by any of the 4 profit making working Companies.

(Paragraph 8.1 to 8.6)

Sales tax of Rs.11.98 lakh not deposited in Government account making the Manipur Tribal Development Corporation Limited liable to the tune of Rs.17.97 lakh

(Paragraph 8.14)