

OVERVIEW

This Report includes five chapters containing five performance reviews, including Chief Controlling Officer based Audit of Horticulture and Soil Conservation Department, 11 (excluding general paragraphs) paragraphs dealing with the results of audit of selected schemes, programmes, financial transactions of the Government and its commercial and trading activities.

Copies of the performance reviews and paragraphs were sent to the Administrative Heads of the Departments concerned by the Accountant General for furnishing replies within six weeks. All the five reviews were discussed with the concerned Principal Secretaries/Commissioners/Secretaries and other departmental officers. In respect of eight audit paragraphs reply of the Government/Department was received and in three audit paragraphs, replies had not been furnished by the Government/Department.

Performance review (Civil)

Department of Education (Schools)

1.1 Elementary Education

The Government of India had formulated the National Education Policy in the year 1986 and Right to Education Act in 2009 which *inter alia* mandated Universal Elementary Education (UEE) of good quality for children in the age group of 6-14 years. Sarva Shiksha Abhiyan (SSA) was implemented in Manipur in March 2004 to ensure that all children in the age group 6 to 14 years have access to education. This was boosted with Mid Day Meal (MDM) scheme implemented in February 2009 in all primary and upper primary schools (Government and Aided schools). The performance audit of the programme/scheme revealed that SSA was being implemented without proper planning and without carrying out household survey and pre-project activities. There were short release of fund, delay in release of fund and diversion of fund in implementation of SSA. Teachers were posted in school with zero enrolment and there were schools with no posting of teachers. Under MDM, despite a trend of low attendance, foodgrains consumption for 100 *per cent* attendance was reported.

Civil works taken up both under SSA and MDM suffered from many deficiencies/irregularities due to which there were infrastructure gaps. Contract management was weak both under these schemes with loopholes in the contract clauses.

(Paragraph 1.1)

Audit of Transactions (Civil)

Irregularities in tender processing by ignoring the lowest bidder, non-maintenance of transparency and lack of strict economy led to a loss of ₹ 14.80 lakh.

(Paragraph 2.1)

Due to erroneous calculation of rate for piling 8280 RM of 50 cm diameter bore pile on higher side, the Government suffered loss of ₹ 2.69 crore.

(Paragraph 2.2)

Exemption of interest on mobilization advance paid to a firm engaged in a Sewerage Project led to undue benefit of ₹ 52.15 lakh.

(Paragraph 2.4)

Non-recovery of interest of ₹ 49 lakh for the advance paid to the firm and non-deduction of security deposit of ₹ 94.05 lakh led to violation of terms of Agreement.

(Paragraph 2.5)

Chief Controlling Officer based Audit

Department of Horticulture and Soil Conservation

3.1 Chief Controlling Officer based Audit of Horticulture and Soil Conservation Department

Review of the functioning of the Department of Horticulture and Soil Conservation revealed that all the progeny orchards, except Regional Potato Farm, Mao remained non-operational. The overall achievement in area expansion for vegetable and root crops undertaken by the Technology Mission was more than what was targeted during 2006-11. It was also noticed that ₹ 48 lakh meant for construction of District Office, Kangpokpi was irregularly drawn on Form number TR 30 without vouchers. MAGFRUIT factory earned total revenue of ₹ 0.90 lakh during 2006-11 after incurring expenditure of ₹ 2.39 crore on inputs and pay and allowances of staff indicating lack of viability of the fruit processing unit. Against the All India average potato production of 6.04 to 7.42 MT per acre, the Regional Potato Farm, Mao produced only 1.94 to 4.28 MT per acre during 2006-09 indicating poor performance of the farm.

(Paragraph 3.1)

Revenue Receipts

4.1 Trend of revenue receipts

During the year 2010-11, the revenue raised by the State Government (₹ 526.93 crore) was ten *per cent* of the total Revenue Receipts. The balance 90 *per cent* of receipts (₹ 4903.01 crore) during 2010-11 were from the GOI.

(Paragraph 4.1.1)

Performance reviews (Revenue)

Taxation Department

4.6 Performance Audit on “Declaration forms in Inter State Trade and Commerce”

Review on “Declaration forms in Inter State Trade and Commerce” revealed that Taxation Department had no mechanism in place for periodic review of the stock of forms held by it so as to ensure that old, obsolete, defective or unused forms were either destroyed after obtaining the approval of the competent authority or otherwise secured so as to obviate the possibility of their misuse. The Department did not adopt enforcement measures like blacklisting of the dealers who had been found utilising invalid/fake Declaration forms in the past and circulation of the names of such dealers among various units and States to establish the authenticity of Declaration forms. The information regarding dealers and Declaration forms issued to the dealers were not uploaded on the TINXSYS website promptly. The Department had not installed any system of either verification of each and every Declaration form submitted by the dealers with the database available in the TINXSYS website before allowing exemption/concession of tax or cross verification of the purchase values shown in the utilisation statement/counterfoil of utilised ‘C’ forms issued to dealers with those in the database in the TINXSYS website while settling/finalising the tax returns. Out of 16 modules developed by the Department, only one module was functional online. The TINXSYS website remained non-functional and inaccessible and statutory forms were not issued online.

(Paragraph 4.6)

Transport Department

4.7 Performance Audit on “Computerisation in the Motor Vehicle Department”

Review of “Computerisation in the Motor Vehicle Department” revealed that though computerisation programme of VAHAN and SARATHI for registration of vehicles/driving licenses started in six of the eight DTOs in December 2003 and got completed in January 2011 after delays ranging from 12 to 41 months, commercial transport vehicles were not registered in VAHAN and neither was Enforcement Module implemented. Out of a total of 1,06,752 vehicles registered prior to implementation of ‘VAHAN’ software in the DTOs, backlog legacy data entry in respect of 78,000 vehicles *i.e.* 73 *per cent*, had been completed. Mandatory fields like address, father’s name and engine number *etc.* were not captured in VAHAN in absence of validation controls in the software by allowing entry of incomplete records. No sale amount was entered in respect of 1215 personalised four wheeler vehicles purchased after 31 March 2011, resulting in manual collection of tax.

(Paragraph 4.7)

Government Commercial and Trading Activities

5.1 Overview of Government Companies and Statutory Corporations

As on 31 March 2011, there are fourteen PSUs (all Companies including six non-working). The State working PSUs registered a turnover of ₹ 5.71 crore for 2010-11 as per their latest finalized accounts as of September 2011. This turnover was equal to 0.06 *per cent* of State Gross Domestic Product (GDP) for 2010-11. The State PSUs incurred a loss of ₹ 1.87 crore in the aggregate for 2010-11 as per their latest finalized accounts.

(Paragraph 5.1.1)

As on 31 March 2011, the Investment (Capital and Long-Term Loans) in fourteen PSUs was ₹ 111.48 crore (Working PSUs: ₹ 51.20 crore and Non-working PSUs: ₹ 60.28 crore).

(Paragraph 5.1.4)

The turnover of working PSUs decreased from ₹ 6.42 crore in 2005-06 to ₹ 5.71 crore in 2010-11. The percentage of turnover to State GDP decreased from 0.14 in 2005-06 to 0.06 in 2010-11.

(Paragraph 5.1.9)

Eight working PSUs had arrears of 142 accounts as of September 2011. Besides, there were six non-working PSUs having arrears of accounts for 14 to 27 years. The Government needs to monitor and ensure timely finalisation of accounts by these PSUs with special focus on liquidation of arrears and compliance with the provisions of the Companies Act, 1956.

(Paragraphs 5.1.15, 5.1.16 and 5.1.19)

Performance Review (Commercial)

5.2 Performance Audit Report on Power Distribution Activities of Power (Electricity) Department, Government of Manipur

A Performance Audit on Power Distribution Activities of Electricity Department of Government of Manipur was conducted for the period 2006-07 to 2010-11 to ascertain whether the Department achieved the aims and objectives of the National Electricity Plan (NEP) and to examine how far the distribution reforms have been achieved.

Distribution Network Planning

The Department did not prepare long term plan and fix any target for addition of substations, high tension lines, low tension lines and transformers and therefore, performance of the Department with reference to the targets could not be assessed in audit. The Department added 1013 substations, 895.57 CKM of high tension lines, 973.83 CKM of low tension lines and 83.64 MVA of transformers.

Implementation of Centrally Sponsored Schemes

Under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), the Department targeted 462 villages for electrification during 2007-11. Against this target, the achievement till March 2011 was 289 villages (63 *per cent*). The execution of the programme was delayed resulting in non-achievement of target of 100 *per cent* electrification of villages before 31 March 2010 as envisaged in NEP.

Operational Efficiency

Despite shortage of power in the State, the Department sold power outside the State, leading to increase in power deficit from 104.91 MU in 2006-07 to 308.56MU in 2010-11. The Department purchased tri-vector meters, Kiosks, and static meters in excess of immediate requirement leading to blocking up of funds to the tune of ₹ 10.85 crore. There were energy losses ranging from 46.6 to 59.84 *per cent* during 2006-11 due to unmetered supplies, defective meters, and theft of electricity by unauthorised consumers.

Financial Management

The Department exhibited poor financial management by not maintaining pro-forma accounts, profit and loss accounts, balance sheet *etc.* There were cases of non-surrender of anticipated savings in time and incurring of expenditure in excess of budget provisions.

The assessed sales ranged from 34 to 51 *per cent* of the total sales during 2006-11.

Conclusions and Recommendations

This performance audit revealed that the efforts made by the Department to provide access to electricity for all households were inadequate. The performance audit contains four recommendations aimed at improving the operational efficiency of the Department.

(Paragraph 5.2)