

EXECUTIVE SUMMARY

This Report has been prepared in six chapters. Chapters I to V deal with Social, Economic, Public Sector Undertakings, Revenue and General Sectors, and Chapter VI deals with Follow up of Audit observations. The Report contains two performance audits, one Chief Controlling Officer based audit and 15 paragraphs.

According to existing arrangements, copies of the performance reviews, Chief Controlling Officer based audit and paragraphs were sent to the Administrative Heads of the concerned departments with the request to furnish replies within six weeks. All the performance audits and Chief Controlling Officer based audit were discussed with the concerned Administrative Heads of the departments and other departmental officers. In respect of eleven paragraphs, reply of the Government/Department was received, in one case partial reply was furnished. Replies had not been furnished by the Government/Department for three paragraphs.

CHAPTER-I SOCIAL SECTOR

RURAL DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

1.2 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

The performance audits of Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme revealed that the State Government did not appoint full time dedicated Programme Officer in all the sampled districts. The State Government had not drawn up Information, Education and Communication plan for creating awareness among the rural masses. It was seen in the sampled districts that the District Programme Coordinators did not prepare District Perspective Plans as per the guidelines for ensuring long term shelf of projects and preparation of Annual Plans. 100 *per cent* employment could not be provided to the job card holders during 2007-12 in the sampled districts covered by audit. Important records such as job card application register, job card register, works register, employment register, asset register, Muster Roll issue and receipt register and measurement books were not maintained properly in all the four sampled districts covered by audit.

(Paragraph 1.2)

TRIBAL AFFAIRS AND HILLS DEPARTMENT

1.3 Chief Controlling Officer based audit of Tribal Affairs and Hills Department

The Tribal Affairs and Hills Department implements various developmental programmes funded under State Plan, Special Central Assistance to Tribal Sub-Plan (SCA to TSP), Special Development Programmes under Articles 275(1) of the Constitution of India and Centrally Sponsored Schemes for the welfare of the Scheduled Tribes (ST). The performance audits of Chief Controlling Officer based audit of the Department revealed deficiencies in fund management, in setting up of training centres/schools, reimbursement of fees *etc.* During 2007-09, ₹ 3.66 crore from the funds of SCA to TSP was diverted towards unrelated activities. Ten Vocational Training Centres for imparting skills in various traditional/modern vocations could not be set up (August 2012) despite spending ₹ 1.26 crore. Further, the only Tribal Training Institute for imparting vocational training to tribal women also remained non-functional since 2008-09. During 2007-12, only a fixed amount of non-refundable fees to the scholars was reimbursed. This deprived 91,101 students by less reimbursement of fees than actually paid and extended excess reimbursement of fees to 27,541 students. Quality education to ST students through Eklavya Model Residential Schools in remote areas could not materialise fourteen years after conception of the project and after incurring an expenditure of ₹ 8.33 crore.

(Paragraph 1.3)

MUNICIPAL ADMINISTRATION, HOUSING AND URBAN DEVELOPMENT DEPARTMENT

1.5 Jawaharlal Nehru National Urban Renewal Mission

The Jawaharlal Nehru National Urban Renewal Mission was launched (December 2005) by the Ministry of Urban Development, Government of India, as a Centrally Sponsored Scheme for integrated development of infrastructural services in cities, urban renewal to reduce congestion, and for providing basic services such as housing, water supply and sanitation to urban poor. There was delay in release of funds, rush of expenditure, loss of interest due to parking of funds and irregular deduction of VAT, Agency Charges and Labour cess in implementation of Jawaharlal Nehru National Urban Renewal

Mission. There were deficiencies like, excess expenditure in pile works, cost escalation due to delay in execution of work *etc.*

(Paragraph 1.5)

CHAPTER-II ECONOMIC SECTOR

Instead of considering a nearer and approved quarry situated at 48 km from work site, estimates for ferrying stones and boulders were framed from a distant quarry at 60 km, leading to loss of ₹ 69.64 lakh to the Government.

(Paragraph 2.2)

Without assessing reasonability of rates, works were awarded at higher rates resulting in undue benefit of ₹ 58.83 lakh to contractors due to excess payment over reasonable rates.

(Paragraph 2.3)

In violation of extant financial rules, the Department had taken up three major road construction works by charging them to non-plan head of accounts and without obtaining approval of the competent authority.

(Paragraph 2.4)

Injudicious decision of Thoubal Zilla Parishad led to blocking of fund of ₹ 12.50 lakh meant for providing alternative lighting system to the district.

(Paragraph 2.6)

CHAPTER-III ECONOMIC SECTOR (PSU)

3.1 Overview of Government Companies and Statutory Corporations

As of March 2012, there are ten PSUs (all Companies including three non-working) in the state. The working PSUs registered a turnover of ₹ 3.54 crore for 2011-12 as per their latest finalized accounts as of September 2012. This turnover was equal to 0.03 *per cent* of State Gross Domestic Product (GDP)

for 2011-12. The State PSUs incurred a loss of ₹ 5.17 crore in the aggregate for the year 2011-12 as per their latest finalized accounts.

(Paragraph 3.1.1)

As of March 2012, the investment (Capital and Long term loans) in the ten PSUs was ₹ 56.48 crore (Working PSUs: ₹ 35.24 crore and Non-working PSUs: ₹ 21.24 crore).

(Paragraph 3.1.4)

The turnover of working PSUs decreased from ₹ 6.39 crore in 2006-07 to ₹ 3.54 crore in 2011-12. The percentage of turnover to State GDP decreased from 0.09 *per cent* in 2006-07 to 0.03 *per cent* in 2011-12.

(Paragraph 3.1.9)

POWER (ELECTRICITY) DEPARTMENT

3.2 Performance Audit on Power Transmission Activities of Electricity Department, Government of Manipur

A Performance Audit on Power Transmission Activities of Electricity Department, Government of Manipur for the period 2007 – 12 revealed the following:

Planning and Development

The Department had completed construction of only two substations against the plan for construction of five new/augmentation of existing 132/33 KV substations and five transmission lines during 2007-12.

Project management of Transmission System

Works of construction/augmentation of 132 KV and 33/11 KV substations and transmission lines were delayed by 5 to 91 months due to delay in tendering activities, statutory clearances, frequent revisions of scope *etc.*

The Department procured tower material which did not confirm to the standard norms.

Performance of Transmission System

The Department was able to meet only 62.96 *per cent* of the system peak load during 2007-12 due to non-completion of 132 KV Jiribam-Leimatak line, which was not restored even after ten years of its break- down.

Grid Management

None of the substations had Remote Terminal Units/Substation Management Systems for monitoring and recording real time data for efficient Energy Measurement System.

Disaster Management

Adequate Disaster Management facilities did not exist for black-start operations.

Material Management

The Department did not have any Material Management policy. It had not fixed any standard minimum level or reorder level of material.

Monitoring and Control

Internal control mechanism was weak as instances of preparation of bills and drawing cheques in anticipation of delivery of equipment, passing of bills based on printed invoice of another project, in admissible payments *etc.* were noticed in audit.

Conclusion

The Department did not complete the transmission projects planned for execution during the five year plan 2007-12. The projects were not executed as per recommendation of the Task Force. The Department had not drawn its allotted power from NEG. Facilities for Disaster Management were not adequate.

(Paragraph 3.2)

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| CHAPTER-IV REVENUE SECTOR |
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| 4.1 Trend of revenue receipts |
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During 2011-12, the revenue raised by the State Government (₹ 679.60 crore) was 12 *per cent* of the total revenue receipts against 10 *per cent* in the preceding year. The balance 88 *per cent* of receipts during 2011-12 was from the Government of India.

(Paragraph 4.1.1)

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| TAXATION DEPARTMENT |
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Purchases of taxable goods like electronic items, detergents, lubricants *etc.* of ₹ 2.35 crore from outside the State was not disclosed. This led to suppression of tax of ₹ 30.33 lakh and penalty of ₹ 60.66 lakh.

(Paragraph 4.6)

Two dealers did not fully disclose sales of taxable goods like steel structures, sanitary ware, hardware items *etc.*, resulting in evasion of taxable turnover of sales to the extent of ₹ 1.28 crore involving tax of ₹ 12.28 lakh. This also attracted penalty of ₹ 24.56 lakh for furnishing incomplete and incorrect returns.

(Paragraph 4.7)

A dealer filed returns without arrear of tax of ₹ 114.58 lakh. However, no notice was found served on the defaulting dealer for payment of the tax due.

(Paragraph 4.9)