

CHAPTER I

ECONOMIC SECTOR (OTHER THAN STATE PUBLIC SECTOR UNDERTAKINGS)

1.1 Introduction

The findings based on audit of State Government units under the Economic Sector other than State Public Sector Undertakings are featured in this chapter.

During 2016-17, against a total budget provision of ₹ 3,697.69 crore, a total expenditure of ₹ 2,814.63 crore was incurred by 18 departments under Economic Sector. The Department-wise details of budget provision and expenditure incurred there against are shown in **Table No. 1.1.1**.

**Table No. 1.1.1 Budget Provision and Expenditure of
Departments in Economic Sector**

(₹ in crore)

| Sl. No. | Department | Budget Provision | Expenditure |
|--------------|------------------------------------|------------------|-----------------|
| 1 | Command Area Development Authority | 226.01 | 114.58 |
| 2 | Agriculture | | |
| 3 | Sericulture | 23.15 | 18.46 |
| 4 | Economic and Statistics | 16.89 | 14.94 |
| 5 | Commerce and Industries | 113.42 | 71.12 |
| 6 | Co-operation | 21.28 | 15.59 |
| 7 | Fisheries | 31.09 | 23.06 |
| 8 | Horticulture and Soil Conservation | 88.62 | 68.07 |
| 9 | Animal Husbandry and Veterinary | 101.85 | 72.37 |
| 10 | Science and Technology | 5.97 | 2.70 |
| 11 | Tourism | 60.65 | 53.41 |
| 12 | Environment and Forest | 173.77 | 104.18 |
| 13 | Irrigation and Flood Control | 512.33 | 385.52 |
| 14 | Minor Irrigation | 165.17 | 86.86 |
| 15 | Public Works | 964.62 | 722.04 |
| 16 | Power | 800.41 | 765.87 |
| 17 | Public Health Engineering | 350.77 | 275.29 |
| 18 | Information Technology | 41.69 | 20.57 |
| Total | | 3,697.69 | 2,814.63 |

Source: Appropriation Accounts

Besides, Central Government has been transferring a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of Central Government. During 2016-17, out of ₹ 330.54 crore directly released to different implementing agencies, ₹ 137.75 crore was under Economic Sector. The details are shown in **Appendix 1.1**.

1.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the heads of the departments. The departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of those IRs are processed for inclusion in the Audit Report of the Comptroller and Auditor General (C&AG) of India.

Audits were conducted during 2016-17 involving expenditure of ₹ 5,377.27 crore including expenditure of ₹ 5,142.88 crore of previous years of the State Government under Economic Sector as shown in **Appendix 1.2**. This chapter contains one Performance Audit viz.; “*Implementation of National Rural Drinking Water Programme*” and three compliance audit paragraphs as discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

PUBLIC HEALTH ENGINEERING DEPARTMENT

1.2 Implementation of National Rural Drinking Water Programme

Highlights

Some of the important audit findings of Performance Audit on implementation of National Rural Drinking Water Programme (NRDWP) during 2012-13 to 2016-17 in Manipur are highlighted below.

- *The Annual Action Plan did not give priority to low population coverage habitations. The Village Water Security Plan and District Water Security Plan were not prepared in four test checked districts.*

(Paragraph 1.2.9.2 & 1.2.9.3)

- *Component wise utilisation of funds as per prescribed norms was not ensured.*

(Paragraph 1.2.10.4)

- *The State could not achieve the target for providing rural households with piped water supply and with a household connection by 2017 as per the Strategic Plan of the Ministry.*

(Paragraph 1.2.11.2)

- *Water purity testing labs suffered from shortage of manpower and inadequate infrastructure.*

(Paragraph 1.2.13.1)

- *There were cases of inordinate delay in the execution of schemes. As on date of audit, 299 schemes remained incomplete for more than five years.*

(Paragraph 1.2.14.1)

- *Inadmissible expenditure of ₹65.87 lakh were incurred from Programme fund.*

(Paragraph 1.2.14.8)

- *The State and District officers did not conduct review of the schemes through field inspection during the period of review.*

(Paragraph 1.2.15.1)

- *The Integrated Management Information System data were not cross checked or an independent verification was not carried out through reputed NGOs, academic institutions, etc., to improve reliability of the database.*

(Paragraph 1.2.15.3)

1.2.1 Introduction

Government of India (GoI) had undertaken various programmes to provide safe drinking water to the rural masses since independence. The Government's first major intervention in the rural drinking water sector was through the Accelerated Rural Water Supply Programme (ARWSP) in 1972-73. The National Rural Drinking Water Programme (NRDWP) was launched in 2009 by modifying the earlier ARWSP and subsuming earlier sub-Missions, Miscellaneous Schemes and mainstreaming Swajaldhara principles. With the advent of the 12th Five Year Plan (2012-17), the NRDWP Guidelines were further updated in 2013 having focus on piped water supply, increasing household tap connections and raising drinking water supply norms. In 2015, commitment to the Sustainable Development Goal was made to achieve universal and equitable access to safe and affordable drinking water for all by 2030.

The Programme was framed with the vision of safe and adequate drinking water for all at all times in rural areas. The objectives of NRDWP are given in **Appendix 1.3**.

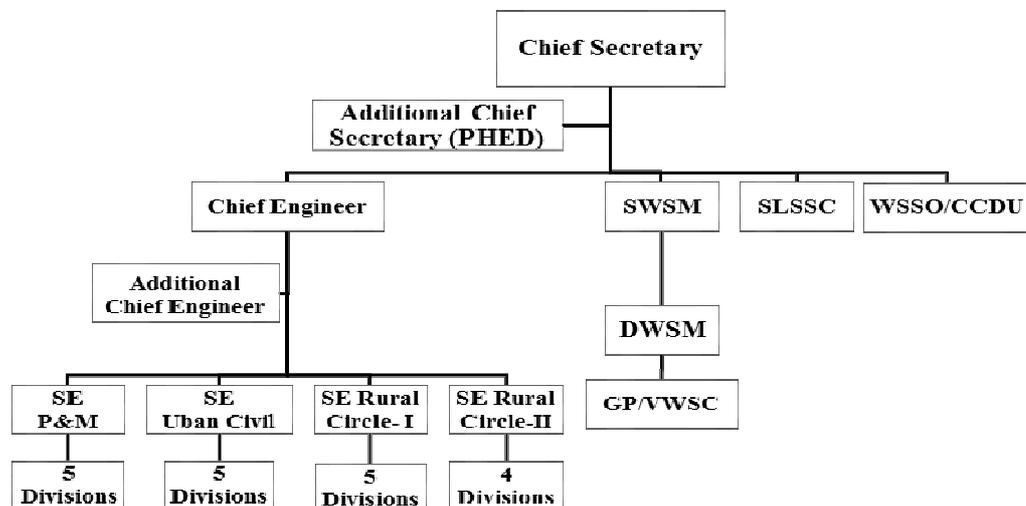
NRDWP has six components *viz.*, Coverage, Water Quality, Operation & Maintenance, Sustainability, Support & Water Quality Monitoring and Surveillance. Out of these, three components, *i.e.*, Coverage, Water Quality and Operation and Maintenance were implemented in the State on 90:10 cost sharing basis between the Centre and State and the remaining three components *i.e.*, Sustainability, Support Activity and Water Quality Monitoring and Surveillance (WQMS) were fully funded by Government of India.

In Manipur, Public Health Engineering Department (PHED) is the primary executing agency for rural water supply schemes. The Department is responsible for implementation of the Programme covering 2,557 villages (2,868 habitations) in the State.

1.2.2 Organization Setup

The organization setup for implementation of the Programme is as follows:

Organization setup for implementation of NRDWP



SE: Superintending Engineer; **P&M:** Planning & Monitoring; **SWSM:** State Water & Sanitation Mission; **SLSSC:** State Level Schemes Sanctioning Committee; **WSSO:** Water & Sanitation Support Organisation; **CCDU:** Communication and Capacity Development Unit; **DWSM:** District Water & Sanitation Mission; **GP/VWSC:** Gram Panchayat/ Village Water & Sanitation Committee

The Additional Chief Secretary, PHED is responsible for overall implementation of the Programme. The SEs are executing various works under the programme through various Divisions in the State. The State Water and Sanitation Mission (SWSM) is responsible for formulation of policy guidelines and implementation of the same. The State Level Scheme Sanctioning Committee (SLSSC) accords approval for all rural water supply schemes and also reviews the schemes. Water and Sanitation Support Organisation/ Communication and Capacity Development Unit (WSSO/CCDU) assists in HRD activities.

1.2.3 Scope of Audit

The Performance Audit covers all the components of NRDWP in operation during the period from 2012-13 to 2016-17. Relevant records of four² out of nine districts³ were selected based on Probability Proportional to Size Without Replacement (PPSWOR) method and scrutinized between April and August 2017. In addition, records of the office of the Chief Engineer, PHED were audited. Records pertaining to implementation of the scheme were test checked in the five selected Divisions and household surveys were conducted in 38 out of 44 habitations in the 19 selected Gram Panchayats. Details are given in *Appendix 1.4*.

² Bishnupur, Churachandpur, Senapati and Thoubal

³ Seven more districts were created in December 2016

1.2.4 Audit Objectives

The Performance Audit was taken up to ascertain whether:

- Necessary institutional mechanism existed for effective implementation of the programme;
- Fund management was economical and effective;
- Implementation of programme was effective and efficient; and
- Adequate and effective mechanism existed for monitoring and evaluation of the programme.

1.2.5 Audit Criteria

The audit criteria were drawn from:

- Guidelines of NRDWP issued in 2009 and 2013, strategic plans, Notifications, Orders and circulars issued by the Ministry of Drinking Water and Sanitation (MDW&S)/Ministry;
- Studies conducted by the Planning Commission (NITI Ayog) and other agencies;
- Guidelines and Reports of National and State Level Monitors;
- State Government Orders relating to implementation of the NRDWP;
- Physical and financial progress reported under Management Information System (MIS) available on website of the programme (*indiawater.gov.in*);
- Guidelines for convergence between MGNREGA⁴, NRHM⁵, *etc.*; and
- General Financial Rules, CPWD Works Manual *etc.*

1.2.6 Audit Methodology

The Performance Audit commenced with an entry conference with the officials of PHED, Manipur in April 2017 wherein the audit scope, objectives, criteria and methodology were explained. During the course of audit, scrutiny of the documents of the sampled districts was carried out and responses to audit observations were obtained. Joint physical verification of schemes was done wherever possible and photographic evidences were taken to substantiate the audit findings. The draft audit report was issued to PHED in October 2017. An exit conference was held (December 2017) with the officials of PHED to discuss the audit findings in the draft report. The responses of the Department have been incorporated, wherever appropriate, in this report.

⁴ Mahatma Gandhi National Rural Employment Guarantee Act

⁵ National Rural Health Mission

1.2.7 Acknowledgement

Indian Audit and Accounts Department (IA&AD) acknowledges the cooperation and assistance extended by the State Government in providing necessary information and records for test checks.

Audit Findings

The findings of the Performance Audit on the implementation of NRDWP are discussed in the succeeding paragraphs.

1.2.8 Delivery Mechanism

1.2.8.1 State Water and Sanitation Mission

The State Water and Sanitation Mission (SWSM) headed by the Chief Secretary is responsible for the formulation of Policy Guidelines and implementation of the same. Meetings of the Apex Committee of the SWSM should be held at least twice a year, wherein apart from sanctioning new schemes, progress, completion and commissioning of the schemes approved earlier by the Committee should be reviewed.

Audit noticed that the Apex Committee met once a year (no meeting was held in 2013-14). The SWSM did not review implementation of the scheme in the selected districts during 2012-17. Though the Department claimed (December 2017) that various review meetings were held at the level of Chief Minister and the Cabinet periodically including the NRDWP, the claim could not be substantiated and relevant documents were not submitted. Due to this, progress, completion and commissioning of the schemes were not regularly monitored.

1.2.8.2 State Level Scheme Sanctioning Committee

As per para 2 of the Scheme guidelines, the State Level Scheme Sanctioning Committee (SLSSC) headed by the Additional Chief Secretary (PHED) is delegated with powers for giving technical and administrative approval to avoid administrative bottlenecks in rural water supply schemes and related Support activities.

Meetings of the Committee should be held at least twice a year, wherein apart from sanctioning new schemes, progress, completion and commissioning of the schemes approved earlier by the Committee should be reviewed. Audit, however, noticed that the SLSSC met only once a year *i.e.*, at the time of approval of the Annual Action Plan (AAP). The Department stated (December 2017) that no specific issue arose for which sitting of special SLSSC was necessary. The reply is not acceptable as audit noticed gaps in implementation of the programme which are discussed in the succeeding paragraphs.

1.2.8.3 State Technical Agency

State Technical Agency (STA) is required to fill gaps in the technical needs of the PHED as and when required. Audit noticed that the State had not identified STA (August 2017). The Department stated (December 2017) that they have enough experienced technical person and as such the role of STA is being managed by the department itself. The reply is not acceptable as in the absence

of STA, the Department did not prepare Water Security Plan at the Village, District and State levels which is necessary for proper implementation of the Scheme and for ensuring water security in the State.

1.2.8.4 Water and Sanitation Support Organisation

Water and Sanitation Support Organisation (WSSO) under SWSM deals with Water Quality Monitoring & Surveillances, MIS/Computerisation, Monitoring and Evaluation, Information Education and Communication (IEC), Human Resource Development (HRD) (WSSO/CCDU), Research and Development *etc.*

The Department could not produce any record to audit on evaluation and impact assessment studies. The Department stated (December 2017) that overall monitoring was done in coordination with the Centre. The reply is not acceptable as no records pertaining to monitoring done in coordination with the Centre was produced to audit.

1.2.8.5 District Water and Sanitation Mission

The District Water and Sanitation Mission (DWSM)⁶ under the supervision, control and guidance of Zilla Parishad provides continuous support to gram panchayats/GPWSC/VWSCs⁷ on both water and sanitation issues.

Para 5 of Annexure VII of the Guidelines requires the DWSM to meet at least quarterly. The Department could not produce any record of meetings held in the four selected districts during the period covered under audit. The DWSM did not prepare District Water Security Plan and did not review the programme in the blocks under the district. Technical and professional persons⁸ as envisaged in the guidelines were not available. The Department stated (December 2017) that sometimes the DWSM meetings are combined with the District Level Officers' (DLOs) meetings convened by the respective Deputy Commissioners. However, relevant documents were not produced. The Department did not give any reply on non-availability of technical and professional persons.

1.2.8.6 Block Resource Centre

The State has not instituted a Block Resource Centre (BRC) at the block/Taluka/Mandal level to provide continuous support to GPs/ GPWSC/ VWSCs on both water and sanitation issues and to act as a link between them and the DWSM. The Department stated (September and December 2017) that Block Resource Centres (BRC) was not constituted with concurrence of the Ministry as it is redundant for small states. Responsibilities assigned to BRC were entrusted to DWSM. The Department, however, did not produce any documents regarding concurrence of the Ministry.

⁶ Chairperson of Zilla Parishad/Autonomous District Council as head and the Executive Engineer (PHED) of the District is the Member Secretary.

⁷ Gram Panchayat/Village Water and Sanitation Committee (GPWSC/VWSC)

⁸ Consultant Human Resource Development, Information Education and Communication (IEC), Monitoring & Evaluation and Hydrogeologist

1.2.8.7 Village Water and Sanitation Committee

A Gram Panchayat/Village Water and Sanitation Committee (GPWSC/VWSC) is set up in each Gram Panchayat/Village/Ward for implementation of water supply schemes to ensure the active participation of villagers. VWSC is responsible for Operation and Maintenance of scheme handed over to them.

Out of 19 GPs surveyed, only 10 GPs (53 per cent) had GP/VWSC and the water supply schemes were handed over to them. The remaining nine GPs did not have any water supply scheme and hence VWSC were not constituted. Details are given in **Appendix 1.5**. The Department stated (December 2017) that all completed water supply schemes have been handed over to the respective VWSCs.

As can be seen from the forgoing paragraphs, the institutional frameworks and systems like SWSM, SLSSC, STA, BRC, WSSO and DWSM envisage in the Guidelines for implementation of the NRDWP were either not setup or did not perform activities as envisaged. This has resulted in gaps in implementation of the scheme which could have been narrowed or eliminated had the envisaged delivery mechanisms and technical expertise been put in place.

1.2.9 Planning

1.2.9.1 Strategic Plan

As per Para 2.3 of Strategic Plan (2011-22) of the Ministry, target for coverage of rural households are given in **Table No. 1.2.1**.

Table No. 1.2.1 Strategic Plan of the Ministry

| Target | By 2017 | By 2022 |
|---|---|-----------------------|
| Provide piped water supply | At least 55 per cent | At least 90 per cent |
| Have piped water supply with household connection | At least 35 per cent | At least 80 per cent |
| Use of public tap | Less than 20 per cent | Less than 10 per cent |
| Use of hand pumps and other safe and adequate private water sources | Less than 45 per cent | Less than 10 per cent |
| Access to and use adequate quantity of safe drinking water | All households, schools and <i>anganwadis</i> | - |
| Management of rural drinking water sources and systems by Panchayat Raj Institutions (PRIs) and local communities | At least 60 per cent | 100 per cent |

Each State can formulate its own Implementation Plan depending on its needs, capacity and resources, and establish a timeframe for achieving the Strategic Objectives.

The Department's Strategic Plan for implementation of the programme was not available at the time of audit.

On this being pointed out, the Department stated (December 2017) that State Government had announced individual water connection would be provided to each rural households by 2022. Accordingly, action plan/concept paper with an outlay of ₹ 1,994.48 crore was submitted to the Centre for funding. Receipt of Central funding, if any, has not been intimated (April 2018).

1.2.9.2 Comprehensive Plan and Annual Action Plan

As per Para 14 of the Guidelines, a five-year rolling Comprehensive Water Security Action plan is to be prepared and during each financial year the sub-goal and the priorities would be fixed based on mutual consultation by the Centre and the State.

The Department prepared only Annual Action Plans (AAPs) based on 40 lpcd⁹ during 2012-16 and 55 lpcd in 2016-17. The AAPs did not give priority to low population coverage habitations *i.e.*, habitations where 0-25 *per cent* and 25-50 *per cent* population covered. Details are discussed under Programme Implementation.

1.2.9.3 Village Water Security Plan and District Water Security Plan

As per Para 13 of the Guidelines, bottom-up approach was to be followed in planning process under which Village Water Security Plans (VWSP) were to be prepared by VWSC for ensuring drinking water security by the village community with the help of NGOs. The VWSPs were also to have details of management, operation and maintenance of the water supply schemes. Based on all VWSPs of the district, the District Water Security Plans (DWSPs) were to be prepared.

The VWSPs and DWSPs were not prepared in the four test checked districts. However, the Department stated (December 2017) that the villagers, their elected representative and NGOs/Clubs were involved at every stage right from identification of water source till construction and formation of VWSC.

1.2.9.4 Convergence with other departments

As envisaged in Para 12.5 of the Guidelines, convergence with the National Rural Employment Guarantee Scheme (NREGS), Watershed Projects and Irrigation Schemes were to be carried out during the planning process for construction of sustainable structures.

The Department stated (December 2017) that convergence was carried out wherever feasible and cited instances of raw water being provided to PHED from various irrigation projects. However, convergence with similar schemes was not considered in the AAPs.

1.2.10 Financial Management

1.2.10.1 Funding pattern

The Programme is funded by the Centre and State Governments on cost-sharing basis as shown in **Table No. 1.2.2**.

⁹ Litre per capita per day

Table No. 1.2.2 Centre-State sharing allocation for components

(All figures in per cent)

| Components of NRDWP | Distribution of State NRDWP fund allocation | | Centre –State Sharing pattern |
|--|---|-------------------|-------------------------------|
| | Pre-revised (2012-13) | Revised (2013-17) | |
| Coverage | 45 | 47 | 90:10 (for NE States and J&K) |
| Water Quality | 20 | 20 | |
| Operation and Maintenance | 10 | 15 | |
| Sustainability | 20 | 10 | 100:0 |
| Support | 5 | 5 | 100:0 |
| Water Quality Monitoring and Surveillances | - | 3 | 100:0 |

1.2.10.2 Flow of funds

Up to March 2014, the Ministry released programme funds and support fund directly in the Programme and Support Accounts of SWSM respectively. The State government released the matching share to the implementing agencies as per the funding pattern *i.e.*, 90:10 Centre-State sharing basis. From April 2014, GoI released fund to the State Government and State Government released to the SWSM for programme implementation.

1.2.10.3 Financial performance

The year wise details of funds released for the programme and support activities and expenditure incurred during the period 2012-17 are given in Table No. 1.2.3.

Table No. 1.2.3 Details of release of funds and expenditure

(*₹* in crore)

| Financial Year | Opening Balance | Receipt | | Misc. receipts (Interest & other receipts) | Total available fund | Expenditure during the year | Closing Balance |
|----------------|-----------------|---------------|---------------------|--|----------------------|-----------------------------|-----------------|
| | | Centre | State | | | | |
| 2012-13 | 16.53 | 64.32 | 12.59 | 0.28 | 93.72 | 66.73 | 26.99 |
| 2013-14 | 26.99 | 53.45 | 23.56 | 0.30 | 104.30 | 79.02 | 25.28 |
| 2014-15 | 25.28 | 85.69 | 26.53 | 0 | 137.51 | 117.23 | 20.27 |
| 2015-16 | 20.27 | 15.34 | 34.61 ¹⁰ | 0 | 70.23 | 67.08 | 3.14 |
| 2016-17 | 3.14 | 38.04 | 35.48 | 0 | 76.67 | 75.97 | 0.69 |
| Total | | 256.84 | 132.77 | 0.58 | | 406.03 | |

Source: As furnished by the Department

The State Government is required to release the entire amount of central allocation received along with the matching State share to the implementing agency (s) without any delay and in any case not later than 15 days after its receipt (*Para 17(s) of the Guidelines*).

Out of the total funds of ₹ 406.72 crore¹¹ available during 2012-17, ₹ 406.03 crore was utilised. As can be seen from the table, there were closing balance at the end of each financial year. During 2012-13 and 2013-14, Central share was

¹⁰ This figure is inclusive of release of State matching share under NRDWP Central fund and release under NRDWP State Plan fund

¹¹ ₹ 16.53 crore + ₹ 256.84 crore + ₹ 132.77 crore + ₹ 0.58 crore

directly released to the SWSM account; about 50 per cent being done during the month of February and March which explains the closing balances during these years. For the subsequent years, Central share was released through the State Government. Though the relevant release orders by the State Government for Central fund received and the State matching share was called for (April 2017 and August 2017), the same was not furnished. Hence, audit could not access whether Central and State matching share was released timely as envisaged during 2012-17. The Department attributed (December 2017) high closing balance on release of funds at the fag end of the financial year.

1.2.10.4 Component-wise release and expenditure

Component wise expenditure of funds of NRDWP during 2012-13 to 2016-17 is detailed in **Table No. 1.2.4**.

Table No. 1.2.4 Component wise expenditure during 2012-17

(₹ in crore)

| Year | Expenditure incurred on | | | | | | | | | | |
|--------------|-------------------------|--------------------------|------------|---------------------------------|------------|----------------------|------------|--------------|------------|---|------------|
| | All Components | Coverage + Quality (67%) | | Operation and Maintenance (15%) | | Sustainability (10%) | | Support (5%) | | Water Quality Monitoring & Surveillances (3%) | |
| | | Expenditure | Percentage | Expenditure | Percentage | Expenditure | Percentage | Expenditure | Percentage | Expenditure | Percentage |
| 2012-13 | 66.73 | 43.23 | 65 | 16.82 | 25 | 5.27 | 8 | 0.90 | 1 | 0.51 | 0.8 |
| 2013-14 | 79.02 | 51.04 | 65 | 21.86 | 28 | 4.40 | 6 | 1.58 | 2 | 0.14 | 0.2 |
| 2014-15 | 117.23 | 69.76 | 60 | 33.92 | 29 | 9.56 | 8 | 3.68 | 3 | 0.31 | 0.3 |
| 2015-16 | 67.08 | 29.57 | 44 | 28.28 | 42 | 7.57 | 11 | 1.43 | 2 | 0.23 | 0.3 |
| 2016-17 | 75.97 | 27.13 | 36 | 41.21 | 54 | 5.12 | 7 | 1.07 | 1 | 1.44 | 2 |
| Total | 406.03 | 220.73 | 54 | 142.09 | 35 | 31.92 | 8 | 8.66 | 2 | 2.63 | 1 |

Source: PHED, Manipur

It can be seen from the table above that the prescribed norms of percentage of allocation were not followed during the period of audit. Though the focus in the 12th Five Years Plan was 'Coverage' and 'Sustainable Development', the State Government had incurred more expenditure on 'Operation & Maintenance' during 2012-17, spending 35 per cent of total expenditure on this component which was much higher than the prescribed 15 per cent. It was also noticed that expenditure on 'Coverage' was decreasing over the last five years though fully covered habitations in the State was only 63¹² based on 55 lpcd as of 31 March 2017. The Department stated (December 2017) that component wise expenditure is to be observed only to Central share while the State budget can be utilised as per the programme of the State Government. The reply of the Department is not acceptable as Central and State share were to be allocated as per the prescribed norms of the scheme guidelines.

1.2.11 Programme Implementation

As per Para 9.3 of the Guidelines, to meet the emerging challenges in the rural drinking water sector, the components under the programme on which all funds will be utilised are as follows:

¹² Out of 2,868 habitations

- Coverage for providing safe and adequate drinking water supply to un-served, partially served and slipped back habitations;
- Sustainability to encourage States to achieve drinking water security at the local level;
- Provide potable drinking water to water quality affected habitations;
- Operation & Maintenance (O&M) for expenditure on running, repair and replacement costs of drinking water supply projects;
- Water Quality Monitoring and Surveillance (WQMS); and
- Support activities.

1.2.11.1 Coverage

As per Para 9.3 (ii) of the Guidelines, 47 per cent of the annual NRDWP fund (45 per cent in the pre-revised Guidelines) are allocated under coverage component to provide safe and adequate drinking water supply to un-served, partially served and slipped back habitations. In the 12th Five Year Plan period, under NRDWP, special emphasis was given for coverage of rural habitations with piped water supply or through stand posts or household connections¹³. Position of funds under coverage component during 2012-17 is as shown in Table No. 1.2.5.

Table No. 1.2.5 Details of funds receipt and expenditure incurred under Coverage component during 2012-17

(₹in crore)

| Year | Opening Balance | Receipt | | Misc. receipts (Interest & other receipts) | Total available | Expenditure during the year | Closing Balance |
|--------------|-----------------|---------------|--------------|--|-----------------|-----------------------------|-----------------|
| | | Centre | State | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2012-13 | 5.33 | 46.36 | 6.40 | 0.28 | 58.37 | 43.23 | 15.14 |
| 2013-14 | 15.14 | 38.24 | 11.05 | 0.30 | 64.73 | 51.04 | 13.69 |
| 2014-15 | 13.69 | 61.43 | 7.91 | 0.00 | 83.02 | 69.76 | 13.27 |
| 2015-16 | 13.27 | 6.97 | 10.33 | 0.00 | 30.57 | 29.57 | 1.00 |
| 2016-17 | 1.00 | 26.83 | 0.00 | 0.00 | 27.83 | 27.13 | 0.70 |
| Total | | 179.83 | 35.69 | 0.58 | | 220.73 | |

Source: PHED, Manipur

Out of total ₹ 221.43¹⁴ crore available for Coverage during 2012-17, ₹ 220.73 crore was utilised. Out of 2,868 habitations in the State, 2165 habitations (75 per cent) were fully covered (based on 40 lpcd) as on 31 March 2016. The population coverage by piped water supply based on 40 lpcd was 67 per cent and the number of households with piped water connections was 4 per cent as on 31 March 2017.

Based on 55 lpcd, as of 31 March 2017, only 63 habitations (2 per cent) were fully covered habitations¹⁵ and 2,805 habitations (98 per cent) were partially covered. Details are shown in Appendix 1.6. Though the percentage of population coverage by piped water supply was as high as 67 per cent based on

¹³ Para 9.1 of the guidelines

¹⁴ ₹ 5.33 crore + ₹ 179.83 crore + ₹ 35.69 crore + ₹ 0.58 crore

¹⁵ Habitations where each household receive water supply at 55 litre per capita per day (lpcd)

40 lpcd, the percentage of fully covered habitations was low at only 2 *per cent* based on 55 lpcd as on 31 March 2017.

Fourteen habitations (37 *per cent*) out of 38 habitations surveyed were fully covered and 24 habitations (73 *per cent*) were partially covered with primary water supply. Three habitations (8 *per cent*) were not provided with water supply scheme (*Appendix 1.7*).

Audit also noticed that only 333 households (52 *per cent*) out of the 640 households surveyed (May to August 2017) received piped water supply¹⁶ and only 40 of the households (6 *per cent*) received water supply through household individual connection (*Appendix 1.8*). The Department stated (December 2017) that low coverage was on account of changes in norms¹⁷ during 2015-16. The State Government is now aiming to provide household connections from 2017-18 onwards.

1.2.11.2 Target and Achievement during 2012-17

As per Para No. 9.1 of the Guidelines, priority is to be given to low population coverage category *i.e.*, where existing coverage is 0-25 *per cent* and 25-50 *per cent* of the population.

During 2012-17, out of 949 habitations targeted for coverage, only 35 *per cent* (329 habitations) was from the low population coverage category. Thus, priority was not given to habitation with low population coverage. The percentage of fully covered habitations based on 40 lpcd during 2012-13 to 2015-16 ranged from 55 to 75 *per cent*. However, in 2016-17 the coverage was based on 55 lpcd and hence the percentage of fully covered habitations was only 2 *per cent* (*Appendix 1.6*).

The State could not achieve the target of providing rural households with piped water supply and with a household connection by 2017 as per Strategic Plan of the Ministry referred to in *Paragraph 1.2.9.1*. The Department stated (December 2017) that low achievement was on account of change in coverage norms and reduction of the budget by half by GoI.

1.2.11.3 Priority in Coverage

As per Para 14 of the Guidelines, higher priority should be given in planning to coverage of zero *per cent* population covered habitations, 0-25 *per cent* population covered habitations, quality affected habitations, SC, ST and minority concentrated habitations. Further, Para 3.2(d) of the Guidelines stipulates that drinking water facility is to be provided, especially piped water supply, to Gram Panchayats that have achieved open defecation free status on priority basis. Coverage of schools, anganwadis and SC/ST population are discussed in the following paras.

¹⁶ Through common community connection

¹⁷ Per capita supply norm from 40 lpcd to 55 lpcd; reduction of horizontal/vertical distance between public stand post from 200 m to 100 m.

(i) Schools and Anganwadis

As per Para No. 9.8 of the Guidelines, all the States are required to compile data regarding the number of rural Government Schools and *Anganwadis* in existence and the number of them having drinking water facilities and to feed the data online in the Integrated Management Information System (IMIS). Those Governments rural Schools and *Anganwadis* (located in Government/public/community buildings) which do not have drinking water facilities are to be provided with drinking water facilities by end 2012-13.

It was observed in audit that the scheme was implemented without considering data regarding Schools and *Anganwadis* in violation of the guidelines as the same was not compiled/collected from the concerned departments. Coverage of Schools and *Anganwadis* is shown in **Table No. 1.2.6**.

Table No. 1.2.6 Coverage of Schools and Anganwadis in the State

| Year | Number of Schools | | | | Balance to be covered [2- (3+5)] | Number of Anganwadis | | | | Balance to be covered [7- (8+10)] |
|--------------|-------------------|--------------------------------------|-----------------------|------------------|----------------------------------|----------------------|--------------------------------------|-----------------------|------------------|-----------------------------------|
| | As on 1st April | Having access to safe drinking water | Targeted for coverage | Actually covered | | As on 1st April | Having access to safe drinking water | Targeted for coverage | Actually covered | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 2012-13 | 2,379 | 663 | 249 | 280 | 1,436 | 358 | 1 | 225 | 111 | 246 |
| 2013-14 | 2,379 | 943 | 2 | 323 | 1,113 | 358 | 112 | 0 | 91 | 155 |
| 2014-15 | 2,379 | 1,266 | 502 | 637 | 476 | 358 | 203 | 30 | 60 | 95 |
| 2015-16 | 2,379 | 1,903 | 387 | 69 | 407 | 358 | 263 | 43 | 12 | 83 |
| 2016-17 | 2,379 | 1,972 | 6 | 12 | 395 | 358 | 275 | 0 | 13 | 70 |
| Total | | | 1,146 | 1,321 | | | | 298 | 287 | |

Source: PHED, Manipur

As on 1 April 2012, only 663 schools (28 per cent) in the State had access to safe drinking water. During the period of review, 1,321 schools were covered leaving a balance of 395 schools (16 per cent) to be covered. Further, during the period of review, 287 *Anganwadi* centres (80 per cent) were covered leaving a balance of 70 *Anganwadi* centres (20 per cent) to be covered. Thus, the State could not fully provide drinking water facilities to all Government rural Schools and *Anganwadis* as on 31 March 2017 as per guidelines.

In the 19 GPs surveyed (August 2017), only 29 schools (50 per cent) out of 58 schools were provided with drinking water. Out of 112 *Anganwadi* centres surveyed, only 10 centres (9 per cent) were provided with drinking water (*Appendix 1.5*). Thus, the coverage in the selected districts was lower than coverage at the State level.

As per the table above, only 70 AWCs in the entire State were yet to be provided with drinking water. However, during survey, it was found that in the four selected districts, 102 AWCs (112 – 10) did not have access to drinking water. Hence, the data provided to audit by PHED, Manipur was not reliable. During Exit Conference (December 2017), the Department stated that the discrepancy will be reconciled with the Social Welfare Department. The reasons for not providing drinking water to Schools and *Anganwadi* as per guidelines was attributed to difficult terrain and shortage of fund.

(ii) Coverage of SC/ST population

As per Para 9.10 of the Guidelines, State Governments/UT Administration should separately monitor the status of assured availability of potable drinking water in SC/ST habitations.

Audit noticed that the number of uncovered SC/ST concentrated habitations was 561 with population of 6.22 lakh as on April 2012. The number of uncovered SC/ST concentrated habitations decreased from 561 in 2012-13 to 99 in 2015-16 and then increased to 167 during 2016-17 with a population of 2.49 lakh. The Department could not furnish the reasons for the huge increase in uncovered SC/ST habitation in 2016-17 and attributed fund constraint as reason for inability to fully cover the SC/ST habitations (December 2017).

(iii) Implementation of drinking water supply schemes under Open Defecation Free villages

As per Para 3.2 of the Guidelines, drinking water facility especially piped water supply is to be provided on priority basis to Gram Panchayats that have achieved Open Defecation Free (ODF) status.

As on August 2017, 119 habitations in 101 villages were ODF in the State. Number of ODF habitations fully covered by piped water supply was 84 (71 *per cent*) and by non-piped water supply was eight (6 *per cent*). The number of partially covered habitations were still high *i.e.*, 27 habitations (23 *per cent*).

In the four selected districts, 60 villages out of 67 ODF villages have piped water supply. In three ODF villages, the scheme was taken up and was under implementation. The scheme was yet to be taken up in four ODF villages (6 *per cent*).

The Department stated (December 2017) that every effort is being made to cover all ODF villages inspite of fund constraint.

1.2.11.4 Operation and Maintenance

To ensure sustainability of functioning of rural water supply programme, the State has to adopt improved Operation & Maintenance (O&M) methods for their better working and to control leakages. To meet expenditure on running, repair and replacement costs of drinking water supply projects, a maximum of 15 *per cent* of the annual NRDWP fund (10 *per cent* in the pre-revised guideline) are allocated. To enable the community to plan, implement and manage their own water supply systems, the State should transfer the Scheme to the Panchayati Rai Institutions (PRIs) particularly to the gram panchayats for management within the village. Further, State should devolve the required O&M fund to the PRIs for O&M of schemes managed by them.

During 2012-17, 1,920 schemes under NRDWP were completed. Out of these, 1,731 (90 *per cent*) were handed over to the PRIs and O&M fund of ₹ 1.95 crore was provided for only 673 (39 *per cent*) of them. In the 19 sampled GPs, only five GPs (26 *per cent*) were provided with O&M fund (**Appendix 1.5**). As can be seen from **Table No. 1.2.4**, total expenditure on O&M during 2012-17 was ₹ 142.09 crore (35 *per cent* of total expenditure). Hence the amount of O&M fund devolved (1.4 *per cent*) to the PRIs is

insignificant and not proportionate to the schemes handed over to the PRIs. In such a scenario, effective operation and maintenance of the schemes by the PRIs would be difficult.

The Department stated (December 2017) that even for the schemes handed over to VWSCs, chemicals (alum, lime, bleaching powder) are provided and the energy charges are also borne by the Department. As the quantum of expenditure on chemicals and energy charges was not provided, the Department cornering 98 *per cent* of the O&M fund could not be justified.

1.2.11.5 Sustainability

The main aim of providing sustainability of drinking water schemes is to ensure that such schemes do not slip back from universal access of safe drinking water to the community throughout the design period of the schemes. Suggestive list of works to be taken up under this component are check dams, percolation ponds/tanks, dug-wells/injection/skimming wells, ooranies/village ponds/ traditional water bodies, roof top (rain water harvesting), recharge shaft *etc.*

During 2012-17, 307 works under sustainability were taken up and an expenditure ₹ 31.92 crore was incurred. The main scheme taken up under Sustainability was rooftop rain water harvesting in schools and anganwadis by providing one storage tank of 300 litres, 500 litres or 1000 litre capacity each. The provision of such low capacity storage tanks without a regular water source except rainwater would not serve the purpose of sustainability and ensure the availability of drinking water to the schools and anganwadis throughout the year.

The Department accepted (December 2017) the sustainability issue raised and stated that arrangement was made within the fund constraints.

Slipped back habitations

Some fully covered habitations slipped back due to drying up of sources or inadequate operation and maintenance of the scheme. Slipped back habitations¹⁸ in the State decreased from 97 in April 2012 to six in April 2015. However, the slipped back habitations suddenly increased to 36 (1.3 *per cent*) in April 2016 as shown in **Table No. 1.2.7**.

Table No. 1.2.7 Status of slipped back habitations

| Month and Year | Number of Habitation | | | | Number of Habitation covered during the year | | | | No. of slipped back habitation/ newly emerged habitations | |
|----------------|----------------------|-------------------|------------------|-------|--|-------------------|------------------|-------|---|------------------|
| | Fully covered | Partially covered | Quality affected | Total | Fully covered | Partially covered | Quality affected | Total | Slipped back | Quality affected |
| April 2012 | 1,589 | 1,281 | 0 | 2,870 | 62 | 135 | 0 | 197 | 97 | 0 |
| April 2013 | 1,627 | 1,243 | 0 | 2,870 | 122 | 138 | 0 | 260 | 0 | 0 |

¹⁸ Habitations which were previously fully covered and reverted to partially covered due to drying up of sources or other reasons

| Month and Year | Number of Habitation | | | | Number of Habitation covered during the year | | | | No. of slipped back habitation/ newly emerged habitations | |
|----------------|----------------------|-------------------|------------------|-------|--|-------------------|------------------|-------|---|------------------|
| | Fully covered | Partially covered | Quality affected | Total | Fully covered | Partially covered | Quality affected | Total | Slipped back | Quality affected |
| April 2014 | 2,089 | 781 | 0 | 2,870 | 124 | 100 | 0 | 224 | 55 | 0 |
| April 2015 | 2,134 | 736 | 0 | 2,870 | 43 | 37 | 0 | 80 | 6 | 0 |
| April 2016 | 2,165 | 703 | 0 | 2,868 | 5 | 98 | 0 | 103 | 36 | 0 |
| April 2017 | 2,227 | 1,561 | 0 | 3,788 | NA | NA | NA | NA | NA | NA |

Source: IMIS/PHED, Manipur; NA: Not available in IMIS

In the four selected districts, 605 fully covered habitations (39 per cent of 1,561 habitations) slipped back as on 1 April 2016.

The Department attributed (December 2017) the sudden increase of the slipped back habitations was due to aging of water supply structures, drying up of sources, uncontrolled eradication of forest cover and damage due to natural calamities. The Department also stated that upgradation of water supply level from 40 lpcd to 55 lpcd *w.e.f.* April 2016 was one of the reason for slipped back. However, the Department was silent on the strategy to fully cover the slipped back habitations in a time bound manner.

1.2.12 Support activity

Support activities include five per cent of NRDWP expenditure on WSSO, DWSM, Block Resource Centres (BRCs), Information, Education and Communication (IEC), Human Resource Development (HRD), Management Information System (MIS) and computerization, Research and Development (R&D), etc.

During 2012-17, expenditure of ₹ 8.66 crore was incurred under support activities which was 2 per cent of the total expenditure against the prescribed norms of 5 per cent. Details of different activities carried out under support component like IEC, HRD, MIS and R&D of the scheme during the period of audit are as shown in **Table No. 1.2.8**.

Table No. 1.2.8 Support activities during 2012-17

| Year | No. of targeted IEC activities | No. of IEC activities undertaken | No. of training programme targeted under HRD | No. of trainees targeted to be covered | No. of Training programme conducted | No. of trainees covered | No. of R&D activity undertaken | No. of Computer training provided to person dealing with NRDWP |
|--------------|--------------------------------|----------------------------------|--|--|-------------------------------------|-------------------------|--------------------------------|--|
| 2012-13 | 51,311 | 14,110 | 28 | 440 | 9 | 340 | NIL | NIL |
| 2013-14 | 9,276 | 21,800 | 11 | 285 | 6 | 167 | NIL | NIL |
| 2014-15 | 11,449 | 15,315 | 73 | 2,301 | 26 | 1,157 | NIL | NIL |
| 2015-16 | 3,770 | 4,529 | 69 | 2,461 | 55 | 1,330 | NIL | NIL |
| 2016-17 | 532 | 147 | 37 | 1,632 | 12 | 366 | NIL | NIL |
| Total | 76,338 | 55,901 | 218 | 7,119 | 108 | 3,360 | NIL | NIL |

Source: CCDU/PHED, Manipur

During 2012-17, against the target of 76,338 activities; 55,901 IEC activities were undertaken and there was shortfall of 20,437 (27 per cent). There was sharp decrease in the number of IEC activities from 21,800 in 2013-14 to only 147 in 2016-17. Against a target of 218 training programmes under HRD, 108 trainings programme (50 per cent) were conducted. Only 3,360 trainees (47 per cent) were covered against the target of 7,119 trainees. Computer training and R&D activity were not taken up during the period of audit.

The Department stated (December 2017) that computer training was not required as the staff (Engineers and Data Entry Operators) have knowledge of computers. R&D activity was not taken up during the period of review due to shortage of manpower and fund. The decrease in number of IEC activities was attributed to exclusion of some activities such as IEC manuals/pamphlets/books published *etc.*

Shortfall in support activities under various components like training, IEC *etc.*, could adversely affect the implementation of the programme.

1.2.13 Water Quality Monitoring and Surveillance

From 2011-12, a separate component of Water Quality Monitoring & Surveillance (WQM&S) was created. Three per cent of NRDWP fund was allocated for Monitoring and Surveillance of water quality in habitations at field level and for setting up and upgrading Water Quality Testing Laboratories at State, District and Sub-District level.

1.2.13.1 Water Quality Testing Labs

As per Para No. 5.3.1 (xii) of Uniform Drinking Water Quality Monitoring Protocol, laboratories at all levels (i.e. State, District and Sub-District) shall strive for accreditation in a phased manner. State level laboratories shall be given top priority for obtaining accreditation by NABL¹⁹/ ISO-9001 at an early date.

The State has one State Laboratory, nine District laboratories and two Sub-District²⁰ (Divisional) laboratories. Only the State lab was NABL accredited (Chemical) and all District labs and two Divisional labs were not yet accredited.

Against the sanctioned strength of 14 posts in State laboratory the men-in-position as on date of audit (August 2017) was only seven. The State laboratory suffered from shortage of manpower. The Lab has no Senior Chemist/Senior Water Analyst, Chemist, Microbiologist/Bacteriologist and Data Entry Operator/Receptionist. The State Lab could monitor only 14 parameters out of 78 parameters specified in Uniform Drinking Water Quality Monitoring Protocol (UDWQMP).

Manpower in the sampled District labs is shown in **Table No. 1.2.9**.

¹⁹ National Accreditation Board for Laboratories

²⁰ Jiribam and Kangpokpi Division (the two labs become District lab after creation of new District in December 2016)

Table No. 1.2.9 Position of staff in the selected districts labs

| Sl. No. | Category of posts | Selected District Labs | | | | | | | | |
|--------------|-----------------------------------|---|-----------------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| | | Sanctioned strength (as per guidelines) | Bishnupur | | Churach andpur | | Senapati | | Thoubal | |
| | | | Men in position | Shortfall |
| 1 | Chemist | 1 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 |
| 2 | Microbiologist/Bacteriologist | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 |
| 3 | Lab Assistant | 2 | 1 | 1 | 2 | 0 | 1 | 1 | 1 | 1 |
| 4 | Data Entry Operator/ Receptionist | 1 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 |
| 5 | Lab Attendant | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 |
| 6 | Sampling Assistant/Peon | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 2 |
| Total | | 8 | 3 | 5 | 4 | 4 | 3 | 5 | 3 | 5 |

Source: Furnished by the Department

In the four selected districts, the labs did not have adequate space for analysis, storage, office and library. Microbiologist/Bacteriologist was not posted and the labs were being run/operated by a Chemist/Water Analyst, a Lab Assistant and a Data Entry Operator. The Districts labs could monitor only 12 parameters out of 34 parameters specified in the UDWQMP.

Thus, testing laboratories suffered from shortage of manpower and inadequate infrastructure.

The Department stated (December 2017) that the 13 basic minimum parameters prescribed by the Ministry are being tested in the State lab. Testing for arsenic, mercury, lead and chromium are also tested as and when required. In addition to the 12 parameters being tested in the districts labs, testing for e-coli and total coliform will be started soon.

From the reply, it is seen that all the mandatory tests specified by UDWQMP at the State lab and district labs were not conducted. Without conducting mandatory tests the quality of drinking water could not be ensured.

1.2.13.2 Water Quality Testing

To establish baseline status, State level laboratories²¹ shall monitor all drinking water quality parameters²² once in a year. Thereafter, depending upon the occurrence of specific parameters in drinking water sources and their local relevance, number of the parameters or frequency of analysis for some of the parameters may be reduced as deemed appropriate by the respective State Government. Services of State level laboratories would be utilized particularly for analysis of specific parameters like metals, pesticides, radioactive substances like uranium, bacteriological investigation, etc., and not for general parameters (which could be analysed in District and Sub-District level drinking water quality laboratories). Annual analysis load for District and Sub-District level is about 3000 samples/year.

²¹ Para 5.2.6 of UDWQMP

²² 78 parameters as specified in Annexure-IV of UDWQMP

During 2012-17, the State Lab tested only 1,101 (60 *per cent*) out of 1,800 water samples planned for testing. Since September 2016 the State Lab had started testing for presence of heavy metals in drinking water and tested only 12 samples (60 *per cent*) against the target of 20 testing for presence of heavy metal. The State Lab did not conduct any test to ascertain presence of pesticides/toxic elements and radioactive elements in drinking water.

In the four selected districts, the target²³ was not set as per the guidelines.²⁴ Against the target of 8,015 testing of source/delivery point set by laboratories (against 72,924 tests recommended as per guidelines), only 5,859 (73 *per cent*) tests were actually carried out by the district labs during 2012-17.

Thus, the State could not conduct testing of all source/delivery point to ensure quality of the drinking water. This could lead to providing of unsafe drinking water to some habitations.

The Department stated (December 2017) that the State lab being referral in nature tests samples received from various sources which does not have the facilities for testing the required parameters and does not have targets. Chemical parameters and bacteriological parameters are being tested once each in pre and post monsoon season from this year onwards. The Department, however, had not furnished any records on the claim.

1.2.13.3 Field Testing Kits

Field Testing Kits (FTKs) are used for primary detection of chemical and biological contamination of all drinking water sources in villages.

During 2012-17, the Department incurred an expenditure of ₹ 40 lakhs for purchase of 1,600 FTKs. Out of 1600 FTKs only 1551 FTKs were distributed to each GPs and leaving a balance of 381 FTKs²⁵ as on 31 March 2017. The remaining 715 GPs²⁶ (32 *per cent*) were not provided with FTKs for testing of sources.

In the four selected districts, only 10 VWSCs were formed in the 19 GPs surveyed out of which only seven were provided with FTKs and their representatives received training for use of FTK provided. The three remaining VWSCs were not provided with FTK (30 *per cent*). Details are shown in *Appendix 1.5*. In the absence of the FTKs, the VWSCs of the sampled districts would not be able to test their water sources for contamination.

The Department stated (December 2017) that all of the 1661 VWSCs have been provided with FTKs and imparted training in the use of FTK. The claim of the Department could not be verified as relevant documents were not provided.

²³ 72,924 (24308x3)

²⁴ Para No. 5.2.7 of UDWQMP (Twice a year/source for bacteriological parameters and once a year for chemical parameters with positive detects triggering clear pre-defined interventions)

²⁵ Including opening balance of 332

²⁶ 2,266 (GPs in the state) -1,551=715

1.2.14 Work Execution and financial irregularities

1.2.14.1 Status of schemes

Para 14 of the Guidelines stipulates that the works taken up are completed as per schedule and that there should not be any delay in execution which would result in cost escalation, non-utilisation of assets created, etc.

The details of delay in completion of scheme are given in **Table No. 1.2.10**.

Table No. 1.2.10 Delay in completion of scheme

| Schemes incomplete/ on-going as on March 2017 | Less than one year old | >= 1 to < 3 years old | >= 3 to < 5 years old | >= 5 to < 10 years old | >10 years old | Number of schemes delayed for more than 5 years due to | | |
|---|------------------------------|-----------------------------|-----------------------------|---------------------------------|---------------------|---|--|------------------|
| | No. | No. | No. | No. | No. | Funding | Non- availability/ drying of water source | Other reasons |
| Piped Water Schemes | 1 | 119 | 140 | 188 | 107 | 223 | 72 | - |
| Hand Pump/ Tube Wells | 0 | 5 | 2 | 3 | 0 | 3 | - | - |
| Others | 0 | 14 | 1 | 1 | 0 | 1 | - | - |
| Total | 1 | 138 | 143 | 192 | 107 | 227 | 72 | |

Source: PHED, Manipur

As can be seen, 299 schemes were delayed for more than five years on account of lack of funding (227 schemes – 76 per cent) and non-availability/drying up of sources (72 schemes). Out of these, 295 were Piped Water Scheme, three were Hand Pump/Tube Wells and one from others category. This indicates that priority was not given to completion of ongoing schemes over new schemes as envisaged in the guidelines of the Programme.

The Department attributed (December 2017) the delays to reduction of quantum of Central funding by 50 per cent since 2015. The reply is not acceptable as most of the delays were in respect of works taken up at least three years prior to 2015.

1.2.14.2 GI pipes worth ₹ 41.61 lakh not delivered

As per terms and conditions of the supply order, advances shall be paid to the supplier only after the receipt of irrecoverable Bank Guarantee (BG) of equal amount of advance paid from a Schedule Bank valid for the period until the supply is completed from the supplier and the supply shall be completed within 90 days from the date of payment of advances.

During December 2013 to September 2016, Churachandpur²⁷ and Senapati²⁸ PHE Divisions had issued supply orders to different firms²⁹ for supply of GI pipes worth ₹ 3.92 crore. The two Divisions had paid an advance amount of ₹ 3.79 crore to the firms. Goods worth ₹ 3.38 crore was received leaving a

²⁷ Supply order No. CE/PHE/2-G(R)/2016/5409 dated 26.09.2016: ₹ 88.90 lakh and No. CE/PHE/2-120(1)/2012/2365 dated 16.12.2013: ₹ 57.95 lakh.

²⁸ CE/PHE/2-G/2015/2364 dated 19.12.2013: ₹ 57.08 lakh; CE/PHE/2-G/2015/2835 dated 12.02.2015: ₹ 95.05 lakh; CE/PHE/2-G/2015/1576 dated 28.08.2015: ₹ 93.40 lakh

²⁹ M/s Nezone Industries Ltd, Guwahati & M/s Baba Strips & Tube Ltd., Kolkata

balance of ₹ 41.61 lakh yet to be delivered (August 2017) as shown in **Table No. 1.2.11**.

Table No. 1.2.11 Delay in delivery of materials

(₹ in lakh)

| Sl. No | Name of the Division | Value of Supply Order | Amount of advance paid | Value of goods received | Value of goods yet to be received | Delay period (in months) |
|--------------|----------------------|-----------------------|------------------------|-------------------------|-----------------------------------|--------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 (4-5) | 7 |
| 1 | Churachandpur | 146.85 | 133.71 | 115.77 | 17.94 | 11 to 44 |
| 2 | Senapati | 245.53 | 245.53 | 221.86 | 23.67 | 16 to 44 |
| Total | | 392.38 | 379.24 | 337.63 | 41.61 | |

It was observed that the Division had not obtained BG bond from the suppliers. From the table above it can be seen that there was an inordinate delay of 11 to 44 months in supplying the materials. The delay in delivery of materials could have a cascading effect on the implementation of the scheme. Moreover, there is high risk of loss on the undelivered GI pipe as the advance was not secured with a BG.

The Department attributed (December 2017) the delay in delivery was due to bandh, blockade, landslide, *etc.*, during the past 15 years. The reply is not acceptable as the reasons stated are intermittent in nature for short durations only.

1.2.14.3 Incomplete works - ₹ 42.68 lakh

Para 14 of the Guidelines states that while preparing the AAP, completion of the incomplete works shall be given priority over new works. It should be ensured that the works taken up are completed as per schedule and that there should not be any delay in execution which would result in cost escalation, non-utilisation of assets created, *etc.*

In June 2013, PHE Bishnupur Division started³⁰ the work “ARWS³¹ scheme (construction of settling tank, slow sand filter, service reservoir filter media and pump house)” at Toupokpi with the estimated cost of ₹ 40.03 lakh (excluding cost of GI pipe) to supply drinking water to Toupokpi village. Though ₹ 31.68 lakh had been incurred³² on the scheme, it has remained incomplete even after more than 24 months (August 2017) from the stipulated date of completion (June 2015). The Division had not included this ongoing work in the AAP for the year 2017-18 in contravention of the Guidelines (June 2015) which stipulates that incomplete work should be included in the AAP of the succeeding year. Further, GI pipes costing ₹ 15.79 lakh purchased for the schemes were yet to be issued to the work. On spot verification, it was found that the scheme seemed to have been abandoned as evident in **Picture No. 1.2.1**.

³⁰ Date of commencement: 6 June 2013; Stipulated date of completion: 5 June 2015

³¹ Accelerated Rural Water Supply

³² For construction component ₹ 15.89 lakh & procurement of pipe ₹ 15.79 lakh

Picture No. 1.2.1 Water Supply Scheme at Toupokpi, Bishnupur



Incomplete settling tank



Incomplete Reservoir

Further, 'RWS³³ Scheme at Nongmaikhong' in Bishnupur was taken up at an estimated cost of ₹ 20 lakh during 2012-13 under NRDWP (State). An expenditure of ₹ 11 lakh³⁴ was incurred for the scheme as on the date of audit. The pipes procured were not issued to the scheme. On spot verification, it was found that the scheme was not yet completed (July 2017) even after more than five years from the date of commencement.

The Division had not included this ongoing work in the AAP of the subsequent years.

Thus residents of Toupokpi and Nongmaikhong villages were deprived of water supply due to delay in completion of the works on which expenditure of ₹ 42.68 lakh (₹ 31.68 lakh + ₹ 11.00 lakh) was incurred.

The Department stated (December 2017) that the work could not be completed due to contractual problem and financial crunch. The works will be completed by including in the work programme 2018-19.

1.2.14.4 Unfruitful expenditure of ₹ 66.12 lakh

The PHE Thoubal Division awarded (November 2010) four sub-heads³⁵ of "ARWS scheme of Langmeidong", at a tendered value of ₹ 48.89 lakh which was completed in November 2013. As on March 2016, the contractor was paid ₹ 47.68 lakh for the value of work done. From the Cash Book, it was noticed that ₹ 18.44 lakh was paid (September 2012 to June 2015) to another contractor for providing and laying of pipeline, filter media, installation of power, etc., on the same scheme.

On spot verification (August 2017), it was found that the scheme was not commissioned and the asset created was in a deplorable condition as shown in **Picture No. 1.2.2.**

³³ Rural Water Supply

³⁴ Construction of settling tank (₹ 8 lakh) and purchase of GI pipe (₹ 3 lakh).

³⁵ Construction of slow sand filter 2 units, c/o service reservoir, construction of pump house 2 nos. and Land development at treatment site.

Picture No. 1.2.2 Water Supply Scheme at Langmeidong, Thoubal



Deplorable condition of Slow sand filter for treatment of raw water



Reservoir and Pump House for storing treated water for further distribution

The items executed for ₹ 18.44 lakh *ibid* could not be found at the work site as the same were not executed. Thus, given the condition of the existing structures, an expenditure of ₹ 66.12 lakh³⁶ incurred on the scheme was unfruitful.

The Department stated (December 2017) that for commissioning the scheme, a separate sanction is required for construction of settling tank, pipeline and energisation and the same is being proposed for work programme of 2018-19. The expenditure of ₹ 18.44 lakh was utilised for clearing the liabilities of works taken up at Keirak for Langmeidong W/S scheme. The reply is not acceptable as the documents produced could not substantiate the claim of the Department.

1.2.14.5 Expenditure incurred on abandoned work - ₹ 5.17 lakh

The Department had constructed a Settling Tank and Filter Media for Water Supply Scheme at Kekmayai, Thoubal which were not in use since long time back due to want of pipelines, pump set, *etc.* The Department, however, spent ₹ 5.17 lakh on distribution pipeline, media filter and construction of Chowkidar quarter during April 2013 to October 2015.

On spot inspection (August 2017), it was noticed that Kakmayai water supply scheme was abandoned and there was no evidence of execution of the stated items as shown in **Picture No. 1.2.3**.

³⁶ ₹ 47.68 lakh + ₹ 18.44 lakh

Picture No. 1.2.3 Water Supply Scheme at Kakmayai, Thoubal



Filter Media (left) and Settling tank (right) overgrown with grasses

The Department stated (December 2017) that the scheme was not commissioned for want of pipeline, pump set and energization due to financial crunch and the same is being proposed for work programme 2018-19. Given the deteriorated state of the assets in place, it is doubtful if additional investment would be fruitful to revive the scheme.

1.2.14.6 Delay in completion of work

In September 2010, PHE Thoubal Division started the Water Supply Scheme³⁷ of Bitra at the estimated cost of ₹ 12.88 lakh and stipulated for completion by September 2013. As on August 2017, the contractor was paid ₹ 13.23 lakh against the value work of work done of ₹ 13.92 lakh.

On spot verification (August 2017) it was found that the item of work “L/F of raw water distribution pipelines” was not executed even after three year from the stipulated date of completion as shown in **Picture No. 1.2.4**. Thus, delay in completion of the scheme has deprived the beneficiaries the benefits of the scheme.

The Department stated (December 2017) that the scheme was included in the work programme for 2017-18 and will be completed within the financial year. The progress of the work had not been intimated by the Department (February 2018).

Picture No. 1.2.4 Water Supply Scheme at Bitra, Thoubal



Distribution pipelines not executed even after three years from the stipulated date of completion

³⁷ Construction of settling tank, slow sand filter, service reservoir, Providing and Laying (P/L) of filter media and laying and fixing (L/F) of raw water distribution pipelines

1.2.14.7 Doubtful execution of work - ₹ 62.71 lakh

During 2012-17, PHE Kangpokpi Division, Senapati District had incurred an expenditure of ₹ 43.02 lakh for purchase of construction materials and laying of pipe line for the work 'Supply of drinking water to 227 Government schools and 108 Anganwadi centres'. The works were executed through two NGOs and four contractors without calling of tenders in violation of CPWD Works Manual³⁸. Thus, there was no transparency in execution of the work. Moreover, documents to support actual execution and payments made were not available on record.

It was also noticed that PHE Thoubal Division took up (July 2013) the work 'Providing of drinking water to 100 Anganwadi centres at the tender amount of ₹ 19.69 lakh³⁹. The works were stated to have been completed in December 2013 and full value of the work done was paid to the contractor. It was noticed that the list of Anganwadi centres (name and location) where water supply has to be provided was not mentioned in the work order or in agreement. There was no record of measurements for the works executed. As the IMIS database has only 72 Anganwadi centres (July 2017) in Thoubal District, execution of the scheme in 100 Anganwadi centres was doubtful. During on spot verification (August 2017), it was also seen that all the Anganwadi centres located in the 13 habitations visited did not have drinking water facility.

In view of the above, actual execution of the works costing ₹ 62.71 lakh⁴⁰ was doubtful.

The Department admitted (December 2017) that relevant records were not traceable during the course of audit and enclosed some photographs in respect of PHE Kangpokpi Division and list of 100 Anganwadi centres in respect of PHE Thoubal Division. However, in the absence of other link documents, the claim could not be verified.

1.2.14.8 Inadmissible expenditure – ₹ 65.87 lakh

- The NRDWP Guidelines does not have provision for development of office infrastructure. In contravention to this, Churachandpur PHE Division spent ₹ 16.38 lakh (March 2013) for extension of its office building from NRDWP Central Plan fund⁴¹. The Department stated (December 2017) that the expenditure was incurred from State Plan. The reply is not acceptable as the scheme guidelines did not allow construction of office building under Central and State Share.
- As per Para 5.3 (iii) of Uniform Drinking Water Quality Monitoring Protocol (UDWQMP), NRDWP funds (Programme or support) shall not be used for construction of buildings for district/sub-divisional laboratories. It was noticed in audit that the Director, Community and Capacity Development Unit (CCDU) diverted ₹ 10 lakh from Support fund for construction of Divisional laboratories at Lamphelpat

³⁸ Section 14.1 of CPWD works manual requires that tenders should be called for all works costing more than ₹ 50,000.

³⁹ ₹ 19,68,732 which is 8 per cent above the estimated cost of ₹ 18,22,900

⁴⁰ ₹ 43.02 lakh + ₹ 19.69 lakh

⁴¹ No. 7/76/2011-PHE(A) dated 24th March 2012

(July 2012). In reply the Department stated (December 2017) that the expenditure was admissible. The reply is not acceptable since only renovation/refurbishment cost of existing building (if required) for laboratories is allowed from NRDWP (3 per cent WQMS) funds.

- Bishnupur PHE Division diverted Support activity fund amounting to ₹ 12.34 lakh for construction of conference hall (July 2014), digging of well (June 2015 and March 2016) and purchase of goods such as conference microphone and LED TV (February 2015), mobile phones (March 2015), almirah (March 2015) and table (October 2015), etc., which were not support activities of the scheme. The Department in their reply stated (December 2017) that the expenditure was admissible under support fund. The reply is not acceptable as the above items are not listed under support activities in the guidelines.
- Thoubal PHE Division diverted ₹ 27.15 lakh for purchase (September 2016) of two vehicles and charged to the work “Augmentation of Water Supply Scheme of Waithoupat village”. One vehicle was issued to the Minister of PHED and the other was issued to the Chief Engineer, PHED. The Department stated (December 2017) that the expenditure was incurred from State Plan. The reply is not acceptable since purchase of vehicle is not allowed in the scheme guidelines of the programme.

Thus the Department incurred inadmissible expenditure of ₹ 65.87 lakh (₹ 16.38 lakh + ₹ 10 lakh + ₹ 12.34 lakh + ₹ 27.15 lakh) on four occasions as stated above.

1.2.14.9 Other irregularities

- During 2012-17 the Ministry of Drinking Water & Sanitation had imposed cut in Central allocation amounting to ₹ 1.83 crore due to various reasons as shown in **Table No. 1.2.12**.

Table No. 1.2.12 Details of cut imposed by the Government of India

(₹ in crore)

| Year | Component | Cut imposed | Reasons |
|--------------|---|-------------|--|
| 2014-15 | Support | 0.12 | Late submission of proposal |
| 2014-15 | Water Quality Monitoring & Surveillance | 0.96 | Excess balance or underutilization of fund |
| 2015-16 | Operation and maintenance | 0.75 | Excess expenditure on O&M |
| Total | | 1.83 | |

Source: Departmental records

- Due to late submission of proposal, underutilization of fund and excess expenditure on Operation and Maintenance, the State was deprived of ₹ 1.83 crore which would have an adverse impact on the implementation of the scheme. The Department attributed (December 2017) this to non-release of fund by the State Finance Department. The reply is not acceptable as the reason for deduction was not due to delay in release of fund by the State Finance Department.
- In September 2016, the Government of India released Natural Calamity Fund amounting to ₹ 1.23 crore for mitigation of earthquake situation

(January 2016) and restoration of damaged rural drinking water supply system in the affected areas of the State. It was noticed that the Fund was not released to the implementing agencies by the State Government (August 2017). The Department stated (December 2017) that the works were delayed due to election and heavy monsoon during 2017 and being targeted to complete by March 2018. The reply is not acceptable as the process of State election was completed in March 2017 and the fund was still not released as of February 2018.

- With effect from April 2014, GoI stopped the practice of directly releasing its share of NRDWP fund to the bank account of SWSM and instead, released fund to the State Government, who in turn was required to release the same to the implementing Divisions through Cheque Drawal Authority (CDA). It was noticed that as on date of audit (August 2017), the bank account of SWSM had a balance of ₹ 1.01 crore, thereby impacting the implementation of the scheme to that extent. The Department stated (December 2017) that the amount will be utilised within the current financial year. As work plan/programme for utilization of the amount was not furnished, Audit could not ascertain the Department's claim.

1.2.15 Monitoring and Evaluation

1.2.15.1 Monitoring and Evaluation

Monitoring and evaluation of the scheme is important as it can be an effective way to monitor the efficiency with which the different components of the project are being implemented and suggest improvements and evaluate the extent to which the scheme/project is able to achieve its stated objectives.

As per programme guidelines, DWSM should constitute a team of experts in the district who should review the implementation in different blocks at least once in a quarter.

The State and District officers did not review the scheme through field inspection during the period of review. The following shortfalls were also noticed:

- No social audit was conducted during the period of review;
- Complaint Grievance Redressal Mechanism does not exist at the State and District level;
- No evaluation study has been taken by any agency or organisation; and,
- There was no Special Monitoring Cell and Investigation Unit at the State Headquarters.

The Department stated (December 2017) that though there is no specific Grievance Cell, efforts is made to redress all complaints received. As the Department had enough qualified engineers, evaluation by any other agency was not required. Overall monitoring was being done by the Planning and Monitoring Circle headed by a Superintendent Engineer. In the absence of documented evidence of the monitoring and evaluation of schemes, reply of the Department could not be vouched.

1.2.15.2 Integrated Management Information System

The Integrated Management Information System (IMIS) of the Ministry acts as repository of all data with respect to monitoring and implementation of Rural Drinking Water Supply Programme. The data is entered by the States online at the Division, District and State Levels. Guideline provides that all reporting viz. the Annual Action Plan, Water Quality Testing Reports and the Physical and Financial Progress Reports must be online and the data along with action taken by the appropriate agencies is to be monitored online through the website. IMIS enable States to fully utilize the computing power for planning, monitoring and implementation of various activities in the sector and making the relevant data available at the Centre server through the IMIS application. Certain lapses in IMIS were noticed as discussed in the following paragraph.

1.2.15.3 Discrepancies between IMIS and actuals

Para 11.11(3) of the Strategic Plan 2011-22 of the Ministry states that cross checking and independent verification of IMIS data including through reputed NGOs, academic institutions *etc.*, would be done to improve reliability of the database. The State did not take up this exercise and hence there were discrepancies between the IMIS figures and the actuals.

Some of the discrepancies noticed in the in the 19 sampled GPs/villages are discussed below:

- As per IMIS, 53 schools were provided with drinking water. However, on spot verification, only 25 schools were actually provided with drinking water. Details are shown in **Appendix 1.9**.
- As per IMIS, there were only 15 *Anganwadi* centres. However, during survey of the GPs/Villages, there were 113 *Anganwadi* centres. There was wide variation between the IMIS figure and the actuals. As per IMIS, 14 *Anganwadi* centres were provided with drinking water. On spot verification it was noticed that only 10 centres were provided with drinking water facility. Details are shown in **Appendix 1.10**.

The following issues were also noticed in respect of the database for the State:

- **Format E29** (Contaminated habitations as per lab testing) showed two arsenic affected habitations in Imphal East during 2016-17. On cross verification with the records it was found that there was no arsenic contamination. Besides, the District Lab was not equipped for such type of testing.

The Department stated (December 2017) that arsenic content was entered through oversight and the same has since been rectified. Audit, however, noticed that the discrepancy was not rectified though claimed by the Department (February 2018).

- **Format C-34** (SC/ST/DDP-Category-wise Project Shelf) gives the details of schemes in SC/ST concentrated districts. The following irregularities were noticed:
 - SC concentrated habitations of Meichakpi & Mutum Yangbi in Imphal West district showed SC population as 'nil' (2012-13).

- In 2013-14, Thoubal Khunou habitation in Thoubal district was shown as both SC and ST concentrated habitation though ST population was 'nil'.
- In 2014-15, Kanto habitation in Imphal West district was shown as SC concentrated habitation though the population of General (371) was higher than that of SC (140). Also three habitations – Harinagar, Binselu and Latingkhal in Imphal East district which were SC concentrated habitations were shown as ST concentrated habitations.

Such irregularities unless rectified would entail wrong targeting of beneficiaries in the AAP thereby resulting in denial of benefits of the scheme to the genuine and deserving stakeholders.

- As per **Format C-36** (No. of individual households with PWS Connections), opening and closing balances in respect of household connections with PWS pertaining to the years 2013-14, 2014-15, 2015-16 and 2016-17 do not match with each other. This indicates that even the basic level of data consistency was not adhered.

The Department stated (December 2017) that discrepancies were on account of non updation of data and the same will be rectified during the next yearly data updation exercise.

1.2.16 Conclusion

The State did not prepare Strategic Plan for implementation of the programme. The Annual Action Plan did not give priority to low coverage habitations. Component wise expenditure was not ensured as per the norms prescribed in the guidelines. In-admissible works were charged to Programme fund. Fully covered habitations was low *i.e.*, 63 habitations (based on per capita supply of 55 lpcd) during 2016-17 which constitute two *per cent* of the total 2,868 rural habitations in the State. Significant number of rural Schools and *Anganwadi* centres were yet to be covered in the State. Slipped back habitations increased due to drying of sources, aging pipelines *etc.* Testing Laboratories suffered from shortage of man power and inadequate infrastructure. Significant number of schemes were delayed for more than five years. The State and District officers have not conducted review of the scheme through field inspection during the period of review. The Integrated Management Information System data were not cross checked or an independent verification was not carried out through reputed NGOs, academic institutions, *etc.*, to improve reliability of the database.

1.2.17 Recommendations

The State Government may consider to:

- Prepare Strategic Plan for implementation of the scheme and should prepare different water security plans at different levels as envisaged in the Guidelines;
- Ensure component wise utilisation of funds as per prescribed norms in the Guidelines;
- Accord priority to completion of on-going schemes and cover all rural Schools and *Anganwadi* centres;
- Strengthen laboratories in respect of infrastructure as well as manpower so that water samples are tested in adequate quantity and water quality is ensured for all habitations; and
- Strengthen the monitoring activities and to ensure the reliability of the database of Integrated Management Information System.

COMPLIANCE AUDIT

PUBLIC HEALTH ENGINEERING DEPARTMENT

1.3 Short realization of water charges

Failure of the Department to enforce provisions of the Manipur Water Supply Act, 1992 had resulted in short realization of water charges to the tune of ₹ 13.88 crore

As per Section 23 of the Manipur Water Supply Act, 1992, the consumers are required to pay water charges at the rates fixed by the government from time to time within 15 days from the date of receipt of the bill, failing which the department is empowered to disconnect the water connection. Under Section 27, a person who contravenes any of the provisions of this Act and rules framed there under shall be punished with simple imprisonment of one month which may extend to six months or with fine of Rupees Five Hundred which may be extended to Rupees Three thousand or both.

Scrutiny of records of the Executive Engineer, Water Supply Maintenance Division-I (WSMD-I) and the Executive Engineer, Water Supply Maintenance Division-II (WSMD-II) of Public Health Engineering Department (PHED) in February 2016 and July 2016 respectively revealed that the water charges amounting to ₹ 9.90 crore was due from 27,967 numbers of consumers under both the Divisions. Details for both the Divisions are given in *Appendices 1.11 and 1.12*.

Audit noticed that water meters were not installed under both the Divisions. The consumers were billed on flat rate approved by the Government in March 2011. There was no predefined schedule for serving on bills by the Bill Distributors. Both the Divisions stated that they do not have sufficient manpower to collect water charges and left it to the consumers to download the bills from the Department's website and make payment. In the absence of any institutional mechanism for regular serving of bills, raising of demand and collection of dues; only ₹ 5.39 crore (₹ 2.46 crore + ₹ 2.93 crore) was recovered leaving an outstanding amount of ₹ 13.88 crore as shown in **Table No. 1.3.1**.

Table No. 1.3.1 Details of water charges due, collected and outstanding

(₹ in crore)

| Division | No of Consumers | Period | Amount Due | Amount Collected | Amount Outstanding (4-5) | Post audit | | | Net outstanding (6+8-9) |
|--------------|-----------------|--------------------------|-------------|------------------|--------------------------|----------------------|-------------|------------------|-------------------------|
| | | | | | | Period | Amount due | Amount Collected | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| WSMD-I | 21,382 | As on Jan 2016 | 6.39 | 2.46 | 3.93 | Feb 2016 to Jul 2017 | 7.19 | 2.46 | 8.66 |
| WSMD-II | 6,585 | April 2015 to March 2016 | 3.51 | - | 3.51 | Apr 2016 to Jul 2017 | 2.17 | 0.47 | 5.22 |
| Total | 27,967 | | 9.90 | 2.46 | 7.44 | | 9.36 | 2.93 | 13.88 |

Till date of audit, there was no record of action taken on the defaulters as per provisions of the Act *ibid*. The Divisions served disconnection notices in April 2017 (by WSMD-II) and July 2017 (by WSMD-I) only after the issue was raised by Audit.

The matter was reported to the Government (August 2017). In response, the Government stated (September 2017) that all efforts are being made to collect the outstanding water charges from the consumers by initiating wide publicity through newspaper, TV channels, All India Radio *etc.*, and also organizing Rent Collection Camps in Co-ordination with local clubs. As of July 2017, WSMD-I was able to collect an additional amount of ₹ 2.46 crore after audit against dues of ₹ 11.12 crore while WSMD-II had collected ₹ 0.47 crore against dues of ₹ 5.68 crore as shown in **Table No. 1.3.1**.

Based on the reply and the records submitted, it is seen that the outstanding water charges in respect of WSMD-I as of July 2017 has increased to ₹ 8.66 crore as shown in the table. In respect of WSMD-II supporting document for the amount stated to have been collected was not submitted nor was any information of collection of revenue for subsequent periods submitted. However, taking the reply at face value, the outstanding against consumers of WSMD-II as of July 2017 works out to ₹ 5.22 crore.

Thus, there was short realization outstanding water charges to the tune of ₹ 13.88 crore as of July 2017 from the consumers under WSMD-I and WSMD-II.

VETERINARY AND ANIMAL HUSBANDRY DEPARTMENT

1.4 Short realization of royalty

There was short realization of royalty of ₹ 20.23 lakh as no action was taken by the Department to renew the lease/MoU which had expired on 30 June 2015

A Memorandum of Understanding (MoU) was signed in April 2010 between Government of Manipur and Manipur Milk Producer's Co-operative Union Ltd. Clause 4 and 5 of the MoU states that Central Dairy Plant, Porompat shall be handed over to the Co-operative Union on lease basis initially for a period of five years and the Co-operative Union will pay a royalty of ₹ 1/- per litre of milk for utilizing the equipment and machineries of the Government. The royalty amount may be revised as agreed between the parties from time to time. Further, in the event of breaching the terms of contract the Government shall take up action as per Clause 11 of the MoU⁴².

⁴² In the event of any unsatisfactory performance or non-performance or violation of the clauses of this MoU by the Manipur Producer Cooperative Union to operate the dairy thereby causing a failure of the regular functioning, this MoU at the option of the State Government may stand determined and the Government shall be entitled to re-enter the dairy plant, recover the existing infrastructure comprising the building, land, equipment, machineries, assets, properties, its management and business rights facilities of the Dairy Plant, all that has been transferred under this MoU without prejudice to recover arrears and any damage against the Union.

Scrutiny of the records (October 2016) of the Deputy Director, Central Dairy Plant and further records submitted by the Department (October 2017) revealed that the Co-operative Union had processed 39.46 lakh litres of milk during April 2014 to March 2017. As per the MoU, the Co-operative Union was to remit ₹ 39.46 lakh to the Government as royalty for the milk collected during the period as shown in **Table No. 1.6.1**.

Table No. 1.6.1 Details of milk processed and outstanding royalty from April 2014 to March 2017

| Year | Milk processed (in litres) | Royalty realizable (₹ in lakh) | Royalty paid (₹ in lakh) | Royalty outstanding (₹ in lakh) |
|--------------|-------------------------------|--------------------------------------|-----------------------------|---------------------------------------|
| 2014-15 | 16,39,722 | 16.40 | 14.88 | 1.51 |
| 2015-16 | 15,60,472 | 15.60 | - | 15.60 |
| 2016-17 | 7,46,159 | 7.46 | 4.35 | 3.11 |
| Total | 39,46,353 | 39.46 | 19.24 | 20.23 |

From the above table, it is observed that the Co-operative Union paid only ₹ 19.24 lakh as royalty to the Department. Thus, there was short realization of royalty amounting to ₹ 20.23 lakh. Further, the MoU had expired on 30 June 2015 and has not been updated (October 2017).

Thus, there was short realization of royalty to the tune of ₹ 20.23 lakh as no action was taken by the Department to renew the lease/MOU which had expired on 30 June 2015.

The matter was reported to the Department (August 2017). The Department stated (October 2017) that the Co-operative Union had been requested to clear the outstanding royalty amounts (May 2016, May 2017, August 2017 and September 2017). However, the Department did not initiate action taken up to recover the Dairy Plant and its infrastructure as provided in Clause 11 of MoU *ibid*. Further, status of recovery of outstanding royalty was awaited (February 2018).

IRRIGATION AND FLOOD CONTROL DEPARTMENT⁴³

1.5 Short realization of water charges

The Department failed to realise water charges amounting to ₹ 31.59 lakh against irrigation facility utilised under three irrigation projects

As per the decision of the State Cabinet in its meeting held on 24 August 2013, the water rates for irrigation purposes were revised as shown in **Table No. 1.7.1**.

⁴³ Government of Manipur renamed Irrigation and Flood Control Department as *Water Resources Department* in September 2017.

Table No. 1.7.1 Details of water rates for irrigation purposes

| Season | Crops | Water rates per hectare (in ₹) | |
|----------------------|----------------------|--------------------------------|---------------|
| | | Previous Rates | Revised Rates |
| Rabi ⁴⁴ | Paddy-I | 150 | 602 |
| | Wheat | 75 | 305 |
| | Moong, Peas, Mustard | 45 | 184 |
| Kharif ⁴⁵ | Paddy-II | 75 | 305 |
| | Others | 45 | 184 |

The water rates were to be increased for subsequent years by 8.5 per cent (automatically applicable from 1st April every year).

Scrutiny of records (February 2016) of the Executive Engineer, Irrigation Maintenance Division-II, Irrigation and Flood Control Department (IFCD) revealed that between 156.20 to 3,950 hectares was irrigated during *Kharif* season of 2007-08 to 2015-16 under three irrigation projects viz., Sekmai Barrage Project, Imphal Barrage Project and Singda Dam Irrigation Project. However, for the year 2016-17, the three projects have been idle as they did not irrigate any area. As per the water rates *ibid*, ₹ 34.82 lakh was collectible as water charges from farmers in respect of the three projects are as shown in **Table No. 1.7.2**.

Table No. 1.7.2 Water charges collectible from irrigated projects

| Year | Irrigated areas (in hectares) | | | | Water charge amount (₹ in lakh) | | | |
|-----------------------|-------------------------------|-------------------|---------------|-----------------|---------------------------------|--------------|------------------------|--------------|
| | Sekmai barrage | Imphal barrage | Singda dam | Total area | Rate (₹ per hectare) | Due | Collected and remitted | Outstanding |
| 2007-08 | 1,600 | 1,050 | 850 | 3,500 | 75 | 2.63 | - | 2.63 |
| 2008-09 | 1,850 | 1,200 | 900 | 3,950 | 75 | 2.96 | 0.11 | 2.85 |
| 2009-10 | 1,700 | 1,200 | 870 | 3,770 | 75 | 2.83 | 0.94 | 1.89 |
| 2010-11 | 1,650 | 1,200 | 850 | 3,700 | 75 | 2.78 | 0.01 | 2.77 |
| 2011-12 | 1,650 | NIL ⁴⁶ | 800 | 2,450 | 75 | 1.84 | 0.38 | 1.46 |
| 2012-13 | 1,650 | | 800 | 2,450 | 75 | 1.84 | 0.57 | 1.26 |
| 2013-14 ⁴⁷ | 1,650 | 600 | 800 | 3,050 | 305 | 9.30 | 0.28 | 9.02 |
| 2014-15 | 1,650 | 600 | 800 | 3,050 | 331 | 10.09 | 0.39 | 9.71 |
| 2015-16 | 156.20 | Nil | Nil | 156.20 | 359 | 0.56 | 0.56 | - |
| 2016-17 | Nil | Nil | Nil | Nil | 390 | Nil | Nil | Nil |
| Average | 1,355.62 | 585.00 | 667.00 | 2,607.62 | Total | 34.82 | 3.24 | 31.59 |

The Division collected and remitted only ₹ 3.24 lakh (9.3 per cent of the amount due) from farmers benefited under these projects thereby leaving an outstanding water charges of ₹ 31.59 lakh.

The matter was reported to the Department (August 2017). On this being pointed out, the Department stated (June 2017, October 2017 and November 2017) that water charges could not be collected from the beneficiaries during 2007-10 and 2016 due to inundation of flood. The Government further stated (February 2018) that the average irrigation potential of irrigated areas under the

⁴⁴ *Rabi* crops means crops cultivated in winter season.

⁴⁵ *Kharif* crops means crops cultivated in monsoon season.

⁴⁶ As stated by the Department, "Due to damage of crest gate No. 2."

⁴⁷ Figures were not furnished. However, figures for the immediate previous/next year were taken.

three dams/barrages as pointed out by Audit may not be based on ground realities. The reply is not acceptable as the facts and figures were based on the Department's records. The Department also stated that due to financial constraints, defects and damages to the dams and barrages and their gates have hindered the Department to provide proper irrigation to the command areas. The Department stated that the matter of repairing of the dams and barrages are being taken up, however, further action has not been intimated to Audit.

Audit also examined the responses to queries (on the three projects) raised by North Eastern Regional Institute of Water and Land Management, Assam with regard to a study on '*Water use efficiency*' on these three irrigation projects. The Department had stated (May 2014) that the command areas of these projects are well drained and free from water logging to which the Government denied (February 2018) that there is no such record. However, the statement is based on the Department's records⁴⁸.

The Department also stated that water logging has occurred in major areas during February to March 2007, February to April 2010 and November 2015 to January 2016. However, the Department did not comment on the remaining periods where there was no water logging, and hence, the reply of the Department cannot be fully accepted for the period.

Thus, the Department failed to realise revenue from water charges amounting to ₹ 31.59 lakh against irrigation potential utilised under the three irrigation projects.

⁴⁸ Letter No. EE/IMD-II/Tech-8/2013-14/32 dated 09 May 2014 from Executive Engineer, IMD-II to Chief Engineer, Irrigation and Flood Control Department.