



CHAPTER I

PERFORMANCE REVIEWS

- 1.1 Minor Irrigation Projects**
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CHAPTER I : PERFORMANCE REVIEWS

AGRICULTURE DEPARTMENT (IRRIGATION WING)

1.1 Minor Irrigation Projects

The execution of minor irrigation projects in the State is vested with the Irrigation Wing of the Agriculture Department. Performance review on various minor irrigation projects in the State revealed that only 13 per cent of ultimate irrigation potential in the State was covered under irrigation till March 2009. Even the irrigation potential created was not fully utilised which adversely affected the contribution of minor irrigation projects. There was no significant increase in agricultural production as the area of cultivable land did not register any increase.

Highlights

Though the department claimed creation of irrigation potential of 29,313.84 hectares of land, the actual area was 22,849.03 hectares as 40 projects completed at a cost of Rs. 2.26 crore had become non-functional due to various reasons between 1982-99 depriving irrigation to an area of 6,378.61 hectares of land was one of the major contributing factor.

(Paragraph 1.1.11.2)

Achievement of the target for coverage of cultivable area under surface water during 2004-09 was only 36 per cent.

(Paragraph 1.1.11.4)

Execution of Madan Nongthrad Flow Irrigation Project without conducting sub-soil investigation and geo-physical survey, led to discontinuation of the project mid-way thereby rendering the expenditure of Rs. 2.44 crore wasteful.

(Paragraph 1.1.13.1)

Due to use of 21 year old pipe taken out from a non-functional project on execution of Ichamati Flow Irrigation Project, there is every possibility of the project completed at Rs. 3.01 crore becoming non-functional.

(Paragraph 1.1.13.4)

The Department incurred unproductive expenditure of Rs. 4.61 crore due to execution of the project without proper survey, delay in completion of headwork and inaction to repair the defects of the project.

(Paragraphs 1.1.13.2, 1.1.14.1 & 1.1.14.2)

1.1.1 Introduction

Meghalaya is basically an agrarian State with about 70 per cent of its population depending on agriculture and allied activities for their livelihood. The State is, however, deficit in foodgrain production. Therefore, the irrigation sector has a vital

role to play for lifting the economic condition of the people and the development of the State as a whole. Providing assured irrigation to agriculture sector is undoubtedly one of the major inputs for increasing the production of both food and commercial crops. Thus, the ultimate goal of the irrigation sector is to increase the production of cultivable lands by way of providing irrigation facilities thereby enabling the farmers to go in for double or multiple cropping cultivations.

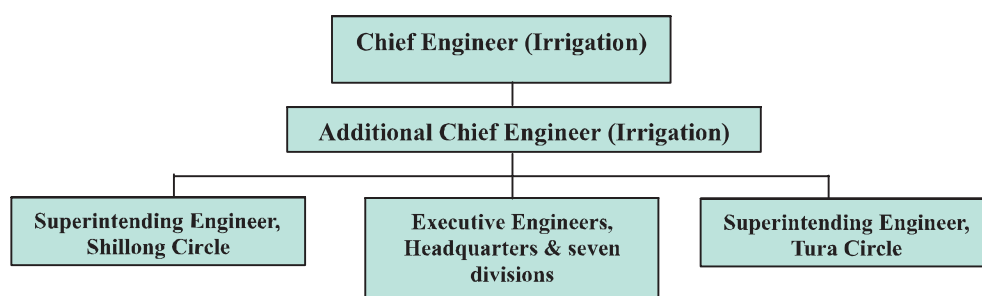
The identified ultimate irrigation potential in the State is 2.18 lakh hectare (ha) under agriculture sector. As against the coverage of ultimate irrigation potential of 78 *per cent* at the National Level, the irrigation coverage in Meghalaya was anticipated to be only 13 *per cent* (28,340 ha) up to the end of Tenth Plan period (2002-07). During the Eleventh Plan (2007-12), 16,500 ha is targeted to be brought under irrigation.

The 'Irrigation Wing' under the Agriculture Department is responsible for providing irrigation facilities for cultivable land wherever necessary through Deep Tube Well, Flow Irrigation, Lift Irrigation, *etc.* Since its creation (1974-75), the Irrigation Wing is implementing various State Plan Schemes for creation of irrigation potential in the State. Meanwhile, the Government of India launched the Accelerated Irrigation Benefits Programme (AIBP) in 1996-97 to provide central loan assistance to States to expedite completion of major and medium surface irrigation projects. During 1999-2000, surface minor irrigation schemes (both new and ongoing) of special category States were also brought under the purview of AIBP.

1.1.2 Organisational set up

At the Government level, the Principal Secretary of the Agriculture Department is responsible for overseeing the implementation of the minor irrigation projects. The organisational structure for implementation of the projects in the State is detailed below:

Chart 1.1.1



1.1.3 Scope of Audit

Performance review of minor irrigation projects (AIBP and State sector) covering the period 2004-09 was conducted (April-June 2009) through a test-check of the records of the Chief Engineer (CE), Irrigation and three out of seven Executive Engineers (EE) covering 27 *per cent* (Rs. 31.81 crore) of the total expenditure (Rs. 118.18 crore) incurred during the period. Out of 73 minor irrigation projects under execution

in the selected three districts¹ (out of seven) during 2004-09, 28 projects (AIBP: 11; State sector: 17) were selected for detailed check during audit.

1.1.4 Audit Objectives

The performance audit was conducted with the objective of assessing whether:

- the objective of creating adequate and targeted irrigation potential was achieved and the irrigation potential created was utilised fully;
- the planning for new projects and prioritisation for funding the ongoing projects was done in a systematic manner;
- adequate funds were released in time and whether these were utilised properly;
- the individual projects were executed in an economic, efficient and effective manner; and,
- implementation of the projects was effectively monitored and periodically evaluated.

1.1.5 Audit Criteria

Audit objectives were benchmarked against the following criteria:

- guidelines for AIBP issued by the GOI;
- State Financial Rules and Works Code;
- detailed project reports of the selected projects; and,
- monitoring mechanism prescribed.

1.1.6 Audit Methodology

For conducting the performance review, an entry conference was held (June 2009) with the Joint Secretary, Agriculture Department and Chief Engineer (Irrigation), wherein the audit objectives and criteria were explained. Districts were selected on the basis of probability proportionate to size with replacement method. Audit findings were discussed with the Deputy Secretaries, Agriculture and Finance Departments and Additional CE (Irrigation) in an exit conference (October 2009) and the replies of the Department have been incorporated in the report at appropriate places.

1.1.7 Audit Findings

The important points noticed during the course of the performance review are discussed in the succeeding paragraphs.

1.1.8 Planning

Planning for implementation of various minor irrigation projects in the State is formulated by the EE (Irrigation) on the basis of proposals received from the beneficiaries/farmers with the recommendations of the Members of Parliament/Legislative Assembly, *etc.* After preliminary investigation, the project is

¹ East Khasi Hills, Jaintia Hills and West Garo Hills Districts.

prepared for further detail survey and design if found to be economically and technically viable. The concerned divisions then submit the detailed project report (DPR) including design/estimate, *etc.* to the respective Superintending Engineer (I) who further scrutinises the technical and economic aspects. Based on the availability of funds, the projects are prioritised according to the need of the farmers as well as the size of the command area. The concerned SEs submit the proposals to the CE for technical sanction and also for getting administrative approval by the Department.

The following shortcomings were noticed in planning:

- Hydrological and metrological investigations were carried out only for discharge of water without having data of rainfall, gauge, sediment, water quality and evaporation. Neither weekly/fortnightly crop water requirement at canals nor present position of irrigation in the command area through existing canal, *etc.* as well as availability of potential ground water were assessed before taking up of a project. The DPRs did not mention about existence of trial cum distribution farm and input centres in and around command area as well as adequacy of marketing centres. There were also instances of conducting geo-technical investigation after completion and damage of scheme, non-functioning of completed projects, inadequate distribution of water, *etc.* as discussed in the succeeding paragraphs. Thus, the planning was defective.
- The Department took up execution of 138 new projects during the period 2004-09 while numerous existing projects were yet to be completed, as detailed below:

Table 1.1.1

Year	Number of projects			
	Ongoing at the beginning of the year	New sanctioned	Completed	Incomplete at the end of the year
2004-05	44	09	20	33
2005-06	33	32	13	52
2006-07	52	15	12	55
2007-08	55	38	08	85
2008-09	85	44	06	123
Total		138	59	

Source: Information furnished by the CE.

Audit analysis revealed that due to poor planning, the Department spread its resources thin over many projects without completion of the ongoing projects (as discussed in paragraph 1.1.11.4), which stood at 123 at the end of 2008-09.

During exit conference, the Department stated that proper planning could not be done due to fund constraints. The reply is not convincing because taking up of new schemes without ensuring completion of the ongoing schemes was not a prudent exercise.

1.1.9 Benefit Cost Ratio

The Department calculated the benefit cost ratio (BCR) of the projects while preparing the project reports. But after completion of the projects, evaluation of the

productivity of area covered under the projects was not done at any level. Thus, the calculation of BCR at the project report stage was an exercise in futility.

1.1.10 Financial Management

Provisions for the State sector projects are made in the State budget. Since April 2004, AIBP funding was in the ratio of 75:25 (Centre:State) and the Central share was in the form of 90 *per cent* grant and 10 *per cent* loan to be arranged by the State. With effect from December 2006, funding under AIBP was in the form of 90 *per cent* Central grant and 10 *per cent* to be arranged by the State. Besides, the National Bank for Agriculture and Rural Development (NABARD) is also providing loan assistance for execution of minor irrigation projects.

Budget allocation *vis-à-vis* expenditure incurred by the Irrigation Wing during the period 2004-09 was as under:

Table 1.1.2

(Rupees in crore)

Year	Section	Budget allocation			Expenditure			Savings (-) Excess (+) (<i>per cent</i>)
		State Sector	AIBP	Total	State Sector	AIBP	Total	
2004-05	Revenue	11.29	-	11.29	10.39	-	10.39	(-) 0.90 (8)
	Capital	0.56	4.65	5.21	3.23	0.80	4.03	(-) 1.18 (23)
2005-06	Revenue	11.61	-	11.61	12.10	-	12.10	(+) 0.49 (4)
	Capital	1.24	4.65	5.89	2.15	0.86	3.01	(-) 2.88 (49)
2006-07	Revenue	13.32	-	13.32	13.31	-	13.31	(-) 0.01 (0.08)
	Capital	1.27	4.45	5.72	1.00	2.12	3.12	(-) 2.60 (45)
2007-08	Revenue	19.74	-	19.74	18.74	-	18.74	(-) 1.00 (5)
	Capital	2.13	6.67	8.80	2.36	0.14	2.50	(-) 6.30 (72)
2008-09	Revenue	25.20	-	25.20	24.57	-	24.57	(-) 0.63 (2)
	Capital	5.18	23.05	28.23	5.22	21.19	26.41	(-) 1.67 (6)
Total	Revenue	81.16	-	81.16	79.11	-	79.11	
	Capital	10.38	43.47	53.85	13.96	25.11	39.07	

Source: Detailed Appropriation Accounts.

The table above shows variation between budget provision and actual expenditure ranging from 0.08 *per cent* and 72 *per cent*. Wide variations between budget allocation and actual expenditure under capital section during 2004-08, which ranged between 23 *per cent* and 72 *per cent*, indicated poor budgeting. The CE stated (August 2009) that savings were due to disruption of construction activities because of flood and heavy rains. The reply is not acceptable because these are annual occurrences and should have been foreseen while preparing the budget proposal.

1.1.11 Programme Implementation

For providing assured irrigation to agricultural land, the Irrigation Wing has been implementing (a) Flow Irrigation Projects (FIP), (b) Lift Irrigation Projects (LIP) using surface water and (c) Shallow Tube Well (STW) and Deep Tube Well (DTW) using ground water.

1.1.11.1 Implementation of the irrigation projects

Till 2008-09, the wing had completed 266 projects at a cost of Rs. 70.32 crore in an area of 29,313.84 ha covering 19,757 beneficiaries. However, irrigation potential utilised in the State was only 0.17 lakh ha due to completed projects becoming non-functional, defects in projects, *etc.* as discussed in succeeding paragraphs. The remaining 123 projects were ongoing. District-wise position is given below:

Table 1.1.3

District	Number of projects			Area covered (in hectare)	Beneficiaries (Families)	Estimated cost	Expenditure
	FIP	LIP	DTW / STW			(Rupees in crore)	
East Khasi Hills	42	-	-	2,658.60	1,831	13.78	13.06
West Khasi Hills	30	01	-	2,525.18	1,477	7.66	7.40
Ri-Bhoi	20	01	-	3,519.60	1,360	10.27	10.18
Jaintia Hills	53	03	-	5,307.77	4,367	13.52	13.45
East Garo Hills	31	04	-	4,320.70	1,684	9.45	9.39
West Garo Hills	53	05	09/01	9,695.05	8,399	12.84	13.19
South Garo Hills	12	01	-	1,286.94	639	3.65	3.65
Total	241	15	10	29,313.84	19,757	71.77	70.32

Source: Information furnished by the CE.

The irrigation potential created in the State since inception of the Irrigation Wing was 29,313.84 ha, which constituted only 13 *per cent* of the identified ultimate potential of 2.18 lakh ha. This was indicative of the fact that creation of irrigation potential by the State was at a very slow pace and at this pace it would take more than two centuries to achieve ultimate potential of 2.18 lakh ha unless suitable measures are taken by the Department to accelerate irrigation potential in an effective manner.

1.1.11.2 Status of completed projects

Out of 266 completed projects, 40 projects completed at a cost of Rs. 2.26 crore between 1974-75 and 1998-99 in an area of 6,378.61 ha became non-functional during 1982 to 1999 owing to damage by flash floods (15 projects), seasonal source (12 project), water source dried up, diversion of source erosion of stream bank, *etc.* (13 projects). According to the CE, out of 40 non-functional projects, revival of 12 projects having irrigation potential of 2782.75 ha were under consideration with the divisions concerned. In respect of two projects, estimate for revival was sanctioned and a new scheme was sanctioned in lieu of another project.

Further, the Department had not taken any action to revive the 15 projects even after a lapse of 10 to 27 years where the possibilities of revival was promising because of

repairable defects, thereby depriving irrigation facility to 3,591 ha land covering 2,856 beneficiaries.

During exit conference, the Department stated that detailed survey had been made and committed that attempts would be made to revive the schemes.

1.1.11.3 Status of Minor Irrigation Projects under AIBP

A total of 117 projects estimated to cost Rs. 130.80 crore were taken up for execution under AIBP since the commencement of the programme in 1996-97. Out of 117 minor irrigation projects taken up for execution under AIBP by the Department, 45 projects covering an area of 4,918.42 ha were completed up to March 2009 at a cost of Rs. 29.64 crore. The remaining 72 projects estimated to cost Rs. 101.25 crore were ongoing as shown below:

Table 1.1.4

(Rupees in crore)

District	Number of projects taken up	Estimated cost	Completed projects				Incomplete projects	
			Number	Expenditure	Area covered (in ha)	Beneficiaries (Families)	Number	Estimated cost
East Khasi Hills	31	22.87	9	5.17	808.10	474	22	17.80
West Khasi Hills	11	13.62	2	0.66	106.72	34	9	12.96
Ri-Bhoi	11	18.43	2	2.34	360.00	176	9	16.10
Jaintia Hills	21	19.44	12	5.03	994.60	376	9	14.26
East Garo Hills	15	7.78	11	5.93	1,041.00	688	4	2.00
West Garo Hills	16	34.56	5	7.73	1,329.00	535	11	26.83
South Garo Hills	12	14.10	4	2.78	279.00	167	8	11.30
Total	117	130.80	45	29.64	4,918.42	2,450	72	101.25

Source: Information furnished by the CE, Irrigation.

1.1.11.4 Targets and achievement

During 2004-09, the Department did not take up any ground water irrigation projects for execution. The physical targets fixed for surface flow minor irrigation projects during 2004-09 and achievement thereagainst are given below:

Table 1.1.5

(In hectare)

Year	Target	Achievement	Shortfall	Percentage of shortfall
2004-05	1,881	397.74	1,483.26	79
2005-06	2,809	547.79	2,261.21	80
2006-07	2,561	981.86	1,579.14	62
2007-08	1,800	179.75	1,620.25	90
2008-09	2,070	1,891.86	178.14	09
Total	11,121	3,999.00	7,122.00	64

Source: Annual Plan Proposal and information furnished by the CE.

Against the target for coverage of 11,121 ha of cultivable land under surface flow minor irrigation projects during 2004-09, the Department covered 3,999 ha only leaving 7,122 ha uncovered under the projects. The overall achievement during the period was only 36 per cent. According to the CE (August 2009), shortfall was due to disruption of construction activities owing to flood and heavy rains. The contention is

not acceptable because the Department should have taken into consideration these factors which are annual occurrences.

The Department also took up new projects for execution without completing the ongoing projects as mentioned in paragraph 1.1.8. While it did not provide sufficient budget provision to complete the existing projects, taking up of new projects resulted in spreading out the meagre resources resulting in non-completion of a number of projects, as brought out in table below:

Table 1.1.6

(Rupees in crore)

Year	Amount required for completion	Budget provisions	Shortfall in budget provisions	Estimated cost of the new projects
2004-05	16.91	9.01	7.90	0.50
2005-06	18.11	9.08	9.03	12.99
2006-07	32.88	10.40	22.48	17.77
2007-08	28.32	15.14	13.18	29.42
2008-09	50.05	43.17	6.88	68.46
Total	146.27	86.80	59.47	129.14

Source: Detailed Appropriation Accounts and information furnished by the CE.

Further, out of 10 minor irrigation projects due for completion by 2008-09 for coverage of 858.91 ha of cultivable land, works on one project had not even started and nine projects were still under execution as of March 2009. The reasons for non-completion of six projects² were attributed to delay in procurement of pipes, commencement of work, obtaining forest clearance, approval of tender, bad weather and delay on the part of the contractor. Reasons for delay in completion of four projects³ were not furnished.

In three projects, completed at a cost of Rs. 2.89 crore, the irrigation potential was created in 237.04 ha area against the target of 323.24 ha because of less water at the tail end of the project due to unequal and improper distribution (Lyngkhai FIP: 60 ha), improper alignment of pipeline (Madan Jynru FIP: 16 ha) and excessive seepage from the earthen canal (Madan Wahlang FIP: 10.20 ha). No effective step had yet been taken to set right the defects and thus, the projects failed to extend the irrigation potential to an area of 86.20 ha despite expenditure of Rs. 2.89 crore. Thus, the claim of the Department about achievement of 3,999 ha irrigation potential during 2004-09 was not correct because of shortfall of 86.20 ha.

1.1.12 Implementation of selected projects

Out of 28 projects covered under review, 16 were completed and the remaining 12 projects were under progress. Out of 16 completed projects, nine projects were completed after a delay ranging from one to six years from the stipulated date of completion with cost overrun of Rs. 10.45 lakh.

² Ichamati, Dardara & Champarani, Shilliang Myndong, Madan Sophaw, Korbangla and Mynrud Moopasor FIPs.

³ Pynthor Lyngkha Droin, Chibra Agal, Umriliang and Wahkrem Ksiar FIPs.

1.1.13 State Sector Minor Irrigation Projects

Status of 17 State sector Minor Irrigation projects test-checked in detail are as indicated in the table below:

Table 1.1.7

Name of Project	Year of commencement	Schedule date of completion (Actual date of completion)	Status as on 31 March 2009 (In per cent)	Targeted irrigation potential (In hectare)	Achievement	Estimated cost (Rupees in lakh)	Expenditure
East Khasi Hills District							
Madan Wahlang	2001-02	2003-04 (March 2007)	100	35.20	35.20	37.25	37.39
Reno. at Lyngkhohi	2005-06	2007-08 (March 2007)	100	(Restoration works)		18.54	18.54
Umli	2005-06	2007-08 (March 2009)	100	96.48	96.48	94.62	94.19
Khawd	2006-07	2008-09 (March 2009)	100	85.36	85.35	65.96	65.93
Kroh Kharthangwaw	March 06	March 08 (March 2008)	100	60.11	-	56.89	58.20
Lapalang Wanthli	2002-03	2004-05 (March 2005)	100	115.43	115.00	68.87	70.44
Madan Nongthrad	1990-91	NA	Work suspended	400.75	-	263.14	254.01
Ichamati	2003-04	2006-07	92	410.50	-	470.98	300.71
Jaintia Hills District							
Amksi	2007-08	2009-10	50	62.00	-	56.81	39.38
Korbangla	2005-06	2007-08	88	25.30	-	24.82	16.10
Kuliyang	2001-02	2003-04 (March 2005)	100	33.00	20.00	20.59	20.62
Niriyang	2005-06	2007-08 (March 2008)	100	24.00	21.00	24.00	24.00
Umlanghong	2001-02	2004-05 (March 2005)	100	75.13	70.00	62.73	62.64
Shilliang Myndong	2001-02	2004-05	45	168.00	-	177.39	133.54
West Garo Hills District							
Dardara & Champarani	2007-08	March 2009	80	150.00	-	130.11	104.68
Matchikoligiri	2006-07	Sept'2008 (Sept' 2008)	100	8.00	8.00	7.98	7.74
Rongdathigiri (RE)	Feb 1998	March 2000 (March 2002)	100	60.00	60.00	62.09	62.00

Source: Progress report and information furnished by the CE.

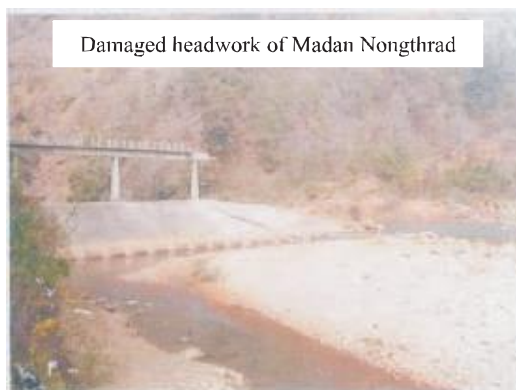
Major irregularities noticed during audit of the selected projects are discussed below:

1.1.13.1 Execution of project without proper survey

For the benefit of 142 families in East Khasi Hills District, Government sanctioned (December 1990) “Madan Nongthrad FIP” for covering an area 400.75 ha at an estimated cost of Rs. 68.74 lakh. The project was taken up without conducting any sub-soil and geo-technical investigation. The estimate of the project was, however, revised (March 1994) to Rs. 2.63 crore due to price escalation of material, extra cost for carriage of sand and modification of headwork design in view of the site conditions. After execution of 95 per cent of the work on the project and incurring expenditure of Rs. 2.44 crore on payment of contractor’s bill (Rs. 2 crore) and other

works (Rs. 0.44 crore) till May 1995, the work on the project remained suspended due to damage in the abutments and weir because of heavy rainfall and flood.

After the damage, the sub-soil investigation was carried out by the Directorate of Mineral Resources (DMR) in January 1996, which observed that the project site was unsafe for any thrust effective structure like dam. Again in April 2003, the SE (Irrigation) requested the DMR for geo-technical investigation of the headwork. On investigation, the Geologists from the DMR observed (June 2003) that the joint



pattern in the structural set up of the area made the area unstable and unsafe for any thrust effective structures like dam and discouraged any headwork construction in that stretch of the river valley. Notwithstanding the observation of DMR, further expenditure of Rs. 10.14 lakh was incurred on this project during March 2004 to December 2007 on temporary construction of diversion bunds.

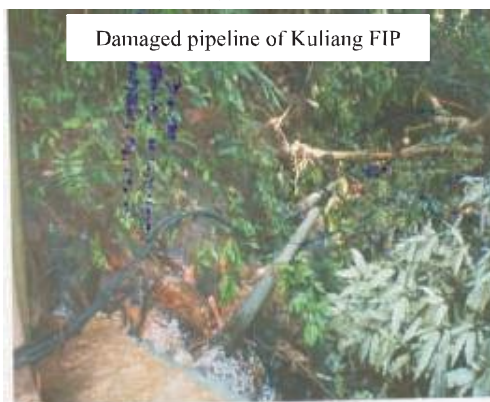
Thus, execution of the project on an unstable and unsafe area and without conducting sub-soil investigation and geo-physical survey before taking up the project led to discontinuation of the project mid-way due to damage, thereby rendering the expenditure of Rs. 2.44 crore wasteful.

During exit conference, the Chief Engineer stated that henceforth, sub-soil and geo-physical survey would be conducted for the projects costing more than Rs. 50 lakh.

1.1.13.2 Damage of the completed project

State Government sanctioned (March 2001) Kuliang FIP, estimated to cost Rs. 20.59 lakh, with the target for creation of irrigation to an area of 33 ha for the benefit of 31 families of Jaintia Hills District. The work, taken up during 2001-02, was targeted for completion during 2003-04. But it was completed after a delay of one year in March 2005 at an expenditure of Rs. 20.62 lakh. Out of the total targeted command area of 33 ha, achievement was only 20 ha.

Immediately after completion, the project got damaged (May 2005) due to landslide. Again during July 2006, due to heavy landslide, headwork of the project was damaged and hampered the regular flow of water. Further, a truck fell down on down stream portion of the project causing damage to a portion of pipeline thereby interrupting the flow of water. The project



was again damaged (July-August 2007) due to heavy rainfall. Consequently, water was not flowing from the main lines near the headwork to the distribution tanks of pipeline of the scheme and the whole command area became dry. The Department also did not make any effort to repair the damages of the project.

It was further noticed that between February and September 2008, 34 pipes laid under the project valued at Rs. 0.52 lakh were stolen.

Thus, due to the failure of the Department in getting the damages of the project repaired, the project remained non-functional even after four years of completion rendering the expenditure of Rs. 20.62 lakh unproductive, besides depriving the targeted families of the benefit of irrigation.

During exit conference, the CE stated that the Department had been trying to revive the project and already attained 70 *per cent* success. Documentary evidence in support of the reply, however, had not been furnished.

1.1.13.3 Execution of project on a disputed land

Shilliang Myndong FIP, estimated to cost Rs. 1.77 crore, was administratively approved (March 2002) by Government for a command area of 168 ha. The estimate of the project provided for laying of four rows of 150 mm dia pipes for the initial length of 3,640 metres. Though the project, taken up for execution during 2002-03, was stipulated for completion by March 2005, the physical progress on the project was only 45 *per cent* despite an expenditure of Rs. 1.34 crore up to March 2009.

During execution, the Chief Forest Officer, Jaintia Hills Autonomous District Council (JHADC), Jowai raised (November 2002) objection on execution of the project as the proposed work passed through the reserve forest. Necessary forest clearance was, however, received by the Department in September 2003.

The execution of the project was again suspended in August 2004 due to land dispute with the landowners of the village. The execution of the work on the project resumed during 2004-05 after settlement of the dispute through an agreement executed (January 2005) with the village headman with the condition to change the proposed command area. Consequently, the estimate of the project was modified with the provision for three rows of pipes against the original provision for four rows for the initial length of 3,640 metres, thereby reducing the targeted command area to 126 ha⁴ against the original provision of 168 ha. The modified estimate was approved by the Government in April 2006.

Thus, taking up of a project for execution on a land not free from all encumbrances and also without obtaining necessary forest clearance led to a decrease in the targeted irrigation potential by 42 ha, besides depriving the beneficiaries of the benefit of irrigation for over three years.

⁴ Original provision: 168 ha using four rows of pipe ÷ 4 x 3 rows: 126 ha.

1.1.13.4 Execution of sub-standard work

For the benefit of 80 families in East Khasi Hills District, State Government accorded (July 2003) administrative approval for “Ichamati FIP” covering 410.50 ha command area at an estimated cost of Rs. 3.90 crore without stipulating the date of completion. The estimate was revised (March 2007) to Rs. 4.71 crore due to increase in the cost of CS pipes, etc. stipulating March 2010 as the date of completion. As per progress report for the quarter ending March 2009, the physical progress on the project was 92 per cent against expenditure of Rs. 3.01 crore.

The estimate of the work provided for 3,716 CS pipes (150 mm dia: 3,642; 100 mm dia: 74). But the EE procured 2,806 pipes (150 mm dia: 2762; 100 mm dia: 44) at a cost of Rs. 1.14 crore. For the remaining length of the pipe line, laid pipes under two non-functional projects (Katrang FIP: 150 mm dia - 763 nos; Chidrong FIS: 150 mm dia: 212 nos and 100 mm dia: 12 nos.) were obtained as per the decision of the CE (August 2007).

Pipes for one of the above non-functional projects, viz. Katrang FIP (completed in 1991) were procured 21 years back in March 1988. As per the manufacturer’s certificate, the minimum shelf life of CS pipes is 20 years. Out of 763 old pipes obtained from Katrang FIP, 506 pipes were utilised for laying of pipeline under the new Ichamati project till March 2009. Thus, due to use of 21 year old pipe, taken out from a non-operational project, on the execution the Project there is every possibility of the project completed at Rs. 3.01 crore becoming non-functional.

1.1.14 Minor Irrigation Projects under AIBP

Status of 11 Minor Irrigation projects under AIBP test-checked in detail are as indicated in the table below:

Table 1.1.8

Name of Project	Year of commencement	Schedule date of completion (Actual date of completion)	Status as on 31 March 2009 (In per cent)	Target for creation of irrigation potential	Achievement	Estimated cost	Expenditure
				(In hectare)			
East Khasi Hills District							
Madan Jynru	2001-02	2003-04 (March 2006)	100	48.84	48.84	47.20	49.00
Snoin	2008-09	2009-10	28	138.24	-	112.53	81.88
Lyngkhohi	2000-01	2001-02 (March 2008)	100	240.00	240.00	192.72	202.26
Nonglait	2008-09	2009-10	-	40.35	-	36.34	16.04
Jaintia Hills District							
Mynnud Moopasar	1999-00	2000-01	95	80.00	-	73.87	73.45
Amdep	2001-02	2004-05 (March 2006)	100	295.00	280.00	155.90	155.87
West Garo Hills District							
Kalchangpara	Not started	2010-11	Material procured	478.00	-	477.22	35.76
Kharigaon	-do-	2010-11	Material procured	141.00	-	131.63	26.51

Name of Project	Year of commencement	Schedule date of completion (Actual date of completion)	Status as on 31 March 2009 (In per cent)	Target for creation of irrigation potential	Achievement	Estimated cost	Expenditure
				(In hectare)			
Anderkona	April 2002	April 2004 (December 2006)	100	326.00	326.00	330.33	330.31
Ringdee	September 2000	September 2002	69	540.00	-	595.63	262.42
Selsella	March 1997	March 2000 (February 2007)	100	192.00	-	105.56	104.99

Source: Progress report and information furnished by the CE.

Major audit findings of the test-checked projects are discussed below:

1.1.14.1 Non-completion of projects due to ill planning

As per the planning procedure, the minor irrigation projects are required to be taken up for execution after detail survey. This procedure was not followed by the Department in respect of two projects, as discussed below:

➤ Selsella FIP (estimated cost: Rs. 81.29 lakh) was taken up (March 1995) for execution for creation of irrigation potential of 192 ha for the benefit of 150 families without conducting any survey. On investigation of the site of headwork of the project, it was noticed that due to heavy deforestation, the river water was carrying heavy silt which might pose threat to the headwork. Accordingly, the estimate was revised (November 1996) to Rs. 1.06 crore replacing the original provision for concrete weir type by concrete barrage.

It was noticed that the execution of headwork was allotted (March 1997) to a contractor at Rs. 47.34 lakh, stipulating completion by June 1998. There was no penalty clause in the agreement for delay in completion of the work. Taking advantage of the faulty agreement, the contractor took his own time and completed the work after a delay of 10 years in February 2007 at an expenditure of Rs. 47.23 lakh. The Department also could not take any effective step to get the work done by the contractor within the stipulated date, except issue of reminders.

While the work was in progress, the embankment and wing wall under the project were completely damaged during July 2001 due to heavy rainfall. The headwork was completed only in February 2007 and the improvement work on the project was still in progress (March 2009), as a result the benefit of irrigation was not extended to the beneficiaries. But, the Executive Engineer, West Garo Hills reported the CE about completion of the project in March 2006 at a cost of Rs. 1.05 crore.



Thus, due to preparation of original estimate without proper survey and delay in completion of headwork by the contractor as well as in completion of improvement

work rendered the expenditure of Rs. 1.05 crore unproductive, besides depriving 150 families of the facility of irrigation.

➤ Similarly, another minor irrigation project, viz. Mynrud Moopasar FIP, estimated to cost Rs. 64.63 lakh, was sanctioned by the Government in September 1997 with the target for creation of irrigation potential of 80 ha for the benefit of 30 families of Jaintia Hills District and was stipulated for completion by 2000-01, could not be completed by the Department even after eight years of the stipulated date of completion because of improper survey.

It was noticed that the estimate of the project was revised to Rs. 73.87 lakh in March 2005 on the ground that during execution, higher classification of soil was encountered which required cement concrete canal, retaining wall, etc. This was indicative of the fact that the original estimate of the project was prepared without conducting proper survey, because the soil condition should have been ascertained during sub-soil survey. As of March 2009, the project was yet to be completed despite expenditure of Rs. 73.45 lakh. As a result, the envisaged benefit is yet to reach the stake holders.

1.1.14.2 Delay in completion of the project

For providing irrigation facilities to 131 families by creating irrigation potential of 540 ha, Government sanctioned (February 1999) 'Ringdee FIP' at an estimated cost of Rs. 2.72 crore. Though, the work was scheduled to be completed by September 2002, the physical progress on the project after 10 years of sanction was only 68 *per cent* despite an expenditure of Rs. 2.62 crore up to March 2009.

The works for construction of headwork and approach road under the project (estimated cost: Rs. 1.35 crore) were awarded (August 2000) to a contractor stipulating the date of completion as 149 weeks of working seasons from August 2000. The contractor executed the work at a slow pace and ultimately refused (November 2007) to continue the work. Payments for Rs. 1.16 crore were made (December 2007) to the contractor after forfeiting the security deposit of Rs. 3.24 lakh for non-completion of the allotted works.

Though, the headwork was not completed, the Department constructed the earthen canal of the project in February-March 2002 at a cost of Rs. 55.89 lakh through other contractors, by which time only 34 *per cent* of the headwork was completed. Since the headwork, which is the source for supply of water to the earthen canal, was not completed, the earthen canal could not be put to use for over six years. The EE, West Garo Hills Irrigation Division on visiting (February 2008) the sites observed that the earthen canals required complete re-sectioning as these had been constructed several years back. Thus, unplanned execution of works resulted in wasteful expenditure of Rs. 55.89 lakh.

Since the project had not been completed even after 10 years of sanction, the entire expenditure of Rs. 2.62 crore incurred on the project remained unproductive, besides depriving the targeted families of the benefit of irrigation potential.

The EE, West Garo Hills Irrigation Division stated (June 2009) that delay in completion of the project was due to damage of culverts and timber bridge by flood and that the estimate of the project was revised (March 2009) to Rs. 5.66 crore. The reply was an afterthought to cover up the delay in completion of the project which was due to discontinuation of the work by the contractor. As a result, the cost of the project increased to more than double.

1.1.14.3 Revision of the structure of the project

According to the Meghalaya Financial Rules, 1981 (MFR), revised administrative approval is to be obtained if the original proposals are materially departed, even if there is no increase in cost. Cases of unauthorised deviation from the originally sanctioned estimate noticed in audit are discussed below:

- The estimate of Snoin FIP, sanctioned (September 2008) by the Government at a cost of Rs. 1.13 crore, provided Rs. 69.15 lakh for procurement of GI pipes. Against this, the EE, East Khasi Hills Division incurred an expenditure of Rs. 79.33 lakh on procurement (September 2008 and March 2009) of GI pipes. The excess expenditure on procurement of pipes was due to escalation of price of GI pipes.

For execution of the project within the sanctioned cost, the CE approved (July 2008) a working estimate with provision for 54 supporting pillars and 300 anchor blocks against 80 supporting pillars and 1,374 anchor blocks for 6,949 metre long pipeline as per technical sanction, thereby compromising the quality of work. As of March 2009, the physical progress on the project was 28 *per cent* against expenditure of Rs. 81.88 lakh (72.46 *per cent*).

- Similar action was taken by the CE in case of Nonglait FIP, approved (September 2008) by the Government at a cost of Rs. 36.30 lakh. As of March 2009, the expenditure on the project was Rs. 16.05 lakh which was incurred on procurement of GI pipes (Rs. 15.11 lakh) and conducting survey (Rs. 0.94 lakh) and there was no physical progress. The technically sanctioned estimate provided for 208 supporting pillars and 255 anchor blocks for 2,774 metre long pipeline. To keep the expenditure within the sanctioned cost, the CE approved (July 2008) a working estimate with provisions for 200 anchor blocks and 116 supporting pillars by compromising the quality of work.

In both the above cases, revised administrative approval for deviation from the sanctioned estimate was not obtained and thus, the action of the CE was unauthorised. Besides, the possibility of compromising with the standard of work could also not be ruled out because of provision of lesser anchor blocks and supporting pillars than the actual requirement.

1.1.15 Command Area Development

A gap exists between the irrigation potential created and the potential utilised. This was due to various reasons like inadequate provision of field channels, necessity for land shaping/land levelling, *etc.* In order to bridge this gap, the Department had been

implementing a Centrally Sponsored Scheme, viz., Command Area Development (CAD), which was funded on 50:50 basis between Central and State Governments.

It was noticed that during 2004-09, the Department incurred expenditure of Rs. 1.51 crore under the CAD programme to bridge the gap of 1,377.71 ha. Despite this, there was a gap of 12,418.84 ha as of March 2009, because the irrigation potential utilised in the State was only 16,895 ha against creation of 29,313.84 ha. Thus, 42 *per cent* of the total irrigation potential created till March 2009 remained unfruitful, which indicated that the CAD programme was yet to get momentum in the State.

During exit conference, the CE stated that it was not possible to carry on with the work as the cost of development as per norms was very low.

1.1.16 Participatory Irrigation Management

As per the policy adopted by the GOI, all the State Governments were to introduce Participatory Irrigation Management (PIM) where the responsibility for operation, maintenance and management of the completed minor irrigation projects should be transferred to the Farmers' Association. No such PIM had yet been introduced in the State. The Irrigation Wing spent Rs. 3.70 crore during 2004-09 on labour payment, cost of material, tools and plant, *etc.* for operation and maintenance of the completed projects

The CE stated (August 2009) that the PIM in the State was still at the infant stage and 125 Water Users' Association had so far been formed. The reply is not acceptable because had the PIM been introduced and the responsibility for operation and maintenance of completed projects transferred to the Farmers' Association, expenditure of Rs. 3.70 crore could have been largely avoided.

1.1.17 Impact on agricultural productivity

To increase production of foodgrains in the State, the Annual Plan proposals emphasised provision of assured irrigation so that farmers can take up double/triple cropping. Target for production of foodgrains during 2004-08 were not fixed and actual production of foodgrains during 2008-09 not assessed by the Agriculture Department. The year-wise position of actual production and productivity per hectare of principal foodgrains in the State during 2004-08 is given below:

Table 1.1.9

(Production in tonne, Area in ha & Productivity in tonne per ha)

Year	Rice			Wheat			Maize		
	Actual production	Area covered	Productivity	Actual production	Area covered	Productivity	Actual production	Area covered	Productivity
2004-05	1,93,719	1,11,550	1.737	1,564	863	1.812	24,000	16,875	1.422
2005-06	2,08,277	1,06,071	1.964	1,198	670	1.788	24,424	16,898	1.445
2006-07	2,00,209	1,04,325	1.919	1,183	658	1.798	25,334	17,039	1.487
2007-08	2,00,077	1,06,320	1.882	1,120	622	1.801	25,138	17,048	1.475

Source: Information furnished by the Director of Agriculture.

While there was increase in yield per ha by 8 *per cent* in rice and 4 *per cent* in maize over the four year period ending 2007-08, in case of wheat, the yield per ha reduced

marginally by 0.61 *per cent*. The total production under rice and maize increased by 3 *per cent* and 5 *per cent* respectively with a decrease of 28 *per cent* in wheat production. However, the area under cultivation during the same period had decreased by 4 *per cent*, even after spending an aggregate amount of Rs. 67.20 crore during 2004-08 and there was no significant increase in agricultural production as the Irrigation Wing could not increase the overall area brought under cultivation.

The ultimate goal of the irrigation sector to increase the production of cultivable lands through irrigation was not achieved. It was further seen that the Irrigation Wing had never analysed the impact of implementation of minor irrigation schemes. Thus, due to damage of completed project, execution of project on a disputed land, non-completion/delay in completion of projects, failure to repair the damaged projects in time and under-utilisation of potential created, as brought out in the preceding paragraphs, the execution of minor irrigation projects did not have the desired impact on the agriculture production.

The Director of Agriculture stated (September 2009) that the cultivable area was reduced due to rapid urbanisation and conversion of some areas for fruit and vegetable cultivation and there were some new inputs every year through providing irrigation facilities.

The fact remains that decline in production of major foodgrains during 2007-08 over previous year indicated that irrigation potential was not effectively utilised by the Department.

1.1.18 Monitoring and Evaluation

To ensure proper implementation of the projects, monitoring of the work was to be done at State level through collection and analysis of periodical reports/returns from the executing divisions. It was, however, seen that during the period of review, no cell was functioning in the Department to monitor and evaluate the implementation of the projects.

As per guidelines of the AIBP, State Level Monitoring Committee (SMC) and Project Level Monitoring Committee (PMC) were to be formed from time to time to monitor the programme. The SMC was to meet quarterly and visit the project twice a year and submit their report to the technical committee at National level. The PMC was to meet every month to take steps to improve the progress of the programme and remove the bottlenecks, if any. The PMC was also to visit the projects at least once in a quarter and submit their report to the technical committees at State and Central levels. Besides, Central Water Commission (CWC) was to monitor the implementation of the projects periodically on sample basis and evaluate performance of completed projects.

Neither the SMC nor PMC were formed as of date to monitor the implementation of the projects. The CWC also did not monitor the implementation of the projects during 2004-09. The overall impact of the completed projects was also not evaluated at any level.

During exit conference, the CE stated that creation of monitoring cell was under process.

Therefore, fact remains that as a result of improper monitoring of the project, timely measures could not be taken to address the problem of non-utilisation of the irrigation facility created.

1.1.19 Conclusion

The overall impact of implementation of the minor irrigation projects was far from satisfactory because of significant shortfall in achievement of target for creation of irrigation potential. Large number of minor irrigation projects were not completed on time. Even the completed projects had not been fully utilised. Some of the completed projects became defunct due to various reasons like flash floods, drying up of source of water and heavy silting, *etc.* Consequently, the irrigation coverage of 29,313.84 ha as of March 2009, as claimed by the Department, is in fact was only 22,849.03 ha, which was only 10.48 *per cent* of the ultimate irrigation potential (2.18 lakh ha) in the State. Works under the projects were executed in an unplanned manner resulting in unproductive expenditure and wastage of resources. Apart from non-adherence to financial rules, the Department failed to monitor the schemes during execution. The objective of generating additional irrigation potential to increase the production of cultivable lands, thus, remained largely unachieved.

1.1.20 Recommendations

- **Planning for implementation of the projects should focus on the basic requirements of survey, land acquisition, forest clearance and study of feasibility to avoid delay in execution of projects and wastage of resources.**
- **The Department should focus on completing the ongoing projects on priority basis before taking up new projects.**
- **Irrigation facilities created should be optimally utilised.**
- **Monitoring and execution of the projects should be strengthened to ensure completion of all components of the work in a time bound manner and accountability should be fixed at various levels for timely completion of the projects.**
- **A system of evaluation of the completed projects should be evolved to assess the impact of execution of the projects on agricultural production.**

Audit findings were reported to the Government in August 2009; reply had not been received (November 2009).

COMMUNITY & RURAL DEVELOPMENT, HEALTH & FAMILY WELFARE, INFORMATION TECHNOLOGY, PLANNING, PUBLIC WORKS AND PUBLIC HEALTH ENGINEERING DEPARTMENTS

1.2 Implementation of Developmental Programmes in East Khasi Hills District

District East Khasi Hills was created in October 1976 consequent to the re-organisation of the creation of the State of Meghalaya. While on one side, the rate of literacy in the District is quite high at 76.1 per cent against the national average of 64.8 per cent, on the other side, 50,997 rural families in the District live below the poverty line. This audit covered the development initiatives and the associated expenditure in the District whether from Central or State funds, and focused on the role and responsibilities of the implementing agencies in providing the essential public services and improving the general standard of living of the people of the District. Significant deficiencies noticed in audit are highlighted below.

Highlights

2.09 lakh rural population of the District could not get the benefit of affordable health care as envisaged under NRHM due to shortfall of 70 health sub-centres.

Building constructed for the Mawphlang Community Health Centre (CHC) could not be put to use due to non-availability of power supply resulting in idle expenditure of Rs. 1.43 crore.

(Paragraph 1.2.9.3)

Expenditure of Rs. 2.98 crore incurred on seven water supply schemes had become unproductive, as these schemes remained incomplete even after expiry of the stipulated date of completion.

(Paragraph 1.2.10.2)

Road works executed under Mawsynram and Shillong South Divisions were either de-sanctioned (12 works) or pre-closed (18 works) rendering the expenditure of Rs. 5.22 crore wasteful.

(Paragraph 1.2.12.3)

Failure of the Community and Rural Development Department to complete 45 per cent of the sanctioned works as well as non-utilisation of released funds resulted in locking up of Rs. 40.89 crore for one to four years.

(Paragraph 1.2.13.2)

Basic facilities of a clean environment and sanitation were not provided to 1,627 houses constructed at a cost of Rs. 44.74 lakh for the beneficiaries under the Indira Awas Yojana.

(Paragraph 1.2.14.3)

1.2.1 Introduction

District East Khasi Hills was created in October 1976 consequent to the re-organisation of the State of Meghalaya. It is bounded by Ri-Bhoi District in the north, Jaintia Hills District in the east, West Khasi Hills District in the west and Bangladesh in the south. The District spans an area of 2820 sq km. It lies between 25° 07" and 25° 41" North Latitude and 91° 21" and 92° 09" East Longitude. Highest Peak of the State at the height of 1,965 metres (6,445 feet) called '**Shillong Peak**' is situated in Shillong which is the Headquarters of the District as well as the capital of Meghalaya.



The District accounts for about 28.50 *per cent* (6.61 lakh) of the population of the State (23.19 lakh) with 58 *per cent* of them residing in rural area. With a view to cater to rural development, the District has been divided into eight community development blocks with 962 villages as per Census 2001. The rate of literacy in the District is quite high at 76.1 *per cent* as against 62.6 *per cent* at the State level and the national average of 64.8 *per cent*. However, 50,997 families live below the poverty line (BPL) in the rural areas.

1.2.2 Administrative Set up

The District Planning and Development Council is the apex body at the district level for considering the shelf of schemes for development of the District. The Deputy Commissioner (DC) is in charge of the district and is the sanctioning authority for the development programmes⁵ in the District. The DC is also the Chairman of the District Rural Development Agency (DRDA) who is to ensure co-ordination between DRDA, field officers and the departments concerned of the State Government dealing with these programmes.

The DC is assisted by an Additional DC, who is the District Planning Officer, for consolidating the District Annual Plans prepared by the District Sectoral Heads of the

⁵ (i) Traditional and Folk Music Programme, (ii) Intensive Sports and Youth Development Programme, (iii) Intensive Arts and Cultural Development Programme, (iv) Chief Minister Special Rural Development Funds, (v) Member of Parliament Local Areas Development Schemes, (vi) Special Rural Works Programme, (vii) Construction of Rural Roads Programme, (viii) National Old Age Pension Scheme, (ix) National Family Benefit Scheme, (x) Total Sanitation Campaign, (xi) Water Supply Scheme, "Swajaldhara", etc.

development departments and place the same before the District Planning and Development Council for consideration before submission to Government.

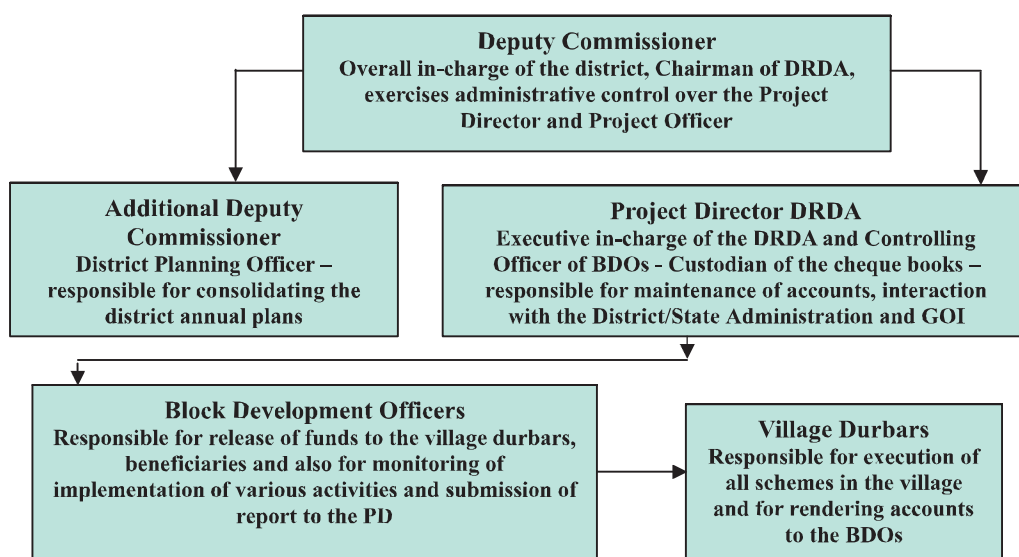
The DRDA is the main organ at the district level to oversee the implementation of various development programmes. It is responsible for planning of programmes, co-ordination with other agencies - governmental, non-governmental, technical and financial, for successful programme implementation; enabling the community and the rural poor to participate in the decision making process. It is also responsible for overseeing the conduct of various surveys relating to BPL families, *etc.* in the rural areas by the State Government from time to time.

As Part IX of the Constitution of India does not apply to Meghalaya, there is no Panchayati Raj system in the State. Hence, all major development projects/works are being sanctioned by the line departments and funds are made available to the departmental heads for execution in the District.

The DC functions as the Chairman of the DRDA. He exercises administrative control over the Project Director (PD) and the Project Officer (PO). The PD is also executive in-charge of the DRDA. He/She reports to the Secretary, Community and Rural Development Department (C&RD) through the Director, C&RD and ensures co-ordination with the implementing agencies at the village level through Block Development Officers (BDOs) for implementation of various rural development programmes. The PD is also the controlling officer of all the BDOs.

The Administrative set up of the District is shown below:

Chart 1.2.1



1.2.3 Scope of Audit

Audit of East Khasi Hills District involved a review of the significant socio-economic development programmes implemented in the District during the period 2004-09. Audit was based on a scrutiny of the records in the State Planning Department, the

offices of the Director, C& RD, DC, DRDA and selected Blocks⁶, Chief Engineers of Public Works Department (PWD) and Public Health Engineering Department (PHED), Executive Engineers of four PWD divisions⁷ and three PHE divisions⁸, District Informatics Officer, Information Technology Department; District Medical and Health Officer (DM&HO), Directors of Health Services, MI, FW&MCH and Research, four hospitals⁹ and selected PHCs/CHCs.

1.2.4 Audit Objectives

The performance audit was conducted with the objective of assessing whether:

- the annual planning process for different programmes was adequate and effective;
- the developmental programmes were executed as per targets and in an economical and efficient manner;
- the procedure for receipt, utilisation and accounting of funds was adequate and effective; and,
- implementation of the projects/schemes was effectively monitored and periodically evaluated to assess the impact on the people.

1.2.5 Audit Criteria

Audit objectives were benchmarked against the following criteria:

- District Plans and Annual Plans.
- Guidelines of the concerned Programmes.
- Requirement of monitoring and evaluation system.

1.2.6 Audit Methodology

Before the commencement of audit, discussions were held with the stakeholders and other departmental functionaries involved, in an entry conference in July 2009 to explain the objectives and scope of audit and obtain their inputs and perceptions relating to various developmental programmes. Blocks were selected on the basis of simple random sampling. Audit findings were discussed with the Secretary & Director, C&RD, CE, PHE, Deputy CE, PWD, SE, PHE (Rural) and DHS (MI) in an exit conference (October 2009) and the replies of the Department have been incorporated in the report at appropriate places.

⁶ Mawphlang, Myllem, Mawryngkneng and Mawsynram Blocks.

⁷ Mawsynram Division, Shillong South Division, Sohra Division and District Programme Implementation Unit under PMGSY.

⁸ Investigation Division, Hills Division and Sohra Division.

⁹ Civil Hospital, Ganesh Das Hospital, R.P. Chest Hospital and Meghalaya Institute of Mental Health and Neurological Sciences.

Audit Findings

The important points noticed in the course of review are discussed in the succeeding paragraphs.

1.2.7 Planning

Government of India envisages an inclusive and participative planning process for the development of districts. The 74th Amendment to the Constitution mandated the establishment of a District Planning Committee (DPC) for consolidating the plans prepared by the Panchayats and municipalities in the district into an integrated District Plan. All the three tiers of local administration *viz.* DRDA, Blocks and GPs were to prepare an Annual Action Plan (AAP) at the beginning of each financial year equivalent in value of about 125 *per cent* of their share of funds allocated in the preceding year and no work was to be taken up unless it forms part of the AAP.

The District Planning and Development Council (DPDC) for East Khasi Hills District was constituted by the Governor in May 2003/January 2004 with one Member of Legislative Assembly (MLA) as Chairman and DC, all MLAs, Chief Executive Member of Autonomous District Council and Additional DC/DPO of the district as members. The DPDC was to function as the formulator of district development plans, co-ordinate in the implementation of the plans and programmes to be executed in the district and to monitor and review the progress of implementation of these plans and programmes. The Governor re-constituted the DPDC in April 2008/June 2008 with Parliamentary Secretary as Chairman and MP, MLAs, Chief Executive Member of Autonomous District Council as members.

Scrutiny revealed that the consolidation of the plans prepared by the District Sectoral Heads of all the departments was considered duly by the DPDC before submission to Government. The Council had met on 19 May 2005, 16 February 2006, 23 January 2007 and 19 December 2007. The DPDC had held only one meeting in February 2006 to review the progress of implementation of the developmental schemes in the District.

1.2.8 Financial Management

Funds are allocated to the district through the State Budget for various developmental activities. In addition, funds are also released to the DRDA and implementing agencies for various socio-economic programmes by the State and Central Governments. The DRDA releases funds to the blocks and other executing agencies based on the approved allocation for the individual schemes.

GOI funds are received for specific programmes and are routed through the DRDA to the Blocks and implementing agencies/beneficiaries at the village level. The sanctions governing many of these programmes require that separate bank accounts are opened for operating the funds received for specific programmes and accordingly separate bank accounts for various schemes at the District, DRDA and Blocks level are maintained.

Funds received by the district sectoral heads and other executing agencies during 2004-09 and expenditure in respect of certain significant programmes⁽¹⁰⁾ covered under the review are given below:

Table 1.2.1

(Rupees in crore)

Scheme	Funds provided	Expenditure incurred
National Rural Health Mission (NRHM)	17.55	10.35
Pradhan Mantri Gram Sadak Yojana (PMGSY)	51.27	17.04
Construction of Rural Roads Programme (CRRP)	2.80	1.61
Special Rural Works Programme (SRWP)	23.92	13.28
State/Central Sponsored Programme (other than PMGSY)	212.90	181.72
Water Supply	93.85	94.86
Swajaldhara	1.56	1.21
Total Sanitation Campaign (TSC)	2.54	2.54
Sampoorna Grameen Rozgar Yojana (SGRY) / National Rural Employment Guarantee Scheme (NREGS)	50.00	44.47
Swarnajayanti Gram Swarozgar Yojana (SGSY)	4.24	3.65
Indira Awas Yojana (IAY)	11.91	11.73
Total	472.54	382.46

Source: Information furnished by concerned departments.

Scrutiny of the records of the Empowered Officer, State Rural Road Development Authority (PMGSY); District Water and Sanitation Mission (DWSM), District Health (NRHM), DC, DRDA and the test checked blocks revealed that the system of recording and accounting receipts is adequate. Funds are transferred by the Controlling Officers to the Units/Blocks through cheques/demand drafts and by the Blocks to the beneficiaries, *etc.*, at the village level. However, funds are shown as expenditure soon after release to the blocks and the blocks in turn show utilisation on release to the beneficiaries, *etc.* The details of funds received under SGRY, NREGS and IAY in the four blocks covered under the review during 2004-09 *vis-à-vis* expenditure are given below:

Table 1.2.2

(Rupees in crore)

Scheme	Year	Opening Balance	Funds Received from DRDA	Other Receipts	Total	Funds utilised by the sampled Blocks	Unspent Balance
SGRY	2004-07	1.01	10.42	0.11	11.54	11.19	0.35
	2007-08 ¹¹	0.19	0.18	-	0.37	0.28	0.09
NREGS	2007-09	-	8.93	0.30	9.23	9.14	0.09
IAY	2004-09	0.46	4.51	0.10	5.07	4.62	0.45

Source: Information furnished by concerned BDOs.

⁽¹⁰⁾ District-wise allocation not available in respect of National AIDS Control Programme (NACP) and E-Governance.

¹¹ Mawphlang Block (up to July 2007).

Social Services

Social sector has been receiving priority in funding both by the Central and State Governments. Implementation of the flagship programmes like National Rural Health Mission (NRHM) and Accelerated Rural Water Supply Programme (ARWSP) brought out the successful efforts of the State and District in improving the basic infrastructure in health sector. However, there is a need to provide adequate and skilled manpower in this sector to be able to use the infrastructure to achieve the intended objective of providing quality health care, water and basic civic amenities to the people of the district, as can be seen from the audit findings relating to this sector enumerated below.

1.2.9 Health

The District Medical and Health Officer, East Khasi Hills, Shillong, functioning under the State Health and Family Welfare Department, is responsible for providing health care services to the people of the District through a network of four hospitals. The health care services in the rural areas are delivered through six Community Health Centres (CHCs), 22 Primary Health Centres (PHCs) and 58 Sub-Centres (SCs).

1.2.9.1 Planning

As a first step towards provision of accessible, affordable and equitable health care under NRHM, household and facility surveys were to be carried out to identify the gaps in health care facilities in rural areas. Scrutiny revealed that the process of assessing the health care requirements and gaps in infrastructure, equipment, manpower, *etc.*, started in 2006 and expected to be completed by 2010-11. The work relating to the surveys was in progress.

The District Health Society (DHS) was to prepare a Perspective Plan for the entire Mission period (2005-12) and Annual Plans for the district with inputs from the lower tiers of Government. Community involvement was required to be ensured in planning, implementation and monitoring of the programme. Annual Plans for only 2007-08 and 2008-09 were prepared by the DHS.

The Mission activities needed convergence with other departments' programmes and working of non-governmental stakeholders, Village Health Sanitation Committees (VHSCs) and Rogi Kalyan Samitis (RKSs). But the DHS did not interact with or obtain inputs from the concerned departmental functionaries relating to drinking water, sanitation and hygiene, nutrition, *etc.* resulting in disconcerted efforts by various agencies towards the same goal. Community participation in planning, implementation and monitoring of the programme was also not ensured.

1.2.9.2 Finance

During 2005-09, central funds of Rs. 11.23 crore were released for Family Welfare and Maternal & Child Health. Of this, Rs. 10.35 crore was utilised leaving an unspent balance of Rs. 0.88 crore as of March 2009. Failure in utilisation of substantial

amount of central funds at the end of each year 2005-09 (Rs. 0.88 crore to Rs. 2.70 crore) indicated that the implementation of scheme under health sector got delayed thereby denying the health care facilities to the targeted population.

Untied funds were to be provided to Village Health and Sanitation Committees (VHSC) for various health activities including information, education and communication (IEC), household survey, preparation of health register, organisation of meetings at the village level. Accordingly, budget provisions are made at the rate of Rs. 10,000 for each functional VHSCs. As of March 2009, 1,033 VHSCs and Ragi Kalyan Samitis (RKSs) were formed/Registered in six CHCs and 22 PHCs in the District.

Out of the untied fund of Rs. 2.01 crore released during 2007-09, only Rs. 65.77 lakh (33 *per cent*) was utilised by the VHSCs. Shortfall in utilisation of 67 *per cent* of the available funds indicated that the desired objectives of households survey, IEC, *etc.* were not achieved.

1.2.9.3 Health Centres

According to GOI's norms, in hilly and tribal areas, SC was to be established for every 3,000 population, PHC for 20, 000 and CHC for 80,000 to one lakh population. Accordingly, the requirement of CHCs, PHCs and SCs worked out to 5, 19 and 128 respectively. The District, however, had six CHCs, 22 PHCs and 58 SCs as of March 2009.

While there was a shortfall of 70 SCs, the number of CHC and PHC exceeded the prescribed norm. SC is the basic contact point between the primary health care system and the community. Consequently, 55 *per cent* (2.09 lakh) of the rural population in the District was deprived of the benefit of basic health care facilities.

➤ Review of the status of six works relating to construction of new buildings for the existing centres under execution during 2004-09 in the District revealed delay ranging from one year to about three years in completion of building for three CHCs despite expenditure of Rs. 4.75 crore against estimated provisions for Rs. 3.86 crore. Besides, construction of three PHC buildings (estimated cost: Rs. 2.04 crore) stipulated for completion between October 2004 and August 2006, remained incomplete till March 2009. As of March 2009, the physical progress on these three works were 73 to 95 *per cent* against expenditure of Rs. 2.25 crore. The delay in completion of these six buildings, thus, led to cost overrun of Rs. 1.10 crore. It is obvious that there would be further cost escalation in respect of the three works yet to be completed.

During exit conference, the DHS (MI) stated that the delay was due to fund constraints.

➤ Despite completion of the building for Mawphlang CHC in February 2005, this was not handed over (October 2009) to the Health Department because of non-laying of service line by the Meghalaya State Electricity Board. Consequently,

the building remained unutilised rendering the expenditure of Rs. 1.43 crore idle for over four years, besides depriving the rural populace of the benefit of health care facilities supposed to be delivered by the CHC. The EE (Engineering Wing), DHS, Shillong stated (August 2009) that delay was due to non-availability of skilled labourers in the State, handing over of land by the Village Community (free of cost), remoteness of the site and adverse weather condition. As regards cost overrun, the EE stated that revised estimates had been submitted to the competent authority for necessary sanction.

1.2.9.4 Basic Health Care Services

The basic health care services that were required to be provided in the health centres were not available at many of the centres. The details in this regard are tabulated below:

Table 1.2.3

Particulars	Status of the service
X-Ray Machine	Lone machine installed each in Pynursla and Ichamati CHCs was not functioning. One out of two machines installed in Mawsynram and Sohra CHCs was not functioning since May 2000 and June 2001 respectively.
OT facilities in CHC	Not available in all six CHCs.
Radiology facilities in CHC	
Blood Storage facilities in CHC	
Diagnostic Services available	
Emergency Services available	
AYUSH Doctors available	In five PHCs
Availability of Labour Room	In six CHCs and 22 PHCs

Source: Information furnished by the DM&HO and DHS (MCH&FW).

1.2.9.5 Indoor patients care

A CHC comprises 30 beds and PHC with 6-10 beds for treatment of indoor patients. But indoor patient departments of five CHCs and eight PHCs were totally ineffective as the percentage of beds occupied in a year ranged between 0.01 *per cent* and 4.83 *per cent*.

Poor occupancy of beds in the health centres were due to the following factors:

- All CHCs were functioning without the required specialist doctors.
- Many PHCs were without vehicles.
- Many health institutions lack adequate facilities like furniture, examination tables, delivery tables, *etc.*

It was further noticed that indoor patient were not admitted in one CHC due to posting of only one Medical Officer and absence of dietary provisions in 14 PHCs as confirmed (August 2009) by the DM&HO. This showed the apathy of the Department in providing health care facilities to the rural populace.

During exit conference, the DHS (MI) admitted the fact and stated that tender committee had been formed for supply of diet to overcome the problem.

1.2.9.6 Manpower

As per norms of Indian Public Health Standard (IPHS), there should be four medical specialists (surgeon, physician, gynaecologist and paediatrician) and 21 paramedical and other staff in each CHC, one medical officer and 14 paramedical and other staff in each PHC and two health workers/ANM (One male and one female) in each SC.

While the shortfall in deployment of medical officers in six CHCs was 12.5 per cent, paramedical and other staff deployed in these CHCs exceeded the prescribed norm by 43 per cent. Deployment of medical officers and paramedical and other staff in 22 PHCs exceeded by 36 per cent and 13 per cent respectively. The position of SCs was also far from satisfactory. As per norms, SCs were to be manned by two Auxiliary Nurse cum Midwives (one male and one female). It was, however, seen that in 25 SCs one ANM was deployed and no ANM was posted in 39 SCs. Thus, lack of manpower planning rendered the SCs only partially functional.

1.2.9.7 Mobile Medical Unit

Though a Mobile Medical Unit was set up in the District in November 2008 and an expenditure of Rs. 0.54 lakh was incurred during 2008-09 on payment of salary to the driver and maintenance of vehicle, activity report of the unit was not produced to Audit. As such, the outcome of this unit could not be assessed in audit.

1.2.9.8 Achievement against Performance Indicators Reproduction and Child Health Care (RCH)

To achieve the NRHM goal of reducing the Infant Mortality Rate (IMR), Maternal Mortality Rate (MMR), Total Fertility Rate (TFR), birth rate (BR) and death rate (DR), the State Government prescribed various health indicators to be achieved by 2009. Following is the progress of achievement of the crucial health indicators of the East Khasi Hills District *vis-à-vis* State and All India position:

Table 1.2.4

Indicator	All India	Meghalaya	East Khasi Hills
IMR	55	56 (SRS 2008)	37 per 1000
MMR	301	450 (Targets fixed by Planning Commission for Tenth Plan)	254.71 per lakh
TFR	2.7	3.8 (NFHS-3)	4 per 1000
BR	22.22	24.4 (SRS 2008)	26 per 1000
DR	6.4	7.5 (SRS 2008)	6 per 1000

Source: Information furnished by the DHS (MCH&FW).

The IMR, MMR and DR in the District was less than All India and the State averages. However, the TFR and BR were marginally higher than the All India and State levels.

1.2.9.9 Antenatal Check-up

Scrutiny revealed that the requisite 100 Iron Folic Acid (IFA) tablets and two doses of Tetanus Toxoid (TT) were not administered to all the pregnant/targeted women in the District, with the shortfall in respect of IFA (ranging between 28 *per cent* and 70 *per cent*) and TT (19 *per cent* and 44 *per cent*). There was also no significant improvement in antenatal health check-up even after introduction of the NRHM in 2005-06 and was around 52 to 56 *per cent*, except in 2007-08 where 76 *per cent* of the registered pregnant women were provided with health check-ups.

1.2.9.10 Immunisation Programme

The overall achievement with regard to fully immunised children of zero and one year age group covering BCG, OPV and Measles was 31 *per cent* to 67 *per cent* during 2004-09 as percentage of children immunised against measles was low when compared to immunisation against other diseases, which is evident from the fact that incidence of measles during 2004-09 was between 138 and 248 (2004-05: 248; 2005-06: 140; 2006-07: 231; 2007-08: 138; 2008-09: 179).

The shortfall in achievement of targets in the secondary immunization of children during 2004-09 ranged between 0 *per cent* and 75 *per cent* for DT, 9 *per cent* and 67 *per cent* for TT (10 years age group) and 32 *per cent* and 73 *per cent* for TT (16 years age group).

Cases of infant and child diseases like neonatal tetanus (2004-05: 1), diphtheria (2007-08: 1), whooping cough (2004-05: 52 and 2005-06: 10) were detected during 2004-09. No case of tetanus was detected during the period covered under audit.

Pulse polio immunization was launched under RCH II to eradicate polio and ensure zero transmission by the end of 2008. No new cases of polio were detected during 2004-09 in the district.

1.2.9.11 National Aids Control Project

National Aids Control Project (NACP) – Phase II, launched by the GOI in 1999 with the objectives of reducing the spread of Human Immunodeficiency Retro Viruses (HIV) infection and strengthening of India's capacity to respond to the HIV/AIDS on a long term basis, was being implemented in Meghalaya through the Meghalaya AIDS Control Society.

Three Integrated Counselling & Testing Centres, *viz.* Shillong Civil Hospital, Ganesh Das Hospital and North Eastern Indira Gandhi Regional Institute of Health and Medical Sciences (NEIGRIHMS) were functioning in the District. Out of 7,850 persons screened in the District till July 2009, 193 persons were found HIV positive. There was an increasing trend in the HIV positive cases inasmuch as against four positive cases during 2004, 59 were found during 2008. The sero positivity in the District ranged between 0.59 *per cent* and 7.66 *per cent* for general clients during 2004-09.

The NACP aimed at reducing the spread of HIV by identifying the high risk groups like female sex workers (FSWs), immigrant labourers and truck drivers, and providing peer counselling, condom promotion, treatment of Sexually Transmitted Infection (STI) and client programmes for these groups. These activities were to be taken up through Non-Governmental Organisations (NGOs). The District Aids Programme Officers were to supervise the working of NGOs in their districts. In the District, two Targeted Intervention Projects were sanctioned at a cost of Rs. 60.11 lakh for implementation by two NGOs¹². Records of the Project Director, Meghalaya Aids Control Society, Shillong showed that 5,159 persons were covered by the NGOs till July 2009. Target for coverage was, however, not fixed till March 2009 and one NGO (Impulse NGO Network) discontinued its working since April 2009.

Among the important means envisaged by the GOI for combating AIDS is strengthening and upgrading the infrastructure facilities, providing counselling in the Sexually Transmitted Disease (STD) clinics in every district/medical college hospital and providing training to medical/paramedical personnel in clinics. The District has two STD clinics (Civil Hospital, Shillong and Ganesh Das Hospital, Shillong) and the measures envisaged under programme are implemented in these clinics.

Increasing trends in the HIV positive cases, however, is indicative of the fact that measures taken up in the State were not enough and need further improvement to reduce such cases.

1.2.9.12 Blood Safety

Under blood safety component, the existing blood banks were to be modernised and new blood banks opened. Blood component separation facility centres and skilled manpower were also to be made available. There are five blood banks in East Khasi Hills District, viz. Pasteur Institute Blood Bank (State Sector), Nazareth Hospital Blood Bank, K.J.P Synod Hospital Blood Bank (Private Sector), Military Hospital Blood Bank and North East Indira Gandhi Regional Institute of Health and Medical Sciences Blood Bank (Central Sector) - all situated at Shillong. In the Regional Blood Pasteur Institute, Shillong, trained medical officers and paramedical staff are available.

To sum up, the health indicators of the district reflect gaps in the implementation of the various activities which need to be addressed and monitored.

1.2.10 Water Supply

Provision for adequate and safe drinking water to all the citizens, especially those living in the rural areas, has been a priority area for both the Central and the State Governments. The water supply schemes are executed under (i) Minimum Needs Programme (MNP) and (ii) Accelerated Rural Water Supply Programme (ARWSP).

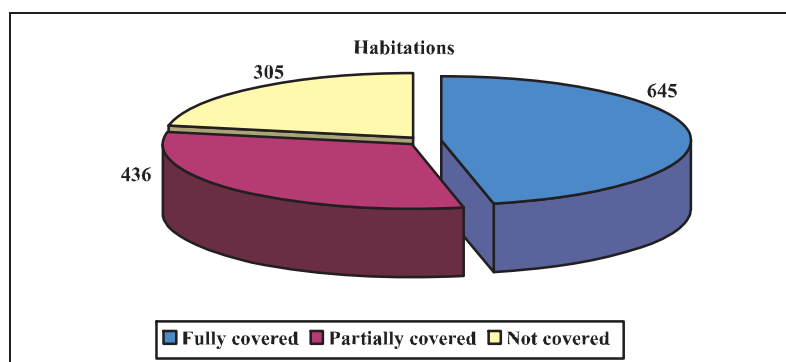
1.2.10.1 Survey

A survey was carried out in the District in 2003 to identify the status of habitations for water supply. The Survey revealed that out of 1,386 habitations in the district, 47 per

¹² Impulse NGO Network and Manbha Foundation.

cent of habitations were fully covered with drinking water facility as per the norms specified by the GOI, 31 *per cent* were partially covered and the remaining 22 *per cent* were uncovered. The position is pictorially depicted below:

Chart 1.2.2



In the three test-checked divisions¹³ of the District, only 347 habitations were covered during 2004-09 against the target of 567.

1.2.10.2 Incomplete Water Supply Schemes

From the details furnished by the two test-checked divisions, it was noticed that seven out of 10 water supply schemes/works (estimated cost: Rs. 4.22 crore) sanctioned between March 2005 and March 2007 under MNP, ARWSP and RWSS for coverage of 27,789 population and targeted for completion by March 2009, remained incomplete as of March 2009.

One water supply scheme under MNP remained incomplete even after two years of the stipulated date of completion. Though the remaining six schemes were targeted for completion by March 2009, the physical achievement on these schemes as of March 2009 ranged between 40 *per cent* and 80 *per cent*. Thus, expenditure of Rs. 2.98 crore incurred on these schemes remained unproductive so far (March 2009).

It was also noticed that three water supply schemes/works under Sohra Division, sanctioned between November 2007 and March 2008 at an estimated cost of Rs. 11.78 lakh for the benefit of 114 population, were stipulated for completion by March 2010. However, works on these schemes had not even started as of March 2009.

The EE, Sohra Division stated (August 2009) that due to heavy and extensive lime stone quarry activities in and around the site of two schemes, an alternative piped water supply scheme was under process and that the third scheme could not be started due to land dispute. The reply is indicative of the fact the schemes were taken up by the Division without proper survey and without obtaining the land free from all encumbrances.

From the details furnished by the three test-checked divisions, it was noticed that 44 water supply schemes/works sanctioned between December 1996 and March 2007 at

¹³ Hills Division, Investigation Division and Sohra Division.

an estimated cost Rs. 14.43 crore were completed at a cost of Rs. 14.46 crore after a delay of one to seven years beyond the scheduled date of completion. Four out of 44 schemes/works completed after a delay of two to six years beyond the scheduled period of completion resulted in excess expenditure of Rs. 19.16 lakh.

1.2.10.3 Quality of Water

To ensure supply of safe potable water to the people, physio-chemical and bacteriological testing of water were to be carried out. From the details furnished by the District Water Testing laboratory under Chief Engineer PHED Meghalaya, 1,672 samples were tested during 2004-09. However, the laboratory did not maintain any records to indicate the quality of the water tested by it. From the details furnished by the three test-checked divisions, it was noticed that 159 samples were tested and 127 samples were found to be safe for drinking. In remaining 32 samples where it was found unfit, follow-up action such as chlorination were carried out subsequently.

1.2.10.4 Swajaldhara

Considering the need to scale up reforms in the water sector for rural population, sector reforms project was improved by the GOI and launched as 'Swajaldhara' on 25 December 2002. Funds for the scheme were to be provided by the GOI and the community in the ratio of 90:10. Since August 2007, the funds were to be equally shared by the GOI and State Government. During 2004-09, funds totalling Rs. 1.40 crore were released by the GOI for implementation of the scheme, while the beneficiaries' contribution was Rs. 15.59 lakh. Out of Rs. 1.56 crore, expenditure of Rs. 1.21 crore was incurred leaving a balance of Rs. 0.35 crore with the implementing agencies. However, no fund was released by the State Government during the period.

Scrutiny revealed that during 2004-05, three villages were covered under two C&RD Blocks. Though, five villages under three C&RD Blocks were to be covered during 2005-06, works on four projects had not been started till August 2009. The Superintending Engineer, PHE (Rural) cum Member Secretary, DWSM stated (October 2009) that three of these projects were completed and the other would be completed by March 2010.

In short, there was shortfall in providing quality drinking water to the people, which needs to be bridged.

1.2.11 Total Sanitation Campaign

The Central Rural Sanitation Programme (CRSP) was launched in 1986 by the Union Ministry of Rural Development and Department of Drinking Water Supply primarily with the objective of improving the quality of life of the rural people and also to provide privacy and dignity to women. In December 2007, the CRSP was improved and changed the format moving towards a "demand driven" approach titled "Total Sanitation Campaign (TSC)" emphasising more information, education and communication (IEC), human resources development, capacity development activities to increase awareness among the rural people and generation of demand for sanitary facilities.

Though, some infrastructure¹⁴ were created during 2007-09 at a cost of Rs. 2.54 crore, no physical achievement with reference to the target could be assessed due to non-fixation of any target under the project and also non-assessment of the problem to be tackled.

Economic Services

Good infrastructure will go a long way in enhancing the growth potential of the district and bridging the gap between the urban and rural areas. It will also bring the remote and backward areas closer to the district headquarters and bring about equity and inclusive growth. Infrastructure include provision of good all weather roads, adequate electricity for all households, industrial and irrigation needs, railway connectivity, air services and reliable communication facilities.

A review of the development of roads in the district revealed that a majority of villages were yet to be provided road connectivity and the progress in construction of roads was quite slow, hampering the integration of rural, remote and backward areas with the mainstream development. Audit findings in this regard are discussed below:

1.2.12 Roads

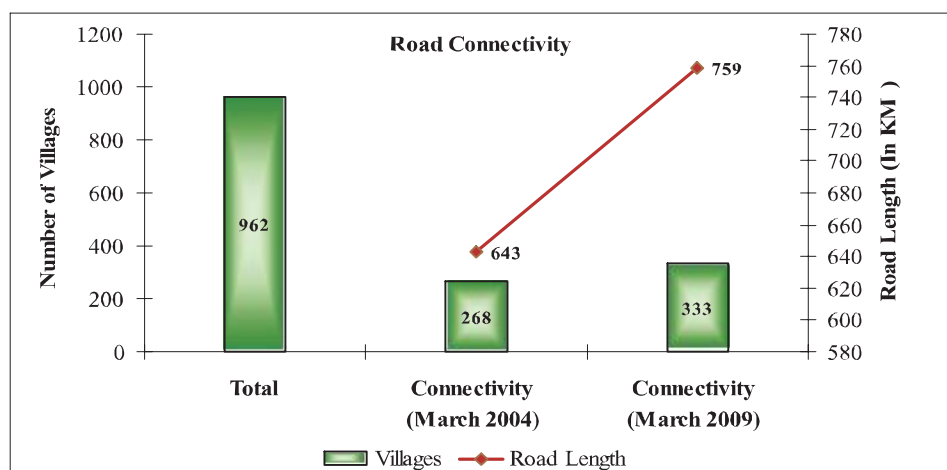
1.2.12.1 Status of Road Connectivity

There are 962 villages in the District. The distance of various places from the District headquarters ranges from 14 km (Mawiong) to 104 km (Shella).

GOI and the State Governments have been providing enormous funding for providing roads - both State level and National highways and plans have been formulated for ensuring connectivity to all the villages and from the villages to the district headquarters.

The status of road connectivity of the three sampled divisions in the district as of March 2009 is given below:

Chart 1.2.3



¹⁴ Individual household latrine (5,696 numbers), Sanitary complex for women (16 numbers), School toilets (462 numbers) and Toilets for Anganwadis (76 numbers).

As can be seen from the above chart, there has been a marginal improvement in the length of roads provided and the number of villages connected through roads during the last five years. While the length of road increased from 642.56 km in March 2004 to 758.93 km in March 2009, the number of villages provided with road connectivity increased from 268 in March 2004 to 333 in March 2009.

The most important scheme being implemented for the construction/ development of roads is the Centrally Sponsored Pradhan Mantri Gram Sadak Yojana (PMGSY) and Bharat Nirman Programme. Other important schemes which are specifically aimed at construction of roads or have construction/improvement of roads as one of the components of the scheme are Construction of Rural Roads Programme (CRRP), Special Rural Works Programme (SRWP) and Member of Parliament Local Area Development Scheme (MPLADS).

The progress with regard to implementation of some of these schemes is discussed below:

1.2.12.2 Pradhan Mantri Gram Sadak Yojana

This programme was launched in December 2000 and aimed at connecting every habitation that has a population of 1,000 or more through good all weather roads within three years, i.e. by 2003 and habitations with 500 people or more, by the end of Tenth Plan.

Funds amounting to Rs. 51.27 crore were provided for this programme by the GOI during 2001-02 and 2003-06 for Phase II to Phase V. Of this, Rs. 17.04 crore was spent as of March 2009. Out of eight works sanctioned by the GOI during 2004-06, one was completed and four works targeted for completion by January 2009, were yet to be completed (March 2009). The remaining three works were yet to be taken up for execution. The following further irregularities in implementation of the scheme were noticed:

- Ten out of 12 road works (estimated cost: Rs. 15.90 crore) sanctioned during 2001-05 and due for completion between March 2003 and January 2009 remained incomplete as of March 2009. It was further noticed that though the construction work of one of these works, viz. 'Road from Nongsder to Nongkwai', was not started due to land dispute, the Division concerned (DPIU – PMGSY) purchased (May 2006) hume pipes valuing Rs. 6.75 lakh and kept the same unutilised for over three years.
- The funds under PMGSY provides for creation of capital assets only, namely, new roads, upgraded roads, etc. Expenditure on purchase of vehicles, payment of salaries and wages and purchase or construction of buildings was not permissible. Scrutiny of records of the District Programme Implementation Unit, PMGSY, Shillong revealed that during 2004-09, the unit procured two vehicles (cost: Rs. 17.48 lakh) and furniture (cost: Rs. 3.21 lakh) from the interest accrued on the PMGSY funds. Diversion of funds provided for the PMGSY was not only unauthorised but also reduced the availability of funds for implementation of the projects under

PMGSY. During exit conference, the Deputy CE, PWD (Roads) stated that the amount was refunded to PMGSY fund.

1.2.12.3 Status of Road Works

Twenty road works (estimated cost Rs. 25.98 crore) sanctioned between November 1993 and March 2007 for execution by two test-checked divisions (Mawsynram and Shillong South Divisions) and targeted for completion by March 2009, remained incomplete as of March 2009. An expenditure of Rs. 13.26 crore was incurred on these incomplete projects. While three projects remained incomplete even after a lapse of around 10 years from the scheduled date of completion, one project remained incomplete even after a lapse of eight years. In other 16 projects, though the delay as of March 2009 ranged between three years and less than one year, considering the physical achievement, further delays in completion is obvious. Reasons for delay, though called for (August & September 2009), had not been furnished. Thus, expenditure of Rs. 13.26 crore on these incomplete road works remained unproductive (March 2009).

Apart from above, 12 road works (total length: 22.724 km) sanctioned in March 2006 at an estimated cost of Rs. 8.58 crore were de-sanctioned by the CE, PWD (R&B) after incurring expenditure of Rs. 22.46 lakh. Besides, other 18 road works (total length: 31.924 km; estimated cost: Rs. 11 crore) sanctioned between August 1995 and March 2006 were pre-closed after incurring an expenditure of Rs. 5 crore up to March 2009. Reasons for such action, though called for (August & September 2009), had not been furnished. Thus, expenditure of Rs. 5.22 crore incurred on these 30 road works was rendered wasteful.

It was noticed that 82 road works sanctioned between June 1991 and March 2007 at an estimated cost of Rs. 36.36 crore were completed at a cost of Rs. 34.12 crore. Of this, 26 works estimated to cost Rs. 12.11 crore were completed at a cost of Rs. 10.21 crore after a delay of 11 months to three years. Besides, 12 out of the 82 completed road works were completed after a delay ranging from four to five years from the scheduled date of completion incurring an excess expenditure of Rs. 9.42 lakh over the estimated cost.

Thus, delay in completion of Road works resulted in denying the benefits of providing connectivity which would have contributed to the economic growth of the district.

1.2.13 Rural Works

1.2.13.1 Construction of Rural Roads Programme

Construction of Rural Roads is a programme being implemented by the C&RD Department as a part of poverty alleviation measure by transferring certain funds from roads and bridges sector to community and rural development sector. The programme envisages improvement of rural road network by active involvement of village community for construction of link roads in the villages of rural areas to boost rural

economy. The scheme was implemented through village community and local durbars under the supervision of the respective DC of the District.

During 2004-08, the DC sanctioned and released Rs. 2.80 crore to the implementing agencies (no fund was released during 2008-09) for execution of 734 works. Of this, 360 works were completed at a cost of Rs. 1.25 crore. Out of the remaining 374 works, 115 works were in progress, the expenditure against which was Rs. 36 lakh as of March 2009. The remaining 259 works had not yet started, indicating poor achievement of the programme. Out of the released amount of Rs. 2.80 crore, Rs. 1.61 crore was spent during the period and the balance amount of Rs. 1.19 crore was lying with the implementing agencies.

The Director, C&RD stated (November 2009) that the works were approved by the MLAs concerned, but not executed due to their defeat during subsequent election. The reply is indicative of the fact that the works approved were more of a choice of the MLA than need based on the requirement of local populace. Consequently, the villagers under these constituencies were denied of the benefit envisaged under the scheme.

1.2.13.2 Special Rural Works Programme

The schemes under the Special Rural Works Programme (SRWP) are selected by the MLAs and implemented through local committees/beneficiaries' organisations under the supervision of the respective DC of the District. Funds for the programme are released by the C&RD Department to the Director, C&RD, who in turn releases the funds to the DRDAs. The DC (who is also the Chairman of the DRDA) places the sanctioned amount at the disposal of the BDOs, who releases the funds in instalments to the implementing agencies.

Under the SRWP, Rs. 54.18 crore was released by the C&RD Department during 2004-08 to ensure that rural works like construction of gallery, school buildings, community hall, library, classroom, fencing of school/church compound, playground, footpath, public shed, watching place, drinking well, approach road, VIP Restaurant, purchase of CGI Sheets, *etc.* are taken up in the respective constituencies of MLAs. Of Rs. 54.18 crore released to the DRDAs, Rs. 23.92 crore was released by the DC to the implementing agencies for execution of 1,637 works. Out of 1,637 works, 682 works were completed at a cost of Rs. 11.56 crore and 221 were in progress after incurring an expenditure of Rs. 1.73 crore till March 2009. The remaining 734 works estimated to cost Rs. 10.63 crore were yet to be started. Thus, out of the total amount of Rs. 54.18 crore, only Rs. 13.29 crore was utilised and the balance amount of Rs. 40.89 crore was lying unutilised with the DRDAs (Rs. 30.26 crore) and implementing agencies (Rs. 10.63 crore). Failure to complete 45 *per cent* of the sanctioned works as well as non-utilisation of released funds not only showed the apathy of the authorities concerned in proper implementation of the schemes under the SRWP but also resulted in locking up of Rs. 40.89 crore for one to four years.

During 2008-09, though Rs. 14 crore was released by the Director, C&RD to the DRDAs, the works were not approved by the MLAs till March 2009.

The Director, C&RD stated (November 2009) that the works were approved by the MLAs concerned, but not executed due to their defeat during subsequent election and Rs. 37.15 lakh meant for two constituencies were refunded to Government by the DC. Consequently, the villagers under these constituencies were denied of the benefit envisaged under the scheme. The reply again highlights the fact that works approved were driven by the individual choice of the MLA rather than need based.

1.2.14 Employment Generation

The three most important schemes sponsored by the Central Government for providing employment in the rural areas as a means of poverty alleviation are Sampoorna Gramin Rozgar Yojana (SGRY), Swarnajayanti Gram Swarozgar Yojana (SGSY) and the Indira Awas Yojana (IAY). The SGRY programme was subsequently subsumed in National Rural Employment Guarantee Scheme (NREGS) in December 2007. While SGSY had the objective of promoting self-employment, SGRY/NREGS was to generate wage employment. The IAY was geared towards providing dwelling houses to the BPL families in the rural areas. In the later case, there was also a wage component as the dwelling houses had to be constructed by the beneficiaries themselves.

The expenditure incurred on these three schemes in the District during 2004-09 *vis-a-vis* the State as a whole as well as target and achievement was as under:

Table 1.2.5

Particulars	Target		Achievement		Expenditure (Rupees in crore)	
	Entire State	East Khasi Hills District	Entire State	East Khasi Hills District	Entire State	East Khasi Hills District
SGSY (Number of beneficiaries)	No target fixed		5,629	573 (10)	17.71	2.86 (16)
IAY (Number of beneficiaries)	33,006	3,836 (12)	17,761	4,789 (27)	58.80	11.91 (20)
<i>Achievement against target (percentage)</i>	-	-	53.81	123.97	-	-
SGRY/NREGS (Mandays in lakh)	54.85/ 270.00	-/ 157.02(58)	63.61/ 167.31	20.53 (32)/ 30.01 (18)	67.02/ 166.91	15.55 (23)/ 30.57 (18)
<i>Achievement against target (percentage)</i>	-	-	-	-	115.97/ 61.97	-/ 19.11

(Figures in brackets represent *per cent*)

Source: Information furnished by the Director, C&RD.

1.2.14.1 Swarnajayanti Gram Swarozgar Yojana (SGSY)

The SGSY aimed at bringing BPL families above the poverty line by ensuring sustainable level of income of at least Rs. 2,000 per month by organising the rural poor into Self Help Groups (SHGs) and linking them to bank credit as well as Government subsidy for acquiring income generating assets and starting income earning occupation.

During 2004-09, GOI released Rs. 3.76 crore to the DRDA, Shillong for implementation of the scheme. Of this, Rs. 3.65 crore was released to eight BDOs leaving a balance of Rs. 0.11 crore with DRDA as of March 2009.

As of March 2009, 1,011 SHGs were formed since inception in April 1999, out of which 71 were defunct.

The selection of key activities for the SHGs to be financed by banks was generally made without any detailed techno-economic feasibility studies making them susceptible to unviability and closure. There was no assessment as to whether members of the SHGs actually earned minimum of Rs. 2,000 per month after repayment of loan as stipulated under the SGSY.

In so far as creation of durable assets under SGSY was concerned, the selection of the asset to be created had seldom any link with the wage or income sought to be generated by such investment. In most cases, no details like use of the infrastructure by the beneficiaries, inventory of assets created, benefits derived, maintenance of assets, *etc.* were maintained in the test-checked blocks. Thus, any reliable assessment of the benefits accruing to the beneficiaries was not possible.

1.2.14.2 National Rural Employment Guarantee Scheme (NREGS)

The primary objective of NREGS was to provide 100 days guaranteed wage employment in a financial year to every household who is willing to work. Scrutiny revealed that during 2007-08 and 2008-09, only 0.09 *per cent* and 36.60 *per cent* of households were provided 100 days of employment. Failure to provide 100 days employment despite availability of required funds indicated that the programme had not yet gathered momentum in the District.

It was further noticed that during 2008-09, 49,276 households were issued job cards, of which 38,806 households demanded job against which 38,676 were provided employment generating 28.15 lakh mandays. Only 14,156 households (37 *per cent*), who were provided with employment, completed 100 days in the financial year. Though, as per guidelines, the remaining 130 households were to get unemployment allowances within 15 days of demand of employment, such allowances were not provided. Thus, needy households were deprived of the benefit envisaged under the programme.

During exit conference, the Department stated that as the scheme was new, the primary objective could not be achieved during the first year of implementation.

1.2.14.3 Indira Awas Yojana (IAY)

The IAY aims at providing low cost houses to SC/ST and free bonded labourers living below the poverty line (BPL) free of cost. 80 *per cent* of the total allocation was being utilised for the construction of new houses and the remaining 20 *per cent* for conversion of unserviceable *kutchha* houses into *pucca* houses.

The year wise position showing the achievement of new construction and upgradation of houses under the District is given below:

Table 1.2.6

(in units)

Year	Annual target		Houses constructed		Houses in progress	
	New construction	Upgradation	New construction	Upgradation	New construction	Upgradation
2004-05	1290	349	1128	305	162	44
2005-06	2059	465	1768	438	291	27
2006-07	945	465	883	180	62	285
2007-08	457	306	454	116	3	190
2008-09	776	185	596	172	180	13
Total	5527	1770	4829	1211	698	559

Source: Information furnished by the PD, DRDA.

It was noticed that 1,627 houses, constructed at a cost of Rs. 44.74 lakh during 2004-09 under IAY in the four test-checked blocks, did not have sanitary latrine and smokeless *chullahs* though these were essential components of the scheme. Thus, the beneficiaries were deprived of the basic facilities of a clean environment and sanitation.

The IAY guidelines provide that the implementing agencies should have a complete inventory of houses constructed, giving details of the date of start and date of completion of construction, name of the village and block in which the house is located, name, address, occupation and category of beneficiaries and other relevant particulars. In the four test-checked blocks, the inventory of houses was not maintained in respect of all the new houses constructed. The BDOs concerned, however, assured that this would be maintained henceforth.

It was further noticed that in Mawphlang Development Block, 66 houses were constructed under IAY during 2004-09 costing Rs. 50,300 each with financial assistance of Rs. 27,500 to each beneficiary and the balance Rs. 22,800 was borne by the individuals. Substantial contribution (45.32 *per cent*) by the beneficiaries was not only contrary to the norm of 20 *per cent* prescribed in the guidelines but also casts a doubt about the genuineness of owners belonging to BPL category.

Thus, the employment generation programmes being implemented in the district have not provided the targeted population enough number of mandays of employment as envisaged in the programme despite availability of funds.

General Services

1.2.15 E-Governance

National Informatics Centres (NIC) had set up a District Informatics Centre (DIC) in Shillong way back in 1990-91 to support the district administration and spread awareness about the use of information technology (IT) in various departments. NIC is providing video-conferencing, internet services, e-mail, *etc.* through SCPC VSAT as well as leased line connectivity.

1.2.15.1 Services

E-governance initiatives/ICT related projects initiated during the last five years by the District Informatics Centre and envisaged services are being provided were as under:

Table 1.2.7

Certificate	Certificate relating to caste, digital signature, vehicle fitness report, fee and tax.
Registration	Registration of vehicles of Transport Department.
Licenses/Permits	Issue of registration certificates of new vehicles, commercial vehicle permit and challans, ration cards of above poverty line beneficiaries.
Agriculture/Horticulture	A pilot phase (2009) for information services/portal services/internet portal for Agriculture Department/G2G services.
Social Services	Recording of court room proceedings of the district court, data transmission for integrated disease surveillance projects/data management, analysis and rapid response in case of impending outbreaks/strengthening surveillance system with various communicable diseases and risk factors of non-communicable diseases under health and family welfare.
Utility	Monthly pay roll processing of all branches of DC office including generation of pay slip, etc.

Source: Information furnished by the DIC.

1.2.15.2 Community Service Centre

The State Government executed (July 2008) a Master Service Agreement (MSA) with BASIX (Bhartiya Samruddhi Investments and Consulting Services), a micro-finance multinational company, to launch a novel citizen-friendly facility called Community Service Centre (CSC) in the State replacing the Community Information Centre (CIC). It aimed at furthering the Government's e-governance outreach and to bring administration closer to the people and bring about a whirlwind revolution in the rural economy. BASIX was to provide all infrastructural needs in setting up CSCs through Village Level Entrepreneurs (VLE) in the designated villages at zero cost from the Government of Meghalaya.

Scrutiny of records revealed that CSCs in 57 Villages in the District were set up out of which 31 CSCs were opened as of September 2009. In setting up of CSCs, 442 numbers of VLEs were trained as per agreement.

1.2.16 Inspection and Reporting

Physical inspection was carried out by the specified officials from the Union Ministry of Rural Development for roads works under PMGSY. As per grading made during inspection, 17 out of 26 completed works and seven out of 13 ongoing works executed during 2001-02 and 2003-05 were unsatisfactory.

1.2.17 Monitoring and Evaluation

As no Panchayati Raj System is applicable in the State of Meghalaya, major developmental projects were being sanctioned by the line departments. Accordingly, heads of departments through whom funds were released were responsible for monitoring the progress of implementation of various developmental programmes in the District and ensuring that these are executed within the specified time frame and

approved budget. While most of the Central and State plan schemes specified the monitoring requirements, in general, most schemes required that the heads of departments including DC monitor the progress on a monthly/quarterly basis. The District Planning and Development Council was also to monitor and review the progress of implementation of schemes. Review of the execution of schemes was also to be done through periodical review reports and statements of expenditure (SOE) to be sent from various levels - village durbars/councils to the blocks, blocks to the DRDA/DC, DC to the State Government and onwards to the GOI with regard to the Central schemes.

Scrutiny revealed that monitoring and evaluation of the progress of implementation of various schemes in the District was perfunctory. The District Planning and Development Council met only once since its constitution in February 2006 to review the progress of the schemes.

The State Planning Department stated (June 2009) that physical monitoring of selected welfare schemes in East Khasi Hills started only in July 2008-09 and monitoring reports were still under the process of finalisation. No Evaluation study had been conducted during the period. However, from 2009-10, evaluation study on implementation of five schemes/programmes in the whole State, viz. ARWSP, Mid-Day Meal, Rural Employment Generation Scheme, Technology Mission under Horticulture Department and Border Area Development Programmes, had been outsourced to organise both from outside and within the State; and the studies were in progress.

1.2.18 Conclusion

Patient care in the district suffered due to non-utilisation of hospital infrastructure and inadequate facilities in rural areas. While the basic health care activities such as attending to patients, immunisation, *etc.* was taken care of, the implementation of health programme, i.e. creating more awareness among the population to get tested for AIDS, needed substantial improvement.

The supply of drinking water still remained a problem area in the District. Nearly 39 *per cent* rural habitations did not have water supply system.

Under rural road works programmes, 35 *per cent* of works were yet to start though funds were made available.

While the IAY had been successful in providing houses to 4,789 BPL families, the employment generated under NREGS was 19 *per cent* of the target.

1.2.19 Recommendations

- **Community involvement should be ensured at every stage in planning, implementation and monitoring of the programme.**

- **Funds should be utilised for creation of basic health infrastructure and amenities so that the health care centre provides intended services to the beneficiaries.**
- **Coverage of ‘not covered habitations’ for drinking water should be given priority over others.**
- **Effort should be made to provide employment opportunities as envisaged under the respective programme.**
- **The amenities to ensure a clean environment and sanitation to the beneficiaries along with the housing facility should be provided.**
- **Monitoring mechanism needs to be strengthened at all the tiers of local administration to ensure that the programmes are executed on time and within cost and timely corrective action is taken in cases of slippage.**

The matter was reported to the Government in September 2009; reply had not been received (November 2009).

EDUCATION, PLANNING, PUBLIC HEALTH ENGINEERING, POWER AND PUBLIC WORKS DEPARTMENTS

1.3 Non Lapsable Central Pool of Resources

The Non Lapsable Central Pool of Resources (NLCPR) was created by the GOI in 1998 for speedy development of infrastructure in the North Eastern Region by increasing the flow of budgetary financing for specific viable infrastructure projects in various sectors and to reduce the critical gaps in the basic minimum services. The assets created out of scheme funds have helped the State to bridge the infrastructural gap to some extent. The planning for implementation of the projects in the State was not effective. The financial management of the projects was poor and allocated funds could not be utilised. Evaluation was never attempted to gauge the extent of development of infrastructure and reducing the gaps in basic minimum services.

Highlights

The unutilised central funds with the State Government ranged between 42 per cent and 70 per cent during 2004-09, indicating ineffective implementation of the projects.

(Paragraph 1.3.8)

There were cases of diversion of central funds of Rs. 8.50 crore for execution of works/items not covered under the NLCPR funds.

(Paragraph 1.3.8.1)

The implementing department incurred excess expenditure of Rs. 10.71 crore due to execution of works in deviation of the sanctioned estimates.

(Paragraph 1.3.10.1)

Non-completion of the work within the stipulated date resulted in idle/unfruitful/unproductive expenditure of Rs. 20.49 crore.

(Paragraphs 1.3.10.2, 1.3.10.3 & 1.3.10.4)

The implementing departments extended undue favour of Rs. 31.66 lakh to the contractors engaged for implementation of various projects under NLCPR.

(Paragraph 1.3.11.4)

1.3.1 Introduction

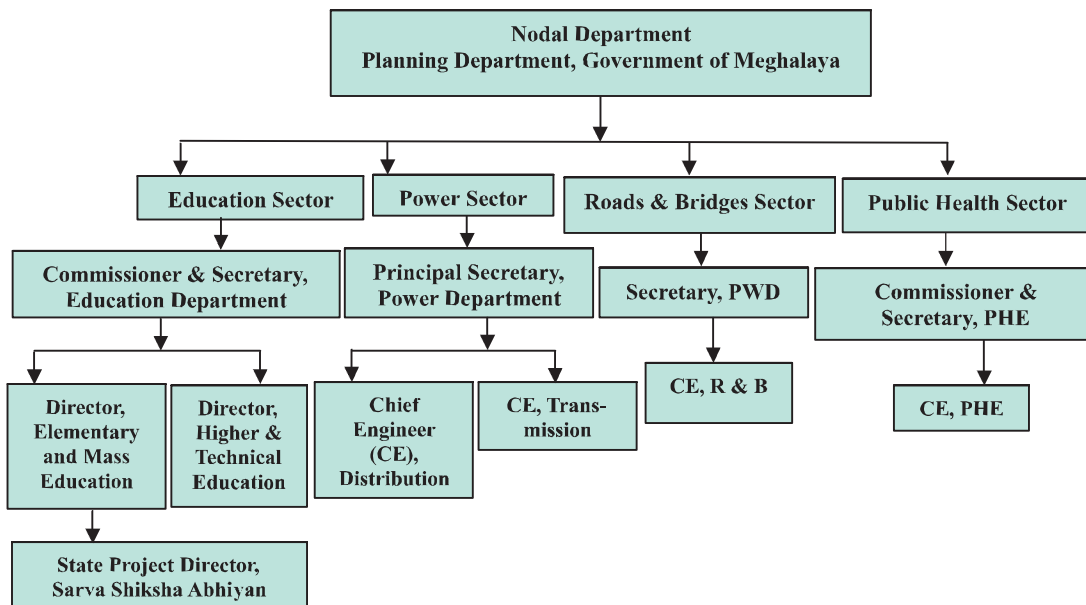
The Non Lapsable Central Pool of Resources (NLCPR) was created in 1998 out of the unspent balance of 10 per cent provided in the budget of central ministries / departments for the North Eastern Region (NER). The broad objectives of the scheme are to:

- ensure speedy development of infrastructure in the NER by increasing the flow of budgetary financing for new infrastructure projects/schemes in the region; and,
- provide support under the central pool for both physical and social infrastructure sectors such as irrigation and flood control, power, roads and bridges, education, health, water supply and sanitation.

1.3.2 Organisational Set up

The State Planning Department is the Nodal Department for implementation of the schemes implemented under NLCPR. At the Government level, Principal Secretary, Power Department, the Commissioners & Secretaries, Education and Public Health Engineering (PHE) Departments and Secretary, Public Works Department (PWD) are responsible for overseeing the implementation of schemes under the respective sector. The organisational structure for implementation of projects in various sectors¹⁵ under NLCPR in the State is given below:

Chart 1.3.1



1.3.3 Scope of Audit

Implementation of 20 schemes¹⁶ (out of 60) funded under NLCPR, covering the period 2004-09, was reviewed in audit through a test-check (June-September 2009) of records of the Planning, Public Works (R&B & NH), PHE, Education and Power Departments and Transmission & Distribution of Meghalaya State Electricity Board (MeSEB) covering 73 *per cent* (Rs. 136.99 crore) of the total expenditure of Rs. 186.74 crore incurred during the period.

¹⁵ Excluding transport, community & rural development, district councils and agriculture sectors.

¹⁶ Roads and Bridges: 7; Education: 6, Power: 4; Water Supply: 3.

1.3.4 Audit Objectives

The objectives of the performance review were to assess whether

- there was a critical assessment of needs in each of the infrastructural areas and whether the individual projects were planned properly;
- adequate funds were released in a timely manner and utilised for the specified purpose in accordance with the scheme guidelines and Detailed Project Reports (DPR);
- projects have been executed in an efficient and economic manner and achieved their intended objectives; and,
- there is a mechanism for adequate and effective monitoring and evaluation of projects.

1.3.5 Audit Criteria

Audit objectives were benchmarked against the following criteria:

- Guidelines of the Government of India in respect of NLCPR funded schemes;
- Detailed Project Reports;
- Performance indicators relevant to the sectors (roads & bridges, water supply, education and power) under which the projects were executed; and,
- Prescribed monitoring mechanism.

1.3.6 Audit Methodology

For conducting the performance review, an entry conference was held (July 2009) with the Secretary, Planning Department, Officer on Special Duty, Education Department, Additional CE, PHE, Deputy CE, PWD (Roads), Executive Engineer (Transmission), MeSEB, wherein the audit objectives, criteria and methodology were explained. Schemes were selected on the basis of probability proportionate to size with replacement method. Utilisation of funds received from the GOI and State Governments, adherence to project guidelines, implementation of various projects, *etc.* were analysed to arrive at audit conclusions. Audit findings were discussed with the Principal Secretary, Planning Department, Commissioner & Secretary, Power Department, CEs, PWD & PHE and Director, Education in an exit conference (October 2009) and the replies of the Government/Department have been incorporated in the report at appropriate places.

Audit Findings

The important points noticed are discussed in the succeeding paragraphs.

1.3.7 Planning

Guidelines for implementation of NLCPR funded projects provided for preparation of a Perspective Plan by the State Government after analysis of the gaps in infrastructure sector. The projects for inclusion in the priority list for consideration for funding under NLCPR was to be picked up strictly from the Perspective Plan. The State

Government was to submit, through the nodal department, an annual profile of projects in terms of a shelf of projects (called ‘Shelf’ or ‘Priority list’ hereafter) latest by 31 December for the next financial year. This was to be in consonance with the overall planning process within the State, covering annual plans and five year plans. The State should also indicate that these projects had not been taken up or proposed to be taken up with any other funding mechanism. For deciding the size of the projects on the ‘Shelf’, the State was to take the last three years’ cumulative expenditure that it had utilised under NLCPR as the indicator. Each project proposal should be accompanied by a socio-economic feasibility report and a Detailed Project Report (DPR). The projects with their DPRs were to be submitted by the nodal department to the Union Ministry for Development of North Eastern Region (MoDONER) for appraisal.

The State Government had neither prepared any Perspective Plan nor carried out a gap analysis in infrastructure sector. Priority list had been submitted by the State Government to the MoDONER on the basis of project proposals received from various departments. Three years cumulative expenditure required to be taken for deciding the size of the projects had also not been taken into consideration on the ground of non-release of funds by the MoDONER within the stipulated period of nine months. Thus, the vital requirements of the guidelines remained unfulfilled, leading to delay in completion of schemes, preparation of inflated estimate, overlapping of scheme as discussed in the succeeding paragraphs.

1.3.8 Financial Management

The MoDONER was to sanction funds in instalments to the State Government for implementation of the projects. The first instalment was not to exceed 35 *per cent* of the total project cost unless there are special circumstances. Up to 2004-05, the funds released under the scheme were 90 *per cent* grant and 10 *per cent* loan. As per the recommendations of the Twelfth Finance Commission (TFC), only grant was being released to the State with effect from 2005-06. The balance 10 *per cent* being loan component was to be raised by the State Government.

Funds released by the GOI during 2004-09 for implementation of various schemes under NLCPR and expenditure incurred thereagainst were as under:

Table 1.3.1

(Rupees in crore)

Year	Opening balance with the State Government	Funds released	Total funds available	Funds released to the implementing authorities	Unspent funds with the State Government (<i>Per cent</i>)	Expenditure reported by the implementing authorities
2004-05	41.98	21.70	63.68	29.33	34.35 (54)	32.77
2005-06	34.35	27.50	61.85	18.49	43.36 (70)	21.36
2006-07	43.36	38.58	81.94	42.38	39.56 (48)	38.67
2007-08	39.56	60.86	100.42	58.19	42.23 (42)	47.68
2008-09	42.23	94.82	137.05	45.57	91.48 (67)	46.26
Total		243.46		193.96		186.74

Source: Sanction orders of MoDONER and State Government and expenditure statements furnished by the implementing authorities.

As of April 2004, there was an unspent balance of NLCPR funds amounting to Rs. 41.98 crore with the State Government. During 2004-09, the MoDONER released Rs. 243.46 crore to the State Government for implementation of various schemes. Out of the total available funds of Rs. 285.44 crore, Rs. 193.96 crore was released by the State Government to the implementing authorities and the balance amount of Rs. 91.48 crore had not been released as of March 2009. The unutilised central funds lying with the State Government ranged between 42 *per cent* and 70 *per cent* during 2004-09.

1.3.8.1 Diversion of Funds

According to the administrative and financial approval of the projects accorded by the MoDONER, funds released for implementation should be utilised strictly for the purpose for which these were sanctioned and there should not be any diversion of funds. Four departments diverted funds aggregating Rs. 8.50 crore¹⁷ for meeting the cost on clearance of land slips, stone aggregates, cutting road side drains, purchase of photocopier, work charged establishment, computer, accessories, stationeries, construction of approach road, brick walls, drawings and design, *etc.* Diversion of funds provided for the NLCPR schemes without approval of the MoDONER was not only unauthorised but also reduced the availability of funds for implementation of the projects under NLCPR.

1.3.8.2 Reporting/Delay in submission of Utilisation Certificates

Audit scrutiny revealed the following cases:

- Out of Rs. 35.42 crore released by the MoDONER to the State Government for implementation of three power projects¹⁸, Rs. 28.27 crore was released by the State Government to the MeSEB. The difference of Rs. 7.15 crore was mitigated from the own sources of the MeSEB. The completion reports submitted (October 2006 and May 2007) to the MoDONER, however, showed receipt and utilisation of the entire released amount of Rs. 35.42 crore. Thus, the report submitted to the MoDONER did not exhibit the actual state of affairs.
- For commissioning of transformer at Khliehriat, the MoDONER released Rs. 1.64 crore in January 2003 (Rs. 80 lakh) and May 2004 (Rs. 84 lakh). Though one 132/33KV, 20 MVA outdoor power transformer, procured (October 2001) prior to approval of the project by the MoDONER at a cost of Rs. 53.05 lakh was installed under this project, NLCPR funds of Rs. 1.64 crore was shown as utilised in the utilisation certificates and progress reports submitted (April 2004 and November 2005) to the MoDONER by the MeSEB through the nodal department. Since the cost of these transformers was not incurred out of the NLCPR funds, the reports submitted to the MoDONER did not exhibit the actual state of affairs.

¹⁷ PWD (R&B) Department: Rs. 61.61 lakh; PHE Department: Rs. 63.82 lakh; Education Department: Rs. 6.40 lakh; Power Department: Rs. 718.21 lakh.

¹⁸ Sub-Transmission and Distribution Scheme-Master Plan for distribution of Power, Construction of 132 KV double circuit transmission line from Sarusajai to Byrnihat and Transmission & Distribution Scheme-Commissioning of transformer at Khliehriat.

➤ There was delay ranging from two months to over three years in submission of utilisation certificates in respect of 16 out of 20 projects involving Rs. 55.80 crore. The major delay was on the part of the PWD (one to over three years) followed by the Power Department (two months to one year).

1.3.8.3 Unnecessary release of NLCPR funds

Sarva Shiksha Abhiyan (SSA) is an important programme of the GOI to universalise elementary education in the country in a mission mode. The programme was being implemented in Meghalaya by the Sarva Shiksha Abhiyan State Mission constituted on 13 March 2002. The programme was being financed by the Union and the State Governments on 75:25 basis during the Tenth Plan (2002-07) and 50:50 thereafter.

As a special dispensation for the years 2005-06 and 2006-07, MoDONER accorded (March 2006) approval for meeting 15 *per cent* of the State's share under SSA from the NLCPR funds. Accordingly, MoDONER released Rs. 3.85 crore and Rs. 8.59 crore to the State Government during 2005-06 and 2006-07 respectively, which were released to the SSA by the State Government during 2006-07 (Rs. 3.85 crore) and 2007-08 (Rs. 8.59 crore). Since NLCPR funds are meant for speedy development of infrastructure in the NER, release of the same to the SSA through the State Government as a special dispensation was not justified, because the SSA State Mission was unable to utilise the funds ranging between Rs. 37.55 crore and Rs. 58.32 crore provided (2005-08) under SSA by the Union Government.

1.3.9 Project Implementation

MoDONER sanctioned 60 NLCPR projects, estimated to cost Rs. 627.41 crore, for execution in the State during 1998-09, of which Rs. 378.29 crore was released. The State Government incurred expenditure of Rs. 282.75 crore and completed 18 projects at a cost of Rs. 141.67 crore as indicated in the following tables.

Table 1.3.2

(Rupees in crore)

Sector	Number of projects sanctioned	Approved cost	Funds released	Fund utilised
Roads and Bridges	24	154.51	93.28	65.87
Water Supply	05	97.94	86.10	85.65
Education	13	65.51	51.79	42.76
Power	12	276.17	134.47	83.39
Miscellaneous ¹⁹	06	33.28	12.65	5.08
Total	60	627.41	378.29	282.75

Source: Planning figures, sanction orders of MoDONER and State Government and expenditure statement.

As of March 2009, the overall status of projects implemented under NLCPR was as under:

¹⁹ Baljek Airport, Iawmusiang market, Ginger Processing Plant at Byrnihat, Shopping Complex-cum-Auditorium near Lumshad and New Nongstoin Market Complex.

Table 1.3.3

Sector	Completed projects		Incomplete projects			
	Number	Expenditure incurred	Number	Approved cost	Due for completion by March 2009	Expenditure (as of March 2009)
Roads and Bridges	4	18.64	19	135.87	4	47.23
Water Supply	1	35.79	04	62.15	3	49.86
Education	3	21.91	11	41.55	2	20.85
Power	9	63.43	03	211.75	-	19.96
Miscellaneous ²⁰	1	1.90	05	31.38	-	3.18
Total	18	141.67	42	482.70	9	141.08

Source: Planning figures, sanction orders of MoDONER and State Government and expenditure statement.

Some of the important projects viz., ‘Electrification of ‘ten’ tribal villages, improvement of power supply at Shillong’, ‘132 KV DC Transmission line from Sarusajai’, ‘Commissioning of transformer at Khliehriat’, ‘School building, teachers’ quarters and students’ home at Ramkrishna Mission, Cherrapunjee’, ‘Strengthening and widening of four roads’, ‘Upgradation of market at Lad Mawngap’, etc. were created out of the scheme funds. This has helped the State to bridge the infrastructural gap to a large extent.

1.3.9.1 Time over run

There was delay of three months to two years in completion of seven out of 18 projects (target date for completion of 11 projects was not available). The remaining 42 projects (Rs. 482.70 crore) were ongoing as of March 2009. Of these, nine projects targeted for completion between March 2005 and December 2008, had not been completed till March 2009. Out of the remaining 33 projects, 18 were targeted for completion during 2009-12 and target dates for completion of the 15 projects were not available.

1.3.9.2 Status of test-checked projects

Status of the 20 projects (out of 60 projects) test checked in detail under four sectors (Roads and bridges: seven; Water supply: three; Education: six; Power: four) as of March 2009, is given in the following table.

Table 1.3.4

(Rupees in crore)

Sector Name of the Project	Date of Approval by MoDONER	Approved cost	Stipulated date of completion	Expendi- ture up to March 2009	Physical progress as of March 2009 (Per cent)
ROADS AND BRIDGES					
Re-construction of Bridges and Approaches on Mawphlang- Balat (10 Bridges)	October 2005	9.01	November 2008	6.57	95
Upgradation of double lane and strengthening of Dkhiah- Sutnga-Saipung-Moulsei - Haflong Road (9-16 th Km)	October 2005	4.46	November 2008	4.45	100

²⁰ Baljek Airport, Iawmusiang market, Ginger Processing Plant at Byrnihat, Shopping Complex-cum-Auditorium near Lumshad and New Nongstoin Market Complex.

Sector Name of the Project	Date of Approval by MoDONER	Approved cost	Stipulated date of completion	Expendi- ture up to March 2009	Physical progress as of March 2009 (Per cent)
Improvement, widening, strengthening including Reconstruction of Bridges and Culverts of Rymbai- lapmala- Suchen Road (1-17km)	December 2005	18.77	June 2008	16.48	95
Improvement, widening including Metalling and Black Topping of Dkhiah- Sutnga- Saipung- Moulsei- Haflong Road (29- 44 km)	March 2007	7.22	March 2010	6.71	85
Construction of RCC Bridge over river Daru on Ampati- Purakhasia Road (2 nd km) to Ampati village, Approach Road	December 2005	4.54	December 2007	2.37	65
Strengthening of Baghmara- Maheshkhola Road (35-74 km)	April 2001	1.86	March 2003	1.86	100 (March 2005)
Strengthening including widening of existing pavement into intermediate lane of 5.5 m width of Mawshynrut- Nongdaju-Nongchram Road (0-53.3 km)	April 2001	7.33	February 2002	6.59	100 (March 2005)
WATER SUPPLY					
Nongpoh (Urban) Water Supply Scheme	March 2007	17.47	March 2010	10.26	61
Jowai Water Supply Scheme	March 2003	15.41	March 2007	11.12	65
Mairang Water Supply Scheme	December 2005	7.69	December 2008	5.79	80
POWER					
Sub -Transmission and Distribution Scheme. Master Plan for distribution of Power in Meghalaya	January 2003	24.00	2007-08	22.84	100 (May 2007)
Construction of 132 KVDC Transmission line from Sarusajai to Byrnihat in Meghalaya	March 2004	9.78	2007-08	9.78	100 (May 2007)
Transmission & Distribution Scheme- Commissioning of Transformer at Khliehriat	January 2003	1.64	2007-08	1.64	100 (May 2007)
Tura Improvement Scheme	October 2000	12.03	NA	12.03	100 (October 2005)
EDUCATION					
Construction of School Building for Sutnga Presbyterian Higher Secondary School at Sutnga	February 2006	2.34	August 2007	0.73	30
SAC Expansion Programme - Developing the Employment Potential of NE Region in the New Economy & Promoting and Documenting Regional Talent	December 2006	4.24	December 2010	1.33	40
Campus Development Project of Building Infrastructure of Thomas Jones Synod College, Jowai	November 2006	3.37	April 2009	2.02	80
Construction of Tikrikilla College Complex, West Garo Hills	December 2006	5.43	NA	-	-
Mawsynram Border Area College	November 2005	2.86	October 2007	1.53	63
Sarva Shiksha Abhiyan (2005-07)	September 2006	12.44	-	12.44	100
Total				136.54	

Source: Sanction orders of MoDONER and State Government and expenditure statements furnished by the implementing authorities.

The important Audit findings with regard to contract management and execution of these projects are discussed in the succeeding paragraphs.

1.3.10 Project execution

Significant audit findings with regard to the projects covered under the review are discussed in the subsequent paragraphs.

1.3.10.1 Deviation from sanctioned estimates and excess utilisation of construction material than required

In seven projects, cases of execution of different items of work in excess of the estimated provision and utilisation of construction material in excess of norms/actual requirement were noticed, which led to excess expenditure of Rs. 10.71 crore as detailed in the following table.

Table 1.3.5

(Rupees in lakh)

Project	Items of work executed in excess of estimated provision	Excess expenditure
Improvement, widening, strengthening including reconstruction of bridges and culverts of Rymbai-Iapmala-Suchen Road (1-17 km)	Earthwork, Culverts, Retaining Wall and Superstructure	505.71
	Utilisation of Hume pipes in excess of requirement	56.68
Improvement, widening, strengthening of Dkhiah-Sutnga-Saipung-Moulsei-Haflong Road (9-16 km)	Granular Sub-Base for construction of granular sub-base, Grade II and III metal for Water Bound Macadam	62.03
	Utilisation of Hume pipes in excess of requirement	19.21
Improvement, widening including metalling and blacktopping of Dkhiah-Sutnga-Saipung-Moulsei-Haflong Road (29-44 km)	Hume Pipe Culverts-Execution of earthwork and random rubble stone masonry in excess of estimated provisions	226.26
	Utilisation of Hume pipes in excess of requirement	34.66
Strengthening including widening of existing pavement into intermediate lane of 5.5 m width of Mawshynrut-Nongdaju-Nongchram Road (0-53.3 km)	Excess utilisation of bitumen	13.68
Re-construction of 10 bridges and approaches on Mawphlang-Balat Road:	Procurement of Hume pipes without requirement	13.61
Renovation of Jowai Water Supply Scheme - Construction of Approach Road – 6.5 km	Earthwork, metalling and blacktopping and Construction of RCC Hume Pipe culvert in excess of estimated provisions	65.32
Mairang Water Supply Scheme	Excess procurement of DI pipes	73.97
Total		1071.13

Source: DPRs, contractors' bills, Measurement Books and payment vouchers.

The EE, Electrical Division, Jowai stated (September 2008) that the increase in the volume of earthwork under “**Renovation of Jowai Water Supply Scheme - Construction of Approach Road – 6.5 km**” was due to increase in the height of earthwork including encountering of different type of soil than those estimated, there was no provision for construction of culvert along the approach road in the DPR, construction of hume pipe culvert was carried out considering the absolute necessity of the storm water for avoiding submergence and damage of road in the event of storm. Reasons for excess expenditure in respect of metalling and blacktopping work despite actual execution was less than the estimate had not been furnished. This

indicated that the estimate of the work was prepared without proper survey of the site of the work.

➤ The DPR of 'Renovation of Jowai Water Supply Scheme', provided estimated cost of Rs. 4.36 crore for procurement of MS pipes of different diameters. The Department, however, incurred expenditure of Rs. 2.01 crore on procurement of these MS pipes. The actual expenditure constituted only 46 *per cent* of the estimated cost, indicating that the cost of pipes provided in the estimate was unrealistic, thereby inflating the estimated cost of the scheme.

➤ In project 'Improvement, widening, strengthening including reconstruction of bridges and culverts of Rymbai-Iapmala-Suchen Road (1-17 km)', sand filling for foundation trench required to be done for foundation work of bridge No.1/7 was not executed. Besides, drilling holes in foundation were executed 300 metre instead of 70.14 metre. 70.14 tonnes of HYSD bars estimated for foundation work was also not utilised for the work.

The possibility of execution of sub-standard work under the project also could not be ruled out because of non execution of estimated items of works.

1.3.10.2 Non-completion of work leading to idle expenditure

Construction work for stretch 1-9 km of "**Improvement, strengthening including reconstruction of bridges and culverts of Rymbai-Iapmala-Suchen Road (1-17 km)**" was awarded to a contractor in June 2006 at his offered rate of Rs. 7.07 crore, stipulating the date of completion by June 2008. As per the agreement executed (June 2006) with the contractor, the items of allotted work included earthwork, base and surface course, hume pipe culverts and retaining wall.

According to the 5th Running Account Bill of the contractor, except base and surface course work, all other items were completed by September 2007 at a cost of Rs. 6.87 crore. Thereafter, the road had been lying unattended in the form of a metalled road, because of non-execution of base and surface course involving bituminous work, rendering the expenditure of Rs. 6.87 crore idle. Reasons for discontinuation of the work on the road, though called for (August 2009), had not been furnished. The possibility of additional expenditure on the road could also not be ruled out because of deterioration of the metalled road due to passage of time, particularly because the area falls under heavy rainfall zone as mentioned in the DPR.

1.3.10.3 Delay in completion of the work

Under "**Renovation of Jowai Water Supply Scheme**" one of the item of the project, viz., 'Construction of raw water pumping system, intake structure, intake pump house, approach bridge, intermediate RCC sump, intermediate pump house, raw water main reservoirs, laying of raw water rising main and pumping machineries including all appurtenant works' was awarded (August 2004) by the CE, PHE to a contractor at a cost of Rs. 4.37 crore. As per conditions of work order, the contractor was to obtain trading licence from the Jaintia Hills Autonomous District Council (JHADC) before

starting the work. Though, the contractor had applied for the licence in August 2004, the JHADC issued the same in March 2005, which was revalidated in April 2005. Consequently, the tender agreement for the work was executed in May 2005 with the stipulation to complete the work by April 2007. But the work remained incomplete till March 2009 even after two years of the stipulated date of completion. Expenditure of Rs. 1.79 crore was incurred by the Department on the work till March 2009 against physical achievement of 65 *per cent*, which has been rendered unfruitful.

1.3.10.4 Non-completion of the project rendering the expenditure unproductive

To reduce the transmission and distribution (T&D) loss of energy (9.2 *per cent* from the existing 15.6 *per cent* by 2002) of ‘**Tura Electric Supply System**’ and modernise the existing system through system improvement, the MoDONER accorded administrative approval for the project “Tura Improvement Scheme” in October 2000 for an amount of Rs. 12.03 crore which was released to the State Government during 2000-01. The State Government, however, released (2000-06) Rs. 11.83 crore to the MeSEB, of which Rs. 8.40 crore was released as loan. Reasons for release of NLCPR funds as loan, though called for (August 2009) from the GOM, had not been furnished. As per the records of the MeSEB, Rs. 11.83 crore was released by the MeSEB to three executing divisions during 2000-08 (Tura Division: Rs. 1.81 crore; Garo Hills Civil Division: Rs. 0.88 crore; Material Management (MM) Division: Rs. 9.14 crore). As per the certificate furnished to the State Power Department by the Member (Technical), MeSEB in February 2006, the project was completed in October 2005 at a cost of Rs. 12.03 crore. Even after submission of completion certificate, the MeSEB incurred expenditure of Rs. 84.40 lakh by charging under this scheme (cost of material: Rs. 76.63 lakh; labour cost: Rs. 7.77 lakh).

It was, however, noticed that the objective to reduce the T&D loss was not achieved. Instead of reduction, the T&D loss scenario has even worsened and the average T&D loss during 2006-09 reached the level of 38.27 *per cent*, which is four times the limit envisaged after implementation of the project. Failure to bring down T&D loss has to be viewed in the light of the fact that out of Rs. 11.83 crore released to three executing divisions for electrical and civil works and for procurement of material for the works, Rs. 4.65 crore only was utilised for the specified purpose and the balance amount of Rs. 7.18 crore was diverted for the purposes not covered under the NLCPR²¹.

Thus, Rs. 11.83 crore released by MoDONER remained unproductive as the MeSEB failed to achieve the desired objective of reducing the T&D loss and diverted the funds without the knowledge of the MoDONER.

²¹ Material Management Division: Rs.600.27 lakh; Tura Civil Division: Rs.9.43 lakh; Tura Distribution Division: Rs.108.51 lakh.

1.3.10.5 Execution of substandard work

Audit scrutiny revealed the following shortcomings:

➤ EE, NEC Division, Jowai engaged (June 2006) two contractors for construction of pipe culverts required for the project “Improvement, widening, strengthening including re-construction of bridges and culverts of Rymbai-Iapmala-Suchen Road (1-17km)”. The items of work allotted to the contractors *inter alia* included cement concrete work of 1:2:4 ratio at the rate of Rs. 2,503 per cum, which was fixed taking into account the cost of 330 kg of cement. Up to third running account bill, the contractors executed 500.21 cum (283.80 cum + 216.41 cum) cement concrete work. As per utilisation statement attached to the bills, the contractors utilised 170 kg of cement for execution of one cum of cement concrete work. Thus, the contractors utilised 85,035.7 kg of cement against the requirement of 1,65,069.30 kg. But payments (Rs. 12.52 lakh) were made (March 2007) to the contractors at the agreed rate without deduction for the cost of 80,033.6 kgs (1,601 bags) not utilised in the work. Failure of the EE to get the work executed by the contractors as per specification not only led to execution of sub-standard work but also resulted in an extra expenditure of Rs. 3.20 lakh due to payment for 1,601 bags of cement (at the rate of Rs. 200 per bag) not utilised by the contractors.

➤ For executing the foundation work of another project (Construction of RCC Bridge over River Daru on Ampati Purakhasia Road - 2nd Km), the contractor executed 2,138.37 cum of cement concrete work up to sixth running account bill. As per utilisation statement attached to the bill, the contractor utilised 17,106.96 bags of cement for execution of the cement concrete work. The “Consumption of Cement Register” maintained at construction site of the works, however, showed utilisation of 13,473 bags of cement by the contractor for execution of 2,138.37 cum of cement concrete work. But payments (Rs. 98.72 lakh) were made (June 2008) to the contractor by the EE, Ampati Division without deduction for the cost of 3,633.96 bags (181.698 tonnes) of cement not utilised in the work, which resulted in extra expenditure of Rs. 9.68 lakh (at the rate of Rs. 5,330 per tonne) to the contractor. Besides, execution of work by utilising less quantity of cement also led to execution of sub-standard work.

The EE, NEC Division, Jowai stated (September 2008) that utilisation of 170 kg of cement instead of actual utilisation of 330 kg was inadvertently shown in the utilisation statement, which was subsequently corrected. The reply is not tenable because the EE could not produce the relevant documents in support of procurement of the required quantity of cement by the contractors and it is an attempt to cover up the fraud perpetrated. Reply from the EE, Ampati Division had not been received.

➤ As per the DPR, MS pipes can withstand sufficiently high pressure, chance of leakages at joints is far less compared to other pipes, these are very flexible and can be easily laid even in undulated hilly terrains. Accordingly, the approved DPR of the scheme provided funds for laying of MS pipes for gravity main and for laying of GI pipes under gravity feeder main as these pipes were considered advantageous over

other pipes. Contrary to the DPR, the EE, PHE Nongpoh Division proposed (June 2007) to implement the scheme with Ductile Iron (DI) pipes and executed the work. The action of the EE was irregular as it did not have the approval of the MoDONER on one side and on the other side, is also fraught with the risk of execution of sub-standard work under the scheme because MS and GI pipes were considered advantageous over other pipes.

1.3.11 Contract Management

Scrutiny of records in audit revealed instances of excess expenditure on carriage of material, undue advantage to contractor, execution of work without recording detailed measurements, *etc.* as brought out in the succeeding paragraphs.

1.3.11.1 Tendering procedures

According to Meghalaya Financial Rules, 1981, when a work is to be done by a contractor, sealed tenders should be invited and a deed of contract should be executed. Scrutiny of records of 20 projects selected for detailed examination revealed that the implementing departments had followed the codal formalities relating to tendering for execution of the project work through contractors in respect of all the projects except in the case of ‘Construction work of the hostel buildings’ wherein contract was awarded to a contractor at Rs. 1.90 crore without inviting tenders. However, an agreement was executed in April 2006. As a result, opportunity of getting comparative rates was missed.

1.3.11.2 Excess expenditure on carriage of material

Under the project “Upgradation of double lane and strengthening of Dkhiah-Sutnga-Saipung-Moulsei-Haflong Road (9-16km)” the carriage cost of material (stone metal, stone boulders, GSB, stone chips, earth from cutting/burrow pit, bituminous pre-mix) were paid at a higher rate preferred by the contractor against the rate duly approved by the MoDONER resulting in excess expenditure of Rs. 16.63 lakh.

During exit conference (October 2009), the Department stated that the excess expenditure was due to oversight and that the detailed reply would be furnished.

1.3.11.3 Execution of works without recording detailed measurement

As per procedure for lump sum contract prescribed in Rule 324 of Meghalaya Financial Rules, 1981, for incomplete items, rough measurement should be recorded in the Measurement Book.

The construction work of “raw water pumping system, intake structure, *etc.*” was awarded to a contractor in August 2004 at Rs. 4.37 crore on lump sum basis. Though, payments of Rs. 1.78 crore were made to the contractor up to sixth running account bill, measurement of work done by the contractor was not recorded in the MB. In the absence of recorded measurement of works, actual execution of works as per required specification could not be ascertained in Audit.

1.3.11.4 Undue benefit to the contractor

➤ For construction of hume pipe culverts under project **“Improvement, widening, strengthening including re-construction of bridges and culverts of Rymbai-Iapmala-Suchen Road (1017 km)”**, the EE, NEC, Jowai Division procured (January 2007) hume pipes at a cost of Rs. 98.13 lakh from a supplier. Though, there was a delay of five months in supply of the pipes and extension of time was also not granted by the CE, the EE did not impose any penalty on the suppliers as per Clause 2 of the agreement which provided for imposition of penalty at the rate of one *per cent* for each day of delay subject to a maximum of 10 *per cent* of the estimated cost. Consequently, the supplier was given undue financial benefit of Rs. 9.81 lakh (10 *per cent* of the tender value of Rs. 98.13 lakh).

The EE stated (September 2008) that the delay was due to bad condition of the road which was not motorable during summer season. The reply was not tenable because the condition of road should have been taken into consideration while fixing the date of delivery.

➤ Construction material like cement, MS pipe, torsteel, valued at Rs. 1.71 crore were supplied by the Department to the contractor engaged for construction work of ‘raw water pumping system, intake structure, *etc.*’ under **“Renovation of Jowai Water Supply Scheme”**. Though, payment of Rs. 1.78 crore was made to the contractor (up to the sixth running account bill), the value of the material issued for construction of the work was not deducted as per Clause 10 of the agreement which stipulates that the value of material required to be supplied to the contractor for the purpose of the work should be deducted from any sum due to the contractor under the contract. Further, in absence of detailed measurement indicating the quantity of work done and material utilised, the amount of undue financial benefit extended to the contractor could not be worked out in audit.

➤ Further, the agreement executed with the contractor engaged for construction work of ‘raw water pumping system, intake structure, *etc.*’, provided for recoverable advance for mobilisation at 5 *per cent* of the contract amount. Accordingly, the EE paid (March 2006) Rs. 21.85 lakh (5 *per cent* of Rs. 4.37 crore) as advance to the contractor. But recovery of the advance was not effected till the sixth running account bill of the contractor paid in March 2009 (Rs. 1.78 crore). The action of the EE was not only contrary to the Meghalalya Financial Rules (MFR) but also failed to protect the interest of the Government and led to undue favour to the tune of Rs. 21.85 lakh to the contractor.

The EE stated (September 2008) that the works done against mobilisation advance were establishment of camp site, mobilisation of manpower and infrastructural facilities for commencement of the work. The reply was not tenable because payment of mobilisation advance without the security of the material brought at site by the contractor was contrary to the MFR.

1.3.12 Quality Control

DPRs of the schemes implemented under NLCPR stipulate execution of these schemes in accordance with the standards prescribed in Specifications for Road and Bridge Works published by Indian Roads Congress (IRC). As per IRC specifications, all materials should be subjected to an acceptance test prior to their immediate use. Independent testing of cement for every consignment should be done by the contractor at site in the laboratory approved by the Engineer before use. The contractor should furnish test certificates from the manufacturers/supplier of materials along with each batch of materials delivered to site. The testing of all the materials should be carried out by the Engineer or his representative for which the contractor should make all the necessary arrangements and bear the entire cost.

Though, cement and torsteel required for execution of four test-checked projects²² were purchased by the contractor from the market, the quality of these materials was not ensured through proper test or obtaining quality test certificates/reports from the contractors. Consequently, the quality of different works executed under these projects remained uncertain.

1.3.13 Monitoring and Evaluation

Except monitoring of the execution of works under different projects by the MoDONER and the implementing departments through the quarterly progress reports submitted by the executing divisions/implementing agencies, no other measures were initiated by the Nodal Department to streamline the monitoring system, as is evident from the following:

- **Quarterly meeting:** Instead of holding quarterly meetings to review the progress of implementation of the projects, monthly meetings were conducted by the Chief Secretary. During the five year period ending March 2009, monthly meetings were conducted by the Chief Secretary only 22 times and two review meetings were held under the chairmanship of the Secretary, MoDONER.
- **Field Inspection by Ministry:** Field inspections by officers of the MoDONER and impact studies, social studies and evaluation were not conducted by Government/independent agencies during the period covered by audit.
- **Independent supervision:** Half-yearly supervision for making mid course correction in the projects and its implementation procedures was never conducted.
- **Evaluation:** No evaluation studies of the projects implemented during the period covered under review had been conducted by the departments concerned to correlate the works with the expenditure incurred and to ensure that the objectives of the NLCPR were achieved.

²² Improvement, widening, strengthening including reconstruction of bridges and culverts of Rymbai-lapmala-Suchen Road (1-17 km), Upgradation of double lane and strengthening of Dkhiah-Sutnga-Saipung-Moulsei-Haflong Road (9-16 km), Improvement, widening including metalling and blacktopping of Dkhiah-Sutnga-Saipung-Moulsei-Haflong Road (29-44 km) and Construction of Mawsynram Border Area College.

1.3.14 Conclusion

Implementation of NLCPR schemes in the State has brought about some improvement in creation of infrastructure in various sectors. The assets such as electrification of 'ten' tribal villages, improvement of power supply at Shillong, 132 KV DC Transmission line from Sarusajai, commissioning of transformer at Khliehriat, school building, teachers' quarters and students' home at Ramkrishna Mission, Cherrapunjee, strengthening and widening of four roads, upgradation of market at Lad Mawngap, *etc.* created out of scheme funds have helped the State to bridge the infrastructural gap to some extent.

Programme objective of ensuring speedy development of infrastructure in the State by increasing the flow of financing for specific viable infrastructure projects in various sectors and reduce the critical gaps in the basic minimum services, such as roads and bridges, water supply, education and power, was, however, constrained as these gaps were not identified prior to implementation of schemes. There were cases of diversion of funds released by the MoDONER, undue favour to the contractors, excess expenditure in deviation from the sanctioned DPRs, unauthorised revision of the structure of the work and misrepresentation of facts. Evaluation was never attempted to gauge the extent of development of infrastructure and reducing the gaps in basic minimum services.

1.3.15 Recommendations

- **Efforts should be made to allocate funds in accordance with the components of the projects and diversion and blocking of funds should be monitored for prompt remedial action.**
- **Executing authorities should strictly adhere to the provisions of the sanctioned DPRs to avoid excess expenditure.**
- **Monitoring mechanism needs to be strengthened and accountability should be fixed for ineffective implementation of the projects in a time bound manner to serve the objectives envisaged under the scheme.**

The matter was reported to the Government in September 2009; reply had not been received (November 2009).