



CHAPTER-II

AUDIT OF TRANSACTIONS

Fraud/Misappropriation/Loss

HEALTH & FAMILY WELFARE AND SCHOOL EDUCATION DEPARTMENT

2.1 Temporary Misappropriations of Government Funds

Failure in exercising routine checks while preparing bills by one DDO of H&FW and two DDOs of School Education Department resulted in excess drawal of ₹ 9.91 lakh.

The head of office or any other gazetted officer designated as Drawing & Disbursement Officer (DDO) for drawing bills and making payment on behalf of the Government is responsible for correctness of the arithmetical calculation of the bills. It is also spelt out in Rule 220(3) of Central Treasury Rules (CTR) (Volume-I) that while preparing a bill, the entries in all the money columns of the bill shall be totalled separately under each section/part and the total must be checked by the DDO himself.

Further, in regard to check to be applied at Treasury, the Note contains below Rule 183 of CTR (Volume-I) provides that when bills presented for payment contain obvious arithmetical mistakes or trifling mistakes which can easily be corrected, the Treasury Officer should correct them and pay the corrected amount of the bill.

Scrutiny (February 2011) of the Treasury payment vouchers on establishment pay bills by Central Audit Party (CAP) revealed that the following three heads of offices/functioning as DDOs of two Departments (Health and Family Welfare and School Education) prepared the establishment pay bills of the non-gazetted staff and presented the same to the concerned Government Treasuries (Aizawl and Mamit) for payment during June 2008 to February 2010 without ensuring the correctness of arithmetical calculations. The bills contained arithmetical mistakes and were irregularly passed for payment by the Treasury Officers without correcting the amount of the bills. As a result, the three DDOs encashed an excess amount ₹ 9.91 lakh while drawing the fund by submitting 68 pay bills. The consolidated position of excess drawals are given in the following table:

Table-2.1

(Amount in ₹)

Sl. No.	Name of DDO	Period	No. of pay bills	Actual net amount in the bills	Inflated net amount in the bills	Excess
1.	Chief Medical Officer, Mamit	3/2009 to 1/2011	18	29,30,082	33,81,236	4,51,154
2.	Sub-Divisional Education Officer, Darlawn	11/2008 to 2/2010	30	1,36,26,135	1,39,64,766	3,38,631
3.	Sub-Divisional Education Officer, Aizawl North	6/2008 to 2/2010	20	83,29,996	85,30,996	2,01,000
Total			68	2,48,86,213	2,58,76,998	9,90,785

Source : Paid vouchers by the Treasuries

The discrepancies occurred mainly due to inflation of every net amount to be drawn in respect of 68 bills, to the extent of ₹ 9.91 lakh.

Thus, due to failure on the part of three DDOs of concerned two Departments and the Treasury Officers, in exercising their routine check while preparing and passing the bills, an excess drawal of ₹ 9.91 lakh occurred, which is refundable to Government accounts.

The Government (Health and Family Welfare Department) and Sub-Divisional Education Officer, Darlawn in their reply intimated (September and November 2011) that the Chief Medical Officer, Mamit and Sub-Divisional Education Officer, Darlawn had already refunded the excess amount of ₹ 4.51 lakh (October 2011) and ₹ 5.40 lakh (September 2011) respectively to the Government Accounts. The Sub-Divisional Education Officer, Darlawn, however, did not clarify the circumstances under which he refunded an amount of ₹ 5.40 lakh, when his excess drawal was ₹ 3.39 lakh only. Reports on refund of excess drawal of ₹ 2.01 lakh by the Sub-Divisional Education Officer is awaited (February 2012).

The fact, however, remains that the excess drawal of pay and allowances was refunded to the Government Accounts by two DDOs at the instances of Audit after irregular retention of the same for a period ranging between nine to thirty nine months and in the case of SDEO, Aizawl North, the recovery is yet to be made (November 2011).

ENVIRONMENT AND FORESTS DEPARTMENT

2.2 Doubtful expenditure

The Divisional Forest Officer incurred doubtful expenditure of ₹ 53 lakh even before the completion of location survey for the Plantation.

The Government of India, Ministry of Environment and Forests accorded (November 2007) administrative approval of financial assistance of ₹ 176.93 lakh for implementation of the

Action Plan for Conservation and Management of Tamdil Wetland in Mizoram and released first installment of ₹ 53 lakh. The details of component wise target to be achieved with first installment was as under:

Table-2.2

Sl. No.	Item	Physical Target	Rate	Amount (₹ in lakh)
A. Protection measures				
i.	Survey & demarcation	10 km	@13,000/km	1.30
ii.	Depicting Boards & maps	05 Nos.	@ 2,500/No	0.13
iii.	Fire protection/fire line	10 km	@10,000/km	1.00
B. Watershed management				
i.	Stream bank erosion	10 ha	@20,000/ha	2.00
ii.	Check dam	05 No	@50,000/No	2.50
C. Aided Natural Re-generation (ANR)				
i.	Advance work	250 ha	@ 2,184/ha	5.46
D. Artificial Regeneration (AR)				
i.	Advance work	500 ha	@ 6,048/ha	30.24
E. Bamboo Plantation				
i.	Advance work	500 ha	@ 2,016/ha	10.08
F. Assessment of biodiversity				
i.	Survey of flora & identification of endangered species		L/S	0.29
Total (A to F)				53.00

Source: Departmental records

The central assistance was released (November 2007) on the following conditions:

- The State Government was to select an impartial technical agency for evaluating the progress of work to be carried out under each activity; and
- State Government was to constitute a steering Committee, headed by the Secretary, Department of Environment & Forests, Government of Mizoram.

Accordingly, the Government of Mizoram (Environment and Forests Department) accorded (February 2008) administrative approval and expenditure sanction of ₹ 53 lakh for implementation of the Central Scheme by the Environment & Forests Department.

On receipt of the Government approval, the Principal Chief Conservator of Forests (PCCF), Mizoram, instructed (11 March 2008) the Divisional Forest Officer (DFO), Aizawl (the Implementing Officer of the Project), to submit a proposal with the stipulation that:-

- (i) After completion of survey, a map may be prepared and submitted for necessary approval,
- (ii) Area for plantation 250 ha for Aided Natural Regeneration, 500 ha for Artificial Regeneration and 500 ha for Bamboo Plantation was to be located and spelt out,
- (iii) Matter may be discussed in State Level Steering Committee for Wetland; and
- (iv) Since other Departments like Tourism, Fishery, Sericulture will also be involved, prior discussion with stake holder Departments is to be held before any developmental works are taken up except plantation.

The survey was completed in April 2008 and Survey Map of Tamdil Wetland was finalised in May 2008.

Scrutiny of the records (October 2010) of the Divisional Forest Officer(DFO), Aizawl Forest Division, however, revealed that before completing the actual survey of an area of 1,250 ha for the targeted components of Aided Natural Regeneration (ANR), Artificial Regeneration (AR) and Bamboo Plantation and without obtaining clearance from the State Level Steering Committee the DFO, Aizawl prepared some doubtful bills amounting to ₹ 53 lakh and encashed (March 2008) the same from Government Accounts. The details of expenditure incurred was as under:

Table-2.3

Sl. No.	Amount (₹ in lakh)	Particulars
i.	1.08	towards purchase of Prismatic Compass
ii.	13.94	towards purchase of Netlon and polybags
iii.	0.93	towards purchase of Cement
iv.	37.05	towards engagement of laborers
Total	53.00	----

Source: Departmental records

Further, as per the estimates prepared (Table-2.2) for each component, the advance works for creation of nurseries for ANR, AR and Bamboo Plantation required purchase of varieties of seeds, fertilizers and chemicals for plant protection. However, procurement of these essential core component viz. planting materials was conspicuously absent from the details of the expenditure reported by the DFO.

Besides, out of ₹ 53 lakh, an amount of ₹ 15.02 lakh was shown to have been spent for procurement of Prismatic Compass, Netlon and polybags from an Aizawl based firm¹, which was no longer in existence². This raises serious doubts on the credibility of the claim that these materials were actually procured at all.

In the Exit Conference held³ on October 2010, the DFO, Aizawl while accepting the facts stated that the irregularities occurred due to receipt of fund at the fag-end of the financial year.

¹ A. R. Agencies, Aizawl

² as per records of the Taxation Department

³ with the Audit Party

Thus, before execution of the component wise target to be achieved with the first installment of Central Assistance the DFO, Aizawl incurred doubtful expenditure of ₹ 53 lakh.

The matter was reported (February 2011) to the Government and their reply is awaited as of February 2012.

LAND REVENUE AND SETTLEMENT DEPARTMENT

2.3 Irregular, doubtful and excess payment on acquisition of land

In the absence of pronouncement of awards, the Collector, Kolasib District unauthorisedly disbursed an interest of ₹ 43.51 lakh and a solatium of ₹ 127.59 lakh with an excess payment of interest of ₹ 31.15 lakh and solatium of ₹ 81.98 lakh. Also much ahead of the finalisation of draft award, the Collector disbursed ₹ 104.18 lakh to 12 persons, out of which ₹ 40.95 lakh was disbursed to seven persons, who were not interested in the land.

The Collector (Deputy Commissioner), Kolasib District pronounced (March 2009 and May 2010) three awards in favour of Oil and Natural Gas Corporation (ONGC) Ltd, Cachar Forward Base, Silchar for acquisition of 31,09,293 sq. ft. of land at Hortoki in Kolasib district for establishment of ONGC Drill site and Drill Site Approach (DSA) along with approach road. Against the awarded compensation of ₹ 403.60 lakh under three awards, the Collector collected an advance compensation of ₹ 700.69 lakh as per following details:

Table-2.4

(₹ In lakh)

Award No.	Awarded compensation		Advance compensation collected	
	Date of award	Amount	Date	Amount
(i) No. 1 of 2009	March 2009	63.54	November 2008	114.24
(ii) No. 1 of 2010	May 2010	311.40	May – July 2009	526.81
(iii) No. 1 of 2010	May 2010	28.66	February 2010	59.64
Total	----	403.60	----	700.69

Source: Departmental records

An audit scrutiny (September- October 2011) of the records of the Deputy Commissioner, Kolasib district revealed the following major irregularities in respect of disbursement of compensation out of ₹ 700.69 lakh:

2.3.1 Payment of solatium and interest without any award

As provided in Section 23 of LA Act, 1894 the Collector is to award interest and solatium at following rates, in addition to the market value of the land:

Interest – an amount calculated at the rates of 12 per cent per annum on such market value of land for the period commencing from date of notification under Section 4 to date of award; and

Solatium – a sum of 30 per cent on such market value of land, including compensation on crop, as expression of “Land” in LA Act 1894 includes benefits to arise out of land and things attached to the earth.

The details of awarded value of compensation under three Awards are shown in **Appendix-2.1**. It may be seen from the **Appendix-2.1** that none of the three awards contain any award towards payment of interest and solatium, although, the 34 (29 nos. + 5 nos.) land owners with valid Land Settlement Certificates (LSCs) were entitled to receive interest and solatium at following rates:

Table-2.5

(₹ in lakh)

Award No.	No. of land owners with valid LSCs	Market value of land, including crop compensation	12 per cent Interest (from date of notification to date of Awards)	30 per cent Solatium
(i) No. 1 of 2009	05 Nos.	63.54	3.96	19.06
(ii) No. 1 of 2010	29 Nos.	91.96	8.40	27.59
(iii) No. 2 of 2010	NIL	NIL	Not entitled	Not entitled
Total	34 Nos.	155.50	12.36	46.65

Source: Departmental records

The Senior Civil Judge, Aizawl district and the Addl. District Judge, Aizawl District Court vide their orders dated August 2009 and October 2010 respectively also directed the Collector to pay interest and solatium as required under Section 23 of LA Act, 1894.

The Collector, however, without pronouncing any supplementary awards with previous approval of the Government towards payment of interest and solatium unauthorisedly disbursed an interest of ₹ 43.51 lakh and a solatium of ₹ 127.59 lakh as shown in **Appendix-2.1** with an excess payment of interest of ₹ 31.15 lakh and solatium of ₹ 81.98 lakh. Thus, disbursement of interest and solatium require pronouncement of formal supplementary awards by the Collector with *ex-post-facto* approval of the Government and excess payment made thereon needs to be recovered.

2.3.2 Doubtful and unauthorised payment

The draft award No. 1 of 2009 was finalised by the Collector and forwarded to Government for approval on 9 February 2009 and the State Government approved (20 March 2009) the said award for payment of compensation of ₹ 63.54 lakh. However, much ahead of the finalisation of draft award, the Collector unauthorisedly disbursed (December 2008) ₹ 115.59 lakh to the following persons as against the Government’s approved (March 2009) compensation of ₹ 63.54 lakh. The details of disbursement made by the Collector were shown below:-

Table-2.6

(A) Amount disbursed to persons contained in the Award:

(₹ in lakh)

Name	Value awarded	Amount disbursed	Excess payment against awarded value
1. Lalbuatsaiha	0.40	0.40	Nil
2. R. Kapthanga	14.36	14.36	Nil
3. Rohnuna	20.81	20.81	Nil
4. Biakthlawnlövi	11.97	11.97	Nil
5. Rochanmawia	16.00	27.10	11.10
Total	63.54	74.64	11.10

Source: Departmental records

(B) Amount disbursed to persons whose names were not contained in the Award:

(₹ in lakh)

Name	Value awarded	Amount disbursed	Recovery made, if any
1. Lalthakima	Nil	15.32	11.41
2. Lalsangzuala	Nil	4.08	Nil
3. Thangchhunga	Nil	4.97	Nil
4. Lalnunsanga	Nil	4.67	Nil
5. Rothangzuala	Nil	4.15	Nil
6. L. Bawihliana	Nil	5.82	Nil
7. Zoramenga	Nil	1.94	Nil
Total	Nil	40.95	11.41
Grand Total (amount disbursed, A+B) :			115.59

Source: Departmental records

Scrutiny of the records pertaining to disbursement of ₹ 115.59 lakh revealed the following:

- Reason for disbursement of excess compensation of ₹ 11.10 lakh to a person interested (Pu. Rochanmawia) as mentioned in the Table-A above was not on record.
- Out of unauthorised disbursed amount of ₹ 15.32 lakh, an amount of ₹ 11.41 lakh was already recovered (September 2011) from Pu Lalthakima leaving a balance of ₹ 3.91 lakh.
- The Deputy Commissioner, Kolasib District without assigning any reason, irregularly obtained (12 December 2008) a cheque of ₹ 25.63 lakh from the cashier, out of advance compensation received from the ONGC Ltd. and encashed the same. Later on he submitted an Actual Payee Receipts (APRs) for ₹ 25.63 lakh indicating disbursal to six persons (as shown in Table-B under Serial two to seven). The six persons were, however, found to be not interested in the land so acquired and as such their names had not been incorporated in the awards. Thus, the Deputy Commissioner had irregularly disbursed public money amounting to ₹ 25.63 lakh in the name of some unknown persons. The Additional Deputy Commissioner of Kolasib District while accepting the fact stated (September 2011) that the

previous Deputy Commissioner who disbursed the money had not placed anything on record which lead to such unauthorised disbursements.

2.3.3 Doubtful payment

Scrutiny of Actual Payment Receipts (APRs) in respect of payment of compensation against Award No. 1 of 2010 along with solatium and interest to 186 temporary pass holders (202-16 nos.) revealed that in most of the cases, the compensation related to a list of persons interested were disbursed to a single person after obtaining identical signatures in the APR sheet. Thus, the actual receipt of compensation by all the interested persons is doubtful in the absence of individual receipts. The scanned copies of the APRs are reproduced in **Appendix-2.2**. Thus, authenticity of the actual disbursement of compensation and its receipts by the persons interested in the land requires a proper investigation.

The matter was reported (October 2011) to the Government and their reply is awaited (February 2012).

GENERAL ADMINISTRATION DEPARTMENT

2.4 Drawal of fund before execution of works

The Sinlung Hills Development Council drew an amount of ₹ 1.75 crore from the Government Treasury through false bills before execution of works of which an amount of ₹ 86.43 lakh was unauthorisedly utilised for execution of 156 unapproved works.

The General Administration Department (GAD), Government of Mizoram, accorded (May and September 2010) administrative approval and expenditure sanction of ₹ 1.75 crore (₹ 0.40 crore + ₹ 1.35 crore) to execute the following developmental works under Sinlung Hills Development Council:

Table-2.7

Sl. No.	Particulars	Amount ₹ in lakh)
(i)	For construction of side drains in 58 villages	88.65
(ii)	For construction of retaining walls in five villages	7.57
(iii)	For construction of steps in 52 villages	24.22
(iv)	For construction of pavement in 35 villages	54.56
Total		175.00

Source: Departmental records

Scrutiny (May 2011) of the records of the Development Officer and Secretary, Sinlung Hills Development Council, Aizawl revealed that on receipt of the expenditure sanctions of ₹ 1.75 crore

from the State Government the Council prepared 263 false bills showing departmental execution of works at ₹ 174.88 lakh (wage component ₹ 47.55 lakh and material component ₹ 127.33 lakh) and encashed the entire amount from the Government Treasury during June 2010 to February 2011 as per details shown in the following table:

Table-2.8

Sl. No.	Name of Works	No. of bills	Month of drawal	Amount drawn (₹ in lakh)
1.	Pavement Works	103	September 2010 to February 2011	54.60
2.	Steps	91	June 2010 to February 2011	24.11
3.	Retaining Walls	04	May 2010	7.57
4.	Side Drains	65	May to September 2010	88.60
Total		263		174.88

Source: Departmental records

The encashed amount of ₹ 1.75 crore was, however, utilised by the Council for execution of different items of works by engagement of some individuals as supervisors who were not registered as work contractors:

Table-2.9

Sl. No.	Name of works	No. of works	No. of Supervisors	Period of execution	Amount released (₹ in lakh)
(A) Approved Works:					
1.	Pavement Works	67	67	April 2010 to March 2011	47.63
2.	Steps	40	40	April 2010 to March 2011	22.27
3.	Retaining Walls	12	12	April 2010 to January 2011	9.50
4.	Side Drains	08	08	April to August 2010	9.05
Sub Total (A)		127	127	-----	88.45
(B) Unapproved Works:					
1.	Jungle Clearance	45	45	April 2010 to March 2011	22.33
2.	Water Tank	16	16	April 2010 to March 2011	7.52
3.	Waiting Shed	18	18	April 2010 to March 2011	11.00
4.	Urinal Shed	13	13	June 2010 to February 2011	3.65
5.	Bridge	04	04	April 2010 to March 2011	3.00
6.	Jeepable Road	16	16	April 2010 to March 2011	11.71
7.	Clearance of Landslide	28	28	June 2010 to March 2011	15.45
8.	Maintenance of Flooring	01	01	June 2010	0.20
9.	Martyr Lungphum	03	03	June to October 2010	1.75
10.	Office-cum-Godown	02	02	May 2010 to February 2011	1.00
11.	Repairing Works	03	03	June to October 2010	3.32
12.	Water Way	02	02	July to October 2010	0.50

Sl. No.	Name of works	No. of works	No. of Supervisors	Period of execution	Amount released (₹ in lakh)
13.	Earth Cutting	01	01	January 2011	3.34
14.	Maintenance of Anganwadi House	01	01	June 2010	0.15
15.	RCC Slab Culvert	03	03	April to October 2010	1.51
Sub Total (B)		156	156	-----	86.43
Grand Total (A + B)		283	283	-----	174.88

Source: Departmental records

Table-2.9 shows that out of ₹ 1.75 crore drawn, the Council had executed 127 approved works involving an expenditure of ₹ 88.45 lakh and 156 unapproved works amounting to ₹ 86.43 lakh during 2010-11. Further, before the receipt of first administrative approval and expenditure sanction of ₹ 0.40 crore, issued by the Government on 21 May 2010, the Council unauthorisedly issued 19 work orders valued at ₹ 9.70 lakh during 19 April to 13 May 2010 without ensuring the availability of fund and approval of the developmental work which violated the codal provisions of CPWD Manual.

All the 283 works were executed without any detailed technical estimates and the payment of ₹ 174.88 lakh to the 283 work supervisors were made by the Council on the basis of completion certificate issued by the Council Members without measuring the works by any Technical Staff.

While accepting the facts, the Development Officer and Secretary of the Council stated (June 2011) that as the Council did not have any money for execution of works through works Supervisors, the fund was drawn before execution.

The reply is, however, not acceptable as the payment to the work supervisors are to be made only on receipt of the final bills with certificate of completion and work done by the competent technical authority as provided in Section 29 of the CPWD Works Manual, 2007.

The matter was reported (June 2011) to the Government and their reply is awaited as of February 2012.

Excess payment/Wasteful/Unfruitful Expenditure etc.

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

2.5 Unauthorised expenditure

The Department incurred an unauthorised expenditure of ₹ 57 lakh without maintaining basic records.

Rule 7(1) of the Central Treasury Rules (CTR) Volume-I, which is applicable in the State of Mizoram provides that all moneys received by or tendered to Government Officers on account of the revenues of the Government shall, without undue delay, be paid in full into a Treasury and

shall be included in the accounts of the Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the accounts of the Government.

Rule 205 of CTR further provides that a Government officer entrusted with the payment of money shall obtain for every payment he makes, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every such voucher must bear or have attached to it, an acknowledgement of the payment signed by the person by whom or in whose behalf the claim is put forward. The acknowledgement shall be taken at the time of payment.

The General Manager, Regional Broiler Chick Farm (GM-RBCF), Tanhril, Aizawl under Animal Husbandry and Veterinary (AH&Vety) Department collected sale proceeds of ₹ 1.16 crore for sale of Broiler Chicks and Eggs from its Farm during January 2002 to March 2011. A test check (April 2011 and August 2011) of records of the GM-RBCF revealed the following:

- Out of collected revenues of ₹ 1.16 crore, only ₹ 0.53 crore was credited into the Treasury retaining ₹ 0.63 crore outside the Government accounts during January 2002 to March 2011.

Year-wise collection of revenue and their remittances into Treasury are given in the following Table-2.10:

Table-2.10

(₹ in lakh)

Period	Total Sale proceeds collected	Total amount remitted into Treasury	Outstanding balance deposited into Bank
January 2002 to March 2002	0.75	0.51	0.24
April 2002 to March 2003	10.10	6.38	3.72
April 2003 to March 2004	13.72	6.94	6.78
April 2004 to March 2005	13.87	5.79	8.08
April 2005 to March 2006	16.91	1.01	15.90
April 2006 to March 2007	16.45	8.50	7.95
April 2007 to March 2008	19.68	8.18	11.50
April 2008 to March 2009	12.29	7.50	4.79
April 2009 to March 2010	9.54	8.00	1.54
April 2010 to March 2011	2.21	NIL	2.21
Total	115.52	52.81	62.71

Source: Departmental records

- The appropriated sales proceed of ₹ 0.63 crore was unauthorisedly deposited into State Bank of India (SBI) as Revolving Fund for meeting the departmental expenditure towards maintenance of the Farm without obtaining a formal approval from the State Government, Finance Department, which tantamounts to unauthorised appropriation of Government revenues violating the provisions of CTR.
- Without obtaining expenditure sanction either from the head of the Department (Director, AH&Vety.) or from the Government (AH&Vety. Department), the GM-RBCF incurred an unauthorised expenditure of ₹ 0.57 crore (March 2011), out of the ₹ 0.63 crore retained in SBI Branch, towards expenditure related to maintenance of Farm. The items of expenditure included mainly the cost of chick feeds, petrol, miscellaneous articles, electrical bills etc. Withdrawals and payment of funds out of revolving fund were however, made with the full knowledge of the Director, AH&Vety. as he was the joint signatory of the cheques of the SBI Account.
- Except for entering the transactions in a separate cash book, the GM-RBCF irregularly disbursed the entire fund of ₹ 0.57 crore without keeping/maintaining any voucher, setting forth full and clear particulars of claim along with acknowledgment of the payment which violated the provisions of the CTR. Due to absence of detailed vouchers and Actual Payee Receipts, the entire expenditure of ₹ 0.57 crore incurred by the GM-RBCF out of the sale proceeds remain unverified in audit. Thus, incurring huge expenditure out of Government revenues without maintaining basic records is irregular and entails enhanced risk of misappropriation of Government Funds.

While accepting the facts, the GM-RBCF stated (August 2011) that due to inadequate allotment of fund by the Department they had to utilise sale proceeds for proper maintenance of the farm. The reply is not tenable as any expenditure outside the budgetary process or in excess of the approved budget passed by the legislature is not legitimate and undermines the legislative control over expenditure.

The Government stated (October 2011) that, as a part of the component of the Centrally Sponsored Scheme “Project Assistance to State Poultry/Duck Farms”, a revolving fund was operated with ₹ 15 lakh for maintenance of the farm. As the maintenance expenditure of the Farm could not be met from Plan Budget due to fund shortage, the sale proceeds could not be deposited in full into the Treasury as State Revenue. The reply of the Government is not acceptable as the GM-BRCF unauthorisedly utilised the Government Revenues violating the codal provisions of the CTR. Moreover, if any amount is required for incurring departmental expenditure, it should be routed through the prescribed expenditure sanctioning process and with concurrence from the appropriate authority.

Violation of Contractual obligation/undue favour to Contractors/Avoidable Expenditure/ Doubtful Expenditure

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.6 Loss due to undue financial aid to a contractor

Grant of interest free mobilisation advance of ₹ 10.49 crore in violation of codal provisions led to undue financial advantage to a contractor resulting in corresponding loss of ₹ 0.35 crore towards interest.

As per Para 31.6 of CPWD Works Manual, 2003 in respect of certain specialized and capital intensive works costing not less than ₹ 2 crore, mobilisation advance limited to a maximum of 10 *per cent* of the estimated cost put to tender or tendered value or ₹ 1 crore, whichever is less, at 10 *per cent* simple interest shall be sanctioned to the contractors on specific request as per term of the agreement. Besides, on security of materials (perishable and non-perishable) brought to the site made available to the contractors for items which are to be used on work, the Divisional Officers can sanction secured advance after the contractor indemnifies the Government through an insurance cover as provided in Para 31.5.4 of the Manual.

The Public Health Engineering Department, (PHED) entered (13 October 2003) into a contractual agreement with a contractor⁴ for execution of Greater Champhai Water Supply Scheme at contract price of ₹ 10.49 crore. As per terms of payment contained in the Clause 7 of the contract agreement, ten *per cent* of contract price shall be paid as interest free mobilisation advance and no secured advance shall be paid for perishable and non-perishable materials brought to the site.

Scrutiny (May-June 2011) of the records of the Executive Engineer (EE), PHED, Champhai Watsan Division revealed that though grant of interest free mobilisation advance was not permitted as per codal provisions, the EE unauthorisedly sanctioned and released (29 October 2003) interest free mobilisation advance of ₹ 1.05 crore to the contractor for above mentioned work. The Division had already recovered the full amount of ₹ 1.05 crore during November 2004 to March 2010 from the contractor, through Running Accounts Bills without any interest.

The interest due to be levied against mobilisation advance of ₹ 1.05 crore to the contractor from the date of release of advance to March 2010, at prescribed rate of ten *per cent* per annum was ₹ 0.35 crore, as per details shown in **Appendix-2.3**, which remain unadjusted.

Thus, grant of interest free mobilisation advance, in violation of codal provisions not only led to undue financial advantage to the contractor, but also resulted in corresponding loss of ₹ 0.35 crore to the Department towards interest.

The Government in their reply stated (October 2011) that, as per contract agreement interest free mobilisation advance was granted to the contractor and as such it was not an undue financial aid

⁴ Engineering Projects (India) Limited, Lodhi Road, New Delhi

to the contractor. Their reply is, however, not acceptable as the grant of interest free mobilisation advance was in violation of the codal provisions.

HEALTH AND FAMILY WELFARE DEPARTMENT

2.7 Diversion, doubtful expenditure and undue benefit to a firm out of Central Assistance

Out of central assistance of ₹ 10 crore for upgradation of Civil Hospital, Aizawl, the National Rural Health Mission unauthorisedly diverted an amount of ₹ 8.12 crore, incurred a doubtful expenditure of ₹ 0.54 crore and rendered an undue benefit to a firm by granting interest free mobilisation advance of ₹ 1.13 crore.

The National Programme Coordination Committee (NPCC) of National Rural Health Mission (NRHM) in their meeting held on 26 March 2007 accorded administrative approval of ₹ 54.23 crore for Upgradation of Civil Hospital Aizawl, Mizoram. Accordingly, the Government of India (GoI), Ministry of Health and Family Welfare (MoHFW), NRHM-III Division released (March 2007) a grant of ₹ ten crore as first instalment out of projected cost of ₹ 54.23 crore under “Mission Flexible Pool” to the State Health Society, Mizoram.

Details of approved project cost for Upgradation of Civil Hospital, Aizawl are as under:

Table-2.11

	(₹ in crore)
Name of Works	Amount
A. Civil Construction Work: Gynaecology Block, Maternity & Neo-Natal Wards, General Wards, Staff Quarters, Emergency Block, Renovation & up-gradation of existing buildings, Extension of Radiology block for diagnostics, Extension of OPD Building, Demolition of Old Maternity Building	30.90
B. Procurement of equipments (in three phases spread over three years)	23.33
Total	54.23

Source: Departmental records

Scrutiny of the records (June-July 2011) of the Mission Director, State Health Society, NRHM revealed the following irregularities:

(i) Unauthorised diversion of fund

Against the receipt of ₹ ten crore in March 2007 the State Government, Health and Family Welfare (H&FW) Department submitted (December 2010) a Utilisation Certificate (UC) to the Government of India, MoHFW claiming utilisation of ₹ 4.26 crore for upgradation of Civil Hospital, Aizawl as per following details:

Table-2.12

		(₹ in crore)
Year	Name of Work	Amount
2007-08	Consultancy Fee for preparation of DPR	0.54
	Purchase of ICU Equipments	0.07
	Remodeling of ICU & recovery room	0.05
	Demolition of Gynae Block and other Blocks	0.18
	Extension for solar Energy Ward	0.06
Sub Total (2007-08)		0.90
2008-09	Consultancy Fee	0.42
	Purchase of Hameamodilysis Machine ICU	0.08
	Compound Fencing	0.20
	Demolition/Renovation of District TB Room	0.03
	Renovation of Staircase of DHS Office	0.04
	Extension of Casualty Block	0.01
	Upgradation of Power Supply	1.38
	Mobilisation Advance to Contractor	1.13
Sub Total (2008-09)		3.29
2009-10	Shifting of SPV Control Room	0.03
Sub Total (2009-10)		0.03
2010-11	Demolition of AC Room/Solar Room and Isolation Ward	0.04
Sub Total (2010-11)		0.04
Grand Total (2007-11)		4.26

Source: Departmental records

The unspent fund of ₹ 5.74 crore (₹ 10 crore - ₹ 4.26 crore) was diverted by the State Health Society towards execution of other activities outside the approved Programme Implementation Plan (PIP) during 2007-08 as mentioned below:

Table-2.13

		(₹ in crore)
Sl. No.	Name of Works	Amount
1.	Construction of CHCs	1.54
2.	Construction & renovation of PHCs	0.39
3.	Construction of SCs	2.44
4.	Procurement of materials	1.04
5.	District Health Action Plan/IEC	0.33
Total		5.74

Source: Departmental records

Further analysis of the expenditure covered under UC of ₹ 4.26 crore revealed that the following items of expenditure though not covered under the approved list of NPCC were unauthorisedly incurred out of the grant received against Upgradation of Civil Hospital, Aizawl:

Table-2.14

Name of the works	Amount (₹ in crore)
Consultancy Fee for preparation of DPR	0.96
Renovation of Staircase of DHS Office	0.04
Upgradation of Power Supply	1.38
Total	2.38

Source: Departmental records

The Government of India, MoHFW decided (May 2011) that for further release of grant for Upgradation of Civil Hospital, Aizawl, the State Government is to first recoup the amount spent for unauthorised/diverted expenditure and utilise it fully for the purpose before submitting claim for further release of fund under the project.

Thus, Upgradation of Civil Hospital, Aizawl for benefit of citizens was abnormally delayed due to unauthorised diversion of fund of ₹ 8.12 crore (₹ 5.74 crore + ₹ 2.38 crore), out of ₹ ten crore grant received from the Government of India, which could lead to the closure of the project, if the State Government fails to recoup (October 2011) the amount so diverted.

(ii) Doubtful expenditure

The Health and Family Welfare (H&FW) Department in the State have their own Engineering Cell, which is responsible for technical consultation/supervision of all the civil construction works under National Rural Health Mission (NRHM). Besides, the NRHM has resorted to engagement of a local Architect for architectural consultation/services with fixed monthly remuneration. Thus, the Detailed Project Report (DPR) required to be submitted to Government of India is to be prepared by the Administrative Department of H&FW in association with all the stakeholders/resources within the Department. Also, the Senior Technical Experts including Senior Architect of the State Public Works Department are to be consulted in the course of preparation of DPR, if considered necessary.

The GoI approved (March 2007) the project cost of ₹ 54.23 crore, based on a DPR submitted (March 2006) by the State Government. But, the Mission Director failed to furnish any records showing engagement of any firm for preparation of DPR in respect of Upgradation of Civil Hospital, Aizawl for its submission to GoI on March 2006.

During scrutiny of records it was noticed that after the approval (March 2007) of the project by the GoI, the Department, based on Government approval (26 July 2007 and 6 August 2007) irregularly appointed (7 August 2007) M/s Aegis International & Associates, Projects Management and Engineering Consultancy of Bangalore, Karnataka for preparation of the said DPR for Upgradation of Civil Hospital, Aizawl with fees and remuneration charges of ₹ 54.23 lakh (@ one per cent of

the Project cost of ₹ 54.23 crore). Accordingly, the firm submitted (October 2007) a bill claiming of ₹ 54.23 lakh for preparation of DPR for Upgradation of Civil Hospital, Aizawl, which was submitted to the GoI way back in March 2006 and approved by the NPCC in March 2007.

Although there was no provision in the approved DPR for payment of consultancy fees for preparation of DPR the Mission Director accepted the claim and proceeded ahead to release (December 2007) ₹ 54.23 lakh to the firm through a local bearer cheque which was received by an individual as proprietor of the M/s Aegis International and Associates, Bangalore.

Thus, incurring expenditure of ₹ 54.23 lakh towards payment of consultancy fee to a firm without any basis of work order/agreement and release of entire payment to an individual as proprietor of the International Level Corporation/Firm is fraught with the risk of a fraudulent dealing which needs to be probed.

(iii) Undue benefit to contractor

As per Para 31.5 of CPWD Works Manual in respect of certain specialized and capital intensive works with an estimated cost of tendered value of Rupees two crore and above, mobilisation advance limited to ten *per cent* of tendered amount at ten *per cent* simple interest can be sanctioned to the contractors on specific request as per term of the contract.

The Mission Director, NRHM, issued (December 2008) a work order to a firm⁵ for four items⁶ of construction/upgradation works in Civil Hospital, Aizawl at a negotiated price of ₹ 22.71 crore.

In violation of the above codal provisions, the Mission Director sanctioned and released (March 2009) interest free mobilisation advance of ₹ 1.13 crore to the contractor for above mentioned work and no amount was recovered as of June 2011.

The interest due to be levied against mobilisation advance of ₹ 1.13 crore in respect of the firm from April 2009 to June 2011 at prescribed rate of ten *per cent* per annum was ₹ 0.24 crore, which remain unadjusted.

Thus, grant of interest free mobilisation advance, in violation of codal provisions led to undue financial advantage to the contractor resulting in corresponding loss of ₹ 0.24 crore to the Department towards interest.

The matter was reported (August 2011) to the Government and their reply is awaited as of February 2012.

⁵ M/s Tantia Construction Limited

⁶ Vertical extension of OPD, Vertical extension of Radiology, Gynaecology Block and Staff Quarters

Idle Expenditure

HORTICULTURE DEPARTMENT

2.8 Idle expenditure due to non-utilisation of warehouse-cum-cold storage

Non-utilisation of 500 MT capacity of warehouse-cum-cold storage commissioned in November 2005 rendered the expenditure of ₹ 1.06 crore infructuous for over five years.

Under the scheme for financial assistance in the form of grants-in-aid to the State Horticulture Departments of North Eastern Region of Assam and Mizoram for setting up of warehouses, cold storage, processing and cleaning facilities to encourage production of good quality spices, the Spice Board, a statutory body constituted and governed by the Spices Board Act, 1986 having its Head Office at Palarivattom, Kochi, entered into an agreement with the State Government, Horticulture Department on 12 July 2001 to give a financial assistance to the tune of full cost limited to a maximum of ₹ one crore to the Horticulture Department, Mizoram for construction of a Cold Storage with warehouse at Sailiamkawn, Serchhip, Mizoram. The construction of the cold storage with warehouse was to start within one month from the date of signing of this agreement and was to be completed before 31 December 2001 and the trial run completed before 31 January 2002. Further, as provided in Clause 13 of the agreement, if the *Beneficiary* (Horticulture Department) violates any of the terms and conditions of this agreement or that of the scheme, the *Beneficiary* shall be liable to refund the grants-in-aid paid by the Board with interest @ 12 per cent per annum.

Accordingly, the Spices Board sanctioned (September 2001) ₹ one crore for setting up of a warehouse-cum-cold storage and released the amount to the Horticulture Department in four instalments⁷.

Scrutiny (May and July 2011) of the records of the Director, Horticulture Department revealed that the construction of the warehouse-cum-cold storage (500 MT capacity) at Sailiamkawn, Serchhip, Mizoram was completed in June 2005 at a cost of ₹ 1.06 crore.

The 500 MT capacity of warehouse-cum-cold storage commissioned in November 2005 remained non-functional (May 2011) mainly due to non-availability of technical expert to look after the Cold Storage and non-availability of fund provision for working capital. In their letters (October 2006 and February 2007) addressed to the State Government (Horticulture Department) the Spices Board expressed their concern about the expiry of the warranty period of the plant and machinery installed due to unfortunate prolonged delay in its operation. With the Cold Storage

1 st instalment :	₹ 25 lakh	September 2001
2 nd instalment:	₹ 30 lakh	July 2004
3 rd instalment:	₹ 30 lakh	April 2005
4 th instalment:	₹ 15 lakh	May 2006
Total:	₹ 100 lakh	

remaining idle for a prolonged period, the Horticulture Department approached (May 2011) the Government for permanent disconnection of the 63 KVA transformer which was installed to feed the Cold Storage.

Thus, though the 500 MT capacity of warehouse-cum-cold storage was commissioned in November 2005 the facility remained unutilised by the local farmers and traders rendering the entire expenditure of ₹ 1.06 crore idle for over five years.

The Government while accepting the facts, stated (September 2011) that the farmers are able to sell their produces at their door step to the traders due to high demand as such there was no surplus produce left for storing in the Cold Storage. The Department further stated that they are doing their utmost efforts for utilisation of the Cold Storage for the benefit of the farmers by covering more areas under spice crops cultivation. The Government also stated that action is being initiated to utilise the Cold Storage by leasing it out to entrepreneurs/traders for maximum utilisation of the unit as the Department do not have the expertise and working capital to run the Cold Storage.

Regularity issues and other points

HOME DEPARTMENT

2.9 Deployment of Home Guards without reimbursement of deployment charges

The Department failed to realise the deployment charges of ₹ 2.64 crore from eight different organisations/agencies for deployment of Home Guards.

As per Para 7.1 (d) of Home Guards Compendium of Instructions published by the Directorate General, Civil Defence, Ministry of Home Affairs, Government of India, the expenditure on Home Guards called for duty by any agency will be borne by the agency at whose the instance the Home Guards were deployed.

The District Commandant, Mizoram Home Guards, Aizawl is responsible for deployment of Home Guards to the agencies who requisition their services by bearing the cost of their daily wages/salaries etc., as fixed by the Department.

Scrutiny (June 2011) of the records of the District Commandant, Mizoram Home Guards, Aizawl revealed that during 2002-11 the District Commandant deployed Home Guards to nine different organisations/agencies outside the establishment of State Government as their services were called for by these organisations/agencies. Against such deployment, though the Department repeatedly issued demand notices for realising the deployment charges amounting to ₹ 2.79 crore for the year 2002-11 the Department could realise only an amount of ₹ 15.57 lakh from one agency⁸ (June 2011) out of nine organisations/agencies (as mentioned in the table below) leaving an

⁸ Lengpui Airport

unrealised amount of ₹ 2.64 crore. The details of organisation/agency-wise Home Guards deployed and deployment charges realised/outstanding there against are mentioned in the table below:

Table-2.15

Sl. No.	Name of agency	No. of Home Guards deployed	Period of deployment	Wages including rank pay	Claim preferred	Cost realised	Outstanding cost
				(₹ in lakh)			
1.	FCI, Rengtekawn	8 to 9	2002-2011	36.30	36.30	NIL	36.30
2.	FCI, Bhairabi	9 to 12	2002-2011	41.41	41.41	NIL	41.41
3.	PGCL, Luangmual	11 to 14	2002-2011	56.32	56.32	NIL	56.32
4.	AIR, Tuikhuahtlang	7 to 12	2002-2011	39.11	39.11	NIL	39.11
5.	AIR, Chawnpui	6 to 9	2002-2011	34.65	34.65	NIL	34.65
6.	FM Radio Station (AIR), Aizawl	5 to 8	2008-2011	12.62	12.62	NIL	12.62
7.	Apex Banks (13 Branches)	79 to 80	2010-2011	16.59	16.59	NIL	16.59
8.	Rural Banks (21 Branches)	128	2010-2011	26.51	26.51	NIL	26.51
9.	Lengpui Airport	5	2002-2011	15.57	15.57	15.57	NIL
Total				279.08	279.08	15.57	263.51

Source: Departmental records

The District Commandant clarified (June 2011) that the Home Guards were deployed on requisition by these agencies but, except for Lengpui Airport, no agreement towards realisation of deployment cost, had been entered into with any of the agencies.

The State Government, Finance Department convened (October 2010) a meeting to discuss the issue of reimbursement of deployment charges of Home Guards outside the establishments of State Government. The meeting opined that providing security (Home Guards) to the agencies other than establishments of the State Government free of cost was not justified and the arrear deployment charges for the last ten years must be realised from the defaulting agencies. The Department is yet to recover outstanding deployment charges as of November 2011.

The matter was reported (June 2011) to the Government and their reply is awaited as of February 2012.

LAND REVENUE AND SETTLEMENT DEPARTMENT

2.10 Excess payment of compensation on acquisition of land

The Collector, Serchhip District irregularly awarded a compensation of ₹ 1421.53 lakh for payment to two persons interested against the entitled compensation of ₹ 1257.36 lakh as per claims preferred by them, which resulted in an excess payment of ₹ 164.17 lakh.

The Collector (Deputy Commissioner), Serchhip District pronounced two awards (Award No. 2 of 2007 and Supplementary Award No. 2 of 2007) in January 2008 and December 2010 in favour of Border Security Force (BSF) for acquisition of land measuring 85 acres at Dawngzawl, Serchhip District to establish their Battalion Headquarter with payment of compensation as under:

Table-2.16

(₹ in lakh)

Name of land owners	Award No. 2 of 2007				Supplementary Award No. 2 of 2007	Grand Total
	Value of land	Crop	Interest	Total	30 per cent Solatium	
1. C. Zokhuma	62.29	10.51	3.79	76.59	21.84	98.43
2. F. Aizami	315.30	10.53	16.95	342.78	97.75	440.53
3. B. Vanlalhrauaia	557.82	10.51	29.58	597.91	170.50	768.41
4. C. Lalmangaihsanga	472.53	10.54	25.13	508.20	144.92	653.12
Total	1407.94	42.09	75.45	1525.48	435.01	1960.49

Source: Departmental records

On receipt of awarded value of ₹ 1,960.49 lakh (₹ 1,525.48 lakh + ₹ 435.01 lakh) from the BSF, the Collector had duly disbursed the same to the four interested persons and handed over the land to BSF on 19 October 2010.

Scrutiny of Award No. 2 of 2007 revealed that out of four interested persons, two interested persons viz. B. Vanlalhrauaia and C. Lalmangaihsanga had submitted their claims to the Collector in response of notice under Section 9 of the LA Act, 1894, for payment of compensation at ₹ 480 lakh and ₹ 450 lakh respectively towards the value of land and standing crops. Against their claims, the Collector irregularly pronounced compensation of ₹ 568.33 lakh (₹ 557.82 lakh + ₹ 10.51 lakh) and ₹ 483.07 lakh (₹ 472.53 lakh + ₹ 10.54 lakh) to B. Vanlalhrauaia and C. Lalmangaihsanga respectively towards payment of compensation of land and damage of crops along with additional amount of ₹ 200.08 lakh (₹ 29.58 lakh + ₹ 170.50 lakh) and ₹ 170.05 lakh (₹ 25.13 lakh + ₹ 144.92 lakh) towards payment of interest and solatium. Accordingly, based on the value of compensation (compensation of land and damage of crops) so determined in excess of their claims, the Collector calculated the interest and solatium in excess of actual payable amount. The details

of compensation to be awarded, compensation already disbursed and excess payment made thereof are shown in the following table-2.17:

Table-2.17

(₹ in lakh)

Name of land owners	Actual compensation to be awarded			Total	Compensation paid	Excess payment made
	Value of land (including crops)	Interest	30 per cent Solatium			
1. B. Vanlalhruaia	480.00	24.96	144.00	648.96	768.41	119.45
2. C. Lalmangaihsanga	450.00	23.40	135.00	608.40	653.12	44.72
Total	930.00	48.36	279.00	1257.36	1421.53	164.17

Source: Departmental records

It may be seen from the table above that as per claims preferred by the two interested persons under Section 9 of LA Act, a total compensation of ₹ 1,257.36 lakh was payable to them, against which the Collector had irregularly awarded a compensation of ₹ 1,421.53 lakh, which resulted in an excess payment of compensation of ₹ 164.17 lakh.

The matter was reported (October 2011) to the Government and their reply is awaited (February 2012).

2.11 Abnormal delay in Land acquisition proceedings for Serlui ‘B’ Hydro electric Power Project

Construction of Hydro Electric Power Project was severely affected in terms of time overruns due to the abnormal delay in acquisition proceedings of land.

The Government of Mizoram decided in the year 1991 to construct Serlui ‘B’ Hydro Electric Power Project on the river Serlui ‘B’ within the Village Councils area of Saiphai, Bilkhawthlir, Builam, and N. Hlimen, under the jurisdiction of Kolasib and Aizawl Districts. The project was to be constructed by the Power and Electricity (P&E) Department of the State Government. As per information furnished (September 2007) by the PCCF of E&F Department, the GoI, MoEF, in principle accorded (March 1991) approval for diversion of 30 sq.km. forest land for construction of the Project. Accordingly, the E&F Department claimed ₹ 2.29 crore towards Compensatory Afforestation (CA), against which the P&E Department released an amount of ₹ 1.70 crore, leaving a balance of ₹ 0.59 crore.

In order to commence with the formal acquisition process, the Government (Revenue Department) issued four preliminary Notifications under Section 4(1) of the Land Acquisition (LA) Act, 1894 during September 1991 to November 2001, which were, however, subsequently withdrawn by

the Government as the survey and demarcation of the land could not be undertaken by the P&E Department, responsible for execution of the Project.

Again, a preliminary Notification was issued (June 2002) under Section 4(1) of the LA Act followed by a Notification under Section 6 by the Government on October 2003, declaring that the land measuring 21,109.03 bighas on the above mentioned areas was needed for the purpose for construction of Serlui 'B' Hydro Electric Power Project.

After completion of required procedures, the Collector (Deputy Commissioner, Aizawl District) pronounced two Awards (Award No. 3 of 2004 and Supplementary Award of Award No. 3 of 2004) with following amount of compensation:

Table-2.18

Sl. No.	Particulars of compensation	Amount awarded (₹ in crore)
A. Original Award (Award No. 3 of 2004):		
1.	Cost of Land measuring 1281212.48 sq.ft. to 10 LSC holders	0.45
2.	12 per cent interest from 11 June 2002 to 11 February 2004. to 10 LSC holders	0.09
3.	30 per cent solatium over the market value of land. to 10 LSC holders	0.13
4.	Compensation for damage of standing crops to holders of 514 different Passes	5.22
5.	Assessment of grave with memorial stone to 60 persons	0.03
Sub Total (A)		5.92
B. Supplementary Award of Award No. 3 of 2004:		
1.	Compensation for damage of standing crops to holders of 206 different Passes	0.35
2.	Assessment of grave with memorial stone to 31 persons	0.01
Sub Total (B)		0.36
Total (A + B)		6.28

Source: Departmental records

Against these Awards, the P&E Department deposited ₹ 6.28 crore (₹ 5.92 crore on February 2005 and ₹ 0.36 crore on November 2008) to the Collector (Deputy Commissioner, Aizawl District).

Scrutiny of the records maintained by the Deputy Commissioner, Aizawl in respect of above two Awards revealed that the Collector had disbursed ₹ 6.24 crore only during March 2005 leaving an undisbursed amount of ₹ 0.04 crore as of July 2011 as the persons listed in the Award refused to receive the compensation on the plea that the Compensation determined was inadequate. Thus, the

construction of Hydro Electric Power Project was severely affected in terms of time overruns due to the abnormal delay in acquisition proceedings of land.

The matter was reported (October 2011) to the Government and their reply is awaited (February 2012).

2.12 Suspension of construction of Tuirial Hydro-Electric Project due to pronouncement of Awards with huge compensation

Suspension of construction of 60 MW Hydro Electric Project on Tuirial River, due to irregular pronouncement of Awards for payment of huge amount of compensation of ₹ 25.02 crore to private individuals notwithstanding the fact that the proposed Project actually within under Government Reserved Forest Area.

The Government of India (GoI), Ministry of Power (MoP) decided to construct 60 MW Hydro Electric Project on Tuirial River through North Eastern Electric Power Company (NEEPCO) Limited with Japanese financial assistance, with target date of completion of the pre-hydel project construction works by September 1997 and of the entire project by February 2006. Accordingly, in May 1996 NEEPCO Ltd. entered into an agreement with the Government of Mizoram (GoM) for construction of a 60 MW Hydro Electric Project on Tuirial River. The GoI, Ministry of Environment and Forests (MoEF) in July 1997 conveyed approval for diversion of 5,380 hectares of forest land for this project. The Power and Electricity (P&E) Department, GoM identified 5,380 hectares of forest land out of which 169.5 hectares was for the project area like colony, borrow area, road etc, and the remaining 5,210.5 hectares was to be the estimated area of submergence.

Accordingly, GoM, Revenue Department issued (March 1997) Notification under Section 4(1) of the LA Act, 1894 for acquiring 5,210 hectares of land for submergence area of the Tuirial River.

The Collector (Deputy Commissioner, Aizawl District) after obtaining Government approval pronounced seven Awards during June 1999 to September 2003 with a total compensation of ₹ 25.02 crore payable to different individuals interested in the areas proposed for acquisition for the project. Summary of the compensation awarded were as under:

Table-2.19
Details of Compensation Awarded

(₹ in lakh)

Award No.	Date of approval	No. of Claimants	Area for acquisition	Amount	Amount deposited by NEEPCO Ltd.	Outstanding Compensation from NEEPCO Ltd.
2 of 1998	June 1999	33	Dam Site	34.06	34.06	NIL
4 of 2002	July 2002	352	Submergence Area Phase I	804.91	402.46	402.45
5 of 2002	July 2003	74	Borrow Area and Saddle Dam	68.53	NIL	68.53
5 of 2003	September 2003	366	Crop damage compensation for Submergence Area Phase II	531.89	NIL	531.89
5 of 2003	September 2003	196	Crop & Land compensation Submergence Area Phase III	885.50	NIL	885.50
6 of 2003	Judgment dated Sept. 2003	NIL	Solatium and interest awarded by LA Judge	167.86	NIL	167.86
6 of 2003	Judgment dated August 2003	NIL	Solatium and interest	9.27	NIL	9.27
Total		1021		2502.02	436.52	2065.50

Source: Departmental records

Scrutiny of the records maintained by the Collector (Deputy Commissioner, Aizawl District) revealed that after depositing ₹ 4.37 crore to the Collector, NEEPCO Ltd. refused to release the balance amount of compensation of ₹ 20.65 crore. The ground for refusal as cited by the NEEPCO Ltd. was that they had separately paid ₹ 24.46 crore to the E&F Department, GoM, towards the payment for Compensatory Afforestation (CA) in addition to compensation of ₹ 4.37 crore to the Collector, as such, further payment of compensation would make the project economically unviable particularly when the Project cost was to be met from Japanese financial assistance.

The Project was stated to be suspended by the NEEPCO Ltd. for not being able to meet the compensation as Awarded by the Collector.

Further, in June 2011, the Collector (Deputy Commissioner, Aizawl District) intimated that all the files relating to construction of the Hydro Electric Project on Tuirial River were seized by the Central Bureau of Investigation (CBI).

Thus, an important Project, intended to augment the power generation capacity of the State was suspended due to irregular pronouncement of Awards for payment of huge amount of compensation to the private individuals when the proposed Project was actually under Government Reserved Forest Area.

The matter was reported (October 2011) to the Government and their reply is awaited (February 2012).

GENERAL

2.13 Follow up of Audit Reports

Non-submission of *suo moto* Action Taken Notes

With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC), issued (May 2000) instructions for submission of *suo moto* replies on all paragraphs and reviews featured in the Audit Report within three months of its presentation to the legislature. For submission of the Action Taken Notes (ATNs) on its recommendations, the PAC provided six months time.

Review of follow up action on submission of *suo moto* replies and of ATNs as of 30 September 2011 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed that the Departments of the State Government had not submitted *suo moto* replies to 25 paragraphs/reviews featured in the Audit Reports for the years 2008-09 and 2009-10, as mentioned below:

Table-2.20

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/ reviews included in the Audit Report (excluding standard paragraphs)	Total number of paragraphs and reviews for which <i>suo moto</i> explanatory notes are awaited	Number of Departments
2008-09	05-04-2010	13	13	09
2009-10	29-03-2011	12	12	08
Total		25	25	17

Source: Legislative Assembly secretariat

Thus, due to the failure of the respective Departments to comply with the instructions of the PAC, the objective of ensuring accountability of the executive remained inadequate.

2.14 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspection of Government Departments to test check the transactions and verify the maintenance of significant accounting and other records as per the prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) issued to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/orders of the Government provide for prompt response by the Executive to the IRs issued by the Accountant General to ensure corrective action in compliance with the prescribed rules and procedures and

accountability for the deficiencies, lapses, etc., noticed during his inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General.

A review of IRs issued during 1995-2011 revealed that 746 paragraphs relating to 157 IRs remained outstanding as of March 2011. No audit committee meeting was held during 2010-11.