सत्यमेव जयते

Report of the Comptroller and Auditor General of India on General, Social, Economic, Revenue and Economic (PSUs) Sectors

for the year ended 31 March 2014

Government of Mizoram

Laid before the Legislature on ....

Report of the Comptroller and Auditor General of India

on

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For the year ended 31 March 2014

GOVERNMENT OF MIZORAM

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PREFACE

1. This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Mizoram under Article 151 of the Constitution of India.

2. This Report contains significant results of performance audit and compliance audit of the Departments of the Government of Mizoram under General, Social, Economic, Revenue and Economic (PSUs) Sectors including the Fire and Emergency Service (Home) Department, Printing and Stationery Department, Public Health Engineering Department, Disaster Management and Rehabilitation Department, Tourism Department, Public Works Department, Agriculture Department, Environment and Forests Department, Taxation Department, Land Revenue and Settlement Department, Power and Electricity Department and Information and Communication Technology Department.

3. The cases mentioned in the Report are those which came to notice in the course of test audit during the year 2013-14, as well as those which came to notice in earlier years, but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2013-14 have also been included, wherever necessary.

4. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This Audit Report has been prepared in five Chapters. Chapters I to V deal with General, Social, Economic (other than Public Sector Undertakings), Revenue and Economic (Public Sector Undertakings) Sectors.

This Report contains six performance audits and eleven compliance audit paragraphs. According to the existing arrangements, copies of the draft compliance audit and draft performance reviews were sent to the concerned Secretaries/Principal Secretaries to the State Government by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. The Secretaries/Principal Secretaries were also reminded for replies. Besides, a demi-official letter was also sent to the Chief Secretary to the State Government on the issues raised in the draft audit paragraphs, draft performance reviews *etc.*, for effective inclusion of the views/comments of the Government in the Audit Report. Despite such efforts, replies were not received in respect of one performance audit and ten compliance audit paragraph from the concerned Principal Secretaries/Secretaries to the State Government.

CHAPTER-I

GENERAL SECTOR

COMPLIANCE AUDIT PARAGRAPHS

Since the State did not release its matching share, the Fire and Emergency Service (Home) Department, there was a possible diversion of Central Assistance of ₹ 17.02 lakh in execution of Centrally Sponsored Scheme "Strengthening of Fire and Emergency Services" towards purchase of Truck, POL *etc.* Besides, an excess payment of ₹ 27.45 lakh towards CST was also noticed.

(Paragraph 1.3)

A large stock of stationery at Luangmual Depot, Aizawl became obsolete due to lack of compliance with Government's instructions by the various Departments. The Printing and Stationery Department sold it off through auctions resulting in a loss of ₹ 42.99 lakh to the State exchequer.

(Paragraph 1.4)

CHAPTER-II

SOCIAL SECTOR

PERFORMANCE AUDIT

Total Sanitation Campaign (TSC)/Nirmal Bharat Abhiyan (NBA) (Public Health Engineering Department)

Central Rural Sanitation Programme (CRSP) was launched by the Ministry of Drinking Water, Government of India (GoI) with the objective of improving the quality of life of the rural people. In 1999 CRSP was renamed as Total Sanitation Campaign (TSC) to increase awareness among the rural people and generation of demand for sanitary facilities. The GoI also launched (October 2003) the Nirmal Gram Puraskar (NGP) to recognise the achievements and efforts made by Panchayati Raj Institutions (PRIs) and Institutions in ensuring full sanitation coverage in their areas of operation. Encouraged by the success of NGP, the TSC has been renamed (April 2012) as Nirmal Bharat Abhiyan (NBA) with the objective of accelerating the sanitation coverage in the rural areas so as to comprehensively cover the rural community through renewed strategies and saturation approach to achieve and sustain the vision of Nirmal Bharat by 2022 in all PRIs in the attainment of Nirmal status. A Performance Audit of the implementation of the TSC/NBA programme in Mizoram was carried out covering the period from 2009-10 to 2013-14 involving test check of records of ten blocks in five Districts.

The performance audit of TSC/NBA programme brought out the following significant findings:

- The State Government did not release State share of ₹ 41.61 lakh and ₹ 96.11 lakh during 2009-10 and 2010-11 respectively. Also, the State Level Water & Sanitation Mission transferred the Central share to the District Water & Sanitation Committee after inordinate delays, which were high as 393 days in some cases.

- The five District Water & Sanitary Committees (Champhai, Lunglei, Mamit, Kolasib and Serchhip) irregularly implemented the TSC/NBA projects in urban areas out of Central and State share and incurred an irregular expenditure of ₹ 270.90 lakh.

- The Department procured Squatting Plates with P-Traps valued at ₹ 496.47 lakh without obtaining recommendations from the State Purchase Advisory Board and approval of the Government. Besides, an excess payment of ₹ 49 lakh towards CST was also made to the supplier.

- Since the project cost of IHHL was not revised in keeping with the national policy, the BPL households were deprived of the benefit of enhanced financial assistance to the tune of ₹ 2.14 crore.

- With the intention of inclusion of private/SSA schools in the State Annual Implementation Plan, the number of school toilets in five Districts was inflated, which in turn increased the total allocation for the project by ₹ 223.30 lakh.

- Out of 846 villages only 89 villages obtained the NGP award upto March 2014 thus putting the State far behind the goal of attainment of Nirmal Status by 2022.

(Paragraph 2.3)

PERFORMANCE AUDIT

Disaster Management and Rehabilitation in Mizoram (Disaster Management and Rehabilitation Department)

With a vision to build a safe and disaster resilient India, the Government of India took a defining step towards holistic disaster management by enacting the Disaster Management (DM) Act, 2005. Disaster Management is a continuous and integrated process of planning, organising, conducting and implementing necessary measures to deal with an event of disaster. Mizoram is vulnerable to natural calamities like landslide, earthquake, cyclone, flash flood and soil erosion. In fact the State is a multi-hazard prone area. In pursuance of the national roadmap for disaster management the Disaster Management and Rehabilitation Department, Mizoram is looking after the enhanced responsibilities for holistic disaster management in the State. A Performance Audit of the Disaster Management and Rehabilitation Department in Mizoram was carried out covering the period from 2009-14 involving test check of records of State and District level entities, which has come out with the following significant findings:

- The State Disaster Management Plan was published after a delay of more than six years by the State Disaster Management Authority.

- It was noticed that the central share of SDRF of ₹ 1,677 lakh was released by the State Government in four instalments during March 2012 to March 2013 with delays ranging from three to nine months from the date of receipt of central shares.

- Without investing in any of the prescribed investment accounts, a major portion of the central and state shares of CRF and SDRF in the range between ₹ 9.52 crore and ₹ 12.50 crore was retained in the deposit account of the State Government during 2009-14, which resulted in potential loss of interest of ₹ 1.84 crore.

- Without surrendering the unspent fund to the Government of India, the Department diverted an amount of ₹ 45 lakh towards creation of assets which was not permitted under NCCF.

- The Department incurred a doubtful expenditure of ₹ 45.33 lakh from SDRF showing it as spent for purchase of 6,322 nos. of silpaulins without maintaining the basic records.

- During March 2010 to March 2014, the three Districts (Aizawl, Mamit and Lawngtlai) disbursed relief assistance of ₹ 12.08 lakh to 54 victims against their actual entitled financial assistance of ₹ 24.76 lakh, which resulted in short disbursement of relief assistance of ₹ 12.68 lakh.

(Paragraph 2.4)

CHAPTER-III

ECONOMIC SECTOR
(Other than Public Sector Undertakings)

Performance Audit

Development of Tourism Sector in Mizoram
(Tourism Department)

For development and promotion of tourism in the State, the Department of Tourism started functioning independently in 1987 after bifurcating from the Department of Information and Public Relations. Its main function is development of basic accommodation infrastructure and recreation facilities within Mizoram. It has been developing these various tourist facilities through the liberal financing by the Ministry of Tourism, Government of India. A performance audit on Development of Tourism Sector in Mizoram was carried out covering the period from 2009-10 to 2013-14 and the significant findings noticed in audit are brought out below:

- Due to absence of State Tourism Policy, tourism promotion measures have been undertaken without any roadmap, target or timelines, thus, badly affecting the development of tourism in the State.

- The revenue of ₹ 841.19 lakh collected by 47 Tourist Lodges/Resorts during 2009-14 were remitted to Government accounts by the Department with delay period ranging from 2 to 281 days.

- Against the agreed amount of ₹ 150.09 lakh, the MTDA has paid consultancy fees of ₹ 116.21 lakh after irregularly diverting the funds from the eight projects.

- MTDA failed to commence the eight works as of August 2014 and unauthorisedly parked the released amount of ₹ 934.22 lakh in their accounts for more than seven months without surrendering the unutilised amount to the GoI.

- 42 Tourist Lodges and Highway restaurants incurred a maintenance cost of ₹ 734.05 lakh during 2009-14 against which they collected a revenue of ₹ 266.85 lakh only, thus pointing to the gross under performance of the tourist establishments as well as uneconomical maintenance of the assets by them.

- MTDA incurred an idle expenditure of ₹ 147.50 lakh towards procurement of Aero Sports equipments which were stored for a prolonged period without any use.

(Paragraph 3.3)

COMPLIANCE AUDIT PARAGRAPHS

The Public Works Department granted an interest free mobilisation advance of ₹ 5.15 crore to four contractors, which resulted in loss of ₹ 68.91 lakh towards interest.

(Paragraph 3.4)

The Public Works Department incurred an infructuous expenditure of ₹ 40 lakh due to an unauthorised commencement of pot hole treatment work prior to formal estimation and approval of work by the competent authority and non-adherence to the technical prescription by the Indian Road Congress on such nature of works.

(Paragraph 3.5)

The Agriculture Department blocked Central Grants of ₹ 500 lakh due to inordinate delay in completion of Oil Palm Mills Project.

(Paragraph 3.6)

CHAPTER-IV

REVENUE SECTOR

Trend of revenue receipts

During the year 2013-14 the revenue raised by the State Government (₹ 424.04 crore) was 8.90 *per cent* of the total revenue receipts of ₹ 4,764.85 crore as against 9.61 *per cent* in the preceding year (₹ 435.94 crore). The balance 91.10 *per cent* of receipts of ₹ 4,340.81 crore during 2013-14 was from the Government of India.

(Paragraph 4.1.1)

The Tax Revenue raised during 2013-14 (₹ 229.78 crore) increased by 2.98 *per cent* as compared to the previous year (₹ 223.14 crore). The Non-Tax Revenue raised during 2013-14 (₹ 194.26 crore) was decreased by 8.71 *per cent* as compared to the previous year (₹ 212.80 crore).

(Paragraph 4.1.2 & 4.1.3)

PERFORMANCE AUDIT

Implementation of National Bamboo Mission
(Environment and Forests Department)

The National Bamboo Mission (NBM) is a 100 *per cent* Centrally Sponsored Scheme, launched in 2006-07, is being implemented by the Department of Agriculture and Co-operation, Ministry of Agriculture, Government of India with the objective to promote cultivation of bamboo, setting up of bamboo based industries and marketing of bamboo-based products. The State Bamboo Steering Committee (SBSC) and the Bamboo Development Agency are the State Level Nodal Agencies.

Some of the significant findings are highlighted in the following paragraphs:

- The State Mission did not carry out baseline survey and feasibility study for preparation of Perspective Plan. Except for the year 2012-13, Annual Action Plans prepared during 2009-13 was not approved by the State Bamboo Steering Committee.
- The State Mission Director did not maintain Cash Book showing year-wise receipt of grants from the Centre and interest earned from savings.
- The State Mission Director diverted the scheme fund and incurred an irregular expenditure of ₹ 36.91 lakh towards procurement of inadmissible items.
- The eight District Bamboo Development Agencies irregularly released a financial assistance of ₹ 96.48 lakh to the beneficiaries against the plantations in non-forest areas where the survival rate of plantation were below the prescribed rate of 90 *per cent*.
- The Nodal Officer, NLUP disbursed Government's subsidy of ₹ 500.32 lakh to 500 beneficiaries for plantation in non-forest areas without ensuring the beneficiaries contribution of ₹ 500.32 lakh as a result targeted plantation could not be achieved.
- The Forest Development Agency irregularly spent the entire amount of ₹ 426.56 lakh during 2010-14 for improvement of existing stock in common village areas covering 5,332 ha in non-forest areas without giving any financial assistance to 2,666 crafts people and artisans.
- Against a target of 150 participants, only 29 participants were selected to participate in five Domestic Trade Fairs and as a result 121 deserving participants/entrepreneurs were deprived of availing the benefits of popularising and marketing various bamboo products.
- In 564 plantation works of the five sampled Forest Development Agencies, short payment of wages of ₹ 1.41 crore was noticed.

(Paragraph 4.11)

COMPLIANCE AUDIT PARAGRAPHS

Taxation Department

- The Assessing Officer determined a dealer's purchase turnover of ₹ 10.11 crore instead of ₹ 12.22 crore resulting in underassessment of tax (taxable at 12.5 *per cent*) of ₹ 0.26 crore.

(Paragraph 4.12)

- Against tax of ₹ 97.22 lakh payable by a dealer as pointed out in audit, the Assessing Officer re-assessed a dealer with a tax of ₹ 167.14 lakh, out of which an amount of ₹ 75.14 lakh along with a penalty of ₹ 0.95 lakh was not realised.

(Paragraph 4.13)

- Penalty of ₹ 17.16 lakh from 22 dealers, who failed to submit Audited Statement, was not imposed by the Assessing Officers of three zonal offices.

(Paragraph 4.14)

- There was an under-assessment of tax of ₹ 4.01 lakh and non-imposition of penalty of ₹ 16.33 lakh for non-payment of tax of ₹ 68.99 lakh.

(Paragraph 4.15)

- There was short-assessment of tax of ₹ 77.64 lakh due to under-assessment of purchase turnover of five dealers amounting to ₹ 774.44 lakh.

(Paragraph 4.16)

Land Revenue and Settlement Department

- Out of total revenue of ₹ 113.49 lakh collected during 2008-12, the Department deposited only an amount of ₹ 99.78 lakh, leaving a balance of ₹ 13.71 lakh.

(Paragraph 4.17)

CHAPTER-V

ECONOMIC SECTOR
(State Public Sector Undertakings)

Overview of State Public Sector Undertakings (SPSUs)

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of the State Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General (CAG) of India. These accounts are also subject to Supplementary Audit conducted by CAG. As on 31 March 2014, the Mizoram had six working State Public Sector Undertakings (SPSUs) (all companies) employing 269 employees. These SPSUs registered a turnover of ₹ 15.26 crore for 2013-14 as *per* the latest finalised accounts. This turnover was equal to 0.15 *per cent* of State Gross Domestic Product indicating its insignificant place in the State's economy. The SPSUs incurred a loss of ₹ 1.70 crore as per their latest finalised accounts.

Investment in SPSUs

The investment (Capital and Long Term Loans) in six PSUs had decreased from ₹ 94.98 crore (2008-09) to ₹ 90.78 crore (2013-14), *i.e*. decrease of 4.42 *per cent*.

Performance of PSUs

As per their latest audited accounts, five SPSUs incurred net loss amounting to ₹ 3.06 crore whereas one SPSU (Zoram Industrial Development Corporation Limited) had made a profit ₹ 1.36 crore. Mizoram Agricultural Marketing Corporation Limited (MAMCO) ranked first among the SPSUs in incurring losses followed by Mizoram Handloom and Handicraft Development Corporation Limited (ZOHANDCO) and Mizoram Food and Allied Industries Corporation Limited (MIFCO).

The losses of SPSUs are mainly attributable to the deficiencies in financial management, planning, running their operations and monitoring. A review of two latest Audit Reports of CAG shows that the SPSUs incurred losses to the tune of ₹ 10.20 crore and Infructuous Investment of ₹ 1.69 crore. There was tremendous scope to improve the functioning of SPSUs and reduce the losses. The SPSUs can discharge their role efficiently if they are financially self-reliant. There was a need for professionalism and accountability in the functioning of SPSUs.

Arrears in accounts

Six working PSUs had arrears of 17 accounts as of September 2014.

(Paragraph 5.1.21)

Performance Audit

Management of Power through generation and procurement (Power & Electricity Department)

Power and Electricity Department (P&ED), Mizoram was created in the year 1975 for promotion, development and maintenance of Power Distribution Network including provision of adequate and reliable power supply in Mizoram. The Department is functioning as an integrated utility and responsible for generation, transmission, distribution and dispatching of electric power supply within the state of Mizoram. It is also responsible for the promotion, development and maintenance of Power Distribution Network including provision of adequate and reliable power supply in Mizoram.

The Performance Audit on 'Management of Power through generation and procurement' brought out some significant audit findings as given below:

- The Department paid, Unscheduled Interchange charges amounting to ₹ 7,446.81 lakh due to over drawl of 237.68 MU of energy during 2008-09 to 2013-14.
- The Department failed to tie up for purchase of minimum prescribed solar energy which led to obligation to buy Solar Renewable Energy Certificates of ₹ 3.62 crore.
- Disproportionate increase in the expenditure had resulted in increase of 159 *per cent* in the deficits of the Department during 2008-09 to 2013-14.
- During the period from 2008-09 to 2013-14, the Department paid ₹ 18.19 crore as surcharge to the Generating Stations and Central Transmission Unit due to delayed payment of bills.
- The Department could not avail rebate of ₹ 6.92 crore in payment of power purchase bills during 2009-14 due to non-replenishment of LC account within the time specified in the PPAs.

(Paragraph 5.2)

Performance Audit

Working of the Zoram Electronics Development Corporation Limited (ZENICS) (Information and Communication Technology Department)

Zoram Electronics Development Corporation Limited (ZENICS) was formed (March 1991) with the main objectives of developing Electronics/Information Technology and allied industries in the State of Mizoram. A Performance Audit on the workings of ZENICS was conducted covering the period 2009-10 to 2013-14. During the period of audit ZENICS had undertaken various schemes/projects which mainly included setting up of Common Service Centre (CSC) and Rural Information Kiosks (RIK), implementation of IT Education Programme as well as Mizoram State Wide Area Network (MSWAN), *etc.*

The Audit has come out with the following significant findings:

- ZENICS had neither evolved a system to assess viability of its operations nor introduced a system of business planning and resource forecasting for sustainability of the organisation in long run. The accumulated loss of ZENICS had eroded 94 *per cent* of the paid-up capital.

- The capacity utilisation of the Computer Training Centre of ZENICS was to the extent of 21 *per cent* only.

- The Information & Communication Technology Department (ICTD), Government of Mizoram (GoM) submitted the Utilisation Certificates for an amount of ₹ 2.20 crore to the North Eastern Council before its actual utilisation and even before their release to the implementing agency *i.e.* ZENICS.

- ZENICS could not complete the selection of 59 out of 300 Village Level Entrepreneurs (VLEs) under Rural Information Kiosk project even after a lapse of one year from the extended date (September 2013) of project completion.

- The installation of VSAT equipment meant for Government to Citizens (G2C) services under Common Service Centre (CSC) programme was pending in 35 out of 136 locations (September 2014).

- An amount of ₹ 1.80 crore released under MSWAN project was diverted by ZENICS towards salaries of its employees (₹ 1.62 crore) and purchase of vehicles (₹ 0.18 crore).

- GoM submitted Utilisation Certificate for ₹ 3.44 crore against site preparation works for all 42 Points of Presence (PoPs) under MSWAN project which included 13 PoPs which were to function from existing Government buildings.

(Paragraph 5.3)

CHAPTER-I

GENERAL SECTOR

CHAPTER-I

GENERAL SECTOR

1.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2014 deals with the findings on audit of the State Government under General Sector.

The names of the State Government Departments and the total budget allocation and expenditure of the State Government under General Sector during the year 2013-14 are given in the Table below:

Table-1.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Legislative Assembly	18.99	18.17
2.	Governor	5.17	5.14
3.	Council of Ministers	5.81	5.60
4.	Law and Judicial	25.73	22.53
5.	Vigilance	5.41	4.48
6.	Finance	430.24	555.10
7.	Mizoram Public Service Commission	4.92	4.97
8.	Secretariat Administration	7.90	7.90
9.	Parliamentary Affairs	0.53	0.44
10.	General Administration Department	114.09	104.08
11.	Home	514.48	473.12
12.	Printing and Stationery	16.28	15.49
13.	District Councils	280.63	245.15
Total		**1430.18**	**1462.17**

Source: Appropriation Accounts, Government of Mizoram, 2013-14

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies under the General Sector to different Departments of the State Government. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table-1.1.2

(₹ in crore)

Name of the Departments	Name of the Schemes/ Programmes	Implementing Agency(s)	Amount of funds transferred during the year
Deputy Commissioner	MPs Local Area Development (MPLADS)	Deputy Commissioner Aizawl	10.00
Home	Scheme of Modernisation of State Police Forces by Police Modernisation Division	Director General of Police	8.87
		Mizoram Government	3.00
Law and Judicial	For Development of Infrastructure Facilities for Judiciary	Mizoram Government	8.13
Home	Crime and Criminal Tracking Network and System (CCTNS)	Mizoram Computerisation of Police Services Society	1.00
Total			**31.00**

Source: Finance Accounts, Government of Mizoram, 2013-14

1.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection reports are processed for inclusion in the Audit Report, which is submitted to the Governor of State under Article 151 of the Constitution of India.

The audits were conducted during 2013-14 involving expenditure of ₹ 60.16 crore out of the total expenditure of ₹ 1,462.17 crore of the State Government under General Sector. This chapter contains two Compliance Audit paragraphs.

The major observations made in audit during 2013-14 are discussed in the succeeding paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

FIRE AND EMERGENCY SERVICE (HOME) DEPARTMENT

1.3 Non-release of State's Share, diversion of Central Assistance and excess payment of CST

Non-release of matching State share led to possible diversion of Central Assistance of ₹ 17.02 lakh in execution of Centrally Sponsored Scheme "Strengthening of Fire and Emergency Services". Besides, excess payment of ₹ 27.45 lakh towards CST was also noticed.

Under the Centrally Sponsored Scheme (CSS) "Strengthening of Fire and Emergency Services", the Ministry of Home Affairs, Directorate General of Civil Defence (Fire), Government of India (GoI) accorded (23 November 2009) administrative approval of ₹ 3.60 crore for the State of Mizoram with the overall objective to strengthen Fire and Emergency Services into multi-hazard response force, capable of acting as first responder in all types of emergency situations. Against the approved cost of ₹ 3.60 crore the Central and State shares were in the ratio of 90:10.

The Central contribution of ₹ 3.27 crore which was released in three installments during January 2010 to May 2011 was to be utilised for procurement of approved capital equipments.

1.3.1 State Share not released

The State Government was to bear all the recurring expenditure and was to have the flexibility to utilise their share of ₹ 0.33 crore towards procurement of capital items and construction/ up-gradation of Fire Station buildings and training infrastructure.

Audit observed that the State Government had not released (July 2014) their mandatory contribution of ₹ 0.33 crore to the Department as a result of which procurement of capital items and construction/up-gradation of Fire Station buildings and training infrastructure as emphasized in the Scheme guidelines could not be achieved to that extent.

While accepting the facts, the Director, Fire and Emergency Services (F&ES) stated (July 2014) that due to lack of knowledge the Department did not approach the State Government for release of State Share under the Scheme.

Further, the details of approved capital equipments and equipments actually procured by the Fire and Emergency Services Department at the cost of ₹ 3.27 crore are given in the following Table:

Table-1.3.1

(₹ in lakh)

Sl. No.	Name of items	Approved items		Actual expenditure	
		Units	Cost	Units	Cost
1.	Advanced Fire/ Water Tender	07	175.00	08	152.24
2.	Quick Response Vehicles (QRV)	08	36.00	06	81.86
3.	High Pressure Pump	16	84.00	08	44.80
4.	Combi Tools	16	32.00	16	31.08
5.	Tata Medium Truck	Nil	Nil	01	8.53
6.	POL/tyre/repair/generator/air compressor and water tanks	Nil	Nil	LS	8.49
Total		**-**	**327.00**	**-**	**327.00**

Source: Departmental records

An analysis of the expenditure incurred for the items mentioned in the table above revealed that expenditure was incurred on items not covered under the approved list of the GoI amounting to ₹ 17.02 lakh:

(i)	Tata Medium Truck	01 unit	₹ 8.53 lakh
(ii)	POL/ tyre/ repair/ generator/ air compressor and water tanks	LS	₹ 8.49 lakh
		Total	**₹ 17.02 lakh**

While accepting the facts, the Director, F&ES stated (July 2014) that (a) the Department overlooked the approval and purchased one Tata Medium Truck for Water Tanker due to necessity of the requirement of the Water Tanker, and (b) as no provision was available under the plan budget, the Department utilised a portion of the Central contribution towards procurement of POL/tyre/repair/generator/air compressor and water tanks.

Had the State Government released its share, the Department need not had resorted to diversion of the Central Assistance of ₹ 17.02 lakh for purchase of Truck, POL *etc.*

1.3.2 Excess expenditure

The Ministry of Finance (Department of Revenue), Government of India in their Notification dated 30 May 2008 reduced the rate of Central Sales Tax (CST) from existing three *per cent* to two *per cent* with effect from 1 June 2008 on inter-State sales of goods.

During the examination of records, it was noticed that out of Central contribution of ₹ 327 lakh, the Department incurred an expenditure of ₹ 303.31 lakh for procurement of chasis, quick response vehicles, high pressure pumps, combination tools and fabrication of Fire/Water tenders from six outside State suppliers. The details of supplier-wise items procured and expenditure incurred are given in **Appendix-1.3.1**.

Audit observed that the inter-State suppliers claimed an abnormal rate of CST (ranging between 5 to 14 *per cent* against the leviable rate of two *per cent* CST) for supply of Capital items worth ₹ 270.45 lakh during 2009-12. The actual amount of CST (@ two *per cent*) to be levied by the six suppliers for the materials worth ₹ 270.45 lakh was ₹ 5.41 lakh, against which the suppliers claimed ₹ 32.86 lakh. The Department, however, accepted the irregular claims and made payments of ₹ 303.31 lakh, including CST of ₹ 32.86 lakh to the six suppliers, which resulted in excess payment of ₹ 27.45 lakh. The excess payment was not recovered from the six suppliers for refunding to the GoI accounts till July 2014.

While accepting facts, the Director, F&ES stated (July 2014) that in future the prevailing rate of two *per cent* CST will be followed for inter-state purchase, if any.

The matter was reported (September 2014) to the Government and their reply is awaited (March 2015).

PRINTING AND STATIONERY DEPARTMENT

1.4 Loss to the State exchequer

Due to non-compliance of Government's instructions by various Departments a large stock of stationery at Luangmual Depot, Aizawl became obsolete and the Department sold it off through auctions resulting in a loss of ₹ 42.99 lakh to the State exchequer.

The Printing and Stationery Department (PSD) procures stationery and allied items in bulk and sells it to various Departments of the Government on no profit no loss basis. The Department makes necessary arrangement for supply of these items through its three Departmental depots at Aizawl, Lunglei and Saiha Districts.

In case, the PSD is not in a position to supply the required items, it will issue "No objection Certificate" (NOC) to the concerned Department to procure such items from any of the approved firms at the approved rates of the PSD.

Audit (June 2014) of records of the Controller, PSD, Mizoram revealed that despite repeated instructions issued by the Finance Department as well as PSD since 1990, a large number of Departments located in Aizawl District continued to procure stationery items directly from the market in disregard of the availability of stock in the Depots and without obtaining NOC from the PSD. Due to the non-compliance by the various Departments, a large number of stocks of stationery items at Luangmual Depot at Aizawl had become obsolete, outdated, broken, rotten, expired or degraded.

Audit of records revealed that during February 2009 to September 2012 the Department sold various items of old stock of stationery lying at Luangmual Depot through Public Auctions and realized an amount of ₹ 1.09 lakh against the book value of ₹ 44.08 lakh of the auctioned items, which resulted in a loss of ₹ 42.99 lakh to the State exchequer.

The details of amount realized through auction and book value of the items are shown in following Table:

Table-1.4.1

(₹ in lakh)

Date of Public Auction	Book Value of Auctioned Store	Amount recovered through auction	Loss
25 February 2009	11.89	0.03	11.86
02 June 2010	19.01	1.01	18.00
26 September 2012	13.18	0.05	13.13
Total	**44.08**	**1.09**	**42.99**

Source: Departmental records

Thus, due to lack of compliance with Government's instructions by the various Government Departments, a large stock of stationery items at Luangmual Depot, Aizawl became idle and obsolete. As a result, the Department had to dispose them off through auctions incurring a loss of ₹ 42.99 lakh.

The matter was reported to the Government in September 2014 and their reply is awaited (March 2015).

FOLLOW UP OF AUDIT OBSERVATIONS

1.5 Non-submission of *suo moto* Action Taken Notes (ATNs)

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* ATNs 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.

A review of follow up action on submission of *suo moto* ATNs disclosed that the various Departments of the State Government had submitted *suo moto* replies in respect of all paragraphs/reviews that had featured in the Audit Reports up to the year 2010-11 with certain delays. The Audit Report for the year 2012-13 was laid on the table of the State legislative assembly on 09 July 2014. The *suo moto* replies in respect of two paragraphs/ reviews in respect of General Sector that had appeared in the Audit Report were due by the end of October 2014. However, no replies in respect of the paragraphs/reviews that have been included in the Reports of the Comptroller and Auditor General of India were received as of February 2015, even after a delay of about four months as mentioned below:

Table-1.5.1

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 *suo moto* explanatory notes are awaited	Number of Departments
2012-13	09.07.2014	2	2	2

Source: Legislative Assembly Secretariat

Thus, due to the failure of the respective Departments to comply with the instructions of the PAC, the objective of accountability was not ensured.

1.6 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspections 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 complying with the prescribed rules and procedures and accountability for the deficiencies, lapses, *etc*., noticed during the 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.

As of March 2014, a review of the outstanding IRs issued during 2008-14 revealed that 44 paragraphs relating to 21 IRs remained outstanding as shown in the following Table:

Table-1.6.1

Name of the Sector	Opening Balance (upto 2012-13)		Addition during the year 2013-14		Disposal during the year 2013-14		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
General	17	59	17	41	13	56	21	44

1.7 Audit Committee Meetings

State Government had notified (04 September 2013) for constitution of an Audit Committee to consider and take measures for timely response and speedy settlement of outstanding paragraphs of Inspection Reports lying in different Departments.

During 2013-14, no audit committee meeting was held in respect of General Sector.

CHAPTER-II

SOCIAL SECTOR

CHAPTER-II

SOCIAL SECTOR

2.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2014 deals with the findings on audit of the State Government under Social Sector.

The names of the State Government Departments and the total budget allocation *vis-a-vis* expenditure incurred under Social Sector during the year 2013-14 are given in the following Table:

Table-2.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	School Education	730.61	677.57
2.	Higher and Technical Education	235.31	225.55
3.	Sports and Youth Services	28.98	2.89
4.	Art and Culture	9.26	8.78
5.	Medical and Public Health Services	265.87	251.13
6.	Water Supply and Sanitation	190.21	187.59
7.	Information and Public Relations	12.52	11.76
8.	Labour and Employment	8.66	7.80
9.	Social Welfare	149.53	140.75
10.	Disaster Management and Rehabilitation	22.98	16.99
11.	Local Administration Department	72.52	34.78
12.	Personnel & Administrative Reforms	2.47	2.39
13.	Urban Development and Poverty Alleviation	245.76	130.05
Total		**1974.68**	**1698.03**

Source: Appropriation Accounts, Government of Mizoram, 2013-14

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies under the Social Sector to different Departments of the State Government. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table-2.1.2

(₹ in crore)

Name of the Departments	Name of the Schemes/ Programmes	Implementing Agency(s)	Amount of funds transferred during the year
1	2	3	4
Medical and Public Health Services	National Rural Health Mission (NRHM)	Health Services	77.35
School Education	Sarva Shiksha Abhiyan	State Project Office	106.58
Medical and Public Health Services	Forward linkages to NRHM New initiatives in NE	Health Society	5.00

1	2	3	4
Medical and Public Health Services	Human Resources for Health	Health Society	3.35
School Education	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Mizoram Education Mission Society	39.45
Water Supply and Sanitation	National Rural Drinking Water Programme	State Water & Sanitary Mission	44.89
Medical and Public Health Services	National Blindness Control Programme (NBCP)	Mizoram State Health Society	0.10
Higher and Technical Education	Skill Development	Mizoram Council for Vocational Training	5.88
Health & Family Welfare	State Medicinal Plants Board, Mizoram	National Medicinal Plants Board	1.75
Social Welfare	Multi Sectoral Development Programme for Minorities in Selected Minority Concentration Districts	Mizoram Government	10.31
Higher and Technical Education	Post-Matric Scholarship Schemes Minorities	Mizoram Government	1.52
School Education	Pre-Matric Scholarship Schemes Minorities	Mizoram Government	23.00
School Education	Pre-Matric Scholarship for ST Students	Mizoram Government	1.23
Higher and Technical Education	Scholarship to the Students of ST for Studies Abroad	Mizoram Government	45.08
School Education	Strengthening of Teachers Training Institutions	Mizoram Government	15.53
School Education	Scheme of PMS, Book Banks and Upgradation of Merit of ST Students	Mizoram Government	8.86
Sports and Youth Services	North Eastern Areas	Mizoram State Sports Council	1.01
Sports and Youth Services	Panchayat Yuva Krida and Khel Abhiyan (PYKKA)	Mizoram State Sports Council	4.91
Sports and Youth Services	Urban Sports Infrastructure Scheme	Mizoram State Sports Council	6.30
Social Welfare t	Scheme of Hostels for ST Girls and Boys	Mizoram University	22.89
Higher and Technical Education	Strategic Assistance for State Higher Education - Rashtriya Uchchatar Shiksha Abhiyan (RUSA)	National Institute Of Technology Mizoram	2.73
Social Welfare	National AIDS Control Programme III	State AIDS Control Programme III	13.65
Water Supply and Sanitation	Central Rural Sanitation Programme	SWSM Mizoram Aizawl	8.06
Urban Development and Poverty Alleviation	JNNURM-BSUP Jawaharlal Nehru Urban Renewal Mission	Urban Development and Poverty Alleviation	22.41
Urban Development and Poverty Alleviation	Swarnajyanti Shahri Swarojgar Yojana (SJSRY)	State Urban Development Agency	4.37
Total			**476.21**

Source: Finance Accounts, Government of Mizoram, 2013-14

2.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection reports are processed for inclusion in the Audit Report, which is submitted to the Governor of State under Article 151 of the Constitution of India.

The audits were conducted during 2013-14 involving expenditure of ₹ 85.11 crore out of the total expenditure of ₹ 1698.03 crore of the State Government under the Social Sector. This chapter contains two Performance Audits *viz.* on 'Total Sanitation Campaign/Nirmal Bharat Abhiyan' and on 'Disaster Management & Rehabilitation'.

The major observations made in audit during 2013-14 are discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.3 Total Sanitation Campaign (TSC)/Nirmal Bharat Abhiyan (NBA)

Highlights

Central Rural Sanitation Programme (CRSP) was launched by the Ministry of Drinking Water, Government of India (GoI) with the objective of improving the quality of life of the rural people. In 1999 CRSP was renamed as Total Sanitation Campaign (TSC) to increase awareness among the rural people and generation of demand for sanitary facilities. The GoI also launched (October 2003) the Nirmal Gram Puraskar (NGP) to recognise the achievements and efforts made by Panchayati Raj Institutions (PRIs) and Institutions in ensuring full sanitation coverage in their areas of operation. Encouraged by the success of NGP, the TSC has been renamed (April 2012) as Nirmal Bharat Abhiyan (NBA) with the objective of accelerating the sanitation coverage in the rural areas so as to comprehensively cover the rural community through renewed strategies and saturation approach to achieve and sustain the vision of Nirmal Bharat by 2022 in all PRIs in the attainment of Nirmal status. A Performance Audit of the implementation of the TSC/NBA programme in Mizoram was carried out covering the period from 2009-10 to 2013-14 involving test check of records of ten blocks in five Districts. The performance audit of TSC/NBA programme brought out the following significant findings:

The State Government did not release State share of ₹ 41.61 lakh and ₹ 96.11 lakh during 2009-10 and 2010-11 respectively. Also, the State Level Water & Sanitation Mission transferred the Central share to the District Water & Sanitation Committee after inordinate delays, which was high as 393 days in some cases.

(Paragraph-2.3.10.3 and 2.3.10.4.1)

The five District Water & Sanitary Committees (Champhai, Lunglei, Mamit, Kolasib and Serchhip) irregularly implemented the TSC/NBA projects in urban areas out of Central and State share and incurred an irregular expenditure of ₹ 270.90 lakh.

(Paragraph-2.3.11.2.2)

The Department procured Squatting Plates with P-Traps valued at ₹ 496.47 lakh without obtaining recommendations from the State Purchase Advisory Board and approval of the Government. Besides, an excess payment of ₹ 49 lakh towards CST was also made to the supplier.

(Paragraph-2.3.12.1)

Since the project cost of IHHL was not revised in keeping with the national policy, the BPL households were deprived of the benefit of enhanced financial assistance to the tune of ₹ 2.14 crore.

(Paragraph-2.3.13.1.1)

With the intention of inclusion of private/SSA schools in the State Annual Implementation Plan, the number of school toilets in five Districts was inflated, which in turn increased the total allocation for the project by ₹ 223.30 lakh.

(Paragraph-2.3.13.3.1.1)

Out of 846 villages only 89 villages obtained the NGP award upto March 2014 thus putting the State far behind the goal of attainment of Nirmal Status by 2022.

(Paragraph-2.3.17)

2.3.1 Introduction

The Central Rural Sanitation Programme (CRSP) was launched in 1986 by Government of India (GoI) primarily with the objective of improving the quality of life with the rural people and also to provide privacy and dignity to women. With a broader concept of sanitation which includes personal hygiene, home sanitation, safe water, garbage disposal, excreta disposal and waste water disposal, the CRSP in 1999 moved towards a "demand driven" approach namely Total Sanitation Campaign (TSC). The revised approach emphasized more on Information, Education and Communication (IEC), Human Resource Development (HRD), Capacity Development Activities (CDA) to increase awareness among the rural people and generation of demand for sanitary facilities.

The GoI also launched (October 2003) the Nirmal Gram Puraskar (NGP) to recognise the achievements and efforts made by the Panchayati Raj Institutions (PRIs) and the Institutions in ensuring full sanitation coverage in their areas of operation. Encouraged by the success of NGP, the TSC has been renamed (April 2012) as Nirmal Bharat Abhiyan (NBA) with the objective to accelerate the sanitation coverage in the rural areas so as to comprehensively cover the rural community through renewed strategies and saturation approach to achieve and sustain the vision of Nirmal Bharat by 2022 in all PRIs in the attaining of Nirmal status.

2.3.2 Organisational structure

In pursuance of National Rural Drinking Water Programme under Ministry of Rural Development and on approval of the State Government, a society namely, State Water and Sanitation Mission was formed (May 2009) in the State as per the Mizoram Societies Registration Act, 2005.

2.3.2.1 Delivery Structure of the Mission

A. State Level

In Mizoram, the Public Health Engineering Department (PHED) headed by the Principal Secretary is the Administrative Department responsible for implementation of the TSC/NBA. The State Level Water and Sanitation Mission (SLW&SM) under the Chairmanship of the Principal Secretary, PHED with one Member Secretary and nine other Members from the Line Departments[1] is responsible for formulation of policy guidelines, management of project funds, implementation of the projects and monitoring of the TSC/NBA programme. The Engineer-in-Chief, PHED is the Member Secretary of the SLW&SM, who is in charge for overall implementation of the TSC/NBA projects. The SLW&SM has an Executive Committee headed by the Chairman with one Member Secretary and 12 other Members from PHED. The Executive Committee under SLW&SM is responsible for formulation of policy guidelines and implementation of the projects under TSC-NBA. It is also responsible for receipts and management of project funds, accounts and audits, liaison and coordination with the State Government besides, monitoring and evaluation of implementation of the Projects. Under the SLW&SM there are State Water and Sanitation Support Organisation (SWSSO) headed by the Chairman with one Member Secretary and six other members from PHED besides State Scheme Sanctioning Committee (SSSC) headed by the Chairman with one Member Secretary, four members from PHED and three other members from Line Departments[2]. The SSSC is responsible for approval of the District Programme Implementation Plan before sending the proposal to the National

[1] i) Planning & Programme Implementation, ii) Finance, iii) Rural Development, iv) School Education, v) Health & Family Welfare, vi) Information & Public Relations, vii) Local Administration, viii) Ministry of Rural Development, Government of India and ix) Public Health & Engineering

[2] i) School Education, ii) Urban Development & Poverty Alleviation and iii) Health & Family Welfare

Scheme Sanctioning Committee (NSSC) by the State whereas WSSO under SLW&SM is to deal with IEC, HRD, Monitoring and Evaluation at the State Level

B. District Level

The Deputy Commissioners of the eight Districts of the State are designated as Chairman of the constituted District Water and Sanitation Committee (DWSC) with one Member Secretary (Executive Engineer, PHED) and three Members from Line Departments[3] and three members from different NGO Groups. The Executive Engineers, PHED, Rural Water and Sanitation Division of the eight Districts are responsible for project implementation and over all supervision of TSC/NBA programme. The DWSC is responsible for formation of Village Water and Sanitation Committee (VWSM) at each village and acts as liaison between them.

C. Block Level

The task for implementation of TSC/NBA was not entrusted to any of the functionaries of the 26 Rural Development Blocks within the State.

D. Village Level

The Gram Panchayat is the pivotal body for implementation of the Scheme at the village level. However, in the case of Mizoram, since the State is exempted under Article 243M of the Constitution of India from the application of the 73^{rd} & 74^{th} Amendment to the Constitution, the Panchayati Raj Institution (PRI) as embodied in the constitutional amendments are not in place in the State of Mizoram. Instead, the existing traditional Village Councils (VCs) have been mandated and invested with the corresponding responsibility to function as PRIs.

In Mizoram, 846 villages in the eight Districts are headed by 810 Village Council Presidents (VCPs). The VCP is the Chairman of the constituted Village Water and Sanitation Committee (VWSC) with Headmaster of Primary/Middle/High School as Member Secretary and one Member from elected Village Council Members (VCM), three members from different NGO Groups and three prominent Citizens. The VWSC is responsible for ensuring community participation and decision making in all activities under TSC/NBA, arranging community contribution, signing various agreements on behalf of the community with the DWSC besides supervision of construction activities. The VWSC is also responsible for operation and maintenance of assets created under the TSC/NBA programme.

A Chart showing delivery structure responsible for implementation of the TSC/NBA in the State is depicted below:

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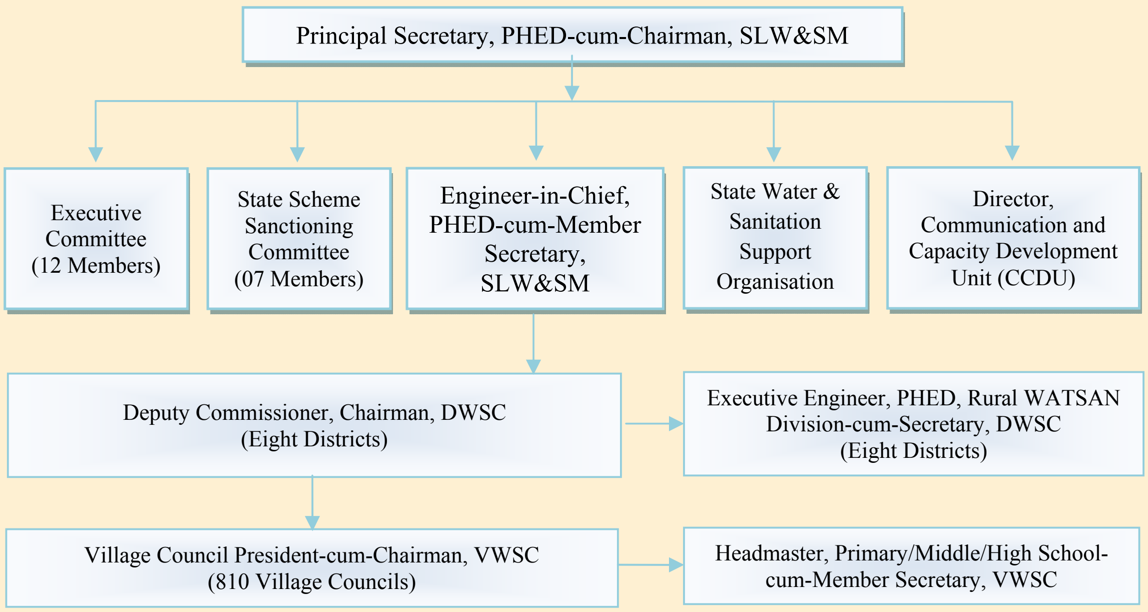
[3] i) School Education, ii) Health & Family Welfare and iii) Social Welfare

Chart-2.3.1



2.3.3 Audit Objectives

The performance audit of the TSC/NBA was conducted with the objectives to assess as to whether:

i. The planning of the implementation of the Scheme at different levels was adequate and effective and was aimed towards achievement of objectives of the Scheme;

ii. Funds were released, accounted for and utilised in compliance with the guidelines issued under the TSC/NBA;

iii. The targets set in terms of number of units under various components of the Scheme were sufficient to achieve and sustain the vision of Nirmal Bharat by 2022 with all VCs in the attaining Nirmal status;

iv. Construction and upgradation of infrastructure under various components of the Scheme was in compliance of the financial and quality parameters set out in the scheme guidelines;

v. The information, education and communication strategy under the Scheme was effective in generation of demand of TSC/NBA services through community mobilization;

vi. The convergence of the TSC/NBA activities with other programmes/stakeholders as envisaged was effectively achieved; and

vii. The mechanism in place for monitoring and evaluation of the outcomes of the programme was adequate and effective.

2.3.4 Audit Criteria

Audit findings are benchmarked against the criteria contained in the following sources:

- TSC guidelines 2007, 2010 and 2011 and NBA Guidelines 2012; notifications and circulars issued by Ministry of Drinking Water and Sanitation;
- Information Education and Communication (IEC) guidelines, 2010 issued by the Ministry of Rural Development;
- State Government orders relating to implementation of the TSC/NBA;
- Guidelines for engagement of Swachchhata Doot/Prerak issued by the Ministry of Drinking Water & Sanitation Central Rural Sanitation Programme;
- Guidelines for engagement of skilled and unskilled workers from MGNREGS issued by the Ministry of Rural Development;
- Guidelines for Nirmal Gram Puraskar;
- Provisions of General Financial Rules, 2005; and
- Physical and financial progress reported under Management Information System available on website of the Scheme (www.tsc.gov.in).

2.3.5 Scope of Audit

Performance audit of TSC/NBA in the State covering the period 2009-14 was carried out between May and August 2014 through test check of the records in the Offices of the Administrative Department of PHED, Engineer-in-Chief, PHED-cum-Member Secretary, SLW&SM, Director, Communication and Capacity Development Unit (CCDU), Secretary, DWSC in five[4] Districts out of eight Districts and Chairman, VWSC of 69 village councils out of 284 VCs in ten selected blocks. The audit covered an expenditure of ₹ 12.66 crore (53 *per cent*) out of expenditure of ₹ 24.06 crore incurred by the Mission during 2009-14.

2.3.6 Sampling

Out of eight Districts in the State, five Districts (63 *per cent*) namely Champhai, Lunglei, Mamit, Kolasib and Serchhip were selected. In the five Districts, 10 blocks (67 *per cent*) out of 15 blocks were selected. Again, out of 284 Village Councils in the selected ten blocks, 69 Village Councils (25 *per cent* subject to maximum 10) were selected for detailed scrutiny within each selected village council, ten beneficiaries (maximum five from one village) were selected from the beneficiary (Household) list for physical verification and beneficiary survey. Details of the selected Districts, blocks and villages are given in **Appendix-2.3.1**.

[4] i) Champhai, ii) Lunglei, iii) Mamit, iv) Kolasib and v) Serchhip

The sample Districts were selected using Probability Proportional to Size with Replacement (PPSWR). The sample Blocks, Village Councils and beneficiaries were selected using Systematic Random Sampling Without Replacement (SRSWOR) methods.

2.3.7 Methodology

The Performance Audit commenced with an Entry Conference held on 8 May 2014 with the Secretary, Government of Mizoram, PHED-cum-Chairman, SLW&SM, Member Secretary, SLW&SM and two other officers from the PHED wherein the Audit Objectives, Scopes and Criteria were discussed. The Audit Methodology involved examination and analysis of the records/documents of the SLW&SM and Secretary, DWSC coupled with field visits by the Audit team for scrutiny and analysis of the records of the selected five Districts during the period from 19 May 2014 to 31 August 2014.

The audit findings were discussed at length in the Exit Conference held on 05 December 2014 with the Secretary, PHED-cum-Chairman, SLW&SM and other departmental officers and their views have been incorporated at appropriate places in the Report.

2.3.7.1 Impact Assessment

The following specific methodologies were adopted in audit for impact assessment of the Programme:

- Household Beneficiary Survey.
- Physical Verification of works executed under the TSC/NBA programme.

2.3.8 Acknowledgement

The Indian Audit & Accounts Department acknowledges and appreciates the co-operation rendered by the Administrative Department of the PHED, Member Secretary of the State Level Water and Sanitation Mission and the functionaries of the selected Districts and VCs during the course of this Performance Audit.

Audit Findings

Significant audit findings noticed in course of Performance Audit are discussed in the succeeding paragraphs.

Audit Objective: **To assess whether the planning of the implementation of the Projects at different levels was adequate and effective and was aimed towards achievement of objectives of the Programme.**

2.3.9 Planning

Planning is an integral part of programme implementation.

As per TSC guidelines, Baseline Survey was conducted (2004) by the eight District Water and Sanitation Committees (DWSCs) to assess the status of sanitation and hygiene practice, people's attitude for improved sanitation *etc.* The status report was approved (September 2008) by the National Scheme Sanctioning Committee (NSSC). In order to ensure full coverage of sanitation in all the 846 villages re-survey was done during 2009 by the PHED and different NGO groups with the assistance of the VWSCs. The updated report was also approved (June 2010) by the NSSC.

Based on village-level survey data, the eight districts prepared Programme Implementation Plan (PIP) between January 2010 and February 2012 showing requirement of Individual Household Latrine (IHHL) for Above Poverty Line (APL) and Below Poverty Line (BPL) households, Community Sanitary Complex (CSC), Institutional Toilets and locations for Solid and Liquid Waste Disposal as well as funds required for the projects and submitted to the SLW&SM. At State-level, Districts PIP were consolidated as State Annual Implementation Plan for the five years (2009-14).

Audit noticed that the Chief Engineer (CE), Monitoring & Investigation submitted (January 2010 and 2011) the State AIP to the Ministry of Rural Development (MoRD) without obtaining approval of the SSSC. However, the consolidated District PIPs were again submitted to the NSSC in February 2012 after obtaining approval of the SSSC.

Further scrutiny disclosed that the DWSCs prepared District PIPs of TSC/NBA projects covering the beneficiaries both in rural and urban areas of the Districts, which were consolidated into State AIP for their onwards submission to the NSSC. The State AIP, which also included beneficiaries of urban areas, was approved by the NSSC.

While admitting the facts in the exit conference, the State Government stated (December 2014) that due to urgency the project proposal (2009-11) was sent by e-mail to NSSC without approval of the SSSC.

Further, the Government also stated that the urban areas which availed the TSC benefits did not have Municipal councils. However, the practice of giving benefits in urban areas has been discontinued.

Audit Objective: To ascertain whether funds released were accounted for and utilised in compliance with the guidelines issued under TSC/NBA.

2.3.10 Financial Management

The Central assistance shall be released to the Implementing Agency in four installments (30, 30, 30, and 10). The first installment will be released immediately after approval of the project proposal by the National Scheme Sanctioning Committee subject to receipt of details of the Implementing Agency at District level and name of the bank, IFSC Code and Account No. *etc.*

All bank accounts shall be Saving Accounts. The release of further installments will be subject to the following conditions:

i. Release of State Matching Share;

ii. Household/Community contribution; and

iii. Utilisation Certificate against 60 *per cent* (minimum) expenditure out of available funds under Central as well as State Share and interest.

Audit noticed that the GoI released the first instalment to the SLW&SM bank account after approval of the project proposal by the NSSC. During 2009-10 and 2013-14 second instalment was released by the GoI on fulfillment of the prescribed conditions and in three other years (2010-2013) only one instalment was released.

2.3.10.1 Funding Pattern

Funding of TSC/NBA programme was based on approved Project cost out of State AIP which is shared amongst the Union, the State and the beneficiary as per component-wise ratio stipulated in the guidelines. The funding pattern for implementation of various components of TSC/NBA projects is shown in **Appendix-2.3.2.**

2.3.10.2 Position of receipt and utilisation of fund

The year-wise position of receipt of central share from the GoI directly in SLW&SM bank account *vis-a-vis* corresponding release of State Matching Share and utilisation of funds by the SLW&SM during 2009-14 is given in Table-2.3.1 below:

Table-2.3.1

(₹ in lakh)

Year	Opening Balance	Central share released	State matching share	Interest earned	Total funds available	Amount utilised	Closing Balance (*Percentage*)
2009-10	176.47	446.03	96.00	7.37	725.87	468.43	257.44 (35)
2010-11	257.44	661.15	121.14	9.93	1049.66	364.91	684.75 (65)
2011-12	684.75	68.93	69.71	9.88	833.27	734.45	98.82 (12)
2012-13	98.82	497.48	150.00	9.03	755.33	323.21	432.12 (57)
2013-14	432.12	805.88	220.00	16.65	1474.65	515.28	959.37 (65)
Total		**2479.47**	**656.85**	**52.86**	**3365.65**	**2406.28**	**--**

Source: GoI release orders, GoM sanction orders and Expenditure Statement of DWSCs

Audit observed that against the available funds of ₹ 33.66 crore, the SLW&SM could utilise only an amount of ₹ 24.06 crore during 2009-14, which resulted in short utilisation of available fund of ₹ 9.59 crore.

In the exit conference (December 2014), the Government did not give any comments.

2.3.10.3 Short Release of State Share

The position of release of Central and State Share for implementation of projects under TSC/NBA programme during 2009-14 is detailed in **Appendix-2.3.3.**

Audit observed that the short fall in release of State Matching Share was ₹ 41.61 lakh and ₹ 96.11 lakh during 2009-10 and 2010-11 respectively, and the overall share of the State not yet released during the period totals to ₹ 1.43 crore.

In the exit conference (December 2014), the Government did not give any comments.

2.3.10.4 Transfer of funds

Para 12.2 of TSC/NBA guidelines read with the sanction orders issued by the GoI, MoRD envisage that the State shall release the central assistance received along with the State matching share to the District implementing agency (District Water and Sanitation Committee) within 15 days of receipt of Central assistance. Further, according to the sanction orders verification fees for Nirmal Gram Puraskar (NGP) is to be transferred to the DWSC bank account within 10 days of receipt of funds by the State for payment to the verification agencies.

2.3.10.4.1 Delay in release of funds by the SLW&SM

The year-wise release of funds by the GoI, the date of credit in State Water and Sanitation Mission (SW&SM) bank account and subsequent transfer of funds to the District Water and Sanitation Committees' (DWSC) bank accounts during 2009-14 for implementation of the projects is shown in **Appendix-2.3.4**.

Audit observed that during 2010-12 the SLW&SM transferred central assistance to the implementing DWSC bank accounts with an inordinate delay ranging between 9 and 393 days from the date of credit in SLW&SM bank account. Due to inordinate delay in transfer of funds, the DWSC could not take up construction of targeted schools and Anganwadi toilets (Table-2.3.5 of Para-2.3.11.2.1) during 2011-13. Reasons for delay in release of funds were not on records.

Thus, delay in transfer of funds in contravention of guidelines/release orders led to non-accrual of benefits to the targeted rural people within the time frame, thus, undermining the goal of the scheme.

2.3.10.4.2 Financial outlay and expenditure in selected Districts

The position of funds received and expenditure incurred by the Secretary, DWSC of five sample Districts during 2009-14 are given in Table-2.3.2 below:

Table-2.3.2

(₹ In lakh)

Name of the Districts	Opening balance	Funds received		Interest earned	Total funds available	Actual expenditure	Un-utilised funds as of 31 March 2014
		Central Share	State share				
Champhai	0.39	488.03	124.09	7.10	619.61	568.23	51.38
Lunglei	62.37	216.47	88.52	8.13	375.49	321.48	54.01
Kolasib	355.04	153.57	53.19	3.70	565.50	132.10	433.40
Mamit	19.18	152.59	78.58	4.77	255.12	183.05	72.07
Serchhip	1.33	55.13	24.80	2.39	83.65	61.09	22.56
Total	**438.31**	**1065.79**	**369.18**	**26.09**	**1899.37**	**1265.95**	**633.42**

Source:DWSCs' records and Annual Statement of Accounts

From the above Table, Audit analysed that out of available funds of ₹ 1,899.37 lakh during 2009-14 an amount of ₹ 1,265.95 lakh was spent by the five DWSCs for creation of assets under TSC/NBA programme leaving a balance of ₹ 633.42 lakh as of 31 March 2014.

Thus, non-utilisation of available funds in time bound manner resulted in non-completion of the projects within the targeted period.

In the exit conference (December 2014), the Government did not give any comments.

2.3.10.5 Administrative Charges

As envisaged in TSC/NBA guidelines, Administrative Charges include *viz*. expenses on training, salary of temporary staff deployed during project period, support services, fuel charges, vehicle hire charges, stationery, monitoring and evaluation of the projects under TSC/NBA. The expenses on administrative charges are limited to 5 *per cent* upto 2011-12 and thereafter 4 *per cent* of project cost under TSC/NBA.

The NSSC approved (September 2008) an amount of ₹ 148.57 lakh (Central Share: ₹ 118.86 lakh and State Share: ₹ 29.71 lakh) for incurring expenditure by eight DWSCs under administrative charges.

The position of expenditure towards administrative charges on admissible items by the selected five DWSCs as against permissible limit of expenditure as per guidelines during the period from 2009 to 2014 is shown in Table-2.3.3 below:

Table-2.3.3

(₹ in lakh)

District	Permissible expenditure on administrative charges	Actual expenditure	Excess expenditure
Champhai	25.28	31.01	5.73
Lunglei	13.52	21.37	7.85
Kolasib	5.40	12.32	6.92
Mamit	8.25	14.90	6.65
Serchhip	2.47	6.11	3.64
Total	**54.92**	**85.71**	**30.79**

Source:DWSCs records

Audit observed that the five DWSCs incurred an expenditure of ₹ 85.71 lakh during 2009-14 on administrative charges against the permissible limit of ₹ 54.92 lakh thereby incurring an excess expenditure of ₹ 30.79 lakh. Reasons for excess expenditure were not found on records.

In their reply, the Department stated (January 2015) that as per the NBA Guidelines, the administrative charges were calculated on four *per cent* of the project cost as approved by the 45th NSSC. But, the reply of the Department is not acceptable as the administrative charges were not approved by the 45th NSSC (March 2012), while approving the component-wise revised approval.

Audit Objective: To assess whether the targets set in terms of number of units under various components of the TSC/NBA were sufficient to achieve and sustain the vision of Nirmal Bharat by 2022 in all the VCs in the attaining of Nirmal status.

2.3.11 Implementation Structure

A Project Implementation Plan (PIP) emanates from a District through DWSC and is approved by the SSSC before submission to GoI, Ministry of Drinking Water & Sanitation as a State Plan. During 2009-14 the State Government submitted project proposals totaling ₹ 99.36 crore (January 2010: ₹ 29.90 crore, January 2011: ₹ 33.91 crore and February 2012: ₹ 35.55 crore) against which the National Scheme Sanctioning Committee (NSSC) approved projects totaling ₹ 26.99 crore (June 2010: ₹ 14.38 crore and March 2012: ₹ 12.61 crore) for implementation of TSC/NBA programme in the State. Details of approved projects during 2009-14 (including balance projects at the beginning of the year 2009-10) and status of achievements for the years 2009-14 are indicated in the Table-2.3.4 below:

Table-2.3.4

Components	Balance project as of 31 March 2009	Approved by NSSC		Total approved projects	Achievement during 2009-14 (Percentage)	Balance work as of 31 March 2014
		June 2010	March 2012			
IHHL (APL)	4182	2114	--	6296	6099 (97)	197
IHHL (BPL)	6891	30224	--	37115	31455 (85)	5660
School Toilet	--	--	2686	2686	603 (22)	2083
Anganwadi Toilet	--	631	87	718	483 (67)	235
Community Sanitary Complex	264	--	--	264	158 (60)	106

Source: Copy of Projects approval and DWSCs' records

As can be seen from the above Table, there has been a significant achievement of 85 and 97 *per cent* in construction of Individual Household Latrine (IHHL) under the categories of BPL and APL households respectively. Further, the achievements in construction of Anganwadi toilets and Sanitary Complex stood at 67 and 60 *per cent* respectively whereas, the achievement in construction of school toilet was only 22 *per cent*. The reasons for under achievement in construction of school toilets were not on records.

In the exit conference (December 2014), the Government did not give any comments.

2.3.11.1 Physical Targets and Achievements

The year-wise targets set by the DWSCs for implementation of different Projects under TSC/ NBA programme *vis-à-vis* achievements during 2009-14 are shown in **Appendix-2.3.5**.

Audit examination revealed that there was shortfall in achievement in the range between 3 and 100 *per cent* against the different project-wise targets set during 2009-14 for sanitation coverage in rural areas of eight Districts. Significant shortfall (19 to 100 *per cent*) during 2011-14 was noticed under projects, *viz.* construction of IHHL and Institutional (Schools and Anganwadi Centers) toilets, though funds were available in SLW&SM bank account during the year 2012-14 (Table-2.3.1).

In the exit conference (December 2014), the Government did not give any comments.

2.3.11.2 Implementation of the projects in selected Districts

2.3.11.2.1 Incomplete Projects

Details of projects under TSC/NBA approved during 2009-14 by the NSSC for five selected Districts (including balance projects as of 31 March 2009) and achievements thereof during 2009-14 are shown in Table below:

Table-2.3.5

Components	Balance project as of 31 March 2009	Approved by NSSC		Total approved projects	Achievement during 2009-14	Balance work as of 31 March 2014 (Percentage)
		June 2010	March 2012			
1	2	3	4	5	6	7
IHHL (APL)	2138	1421	--	3559	3559	--
IHHL (BPL)	3639	13716	--	17355	16422	933 (5)
School Toilet	--	--	1738	1738	231	1507 (87)
Anganwadi Toilet	--	393	--	393	278	115 (29)
Community Sanitary Complex	200	--	--	200	143 (CSC) 62 (WSC)	57 (CSC) (29)

Source: Projects approval, progress reports through IMIS and DWSCs' records
WSC – Women Sanitary Complex

It can be seen from the Table above that there was overall shortfall in achievements ranging from 5 to 87 *per cent*. Audit observed that the shortfall in achievements was significantly higher in construction of School toilets.

The reason for shortfall in achievement could be attributed to delay in release of funds by the SLW&SM to the DWSCs.

2.3.11.2.2 Irregular expenditure

As envisaged in Para 2 of TSC/NBA guidelines, in order to improve the general quality of life in the rural areas, funds released by the GoI on the basis of approved project outlay of the State were to be utilised for creations of assets in the rural areas.

Scrutiny of the records of the five sample Districts (Champhai, Lunglei, Mamit, Kolasib and Serchhip) revealed that the DWSCs implemented the TSC/NBA projects both in rural and urban areas out of funds released by the Central and State Government and incurred an irregular expenditure of ₹ 270.90 lakh towards implementation of the projects in urban areas. The details are shown in **Appendix-2.3.6**.

While admitting the facts in the exit conference, the State Government stated (December 2014) that the urban areas which availed the TSC benefits did not have Municipal councils. However, the practice of giving benefits in urban areas has been discontinued.

2.3.12 Material Management

2.3.12.1 Irregular purchase

According to General Financial Rules, 2005 purchase of material shall be made after inviting quotations or tenders to avail the lowest and competitive market rates.

As per terms of reference of the reconstituted (May 2007) State Purchase Advisory Board (SPAB) and Departmental Purchase Advisory Board (DPAB), the DPAB and SPAB can recommend purchase proposals up to ₹ 50 lakh and above ₹ 50 lakh respectively. However, all purchase proposals, based on recommendations of DPAB/SPAB are required to be submitted to the Government for approval.

Scrutiny of the records of the SLW&SM revealed that without calling for quotations or tenders, the Chief Engineer (Monitoring and Investigation), PHED placed eight supply orders (July 2010) valued at ₹ 492.65 lakh on a Mumbai based supplier (M/s Nilkamal Limited) for purchase of 30,224 Squatting Plates with P-Traps (Sanitary materials) at the rate of ₹ 1,630 each (rate is inclusive of all taxes and Free on Transport, PHED Central Store, Zuangtui, Aizawl). The materials were purchased for use in construction of IHHL by BPL beneficiaries against the approved (June 2010) projects for BPL households in eight Districts. The DWSCs of the eight Districts paid (June 2011 to April 2013) ₹ 494.83 lakh to the supplier against receipt of 30,224 Squatting Plates with P-Traps.

Further, against another supply order (October 2012) issued to M/s Nilkamal Limited by the Engineer-in-Chief, PHED, for purchase of 1,500 Squatting Plates with P-Trap valued at ₹ 24.45 lakh (1,500 @ ₹ 1,630 each) for use in construction of IHHL (1,156 nos.) by BPL beneficiaries and Anganwadi toilets (344 nos.). Besides, the DWSC, Lunglei purchased 100 Squatting Plates with P-Traps at the cost of ₹ 1.64 lakh for construction of Anganwadi toilets.

Thus, procurement of Squatting Plates with P-Traps valued at ₹ 496.47 lakh in breach of the prescribed norms and purchase rules and without obtaining mandatory recommendations from the SPAB and approval of the Government, was irregular and was a departure from the purchase rules.

While accepting the facts, the SLW&SM confirmed (January 2015) that the difference of rates between the supply order and the payment made by the six DWSCs (Lunglei, Kolasib, Serchhip, Aizawl, Lawngtlai and Saiha) was due to the increase in Central Sales Tax (CST) from 12.5 *per cent to* 13.5 *per cent.*

The reply of the Department is not acceptable on the contrary CST was reduced from existing three *per cent* to two *per cent* with effect from 1 June 2008 on inter-State sales of goods as evident in the Notification dated 30 May 2008 of the Ministry of Finance (Department of Revenue), Government of India.

Thus, the Department made payments of ₹ 496.88 lakh, including CST of ₹ 57.60 lakh to the suppliers resulting in excess payment of ₹ 49 lakh for procurement of 30,224 Squatting Plates with P-Traps during 2011-13 as shown in the following Table:

Table-2.3.6

Name of DWSC	No. of Squatting Plates with P-Traps procured	Amount calculated				Actual amount to be paid				Excess amount paid (₹ in lakh)
		Basic Rate (in ₹)	CST (at 12.5 *per cent*)	Total (in ₹)	Amount paid (₹ in lakh)	Basic Rate (in ₹)	CST (at 2 *per cent*)	Total (in ₹)	Amount to be paid (In per cent)	
1	**2**	**3**	**4**	**5=3+4**	**6=2X5**	**7**	**8**	**9=7+8**	**10=2X9**	**11=6-10**
Champhai	6369	1448.89	181.11	1630.00	103.81	1448.89	28.98	1477.87	94.13	9.68
Mamit	1238	1448.89	181.11	1630.00	20.18	1448.89	28.98	1477.87	18.30	1.88
Kolasib	1226	1448.89	181.11	1630.00	19.98	1448.89	28.98	1477.87	18.12	1.86
Saiha	1840	1448.89	181.11	1630.00	29.99	1448.89	28.98	1477.87	27.19	2.80
Sub-Total (A)	**10673**	**1448.89**	**181.11**	**1630.00**	**173.96**	**1448.89**	**28.98**	**1477.87**	**157.74**	**16.22**
Lawngtlai	3056	1447.58	195.72	1643.30	50.22	1447.58	28.95	1476.53	45.12	5.10
Kolasib	1241	1447.58	195.72	1643.30	20.39	1447.58	28.95	1476.53	18.32	2.07
Serchhip	586	1447.58	195.72	1643.30	9.63	1447.58	28.95	1476.53	8.65	0.98
Aizawl	9123	1447.58	195.72	1643.30	149.92	1447.58	28.95	1476.53	134.70	15.22
Lunglei	5247	1447.58	195.72	1643.30	86.22	1447.58	28.95	1476.53	77.47	8.75
Saiha	398	1447.58	195.72	1643.30	6.54	1447.58	28.95	1476.53	5.88	0.66
Sub-Total (B)	**19551**	**1447.58**	**195.72**	**1643.30**	**322.92**	**1447.58**	**28.95**	**1476.53**	**290.14**	**32.78**
Grand Total (A +B)	**30224**	**-**	**-**	**-**	**496.88**	**-**	**-**	**-**	**447.88**	**49.00**

Source:Departmental records

Audit Objective: To ascertain whether Construction and upgradation of infrastructure under various components of the Scheme was in compliance of the financial and quality parameters set out in the TSC/NBA guidelines.

2.3.13 Programme components and activities for TSC/NBA

2.3.13.1 Construction of Individual Household Latrines

As envisaged in the TSC/NBA guidelines, a duly completed household sanitary latrine shall comprise of a Basic toilet unit with a super structure. The programme for conversion of all existing bucket latrines in rural areas to sanitary latrines is aimed to cover all the rural families. The constructions of household toilets should be undertaken by the BPL household itself and on completion and use of the toilet by the BPL household, the cash incentive can be given to them in recognition of its achievement. The Above Poverty Line (APL) families, through motivation, will take up construction of the household latrines on their own.

The position of approved number of Individual Household Latrine (IHHL) for APL and BPL households during 2009-14 (including incomplete IHHL at the beginning of the 2009-10) is shown in Table below:

Table-2.3.7

Components	No. of incomplete IHHL as of March 2009	NSSC approval (June 2010)	Target during 2009-14	Achievement during 2009-14	No. of incomplete IHHL as of 31 March 2014 (percentage)
IHHL(APL)	4182	2114	6296	6099	197 (3)
IHHL(BPL)	6891	30224	37115	31455	5660 (15)

Source:NSSC approval and DWSCs' records

It can be seen from the Table-2.3.7 that shortfall in achievements in construction of IHHL under the category of APL households was only three *per cent* and shortfall under the BPL household category stood of 15 *per cent* as of 31 March 2014.

Construction of IHHL by BPL beneficiaries were surveyed during audit and found satisfactory in terms of utility. Some of the photographs taken during survey are depicted below:

Individual Household Latrine
(College Veng, Lunglei, Lunglei District)

Individual Household Latrine
(Zokhawthar, Champhai District)

2.3.13.1.1 Non-revision of allocation of project cost for construction of IHHL

The NSSC approved (September 2008) 59,679 units of IHHL for BPL households under TSC for eight districts of Mizoram at a total project cost of ₹ 904.26 lakh (at the average cost of ₹ 1,515 per unit). The GoI, Ministry of Rural Development (MoRD) revised (April 2008) the unit cost of IHHL for BPL households from ₹ 1,500 to ₹ 3,000 for hilly and difficult areas with the funding pattern of Central Share ₹ 2,000, State Share ₹ 700 and Beneficiary Share ₹ 300.

Analysis of the records of the SLW&SM, however, revealed that the State Government did not seek for the revision of allocation for IHHL @ ₹ 3,000 per unit from the existing rate of ₹ 1,500 per unit from April 2008. As a result, during 2008-11, the DWSCs of eight Districts completed construction of 14,263 units (2008-09: 7,372, 2009-10: 5,407, 2010-11: 1,484) of IHHL through BPL households with a total cost of ₹ 213.95 lakh, against the admissible total cost of ₹ 427.89 lakh.

Thus, due to non-revision of project cost of IHHL, the BPL Households were deprived of enhanced financial assistance to the tune of ₹ 213.94 lakh (₹ 427.89 lakh - ₹ 213.95 lakh).

In the exit conference (December 2014), the State Government did not give any comments.

2.3.13.1.2 Construction of Individual Household Latrines in selected districts

The position of approved number of Individual Household Latrine (IHHL) for APL and BPL households during 2009-14 (including incomplete IHHL as of 31 March 2009) in respect of five selected districts is shown in Table-2.3.8 below:

Table-2.3.8

Name of District	Components	No. of incomplete IHHL as of March 2009	NSSC approval of IHHL in June 2010	Total No. of incomplete IHHL	No. of IHHL constructed during 2009-14	No. of uncovered IHHL as of 31 March 2014 (percentage)
Champhai	IHHL(APL)	723	701	1424	1424	-
	IHHL(BPL)	-	6369	6369	6369	-
Lunglei	IHHL(APL)	665	-	665	665	-
	IHHL(BPL)	2100	3056	5156	4335	821 (16)
Mamit	IHHL(APL)	750	-	750	750	-
	IHHL(BPL)	-	1238	1238	1126	112
Kolasib	IHHL(APL)	-	720	720	720	-
	IHHL(BPL)	1224	2467	3691	3691	-
Serchhip	IHHL(APL)	-	-	-	-	-
	IHHL(BPL)	315	586	901	901	-
Total		**5777**	**15137**	**20914**	**19981**	**933**

Source: NSSC approval and DWSCs' records

It was noticed in Audit that out of 20,914 units of IHHL approved for construction by BPL households in five Districts, 19,981 units of IHHL were constructed during 2009-14 with balance of 933 IHHL (BPL) (Lunglei and Mamit) left uncovered as of 31 March 2014.

The DWSC Lunglei stated (July 2014) that the process of spot verification of construction of IHHL by BPL beneficiaries took time which debarred from completion of remaining IHHL.

In the exit conference (December 2014), the Stated Government did not offer any comments.

2.3.13.2 Community Sanitary Complex

As envisaged in the TSC/NBA guidelines Community Sanitary Complex (CSC) comprises of different components like toilet seats, bathing cubicles, washing platforms, wash basins *etc.* can be set up in the village acceptable to women/men/landless families and accessible. User families are to contribute a reasonable monthly user charge for cleaning and maintenance of CSC. Maximum unit cost for a community complex is up to ₹ two lakh, for which the detailed design and estimates are to be approved by the NSSC. The sharing pattern amongst GoI, State Government and the Community is in the ratio of 60: 30:10.

The NSSC approved (September 2008) construction of 560 CSC with an outlay of ₹ 654.20 lakh (Centre: ₹ 381.32 lakh, State: ₹ 194.80 lakh, and Beneficiary: ₹ 78.08 lakh) for seven Districts (except Saiha District). The average unit cost of approved CSC worked out to ₹ 1.17 lakh. However, as of 31 March 2009, 264 balance number of units of CSC yet to be achieved out of 560 approved CSC.

Construction of Community Sanitary Complexes were surveyed during audit and found satisfactory in terms of utility. Some of the photographs taken during survey are depicted below:

Community Sanitary Complex
(Kahrawt Veng, Champhai, Champhai District)

Community Sanitary Complex
(Kangmun South, Lunglei District)

2.3.13.2.1 Construction of Community Sanitary Complex in selected Districts

Scrutiny of the records of the five sample districts revealed that out of incomplete 200 units of CSC, the DWSCs constructed 143 units of CSC (Estimated cost ₹ 286 lakh) at an expenditure of ₹ 245.53 lakh during 2009-14. The DWSCs also constructed 62 units of Women Sanitary Complex (WSC) (Estimated cost ₹ 12.40 lakh) outside the approved State AIP and spent ₹ 10.38 lakh out of funds allotted for CSC. Details of expenditure incurred for construction of CSC and WSC are shown in Table-2.3.9 below:

Table-2.3.9

(₹ in lakh)

District	Balance CSC at the beginning of 2009-10	Total of Central and State share for balance works	Achievements during 2009-14		Expenditure	
			CSC	WSC	CSC	WSC
Champhai	54	93.02	41	52	71.04	8.78
Lunglei	50	35.29	36	10	70.73	1.60
Kolasib	20	35.08	18	0	28.80	0
Mamit	50	89.20	41	0	65.16	0
Serchhip	26	18.10	7	0	9.80	0
Total	**200**	**270.69**	**143**	**62**	**245.53**	**10.38**

Source:NSSC approval and DWSCs records

Audit observed that -

- The construction of WSC was neither included in the district PIP nor approved by the SSSC/NSSC.
- There was no water connection in the constructed WSCs.

The Secretary, DW&SC, Champhai stated (May 2014) that in response to demand from beneficiaries through VW&SCs, Women Sanitary Complex were constructed out of funds allotted for CSC by reducing the number of CSC to that extent.

In the exit conference (December 2014), the Stated Government did not give any comments.

2.3.13.3 Institutional Toilets

School sanitation forms an integral part of TSC/NBA project. Children are more receptive to new ideas and schools/Aganwadis are appropriate institution for changing the behavior and habits of children. The experience gained by children through use of toilets in school and sanitation education imparted by teachers would influence parents to adopt good sanitary habits.

2.3.13.3.1 School Toilets

According to TSC/NBA guidelines in all types of Government schools (Primary, Upper Primary, Secondary and Higher Secondary) toilets should be constructed with an emphasis on separate toilets for girls in schools. Further, while approving the TSC/NBA projects, NSSC in its 44th meeting informed (June 2010) the States to ensure that revision in toilet units in schools is only proposed for those schools which existed prior to 2006-07 as SSA was providing funds for toilets from 2007 onwards.

The NSSC approved (September 2008) construction of 3,219 toilets in schools in eight Districts with an approved outlay of ₹ 643.80 lakh. The unit cost of each toilet was ₹ 20,000 (Central Share: ₹ 14,000 and State Share: ₹ 6,000). Construction of all these toilets was completed as of March 2009. Further, the State Government submitted Programme Implementation Plan (PIP) of eight Districts and accordingly the NSSC approved (March 2012) construction of 2,686 school toilets with an outlay of ₹ 1,034.11 lakh (GoI Share: ₹ 723.88 lakh and State Share: ₹ 310.23 lakh). The unit cost of toilet was ₹ 38,500 with the funding pattern in the ratio of 70:30 between Central and State. Details of approval for construction of school toilets and year-wise achievements thereof during 2012-13 and 2013-14 are shown in Table-2.3.10 below:

Table-2.3.10

(In Nos.)

No. of School toilets approved (March 2012)	Achievements during			Balance
	2012-13	2013-14	Total	
2686	106	638	744	1942

Source: NSSC approval, IMIS and DW&SC records

It can be seen from the above Table that out of 2,686 school toilets approved by the NSSC for the eight Districts, 744 school toilets were constructed by the five Districts (except Mamit, Serchhip and Saiha) during 2012-14. Further, out of 744 school toilets constructed by five Districts, the DWSCs of two test checked Districts completed construction of 340 school toilets (Champhai: 289 and Lunglei: 51) through the Secretary, VWSCs/School Education Department (SED) during 2012-14.

Construction of school toilets were surveyed during audit and found satisfactory in terms of utility. Some of the photographs taken during survey are depicted below:

School Toilet (N. Kawnpui (Government School), Kolasib District)

The other irregularities noticed in audit are spelt out below:

2.3.13.3.1.1 Excess allocation of ₹ 223.30 lakh due to inflated AIP

Scrutiny of records of the five DWSCs (Champhai, Lunglei, Mamit, Kolasib, and Serchhip) revealed that the NSSC approved 1,738 school toilets in 1,357 schools as per details given below:

Table-2.3.11

Name of Districts	No. of Schools	No. of school toilets approved for			
		Government school	Private school	SSA school established after 2007	Total
Champhai	363	258	115	06	379
Lunglei	497	470	134	55	659
Mamit	267	236	99	47	382
Kolasib	70	68	50	0	118
Serchhip	160	126	74	0	200
Total	**1357**	**1158**	**472**	**108**	**1738**

Source: Baseline re-survey, 2009 and NSSC approval

Audit observed that out of approved 1,738 toilets –

- 472 toilets were to be constructed in private schools; and
- 108 toilets SSA schools established after 2007

though the TSC/NBA guidelines allow construction of toilets only in Government schools and NSSC approval (44th minutes) do not allow construction of toilets in those schools which existed prior to 2006-07 as SSA was providing funds for toilets from 2007 onwards.

Thus, irregular inclusion of 580 private/SSA run schools in the AIP resulted in inflated number of school toilets, which in turn increased the total allocation of the project by ₹ 223.30 lakh (₹ 38,500 X 580).

2.3.13.3.1.2 Irregular expenditure

During 2012-14, the two DWSCs constructed 340 school toilets (Champhai: 289 and Lunglei: 51) through School Education Department.

Audit observed that-

- The DWSC Champhai constructed 289 school toilets in Government Schools, out of which 40 school toilets were outside the approved PIP of the District.
- The DWSC Lunglei constructed 51 school toilets in Government schools (50) and one in private school through SED, out of which 10 in Government schools and one in private school were outside of the approved PIP of the District.

Thus, construction of 51 school toilets by the two DWSCs beyond the approved plan, led to an irregular expenditure of ₹ 19.64 lakh (₹ 38,500 X 51).

While accepting the facts in the exit conference, the State Government stated (December 2014) that the private schools were included in the AIP due to demand and also stated that total sanitation could not be achieved without incorporating the private schools.

2.3.13.3.1.3 Quality parameters of the constructed toilets

The Secretary, DWSC, Champhai released (May 2009) ₹ 68.32 lakh to the Secretaries of 68 VWSCs for construction of balance 488 school toilets (out of approval in September 2008) at the rate of ₹ 14,000 as against the approved estimated cost of ₹ 20,000 for each toilet.

Thus, due to the execution of works by the VWSCs with reduced cost the quality parameters of assets created could not be ensured.

2.3.13.3.2 Anganwadi Toilets

As envisaged in TSC/NBA guidelines in order to change the behavior of the children from very early stage in life, it is essential that Anganwadi centers are used as a platform of behavior change of the children. For this purpose, all the Anganwadis functioning in Government buildings should be provided with a baby friendly toilet out of TSC/NBA funds. The unit cost of each toilet was ₹ 10,000 with share between Central and State in the ratio 70 : 30. Against the State Government proposal for construction of toilets in 1,428 Anganwadi Centres (AWCs), the NSSC approved (June 2010: 629 and March 2012: 89) construction of 718 toilets in 718 centers with an outlay of ₹ 71.80 lakh (GoI: ₹ 50.26 lakh and State: ₹ 21.54 lakh). The owner of the private buildings from where Anganwadi are functioning must construct the toilet as per design and can charge enhanced rent for the building to recover the cost of construction.

The details of approval and achievements in construction of toilets in Anganwadi centers covering eight districts during 2009-14 are shown in Table-2.3.12 below:

Table-2.3.12

(₹ in lakh)

Approval of Anganwadi Toilets		**Achievements during**					**Balance**
Date	**No.**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**Total**	
02.06.2010	631	NIL	233	226	45	504	214
14.03.2012	87						
Total	**718**						

Source: NSSC approval and DWSC records

Audit observed that -

- Against the approval of 718 toilets in AWCs, the DWSCs of eight Districts completed construction of 504 toilets through the Social Welfare Department (SWD) at an expenditure of ₹ 50.40 lakh during 2011-14.

  The Directorate of the SWD, however, stated (June 2014) that all the existing 1,980 Anganwadi centers (AWCs) functioning in Government buildings were already provided with toilets facilities and the Department utilised the funds of ₹ 50.40 lakh for repairing of the existing toilets in AWCs, which contradicted the claim of the Department that 504 toilets were constructed at ₹ 50.40 lakh during 2011-14.

  This implied that provision for fresh construction of toilets in existing 1,980 AWCs was not at all required in the first place. However, against the incorrect data submitted to the GoI, the NSSC approved construction of 718 toilets for AWCs with an outlay of ₹ 71.80 lakh, which in turn facilitated an unauthorised expenditure of ₹ 50.40 lakh towards repairing of existing toilets.

- Out of 718 toilets approved by the NSSC for construction in Anganwadi centers, construction of 16 toilets in private buildings (Champhai: 5 and Lunglei: 11) was included in the State AIP which was not permissible out of TSC/NBA programme fund.
- Water connection was not provided to any of the toilets in Anganwadi Centre thus, undermining the very concept of sanitation and hygiene.

In the exit conference (December 2014), the State Government did not give any comments.

2.3.13.3.3 Rural Sanitary Marts and Production Centers

The Rural Sanitary Mart is an outlet dealing with the materials, hardware and Design required for the construction of sanitary latrine, soakage and composite pits and other sanitation and hygiene accessories required for individual families and the environment in the rural areas.

The programme is funded with central assistance (80 *per cent*) and state share (20 *per cent*). As against the State Government proposal the 41st NSSC approved (September 2008) for establishment of 20 Production Centers at a cost of ₹ 70 lakh (Central share ₹ 56 lakh and State share ₹ 14 lakh). The SLW&SM, however, did not establish the Production Centers till 31 March 2014 as projected in the AIP. In their reply (September 2014) the SLW&SM stated that on trial basis it was found that the production cost was too high and un-economical for establishment of the production centers in the State.

The SLW&SM, however, has not yet refunded the un-utilised central assistance of ₹ 56 lakh as of September 2014.

While admitting the facts in the exit conference, the Government stated (December 2014) that the GoI had approved for utilisation of money in other components.

2.3.13.3.4 Provision of Revolving Fund in the District

TSC/NBA guidelines stipulated that the State Government may create revolving fund in the District for providing low/zero interest finance to the members *viz.* Self-Help-Groups and Dairy Co-operative Societies for toilet construction. The revolving fund can be assessed by APL Households besides ICDS centers for construction of baby friendly toilets.

The State Government proposed provision for Revolving Fund through AIP and the NSSC approved (September 2008) an investment of ₹ 84.75 lakh (Central share: ₹ 67.80 lakh and State share: ₹ 16.95 lakh) for creation of Revolving Fund.

Audit observed that the SLW&SM did not take any action towards creation of Revolving Fund as projected in PIP by the Districts.

Thus, despite availability of funds, due to non-action of the SLW&SM, the eight DW&SCs could not render the support of cheap loan facilities to the needy APL households as well as ICDS centers for construction of toilets.

In the exit conference (December 2014), the State Government admitted the facts.

2.3.13.3.5 Solid and Liquid Waste Management

As per TSC/NBA guidelines, in order to bring improvement in general quality of life in rural areas, the Village Councils are required to put in place mechanism for garbage collection and disposal besides preventing water logging. Accordingly, under Solid and Liquid Waste Management (SLWM) the activities like common compost pits, low cost drainage, soakage channels/pits, reuse of waste water, system for collection, segregation and disposal of household garbage *etc.* may be taken up. SLWM projects should be approved by SSSC.

The NSSC approved (September 2008) an amount of ₹ 291.13 lakh (Central Share: ₹ 174.67 lakh, State Share: ₹ 58.23 lakh and Community Share ₹ 58.23 lakh) for execution of works under SLWM in eight Districts.

As against the approved outlay of ₹ 144.10 lakh (Central Share: ₹ 108.07 lakh and State Share: ₹ 36.06 lakh) for the five sample Districts, the activities under SLWM of five DWSCs during 2009-14 at a total expenditure of ₹ 124.70 lakh are shown in Table-2.3.13 below:

Table-2.3.13

District	Approved outlay (₹ in lakh)			Item of work	Expenditure (₹ in lakh)
	Central Share	State Share	Total		
Champhai	27.59	9.20	**36.79**	Construction of community bins, side drains, purchase and issue of plastic dust bins to VCs	28.09
Lunglei	36.00	12.00	**48.00**	Construction of community bins and soak pits, purchase and issue of plastic dust bins to VCs	46.37
Mamit	21.00	7.00	**28.00**	Construction of community bins, composite and soak pits, Purchase and issue of materials like Pipe, Brick and plastic dust bins to VCs	31.39
Kolasib	11.48	3.83	**15.31**	Construction of community bins, overhead community bins, Purchase and issue of materials like plastic dust bins to VCs	15.35
Serchhip	12.00	4.00	**16.00**	Purchase and issue of plastic dust bins to VCs	3.50
Total	**108.07**	**36.03**	**144.10**	--	**124.70**

Source:DWSCs records

Audit observed that:

- The NSSC approval (September 2008) did not contain the details of activities under SLWM to be taken up by the State Level Water & Sanitation Mission (SLW&SM). Further, the approval of the SSSC for the activities *viz.* construction of community bins, soak pits and purchase of plastic dust bins of the five sample DWSCs were not taken up by the SLW&SM.
- Master plan for SLWM was not prepared for the Districts.

In the exit conference (December 2014), the State Government did not give any comments.

2.3.13.3.6 Project completion

Para 24/23 of TSC/NBA guidelines envisage that when a project is completed fully in a District, the Implementing Agency at the District Level shall submit a completion Report along with Audit Certificate and Utilisation Certificate (UC) through the State Government to the Department of Drinking Water and Sanitation, Ministry of Rural Development/ Ministry of Drinking Water and Sanitation, GoI.

Examination of the records of the five test checked Districts revealed that without obtaining the actual completion certificates from the concerned executing agencies (VWSCs, SED and Child Development Project Officers), the five DWSCs, based on funds released to the executing agencies (time to time) prepared and submitted the project completion reports to SLW&SM along with Annual utilisation certificates, supported by audited statement of chartered accounts for its onwards submission to the GoI.

Thus, without ensuring actual utilisation of funds by the various executing agencies based on documentary evidence and records, on creation of durable assets, the five DWSCs more often than not resorted to submit completion reports to the SLW&SM for its onwards transmission to the GoI.

In the exit conference (December 2014), the State Government did not give any comments.

Audit Objective: To assess whether the information, education and communication strategy under the Scheme was effective in generation of demand of TSC/NBA services through community mobilization.

2.3.14 Information, Education and Communication activities

Information, Education and Communication (IEC) are the important components of the programme. These intend to create demand for sanitary facilities in the rural areas for households, Schools, Anganwadis, Balwadis and Community Sanitary Complexes. The activities carried out under these components should be area specific and should also involve all sections of the rural population, in a manner, where willingness of the people to construct latrines is generated. Community and culture specific plans may be necessary to achieve 100 *per cent* sanitation coverage. As part of the communication strategy motivators can be engaged at village level for demand creation and taking up behaviour change communication. The motivator can be given a suitable incentive from the funds, earmarked from the IEC.

Each district should prepare a detailed IEC Action Plan by February of the preceding financial year, with a defined strategy to reach all section of the community. The aim of such a communication plan is to motivate rural people to adopt hygiene behaviour as a way of life and thereby develop and maintain all facilities created under the programme.

Examination of records of the five selected districts (Champhai, Lunglei, Mamit, Kolasib and Serchhip) revealed the following activities under IEC programme with a total expenditure of ₹ 113.81 lakh during 2009-14 was undertaken as detailed below:

Table-2.3.14

Name of District	Activities on IEC	Expenditure (₹ in lakh)
Champhai	(i) Village Level Awareness campaign through Group Meetings and inter-personnel communication; (ii) Display Advertisement through banner, Hoardings, Wall Paintings; (iii) Documentary Film; (iv) Through All India Radio and Local cable network; (v) Leaflets; (vi) Training and (vii) Group meetings.	47.16
Lunglei	(i) Cable network; (ii) All India Radio broadcasting; (iii) Village Level Awareness Campaign; (iv) Documentary Film; (v) Magazine; (vi) Training and (vii) Souvenir.	19.80
Mamit	(i) Documentary Film (ii) Booklets and pamphlets (iii) Photograph (iv) Awareness campaign	11.24
Kolasib	(i) Awareness campaign through electronic media (ii) Silk screen sign board (iii) Photograph (iv) Advertisement for health tips/uniform (v) Display advertisement (vi) Souvenir (vi) Advertisement through daily local news paper (vii) Setting up of banner (viii) Training programme.	32.19
Serchhip	(i) Awareness campaign through electronic media (ii) Booklets and pamphlets.	3.42
Total		**113.81**

Source: DWSCs records

Further, examination of the records, related to implementation of IEC activities in five sampled districts revealed the following shortcomings:

2.3.14.1 Shortfall in utilisation of IEC funds

In their 41st meeting held on 18 September 2008, the National Scheme Sanctioning Committee (NSSC) approved a total outlay of ₹ 33.18 crore (Central: ₹ 22.13 crore + State: ₹ 7.93 crore + beneficiary: ₹ 3.12 crore) for implementation of the TSC/ NBA in Mizoram. Out of this, an allocation of ₹ 2.64 crore (Central: ₹ 2.12 crore + State: ₹ 0.52 crore) was meant for IEC activities in five sample Districts of the State. The entire Central allocation of ₹ 22.13 crore, including ₹ 2.64 crore for IEC was released by the GoI for its utilisation during 2009-14.

The District-wise funds approved (September 2008) by the NSSC under IEC activities and actual expenditure incurred by the five sampled districts during 2009-14 are given in the following Table-2.3.15:

Table-2.3.15

(₹ in lakh)

Sl. No.	Name of District	Funds approved:			Expenditure *(Percentage)*	(+) Excess/ (-) Less
		Central	State	Total		
1.	Champhai	53.43	13.36	66.79	47.16 *(71)*	(-) 19.63
2.	Lunglei	74.42	18.60	93.02	19.80 *(21)*	(-) 73.22
3.	Mamit	42.30	10.57	52.87	11.24 *(21)*	(-) 41.63
4.	Kolasib	23.34	5.84	29.18	32.19	(+) 03.01
5.	Serchhip	18.10	4.53	22.63	3.42 *(15)*	(-) 19.21
Total		**211.59**	**52.90**	**264.49**	**113.81 (43)**	**(+) 150.68**

Source: Departmental records

- It could be seen from the above Table-2.3.15 that against the approved allocation of ₹ 264.49 lakh the five districts could utilise only an amount of ₹ 113.81 lakh constituting 43 *per cent* of the total allocation including an excess utilisation of grants to the tune of ₹ 3.01 lakh by Kolasib district. This resulted in short utilisation of a grant of ₹ 150.68 lakh.

- Against the utilised grants of ₹ 113.81 lakh, the shares between Central and State could not be ascertained in audit as it was not in records of the five districts.

While accepting the facts, the State Government stated (December 2014), that the CCDU was not given the charge of sanitation aspect. The reply of the Government is not acceptable as the provision of the Guidelines of TSC envisages for having CCDU.

2.3.14.2 Inadequate planning

Though the scheme guidelines provides for preparation of a detailed IEC Action Plan every year, the five sample districts incurred an expenditure of ₹ 42.33 lakh during the first two years (2009-11) without having a detailed IEC Annual Action Plan. Against the balance funds of ₹ 222.16 lakh (₹ 264.49 lakh - ₹ 42.33 lakh) the five districts, however, prepared detailed IEC Annual Action Plans for the remaining three years (2011-14) covering a financial target of ₹ 169.25 lakh against some IEC activities which resulted in short financial coverage of ₹ 52.91 lakh. It was also noticed that all the five sampled districts did not include any provision for engagement of communication strategy motivators in their detailed IEC Annual Action Plans for the three years (2011-14), as envisaged in the scheme guidelines.

While admitting the facts, the State Government stated (December 2014), that the CCDU was not given the charge of sanitation aspect. Further, the Government also stated that the financial incentive for engagement of communication strategy motivators is too less to employ an individual.

2.3.14.3 Non-monitoring of IEC activities

At State level, the Director, Community and Capacity Development Unit (CCDU) did not monitor the physical and financial progress of district-wise IEC activities during the last five years (2009-14) through monthly/quarterly/annual reports and returns. The five sampled districts also did not compile the component-wise and year-wise physical and financial progresses made under IEC activities during the last five years, as such component-wise progress made could not be ascertained in Audit.

While accepting the facts, the State Government stated (December 2014), that the CCDU has started functioning in regards to sanitation monitoring since April 2014.

Audit Objective: To ascertain whether the convergence of the TSC/NBA activities with other programme/stakeholders as envisaged was effectively achieved.

2.3.15 Convergence of NBA projects with other schemes

As envisaged in NBA Guidelines in order to implement the IHHL Project for rural households the SLW&SM should evolve a convergence mechanism with Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) to augment the availability of fund to rural households for construction of IHHL by themselves. Accordingly, the incentive of ₹ 5,100 (hilly and difficult area), earmarked for BPL beneficiaries under NBA programme could be increased by ₹ 4,500 taking into account the expenditure on skilled and un-skilled labour components of the work done under MGNREGS. Construction of institutional toilets (schools and anganwadi centers), CSC and S&LWM under the said programme could also be taken by using human resources under MGNREGS.

Scrutiny of the records revealed that the SLW&SM had not made any concerted efforts to evolve a convergence mechanism with the MGNREGS being implemented by the Rural Development Department during the period covered under performance audit.

While accepting the facts in the exit conference, the State Government stated (December 2014) that the GoI had already instructed to discontinue the convergence with MGNREGS.

Audit Objective: To assess whether the mechanism in place for monitoring and evaluation of the outcomes of the programme was adequate and effective.

2.3.16 Monitoring and evaluation

2.3.16.1 Monitoring

The officers dealing with the programme at State and District level are required to conduct regular field visits to ascertain whether the programme is being implemented satisfactorily and whether the construction units/assets is in accordance with the prescribed procedures.

The SLW&SM and five DWSCs claimed that the regular field inspections were carried out by the various State and Districts level officers to verify the progress of implementation of the projects at grass root level. But, no copy of Inspection Reports/Notes, if any, submitted by the State/District level officers could be shown to audit.

Thus, in the absence of inspection notes the effective monitoring of the progress of works at State and District level could not be ascertained in audit.

In the exit conference, the state Government accepted (December 2014) the facts without offering any comments.

2.3.16.2 Evaluation

As envisaged in the TSC/NBA guidelines the State should conduct periodical Evaluation Studies on the implementation of the TSC/NBA programme through reputed institution and organisation. Remedial action should be taken by the State on the basis of the observations made in these evaluation studies.

Audit observed that evaluation studies on the implementation of the projects/programme and their impact in the State was not conducted either by the State Government or by any reputed institution and organisation. Thus, effectiveness of the programme and their impact in the State was not assessed for taking required remedial measures, if any.

In the exit conference, the state Government accepted (December 2014) the facts without offering any comments.

2.3.17 Nirmal Gram Purasksar

To give a boost to the TSC, GoI launched (October 2003) the Nirmal Gram Puraskar (NGP) and gave away the first awards in 2005. NGP seeks to recognise and award the Village Councils and Institution which have contributed significantly towards ensuring full sanitation coverage in their areas of operation. All Village Councils (VC) which fulfill the following criteria can apply for the NGP:

- The VC should have achieved objectives for all components in the TSC/NBA projects.
- All households in the VC area must have access to and all members should be using IHHL or CSC.
- All Government/private schools and Anganwadis must have functional clean toilets and urinals.
- Complete elimination of open defecation within the boundary of the VC.
- All public water sources to have proper platform and drainages around them.
- The VC must have mechanism for household garbage disposal and drainage system and cleanliness should be maintained in the inhabited areas.

The Department of Drinking Water Supply will conduct a detailed survey of all the VC level applications received online as uploaded by the State through various independent agencies for assessment before selection of the VC for the award. It was noticed in audit that 89 villages were awarded NGP as of 31 March 2014. Further, 75 applications from VCs were waiting for consideration of the award by the GoI.

In the exit conference, the state Government stated (December 2014) that the Inspection Team from GoI arrived in Mizoram for inspection during monsoon season, due to which more villages could not be covered for NGP.

2.3.18 Social Audit

NBA guideline envisages that NBA will provide central role to 'social audits' as a means of continuous and comprehensive public vigilance. The VCs will have a 'Swachchhata Diwas' (Sanitation Day) every month with ample provision for proactive disclosure of information and thoughts. The objectives of Sanitation Day are as follows:

- To record achievements made under different projects.
- To identify individuals demanding sanitation facility and other works under NBA.
- To project monthly plan for construction of projects under NBA.
- To identify slip back cases under IHHL.
- To address the issue of making the communities open defecation free as a whole.
- To verify the expenditure made on various activities under NBA.

Further a Gram Sabha will be convened by the Secretary, Village Councils as Gram Swachchhata Sabha (Village Sanitation Assembly) every six months to undertake mandatory review of progress made under various Monthly Plans and proceedings of Swachchhata Diwas. This will be used as means of strengthen the elements of transparency, participation, consultation and consent, accountability and grievance redresses in the implementation of NBA.

Audit observed that Social Audit in the form of monthly Swachchhata Diwas and Gram Swachchhata Sabha in every six months were not held in five test checked Districts.

In the exit conference (December 2014), the state Government did not give any comments.

2.3.19 Impact assessment

2.3.19.1 Individual Household Latrine beneficiary survey

In the course of Performance Audit, Individual Household Latrine (IHHL) beneficiary survey was conducted by audit jointly with the officers from PHED to access the impact of construction of IHHL by BPL and APL households. The beneficiary survey involved interaction with the BPL and APL beneficiaries to ascertain their satisfaction level on the implementation of the project.

The IHHL beneficiary survey was conducted in five selected Districts (Champhai, Lunglei, Mamit, Kolasib and Serchhip) covering 285 (BPL: 206, APL: 79) beneficiaries in 69 villages under 10 sample blocks.

Summary of the analysis out of responses gathered from 285 beneficiaries is given in the **Appendix-2.3.7.**

From the responses to the questionnaires as indicated in the **Appendix-2.3.7***,* the following observations are made:

- ⇨ All the 285 beneficiaries had constructed and used their IHHLs and were safely disposing of child faces
- ⇨ Out of 285 beneficiaries, 231 beneficiaries disclosed that there was no provision for piped water supply in their IHHLs.
- ⇨ Out of 285 beneficiaries, 280 beneficiaries (except 05 beneficiaries in Mamit District) accepted that they have received incentive for construction of toilets without delay.

In the exit conference, the State Government stated (December 2014) that the position of non-receipt of incentives by the five beneficiaries in Mamit District will be checked. But, the position of checking with the audit observation and their outcomes is awaited (January 2015).

2.3.20 Conclusion

Survey Data on coverage of sanitation in the State under TSC/NBA programme were inclusive of beneficiaries both in the Rural and Urban areas although the programme was meant exclusively for Rural areas. Further, the data submitted for the State Annual Implementation Plan comprised of requirement of toilets in private and SSA schools which were not permissible as per guidelines. The State Annual Implementation Plan (AIP) formulated on these incorrect data for different projects was approved by the National Scheme Sanctioning Committee (NSSC), which in turn led to inadmissible expenditure for implementation of TSC/NBA projects in five test checked Districts (Champhai, Lunglei, Mamit, Kolasib and Serchhip). While there was significant coverage in construction of Individual Household Latrines, shortcomings were noticed in implementation of projects *viz.* school toilets and community sanitary complexes despite availability of funds. There were instances of regular short release of state share and delay in release of funds to the DWSCs for implementation of the projects. Due to non-revision of project cost of IHHL, the BPL households were deprived of the benefit of enhanced financial assistance to the tune of ₹ 2.14 crore. The four DWSCs (Champhai, Lunglei, Kolasib and Mamit), incurred an excess expenditure ₹ 29.60 lakh over the approved cost for construction of IHHL by BPL beneficiaries. The Social Welfare Department (SWD) incurred an expenditure of ₹ 50.40 lakh towards repair of 504 toilets in Anganwadi Centers (AWCs), though there was no provision for repair of toilets in AWCs. The Chief Engineer (Monitoring and Investigation), Public Health Engineering Department procured huge quantity of sanitary materials in breach of the purchase rules as well as mandatory recommendations from the State Purchase Advisory Board and approval of the Government, which in turn led to an excess expenditure of ₹ 49 lakh. Out of 846 villages in the State, only 89 (11 *per cent*) villages were awarded Nirmal Gram Puraskar between 2005 and 2013. The absence of Social Audit in the form of monthly Swachchhata Diwas (Sanitation Day) and Gram Swachchhata Sabha (Village Sanitation Assembly) by the Village Councils to strengthen the elements of transparency, participation, consultation and consent, accountability and grievances redressal in the implementation of the projects was noticed in audit.

2.3.21 Recommendations

- State Level Water and Sanitation Mission (SLW&SM) should formulate State Annual Implementation Plan with authentic and precise survey data in respect of Rural areas only to provide a definite direction to the programme for creation of Nirmal Villages in rural habitation.
- State Government should ensure full release of state share and timely transfer of funds by the SLW&SM for implementation of the projects.
- SLW&SM should prevail upon the district and village level functionaries for expeditious completion of the balance projects out of available funds.
- Bulk purchase of stores should be resorted to only after following the prescribed financial rules and procedures.
- Social Audit in the form of Swachchhata Diwas (Sanitation Day and Gram Swachchhata Sabha (Village Sanitation Assembly) must be put in place to strengthen the elements of transparency, participation, consultation and consent of the beneficiaries, accountability and grievance redressal in the implementation of the programme.

DISASTER MANAGEMENT AND REHABILITATION DEPARTMENT

2.4 Disaster Management and Rehabilitation in Mizoram

Highlights

With a vision to build a safe and disaster resilient India, the Government of India took a defining step towards holistic disaster management by enacting the Disaster Management (DM) Act, 2005. Disaster Management is a continuous and integrated process of planning, organising, conducting and implementing necessary measures to deal with an event of disaster. Mizoram is vulnerable to natural calamities like landslide, earthquake, cyclone, flash flood and soil erosion. In fact the State is a multi-hazard prone area. In pursuance of the national roadmap for disaster management the Disaster Management and Rehabilitation Department, Mizoram is looking after the enhanced responsibilities for holistic disaster management in the State. A Performance Audit of the Disaster Management and Rehabilitation Department in Mizoram was carried out covering the period from 2009-14 involving test check of records of State and District level entities, which has come out with the following significant findings:

The State Disaster Management Plan was published after a delay of more than six years by the State Disaster Management Authority.

(Paragraph 2.4.8.1)

It was noticed that the central share of SDRF of ₹ 1,677 lakh was released by the State Government in four instalments during March 2012 to March 2013 with delays ranging from three to nine months from the date of receipt of central shares.

(Paragraph 2.4.9.2)

Without investing in any of the prescribed investment accounts, a major portion of the central and state shares of CRF and SDRF in the range between ₹ 9.52 crore and ₹ 12.50 crore was retained in the deposit account of the State Government during 2009-14, which resulted in potential loss of interest of ₹ 1.84 crore.

(Paragraph 2.4.9.3)

Without surrendering the unspent fund to the Government of India, the Department diverted an amount of ₹ 45 lakh towards creation of assets which was not permitted under NCCF.

(Paragraph 2.4.9.5.1)

The Department incurred a doubtful expenditure of ₹ 45.33 lakh from SDRF showing it as spent for purchase of 6,322 nos. of silpaulins without maintaining the basic records.

(Paragraph 2.4.9.8.2)

During March 2010 to March 2014, the three Districts (Aizawl, Mamit and Lawngtlai) disbursed relief assistance of ₹ 12.08 lakh to 54 victims against their actual entitled financial assistance of ₹ 24.76 lakh, which resulted in short disbursement of relief assistance of ₹ 12.68 lakh.

(Paragraph 2.4.9.9.2)

2.4.1 Introduction

A disaster is an event or series of events, which gives rise to casualties and damage or loss of property, infrastructure, environment, essential services or means of livelihood on a scale that is beyond the normal coping capacity of the affected community.

Disasters disrupt progress and destroy the outcome of developmental efforts over several years, often pushing nations in quest for progress back by several decades. Thus, efficient reduction of disaster risks rather than mere response to their occurrence, has in recent times received increased attention both within India and abroad. With a vision to build a safe and disaster resilient India, the Government of India took a defining step towards holistic disaster management by enacting the Disaster Management (DM) Act, 2005.

The unique geo-climatic condition of Mizoram makes the state vulnerable to various natural disasters. The state forms a part of the most severe seismic zone in the country namely Zone V of Seismic Zoning Map of India that is referred as Very High Damage Risk Zone. The main hazard in the State is Earthquake and landslide that occur annually. High winds occur locally and some flash flood damage is caused during heavy rains.

In the State of Mizoram, the Disaster Management & Rehabilitation Department (DM&RD) is responsible for prevention, preparedness, mitigation, response, relief and rehabilitation work in case of any disaster.

2.4.2 Organisational Set up

At State level the State Disaster Management Authority (SDMA) under the chairmanship of Chief Minister is responsible to lay down policies and plans for disaster management. The Principal Secretary is head of the Administrative Department of the Disaster Management & Rehabilitation Department. The Principal Secretary also functions as a Member Secretary of the State Executive Committee of the CRF and SDRF.

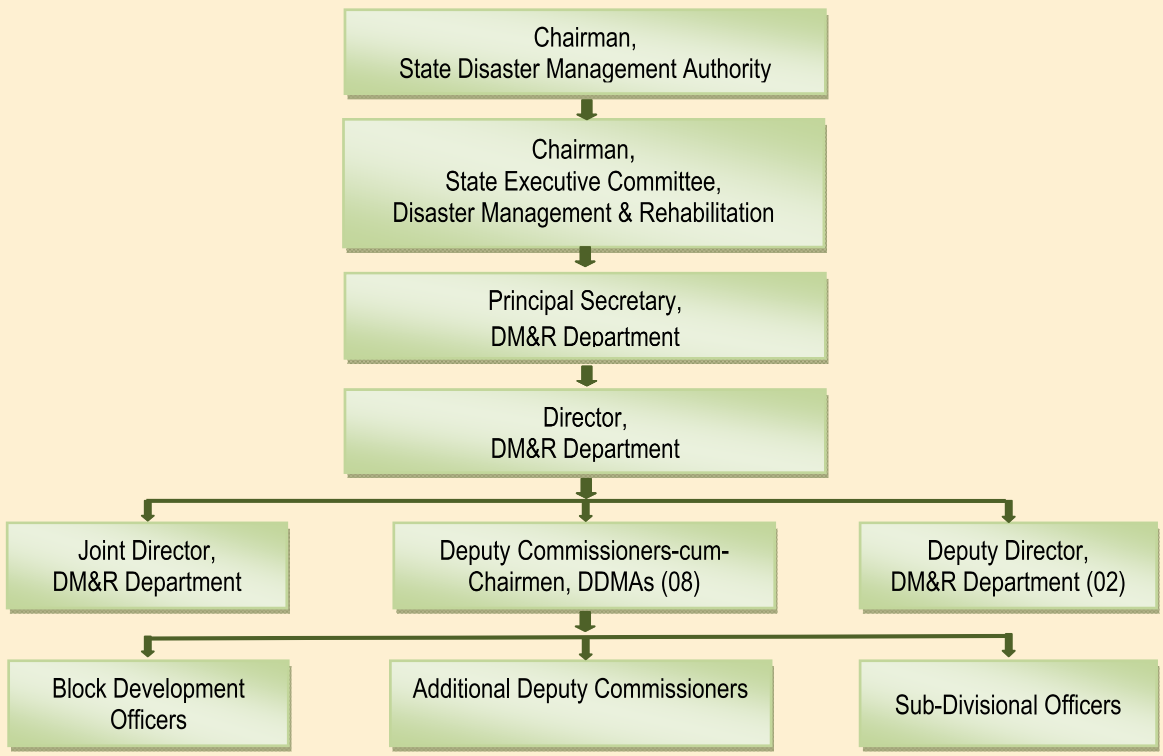
The Disaster Management & Rehabilitation Department (DM&RD) headed by one Director is responsible for disaster management activities in the State. He is assisted by one Joint Director and two Deputy Directors.

At the field level, the responsibility for disaster management activities, preparedness and relief work is vested in the Deputy Commissioners (DCs) of the eight districts in the State. The DCs also function as Chairman of the respective district level Disaster Management Authority

(DDMA). The Deputy Commissioners are assisted by the Additional Deputy Commissioners (ADCs), Sub-Divisional Officers (SDOs) and Block Development Officers (BDOs).

A chart showing organisational structure responsible for implementation of the Disaster Management & Rehabilitation in the State is depicted below:

Chart-2.4.1



2.4.3 Audit Objectives

Performance audit was undertaken to review:

- **Institutional mechanism:** Whether institutional and coordination mechanism had been set up and an integrated approach was being followed with regard to disaster management.
- **Planning for disaster preparedness:** Whether State disaster management strategy and actionable plans had been prepared and reviewed periodically at all levels to counter the threat of disaster and mitigate their consequences.
- **Resource utilisation and funding arrangement:** whether financial arrangements ensure timely availability of funds and their effective and economic utilisation.
- **Capacity building efforts:** Whether training and emergency exercises for disaster management had been conceived, disseminated and conducted at all levels.

- **Identification of disasters and early warning system:** Whether various types of disasters, their extent of damage and requisite mitigation efforts had been identified and whether efforts had been made to make urban areas/cities disaster resilient and early warning systems and mechanisms to predict the calamities are in place.

2.4.4 Audit Criteria

The audit findings were benchmarked against the criteria contained in the following sources:

- Disaster Management Act, 2005;
- The guidelines of the Twelfth Finance Commission (TFC) regarding Calamity Relief Fund (CRF) and National Calamity Contingency Fund (NCCF);
- The guidelines of the Thirteenth Finance Commission regarding National Disaster Response Fund (NDRF), State Disaster Response Fund (SDRF) and Capacity Building;
- National disaster plan, guidelines and other instructions issued by the Ministry of Home Affairs and NDMA (National Disaster Management Authority);
- Scheme, guidelines and laws for preparedness of various types of disasters;
- Policies, plans and guidelines on disaster management issued by the State Government.

2.4.5 Audit Coverage and Methodology

The Performance Audit of Disaster Management & Rehabilitation in Mizoram covering the period from 2009-10 to 2013-14 was conducted during May-July 2014 by test-check of records of the SDMA, SEC and Administrative Head of the Department of the DM&RD at State and the Directorate level. At field level out of eight districts in the State four districts (Aizawl, Mamit, Champhai and Lawngtlai) were selected on Simple Random Sampling basis for test-check.

The Performance Audit commenced with an Entry Conference with the Principal Secretary, the Government of Mizoram, DM&R Department and the Joint Director of the DM&RD on 09 May 2014 where audit objectives, audit criteria and scope of audit were explained and suggestion as well as perceptions relating to the strengths and weaknesses of the Department in implementing the Disaster Management were discussed. An Exit Conference with the Principal Secretary and the Director of the DM&RD was held on 04 December 2014 wherein audit findings were discussed and the replies of the Department have been incorporated suitably in the relevant paragraphs.

2.4.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges and appreciates the co-operation rendered by the concerned Administrative Department, the Director and officers

of the Directorate of the Disaster Management & Rehabilitation Department, District and Field level functionaries of the selected districts in the course of the Performance Audit.

AUDIT FINDINGS

Significant audit findings noticed in course of Performance Audit are discussed in succeeding paragraphs.

Audit Objective: To ascertain whether institutional, legal and co-ordination mechanism had been set up and an integrated approach was being followed with regard to disaster preparedness.

2.4.7 Legislative and Institutional Framework

2.4.7.1 State Disaster Management Authority

As per DM Act, 2005 every State Government should establish a State Disaster Management Authority (SDMA) headed by the Chief Minister of the State. The main responsibilities of a State Authority was to lay down policies and plans for disaster management in the State, to approve the state plan in accordance with the guidelines laid down by NDMA, to coordinate implementation of the State plan and to recommend provision of funds for mitigation and preparedness measures.

The Government of Mizoram constituted and notified on 23 May 2006 the State Disaster Management Authority (SDMA) under the chairmanship of the Chief Minister. There are also eight Ministers amongst the members, along with the Chief Secretary who function as a Chief Executive Officer. This is the highest body for policy formulation and taking appropriate decision in regards to disaster risk reduction activities in the State.

The SDMA is supposed to meet quarterly and formulate the plan and policy for the state in matters related to Disaster Management. The body is also required to review the ongoing programme and ensure preparedness including mitigation for minimising the effect of disasters in State.

It is noted that SDMA met only two times during the last five years. This points to the low priority accorded to disaster management works which otherwise is one of the crucial concerns of this disaster prone State.

2.4.7.2 State Executive Committee

As per Section 20 (1) of Disaster Management Act, 2005 every State Government shall constitute a State Executive Committee headed by the Chief Secretary to assist the State Authority in the performance of its functions. The State Executive Committee shall have the responsibility of implementing the National Plan and State Plan and act as the coordinating and monitoring body for management of disaster in the State.

The State Executive Committee (SEC) was constituted on 23 May 2006 with the Chief Secretary as the Chairman.

We noted that the SEC met on ten occasions during 2009-14 for assisting the State Authority in the performance of their functions.

2.4.7.3 State Advisory Committee

As per DM Act, SDMA was to constitute a State Advisory Committee (SAC), consisting of experts having practical experience of disaster management to make recommendations on different aspects of disaster management.

It was, however, noted that SAC was not yet constituted in the State as of June 2014.

While accepting the fact, the Government stated (December 2014) that the State Government does not feel the need to have a State Advisory Committee at present. The reply of the State Government is not tenable as the benefit of the collective experience and technical knowledge of the members who would normally be as such a Committee was not available to the State.

2.4.7.4 District Disaster Management Authority (DDMA)

As per the DM Act, there would be, at each district level, a District Disaster Management Authority headed by Deputy Commissioner (DC) with the elected representatives of local authority as the Co-chairperson. The DDMAs are to act as the planning, coordinating and implementing bodies for disaster management at the district level. It has to prepare the District Disaster Management Plan and monitor implementation of the policy and disaster management plans. The DDMA was set up in all the districts of the State as of March 2014.

The details of constitution of DDMAs and meetings held during the last five years in the four sample districts are shown in the following table:

Table-2.4.1

Sl. No.	Name of district	Date of constitution	DDMA headed by	No. of meetings held during last five years
1.	Aizawl	23 May 2006	Deputy Commissioner	3 occasions
2.	Lawngtlai	03 April 2012	Deputy Commissioner	1 occasion
3.	Mamit	26 April 2012	Deputy Commissioner	2 occasions
4.	Champhai	04 October 2013	Deputy Commissioner	6 occasions

Source: Departmental records

It may be seen from the above table that in all the three districts except Aizawl District the DDMAs were constituted only in the year 2012-13 after lapse of seven to eight years from the date of constitution of Disaster Management Act, 2005. Besides, DDMA Aizawl met only three times in the last five years though it was constituted timely. It was thus, evident that the District Administration handled the disaster preparedness without due guidance and monitoring by the DDMAs.

The Government stated (December 2014) that presently DDMAs are actively functioning in all the districts and they are instructed to convene meetings regularly.

2.4.7.5 Constitution of District Advisory Committee

Under Section 28(1) of DM Act, the District Authority may, as and when considered necessary, constitutes one or more Advisory Committee for the efficient discharge of its functions. The Committee is to be headed by the District Collector with District Revenue Officer as Vice-chairman. The main function of the District Advisory Committee is to co-ordinate the activities of various Departments during the times of disaster related emergency in the District.

It was, however, noted that District Advisory Committee was not constituted in all the four sample Districts.

The Government stated (December 2014) that the constitution of District Advisory Committee is the discretion of the DDMA.

2.4.7.6 Establishment of Emergency Operational Centre

As per the scheme objective, a State level Emergency Operational Centre (EOC) and District level EOCs in all the eight Districts were to be constructed and equipped with tools and equipments to tackle disasters *e.g.* searchlights, life boats, life jackets, first-aid-kits *etc.* It was noticed that State level EOC was established in 2009 and district level EOCs in all four sampled Districts were established in 2012-13 with the delay of four years and seven to eight years respectively.

In their reply (December 2014), the Government did not offer any comment on delay in establishment of EOC and DEOCs.

Audit Objective: To ascertain whether State disaster management strategy and actionable plans had been prepared and reviewed periodically at all levels to counter the threat of disaster and mitigate their consequences?

2.4.8 Planning for Disaster preparedness

Planning for disaster management is the first stage of the disaster management cycle, on which the effectiveness and success of the remaining components largely depends. Multi-level planning system has to be established for disaster management.

Section 23 of the DM Act provides that there should be a Disaster Management Plan for every state. It also directs the Departments of the State Governments to draw up their own plans in accordance with State Plan. The State Plan was to be prepared by the State Executive Committee (SEC) in conformity with the guidelines to be issued on related matters by SDMA. The State Plan prepared by SEC was to be approved by the SDMA.

It was noted that National Disaster Management Authority (NDMA) had issued guidelines for preparation of the State Disaster Management Plan in July 2007. The SDMA, however, published its approved State Disaster Management Plan (SDMP) only in December 2013 after a delay of more than six years. It was thus, evident that disaster management activities in the State were handled by the State and district level authorities without any proper planning during the last five years.

While accepting the fact, the Government stated (December 2014) that the delay in publication of State Disaster Management Plan was due to the problems encountered by the Department in engagement/appointment of appropriate firms. Further, added that revision of SDMP during 2014-15 is also under process.

2.4.8.1 Delay in preparation of District Disaster Management Plan

As per DM Act 2005, the District Authority might prepare a disaster management plan including District response plan for the District which is to be approved by the State Authority. The District Plan should be reviewed and updated annually.

It was, however, noted that District Disaster Management Plans (DDMPs) in all four sampled Districts were prepared only in 2012-13, which, however, were not yet approved by the SDMA as of June 2014.

While accepting the fact, the Government stated (December 2014) that all the districts are revising and updating their DDMPs for approval of the SDMA.

2.4.8.2 Demarcation of roles and responsibilities

As per section 78 of the DM Act, the State Government was to make rules to carry out the provisions of the Act. Such rules may provide *inter alia* the following matters:

(i) the composition and number of the members of the State Authority,

(ii) the powers and functions of the Chairperson of the State Executive Committee and the procedure to be followed by the State Executive Committee,

(iii) the composition and the number of members of the District Authority and the powers and functions to be exercised by the Chief Executive Committee of the District Authority, and

(iv) any other matter which is to be, or may be, prescribed, or in respect of which provisions to be made by rules

We noted that the State Government has so far not framed and notified any such rules in compliance of the provisions contained in the DM Act to demarcate the various roles and responsibilities of the State and District level authority.

In the absence of proper demarcation of roles and responsibilities, disaster management works have been mainly carried out on the basis of contingencies. This was bound to have an adverse impact on the overall implementation and management of disaster.

The Government stated (December 2014) that the composition, powers and functions of SDMA, SEC & DDMAs were clearly indicated/written in Chapter III and IV of the DM Act.

Audit Objective: To ascertain whether financial arrangements ensure timely availability of funds and their effective and economic utilisation.

2.4.9 Resource and Funding Arrangements

Provision of timely and adequate funding is a vital aspect in disaster management. Even the most well designed mitigation or response program can fail to get results for want of sufficient funds. For emergency response, it is important that funding is available on time and swiftly reaches the affected people in times of disaster.

The Ministry of Home Affairs (MHA) is the nodal Ministry responsible for providing financial assistance in the wake of natural calamity. Based on the recommendations of the Thirteenth Finance Commission, the scheme of the State Disaster Response Fund (SDRF) and National Disaster Response Fund (NDRF) were made operative for a five year period (01 April 2010 to 31 March 2015).

The guidelines for administration of the funds were issued by the MHA in September 2010. The guidelines prescribed that the SDRF and NDRF were to be used only for meeting expenditure for providing immediate relief to the victims of cyclone, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack. The expenditure on disaster preparedness, restoration, reconstruction and mitigation were not to be met from NDRF. These were to be met from the plan funds of the States.

2.4.9.1 State Disaster Response Fund

The State Disaster Response Fund (SDRF) was constituted under Section 48 (1) (a) of the Disaster Management Act, 2005. It came into force from 2010-11 onwards. Till 2010, there was a Calamity Relief Fund (CRF), the balance of which was merged into the SDRF from 2010-11.

The amount of annual contribution to the SDRF of each state for each of the Financial Years from 2010-11 to 2013-14 were recommended by the Thirteenth Finance Commission. Accordingly, the Government of India (GoI) approved allocation of ₹ 36.86 crore to Mizoram under SDRF for the four years period, which included 90 *per cent* central share and 10 *per cent* State share. The year-wise allocation of funds under SDRF was as under:

Table-2.4.2

(₹ in crore)

Year	Central Share	State Share	Total
2010-11	7.70	0.85	8.55
2011-12	8.08	0.90	8.98
2012-13	8.49	0.94	9.43
2013-14	8.91	0.99	9.90
Total	**33.18**	**3.68**	**36.86**

Sources: Departmental records

The scheme provided for release of central share under SDRF in two equal instalments, in the month of June and December. The first instalment of central contribution to SDRF for 2010-11 was to be released unconditionally. The second instalment 2010-11 and subsequent instalments were to be released on receipt of confirmation of accounting procedure and compliance with other conditions of the guidelines.

The year-wise shares of CRF and SDRF released by the Central and the State Governments and the expenditure shown to be incurred by the Disaster Management & Rehabilitation Department during 2009-14 are given in Table-2.4.3:

Table-2.4.3

(₹ in crore)

Year	Released by GoI	OB	Released by State		Int.	Total	Expenditure by:			CB	UCs submitted to MHA
			CS	SS			DM&RD	Advance to eight DCs	Total		
A. Calamity Relief Fund (CRF)											
2009-10	5.55	9.39	5.55	1.85	0.11	16.90	6.25	0.89	7.14	9.76	7.40
B. State Disaster Response Fund (SDRF))											
2010-11	7.70	9.76	6.41	0.85	0.09	17.11	5.77	6.24	12.01	5.10	6.41
2011-12	4.04	5.10	1.29	0.90	0.05	7.34	0.18	0.23	0.41	6.93	3.04
2012-13	8.30	6.93	12.34	0.94	0.04	20.25	8.66	1.91	10.57	9.68	13.28
2013-14	13.14	9.68	8.69	0.99	0.04	19.40	2.70	3.53	6.23	13.17	9.68
Total	**33.18**	**9.76**	**28.73**	**3.68**	**0.22**	**42.39**	**17.30**	**11.92**	**29.22**	**13.17**	**32.41**

Source: Departmental records

2.4.9.2 Delay in release of central share by the State

As per para 7 of the guidelines on Constitution and Administration of State Disaster Response Fund (SDRF), the State Government is required to transfer the central share to SDRF along with their share immediately upon receipt of Government of India's share.

It was, however, noted that in the following cases the central shares of SDRF of ₹ 1,677 lakh were released by the State Government in four instalments during March 2012 to March 2013 with delays ranging from three to nine months from the date of receipt of central shares.

Table-2.4.4

Sl. No.	Details of release by GoI		Details of release by State		Period of delay
	Date	Amount (₹ in lakh)	Date	Amount (₹ in lakh)	
1	2	3	4	5	6
1.	30.06.2010	385.00	26.07.2010	213.75	26 days
			24.11.2010	171.25	4 months
2.	31.10.2010	385.00	24.11.2010	256.25	24 days
			12.03.2012	128.75	16 months
3.	19.03.2012	404.00	10.01.2013	404.00	10 months
4.	20.10.2012	404.00	08.03.2013	404.00	4 months
5.	19.02.2013	425.50	19.03.2013	425.50	1 month
6.	16.04.2013	423.50	14.08.2013	423.50	3 months
7.	11.10.2013	445.50	28.02.2014	445.50	4 months
8.	30.03.2014	445.50	Upto March 2014	Nil	---
Total		**3318.00**	**---**	**2872.50**	**---**

Source: Departmental records

Delay in release of funds undermines the very purpose of the fund which in fact has been constituted to give timely financial aid for emergency relief activity.

While accepting the fact, the Government stated (December 2014) that the delay was due to some financial formalities required to be observed by the State Government.

2.4.9.3 Investment of balances available under CRF/SDRF

As per the guidelines, the accretion to the State Disaster Response Fund/CRF together with the income earned on the investment of unspent amounts was to be invested in:

- ✓ Central Government Securities;
- ✓ Auctioned Treasury bills and
- ✓ Interest earning deposits and certificates of deposits with scheduled commercial bank.

Examination of the records of the Directorate of DM&RD revealed that as and when the State Government released the grants under Central and State shares of CRF and SDRF during 2009-14 the Directorate of DM&RD used to draw the entire sanctioned grants and deposit the same into the head of account "8121-General & Other Reserve Fund" against which no interest was earned so far. However, out of such deposit account a considerable amount was withdrawn time to time and kept in a saving account operated in SBI Aizawl branch. Against such partial investment of funds in saving account the Department earned an interest of ₹ 33 lakh during 2009-14.

However, a major portion of the central and state shares of CRF and SDRF was retained in the deposit account of the State Government under the head of account - '8121' during 2009-14 against which no interest was earned. The unspent balances under the CRF and SDRF retained in the State Government deposit account was in the range between ₹ 9.52 crore and ₹ 12.50 crore during 2009-14 which had not been invested in any of the prescribed investment accounts as mentioned in the guidelines. This resulted in a potential loss of interest of ₹ 1.84 crore which would have been contributed to increase SDRF. Details of loss of interest are shown in the following Table:

Table-2.4.5

(₹ in crore)

Period	Unspent balances	Interest loss (calculated at six *per cent* per annum)
2009-10	9.52	0.57
2010-11	4.15	0.25
2011-12	4.67	0.28
2012-13	9.15	0.55
2013-14	12.50	0.19 (upto June 2014)
Total	**39.99**	**1.84**

Source: Departmental records

In their reply (December 2014), the Government did not offer any comment on non-investment of unspent balances in any of the prescribed investment accounts.

2.4.9.4 Inadmissible expenditure

Section 3 of the guidelines provides that the SDRF shall be used for meeting the expenditure required for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack.

Analysis of records, however, revealed that the Directorate of DM&RD and four samples districts incurred an expenditure of ₹ 114.26 lakh on inadmissible components in violation of the guidelines of SDRF during 2009-14. The details of inadmissible expenditure by the sampled entities are shown in the following Table:

Table-2.4.6

Name of Office/ agency	Inadmissible amount (₹ in lakh)	Amount utilised for
Directorate DM&R	76.82	TA&DA, Stationery, POL, advertisement and OOE *etc.*
	15.00	Construction of kitchen-cum store room
Aizawl District	9.04	Stationery, POL, vehicle hire charges *etc.*
Mamit District	1.40	-do-
Champai District	9.67	Construction of drainage system
Lawngtlai District	2.33	-do-
Total	**114.26**	**--**

Source: Departmental records

The Government stated (December 2014) that the contingent expenditure was incurred from the SDRF with the approval of the State Executive Committee.

Reply of the Government is, however, not acceptable since the above mentioned contingent expenditure was not admissible from the SDRF as per guidelines.

2.4.9.5 National Calamity Contingency Fund (NCCF)

The Twelfth Finance Commission recommended for continuance of the scheme National Calamity Contingency Fund (NCCF) with a core corpus fund of ₹ 500 crore for the whole country. The Central Government was to consider release of grant out of this fund to the States in case calamity is of rare severity.

Accordingly, based on a Memorandum submitted by the State Government, the Government of India, Ministry of Finance (Finance Commission Division) released (June 2008) a grant of ₹ 49.60 crore from the Natural Calamity Contingency Fund (NCCF) to the State Government towards relief necessitated by natural calamity of severe nature, which included flood/landslide and pest attack (bamboo flowering) which occurred in Mizoram during 2007-08. As the grant was released by the GoI out of the Twelfth Finance Commission's recommended core corpus fund under NCCF the same was to be spent by the State Government for the approved categories of calamities within the operation period (upto 2009-10) of Twelfth Finance Commission.

On receipt of NCCF grants from the GoI the State Government, DM&R Department accorded expenditure sanction of ₹ 49.60 crore. The Director, DM&R Department drew (July 2008) and disbursed ₹ 44.54 crore out of the sanctioned amount to the different line Departments for payment of assistance due to natural calamities and pest attack of 2007-08 and retained an amount of ₹ 5.06 crore at the end of March 2009 in the saving accounts operated by the Department without surrendering the unspent balances to the GoI.

Further examination of records of the Directorate of DM&RD revealed that on the basis of recommendations (July 2010) of the State Level Committee (SLC) the Director, DM&RD disbursed a grant of ₹ 4.83 crore (₹ 3.91 crore during 2009-10 and ₹ 0.92 crore during 2011-12) to the Deputy Commissioners of eight Districts out of the balance fund of ₹ 5.06 crore leaving a unspent balance of ₹ 0.23 crore at the end of March 2014.

The grant was released in supplement to the normal SDRF to the eight districts towards disbursement of assistance to the victims of natural calamities which occurred during 2009-10 and 2011-12 and included payment of ₹ 0.50 crore to the Bru[5] victims of fire outbreak in Mamit district during 2009-10. Besides, as per decisions taken by the SLC in July 2010 the concerned eight DCs required to submit statement of expenditure for NCCF in the prescribed format which was not submitted to the Directorate of DM&RD till June 2014. As such, the expenditure incurred by the eight DCs out of advance NCCF of ₹ 4.83 crore could not be ascertained in audit.

Thus, the Department without surrendering the unspent NCCF of ₹ 5.06 crore to the Government of India unauthorisedly utilised an amount of ₹ 4.83 crore towards meeting calamity relief which was not in severe nature and not covered in the Memorandum submitted by the State Government to the GoI.

[5] Bru (also known as Reangs) is recognised primitive tribal group in Mizoram having distinct culture, language and heritage

In their reply (December 2014), the Government offered no comment.

2.4.9.5.1 Unauthorised diversion of NCCF

Out of total NCCF grant of ₹ 49.60 crore received (June 2008) from the Ministry of Finance, GoI an amount of ₹ 2.65 crore was released to the Deputy Commissioner, Aizawl District on 25 January 2009 against which an unspent balance of ₹ 45 lakh was refunded to the Director, DM&R by the Deputy Commissioner, Aizawl district on 16 November 2011.

Scrutiny of records disclosed that the State Executive Committee (SEC) in their meeting held on 17 February 2012 decided to consider the utilisation of entire utilisation of unspent balance of ₹ 45 lakh for creation of assets under Disaster Management & Rehabilitation Department (DM&RD).

Accordingly, the Director, DM&RD utilised the entire amount of ₹ 45 lakh for procurement/ construction of following items during 2011-12:

Table-2.4.7

Sl. No.	Name of assets created	Units	Amount (₹ in lakh)
1.	Extension of Directorate-cum-State EOC building	01	22.24
2.	Bolero LX 4WD vehicle	01	7.23
3.	Ricoh Copiers and accessories	01	0.75
4.	Xerox heavy duty copier & accessories	01	3.19
5.	Fax machine	01	0.34
6.	Computer sets with accessories	02	1.74
7.	Digital camera	01	0.63
8.	PA system with inverter & battery	01	2.31
9.	Office furniture & equipments (steel almirah, book case, table, sofa set, room cooler, spiral binding machines, *etc.*)	24	6.35
10.	Utensils & crockery items	15	0.22
Total			**45.00**

Source: Departmental records

Thus, the Department diverted an amount of ₹ 45 lakh towards items which were not permitted under NCCF guidelines.

In their reply (December 2014), the Government has accepted the facts.

2.4.9.6 National Disaster Response Fund

National Disaster Response Fund (NDRF) was constituted in September 2010 under Section 46 of DM Act, 2005. The existing NCCF was merged with the NDRF and fresh guidelines for administration of the fund, issued by the MHA, came into force from 2010-11 onwards.

Natural calamities of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack considered to be of severe nature by Government of India and requiring expenditure by State Government in excess of the balances available in its own SDRF, will qualify for immediate relief assistance from NDRF.

In order to seek central assistance in the event of a calamity of a "severe nature" the State Government is required to submit a memorandum indicating the sector-wise damage and requirement of funds.

The position of year-wise receipt of grants under NDRF and expenditure shown to have been incurred during the year 2011-13 are depicted in the following Table:

Table-2.4.8

(₹ in crore)

Year	Released by GoI	OB	Released by State	Int.	Total	Expenditure by:			CB	Reptd. exp. by eight DCs	UCs submitted to MHA
						DM&RD	Advance to eight DCs	Total			
2011-12	4.57	Nil	4.57	Nil	4.57	2.03	0.92	2.95	1.62	Nil	4.57
2012-13	Nil	1.62	Nil	Nil	1.62	0.17	1.45	1.62	Nil	Nil	-
Total	**4.57**	**Nil**	**4.57**	**Nil**	**6.19**	**2.20**	**2.37**	**4.57**	**Nil**	**Nil**	**4.57**

Source: Departmental records

It can be seen from the above table that the DM&R Department has indicated to have spent the entire available NDRF of ₹ 4.57 crore during 2011-13. It is noted that out of such reported expenditure of ₹ 4.57 crore a grant of ₹ 2.37 crore was released to the eight DCs as advance grants for implementation of the disaster management in their Districts during 2011-13. But, the actual year-wise expenditure incurred by the eight DCs against the advance grant of ₹ 2.37 crore was not available with the Directorate due to non-monitoring. Thus, the actual expenditure incurred by the concerned eight Districts under NDRF during 2011-13 could not be ascertained in audit.

While accepting the facts, the Government stated (December 2014) that the DCs/DDMAs will be instructed to reconcile the records available in the Directorate.

2.4.9.7 Doubtful Expenditure

Scrutiny of records maintained by the four sampled districts revealed that out of four districts two districts (Lawngtlai and Champhai) disbursed CRF/SDRF/NCCF fund of ₹ 56.50 lakh to the different categories of victims of natural calamities during 2009-14 without maintaining the basic records, like calamity reports including spot verification reports by responsible officers and Actual Payee Receipts (APRs) of the beneficiaries concerned. The details of disbursement of such funds are spelt out below:

Table-2.4.9

Sl. No.	Name of Districts	Category of fund	Period of disbursement	Amount disbursed (₹ in lakh)
1.	Champhai	NCCF	2009-10	14.59
2.	Lawngtlai	CRF/NCCF	2009-10	41.91
Total				**56.50**

Source: Departmental records

Besides, the Deputy Commissioner, Mamit District incurred expenditure of ₹ 2.23 lakh and ₹ 17.22 lakh during 2009-11 towards vehicle hiring charges/refreshment and procurement of 1,149 bundles of G I sheets respectively for which no sanction orders, no stock and issue register and no APRs except, some payment vouchers were maintained. However, in respect of Aizawl district, all basic records were found well maintained.

In absence of such basic records the entire expenditure of ₹ 75.95 lakh (₹ 56.50 lakh + ₹ 2.23 lakh + ₹ 17.22 lakh) incurred by the three Deputy Commissioners (Champhai & Lawngtlai) is unaccountable.

While accepting the fact, the Government stated (December 2014) that the concerned districts will be instructed to reconcile and rectify their records accordingly.

2.4.9.8 Procurement of Silpaulin and Poly-tarpaulin

Out of SDRF/NDRF the Director, DM&RD time to time purchased a huge quantity of Silpaulins and Poly-tarpaulins during 2009-14 from two Aizawl based suppliers[6] for its onwards distribution to the eight Deputy Commissioners in the State. The Silpaulins and Poly-tarpaulins were purchased mainly for distributing to the victims/potential victims of landslides. The year-wise position of procurement of Silpaulin (size: 18` x 24` at the rate ₹ 717 per unit) and Poly-tarpaulin (size: 18` x 24` at the rate ₹ 770 per unit) by the Directorate of DM&R during 2009-14 are given in the following Table:

Table-2.4.10

Year	A. Silpaulin (Size-18' x 24')		B. Poly-tarpaulin (Size-18' x 24')	
	Qty (in Nos.)	Amount (₹ in lakh)	Qty (in Nos.)	Amount (₹ in lakh)
2009-10	37600	269.59	Nil	Nil
2010-11	64000	458.88	Nil	Nil
2011-12	27000	193.59	13000	100.10
2012-13	55000	394.35	38000	292.60
2013-14	10000	71.70	7000	15.40
Total	**193600**	**1388.11**	**53000**	**408.10**

Source: Departmental records

Scrutiny of records revealed the following irregularities:

6 i) M/s Floria Glamour, Aizawl and ii) M/s Hmingmawi Industry, Aizawl

2.4.9.8.1 Procurement of huge quantity of Silpaulins and Poly-tarpaulins without assessing the actual requirement:

As it could be seen from Table 2.11 the Department had procured a huge quantity of Silpaulin and Poly-tarpaulin valuing of ₹ 17.96 crore during 2009-14. The Department had never obtained the position of receipt of stock of Silpaulin and Poly-tarpaulin and its distribution to the beneficiaries with numbers of beneficiaries from the eight District authorities. The Department also had not obtained the year-wise requirement of Silpaulin and Poly-tarpaulin from eight District authorities during 2009-14 to assess the actual requirement for central procurement of the stores. As such, without ensuring year-wise actual utilisation of Silpaulin and Poly-tarpaulin with numbers of beneficiaries covered by eight Districts and without assessing the actual requirement of Silpaulin and Poly-tarpaulin.

It was noticed from the Minutes of the Meeting of the SEC/SLC that the year-wise requirement of Silpaulin and Poly-tarpaulin was never discussed except the *ex-post-facto* approval for the purchases already made.

While accepting the fact, the Government stated (December 2014) that year-wise requirement from the District Authorities were not always obtained. However, the requirement on need basis and current stock position were calculated from time to time and purchases were made with the approval of the SEC/SLC.

2.4.9.8.2 Doubtful expenditure out of SDRF

On 18 April 2011 the Deputy Director (Admn), DM&RD had disbursed an amount of ₹ 45.33 lakh to M/s Floria Glamour, Aizawl against their bill dated 03 March 2011 towards supply of 6,322 numbers of Silpaulin (@ ₹ 717 each for size: 18' x 24'). The payment was made to the firm on the ground that one Minister (Name and Department not mentioned) directly took 6,322 numbers of Silpaulin from the shop and distributed them to the beneficiaries. The payment was made to the firm without actual receipt of the stores in the central stock register. The Department, however, failed to furnish the name of the Minister. Further, the Department did not insist on the distribution list containing name of beneficiaries with addresses to whom the material was distributed.

As such, the Department had incurred a doubtful expenditure of ₹ 45.33 lakh from the SDRF without maintaining the basic records and also in violation of the norms of financial propriety.

In their reply (December 2014), the Government offered no comment.

2.4.9.8.3 Irregular direct distribution of Silpaulin and Poly-tarpaulin by the DM&RD

The SEC/SLC basically approved the procurement of Silpaulin and Poly-tarpaulin for its distribution to the affected beneficiaries by the concerned District level authorities after ascertaining the genuineness of the requirement. It was, however, noticed that out of the total stock of 2,51,600 Silpaulin and Poly-tarpaulin the DM&RD distributed directly a quantity of 84,950 numbers (Silpaulin - 61,550 and Poly-tarpaulin – 23,400 valued at ₹ 4.41 crore and ₹ 1.80 crore respectively) to the MLAs, Government officials, NGOs and private individuals during the year 2009-14, and another a quantity of 1,25,131 numbers (Silpaulin – 95,921 and Poly-tarpaulin - 29,210) to the eight Districts leaving a balance of 41,519 numbers (Silpaulin – 36,129 and Poly-tarpaulin – 5,390) at the end of March 2014.

Thus, in violation of the recommendations of the SEC/SLC the Directorate had irregularly distributed a huge quantity of stores of 84,950 Silpaulin and Poly-tarpaulin during 2009-14 directly to the MLAs, Governmental officials, NGOs and private beneficiaries without conducting any verification regarding genuineness of the requirement of the materials by such beneficiaries. As such the scope of mis-utilisation of huge stores of Silpaulin and Poly-tarpaulin distributed directly without verifications could not be ruled out.

While accepting the fact, the Deputy Director, DM&RD stated (August 2014) that though the Department has no authority to distribute the Silpaulin and Poly-tarpaulin directly to the beneficiaries from the central stores they had distributed the same directly to beneficiaries following the instructions from the higher authority. But, the name and designation of the higher authority was not mentioned.

While accepting the fact, the Government stated (December 2014) that the stores were distributed on need basis and for immediate issue by certain authorities within their respective jurisdictions during emergencies.

2.4.9.8.4 Irregular procurement of stores in exchange of big sizes into small sizes

The Department has only one approved rate for the size 24' x 18' for both the Silpaulin and poly-tarpaulin. As such the SLC in their meeting held on 5 July 2010 decided that the Department should also obtain the rate for the size of 15' x 12' Silpaulin and poly-tarpaulin for its approval by the Government which will enable the choice of at least two sizes of the materials for distribution.

It was, however, noticed that despite the decision taken by the SLC the DM&RD did not make any efforts to obtain and get approval of the rate for the size of 15' x 12'. The Department issued time to time supply orders for procurement of Silpaulin and poly-tarpaulin during 2009-14 only for single size of 24' x 18' and accordingly, the payment to the suppliers was made. The receipt and issue of Silpaulin and poly-tarpaulin were recorded in the stock register only for the size of 24' x 18' without attesting the entries in the stock register by any responsible Gazetted Officer.

It was, however, noticed that against the supply orders issued for the size of 24' x 18' the Department irregularly procured the stores in two sizes, *viz.* 24' x 18' and 15'x12', which was stated to be procured in exchange of big sizes with the small sizes without any recorded documentation. In absence of detailed entries in the stock register the actual quantity of small sizes of Silpaulin and poly-tarpaulin procured in exchange of big sizes during 2009-14 could not be ascertained in audit.

While accepting the facts, the Government stated (December 2014) that the smaller size of Silpaulins were procured in exchange of big sizes on need basis without causing any monetary loss to the Government since smaller sizes of Silaulins were preferred for specific purposes.

2.4.9.8.5 Short receipt of stores by the districts authorities

As per records, the DM&RD distributed Silpaulin-74,451 and Poly-tarpaulin-23,260 of sizes only 24'x18' to six Districts during 2009-14. Scrutiny of records in the six Districts, however, revealed that against the supply of big size of stores as claimed by the DM&RD, the six Districts received the stores in two different sizes *viz.* 24' x 18' and 15' x 12' during 2009-14. The position of stores issued by the DM&RD and their actual receipt and utilisation by the six Districts during 2009-14 are shown in the **Appendix-2.4.1 & 2.4.2.**

Out of the **Appendix-2.4.1 & 2.4.2** a compiled position is worked out along with the financial implication of short receipt of stores and given in the following Table:

Table-2.4.11

(₹ in lakh)

Name of materials	Stock issued from the Directorate			Actual receipt as reported by the districts with financial implication of short receipt					
	Sizes (Rate)	Qty (in nos.)	Amount	Sizes	Actual received	Big size if converted from small size	Total Big size	Short Receipt	
								Nos.	Amount
Silpaulin	18' x 24' (₹ 717)	74451	533.81	18'x24'	42114	-	47192	27259	195.45
				12'x15'	10155	5078			
Poly-tarpaulin	18' x 24' (₹ 770)	23260	179.10	18'x24'	14340	-	18517	4743	36.52
				12'x15'	8354	4177			
Total		**97711**	**712.91**	18'x24'	**56454**	-	**65709**	**32002**	**231.97**
				12'x15'	**18509**	**9255**			

Source: Departmental records

It may be seen from the above table that against the total supply of store of 97,711 numbers, the six Districts received only 74,963 numbers, of which 18,509 numbers were of small sizes (15' x 12')[7]. If the Department's claim of exchange of store of one big size into two small sizes is accepted, the actual stores received by the six Districts were 65,709 numbers against the total supply of 97,711 numbers by the DM&RD. Thus, the six Districts had received the stores in shortage of 32,002 numbers. The financial implication involved against such short receipt of stores was ₹ 2.32 crore. The entire matter requires proper investigation by the Government.

The Government stated (December 2014) that the Districts authorities will be instructed to reconcile the records.

[7] Departments claims two small sized ones converted to one big size

2.4.9.9 Other financial irregularities

In course of test-check of records of sampled DDMAs the following irregularities were noticed:

2.4.9.9.1 Delayed payment of relief assistance

As per the guidelines of State Disaster Response Fund (SDRF), relief assistance should be paid to the victims immediately as response time is the crucial factor determining the effectiveness of the relief being given.

Examination of the records of three sampled DDMAs (Aizawl, Champhai and Lawngtlai Districts) revealed that relief assistance to the tune of ₹ 37.48 lakh given to the 61 disaster affected victims was delayed ranging by four to twenty four months from the date of calamities. The details of districts-wise position was shown in **Appendix-2.4.3**.

While accepting the fact, the three districts authorities stated (May-June 2014) that late submission of verification reports by the concerned BDOs/SDOs/VCPs and non-availability of funds were the main reasons for delayed payment of relief assistance to the beneficiaries.

The replies of the Districts Authorities are, however, not acceptable as the SDRF fund was always available with the District Authorities at the time of occurrence of the calamities.

The Government stated (December 2014) that the districts authorities will be instructed to reconcile the records. The reply indicates the casual approach of the State Government in providing relief to the disaster victims.

2.4.9.9.2 Short disbursement of relief assistance

The norms of relief assistance from the State Disaster Response Fund (SDRF) and the National Disaster Response Fund (NDRF) for damaged houses approved by the Ministry of Home Affairs (MHA), the Government of India during the period covered under review are as follows:

Table-2.4.12

Items		Norms of assistance (₹/per house)		
		Upto 28 February 2013	From 01 March 2013	From 28 November 2013
Fully damaged/destroyed houses				
i)	Pucca house	35,000	70,000	75,000
ii)	Kutcha house	15,000	15,000	17,600

Sources: Norms of SDRF & NDRF

Scrutiny of the records of three (Aizawl, Mamit and Lawngtlai) sampled DDMAs disclosed that in respect of damaged houses (pucca and kutcha houses) during March 2010 to March 2014 the three Districts authorities disbursed a relief assistance of ₹ 12.08 lakh to

54 victims against their actual entitled financial assistance of ₹ 24.76 lakh as per prescribed norms of GoI, which resulted in short disbursement of relief assistance of ₹ 12.68 lakh. The details of District-wise disbursement of relief assistance are shown in the **Appendix-2.4.4.**

Reasons for short disbursement of relief assistance to the beneficiaries were not on record.

The Government stated (December 2014) that the Deputy Commissioners of the districts would be instructed to give comments on the matter.

Audit Objective: To ascertain whether training and emergency exercises for disaster management had been conceived, disseminated and conducted at all levels.

2.4.10 Capacity Building

Effective disaster management requires trained manpower to deal with complex situations effectively and rapidly to reduce the impact of disaster on human life and property. It is necessary to continuously undertake measures to build capacity amongst those who are handling disaster prevention, mitigation, preparedness, response, reconstruction and also create awareness amongst the people. In terms of the national policy 2009, the approach to capacity building includes awareness generation, education, training, research and development.

Thirteenth Finance Commission (FC-XIII) had observed the need for trained manpower to deal with complex situations so that effective and speedy response reduces the impact of disaster on human life and property. Therefore, it was necessary to continuously undertake measures to build capacity amongst those responsible for disaster response and augmenting public awareness. Accordingly, FC-XIII had recommended a grant of ₹ 525 crore for the whole country for building capacity within the administrative machinery for better handling of disaster response and for preparation of district and state level disaster management plans as envisaged under the Disaster Management Act of 2005 (DM Act).

These plans would, *inter alia,* provide for training/capacity building of stakeholders and functionaries in States, preparation of Disaster Management plans based on hazard, risk and vulnerability analysis, and setting up/strengthening of Emergency Operation Centres (EOCs) in States.

Out of recommended grant of FC-XIII, the GoI released a grant of ₹ four crore to the State during 2010-14 against which the State Government had so far released a grant of ₹ three crore during 2011-14 to the DM&RD leaving a balance of ₹ one crore. The actual expenditure incurred by the Department during 2011-14 is depicted in the following Table:

Table-2.4.13

(₹ in crore)

Year	Released by GoI	OB	Released by State	Int.	Total	Expenditure by:			CB	Reptd. exp. by 08 DCs	UCs submitted to MHA
						DM&RD	Adv. to 08 DCs	Total			
2010-11	1.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2011-12	1.00	Nil	1.00	Nil	1.00	0.03	0.11	0.14	0.86	Nil	1.00
2012-13	1.00	0.86	1.00	0.01	1.87	0.99	Nil	0.99	0.88	Nil	1.00
2013-14	1.00	0.88	1.00	0.01	1.89	1.00	0.14	1.14	0.75	Nil	1.00
Total	**4.00**	**Nil**	**3.00**	**0.02**	**4.76**	**2.02**	**0.25**	**2.27**	**0.75**	Nil	**3.00**

Source: Departmental records

Scrutiny of the records revealed the following:

2.4.10.1 Non-release of Central grant by the State

As can be seen from the above table that against the Central release of ₹ four crore the State Government had released only an amount of ₹ three crore during 2010-14. Thus, the implementation of the Capacity Building programme was badly affected due to short release of grant of ₹ one crore by the State Government.

While accepting the facts, the Government stated (December 2014) that against the balance of ₹ one crore, ₹ 0.50 crore was released by the State Government in September 2014.

2.4.10.2 Submission of incorrect Utilisation Certificate to the Ministry

Despite the fact that the Department had spent only an amount of ₹ 2.27 crore out of the release of ₹ 4.00 crore, as mentioned in the table above, the State Government, DM&RD irregularly submitted Utilisation Certificates (UCs) to the Ministry of Home Affairs, Government of India claiming that the Department had already utilised an amount of ₹ 3.00 crore during 2010-13 under the programme. The date-wise submissions of UCs to the Ministry are as under:

(i) On 11 March 2011 = ₹ 100 lakh for the year 2010-11

(ii) On 06 February 2013 = ₹ 100 lakh for the year 2011-12

(iii) On 13 June 2013 = ₹ 100 lakh for the year 2012-13

Reasons for incorrect submission of UCs to the Ministry were not on record.

While accepting the facts, the Government stated (December 2014) that it was done due to avoid the delay in release of next instalment by the Government of India.

2.4.10.3 Physical and financial progress

As per Cashbook maintained under the programme the Department spent an amount of ₹ 101.39 lakh during 2010-14 in respect of which no proper records was maintained in support of expenditure incurred. The details showing break-up expenditure with the purposes for which it was spent are given in the following Table:

Table-2.4.14

Sl. No.	Amount (₹ in lakh)	Purposes
1	2	3
1.	7.20	Strengthening of State EOC
2.	1.00	Strengthening of SDMA
3.	19.00	8 DCs for Strengthening of district EOCs/IEC materials
4.	4.00	8 DCs for Strengthening of DDMAs
5.	2.50	DC Lunglei for mock drill
6.	1.50	For mock drill
7.	36.50	Director, ATI, Aizawl and Faculty Members of ATI as honorarium for training
8.	1.00	Development Crisis Management
9.	2.36	Various local NGOs/Associations/Magazine for IEC purposes
10.	0.24	TA/DA for training of trainers at Shillong
11.	7.25	Printing of IEC materials
12.	7.27	Study Tours, outside the State
13.	6.00	Paid to Er. Lalbiakzuala for training purposes
14.	1.00	Paid to Zothansanga Hmar, District Organiser for training purposes
15.	3.75	Updation of DM Plans
16.	0.82	Scientist/Geologist/JD for training purposes
Total	**101.39**	**--**

Source: Departmental records

The following lapses/short comings were noticed:

(i) The physical progress report against every item of expenditure was not on record, as a result of which actual physical achievement attained by the Department with expenditure of ₹ 101.39 lakh could not be ascertained in audit.

(ii) As per information furnished by the Head Faculty, Disaster Management Centre, Administrative Training Institute (DMC-ATI), Aizawl the following different training programmes under the Disaster Management were conducted by the DMC-ATI during 2009-14:

Table-2.4.15

Year	No. of training programme/Courses	Duration	No. of participants attended
2009-10	28 different programmes/courses	105 days	1114 nos.
2010-11	31 different programmes/courses	104 days	1432 nos.
2011-12	25 different programmes/courses	101 days	690 nos.
2012-13	22 different programmes/courses	85 days	1393 nos.
2013-14	21 different programmes/courses	71 days	623 nos.
Total	**127 different programmes/ courses**	**466 days**	**5252 nos.**

Source: Departmental records

However, total grants received from the DM&RD for conduct of above mentioned training programmes and its actual utilisation during 2009-14 was not furnished by the DMC-ATI.

The Government in their reply (December 2014) stated as under:

(i) Activities against each item of expenditure were completed. But, in support of their claim the Government has not furnished the physical progress report against each item of expenditure, and

(ii) The actual utilisation of fund of ₹ 36.50 lakh by the ATI (DM cell) was being called for.

2.4.10.4 Training

Further, the following shortcomings were also noticed:

- Comprehensive annual training program to impart training to officials and sections of society in the State was not prepared by the Directorate of Disaster Management and Rehabilitation in Mizoram.
- Other lead agencies like Home Guards, National Cadet Corps (NCC), National Services Scheme (NSS) and Nehru Yuva Kendra Sangathan (NYKS) were not imparted any such training at the State or District level.
- Training was not conducted for vulnerable sections of society like patients, students and farmers in any of the four sampled Districts.
- It was also noticed that master trainers were not available in three sampled Districts to impart training to the staff at the District, Block and Village levels engaged in the prevention and mitigation of disaster management.

A view of Mock Drill

SDRF engaged in search and rescue operation

The Government in their reply (December 2014) stated as under:

(i) Annual training programmes under Capacity Building Funds were prepared.

(ii) Training of volunteers of the Young Mizo Association (YMA), the leading and most widely spread community based agency were conducted at various places, and

(iii) Master Trainers were available in all districts as District Organizers, Police personnel, Fire fighters, Medical personnel, NGOs, *etc.* However, list of such Trainers were yet to be documented properly.

The reply of the Government is an attempt to sidestep the fact that no proper training was imparted to personnel of lead agencies like Home Guards, NCC, NSS and NYKS as envisaged under programme. Further, the reply is silent about the training to be imparted for vulnerable section of the society like patients, students *etc.* In the absence of documentary proof, as admitted, the veracity of the claim of the Government cannot be vouched.

2.4.11 National School Safety Programme

The "National School Safety Programme (NSSP) - A Demonstrative Project" approved by the Government of India in June 2011 with a total cost of ₹ 48.47 crore as a 100 *per cent* Centrally Sponsored Demonstrative Project was to be implemented by National Disaster Management Authority (NDMA) in collaboration with the Ministry of Human Resource Development (MHRD) and in partnership with the State/UT Governments. The targeted duration for completion of the project is 24 months from the date of approval of the project. The project is to be completed by June 2013.

The NSSP is a holistic project to promote the culture of Safety in Schools covering 200 schools in each of the selected 43 Districts of 22 States/UTs of the country falling in seismic Zone-IV & V.

In Mizoram two Districts (Aizawl and Serchhip) were selected under the programme covering 400 schools (Aizawl: 250 schools and Serchhip: 150 schools). The programme is being implemented by the Disaster Management and Rehabilitation Department (DM&RD) with appointment (18 April 2012) of the Joint Director, DM&RD as State level Nodal Officer. At District level, the District level committees on NSSP were constituted under the chairmanship of the Deputy Commissioners of the concerned Districts and members from the Education Department. The District level committees for Aizawl and Serchhip Districts were constituted in September 2012.

2.4.11.1 Financial Management

The position of grants released under the project by the National Disaster Management Authority (NDMA) and its actual utilisation by the State as of September 2014 is given in the following Table:

Table-2.4.16

(₹ in lakh)

Date of release	Amount released	Interest earned	Grand total	Expenditure upto September 2014	Unspent balance
06.07.2012	3.75	4.63	183.06	111.80	71.26
23.07.2012	22.79				
20.10.2012	151.89				
Total	**178.43**	**4.63**	**183.06**	**111.80**	**71.26**

Source: Departmental records

As per programme guidelines the project was to be completed by the end of June 2013 but, it may be seen from the above table that till the end of September 2014 the Department incurred only an amount of ₹ 111.80 lakh which constituted 61 *per cent* of the total available fund. Reason for short achievement was not on record.

While accepting the facts, the Government stated (December 2014) that the NSSP was not fully implemented in many States due to time constraints, *etc.* for which in a review meeting of the NDMA held on 06 January 2014 it was suggested that the implementation period of the NSSP be extended upto December 2015.

2.4.11.2 Component-wise Physical and Financial Achievement

Against the prescribed six components under the project the Department was to implement only five components (Component-II to VI). The component-wise physical and financial targets set for by the NDMA and their achievement made by the State Government as of March 2014 are shown in the **Appendix-2.4.5**.

Scrutiny of the records pertaining to the physical and financial achievement as mentioned in **Appendix-2.4.5** revealed the following:

- As per programme guidelines the Department was to release a grant of ₹ 23 lakh to the State Education Department for organising various district level events, like painting competitions for school children, essay, quiz *etc.* But, the Department did not release any grant to the Education Department till September 2014. As a result no district level events was organised by the Education Department, though the NSSP project was to be completed by the end of June 2013.

- As per programme guidelines the key activities under Non-structural Measures would be: (a) carrying out of Rapid Visual Survey (RVS) of 400 schools in two Districts for which an amount of ₹ 22 lakh was allocated and (b) based on the assessment reports of RVS, Non-structural Mitigation measures would be taken up in these schools for which an amount of ₹ 37 lakh was allocated. It was however observed that the RVS and Non-structural Mitigation measures in the two districts were not completed as of September 2014. Against the total allocation of ₹ 59 lakh under this component only an amount of ₹ 34.99 lakh was incurred as of September 2014.

- As provided in the programme guidelines one school in each of the targeted State was required to be selected for Structural Retrofitting. The structural safety of the school building identified by the District Administration would be assessed by trained engineers from the district Public Works Department (PWD) or hazard safety cell based on the assessment report the Structural Retrofitting requirements would be carried out. This retrofitted school could also be used as a relief shelter by the district Administration in a post disaster situation. It was seen in audit that till the end of September 2014 the Department failed to complete the Structural Retrofitting as a result against the allotted fund of ₹ 25.09 lakh an amount of ₹ 19.32 lakh remains un-utilised.

While accepting the facts, the Government stated (December 2014) that the fund had been released to the Deputy Commissioners/District Education Committees for conducting Capacity Building, IEC, Non-structural measures and were being implemented under monitoring by the DDMAs.

Audit Objective: To assess whether efforts had been made to make urban areas/cities disaster resilient and early warning systems and mechanisms to predict the calamities are in place?

2.4.12 Response System for Disasters

The efficacy of the Government's role in disaster management is judged largely by the quality of 'response' and its effectiveness in minimizing loss of life and property of affected people. The response to disasters also tests the level of preparedness and provides valuable lessons for future planning.

2.4.12.1 State Disaster Response Forces

National Policy on Disaster Management 2009 provided that the primary responsibility for disaster management rested with the States. Under the policy, the States were encouraged to create response capabilities from within their existing resources. To begin with, each state was to aim at equipping and training one battalion equivalent force known as State Disaster Response Forces (SDRF). National Disaster Response Forces (NDRF) battalions and their training institutes were to assist the states in this effort. The States were also encouraged to include disaster management training in their respective Police Training Colleges.

In accordance with the policy, the Central Government had provided assistance for training of trainers. The State Governments were advised to utilise five *per cent* of their State Disaster Response Fund and Capacity Building grants for procurement of search and rescue equipments and training of the Response Forces.

It was, however, noted that constitution of State Disaster Response Forces (SDRF) was under process as of July 2014 which implies that the Disaster Management works were being done in the State in an *ad hoc* manner undermining the response capabilities.

While accepting the facts, the Government stated (December 2014) that SDRF was now formally constituted under Government Notification dated 25 August 2014. It was also stated by the Government that even before SDRF was formally notified by the Home Department the SDRF were already activated in seven Armed Battalions of the State Police in pursuance of the decision (20 June 2011) of SDMA.

2.4.12.2 Medical preparedness

Medical preparedness for disasters aims to create an institutional mechanism and systems that would result in the coordinated working of emergency responders, hospital managers and local and regional officials. Hospitals are prone to seismic hazard. Thus, alternative modalities must be in place for prompt and effective disaster response. One such modality is Mobile Hospital. Further, NDMA guidelines provide for an Emergency Casualty Management Plan which would address post disaster disease surveillance, networking with hospitals, referral institutions and facilities such as availabilities of ambulances and blood banks.

Scrutiny of records revealed that:

- Emergency Casualty Management Plans were not prepared and procedures for treatment of casualties by private hospitals during disasters had not been laid down in all four sampled Districts.
- Doctors and other medical personnel were not trained in hospital preparedness for emergencies or in mass casualties in three sampled Districts during last five years.

Thus, disaster management set-up is in a precarious condition with the prevailing little or no medical-preparedness in the State in the event of a disaster of big proportions causing mass casualties.

While accepting the facts, the Government stated (December 2014) that a trauma centre was already established in Aizawl Civil Hospital and other audit observations are for future course of action for the State Government.

2.4.12.3 Major landslide at Laipuitlang, Aizawl

In the early hours of 11 May 2013 a major landslide occurred at Laipuitlang, Aizawl which caused loss of lives and many individual properties and 17 people have lost their lives and many people sustained physical injuries.

2.4.12.3.1 Cause of landslide

The Deputy Commissioner, Aizawl district conducted a Magisterial Inquiry and as per the Magisterial Inquiry Report (20 May 2013) the incident occurred due to the following reasons:

On 11 October 2012 cracks had developed on the approach road to the PHE main reservoir besides PWD Mechanical Sub-Division. The PWD officials inspected the site on

12 October 2012 and issued work order for demolition of the building on 09 April 2013 with much delay. But, unfortunately, before the actual demolition of the building the major landslide occurred on 11 May 2013.

In Magisterial Inquiry Report it was concluded that many precious lives and properties could have been saved had the PWD Department demolished the building in time.

2.4.12.3.2 Action taken by the DDMA, Aizawl

The DDMA, Aizawl deployed three battalions of SDRF with around one hundred personnel from 1st and 3rd Battalions of Mizoram Armed Police (MAP) and 5th Battalion of Indian Reserve Battalion (IRB) for evacuation, search and rescue operation continuously for four days from 6 AM of 11 May 2013. The DDMA, Aizawl, however, did not arrange any immediate relief in the form of food, drinking water, medicine, alternative shelters, clothing *etc.* for the victims and rescue operations as the same were stated to be managed by various local NGOs, student unions and local people by collecting donations from general public.

The details of financial assistance provided by the DDMA Aizawl are given in the following Table:

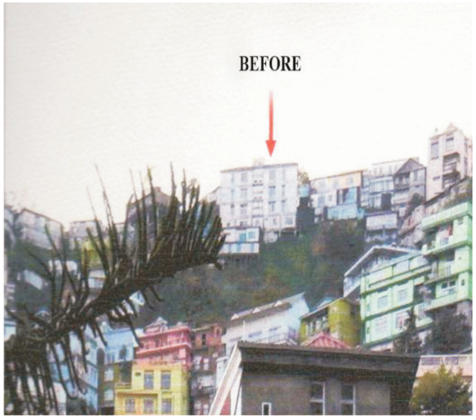
Table-2.4.17

Sl. No.	Particulars	No. of victims	Assistance released (₹ in lakh)	Remarks
1.	Deceased persons	17 nos.	25.50	Including ₹ 16.50 lakh disbursed by Lunglei & Champhai Districts
2.	Injured persons	22 nos.	3.47	--
3.	Reported property damage:			
	(i) No. of victims	31 nos.	-	Including one Church and PWD office
	(ii) Value of damage (movable/immovable) properties: ₹ 8.11 crore	-	4.25	To 25 victims only

Source: Departmental records

To assess the impact of actual receipt of compensation by the dependants of the deceased victims of landslides in Aizawl during July 2012 to May 2013, the audit conducted (January 2015) direct interactions with the dependants of 09 deceased persons in the presence of Departmental Officer and found that all the dependants had timely received the compensation @ ₹ 1.50 lakh each from the DDMA, Aizawl.

Photographs taken before and after the landslide are given below:



2.4.12.4 Status of unsafe buildings

Aizawl Municipal Council (AMC) was responsible to survey the dilapidated buildings and to take necessary action if required.

During 2009-14, AMC surveyed the unsafe buildings and issued demolishing notices to 57 buildings, out of which only one building was demolished and action taken against the remaining 56 (57 - 1) buildings was not informed to audit as of February 2015.

2.4.13 Programme Implementation

The DM&RD was responsible for taking measures to reduce the risk, impact and effects of disasters and ensure the effective execution of relief works. Scrutiny of records revealed the following:

2.4.13.1 Preparation for management of disasters

Disaster preparedness activities like operation of control rooms; arrangement for food grains, polythene sheets, boats, first-aid kits, medicines, mobile medical teams and veterinary camps; identification of places for relief camps with water supply *etc.* were to be taken up. However, scrutiny of records of all four sampled Districts revealed that such disaster preparedness activities were not ensured except availability of some Silpaulins/Poly-tarpaulins during last five years.

While accepting the facts, the Government stated (December 2014) that district EOCs were already established in all the districts and they were being equipped and manned.

2.4.13.2 Programme to minimise the effects of earthquakes

As a part of the overall disaster management framework, the construction of buildings in seismic zones was to be done according to the code of the bureau of Indian Standards. The Public Works Department (PWD) was to constitute Hazard Safety Cells to impart training to engineers, architects, masons *etc.* for proper implementation of the building codes in the construction of Government buildings. Surveys of lifeline buildings like hospitals, schools, multi-storied buildings and Government offices *etc.* were to be done for necessary retrofitting. It was, however, noticed that none of the above programmes were taken up by the PWD or else in any of the sampled Districts.

The Government stated (December 2014) that a Hazard Safety Cell was already established under the State PWD and which has completed Rapid Visual Screening (RVS) of 211 critical infrastructure including Government Offices, Church buildings, Hospitals, Schools, YMA halls, *etc.*

2.4.13.3 Community preparedness and training

In order to minimise loss of life and property, it was essential that the task of community preparedness to deal with any disaster should be taken up on priority basis. It was, however, noticed that no awareness and preparedness campaign regarding floods, earthquake, landslide *etc.* were taken up in any of the sampled District during 2009-14.

While accepting the facts, the Government stated (December 2014) that a number of awareness programmes were conducted but, its complete documentation was not readily available.

2.4.14 Monitoring

As per the Act, the responsibility for disaster management and monitoring of such activities at the State level was vested with the SDMA and at the District level with the DDMAs. Since the Department was the nodal Department for disaster management in the State, it was important for it to ensure monitoring of the implementation of Actions Plans and policies decided at the State level. The District and Block level monitoring committees under the DCs and BDOs/COs respectively were responsible for monitoring at the block/circle level.

It was found that monitoring by the Department to ensure proper co-ordination with line Departments and the concerned DCs was not in place.

In their reply (December 2014), the Government offered no comment.

2.4.15 Conclusion

As the State is facing natural calamities though not of large scale regularly, the State Disaster Management Authority (SDMA) and the District level District Disaster Management Authorities (DDMAs) need to be more active to build a safe and disaster resilient Mizoram. The institutional frameworks mandated to give overall guidance and monitoring of disaster management in the State and Districts were mostly non-functional and ineffective as evident from the fact the SDMA and the three sampled DDMAs (Aizawl, Mamit and Lawngtlai) met only in few occasions in the last five years. The SDMA also published the State Disaster Management Plan with a delay of more than six years.

There were instances of short release and delay in release of grants by the State Government during 2009-14. Besides, an unauthorised diversion ₹ 45 lakh of NCCF for inadmissible purpose was noticed. The shortfall in utilisation of central assistance and incorrect submission of utilisation reports to the Government of India were a regular feature.

While there were some positive areas in the preparedness measures taken by the Department towards disaster management, we noted that there were several omissions, serious shortcomings and lapses on the part of program managers towards procurement, distribution and utilisation of a huge quantity of silpaulins and poly-tarpaulins during 2009-14. The capacity building measures was not up to the mark.

2.4.16 Recommendations

- The SDMA and DDMAs at State and District level should meet regularly to give overall guidance and monitoring of disaster management.
- The Central and State assistances should be released timely by the State Government.
- The Department needs to take effective measures for timely disbursement of relief assistance to the affected victims.
- The Department should properly assess the requirement of silpaulins and poly-tarpaulins of various sizes and oversee its distribution to the beneficiaries. A proper accounting of distribution of relief materials need to be maintained.
- Capacity building measures should be strengthened. Annual training programmes encompassing mock-drills and training to lead agencies, vulnerable sections of the society to deal with complex situations effectively to reduce the impact on human life and property should be prepared and trainings conducted.

FOLLOW UP OF AUDIT OBSERVATIONS

2.5 Non-submission of *suo moto* Action Taken Notes (ATNs)

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* ATNs 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.

A review of follow up action on submission of *suo moto* ATNs disclosed that the various Departments of the State Government had submitted *suo moto* replies in respect of all paragraphs/reviews that had featured in the Audit Reports up to the year 2010-11 with certain delays. The Audit Report for the year 2012-13 was laid on the table of the State legislative assembly on 09 July 2014. The *suo moto* replies in respect of three paragraphs/reviews in respect of Social Sector that had appeared in the Audit Report were due by the end of October 2014. However, no replies in respect of the paragraphs/reviews that have been included in the Reports of the Comptroller and Auditor General of India were received as of February 2015, even after a delay of about four months as mentioned below:

Table-2.5.1

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 *suo moto* explanatory notes are awaited	Number of Departments
2012-13	09.07.2014	3	3	2

Source: Legislative Assembly Secretariat

Thus, due to the failure of the respective Departments to comply with the instructions of the PAC, the objective of accountability was not ensured.

2.6 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspections 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 complying with the prescribed rules and procedures and accountability for the deficiencies, lapses, *etc*., noticed during the 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.

As of March 2014, a review of the outstanding IRs issued during 2008-14 revealed that 373 paragraphs relating to 82 IRs remained outstanding as shown in the following Table:

Table-2.6.1

Name of the Sector	Opening Balance (upto 2012-13)		Addition during the year 2013-14		Disposal during the year 2013-14		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Social	46	233	51	215	15	75	82	373

2.7 Audit Committee Meetings

State Government had notified (04 September 2013) for constitution of an Audit Committee to consider and take measures for timely response and speedy settlement of outstanding paragraphs of Inspection Reports lying in different Departments.

During 2013-14, no audit committee meeting was held in respect of Social Sector Departments.

CHAPTER-III

ECONOMIC SECTOR

(other than State Public Sector Undertakings)

CHAPTER-III

ECONOMIC SECTOR
(Other than State Public Sector Undertakings)

3.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2014 deals with the findings on audit of the State Government under Economic Sector (other than State Public Sector Undertakings).

The names of the State Government Departments and the total budget allocation and expenditure of the State Government under Economic Sector (other than State Public Sector Undertakings) during the year 2013-14 are given in the Table below:

Table-3.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Planning & Programme Implementation	960.95	39.56
2.	Agriculture	279.66	168.95
3.	Horticulture	114.96	109.16
4.	Soil and Water Conservation	61.00	57.35
5.	Animal Husbandry and Veterinary	158.77	143.24
6.	Fisheries	31.70	27.47
7.	Co- operation	14.20	13.20
8.	Rural Development	133.87	121.03
9.	Industries	105.99	104.98
10.	Sericulture	20.65	18.96
11.	Tourism	6.51	6.28
12.	Trade and Commerce	5.61	5.60
13.	Public Works	582.63	392.00
14.	Minor Irrigation	148.05	10.44
15.	Information & Communication Technology	8.77	7.78
Total		**2633.32**	**1226.00**

Source: Appropriation Accounts, Government of Mizoram, 2013-14

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies under the Economic Sector (other than State Public Sector Undertakings) to different Departments of the State Government. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table-3.1.2

(₹ in crore)

Name of the Departments	Name of the Schemes/ Programmes	Implementing Agency(s)	Amount of funds transferred during the year
Rural Development (RD)	NREGS - 90:10 National Rural Employment Guaranteed Scheme	Rural Development (RD)	244.74
Rural Development (RD)	IAY - Indira Awaas Yojana	Rural Development (RD)	25.70
District Rural Development Agency	DRDA Administration	District Rural Development Agency	5.74
District Rural Development Agency	Integrated Watershed Management Programme	District Rural Development Agency	6.48
		MZWDA, Aizawl	70.04
Rural Development (RD)	Aajeevika-Swaran Jayanti Gram Swarojgar Yojana	Rural Development (RD)	2.79
Agriculture	National Food Security Mission	Mameti (Agriculture)	7.50
Agriculture	Support to State Extension Programme for Extension Reforms	Mameti (Agriculture)	3.97
Fisheries	Infrastructure Development FPI	Mizofa Fish Seed Farm	0.70
		Zoram Fish Seeds Production Centre	7.31
Animal Husbandry and Veterinary	Livestock Health and Disease Control	Mizoram Government	3.24
Animal Husbandry and Veterinary	Dairy Development Project	Mizoram Milk Producers Cooperative Union Ltd.	3.85
Fisheries	National Scheme for Welfare of Fishermen	Mizoram Government	2.63
Agriculture	National Mission on Micro Irrigation	Mizoram Government	6.75
Rural Development (RD)	NLRMP	Programme Management Unit for NLRMP	1.90
Tourism	Product/Infrastructure Development for Destinations and Circuits	Mizoram Tourism Development Authority	16.11
Animal Husbandry and Veterinary	National Project for Cattle and Buffalo Breeding	State Implementation Unit Mizoram of NPCBB	2.06
Information & Communication Technology	Technology Development Programme	Mizoram Council of Science, Technology & Environment	0.07
Information & Communication Technology	Electronic Governance	Mizoram State e-Governance Society (MSeGS)	13.17
Total			**424.75**

Source: Finance Accounts, Government of Mizoram, 2013-14

3.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection reports are processed for inclusion in the Audit Report, which is submitted to the Governor of State under Article 151 of the Constitution of India.

The audits were conducted during 2013-14 involving expenditure of ₹ 620.62 crore out of the total expenditure of ₹ 1,226 crore of the State Government under Economic (other than State Public Sector Undertakings) Sector. This chapter contains one Performance Audit on 'Development of Tourism Sector in Mizoram' and three Compliance Audit paragraphs.

The major observations made in audit during 2013-14 are discussed in the succeeding paragraphs.

PERFORMANCE AUDIT

TOURISM DEPARTMENT

3.3 Development of Tourism Sector in Mizoram

Highlights

For development and promotion of tourism in the State, the Department of Tourism started functioning independently in 1987 after bifurcating from the Department of Information and Public Relations. Its main function is development of basic accommodation infrastructure and recreation facilities within Mizoram. It has been developing these various tourist facilities through the liberal financing of the Ministry of Tourism, Government of India. A performance audit on Development of Tourism Sector in Mizoram was carried out covering the period from 2009-10 to 2013-14 and the significant findings noticed in audit are brought out below:

Due to absence of State Tourism Policy, tourism promotion measures have been undertaken without any roadmap, target or timelines, thus, badly affecting the development of tourism in the State.

(Paragraph 3.3.8.1)

The revenue of ₹ 841.19 lakh collected by 47 Tourist Lodges/Resorts during 2009-14 were remitted to Government accounts by the Department with delay period ranging from 2 to 281 days.

(Paragraph 3.3.9.2)

Against the agreed amount of ₹ 150.09 lakh, the MTDA has paid consultancy fees of ₹ 116.21 lakh after irregularly diverting the funds from the eight projects.

(Paragraph 3.3.10.2 (c))

MTDA failed to commence all the eight works as of August 2014 and unauthorisedly parked the released amount of ₹ 934.22 lakh in their accounts for more than seven months without surrendering the unutilised amount to the GoI.

(Paragraph 3.3.10.5)

42 Tourist Lodges and Highway restaurants incurred a maintenance cost of ₹ 734.05 lakh during 2009-14 against which they collected a revenue of ₹ 266.85 lakh only, thus pointing to the gross underperformance of the tourist establishments as well as uneconomical maintenance of the assets by them.

(Paragraph 3.3.10.9)

MTDA incurred an idle expenditure of ₹ 147.50 lakh towards procurement of Aero Sports equipments which were stored for a prolonged period without any use.

(Paragraph 3.3.11.3 (a))

3.3.1 Introduction

Mizoram is a mountainous State nestling in the southern tip of the north-eastern region of India, sandwiched between Myanmar and Bangladesh. The Tropic of Cancer runs through the heart of the State. Mizoram has a pleasant climate throughout the year, and is a land of great natural beauty having rich variety of flora and fauna. The scenic landscapes of bluish hills and mountains, steep rocky cliffs, serene lakes and deep valleys of gurgling rivers with its spectacular waterfalls makes the state an ideal destination for nature lovers. The fantastic array of wildlife especially the bird is an added attraction. To the more adventurous spirit, the rugged terrains and swift flowing rivers are ideal for various outdoor sports and adventure activities. Due to its natural scenic beauty and the richness of the culture of the people, Mizoram has a huge potential for development of tourism industry. For development and promotion of tourism in the State, the Department of Tourism started functioning independently in 1987 after bifurcating from the Department of Information and Public Relations. The main function is in the field of development of basic accommodation infrastructure and recreation facilities within Mizoram. It has been developing these various tourist facilities through the liberal financing of the Ministry of Tourism, Government of India.

3.3.2 Organisational Set-up

3.3.2.1 Department of Tourism

The Secretary, Department of Tourism (DoT), Government of Mizoram is the administrative head of the Department. The Director, DoT is the functional head of the Department who is assisted by one Joint Director, three Deputy Director and three Tourist Officers at Directorate level. All the tourism activities in the State are being managed by the functionaries from the Directorate level without having any District level functionary. The Department has been maintaining 47 tourist lodges and highway restaurants spread over throughout the State, in which seven Assistant Tourist Officers and 40 other staffs were posted for its day to day management.

3.3.2.2 Mizoram Tourism Development Authority

Mizoram Tourism Development Authority (MTDA), a registered society, was constituted (11 October 2007) with the objectives to develop the Tourism Sector in relation to preparation of Detailed Project Report (DPR) for various projects under Tourism Department, manpower development of the Department, setting up of Network Connectivity between the Tourism Offices, designing Technology Architecture and implementing solution for Tourism development, identifying Technology and Financial partner for the State and implementing the Project of setting up Tourism infrastructure.

3.3.3 Scope of Audit

The performance audit was conducted during May - August 2014, covering the period from 2009-10 to 2013-14, to assess the efficiency, economy and effectiveness of the Tourism Sector in developing tourism in the State. The performance audit involved scrutiny of records of the Administrative Head, and the Directorate of Tourism, besides, the executing agencies like State Public Works Department and Mizoram Tourism Development Authority responsible for executing works in creating infrastructure facilities.

3.3.4 Audit Objectives

The objectives of the performance audit were to ascertain whether:

- State tourism policies and plan are formulated in line with the National Tourism Policy and implemented effectively;
- Funds at the disposal of the State Government were utilised in an economic, efficient and effective manner;
- Implementation of infrastructure development projects funded under various schemes were effectively managed and were in conformity with the prescribed procedure;
- Tourism promotional activities undertaken in the State for the growth of tourism sector delivered the desired results; and

- Any efforts were made to have co-ordination and collaboration with other Departments and there existed an effective public-private partnership in the development of tourism in the State.

3.3.5 Audit Methodology

Before taking up the performance audit, an entry conference was held on 09 May 2014 with the Additional Secretary of the Administrative Department, the Director and officers of the Tourism Department, wherein the audit objectives, scope and criteria were discussed. The Department shared their perception and areas of concerns in the functioning of the Tourism Department. The selection of units was done through simple random sampling basis.

The findings of the Audit were discussed in an exit conference which was held on 04 December 2014 with the Additional Secretary, Tourism Department, Mizoram and the Principal Accountant General, Mizoram.

3.3.6 Audit Criteria

Audit findings were benchmarked against criteria derived from the following sources:

- Rules and regulations of the Mizoram Tourism Development Authority.
- Scheme guideline for product/infrastructure development for destinations and circuits.
- Perspective Plan of the Department.
- General Financial Rules, 2005 (being followed by the State Government).
- Central Government Account (Receipt and Payment Rules), 1983 (being followed by the State Government).
- Central Public Works Department Manual (being followed by the State Government).
- Guidelines/Instructions issued by the Government of India from time to time.
- Citizen’s Charter of the Department.

3.3.7 Acknowledgement

The Indian Audit and Accounts Department acknowledges and appreciates the co-operation rendered by the State level functionaries of the Tourism Department during this Performance Audit.

Audit Findings

Significant audit findings noticed in the course of Performance Audit of the sector are discussed in the succeeding paragraphs.

Audit Objective: To assess whether state tourism policies and plan are formulated in line with the National Tourism Policy and implemented effectively.

3.3.8 Policy making, planning, and implementation

3.3.8.1 Planning process

In order to have planned efforts for tourism development, the Tourism Department had adopted the Tourism Master Plan (TMP) for North Eastern Region (NER) prepared by Mumbai based Tata Consultancy Services on the direction of North Eastern Council (NEC), Ministry of Development of North Eastern Region (DoNER), without revisiting and considering the emerging requirements and the challenges thrown up by this Sector in the State. The Department prepared the Annual Action Plans (AAPs) for the years 2009-14 on the basis of the availability of budget provisions and as per the instructions of Programme and Planning Implementation Department (State Planning Department) without considering the TMP, which delineated the AAP from the TMP.

It was further noticed that the Department had framed a Draft Tourism Policy, 2011 with a view to "placing Mizoram on the tourism map of the world as one of the leading tourist destinations and as a pivot of economic and social development in the State". However, the State Government has accorded approval of the said policy in May 2014. Even the 20 Years Perspective Plan brought out by the Ministry of Tourism has not been adopted by the Department. Though the Department has claimed to have adopted the Tourism Master Plan prepared by the Tata Consultancy Services, audit observed that the Annual Action Plan framed by the Department did not reflect the same as it did not address the issues relating various type of tourism suggest in the TMP.

Thus, in the absence of any wholesome Policy, tourism promotion measures in the state have been undertaken without any roadmap, target or timelines which has led to retarded growth of the sector in the State as can be seen not only from the poor infrastructure but also from the low tourist inflows in the State. (Table-3.3.13)

While accepting the facts, the Government stated (January 2015) that the Department had adopted the Tourism Master Plan (TMP) for North Eastern Region (NER) prepared by Tata Consultancy Services on the direction of NEC. However, the State Government has not accorded approval of the TMP. Hence, the said TMP cannot be considered by the Department while preparing the Annual Action Plan (AAP). As such, the Department prepared its AAP for the year 2009-14 as per the instruction of the Planning Department. This has been practiced in the Government of Mizoram. In order to have a fast pace of development in sustainable Tourism in Mizoram, the Department had framed Draft Tourism Policy, 2014 and this has been accepted and published on 23 May 2014**.** All projects under the Department have been taken up after obtaining approvals from the Government.

Audit Objective: To assess whether funds at the disposal of the State Government were utilised in an economic, efficient and effective manner.

3.3.9 Financial Management

The Directorate of Tourism incurred expenditure on Non-Plan, Plan and Centrally Sponsored Schemes (CSS) sectors from the State Government accounts through budgetary processes. Besides, towards implementation of projects under Central Financial Assistance (CFA), the Ministry of Tourism, Government of India (GoI) use to release funds to the accounts of the Member Secretary, Mizoram Tourism Development Authority (MTDA) The MTDA in turn disbursed the funds to the executing agencies (State Public Works Department and MTDA itself) for implementation of the projects sanctioned by GoI. The position of year-wise budget and expenditure incurred by the Directorate of Tourism and their utilisation during 2009-14 are shown below:

3.3.9.1 Budget provision and actual expenditure incurred by Tourism Department

The Department incurred a total revenue expenditure of ₹ 29.71 crore out of available provision of ₹ 31.83 crore during 2009-14. The budget provisions and expenditure of the Department during the period 2009-14 are shown in Table below:

Table-3.3.1

(₹ in crore)

Year	Budget provision				Expenditure				Savings (-)/ Excess(+)
	Non-Plan	Plan	CSS	Total	Non-Plan	Plan	CSS	Total	
2009-10	1.60	4.20	Nil	**5.80**	1.55	4.16	Nil	5.71	(-) 0.09
2010-11	1.96	4.25	Nil	**6.21**	1.92	4.26	Nil	6.18	(-) 0.03
2011-12	2.10	3.69	Nil	**5.79**	1.94	3.62	Nil	5.56	(-) 0.23
2012-13	2.48	3.78	1.38	**7.64**	2.41	3.75	Nil	6.16	(-) 1.48
2013-14	2.54	3.85	Nil	**6.39**	2.33	3.77	Nil	6.10	(-) 0.29
Total	**10.68**	**19.77**	**1.38**	**31.83**	**10.15**	**19.56**	**Nil**	**29.71**	**(-) 2.12**

Source: Detailed Appropriation Accounts

It can be seen from the Table 3.3.1 above that there were persistent savings ranging from ₹ 0.03 crore to ₹ 1.48 crore during 2009-14. The Department did not surrender the anticipated savings in time.

In their reply, the Government stated (January 2015) that ₹ 1.38 crore balance in the year 2012-13 under CSS head which was shown as not surrendered was being transferred to PWD in August 2012 through Finance Department which could not be surrendered. Remaining balance amounting to ₹ 0.74 crore had also been surrendered to Finance Department.

3.3.9.2 Delay in remittance of revenue

Rule 6(1) of the Central Government Account (Receipts and Payments) Rules, 1983 stated that "*All moneys received by or tendered to Government officers on account of revenues or receipts or dues of the Government shall, without undue delay, be paid in full into the accredited bank for inclusion in Government Account.*

Examination of the records of the Director, Tourism Department revealed that 45 tourist lodges/ resorts *etc*. (2 out of the 47 lodges did not collect any revenue as they are non-functional) under the Department collected a total revenue of ₹ 841.19 lakh during 2009-10 to 2013-14 as lodging charges, fooding charges, service charges, hiring charges of the tourist facilities like tourist lodges, picnic spots, restaurants from the tourists. The entire revenue of ₹ 841.19 lakh so collected was duly remitted into the Government accounts during 2009-14 by the Department through treasury challans with delay for a period ranging from 2 to 281 days. This delay in deposit of revenue entails the risk of misappropriation and ought to be avoided. The details of tourist lodge/resort wise revenue collected and remitted into the Government accounts are shown in **Appendix-3.3.1**. As per the Department's reply, delay in remittance has mainly occurred due to the far-flung location of the tourist lodges and due to the need to keep some amount of money with the tourist lodges for their upkeep and maintenance. However, as the employees of the tourist lodges or the managers, as per their current practice, are required to come to Aizawl and take their salaries in cash from the Directorate of Tourism, it is questionable as to why revenue could not be submitted to the Directorate in time as salary is taken monthly from Aizawl. Moreover, the Department has not systematized the financial or budgetary management aspect of the tourist lodges.

While accepting the facts, the Government stated (January 2015) that the distance of most Tourist Lodges and Highway Restaurants are not only far from Aizawl but the approach roads are in deplorable condition during the monsoon. As a result timely submission of revenue is difficult though all units are directed to submit on time. It may be mentioned that some of the units do not earn any revenue and as such some of the months have nil income. Thus, they have to wait for their income from the other months as such it results in delay in submission. To avoid such occurrences, strict orders for timely submission have been issued and the Department will comply as such.

3.3.9.3 Retention of fund beyond the permissible period and delay in release of fund to the executing agency

As per the terms and conditions of the release orders of Central Financial Assistance (CFA) by GoI, the State Government will not keep the amount released by the Central Government un-utilised for more than six months. In case the funds cannot be utilised by such time, they will have to be surrendered to the Central Government or their formal approval should be taken to transfer/adjust the amount against other Central Financial Assisted Projects.

Audit scrutiny showed that during July 2009 to November 2010 against the three approved projects, the GoI released an amount of ₹ 463.30 lakh on instalment basis to the MTDA. It was however noticed that, the MTDA had not released the funds to the executing agency (PWD) within the prescribed time limit of six months for its utilisation. Thus the entire fund was required to be surrendered to the Central Government or formal approval was required to be obtained from the GoI for its adjustment against the approved projects under CFA. It was noticed that without surrendering the funds to the GoI or without obtaining approval from the GoI, the MTDA retained the entire funds of ₹ 463.30 lakh and released the same to the executing agency (PWD) with delays for period ranging from 142 to 809 days from the date of expiry of utilisation period of six months. The details of amount of instalments released by the GoI against the three approved projects and its actual date of release to the executing agency (PWD) by the MTDA are shown in the Table-3.3.2 below:

Table-3.3.2

(₹ in lakh)

Sl. No.	Name of project	Details of release of installment by GoI		Due date of utilisation (6 months)	Details of actual release to the executing agency (PWD)		
		Date	Amount		Date	Amount	Period of delay (days)
1.	Tourist Destination Chakhang	09.07.09	162.84	09.01.10	31.05.10	162.84	142
2.	Tourist Destination Niawhtlang	09.07.09	162.84	09.01.10	31.05.10	162.84	142
3.	Tourist Lodge Serchhip	24.11.10	137.62	24.05.10	10.08.12	137.62	809
Total			**463.30**	-	-	**463.30**	-

Source: Departmental records

Thus, due to delay in release of fund to the executing agencies, the works could not be started in time which has led to non-completion of the project till date. Hence, the purposes and benefits which have been envisaged of the projects could still not be served and availed due to the delays.

The Government's reply (January 2015) is silent about the delay in release of fund to the executing agencies.

Audit Objective: To assess whether implementation of infrastructure development projects funded under various schemes were effectively managed and were in conformity with the prescribed procedure.

3.3.10 Implementation of Programmes/Projects

The Ministry of Tourism, Government of India extends financial assistance to the State Governments/Union Territory Administrations for tourism projects identified in consultation with them for the improvement of existing tourism products and also for developing new ones.

Under the Centrally Sponsored Scheme "Product/Infrastructure Development for Destinations and Circuits" 100 *per cent* Central Assistance is given for development of destinations/ circuits including mega projects to world standard and also for rural tourism infrastructure development. The scheme provides for financial assistance upto ₹ five crore for the development of Destinations and ₹ eight crore for Circuits.

The scheme has the following two components:

(i) Major destination and integrated circuit development; and

(ii) Rural tourism infrastructure development.

Under the central scheme of 'Products/Infrastructure Development for Destinations and Circuits', financial assistance is provided by the Ministry of Tourism, GoI based on Detail Project Reports (DPRs) submitted by the State Government. The Ministry of Tourism, Government of India approved 34 projects during the period from January 2004 to March 2014, at a total project cost of ₹ 166.88 crore, excluding one project directly implemented by Indian Tourism Development Corporation (ITDC) with an approved project cost of ₹ 6.34 crore. Details of projects sanctioned and executed during 2004-14 are shown in **Appendix-3.3.2.**

The position of Central Financial Assistance (CFA) released by the Ministry of Tourism to the State and actual expenditure incurred by the executing agencies against the approved projects are given in the following Table:

Table-3.3.3

(₹ in crore)

Period	No of Project sanctioned (approved cost)	GoI release upto 2008-09	GoI release during 2009-14	Total release by GoI	Details of expenditure by Executing agencies				
					Name of agency	Funds transferred to agency	Expenditure by:		
							PWD	MTDA	Total
January 2004 to June 2008	12 (72.19)	53.17	15.95	69.12	PWD	69.12	65.67	-	65.67
2009-14	22 (94.68)	Nil	53.53	53.53	PWD/ MTDA	23.88	18.29	12.88	31.17
Total	**34 (166.88)**	**53.17**	**69.48**	**122.65**	**-**	**93.00**	**83.96**	**12.88**	**96.84**

Source: Departmental records

It can be seen from the above table that out of available ₹ 122.65 crore, the State could spend only an amount of ₹ 96.84 crore during 2009-14 leaving a balance of ₹ 25.81 crore. The year-wise details of sanction and expenditure by the executing agencies are shown in **Appendix-3.3.3.**

While accepting the facts, the Government stated (January 2015) that the funds for the projects could not be spent as some of the projects are on-going and some are not yet started.

3.3.10.1 Financial and physical progress of the projects

Out of 34 projects sanctioned, 19 projects (approved cost ₹ 97.87 crore) were executed by the State Public Works Department (PWD) during 2008-14 and incurred an expenditure of ₹ 83.96 crore as of August 2014. Against the allotted 19 projects, the PWD completed execution of nine projects and remaining 10 projects were still in progress as of August 2014. The remaining 15 projects were to be executed by MTDA. But, the MTDA had started execution of only seven projects and completed two projects as of August 2014 and incurred an expenditure of ₹ 12.88 crore as of August 2014 towards two completed and five ongoing projects. Execution work of the remaining eight projects were not yet started (August 2014) by the MTDA. The details of project wise approved cost, CFA released by GoI, and their upto date expenditures as of August 2014 are shown in **Appendix-3.3.2.**

Test check of records of the executing agencies (PWD and MTDA) showed the following irregularities.

3.3.10.2 Engagement of Consultants

According to the Government of India, Ministry of Tourism, letter dated 13 April 2010, the selection of consultants should be done as per the procedure prescribed by the State Government and where payments to the consultants are to be made by the State Governments, the total cost would be reimbursed to the State Governments on submission of the reports.

The extant order of the Government of Mizoram regarding appointment of consultants stipulates that for engineering, architectural and allied works which cannot be undertaken by PWD, private consultancy firms may be engaged only after obtaining a 'No Objection Certificate' (NOC) or clearance letter from PWD clearly stating the reasons for their inability to take up the projects. Any Department desirous of engaging consultants shall mandatorily obtain permission of Finance Department prior to engagement of Consultants; and When the cost of work or service is more than ₹ 25 lakh, an enquiry for seeking "Expression of Interest" (EoI) from consultants should be published in at least one national daily newspaper and the concerned Departments website. On the basis of response received from interested parties, consultants meeting the requirements should be shortlisted for further consideration.

Ministry of Tourism, GoI intimated (April 2010) that they provide financial assistance to the State Governments for engaging consultants for preparation of Detail Project Reports (DPRs), Feasibility Reports, Master Plans, *etc.* as also for undertaking surveys/studies in the field of Tourism, under its plan scheme 'Market Research-Professional Services'. For a consultancy assignment covering the entire state, assistance of 90 *per cent* of the consultancy cost, subject to a ceiling of ₹ 25 lakh is provided.

Examination of records of the Member Secretary, Mizoram Tourism Development Authority (MTDA) revealed that during October 2011 to June 2014 the MTDA engaged four consultancy firms for preparation of DPRs, survey of site, architectural drawing and designs, structural/detailed drawings, sanitary, water supply, electrical, electronics and landscape works, measurement of works, periodic inspection, monitoring and evaluation of construction works at a total agreed cost of ₹ 226.67 lakh in respect of construction of 11 projects sanctioned by the GoI during December 2010 to September 2013 at an approved cost of ₹ 5,835.26 lakh. Details of irregularities noticed in audit are spelt out below:

(a) Irregular engagement of consultants

Four consultants were engaged in 11 projects without obtaining formal no objection certificates or clearance from the PWD and permissions from the Finance Department as stipulated in the Government Office Memorandum (6 December 2010). Further, the consultants were shortlisted without following the procedure of tendering or invitation of Expression of Interest.

Moreover, the State PWD might not have the expertise for the tertiary nature of work like making a DPR (Detailed Project Report) for a tourism project by assessing the tourism potential of a place but as far as the works portion is concerned, PWD has all the requisite expertise. Thus, it is not understandable why consultants should be hired when the works could have been done by the PWD.

Thus, hiring of consultants to execute the projects was in violation of the prescribed procedures of the Government and against the codal provisions.

The Government in its reply stated (January 2015) that for consultancy firms, tendering or invitation of expression of interest was not done because that would result in further delay of the project work. Also, added that more cost for the invitation of bids had to be borne, which was not advised by Technical Member MTDA (from PWD). All Consultancy Fees have been contained within Project sanction amount after consultation.

The quality of work under PWD was found to be inferior. As such, Ministry of Tourism, GoI officials has inspected properties at Hmuifang, Saitual *etc.* and observed the inferior quality of work by the State PWD. The Government also after considering the above inferiorities, with a view to improve the quality of work, decided to engage private registered construction companies to implement the work through MTDA.

The facts, however, remained that the consultants were engaged in violation of the prescribed procedures of the Government. Ensuring the quality of the work done by State PWD was the responsibility of the Government and in case of shoddy work, disciplinary action and remedial measures ought to have been initiated by the Government.

(b) Excess payment of consultancy fees

In respect of three approved projects (approved project cost ₹ 1,642 lakh), the Government of India, Ministry of Tourism sanctioned ₹ 31.49 lakh towards consultancy fees. Against the approved provision of ₹ 31.49 lakh, the MTDA engaged three consultants at an agreed consultancy fees of ₹ 76.58 lakh. Against the agreed amount of ₹ 76.58 lakh, the upto date payment made as of August 2014 was ₹ 66.60 lakh, which resulted in excess payment of ₹ 35.11 lakh already. The quantum of excess payment will be increased when the entire agreed amount is paid to the firms. The excess payment was made by diverting the funds from the other activities of the projects without preparing any revised estimate and without obtaining approval from the GoI for diversion of funds. The details of project wise payment of consultancy fees are given in the table below:

Table-3.3.4

(₹ in lakh)

Sl. No.	Name of Project	Name of Consultancy Firm	Approved cost	Consultancy fees sanctioned	Date of engagement	Agreed amount	Upto date fees paid	Excess payment
1.	Construction of Serlui 'B' lake	Lushai Engineers Private Limited	384.39	7.32	11.10.2011	16.80	16.80	9.48
2.	Construction of Aizawl Tourist destination	Royal Engg. & Architectural Consultants	457.61	8.71	11.10.2011	19.78	17.80	9.09
3.	Development of Theme park and Eco-Tourism at Lungleng	Fore Consultants, New Delhi	800.00	15.46	28.02.2014	40.00	32.00	16.54
Total			**1642.00**	**31.49**	**-**	**76.58**	**66.60**	**35.11**

Source: Departmental records

The Government in its reply (January 2015) stated that the funds are not diverted from the projects but are included in the total project cost, after working estimates are made. This payment of consultancy firm does not affect the actual completion of the projects nor quality of works at any cost.

Reply is not acceptable as the payment of consultancy fees beyond the sanctioned limit is irregular.

(c) Diversion of funds and doubtful expenditure

On September 2011 and 2013, the GoI sanctioned eight projects at a total project cost of ₹ 4,193.26 lakh. While sanctioning the projects, the GoI did not provide any consultancy fees separately. It was also noticed that against the eight sanctioned projects, the MTDA could start execution works of two projects only as of August 2014. However, the MTDA had irregularly engaged private consultants for all the eight projects at an agreed amount of ₹ 150.09 lakh towards preparation of DPRs, survey, and supervisions and monitoring of the projects. The project wise approved cost, details of consultants engaged and upto date fees paid to them as of August 2014 are shown in the Table below:

Table-3.3.5

(₹ in lakh)

Sl. No.	Name of Project	Name of Consultancy Firm	Approved cost (date of approval)	Date of engagement	Consultancy fee agreed	Upto date fees paid	Present status
1.	Construction of Tourist Lodge, Khawzawl	Royal Engineering & Architectural Consultants	337.47 (Sept. 11)	27.02.2014	10.12	9.11	Started on March 14
2.	Construction of Tourist destination, Demagiri	Lushai Engineers Private Ltd.	484.63 (Sept. 11)	30.09.2013	11.63	10.47	Started on October 13
3.	Construction of Trekking Route of Aizawl-Reiek-Ailawng	Mizoram Technocrats Company (Private) Ltd.	400.80 (Sept. 13)	19.06.2014	15.23	13.21	Not started
4.	Construction of Tourist circuit Bilkhawthlir-Phaisen Kolasib Distt.	Mizoram Technocrats Company (Private) Ltd.	781.48 (Sept. 13)	19.06.2014	29.70	25.39	Not started
5.	Construction of Trekking Route to Chalfilh	Mizoram Technocrats Company (Private) Ltd.	800.00 (Sept. 13)	19.06.2014	30.04	26.36	Not started
6.	Construction of Trekking Route to Blue Mountain-Sangau	Lushai Engineers Private Ltd.	495.07 (Sept. 13)	25.06.2014	18.81	11.29	Not started
7.	Construction of Wayside Amenities at Kawlchaw West	Lushai Engineers Private Ltd.	443.41 (Sept. 13)	25.06.2014	16.85	10.11	Not started
8.	Construction of Wayside Amenities at Lungpher, Lawngtlai Distt	Lushai Engineers Private Ltd.	450.40 (Sept. 13)	25.06.2014	17.71	10.27	Not started
Total			**4193.26**		**150.09**	**116.21**	

Source: Departmental records

It can be seen from the table above that against the agreed amount of ₹ 150.09 lakh, the MTDA has already paid consultancy fees of ₹ 116.21 lakh after irregularly diverting the funds from the eight projects. Since the GoI has approved the projects based on the DPRs already submitted by the MTDA, such engagement of consultants again for preparation of DPRs and making payments of consultancy fees thereon is doubtful. Further, diversion of funds from the approved projects will hamper the actual completion of the projects as per the estimated/approved cost.

The Government in its reply (January 2015) stated that the engagement of consultancy firms is necessary for preparing working estimates for the works.

Facts however, remained that the MTDA has paid consultancy fees of ₹ 116.21 lakh by diverting the funds meant for execution of the eight projects and as a consequence funds that extent would be less available for actual execution of the projects which would bound to have impact on the quality of the work.

3.3.10.3 No record of contractor in the project taken up by MTDA

In regard to the tourism project works taken up by the state PWD, contractors are employed and works are executed as per CPWD Manual and the process is codified. However, as for the projects taken up by MTDA, there is mention of only the Consultants. As per the Terms of Agreement, the Consultant should "execute the work for Providing Engineering Services for preparation of Cost Estimates, Design, Drawings, Detailed BOQ, Supervision, Monitoring *etc.* as per requirement of Project Authority for construction of building and other allied structures, infrastructure developments for Mizoram Tourism".

Thus, the consultants are required to give only consultancy services in regards to the matters mentioned above and are not to engage themselves in the direct execution of the work. However, there is nothing on record to show that tendering has been done by the MTDA for the selection of contractors and there is no record of execution of the work by a contractor. As it appeared from the documents, the works have been executed by the Consultants themselves which is irregular as the supervising and monitoring authority cannot at the same time be the executor.

The Government in their reply (January 2015) stated that as per Government of Mizoram, Finance Department notification (30 July 2013) the empanelled firms may be entrusted for execution and monitoring of works without separate bid, if they have the requisite expertise subject to following of the codal formalities issued by the Government from time to time on turnkey or Design-Built Consultant (DBC) basis.

The reply is not acceptable as the Finance Department's notification quoted by the Government is related to execution of works on turnkey or Design-Built Consultant (DBC) basis.

3.3.10.4 Diversion of funds

Ministry of Tourism (MoT), GoI accorded (September 2013) administrative approval of a project for Construction of Tourist Destination Chalfilh Phase-II with the following component wise approved cost of ₹ 500 lakh. Against the approved project cost an instalment of ₹ 100 lakh only was released by the GoI on September 2013.

The details of the component wise sanctioned cost are as in the Table-3.3.6 below:

Table-3.3.6

Sl. No.	Particulars	Amount (₹ in lakh)
1.	Dormitory	137.22
2.	Guest House	214.79
3.	Viewing Tower	6.34
4.	Conference Hall inclusive of furniture	150.67
5.	Furniture for guest House & Dormitory	6.40
6.	Internal Road 504.66m length @ ₹ 22,000/m	111.03
Total		**626.45**

Sl. No.	Particulars	Amount (₹ in lakh)
Add:	three *per cent* contingencies	18.79
Add:	two *per cent* consultancy	0.00
	Grand Total	**645.24**
	Restricted to	**500.00**

Source: Departmental records

Pic 1: Chalfilh Tourist Destination

Scrutiny of records revealed that the execution of Phase- II construction works of the project was not started by the MTDA as of August 2014. Even before commencement of work the MTDA has irregularly transferred an amount of ₹ 56.95 lakh (out of ₹ 100 lakh released by the GoI) to the Chief Engineer (Distribution), Power and Electricity Department for external power supply to Tourist Resort at Chalfilh.

As per scheme guidelines for infrastructure development funded by the Ministry of Tourism, the State Government is fully responsible for few components of the Project which inter-alia include " External infrastructure like water supply, electricity and roads (except improvement of road connectivity leading to the tourist sites, especially from the National/State Highways and other entry points)". Thus, the Government of Mizoram is primarily responsible for providing funds for infrastructure for providing power connectivity to Chalfilh Tourist Destination. Hence, allocating money sanctioned specifically for the Phase-II project to this end is purely diversion of money, which is unacceptable.

It raises a serious doubt on the feasibility of the Phase-II project itself, since more than 50 *per cent* of the 1st instalment for the project has already been diverted. Moreover, the work on Phase-II of the Project has not yet even commenced after lapse of one year since the release of the money.

While accepting the facts, the Government stated (January 2015) that as there is no electric supply, the above mentioned amount has been transferred to Power & Electricity Department.

3.3.10.5 Non-commencement of work in regard to eight projects already approved and sanctioned for

In September 2013, the GoI approved eight projects at a total approved cost of ₹ 4671.16 lakh and released (30 September 2013) first instalment to the tune of ₹ 934.22 lakh with the following terms and conditions:

- The State Government shall have to commence the work immediately to ensure timely utilisation of funds and to avoid escalation of cost,
- The projects should be commissioned within a maximum period of 24 months from the date(s) of issue of sanctions and any cost escalation on account of delay *etc.* would not be borne by GoI.
- The State Government will not keep the amount released by GoI unutilised for more than six months. In case the funds can not be utilised by such time, the same will have to be surrendered to the GoI or their approval should be taken to transfer/adjust the amount against other Central Financed projects.

Detail of projects sanctioned and the amount of first instalment released is indicated in the following Table:

Table-3.3.7

(₹ in lakh)

Sl. No	Name of projects	Date of approval	Approved cost	Instalment released	
				Date	Amount
1.	Development of Theme Park & Eco-Tourism, Lungleng	30.09.2013	800.00	30.09.2013	160.00
2.	Trekking Route Aizawl-Reiek-Ailawng	28.09.2013	400.80	28.09.2013	80.16
3.	Tourist Circuit Bilkhawthlir- Phaisen, *etc.*	30.09.2013	781.48	30.09.2013	156.29
4.	Trekking Route to Chalfilh	30.09.2013	800.00	30.09.2013	160.00
5.	Tourist Destination Chalfilh Phase-II	30.09.2013	500.00	30.09.2013	100.00
6.	Trekking Route Blue Mountain-Sangau	30.09.2013	495.07	30.09.2013	99.01
7.	Wayside Amenities, Kawlchaw	30.09.2013	443.41	30.09.2013	88.68
8.	Wayside Amenities, Lungpher	30.09.2013	450.40	30.09.2013	90.08
Total			**4671.16**	**-**	**934.22**

Source: Departmental records

Audit of records of MTDA showed that the MTDA had not commenced all the eight works as of August 2014 and entire amount of ₹ 934.22 lakh is parked in their accounts even after a lapse of more than seven months. The MTDA also has not taken formal approval from the GoI for retention of the funds after expiry of the prescribed time limit of six months.

Further, question raise as to why these projects have been proposed in the first place when they are not being to be taken up for execution promptly. The money which has been kept idle by MTDA could have been fruitfully used in some other projects not necessarily in Mizoram.

While accepting the facts, the Government stated (January 2015) that funds could not be utilised or further actions could not be taken after the release of fund by the Ministry of Tourism due to the following reasons:

a) The announcement of Model Code of Conduct between October and December 2013 for the Mizoram Assembly election and the change of Government in Mizoram.

b) The announcement of Model Code of Conduct between 5 March 2014 and 16 May 2014 for the Lok Sabha election.

3.3.10.6 Execution of work by MTDA

One of the terms and condition of the sanction stipulated that the Government of Mizoram shall follow CPWD/PWD schedule of rates and all other codal formalities while executing the projects. There are four pre-requisite stages for execution of works as provided in Section 2.1 of CPWD manual, 2007 as (a) Administrative approval; (b) Expenditure sanction; (c) Technical sanction; and (d) Availability of funds.

The manual also provides that 'No work should normally be commenced and liability thereon incurred until administrative approval has been obtained, a properly prepared detailed estimate has been technically sanctioned and where necessary expenditure sanction has been accorded and allotment of funds made'.

Audit of records of the MTDA revealed that, the MTDA on its own commenced the execution of following five projects (approved cost ₹ 2,132.92 lakh) was accorded before the commencement of the work. **More interesting fact was MTDA had no technical staff on its strength**. The project wise approved cost, date of commencement of works, upto date expenditure incurred and present status of the projects is shown in the Table-3.3.8 below:

Table-3.3.8

(₹ in lakh)

Sl. No.	Name of Project	Approved cost	Date of approval by GoI	Date of commencement	Date of completion	Expenditure	Present status
1.	Serlui 'B' Lake	384.39	22.12.2010	May 2012	February 2104	372.44	Completed
2.	Aizawl Tourist destination	457.61	22.12.2010	April 2012	January 2014	427.81	Completed
3.	Tourist Lodge at Khawzawl	337.47	14.09.2011	March 2014	-	66.26	Ongoing
4.	Tourist destination, Demagiri	484.63	08.09.2011	October 2013	-	152.93	Ongoing
5.	Strengthening of Aero sport	468.82	14.09.2011	November 2013	-	115.03	Ongoing
Total		**2132.92**	**-**	**-**	**-**	**1134.47**	**-**

Source: Departmental records

In the absence of the technical staff, the consultants of the projects were responsible for preparation and submission of complete drawings and other documents *viz*. Detail estimate, BOQ, Specification, Tender documents, *etc.* which are pre requisite before commencement of work.

It was further noticed that the MTDA has engaged on contract basis one technical staff of the rank of Assistant Engineer from January 2014 onwards.

Thus, the execution of works by the MTDA not having sufficient and qualified technical person may entail risk of execution of sub-standard works.

The Government in its reply (January 2015) stated that Mizoram Tourism Development Authority is a society with rules and regulations. All approvals are taken or are as decided by the meeting in the presence of a competent authority.

The reply is not acceptable as no Government Society could be exempted by the Government from execution of works without fulfilling the pre-requisite mandatory stages for execution of works

3.3.10.7 Delay in setting up State Institute of Hotel Management

The Ministry of Tourism, GoI, accorded (October 2007) sanction for construction of State Institute of Hotel Management (SIHM) at Bung Bangla, at a project cost of ₹ 1,000 lakh (₹ 800 lakh for construction and ₹ 200 lakh for equipments). Against the approved project cost of ₹ 1,000 lakh, the GoI has so far released ₹ 800 lakh during 2007-12, the entire released amount was already transferred to PWD for execution of works as per prevailing rules and procedures.

Pic 2: State Institute of Hotel Management

Audit of records of the Executive Engineer, PWD Project Division –III, Aizawl showed that the Division commenced execution of the work (February 2009) departmentally without engaging any contractor through call of tender. As per the estimate, the work was to be completed within 18 months from the date of commencement of work. However, there was inordinate delay in completion of work and the construction was completed only in September 2013. As admitted by Executive Engineer, PWD (June 2014) since the work was executed departmentally, the Department had to arrange suitable supplier for each stages of work and the work progress was slower than expected. Further, it stated that if experience and component contractor was engaged in construction, the work could have been completed within the time frame.

Thus, the decision of PWD to execute the work departmentally led to inordinate delay in completion of the work. Even the much delayed completed building has been put to use as the Institute has not commenced functioning as of August 2014. As a result, the courses to be conducted at SIHM had not yet started thus resulting in denial of training to prospective students as envisaged in the project.

While accepting the facts, the Government stated (January 2015) that the Department was not aware of the procedures followed by the Public Works Department for the execution of the works/projects.

3.3.10.8 Creation of idle asset

Under three Tourist Destinations and two Tourist Circuits, the following 11 tourist lodges have been constructed with an expenditure of ₹ 1,397.44 lakh as given in the Table-3.3.9 below:

Table-3.3.9

Sl. No.	Name of Project/Tourist lodge	Date of completion	Expenditure (₹ in lakh)
	Southern Tourist Circuit		
1.	Tuipang Tourist Lodge	29.08.2013	85.00
	Southern Tourist Circuit Phase-II		
2.	Tourist Lodge Saicho	19.06.2012	128.65
3.	Sialsuk Tourist Lodge	05.05.2010	44.16
4.	Durtlang Guest House Annex	14.11.2010	77.51
	Sakawrdai Tourist Destination		
5.	Sakawrdai Tourist Lodge	24.08.2010	90.38
6.	Darlawn Tourist Lodge	08.09.2010	182.49
7.	Khanpui Tourist Lodge	23.04.2010	94.21
8.	Thingsulthliah Tourist Lodge	24.08.2009	104.21
	Kanhmun Tourist Destination		
9.	Kanhmun Tourist Lodge	23.07.2010	63.06
10.	Zawlnuam Tourist Lodge	03.09.2010	78.77
11.	**Chalfilh Tourist Destination**	27.03.2010	449.00
	Total		**1397.44**

Source: Departmental records

Pic 3: Unoccupied Lodge

It was noticed that despite completion of the projects between August 2009 and August 2013 the Department did not utilise the completed infrastructures, and kept it idle for about one to five years. This shows that needs and requirements were not taken into consideration when choosing the sites for the construction of the Tourist Lodges. For example, along the National Highway No. 54 between the capital city of Aizawl to Lunglei which is at a distance of only 180 km, four Tourist Lodges have been constructed in four villages *viz.*, in Hmuifang, Saicho, Sialsuk and Thenzawl. Tourist lodges were constructed in Saicho (2012) and Sialsuk (2010) though the two tourist lodges at Hmuifang and Thenzawl which were established earlier had very low occupancy. Thus, without considering viability and potentiality, tourist lodges have been constructed which remained idle.

While accepting the facts, the Government stated (January 2015) that due to non-availability of the State Fund for purchase of furniture and furnishings as well as man-power, as the Government had banned creation of posts. The projects could not be commissioned for which these completed projects are kept idle.

3.3.10.9 Uneconomical maintenance of assets

The Department of tourism has been operating 47 tourist lodges and highway restaurants in the State. However, out of the 47 tourist lodges and highway restaurants, only five tourist lodges (Tourist Lodge Chaltlang, Champhai, Thenzawl, Mamit and Tourist Complex Berawtlang) were running with a profit and the remaining 42 lodges/resorts were running in a loss. The five profit making Tourist Lodges incurred maintenance expenditure of ₹ 417.92 lakh during 2009-014 against which they generated revenue of ₹ 563.58 lakh. The revenue collected by the other 42 Tourist Lodges and Highway restaurants was ₹ 266.85 lakh only during 2009-14 against which they incurred a maintenance cost of ₹ 734.05 lakh.

Though the Disinvestment Committee which was formed under the Chairmanship of the Tourism Secretary recommended for the privatisation of 15 units of Tourist Lodges, no action in this regard has as yet been taken.

The Government in its reply (January 2015) stated that the Department had called tender for privatisation of 15 tourist facilities under Tourism Department in August 2014. The Disinvestment committee under the Chairmanship of Secretary, Tourism will select the lessees from the bidders.

Audit Objective: To assess whether tourism promotional activities undertaken in the State for the growth of tourism sector delivered the desired results.

3.3.11 Promotion of Tourism

Since 2008-09, there has been a slight shift in the priority from mere construction and running of tourist lodges to a more innovative and attractive tourism products like eco-tourism, rural tourism and adventure tourism *etc.* The new products are expected to generate interest among the prospective tourist. However, such new products have not achieved the desired result so far as given below:

3.3.11.1 Eco-tourism

The Ministry of tourism has the agenda to promote tourism in the country in a responsible and sustainable manner and as per this mandate, promotion of eco tourism assume larger importance. For promotion of Eco-Tourism in Mizoram, the project for Development of Theme Park and Eco-Tourism at Lungleng with an approved cost of ₹ 800 lakh was sanctioned (30 September 2013) by GoI. First installment of ₹ 160 lakh was also released by the GoI on September 2013 with stipulated date of completion of the project within 24 months from the date of sanction.

Audit of records showed that, as on August 2014, the MTDA has not started the execution of work which may entail delay in timely completion of the project within the prescribed time frame. As this remote state is prone to inflation, the delay would also affect the projects due to cost escalation. Moreover, it is another instance of tardy implementation leading to slow progress of the tourism sector in the State.

While accepting the facts, the Government stated (January 2015) that the execution of the project Development of Theme Park and Eco-Tourism at Lungleng was not started and no further actions could be taken due to (a) the announcement of Model Code of Conduct between October and December, 2013 for the Mizoram General Assembly Election and change of the Government in Mizoram and (b) the announcement of Model Code of Conduct between 05 March 2014 and 16 May 2014 for the Lok Sabha election. Necessary and further actions were taken immediately after the expiry of the Model Code of Conduct.

3.3.11.2 Rural Tourism

In the revised Guidelines of Scheme for Product/Infrastructure Development for Destinations and Circuits, one of the two main components was Rural Tourism Infrastructure Development. Under the scheme, the main thrust was to promote village tourism as the primary tourism product to spread tourism and its socio economic benefits to rural and new geographical regions.

The GoI sanctioned two rural tourism projects at Thenzawl and at Lungtian consisting of Software and Hardware components each. The software components include awareness campaign, seminars, workshops, entrepreneur development program, gender sensitization, marketing support etc. The hardware component consists of construction of art and craft centre rural tourism building and site development *etc.* The sanctioned amount and present position of the two projects are given in the table below:

Table-3.3.10

(₹ in lakh)

Sl. No.	Name of Project		Cost of project	Amount released by GoI (1st installment)	Date of sanction	Present status
1.	Rural Tourism at Thenzawl	Software	20.00	14.84	25.03.2011	Ongoing
		Hardware	50.72	40.00	25.07.2011	Ongoing
Sub-Total			**70.72**	**54.84**	-	-
2.	Rural Tourism at Lungtian	Software	17.00	13.00	20.09.2012	Ongoing
		Hardware	45.70	36.56	20.09.2012	Ongoing
Sub-Total			**62.70**	**49.56**	**-**	-

Source: Departmental records

As per the terms and conditions contained in the sanction orders, the projects were to be completed within 12 months from the date of their sanction. However, the projects have not been completed as on August 2014. As a result, the work of promoting rural economy through rural tourism cannot be started thus depriving the socio-economic benefits that would accrue to the rural people in these areas.

While accepting the facts, the Government stated (January 2015) that due to disputes over the selected sites, the constructions were delayed.

3.3.11.3 Adventure Tourism

Under adventure tourism, the Department has taken up development of aero sports and trekking route at different location as given below:

(a) Aero Sports

Audit examination revealed that against the approved Aero Sports project (project cost ₹ 298.38 lakh) the MTDA procured (October 2008 to October 2009) the following Aero sport equipments from M/s Leading Edge Adventures & Airparks Pvt. Ltd., New Delhi at a total cost of ₹ 147.50 lakh as shown in Table below:

Table-3.3.11

Sl. No.	Name of item	Quantity	Amount (₹ in lakh)
1.	Paragliders of different types	18 Nos.	76.34
2.	Hot Air Balloons with accessories	01 Sets	31.78
3.	Flat Land Flying systems	01 No.	9.25
4.	Power Hang Glider	02 Sets	19.91
5.	Tools for workshop	01 Set	6.50
6.	Paraglider accessories	03 Sets	3.72
Total			**147.50**

Source: Departmental records

It was noticed that, most of the equipments procured were not assembled or flown ever since their procurement between October 2008 and October 2009. In the mean time, the MTDA engaged (November 2013) one specialized firm (M/s Adventurer's World, Nasik) for inspection of the existing Aero Sports equipments. In its inspection report, the firm observed/suggested (April 2014) actions such as: Some of the equipments are required to be registered with the Director General of Civil Aviation (DGCA) for issue of Certification of Airworthiness prior to any flying operations; the equipments will need to undergo a major overhauling and upgradation, which can be done at the manufacturer's premises; alternatively, a technical team consisting of technicians and mechanics from the firm M/s Adventurer's World could visit the site to carry out repair/overhauling at an estimated cost of ₹ 27.80 lakh.

Thus, the MTDA incurred an idle expenditure of ₹ 147.50 lakh towards procurement of Aero Sports equipments the condition of which have deteriorated over the years due to prolonged storage and non-usage.

Notwithstanding the fact that Aero sports equipment procured was not put to use, one more project aimed at development and strengthening of Aero Sports in the State was sanctioned (September 2011) by GoI based on project proposal submitted by the State Government at a cost of ₹ 468.82 lakh. First installment of ₹ 375.05 lakh was released on September 2011 with stipulated date of completion of the project within 24 months from the date of its sanction. But, the MTDA has started the execution of works from November 2013 only with a delay of more than two years and expenditure of ₹ 115.03 lakh has been incurred so far (December 2014). The balance amount of ₹ 93.77 lakh was not released (August 2014) by the GoI due to abnormal delay in commencement of the project. As a result, benefits of the Aero Sports activities could not be availed by the prospective adventurers in Mizoram.

It was, however noticed that in December 2014 the Department organised Youth Festival with a view to promote Aero Sports along with other adventure sports wherein the existing Aero Sports equipments were utilised after inspecting the safety of these equipments.

Pic 4: Photographs taken at the Mizoram Youth Festival, 2014 displaying the Aero Sports equipments

While accepting the facts the Government in its reply (January 2015) stated that due to private encroachments at the selected Aero Sports' site at Tuirial Airfield caused a delay in commencement of work. It was also stated that Tuirial Airfield was under the Sports

Department, Government of Mizoram and thus final settlement of site with Sports Department caused another unintentional delay. The reply is indicative of lack proper coordination between various Departments of the State Government in implementing a project leading to delay in the execution of the project.

Further, the Director, Tourism Department, intimated (February 2015) that for operating paragliders the Department has so far trained nine local youths for basic, intermediate and advanced courses. He also added that the Department will also train local youths for operating Powered Hang Glider and Hot-Air Balloon very soon. In this connection it is pertinent to mention that whether Certification of Airworthiness prior to any flying operations was obtained from Director General of Civil Aviation (DGCA) in respect some of the equipments as mandated. Information in this regard was neither on records nor furnished.

(b) Trekking route

The GOI has sanctioned three projects for development of trekking routes at Aizawl-Reiek-Ailawng, Chalfih and Blue Mountain in Mizoram during 2013-14. The total cost of the three projects is ₹ 1,695.87 lakh against which ₹ 339.17 lakh was already released on September 2013. Despite a lapse of more than nine months, the MTDA has not started the implementation of the projects. Unlike tourist lodges and circuits etc, building of a trekking route does not involve any heavy machinery equipments and all materials for the building of the project are readily and locally available in Aizawl and in the other towns of Mizoram. Hence, delay and non-commencement of even this project work after the lapse of one year is reflective of the passive approach of the Department.

While accepting the facts, the Government stated (January 2015) that the execution of the projects for Development of Trekking Routes at Aizawl–Reiek–Ailawng, Chalfilh and Blue Mountain were delayed due to announcement of Model Code of Conduct for the general elections as stated above.

3.3.11.4 Wildlife Tourism

Though the Tourism Master Plan has pointed out wildlife tourism as one of the important resources, no measure has as yet been taken by the Department to develop tourism in this regard. The important parks and sanctuaries are Dampa Tiger Reserve, Murlen National Park, Blue Mountain National Park, Ngenpui Wildlife Sanctuary, Khawnglung Wildlife Sanctuary, Tawi Wildlife Sanctuary, Lengteng Wildlife Sanctuary, Thorangtlang Sanctuary. Moreover, none of these regions featured among the many sites which have been selected for the establishment of tourist accommodations inspite of the availability of funds for the construction of tourist lodges in many undeserving sites. Moreover, no facilities have been provided which would promote the visit of these wildlife parks and sanctuaries by tourists.

While accepting the facts, the Government stated (January 2015) that the State Forest officials could not give advice on the potential wildlife sanctuaries and parks where tourist facilities could be created.

3.3.11.5 Security measures for Tourists

GoI adopted Code of Conduct for Safe and Honorable Tourism in July 2010. The guidelines focused on the need to provide a safe environment to tourists. Hence, all parties connected with Tourism such as hotels, rest houses were expected to sign the Code of Conduct for safe and honorable tourism.

As per Tourism Master Plan for North Eastern Region prepared by TATA Consultancy Services, with respect to tourism safety and security in Mizoram, it was stated that Mizos form a close-nit society with no distinction or gender discrimination. The entire society is knitted together by a peculiar code of ethics **'*Tlawmngaihna*' "an untranslatable term meaning that everyone has to be hospitable, kind, unselfish and helpful to other'**. The State Government had failed to capitalize on this code of ethics by widely publicizing the tourist safety and security aspect in Mizoram.

Nevertheless, the Directorate of Tourism had proposed setting up of Tourist Security Organisation way back in 2010 with an estimated annual expenditure of ₹ 50 lakh for which Central Assistance would be limited to 50 *per cent* for the first three years which was to be scaled down to 25 *per cent* for the next three years and subsequently, the entire expenditure is to be borne by the State Government. The State Government has not approved the proposal till date (August 2014). However, the Department on its part imparts training from time to time to the State Police and Traffic Police under Capacity Building measures in tourism sector.

The State Government in their reply (January 2015) did not offer any comment.

3.3.11.6 Festivals and Tourism Fairs

The Department has been participating at the international fora (*i.e.* International Tourism market or ITM) like World Travel Market at London, Arabian Travel Market at Dubai and India Cambodia-Thailand Conclaves at Cambodia. The Department besides participating in ITM at the National level also annually organises State's festivals like Anthurium Festival, Chapchar Kut, Thalfavang Kut, Lyuva Khutla. The expenditure incurred on promotional measures during 2009-14 was as given below:

Table-3.3.12

(₹ in lakh)

Year	Print Media	Electronic Media	Road Shows	ITM (Outside India)	Other Mode (ITM Within India)	Festival Tourism
2009-10	07.93	-	-	9.32	10.60	15.00
2010-11	27.96	-	-	-	19.84	50.00
2011-12	12.00	-	-	-	7.00	50.00
2012-13	10.31	-	-	-	20.00	49.15
2013-14	07.00	-	-	2.58	12.40	40.00
Total	**65.20**	**-**	**-**	**11.90**	**69.84**	**204.15**

Source: Departmental records

Audit observed that there is little or no concern for attraction of outside tourists in the festivals organised by the Department in the State. It being a Tourism Department, the focus of the Department should not be on organising festivals *per se*, but the festivals should rather be used as a channel for attraction of tourists. However, no publicity in any form has been done whether in print or visual media for attraction of tourists at the time of organising festivals like Chapchar Kut, Thalfavang Kut *etc.* Hence, the entire expenditure spent on organising festivals has not been in the best interests of promoting tourism.

The Government in its reply (January 2015) stated that the Department of Tourism, Government of Mizoram has been making efforts to promote and market the tourism products of the State to different parts of India and in the international market at large. In this endeavor, thrust has been given to attract tourists from Eastern states of the country as well as Gujarat, Maharashtra and Karnataka. The Department also usually participates in Tourism Fairs and Marts held in the above cited target States in order to attract more tourists from these regions. The Department also maintains a website (www.tourism.mizoram.gov.in) wherein information pertaining to Mizoram Tourism, events, festivals, *etc.* is displayed for visitors. In addition, in the recent years, social networking sites like facebook *etc.* are used for publicity and marketing in addition to print media without incurring additional expenditure on it. An effective promotional policy and marketing strategy needs to be floated, but, due to financial constraints the Department could not organise road shows and other marketing activities.

3.3.11.7 Use of Information Technology

Information Technology is the integral part for promoting the Tourism Sector. In order to facilitate the promotion of Tourism through Information Technology, the GoI accorded sanction of ₹ 46.05 lakh and ₹ 41 lakh during 2007 and 2011 respectively. Against the approved project cost of ₹ 87.05 lakh, as of August 2014 the GoI was already released ₹ 82.95 lakh.

It was observed that the Department has already utilised the Central Financial Assistance of ₹ 45.92 lakh during 2007-08 against the first approved project and distributed IT materials to its various tourist lodges/resorts. Further, against the second approved project at ₹ 41 lakh, the GoI has already released an amount of ₹ 36.90 lakh in March 2011 but the same has not been utilised (August 2014) by the Department.

Thus, inordinate delay in implementation of IT project even after lapse of more than 3 years indicates lack of Department's action.

While accepting the facts, the Government stated (January 2015) that delay in implementation of the projects was due to delay in finalisation of approved rates.

3.3.11.8 Efforts to publishing the tourist attraction and maintenance of official web site of the Department

The Department has official web site www.tourism.mizoram.gov.in. Though the web sites contain information on certain tourism related information, it needs to be made more attractive with better pictures and proper linkages to various tourism related issues. The web site should be updated regularly with latest calendar of upcoming events *etc.* The procedure of observing Inner Line Permit and demystifying the process of the same for tourist arrivals has to be brought upfront to catch the attraction of the tourist visiting the website. The information provided for accommodations are departmental run tourist lodges. More information about the hotels and other tourism related establishments need to be provided for the benefit of the visiting tourists.

Audit Objective: To assess whether any efforts were made to have co-ordination and collaboration with other Departments and there existed an effective Public-Private Partnership in the development of tourism in the State.

3.3.12.1 Convergence with other schemes

The Department is required to make concerted efforts to identify the programmes/schemes being implemented by various Departments in the State, which could be dovetailed with tourism development projects so as to ensure that tourists visiting the State derive the benefits of products of multiple schemes.

The Department of late has come up with the idea of converging tourism sector with other schemes. Most notable is the Serlui 'B' Lake Destination where in the Department has constructed tourist lodge with Central Financial Assistance of ₹ 384.39 lakh. Serlui 'B' is an artificial lake which was created for generation of Hydroelectricity by the Power & Electricity Department. The lake has also successfully been utilised by Fishery Department for Pisciculture.

However, except for this, no attempt at convergence of the scheme and activities of the different Departments with that of the Tourism Department has been done so far. For example, the Art & Culture Department and ZOHANDCO which is the handicraft corporation of the state could have functioned in symbiotic relationship with the Tourism Department. ZOHANDCO could even have set up small outlets in the prominent tourist lodges/destinations. While the tourists could be the customers, the handicraft items and the displays of the Art & Culture Department could themselves have been the tourist attractions which could have been for the mutual benefit of the Departments. However, no step in this regards has been taken so far.

The Helicopter service which is being provided by the Aviation Wing of the General Administration Department through the Pawan Hans can be one of the tourist attractions that the Tourism Department can project to the outside world. However, convergence in this regard too has not been contemplated.

Thus, these are instances of missed opportunity to attract tourists considering the small number of tourist attractions which the state has been able to come up with till now.

The State Government in their reply stated (January 2015) that the Department has been locating its projects and schemes keeping in view the total tourist attractions of the place. Thenzawl is one such example wherein the handloom and handicrafts industry of the town has been identified as a tourist attraction. The Tourism Department, since its inception, has been working closely for publicity and advertisement with Art & Culture Department in organising Chapchar Kut – the biggest festival of the State. The Department has also been collaborating with Khadi and Village Industries Commission and with Khadi and Village Industries Board, Horticulture Department and other agencies of the State and Central Government in organising Anthurium Festival and Thalfavang Kut. Stalls to exhibit and sale handloom & handicrafts and other products of the State have been set up by the Department during these festivals. It was also stated that the Department is committed to take necessary steps to enhance and optimize the total tourist attractions of the State through the process of convergence.

3.3.12.2 Public Private Partnership

In order to develop Tourism as an industry, it is of an utmost importance to help the educated unemployed youth who are looking for business opportunity in tourism sector. It is also necessary to encourage people who are economically weak but highly enterprising to play an active role in the development of the sector through Public Private Partnership (PPP) mode. It is also necessary to impart training to them in order to help them in skill development, and also for establishing tour companies, travel agencies and medium and small hotels, lodges, restaurants.

In Mizoram, acknowledging the interest shown by private sector in the tourism industry, the Department of Tourism is intending to privatize (lease out) the management of tourist facilities created with funds obtained from Ministry of Tourism, GoI in a phase manner. Disinvestment Committee under the Chairmanship of Secretary, Tourism Department has been set up in September 2013 to draw a comprehensive disinvestment programme. The Department has shortlisted 16 units for privatization. Selections of Private Partners have not been done by the Department.

Despite the vast potential for development of tourism through PPP by encouraging the young educated and enterprising youths of Mizoram, the Government has not come up with any concrete policy for such joint ventures. Due to lack of encouraging incentive schemes, the potential of state's natural and human resources have not been exploited to meet the emerging demands of employment generation and economic advancement through tourism industry.

As pointed out in the Tourism Master Plan, lack of tour operator and tourist guide is another factor hindering the progress of tourism in the state. Due to the less number of tourists visiting the state, reliable private tour agencies have not come up well due to the non-profitability of the sector which in turn hinder the flow of tourists in the state thus creating a vicious cycle. Public Private Partnership could have been an effective mechanism to cater to this need in the form of incentivisation of the private players by the Government. However, no step in this regard has been taken so far.

The State Government in their reply (January 2015) stated that the Department had called tender for privatization of 15 tourist facilities under Tourism Department in August 2014.

Impact Assessment

3.3.13 Trend of tourist arrivals

The trend of Foreign Tourists (FT) and Domestic Tourists (DT) in the State and its growth percentage compared to tourist trend in North Eastern Region (NER) during 2009-13 as per Indian Tourism Statistics published (2010 and 2011) by the Ministry of Tourism, Government of India is shown in Table below:

Table-3.3.13

Year	FT (NER)	FT (Mizoram)	FT Growth, compared to NER(in *per cent*)	DT (NER)	DT (Mizoram)	DT Growth, compared to NER (in *per cent*)
2009	47658	513	1.05	5772068	56651	0.98
2010	50950	731	1.38	6166269	57292	0.93
2011	58920	658	1.19	6374254	62174	0.98
2012	66302	744	1.06	6663933	64249	0.96
2013	84820	800	0.94	6677280	63377	0.95
Total	**308650**	**3446**	**1.10**	**3165384**	**303743**	**0.96**

Source: Indian Tourism Statistics 2010 and 2012 published by Ministry of Tourism, Government of India

As indicated the table above, the overall atmosphere of visiting Foreign and Domestic Tourists in the State was in a static stage during 2009-13.

The State Government in their reply (January 2015) does not offer any comment.

3.3.14 Conclusion

Taking into account the minimal State Own Resources (SOR) and the huge dependence on Central Grants and Loans in the State Budget, the importance of Tourism as a source of generating revenue for the state cannot be overstated. Despite the huge potential of the state with regard to tourism development, the state has not been faring well in this sector as can be seen from the trend of tourist arrivals. The biggest factor can be attributed to the lack or rather absence of publicity and advertisement in both print and visual media at the national level. There has not as yet been any marketing of Mizoram as a Tourist Destination done by the Tourism Department or the MTDA.

In the absence of a Tourism Policy of its own, the focus till now has been mostly on building tourist lodges/circuits/highway restaurants/wayside amenities. Most of the tourist building projects have also been undertaken without any viability and potentiality studies. Two tourist lodges have eventually closed down and many of the tourist lodges presently have negligible occupancy.

The Tourism Master Plan prepared by the Tata Consultancy Services which the Department has adopted in the absence of a Tourism Policy too has not been followed adequately. While the Plan has envisaged the development of wildlife tourism, no step in this regard has been taken.

Another important factor for the underdevelopment of tourism in the state is the failure to consummate and operationalise the tourism projects. Whether it is Aero sports, Trekking Route or Eco-tourism or Rural Tourism, none of them have as yet taken off even after of lapse of a significant number of years since the sanction and release of funds by the Government of India. In fact, the Aero sports project was further granted additional funds for its strengthening and activation but it is yet to fully take off its potential. Thus, in the absence of worthwhile tourist attractions, there is bound to be less tourist inflows.

The Department and MTDA have faltered in the financial management aspect too. There have been delays in releasing of money to the executing agencies which had in turn led to delay in completion of the project works. Money sanctioned by the Ministry for eight projects has been lying idle in the MTDA's account for the past one year.

Public Private Partnership which is essential for the development of tourism remains to be a neglected component. Except for the plan to lease out some of the tourist lodges, little or no steps in this regard, have been taken by the Department.

Audit has observed that the Consultants have themselves executed the work which is unethical as the agency engaged to be the supervisor cannot be the executor at the same time.

Thus, owing to all the lapses, shortcomings, irregularities and inactions mentioned above, the tourism sector has not been able to take off in spite of the huge potential the state has been bestowed with. In order to make tourism the major economic activity and to make it the major source of revenue generation for the state, the Department and MTDA have to embark on new strategies and approaches as discussed below.

3.3.15 Recommendations

The following course of actions has been recommended:

- Feasibility studies are to be conducted with the help of experts before starting new projects involving creation of infrastructure and capital assets.
- Carry out the plan of leasing out some of the tourist lodges/ assets to the private sector, with feasible and amenable terms & conditions which would attract competent private players.
- Carry out an aggressive marketing of brand Mizoram as a Tourism Destination both in print and visual media at the national level and at the same time conceptualise and publicise the practice of Inner Line Permit (ILP) on Arrival at airports to dispel the wrong notion of isolationism of the State. Wide publicity at the national level may be given for atleast the bigger festival of the Mizos *e.g.* Chapchar Kut, Thalfavang Kut *etc.*
- The Tourism Website contents should be made more elaborate by showing better pictures of the tourist attractions. Links of good hotels may be given.
- Embark on more Public Private Partnership in the form of incentivizing private tour operators, tour guides and travel agencies.
- "Mountain Biking" or "Mountain Cycling" activities as successfully done in Manali and Leh-Ladakh respectively, can be started on a PPP mode, which does not involve big investment.
- As regards to convergence, for the start, tie-up may be done with ZOHANDCO by making the Mizo handicraft items available for sale in the major tourist destinations.

COMPLIANCE AUDIT PARAGRAPHS

PUBLIC WORKS DEPARTMENT

3.4 Loss due to undue financial aid to Contactors

Grant of interest free mobilisation advance of ₹ 5.15 crore to four contractors resulted in loss of ₹ 68.91 lakh towards interest.

As per Para 31.5 of CPWD Works Manual, in respect of certain specialized and capital intensive works with estimate cost put to tender for rupees two crore and above, mobilisation advance limited to 10 *per cent* of tendered amount at 10 *per cent* simple interest can be sanctioned to the contractors on specific request as per term of the contract.

Audit of records of the two Public Works Department (PWD) Divisions (Mamit and Kolasib) revealed the following:

(A) The Public Works Department (PWD) entered into contractual agreement with three contractors for execution of Rehabilitation and Resurfacing of W. Phaileng to Marpara Road (Length 0.00-80.00 kms) for which administrative approval of ₹ 46.19 crore was accorded.

Examination (January 2013) of records of the Executive Engineer, P.W.D Mamit Division, Mamit revealed that in violation of the above codal provisions, the EE unauthorisedly sanctioned and released (between October 2011 and February 2012) interest free mobilisation advance of ₹ 4.19 crore[1] to all the three contractors for the above mentioned project. Out of ₹ 4.19 crore, the Division had already recovered an amount of ₹ 19 lakh during August 2012 to December 2012 from the three contractors, through running accounts bills.

The interest due to be levied as on January 2013 from the date(s) of release of advance against mobilisation advance of ₹ 4.19 crore in respect of three contractors at prescribed rate of 10 *per cent* per annum was ₹ 47.45 lakh, as per details shown in **Appendix-3.4.1 (A)**, which remain unadjusted.

While accepting the audit observation, the Department in its reply (November 2013) stated that the interest free mobilisation advance was granted to the contractors as the Department had no knowledge of imposition of 10 *per cent* interest on mobilisation advance granted to the contractors.

The reply is not acceptable as audit observation on levying interest on mobilisation advance as prescribed in Para 31.5 of CPWD Manual has been pointed out several times to the Department in the past.

[1] (i) ₹ 1.42 crore for W.Phaileng - Marpara road (0.00-27.00 kms)
(ii) ₹ 1.42 crore for W.Phaileng - Marpara road (27.00 – 54.00 kms)
(iii) ₹ 1.35 crore for W.Phaileng - Marpara road (54.00 - 80.00 kms)

(B) The Public Works Department (PWD) entered into contractual agreement with a contractor[2] for execution of improvement of Bilkhawthlir - Saiphai - Natasura Road (Length 20.504 kms) for which administrative approval of ₹ 10.05 crore was accorded.

Examination (October 2013) of records of the Executive Engineer, PWD, Kolasib Division, Kolasib revealed that the EE sanctioned and released (June 2009) mobilisation advance of ₹ 95.71 lakh to the contractor for the above mentioned project, the interest of which was leviable at the rate of 10 *per cent* simple interest as per the CPWD works manual para pointed out above.

Subsequently, the Division recovered the entire mobilisation amount of ₹ 95.71 lakh during March 2010 to July 2012 from the contractor through running accounts bills. However, the interest on the Mobilisation Advance which amounted to ₹ 21.46 lakh has not been recovered from the contractor (Details of interest calculation provided in **Appendix-3.4.1 (B).**

Thus, grant of interest free mobilisation advance of ₹ 5.15 crore, in violation of codal provisions led to undue financial advantage to the four contractors resulting in corresponding loss of ₹ 68.91 lakh receivable by the Government towards interest.

The matter was reported to the Government in September 2014, and their reply is awaited (March 2015).

3.5 Infructuous expenditure in patch repairing works

Unauthorised commencement of pot hole treatment work prior to formal estimation and approval of work by the competent authority and non-adherence to the technical prescription by the Indian Road Congress on such nature of works resulted in infructuous expenditure of ₹ 40 lakh.

Indian Road Congress (IRC): 82-1982 on maintenance of bituminous surfaces envisage that pot holes should be treated by filling them with premix open-graded or dense-graded patching, or penetration patching.

Audit of records (September 2012) of Executive Engineer, PWD Lunglei Division revealed that the work "Maintenance of Lunglei-Tlabung Road under 13th Finance Commission (SH: Patch Repair between 9.00 – 39.00 kmp) was projected during 2011-12 with the financial outlay of ₹ 40 lakh. The work *inter alia* includes filling Pot-holes and Patch Repairs with open-graded Premix surfacing. The work was executed departmentally during June 2011 without any Administrative, Expenditure and Technical Sanction from any competent authority, the work was executed simply by filling the potholes (9.00 – 39.00 kmp) with stones instead of open-graded premix surfacing at an expenditure of ₹ 40 lakh (which includes expenditure on clearance of side drains and maintenance of earth shoulders).

[2] Tantia Construction Company Ltd., Kolkata

Field visit (September 2012) of Lunglei-Tlabung Road (9.00 – 39.00 kmp) revealed that the pot holes filled merely with stone boulders had given in and were waterlogged as the loose stone boulders could not be retained in the pot holes in the absence of binder of premix open-graded patching which resulted in wasteful expenditure of ₹ 40 lakh.

Stone filling and Water logging in Pot Holes in Lunglei – Tlabung Road (9.00 - 39.00 kmp)

Thus, due to non-adherence to the guidelines of IRC in regard to treatment of pot holes as outlines above, the repaired road did not last even for one Monsoon (work completed in November 2011 and Field visit and finding in September 2012), pointing to the infructuous expenditure of ₹ 40 lakh made on the work.

In reply, the Engineer-in-Chief, PWD stated (January 2015) that sanctioned amount of ₹ 40 lakh was not sufficient for maintaining of 30 kms as per prescription of IRC and only 10 kms could be maintained with this sanctioned amount. As such due to public pressure and importance of the road, it was decided that the whole stretch proposed for maintenance should be maintained without premix open graded.

The reply is not acceptable, since IRC guideline specifically envisages that pot holes should be treated only by filling pot-holes with premix open-graded or dense-graded patching, or penetration patching. By the way of resorting to stretching the available resources, the Department has carried out sub-standard work, which could not even last for one monsoon season rendering the expenditure incurred on repair unfruitful.

The matter is reported to the Government in September 2014 and their reply is awaited (March 2015).

AGRICULTURE DEPARTMENT

3.6 Irregularities in implementation of Oil Palm Mills Project

Inordinate delay in completion of Oil Palm Mills Project leading to blockade of Central Grants to the tune of ₹ 500 lakh.

Guidelines for Special Programme on Oil Palm Area Expansion (OPAE) 2011 of Department of Agriculture and Cooperation, Ministry of Agriculture, GoI envisages to provide support in form of subsidy for setting up Oil Palm processing units through State Agriculture Department to sustain the confidence of oil palm cultivators. In this regard, subsidy to entrepreneurs was to be provided @ 50 *per cent* of the cost of plant and equipment limited to ₹ 250 lakh per unit of 5 MT/hr Fresh Fruit Branches capacity through the State Department of Agriculture. This was to encourage the farmers of potential States to take up Oil Palm cultivation.

Acknowledging the potential of Oil Palm cultivation in the State of Mizoram, the GoI in the guideline stated that lack of Oil Palm Mills in the State, where 9,759 hectares have already been brought under Oil Palm cultivation, is dissuading farmers from bringing additional area under cultivation and some plantations which had started bearing Fresh Fruit Bunches (FFBs) have since been destroyed by farmers in the absence of marketing facilities.

In the light of above, the GoI earmarked ₹ 1,000 lakh to provide subsidy at the rate of 50 *per cent* of the cost limited to ₹ 250 lakh per unit for setting up of four Oil Palm processing units in the State of Mizoram under Special Programme on OPAE under Rashtriya Krishi Vikash Yojana (RKVY) during 2011-12.

Audit (May 2014) of records revealed that Administrative approval and Expenditure sanction for establishment of Oil Palm Factory under RKVY amounting to ₹ 750 lakh was conveyed by Government of Mizoram on 28 March 2012 for payment of subsidy for establishment of Oil Palm Factory by three companies *viz.* M/s Ruchi Soya Industries Ltd., M/s 3F Oil Palm Agrotech Pvt. Ltd. and M/s Godrej Oil Palm Ltd. at ₹ 250 lakh each.

Accordingly, the Department of Agriculture, Government of Mizoram, formulated an Operational Guidelines on establishment of Oil Palm processing Mill under RKVY scheme 2011-12. The scheme provides 50 *per cent* of the cost of plant & machinery and technical civil works subject to a maximum ₹ 250 lakh for commissioning of oil extraction mill. The Operational Guidelines stipulated that:

1. Oil extraction and processing mills which have been established and commissioned during the year 2011 or/and 2012 only will be eligible for assistance,
2. The capacity of the Oil Palm processing mill must be minimum of 5 MT/hr,
3. The applicant should submit a Project Appraisal/Project Feasibility report, indicating technical viability and feasibility and availability of raw materials and future scope of the processing mill,
4. The applicant should submit loan sanction letter, loan released statement, investment certificate for the total project investments from the financial institutions/ Bank along with the application and Chartered Accountant report and financial viability certificate,
5. The applicant should enclose papers related to ownership of the land, sale deeds, R.T.C Khata certificate, tax paid receipt, encumbrance certificate of the site or lease documents where the mill has been established,
6. The applicant should enclose the list of machineries, their cost with the details for payment made,

7. The assistance would be released in three equal instalments based on the stage of work: (i) First instalment to be released after fabrication and procurement of all the machineries; (ii) Second instalment after the erection of all the proposed machineries and other fixtures; and (iii) Third instalment after the successful commissioning of the Palm Oil Mill.

Following lapses/shortcomings were noticed in audit:

(i) To avoid the lapse of allocated grants by the GoI, the Department irregularly drew ₹ 750 lakh from the Government accounts and retained it in Civil Deposit for about 11 months. An amount of ₹ 250 lakh was disbursed to M/S Godrej Oil Palm Ltd. between May 2013 and May 2014. Balance ₹ 500 lakh was retained in the Bank Account unauthorisedly till August 2014.

(ii) In violation of the guideline, the capacity of the Oil Palm mills proposed to be set up in the State were less than 5 MT/hr though mention was made in the project report of each company that the capacities of their mills were expandable to 5 MT/hr. Thus, the selected three companies were not eligible for subsidy under the OPAE guidelines.

(iii) As per the guideline, Oil extraction and processing mills which have been established and commissioned during the year 2011 or/and 2012 only were eligible for assistance. However, as on date of audit (31 May 2014), none of the companies have started commissioning of Oil Palm mills in their respective sites. Only M/s Godrej Agrovet Ltd has made some headway (January 2014) in establishment of Oil Palm mill in Kolasib.

(iv) In gross violation of the guideline, before formal commissioning of the Oil Palm mill, the Department of Agriculture made (May 2014) full payment of subsidy amounting to ₹ 2.50 crore to M/s Godrej Agrovet Ltd. in three instalments. In reply to this, the Department stated that construction of the mill has been completed. However, it needs to be pointed out here that the mill is not yet commissioned.

Further, the loopholes noticed in the implementation of the project are mentioned below:

1. As required by the guidelines, none of the companies had raised loans from any financial institution and moreover, in the absence of Chartered Accountant Report and financial viability certificate, the financial capability of the companies other than Godrej to take up the project cannot be ascertained.

2. Except for M/s Godrej Oil Palm Ltd., the other two companies did not submit any papers related to ownership of land, sale deeds *etc.* for their proposed Oil Palm mill site.

3. Even after lapse of more than two years, M/s Ruchi Soya Industries Ltd, has not made any progress even in their civil works at the site and the foundation stone was laid only in February 2013 and M/s 3F Oil Palm Agrotech Pvt. Ltd. has not even started its civil work even after lapse of more than two years.

4. Even the Memorandum of Understanding (MOU) signed by the Department with the companies were devoid of timelines or milestones for stage wise completion of the project

and also penalty clause or conditions applicable in case of breach of the MOU, due to which the success of this Oil Palm mill project in the State has been left at the mercy of the companies.

Thus, due to lapses/shortcomings/loopholes mentioned above, the Oil Palm Mill Project faces an uncertain future which needs to be properly looked into by higher authority.

While accepting the fact the State Government in its reply stated (February 2015) the following:

(i) The bank account (Current Account) was opened by the Director of Agriculture on the instruction of the Finance Department, Government of Mizoram;

(ii) M/S Godrej Oil Palm Ltd. Has completed setting up of oil Palm Mill and started processing of Fresh Fruit Branches (FFBs) at Bukvannei, Kolasib even though the same was not commissioner officially;

(iii) The Godrej company completed construction of Oil Palm Mill in March 2014. A trial run was conducted on 14 April 2014 successfully in the presence of the official[3] of the Agricultural Department and the performance of the company was found satisfactory, the final instalment of subsidy was released to the company in May 2014; and

(iv) None of the company was proposed to set up a factory with a capacity of less than 5 Mt/hr, but, a minimum capacity 5 Mt/hr which is expandable to 10 Mt/hr.

The reply of the State Government is not borne out of the facts contained in the records produced to audit and an afterthought to cover up its lapses due to following reasons.

(i) The State Government cannot disown its finance department which irregularly instructed the implementing department of deposit the funds released by GoI in Civil Deposit to avoid lapse.

(ii) The final instalment of subsidy has been paid to Godrej before formal commissioning as admitted in its own reply.

(iii) Further, the reply was silent about eligibility of assistance, which was admissible to only processing units that has been established in 2011 and 2012, whereas even the processing unit constructed by M/s Godrej had undergone trial run only in 2014.

Hence, lack of sincere effort on the part of the Department of Agriculture in handling the Oil Palm companies and in implementing the scheme as per guidelines led to inordinate delay and uncertainty in the completion of the Oil Palm mill project in the State even though the fund amounting to ₹ 7.50 crore for subsidy was available with the Department way back since March 2012. It also led to blockade of GoI fund due to putting in Civil Deposit and non-utilisation later. Moreover, due to non-completion of the project, many FFBs of Oil Palm

[3] Director of Agriculture (CH), District Agricultural Officer, Kolasib and Deputy Director (OP)

had to remain idle and eventually perish as they could not be processed thus dissuading the farmers to take up fresh plantations.

FOLLOW UP OF AUDIT OBSERVATIONS

3.7 Non-submission of *suo moto* Action Taken Notes (ATNs)

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* ATNs 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.

A review of follow up action on submission of *suo moto* ATNs disclosed that the various Departments of the State Government had submitted *suo moto* replies in respect of all paragraphs/reviews that had featured in the Audit Reports up to the year 2010-11 with certain delays. The Audit Report for the year 2012-13 was laid on the table of the State legislative assembly on 09 July 2014. The *suo moto* replies in respect of 02 paragraphs/reviews in respect of Economic Sector (Other than State Public Sector Undertakings) that had appeared in the Audit Report were due by the end of October 2014. However, no replies in respect of the paragraphs/reviews that have been included in the Reports of the Comptroller and Auditor General of India were received as of February 2015, even after a delay of about four months as mentioned below:

Table-3.7.1

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 *suo moto* explanatory notes are awaited	Number of Departments
2012-13	09.07.2014	2	2	2

Source: Legislative Assembly Secretariat

Thus, due to the failure of the respective Departments to comply with the instructions of the PAC, the objective of accountability was not ensured.

3.8 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspections 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 complying with the prescribed rules and procedures and accountability for the deficiencies, lapses, *etc*., noticed during the 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.

As of March 2014, a review of the outstanding IRs issued during 2008-14 revealed that 357 paragraphs relating to 72 IRs remained outstanding as shown in the following Table:

Table-3.8.1

Name of the Sector	Opening Balance (upto 2011-12)		Addition during the year 2012-13		Disposal during the year 2012-13		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Economic (other than SPSUs)	55	293	35	200	18	136	72	357

3.9 Audit Committee Meetings

State Government had notified (04 September 2013) for constitution of an Audit Committee to consider and take measures for timely response and speedy settlement of outstanding paragraphs of Inspection Reports lying in different Departments.

During 2013-14, seven audit committee meetings were held and 44 nos. of paragraphs were settled/dropped out of the 84 paragraphs are shown as under:

Consolidated details of ACM						
No. of ACM	Name of Department	Opening Balance	Addition During 2013-14	Total	Dropped in ACM	Closing Balance
		(Paragraph nos.)				
07	Agriculture Department	64	20	84	44	33*

(07 paras dropped through General Correspondence)*

CHAPTER-IV

REVENUE SECTOR

CHAPTER-IV

REVENUE SECTOR

4.1 Trend of revenue receipts

4.1.1 The tax and non-tax revenue raised by the Government of Mizoram during the year 2013-14, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in **Table-4.1.1.**

Table-4.1.1

(₹ in crore)

Sl. No.	Particular	2009-10	2010-11	2011-12	2012-13	2013-14
1.	**Revenue raised by the State Government**					
	Tax revenue	107.58	130.44	179.07	223.14	229.78
	Non-tax revenue	126.51	146.72	168.03	212.80	194.26
	Total	**234.09**	**277.16**	**347.10**	**435.94**	**424.04**
2.	**Receipt from the Government of India**					
	• State's share of net proceeds of divisible Union taxes and duties	394.53	451.66	827.38	785.96	858.08
	• Grants-in-aid	2,334.89	2,126.55	2,650.42	3314.84	3482.73
	Total	**2,729.42**	**2,578.21**	**3,477.80**	**4100.80**	**4340.81**
3.	**Total revenue receipts of the State Government (1 and 2)**	**2,963.51**	**2,855.37**	**3,824.90**	**4536.74**	**4764.85**
4.	**Percentage of 1 to 3**	**7.90**	**9.71**	**9.07**	**9.61**	**8.90**

Source: Finance Accounts, Government of Mizoram, 2013-14

The above table indicates that during the year 2013-14, the revenue raised by the State Government (₹ 424.04 crore) was 8.90 *per cent* of the total revenue receipts. The balance 91.10 *per cent* of receipts during 2013-14 was from the Government of India.

4.1.2 The details of tax revenue raised during the period from 2009-10 to 2013-14 are given in **Table-4.1.2.**

Table-4.1.2

(₹ in crore)

Sl. No.	Head of revenue	2009-10		2010-11		2011-12		2012-13		2013-14		Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	Actual
1.	Taxes on Sales, Trades *etc.*	96.93	85.94	101.86	104.70	135.26	142.16	158.22	175.87	190.00	183.34	(+) 4
2.	Motor Vehicles Tax	6.49	6.71	6.80	7.72	15.60	16.71	23.17	22.83	19.38	19.42	(-) 15
3.	Others(*)	12.87	14.93	8.28	18.02	29.47	20.20	20.67	24.44	25.44	27.02	(+) 11
	Total:	**116.29**	**107.58**	**116.94**	**130.44**	**180.33**	**179.07**	**202.06**	**223.14**	**234.82**	**229.78**	**(+) 3**

Source: Finance Accounts 2013-14 & Annual Financial Statement, Government of Mizoram, 2014-15

(*) Others include State Excise, Taxes on Sales, Trades etc. and Taxes on Goods and Passengers etc.

State Excise: Increase in revenue receipt in State Excise was due to the increase of liquor imported by the Security Forces Deployed in Mizoram to whom Liquor licenses were issued.

The other Departments despite being requested (29 September 2014) did not furnish the reasons for variations in receipts from that of the previous year (March 2015).

4.1.3 The details of the Non-Tax revenue raised during the period 2009-10 to 2013-14 are indicated in **Table-4.1.3:**

Table-4.1.3

(₹ in crore)

Sl. No.	Head of revenue	2009-10	2010-11	2011-12	2012-13	2013-14	Percentage of increase (+) or decrease (-) in 2013-14 over 2012-13
1.	Interest receipts	17.85	12.72	15.60	16.86	17.93	(+) 6
2.	Power	67.86	72.63	109.52	111.27	109.05	(-) 2
3.	Other non-tax receipts	40.80	61.37	42.92	84.67	67.28	(-) 21
Total		**126.51**	**146.72**	**168.04**	**212.80**	**194.26**	**(-) 9**

Source: Finance Accounts, Government of Mizoram, 2013-14

The reasons for variation were not informed by the Department.

4.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2014 on Taxes/VAT on Sales, Trades *etc.* was amounted to ₹ 1,673.72 crore, as detailed in the **Table-4.2.1**.

Table-4.2.1

(₹ in crore)

Sl. No.	Head of revenue	Total Amount outstanding as on 31 March 2014	Amount outstanding for more than five years as on 31 March 2014
1.	Taxes/VAT on Sales, Trades *etc.*	1673.72	Nil
2.	Taxes on Vehicles	Not furnished	Not furnished
3.	Taxes on Goods and Passengers		
Total		**1673.72**	**-**

Source: Departmental records

It could be seen from the above that table under the head of Taxes/VAT on Sales, Trades *etc*., there was no outstanding amount for more than five years as on 31 March 2014. However, information on total amount outstanding as well as amount outstanding for more than five years as on 31 March 2014 in respect of Taxes on Vehicles and Taxes on Goods and Passengers was not furnished by the Departments (March 2015).

4.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalization at the end of the year as furnished by the Sales Tax Department in respect of sales tax, motor spirit tax, luxury tax and tax on works contracts are given in **Table-4.3.1**.

Table-4.3.1

Head of revenue	Opening balance as on 31 March 2013	New cases due for assessment during 2013-14	Total assessments due	Cases disposed off during 2013-14	Balance at the end of the year 2013-14	Percentage of disposal (Col. 5 to 4)
1	2	3	4	5	6	7
Taxes/ VAT on Sales, Trades *etc.*	2985	1020	4005	1007	2998	25.14

Source: Departmental records

It could be seen from the above table that out of the total assessment of 4,005 the disposal was 1,007 (25.14 *per cent*) during the year 2013-14. The balance arrear of assessment was 2,998 (74.86 *per cent*).

4.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Taxation and Transport Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table-4.4.1:**

Table-4.4.1

Name of tax/duty	Case pending as on 31 March 2013	Cases detected during the year 2013-14	Total	Number of cases in which assignments/ investigation completed and additional demand including penalty *etc.*, raised during the year 2011-12		Number of pending cases as on 31 March 2014
				No. of cases	(₹ in lakh)	
1	2	3	4	5	6	7
Sales Taxes/ VAT	458	545	1003	499	677.42	504
Taxes on Vehicles	56794	2292	59086	NIL	NIL	59086
Taxes on Goods and Passengers	2000	454	2454	NIL	NIL	2454

Source: Departmental records

It could be seen from the above table that number of cases pending at the end of the year has increased substantially in respect of Taxes on Vehicles and Taxes on Goods and Passengers than number of cases pending at the beginning of the year due to non-completion of assignments/ investigation during the year.

4.5 Pendency of Refund Cases

There was no pendency of refund cases during the year.

4.6 Response of the Government/Departments towards audit

The Principal Accountant General (Pr.AG), Mizoram conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities detected during the Inspection and not settled on the spot, which are issued to the Heads of the Offices inspected with copies to the next higher authorities for taking prompt corrective action. The Heads of the Offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the Pr.AG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the Heads of the Departments and the Government.

Inspection Reports issued upto December 2013 disclosed that 447 paragraphs involving ₹ 61.77 crore relating to 141 IRs remained outstanding at the end of June 2014 as mentioned in the following table along with the corresponding figures for the preceding two years in **Table-4.6.1**.

Table-4.6.1

Particulars	June 2012	June 2013	June 2014
Numbers of outstanding IRs	148	166	141
Number of outstanding audit observations	418	530	447
Amount involved (₹ in crore)	68.95	68.56	61.77

4.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2014 and the amounts involved are mentioned in the following **Table-4.6.2**:

Table-4.6.2

(₹ in crore)

Sl. No.	Name of Department	Name of Receipts	No. of Outstanding IRs	No. of Outstanding Audit Observations	Money Value involved
1.	Land Revenue	Land Revenue	20	39	7.12
2.	Excise	State Excise	02	08	0.01
3.	Taxation	Taxes/VAT on Sales, Trade *etc.*	43	192	18.66
4.	Transport	Taxes on Vehicles/Taxes on Goods and Passengers	26	56	5.52
5.	Forests & Environment	Forest & Wild Life	26	107	10.61
6.	Geology and Mineral Resources	Non-ferrous Mining and Metallurgical Industries	02	12	13.81
7.	Other	Other taxes	22	33	6.04
		Total	**141**	**447**	**61.77**

Audit did not receive even the first replies required to be received from the Heads of Offices within one month from the date of issue of the IRs for 20 IRs issued upto December 2013. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the Heads of Offices and Heads of the Departments failed to initiate action to rectify the defects, omissions and irregularities pointed out by the Pr.AG in the IRs.

The Government may consider for having an effective system for prompt and appropriate responses to audit observations.

4.6.2 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2013-14 and the paragraphs settled are mentioned in **Table-4.6.3**.

Table-4.6.3

(₹ in crore)

Sl. No.	Head of revenue	Number of meetings held	Number of paragraphs settled	Amount
1.	Environment & Forests Department	01	100	7.58

The progress of settlement of paragraphs (100 paragraphs) pertaining to the Environment & Forests Department was considerable as compared to the huge pendency (107 paragraphs) at the beginning of the year.

4.6.3 Response of the Departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Pr.AG to the Principal Secretaries/Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Six draft paragraphs including one Performance audit were sent to the Principal Secretaries/ Secretaries of the respective Department of the Government. The Principal Secretaries of the Department did not send replies in respect of six draft paragraphs despite issue of reminders (January 2015) and the same have been included in this Report without the response of the Government.

4.6.4 Follow up on the Audit Reports – summarised position

The internal working system of the Public Accounts Committee, notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall *suo moto* initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling the Report, for consideration of the committee. 25 paragraphs (including two performance audit) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Mizoram for the years from 31 March 2009 to 31 March 2013 were placed before the State Legislative Assembly between 5 April 2010 and 09 July 2014.

The PAC discussed five selected paragraphs pertaining to the Audit Reports for the years 2009-10 & 2010-11. However, the status of Action Taken Notes (ATNs) on the Audit Reports was not intimated by the State Legislative Assembly Secretariat.

4.7 Analysis of the mechanism for dealing with the issues raised by Audit

To analysis the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 4.7.1 to 4.7.2 discuss the performance of the six Departments and cases detected in the course of local audit during the last ten years and also the cases included in the Audit Reports for the years 2003-04 to 2012-13.

4.7.1 Position of Inspection Reports

The summarized position of Inspection Reports issued during the last five years, paragraphs included in these Reports and their status as on 30 June 2014 are given in the following **Table-4.7.1.**

Table-4.7.1

(₹ in crore)

Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value	IRs	Paras	Money Value
2010-11	126	373	39.09	21	91	61.24	2	56	18.17	145	408	82.16
2011-12	145	409	82.16	18	91	10.91	9	50	22.44	154	450	70.64
2012-13	154	450	70.64	8	75	2.37	0	10	1.00	162	515	72.01
2013-14	162	515	72.01	18	103	12.38	37	161	21.68	143	457	62.71
2014-15	143	457	62.71	-	-	-	2	10	0.94	141	447	61.77

Time to time reminder was issued to the Departments for furnishing replies to the outstanding audit observations. Despite such efforts, 447 Paras in 141 IRs consisting of ₹ 61.77 crore remained outstanding as on 30 June due to non-received of replies from the Departments.

4.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years and those accepted by the Department and the amount recovered are mentioned in the following **Table-4.7.2:**

Table-4.7.2

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered as on 31 March 2014	Cumulative position of recovery of accepted cases
2003-04	16	4.98	2	0.27	--	--
2004-05	10	5.30	NIL	NIL	--	--
2005-06	24	10.04	NIL	NIL	--	--
2006-07	15	12.14	NIL	NIL	--	--

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered as on 31 March 2014	Cumulative position of recovery of accepted cases
2007-08	11	4.98	1	0.04	--	--
2008-09	6	5.74	NIL	NIL	--	--
2009-10	4	8.85	NIL	NIL	--	--
2010-11	3	16.49	1	0.09	--	--
2011-12	7	5.43	3	2.27	0.07	--
2012-13	3	1.88	3	1.88	0.35	--

It could be seen from the above table that during the year 2011-13, the Department had accepted six paragraphs consisting money value of ₹ 4.15 crore, out of which ₹ 0.42 crore was recovered as of 2013-14.

The Departments need to evolve a strong mechanism to monitor and ensure recovery of accepted cases.

4.8 Action taken on the recommendations accepted by the Departments/ Government

The draft Performance Audits (PAs) conducted by the Pr. AG are forwarded to the concerned departments/Government for their information with a request to furnish their replies. These PAs are also discussed in an Exit Conference and the Department's/Government's views are included while finalizing the PAs for the Audit Reports.

During the period 2008-09 to 2012-13, the following performance reviews were featured in the Audit Reports. The details of recommendations and their status is given in **Table-4.8.1** below:

Table-4.8.1

Year of Audit Report	Name of the review	No. of recommendations	Status
2008-09	Transition from Sales Tax regime to Value Added Tax (VAT) System in Mizoram	6	The State Legislative Assembly Secretariat did not furnish the status of recommendations as of March 2014.
2009-10	-	-	
2010-11	Performance Audit on cross verification of declaration Forms in Inter State Trade and Commerce	5	
2011-12	-	-	
2012-13	-	-	

4.8.1 Audit planning

The unit offices under various Departments are categorized into high, medium and low risk units according to their revenue positions, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter alia* include critical issues in Government revenues and tax administration *i.e.* budget speech, white paper on state finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2013-14, there were 64 auditable units, of which 20 units were planned and 27 units had been audited, which was 42.19 *per cent* of the total auditable units.

4.9 Results of audit

Position of local audit conducted during the year

Test check of the records of 27 units of Taxation, Environment & Forests, Excise and other Departments conducted during the year 2013-14 revealed underassessment/short levy/loss of revenue/non-realisation of outstanding revenue aggregating ₹ 2,069.71 lakh in 123 cases. Of these the Departments recovered ₹ 0.59 lakh in two cases and ₹ 11.10 lakh relating to the previous years in 11cases.

4.10 Coverage of this Report

This Report contains six paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years which could not be included in earlier reports) and one Performance Audit on National Bamboo Mission involving financial effect of ₹ 19.51 crore (Paragraphs: ₹ 2.79 crore and Performance Audit: ₹ 16.72 crore). The Departments have accepted audit observations involving ₹ 2.79 crore in respect of six paragraphs, out of which ₹ 0.04 crore has been recovered. However, the replies of the Government have not been received (March 2015). The Government have accepted audit observations involving ₹ 3.81 crore in respect of performance audit. These are discussed in succeeding paragraphs.

PERFORMANCE AUDIT

ENVIRONMENT AND FORESTS DEPARTMENT

4.11 Implementation of National Bamboo Mission

Highlights

The National Bamboo Mission (NBM) is a 100 *per cent* Centrally Sponsored Scheme, launched in 2006-07, is being implemented by the Department of Agriculture and Co-operation, Ministry of Agriculture, Government of India with the objective to promote cultivation of bamboo, setting up of bamboo based industries and marketing of bamboo-based products. The State Bamboo Steering Committee (SBSC) and the Bamboo Development Agency are the State Level Nodal Agencies.

Some of the significant findings are highlighted in the following paragraphs:

The State Mission did not carry out baseline survey and feasibility study for preparation of Perspective Plan. Except for the year 2012-13, Annual Action Plans prepared during 2009-13 was not approved by the State Bamboo Steering Committee.

(Paragraph 4.11.9.1)

The State Mission Director did not maintain Cash Book showing year-wise receipt of grants from the Centre and interest earned from savings.

(Paragraph 4.11.10.1)

The State Mission Director diverted the scheme fund and also incurred an irregular expenditure of ₹ 36.91 lakh towards procurement of inadmissible items.

(Paragraph 4.11.10.4)

The eight District Bamboo Development Agencies irregularly released a financial assistance of ₹ 96.48 lakh to the beneficiaries against the plantations in non-forest areas where the survival rate of plantation were below the prescribed rate of 90 per cent.

(Paragraph 4.11.12.2)

The Nodal Officer, NLUP disbursed a Government's subsidy of ₹ 500.32 lakh to 500 beneficiaries for plantation in non-forest areas without ensuring the beneficiaries contribution of ₹ 500.32 lakh as a result targeted plantation could not be achieved.

(Paragraph 4.11.12.3)

The Forest Development Agency irregularly spent the entire amount of ₹ 426.56 lakh during 2010-14 for improvement of existing stock in common village areas covering 5,332 ha in non-forest areas without giving any financial assistance to 2,666 crafts people and artisans.

(Paragraph 4.11.13.2)

No Retail Outlets (showrooms) were set up in the Metros during 2009-14, except three Retail outlets in Aizawl City.

(Paragraph 4.11.14.3)

Against a target of 150 participants, only 29 participants were selected to participate in five Domestic Trade Fairs and as a result of which there was inadequate projection of bamboo products and artefacts at these fair.

(Paragraph 4.11.14.4)

In 564 plantation works of the five sampled Forest Development Agencies, short payment of wages of ₹ 1.41 crore was noticed.

(Paragraph 4.11.15.2)

4.11.1 Introduction

Bamboo is a versatile group of plants which is capable of providing ecological, economic and livelihood security to the people. Two-third of the growing stock in the country is located in the North-Eastern States. Keeping in view the vast untapped potential of the bamboo plant, it was decided by the Department of Agriculture and Co-operation, Government of India (GoI) to implement a scheme on National Bamboo Mission (NBM) was launched in 2006-07 for addressing the issues relating to the development of bamboo in the country with 100 *per cent* central assistance.

The objectives of the NBM are:

- To promote the growth of the bamboo sectors;
- To increase the coverage of area under bamboo in potential areas with improved varieties to enhance yields;
- To promote marketing of bamboo and bamboo based handicrafts;
- To establish convergence and synergy among stake-holders for the development of bamboo;
- To promote, develop and disseminate technologies through seamless blend of traditional wisdom and modern scientific knowledge; and
- To generate employment opportunities for skilled and unskilled persons, especially unemployed youths.

4.11.2 Scope of Audit

The Performance Audit of National Bamboo Mission in Mizoram covering the period from 2009-10 to 2013-14 was conducted during June - September 2014 Audit test-checked of the records of the Mission Director and Administrative Head of the Environment & Forest Department (E&FD) at the State level. At field level out of 14[1] Forest Development

[1] (i) Kawrthah, (ii) Kolasib, (iii) Darlawn, (iv) Mamit, (v) Aizawl, (vi) Thenzawl, (vii) Champhai, (viii) N.Vanlaiphai, (ix) Lunglei, (x) Tlabung, (xi) MADC, (xii) LADC, (xiii) CADC, and (xiv) Khawzawl

Agencies (FDAs) and 08[2] District Bamboo Development Agencies (DBDAs), 06[3] FDAs and 04[4] DBDAs implementing the NBM in the State were selected in audit on Simple Random Sampling basis.

4.11.3 Mission Structure

The National Bamboo Mission has the following three layered structure:

(A) National Level

At National Level the National Apex Committee (NAC) and National Steering Committee (NSC) are responsible for policy making and giving overall direction and guidance to the Mission besides monitoring and reviewing of the progress and performance.

(B) State Level

(i) State Bamboo Steering Committee (SBSC) at the State Level will be framed under the chairmanship of the Secretary Agriculture/Horticulture/Environment & Forest as may be decided by the State Government. A State Mission Director (SMD), to be appointed by the State Government will be Member Secretary. The Committee shall be responsible for approving the action plan and ensuring effective implantation and monitoring of the scheme.

(ii) Bamboo Development Agency (BDA) will be set-up in each State with the Director Agriculture/Horticulture/Environment & Forest or any other officer considered by the State Government as Mission Director. The BDA is responsible for implementation of the scheme in non-forest areas.

(C) District Level

(i) Non-Forest Areas

The BDA of every State will constitute a District Level Agency (DLA) with the officials from Agriculture/Horticulture/Forest/Rural Development and other line Departments, SHGs, NGOs, Industries, *etc.*, This agency will also oversee, co-ordinate and control all activities at the District Level for non-forest areas.

(ii) Forest Areas

A District Level Forest Development Agency (FDA) will be constituted and which will take the lead in carrying out the activities of the Mission in the forest areas.

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[2] (i) Aizawl, (ii) Champhai, (iii) Lawngtlai, (iv) Mamit, (v) Saiha, (vi) Serchhip, (vii) Kolasib, and (viii) Lunglei

[3] (i) Kolasib, (ii) Aizawl, (iii) Thenzawl, (iv) Champhai, (v) Lunglei, and (vi) Khawzawl

[4] (i) Kolasib, (ii) Aizawl, (iii) Champhai and (v) Lunglei

4.11.4 Organisational Set-up in Mizoram

(A) State Level

In Mizoram the Principal Secretary, Environment & Forests Department being the administrative head of the Department is responsible for overall implementation and monitoring of the Mission in the State. The State Bamboo Steering Committee (SBSC) was constituted under the Chairmanship of State Chief Secretary with the members from Agriculture, Horticulture, Industries and other line Departments. The Chief Conservator of Forest (CCF) of Environment & Forests Department being the Member Secretary of the SBSC is functioning as the State Mission Director (SMD). Besides, a Bamboo Development Agency was constituted with the Director of Industries Department as the Mission Director.

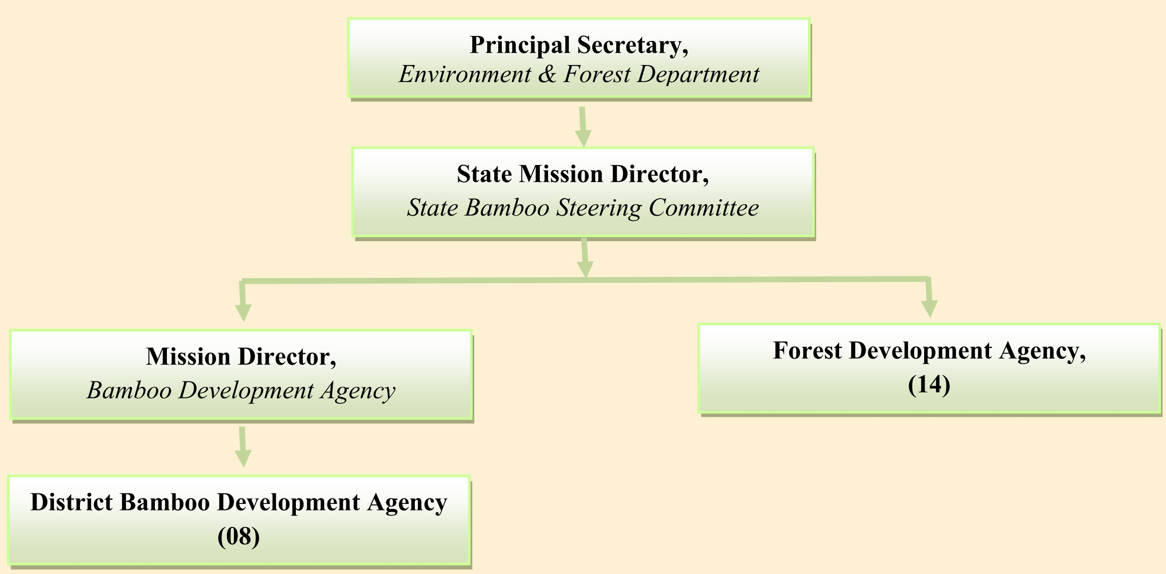
(B) District Level

(i) Under BDA eight District Bamboo Development Agencies (DBDAs) were constituted with the members from Horticulture, Agriculture and other line departments to oversee, coordinate all the activities at the District Level in non-forest areas.

(ii) In forest areas 14 Forest Development Agencies (FDAs) constituted were headed by the Divisional Forest Officers to oversee, coordinate all the activities at District Level in forest areas.

An organogram of the organisational set-up is shown below:

Chart-4.11.1



4.11.5 Audit Objectives

The objectives of the performance audit were to ascertain whether:

- The planning process for the implementation of the Mission was effective;
- Financial management was efficient;
- Programme was implemented efficiently, effectively and economically;
- Impact of scheme on socio-economic status of beneficiaries;
- The monitoring mechanism and internal control were in place and were effective.

4.11.6 Audit Criteria

The Audit criteria were derived from the following sources:

- Operational Guidelines issued by the Department of Agriculture and Cooperation in the Ministry of Agriculture, New Delhi.
- Guidelines and instructions issued by State Steering Committee, Mizoram.
- Achievements against targets set in Perspective and Annual Action plan.
- Cost norms for providing assistance under various components.
- General Financial Rules, 2005 being followed by the State Government.

4.11.7 Audit Methodology

The Performance Audit commenced with an Entry Conference with the Principal Secretary-cum-Principal Chief Conservator of Forests and the Conservator of Forests-cum-Mission Director (Nodal Officer), of the National Bamboo Mission, Mizoram the E&FD, Government of Mizoram on 12 June 2014 wherein audit objectives, audit criteria and scope of audit were explained and suggestion as well as perceptions relating to the strengths and weaknesses of the Department in implementing the Bamboo Mission were discussed.

An Exit Conference with the Additional Secretary and the State Mission Director of the E&FD was held on 09 December 2014 wherein audit findings were discussed and the replies of the Department have been incorporated suitably in the relevant paragraphs.

4.11.8 Acknowledgement

The Indian Audit and Accounts Department acknowledges and appreciates the co-operation rendered by the concerned Administrative Department and the Mission Director and field level functionaries of the selected Districts in the course of the Performance Audit.

AUDIT FINDINGS

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

4.11.9 Planning process

4.11.9.1 Inadequacy in Planning

Para-5.1 and 6.1 of the Operational Guidelines of NBM issued in December 2006 provide that State Level Agency would prepare a Perspective Plan and State Level Action Plan in consonance with NBM's goal and objectives. It would also organise *inter alia* baseline survey and feasibility study in different parts of the State (District, sub-District, or a group of Districts) to determine the status of bamboo production, its potential and demand, and tailor assistance accordingly. Further, proposals for inclusion in the State Annual Action Plan (AAP) would be prepared by the District Level Agency in the non-forest areas to be submitted to the Bamboo Development Agency (BDA) for further submission to the State Bamboo Steering Committee (SBSC). In the forest area the AAP would be prepared by the Joint Forest Management Committee (JFMC) and submitted to the FDA for further submission to the SBSC. AAP approved by the SBSC would be submitted in the prescribed format for the consideration of the National Steering Committee (NSC) to be implemented in the particular financial year.

Examination of records revealed that during the period 2009-14 the State Level Agencies did not prepare any Perspective Plan. The Baseline survey and the feasibility study to determine the status of bamboo production, creation and maintenance of plantation in forests and non-forests areas, training and workshop in various levels to train the beneficiaries and creation of demand in different parts of Mizoram were also not conducted. There was no record showing proposal of the FDAs and BDA for inclusion in the AAP. Though the State AAPs were prepared for 2009-14 as per the prescribed format of the Guidelines, but the same was submitted to the NSC without prior approval of the SBSC, except for the year 2012-13.

Thus, it was evident that activities of the Bamboo Mission were handled by the State and District level authorities without any proper planning during the last five years. In the absence of an approved plan, the schemes were implemented only on the basis of exigencies without any defined target and roadmap *e.g.* the status of bamboo production, its potentiality and demand.

In their reply the Government stated (December 2014) that the NBM project was implemented under the State Bamboo Steering Committee (SBSC) since 2006-07. During the initial project implementation period perspective plan for Mizoram was prepared after participatory rural appraisal exercise, involving all stakeholders like JFMC, FDA, and BDA *etc.* Such comprehensive perspective plan, after approval by the SBSC was submitted to the GoI. However, such proposals could not be approved by the GoI in whole due to financial constraints and piecemeal approval had been conveyed annually keeping in mind the principles of the original project. Further, it is stated that the scheme had been implemented after determining the status of Bamboo production, its potential and demand.

The reply of the Department does not address the specific issues pointed out by the Audit. The Department failed to produce the perspective plan it claimed to have been prepared during the initial project implementation period and its contention that the perspective plan was not approved by the GoI due to financial constraints was not backed up with evidence to that effect.

4.11.10 Financial Management

Based on the AAPs of the State, Ministry of Agriculture (MoA), GoI communicates yearly tentative outlay. The State Mission Director (SMD) also a member secretary of the SBSC received fund from the Ministry, which was then allocated to the BDA and FDAs for implementation of the scheme. The BDA further allocated the fund to the DBDAs for plantation in the non-forest areas and to the FDAs in the forest areas.

Audit observations related to the financial management are discussed in following paragraphs:

4.11.10.1 Budget and Expenditure

As per information furnished by the State Mission Director (SMD), National Bamboo Mission Society, the position of budget outlay, fund received and its utilisation by SMD during 2009-10 to 2013-14 are shown in the Table below:

Table-4.11.1

(₹ in crore)

Year	Budget outlay	Fund Position				Expenditure	Closing Balance
		Opening Balance	Grant Received from GoI	Interest Earned	Total		
2009-10	9.00	Nil	9.00	Nil	9.00	9.00	Nil
2010-11	17.50	Nil	17.38	Nil	17.38	17.38	Nil
2011-12	17.50	Nil	17.50	Nil	17.50	17.50	Nil
2012-13	18.82	Nil	17.05	Nil	17.05	17.05	Nil
2013-14	20.16	Nil	20.09	Nil	20.09	20.09	Nil
Total	**82.98**	**Nil**	**81.02**	**Nil**	**81.02**	**81.02**	**Nil**

Source: Departmental records

Examination of records, however, disclosed that out of allotted fund of ₹ 82.98 crore during 2009-14, the Government of India released an amount of ₹ 81.02 crore during 2009-14 directly to the Bank accounts of the SMD. The SMD did not maintain the cash book showing opening balance at the beginning of the year 2009-10, date-wise grants received from the Government of India during 2009-14, grants received, if any, from the State Government, time-to-time interest earned and closing balance at the end of the financial years. However, only the transactions pertaining to the drawal of funds from the bank accounts and its related expenditure were entered in the Cash Book. As a result, the year-wise fund position showing opening balance, grants received from the Centre or State (if any), interest earned and actual expenditure incurred and closing balance at the end of the financial year could not be ascertained in audit.

Further scrutiny of the records revealed that during 2009-14 the SMD operated three bank accounts, out of which one Current Accounts was in Axis Bank (No. 911020032909972 opened in June 2011) and two Savings Accounts in Vijaya Bank (No. 601601010015866 and 601601010015844). During 2009-14 the SMD earned an interest of ₹ 35.34 lakh, which was however not accounted for in the cash book. The details of year-wise interests earned are shown in the Table below:

Table-4.11.2

(₹ in lakh)

Savings Account No.	2009-10	2010-11	2011-12	2012-13	2013-14	Total
601601010015866	0.06	0.15	3.78	0.52	0.20	4.71
601601010015844	0.43	2.94	8.32	9.76	9.18	30.63
Total	**0.49**	**3.09**	**12.10**	**10.28**	**9.38**	**35.34**

Source: Figures compiled from Bank statement

Besides, in the current account operated (since June 2011) in Axis Bank, the SMD retained a total amount of ₹ 2,862.73 lakh during 2010-14 and out of which an amount of ₹ 1,338.30 lakh was spent leaving a closing balance of ₹ 720.57 lakh at the end of March 2014 as per detail given in the following Table:

Table-4.11.3

(₹ in lakh)

Year	Opening Balance	Credit	Total	Expenditure	Closing Balance
2010-11	Nil	383.93	383.93	276.88	107.05
2012-13	107.05	970.85	1077.90	381.09	696.81
2013-14	696.81	704.09	1400.90	680.33	720.57
Total	**Nil**	**2058.87**	**2862.73**	**1338.30**	**720.57**

Source: Figures compiled from Bank statement

Thus, due to retention of huge funds in current accounts with Axis Bank, the SMD incurred a substantial loss in the form of interest during 2009-14.

While accepting the facts, the Government stated (December 2014) that the primary accounts were saving accounts whereas the subsidiary account was current account to avoid misuse of fund. However, the current account has been converted now into saving accounts at the instance of audit.

4.11.10.2 Discrepancy between fund released by SMD and fund received by the 14 FDAs

On receipts of the grants from the MoA, GoI the SMD-cum-Nodal Officer, used to disburse the same to different FDAs in the State for the purpose of plantation and its maintenance.

Against the claim of release of ₹ 5,804.97 lakh to 14 FDAs by the SMD, the 14 FDAs received only an amount of ₹ 5,725.98 lakh during the year 2009-14, which resulted in short receipt of ₹ 78.99 lakh. The position of funds released to 14 FDAs are shown in the **Appendix-4.11.1.**

An analysis of the short receipt of fund further revealed that out of 14 FDAs, 05 FDAs received an excess amount of ₹ 33.71 lakh and remaining 09 FDAs received less fund of ₹ 112.70 lakh.

In their reply the Government stated (December 2014) that the discrepancies between fund release by SMD and fund received by 14 FDAs arises due to delay in transmission of fund by the Bank as such all the accounts of FDAs and SMD were reconciled. But, result of reconciliation has not been received (February 2015).

4.11.10.3 Purchase of goods without observing codal formalities

The Government of India (GoI), Ministry of Agriculture, while releasing the grants under NBM to the States stipulated that the implementing agencies should follow the provisions of the General Financial Rules (GFR), 2005. The GFR, 2005 prescribes the following procedures for procurement of goods:

Table-4.11.4

GFR Rule No.	Amount of purchase on each occasion	Procedures of purchase
146	₹ 15,001 to ₹ 1 lakh	On the recommendation of Local Purchase Committee
151	₹ 1 lakh to ₹ 25 lakh	Limited Tender Enquiry
150	₹ 25 lakh and above	Advertised Tender Enquiry

Examination of records, revealed that during 2009-14, the SMD resorted for local purchases of stores and printed books worth ₹ 584.47 lakh without observing the codal formalities as mentioned above. A detail analysis of such purchases showed that (i) in 18 occasions materials worth ₹ 8.30 lakh in the range between ₹ 0.22 lakh and ₹ 0.96 lakh were purchased without obtaining recommendations of the local purchase committee, (ii) in 44 occasions materials worth ₹ 289.52 lakh in the range between ₹ 1.17 lakh and ₹ 24 lakh were purchased without limited tender enquiries, and (iii) in six occasions materials worth ₹ 286.65 lakh in the range between ₹ 30.51 lakh and ₹ 112.25 lakh were purchased without advertised tender enquiries. Details of expenditure of ₹ 584.47 lakh, are shown in the **Appendix-4.11.2.**

Thus, due to purchase of huge stores and printed books worth ₹ 584.47 lakh without observing codal formalities the SMD did not avail the benefits of competitive market rates ensuring the quality of the stores.

In their reply the Government stated (December 2014) that number of purchases like Bamboo seeds, Tissue Culture plant *etc.* were made from reputed collectors on urgent basis. Meanwhile, computer and its peripherals, speed boat and engine, polythene bags, fertilizers, weeding machines, raindrops, shadenets *etc.* were purchased as per approval of the Departmental Purchase Advisory Board (DPAB) except some proprietary items. However, in support of their claim the Government has not furnished copies of the recommendations of the DPAB along with its Government approval.

4.11.10.4 Diversion of Scheme fund

As per the Operational Guidelines of NBM there are no provisions for incurring expenditure towards purchase of motor bike, car, inverter, computer and parts, mango seed, international trip for conducting bamboo study-cum-exposure and for participation in all India Forest Sports Meet *etc.*

Audit of records of SMD, however, showed that during the period 2011-14, the SMD incurred an expenditure of ₹ 36.91 lakh on the above mentioned items which are not permissible under NBM. The detail of item-wise inadmissible expenditure are shown in **Appendix-4.11.3.** The component from which the expenditure was met could not be verified as the component-wise classification of expenditure was not maintained. Thus, the SMD incurred an expenditure of ₹ 36.91 lakh by diverting funds from other components of the approved AAP.

In their reply the Government stated (December 2014) that, computers, printers, vehicles, bamboo study tour *etc.* were managed under the permissible work component of mission management and administration cost sanctioned by the GoI from time to time. The reply of the Government is not acceptable as the expenditure on the above mentioned items are not permissible as per the Operational Guidelines of NBM.

4.11.11 Implementation of the programme

4.11.11.1 Plantation Development

This component primarily aims at expansion of area under bamboo plantation in the potential areas, both in Forest and Non-forest lands for commercial utilisation. The overall goal of this component was to ensure employment generation and consequently rural poverty alleviation through input of right technology for pre-harvest and post-harvest management. The audit findings are as below:

4.11.11.2 Establishment of nurseries

Para-7.4.1 of the guidelines stipulates that a sizable quantity of quality planting materials would be required for raising plantations which would be achieved through establishment of centralised and decentralised nurseries. The forestry and the non-forestry sector will deal with centralized nurseries capable of producing 50,000 seedlings per unit per year and decentralised nurseries (*Kisan* and *Mahila Nurseries*) capable of raising 10,000 and 5,000 seedlings respectively per unit per year.

Audit of records of the SMD, Aizawl showed that during 2013-14, the SMD released (August 2013) a fund of ₹ 0.81 lakh to the Nodal Officer, New Land Use Policy (NLUP) Cell, attached to the Principal Chief Conservator of Forest (PCCF) Office, Aizawl for raising three nurseries as under:

Table-4.11.5

Sl. No.	Programme	No. of nursery	Amount (₹ in lakh)	No. of seedlings to be raised	Pattern of assistance
1.	Kisan Nursery in Public Sector	02	0.13	20,000	(25 *per cent* of the cost subject to a maximum of ₹ 6,500/- *per* nursery).
2.	Centralized Nursery in private sector	01	0.68	50,000	(25 *per cent* of the cost subject to a maximum of ₹ 68,000/- each as subsidy).
Total		**03**	**0.81**	**70,000**	**-**

Source: Departmental records

It was, however, noticed that, the Nodal Officer, NLUP Cell, attached to the PCCF Office, Aizawl unauthorisedly spent the entire allotted fund of ₹ 0.81 lakh during 2013-14 for bamboo plantation under NLUP without creating the three nurseries for raising 70,000 seedlings.

Thus, due to diversion of fund meant for creating three nurseries by the Nodal Officer, NLUP, the financial assistance was not offered to the beneficiaries (individuals, groups, SHGs, NGOs) for establishment of nurseries for raising 70,000 seedlings under the programme.

On this being pointed out the Government while accepting the facts, stated (December 2014) that fund was released to NLUP for implementing plantation outside the forest area.

4.11.12 Raising of New Plantations

As per Para 7.4.5 of the guidelines, the total cost of planting bamboo in one hectare of Government Forest Land works out to ₹ 25,000/-. The funds would be released in two equal instalments. Assistance for the second year was subject to 90 *per cent* survival of the plants in forest areas. The assistance in non-forest areas was limited to 50 *per cent* of the cultivation cost per hectare subject to a ceiling of ₹ 8,000/- for ST farmers. The assistance for the second year was subject to 90 *per cent* survival of the plants in non-forest areas.

The audit findings are discussed below:

4.11.12.1 Irregular expenditure on maintenance of plantations in forest areas

Examination of records of sampled FDAs revealed that three FDAs (Kolasib, Khawzawl and Champhai) incurred an expenditure of ₹ 805.28 lakh for initial plantation of bamboo in 5,625 ha of forest areas during 2009-14. The survival status of the plants in 3,985 ha out of 5,625 ha of was in the range between 76 to 88 *per cent* with an initial expenditure of ₹ 544.38 lakh. As such, financial assistance for maintenance of 3,985 ha of plantations was not admissible as per the guidelines of the scheme.

The three FDAs however, irregularly incurred an expenditure of ₹ 300.20 lakh in 2nd year towards maintenance of the plantations. The details of plantations created and expenditure incurred on maintenance by the three FDAs are given in the following Table:

Table-4.11.6

Sl. No.	Name of FDA	Details of first year plantation			Percentage of survival of plants	Details of maintenance cost incurred for plantation with survival less than 90 *per cent*		
		Period	Area covered (in Ha.)	Amount (₹ in lakh)		Period	Area covered (in Ha.)	Amount (₹ in lakh)
1.	Kolasib	2009-13	1970	310.28	81-88	2010-14	1970	149.27
2.	Khawzawl	2010-11	325	19.26	**80**	**2011-12**	325	20.12
3.	Champhai	2009-13	1690	214.84	**76-85**	**2010-14**	1690	130.81
	Total		**3985**	**544.38**			**3985**	**300.20**

Source: Departmental records

In their reply the Government claimed (December 2014) that considering the edaphic[5] and other local conditions prevailing in Mizoram the survival rate of less than 90 *per cent* survival was still above the national survival prescribed rate. Moreover, casualty replacements were done along with subsequent weeding/maintenance to achieve 100 *per cent* survival.

The reply of the Government is not acceptable as the survival status of the plantations as intimated (May – July 2014) by the three FDAs were less than 90 *per cent*.

4.11.12.2 Irregular release of assistance for plantations in non-forest area

Examination of the records of eight District Bamboo Development Agencies (DBDAs) revealed that the DBDAs released an assistance of ₹ 100 lakh for plantation of 2,500 ha to 2,378 beneficiaries during 2009-11 as given in the Table as under:

Table-4.11.7

Name of DBDA	Assistance given to beneficiaries for first year plantation @ 4,000 per ha.			Assistance given to beneficiaries for second year plantation @ 4,000 per ha			
				Against 90 *per cent* survival of plantation at the end of 1st year		Against less than 90 *per cent* survival of plantation at the end of 1st year	
	Physical (Ha)	No of beneficiaries	Financial (₹ in lakh)	Physical (Ha)	Financial (₹ in lakh)	Physical (Ha)	Financial (₹ in lakh)
Aizawl	375	375	15.00	3	0.12	372	14.88
Champhai	350	307	14.00	1	0.04	349	13.96
Lunglei	350	350	14.00	0	Nil	350	14.00
Mamit (Tuidam)	350	347	14.00	32	1.28	318	12.72
Kolasib	350	347	14.00	20	0.80	330	13.20
Serchhip	275	275	11.00	29	1.16	246	9.84
Saiha	250	227	10.00	3	0.12	247	9.88
Lawngtlai	200	150	8.00	0	Nil	200	8.00
Total	**2500**	**2378**	**100.00**	**88**	**3.52**	**2412**	**96.48**

Source: Departmental records

It can be seen from the above table that out of the 2,500 ha of plantation in 1st year, only in 88 ha, 90 *per cent* or more plantation could survive at the end of 1st year. As the survival rate

[5] Physical and chemical conditions of the soil

of plantations in the second year (in 2,412 ha) was less than 90 *per cent* the beneficiaries were not entitled to receive the 2nd instalment of financial assistance. However, the DBDAs, in violation of the scheme guidelines, released an amount of ₹ 96.48 lakh as 2nd instalment to the beneficiaries, which was irregular.

While accepting the facts, the Government stated (December 2014) that the reasons for poor survival of bamboo seedlings were due to damages caused by wild fire and cattle, damages of poly potted seedlings during transportation and attack of seedlings by rodents and porcupines *etc.*, which was beyond the control of the agencies as well as the beneficiaries.

4.11.12.3 Short achievement of plantation in Non-Forest Areas

The Operational guidelines stipulated in the Para 7.4.5 that the bamboo growers in the Non-Forest Areas would be extended direct subsidy upto 50 *per cent* of the cultivation cost per hectare subject to a ceiling of ₹ 8,000 for Scheduled Tribe Farmers. The funds will be released in two equal instalments of 50:50. Assistance for the second year will be subject to 90 *per cent* survival of the plants. Further, as per Para 5 of the Guidelines in case of Non-Forest Areas, the Bamboo Development Agencies (BDAs) will be the Nodal agency to whom funds will be released by the SMD for onward disbursement to the benificiaries. The funds will be released by the BDAs to the beneficiaries, such as NGOs or Self Help Groups (SHGs). The BDAs will be responsible for implementation and overall co-ordination of NBM within the State.

Audit of records revealed that in total violation of the provisions of the operational guidelines, the SMD irregularly released an amount of ₹ 500.32 lakh during 2011-14 to the Nodal Officer (NO), NLUP, Environment & Forests Department for bamboo plantation of 6,254 ha in the Non-Forest Areas without releasing the funds to the existing BDA.

Again, on receipt of the fund from the SMD, the Nodal officer, NLUP disbursed the fund of ₹ 500.32 lakh to during 2011-14 to 500 individual beneficiaries for plantation in 1,000.64 ha without involving any NGO or SHG as stipulated in the guidelines.

The details of fund released by the SMD and its disbursement to the beneficiaries by the NO, NLUP during 2011-14 are given in the following Table:

Table-4.11.8

Year	Amount released to the NLUP by the SMD		Amount actually disbursed by the NLUP to the individual beneficiaries				Shortfall (in ha)
	Amount (₹ in lakh)	Targeted (in ha)	No. of beneficiary	Rate per beneficiary for two ha (₹ in lakh)	Amount (₹ in lakh)	Area covered (in ha)	
2010-11	64.00	800	64	1.00	64.00	128.00	672.00
2011-12	128.00	1600	128	1.00	128.00	256.00	1344.00
2012-13	158.88	1986	159	1.00	158.88	317.76	1668.24
2013-14	149.44	1868	149	1.00	149.44	298.88	1569.12
Total	**500.32**	**6254**	**500**	**-**	**500.32**	**1000.64**	**5253.36**

Source: Departmental records

It can be seen from the above table that against the targeted plantation of 6,254 ha the NO, NLUP disbursed the fund to the beneficiaries for plantation of 1,000.64 ha only, which resulted in short achievement of plantation of 5,253.36 ha.

Further, as per operation guidelines, against the Government's subsidy of ₹ 500.32 lakh the beneficiaries were also required to contribute of ₹ 500.32 lakh towards plantation of 6,254 ha. It was, however, noticed that the NO, NLUP had disbursed the entire fund of ₹ 500.32 lakh to the 500 individual beneficiaries as 100 *per cent* central assistances without ensuring beneficiaries contribution and the survival status of the plantation, which was irregular.

In their reply the Government stated (December 2014) that release of fund under plantation outside forest area need not necessarily be to BDA. The fund was released to the NLUP as per the decision of the State Government.

The reply of the Government is not acceptable as the implementation of the programme is to be guided by the operational guidelines issued by the MoEF and as per provisions of the guidelines the fund was to be released to the existing BDA who will be responsible for implementation and overall co-ordination of NBM within the State.

4.11.13 Improvement of existing stock

In order to improve the quality of handicraft product for which a specific number of bamboo species are being used and to give maximum benefits and return to the crafts-people and artisans Para 7.4.6 of the guidelines included the improvement of existing stock and variety of bamboo that is being used by the crafts-people and artisans. The audit findings on implementation of improvement of existing stock are as below:

4.11.13.1 Diversion of Improvement of Existing Stock

Audit of records of six selected FDAs ((i) Kolasib, (ii) Aizawl, (iii) Thenzawl, (iv) Champhai, (v) Lunglei and (vi) Khawzawl) revealed that though the target in the Annual Action Plan for improvement of existing stock of bamboos in 364 ha was for the forest areas during 2009-10, the three FDAs (Kolasib, Thenzawl, Lunglei) executed the work in the non-forest areas as shown in the Table below:

Table-4.11.9

Name of the FDAs	Physical and financial Achievements		Improvement to be executed as per AAP	Improvement actually carried in the test checked FDAs
	Physical (ha)	Financial (₹ in lakh)		
Kolasib	130	10.40	Forest Areas	Non-forest Areas
Thenzawl	104	8.32	Forest Areas	Non-Forest Areas
Lunglei	130	9.10	Forest Areas	Non-Forest Areas
Total	**364**	**27.82**	--	--

Source: Departmental records

The three FDAs irregularly diverted the money for improvement of existing stock of bamboos from forest areas to non-forest areas *i.e.* common land in villages in violation of the approved Annual Action Plan.

In their reply the Government stated (December 2014) that this work component was executed by FDAs in those areas where there was a scope for improvement which included forest and non-forest areas. The reply of the Government is not acceptable as the improvement of the existing stock was to be executed in the forest areas only and there was separate approval for execution in non-forest areas.

4.11.13.2 Non-release of financial assistance to the crafts-people and artisans to improve their existing stocks

In order to improve the quality of existing stock of bamboo that is being used by the crafts-people and artisans in non-forest areas of 5,332 hectares, the NBM released a grant of ₹ 426.56 lakh to the SMD during 2010-14 for its onward release to 2,666 craft people and artisans (Minimum No. of beneficiaries @ 2 ha *per* beneficiary) in Mizoram as financial assistance @ ₹ 8,000 each per hectare.

Scrutiny of records of SMD revealed that 14 FDAs irregularly spent the entire amount of ₹ 426.56 lakh during 2010-14 and executed the work departmentally for improvement of existing stock in the common village land covering 5,332 ha in non-forest area without giving any financial assistance to 2,666 craft people and artisans.

The year-wise grants received from the NBM and reported expenditure incurred by the 14 FDAs during 2010-14 is given in the following Table:

Table-4.11.10

Year	Details of release by the NBM				Details of departmental execution by 14 FDAs	
	Physical Target (in ha)	Assistance rate per hectare (in ₹)	Minimum No. of beneficiary (@ two ha *per* beneficiary)	Amount (₹ in lakh)	Physical Achievement (in ha)	Amount (₹ in lakh)
2010-11	2520	8000	1260	201.60	2520	8000
2011-12	1012	8000	506	80.96	1012	8000
2012-13	1000	8000	500	80.00	1000	8000
2013-14	800	8000	400	64.00	800	8000
Total	**5332**	**8000**	**2666**	**426.56**	**5332**	**8000**

Source: Departmental records

Thus, due to execution of improvement of existing stocks departmentally in the common village land in non-forest areas, 2,666 numbers of craft-people and artisans beneficiaries were deprived in receiving the financial assistance of ₹ 426.56 lakh.

In their reply the Government stated (December 2014) that the FDAs had executed the works departmentally involving members of the Village Forest Development Committees (VFDC) and therefore all the benefits by way of employment generations were given to VFDC beneficiaries.

The reply is, however, not acceptable as the fund was released by the NBM for its onwards release to the crafts-people and artisans so as to enable them to improve the existing stocks and varieties of bamboo that being used by them.

4.11.13.3 Post Harvest storage and treatment facilities

Para-8.3 of the operational guidelines envisages that suitable warehouse were to be constructed near the villages for the purpose of safe storage of bamboo crop once harvested. The guideline also envisaged that while storing the produce, it needs to be treated to enhance its durability. Audit of records showed that the MoA, GoI approved three Post Harvest and Treatment Plant (PHTP) and the SMD released ₹ 60 lakh to the BDA for execution of three PHTP during 2009-14.

However, out of the three approved PHTPs, the BDAs established only two PHTPs at Sairang and Zuangtui as of September 2014 with an expenditure of ₹ 40.76 lakh. During the joint physical verification (July 2014), it was found that both the Post Harvest and Treatment Plants were lying idle without any storage and treatment of bamboos. The construction of the third PHTP was not yet started due to late release of fund by the SMD to BDA.

Thus, due to non-functioning of the PHTPs, the expenditure of ₹ 40.76 lakh incurred on the establishment of two PHTPs remained unfruitful. Moreover, the objective of this component to store and treat bamboos once harvested could not be fulfilled.

In reply the Government stated (December 2014) that BDA had established two Post Harvest storage and treatment plant - one unit at Bamboo Technology Part (BTP), Sairang and one unit at Industrial estate, Zuangtui and would be ready for functioning. Both the units were not fully utilised due to the plot allotees at Bamboo Technology Part, Sairang could not come up with their intended industrial units and Bamboo Technology Park being located at the outskirt of the town and the Bamboo Technology Park had no Bamboo based industries of their own. Further, in respect of PHTP at Zuangtui most of the bamboo based industrial units located within Zuangtui industrial estate has failed to restart their operation.

4.11.14 Handicrafts, Marketing and Exports

The operational guidelines emphasises to provide and increase employment opportunities, preservation and introduction of new designs and mechanization of bamboo-based crafts as living heritage and to assist in marketing these products. The audit findings under this component are spelt out below:

4.11.14.1 Bamboo Wholesale & Retail Market

Bamboo Wholesale/Retail Markets would be set up all over the country. These markets, apart from other facilities, will have a computer and V-SAT facilities and apart from trading activities, will also keep track of market information related to various bamboo products. Thus, the farmers and primary processers will have direct access to such information and data, which in turn will help them to plan their activities well ahead. These markets can be set up and maintained by the community themselves or in partnership with the State Government. The total cost of such market has been estimated at ₹ 16 lakh. Financial assistance will be provided to the extent of 33.33 *per cent* of cost, subject to a maximum of ₹ 5.33 lakh for hill/tribal area.

Scrutiny of records of the BDA, Aizawl revealed that for the construction of six Wholesale/ Retail Markets, an amount of ₹ 31.98 lakh was released as financial assistance by the SMD to the BDA during 2009-14 for its onward release to the organisations, who could set up these markets availing the financial assistance @ ₹ 5.33 lakh for each market.

Out of ₹ 31.98 lakh the BDA incurred an expenditure of ₹ 21.37 lakh during 2012-14 leaving a balance of ₹ 10.61 lakh, the details of which are shown in the following Table:

Table-4.11.11

<table>
<tr><th rowspan="3">Year</th><th colspan="3">Details of fund released by the SMD to the BDA</th><th colspan="6">Details of utilisation of the fund by the BDA</th></tr>
<tr><th rowspan="2">Units</th><th rowspan="2">Estimated cost @ ₹ 16 lakh each</th><th rowspan="2">Admissible financial assistance @ ₹ 5.33 lakh</th><th rowspan="2">Units</th><th rowspan="2">Place</th><th colspan="4">Amount spent (₹ in lakh)</th></tr>
<tr><th>Released to Organisation</th><th>Spent by BDA</th><th>Total</th><th>Outsourced to</th></tr>
<tr><td>2009-10</td><td>05</td><td>80.00</td><td>26.65</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td><td></td></tr>
<tr><td>2010-12</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td><td></td></tr>
<tr><td rowspan="3">2012-13</td><td rowspan="3">Nil</td><td rowspan="3">Nil</td><td rowspan="3">Nil</td><td>01</td><td>Bungthuam</td><td>5.00</td><td>3.37</td><td>8.37</td><td>Vanlalruata Pachuau</td></tr>
<tr><td>01</td><td>Chuhvel</td><td>5.00</td><td>Nil</td><td>5.00</td><td>Pachhunga</td></tr>
<tr><td>01</td><td>Chhinchip</td><td>5.00</td><td>Nil</td><td>5.00</td><td>R.Saikhuma</td></tr>
<tr><td rowspan="2">2013-14</td><td rowspan="2">01</td><td rowspan="2">16.00</td><td rowspan="2">5.33</td><td>01</td><td>Lunglei</td><td>Nil</td><td>2.00</td><td>2.00</td><td></td></tr>
<tr><td>01</td><td>Bairabi</td><td>1.00</td><td>Nil</td><td>1.00</td><td>Laldinpuia</td></tr>
<tr><td>Total</td><td>06</td><td>96.00</td><td>31.98</td><td>05</td><td></td><td>16.00</td><td>5.37</td><td>21.37</td><td></td></tr>
</table>

Source: Departmental records

Further analysis of the records revealed that -

(i) the BDA irregularly released financial assistance of ₹ 16 lakh to four individuals to set up four markets without ensuring the beneficiaries' contribution.

(ii) Out of financial assistance to be released the organisations, BDA irregularly incurred an expenditure of ₹ 5.37 lakh towards construction of the two markets at Bungthuam and Lunglei.

The General Manager, BDA, Aizawl confirmed that the four markets (Chuvel, Chhinchip, Lunglei and Bairabi) were not in operation as of September 2014. In respect of construction of market at Bungthuam, the General Manager intimated (September 2014) that no information was available with the BDA. Thus, the facts remain that the BDA incurred an in fructuous expenditure of ₹ 21.37 lakh towards set-up of five non-operational markets.

While accepting the facts, the Government stated (December 2014) that markets were set-up through selected reliable entrepreneurs who did not have money for sharing contribution. Also, stated that due to non-settlement of bamboo regulatory trading in the State some of the markets are not in operation and as soon as these issues are resolved trading activities are expected to be carried out.

4.11.14.2 Bamboo Bazaars

Para-9.2 of the Operational Guidelines envisages setting up of Bamboo bazaars equipped with computer and V-SAT facilities to keep track of various demand for supply of bamboo products, costs, user industries *etc.* These markets could be set up and maintained by the community themselves or in partnership with the State Government. The total cost of one such market has been estimated at ₹ 27 lakh.

Assistance would be provided to the extent of 33.33 *per cent* of the total cost (₹ 27 lakh) subject to a maximum of ₹ nine lakh for Hilly/Tribal areas.

As per the approved AAPs a financial assistance of ₹ 54 lakh was earmarked for construction of six bamboo bazaars at a total cost of ₹ 162 lakh (₹ 27 lakh each) by the community during 2009-14. Against which the SMD released an assistance of ₹ 45 lakh to the BDA for onwards release to the community against the construction of five bamboo bazaars during 2009-14.

Examination of records of the BDA revealed that without releasing the assistance of ₹ 45 lakh to the community for construction of five bamboo bazaars, the BDA un-authorisedly constructed two bamboo bazaars itself at Sairang and Lengte during 2011-14 with a total cost of ₹ 29.82 lakh, leaving a balance of ₹ 15.18 lakh as per details given in the following Table:

Table-4.11.12

Year of construction	Place	Reported construction of	Unit (In no.)	Amount (₹ in lakh)
2011-13	Bamboo Technology Park, Sairang	Bamboo bazaar	01	20.47
2013-14	Export Promotional Industry Park, Lengte	Bamboo bazaar	01	9.35
Total	-	-	**02**	**29.82**

Source: Departmental records

The BDA had constructed two bamboo bazaars without involvement of community and incurred an excess expenditure of ₹ 11.82 lakh (₹ 29.82 lakh - ₹ 18 lakh) towards construction of two bamboo bazaars.

A joint verification was conducted by the audit on 24 July 2014 in the presence of the Assistant Project Manager, BDA, Aizawl and found that (i) instead of bamboo bazaar the BDA constructed a weigh bridge at Sairang, and (ii) the bamboo bazaar at Lengte. However, the bamboo bazaar at Lengte remained idle without any trading activities except stocking of 1,500 bamboos. The bazaar was also not acquitted with computers or V-SAT facilities.

Thus, it implied from the joint verification that the BDA constructed only one bamboo bazaar at Lengte with an expenditure of ₹ 9.35 lakh and diverted ₹ 20.47 lakh for construction of Weigh Bridge at Sairang.

The photographs of the reported bamboo bazaars are shown below:

Weigh Bridge at Sairang

Bamboo Bazar at Lengte

While accepting the facts, the Government stated (December 2014) that one bamboo bazar which was set up at Bamboo Technology Park, Sairang had been equipped with a weigh bridge facility due to its strategic location for exporting bamboo and its product to outside State in terms of weight basis.

4.11.14.3 Retail Outlets (showrooms)

Para-9.3 of the Operational Guidelines envisages setting of Retail Outlets (showrooms) at a cost of ₹ 40 lakh each in Metros to popularise various Bamboo handicrafts products which would be equipped with V-SAT facilities. Depending on the proposals received from the Development Commissioner (Handicrafts) and other organisations, assistance to the extent of 33.33 *per cent* of the cost, subject to the limit of ₹ 13.33 lakh would be provided for Hilly/Tribal areas.

As per the approved AAPs a financial assistance of ₹ 66.65 lakh was earmarked for construction of six Retail Outlets (Showrooms) at a total cost of ₹ 240 lakh (₹ 40 lakh each) by the selected organisations during 2009-14. The SMD released an assistance of ₹ 53.32 lakh (₹ 13.33 lakh each) to the BDA for onwards disbursement to the organisations for construction of four Retail Outlets (Showrooms) during 2009-14.

Examination of records of the BDA revealed that without releasing the assistance of ₹ 53.32 lakh to the appropriate organisations for construction of four Retail Outlets (Showrooms) in the Metros of the country during 2009-14, the BDA established two Retail Outlets at Khatla and Chatlang in Aizawl city at a cost of ₹ 20.51 lakh. The BDA further released an amount of ₹ 13.33 lakh to a private firm *i.e.* Mizoram Bamboo Entrepreneur Federation (MiBEF), Aizawl for establishment of one retail outlet at Zuangtui in Aizawl city.

Thus, out of ₹ 53.32 lakh an amount of ₹ 33.84 lakh was spent for establishment of three retail outlets in Aizawl city, leaving a balance of ₹ 19.48 lakh. The total estimated cost for establishment of three retail outlet was ₹ 120 lakh (₹ 40 lakh each) including beneficiary's and Government's contribution. However, the three outlets were established only at ₹ 33.84 lakh without the beneficiary's contribution. The retail outlets were established without installing V-SAT facilities.

A joint verification was conducted by the audit on 24 July 2014 in the presence of the Assistant Project Manager, BDA, Aizawl and found that (i) the retail outlay established in Khatla was shifted and merged with the retail outlet at Chatlang due to some administrative reason and (ii) the details of activities undertaken by the MiBEF in their retail outlet at Zuangtui could not be ascertained as the firm did not maintain proper books of accounts.

In their reply (December 2014), the Government has accepted the facts.

4.11.14.4 Participation of Domestic Trade Fair

Para-9.4 of the Operational Guidelines provides that in order to popularise and market various bamboo products throughout the country, at least 30 participants from each state will be chosen to participate in the National Level Trade Fairs at least twice a year. To and fro travel by railways, lodging, food and transportation *etc.* for the participants, including two truckloads of display products from each State would be provided. These would be project based activities, as per proposals received from the States the assistance provided would be 75 *per cent* of the cost subject to a maximum of ₹ 3.75 lakh per event of two days.

Scrutiny of records of BDA and SMD revealed that during 2009-14 an amount of ₹ 16.50 lakh was spent from the financial assistance released by the NBM towards meeting the expenditure for attending five Domestic Trade Fairs at different locations in the country. Details of year-wise and Trade Fair wise expenditure incurred are shown in the following Table:

Table-4.11.13

Year	Entity who incurred the fund	Name of Trade Fair attended	Details of participants attended			Expenditure incurred (₹ in lakh)	Contribution from State Government
			No. of Officials	No. of entrepreneurs	Total		
2009-10	BDA	National Agri-Horti Expo at Kochi	03	04	07	3.75	Nil
2010-11	BDA	World Bamboo Festival at Kohima	03	03	06	1.5	Nil
2011-12	BDA	Kerela Bamboo Fest at Cochin	02	04	06	3.75	Nil
	SMD	Trade Fair at New Delhi	04	Nil	04	3.75	Nil
2012-13	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2013-14	BDA	Natural Agriculture Fair at Nagpur	03	03	06	3.75	Nil
Total	**-**	**05 Nos.**	**15**	**14**	**29**	**16.50**	**Nil**

Source: Departmental records

From the table above it can be seen that:

(i) Out of the total expenditure of ₹ 16.50 lakh incurred for five trade fair only an amount of ₹ 12.38 lakh (75 *per cent*) was reimbursable from the NBM as financial assistance and remaining 4.12 lakh (25 *per cent*) was to be borne by the State Government. However, the SMD and BDA had incurred the entire expenditure of ₹ 16.50 lakh from the grants received from NBM.

(ii) According to guidelines at least 30 participants per trade fair were to be chosen to participate in the Domestic Trade Fairs. It was, however, noticed that in five trade fairs participated by the State Government, against 150 participants only 29 participants (15 officials and 14 entrepreneurs) were chosen and as a result 121 deserving participants were deprived of availing the benefits of popularising and marketing various bamboo products.

(iii) It was further noticed in Audit that 14 entrepreneurs who participated in the Trade Fairs did not carry any display items produced by them and on contrary some handicrafts items purchased by the SMD and BDA from the local Aizawl market were carried by the participants for display in the Trade Fairs. Thus, the main objective of encouraging the entrepreneurs to popularise and market their various bamboo products was defeated.

While accepting the facts the Government stated (December 2014) that the display items were always purchased to promote Mizoram products.

4.11.15 Mission impact

4.11.15.1 Socio-economic impact of the scheme

One of the objectives of the Mission was to generate employment opportunities especially for the unemployed youths. As per the information provided by the State Mission Director, NBMS, Mizoram area coverage by bamboo as of 2005-06 was 6,44,600 ha which has increased to 9,82,369 ha as of 2014-15. Out of which, 57,689 ha increase has been attributed as a result of implementation of NBM in Mizoram. The details of actual generation of employment were not available with the SMD hence the exact impact of the scheme in generation of employment could not be ascertained. Further, no separate records of the production/outputs of the bamboo plantation and Pre & Post harvest facilities under NBM were maintained by the State Level Agencies. Hence, the socio-economic impact of the programme could not be quantified. Most of the post harvest components like Post harvest & treatment facilities, Retail outlets, Bamboo Bazaars *etc.* have low performance rate.

4.11.15.2 Less payment of wages to the plantation labourers

In exercise of the powers conferred under Section 3 read with section 13 of the Minimum Wages Act, 1948 (Act No. XI of 1948), the Government of Mizoram, Labour, Employment and Industrial Training Department in their notifications fixed the minimum rate of wages for the unskilled workers (including Plantation Labourers) employed in the different scheduled employment in the Government Department as under:

Table-4.11.14

Sl. No.	Date of issue of notification	Date of effect	Rate of Minimum wages for unskilled labourers including plantation labourers (in ₹/day)
1.	3 November 2009	1 April 2009	132
2.	3 June 2011	1 April 2011	170
3.	26 September, 2013	1 October 2013	220

Source: Departmental records

Audit of the records of five sampled FDAs (Champhai, Thenzawl, Lunglei, Kolasib and Aizawl) revealed that during April 2009 to March 2014 the five FDAs executed 564 different plantation works under their jurisdiction at a total cost of ₹ 487.05 lakh generating 3.70 lakh mandays for the unskilled plantation labourers. Details of the wages paid to the labourers are shown in the following Table:

Table-4.11.15

Sl. No.	Name of FDA	Total No. of works	Period	No. of mandays generated	Wages to be paid		Wages actually paid		Short payment (₹ in lakh)
					Rate per day (In ₹)	Amount (₹ in lakh)	Rate per day (In ₹)	Amount (₹ in lakh)	
1.	Champhai	72	April 2011 to September 2013	27848	170	47.34	132	36.76	10.58
			October 2013 to March 2014	37564	220	82.64	170	63.86	18.78
2.	Thenzawl	46	April 2009 to March 2011	35934	132	47.43	103	37.01	10.42
			April 2011 to September 2013	3499	170	5.94	132	4.62	1.32
3.	Lunglei	249	April 2009 to March 2011	61576	132	81.28	105	64.65	16.63
			April 2011 to September 2013	34694	170	58.98	127	44.06	14.92
			October 2013 to March 2014	45811	220	100.78	170	77.88	22.90
4.	Kolasib	74	Nov 2009 to October 2010	22143	132	29.23	103	22.80	6.43
			October 2013 to March 2014	18138	220	39.90	170	30.84	9.06
5.	Aizawl	123	April 2009 to March 2011	54451	132	71.88	103	56.09	15.79
			October 2013 to March 2014	28534	220	62.77	170	48.51	14.26
Total		**564**	**-**	**370192**	**-**	**628.17**	**-**	**487.08**	**141.09**

Source: Departmental records

For the 564 plantation works generating 3.70 lakh mandays an amount of ₹ 628.70 lakh was to be paid to the labourers as their wages as per revised rates of minimum wages. However, the five sampled FDAs, disbursed an amount of ₹ 487.08 lakh as wages which resulted in short payment of wages of ₹ 141.09 lakh.

The Government did not offer any comment (December 2014).

4.11.16 Monitoring mechanism

It was noticed that the Environment and Forests Department has so far not drawn a schedule of inspection, which prescribes a minimum number of field visit for each supervisory level functionary from the State level to the FDA level to oversee whether the programme is being implemented satisfactorily and whether bamboo plantation under the programme is in accordance with the prescribed procedures.

For conducting evaluation studies of the programme implemented in Mizoram the SMD engaged (March 2010) one Agency (Association for Environmental Preservation, Aizawl). The Agency after conducting field study of the four FDAs (Aizawl, Thenzawl, North Vanlaiphai and Champhai) submitted its reports in July 2014. In their evaluation study report, the Agency observed that some plantations were done in the top of the hill areas where the plantation sites were dry with hard soil. As a result the average survival and growth of the bamboo plantations become very low. It was also observed that the weeding and cleaning of bamboo plantations were not carried out at the right time due to late receipt of maintenance fund which affected the growth and development of bamboo in most of the plantation sites.

Thus, the Government needs to take remedial action on the observations of the Evaluation Report.

4.11.17 Conclusion

The State Mission Director, SBSC did not draw up a Perspective Plan by conducting baseline survey feasibility study to determine the status of vast untapped potential bamboo plans in the State as envisaged in the Guidelines. The Annual Action Plans were formulated without grass-root level participation from the Bamboo Development Agency and Forest Development Agencies. The State Mission Director did not follow good financial practices.

There were instances of release of huge amount of inadmissible financial assistance against the plantation in forest and non-forest areas where the survival status were below the prescribed level of 90 *per cent*. Also, the State Mission Director released a grant to the Nodal Officer, NLUP violating the prescribed procedures, for disbursement of financial assistance to the farmers as subsidy towards cultivation cost of plantation in non-forest areas. The Nodal Officer, NLUP disbursed the same to the beneficiaries without ensuring beneficiaries contribution which resulted in short achievement of plantation. The crafts people and artisans were deprived of financial assistance to improve the quality of the existing handicraft products that is being used by them due to departmental execution of improvement works of existing stocks by the FDAs. The State Mission Director also did not take any initiative for setting up of Retail Outlets (Showrooms) in the Metros of the country to popularise various bamboo handicraft products of the State as emphasised in the operational guideline.

The Program Managers, deprived the plantation labourers with short payment of wages, which adversely impacted the socio economic conditions of the rural unemployed.

4.11.18 Recommendations

The Government should -

- prepare Perspective Plan and Annual Action Plans as envisaged in the Guidelines by involving grass-root level participation.
- strengthen the financial management to ensure the proper maintenance of Cash Account;
- not release a) subsequent financial assistance where survival status of the plantations are below the prescribed rate in Forest and Non-Forest Areas; b) funds to agencies like NLUP, which are external to the Mission Structure; and c) financial assistance to beneficiaries who had fulfilled their commitment.
- ensure the plantation labourers get their legitimate wages.
- propagate the sale of bamboo outside Mizoram through retail outlets, active participation in Trade Fair and adequate and well published display of furniture and artefacts had of bamboo of Mizo origin.

COMPLIANCE AUDIT PARAGRAPHS

TAXATION DEPARTMENT

4.12 Underassessment of tax

The Assessing Officer determined a dealer's purchase turnover of ₹ 10.11 crore instead of ₹ 12.22 crore resulting in underassessment of tax (taxable at 12.5 *per cent*) of ₹ 0.26 crore.

Section 34(1)(a) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under section 31 or 32 for any year and the Commissioner has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment, he may serve a notice and proceed to assess to the best of his judgment, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly.

Test check (July-August 2012) of records of the Assistant Commissioner of Taxes (ACT), North Zone, Aizawl revealed that while assessing (February 2012) a dealer[6] for the period from 2008-09 to 2010-11, the Assessing Officer (AO) determined the worth of goods purchased by the dealer as ₹ 10.11 crore taxable at 12.5 *per cent* and the worth of goods sold out as ₹ 6.43 crore including goods worth ₹ 0.69 crore on stock transfer by utilising Form 'F' and the closing stock as on 31 March 2011 as ₹ 3.68 crore.

Audit verification of dealer's quarterly returns for the period from 2008-11, however, revealed that the dealer had purchased goods worth ₹ 12.22 crore taxable at 12.5 *per cent* during the same period. Thus, the AO oversighted an amount of ₹ 2.11 crore (₹ 12.22 crore - ₹ 10.11 crore) while assessing the dealer's purchase turnover, which had tax effect of ₹ 0.26 crore.

On this being pointed out, the Department stated (May 2014) that the dealer was re-assessed in March 2013 and determined purchase turnover at ₹ 9.09 crore taxable at 12.5 *per cent*. The re-assessment orders of the Department with reduced purchase turnover, however, could not be accepted in audit, as the dealer himself declared through his quarterly returns that during 2008-11, his purchase turnover was ₹ 12.22 crore taxable at 12.5 *per cent*. Thus, a tax of ₹ 0.26 crore was short realised due to wrong assessment of purchase turnover by ₹ 2.11 crore.

The matter was reported to the Department and Government in September 2014; their reply has not been received (March 2015).

[6] Mary Kay Cosmetics Private Limited (TIN 15111997081)

4.13 Non-realisation of tax from a dealer

Against tax of ₹ 97.22 lakh payable by a dealer as pointed out in audit, the Assessing Officer re-assessed a dealer with a tax of ₹ 167.15 lakh, out of which an amount of ₹ 75.14 lakh along with a penalty of ₹ 0.95 lakh was not realised.

Section 34(1)(a) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under section 31 or 32 for any year, the Commissioner has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment, he may serve a notice and proceed to assess to the best of his judgment, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly. Penalty not exceeding twice the amount of tax assessed is leviable under section 31(7)(b) for furnishing incomplete and incorrect returns.

Test check (March 2014) of records of the Assistant Commissioner of Taxes, Serchhip Zone, Serchhip revealed that the Assessing Officer (AO) assessed (June 2012) the tax payable by the dealer[7] under Serchhip Zone for the assessment year 2010-12 as under:

Table-4.13.1

(₹ in lakh)

Year	Sales Turnover (returned)				Sales Turnover (determined)			
	@ 5 *per cent*	@ 12.5 *per cent*	@ 13.5 *per cent*	Total	@ 5 *per cent*	@ 12.5 *per cent*	@ 13.5 *per cent*	Total
2010-11	Nil	101.29	Nil	101.29	Nil	101.37	Nil	101.37
2011-12	56.61	395.04	173.19	624.84	56.61	395.04	173.19	624.84
Total	**56.61**	**496.33**	**173.19**	**726.13**	**56.61**	**496.41**	**173.19**	**726.21**
MVAT payable (2010-12)					**2.83**	**62.05**	**23.38**	**88.26**
MVAT levied (2010-12)					**2.83**	**56.58**	**23.38**	**82.79**

Source: Departmental records

Further scrutiny of the Register of 'C' Form transaction/utilisation in respect of the dealer as maintained by the Serchhip Zonal Office revealed that the dealer's actual purchase turnover during the period (2010-12) covered under assessment was ₹ 1,425.15 lakh taxable at different rates as under:

Table-4.13.2

(₹ in lakh)

Year	Taxable rate	Purchase turnover	Tax payable
2010-11	12.5 *per cent*	229.89	28.74
2011-12	4 *per cent*	22.58	0.90
	5 *per cent*	11.94	0.60
	12.5 *per cent*	770.43	96.30
	13.5 *per cent*	390.31	52.69
Total		**1425.15**	**179.23**

Source: Departmental records

[7] M/s D-3 Business Enterprise (TIN 15190137049)

The AO had determined a 'Nil' closing stock as on 31 March 2012 as noted in the assessment order. As such, the MVAT payable by the dealer for the assessing years 2010-12 was calculated at ₹ 179.23 lakh.

Against the tax payable of ₹ 179.23 lakh (without considering the profit element) by the dealer the AO had levied a tax of ₹ 82.79 lakh only (₹ 82.01 lakh already paid). Thus, the dealer is required to pay the balance tax of ₹ 97.22 lakh. Further, due to concealment of sales turnover the dealer is also liable to pay penalty of ₹ 194.44 lakh.

While accepting the facts, the ACT, Serchhip Zone stated (January 2015) that the dealer's turnover was re-assessed on 16 July 2014 and determined tax of ₹ 167.15 lakh on the gross sale turnover of ₹ 1,336.51 lakh for the period 2010-12 and paid tax of ₹ 92.01 lakh along with penalty of ₹ 0.95 lakh as per following details:

Table-4.13.3

(₹ in lakh)

Sl. No.	Particulars	at 4 *per cent*	at 5 *per cent*	at 12.5 *per cent*	at 13.5 *per cent*	Total
(i)	Purchase turnover	22.58	11.94	1000.32	390.31	1425.15
(ii)	Closing stock	Nil	1.72	Nil	113.12	114.84
(iii)	Sales turnover	22.58	10.22	1000.32	277.19	1310.31
(iv)	Add: 2 *per cent profit*	0.45	0.20	20.01	5.54	26.20
(v)	Gross taxable sales turnover	23.03	10.42	1020.33	282.73	1336.51
(vi)	Tax payable	0.92	0.52	127.54	38.17	167.15
(vii)	Penalty levied	-	-	-	-	0.95
(viii)	Tax already Paid	-	-	-	-	92.01
(ix)	Balance tax (January 2015)	(Tax: ₹ 75.14 lakh + Penalty: ₹ 0.95 lakh)				**76.09**

Source: Departmental records

However, the status of recovery of balance tax of ₹ 75.14 lakh and penalty of ₹ 0.95 lakh was not intimated by the Department (March 2015).

The matter was reported (September 2014) to the Government and their reply was awaited (March 2015).

4.14 Non-levy of penalty

Penalty of ₹ 17.16 lakh from 22 dealers, who failed to submit Audited Statement, was not imposed by the Assessing Officers of three zonal offices.

As per section 53 of the Mizoram Valued Added Tax Act (MVAT), 2005 all dealers whose taxable turnover exceeds ₹ 30 lakh in a particular year are liable to get their accounts audited by the Chartered Accountants, the true copy of which is to be furnished to the taxation authority within six months from the end of the year. If any dealer fails to get his accounts audited, the Commissioner shall, after giving the dealer a reasonable opportunity of being heard, impose on him, in addition to any tax payable, a sum by way of penalty equal to 0.1 *per cent* of the turnover as he may determine to the best of his judgment in respect of the said period.

Audit of records (November 2013 to May 2014) of four[8] Assistant Commissioners of Taxes (ACTs) revealed that 23 dealers[9] failed to get their accounts audited by Chartered Accountants for its onward submission to the respective taxation authorities inspite of the fact that all of them were having an annual turnover of more than ₹ 30 lakh as per the Assessment Orders for the years 2007-13. However, the Assessing Officers (AOs) failed to impose on them, in addition to tax payable, a sum of ₹ 20.90 lakh by way of penalty, as worked out in audit from the turnover of ₹ 208.97 crore determined by the AOs. The details of dealer-wise turnovers and penalty payable by 23 dealers are shown in **Appendix-4.14.1.**

Thus, all the 23 dealers under the four ACTs are liable to pay a penalty of ₹ 20.90 lakh for non-submission of audited accounts to the taxation authorities.

While accepting the facts, the three ACTs, except the ACT, Central Zone, Aizawl stated (March to June 2014) that they had already served demand notices to the dealers for payment of penalties.

Out of 23 dealers as mentioned in the para, in respect of one dealer (M/s Hluza Cement, TIN 15120572083), the ACT South Zone, Aizawl intimated (July 2014) that an amount of penalty of ₹ 3.74 lakh had already been recovered (11 July 2014) at the instance of audit. However, the three zonal offices had not been intimated the status of recovery of penalty of ₹ 17.16 lakh from the remaining 22 dealers as of February 2015.

The matter was reported to the Department and Government in September 2014; their reply was awaited (March 2015).

4.15 Under-assessment of tax

There was an under-assessment of tax of ₹ 4.01 lakh and non-imposition of penalty of ₹ 16.33 lakh for non-payment of tax of ₹ 68.99 lakh.

Section 34(1)(a) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under section 31 or 32 for any year and the Commissioner has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment, he may serve a notice and proceed to assess to the best of his judgement,

[8] i) ACT, Central Zone, Aizawl; ii) ACT, South Zone, Aizawl, iii) ACT North Zone, Aizawl and iv) ACT, Champhai Zone, Champhai

[9]

ACT Central Zone, Aizawl	:	08 dealers
ACT South Zone, Aizawl	:	01 dealers
ACT North Zone, Aizawl	:	13 dealers
ACT Champhai, Champhai	:	01 dealer
Total	:	**23 dealers**

the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly.

Further, as per Section 37(5) of the Act, where a dealer fails to make payment of tax assessed within thirty days from the date of serving of notice of demand, the Commissioner shall, after giving the dealer a reasonable opportunity of being heard, direct that such dealer shall, in addition to the amount due pay, by way of penalty, a sum equal to two *per cent* of such amount of tax, for every month, for the period for which payment has been delayed by him from the date on which such amount was due to be paid.

Test check (November 2013) of records of the Assistant Commissioner of Taxes (ACT), North Zone, Aizawl revealed that the Assessing Officer (AO) while assessing (September 2012) a dealer[10] for the assessment year 2010-11, under assessed the tax to the tune of ₹ 4.01 lakh due to less determination of purchase turnover to the extent of ₹ 15.92 lakh taxable at 12.5 *per cent*.

The details of tax payable, as assessed by the AO and payable tax as worked out by Audit are as follows:

Table-4.15.1

(₹ in lakh)

Particulars		As assessed by the AO	As worked out in Audit	Variation (-) Less
1.	Opening Stock	521.49	521.49	--
2.	Purchase turnover	363.77	379.69	(-) 15.92
Total		**885.26**	**901.18**	**(-) 15.92**
3.	**Less:** Closing Stock (excluding 3 *per cent* profit)	348.03	348.03	--
4.	Sales turnover (without profit)	537.23	553.15	(-) 15.92
5.	**Add:** 3 *per cent* profit	16.12	16.59	(-) 0.47
6.	Total taxable Sales turnover	553.35	569.74	(-) 16.39
7.	Tax payable (@ 12.5 *per cent*)	67.21	71.22	(-) 4.01

Source: Departmental records

From the above table it appeared that against the actual purchase turnover of ₹ 379.69 lakh during 2010-11 as recorded in the Register of Declaration Forms maintained by the dealer and produced to the AO, the AO had wrongly determined a purchase turnover of ₹ 363.77 lakh, which resulted in less determination of turnover of ₹ 15.92 lakh. Further, against the total sales turnover of ₹ 569.74 lakh (taxable at 12.5 *per cent)*, the payable tax was ₹ 71.22 lakh. However, the AO has wrongly determined the tax at ₹ 67.21 lakh, which resulted in short levy of tax by ₹ 4.01 lakh.

The dealer had paid an amount of ₹ 2.23 lakh out of assessed tax of ₹ 67.21 lakh. Thus, the dealer was required to pay tax of ₹ 68.99 lakh (₹ 71.22 lakh - ₹ 2.23 lakh). The AO had already issued (September 2012) a demand noticed to the dealer for payment of balance tax of ₹ 65.08 lakh (including penalty of ₹ 0.10 lakh for concealment of turnover) on or before

[10] M/s John Overseas (TIN 15110020002)

18 October 2012. Though the dealer failed to pay the outstanding tax as of November 2013, after a lapse of more than one year, the AO did not impose any penalty for the same under Section 37(5) of the Act. Thus, in addition to the tax due, the dealer was liable to pay a penalty equal to ₹ 16.33 lakh for the period from 19 October 2012 to 31 October 2013, which was not imposed by the AO as of February 2015.

While accepting the facts, the Commissioner of Taxes stated (March 2014) that re-assessment of the dealer was under process.

This matter was reported to the Government in September 2014 and their reply was awaited (March 2015).

4.16 Short assessment of Tax

There was short-assessment of tax of ₹ 77.64 lakh due to under-assessment of purchase turnover of five dealers amounting to ₹ 774.44 lakh.

Section 34(1)(a) of the Mizoram Value Added Tax (MVAT) Act, 2005 provides that where a dealer is assessed under Section 31 or 32 for any year and the Commissioner has reason to believe that the whole or any part of the turnover of the dealer in respect of any period has escaped assessment, he may serve a notice and proceed to assess to the best of his judgement, the amount of tax due from the dealer in respect of such turnover, and the provisions of this Act shall apply accordingly. Penalty not exceeding twice the amount of tax assessed is leviable under Section 31(7)(b) for furnishing incomplete and incorrect returns.

Audit (January-February 2013 and November 2013) of records of the Superintendent of Taxes (ST), Lawngtlai and Assistant Commissioners of Taxes (ACT), Central Zone, Aizawl revealed that while assessing five dealers[11], the Assessing Officers (AOs) determined the dealers' taxable purchase turnover at ₹ 772.53 lakh (taxable at 4 *per* cent) and ₹ 875.87 lakh (taxable at 12.5 *per cent*) during the assessment years 2005-11. However, the actual purchase turnover was ₹ 998.04 lakh and ₹ 1,424.80 lakh taxable at the rate of 4 *per cent* and 12.5 *per* cent respectively during 2005-11.

Thus, there was an under-assessment of the dealer's purchase turnover at ₹ 774.44 lakh (taxable at 4 *per cent* : ₹ 225.51 lakh + taxable at 12.5 *per cent* : ₹ 548.93 lakh). Hence, the under-assessment of purchase turnover resulted in short assessment of tax of ₹ 77.64 lakh (4 *per cent* : ₹ 9.02 lakh + 12.5 *per cent* : ₹ 68.62 lakh) without taking profit element of the dealer. The details of short assessment of the five dealers and present status as of August 2014 are given in the **Appendix-4.16.1.**

The ACT Lawngtlai Zone while accepting the facts stated (September 2014) that one dealer (M/s Rashmayee Store, TIN 15150003095) was re-assessed in 22 September 2014. After re-assessment the dealer's taxable turnover at ₹ 218.92 lakh including 5 *per cent* profit

[11] ST, Lawngtlai: one dealer (assessed between April 2007 and March 2012), ACT, Central Zone : four dealers (assessed between June 2012 and September 2012)

element against the escaped turnover of ₹ 193.78 lakh as pointed out by audit. The ACT levied a tax of ₹ 20.74 lakh with a penalty of ₹ 1.04 lakh to the dealer. However, the recovery status of the same has not been intimated by the Department (March 2015).

The matter was reported to the Government in September 2014 and their reply was awaited (March 2015).

LAND REVENUE AND SETTLEMENT DEPARTMENT

4.17 Short deposit of revenue

Out of total revenue of ₹ 113.49 lakh collected during 2008-12, the Department deposited only an amount of ₹ 99.78 lakh, leaving a balance of ₹ 13.71 lakh.

As per Rule 6(1) of the Central Government Account (Receipts and Payments) Rules, 1983 which is followed in Mizoram all moneys received by or tendered to Government officers on account of revenues or receipts or dues of the Government shall be deposited into Government Account without undue delay.

Scrutiny (April 2014) of records of the Assistant Settlement Officer (ASO), Champhai disclosed that the Department had not maintained any register, document or a subsidiary cash book showing the monthly collection of revenue from the various sources and its remittance to the Government Account during the period from 2008-09 to 2011-12. In the absence of such basic documents, based on the Receipt Books and treasury challans as produced to audit, a Statement was prepared by audit showing year-wise collection of land revenue and its deposit into the Government Account during the period 2008-12, which was duly authenticated by the ASO, Champhai.

As per the statement, the Department collected a total land revenue of ₹ 113.49 lakh from the various Land Settlement Certificate (LSC) holders under Champhai District during 2008-12, against which an amount of ₹ 99.78 lakh was deposited into Government Accounts through Treasury Challans, leaving a balance of ₹ 13.71 lakh as of April 2014, the details of which are given in the following Table:

Table-4.17.1

(₹ in lakh)

Year	Revenue Realised (RR)	Cumulative Revenue Deposited (RR + CNDR)	Revenue Deposited	Cumulative Non-Deposited Revenue (CNDR)
2008-09	27.86	27.86	8.99	18.87
2009-10	17.30	36.17	22.02	14.15
2010-11	31.09	45.24	33.40	11.84
2011-12	37.24	49.08	35.37	13.71
Total	**113.49**	**--**	**99.78**	**13.71**

Source: Departmental records

CHAPTER-V

ECONOMIC SECTOR

(State Public Sector Undertakings)

CHAPTER-V

ECONOMIC SECTOR
(State Public Sector Undertakings)

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

5.1 Overview of State Public Sector Undertakings

Introduction

5.1.1 The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Mizoram, the SPSUs occupy insignificant place in the State Economy. The SPSUs registered a Turnover of ₹ 15.26 crore for 2013-14 as per their latest finalized/audited accounts as of September 2014 and provisional figures furnished by the Company. This Turnover was equal to 0.15 *per cent* of State Gross Domestic Product (₹ 10,296.98 crore) for 2013-14. The State PSUs incurred a loss of ₹ 1.70 crore in the aggregate for 2013-14 as per their latest finalised and audited accounts as on 30 September 2014. They had employed 269 employees as of 31 March 2014. The SPSUs do not include three Department[1] of the State Government which carry out operations of commercial nature but are not regular in submission of their Proforma Accounts for audit.

5.1.2 As on 31 March 2014, there were six SPSUs (all working Government Companies) in the State of Mizoram. No Company was listed in the stock exchange(s).

Audit Mandate

5.1.3 Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the Paid-up Capital is held by Government(s). A Government company includes a subsidiary of a Government Company. A Company in which not less than 51 *per cent* of the Paid-up Capital is held in any combination by Government(s), Government Companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as per Section 619-B of the Companies Act.

5.1.4 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as *per* the provisions of Section 619 (4) of the Companies Act, 1956.

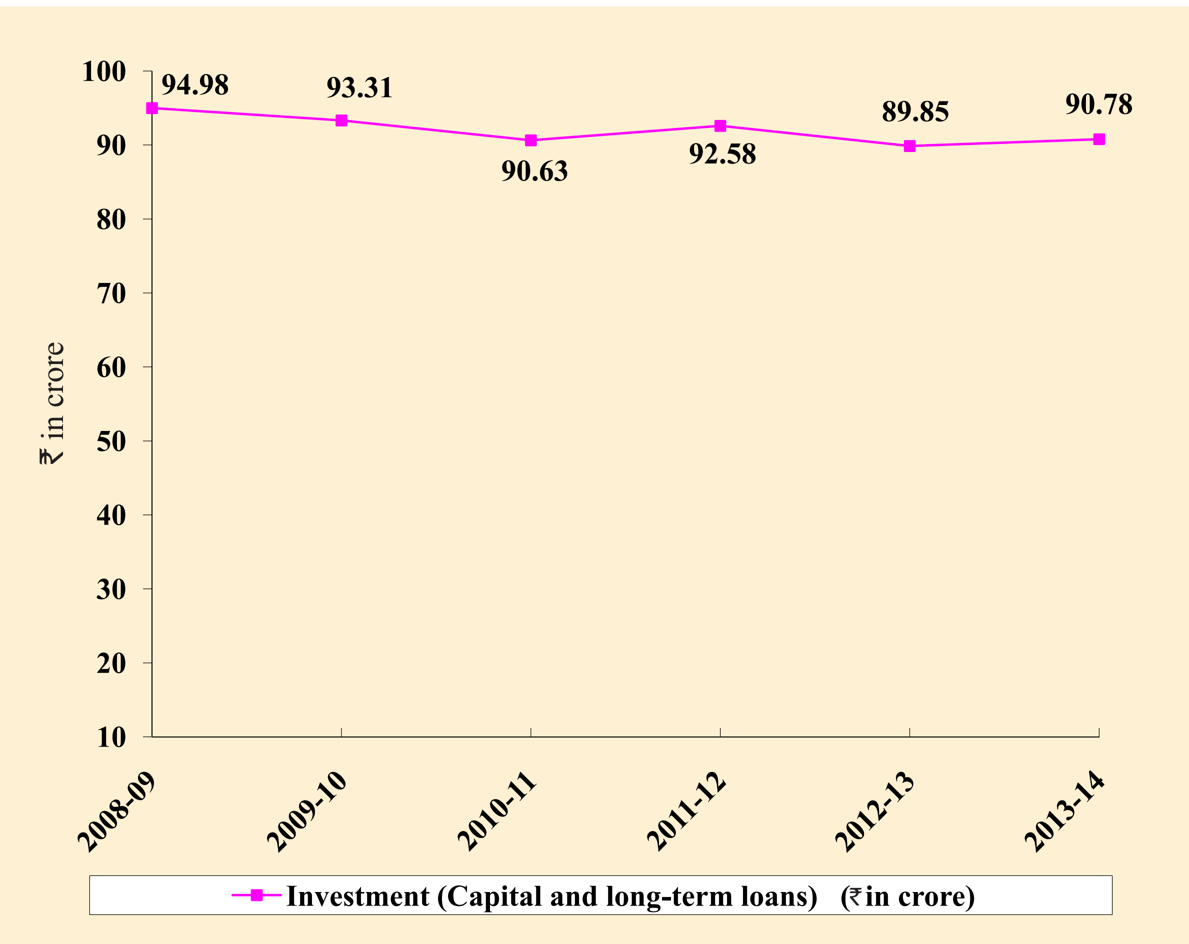
[1] (i) Power & Electricity, (ii) Food, Civil Supplies & Consumer Affairs and (iii) Transport

5.1.5 The Government of India, Ministry/Department of Company Affairs has notified (September 2013) the Companies Act, 2013. However, the provisions of the new Act shall be applicable on Government Companies from the next accounting year 2014-15 (*viz.* from the accounting periods commencing on or after 1 April 2014) and audit of the accounts of Government companies pertaining to the periods prior to 1 April 2014 shall continue to be governed by the Companies Act, 1956.

Investment in State SPSUs

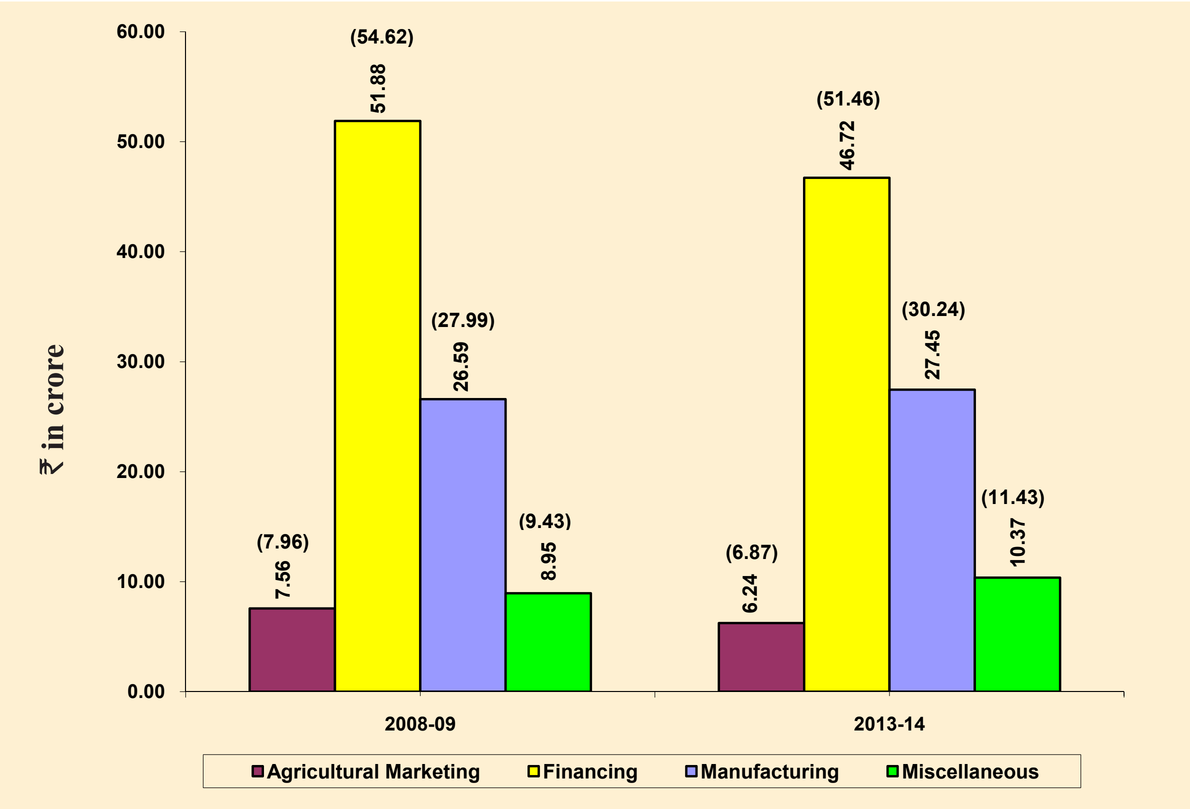
5.1.6 A summarized position of Government investments in SPSUs is detailed in **Appendix-5.1.1.** As on 31 March 2014, the total Investment (Capital and Long-term loans) in the six SPSUs was ₹ 90.78 crore. This total Investment consisted of 65.93 *per cent* towards Capital and 34.07 *per cent* in Long-term loans. The Investment has decreased by 4.42 *per cent* from ₹ 94.98 crore in 2008-09 to ₹ 90.78 crore in 2013-14 as shown in the graph below:

Graph No.-5.1.1



5.1.7 The total Investment in various sectors and percentage thereof at the end of 31 March 2009 and 31 March 2014 are indicated below in the bar chart.

Chart No.-5.1.1



(Figures in brackets show the percentage of sector investment to total investment)

5.1.8 From the bar chart above, it may be noticed that during the years from 2008-09 to 2013-14, the investment in Agricultural Marketing and Financing Sector had decreased by ₹ 1.32 crore and ₹ 5.16 crore respectively. The investment in Manufacturing and Miscellaneous Sectors, however, increased by ₹ 0.86 crore and ₹ 1.42 crore respectively during the said period.

Budgetary outgo, Grants/Subsidies, Guarantees and Loans

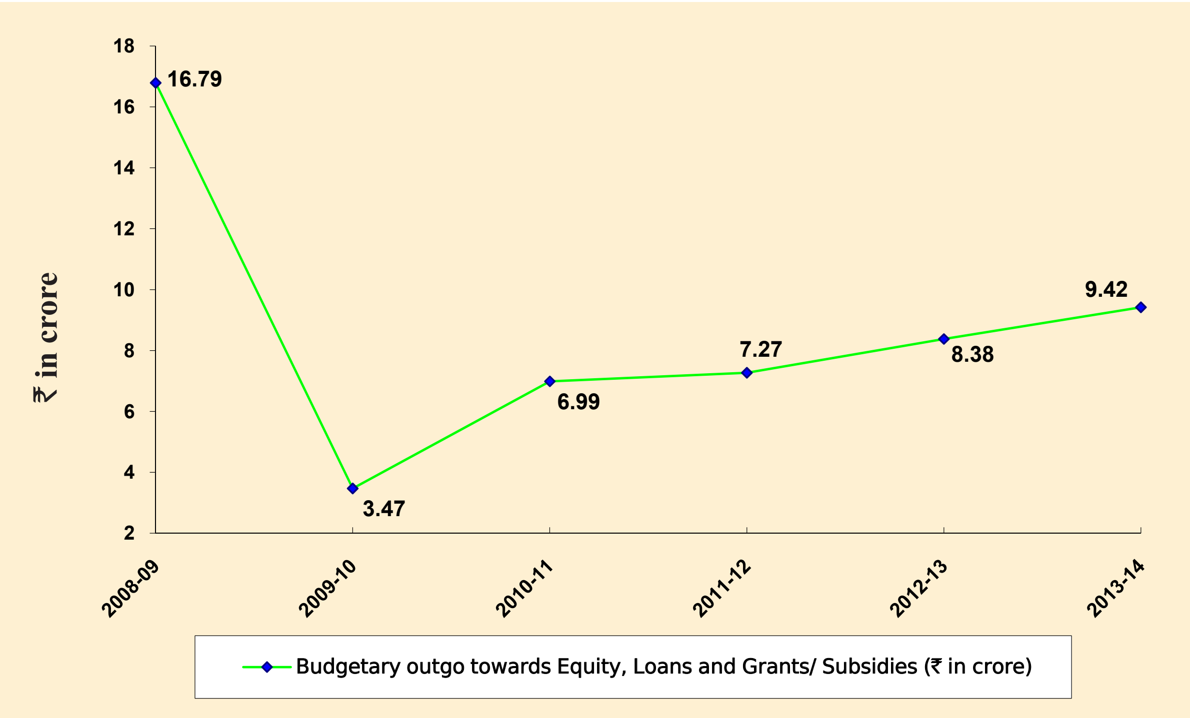
5.1.9 The details regarding budgetary outgo towards Equity, Loans, Grants/Subsidies, Guarantees issued in respect of SPSUs are given in **Appendix-5.1.2**. The summarised details for three years ended 31 March 2014 are given below:

Table-5.1.1

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount	No. of PSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	2	1.40	1	1.27	1	1.22
2.	Loans given from budget	-	-	-	-	-	-
3.	Grants/Subsidy received	3	5.87	2	7.11	3	8.20
4.	Total Outgo	5	7.27	6	8.38	4	9.42
5.	Guarantee Commitment	1	19.40	1	23.07	1	18.61

5.1.10 The details regarding budgetary outgo towards Equity, Loans and Grants/ Subsidies for past six years are given in the graph below.

Graph No.-5.1.2



5.1.11 As on 31 March 2014, guarantees amounting to ₹ 18.61 crore were outstanding against one SPSU (*viz.* Zoram Industrial Development Corporation Limited). No Guarantee Commission was payable to the State Government by the Government Companies. There was no case of conversion of Government Loan into Equity, Moratorium in repayment of Loan and Waiver of Interest during this year.

Reconciliation with Finance Accounts

5.1.12 The figures in respect of Equity, Loans and Guarantees outstanding as *per* records of SPSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2014 is stated below:

Table-5.1.2

(₹ in crore)

Outstanding in respect of	Amount as *per* Finance Accounts	Amount as *per* records of SPSUs	Difference
Equity	4.13	54.06	(-) 49.93
Loans	-	30.93	(-) 30.93
Guarantees	-	18.61	(-) 18.61

5.1.13 Audit observed that the differences occurred in respect of all SPSUs and the differences were pending reconciliation for more than ten years. The Principal Accountant General appraised the matter to the Chief Secretary, Government of Mizoram, Administrative Departments of respective SPSUs and the Managing Directors of SPSUs periodically and had drawn their attention to the need to reconcile figures as appearing in Finance Accounts and in their respective accounts. However, no significant progress was noticed in this regard. As such, the Government and the SPSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of SPSUs

5.1.14 The financial results of SPSUs are detailed in **Appendix-5.1.3.** A ratio of SPSUs Turnover to State GDP shows the extent of SPSU activities in the State economy. Table below provides the details of working SPSUs Turnover and State GDP for the period 2008-09 to 2013-14.

Table-5.1.3

(₹ in crore)

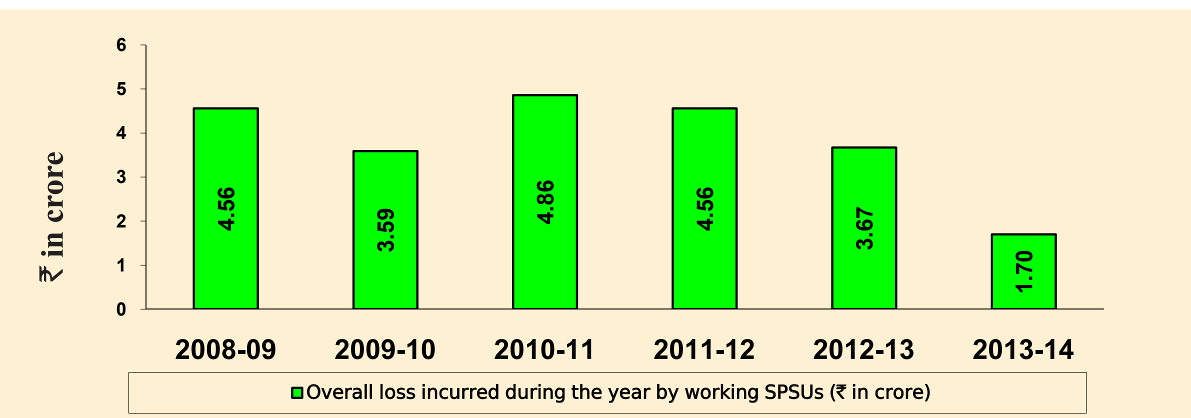
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Turnover[2]	2.41	1.45	1.72	1.57	5.00	15.26
State GDP[3]	4577.11	5283.93	6057.70	6991.40	8053.09(P)	10296.98(PF)
Percentage of Turnover to State GDP	0.05	0.03	0.03	0.02	0.06	0.15

NB: P-Provisional Estimate, PF-Projected Figure.

5.1.15 It can be seen from the above Table that the percentage of turnover to State GDP declined from 0.05 *per cent* in 2008-09 to 0.02 *per cent* in 2011-12; however, the same had increased to 0.15 *per cent* in 2013-14.

5.1.16 Losses incurred by six SPSUs (all working) during 2008-09 to 2013-14 are given below in the bar chart.

Chart No.-5.1.2



[2] Turnover as per the latest audited accounts as of 30 September of respective year

[3] Figures as provided by Economic and Statistics Department, Government of Mizoram

The five SPSUs were incurring losses continuously during the period between 2008-09 and 2013-14. As per their latest audited accounts, five SPSUs incurred net loss amounting to ₹ 3.06 crore whereas one SPSU (Zoram Industrial Development Corporation Limited) had made a profit ₹ 1.36 crore. Mizoram Agricultural Marketing Corporation Limited (MAMCO) ranked first among the SPSUs in incurring losses followed by Mizoram Handloom and Handicraft Development Corporation Limited (ZOHANDCO) and Mizoram Food and Allied Industries Corporation Limited (MIFCO) during this period.

The losses of SPSUs are mainly attributable to deficiencies in financial management, planning, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred controllable losses to the tune of ₹ 10.20 crore and Infructuous Investment of ₹ 1.69 crore. Year-wise details from Audit Reports are stated below:

Table-5.1.4

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	Total
Net loss of working PSUs	4.56	3.67	1.70	9.93
Controllable losses as *per* CAG's Audit Report	10.20	-	-	10.20
Infructuous Investment	1.69	-	-	1.69

5.1.17 The above losses pointed out by Audit Reports of CAG are based on test check of records of SPSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses can be minimized. The SPSUs cannot discharge their role efficiently as they are not financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of SPSUs.

5.1.18 Some other key parameters pertaining to State PSUs are given below:

Table-5.1.5

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Capital Employed (*per cent*)[4]	-	-	-	-	-	-
Debt	33.65	30.30	30.93	30.93	30.93	30.93
Turnover[5]	2.41	1.45	1.72	1.57	5.00	15.26
Debt/Turnover Ratio	13.96:1	20.90:1	17.98:1	19.70:1	6.19:1	2.03:1
Interest Payments	2.18	2.18	0.30	0.30	0.30	0.06
Accumulated losses	40.23	43.45	49.20	50.58	51.34	58.03

5.1.19 As per the latest finalised accounts as of 30 September 2014, the Capital Employed of six working SPSUs in the state worked out to ₹ 65.56 crore and had shown negative Return on Capital Employed. Four SPSUs were incurring losses continuously over the years. Consequently, accumulated losses steadily increased from ₹ 40.23 crore in 2008-09 to ₹ 58.03 crore in 2013-14.

[4] Negative returns in all six year

[5] As per the latest finalised accounts as of 30 September 2014

5.1.20 There was no information available regarding existence of any specific policy of the State Government on payment of minimum dividend by the SPSUs. As per their latest finalised accounts as on 30 September 2014, one SPSU (Zoram Industrial Development Corporation Limited) earned a profit of ₹ 1.36 crore. The SPSU, however, had not declared any dividend during the year.

Arrears in finalisation of accounts

5.1.21 The Accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. The table below provides the details of progress made by working SPSUs in finalisation of Accounts by September 2014.

Table-5.1.6

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of Working SPSUs	5	5	6	6	6
2.	Number of Accounts arrears with the SPSUs	27	24	26	30	17
3	Number of Accounts audited during the year	11	8	1	2	16
4.	Average arrears *per* SPSU (2/1)	5.40	4.8	4.33	5.00	2.83
5.	Number of Working SPSUs with arrears in Accounts	5	5	6	6	6
6.	Extent of arrears in years	1 to 10	1 to 11	1 to 12	1 to11	1 to 8

5.1.22 The reasons for delay in finalisation of Accounts are attributable to (i) lack of required control over the companies by the Government and (ii) abnormal delay in compilation/ approval of the accounts and delayed submission of the same to the Statutory Auditors by the Management.

5.1.23 The State Government had invested ₹ 24.82 crore (Equity: ₹ 2.43 crore, and Grants: ₹ 22.39 crore) in five SPSUs during the years for which the accounts have not been finalised as detailed in **Appendix-5.1.4.** In the absence of finalisation of the accounts and their subsequent audit, true and fairness of the accounts could not be ensured. Further, delay in finalisation of Accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

5.1.24 The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the Accounts are finalised and adopted by these SPSUs within the prescribed period. Though the Principal Accountant General (PAG) had brought the position of arrears of Accounts to the notice of the concerned Administrative Departments and officials of the Government periodically, no remedial measures were taken. As a result of this the Net Worth of these SPSUs could not be assessed in audit. The PAG had also addressed the Chief Secretary/Finance Secretary periodically to expedite the clearance of arrears in finalisation of Accounts in a time bound manner.

5.1.25 In view of above state of arrears, there is a need to evolve an appropriate strategy by the SPSUs and the concerned administrative departments of the State Government for preparation of accounts as per the statutory requirements with special focus on clearance of arrears in a time bound manner.

Accounts Comments and Internal Audit

5.1.26 Two working Government Companies forwarded their 16 audited Accounts to the PAG during the year 2013-14. They were selected for Supplementary Audit. The audit reports of Statutory Auditors appointed by CAG and the Supplementary Audit of CAG indicate that the quality of maintenance of accounts needed to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given below:

Table-5.1.7

(₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Increase in loss	-	-	-	-	-	-
2.	Decrease in loss	4	2.36	1	1.80	1	9.32
3.	Non-disclosure of material facts	-	-	1	0.63	1	3.57
4.	Errors of classification	1	0.17	1	0.27	-	-
5.	General	4	9.02	1	0.01	-	-

5.1.27 During the year 2013-14, the Statutory Auditors had given qualified certificates in all 16 accounts. The compliance of companies with the Accounting Standards (AS) remained poor. There were 4 instances of non-compliance of AS in the 16 accounts during the year.

State Trading Scheme

5.1.28 The activities Food, Civil Supplies and Consumer Affairs Department though commercial in nature with no profit and no loss basis, the Department is required to submit Proforma Accounts of its commercial activities for audit which are in arrears from the year 2005-06 onwards. The financial position and working results of the Department for the three years ended 31 March 2014 is given in **Appendix-5.1.5**.

Mizoram State Transport

5.1.29 The working results and operational performance of Mizoram State Transport (MST) for the three years ended 31 March 2014 is given in **Appendix-5.1.6**. The activities of MST though commercial in nature, the Proforma Accounts of its commercial activities were not submitted for audit since 2001-02. Hence, audit of the Proforma Accounts of MST was pending since 2001-02.

PERFORMANCE AUDIT

POWER AND ELECTRICITY DEPARTMENT

5.2 Management of Power through generation and procurement

Highlights

Power and Electricity Department (P&ED), Mizoram was created in the year 1975 for promotion, development and maintenance of Power Distribution Network including provision of adequate and reliable power supply in Mizoram. The Department is functioning as an integrated utility and responsible for generation, transmission, distribution and dispatching of electric power supply within the state of Mizoram. It is also responsible for the promotion, development and maintenance of Power Distribution Network including provision of adequate and reliable power supply in Mizoram.The Performance Audit on 'Management of Power through generation and procurement' brought out some significant audit findings as given below:

The Department paid, Unscheduled Interchange charges amounting to ₹ 7,446.81 lakh due to over drawl of 237.68 MU of energy during 2008-09 to 2013-14.

(Paragraph 5.2.13.2)

The Department failed to tie up for purchase of minimum prescribed solar energy which led to obligation to buy Solar Renewable Energy Certificates of ₹ 3.62 crore.

(Paragraph 5.2.13.4)

Disproportionate increase in the expenditure had resulted in increase of 159 *per cent* in the deficits of the Department during 2008-09 to 2013-14.

(Paragraph 5.2.14)

During the period from 2008-09 to 2013-14, the Department paid ₹ 18.19 crore as surcharge to the Generating Stations and Central Transmission Unit due to delayed payment of bills.

(Paragraph 5.2.15.1)

The Department could not avail rebate of ₹ 6.92 crore in payment of power purchase bills during 2009-14 due to non-replenishment of LC account within the time specified in the PPAs.

(Paragraph 5.2.15.2)

5.2.1 Introduction

Electricity is an essential requirement and in fact a necessity in all walks of life. It has become part of modern day life and is essential for transportation, communication and industry *etc.* The availability of reliable and adequate power at competitive rates is crucial to sustain growth in all sectors of the economy. Electricity is in the concurrent list in the Constitution; however primary responsibility for ensuring availability or reliable and adequate electricity/ power/energy lies with the States. The Government of India (GoI) liberalized its economy in 1991, opening up the power sector to private sector. Due to resource limitations of public sector utilities, GoI offers incentives for Independent Power Producers (IPPs) to enter into the power generation sector. Despite the stated desire for reform and the initial measures that have been implemented, serious problems still persist in power sector. Power and Electricity Department (P&ED), Mizoram was created in the year 1975 and is responsible for generation, transmission and distribution activities within the State of Mizoram.

As on 31 March 2014, the State had about two lakh consumers of various categories. The total energy requirement for the year ended 31 March 2014 was 608 MU against which the total internal generation of the State was 55.34 MU (comprising mostly of hydel power). The other generating stations[6] were mostly kept on standby mode owing to their high operational cost. Due to insufficient internal generation, the State depends on outside sources to meet the generation and demand gap. The outside sources of power mainly include Central Sector Generating Stations (CGS) of North Eastern Power Corporation Limited (NEEPCO), National Hydroelectric Power Corporation Limited (NHPC), and National Thermal Power Corporation Limited (NTPC) *etc.*

5.2.2 Legal framework

The Electricity Supply Act, 1948 established the Central Electricity Authority (CEA) for coordinated development of power sector in the country. The Electricity Act, 2003 (Act) provided the framework to develop the power sector and to promote competition and protect the interest of the consumer. Under the Act, tariff for supply of power by a generating company to a distribution licensee through long term Power Purchase Agreement (PPA) is to be determined by the Regulatory Commission.

The Regulatory Commissions both at the Centre and State level introduced various regulations to provide a legal framework for the stakeholders. The Joint Electricity Regulatory Commission (JERC) for Manipur and Mizoram has since been established and has started functioning with effect from 24 January 2008.

5.2.3 Organisational set up

The Secretary, Power and Electricity Department (P&ED), Government of Mizoram (GoM) is the Administrative Head of the Department. The Engineer-in-Chief, P&ED is the functional head of the Department who is assisted by four Chief Engineers. Day-to-day activities of the Department are managed by the 8 Circles, 20 Divisions and 51 Sub-Divisions.

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[6] The other generating stations (non-hydel) include Heavy Furnace Oil (HFO) based Power Generating Plant at Bairabi (22.92 MW) and one Diesel Generating set at Lengpui (0.50 MW)

5.2.4 Scope of Audit

The Performance Audit was conducted during April 2014 to September 2014 to assess the performance of the Department *vis-à-vis* management of power procurement and generation during the period from 2008-09 to 2013-14. The audit examination involved scrutiny of records at Administrative Department, Engineer-in-Chief Office and State Load Despatch Centre (SLDC).

5.2.5 Audit Objectives

The objective of the Performance Audit was to ascertain whether:

- The planning process for generation of electricity was efficient;
- The power purchased through Power Purchase Agreement was managed efficiently;
- The financial management for power utilities was efficient;
- The system for clearance of power purchase bills was efficient and effective;
- Human Resource Management was efficient; and
- Monitoring mechanisms were in place and were effective.

5.2.6 Audit Criteria

The audit criteria adopted for assessing the achievements of the audit objectives were derived mainly from the following sources:

1. Annual Revenue Requirements and retail tariff petitions submitted by the Department;
2. Electricity Act, 2003 and Rules, Regulations and Policies issued there under National Electricity Plan/Policy;
3. Tariff orders for generating stations issued by JERC;
4. Regulations issued from time to time by JERC regarding power purchase and adjudication orders issued by JERC on matters of dispute;
5. PPAs entered into by the Department with various generators;
6. Perspective plan, Annual Budgets, Annual Reports;
7. Letter of Intent (LoI) issued to suppliers; and
8. Related guidelines/regulations of the State/Central Government/JERC/ CERC/CEA *etc.* with regard to procurement and sale of power from time to time.

5.2.7 Audit Methodology

The audit objectives, audit criteria, scope and audit methodologies of the Performance Audit were discussed with the Secretary, Engineer-in-Chief, Chief Engineer and Superintending Engineer of Power and Electricity Department, GoM in the Entry Conference (May 2014). Audit findings were reported (September 2014) to the Department as well as to GoM (Secretary, Power) in the form of Draft Performance Audit Report. Audit findings were also discussed with the representatives of the Department and the GoM in the Exit Conference held on 10 December 2014. The formal replies (January 2015) of the Government as well as the views expressed by the representatives of the Government and the Department in the Exit Conference have been taken into consideration while finalising the Report.

5.2.8 Acknowledgement

The Indian Audit and Accounts Department acknowledges and appreciates the co-operation rendered by the Engineer-in-Chief, Chief Engineer and Superintending Engineers and other functionaries of Power and Electricity Department during the conduct of this Performance Audit.

Audit Findings

Significant audit findings noticed during the audit are discussed in the succeeding paragraphs.

Audit Objective: To assess the efficiency of the planning process for generation of electricity

5.2.9 Power Scenario of the State

At the end of the 10th Five year plan (2002-07), peak power demand of the State was 63.30 MW against the State's own generation capacity of 13.85 MW from eight Small Hydel Projects (SHPs). Due to rapid load growth, the unrestricted power requirement at the end of 11th Five year plan (2007-12) increased to 160 MW and subsequently to 201 MW as of March 2014. As against this, the availability of power as of March 2014 was 155.87 MW, which included State's share (103.10 MW) allocated under six[7] Power Purchase Agreements (PPAs) as well as increased own generation capacity (52.77 MW). During 2008-14, the State own generation capacity was increased against three new SHPs (15.50 MW), one Heavy Furnace Oil (HFO) based Power Generating Plant at Bairabi (22.92 MW) and one Diesel Generating set at Lengpui (0.50 MW). The HFO based power generating plant at Bairabi (22.92 MW) was mostly kept as back-up for contingencies due to high generation costs excepting the meagre generation of 8.36 MUs of energy during 2008-11. The actual internal generation of power from 11 SHPs and other generating units (*viz.* HFO based power plant and Diesel Generating set) during the above period had increased from 10.31 MU (2008-09) to 55.34 MU (2013-14) as detailed in **Appendix-5.2.1**. However, the total availability of power during 2008-14 through own generation as well as outside purchase was inadequate to meet the State's demand of power as discussed in the latter part of the Performance Audit. Details of energy drawl from outside sources through six PPAs during the period are given in **Appendix-5.2.2**.

[7] Out of 12 PPAs signed by the Department, the Department was drawing power from six PPAs only as the five of the remaining power projects were ongoing while one power project was under damaged condition

5.2.10 Planning process

The GoM, while framing the "Hydel Electric Power Policy, 2010" (Hydel Policy) had assessed the hydel power potential of about 4500 MW[8] in the State. The Hydel Electric Power Policy also provided that the hydel projects would be levied royalty at the rate of 13 *per cent* of the deliverable energy during the period from date of synchronization of the first generating unit. The State's hydel power potential of 4,500 MW identified under the Hydel Policy included 78 small/mini/micro hydel projects. As on March 2014, only 11 projects with installed capacities of 29.35 MW had been set-up.

Of the remaining, 67 potential projects with installed capacity of 4,470.65 MW, only five projects with installed capacity of 68.70 MW were under construction. No work had been started in respect of the balance 62 projects having potential installed capacity of about 4,401.95 MW (March 2014). The Department had neither fixed any target nor had it invited private power producers to the State for their development of these potential sites in the State so far (March 2014).

Thus, despite having huge power potential and capacity to eliminate power deficiency in the State, the GoM had not taken adequate action to ensure that the power potential in the State is harnessed optimally.

The Government did not offer any comment on this issue.

5.2.11 Irregular filing of ARR and Retail Tariff petition

The Power and Electricity Department is required[9] to file a tariff application with the JERC along with statements containing the expected revenues from the tariff and the charges including miscellaneous charges in the ensuing financial year by 30 November every year. Accordingly, tariff petitions for the years 2010-11, 2011-12, 2012-13 and 2013-14 were due for submission to JERC by 30 November 2009, 30 November 2010, 30 November 2011 and 30 November 2012 respectively. The Department, however, filed tariff petitions for the financial years 2010-11, 2012-13 and 2013-14 on 13 September 2010, 21 February 2012 and 28 March 2013 respectively. The Department did not file petition for 2011-12. Accordingly, JERC issued tariff orders for 2010-11 (12 January 2011) and 2012-13 (23 July 2012) and did not issue tariff order for 2011-12 due to non-filing of tariff petition. Further, JERC did not issue tariff order for 2013-14 as well due to late submission of the petition.

Thus, the quantum and cost of power purchase *inter alia* for the years 2011-12 and 2013-14 were without any approval due to non/late filing of Retail Tariff petition and Aggregate Revenue Requirement (ARR) with JERC. During the financial years 2011-12 and 2013-14, the

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[8] As per the details provided in the State's Hydel Policy document, the Hydel power potential worked out at 3760.84 MW only

[9] In terms of Clause 4(1) of Joint Electricity Regulatory Commission for Manipur and Mizoram (JERC) Terms and Conditions for Determination of Tariff Regulations, 2010

consumers were billed as per the rates approved for previous years which were lower compared to actual cost of power purchased. This eventually increased the burden on State exchequer on account of additional tariff support/subsidy provided by the Government for meeting the said revenue deficit. The increased burden on the State exchequer on this account, however, could not be quantified as the complete details were not provided to audit.

The Government replied (January 2015) that it had submitted ARR and Tariff Petition for financial year 2010-11 soon after JERC become functional in 2008 based on which Tariff Order for FY 2010-11 was notified. It also stated that Tariff Order for the financial years 2011-12 and 2013-14 were not notified by JERC despite filing of petition and payment of prescribed fees.

The reply of the Government is not tenable as the tariff petition for 2011-12 was not filed while the petition for 2013-14 was not filed within the stipulated time.

Audit Objective: To assess whether the power purchased through Power Purchase Agreement was managed efficiently

5.2.12 Background

The Department procures power from the Central Generating Stations (CGS) and State Power Generating Stations (SGS) through Power Purchase Agreements (PPAs) due to State's limited own generation capacity as well as short/non-generation of power from the existing 11 SHPs and other two non-hydel generating units[10]. The Department had signed 12 Power Purchase Agreements for 241.10 MW[11] of power (excluding the State's share against 3 ongoing Projects[12] which were pending for allocation) as detailed in **Appendix-5.2.3.** The State's shares from these Central Sector Generating Stations consist of hydro/ thermal power from NEEPCO, NHPC and NTPC and also from other State Generating Stations. The year-wise demand and availability/procurement of power during the period 2008-09 to 2013-14 is given in Table-5.2.1 below:

[10] HFO based Power Generating Plant at Bairabi (22.92 MW) and one Diesel Generating set at Lengpui (0.50 MW)

[11] Including 2 ongoing Projects-NEEPCO's (1) Tuirial HEP and (2) Tapaimukh HEP and TSECL's Rokhia GBPP- II (Damaged since 2007)

[12] (1) Agartala Gas Turbine Power Project-Combined Cycle Extension Project, (2) Bongaigaon Thermal Power Project and (3) Subansiri Lower HEP

Table-5.2.1

Sl. No.	Year	Demand		Own Generation (SHPs & Others)		Purchases		Total purchases (MU)	Total Availability (MU)	Net Power Available (MU) after T&D losses	Shortfall (MU)
		MW	MU	Installed Capacity (MW)	Actual (MU)	From CGSs (MU)	From other SGs & others (MU)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) {(7)+(8)}	(10) {(6)+(9)}	(11)	(12) {(4)-(11)}
1.	2008-09	92	306	52.77	10.31	321.64	36.08	357.72	368.03	246.58	59.42
2.	2009-10	122	326	52.77	17.53	268.50	41.08	309.58	327.11	191.62	134.38
3.	2010-11	130	357	52.77	23.96	302.27	45.98	348.25	372.21	270.82	86.18
4.	2011-12	160	455	52.77	22.79	322.94	66.57	389.51	412.20	281.64	173.36
5.	2012-13	178	520	52.77	58.62	302.99	74.67	377.66	436.28	319.62	200.38
6.	2013-14	201	608	52.77	55.34	309.14	82.87	392.01	447.35	294.94	313.06
Total			**2572**	**52.77**	**188.55**	**1827.48**	**347.25**	**2174.73**	**2363.28**	**1605.22**	**966.78**

Source: Departmental records

From the above, it could be seen that the demand of power had steadily increased from 306 MU (2008-09) to 608 MU (2013-14). Even though the own generation had registered 437 *per cent* increase from 10.31 MU in 2008-09 to 55.34 MU in 2013-14, the short fall had also increased by 427 *per cent* from 59.42 MU in 2008-09 to 313.06 MU in 2013-14.

5.2.13 Power Purchase Agreement (PPAs)

To ensure availability of reliable and affordable power, the Department had signed (September 2004 to January 2012) 12 Power Purchase Agreements (PPAs) with the power producers-cum-suppliers (eight with Central Sector, three with State Sector and one with Joint Sector Power utilities). Besides, four Memorandum of Understandings (MoUs) were also signed (December 2008 to December 2011) with Central and State sector power utilities which included one MOU with one Central Transmission Utility for transmission of energy. The details of the PPAs and MoUs are given in **Appendix-5.2.3** and **Appendix-5.2.4.**

5.2.13.1 Inadequate Capacity Addition

As on March 2014, the Department had signed 12 PPAs with the Central/State Power Generating Utilities. Out of 12 PPAs, the total allocated share of the State was 241.10 MW from nine PPAs. The State's share in remaining three PPAs/projects[13] was, however, yet to be allocated. Further, out of the nine PPAs under which State's share had been allocated, the Department was drawing power from six PPAs only as two power projects under the remaining PPAs were pending completion and one[14] was lying damaged since 2007.

It was observed that there were no recorded reasons for non-allotment of State's shares in three out of 12 PPAs. The Department had also not pursued the issue with the respective Generating

[13] NEEPCO's Agartala Gas Turbine Power Project-Combined Cycle Extension Project (40 MW), NTPC's Bongaigaon Thermal Power Project (750 MW) and NHPC's Subansiri Lower HEP (2000 MW)

[14] Rokhia GBPP-II (State's share-8 MW)

Utilities for allocation of State's shares in the said three PPAs despite having significant shortfall of power in the State.

The Government did not offer any comment on the issue.

5.2.13.2 Unscheduled Interchange Charges

Unscheduled Interchange (UI) is the mechanism developed to improve grid efficiency, grid discipline, accountability and responsibility by imposing charges on those consumers/buyers who deviate from their scheduled generation or drawl. Unscheduled generation and drawl of electricity puts the whole grid and many other electrical equipment in danger by creating large fluctuations in frequencies. The Unscheduled Interchange (UI) charges are payable/receivable to/from the pool for the Over-drawl/Under-drawl of energy in variation from the pre-committed weekly schedules.

The gap in demand supply position also leads to variation between actual drawl and scheduled drawl which is accounted through Unscheduled Interchange (UI). For the North Eastern Region, North Eastern Regional Load Dispatch Centre based in Shillong, known as NERLDC monitors UI in each 15 minutes block and works out the charges to be levied on the power utilities. Due to over-drawl of 237.68 MU energy, UI charges paid by the Department during the last six years ending 31 March 2014 worked out to ₹ 7,446.81 lakh as given below**:**

Table-5.2.2

(₹ in lakh)

Sl. No.	Year	Schedule Energy (MU)	Actual Drawl (MU)	Over-Drawl (MU)	Under-Drawl (MU)	UI charges payable	UI charges paid[15]
1.	2008-09	315.13	272.15	18.97	61.96	992.85	234.00
2.	2009-10	290.50	296.89	34.35	27.96	1315.22	1466.02
3.	2010-11	298.39	317.92	42.90	23.37	1191.44	1021.20
4.	2011-12	318.64	370.10	62.08	10.62	2232.30	2873.08
5.	2012-13	345.71	346.58	30.58	29.72	703.39	688.36
6.	2013-14	371.64	404.75	48.80	15.69	988.01	1164.15
Total		**1940.01**	**2008.39**	**237.68**	**169.32**	**7422.21**	**7446.81**

Source: Departmental records

Further, additional UI charges are payable for over-drawl of energy when the system frequency is below 49.7 Hz and on Under-drawl of scheduled quantity when the system frequency is above 50.10 Hz. The levying of Additional UI charges acts as a commercial deterrent to curb over-drawls/under-drawls compared to weekly plans during low/high frequency conditions.

During examination of records of the Department, it was observed that additional UI charges amounting to ₹ 295.52 lakh were also payable by the Department during the period from 2008-2014 as detailed below:

[15] Include Additional UI Charges
Note: Bills for Week 39-52 of 2012-13 and Week 1-5 & Week 26-46 of 2013-14 is pending payment as on 10 June 2014

Table-5.2.3

(₹ in lakh)

Year	UI charges payable	Additional UI charges payable	Total Payable
2008-09	992.85	NA	992.85
2009-10	1315.22	49.46	1363.68
2010-11	1191.44	65.22	1255.66
2011-12	2232.3	156.00	2388.30
2012-13	703.39	17.03	720.42
2013-14	988.01	8.81	996.82
Total	**7422.21**	**295.52**	**7717.73**

Source: Departmental records

Since the rates for energy procured through UI were substantially higher than the rate at which energy was procured from Central Generating Stations, the Department should have minimised drawl of power through UI.

The Government stated (January 2015) that it was incorrect to classify this over-drawl as loss to the Department as the energy was passed on to the consumer who in turn had paid for it. It was further stated that the over-drawl of power is monitored by the Department so that the energy cost does not exceed the average sale rate to the consumers.

The reply is not tenable in view of the fact that the expenditure paid against UI/additional UI charges are indicative of ineffective monitoring and inefficiency in maintaining the grid efficiency/discipline by the Department. Hence, passing on the additional financial burden on this account to the consumer is not a fair practice.

5.2.13.3 Non-formalising of PPAs facilitated by Government of India

Ministry of Power, Government of India (GoI), from time to time calls for projected requirement of the States from the Power Projects notified by it. As on March 2014, GoI had called for projected requirement of power by GoM from six such projects at different locations. Project wise allocations made by the Ministry of Power, GoI are as under:

Table-5.2.4

Sl. No.	Name of Project	Installed Capacity (MW)	Share of Allocation (MW)	Share of Allocation (*per cent*)
1.	Kameng HEP	600	8.90	1.49
2.	Pare HEP	110	4.94	4.49
3.	Punatsangchhu-I	1200	-	-
4.	Punatsangchhu-II	990	-	-
5.	Mangdechhu	720	-	-
6.	Vishnugad Pipalkoti HEP	444	-	-

Source: Departmental records

Audit observed that though the Ministry of Power, GoI had allocated shares of 13.84 MW of power in respect of Kameng HEP (scheduled for commissioning in March 2017) and Pare HEP (scheduled for commissioning in September 2014) to the GoM, the Department had not entered into formal PPAs/MoUs with the respective power generating utilities for its share of power.

Thus, due to non-entering into appropriate PPAs with the above two Power Generators, the State had forgone an opportunity to ensure availability of 13.84 MW of power to the State.

Records relating to allotment of shares of remaining four projects were not made available to audit. Therefore, audit could not ascertain reasons for non-allotment of shares of energy from these four power projects.

The Government stated (January 2015) that except for Kameng HEP and Pare HEP, MoP had not allocated the share of power for the State.

The reply of the Government was silent on reasons for non-entering of PPAs with the respective power generating utilities against said two projects for which allocations for State's share have already been made.

5.2.13.4 Non-fulfillment of Renewable Purchase Obligation (RPO)

In accordance with the provisions of the Electricity Act, 2003 (refer Section 61, 66, 86(1)(e) and 181), JERC framed (May 2010) JERC (Renewable Purchase Obligation and its Compliance) Regulations, 2010 (Regulation). As per the Regulation, the Department was under obligation to purchase five, six, seven and nine *per cent* of the total consumption in the State from renewable and co-generation sources for the years 2010-11, 2011-12 2012-13 and 2013-14 respectively. Out of above, the Department had the obligation to purchase solar energy to the extent of 0.25 *per cent* of its total energy consumption each year. The Regulation further provide that in case of any shortfall in meeting the obligation in purchase of energy from renewable sources, the entity (Department) was under obligation to compensate the said shortfall by purchase of Renewable Energy Certificates[16] (REC). Further, any shortfall in purchase of solar energy was to be compensated through purchase of solar certificates (REC) only.

Details for procurement of various forms of renewable energy (solar power and non-solar power including bio-mass and small hydro power) and power from co-generation and short fall therein during the years from 2010-11 to 2013-14 are given in the following Table:

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[16] What is Renewable Energy Certificate (REC)?

Renewable Energy Certificate is a tradable, intangible energy commodities which represent the attributes of electricity generated from renewable resources.

Central Electricity Regulatory Commission introduced REC mechanism to ease the purchase of renewable energy by the state utilities and obligated entities, including the states which are not well endowed with RE sources. REC framework seeks to -create a national level market for renewable generators to recover their cost. One REC (Renewable Energy Certificate) represents one Mwh of energy generated from renewable sources.

Under the REC mechanism, a generator can generate electricity through the renewable resources in any part of the country. For the electricity part, the generator receives the cost equivalent to that from any conventional source while the environment attribute is sold through the exchanges at the market determined price. The obligated entity from any part of the country can purchase these RECs to meet its RPO compliance.

Table-5.2.5

Year	Total Consumption (MU)	RPO (%)	RPO (MU)		Actual procurement (MU)		Shortfall (MU)	Amount[17] of REC to be procured for shortfall (₹ in crore)[18]
			Non-Solar	Solar	Non-Solar	Solar		
2010-11	237.56	5	11.28	0.59	22.23	Nil	0.59	0.80
2011-12	252.29	6	14.50	0.63	22.78	Nil	0.63	0.85
2012-13	286.6	7	19.35	0.72	58.86	Nil	0.72	0.96
2013-14	302.8	9	26.50	0.76	55.32	Nil	0.76	1.01
Total	**1079.25**	**27**	**71.63**	**2.70**	**159.19**	**Nil**	**2.70**	**3.62**

Source: Departmental records

From the above, it is clear that although the Department fulfilled its obligation for procurement of power through non-solar sources, it failed to ensure its purchase obligation from solar energy source at the prescribed rate of 0.25 *per cent* of its annual total energy consumption during all the four years under reference. Thus, the shortfall in purchase of energy from solar energy source as of March 2014 had accumulated to 2.697 MU. As a result, the Department was under obligation to purchase solar certificates (REC) valuing ₹ 3.62 crore (worked out at Forbearance rate of IEX[19]) to compensate the shortfall in purchase of power from solar sources.

The Government replied (January 2015) that it could not fulfill its Renewable Purchase Obligation (RPO) on solar energy due to their inability to tie up with Solar Energy Generator. The Department also accepted obligation of purchasing solar REC valuing ₹ 0.22 crore only which was worked out based on the 'average rate' of solar REC.

The reply is not acceptable as failure in purchasing power from solar energy sources at prescribed rate brings the Department under obligation to purchase solar REC. Further, as *per* the provisions of the Regulations, the value of solar REC to be purchased had to be worked out based on the 'Forbearance rate' and not on the 'average rate' as claimed by the Department.

5.2.13.5 Payment of Reactive Energy Charges: ₹ 89.01 lakh

Reactive Power is required to maintain the voltage to deliver active power (Watts) through transmission lines and when there is not enough reactive power, the voltage goes down and it is not possible to push the power demanded by loads through the line. Motor loads and other loads also require reactive power to convert the flow of electrons into useful work.

The charge for Volt-Amperes reactive-hour (VArh) is governed by Clause 6.6 (2) of IEGC[20]-April 2010. The rate of reactive charge with effect from 01 April 2014 is 12 paise/KVArh which was applicable between the Regional Entity and the Regional Pool Account for VAr

[17] Shortfall (MU)*1000*forbearance price for solar energy

[18] 2012 to 2017 (IEX :1REC=1Mwh)
Floor Price: Solar - ₹ 9,300/Mwh, Non-Solar - ₹ 1,500/Mwh
Forbearance price: Solar - ₹ 13,400/Mwh, Non-Solar - ₹ 3,300/Mwh

[19] Indian Energy Exchange

[20] IEGC= Indian Electricity Grid Code

interchanges. The rate was subject to upward revision by 0.5 paise/KVArh *per* year, unless otherwise revised by the CERC.

Audit of the Reactive Energy Account sent by NERPC showed that during the period 2008-09 to 2013-14, the Department had incurred a net expenditure of ₹ 89.01 lakh as Reactive Energy Charges as detailed below:

Table-5.2.6

(₹ in lakh)

Year	Amount payable	Amount receivable	Net Amount payable
2008-09	4.17	0.01	4.16
2009-10	1.60	0.03	1.57
2010-11	12.79	0.08	12.71
2011-12	22.18	0.04	22.14
2012-13	24.87	0.00	24.87
2013-14	23.56	0.00	23.56
Total	**89.17**	**0.16**	**89.01**

Source: Departmental records

On year to year basis, payment of Reactive Energy Charges reflected an upward trend. This had been attributed to non-installation of suitable reactors/shunt capacitors. The Department however, had not taken any steps to address the situation.

Audit Objective: To assess the efficiency of the financial management

5.2.14 Financial Management

Detailed financial position of the Department for the period from 2008-09 to 2013-14 is given in the **Appendix-5.2.5**. Analysis of the financial position given in **Appendix-5.2.5** revealed that the expenditure of the Department (including cost of power purchase) during the period of five years had increased by 112 *per cent* from ₹ 141.37 crore (2008-09) to ₹ 300.15 crore (2013-14). As against this, the growth in the revenues of the Department during the corresponding period was to the extent of 29 *per cent* only from ₹ 87.09 crore (2008-09) to ₹ 112.22 crore (2013-14). Thus, disproportionate increase in the expenditure had resulted in increase of 159 *per cent* in the deficits of the Department from ₹ 74.02 crore (2008-09) to ₹ 191.90 crore (2013-14).

The steep increase in revenue deficit was indicative of the inefficient financial management which had put heavy burden on the State exchequer in the form of Government subsidy[21] provided to meet the said deficit.

The Terms and Conditions for Determination of Tariff Regulations, 2010 as well as Tariff Order, 2010-11 issued by JERC emphasised on the need for preparation of proper books of accounts suitable for power sector utilities. This was necessitated with a view to assess the self-sustainability of the power sector on commercial basis without Government support and to

[21] The Department did not provide details of subsidy. However as per Tariff orders for FYs 2010-11 and 2012-13, the approved subsidy was ₹ 115 crore and ₹ 187.66 crore respectively

lessen burden of Government subsidy on State exchequer in a phased manner. Audit observed that the Department was following the practice of maintaining its accounts as per Central Public Works Account Code. The monthly accounts were being prepared division-wise and the monthly accounts so prepared were not consolidated into Annual Financial Statement. The Department is publishing a booklet titled 'Assessment of Financial Resources for the Annual Plan' showing activities and transactions of the Department.

The Government stated (January 2015) that though the nature of its business was similar to that of a Corporation, the entity still functions as a Government Department and maintains accounts as per Public Works Department Accounts Code rather than as per Companies Act, 1956. It was further stated that the State Government had not given any directions in this regard.

As per the directions (January 2011) of JERC, the Department was required to submit the Accounting Statement including Balance Sheet, Profit & Loss Account, Report of the Auditors, Cost Record as well as all supporting statement/Schedules, *etc.* along with the next Annual Revenue Requirement and Tariff Petition. The Department submitted (2012) a proposal to the Government for engagement of consultant for preparation of books of Accounts and Assets Register of the Department for sanction of financial commitment. The proposal was stated to be under process (March 2014). No action, however, had been taken by the Department to prepare the Accounting Statement and other records as per directions of the JERC.

Audit Objective: To assess the efficiency and effectiveness of the system for clearance of power purchase bills

5.2.15 System for clearance of power purchase bills

Sound and efficient system for clearance of power purchase bills is necessary to ensure timely payment of outstanding bills and maintaining prudent financial management. The Power and Electricity Department follows a complex procedure for payment of outstanding bills to different power utilities. In the existing system, bills raised by power suppliers are first received and processed by Superintending Engineer's (Commercial) office and then sent to Government Secretariat for obtaining concurrence of Finance Department. After getting the concurrence, the Executive Engineer (SLDC) processes the bills for obtaining final clearance from the Finance Department. The bills are then finally cleared by the Finance Department. Thus, the system for clearance of power purchase bills was not only cumbersome but also causes unnecessary delay in payment of bills.

As a result, the Department acted only as an intermediary between, the suppliers/service providers, Treasury and Finance Department. Consequently, clearance of outstanding Bills in the present Power Procurement Billing system takes a long time ranging between two and twelve months. This delay in clearance of Bills routinely attracted surcharge and additional interest as specified in Power Purchase Agreements (PPAs).

The few instances of such deficiencies are discussed below:

5.2.15.1 Avoidable loss due to Surcharge Payment

The terms and conditions of CERC's Tariff, Regulations for 2009-14 stipulates, that *"in case the payment of any bill for charges payable under these regulations is delayed by a beneficiary beyond a period of 60 days from the date of billing, a late payment surcharge at the rate of 1.25 per cent per month shall be levied by the generating company or the transmission licensee, as the case may be"*.

During the period from 2008-09 to 2013-14, the Department paid ₹ 18.19 crore as surcharge to the Generating Stations and CTU due to delayed payment of bills. Among the power suppliers, highest amount of surcharge was paid to NEEPCO followed by TSECL. Details of the surcharge paid during the period are given below in the Table:

Table-5.2.7

Sl. No.	Generating Stations/ CTU	Surcharge Paid (₹ in lakh)
1.	NEEPCO	1614.06
2.	NERLDC	4.85
3.	PGCIL	48.27
4.	NHPC	46.61
5.	TSECL	105.52
Total		**1819.31**

Source: Departmental records

The Government stated (January 2015) that the issue had been brought to the notice of the Finance Department of the State Government. The Department, however, agreed that timely sanction of payment could not be attained till date (January 2015).

5.2.15.2 Rebate against payment of bills through Letter of Credit

As per clause 34 of the CERC guidelines, a rebate of two *per cent* shall be allowed if the payment of bills is made through the Letter of Credit (LC).

Accordingly, the PPAs with the Power Generators provided for the rebate of two *per cent* against payment of bills through LC. Audit observed that the Department had defaulted in payment of bills due to non-replenishment of LC account within the time specified in the PPAs. Consequently, the Department could not avail the rebate of ₹ 692.24 lakh offered by the Power Suppliers during 2009-10 to 2013-14 as *per* details given below:

Table-5.2.8

(₹ in lakh)

Sl. No.	Year	Bill amount	Amount eligible for rebate[22]	Rebate Forfeited (two *per cent* of eligible amount)
1.	2009-10	6,520.61	3,741.65	74.83
2.	2010-11	8,464.70	5,417.77	108.36
3.	2011-12	12,297.00	7,929.99	158.60
4.	2012-13	12,901.77	8,372.93	167.46
5.	2013-14	13,600.32	9,149.42	182.99
Total		**53,784.40**	**34,611.76**	**692.24**

Source: Departmental records

Audit further observed that the Department did not enter into agreement with NTPC for availing their offer (March 2013) for availing the rebate of two *per cent* on clearance of power purchase bill by 6th day of a calendar month.

Government replied (January 2015) that the incentive policy in the form of rebate was also brought to the notice of Finance Department of State Government and accepted that regular payment could not be made.

Audit Objective: To assess the efficiency of Human Resource Management

5.2.16 Human resource management

5.2.16.1 Excessive number of employees

As on 31 March 2014, the Department had 4,618 employees on its rolls. The JERC, in their Tariff Orders (2010-11) had noted that the total number of employees was very high and the employee cost was alarming. The year-wise position during 2009-10 to 2013-14 is given below:

Table-5.2.9

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14 (P)
1.	No. of Employees	4597	4589	4575	4625	4618
2.	Establishment/Administrative[23] Cost (₹ in crore)	60.42	65.85	64.47	75.40	72.99
3	Total expenditure (₹ in crore)	158.62	217.20	260.32	310.22	300.15
4.	Percentage of employee cost to total cost	38.09	30.31	24.77	24.31	24.32

Source: Departmental records

From the above table it could be seen that establishment/administrative cost had increased from ₹ 60.42 crore in 2009-10 to ₹ 72.99 crore in 2013-14. However, the percentage of

[22] Amount eligible for rebate includes energy charges only
[23] Administrative costs have not been provided and are included in Establishment cost

employee cost during 2009-10 to 2013-14 indicated a decreasing trend mainly because of disproportionate increase in the total expenditure of the Department during the said years. Audit observed that even though the employee cost was 24.32 *per cent* in 2013-14, yet it was higher when compared with all India average of 11.55 *per cent*.

The Government stated (January 2015) that its set-up is not commercial in nature and was like other Government Department in the State and therefore, the Department could not make any change in this respect. The Government further stated that employee cost cannot be reduced as of now.

The reply is not acceptable as considering the significantly high establishment costs, the Government need to explore the possibilities of restricting the employees cost at least within the national average.

Audit Objective: To assess the effectiveness of the monitoring mechanism of the Department

5.2.17 Monitoring mechanism

5.2.17.1 Unbundling of the Power & Electricity Department

As per Section 131 of Indian Electricity Act, 2003 *"Any property, interest in property, rights and liabilities vested in the State Government under sub-section (1) shall be re-vested by the State Government in a Government company or in a company or companies"*. However, the Government of Mizoram had not undertaken any action for unbundling the Power and Electricity Department into Transmission, Generation and Distribution utilities keeping in mind the commercial aspect and to promote efficiency of the Management.

5.2.17.2 State Load Despatch Centre

Clause 5.3.7 of National Electricity Policy, 2005 states *"The spirit of the provisions of the Act is to ensure independent system operation through National Load Despatch Centre (NLDC), Regional Load Despatch Centre (RLDC) and State Load Despatch Centre (SLDC). These despatch centers, as per the provisions of the Act, are to be operated by a Government company or authority as notified by the appropriate Government. However, till such time these agencies/ authorities are established, the Act mandates that the Central Transmission Unit (CTU) or State Transmission Unit, as the case may be, shall operate the RLDCs or SLDC. The arrangement of CTU operating the RLDCs would be reviewed by the Central Government based on experience of working with the existing arrangement. A view on this aspect would be taken by the Central Government by December 2005."*

The functional autonomy of the State Load Despatch Centre (SLDC) is essential for efficient maintenance of scheduled drawl and dispatch of electricity within the State. Further, installation of an appropriate SCADA/RTU[24] system in SLDC facilitates effective supervision and control

[24] SCADA/RTU - Supervisory Control and Data Acquisition/Remote Terminal Unit

over the intra State transmission system as well as monitoring of real time grid operations. In North-East States of Assam, Tripura and Meghalaya, SCADA/RTU system is used to reduce costs through eased work force requirements and enhance overall Quality of Service.

During examination of records of the Department, it was observed that the SLDC in Mizoram was functioning under the Department as one of its 8 Circles. Thus, the functional autonomy of SLDC as envisaged in the Act was being totally neglected, which undermined the very purpose of its existence.

It was further observed that the SLDC was not equipped with an appropriate SCADA/ RTU system. Due to non-availability of SCADA/RTU system the grid operations and power situation in different Power Stations and Sub-stations etc. could not be monitored on real time basis. Further, in the absence of SCADA/ RTU system in the SLDC, no ready and real-time data was available for efficient bidding in the course of power trading. Trading of power in Indian Energy Exchange (IEX) is done on the basis of data compiled with projection of energy drawn from outside source instead of real time data.

Thus, absence of a full-fledged SLDC equipped with an appropriate SCADA/RTU system had adversely affected the overall power management of the State including voltage and reactive power management.

5.2.17.3 Internal Control

Internal control system is an essential part of the management control system. An efficient and effective internal control system helps the management to achieve the organisational objectives efficiently and effectively. The following deficiencies were noticed in the internal control system being followed by the Company:

- The Department signed PPAs with IPPs without correlation to supply-demand gap;
- The Department did not submit Aggregate Revenue Requirement (ARR) and Retail Tariff petition on time and periodically. The Department submitted its petition for 2009-10 after the financial year was over which therefore was not considered. Since then only three petitions were submitted by the Department against JERC's Directives of yearly submission before 30 November for next ARR. Moreover data submitted were inadequate;
- The Department did not prepare any Financial Statements nor did it maintain necessary Registers like Asset Registers *etc.*

5.2.17.4 Internal audit

The Power and Electricity Department did not have its own Internal Audit Wing nor did it take assistance of outside support such as engagement of Chartered Accountants for examination of records and verification of activities of the Department. All the financial transactions along with operational activities of the Department were made without any cross verification, scrutiny and further examination.

5.2.18 Conclusion

The GoM had identified huge potential and capacity in the State under Hydel Electric Power Policy, 2010.The Department, however, could not harness the power potential of the State in absence of appropriate and timely action. The Department could not ensure availability of its share of power allocated in respect of Kameng and Pare Hydel Electric Power Projects (HEPs) due to non-formalising of the Power Purchase Agreements with power generators. The Department also failed to effectively pursue with the power generators for allocation of State share against other three power projects. There was steep increase of 159 *per cent* in the revenue deficit of the Department during 2009-10 to 2013-14. This was indicative of the inefficient financial management which had put heavy financial burden on State exchequer in the form of subsidy provided to meet the said deficit. The process of clearing the power purchase bills was cumbersome. As a result, there were delay in payment of power purchase bills attracting payment of surcharge and non-availing of rebate for prompt payment. The Department did not take effective steps to restrict the employee costs despite its establishment cost being higher than the national average. The power management system of the Department was weak in absence of a full-fledged State Load Despatch Centre (SLDC) equipped with an appropriate Supervisory Control and Data Acquisition and Remote Terminal Unit (SCADA/RTU) system.

5.2.19 Recommendations

The Government may consider ensuring:

- making concrete plan for development of potential sites in the State and harness energy from the existing units on commercial basis.
- capacity addition through existing PPAs or from new sources of supply to fill the gap between demand and supply of power.
- moving towards achieving the self-sustainability of the power sector without Government support and maintaining the Annual Accounts and other records on commercial lines as prescribed under the applicable Rules.
- an efficient system for clearance of power purchase bills to avoid payment of surcharge for delay in payment of bills.
- functional autonomy to SLDC with installation of an appropriate SCADA/RTU system.

PERFORMANCE AUDIT

Information and Communication Technology Department

5.3 Working of the Zoram Electronics Development Corporation Limited

Highlights

Zoram Electronics Development Corporation Limited (ZENICS) was formed (March 1991) with the main objectives of developing Electronics/Information Technology and allied industries in the State of Mizoram. A Performance Audit on the workings of ZENICS was conducted covering the period 2009-10 to 2013-14. During the period of audit ZENICS had undertaken various schemes/projects which mainly included setting up of Common Service Centre (CSC) and Rural Information Kiosks (RIK), implementation of IT Education Programme as well as Mizoram State Wide Area Network (MSWAN), *etc.*

The Audit has come out with the following significant findings:

ZENICS had neither evolved a system to assess viability of its operations nor introduced a system of business planning and resource forecasting for sustainability of the organisation in long run. The accumulated loss of ZENICS had eroded 94 per cent of the paid-up capital.

(Paragraph 5.3.8.1)

The capacity utilisation of the Computer Training Centre of ZENICS was to the extent of 21 per cent only.

(Paragraph 5.3.9)

The Information & Communication Technology Department (ICTD), Government of Mizoram (GoM) submitted the Utilisation Certificates for an amount of ₹ 2.20 crore to the North Eastern Council before its actual utilisation and even before their release to the implementing agency i.e. ZENICS.

(Paragraph 5.3.10.1.1)

ZENICS could not complete the selection of 59 out of 300 Village Level Entrepreneurs (VLEs) under Rural Information Kiosk project even after a lapse of one year from the extended date (September 2013) of project completion.

(Paragraph 5.3.10.1.2)

The installation of VSAT equipment meant for Government to Citizens (G2C) services under Common Service Centre (CSC) programme was pending in 35 out of 136 locations (September 2014).

(Paragraph 5.3.10.2.1.1)

An amount of ₹ 1.80 crore released under MSWAN project was diverted by ZENICS towards salaries of its employees (₹ 1.62 crore) and purchase of vehicles (₹ 0.18 crore).

(Paragraph 5.3.10.3.1)

GoM submitted Utilisation Certificate for ₹ 3.44 crore against site preparation works for all 42 Points of Presence (PoPs) under MSWAN project which included 13 PoPs which were to function from existing Government buildings.

(Paragraph 5.3.10.3.3)

5.3.1 Introduction

Zoram Electronics Development Corporation Limited (ZENICS) is a company incorporated (20 March 1991) under the Companies Act, 1956 with the main objectives to develop Electronics and Information Technology and allied industries through establishment of manufacturing, research and development units and such other means as may be conducive to the growth of Electronics and Information Technology and its allied technology in the State of Mizoram.

The activities of ZENICS at present are:

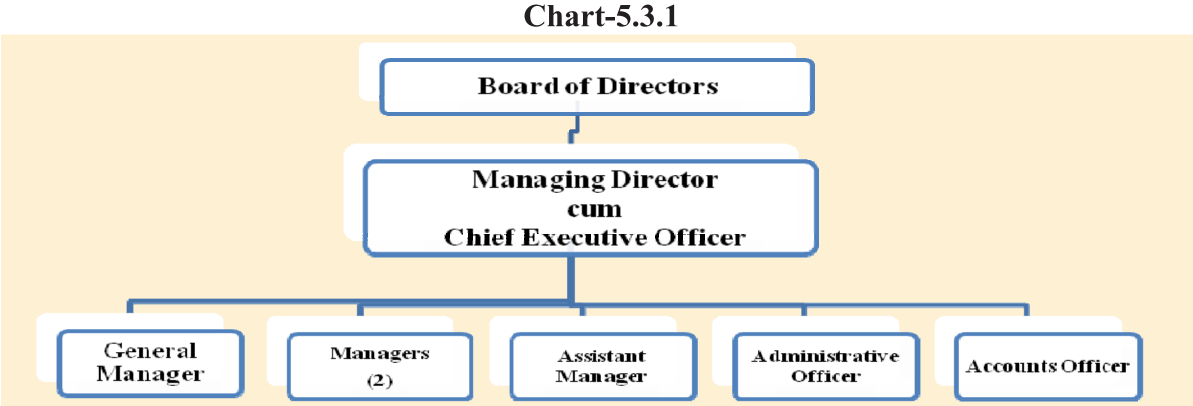
- Setting up of Common Service Centre (CSC);
- Providing IT Education Programme;
- Setting up of Rural Information Kiosks (RIK); and
- Implementation of Mizoram State Wide Area Network (MSWAN).

5.3.2 Organisational set-up

The management of the ZENICS is vested with the Board of Directors headed by the Managing Director (MD) who is also the Chief Executive Officer (CEO) of the ZENICS. The MD-cum-CEO is assisted by one General Manager, two Managers, one Assistant manager, Administrative Officer and Accounts Officer. At present, the Secretary, Information and Communication Technology (ICT) Department was looking after the charge of MD cum CEO of the Company.

An organogram of ZENICS is given below:

Chart-5.3.1



5.3.3 Scope of Audit

The Performance Audit was conducted during June-August 2014 covering the working of ZENICS for the period 2009-10 to 2013-14. The audit examined the performance of ZENICS with regard to implementation of various schemes during 2009-14 *viz.* setting up of Common Service Centre (CSC), Providing IT Education Programme, setting up of Rural Information Kiosks (RIK), Implementation of Mizoram State Wide Area Network (MSWAN) under GoI.

5.3.4 Audit Objectives

The objectives of the Performance Audit were to assess whether:

- to assess the soundness of the Financial Management of ZENICS;
- capacity utilisation of the Computer Training Centre was attained to the maximum extent;
- objectives of the schemes/projects undertaken were achieved and the scheme/project funds were utilised economically and efficiently; and
- an effective Corporate Governance existed in ZENICS.

5.3.5 Audit Criteria

The audit criteria adopted for the Performance Audit were derived from the following sources:

- Scheme guidelines and instructions issued by Government of Mizoram (GoM)/ Government of India (GoI);
- Agenda & Minutes of the Board of Directors (BoD), executive instructions and circulars; and
- Draft Project Reports (DPR), Agreements and Memorandum of Understanding (MoU).

5.3.6 Audit Methodology

The methodology adopted for attaining the audit objectives consisted of explaining audit objectives to top management in the Entry Conference (16 May 2014), analysis of data/ records with reference to audit criteria, examination of annual reports of ZENICS as well as Agenda/Minutes of the BoD, interaction with the ZENICS officials, raising of audit queries, issuing of draft audit report to the Management/GoM for comments. The draft audit report was also discussed (9 December 2014) with the representatives of the ZENICS/GoM in the Exit Conference. The formal replies (5 December 2014) of the GoM as well as the views expressed by the representatives of ZENICS/GoM in the Exit Conference have been taken into consideration while finalising the Report.

5.3.7 Acknowledgement

The Indian Audit and Accounts Department acknowledges and appreciates the co-operation rendered by the Secretary ICT Department, Managing Director and the Administrative/

Accounts Officer of ZENICS, including Field Level Functionaries of the selected Districts and Blocks during this Performance Audit.

Audit Findings

Audit findings are discussed in the succeeding paragraphs:

Audit Objective: To assess the soundness of the Financial Management of ZENICS

5.3.8 Capital Structure

As against the authorised capital of ₹ 10 crore, the paid up capital of ZENICS stood at ₹ 7.45 crore (including pending allotment of ₹ 2.68 crore) as on 31 March 2014 which was contributed and wholly subscribed by Government of Mizoram.

5.3.8.1 Financial Performance

The summarised financial position and working results of ZENICS for five years period ending 31 March 2014 are shown in Table-5.3.1 and Table-5.3.2 below:

Table-5.3.1

(₹ in crore)

Assets and Liabilities		2009-10	2010-11	2011-12	2012-13	2013-14
A.	**Liabilities:**					
(i)	Paid up capital	7.23	7.45	7.45	7.45	7.45
(ii)	Reserves & Surplus	-	-	-	-	-
(iii)	Current Liabilities & Provisions	0.06	0.06	0.75	0.58	0.25
Total		**7.29**	**7.51**	**8.20**	**8.03**	**7.70**
B.	**Assets:**					
(i)	Gross Block	1.37	1.36	1.36	1.36	1.36
(ii)	Less. Depreciation	0.90	0.94	0.98	1.01	1.04
(iii)	Net Block	0.47	0.42	0.38	0.35	0.32
(iv)	Capital Work in Progress	0.08	0.08	0.08	0.08	0.08
(v)	Current Assets	0.15	0.47	1.21	0.92	0.29
(vi)	Accumulated loss	6.59	6.54	6.53	6.68	7.01
Total		**7.29**	**7.51**	**8.20**	**8.03**	**7.70**
Capital employed[25]		0.64	0.91	0.92	0.77	0.44
Working capital[26]		0.09	0.41	0.46	0.34	0.04

Source: Provisional Annual Accounts of ZENICS

[25] Capital employed = Shareholders' Fund + Long Term Borrowings

[26] Working Capital = Current Assets – Current Liabilities

Table-5.3.2

(₹ in crore)

	Working Results	2009-10	2010-11	2011-12	2012-13	2013-14
A.	**Income:**					
(i)	Other Income	0.04	1.19	1.32	1.34	1.29
	Total	**0.04**	**1.19**	**1.32**	**1.34**	**1.29**
B.	**Expenditure:**					
(i)	General & Administration expenses	0.28	1.15	1.31	1.49	1.61
	Total	**0.28**	**1.15**	**1.31**	**1.49**	**1.61**
	Profit (+) & Loss (-) for the year	**(-) 0.24**	**(-) 0.05**	**(-) 0.01**	**(-) 0.15**	**(-) 0.32**

Source:Provisional Annual Accounts of ZENICS

It can be seen from the Table above that:

- As on 31st March 2014, ZENICS had a paid up share capital of ₹ 4.77 crore wholly subscribed by the GoM. In addition, ZENICS continued to hold an amount of ₹ 2.68 crore during 2009-14 which was received from the State Government as share application money. However, allotment of shares against this share application money was pending. There was no reason on record for non-allotment of shares by ZENICS against this share application money. Thus, the State Government's funds to that extent remained blocked with ZENICS without any returns.

- ZENICS incurred losses during all the five years covered under the review and the accumulated loss increased from ₹ 6.59 crore in 2009-10 to ₹ 7.01 crore in 2013-14. The accumulated loss had eroded 94 *per cent* of the paid-up capital.

- The expenditure exceeded over income during the years 2009-10, 2012-13 and 2013-14 ranging from ₹ 0.15 crore to ₹ 0.32 crore.

Further examination of the records revealed that ZENICS had not evolved a system to assess viability of its operations through forecasting of operational profitability. ZENICS had neither introduced a system of financial planning nor prepared business plan and resource forecasting for sustainability of the organisation in long run.

The Government did not offer any comments on the issue.

Audit Objective: To assess the capacity utilisation of its Computer Training Centre by ZENICS

5.3.9 Under-utilisation of slots

ZENICS offered different Computer Courses *viz*. Diploma in Computer Application (DCA) – six months, Diploma in Desktop Publishing (DTP) – three months and Multimedia Content Creation (MCC) – three months. Number of batches of student in each courses, availability of slots in each batches, actual number of student, percentage of capacity utilisation, revenue generated and revenue loss due to under-utilisation of the capacity of the Computer Training Centre (CTC) for the period 2009-10 to 2013-14 were shown as below:

Table-5.3.3

Year	Name of Course	Total No. of Batches and Slots Available		No. of Students Admitted	Slots remained Vacant	Percentage of capacity utilisation	Revenue Generated (₹ in lakh)	Maximum generation of revenue (₹ in lakh)
		Batches	Slots					
2009-14	MCC (3 months)	2	20	2	18	10.00	0.05	0.43
2009-14	DCA (6 months)	50	1400	353	1047	25.21	8.1	23.86
2009-14	DTP (3 months)	43	1204	202	1002	16.78	1.81	9.75
Total		**95**	**2624**	**557**	**2067**	**21.23**	**9.96**	**34.04**

Source: Records of ZENICS

It was observed in audit that during 2009-14, against the available slots of 2,624 in three different computer courses, only 557 students got admitted, which constituted 21 *per cent* of the available slots. Thus, the revenue of ₹ 9.96 lakh generated during 2009-14 could have been more had the management taken effective steps for full utilisation of available slots.

The Government while admitting the facts stated (December 2014) that the resource capacities are not fully utilised due to non availability of students and hence the expected revenue cannot be generated. The Government further reiterates that effort would be put to utilise maximum resources for increasing revenue in future.

The reply of the Government corroborates the fact that the slots for the various courses were created without assessing the actual availability of students.

Audit Objective: To assess the achievement against the envisaged objectives of the schemes/projects as well as economy and efficiency in utilisation of scheme/project funds

5.3.10 Implementation of Projects

5.3.10.1 Rural Information Kiosk (RIK)

The GoM (through ZENICS) submitted (May 2011) a Detailed Project Report (DPR) to the North Eastern Council (NEC), Ministry of Development of North Eastern Region (DoNER) for establishing Rural Information Kiosk (RIK) in 300 villages of Mizoram. The NEC accorded (March 2012) Administrative Approval to the project at a total cost of ₹ 4.90 crore which was earmarked for Computer and Connectivity Infrastructure, Terminal Software for Business to Citizen (B2C) services and Application Software for Government to Citizen (G2C). The project was to be implemented within a period of 12 months from the date of release of funds. As of March 2014, out of ₹ 3.44 crore received from the NEC and State Government, the company incurred an expenditure of ₹ 3.22 crore in the project.

Audit observed the following:

5.3.10.1.1 Submission of incorrect Utilisation Certificates

The NEC accorded (March 2012) Administrative Approval for Establishment of Rural Information Kiosks at a total cost of ₹ 4.90 crore. The NEC's share of contribution was 90 *per cent* of the total approved cost *i.e.* ₹ 4.41 crore and State's mandatory contribution was 10 *per cent i.e.* ₹ 0.49 crore. As per the approval, the NEC was to release subsequent instalments of funds after submission of Utilisation Certificates (UCs) by GoM against previous instalments released by NEC/GoM.

Status of funds released by NEC and GoM (as on 31 March 2014) was as shown below:

Table-5.3.4

Date of Release of Funds by NEC	Date of Release of Funds by the GoM to ZENICS (Delay in release of funds)	Date of Submission of UC to NEC by the GoM	Amount (₹ in crore)
1st Instalment (01.03.2012)	20.11.2012 (8 months)	24.08.2012	1.30
2nd Instalment (29.11.2012)	23.08.2013 (9 months)	10.05.2013	0.90
--	23.08.2013 (State Share, 1st Instalment)	--	0.24
3rd Instalment (21.11.2013)	20.03.2014 (4 months)	Not submitted as of September 2014	1.00
Total			**3.44**

Source: Records of ZENICS

It can be seen from the above that the Information & Communication Technology Department (ICTD), GoM submitted the UCs for an amount of ₹ 2.20 crore to the NEC for the two instalments long before its actual utilisation and even before their release to the implementing agency *i.e.* ZENICS.

Thus, submission of incorrect UCs before its actual utilisation led to misstatement of facts by the GoM to the funding agency *i.e.* the NEC.

The Government while admitting the facts stated (December 2014) that submission of UCs before actual utilisation of fund was regretted but it was done so for smooth running and timely implementation of the project. The Government further reiterates that delay in releasing fund to implementing agency was due to parking of fund under K-Deposit[27] as instructed by State Finance Department.

[27] Civil Deposits/Deposits not bearing interest

5.3.10.1.2 Delay in selection of Village Level Entrepreneurs

The Rural Information Kiosk (RIK) project was to be implemented through Public Private Partnership (PPP) model. In implementation of RIK project both, the Service Centre Agency (ZENICS) as well as Village Level Entrepreneurs (VLEs) had to play important role. ZENICS role was to select 300 VLEs and execute proper agreement and also to provide services to citizen through selected VLEs.

As per the stipulated time frame of the DPR, the scheme was to be completed within 12 months from the date of sanction (March 2012) of the project *i.e.* by March 2013. However, the target date of completion was extended till September 2013. Further, as per the project implementation plan it was to be implemented in a phased manner as under:

Phase-I : ZENICS was to identify and select Kiosks operators (*i.e.* VLEs) for 300 villages;

Phase-II : Supply of computing infrastructure and installation of internet connectivity using Very Small Aperture Terminal (VSAT); and

Phase-III : Commissioning and monitoring of kiosks.

A selection committee consisting of six members under the Chairmanship of Managing Director, ZENICS was constituted for selection of VLEs. As against the targeted number of 300 VLEs, the selection committee could select total 241 VLEs (September 2014). Thus, the implementing agency could not complete the selection of balance 59 kiosk operators (VLEs) even after a lapse of one year from the extended date (September 2013) of completion which in turn deprived the targeted beneficiaries from availing the intended benefits of the project to that extent.

The Government while admitting the facts stated (December 2014) that due to scarcity of qualified candidates in respective villages, the selection process was pending for the remaining 59 RIK-VLEs.

5.3.10.1.3 Idle expenditure of ₹ 1.09 crore

ZENICS placed (September 2012) purchase order on M/s Hughes Communication India Limited, Gurgaon (Contractor) for supply of 300 numbers of VSAT Bandwidth equipment for installation in 300 locations in eight Districts of the State.

Audit noticed that the firm delivered (December 2012) the VSAT equipment at various designated locations in eight Districts of the State and an amount of ₹ 1.09 crore was paid (August 2013 and March 2014) to the supplier. Further, the equipments were not installed and had been lying idle even after a lapse of 20 months due to non-selection of the VLEs as pointed out in **Paragraph 5.3.10.1.2**.

Thus, due to delay in selection of VLEs by ZENICS, the investment of ₹ 1.09 crore made in VSAT equipment remained idle for more than 20 months, which resulted in depriving the intended rural masses from getting the intended benefit of the project.

The Government while admitting the facts stated (December 2014) that due to non-release of payment to the extent of 80 *per cent* of contract value (*i.e.* ₹ 1.09 crore) as per the contract conditions, the Contractor (M/s Hughes) did not start installation of VSAT equipment till March 2014.

The reply is not acceptable as the delay in payment to the Contractor was mainly on account of delay in release of project funds by GoM to ZENICS. Further, non-selection of 59 VLEs by ZENICS was also one of the reasons for non-installation of VSAT equipment in all 300 VLEs.

5.3.10.2 Common Service Centre (CSC)

5.3.10.2.1 Implementation of Common Service Centre (CSC)

The Common Service Centre (CSC) is a project under the National e-Governance Plan (NeGP) to empower the rural community and catalyze social change through modern technologies. The CSCs are meant to provide high quality and cost effective Government to Citizen (G2C) and Business to Citizen (B2C) services such as electricity bill payment, water bill payment, property tax collection, residential, income, scheduled caste and tribe certificates etc under G2C and in case of B2C, services to be rendered includes railway, airline tickets, mobile and DTH recharge, insurance *etc.*

Ministry of Communication & Information Technology, Department of Technology (DIT), GoI accorded (January 2008) administrative approval for implementation of CSCs through Mizoram State e-Governance Society (MSeGS). The project was to be implemented over a period of four years at an initial project cost of ₹ 2.16 crore to be contributed by GoI and GoM in equal proportion. The total project cost was subsequently revised (December 2009) to ₹ 4.94 crore involving contribution of ₹ 2.47 crore each from DIT (GoI) and GoM. The Information and Communication Technology Department, GoM appointed (March 2011) ZENICS as Service Centre Agency (SCA) for implementation of CSC project in Mizoram and Master Service Agreement (MSA) was signed on 1 April 2011.

As per the MSA, the ZENICS (SCA) was required to operate and manage 136 Village Level Entrepreneurs (VLEs) in 136 CSCs in eight Districts of the State as detailed below:

Table-5.3.5

Name of District	District-wise VLEs in the CSCs (in No.)
Aizawl	69
Serchhip	12
Lunglei	14
Champhai	14
Kolasib	10
Lawngtlai	05
Mamit	08
Saiha	04
Total	**136**

Source: Departmental records

The observations on implementation of the CSCs project by ZENICS are as under:

5.3.10.2.1.1 Non-installation of Very Small Aperture Terminal (VSAT) for G2C Services

For eight Districts in Mizoram 136 CSCs locations were rolled out and total 136 VSAT installations were allotted covering each CSC location. M/s Hughes Communication India Limited (HCIL) was appointed as the vendor (all India basis) by GoI through e-Governance Services India Limited for supplying, installation and commissioning of VSAT.

Status of delivery of VSAT Equipment and VSAT Installation during the period 2012-14 is shown below:

Table-5.3.6

Sl. No.	District	Delivery Status of VSAT	Allotment of VSAT to be Installed	No. of VSAT Installed	VSAT yet to be Installed
1.	Aizawl	69 delivered	69	47	22
2.	Mamit	8 delivered	8	8	0
3.	Kolasib	10 delivered	10	7	3
4.	Serchhip	12 delivered	12	12	0
5.	Lunglei	14 delivered	14	12	2
6.	Champhai	14 delivered	14	8	6
7.	Lawngtlai	5 delivered	5	3	2
8.	Saiha	4 delivered	4	4	0
Total		**136 delivered**	**136**	**101**	**35**

Source: Departmental records

From the table above, it could be noticed that out of 136 locations VSAT installation could not be completed at 35 locations (26 *per cent*) (September 2014). However, in absence of complete information on the targeted dates for delivery and installation of VSAT on selected destination by HCIL (supplier), Audit could not verify the extent of actual delays in implementation of the project.

5.3.10.2.1.2 Unfruitful expenditure in installation of Terminal ID for B2C Services

CSCs could be functional and useful only when the required G2C and B2C services are integrated with these CSCs. The following services were required to be integrated into Mizoram Online for B2C services:

(i) Railway ticket, (ii) Airlines ticket, (iii) Mobile recharge, (iv) DTH recharge, (v) Insurance, (vi) Bus ticketing, (vii) Car rentals, (viii) Hotel bookings and (ix) Holiday packages.

Accordingly, ZENICS issued (January 2011) quotation to four firms for supply of 136 terminal Software for B2C Services. M/s Hermes i-Tickets Private Ltd. (M/s Hermes) being the lowest bidder was selected for developing 136 terminal IDs at an agreed cost of ₹ 13.60 lakh. Letter of Intent (LoI) was sent (February 2011) to M/s Hermes for initiating the project. Agreement was signed (March 2011) between ZENICS and M/s Hermes for development of Mizoram Online Services (MOL) Terminal IDs for B2C services. Purchase Order for 136 numbers of Terminal IDs for Mizoram Online Services was placed (March 2011) and the expenditure sanction was accorded (April 2011) for the sum of ₹ 13.60 lakh.

It was noticed in audit that out of total 136 Village Level Entrepreneurs (VLEs) selected in 8 districts of the State for operating CSCs only 88 VLEs were active till the date of audit (September 2014) as per details given below:

Table-5.3.7

Sl. No.	District	Total No. of VLEs	Active No. of VLEs	In-active No. of VLEs
1.	Aizawl	69	48	21
2.	Kolasib	10	8	2
3.	Mamit	8	4	4
4.	Serchhip	12	6	6
5.	Lunglei	14	7	7
6.	Champhai	14	10	4
7.	Lawngtlai	5	2	3
8.	Saiha	4	3	1
Total		**136**	**88**	**48**

Source: Departmental records

Thus, 48 nos. of VLEs (35 *per cent*) remained inactive, despite making full payment of ₹ 13.60 lakh to the Contractor (M/s Hermes) for creation and development of terminal IDs at all 136 VLEs,.

The Government stated (December 2014) that the Contractor had developed 136 numbers of Terminal ids for Mizoram Online Services and delivered in good condition. As such, payment of ₹ 13.60 lakh crore was made as per terms of agreement. It was further stated that Terminal IDs for non-functional 48 VLEs would be used as and when these VLEs are in active condition.

The reply confirms the fact of non-achievement of the intended benefits of the project to the full extent.

5.3.10.3 Implementation of Mizoram State Wide Area Network (MSWAN)

Under the National e-Governance Action Plan (NeGAP) 22 Mission Mode Projects were identified for implementation at the Central and State level in a phased manner. In addition, various other e-Governance initiatives were being taken up by the respective States and Government of India over three to four years starting from 2005-06. The State Wide Area Network (SWAN) was identified as an element of the core infrastructure for supporting these e-Governance initiatives. Government of India would continue to support for establishment of such infrastructure up to the block level.

The GoM had selected Mizoram State e-Governance Society (MSeGS) as the implementing agency of MSWAN. During February 2006 the GOI (DIT) accorded Administrative Approval for conducting feasibility study of the project and released an amount of ₹ 0.15 crore with the stipulation to complete the study within four months.

The Project Implementation Committee of the GoM decided to engage (May 2006) M/s Wipro Infotech Limited (Wipro) for undertaking the feasibility study. On completion of feasibility study, Wipro submitted (February 2007) their report to MSeGS. Detailed Project Proposal for MSWAN was forwarded (February 2007) by GoM to DIT (GoI) for further approval.

Based on the Detailed Project Proposal submitted by GoM, DIT (GoI) conveyed (March 2007) Administrative Approval for implementation of M-SWAN at an estimated cost of ₹ 20.59 crore (GoI's share: ₹ 14.63 crore and State's share: ₹ 5.96 crore).

Based on the request made by GoM, DIT (GoI) appointed (December 2007) ZENICS as Implementing Agency for MSWAN in place of MSeGS. Accordingly, MSeGS handed over (January 2008) ₹ 2.93 crore to ZENICS which the MSeGS had received in March 2007.

Meanwhile, GoM had received (December 2005) ₹ 3.35 crore for Site Preparation of M-SWAN Points of Presence (PoPs) from Government of India as Additional Central Assistance. ZENICS prepared and submitted (June 2008) a revised detailed estimate for construction of new buildings for POPs at 42 locations at total cost of ₹ 3.35 crore. GoM released ₹ 3.35 crore to ZENICS in two instalments of ₹ 1.67 crore (August 2008) and ₹ 1.68 crore (November 2009).

ZENICS undertook site preparation works departmentally. It was noticed that necessary space for establishment of 13 PoPs out of 42 PoPs was provided by GoM in existing buildings. Hence, construction of buildings for these 13 PoPs was not required. ZENICS, however, completed the construction of remaining 29 PoPs.

After inviting the tender notice, ZENICS appointed (December 2009) M/s Wipro Limited as Consultant for providing assistance in managing the implementation of M-SWAN at a consideration of ₹ 0.40 crore.

ZENICS further appointed (January 2011) M/s ITI Limited, Bangalore and its Consortium Partner M/s Vayam Technologies Limited, New Delhi, being the lowest bidder in open tendering, as Network Operator (NO) for MSWAN at a negotiated contract value of ₹ 16.81 crore. The work scope of the Network Operator (M/s ITI Ltd.) included to design, supply of equipment, installation, commissioning, integration, operation and maintenance of MSWAN on Build, Own, Operate and Transfer (BOOT) basis for five years.

In March 2011, the MSWAN implementation committee appointed M/s KPMG Advisory Services Private Limited as Third Party Auditor (TPA) to carry out third party audit and Service Level Agreement (SLA) monitoring activities at an agreed fee of ₹ 0.96 crore. ZENICS and Bharat Sanchar Nigam Limited (BSNL) signed (May 2011) Memorandum of Understanding (MoU) to provide Bandwidth (4 Mbps) from State Headquarters to District Headquarters and 2 Mbps leased circuit from District Headquarter to Block Headquarters. As per MoU, the BSNL would provide Bandwidth to establish a dedicated wide area network to vertically connect 42 Points of Presence (POPs) within MSWAN in the first phase and thereafter for horizontal connectivity to Government Offices at State Capital, District Headquarters and all Blocks in the State of Mizoram.

Out of 42 PoPs proposed at various locations, total 35 PoPs could be commissioned during 2011 (15 PoPs), 2012 (18 PoPs) and 2014 (2 PoPs) while remaining 7 PoPs were pending for commissioning.

It was observed that ZENICS served (March 2014) notice to M/s ITI Limited and its consortium partner for termination of contract on the ground of their performance as Network Operator being poor and unsatisfactory. ZENICS, however, allowed a period of 30 days to the Network Operator for rectifying all the defects noticed to avoid termination of the contract.

As on September 2014, out of total 42 PoPs, only 24 POPs were operational and remaining 18 POPs were non-functional due to issues relating to site, power, BSNL, UPS defaults, DG Set problem, man power and maintenance *etc.*

In this connection, following observations are made:

5.3.10.3.1 Diversion of funds

As per the Terms and Conditions governing the Additional Central Assistance (ACA)/ Grants-in-Aid (GIA), the fund released were to be utilised only for the approved purposes.

It was observed that out of ₹ 9.87 crore released (January 2008 to March 2014), ZENICS had diverted an amount of ₹ 1.80 crore towards salaries of employees (₹ 1.62 crore) and purchase of vehicles (₹ 0.18 crore).

Thus, diversion of project funds was in violation of the terms and conditions and this could have adverse impact on implementation of the scheme.

The Government while admitting the facts stated (December 2014) that due to financial crisis in State Government, ZENICS utilised ₹1.80 crore towards salary and purchase of vehicles.

The reply is not convincing as the diversion of scheme funds was not permissible under the agreed terms and conditions of the scheme as the same could have adverse impact on implementation of the Scheme.

5.3.10.3.2 Unauthorised retention of bank interest

As per the terms and conditions governing ACA/GIA, interest earned against project funds would be treated as credit to the grantee and same was required to be adjusted towards future installments of the grant.

Audit noticed that the ZENICS earned an amount of ₹ 0.63 crore as bank interest against MSWAN funds upto 2013-14. As of September 2014, however, ZENICS had not reported the fact of bank interest receipts to DIT.

Thus, ZENICS unauthorisedly retained the bank interest of ₹ 0.63 crore without reporting to the GoI in violation of the terms and conditions of the scheme.

The Government stated (December 2014) that ZENICS indicates the bank interest whenever UCs was submitted to the concerned authority and as such there was no unauthorised retention of bank interest.

The Government, however, did not provide any documentary evidence in support of the reply for verification by audit.

5.3.10.3.3 Doubtful expenditure on site preparation for construction of PoPs

As per the guidelines issued by the DIT, GoI, all Points of Presence (PoPs) are required to be newly constructed in RCC type building with proper security measures and technical specifications to be taken up for the safety of the highly sensitive equipments to be installed after the construction of new buildings at each of the PoPs.

During December 2005, the GoM received an ACA of ₹ 3.35 crore for Site Preparation of 42 MSWAN PoPs from the GoI as per details given below:

Table-5.3.8

Sl. No.	Name of work	Nos.	Amount (₹ in crore)
1.	Construction of building for MSWAN PoP at State Headquarters	1	0.37
2.	Construction of building for MSWAN PoP at District Headquarters	7	1.68
3.	Construction of building for MSWAN PoP at Block/Sub Division Headquarters	34	1.30
Total		**42**	**3.35**

The GoM released (August 2008/November 2009) the entire fund of ₹ 3.35 crore to ZENICS and accordingly ZENICS undertook site preparation of 42 PoPs departmentally. Out of 42 PoPs, 29 PoPs were constructed during 2008-09 to 2010-11 at a total cost of ₹ 2.90 crore. As the remaining 13 PoPs were supposed to function from the existing Government buildings, no further PoPs were required to be constructed by ZENICS. It was, however, observed that the GoM submitted Utilisation Certificate (UC) amounting to ₹ 3.44 crore against Site Preparation works in respect of all the 42 POPs to the GoI.

In this connection, following observations are made:

(i) The PoP-wise detailed expenditure incurred by the ZENICS was not furnished to Audit. Further, based on the funds (₹ 3.35 crore) released for 42 PoPs, the estimated average expenditure worked out to ₹ 7.98 lakh per PoP. Hence, the expenditure for 29 PoPs (excluding 13 PoPs for which new buildings were not required) would be ₹ 2.31 crore as against ₹ 3.44 crore reported by GoM.

   Thus, in absence of the detailed expenditure for construction of 29 PoPs, ZENICS incurred a doubtful expenditure to that extent.

(ii) As per the terms and conditions of ACA, any part of the grant which is not ultimately required for expenditure for the approved purposes was to be surrendered to DIT (GoI).

   Since 13 PoPs were functioning from the existing Government buildings, construction of new buildings for these PoPs was not required. Hence, the balance amount of ₹ 0.45 crore (₹ 3.35 crore - ₹ 2.90 crore) should have been surrendered.

(iii) The GoM submitted UCs showing expenditure incurred in excess to the tune of ₹ 0.54 crore (₹ 3.44 crore - ₹ 2.90 crore) to the GoI.

The Government while admitting (December 2014) the fact that built-up space for 13 out of 42 PoPs was provided by the Government stated that ZENICS has spent ₹ 1.53 crore on site preparation work of all 42 PoPs resulting an overall saving of ₹ 1.82 crore. The Government, however, admitted that PoP-wise expenditure was not available on records.

The fact, however, remained that the expenditure on site preparation of 13 PoPs is not justified as it did not involve any civil construction work.

5.3.10.3.4 Undue favour to the Network Operator

There should be a Network Operator (NO) to design and to cater to supply/commissioning of equipment as well as operation and maintenance of MSWAN. Accordingly, ZENICS appointed (January 2011) the consortium of two firms (*viz.* M/s ITI Ltd., Bengaluru and M/s Vayam Technologies Ltd., New Delhi) as NO for MSWAN at a total contract value of ₹ 16.81 crore.

As per the Agreement, the payment was to be released to the NO on the basis of the following:

(i) that payment against Quarterly Guaranteed Revenue (QGR) for each quarter was to be released for each PoP based on the certificate provided by the Third Party Auditor (TPA) on the performance of the NO after conducting the Partial Acceptance Test (PAT) and Final Acceptance Test (FAT);

(ii) that each PoP was to be treated as separate entity for the purpose of QGR after deduction of downtime penalty, if any.

(iii) that the NO was required to enclose supporting documents along with QGR claims such as (a) POPs-wise performance statistics, (b) Log of network parameters along with service downtime calculation and uptime percentage and (c) Any other documents necessary in support of the service performance acceptable to ZENICS.

Audit observed that an amount of ₹ 2.19 crore was released to the NO as QGR payments during March to October 2013 as detailed below:

Table-5.3.9

Quarter	Period	QGR No.	Amount (₹ in crore)	Status	Date of payment
(A) Payment for State Headquarter (SHQ) and District Headquarters (DHQs)					
1st QGR	03-04-2012 to 02.07.2012	12799001	0.45	Submitted/ Paid	12-03-2013
2nd QGR	03-07-2012 to 02.10.2012	12799002	0.45		12-03-2013
3rd QGR	03.10.2012 to 02.01.2013	12799003	0.45		04-07-2013
4th QGR	03.01.2013 to 02.03.2013	13799001	0.45		10-10-2013
Total (A)			**1.80**	--	--
(B) 33 Block Headquarters (BHQ)					
1st QGR	08.11.2012 to 07.02.2013	12799004	0.39	Submitted/ Paid	04-07-2013
Total (B)			**0.39**	**--**	**--**
Grant Total (A + B)			**2.19**	**--**	**--**

Source: Departmental records

During examination of records, it was noticed that contrary to the stipulations made in the agreement with NO, FAT review report submitted by the Third Party Auditor (TPA) was not considered for payment of QGR claims made by the NO. It was also noticed that the NO did not submit the delivery challans for despatch of materials to ZENICS. Further, all the mandatory documents such as network design, technical manuals, configuration and network details as installed, installation and commissioning procedures, security policy, warranty for all equipments and service details, BSNL downtime reports, utility of NMS were also not submitted by NO to ZENICS.

Thus, in violation of terms of the agreement, ZENICS paid an amount of ₹ 2.19 crore to the NO which led to undue benefit to the NO to that extent.

The Government while admitting the facts stated (December 2014) that PAT and FAT are very much considered while payment was made. PAT/FAT has been prepared by NO which was reviewed by TPA and accordingly payment of 1st, 2nd, 3rd and 4th QGR was released to NO in case of SHQ and DHQ.

The Government, however, did not submit any documentary evidence in support of their reply for verification by Audit.

5.3.10.3.5 Unfruitful expenditure on purchase of Terastation

Network Attached Storage (NAS) is file-level computer data storage server connected to a computer network providing data access to a heterogeneous group of clients.

The NO stated that due to NAS storage problem, the authentic values of downtime and uptime of the system could not be determined. In order to overcome the problem, NO suggested for purchase of Terastation 7000 for NAS storage for MSWAN. Based on the suggestion (June 2013) made by the NO, ZENICS procured a Terastation 7000 for NAS storage at a cost of ₹ 9.90 lakh.

Audit observed that despite spending ₹ 9.90 lakh crore on procurement of Terastation 7000 as per the suggestion of NO, the problem of NMS/EMS database was not resolved (September 2014). It was observed that even after installation of new/additional storage device (Terastation 7000), the system could not cater to the requirements of MSWAN EMS reports and other service backups as out of 42 PoPs, a total of 11 POPs only were available for network availability report (July 2014).

Thus, due to non-resolution of the problem of NMS/EMS database, procurement of Terastation 7000 for NAS storage at a cost of remained unfruitful.

The Government stated (December 2014) that due to storage constraint in the NMS server for backup of network performance reports, Terastation 7000 with 24 TB was purchased. There was configuration issue during the initial stage which has been resolved since March 2014. The storage capacity would last many years for backing up of NMS data and hence cannot be considered as an unfruitful expenditure.

The reply regarding resolving the problem since March 2014 is not acceptable as the audit observation relating to availability of various reports in only 11 out of 42 PoPs is based on the status of network availability as of July 2014.

Audit Objective: To assess the adequacy and effectiveness of Corporate Governance ZENICS

5.3.10.4 Corporate Governance

5.3.10.4.1 Corporate Plan

Corporate Plan indicates the long-term policy of an organisation, which translates its corporate objectives into remarkable action plan for initiating activities aimed at developing Information Technology in the State.

Examination of record revealed that the ZENICS had not formulated any corporate plan/long-term policy for attaining the objective of promoting Information Technology till March 2014.

No specific comments were offered by the Government on the issue.

5.3.10.4.2 Board meetings

The business of ZENICS was managed by the Board of Directors (BoD). For taking decisions on important matters in respect of policy decision, implementation of projects, *etc.* it is very essential to hold regular Board Meetings at prescribed intervals. According to Section 285 of the Companies Act, 1956, the BoD must hold at least one meeting in every quarter in a year. It was, however, noticed that during the years from 2009-10 to 2013-14, only 9 nos. of meetings were held by the BoD as against 20 nos. of mandatory meetings required to be held as shown below:

Table-5.3.10

Year	No. of Board meetings held	Date of meetings held	Minimum no of meetings which should be held	Shortfall in Board meetings
2009-10	4	30.05.2009, 31.07.2009, 24.02.2010 & 29.03.2010	4	-
2010-11	1	04.11.2010	4	3
2011-12	NIL	NIL	4	4
2012-13	2	19.07.2012 & 29.01.2013	4	2
2013-14	2	23.09.2013 & 06.03.2014	4	2
Total	**9**	**--**	**20**	**11**

Source: Departmental records

The Government while admitting the facts assured (December 2014) that in future, Board Meeting would be held as per the requirements of the Act.

5.3.10.4.3 Formation of Audit Committee

The Audit Committee is useful for reviewing the internal control system and also the accounting policies, cost reduction measures, general policies, procedural aspects with regard to collateral security and half yearly/annual financial statements before submission to the BoD. Examination of records revealed that ZENICS had not constituted the Audit Committee since its inception.

The Government while admitting the facts stated (December 2014) that ZENICS would be asked to constitute Audit Committee as advised.

5.3.10.4.4 Internal Audit

Internal audit is an appraisal of the activities of an entity with reference to its laid down objectives. It was, however, observed that ZENICS had not established an Internal Audit wing since its inception till March 2014. ZENICS had appointed two firms of Chartered Accountants for the years 2009-10 (M/s Shambu Kedia & Comapany) and 2010-13 (M/s Akas & Associates for the year) to carry out the work of internal audit and preparation of financial statement for each year. An amount of ₹ 30,000 per year was paid as audit fee to the firms without assessing their actual performance.

Audit scrutiny revealed that the internal auditor had merely prepared the annual financial statements of ZENICS. Audit is of the view that the scope of internal auditor should be widened to examine the efficiency of operations of ZENICS as well as compliance by ZENICS with the applicable rules and laws so that the findings included in their reports could be utilised as relevant indicators of internal controls.

No specific comments were offered by the Government on the issue.

5.3.11 Impact Assessment

Audit conducted Physical Verification of selected locations/centres jointly with the ZENICS officials pertaining to the following four projects undertaken by ZENICS as detailed below:

A. Mizoram State Wide Area Network (MSWAN):

Out of 42 POPs, 8 POPs have been selected for site physical verification comprising 1 SHQ, 2 DHQ and 5 BHQ. During the course of site visit, audit observed the following:

Sl. No.	Name of Block	Observation
1.	Thingsultliah BHQ	a) Though internet connection/link was available, the maintenance of the PoP was poor and improper since there was no operator to look after the PoP. b) Battery was damaged. c) Inventory Register was not maintained.
2.	Kawnpui BHQ	a) No service was rendered (till September 2014) since there was no internet connectivity/link. b) AC and UPS were damaged.
3.	Thingdawl BHQ	a) No service rendered. b) No internet connectivity/link. c) IP migration not completed and UPS not working.
4.	Durtlang BHQ	MSWAN equipment was not installed. The PoP was used as godown.
5.	Aizawl DHQ	Three Nos. of UPS batteries were found damaged.
6.	Aizawl SHQ	a) Power Board, Control Board, IGT Board and 1/0 Board wave were found faulty and needed to be replaced. The faulty UPS could not be repaired/replace till the date of inspection. b) AC meant for Aizawl DHQ, Tlangnuam BHQ, Sakawrdai BHQ and Reiek BHQ were used in Server Room of SHQ NOC.

B. Rural Information Kiosk (RIK)

Out of 300 Kiosks located across the State, VLEs for 241 Kiosks have been selected. Out of these 241 VLEs, 12 VLEs[28] were selected for joint physical verification by Audit team and the representatives of ZENICS. During the course of physical verification, audit observed that out of 12 VLEs, VSAT installation was pending in 7 VLEs.

C. Common Service Centre (CSC)

Out of 136 VLEs selected for CSC Project, 88 VLEs have been operational and remains active. Out of the said 88 active VLEs, 14 VLEs were selected for physical verification. During the course of site visit, audit observed that none of the 14 VLEs could provide B2C service (such as Mobile recharge, DTH Recharge, Railway/online tickets, *etc.)* to the citizen. Under G2C service, the VLEs could provide only the services namely, Income Certificate, Residential Certificate and Scheduled Tribe Certificate. G2C services such as Electric Bill payment, Water Bill payment, Property Tax collection, Revenue Tax payment *etc.*, could not be provided to the citizen till September 2014.

D. IT Education Programme for 100 Nos. of Schools in Mizoram

Secretary, NEC in exercise of the financial powers had accorded (21 October 2011) Administrative Approval for operation of the Scheme on IT Education and S&T Awareness programme at 100 schools in Mizoram at a total cost of ₹ 4.57 crore.

The scheme was to be implemented by the ZENICS within 6 months after receiving Grants from NEC and support for 12 months.

The project focused on assisting the Department of School Education through NEC fund to assume its leadership role of the ICT in School Education with the following objectives:

a) To formulate computer education programme and plan for integration of computers into the curriculum and to make it a part of schooling process,

b) To provide computer systems to 100 schools in Mizoram and introduce awareness programme in those schools,

c) To facilitate internet connection from BSNL to the selected schools,

d) To increase computer literacy among the school students,

e) To provide special training programme for the faculty of IT in school so as to enable them to teach computer subject in school, and

[28] 1. Angela Zairemtluangi, Tuirial, 2. Laltlanzova, Seling, 3. Ricky Zothanzama, Kawnpui, 4. Lalchhansanga, Kolasib, Venglai, 5. Lalrindika Pautu, Kolasib Hmar Veng, 6. H. Lalrempuii, Kelsih, 7. C. Zarzoliana, Muallungthu, 8. K. Lathuammawia, Falkawn, 9. Vanlalhriata, Hualngohmun, 10. Lallianpuii Ralte, Mission Vengthlang, 11. Zodintluanga, Tuithiang and 12. R. Lalchhanhima, Zuangtui

f) To achieve computer literacy among the school teacher of different levels.

Out of 100 schools selected for implementing IT Education Programme in Mizoram, computers and its peripherals have been delivered in 72 schools only. Out of these 72 schools where computers and peripherals were provided, eight schools were selected for physical verification. During the site visit of selected eight schools, following observations were made:

(i) As per the terms and conditions, the selected schools should provide sufficient space for computer lab for installation of computer systems. It was noticed that six out of eight schools did not have sufficient space for installation of computer system. While the systems were utilised for works like printing, storing data, photostat, *etc.* computer class/ training had not been imparted to the students. Under such circumstances, the equipment had been lying idle and unused. This invites the risk of deterioration and obsolescence of the computers with the passage of time and technology advancement.

(ii) The selected schools did not have internet connection, though one of the objectives of the scheme was to facilitate internet connection to the selected schools.

(iii) The projects also aimed at providing special training programme for at least one teacher in each school so as to enable them to teach computer subject in school. It was noticed that no such training was conducted so far. Under such circumstances, the intended objective of imparting and increasing computer literacy among the students could not be attained (September 2014).

No specific comments were offered by the Government on the issue.

5.3.12 Evaluation of achievement of intended benefits

During the period of review, ZENICS had implemented four projects, *viz.*, RIK, CSC, MSWAN and IT Education for various objectives such as computer and connectivity infrastructure, software for B2C and G2C services; creation of front-end service delivery points for Government, private and social sector services to urban and rural citizens in an integrated manner; and rendering defined infrastructure level services to State which include web, data base, mail, anti-virus, domain, proxy services and video conferencing services. ZENICS, however, had not evolved any mechanism for evaluating whether intended benefits of the Scheme were achieved or not.

No specific comments were offered by the Government on the issue.

5.3.13 Conclusion

ZENICS incurred losses in all five years from 2009-10 to 2013-14 covered in the Performance Audit. ZENICS had neither evolved a system to assess viability of its operations nor introduced a system of business planning and resource forecasting for sustainability of the organisation in long run. During 2009-14, the capacity utilisation of the Computer Training Centre of ZENICS was to the extent of 21 *per cent* only. Performance of ZENICS in implementation of various projects/ schemes was not satisfactory on account of several deficiencies. These deficiencies were in the nature of submission of incorrect Utilisation Certificates against project funds and delay in selection of village level entrepreneurs (Rural Information Kiosk project); delay in installation of VSAT equipment (Common Service Centre project); and diversion of project funds, doubtful expenditure on site preparation for Points of Presence, undue favour to the Network Operator, etc. (Mizoram State Wide Area Network). The Corporate Governance of ZENICS was not effective due to non-constitution of an Audit Committee and shortfall in holding prescribed number of meetings of the Board of Directors, which had adverse impact on taking prompt decision on important issues.

5.3.14 Recommendations

- ZENICS should introduce appropriate system to prepare business plan and resource forecasting and should also evolve appropriate system to assess viability of its operations;
- Effective derive should be launched by State Government/ZENICS to create awareness among students regarding benefits of trainings in the Computer Training Centre;
- The State Government needs to ensure timely release of project funds and monitor their utilisation before submission of Utilisation Certificates to Government of India. Guidelines issued by funding agencies should be strictly adhered to in implementing the projects/schemes.
- Regular meetings of the Board of Directors must be held for strengthening the Corporate Governance and taking prompt decision/timely corrective action on important issues.

Aizawl
The 17 April 2015

(L. Tochhawng)
Principal Accountant General (Audit),
Mizoram

Countersigned

New Delhi
The 20 April 2015

(Shashi Kant Sharma)
Comptroller and Auditor General of India

APPENDICES

Appendix-1.3.1

Statement showing details of excess payment of CST to different firms

(Reference: Paragraph-1.3.2; Page-4)

(₹ in lakh)

Sl. No.	Bill No. and date under which payment was made	Name of the Firm/ Suppliers	Details of supply	Expenditure incurred			Actual CST due to be paid @ two *per cent*	Excess amount paid as CST
				Cost	CST (in *per cent*)	Total		
1.	FS/CSS/MV/1/10-11 date 31.01.2011	M/s Hindustan Enterprises Cuttack, Orissa	Fabrication of two mini water tenders	12.91	1.61 (12.5)	14.52	0.26	1.35
2.	FS/CSS/MV/1/10-11 date 31.01.2011	M/s Shriganesh Fire Equipments (P) Ltd. Moti Nagar, New Delhi	Fabrication of six Water Tender Pumps	71.70	8.96 (12.5)	80.66	1.43	7.53
3.	FS/CSS/MV/6/11-12 date 12.03.2012	M/s Shriganesh Fire Equipments (P) Ltd. Moti Nagar, New Delhi	Fabrication of six Quick Response Vehicles	36.60	4.94 (13.5)	41.54	0.73	4.21
4.	FS/CSS/MV/1/09-10 date 29.03.2010	M/s Ashok Leyland Ltd. New Delhi	Cost of eight Ashok Leyland chasis	45.49	5.69 (12.5)	51.18	0.91	4.78
5.	FS/CSS/M&E/4/11-12 date 01.03.2012	M/s Sova Enterprises, Christian Basti, Guwahati	Cost of eight nos. High Pressure Pumps	39.47	5.33 (13.5)	44.80	0.79	4.54
6.	FS/CSS/M&E/2/10-11 date 15.02.2011	M/S East India Consortium, Chatribari Road, Guwahati	Cost of eight nos. combination tools	14.80	0.74 (5)	15.54	0.30	0.44
7.	FS/CSS/M&E/2/11-12 date 25.01.2012	M/s East India Consortium, Chatribari Road, Guwahati	Cost of eight nos. combination tools	14.80	0.74 (5)	15.54	0.30	0.44
8.	FS/CSS/MV/2/11-12 date 14.02.2012	M/s TATA Motors Ltd, Ulubari, Guwahati	Cost of six chasis	34.68	4.85 (14)	39.53	0.69	4.16
Total				**270.45**	**32.86**	**303.31**	**5.41**	**27.45**

Source: Departmental records

Appendix-2.3.1

Statement showing details of selected Districts, Blocks and Village Councils

(Reference: Paragraph- 2.3.6, Page-16)

Total Districts: 08 (Aizawl, Mamit, Lunglei, Lawngtlai, Serchhip, Saiha, Kolasib and Champhai)

Sl. No.	Name of Districts selected (No. of Blocks in the District)	Selected Blocks under the District (No. of Village Councils in the Blocks)	Selected village councils under the Block	
1	2	3	4	
1.	Champhai (4)	Champhai (28)	1	Kahrawt
			2	Chhungte
			3	Vengthlang 'N'
			4	Venglai
			5	N. Khawbung
			6	Zion Veng
			7	Venghtar
		Khawzawl (37)	1	Khawzawl-V
			2	Zokhawthar
			3	Dilkawn
			4	Khawzawl VC-I
			5	Kelkang
			6	Chawngtlai
			7	Arro
			8	Melbuk
			9	Mualkawi
			10	Khawzawl VC-III
2.	Lunglei (4)	Lunglei (62)	1	Collage Veng
			2	Salem
			3	Serkawn
			4	Venglai
			5	Sazaikawn
			6	Sethlun
			7	Kanghmun 'S'
			8	Zobawk
			9	Phaileng 'S'
			10	Chengpui
		Hnahthial (23)	1	Rawpui
			2	Denlung
			3	S. Lungleng
			4	S. Chawngtui
			5	Tuipui D
			6	Khawhri

1	2	3	4	
3.	**Mamit (3)**	**W. Phaileng (19)**	1	Lallen
			2	New W.Phaileng
			3	Khawhnai
			4	W Phulpui
			5	W.Phaileng
		Reiek (22)	1	Kanghmun
			2	W Lungdar
			3	S Sabual
			4	Tuahzawl
			5	Reiek
			6	Ailawng
4.	**Kolasib (2)**	**Thingdawl (17)**	1	N.Kawnpui-I
			2	Thingdawl
			3	Khamrang
			4	N.Kawnpui-II
			5	Bualpui - N
		Bilkhawthlir (30)	1	Bilkhawthlir N
			2	Kolasib Venglai
			3	Kolasib Vengthar
			4	Saihapui K
			5	N.Chhimluang
			6	Rengtekawn
			7	Bilkhawthlir S
			8	Builum
5.	**Serchhip (2)**	**Serchhip (34)**	1	Bungtlang
			2	New Serchhip
			3	Serchhip-I
			4	Thenzawl 'E'
			5	Thenzawl 'W'
			6	Vanchengte
			7	Buangpui
			8	Neihloh
			9	Sialhau
		E.Lungdar (12)	1	Chekawn
			2	E. Lungdar
			3	Khawlailung
Total	**05**	**10**	**69**	

Appendix-2.3.2

Statement showing the funding pattern for implementation of various components of TSC/NBA projects

(Reference: Paragraph-2.3.10.1, Page-19)

Sl. No.	Name of Component	TSC/NBA Guidelines for the year(s)	Funding pattern (Figures in ₹/Ratio)		
			Central share	State share	Beneficiary share
1.	Start Up activities, IEC and Capacity Building	2007, 2010, 2011 & 2012	80	20	--
2.	Alternate Delivery Mechanism (Production Centre/ Rural Sanitary Marts)	2007, 2010, 2011 & 2012	80	20	--
3.	Construction of Individual Household Latrine (IHHL) – (BPL)	2007	₹ 900	₹ 300	₹ 300
		2010	₹ 2000	₹ 700	₹ 300
		2011	₹ 2700	₹ 1000	₹ 300
		2012	₹ 3700	₹ 1400	₹ 900
4.	Community Sanitary Complex	2007	60	20	20
		2010, 2011 & 2012	60	30	10
5.	Individual Household Latrine (IHHL) (APL)	2007, 2010, 2011 & 2012	--	--	100
6.	Institutional Toilets (For Schools and Anganwadi Centres)	2007, 2010, 2011 & 2012	70	30	--
7.	Solid and Liquid Waste Management	2007, 2010 & 2011	60	20	20
		2012	70	30	--
8.	Provision for revolving fund in Districts	2007 & 2010	80	20	--
9.	Administrative Charges	2007, 2010, 2011 & 2012	80	20	--
10.	Capacity Building	2012	80	20	--

Source: TSC Guidelines 2007, 2010, 2011 and NBA Guidelines 2012

Appendix-2.3.3

Statement showing short release of State share under TSC/NBA programme during 2009-14

(Reference: Paragraph-2.3.10.3, Page-20)

(₹ in lakh)

Year	No. of installment	Release of Centre Share		Release of State Share			Excess(+) Short(-) release
		Date of release	Amount	Amount required to be released (at the ratio of 75:25 basis)	Actual release		
					Date of release	Amount	
2009-10	1st	28.01.10	135.14	45.00	09.02.10	75.00	--
					22.03.10	21.00	--
	2nd	30.03.10	277.84	92.61	--	--	--
Sub-Total		**--**	**412.98**	**137.61**	--	**96.00**	**(-) 41.61**
2010-11	1st	28.03.11	652.42	217.25	19.01.11	4.18	--
					14.02.11	116.96	--
Sub-Total		**--**	**652.42**	**217.25**	**--**	**121.14**	**(-) 96.11**
2011-12	1st	28.06.11	31.38	10.25	02.02.12	10.00	--
					01.03.12	35.00	--
					13.03.12	11.53	--
					16.03.12	13.18	--
Total		**--**	**31.38**	**10.25**	**--**	**69.71**	**(+) 59.46**
2012-13	1st	27.12.12	497.48	165.75	05.03.13	143.00	--
					07.03.13	7.00	--
Total		--	**497.48**	**165.75**	**--**	**150.00**	**(-) 15.75**
2013-14	1st	27.09.13	43.27	134.31	12.12.13	46.00	--
		27.12.13	359.67		13.12.13	128.00	--
		--	--		17.12.13	46.00	--
	Sub-Total	--	**402.94**	**134.31**	**--**	**220.00**	**(+) 85.69**
	2nd	28.03.14	402.94	134.31	--	--	(-) 134.31
	Sub-Total	--	**402.94**	**134.31**	**--**	**--**	**(-) 134.31**
Total		--	**805.88**	**268.62**	**--**	**220.00**	**(-) 48.62**
Grand Total		--	**2400.14**	**799.48**	**--**	**656.85**	**(-) 142.63**

Source: GoI and State release orders and SWSM/DWSCs Bank Pass Book

Annexure-2.3.4

Statement showing the delay in release of Central Share by the SLW&SM during 2009-14

(Reference: Paragraph-2.3.10.4.1, Page-20)

Year	Release of Central share		Purpose	Credited in SLW&SM Account		Due date of transfer in the DWSC Account	Transferred to DWSC Account		Delay as of 31 March 2014 (In days)
	Date	Amount (₹ in lakh)		Date	Amount (₹ in lakh)		Date	Amount (₹ in lakh)	
2009-10	14/10/09	4.10	NGP Verification Fees	31/10/09	4.10	09/11/09	08/03/10	4.10	120
	28/01/10	135.14	TSC/NBA Programme	06/02/10	135.14	20/02/10	29/03/10	135.14	38
	19/02/10	0.45	NGP Verification Fees	05/03/10	0.45	14/03/10	22/06/10	0.45	101
	30/03/10	277.84	TSC/NBA Programme	12/04/10	277.84	26/04/10	04/05/10	277.84	9
Total	--	**417.53**	--	--	**417.53**	--	--	**417.53**	--
2010-11	28/03/11	652.42	TSC/NBA Programme	05/05/11	652.42	19/05/11	30/05/11	274.73	12
						19/05/11	23/11/11	247.21	189
						19/05/11	16/02/12	99.00	274
						19/05/11	24/02/12	31.48	282
Total	--	**652.42**	--	--	**652.42**	--	--	**652.42**	--
2011-12	28/06/11	31.38	TSC/NBA Programme	12/07/11	31.38	26/07/11	21/08/12	31.38	393
Total	--	**31.38**	--	--	**31.38**	--	--	**31.38**	--
2012-13	27/12/12	497.48	TSC/NBA Programme	29/12/12	497.48	12/01/13	20/03/13	497.48	68
Total	--	**497.48**	--	--	**497.48**	--	--	**497.48**	
2013-14	27/09/13	43.27	TSC/NBA Programme	30/09/13	43.27	14/10/13	31/03/14	0.00	169
	27/12/13	359.67		31/12/13	359.67	14/01/14	31/03/14	0.00	77
	28/03/14	402.94		30/03/14	402.94	13/04/14	--	0.00	--
Total	--	**805.88**	--	--	**805.88**	--	--	**0.00**	--

Source: GoI release orders, bank pass book of SLW&SM

Appendix-2.3.5

Statement showing the target and achievement during the period 2009-14

(Reference: Paragraph-2.3.11.1, Page-23)

Name of Projects	2009-10			2010-11			2011-12			2012-13			2013-14		
	T	A	S(-)/E(+) (P)	T	A	S(-)/E(+) (P)	T	A	S(-)/E(+) (P)	T	A	S(-)/E(+) (P)	T	A	S(-)/E(+) (P)
IHHL (APL)	4232	4115	(-)117 (3)	117	117	0	1437	1427	(-)10 (1)	1592	972	(-)620 (39)	913	0	(-)913 (100)
IHHL (BPL)	5068	3629	(-)1439 (28)	1439	1439	0	7886	9361	(+)1475 (19)	14325	8239	(-)6086 (42)	7252	4524	(-)2728 (38)
School Toilet	0	0	0	0	0	0	625	0	(-)625 (100)	1172	8	(-)1164 (99)	1363	689	(-)674 (49)
Anganwadi Toilet	0	0	0	0	0	0	326	56	(-)270 (83)	415	327	(-)88 (21)	261	88	(-)173 (66)
Sanitary Complex	258	71	(-)187 (72)	187	128	(-)59 (32)	113	36	(-)77 (68)	244	232	(-)12 (5)	6	14	(+)8 (133)
SLWM	18	9	(-)9 (50)	9	3	(-)6 (67)	7	6	(-)1 (14)	3	1	(-)2 (67)	5	1	(-)4 (80)

Source: Annual Implementation Plan 2009-14

T = Target, A = Achievement, S/E (P) = Shortfall/Excess (Percentage)

IHHL (BPL) = Individual House Hold Latrine (Below Poverty Line), IHHL (APL) = Individual House Hold Latrine (Above Poverty Line), SLWM = Solid & Liquid Waste Management, RSM/PC = Rural Sanitary Mart/Production Centre

Appendix-2.3.6

Statement showing implementation of Projects in Rural and Urban areas *vis-à-vis* expenditure (proportionately) incurred thereagainst during 2009-14 in the five test checked Districts

(Reference: Paragraph-2.3.11.2.2, Page-24)

(₹ in lakh)

District	Component	Implemented area		Total Expenditure	Expenditure for:	
		Rural	Urban		Rural	Urban
Champhai	IHHL (BPL)	4420	1949	172.14	119.46	52.68
	School Toilets	559	218	179.59	129.20	50.39
	Anganwadi Toilets	64	35	9.90	6.40	3.50
	CSC	24	17	71.04	41.58	29.46
	Sub-total	**--**	**--**	**432.67**	**296.64**	**136.03**
Lunglei	IHHL (BPL)	3772	563	96.47	83.94	12.53
	School Toilets	28	23	19.64	10.78	8.86
	Anganwadi Toilets	26	12	3.80	2.60	1.20
	CSC	24	12	70.73	47.15	23.58
	Sub-total	--	--	**190.64**	**144.47**	**46.17**
Mamit	IHHL (BPL)	1019	107	32.39	29.31	3.08
	School Toilets	--	--	--	--	--
	Anganwadi Toilets	125	8	13.30	12.50	0.80
	CSC	31	10	65.16	49.27	15.89
	Sub-total	**--**	**--**	**110.85**	**91.08**	**19.77**
Kolasib	IHHL (BPL)	2124	1567	84.71	48.75	35.96
	School Toilets	84	--	32.34	32.34	0
	Anganwadi Toilets	22	4	2.60	2.20	0.40
	CSC	7	11	28.80	11.20	17.60
	Sub-total	--	--	**148.45**	**94.49**	**53.96**
Serchhip	IHHL (BPL)	653	248	32.22	23.35	8.87
	School Toilets	--	--	--	--	--
	Anganwadi Toilets	20	5	2.50	2.00	0.50
	CSC	3	4	9.80	4.20	5.60
	Sub-total	--	--	**44.52**	**29.55**	**14.97**
Total				**927.13**	**656.23**	**270.90**

Source: DWSCs' records

Appendix-2.3.7

Statement showing Summary sheet of beneficiary survey

(Reference: Paragraph-2.3.19.1, Page-41)

Sl. No.			Mamit	Kolasib	Serchhip	Champhai	Lunglei
1.	No. of Blocks		3	2	2	4	4
2.	No. of Block selected		2	2	2	2	2
3.	No. of Villages		86	45	45	106	184
4.	No. of Village selected		11	13	13	17	16
5.	No. of beneficiaries	BPL	16	30	30	65	43
		APL	-Nil-	26	26	30	23
6.	Beneficiaries not having IHHL	BPL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
		APL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
7.	No. of beneficiaries having bucket latrine	BPL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
		APL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
8.	No. of beneficiaries having IHHL but not using it	Open defecation	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
		CSC/Other public toilet	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
		Others	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
9.	No. of beneficiaries not safely disposing child faeces		-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
10.	No. of beneficiaries not having piped water supply		16	56	56	93	66
11.	No. of beneficiaries not having knowledge of hand washing before eating		-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
12.	No. of beneficiaries not having knowledge of hand washing after defecation		-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
13.	No. of beneficiaries not having knowledge of hand washing after handling child faeces		-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
14.	No. of beneficiaries received incentive under TCS/NBA for old existing toilet	BPL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
		APL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
15.	No. of beneficiaries who constructed toilet but not received incentive	BPL	5	-Nil-	-Nil-	-Nil-	-Nil-
		APL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
16.	No. of beneficiaries who constructed toilet but not received full incentive	BPL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
		APL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
17.	No. of beneficiaries receiving incentive with a delay of more than one year	BPL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
		APL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
18.	No. of beneficiaries who received incentive but not constructed toilet	BPL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-
		APL	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-

Source: DWSCs' records

Appendix-2.4.1

Statement showing the details of Silpaulin received by the six Districts and their utilisation during 2009-14

(Reference: Paragraph-2.4.9.8.5, Page-62)

Name of District	Stock issued from the Directorate		Actual receipt and utilisation as reported by the districts		
	Sizes	Nos.	Sizes	Nos. received	Nos. utilised
(A) Silpaulin (position during 2009-14)					
Aizawl	18'x24'	14866	18'x24'	11710	11710
			12'x15'	2690	2690
Mamit	18'x24'	13100	18'x24'	3510	3510
			12'x15'	300	300
Champhai	18'x24'	10650	18'x24'	8325	8325
			12'x15'	1675	1675
Lawngtlai	18'x24'	10950	18'x24'	1700	1700
			12'x15'	350	350
Kolasib	18'x24'	11645	18'x24'	10269	10269
			12'x15'	1040	1040
Lunglei	18'x24'	13240	18'x24'	6600	6600
			12'x15'	4100	4100
Total	**18'x24'**	**74451**	**18'x24'**	**42114**	**42114**
			12'x15'	**10155**	**10155**

Source: Departmental records

Appendix-2.4.2

Statement showing the details of Poly-tarpaulin received by the six Districts and their utilisation during 2009-14

(Reference: Paragraph-2.1.9.8.5, Page-62)

Name of District	Stock issued from the Directorate		Actual receipt and utilisation as reported by the districts		
	Sizes	Nos.	Sizes	Nos. received	Nos. utilised
(A) Poly-tarpaulin(position during 2011-14)					
Aizawl	18'x24'	4740	18'x24'	3810	3810
			12'x15'	1860	1860
Mamit	18'x24'	4220	18'x24'	3280	3280
			12'x15'	400	400
Champhai	18'x24'	4050	18'x24'	2550	2550
			12'x15'	2250	2250
Lawngtlai	18'x24'	3400	18'x24'	2100	2100
			12'x15'	Nil	Nil
Kolasib	18'x24'	3350	18'x24'	800	800
			12'x15'	2744	2744
Lunglei	18'x24'	3500	18'x24'	1800	1800
			12'x15'	1100	1100
Total	**18'x24'**	**23260**	**18'x24'**	**14340**	**14340**
			12'x15'	**8354**	**8354**

Source: Departmental records

Appendix-2.4.3

Statement showing the details of relief assistance given to the beneficiaries much delayed in Aizawl, Champhai and Lawngtlai Districts

(Reference: Paragraph-2.4.9.9.1, Page-63)

(A) Aizawl **(₹ in lakh)**

Sl. No.	Name of beneficiaries & Village	Particulars (Kind of disaster & its effect)	Date of incident	Date of payment	Amount paid	Late payment
1.	Lalnuntluangi, Tuirial	Assam type house fully damaged by landslide	01.09.2012	12.03.2013	35,000	6 months
2.	P.C Lalhmunsiama, Tuirial Airfield	Rcc building, Severely damaged	14.07.2012	12.03.2013	1,900	8 months
3.	Tlanglawni, Siphir	Assam type house fully damaged by landslide	11.10.2012	12.03.2013	35,000	5 months
4.	Lalthanpuia, Muthi	Assam type house Severe damaged by landslide	09.10.2012	12.03.2013	6,300	5 months
5.	Hrangkhuma, Muthi	Assam type house fully damaged by landslide	04.10.2012	12.03.2013	35,000	5 months
6.	F. Lalramchhana, w. Phaileng, Mamit	Accidental Death by Landslide	11.08.2012	12.03.2013	1,50,000	7 months
7.	Salthangvunga, Chawilung	Kutcha house fully damaged by Fire	11.10.2012	12.03.2013	15,000	5 months
8.	Thanglura, Chawilung	Pucca house fully damaged by Fire	13.11.2012	12.03.2013	35,000	4 months
9.	Thandanga, Sesawng	Kutcha house partial damaged by Landslide	29.09.2012	12.03.2013	1,900	5 months
10.	H. Lalremvela, Saitual Dinthar	Hut fully damaged by Storm	06.07.2012	12.03.2013	2500	8 months
11.	Lianzakhama, Siatual Dinthar	Hut fully damaged by Storm	06.07.2012	12.03.2013	2500	8 months
12.	Lalchhungi, Saitual Zonun Veng	Pucca house severe damaged by Landslide	17.10.2012	12.03.2013	6300	5 months
13.	Lalremruata, Keifang	Pucca house severe damaged by Fire	05.02.2012	12.03.2013	35,000	13 months
14.	F. Lallianngura, Silfa	Hut fully damaged by Fire	21.07.2012	12.03.2013	2500	7 months
15.	Lalthianghlimi, Aibawk	Pucca house fully damaged by Storm	17.08.2012	19.03.2013	35,000	8 months
	Sub-Total (A)				**3,98,900**	

Source: DWSCs' records

(B) Champhai

Sl. No.	Name of beneficiaries & Village	Particulars (Kind of disaster & its effect)	Date of incident	Date of payment	Amount paid	Late payment by
1.	Lalthuama & 8 others, Khawkawn	Crops damaged by Landslide / Flood	2007	17.12.2009	36,000	24 months
2.	Zonunchhungi & 9 others, Kawlbem	-do-	-do-	17.12.2009	26,000	24 months
3.	B. Lalthangmawia & 11 others, Teikhang	-do-	-do-	17.12.2009	24,000	24 months
4.	Lalremtiama & 11 others, NE.Kawdungsei	-do-	-do-	17.12.2009	24,000	24 months
5.	Chhuanliana & 8 others, Khawkawn	Crops damaged by Landslide / flood	2007	09.02.2010	28,000	24 months
6.	Rangvunga & 6 others, NE.Kawdungsei	-do-	-do-	09.02.2010	14,000	24 months
7.	Saikiauva & 7 others, Chiahpui	-do-	-do-	09.02.2010	16,000	24 months
8.	C. Vanlalhriata & 5 others, Lamzawl	-do-	-do-	09.02.2010	12,000	24 months
9.	Zonunmawia & 4 others, Kawlbem	Crops damaged by Landslide / flood	2007	09.02.2010	30,000	24 months
10.	Siamhminga & 4 others, Selam	-do-	-do-	09.02.2010	30,000	24 months
11.	Hranghleia & 4 others, Ngopa	-do-	-do-	09.02.2010	30,000	24 months
12.	Satkunga & 9 others, Saichal	Crops damaged by Landslide / flood	2007	15.02.2010	40,000	24 months
13.	Lianhranga & 6 others, Hliappui	-do-	-do-	15.02.2010	28,000	24 months
14.	Ngulchina & 5 others, Ngopa	-do-	-do-	15.02.2010	24,000	24 months
15.	Kawlliana & 7 others, Mimbung	Crops damaged by Landslide / flood	2007	15.02.2010	48,000	24 months
16.	Kapliansiama & 4 others, Hrianghmun	-do-	-do-	15.02.2010	30,000	24 months
17.	H.Hmingthanmawii & 9 others, Kawlbem	Crops damaged by Landslide / flood	2007	15.02.2010	40,000	24 months
18.	K. Sankhuma & 9 others, Teikhang	-do-	-do-	15.02.2010	40,000	24 months
19.	Lalngaihawma & 3 others, Hliappui	Crops damaged by Landslide / flood	2007	19.02.2010	24,000	24 months
20.	Lalfakawma & 4 others, Pawlrang	-do-	-do-	19.02.2010	30,000	24 months
21.	Vanhliri, Kelkang	Pucca house fully damaged	08.04.2012	28.09.2012	35,000	5 months
22.	Thangchhawna, Ngopa	Kutcha house fully damaged	04.04.2012	12.10.2012	15,000	6 months
23.	Hmingthanmawia, Tualcheng	Hut damaged by fire	03.04.2012	09.11.2012	2,500	7 months
24.	Lalhmuakina, Tualcheng	-do-	03.04.2012	09.11.2012	2,500	7 months
25.	Sangliana, Mulen	Pucca house fully damaged	03.08.2012	10.01.2012	35,000	5 months
26.	Rolianthanga, Mulen	Kutcha house severely damaged	03.08.2012	10.01.2012	3,200	5 months
	Sub-Total (B)				**6,67,200**	**-**

(C) Lawngtlai

Sl. No.	Name of beneficiaries & Village	Particulars (Kind of disaster & its effect)	Date of incident	Date of payment	Amount paid	Late payment by
1.	K. Lalfaksanga & 16 others of Vathuampui	Kutcha houses fully damaged by fire	15.04.2009	26.11.2009	1,80,000	6 months
2.	Mautlang & two others of Mautlang	Kutcha houses & crops fully damaged by fire	-do-	-do-	38,000	6 months
3.	Zokhuma & two others of Lungpher	Crops damaged by fire	10.01.2009	-do-	30,000	10 months
4.	Vanlianthanga & 21 others of Vawmbuk	Crops damaged by fire	18.03.2009	-do-	3,09,000	8 months
5.	Gopal Chandra & 10 others of Udalthana-I	-do-	18.03.2009	-do-	1,44,000	8 months
6.	Santi Moy & 17 others of Udalthana-II	Kutcha houses & crops fully damaged by fire	04.04.2009	-do-	2,36,000	7 months
7.	Muktalal & 32 others of Bajeisora	Kutcha houses Severely, Partially & crops fully damaged by fire	18.04.2009	-do-	3,98,800	7 months
8.	Balahori & 17 others of Monotola	Kutcha houses & crops fully damaged by fire	15.03.2009	-do-	2,43,00	8 months
9.	Lauma Chandra & 13 others of Tuikhurlui	Kutcha houses fully & severely damaged by Cyclone	02.04.2009	-do-	72,500	7 months
10.	Satya Thal & 18 others of Jognasury	Kutcha houses fully & severely damaged by cyclone	02.04.2009	-do-	1,52,500	7 months
11.	Hmangaihhiana& 31 others of Chawngte 'P'	Kutcha houses fully & severely damaged by Cyclone	02.04.2009	-do-	1,17,500	7 months
12.	Bodip Kumar & 32 others of Kamalanagar-I	Kutcha houses fully & severely damaged by Cyclone	03.04.2009	-do-	2,07,500	7 months
13.	Bijoya & 17 others of Udalthana-II	Kutcha houses fully & Partially damaged by Cyclone	02.04.2009	-do-	82,500	7 months
14.	Sena Rattan & 7 others of Monotola	Kutcha house fully & Partially damaged by Cyclone	02.04.2009	-do-	54,600	7 months
15.	Rajdhan & 11 others of Rajmandal-I	Assam Type house fully damaged by cyclone	30.03.2010	08.12.2010	3,00,000	8 months
16.	Roy Sena & 11 others	Assam Type house fully & partially damaged by cyclone	30.03.2010	08.12.2010	30,000	8 months
17.	Indralota & four others of Rajmandal	Pucca and Kutcha houses fully damaged by Cyclone	16.03.2011	27.09.2011	1,00,000	6 months
18.	Indralota of Rajmandal & three others of Kamtuli	Pucca and Kutcha houses fully damaged by Cyclone	08.06.2011	14.02.2012	1,40,000	7 months
19.	Chigona & two others	Pucca & Kutcha houses fully damaged by fire	12.02.2012	06.09.2013	18,800	19 months
20.	Kanti Chakma & two others of Fultuli and Subash & one other of Geraguluksora	Kutcha house fully damaged by Cyclone	05.05.2013 and 08.05.2013	25.09.2013	70,000	5 months
	Sub-Total (C)				**26,81,700**	-
	Grand-Total (A + B + C)				**37,47,800**	-

Source: Departmental records

Appendix-2.4.4

Statement showing the details of less relief assistance given to the beneficiaries in Aizawl, Mamit and Lawngtlai Districts

(Reference: Paragraph-2.4.9.9.2, Page-64)

(A) Aizawl

Sl. No.	Name of beneficiaries & Village	Particulars (Kind of disaster & its effect)	Date of incident	Date of payment	Amount to be paid	Amount actually paid	Less Payment
1.	H. Sangzela, Ramhlun Venglai	Pucca house fully damaged by Landslide	11.05.2013	29.05.2013	70,000	35,000	35,000
2.	Lalsailova, Ramhlun Venglai	-do-	11.05.2013	29.05.2013	70,000	35,000	35,000
3.	Lalsangpuii, Laipuitlang	-do-	11.05.2013	29.05.2013	70,000	35,000	35,000
4.	Biakmawii, Laipuitlang	-do-	11.05.2013	29.05.2013	70,000	35,000	35,000
5.	R. Lalkima, Laipuitlang	-do-	11.05.2013	29.05.2013	70,000	35,000	35,000
6.	Ramchhanliana, Laipuitlang	-do-	11.05.2013	29.05.2013	70,000	35,000	35,000
7.	J. lalmawia, Laipuitalng	-do-	11.05.2013	29.05.2013	70,000	35,000	35,000
8.	Isaac Singson, Laipuitlang	-do-	11.05.2013	29.05.2013	70,000	35,000	35,000
9.	Thanzama, chawnpui	Pucca house fully damaged by cyclone	11.05.2013	04.06.2013	70,000	35,000	35,000
10.	Lalzuiliani, I.T.I.	-do-	11.05.2013	12.06.2013	70,000	35,000	35,000
11.	R.D. Sapbawia, Bethlehem Vengthlang	Pucca house fully damaged by Landslide	11.05.2013	12.06.2013	70,000	35,000	35,000
12.	Lalzarliana, I.T.I.	Pucca house fully damaged by cyclone	11.05.2013	12.06.2013	70,000	35,000	35,000
13.	Biakmawia, I.T.I.	Pucca house fully damaged by cyclone	11.05.2013	12.06.2013	70,000	35,000	35,000
14.	Rambuatsaihi, I.T.I.	Pucca house fully damaged by cyclone	11.05.2013	12.06.2013	70,000	35,000	35,000
15.	Sangpuii, Rangvamual	Pucca house fully damaged by Storm	11.05.2013	17.06.2013	70,000	35,000	35,000
16.	Rochungnunga, Sihhmui, Sairang	Pucca house fully damaged by Fire	26.04.2013	17.06.2013	70,000	35,000	35,000
17.	Vanlalsawma, Sihhmui, Sairang	Pucca house fully damaged by Fire	26.04.2013	17.06.2013	70,000	35,000	35,000
18.	Thangdailova, Zemabawk	Pucca house fully damaged by cyclone	11.05.2013	19.06.2013	70,000	35,000	35,000
19.	Hrilkhawsiama, Zokhawthiang	Kutcha house fully damaged by cyclone	11.05.2013	12.06.2013	15,000	795	14,205
20.	Lalzara, Ramhlun Sports Complex	Pucca house fully damaged by Landslide	17.08.2012	24.01.2013	70,000	35,000	35,000
21.	Lalthanpuia, Ramhlun Sports Complex	Pucca house fully damaged by Landslide	11.05.2013	12.06.2013	70,000	35,000	35,000
22.	R. Thangzuala, Ramhlun Sports Complex	Pucca house fully damaged by Landslide	11.05.2013	12.06.2013	70,000	35,000	35,000
23.	H. Lianhnuna, Ramhlun Sports Complex	Pucca house fully damaged by Landslide	11.05.2013	12.06.2013	70,000	35,000	35,000
24.	C. Sangthuama, Ramhlun Sports Complex	Pucca house fully damaged by Landslide	11.05.2013	12.06.2013	70,000	35,000	35,000
25.	Ramhlun Sports Complex	Pucca house fully damaged by Landslide	11.05.2013	12.06.2013	70,000	35,000	35,000
Sub-Total A (25 beneficiaries)					**16,95,000**	**8,40,795**	**8,54,205**

(B) Mamit

Sl. No.	Name of beneficiaries & Village	Particulars (Kind of disaster & its effect)	Date of incident	Date of payment	Amount to be paid	Amount actually paid	Less payment
1.	Saikapthianga, Darlak	Kutcha house fully damaged by fire	20.11.2013	17.01.2014	17,600	15,000	2,600
2.	Dormojoy, Damdiai	-do-	15.03.2014	24.03.2014	17,600	15,000	2,600
3.	Sena, Luimawi	-do-	06.03.2014	24.03.2014	17,600	15,000	2,600
4.	Johanjoni, Luimawi	-do-	06.03.2014	24.03.2014	17,600	15,000	2,600
5.	Lalmuankima, Thaidawr	-do-	08.02.2014	30.03.2014	17,600	15,000	2,600
6.	Saikapthianga, Darlak	-do-	11.03.2014	09.05.2014	17,600	15,000	2,600
Sub-Total B (6 beneficiaries)					**1,05,600**	**90,000**	**15,600**

(C) Lawngtlai

Sl. No.	Name of beneficiaries & Village	Particulars (Kind of disaster & its effect)	Date of incident	Date of payment	Amount to be paid	Amount actually paid	Less payment
1.	Roy Sena of Rajmandal –II	Assam type house damaged by Cyclone	30.03.2010	08.12.2010	25,000	2,500	22,500
2.	Bikash of Rajmandal-II	-do-	30.03.2010	08.12.2010	25,000	2,500	22,500
3.	Lalthlengliana of Zochachhuah	Pucca house fully damaged by Cyclone	16.03.2011	19.05.2011	35,000	25,000	10,000
4.	R. Lalrema of Zochachhuah	Pucca house fully damaged by Cyclone	16.03.2011	19.05.2011	25,000	1,900	23,100
5.	Lengia of Baganpara	Assam type house damaged by Hailstrom	11.05.2011	27.02.2013	35,000	10,000	25,000
6.	Rongonia of Baganpara	Assam type house damaged by Cyclone	11.05.2011	27.02.2013	35,000	10,000	25,000
7.	Lahit Chakma of Baganpara	-do-	11.05.2011	27.02.2013	35,000	20,000	15,000
8.	Rakhi Chakma of Baganpara	-do-	11.05.2011	27.02.2013	35,000	10,000	25,000
9.	Adhi Kanto of Baganpara	-do-	11.05.2011	27.02.2013	35,000	10,000	25,000
10.	Kalacha of Baganpara	-do-	11.05.2011	27.02.2013	35,000	20,000	15,000
11.	Sargadi of Bajeisora	-do-	11.05.2011	27.02.2013	35,000	20,000	15,000
12.	Malika of Bajeisora	-do-	11.05.2011	27.02.2013	35,000	20,000	15,000
13.	Arguna of Bajeisora	-do-	11.05.2011	27.02.2013	35,000	20,000	15,000
14	Santi Moni of Bajeisora	-do-	11.05.2011	27.02.2013	35,000	20,000	15,000
15.	Kaladan of Bajeisora	-do-	11.05.2011	27.02.2013	35,000	20,000	15,000

Sl. No.	Name of beneficiaries & Village	Particulars (Kind of disaster & its effect)	Date of incident	Date of payment	Amount to be paid	Amount actually paid	Less payment
16.	Sangliana of Cheural	Kutcha house fully damaged by Landslide	12.06.2012	24.07.2012	15,000	3,200	11,800
17.	Lalnghakliana ofSangau-II	-do-	12.06.2012	24.07.2012	15,000	3,200	11,800
18.	Lalnunzauva of Bualpui-I	Kutcha house fully damaged by Hailstrom	29.02.2012	25.09.2012	15,000	10,000	5,000
19.	Chigona	Pucca house fully damaged by fire	12.02.2012	06.09.2013	35,000	15,000	20,000
20.	Lakhikumar	Kutcha house fully damaged by fire	30.01.2012	06.09.2013	15,000	1,900	13,100
21.	Sona Dhan	Kutcha house fully damaged by fire	12.02.2012	06.09.2013	15,000	1,900	13,100
22.	Bodoya Chakma of Karlui	Pucca house fully damaged by Cyclone	18.02.2013	07.06.2013	35,000	15,000	20,000
23.	Lalremtluanga of Pangkhua	Assam type house damaged by fire	22.03.2013	29.05.2013	35,000	15,000	20,000
Sub-Total C (23 beneficiaries)					**6,75,000**	**2,77,100**	**3,97,900**
Grant Total A + B+ C (54 beneficiaries)					**24,75,600**	**12,07,895**	**12,67,705**

Source: Departmental records

Appendix-2.4.5

Statement showing physical and financial progress report under NSSP

(Reference: Paragraph-2.4.11.2, Page-69)

Sl. No.	Activities	Targets upto June 2013		Achievement upto March 2014	
		Physical	Financial (₹ in lakh)	Physical	Financial (₹ in lakh)
1.	**Component II: Capacity Building**				
	a) Translation into regional language and printing of Teachers Training Module	1	1.60	1000 copies	1.60
	b) Training of Trainer programme (15 trainers *per* Districts)	30	2.75	30 nos.	2.83
	c) Training of Teachers (500 teachers, officials *etc. per* District)	1000	27.60	1000 nos.	27.60
	d) Grants-in-aid to 200 schools in two districts to prepare School DM Plans	400	20.46	400 DM Plans	20.46
	e) Review and Approval of School DM plans prepared by 200 schools in two Districts	400	1.85	Completed	1.85
	f) Disaster Preparedness kits 200 schools in two Districts	400	3.70	400 kits procured were not distributed to schools till July 2014	3.70
	g) Mock drills in 200 schools in two Districts	400	3.70	Completed in 392 schools.	3.65
	Sub-Total	**-**	**61.66**	**-**	**61.69**
2.	**Component III: Information Education and Communication (IEC)**				
	a) Translation, printing dissemination of IEC materials	LS	4.13	Completed	3.93
	b) Sensitization programme at State level	1	1.80	Conducted	1.80
	c) Grants-in-aid to State Education Department to organise various events at District level	2	23.00	Nil	Nil
	Sub-Total	**-**	**28.93**	**-**	**5.73**
3.	**Component IV: Non-structural measures**				
	a) Rapid Visual Survey of schools in two Districts	400	22.00	Under process	18.87
	b) Non-structural Mitigation measures in 200 schools each of two Districts	400	37.00	Under process	16.12
	Sub-Total	**-**	**59.00**	**-**	**34.99**
4.	**Component V: Demonstrative Retrofitting of one school**				
	a) Structural Retrofitting of one school	1	25.09	Civil work in progress	5.77
	Sub-Total	**-**	**25.09**	**-**	**5.77**
5.	**Component VI: Project Management and Implementation Support**				
	a) Engagement of technical support agency and hiring professional experts CBT and IEC Component Travel and other Administrative Expenditure	12 months	3.75	12 months	3.62
	Sub-Total	**-**	**3.75**	**-**	**3.62**
	Grand Total	**-**	**178.43**	**-**	**111.80**

Source: Departmental records

Appendix-3.3.1

Statement showing revenue collected by the Tourism Department during 2009-10 to 2013-14

(Reference: Paragraph-3.3.9.2, Page-87)

Sl. No.	Name of Tourist Lodge/Resort, *etc.*	Amount Collected and deposited (₹ in lakh)	Range in delay in remittance into Treasury (in days)
1.	Chaltlang	313.40	2-44
2.	Berawtlang	114.20	2-44
3.	Luangmual	10.73	5-131
4.	Champhai	64.08	2-102
5.	Khawbung	2.28	3-121
6.	Tamdil	2.15	2-45
7.	Ngopa	4.25	2-45
8.	Chhiahtlang	11.96	3-103
9.	Thenzawl	46.14	2-74
10.	Pangzawl	0.85	2-105
11.	Hnahthial	1.75	2-163
12.	Hrangchalkawn	1.86	2-166
13.	Sangau	2.04	3-133
14.	Tawpui 'S'	0.23	3-281
15.	Lawngtlai	14.71	2-121
16.	New Maubawk	2.29	2-190
17.	Saiha	17.99	3-128
18.	Thingdawl	11.90	2-102
19.	Lunglei	38.85	2-133
20.	Saitual	5.17	2-44
21.	Vawmbuk	0.17	3-221
22.	Darzo	0.07	3-14
23.	Bualui 'Ng'	0.08	3-34
24.	South Vanlaiphai	0.09	3-14
25.	East Lungdar	0.14	3-65
26.	North Vanlaiphai	1.34	3-59
27.	Reiek	11.57	2-127
28.	Sairang	3.05	4-60
29.	Saipum	0.68	7-45
30.	Tlabung	4.23	2-28
31.	Sakawrdai	5.25	2-42
32.	Chawngte	1.74	2-89
33.	Kanhmun	5.31	6-50
34.	Saichho	2.47	6-30
35.	Zokhawthar	8.14	5-40
36.	Hmuifang	12.80	2-63
37.	Farkawn	0.66	4-106
38.	Kolasib	40.11	2-25
39.	Vairengte	23.09	2-26
40.	Lengpui	6.19	2-142
41.	Mamit	33.85	4-40
42.	West Phaileng	0.40	5-18
43.	Hnahlan	0.78	2-26
44.	Bairabi	12.14	5-43
45.	Durtlang V/G	0.01	3
Total		**841.19**	**2-281**

Source: Departmental records

Appendix-3.3.2

Statement showing project-wise approval by GoI, funds released by GoI and its expenditure upto March 2014

(Reference: Paragraphs-3.3.10 & 3.3.10.1, Pages-89 & 90)

(₹ in lakh)

Sl. No	Name of Project	Date of sanction by GoI	Total amount sanctioned	Amount released upto 2008-09	Funds released during 2009-14	Total	Name of executing agency	Funds transferred to executing agency	Date of commence-ment of work	Date of completion of work	Actual expendi-ture
1.	Tourist Destination Champhai	15.12.2004	442.35	355.53	86.82	442.35	PWD	442.35	14.12.10	Ongoing	122.82
2.	Tourist Destination Reiek & Berawtlang	07.11.2005	479.49	373.61	95.90	469.51	PWD	469.51	12.01.10	04.05.11	469.51
3.	Northern Tourist Circuit	26.12.2005	783.92	627.00	156.92	783.92	PWD	783.92	25.04.09	Ongoing	783.92
4.	Tourist Destination Chalfilh	05.12.2006	499.00	399.00	100.00	499.00	PWD	499.00	25.03.09	27.03.10	499.00
5.	South End Tourist Circuit	29.12.2006	768.10	589.11	178.99	768.10	PWD	768.10	04.03.08	29.08.13	768.10
6.	Eastern Tourist Circuit	29.12.2006	782.78	601.85	180.93	782.78	PWD	782.78	12.02.08	23.05.13	782.78
7.	Tourist Destination Chaltlang	29.12.2006	487.45	390.00	0.00	390.00	PWD	390.00	03.04.08	Ongoing	389.29
8.	Southern Tourist Circuit Phase-II	25.09.2007	706.67	565.34	141.33	706.67	PWD	706.67	14.10.08	29.11.13	706.67
9.	Tourist Destination Sakawrdai	20.09.2007	472.07	377.65	94.42	472.07	PWD	472.07	11.11.08	08.09.10	472.00
10.	Tourist Destination Kahnmun	28.03.2008	499.20	399.36	99.84	499.20	PWD	499.20	25.10.08	03.09.10	499.20
11.	Institute of Hotel Management	04.07.2007	1,000.00	400.00	400.00	800.00	PWD	800.00	05.02.09	30.09.13	775.80
12.	Aerosport	20.06.2008	298.38	238.71	59.67	298.38	PWD	298.38	09.10.08	29.04.13	298.38
13.	Tourist Destination Chakhang	09.07.2009	203.56	0	203.56	203.56	PWD	193.82	14.11.11	Ongoing	162.84
14.	Tourist Destination Niawhtlang	09.07.2009	203.56	0	203.55	203.55	PWD	195.06	14.11.11	Ongoing	162.2
15.	Convention Centre Berawtlang	30.09.2009	467.71	0	467.71	467.71	PWD	467.71	02.05.11	Ongoing	395.41
16.	Tourist Destination Chawngte	12.11.2009	388.47	0	388.46	388.46	PWD	355.94	20.11.11	Ongoing	281.2
17.	Tourist Destination Palak Lake	12.11.2009	437.75	0	337.75	337.75	PWD	313.75	23.11.11	Ongoing	313.75
18.	Tourist Circuit Maubawk- Chakheitlang	12.11.2009	694.88	0	694.88	694.88	PWD	689.87	30.05.12	Ongoing	375.78
19.	Tourist Lodge Serchhip	24.11.2010	172.02	0	172.02	172.02	PWD	172.02	11.06.13	Ongoing	137.62
20.	Serlui 'B' Lake	22.12.2010	384.39	0	384.12	384.12	MTDA	384.12	02.05.12	28.02.14	372.44
21.	Aizawl Tourist Destination	20.12.2010	457.61	0	457.61	457.61	MTDA	457.61	12.04.12	27.01.14	427.81
22.	Rural Tourism Thenzawl	25.07.2011	50.72	0	40.00	40.00	MTDA	40.00	03.06.14	Ongoing	0
23.	Tourist Lodge Khawzawl	14.09.2011	337.47	0	269.98	269.98	MTDA	269.98	15.03.14	Ongoing	66.26
24.	Tourist Destination Demagiri	08.09.2011	484.63	0	387.70	387.70	MTDA	387.70	16.10.13	Ongoing	152.93

Sl. No	Name of Project	Date of sanction by GoI	Total amount sanctioned	Amount released upto 2008-09	Funds released during 2009-14	Total	Name of executing agency	Funds transferred to executing agency	Date of commence-ment of work	Date of completion of work	Actual expendi-ture
25.	Strengthening of Aerosports	14.09.2011	468.82	0	375.05	375.05	MTDA	375.05	04.11.13	Ongoing	115.03
26.	Rural Tourism Lungtian	20.09.2012	45.70	0	36.56	36.56	MTDA	36.56	---	Ongoing	0
27.	Dev. of Theme Park & Eco-Tourism Lungleng	30.09.2013	800.00	0	160.00	160.00	MTDA	160.00	---	Not started	0
28.	Trekking Route Aizawl-Reiek-Ailawng	28.09.2013	400.80	0	80.16	80.16	MTDA	80.16	---	-Do-	13.21
29.	Tourist Circuit Bilkhawthlir- Phaisen, etc.	30.09.2013	781.48	0	156.29	156.29	MTDA	156.29	---	-Do-	25.39
30.	Trekking Route to Chalfilh	30.09.2013	800.00	0	160.00	160.00	MTDA	160.00	---	-Do-	26.36
31.	Tourist Destination Chalfilh Phase-II	30.09.2013	500.00	0	100.00	100.00	MTDA	100.00	---	-Do-	56.95
32.	Trekking Route Blue Mountain-Sangau	30.09.2013	495.07	0	99.01	99.01	MTDA	99.01	---	-Do-	11.29
33.	Wayside Amenities Kawlchaw	30.09.2013	443.41	0	88.68	88.68	MTDA	88.68	---	-Do-	10.11
34.	Wayside Amenities Lungpher	30.09.2013	450.40	0	90.08	90.08	MTDA	90.08	---	-Do-	10.27
Total			**16687.86**	**5,317.16**	**6,947.99**	**12,265.15**	**---**	**12185.39**	**---**	**---**	**9684.32**

Source: Departmental records

Appendix-3.3.3

Statement showing the expenditure incurred by the executing agencies for construction of different Tourist centre under Tourism Department during 2004-05 to 2013-14

(Reference: Paragraph-3.3.10, Page-89)

(₹ in lakh)

Period	No of Projects sanctioned (approved cost)	Year wise Amount release by GoI										Total Amount release by GoI	Details of expenditure by Executing Agencies				
		04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14		Name of Executing Agency	Funds transferred to Agency	Expenditure by		
															PWD	MTDA	Total
2004-05	1 (442.35)	355.53								86.82		442.35	PWD	442.35	122.82	--	122.82
2005-06	2 (1263.41)		1000.61					156.92	95.90			1253.43	**PWD***	1253.43	1253.43	--	1253.43
2006-07	4 (2537.33)			1979.96			359.92	100.00				2439.88	PWD	2439.88	2439.17	--	2439.17
2007-08	4 (2677.94)				1742.35			335.59	400.00			2477.94	PWD	2477.94	2453.67	--	2453.67
2008-09	1 (298.38)					238.71		59.67				298.38	PWD	298.38	298.38	--	298.38
2009-10	6 (2395.93)						1816.71			138.98	340.22	2295.91	PWD	2216.15	1691.18	--	1691.18
2010-11	3 (1014.02)							811.21		91.53	111.01	1013.75	PWD (1) & MTDA (2)	1013.75	137.62	800.25	937.87
2011-12	4 (1341.64)								1072.73			1072.73	MTDA	1072.73	--	334.22	334.22
2012-13	1 (45.70)									36.56		36.56	MTDA	36.56	--	--	--
2013-14	8 (4671.16)										934.22	934.22	MTDA	934.22	--	153.58	153.58
Total	**34 (16687.86)**	**355.53**	**1000.61**	**1979.96**	**1742.35**	**238.71**	**2176.63**	**1463.39**	**1568.63**	**353.89**	**1385.45**	**12265.15**		**12185.39**	**8396.27**	**1288.05**	**9684.32**

** ITDC includes in one Tourist destination*

Appendix-3.4.1 (A)

Statement showing interest due on Mobilisation Advance in Execution of NABARD works under PWD Mamit Division

(Reference: Paragraph- 3.4 (A), Page-112)

(Amount in ₹)

Sl. No.	Details of works :					Name of contractor	Mobilisation advance disbursed (date of release)	Amount recovered (date)	Amount on which interest payable	Details of interest leviable		
	Name	Location (Kmp)	Package No.	Work order issued on	Value of work order					Period	Total days	Interest accrued @ 10 *per cent*/ p.a
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
1.	Rehabili-tation & Resurfac-ing of Road from W. Phaileng - Marpara Road (Sh: Pavement works)	0.00 -27.00	I	12.09.2011	14,18,63,826	Tantia Construc-tion Ltd	98,00,000 (05.12.2011)	---	98,00,000	05.12.2011 to 11.12.2011	7	18795
							14,62,000 (12.12.2011)	---	1,12,62,000	12.12.2011	1	3,085
							14,62,000 (13.12.2011)	---	1,27,24,000	13.12.2011	1	3,486
							14,62,000 (14.12.2011)	---	1,41,86,000	14.12.201 to 14.12.2012	365	14,18,600
							--	10,00,000 (14.12. 2012)	1,31,86,000	15.12.2012 to 31.01.2013 (date of audit)	44	1,58,955
Sub-Total							**1,41,86,000**	**10,00,000**	**--**	**--**	**--**	**16,20,921**
2.	Rehabilitation & Resurfacing of Road from W. Phaileng - Marpara Road (Sh: Pavement works)	27.00 - 54.00	II	01.09.2011	14,18,63,826	F. Kapsanga	98,00,000 (27.10.2011)	---	98,00,000	27.10.2011 to 01.11.2011	6	16,110
							43,86,000 (02.11.2011)	---	1,41,86,000	02.11.2011 to 27.09.2012	332	12,90,343
							--	6,00,000 (27.09. 2012)	1,35,86,000	28.09.2012 to 31.01.2013 (till date of audit)	126	4,68,996
Sub-Total							**1,41,86,000**	**6,00,000**	**--**			**17,75,449**

1	2	3	4	5	6	7	8	9	10	11	12	13
3.	Rehabilitation & Resurfacing of Road from W. Phaileng - Marpara Road (Sh: Pavement works)	54.00-80.00	III	12.09.2011	13,50,90,762	Lalthan-thuami	22,51,500 (24.01.2012)	---	22,51,500	24.01.2012	1	617
							22,51,500 (25.01.2012)	---	45,03,000	25.01.2012 to 26.01.2012	2	2,467
							22,51,500 (27.01.2012)	---	67,54,500	27.01.2012 to 07.02.2012	12	22,207
							22,51,500 (08.02.2012)	---	90,06,000	08.02.2012	1	2,467
							22,51,500 (09.02.2012)	---	1,12,57,500	09.02.2012	1	3,084
							22,51,500 (10.02.2012)	---	1,35,09,000	10.02.2012 to 17.12.2012	312	11,54,742
							--	3,00,000 (17.12. 2012)	1,32,09,000	18.12.2012 to 31.01.2013 (date of audit)	45	1,62,851
Sub-Total							**1,35,09,000**	**3,00,000**	**--**	**--**	**--**	**13,48,435**
Grand Total of Mobilisation Advance interest due from contractors												**47,44,805**

Source: Departmental records

Appendix-3.4.1 (B)

Statement showing interest due on Mobilisation Advance in Execution of improvement of Bilkhawthlir - Saiphai - Natasura Road under PWD Kolasib Division

(Reference: Paragraph- 3.4 (B), Page-113)

Sl. No.	Details of works :			Name of contractor	Mobilisation advance disbursed (date of release)	Amount recovered (date)	Amount on which interest payable	Details of interest leviable		
	Location (Kmp)	Work order issued on	Value of work order					Period	Total days	Interest accrued @ 10 *per cent*/p.a,
1.	0-20.504	03.07.2008	95709000	Tantia Construction Company Ltd., Kolkata	9570923 29-06-2009	-	9570923	29-06-2009 to 25-03-2010	270	707986
						1587468 26-03-2010	7983455	26-03-2010 to 27-03-2011	367	802720
						2375531 28-03-2011	5607924	28-03-2011 to 29-01-2012	308	473217
						2330908 30-01-2012	3277016	30-01-2012 to 26-07-2012	179	160708
						3277016 27-07-2012	0	27-07-2012	1	898
Total					**9570923**	**9570923**	--	--	--	**2145529**

Source: Departmental records

Appendix-4.11.1

Statement showing discrepancy between fund released by SMD and fund received by the 14 FDAs

(Reference: Paragraph-4.11.10.2; Page-136)

(₹ in lakh)

Sl. No.	Statement showing fund released by State Mission Director and the amount received by Forest Development Agencies														
	Name of FDA	2009-10		2010-11		2011-12		2012-13		2013-14		Total receipt by FDA	Total disbursed by SMD	Difference		
		As per FDA	As per SMD	As per FDA	As per SMD	As per FDA	As per SMD	As per FDA	As per SMD	As per FDA	As per SMD			Excess	Short	Total
1.	Mamit	73.82	60.29	77.17	90.57	85.98	86.72	85.29	93.44	124.27	116.12	446.53	447.14		0.61	0.61
2.	Darlawn	63.29	51.61	89.07	89.07	83.29	85.39	47.62	76.36	126.45	99.38	409.72	401.81	(-) 7.91		(-) 7.91
3.	MADC	22.93	15.00	44.19	42.59	44.86	46.46	49.59	49.50	41.30	41.19	202.87	194.74	(-) 8.13		(-) 8.13
4.	Thenzawl	81.04	60.61	72.21	133.09	223.52	143.30	82.14	154.38	181.37	167.88	640.28	659.26		18.98	18.98
5.	Tlabung	55.73	43.61	76.08	91.87	73.12	73.12	70.43	70.43	84.87	84.87	360.23	363.90		3.67	3.67
6.	CADC	19.63	12.50	22.63	32.21	51.42	44.02	28.21	46.97	46.90	39.74	168.79	175.44		6.65	6.65
7.	Aizawl	100.23	80.40	136.76	169.60	184.49	160.51	112.11	181.28	224.10	181.41	757.69	773.20		15.51	15.51
8.	Khawzawl	0.00	0.00	40.42	51.22	52.57	52.57	54.48	87.50	52.86	52.86	200.33	244.15		43.82	43.82
9.	Kolasib	68.87	68.87	111.45	111.45	124.50	127.27	144.68	147.75	140.34	147.16	589.84	602.50		12.66	12.66
10.	Kawrthah	53.40	43.61	79.44	79.44	68.65	70.44	65.88	70.99	95.37	92.85	362.74	357.33	(-) 5.41		(-) 5.41
11.	Champhai	62.69	62.69	88.37	109.16	121.53	100.74	108.96	108.96	114.98	114.96	496.53	496.51	(-)0.02		(-)0.02
12.	N. Vanlaiphai	63.85	51.61	84.99	84.99	60.84	60.84	63.82	63.82	87.01	87.01	360.51	348.27	(-) 12.24		(-) 12.24
13.	Lunglei	88.68	70.12	88.96	110.15	126.45	128.30	113.14	113.14	122.51	122.51	539.74	544.22		4.48	4.48
14.	LADC	15.00	15.00	34.20	41.41	52.91	46.62	28.14	48.99	59.93	44.48	190.18	196.50		6.32	6.32
	Total	**769.16**	**635.92**	**1045.94**	**1236.82**	**1354.13**	**1226.30**	**1054.49**	**1313.51**	**1502.26**	**1392.42**	**5725.98**	**5804.97**	**33.71**	**112.70**	**78.99**

Source: Departmental records

Appendix-4.11.2

Statement showing purchase of materials/printing without following the codal provision of General Financial Rules, 2005

(Reference: Paragraph-4.11.10.3; Page-137)

Sl. No.	Year	Vr. No./Month	Cash Book Page No.	Particulars (Cost for purchase of)	Amount Paid (In ₹)	To whom paid
1	2	3	4	5	6	7
(A)	Purchase of materials worth between ₹ 0.15 lakh to ₹ 1 lakh					
1.	2012-13	51/March 2013	17	bamboo tissue culture	22,500	Growmore Biotech, Kolkata
2.	2013-14	170/February 2014	57	bamboo seeds	25,000	Nur Ahmed
3.	2013-14	173/February 2014	57	bamboo seeds	25,000	Anwar Hussain
4.	2013-14	174/February 2014	57	bamboo seeds	25,000	Mokbul Ali
5.	2012-13	Nil/March 2013	29	computers etc	32,200	South Tide Computers peripherals
6.	2013-14	187/February 2014	59	computer accessories	33,270	Greentech
7.	2011-12	102/March 2012	199	UPS 7 batteries	34,895	LH Thanga
8.	2013-14	19-February-2014	40	bamboo seeds	35,000	R. Zohmingthanga, Forester, Sadar Range
9.	2013-14	22-February-2014	40	bamboo seeds	35,000	KM Lalhmachhuana, RO Sadar
10.	2012-13	22-March-2013	14	bamboo seeds including transportation charge	36,300	F Thanglunga, D/R Saithah Range
11.	2012-13	183/March 2013	27	printing of leaflets	42,900	JP offset Printer
12.	2011-12	106/March 2012	200	Canon Photo Copier	50,000	Computer House, Aizawl
13.	2013-14	171-172/February 2014	57	Bamboo seeds	50,000	Bulbul Hussain
14.	2012-13	150/March 2013	24	Computer	55,000	Greentech Digital Solution
15.	2013-14	188/February 2014	59	Laptop	60,690	Computer House
16.	2012-13	142/March 2013	24	Fazer Black 7825	79,920	Thansanga & Sons
17.	2013-14	15-February-14	39	20 nos. of long reach prance multipower	91,000	PR Associates
18.	2011-12	67/March 2012	198	Vinegar	96,000	Lalhruaitluanga
Sub-Total (A)					**8,29,675**	

1	2	3	4	5	6	7
(B)	**Purchase of materials worth ₹ 1 lakh to ₹ 25 lakh**					
1.	2012-13	58/March 2013	17	bamboo matply	1,17,900	Grace RTP
2.	2011-12	Nil/March 2012	204	Bamboo Matply	1,47,200	Chalrosanga Ralte, Chanmari, Grace RTP, Aizawl.
3.	2012-13	46/March 2013	16	Preparing charge of DPR for State bamboo Muster Plan & Bamboo Sticks cluster	1,50,000	Kamesh Salam, South Asia bamboo Foundation, Guwahati
4.	2013-14	18-February-14	40	Bambsa Balcoa including carrying charge	1,50,000	Bulbul Hussain Green leaf Nursery, Nagoan
5.	2013-14	163/February 2014	56	Signboard with frame	1,62,500	Czet Digital printing
6.	2011-12	Nil/March 2012	203	Bamboo Seeds	1,92,750	Pu Rongura Hrahsel, RO Sairang
7.	2010-11	Nil/March 2011	176	weedcutter, Manual lawn toolkit, garden waist bell Aprone & glove	1,92,840	PR Associates, Zarkawt
8.	2010-11	Nil/March 2011	176	Book etc. 2nd instalment	2,15,000	Print World
9.	2012-13	77/March 2013	19	inverter and its installation at Chairperson Bungalow, Aizawl	2,33,620	LH Thanga Enterprise
10.	2010-11	Nil/March 2011	178	Book (bamboos) 1st instalment	2,50,000	Print world
11.	2012-13	37/March 2013	15	documentary film on Achievement of NBM	2,50,000	LP Pictures
12.	2011-12	66/March 2012	198	chair, table, almirah *etc.*	2,65,754	MD Enterprise, Aizawl
13.	2010-11	01-March-11	169	Printing of 10,000 brochures and 20,000 leaflets on management technique	4,00,000	JP Printing Press
14.	2013-14	168/February 2014	57	construction of watch tower	4,20,000	RO Bairabi
15.	2009-10	15/February 2010	131	bamboo vinegar	4,35,000	Mizoram bamboo entrepreneurs Federation
16.	2009-10	01-March-10	133	Bamboo Vinegar	4,35,000	President Mizoram Bamboo Entrepreneurs
17.	2010-11	Nil	176	Agro Shadenets	4,50,225	Mehar Agencies
18.	2010-11	Nil/March 2011	176	Shade nets Green/black	4,56,750	PR Associates, Zarkawt.
19.	2010-11	Nil/March 2011	176	Hi-tech fabricated green house	4,60,800	Blue Stallion Equipment Ltd. Ludhiana
20.	2012-13	49/March 2013	17	deo Mac Sparta with safety gear	4,63,400	Mehar International, Kolkata

1	2	3	4	5	6	7
21.	2009-10	02-March-10	134	Printing of Book 'Bamboos of Mizoram'	4,65,000	Sudhir K. Arora Print World, Dehradun
22.	2013-14	17-February 2014	40	weed cutter 14 nos.	4,73,620	PR Associates Falcon Garden Tools (P) Ltd.
23.	2012-13	45/March 2013	16	Printing charge of Opportunity with Bamboo Mizoram	5,00,000	RS outsource Publishers, Delhi
24.	2012-13	43/March 2013	16	SSP 300 qtls and Urea 60 qtls and transportation – ₹ 1,01,100	5,11,200	Monasa Bhander, Silchar & Lalnunfela, Driver
25.	2011-12	Nil/March 2012	203	Power Sprayer 15 Nos.	5,62,500	Birla Power Solution, Ltd. Kolkata.
26.	2010-11	Nil/March 2011	176	seedling pouch 4x6, 3000 kg	6,00,000	Mehar Agencies
27.	2013-14	185/February 2014	59	shade-nets	6,82,500	Mehar Agencies
28.	2011-12	Nil/March 2012	203	Di-ammonium Phosphate (DAP)	7,03,965	Lalengkimi, Sihphir
29.	2012-13	44/March 2013	16	Out Boat Motor, Fibre Glass Boat & Life jackets	7,08,950	RTS Engineering Enterprise
30.	2012-13	41/March 2013	16	DAP	7,50,000	Lalengkimi, Sihphir
31.	2010-11	Nil/March 2011	176	raindrops organic water retaining granules	7,80,000	Mehar Agencies
32.	2012-13	54/March 2013	17	bamboo matply	8,00,000	Grace RTP, Selthawn
33.	2012-13	166/March 2013	25	car and insurance	8,62,855	Podder Car World, Guwahati & others
34.	2012-13	59/March 2013	17	raindrops water retaining granules	9,36,000	Mehar Agencies
35.	2013-14	166/February 2014	57	water retaining granules	9,36,000	PR Associate
36.	2012-13	50/March 2013	17	Meal manure (organic)	9,75,000	PR Associate
37.	2011-12	Nil/March 2012	203	Agro shade nets	9,78,750	East West Seeds India Pvt. Ltd. Aurangabad
38.	2013-14	186/February 2014	59	outboard Engine & life Vest	10,33,400	MBM Enterprises
39.	2010-11	Nil/March 2011	176	Polybag, UV stabilised	12,00,000	PR Associates, Zarkawt
40.	2012-13	53/March 2013	17	shade nets 50 *per cent* shading 'Tufles'	13,50,000	PR Associates
41.	2012-13	48/March 2013	16	shade nets *etc.*	15,33,375	RTS Enterprises, Aizawl.
42.	2012-13	52/March 2013	17	rain drops water retaining granules (Manure)	15,60,000	Mehar Agency, Delhi
43.	2011-12	Nil/March 2012	203	Seed Polypouch	18,00,000	East West Seeds India Pvt. Ltd. Aurangabad
44.	2012-13	47/March 2013	16	poly seed pouch	24,00,000	Mehar Agencies Pvt. Ltd. New Delhi
Sub-Total (B)					**2,89,51,854**	--

1	2	3	4	5	6	7
(C)	**Purchase of materials worth ₹ 25 lakh and above**					
1.	2013-14	25-February-14	40	DAP with transportation charge	30,51,500	Mizoram State Agriculture/ Horticulture/Forestry & Marketing cooperative Federation Ltd., Aizawl
2.	2013-14	191/February 2014	59	shade nets	30,71,250	PR Associates
3.	2010-11	Nil/March 2011	176	Pre-fabricated greenhouse	33,35,800	Blue Stallion Equipment Ltd., Ludhiana
4.	2013-14	16-February-14	39	Green Bio degradable polybags	39,81,225	Mehar Agencies Pvt. Ltd.
5.	2010-11	1& 2/March 2011	169	Green house – ₹ 33,35,800 and transportation charge - ₹ 6,64,200	40,00,000	RTS Enterprise, Aizawl and Driver Lalnunfela
6.	2010-11	01-March-11	169	aindrops, shadenets *etc.*	1,12,25,000	Mehar Agencies
Sub-Total (C)					**2,86,64,775**	**--**
Grand Total (A + B + C)					**5,84,46,304**	**--**

Source: Departmental records

Appendix-4.11.3

Statement showing expenditure incurred under National Bamboo Mission on unauthorised items

(Reference: Paragraph-4.11.10.4 ; Page-138)

Sl. No.	Year	C.B. Page No.	Vr. No.	Month/Year	Amount (in ₹)	Purpose	Paid to
1.	2011-12	231	211	March 2012	5,468	Road tax for new Bike	Transport Department
2.	2011-12	230	186	March 2012	233,620	Supply and installation of Sukam Inverter at Chairperson bungalow (SBSC)	LH Thanga Enterprise, Aizawl
3.	2011-12	228	166	March 2012	55,000	Cost of Computer and Parts etc.	Greentech
4.	2012-13	142	24	March 2013	79,920	Cost of purchasing of Fazer Black 7825	Thansanga & Sons
5.	2012-13	150	24	March 2013	55,000	Cost of Computer	Greentech Digital Solution
6.	2012-13	166	25	March 2013	862,855	Cost of car and insurance	Podder Car World, Guwahati & others
7.	2012-13	194	28	March 2013	150,000	For all India Forest sports Meet	Lalramthanga, Forester
8.	2012-13	Nil	29	March 2013	32,200	Cost of computers etc	South Tide Computers peripherals
9.	2013-14	21	40	February 2014	120,000	Cost of Mango seed	Ngunsuii, President Mara District Mahila Hqtrs., Saiha
10.	2013-14	35	41	February 2014	2096,550	Cost of Air Ticket for Conducting Bamboo Study cum Exposure Trip to China & Thailand	CBTC, Guwahati
Total					**36,90,613**	**--**	**--**

Source: Departmental records

Appendix-4.14.1

Statement showing non-levy of penalty from dealers failing to submit Charter Accountant's Audited Statement

(Reference: Paragraph-4.14, Page-156)

Sl. No.	Taxing authority (Period of Audit)	Name of Dealer (Tin No.)	Assessment Year	Turnover Determined (in ₹)	Penalty leviable (in ₹)	Remarks
1	2	3	4	5	6	7
1.	ACT, Central Zone, Aizawl (November 2013)	Hmingliani Agency (15200246065)	2011-12	1,92,00,812	19,201	--
2.		Eastern Acme Traders (15110244011)	2008-09	1,33,70,362	13,370	
			2009-10	1,28,76,584	12,877	
			2010-11	2,17,62,303	21,762	
3.		Laldailova Pachuau & Sons (15110106086)	2008-09	2,75,84,507	27,585	
			2009-10	2,68,33,751	26,834	
			2010-11	3,32,35,009	33,235	
4.		Ronnie's Agencies (15200021046)	2007-08	1,05,00,866	10,501	
			2008-09	1,62,93,377	16,293	
			2009-10	2,01,39,949	20,140	
			2010-11	2,16,25,215	21,625	
5.		R. C. Shirt House (15110429018)	2009-10	61,79,308	6,179	
			2010-11	56,63,299	5,663	
			2011-12	1,22,72,189	12,272	
6.		Sam Enterprise (15200275064)	2008-09	2,78,94,001	27,894	
			2009-10	2,46,93,956	24,694	
			2010-11	2,46,70,840	24,671	
7.		F. Kapsanga Enterprise (15200008013)	2007-08	5,79,13,401	57,913	
			2008-09	7,23,13,428	72,313	
			2009-10	7,03,71,403	70,371	
			2010-11	9,51,34,199	95,134	
8.		Hlunbuang Store (15110256034)	2010-11	57,50,939	5,751	
			2011-12	1,05,72,932	10,573	
9.	ACT, South Zone, Aizawl (December 2013)	Hluza Cement (15120570083)	2008-10	37,39,46,624	3,73,947	₹ 3.74 lakh was already recovered on July 2014 at the instance of audit.

1	2	3	5	6	7	8
10.	ACT, North Zone, Aizawl (November 2013)	L.Z. Agency (15111830060)	2010-11	2,16,26,618	21,627	--
11.		T.M. Motor Parts (15110042028)	2010-11	30,83,272	3,083	
12.		John Overseas (15110020002)	2010-11	5,37,70,316	53,770	
13.		Nunmawii Agencies (15110004036)	2009-11	7,07,59,183	70,759	
14.		Aizawl Art (15111555026)	2011-12	43,94,048	4,394	
15.		M/S Veraz (15110153071)	2008-11	1,50,40,776	15,041	
16.		Y2 Goal Agency (15111721037)	2011-12	34,62,707	3,463	
17.		Bezalel Furnishing & Floor Tiles (15110184090)	2007-11	2,60,24,553	26,025	
18.		Ruati Second Hand Dawr (15110535011)	2006-07	37,37,556	3,738	
			2007-08	52,96,837	5,297	
			2008-09	59,59,980	5,960	
			2009-10	59,66,685	5,967	
19.		Lena Plastic House (15111394065)	2008-10	79,98,521	7,999	
20.	ACT, North Zone, Aizawl (November 2013)	Vees Communication Private Limited (15111369009)	2010-11	28,62,24,050	2,86,224	
			2011-12	32,61,80,116	3,26,180	
21.		Alpha Enterprise (15110561077)	2008-09	1,70,30,161	17,030	
			2009-10	1,21,45,734	12,146	
			2010-11	1,93,88,547	19,389	
			2011-12	2,74,76,194	27,476	
22.		AME Pharmaceutical (15110190053)	2010-11	1,75,89,434	17,589	
			2011-13	5,81,45,558	58,145	
23.	ACT, Champhai (April - May 2014)	AME Pharmaceutical (15130012005)	2007-08	1,07,46,876	10,747	
			2008-09	1,45,79,118	14,579	
			2009-10	1,51,39,243	15,139	
			2010-11	1,31,90,788	13,191	
			2011-12	3,38,95,590	33,896	
Total			--	**2,08,96,51,715**	**20,89,652**	--
Less (already recovered in respect of Sl. No. 9)					**3,73,947**	--
Balance					**17,15,705**	--

Source: Departmental records

Appendix-4.16.1

Statement showing escapement of purchase turnover with consequent escapement of sales resulting in underassessment of tax

(Reference: Paragraph-4.16; Page-158)

(₹ in lakh)

Sl. No.	Taxing authority (Period of Audit)	Name of dealer (Tax payee Index No. (TIN))	Assessment year	Taxable purchase turnover as per assessment/AO		Taxable purchase turnover as per Audit		Difference		Tax payable			Remarks
				4 *per cent*	12.5 *per cent*	4 *per cent*	12.5 *per cent*	4 *per cent*	12.5 *per cent*	4 *per cent*	12.5 *per cent*	Total	
1.	Superintendent of Taxes, Lawngtlai (January - February 2013)	M/s Rashmayee Store (15150003095)	2005-06 to 2010-11	56.04	32.29	127.48	154.63	71.44	122.34	2.86	15.29	18.15	At the instance of audit the AO re-assessed (September 2014) and levied a tax of ₹ 20.74 lakh with a penalty of ₹ 1.04 lakh.
2.	Assistant Commissioner of Taxes, Central Zone, Aizawl (November 2013)	M/s Eastern Acme Traders (15110244011)	2008-09 to 2010-11	123.89	378.65	168.85	521.73	44.96	143.08	1.80	17.89	19.69	--
3.	Assistant Commissioner of Taxes, Central Zone, Aizawl (November 2013)	M/s Valenpa Business (15200113093)	2010-12	0.00	36.70	0.00	133.56	0.00	96.86	0.00	12.11	12.11	--
4.	Assistant Commissioner of Taxes, Central Zone, Aizawl (November 2013)	M/s Buangthanga & Sons (15200010033)	2008-08 to 2010-11	35.70	428.23	54.71	614.88	19.01	186.65	0.76	23.33	24.09	--
5.	Assistant Commissioner of Taxes, Central Zone, Aizawl (November 2013)	M/s Sam Enterprise (15200275064)	2008-09 to 2010-11	556.90	0.00	647.00	0.00	90.10	0.00	3.60	0.00	3.60	--
Total				**772.53**	**875.87**	**998.04**	**1424.80**	**225.51**	**548.93**	**9.02**	**68.62**	**77.64**	--

Source: Departmental records

Appendix-5.1.1

Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2014 in respect of Government companies

(Reference: Paragraph-5.1.6; Page-162)

(Figures in column 5 (a) to 6 (c) are ₹ in lakh)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital				Loans[1] outstanding at the close of 2013-14				Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees) (as on 31.03.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	6 (a)	6 (b)	6 (c)	6(d)	(7)	(8)
Working Government Companies													
AGRICULTURAL MARKETING													
1.	Mizoram Agricultural Marketing Corporation Limited	Trade & Commerce	February 1993	624.10	-	-	624.10	-	-	-	-	-	31
	Total of the Sector			**624.10**	**-**	**-**	**624.10**	**-**	**-**	**-**	**-**	**-**	**31**
FINANCING													
2	Zoram Industrial Development Corporation Limited	Industries	February 1978	1150.10	-	428.00	1578.10	3093.19	-	-	3093.19	-	58
	Total of the Sector			**1150.10**	**-**	**428.00**	**1578.10**	**3093.19**	**-**	**-**	**3093.19**	**-**	**58**
MANUFACTURING													
3.	Zoram Electronics Development Corporation Limited	Information & Communication Technology	March 1991	745.40	-	-	745.40	-	-	-	-	-	42
4.	Mizoram Food and Allied Industries Corporation Limited	Industries	December 1989	1864.00	136.00	-	2000.00	-	-	-	-	-	84
	Total of the Sector			**2609.40**	**136.00**	**-**	**2745.40**	**-**	**-**	**-**	**-**	**-**	**126**
MISCELLANEOUS													
5	Mizoram Handloom And Handicrafts Development Corporation Limited	Industries	December 1988	1022.00	-	-	1022.00	-	-	-	-	-	54
6.	Mizoram Mineral Development Corporation Limited	Industries	August 2011	-	-	15.00	15.00	-	-	-	-	-	-
	Total of the Sector			**1022.00**	**-**	**15.00**	**1037.00**	**-**	**-**	**-**	**-**	**-**	**54**
	Grand Total			**5405.60**	**136.00**	**443.00**	**5984.60**	**3093.19**	**-**	**-**	**3093.19**	**-**	**269**

Source: Departmental records

[1] Loans outstanding at the close of 2013-14 represents long-term loans only

Appendix-5.1.2

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2014

(Reference: Paragraph-5.1.9; Page-163)

(Figures in column 3 (a) to 6 (d) are ₹ in lakh)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year[2]		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
Working Government Companies													
AGRICULTURAL MARKETING													
1.	Mizoram Agricultural Marketing Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
	Total of the Sector	-	-	-	-	-	-	-	-	-	-	-	-
FINANCING													
2	Zoram Industrial Development Corporation Limited	-	-	-	96.00(G[3])	-	96.00(G)	-	1860.50	-	-	-	-
	Total of the Sector	-	-	-	**96.00(G)**	-	**96.00(G)**	-	**1860.50**	-	-	-	-
MANUFACTURING													
3.	Zoram Electronics Development Corporation Limited	122.00(G)	-	-	-	-	122.00(G)	-	-	-	-	-	-
4.	Mizoram Food and Allied Industries Corporation Limited	-	-	-	500.00(G)	-	500.00(G)	-	-	-	-	-	-
	Total of the Sector	**122.00**(G)	-	-	**500.00 (G)**	-	**622.00 (G)**	-	-	-	-	-	-
MISCELLANEOUS													
5	Mizoram Handloom And Handicrafts Development Corporation Limited	-	-	60.00(G)	224.00(G)	41.00(G)	325.00(G)	-	-	-	-	-	-
6.	Mizoram Mineral Development Corporation Limited	-	-	-	-	-	-	-	-	-	-	-	-
	Total of the Sector	-	-	**60.00**(G)	**224.00(G)**	**41.00**(G)	**325.00**	-	-	-	-	-	-
	Grand Total	**122.00**(G)	-	**60.00**(G)	**820.00 (G)**	**41.00**(G)	**1043.00**	-	**1860.50**	-	-	-	-

Source: Departmental records

[2] Figures indicate total guarantees outstanding at the end of the year

[3] (G): Grant

Appendix-5.1.3

Summarised financial results of Government companies for the latest year for which accounts were audited

(Reference: Paragraph-5.1.14; Page-165)

(Figures are ₹ in lakh)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which audited	Net Profit (+)/Loss (-)				Turn-over	Impact of Accounts Comments	Paid up Capital including capital contribution	Accumulated Profit (+)/ Loss (-)	Capital employed[4]	Return on capital employed[5]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Working Government Companies														
AGRICULTURAL MARKETING														
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	2013-14	(-)90.40	1.78	10.14	(-) 102.32	28.52	-	599.10	(-) 643.17	1224.00	(-) 100.54	-
Total of the Sector				**(-) 90.40**	**1.78**	**10.14**	**(-) 102.32**	**28.52**	**-**	**599.10**	**(-) 643.17**	**1224.00**	**(-) 100.54**	**-**
FINANCING														
2.	Zoram Industrial Development Corporation Limited	2012-13	2014-15	146.47	0.00	10.63	135.84	975.92	-	1578.10	(-) 1957.14	2899.74	135.84	-
Total of the Sector				**146.47**	**0.00**	**10.63**	**135.84**	**975.92**	**-**	**1578.10**	**(-) 1957.14**	**2899.74**	**135.84**	**-**
MANUFACTURING														
3.	Zoram Electronics Development Corporation Limited	2005-06	2013-14	(-) 71.53	-	5.90	(-) 77.43	10.96	-	527.90	(-) 430.61	97.29	(-) 77.43	-
4.	Mizoram Food and Allied Industries Corporation Limited	2011-12	2013-14	13.31	4.31	46.92	(-) 37.92	304.08	-	2000.00	(-) 1932.95	2109.91	(-) 33.61	-
Total of the Sector				**(-) 58.22**	**4.31**	**52.82**	**(-)115.35**	**315.04**	**-**	**2527.90**	**(-) 2363.56**	**2207.20**	**(-) 111.04**	**-**

[4] Capital employed worked = Total Assets minus Current Liabilities

[5] Return On Capital Employed is worked out by adding profit and interest charged to net profit/loss account

(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
MISCELLANEOUS														
5.	Mizoram Handloom And Handicrafts Development Corporation Limited	2010-11	2013-14	(-)81.70	-	4.84	(-)86.54	206.62	-	1022.00	(-) 823.13	226.17	(-)86.54	-
6.	Mizoram Mineral Development Corporation Limited	2012-13	2013-14	(-)1.26	-	0.09	(-)1.35	-	-	15.00	(-)15.67	(-).67	(-) 1.35	-
Total of the Sector				**(-) 82.96**	**-**	**4.93**	**(-) 87.89**	**206.62**	**-**	**1037.00**	**(-) 838.80**	**225.50**	**(-) 87.89**	**-**
Grand Total				**(-)85.11**	**6.09**	**78.52**	**(-)169.72**	**1526.10**	**-**	**5742.10**	**(-) 5802.67**	**6556.44**	**(-) 163.63**	**-**

Source: Departmental records

Appendix-5.1.4

Statement showing investments made by the State Government in working PSUs by way of equity, loans, grants and others during the period in which the accounts have not been audited as on 31 March 2014

(Reference: Paragraph-5.1.23; Page-167)

(₹ in lakh)

Sl. No.	Name of the PSU	Year up to which Accounts audited	Paid up capital including capital contribution as per latest audited accounts	Investment made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Others
Working Companies								
Sector : Agricultural Marketing								
1.	Mizoram Agricultural Marketing Corporation Limited	2010-11	599.10	2011-12 2012-13 2013-14	25.00 0.00 0.00	- - -	- - -	- - -
Sector : Financing								
2.	Zoram Industrial Development Corporation Limited	2012-13	1150.10	2013-14	-	-	96.00	-
Sector : Manufacturing								
3.	Zoram Electronics Development Corporation Limited	2005-06	527.90	2006-07 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14	64.50 40.00 65.00 48.00 - - - -	- - - - - - - -	- - - - 115.00 115.00 127.00 122.00	- - - - - - - -
4.	Mizoram Food & Allied Industries Corporation Limited	2011-12	1864.00	2012-13 2013-14	- -	- -	486.81 500.00	- -
Sector : Miscellaneous								
5.	Mizoram Handloom and Handicrafts Development Corporation Limited	2010-11	1022.00	2011-12 2012-13 2013-14	- - -	- - -	229.58 224.00 224.00	- - -
6.	Mizoram Mineral Development Corporation Limited	2012-13	-	2013-14	-	-	-	-
Total			**5163.10**	**-**	**242.50**	**-**	**2239.39**	**-**

Source: Departmental records

Appendix-5.1.5

Statement showing Financial Position and Working Results of State Trading Scheme of Food, Civil Supplies and Consumer Affairs Department for the last three years ending 31st March 2014

(Reference: Paragraph-5.1.28; Page-168)

A. FINANCIAL POSITION

(₹ in crore)

	2011-12	2012-13	2013-14
1. Liabilities			
a) Capital Account	4.79	5.79	6.59
b) Sundry Creditors	-	-	-
c) Interest on Capital	1.44	1.71	2.02
Total	**6.23**	**7.50**	**8.61**
2. Assets			
a) Sundry Debtors			
i) Realisable from AOs/BDOs	0.03	0.03	0.03
ii) Realisable from Department staff	0.09	0.12	0.16
b) Closing Stock	0.20	0.20	0.21
c) Cash in hand with centers	0.02	0.01	0.01
d) Cash with Bank	0.94	0.89	0.50
e) Bills receivable	0.46	0.45	0.48
f) Accumulated Loss	4.50	5.79	7.23
Total	**6.23**	**7.50**	**8.61**

B. WORKING RESULTS

(₹ in crore)

	2011-12	2012-13	2013-14
A. Income			
i) Sale from food stuff	1.36	1.33	1.37
ii) Transport/subsidy	0.02	0.04	0.05
iii) Increase(+)/Decrease(-) of stock	-	-	-
Total	**1.38**	**1.37**	**1.42**
B. Expenditure			
i) Purchase of foodstuff	2.18	2.47	2.57
ii) Transportation charges	0.14	0.14	0.23
iii) Employees Cost	5.59	6.73	7.37
Total	**7.91**	**9.34**	**10.17**
Trading Profit (+) Loss (-) (A - B)	(-)6.53	(-)7.96	(-)8.75
C. Interest on capital	1.44	1.70	2.03
Net Profit (+)/ Loss(-)	**(-)5.09**	**(-)6.25**	**(-)6.72**

Source: Departmental records

Appendix-5.1.6

Statement showing working results and operational performance of Mizoram State Transport for the last three years ending 31 March 2014

(Reference: Paragraph-5.1.29; Page-168)

I. Working Results

(₹ in crore)

Sl. No.	Description	2011-12	2012-13	2013-14
1.	Total revenue	2.16	2.02	1.90
2.	Operating revenue	1.66	1.71	1.73
3.	Total expenditure	26.28	19.73	23.03
4.	Operating expenditure	19.58	16.00	18.47
5.	Total loss	24.12	17.71	21.13
6.	Operating loss	17.93	14.29	16.74

II. Operational Performance

(₹ in crore)

Particulars	2011-12	2012-13	2013-14
Average number of vehicles held	41	34	34
Average number of vehicles on road	19	19	16
Percentage of utilisation of vehicles	59	68	46.6
Number of employees	650	650	418
Employee Vehicle ratio	1:19	1:19	1:12
Number of routes operated at the end of the year	18	23	23
Route kilometers (Average Route length)	93	93	109.65
Kilometers operated (in lakh)			
(a) Gross	10.85	7.33	6.68
(b) Effective	10.60	6.98	6.53
(c) Dead	0.25	0.35	0.15
Percentage of dead kilometers to gross kilometers	2.36	5.02	2.24
Average kilometers covered per bus per day	86.17	56.00	65.49
Average revenue per kilometer (₹)	15.30	23.33	25.52
Average operating expenditure per kilometer (₹)	180.46	218.29	359.67
Profit (+)/Loss (-) *per* kilometer (₹)	(-) 165.16	(-) 194.96	(-) 334.15
Number of operating depots	5	5	5
Average number of break-downs per lakh kilometers	-	-	-
Average number of accidents per lakh kilometers	-	-	-
Passenger kilometers operated (in lakh)	150	144	169.74
Occupancy ratio (Load Factor)	51	80	97
Kilometers obtained per litre of Diesel	3.55	3.55	3.20

Source: Departmental records

Appendix-5.2.1

Details of installed capacity, expected generation and actual generation during 2008-14 from Small Hydel Projects and other Generating units

(Reference:Paragraph-5.2.9;Page-172)

Sl. No.	Firm	Date of Commi-ssioning	Installed Capacity (MW)	Targeted Minimum Generation (MU)	Annual Generation (MU)					
					2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
I. Small Hydel Projects (SHPs)										
1.	Khawiva	08.12.1988	1.05	1.70	0.00	0.00	1.30	1.53	1.70	1.58
2.	Kau- Tlabung	05.05.2005	3.00	4.00	2.86	0.85	3.74	6.12	7.38	6.76
3.	Lamsial	26.08.2008	0.50	0.80	0.60	0.90	0.15	0.02	0.36	0.00
4.	Teirei	12.10.1999	3.00	5.00 (3.50)	3.04	3.47	1.93	1.13	0.83	1.21
5.	Tuipui	15.01.1991	0.50	0.80	0.46	1.25	1.52	1.00	1.03	0.65
6.	Tuipanglui	17.12.2004	3.00	-	0.43	1.25	2.08	1.31	0.00	0.00
7.	Serlui ‘A’	21.04.1984	1.00	-	0.27	0.11	0.63	0.46	0.30	0.57
8.	Serlui ‘B’	30.04.2010	12.00	-	0.00	0.00	0.00	7.07	39.86	42.49
9.	Maicham - I	05.01.1996	2.00	-	0.00	2.46	4.65	3.40	6.08	2.06
10.	Maicham - II	11.11.2009	3.00	-	0.00	3.21	6.23	0.76	1.06	0.00
11.	Tuirivang	14.08.1989	0.30	-	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total(I)			**29.35**	**-**	**7.66**	**13.50**	**22.23**	**22.78**	**58.60**	**55.32**
II. Other Generating units										
12.	HFO, Bairabi	07.05.2004	22.92	-	2.63	4.01	1.72	0.00	0.00	0.00
13.	DG Set, Lengpui	-	0.50	-	0.02	0.02	0.01	0.01	0.02	0.02
Sub-Total(II)			**23.42**	**-**	**2.65**	**4.03**	**1.73**	**0.01**	**0.02**	**0.02**
Grand Total (I+II)			**52.77**	**-**	**10.31**	**17.53**	**23.96**	**22.79**	**58.62**	**55.34**

Source: Departmental records

Appendix-5.2.2

Details of Energy Drawl[6] (2008-09 to 2013-14) under Power Purchase Agreements

(Reference: Paragraph-5.2.9, Page-172)

Sl. No.	Power Station (Installed Capacity, MW)	Share MW	Energy Drawl (MU)					
			2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
1.	**A. NEEPCO[7] (I)**							
	Hydro							
	Kopili-I (200)	9.24	41.14	32.21	32.06	41.53	28.56	32.52
	Kopili-II (200)	1.51	13.39	4.91	5.02	5.51	5.57	4.67
	Khandong (50)	1.97	7.43	5.90	6.20	6.98	6.38	7.01
	Ranganadi (405)	23.09	89.69	58.19	79.93	55.29	69.94	55.58
	Doyang (75)	3.94	11.95	9.03	12.84	11.49	10.39	12.24
	Sub-Total	**39.75**	**163.6**	**110.24**	**136.05**	**120.8**	**120.84**	**112.02**
2.	**B. Gas Based**							
	AGBPP[8] (291)	15.74	93.68	92.81	97.60	93.72	84.17	91.64
	AGTPP[9] (84)	5.02	39.54	39.79	38.69	38.78	35.96	37.64
	Sub-Total	**20.76**	**133.22**	**132.6**	**136.29**	**132.5**	**120.13**	**129.28**
3.	**C. NHPC Loktak HEP (105)**	**5.27**	**24.82**	**25.66**	**29.93**	**25.54**	**27.99**	**30.83**
4.	**D. NTPC Eastern Region (3440)**	**4.82**	**-**	**-**	**-**	**44.10**	**34.04**	**37.01**
5.	**E. Others**							
	OTPC- Pallatana (726)	**22.00**	**-**	**-**	**-**	**-**	**-**	**18.58**
6.	**F. TSECL[10]**							
	Baramura IV (21)	5.25	36.08	41.08	45.98	43.61	34.56	23.68
	Baramura V (21)	5.25	-	-	-	22.96	40.11	40.61
	Sub-Total	**10.50**	**36.08**	**41.08**	**45.98**	**66.57**	**74.67**	**64.29**
Total (A+B+C+D+E+F)		**103.10**	**357.72**	**309.58**	**348.25**	**389.51**	**377.67**	**392.01**
UI/DSM		**-**	**20.49**	**37.57**	**55.32**	**51.59**	**29.43**	**32.97**
Grand Total		**103.10**	**378.21**	**347.15**	**403.57**	**441.10**	**407.10**	**424.98**

Source: Assessment of Financial Resources for the Annual Plan

[6] Excludes Rokhia GBPP- II (State's share 8 MW), which is lying damaged since 2007
[7] North Eastern Electric Power Corporation Limited
[8] Assam Gas Based Power Project
[9] Agartala Gas Turbine Power Project
[10] Tripura State Electricity Corporation Limited

Appendix-5.2.3

Details of PPAs as on 31 March 2014

(Reference: Paragraphs-5.2.12 & 5.2.13; Pages-174 & 175)

Sl. No.	Name of Firm	Name of Project	Installed Capacity (MW)	Scheduled Date of Commi-ssioning	Date of Commi-ssioning	Share as approved by MoP[11] (MW)	Percentage of share	Date of Agreement	Duration
1	2	3	4	5	6	7	8	9	10
A. PUBLIC SECTOR									
1.	NEEPCO[12]	Kopilli-I	200		12 July 1997	9.24	4.62	19.01.2012	5 years
		Kopilli-II	25		26July 2004	1.51	6.04	19.01.2012	5 years
		Khandong	50		4May 1984	1.97	3.94	19.01.2012	5 years
		Doyang	75		10July 2000	3.94	5.25	19.01.2012	5 years
		Ranganadi	405		12April 2002	23.09	5.70	19.01.2012	5 years
		Agartala Gas Turbine Power Project	84		1August 1998	5.02	5.98	19.01.2012	5 years
		Assam Gas Based Power Project	291		1 April 1999	15.74	5.41	19.01.2012	5 years
2.	NEEPCO	Agartala Gas Turbine Power Project-Combined Cycle Extension Project	40	November, 2014		To be allocated by MoP	-	14.03.2011	5 years from CoD[13]
3.	NEEPCO	Tuirial HEP	60	December, 2015		60 (inclusive of 12 *per cent* free power)	100	02.07.2010	5 years
4.	NEEPCO	Tipaimukh	1500	To be firmed up after revised proposal is approved by MoP		70 (excluding 12 *per cent* free power)	4.66	21.06.2006	5 years

[11] Ministry of Power, Government of India
[12] North Eastern Electric Power Corporation Limited
[13] Commercial Operation Date

1	2	3	4	5	6	7	8	9	10
5.	NTPC[14]	Farakka	1600		Unit -I 200 MW January 1986 Unit -II 200 MW December 1986 Unit -III 200 MW August 1987 Unit -IV 500 MW September 1992 Unit -V 500 MW February 1994	2.24	0.14	20.05.2011	25 years
		Kahalgaon	840		Unit -I: 210 MW March 1992 Unit -II: 210 MW March 1994 Unit -III: 210 MW March 1995 Unit -IV: 210 MW March 1996	1.18	0.14	20.05.2011	25 years
		Talcher	1000		Unit - I : 500 MW February 1995 Unit - II : 500 MW March 1996	1.40	0.14	20.05.2011	25 years
6.	NTPC	Bongaigaon TPP	750	July 2012		yet to be decided		01.10.2007	25 years
7.	NHPC	Subansiri Lower HEP	2000	December 2012 (As per MoU 2010-11)		yet to be decided		08.09.2008	5 years
8.	NHPC[15]	Loktak HEP	105		Units I, II and III were commissioned on 29/05/1983, 30/04/1983 and 13/05/1983 COD:01st June 1983	5.27	5.02	08.09.2004	10 years
B. JOINT SECTOR									
9.	ONGC Tripura Power Company Limited (OTPC)	Pallatana Unit 1(363.3 MW) Unit 2(363.3 MW)	726	Unit 1: Dec 2011 Unit 2: March 2012	Unit – 1: 363.3 MW 22 June 2013	22.00	3.03	24.03.2009	25 years
C. STATE SECTOR									
10.	Tripura State Electricity Corporation Limited	Baramura-IV	21		19 December 2002	5.25	25.00	23.03.2011	5 years
11.	Tripura State Electricity Corporation Limited	Baramura-V	21		03 August 2010	5.25	25.00	23.03.2011	5 years
12.	Tripura State Electricity Corporation Limited	Rokhia GBPP - II	16		Unit 5: 2/06/1997 Unit 6: 06/11/1997	8.00	50.00	29.07.2006	5 years

Source: Departmental records

[14] National Thermal Power Corporation Limited

[15] National Hydroelectric Power Corporation Limited

Appendix-5.2.4

Details of MoUs as on 31 March 2014

(Reference: Paragraph-5.2.13; Page-175)

Sl. No.	Name of Firm	Name of Project	Installed Capacity (MW)	Scheduled Date of Commissioning	Date of Commissioning	Share as approved by MoP (MW)	Percentage of share	Date of Agreement	Duration
A. PUBLIC SECTOR									
1.	NTPC	Kolodyne Stage II	460			yet to be decided		22.12.2008	
2.	ONGC Tripura Power Company Limited (OTPC)	Pallatana Unit 1(363.3 MW) Unit 2(363.3 MW)	726	Unit 1: Dec 2011 Unit 2: March 2012	Unit – 1: 363.3 MW 22 June 2013	22.00	3.03	24.03.2009	25 years
3.	PGCIL[16] (Transmission Service Agreement)	-	-					15.12.2011	15 years
B. STATE SECTOR									
4.	Tripura State Electricity Corporation Limited	Baramura-V	21	-	03 August 2010	5.25	25.00	23.03.2011	5 years

Source: Departmental records

16 Power Grid Corporation of India Limited

Appendix-5.2.5

Financial Position of Power and Electricity Department

(Reference: Paragraph-5.2.14, Page-180)

(₹ In crore)

Sl. No.	Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
A.	**Income**						
1.	Revenue Receipts from electricity sales	85.45	66.02	70.74	133.46	111.88	110.14
2.	Misc. Revenue	1.64	1.60	1.62	2.33	2.45	2.08
3.	Subsidy (Rural Electrification)						
4.	Other Subsidy, if any						
	Total (A)	**87.09**	**67.62**	**72.36**	**135.79**	**114.33**	**112.22**
B.	**Expenses**						
1.	Fuel	2.62	3.73	1.41	0.02	0.03	0.06
2.	Purchase of power	86.28	78.81	108.93	150.81	183.74	172.03
3.	Operation & Maintenance	15.66	15.66	41.01	45.02	51.06	55.07
4.	Establishment Expenditure	36.81	60.42	65.85	64.47	75.40	72.99
5.	Depreciation						
6.	Other Misc. Expenditure						
	Total (B)	**141.37**	**158.62**	**217.20**	**260.32**	**310.22**	**300.15**
C.	**Operating Income(A-B)**	**(-)54.28**	**(-)91.00**	**(-)144.84**	**(-)124.53**	**(-)195.90**	**(-)187.93**
D.	Interest due						
	a) To financial Institutions	19.74	51.12	13.33	2.97	4.16	3.97
	b) To State Government						
	Total (D)	**19.74**	**51.12**	**13.33**	**2.97**	**4.16**	**3.97**
E.	**Net Surplus/Deficit (C-D)**	**(-) 74.02**	**(-)142.12**	**(-)158.17**	**(-)125.50**	**(-)200.06**	**(-)191.90**
F.	Value of net Fixed Assets employed at the beginning of the year	607.01	692.40	777.36	903.69	1011.45	1083.10

Source: Departmental records

GOVERNMENT OF MIZORAM