

# **EXECUTIVE SUMMARY**



## EXECUTIVE SUMMARY

This Audit Report has been prepared in six Chapters. Chapters I to V deal with Social, General, Economic (other than Public Sector Undertakings), Economic (Public Sector Undertakings) and Revenue Sectors while Chapter-VI deals with Follow up of Audit Observations. This Report contains two performance audits and eleven compliance audit paragraphs.

As per the existing arrangements, the draft compliance audit paragraphs and performance reviews were sent to the concerned Secretaries/ Principal Secretaries to the State Government by the Principal Accountant General with a request to furnish replies within six weeks. All the performance audits were discussed with the concerned Administrative Heads of the departments and other departmental officials. Replies of the Government/ department wherever received, have been incorporated in the report.

### CHAPTER-I

#### SOCIAL SECTOR

#### PERFORMANCE AUDIT

#### Implementation of Rashtriya Madhyamik Shiksha Abhiyan (RMSA)

*Planning process for identification of uncovered habitations for secondary schools and their coverage has not been done systematically. The number of eligible habitations that remained out of coverage of secondary education was 392 (46 per cent) as of end of 2017-18. Non-preparation of perspective and annual plans with local input from the schools has resulted in a situation where infrastructure was provided without immediate requirement and therefore, not utilised. State norms were not complied with while designing and constructing class rooms, computer labs, libraries, etc. Drinking water facilities were not provided in several new schools. Despite the emphasis on provision of ICT facilities by GoI, these were not developed/ provided. Same was the case with children with disabilities/ special needs, where the services of Special Educators were utilised elsewhere. While laboratory infrastructure was yet to be set up, Laboratory Assistants were prematurely posted to 58 schools. Efforts need to be made to bring about equity in secondary education, as most of the uncovered habitations continue to be in the rural and remote areas.*

**(Paragraph 1.3)**

#### COMPLIANCE AUDIT PARAGRAPHS

*Urban Development and Poverty Alleviation Department took up construction of a Convention Center without carrying out the geo-technical feasibility, which led to sinking of soil and damage to roads and adjacent buildings during site preparation.*

**(Paragraph 1.4)**

UGC funded Girl's hostel was abandoned mid-way and was lying idle since April 2012 due to non-provision of local funding component by the Serchhip College.

(Paragraph 1.5)

## CHAPTER-II

### GENERAL SECTOR

#### COMPLIANCE AUDIT PARAGRAPH

Inspector General of Prisons parked ₹ 10.46 crore meant for construction of a women's jail in an unauthorised bank account and executed the work without technical sanction.

(Paragraph 2.2)

## CHAPTER-III

### ECONOMIC SECTOR (Other than State Public Sector Undertakings)

#### PERFORMANCE AUDIT

#### Implementation of rural connectivity projects through NABARD Loan

State Government has not prepared any Master Plan for prioritising the projects for establishing road connectivity in rural areas under RIDF funding. There were delays in according necessary approvals for the projects, which led to substantial delays in grounding of projects and increased the cost of the projects. DPRs were not prepared with due regard to the relevant standards and needs at the ground level, which necessitated several variations to plans and quantities of material subsequently. The actual execution deviated from the DPRs in several instances as new items of works were executed without approval. On the other hand, the designed width and length of the roads were compromised. There were instances of fraudulent payment and excess expenditure due to execution of same works twice and errors in Measurement Books. Maintenance of roads was poor due to inadequate funding by the State and there was inadequate quality control and monitoring mechanism in the State. On its part, NABARD had not monitored the planning process of the State with regard to projects for road connectivity; nor did it monitor delays at various stages of project formulation, designs, approvals and execution.

(Paragraph 3.2)

#### COMPLIANCE AUDIT PARAGRAPHS

#### New Land Use Policy (NLUP)

Improper survey and non-preparation of firm list of eligible beneficiaries coupled with several changes in beneficiaries during each phase of NLUP, led to irregularities in the selection of beneficiaries for providing alternative sustainable means of livelihood to them. Political interference in the process of selection also resulted in denial of assistance to the genuine beneficiaries. Parking of funds in Civil Deposits and deferment of their subsequent releases led to delay in the implementation of the programme. Non-adherence to established rules and regulations during procurement resulted in

*excess/wasteful expenditure. Monitoring at the State and District Levels was inadequate and was mainly through reports submitted by the Village Level Monitoring Committees (VLMCs) which were not always credible.*

**(Paragraph 3.3)**

*Due to inadequate planning and preparedness in taking up a project involving new technology, Public Works Department incurred an infructuous expenditure of ₹ 2.84 crore.*

**(Paragraph 3.4)**

*Tourism Department awarded contract for Integrated Development of Eco-Tourism Mega Circuit before obtaining sanction from GoI and also extended undue benefit of ₹ 2.41 crore to a consultancy firm.*

**(Paragraph 3.5)**

*Non-utilisation of the building constructed by Commerce and Industries Department for Food Testing Laboratory rendered an expenditure of ₹ One crore infructuous.*

**(Paragraph 3.6)**

*Power and Electricity Department incurred avoidable expenditure of ₹ 11.31 crore due to delay in clearance of energy/ power purchase bills.*

**(Paragraph 3.7)**

## CHAPTER-IV

### ECONOMIC SECTOR (State Public Sector Undertakings)

#### Overview of State Public Sector Undertakings

*There were six State Public Sector Undertakings (PSUs) as on 31 March 2018, which were incorporated during the period 1977-78 to 2011-12. State Government invested funds in five of these and the sixth was incorporated as a joint venture of another Government Company. All six are working PSUs and the total investment of State Government in these was ₹ 63.17 crore comprising equity of ₹ 52.82 crore (five SPSUs) and long-term loans of ₹ 10.35 crore (two SPSUs). There were differences between the figures of equity, loans and guarantees outstanding as shown in the accounts of these SPSUs and Finance Accounts. Of the six working SPSUs, two SPSUs have finalised two annual accounts for previous years during the period 01 October 2017 to 30 September 2018. Further, 24 annual accounts pertaining to six SPSUs were in arrears with the earliest pertaining to the year 2010-11. The return on capital employed of these SPSUs ranged between (-) 9.70 per cent and 0.10 per cent during the five year period 2013-14 to 2017-18. Capital investment and accumulated losses of these six State PSUs as per their latest finalised accounts were ₹ 58.61 crore and ₹ 59.14 crore respectively, resulting in net worth of (-) ₹ 0.53 crore. During the last five years, the turnover of these PSUs recorded compounded annual growth of 1.88 per cent and compounded annual growth of debt was (-) 0.16 per cent due to which, the debt turnover ratio improved from 1.90 in 2013-14 to 1.74 in 2017-18.*

**(Paragraph 4.1)**

## CHAPTER-V

### REVENUE SECTOR

#### Overview of Revenue Receipts

*During the year 2017-18, the revenue raised by the State Government (₹ 936.56 crore) was 10.92 per cent of the total revenue receipts of ₹ 8,580.20 crore as against 10.91 per cent in the preceding year (₹ 807.03 crore). The balance 89.08 per cent of receipts of ₹ 7,643.64 crore during 2017-18 was from the Government of India.*

**(Paragraph 5.1.1)**

#### COMPLIANCE AUDIT PARAGRAPHS

*Deputy Commissioner of Taxes, North Zone, Aizawl under-assessed tax of ₹ 87.91 lakh due to incorrect carry forward of the opening stock, concealment of purchases and failure to determine the actual purchase turnover.*

**(Paragraph 5.9)**

*Deputy Commissioner of Taxes, Central Zone, Aizawl had not levied a tax of ₹ 13.53 lakh.*

**(Paragraph 5.10)**

*Due to failure of the Department to put in place a mechanism to verify/ cross check the sales with other nodal departments of the Government, six liquor vendors evaded tax of ₹ 28.44 lakh in Central Zone, Aizawl.*

**(Paragraph 5.11)**