

APPENDICES

		<i>Page(s)</i>
Appendix – 1.2.1	List of un-disbursed cheques lying with the DSYA as on 11.05.2012	117
Appendix – 1.2.2	Cheque issued but not presented to the Bank till 21.05.2012 as per Cheque issue Register (3 rd Quarter/2009-10)	123
Appendix – 1.2.3	List of sports persons who were selected for cash awards	124
Appendix – 1.2.4	Statement showing release of funds to different C&RD Blocks for construction of 100 playgrounds in rural areas/school (2004-05) under NEC scheme	125
Appendix – 4.1	Statement showing particulars of up-to-date paid-up capital, loans outstanding and Manpower as on 31 March 2012 in respect of Government companies and Statutory corporations	126
Appendix – 4.2	Summarised financial results of Government companies and statutory corporations for the latest year for which accounts were finalised	128
Appendix 4.3	Statement showing budgetary outgo to State PSUs in the form of equity, loans, 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 2012	131
Appendix – 4.4	Statement showing investment made by the State Government in PSUs whose accounts are in arrears	133
Appendix – 4.5	Statement showing financial position of Statutory corporations	134
Appendix – 4.6	Statement showing working results of Statutory corporations	136
Appendix – 4.7	Statement showing Transmission Project taken up during 2007 to 2012	138
Appendix – 4.8	Statement of payment of electricity dues by M/s JUD Cement Private Limited (JPCL) and concessions extended between March 2010 and September 2012	142

PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor under Article 151 of the Constitution for being laid before the State Legislature.

*The report, covering the year 2011-12, contains significant results of the **performance** audit and audit of transactions in various departments and audit of Public Sector undertakings of the Government of Meghalaya under the Social, Economic and General Sectors. However, Audit observations on revenue receipts of the Government of Meghalaya are excluded and covered in the Report on Revenue Sector.*

The cases mentioned in this Report are among those which came to notice in the course of test audit (2012-13) of accounts for the year 2011-12 as well as those which had come to notice in earlier years but could not be reported in previous Audit Reports; matters relating to the period subsequent to 2011-12 have also been included wherever necessary.

Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India, based on the auditing standards of the International Organisation of Supreme Audit Institutions.

OVERVIEW

OVERVIEW

This Report contains chapters on Social, Economic and General Sectors and State Public Sector Undertakings comprising two performance reviews and 13 audit paragraphs, based on the audit of certain selected programmes and activities and the financial transactions of the Government and Public Sector Undertakings.

Copies of the audit paragraphs and performance reviews were sent to the concerned Secretaries to the State Government by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. In respect of one review and eight audit paragraphs in this Report, no response was received from the concerned Secretaries to the State Government.

A synopsis of the important findings contained in this Report is presented in this overview.

SOCIAL SECTOR

Development of Sports and Youth Activities in Meghalaya

Sports is essential component of human resource development and helps to inculcate comradeship and a healthy spirit of competition. Excellence in sports enhances the sense of achievement, national pride and patriotism. In Meghalaya, the development of sports activities did not get priority inasmuch as only 0.32 *per cent* to 0.42 *per cent* of the State's budgetary outlay were earmarked for these activities. The State does not have a sports policy or any long term plan for the development of sports. Sports infrastructure like outdoor stadia, swimming pools and indoor stadia, crucial to sports development were lacking in districts. Taking up of projects for sports infrastructure without ensuring availability of land and funds resulted in non-completion of 23 sports infrastructure. Thirteen sports infrastructure were in dilapidated condition due to lack of seriousness in maintenance of these infrastructures. Coaching activities were entirely left to the discretion of the individual coaches and the Director of Sports and Youth Affairs was not monitoring their work in any manner. The National Sports Policy of providing scientific and technical support to sports coaching had not been implemented in the State.

(Paragraph 1.2)

Meghalaya Value Added Tax totalling ₹ 34.36 lakh, deducted by the Directorate of Housing from the suppliers' bills, was embezzled by faking the documents showing that the amount was deposited into Government account.

(Paragraph 1.3)

Deficiency of internal control and oversight mechanism in the Health Engineering Wing of the Health and Family Welfare Department led to an excess payment of ₹ 34.29 lakh to one contractor and a double payment of ₹ 5.45 lakh to another.

(Paragraph 1.5)

Failure to close down two magazines under the Greater Shillong Water Supply Division-II, Mawphlang of the Public Health Engineering Department resulted in an avoidable expenditure of ₹ 1.07 crore on safeguarding a cache of expired explosives.

(Paragraph 1.6)

Failure to close down the Meghalaya State Housing Board even nine years after a direction from the Housing Department to come up with a proposal to this effect resulted in an avoidable expenditure of ₹ 6.02 crore.

(Paragraph 1.4)

GENERAL SECTOR

The Meghalaya Legislative Assembly Secretariat incurred excess expenditure of ₹ 1.76 crore due to execution of painting works flouting the provisions of Financial Rules. Besides, excess payment of ₹ 14.35 lakh was made to the Contractor due to admission of erroneous claim.

(Paragraph 2.2)

Purchase of carpets by the Meghalaya Legislative Assembly Secretariat at exorbitant rates in violation of prescribed norms and failure to ascertain the reasonableness of rates offered by the suppliers resulted in extra expenditure of ₹ 32.24 lakh. Besides, excess payment of ₹ 13.60 lakh was made to the suppliers.

(Paragraph 2.3)

The Meghalaya Legislative Assembly Secretariat issued a work order to construct the Assembly Building at Mawdiangdiang to a firm in contravention of the terms of the tender and made a payment of ₹ 2.14 crore without verifying work carried out.

(Paragraph 2.4)

The Meghalaya Legislative Assembly Secretariat and Meghalaya Legislative Assembly Printing Press was incurring an unauthorised expenditure of ₹ 6.74 crore annually due to irregular appointment of 433 persons in excess of their authorised strength.

(Paragraph 2.5)

ECONOMIC SECTOR

Functioning of departmental farms and civil work wing

The Animal Husbandry and Veterinary Department incurred expenditure of ₹ 13.82 crore during 2007-12 on running and maintenance of six farms (₹ 2.95 crore) and two central dairies (₹ 10.87 crore) in excess of the revenue earned. Besides, there was loss of ₹ 13.88 lakh due to unsuccessful hatching of eggs. Six buildings constructed for veterinary dispensaries remained non-functional and five buildings constructed for residential quarters and dairy office remained vacant rendering the expenditure of ₹ 2.52 crore incurred on their construction unproductive.

(Paragraph 3.2)

In the absence of clear guidelines, uniformity in the cost, quality and specification of Corrugated Galvanised Iron (CGI) sheets distributed to beneficiaries under the Special Rural Works Programme implemented by the Community and Rural Development Department was not maintained. CGI sheets were procured at differential rates leading to an extra expenditure of ₹ 1.11 crore.

(Paragraph 3.3)

Inadequate survey and investigation coupled with a faulty design resulted in an unproductive expenditure of ₹ 58.36 lakh on an incomplete bridge under the Mairang Division of Public Works Department. Besides, materials worth ₹ 13.78 lakh became unusable.

(Paragraph 3.4)

ECONOMIC SECTOR PUBLIC SECTOR UNDERTAKINGS

Overview of State Public Sector Undertakings

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by CAG. Audit of statutory corporations is governed by their respective legislations. As on 31 March 2012, the State of Meghalaya had 14¹ working Public Sector Undertakings (PSUs) (12 companies and two statutory corporations) and one non-working company, which employed 4609 employees. The working PSUs registered a turnover of ₹ 463.14 crore for 2011-12 as per their latest finalised accounts as of September 2012. This turnover was equal to 2.91 *per cent* of State Gross Domestic Product indicating a moderate role played by State PSUs in the economy. However, the working State PSUs incurred an overall loss of ₹ 85.76 crore in the aggregate for 2011-12 as per their latest finalised accounts as on 30 September 2012.

¹ Including erstwhile MeSEB, which ceased to exist w.e.f. 1 April 2010.

Investments in PSUs

As on 31 March 2012, of the total investment in State PSUs, 99.70 *per cent* was in working PSUs and the remaining 0.30 *per cent* in one non-working PSU. This total investment consisted of 31.19 *per cent* towards capital and 68.81 *per cent* in long-term loans. The investment had increased by 21.66 *per cent* from ₹ 1290.34 crore in 2006-07 to ₹ 1569.81 crore in 2011-12.

Performance of PSUs

During the year 2011-12, out of 14 working PSUs, two PSUs namely Meghalaya Government Construction Corporation Limited and Meghalaya Industrial Development Corporation Limited earned profit aggregating to ₹ 1.24 crore and remaining twelve PSUs incurred loss of ₹ 87.00 crore. The major losses were incurred by Mawmluh Cherra Cements Limited (₹ 18.71 crore) and Meghalaya State Electricity Board (₹ 56.42 crore). The losses of working PSUs were mainly attributable to deficiencies in financial management, planning, implementation of projects, operations and monitoring. A review of the latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 66.51 crore and infructuous investment of ₹ 1.40 crore which were controllable with better management. Thus, there is tremendous scope to improve the functioning of PSUs and minimise losses.

Quality of accounts

The quality of accounts of PSUs needs improvement. All the 20 accounts finalised by working PSUs during October 2011 to September 2012 received qualified certificates. There were 12 instances of non-compliance with the Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated certain weak areas.

Arrears in accounts

Thirteen working PSUs had arrears of 52 accounts as of September 2012. The PSUs need to set targets for the work related to preparation of accounts with special focus on arrears. There was one non-working company as on 31 March 2012. The Company is under liquidation process as all the employees had opted for VRS in December 2006. As no purpose was served by keeping this non-working company in existence, Government needs to expedite the process of closure of this company.

(Paragraph 4.1)

Meghalaya Energy Corporation Limited

Performance Audit on Power Transmission activities

The performance audit of transmission activities of Meghalaya Energy Corporation Limited (MeECL) for the period 2007-12 was conducted to assess whether aims and objectives of National Electricity Policy/ Plans (NEP) were adhered to and whether the Company was able to provide an efficient, adequate and properly coordinated grid management and transmission of energy.

Planning and Development

The Company did not make any long term business plan as per recommendations of the working group of Meghalaya State Planning Board. During 2007-12, the Company could add capacity of 407.50 Mva against the planned addition of 1132.50 Mva. Against the planned addition of 555.65 Ckm to transmission line, the Company could add only 401.55 Ckm (72.27 per cent).

Project Management of Transmission System

Project execution

Out of six substations taken up for construction during 2007-12, three substations were completed after delays ranging from 8 to 23 months and a cost overrun of ₹ 5.96 crore. Two augmentation works were behind schedule by seven months.

Out of 14 transmission lines taken up for construction during 2007-12, seven were completed after delays ranging from 6 to 25 months and cost overrun of ₹ 1.88 crore.

Mismatch between Generation/power purchase plan and Transmission facilities

Delay in completion of Myntdu Leshka Hydro Electric Project (MLHEP) resulted in idling of transmission line from MLHEP to Khliehriat for 22 months. Due to delay in approval and implementation of 132 KV transmission line inter-connecting the 220/132 KV Killing substation with the existing EPIP-I and EPIP-II substations at Byrnihat and also due to delay in construction of 220/132 KV Killing substation for more than four months, the 220 KV D/C Misa line could not be utilised for 11 months during February 2010 to December 2010. The 220/132 KV Killing substation capacity (320 Mva) was also underutilised due to non completion of 132 KV transmission line from 220/132 KV Killing substation to 132/33 KV EPIP-I substation at Byrnihat.

Performance of transmission system

The unutilised transmission capacity had increased from 11.15 Mva in 2007-08 to 287.76 Mva in 2011-12. The burden for this underutilised capacity at the end of March 2012 worked out to ₹ 13.32 crore which was passed on to the consumers.

Transmission losses

Due to incompatibility of equipment, transmission loss data furnished by the Company was inconsistent.

Grid Management

Infrastructure for load monitoring

Ten substations and two generating units were not provided with Remote Terminal Units (RTUs) for recording real time data for efficient Energy Management System.

Grid discipline by frequency management

For grid indiscipline, North Eastern Regional Load Despatch Centre (NERLDC) issued 241 violation messages to the Company in 2009-10 which had sharply increased to 335 during 2011-12.

Backing Down Instructions (BDI)

BDI issued by the State Load Despatch Centre (SLDC) to the generating stations were verbal and not recorded. In absence of the record of operational instructions given by SLDC, adherence to its instruction could not be examined.

Disaster Management

Out of six major generating stations, DG sets for black start for emergency restoration was available only at Myntdu Leshka Hydro Electric Project (MLHEP), Leshka. However, during a major grid failure that occurred on July 2012, MLHEP failed to black start.

Material Management

The Company did not follow good management practices like ABC Analysis, fixation of minimum/maximum stock level/reorder level.

Energy Accounting and Audit

The Company had proposed (2006-07) energy audit but it was not taken up due to non availability of funds.

Monitoring by top Management

The Company did not have proper MIS in place for exercising effective control over its activities by top management.

(Pararaph 4.2)

POWER DEPARTMENT

Meghalaya Energy Corporation Limited

Non-recovery of electricity dues

Tardy action by the Meghalaya Energy Corporation Limited to recover electricity charges from one consumer resulted in the dues accumulating to ₹ 9.91 crore as of September 2012.

(Paragraph 4.3)

CHAPTER-I

SOCIAL SECTOR

CHAPTER I : SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2012 deals with the findings on audit of the State Government units under Social Sector¹.

The names of the major State Government departments and the net budget provisions and expenditure of the State Government under Social Sector during the year 2011-12 are given in the table below:

Table 1.1.1

(₹ in crore)			
Sl. No.	Name of Department	Budget Provisions (Original and Supplementary)	Expenditure
1.	Education, Sports & Youth Affairs & Arts and Culture	1183.93	1023.33
2.	Health & Family Welfare	359.97	322.25
3.	Public Health Engineering	287.14	255.60
4.	Housing	13.43	11.65
5.	Urban Development	188.62	144.40
6.	Labour	37.69	30.50
Total		2070.78	1787.73

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

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 programmes of the Central Government are detailed below:

Table 1.1.2

(₹ in crore)			
Name of the Department	Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Health and Family Welfare	National Rural Health Mission	State Health Society, Meghalaya	70.12
		Meghalaya State TB Control Society	1.50
Public Health Engineering	National Rural Drinking Water Programme	SWSM, Meghalaya	95.89
Education	Rashtriya Madhyamik Shiksha Abhiyan	State Education Mission Authority of Meghalaya	1.78
		Sarva Shiksha Abhiyan State Mission Authority of Meghalaya	10.61
	Sarva Shiksha Abhiyan	Sarva Shiksha Abhiyan State Mission Authority of Meghalaya	144.11
	Scheme for setting up of 6000 model schools at block	State Education Mission Authority of Meghalaya	15.03
Community & Rural Development	Rural Housing – Indira Awaas Yojana	District Rural Development Agencies, West Garo Hills, West Khasi Hills, South Garo Hills, Ri Bhoi, Jaintia Hills, East Garo Hills, East Khasi Hills	55.13

Source: Central Plan Scheme Monitoring System of CGA website

¹ Categorized considering the activities of the departments concerned.

1.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. The audits were conducted during 2011-12 involving expenditure of ₹ 984.69 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Social Sector. The chapter contains one Performance Review on Development of Sports and Youth Activities in Meghalaya and four Transaction Audit Paragraphs.

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 Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

The major observations under Social Sector detected in audit during the year 2011-12 are given below.

SPORTS AND YOUTH AFFAIRS DEPARTMENT

1.2 Development of Sports and Youth Activities in Meghalaya

Highlights

Sports is essential component of human resource development and helps to inculcate comradeship and a healthy spirit of competition. Excellence in sports enhances the sense of achievement, national pride and patriotism. In Meghalaya, the development of sports activities did not get priority inasmuch as only 0.32 per cent to 0.42 per cent of the State's budgetary outlay were earmarked for these activities.

The State does not have a sports policy or any long term plan for the development of sports.

(Paragraph 1.2.7)

Sports infrastructure like outdoor stadia, swimming pools and indoor stadia, crucial to sports development were lacking in districts.

(Paragraph 1.2.9.1)

Taking up of projects for sports infrastructure without ensuring availability of land and funds resulted in non-completion of 23 sports infrastructure.

(Paragraph 1.2.9.1)

Thirteen sports infrastructure were in dilapidated condition due to lack of seriousness in maintenance of these infrastructures.

(Paragraph 1.2.9.6)

Coaching activities were entirely left to the discretion of the individual coaches and the Director of Sports and Youth Affairs was not monitoring their work in any manner.

(Paragraph 1.2.10.1)

The National Sports Policy of providing scientific and technical support to sports coaching had not been implemented in the State.

(Paragraph 1.2.10.3)

1.2.1 Introduction

Sports today is an integral part of the all round development of the human personality and achieving excellence in sports has great bearing on the State's prestige and morale. It also promotes good health, camaraderie and a spirit of friendly competition which has a positive impact on the overall personality development of youth. 'Sports' is a subject under the State list of Seventh Schedule of the Constitution of India and

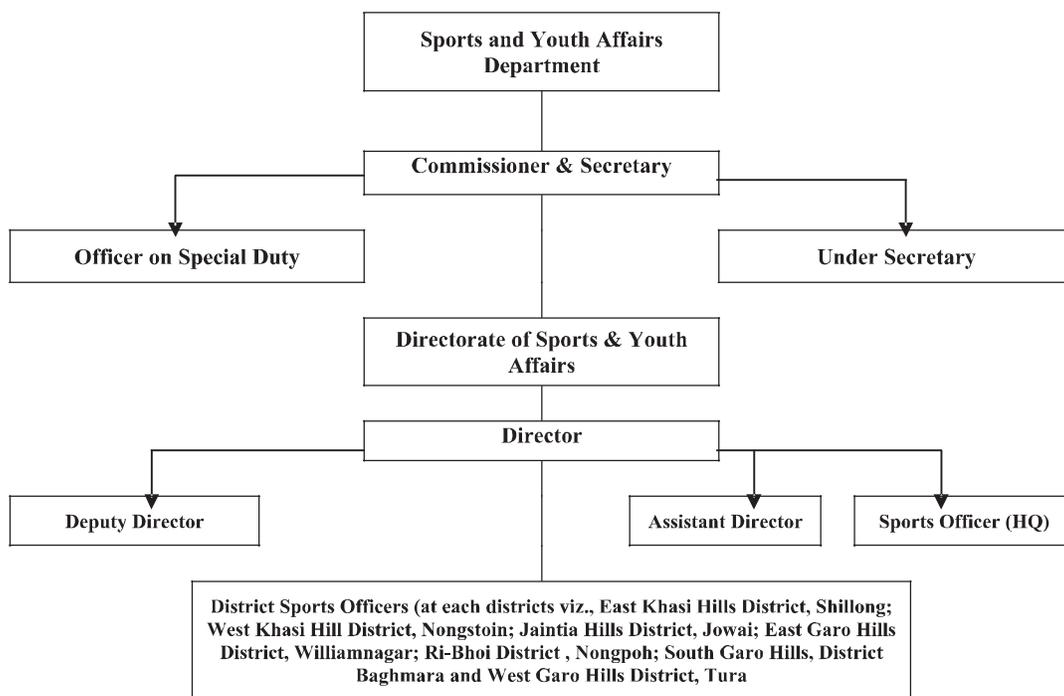
thus the State Government has to play a major role in the development of sports with the Government of India (GOI) supporting its efforts.

1.2.2 Administration of sports in Meghalaya

1.2.2.1 Sports and Youth Affairs Department

A full fledged Directorate of Sports & Youth Welfare was formed in March 1985 with the objectives of creating necessary infrastructure for Sports and Games and also to take up related youth welfare activities. Subsequently in pursuance of Government policy a separate department was created known as the Sports & Youth Affairs Department. The Sports and Youth Affairs Department (SYAD), Government of Meghalaya (GOM) is headed by the Commissioner and Secretary. A Directorate of Sports and Youth Affairs (DSYA) functions under the Department and is headed by a Director who is assisted by District Sports Officers (DSO) posted in every district headquarters of the State. The DSOs are in turn is assisted by junior coaches, physical training instructors and other ministerial staff. The organisational set up of the SYAD/DSYA is shown below:

Chart 1.1



Besides the Department/DSYA, the Government in December 1971 established a State Sports Council of Meghalaya (SSCM) with headquarters at Shillong, to promote the growth and development of sports and games in the State. The SSCM is an autonomous body registered under the Indian Societies Registration Act, 1860 and comprises of 12 members as under:

- President, SSCM: Minister in-charge, SYAD;
- Vice-President, SSCM: Principal Secretary/Commissioner & Secretary, SYAD;
- Secretary, SSCM: Director, DSYA;
- Members, SSCM:
 - Chief Engineer, SSCM;
 - Two representatives from the Meghalaya State Olympic Association (MSOA);
 - One member each to be nominated by the Government from the Departments of Finance/Planning/Education; and,
 - Three other members to be co-opted by the SSCM.

The day-to day functioning of the SSCM vests with the Secretary, SSCM and he is assisted by one Chief Engineer, two Project Engineers, three Assistant Engineers, five Junior Engineers and 38 ministerial staff.

❖ ***Functions of the SSCM***

The functions of the SSCM *inter alia* are:

- to advise the sports organisations in the State and to act as the co-ordinating agency amongst them;
- to act as liaison between its constituent bodies and the Government;
- to grant recognition to such sports organisations established in the State as it may deem worthy of recognition;
- to receive grants from the State Government and donations/contributions from any other sources and to utilise funds for the purpose for which the same are received; and,
- to conserve or protect against loss or damage to its buildings, grounds, stocks and other assets and to regulate their use.

1.2.3 Scope of Audit and Coverage

A performance review covering the period 2007-08 to 2011-12 was conducted during March-May 2012 through a test-check of records of the DSYA, DSOs of the seven districts and the SSCM.

The review covered planning, funding, construction and management of sports infrastructure, coaching activities, *etc.* during the period under review.

1.2.4 Audit Objectives

The broad objectives of the performance review were to assess whether:

- The State Government had a policy for development of Sports and Youths in the State and extent to which the same was implemented;
- The funds allocated for development of Sports and Youth activities in the State were effectively and efficiently utilised;
- The creation of sports infrastructure was efficacious/effective and maintenance of existing sports facilities was proper.
- The existing coaching arrangement was efficient and effective.

1.2.5 Audit Criteria

The criteria to measure the departmental performance were derived from the following sources.

- financial rules and manuals,
- scheme guidelines,
- Government orders, *etc.*

1.2.6 Audit Methodology

The performance review commenced with an ‘entry conference’ held on 06 March 2012 with the Director, DSYA, Chief Engineer, SSCM and other officers of the DSYA and the SSCM in which the audit approach, audit objectives, criteria and audit methodology were explained.

The audit evidences were collected through questionnaires issued to the DSYA and the SSCM, audit memos/queries, examination of records, analysis of the data collected, discussion with the concerned authorities at various levels and joint inspection of some sport facilities. The audit findings were discussed with the DSYA and the representative from the Finance Department at an ‘exit conference’ held on 24 September 2012 and their views incorporated in this review at appropriate places.

1.2.7 Policy and Planning

Audit Objective 1: Whether the State Government had a policy for development of Sports and Youths in the State and extent to which the same were implemented

(a) State Sports Policy

Activities relating to Sports and Physical Education are essential components of human resource development, helping to promote good health, comradeship and a spirit of friendly competition, which, in turn, has positive impact on the overall development, national pride and patriotism. Sports also provide beneficial recreation,

improve productivity and foster social harmony and discipline. As per National Sports Policy, 2001, the Central Government, in conjunction with the State Government, the Olympic Association and the National Sports Federation would concertedly pursue the twin objectives of ‘Broad-basing’ of Sports and ‘Achieving Excellence in Sports at the National and International levels’. The broad-basing of Sports was primarily the responsibility of the State Governments, the Union Government was to actively supplement the efforts in this direction and for tapping the latent talent, including in the rural and tribal area. National Sport Policy, 2001 accorded high priority to the development of Sports in the rural areas to harness the available talent and potential. It was found imperative to ensure that educational institutions, Schools and Colleges both in rural and urban areas, the Panchayati Raj Institutions, Local bodies, Sports associations and Industrial Undertakings as well as the various Youth and Sports Clubs are fully associated with this programme.

The State Sports Policy (SSP) should *inter alia*, have the following objectives

- To achieve mass participation in physical education in order to promote the overall sports culture in the State and to achieve good health;
- To identify and groom young sports talents in order to achieve excellence in sports and also youth activities and games in all districts of the State;
- To broad base sports, games and physical education right from block level up to the State Headquarters so that every youth is afforded a chance to exhibit inherent talents;
- To undertake required infrastructure development for promotion of sports, games and youth activities with efforts to spread such infrastructure right from State Headquarters to District, Block and village headquarters; and
- To harness the overall talents to make them become effective youth and community leader and useful citizens of the State.

It was noticed in audit that even after 40 years of attaining statehood, Meghalaya has not formulated a SSP.

The State Government constituted a committee in April 2003 to finalise the SSP. In May 2007 a fresh committee was again constituted for the purpose followed by yet another committee in June 2009. In July 2010, the State Government constituted a sub-committee to draft the SSP. The draft SSP was submitted to the SYAD in June 2011. However, as of July 2012, the SSP was yet to be notified.

Consequently, sports related activities and creation of sports infrastructure in all these years were bereft of the benefit of a medium or long term plan.

During exit conference, the Department stated that the sports policy was under final state of preparation.

(b) State Youth Policy

The National Youth Policy, 2003 reiterated the commitment of the entire nation to the composite and all-round development of the young sons and daughters of India and sought to establish an All-India perspective to fulfil their legitimate aspirations so that they are all strong of heart, body and mind in successfully accomplishing the challenging tasks of national reconstruction and social changes that lie ahead. The National Youth Policy, 2003 enunciates that

- Sports and games be promoted as a mass movement by making it a way of life;
- Sports, games and physical education including yoga, should be compulsory in all educational institutions;
- Every educational institution should have adequate facilities for recreation, adventure and sports activities, including playgrounds;
- Provision should be made for common play grounds in the master plans of all civic and municipal areas;
- At least one-fifth of the time spent by a student in an educational institution should be earmarked for outdoor activities;
- Adventure activities among the youth be promoted to inculcate qualities of leadership, resilience, courage, discipline and love for nature and the environment.

As per 2001 census, about 41 *per cent* of the population of Meghalaya (23.19 lakh) were in age bracket of 13 to 25 years (9.48 lakh). Given this youthful demographic profile and since sports is important for human resources development as it promotes active lifestyle, child and youth development, social inclusiveness, employment opportunities, peace and development and channels the energy of youth for productive and meaningful purposes, it is essential that Meghalaya has a State Sports Policy and a separate State Youth Policy.

Recommendation

Government should approve and put in place sports and youth policies and a target oriented long-term plan.

1.2.8 Financial Management

Audit Objective 2: Whether the funds allocated for development of Sports and Youths in the State were effectively and efficiently utilised

1.2.8.1 Budget Provisions and Expenditure

The budget allocation and expenditure of the DSYA, Meghalaya, Shillong during 2007-08 to 2011-12 are given below:

Table 1.2.1

(₹ in crore)

Year	Budget provision		Expenditure	
	Plan	Non-plan	Plan	Non-plan
2007-08	12.00	1.82	11.28	1.46
2008-09	15.75	1.96	15.08	1.67
2009-10	13.50	2.37	15.71	2.78
2010-11	16.50	2.42	16.70	2.50
2011-12	22.50	2.56	8.87	2.41
Total	80.25	11.13	67.64	10.82

Source: DSYA

The total budgetary outlay (Plan plus Non-plan) of the DSYA as a percentage of the total budgetary outlay of the State during 2007-08 to 2011-12 ranged from 0.32 per cent to 0.42 per cent as shown in the table below:

Table 1.2.2

(₹ in crore)

Year	State's budgetary outlay	DSYA's budgetary outlay	Column 3 as a percentage of column 1
(1)	(2)	(3)	(4)
2007-08	3626.93	13.82	0.38
2008-09	4228.98	17.71	0.42
2009-10	4899.58	15.87	0.32
2010-11	5758.81	18.92	0.33
2011-12	6871.27	25.06	0.36
Total	25385.57	91.38	0.36

Allocation of negligible resources for sports and youth activities indicated the low priority accorded by the State towards the development of these activities in the State.

Some instances where the funds meant for specific purpose were either diverted or not properly disbursed were noticed in audit. These cases are discussed in the following paragraphs.

1.2.8.2 Diversion of funds meant for procurement of sports equipment

Scrutiny of records of Director, DSYA revealed that the Director, DSYA in August 2009 sanctioned ₹ 21 lakh to the DSOs (₹ three lakh to each of the seven DSOs) for procurement of sports equipment for each District Training Centres set up in May 2009. However, instead of releasing the amount to the DSOs concerned, the Director purchased digital cameras, handy cams and PA systems out of the amount sanctioned and issued these articles in October 2010 to the DSOs. Thus, the purpose of procurement of sports equipment for which the amount was sanctioned was not achieved and expenditure incurred on procurement of items other than for which it was meant has been rendered wasteful.

1.2.8.3 Disbursement of Grants-in-Aid to various organisations/establishments for promotion of sports and games

Grants-in-Aids are provided to various clubs/ associations/NGOs/schools, etc for promotion of sports and games in the State, especially for the purchase of sports equipment. Rule 6 (VI) of the 'Grants-in-Aid for the Development of Sports & Games and Youth Welfare Activities Rules, 1990' (Rules) provides for the DSYA to give this assistance in kind only. In contravention of the aforesaid Rules, DSYA disburses the Grant-in-Aids in cash instead of kind as stipulated in the Rule. Scrutiny of the 'Cheque Issue Register' of the DSYA revealed that 323 cheques (173 undated cheques and 150 dated cheques) for ₹ 43.38 lakh (**Appendix 1.2.1**) meant for disbursement to various clubs/ associations/NGOs/schools, etc. during 2004-05 to 2010-11 as grants-in-aid were still lying with the DSYA. The summarised year-wise position of these cheques was as under:

Table 1.2.3

Year in which cheque issued	Number of cheque	Amount (₹ in lakh)
2004-05	59	5.10
2006-07	22	1.18
2007-08	41	5.59
2008-09	32	3.41
2009-10	6	1.35
2010-11	163	26.75
Total	323	43.38

A scrutiny of 81 cheques (25 per cent) of the 323 cheques selected on a random basis revealed that 51 cheques (63 per cent) for ₹ 4.21 lakh (50 per cent) were to 51 clubs/ associations/NGOs/schools, etc. for purchase of sports equipment.

In addition another 21 cheques for ₹ 2.80 lakh (**Appendix 1.2.2**) shown in the 'Cheque Issue Register' as issued/disbursed in 2010-11 to the payees were not supported by an acknowledgement of the payees (signature/date/seal of organisation). Audit also confirmed from the bank statements that these cheques had not been encashed thereby suggesting that these cheques had also not been collected by the respective payees from the DSYA. The DSYA however, could not produce these cheques to Audit.

As a result, those clubs/ associations/NGOs/schools, etc., in whose favour the cheques were drawn but not collected by them, could not benefit from the Grants-in-Aid sanctioned to them and the purpose for the grants-in-aid was defeated to that extent. This was also bound to adversely impact the promotion of sports and games.

During exit conference, the DSYA stated that cheques were prepared at random and in most cases, beneficiaries were contacted belatedly or they did not turn up.

1.2.8.4 Diversion of cash awards given to sports persons/coaches

The SYAD in March 2008 sanctioned ₹ 19 lakh to be paid as cash awards to 27 medal-winning sports persons and four coaches who participated in the 33rd National Games, Guwahati and to 41 medal-winning sports persons who participated in the 21st North East Games, Gangtok (**Appendix 1.2.3**) at the following rates:

Table 1.2.4

33 rd National Games, Guwahati						
Discipline	Cash Award sanctioned per medal - winning sports person (in ₹)		No. of medallists		Cash Award sanctioned for coaches (in ₹)	
	Silver	Bronze	Silver	Bronze		
Karate	2,00,000	-	01	-	2,00,000	
Boxing	-	1,00,000	-	2	1,00,000	
Equestrian	-	1,00,000	-	4	1,00,000	
Football	-	20,000	-	20	1,00,000	
21 st North East Games, Gangtok						
Discipline	Cash Award sanctioned per medal - winning sports person (in ₹)			Number of medallists		
	Gold	Silver	Bronze	Gold	Silver	Bronze
Karate	7,500	5,000	3,000	4	3	5
Archery	7,500	5,000 4,000 (Team)	-	1 -	1 3	- -
Athletics	7,500	-	-	1	-	-
Football	5,000	-	-	16	-	-
Taekwondo	-	5,000	3,000	-	1	4
Boxing	-	-	3,000	-	-	2

Source: Record of DSYA

Rule 173 of the Meghalaya Treasury Rules stipulates that for every payment made, a voucher bearing an acknowledgement of the payment signed by the person to whom the payment is made (i.e., a ‘payee receipt’), must be obtained.

The amount of ₹ 19 lakh was drawn by the Director, DSYA on 31 March 2008 and deposited under the accounting head “8443 Civil Deposit” and was subsequently redrawn on 12 May 2008 against which the disbursement recorded in the DSYA cash book was as under:

Table 1.2.5

Date	Amount (₹ in lakh)	Particulars
04 March 2009	3.00	Payment to Shri B.T. Kharpran and Shri Vijay Thapa (both Boxers)
20 March 2010	16.00	Award of Sports persons

The following irregularities were noticed in audit:

- the two boxers to whom ₹ 3 lakh was given as cash incentives did not figure in the list of sports persons and coaches to whom ₹ 19 lakh was sanctioned by the SYAD; and
- payee receipts in respect of the entire amount of ₹ 19 lakh stated to have been disbursed was not produced to Audit.

Reasons for disbursement of ₹ 3 lakh to sport persons who were not eligible for cash award was neither available on record nor furnished to Audit on request. In the absence of payee receipt, the claimed expenditure of ₹ 19 lakh could not be vouched-safe by Audit. Thus, the purpose of sanctioning cash award to encourage the medal winning participants was not achieved.

During exit conference, the DSYA stated that the matter was being re-examined.

Recommendation

Diversion of funds meant for development of sports activities should be avoided and the funds should be utilised for the purpose for which these were sanctioned to achieve the desired objective.

1.2.9 Creation and maintenance of Sports infrastructure

Audit Objective 3: Efficacy in creation of sports infrastructure and maintenance of existing sports facilities

1.2.9.1 Creation of sports infrastructure

It is essential to create and maintain high quality sports infrastructure and to ensure their optimal utilisation to achieve excellence in sports. It is crucial that required infrastructure development for promotion of sports, games and youth activities are spread right from State Headquarters to District, Block and village level. In Meghalaya, the creation and maintenance of sports infrastructure throughout the State is undertaken by the SSCM which receives yearly grants for this purpose from the DSYA.

It was noticed in audit (March-May 2012) that neither DSYA nor SSCM maintained an Asset Register wherein details of infrastructure created and maintained by them are recorded. However, DSYA provided a list containing details of infrastructure created by the Department. As of March 2007, 139 different types of sports infrastructure existed in the State as under.

Table 1.2.6 : District-wise position of Sports infrastructures as of March 2007

Sl. No.	Name of the Infrastructure	District-wise ² position							Total
		EKH	WKH	WGH	EGH	SGH	Ri-Bhoi	Jaintia Hills	
1.	Outdoor Stadium	1	1	1	1	-	-	1	5
2.	Playground with Sitting Gallery, VIP Rostrum etc.	24	4	3	3	1	7	3	45
3.	Playground only	8	-	1	-	3	-	8	20
4.	Indoor Sports Halls (ISH)	14	7	8	3	3	1	4	40
5.	Basket Ball Courts	13	-	3	1	-	2	-	19
6.	Community Hall cum Mini Indoor Sports Halls	3	-	-	-	-	-	-	3
7.	Swimming pools	1	1	1	-	-	-	-	3

² EKH: East Khasi Hills District; WKH: West Khasi Hills District; WGH: West Garo Hills District; EGH: East Garo Hills District and SGH: South Garo Hills District

Sl. No.	Name of the Infrastructure	District-wise ² position							Total
		EKH	WKH	WGH	EGH	SGH	Ri-Bhoi	Jaintia Hills	
8.	Outdoor Badminton courts	1	-	-	-	-	-	-	1
9.	Squash Courts Buildings	1	-	1	-	-	-	-	2
10.	Cricket Ground	1	-	-	-	-	-	-	1
Total		67	13	18	8	7	10	16	139

As could be seen from the above table, East Khasi Hills District with the highest population had the maximum number of sports infrastructure as compared to other districts of the State.

For creation of new infrastructure, funds are provided by the State Government as well as Central Government in the form Special Plan Assistance. Usually, funds for the maintenance of the sports facilities/assets are provided by the State Government.

During 2007-12, grants totalling ₹ 37.99 crore was released to SSCM for construction of new sports infrastructure, improvement/upgrading of existing sports infrastructure and maintenance of the various sports facilities in the State. The amount of grant received by SSCM *vis-à-vis* expenditure incurred thereagainst during the period 2007-12 are indicated in the table below:

Table 1.2.7

(₹ in lakh)

Year	Grants received from the DSYA for			Expenditure			Balance		
	New	Ongoing	Maintenance	New	Ongoing	Maintenance	New	Ongoing	Maintenance
2007-08	11.15	405.22	1.72	11.15	405.22	1.72	-	-	-
2008-09	60.51	720.00	13.52	60.51	720.00	13.52	-	-	-
2009-10	104.19	686.12	-	104.19	686.12	-	-	-	-
2010-11	500.00	395.02 ³	-	38.00	395.02	-	462.00	-	-
2011-12	595.01	300.00	6.91	550.00	300.00	6.91	45.01	-	-
Total	1270.86	2506.36	22.15	763.85	2506.36	22.15	507.01	-	-

Source: Information furnished by SSCM

Out of the funds provided, 114 works at a total estimated cost ₹ 28.56 crore relating to creation of new sports infrastructure and improvement to existing facilities were to be executed. Of these, only 82 works were completed at a total cost of ₹ 13.53 crore as of March 2012 against 98 works scheduled for completion. Remaining 16 works were in progress as of July 2012. Besides, seven projects pertaining to creation of new infrastructure, estimated to cost ₹ 3.39 crore, sanctioned prior to 2007-08 for completion between May 2002 and November 2007 were also not completed till July 2012. The SSCM, who was executing these projects, attributed (July 2012) the delays to fund constraints and land problems. The contention is not convincing because these aspects should have been taken into consideration before taking up the projects.

³ ₹ 174.60 lakh under Special Plan Assistance released by GOI in February 2010, was released by GOM to SSCM in May 2010 with State's share of ₹ 19.40 lakh.

During the period 2007-12, nine playgrounds with sitting gallery, VIP Rostrum, three Indoor Sports Halls, 24 basketball courts, one Lawn Tennis complex with three courts, Sepak Takraw complex having two synthetic courts, training hall for karate, judo, *etc.* at JNS complex and one community hall with among other have been newly constructed.

Different types of sports infrastructure that were available in various districts as of March 2012 are tabulated below:

Table 1.2.8 : Sports infrastructure as on 31 March 2012

Sl. No.	Name of the Infrastructure	District-wise ⁴ position							Total
		EKH	WKH	WGH	EGH	SGH	Ri-Bhoi	Jaintia Hills	
1.	Outdoor Stadium	1	1	1	1	-	-	1	5
2.	Playground with Sitting Gallery, VIP Rostrum <i>etc.</i>	27	5	3	4	2	9	4	54
3.	Playground only	8	-	1	-	3	-	8	20
4.	Indoor Sports Halls (ISH)	15	8	8	3	3	2	4	43
5.	Basket Ball Courts	17	3	13	2	-	4	4	43
6.	Community Hall cum Mini Indoor Sports Halls	4	-	-	-	-	-	-	4
7.	Swimming pools	1	1	1	-	-	-	-	3
8.	Squash Courts Buildings	1	-	1	-	-	-	-	2
9.	Outdoor Badminton courts	1	-	-	-	-	-	-	1
10.	Cricket Ground	1	-	-	-	-	-	-	1
11.	Multi Training Hall	1	-	-	-	-	-	-	1
12.	Synthetic Sepak Takraw Courts (Two courts) at JNS complex	1	-	-	-	-	-	-	1
13.	Lawn Tennis Complex with three courts	1	-	-	-	-	-	-	1
Total		79	18	28	10	8	15	21	179

Source: Information furnished by SSCM

Though the Department was able to add new infrastructure, there were instances of delay in execution/completion of the projects. Some of the projects were not even taken up for execution as discussed in the subsequent paragraph.

1.2.9.2 Execution of projects out of Special Plan Assistance

Special Plan Assistance of ₹ 5 crore was released by GOI in March 2011 for creation of following new infrastructure *viz*,

- (i) Construction of 51 basketball courts at various locations in the State (₹ 2.21 crore);
- (ii) Construction of Outdoor Stadium at Nagrasket, Bandar Raja, West Garo Hills (₹ 1 crore);
- (iii) Construction of Mini Outdoor Stadium at Rabukong (₹ 0.50 crore);

⁴ EKH: East Khasi Hills District; WKH: West Khasi Hills District; WGH: West Garo Hills District; EGH: East Garo Hills District and SGH: South Garo Hills District

- (iv) Construction of sitting gallery *etc.* and playground at Munaibari (₹ 0.91 crore); and,
- (v) Construction of two Sepak Takraw Courts at JNS Complex (₹ 0.38 crore).

As of March 2012, except project at Serial (v) above, none of the other projects has been completed. Even the construction work in respect of three projects at Serial (ii) to (iv) have not commenced. As regards construction of 51 basketball courts, no expenditure has been booked in respect of construction of these courts. However, it was noticed that no proper land had been identified for the execution of basketball courts at nine locations. Consequently, the purpose for release of Special Plan Assistance by GOI remained unachieved.

1.2.9.3 Non-commencement of sports infrastructure and parking of funds meant for construction

Apart from the above projects, GOI, Ministry of Youth Affairs & Sports accorded in-principle approval between November 2002 and July 2004 for Central financial assistance for construction of 13 sports infrastructures estimated to cost ₹ 19.93 crore, as listed below:

Table 1.2.9

(₹ in lakh)

Sl. No.	Name of the project/work	Date of approval	Estimated cost	Central/State share		Central Share released
				Centre	State	
1.	District Sports Complex at Baghmara, SGH	21.11.02	228.57	150.00	78.57	50.00
2.	Playfield at Gulpani Bibra, SGH	21.11.02	4.85	3.63	1.22	3.63
3.	Playfield at Rewak Songmany, SGH	14.05.03	6.00	4.49	1.51	4.49
4.	Playfield at Rongsuagal, South Garo Hills	14.05.03	6.00	4.49	1.51	4.49
5.	Water Sports infrastructure at Barapani	20.09.03	51.17	37.50	13.67	37.50
6.	State Sports Complex at Shillong	30.09.03	433.23	311.25	121.98	82.50
7.	District Sports Complex at Smit, EKH	13.10.03	144.90	108.68	36.22	26.93
8.	District Sports Complex at Jowai	24.12.03	220.01	150.00	70.00	41.90
9.	Outdoor stadium at Pynthor, Shillong	05.02.04	45.11	27.00	18.11	0.00
10.	District Sports Complex at Umbuda, Ribhoi	20.02.04	207.50	150.00	57.50	41.32
11.	District Sports Complex at Nongstoin	20.02.04	218.21	150.00	68.21	41.90
12.	District Sports Complex at Williamnagar	29.07.04	223.21	150.00	73.21	0.00
13.	District Sports Complex at Tura	29.07.04	203.97	147.41	56.56	0.00
	Total		1992.73	1394.45	598.27	334.66

Source: Records of DSYA

The release of Central share was subject to the condition that the State Government was to submit a progress report indicating that it had incurred its share of the project.

The first instalment of central grant was to be transmitted to the executing agency (SSCM) within four months of the date of the sanction and were to be utilised within one year from the date of issue of the sanction; unspent balance(s) if any, was to be refunded immediately thereafter. The second instalment was to be released on submission of the completion certificate duly signed by the competent authority along with detailed audited statement of accounts showing that the grant had already been made and paid towards the project.

After Government of Meghalaya submitted proposal indicating that an expenditure of ₹ 5.10 crore on 10 out of the 13 projects had been incurred by it and sought funding from the Central Government, GOI accorded sanction for payment of ₹ 3.35 crore (₹ 1 crore in March 2004, ₹ 1.10 crore in October 2004 and ₹ 1.25 crore in March 2005) and released the amount to the GOM during March 2004 to April 2005.

Scrutiny of the records revealed that the expenditure stated to have been incurred by the State Government as its share of expenditure was the expenditure incurred on creation of various sports infrastructure in that area/locality and not exclusively spent on the infrastructure for which the fund was sought.

Further, it was noticed that the entire amount of ₹ 3.35 crore released by the GOI was parked at different levels. GOM released ₹ 2.52 crore only to the DSYA after a delay of over two years in March 2007. The balance amount of ₹ 0.83 crore meant for construction of 'State Sports Complex at Shillong' was not released to the DSYA till date (July 2012). In turn, the DSYA released ₹ 3.50 crore (Central grants: ₹ 2.52 crore in March 2007; State share: ₹ 0.98 crore in June 2006) to the SSCM for execution of the sanctioned projects. Instead of executing the projects, the Secretary, SSCM kept the Central funds of ₹ 2.52 crore as fixed deposit. Retention of funds in fixed deposit was contrary to the GOI's instructions that the unutilised funds were to be refunded immediately.

Thus, even after 7-8 years of release of funds by the GOI, construction of the sport infrastructure for which the funds were sanctioned was yet to commence, thereby depriving the sports persons of the State the proper infrastructure.

From the records made available to Audit it was noticed that in a meeting held on 7th August 2006 under the chairmanship of the Minister in-charge SYAD, the Chief Engineer, SSCM pointed out that the amount sanctioned by the GOI for the 10 projects was based on the Schedule of Rates (SOR) of Central Public Works Department for the year 1997-98, which was lower than the SOR of State Government and it would not be possible to take up and complete the construction of the projects in their entirety as per sanctioned cost due to cost escalation.

In reply to an Audit query, the Chief Engineer, SSCM stated (May 2012) that since the projects were unworkable with the available funds, the same were kept in fixed deposit. The fact remained that none of these projects was taken up for execution and the amount was parked at various levels. The Department had not even once in the course of seven years had taken up this issue with the GOI.

1.2.9.4 Construction of playgrounds in rural areas/schools funded by NEC

The North Eastern Council (NEC) in February 2005 approved the construction of 100 playgrounds in the rural areas/schools in the State and sanctioned ₹ 1 crore (₹ 90 lakh as Grant and ₹ 10 lakh as Loan). The NEC released ₹ 1 crore in March 2005 to the GOM. The GOM in turn released ₹ 50 lakh in March 2006 and the balance in March 2008 to the DSYA with the following terms and conditions:

- the work shall be executed by constituting a committee after inviting tenders from at least three registered contractors/firms;
- the NEC's contribution towards construction of the playgrounds shall be limited to ₹ 1 lakh per playground and the balance amount required for construction was to be met from scheme funds placed at the disposal of MLAs/MPs and local institutions;
- proper monitoring of the works shall be carried out by the DSYA so as to complete the work within the estimated amount and time; and,
- the DSYA shall submit to the NEC utilisation certificates, a statement of expenditure audited by a Chartered Accountant and vouchers/documents, photographs of works in progress/completed.

Scrutiny of records revealed that DSYA in July 2006 approached NEC to waive the condition that work shall be executed by constituting a committee after inviting tenders from at least three registered contractor/firm on the ground that it would be a time consuming process and also approximately 25 per cent of the amount go towards contractors' profit, VAT and forest royalty. The request of DSYA was turned down by the NEC stating that other NE States had already implemented the Scheme in its present form. However, a decision was taken in a meeting held on 8th September 2008 chaired by the Commissioner and Secretary, SYAD to place the fund provided by NEC at the disposal of Block Development Officers (BDO). Accordingly, the funds were allocated between May 2009 and November 2011 to 29 BDOs and four beneficiary organisations (details in **Appendix 1.2.4**) for constructing 100 playgrounds. The decision to allocate funds was in contravention of the terms and conditions for grant of funds.

Except utilisation certificates (UC) for ₹ 26 lakh from seven C&RD Blocks, no utilisation certificate to the effect that the work of construction of the playground had been completed was on record or produced to Audit on demand. In the absence of UCs the construction of playgrounds out of the grant given to BDOs and four beneficiary organisations could not be vouchsafed in Audit.

During exit conference, the DSYA stated that relevant records were not available in the Directorate and utilisation certificates in all cases had been received.

1.2.9.5 Occupation of sports facility by police personnel

The SYAD in March 2002 accorded administrative approval for construction of a squash court at Tura at an estimated cost of ₹ 21.50 lakh. The same was completed in March 2003 at a cost of ₹ 21.50 lakh.

It was noticed that immediately after its completion, the facility was occupied by police personnel and continues to this day. Consequently, the purpose of constructing the sports infrastructure was frustrated thereby rendering the investment of ₹ 21.50 lakh unfruitful. Besides, the sports persons of Tura were deprived of the benefit of a squash court for nine years.

During exit conference, the DSYA stated that the Directorate could not initiate any action as the concerned Deputy Commissioner had been empowered to take possession of the facility.

1.2.9.6 Maintenance of sports facilities

In a meeting held on 12th September 2005 under the chairmanship of the Minister in-charge SYAD, GOM, it was decided that “*DSYA should formulate a clear cut policy for maintenance of such buildings constructed by SSCM. The Department may therefore explore the possibility of forming of Apex body at each and every district who will be responsible for the maintenance and up keep of the building*”. Audit observed that after lapse of seven years, the SYAD/DSYA was yet to come out with such a policy.

As of 31 March 2012, the SYAD, through the SSCM, had created 179 different sports infrastructure in the State, such as indoor sports halls, outdoor stadiums, basketball courts, swimming pools *etc.* For running and maintenance of Indoor Sports Halls/Stadiums, a budgetary outlay of ₹ 1.94 crore was provided by the SYAD during 2007-12.

- Out of ₹ 1.94 crore, DSYA released ₹ 44.17 lakh to the SSCM and ₹ 51.33 lakh to the seven DSOs during the period.
- Of ₹ 44.17 lakh received by SSCM, ₹ 28 lakh was utilised on payment of salaries to the security personnel⁵ deployed at JNS complex, Polo, Shillong and ₹ 16.17 lakh was spent towards repairing/renovation of sports infrastructures *viz* U Tirot Sing ISH, Caroline Swimming Pool and Squash court at Shillong.
- Of ₹ 51.33 lakh released to the seven DSOs, ₹ 30.40 lakh was utilised towards repairing of ISHs and ₹ 20.93 lakh for construction of approach roads/repairing of DSOs’ office buildings *etc.*
- Out of ₹ 98.50 lakh available with the DSYA, ₹ 16.53 lakh only was utilised for repairing/maintenance of sports infrastructure while ₹ 51.47 lakh was utilised for other works such as construction of stair case canopy with glass, garage, logo, additional toilets, steel gate, parking, *etc.* at DSYA office, Shillong and improvement/renovation of MSOA’s conference hall and Shillong Sports Association office.

Thus, out of the budget outlay of ₹ 1.94 crore meant for running and maintenance of ISHs/outdoor stadium for the period 2007-12, ₹ 63.10 lakh (33 *per cent*) only was actually spent for the purpose for which it was sanctioned. Lack of seriousness in maintenance of sports infrastructure resulted in deterioration of many of these infrastructure, as discussed below.

⁵ Ranger Security and Service Organisation, Mawlai Shillong

To ascertain the state of maintenance and upkeep of sports facilities in the State, Audit along with DSYA officials and Project Engineer, SSCM in April-May 2012 inspected 39 sports facilities in the districts.

Out of the 39 inspected, condition, upkeep and maintenance of 26 facilities were found satisfactory. The remaining 13 facilities were found in a dilapidated condition and a majority of them were not in a position to be put to use for the purpose for which they were created. District-wise position is given below:

- Of the three ISHs of SGH District, two were inspected and both of these (100 *per cent*) were found in a dilapidated condition. Similarly, six out of seven ISHs of WKH District were also inspected, of which four (67 *per cent*) were found in a dilapidated condition.
- the only swimming pool in the WKH District was also found in a dilapidated condition.

Thus, there was no scope for use of these facilities by the sports persons of the districts concerned. Some photographs taken for nine sports infrastructures during the inspection of some of the facilities are given below, which would indicate the actual state of affairs:

	<p>Name: Sohryngkham ISH, East Khasi Hills Cost: ₹ 48.88 lakh Year of completion : 2005 Handed over to: Rangbah Shnong, Sohryngkham Village on 15.11.2005 Status: (i) The ISH was being utilised for storage of timbers. (ii) Electric fittings were lying on the floor of the hall. (iii) There was no indication that the Hall was utilised for sporting events.</p>
	<p>Name: Amlarem ISH, Jaintia Hills Cost: ₹ 29.57 lakh Year of completion : 2001 Handed over to: Amlarem Sub-divisional Sports Association on 30.09.09 Status: The main door of the ISH was broken as a result of which it appeared that animals are moving inside the Hall freely as animal dung were found on the floor.</p>

	<p>Name: Ranikor ISH, West Khasi Hills Cost: ₹ 45.73 lakh Year of completion: 2010 Handed over to: Secretary, Border Area Sports Association on 29.9.09 Status: (i) Stagnant rain water leaking from the roof was found on the floor of the ISH. (ii) There was no sign indicating the ISH was being utilised for any sporting events.</p>
	<p>Name: Ranikor Swimming Pool, West Khasi Hills Cost: ₹ 10.82 lakh Year of completion: 1995 Handed over to: Border Area Sports Association, Ranikor on 26.11.1997 Status: (i) No water in the swimming pool. (ii) The facility is lying un-utilised.</p>
	<p>Name: Rangalsora ISH, West Khasi Hills Cost: ₹ 19.56 lakh Year of completion : 1995 Handed over to: Information not available with the SSCM. Status: (i) The facility is in a dilapidated condition (ii) No electric/water connection. (iii) Doors and windows are missing. (iv) Grasses were growing inside the ISH.</p>
	<p>Name: Kynshi ISH, West Khasi Hills Cost: ₹ 19.98 lakh Year of completion: 1998 Handed over to: Information not available with the SSCM. Status: (i) The main entrance door was barricaded for safety reasons as wooden floor of the ISH was decayed. Portions of the CGI roofing are missing. (ii) No electric/water supply connection was available.</p>

	<p>Name: Williamnagar ISH, East Garo Hills</p> <p>Cost: ₹ 62.20 lakh</p> <p>Year of completion: 1997</p> <p>Handed over to: Information not available with the SSCM.</p> <p>Status: (i) Ceiling over the VIP sitting gallery found in a dilapidated condition, could fall down any time</p> <p>(ii) Electric supply was disconnected due to non-payment of arrear electric bill of ₹ 6.08 lakh (February 2012).</p>
	<p>Name: Jowai (Ladthalaboh) ISH, Jaintia Hills</p> <p>Cost: ₹ 45.49 lakh</p> <p>Year of completion: 1992</p> <p>Handed over to: Information not available with the SSCM.</p> <p>Status: (i) VIP Sitting Gallery was found not only unusable but also unsafe as the wooden floor was damaged.</p> <p>(ii) The ceiling over the VIP sitting gallery was in a dilapidated condition.</p>
	<p>Name: Mairang ISH, West Khasi Hills</p> <p>Cost: ₹ 29.57 lakh</p> <p>Year of completion : 2001</p> <p>Handed over to: Information not available with the SSCM.</p> <p>Status: (i) The playing area was found flooded with rain water due to leakage from the roof</p> <p>(ii) No power or water supply available.</p>

The Chief Engineer, SSCM stated, in March 2012, that except for a few facilities⁶ in the State directly maintained by the SSCM, the rest were handed over to sports organisations/clubs/ schools/colleges/Dorbars *etc.* The fact that 13 (33 *per cent*) out of 39 facilities inspected were in a dilapidated state indicated that DSYA's policy of handing over of completed sports facilities to local bodies/ organisations was not entirely satisfactory.

Audit further observed that agreement between the SSCM and the local body/organisation when handing over a facility stipulates that the maintenance of the facility shall be the responsibility of the local body/organisation. The agreement

⁶ JNS complex, Shillong; Tirot Sing ISH, Shillong; Crinoline Swimming Pool, Shillong and four ISHs at Nongpoh, Tura, Baghmara and Williamnagar.

however, does not spell out the action to be taken by the DSYA if the local body/organisation fails to properly maintain the facility.

Recommendations

- **A comprehensive plan for creation of sports infrastructure has to be drawn up for each district and necessary infrastructure has to be created after assessing the extent of utilisation of existing infrastructure.**
- **Projects should be approved only after finalising the site required for construction.**
- **The ongoing projects should be completed in a time bound manner to avoid cost escalation.**

1.2.10 Coaches

Audit Objective 4: Whether the existing coaching arrangement was efficient and effective

Regular and effective coaching plays a very important role in the scientific and overall development of sports persons. As of 31 March 2012, the sanctioned strength (SS) and persons-in-position (PIP) of Coaches and Physical Training Instructors in the DSYA were as under:

Table 1.2.10

	Sanctioned strength	Personnel in position
Senior Coaches	06	06
Junior Coaches	18	18
Physical Training Instructors	07	07
Total	31	31

Source: Record of DSYA and DSOs

The deployment of the coaches and physical training instructors (PTI) as on 31 March 2012 was as under:

Table 1.2.11

	As DSO i/c	Athletics	Basketball	Football	Archery	Badminton	Boxing	Karate	Table Tennis	Others	PTI	Total
DSYA	-	-	02	01	01	01	-	-	-	02	-	07
DSO, EKH	-	-	-	01	-	-	01	01	01	-	01	05
DSO, WKH	01	01	-	-	-	-	-	-	-	-	01	03
DSO, Ri-Bhoi	-	01	-	01	-	-	-	-	-	-	01	03
DSO, Jaintia Hills	-	01	-	-	-	-	-	-	-	-	01	02
DSO, EGH	01	01	-	-	-	-	-	-	-	-	01	03
DSO, WGH	01	01	-	01	-	-	-	01	01	-	01	06
DSO, SGH	-	-	-	01	-	-	-	-	-	-	01	02
Total	03	05	02	05	01	01	01	02	02	02	07	31

Source: Records of DSYA and DSOs

From the above it will be seen that seven coaches (29 per cent) out of a total strength of 24 were posted in the DSYA. Further it was noticed that the lone coach in archery and badminton and available two basketball coaches were also posted with the DSYA.

Since the DSYA is basically an administrative office, the posting of these coaches with the DSYA was not prudent. These coaches should have instead been posted under the DSOs where their services could have been more gainfully utilised.

In November 2010, the DSYA had proposed to the GOM to sanction another 20 posts of junior coaches, seven posts of PTIs and five posts of Physiotherapists which however, was yet to be approved.

In addition to the regular coaches and PTIs, the DSYA also employed five to nine coaches on contractual basis during the period under review except during the year 2008-09. Such coaches were each paid ₹ 5,000 pm. Coaches in the discipline of Archery, Table Tennis, Football, Karate and Wushu were engaged on contractual basis. However, it is observed that the coaches engaged on contractual basis were under the control of SSCM from the period 2009-10 onwards. Reasons for placing the services of the coaches engaged on contractual basis with the SSCM, which is basically an organisation engaged in the construction/maintenance of sports infrastructure in the State, were neither on record nor furnished by DSYA as of July 2012.

1.2.10.1 Utilisation of coaches

It was observed that the DSYA had not prescribed any norm or guidelines with respect to the coaches/instructors under its employment. The coaching activities were entirely left to the discretion of the individual coaches and DSYA was not monitoring their work. DSYA had no information about the coaching activities undertaken by the coaches, number of persons being coached, the training schedule, etc.

DSYA could have adopted similar lines as stipulated in guidelines issued by the Sports Authority of India (SAI) to all States/Union Territories (UT) in February 1998, in order to utilise the services of SAI coaches for coaching work to the maximum extent such as

- **Drawing up Sports Calendar:** Every State/UT was to draw up a calendar for coaching and competition programmes in the month of April every year which was to be circulated to the sports clubs, educational institutes etc. and to the coaches well in advance.
- **Preparation of Coaching Plan:** Each coach was to prepare a coaching plan for the year with reference to the Sports Calendar and submit a monthly report about work done in each week.
- **Setting up of Targets:** While preparing the coaching plan each coach was required to indicate the targets to be achieved by the trainees during the sports

season of the current year which should be submitted in March-April after conclusion of sports season.

- **Conducting surprise check:** To ensure that the coaches do their work regularly, surprise checks were to be carried out by senior officers.
- **Meeting with coaches:** Hold meetings with coaches once every three months, to acquaint with their problems and to make coaches work effectively by sorting them out promptly.

During exit conference, the DSYA agreed to consider the guidelines in this regard.

1.2.10.2 Training of coaches

In order to upgrade coaching skills, it is necessary that Coaches and PTIs attend training programmes at regular intervals organised by the SAI, individual sports bodies, College of Physical Education (Gwalior), Netaji Subhash National Institutes of Sports (Patiala, Bangalore and Thiruvananthapuram), *etc.*

It was noticed that in the five-year period 2007-12, 12 out of the 24 Coaches of the DSYA were deputed to attend a 'Coach Development Programme' at the Netaji Subhash National Institute of Sports at Patiala, Bangalore and Thiruvananthapuram only once in February 2012. None of the seven PTIs of the DSYA had attended any training programme during 2007-08 to 2011-12. Thus, opportunities for upgrading the knowledge and skill of coaches were not provided to 12 coaches and all the seven PTIs during the period under review.

During exit conference, the DSYA stated that the senior coaches were reluctant to attend coaches' training. This indicated the casual approach of the DSYA for upgrading the knowledge and skill of the coaches through proper training.

1.2.10.3 Scientific backup to sportspersons in the State

The significance of scientific back up to sports stands well established as it substantially contributes to promoting the health and competition spirit of sports persons. Accordingly, the National Sports Policy (2001) of the GOI emphasises the need to provide scientific and technical support to sports coaching by associating experts in nutrition, psychology, medicine, pharmacology, biomedicine and anthropometrics as well as other branches of sports science.

The DSYA was yet to implement this aspect of the National Sports Policy.

Recommendation

Requisite number of coaches should be provided in all discipline to give effective coaching. The knowledge of coaches should be enhanced through scientific and updated training.

1.2.11 Monitoring mechanisms

To ensure transparency, accountability, proper and effective monitoring of infrastructure development, the SYAD in August 2009 constituted a monitoring committee comprising of six members under the chairmanship of Director, DSYA. As per terms of reference, the monitoring committee was to carry out physical inspection/verification of sports infrastructure throughout the State based on sanctions issued; furnish progress report (physical and financial) at quarterly intervals to the Administrative Department, see that the implementations of schemes are progressing as per the original time-schedule, meet at quarterly intervals or more frequently as required and report to the Principal Secretary/Commissioner and Secretary/Secretary of the Administrative Department.

It was noticed that the committee had neither inspected/verified any of the construction works executed by the SSCM nor the progress of the projects monitored. Besides, the committee which should have met at least 10 times since its formation had met only four times. As evident from the minutes of those meetings, the committee could not carry out its assigned duties due to failure of the SSCM to provide information relating to proper and correct list of all the schemes (both completed and on-going) being undertaken by them and the details information of handing and taking over of completed infrastructures. As a result, the committee could not submit even a single report to the Administrative Department till date. Thus, all projects/schemes (whether completed/on-going), undertaken by the SSCM were not monitored by any agency.

As per clause 10 (a) of the Articles of Association of the SSCM, “the Council shall meet at least four times a year to take up matters concerning the progress and activities of various schemes/ projects entrusted with the Council”. But the Council did not meet even once during 2007-12. Consequently, the members of the Council did not get any opportunity to monitor the schemes being implemented by the SSCM. Further, SSCM has no system of reporting its activities including physical and financial performance achieved under various schemes. As such, there was no scope to have a comprehensive view of the programmes/schemes implemented by SSCM.

1.2.12 Conclusion

Government’s outlay on sports and youth affairs was paltry. Even after 40 years, the SYAD, responsible for development of sports in the State, did not have a sports policy and any long term plan for the development of sports. Consequently, sports related activities and creation of sports infrastructure undertaken by the DSYA were bereft of the benefit of a medium or long term plan. Sports infrastructure like outdoor stadia, swimming pools and indoor stadia, crucial to sports development, were lacking in districts. While SSCM was unable to spend budget outlay meant for maintenance of ISHs/outdoor stadium, abnormal delays were noticed in both taking up and completing many works. Lack of seriousness in maintenance of sports infrastructure resulted in deterioration of many of these infrastructure. 13 sports facilities like

outdoor stadium, sports complex, playfield, *etc.* were yet to come up after seven-eight years of release of funds by GOI. Further, the sports persons of the State lack a scientific back up. Performance of coaches was not evaluated by the SSCM. As a consequence of all these shortcomings, Meghalaya fared poorly – on the national stream it stood 25th in the last National Games held in 2011. Even in the last North East Games held in 2012, Meghalaya ranked last but one. Against this dismal scenario, the State has contributed some sports persons who represented the country, some of whom even won medals, indicating that the State does not lack sporting talent – only the proper sports facilities and State support to nurture and encourage this talent was lacking.

The matter was reported to the Sports and Youth Affairs Department in August 2012; reply had not been received (March 2013).

HOUSING DEPARTMENT

1.3 Embezzlement of Government money

Meghalaya Value Added Tax totalling ₹ 34.36 lakh, deducted by the Directorate of Housing from the suppliers' bills, was embezzled by faking the documents showing that the amount was deposited into Government account.

Rule 317(1) of the Meghalaya Treasury Rules, 1985 stipulates that any person depositing money into a bank on Government account shall do so with a challan in duplicate both duly en faced by the Treasury Officer and with an order to the bank to receive the money. The bank will grant an acknowledgement of the payment to the payer on the original challan and retain the duplicate copy to be forwarded to the treasury along with the daily account.

Scrutiny of the records (September 2010) of the Directorate of Housing (Directorate), revealed that it deducted Meghalaya Value Added Tax (MVAT) totalling ₹ 34.36 lakh from the bills of three suppliers and as per entries in the Directorate's cash book, this amount was shown as deposited with the State Bank of India, Laitumkhrah Branch, Shillong (the SBI) in Government account between 09 June 2009 and 05 February 2010 through 19 challans. In support of these deposits, the Directorate had on records the original copies of the 19 challans, which showing that they have duly en faced by the TO and stamped by the bank acknowledging receipt of the money. The Directorate also furnished (September 2011) information listing the challan number, amount, cheque number, *etc.* relating to MVAT deposited by it in the Government account.

During the cross verification by Audit of the 19 challans showing that money was deposited in the Government account, the treasury confirmed (November 2010 and February 2012) that although the 19 challans were presented to the treasury for enfacement between 09 June 2009 and 05 February 2010, the amount of ₹ 34.36 lakh was not deposited in the Government account through the designated bank. *Further, the SBI also certified (October 2011, March 2012 and August 2012) that the sum of ₹ 34.36 lakh claimed to have been deposited through 19 challans was never deposited with it and that the bank's stamp of 'receipt acknowledgement' embossed on the 19 challans was not the original stamp of the bank and there was no signature of their staff/officers in the challans.*

Audit carried out further cross-verification of the information furnished by the Directorate with Bank Statement of Vijaya Bank, Laitumkhrah Branch Shillong and records/information provided by Treasury Officer and found that information furnished by the Directorate was false and cheque through which the amount was stated to have been deposited against particular challan was used for different purpose and on different dates as brought out in **Annexure**.

Thus, ₹ 34.36 lakh deducted as MVAT from suppliers' bills and shown as deposited into the Government account was obviously siphoned off by counterfeiting the bank's stamp.

After the issue was brought to the notice (October 2010 and March 2012), the Directorate contesting (June 2012) the audit contention asserted that there was no truth in the allegation that the said amount had been misappropriated. It also disputed the amount pointed out by the Audit and stated that an amount of ₹ 5.74 lakh and ₹ 1.51 lakh were reckoned twice in arriving at the figure of ₹ 34.36 lakh and hence the correct figure was ₹ 27.11 lakh. It further enclosed documentary proof of having deposited ₹ 20.82 lakh as MVAT into the Government account.

The documentary proof provided by the Directorate in support of its claim that ₹20.82 lakh had been deposited in Government account was a communication from Vijaya Bank, Shillong intimating that ₹20.82 lakh had been paid into Government account vide Cheque No. 823594 dated 13 April 2012 and payment was made on 16 April 2012. Thus, it is evident that the 19 original challans, on the record of the Directorate, each enfaced and passed for payment by the treasury and embossed with the bank's 'receipt acknowledgement' stamp showing that the amount has been deposited by the Directorate into Government account were fake documents created with criminal intention to embezzle the Government money.

Further, the Directorate's contention that the amounts of ₹ 5.74 lakh and ₹ 1.51 lakh were reckoned twice by Audit was also incorrect. Out of the 19 challans in question, there were two challans for ₹ 5.74 lakh each and another two challans for ₹ 1.51 lakh each and all these four challans were of different dates.

The Housing Department stated (October 2012) that the Finance Department had set up a special audit to enquire into the alleged misappropriation.

The matter was also brought to the notice (November 2012) of the Chief Secretary to Government of Meghalaya and State Vigilance Commissioner. In response, the Additional Chief Secretary to the Government of Meghalaya, Finance Department stated (February 2013) that as per the Special Audit conducted to enquire the alleged misappropriation, the VAT amount of ₹ 27.11 lakh was deposited (including ₹ 20.82 lakh deposited in April 2012) and that there was a *prima facie* case of misappropriation of Government money and had advised the Housing Department to launch criminal proceedings/investigation.

The matter being of serious nature, the State Government should immediately order for full scale criminal investigation before the persons responsible for the embezzlement could destroy the evidences. The prevalent system of recording cash transaction carried out by the Directorate gives scope for manipulation, which could provide opportunity for embezzlement as in the present case. Government of Meghalaya should devise a proper system that would ensure that each cash transaction carried out by the departments including amount withdrawn from the bank and amount deposited into bank are also transparently recorded so that trail of the money is traced.

ANNEXURE

Details of 19 fake challans showing deposit of Meghalaya Value Added Tax (MVAT) into Government Account

A. Position of VAT shown to have been deposited by Cheque

Sl. No.	MVAT stated to have been deposited through cheques			Result of cross verification with reference to Bank Statement of Vijaya Bank
	Challan Number/ Date	Amount (₹)	Cheque Number	
1.	17683/ 09 June 2009	5,73,678	593358	The amount of ₹ 573678 was withdrawn by the Director of Housing on 12 February 2009. Cheque number and amount are same as at serial 3 below
2.	25802/ 09 June 2009	1,50,535	328680	The amount of ₹ 1,50,535 was withdrawn by the Director of Housing on 24 June 2009. Cheque number and amount are same as at serial 5 below
3.	57780 ⁷ / 15 December 2009	5,73,678	593358	The amount of ₹ 573678 was withdrawn by the Director of Housing on 12 February 2009. Cheque number and amount are same as at serial 1 above.
4.	57982/ 15 December 2009	2,80,140	593356	₹ 2,80,140 was withdrawn by the Director of Housing on 04 February 2009.
5.	57985/ 15 December 2009	1,50,535	328680	The amount of ₹ 1,50,535 was withdrawn by the Director of Housing on 24 June 2009. Cheque number and amount are same as at serial 2 above.
6.	57986/ 15 December 2009	6,29,410	593352	₹ 6,29,410 was withdrawn by the Director of Housing on 30 May 2009.
7.	64291/ 19 January 2010	2,18,943	710224	₹ 2,29,743 was withdrawn by the Director of Housing on 31 March 2008.
8.	64293/ 19 January 2010	73,059	21780	Cheque No. 21780 was used to deposit Sales Tax of ₹ 41,229 on 21 April 2011
9.	67999/ 05 February 2010	1,94,706	21761	Cheque No. 21761 was used to deposit MVAT of ₹ 11,686 on 20 December 2010
	Total	28,44,684		

Source: Information furnished by the Director of Housing and, Bank Pass Book

B. Position of VAT shown to have been deposited by Cash

Sl No	MVAT stated to have been deposited by cash			Remarks of the Treasury Officer, furnished in February 2012	Remarks of SBI as furnished in October 2011
	Challan Number	Purported date of deposit	Amount (₹)		
1.	57981	15 December 2009	16,572	The amounts were not deposited into Government account	Cash not deposited
2.	57984	15 December 2009	84,460		
3.	64294	19 January 2010	80,283		
4.	64295	19 January 2010	57,880		
5.	64297	19 January 2010	332		
6.	64298	19 January 2010	83,771		
7.	64299	19 January 2010	23,996		
8.	64301	19 January 2010	1,94,363		
9.	64302	19 January 2010	20,762		
10.	68000	05 February 2010	28,497		
	Total		5,90,916		

Source: Information furnished by the Shillong District Treasury and Bank

⁷ As per the concerned Challan the number is '57980'.

1.4 Unproductive expenditure on continued functioning of defunct State Housing Board

Failure to close down the Meghalaya State Housing Board even nine years after a direction from the Department to come up with a proposal to this effect resulted in an avoidable expenditure of ₹ 6.02 crore.

The Meghalaya State Housing Board (Board) was established in January 1986 with the objective of facilitating the construction of housing accommodation in the State. Test check of records (February 2012) of the Directorate of Housing (Directorate) revealed that the Board during 1988-89 to 2000-01, borrowed ₹ 36.56 crore from financial institutions⁸ (FIs) out of which it disbursed ₹ 14.43 crore between 1988-89 and 1999-2000 as housing loans to individual borrowers. The Board utilised the balance ₹ 22.13 crore to repay a part of the loans taken and to meet its expenses. As the Board’s loan recovery was poor, the Housing Department in May 2000 directed the Board to stop sanctioning fresh housing loans and to trim its administrative expenditure. In April 2003, the Department further directed the Directorate to come up with a Voluntary Retirement Scheme/proposal for closure of the Board.

Audit scrutiny revealed that the finances of the Board during 2007-08 to 2011-12 were as under:

Table 1.4.1

(₹ in lakh)

Year	Administrative expenditure (including expenditure on Pay and Allowances)	Principal/Interest/Penal Interest recovered
2007-08	83.65	18.02
2008-09	86.16	9.17
2009-10	129.77	76.87
2010-11	157.97	96.27
2011-12*	144.33	84.31
Total	601.88	284.64

Source: Meghalaya State Housing Board: * up to February 2012

From the above table, it can be seen that the Board’s administrative expenses increased by 73 per cent over the five-year period 2007-12; contrary to the direction of the Department’s to trim expenses.

Audit scrutiny further revealed that:

- against the loan of ₹ 36.56 crore availed from FIs, the Board between 1988-89 and 2005-06 partially repaid ₹ 31.03 crore (Principal: ₹ 11.02 crore; Interest: ₹ 20.01 crore) and the State Government, as guarantor of the loan, paid ₹ 45.70 crore to FIs between October 2006 and June 2009 as full and final settlement of the outstanding loans taken by the Board;
- during 2007-08 to 2011-12 the Board spent a total of ₹ 6.02 crore on administrative expenses (including pay and allowances) as against which it

⁸ (i) LIC/GIC - ₹ 1.94 crore, (ii) SBI (HF) - ₹ 0.60 crore, and (iii) HUDCO - ₹ 34.02 crore.

was able to recover only ₹ 2.85 crore from borrowers as principal/interest/penal interest.

- the Board without the Department’s approval irregularly utilised the entire amount of ₹ 2.85 crore repaid⁹ by the borrowers during 2007-2012 to meet the expenses on pay and allowances of its staff in addition to ₹ 46 lakh given grants-in-aid to the Board for meeting administrative expenses during the period.

Thus, the failure of the Department to take a final decision on the closure of the Board even after nine years of identifying the problem in April 2003, led to an avoidable expenditure of ₹ 6.02 crore spent during 2007-12 on administrative expenses of the Board, which had ceased its lending operations since May 2000. The continued existence of the Board would only further burden the public exchequer.

The matter was reported to the Principal Secretary to the Government of Meghalaya, Housing Department in November 2012; reply was awaited (March 2013).

HEALTH AND FAMILY WELFARE DEPARTMENT

1.5 Excess payment to contractors

Deficiency of internal control and oversight mechanism in the Health Engineering Wing led to an excess payment of ₹ 34.29 lakh to one contractor and a double payment of ₹ 5.45 lakh to another.

1.5.1 Excess payment to a contractor

The Executive Engineer (EE), Health Engineering Wing (HEW) of the Directorate of Health Services in November 2005 awarded the work of ‘construction of a 100 bedded hospital building’ at Nongstoin to the lowest bidder Woskingland Marbaniang (Contractor ‘A’) at his tendered value of ₹ 2.27 crore. The work which was to be completed by November 2007 was actually completed in March 2009 at a cost of ₹ 2.48 crore.

Scrutiny of records of the EE, HEW in December 2011 revealed that part payments were periodically made to Contractor ‘A’ on the basis of actual work done and measured instead of through Running Account (RA) bills which otherwise, is the prescribed mode of payment under the Meghalaya Financial Rules, 1981. Contractor ‘A’ acknowledged these payments through hand receipts¹⁰ and these amounts were

⁹ 2007-08: ₹18.02 lakh, 2008-09: ₹ 9.17 lakh, 2009-10: ₹ 76.87 lakh, 2010-11: ₹ 96.27 lakh, 2011-12 (up to February 2012): ₹ 84.31 lakh

¹⁰ A hand receipt is a simple form of a voucher intended to be used for which a Running Account Bill is not suitable (Rule 315 of Meghalaya Financial Rules, 1981).

later adjusted from payments made to him against RA bills prepared by the EE, HEW subsequently.

For the work carried out, Contractor 'A' was actually paid ₹ 2.61 crore¹¹ between December 2005 and December 2009 resulting in an excess payment of ₹ 34.29 lakh. This was due to omission/lapse of the EE, HEW

- to adjust ₹ 14 lakh and ₹ 20 lakh paid to Contractor 'A' through a hand receipt in March 2007 and June 2009 respectively from the amount paid to the contractor in the subsequent RA bills and Final bill.
- while making payment to Contractor 'A' against the 5th RA bill, ₹ 85.78 lakh was deducted for "work done and paid up to the 4th RA bill" instead of the amount of ₹ 86.07 lakh paid upto 4th RA bill resulting in excess payment of ₹ 0.29 lakh.

The EE, HEW stated (November 2011) that due to paucity of funds, part payments were made to the contractor through hand receipts. The action was, however, contrary to the mode of payment prescribed under MFR, 1981.

1.5.2 Double payment to a contractor

The EE, HEW awarded the work of 'Construction of one staff quarter' at the Hospital Complex at Khliehriat in September 2007 to Leborlang Lyngdoh (Contractor 'B'), at his tendered rate of ₹ 5.45 lakh.

Scrutiny of records of the EE, HEW in December 2011 revealed that Contractor 'B' was paid a total of ₹ 5.45 lakh through two bills in September 2008 (1st RA Bill) and June 2009 (Final RA Bill). Scrutiny of records in audit revealed that notwithstanding the said payment, the HEW in December 2009 again paid ₹ 5.45 lakh to Contractor 'B' in March 2010 based on 1st and Final RA bill amounting to double payment for the same work.

On the above being pointed out (December 2011), the EE, HEW stated (May 2012) that Contractor 'B' agreed to refund the money in instalments.

Thus, deficiency of the internal control and oversight mechanisms in the HEW led to the excess payment of ₹ 34.29 lakh to one contractor and a double payment of ₹ 5.45 lakh to another.

The matter was reported to the Commissioner and Secretary to the Government of Meghalaya, Health and Family Welfare Department in June 2012; reply had not been received (March 2013).

¹¹ One advance payment (₹ 13.17 lakh), 11 hand receipts (₹ 109.45 lakh) and 10 RA bills (₹ 138.77 lakh)

PUBLIC HEALTH ENGINEERING DEPARTMENT

1.6 Avoidable expenditure due to non-closure of magazines

Failure to close down two magazines resulted in an avoidable expenditure of ₹ 1.07 crore on safeguarding a cache of expired explosives.

The Executive Engineer (EE), Greater Shillong Water Supply Division-II, Mawphlang of the Public Health Engineering Department (PHED) obtained two licences from the Deputy Chief Controller of Explosives (DCCE), Guwahati in May 1996 and January 1997 to operate magazines (buildings or structures specially constructed for storage of explosives) at Kyrdemkulai and Mawphlang for storing explosives required for construction of a dam and other allied works. For providing round the clock security of the magazines as specified under Rule 123(1) of the Explosive Rules, 1983, the EE employed five and seven Home Guards for Kyrdemkulai magazine and Mawphlang magazine respectively. In addition from April 2006, one muster roll worker was also engaged for each magazine.

During the scrutiny of the records (November 2011) of EE, Greater Shillong Water Supply Division-II, Mawphlang it was observed that in April 2004 and again in May 2004, the EE, under intimation to the Chief Engineer (CE) of the PHED, sought the DCCE's permission to close the two magazines as the construction of the dam and related works had since been completed. The matter was never followed up with the DCCE after May 2004 as a result the magazines were yet to be closed down. Meantime, ₹ 1.07 crore was incurred on their upkeep from April 2004 to March 2012, as detailed below:

Table 1.6.1

Sl. No.	Particulars of expenditure	Period of expenditure	Amount (₹ in lakh)
1.	Salaries of Home Guards	April 2004 to March 2012	98.00
2.	Wages of muster roll workers	April 2006 to September 2011	4.32
3.	Repair and maintenance of magazines	March 2009 to September 2011	4.65
Total			106.97

Source: Information furnished by the EE

Audit further observed that the stock of explosives at the two magazines were manufactured between December 1997 and January 2002 and all these explosives were beyond their expiry date as ascertained from the EE, PWD (Roads), Shillong South Division and websites of companies¹² dealing in these products as detailed below:

¹² (i) M/s Indian Explosives Ltd., Kolkata; (ii) M/s Premier Explosives Ltd., Secunderabad; (iii) M/s Gulf Oil Corporation Ltd., Hyderabad; and (iv) M/s Orica Mining Services, Norway.

Table 1.6.2

Details of magazines	Description of explosives in stock	Quantity	Month of manufacture	Shelf life	
				As per the website of companies	As per EE, PWD (Roads), Shillong South Division
Kyrdemkulai Magazine	Powergel	1325 Kg	April 1998	6 months	6 months
	Dynez	1500 Kg	July 2001 and September 2001	6 months	-
Mawphlang Magazine	Powergel	177.25 Kg	April 1998	6 months	6 months
	Dynez	12.375 Kg	June 2000	6 months	-
	Superdyne	728 Kg	January 2002	6 months	-
	Detonators	4036 Nos	December 1997 - October 2001	24 months	1 year

During a physical verification conducted on 25 April 2012 jointly by Audit and officers of the Division, it was found that the magazines had still not been closed down and the inventory of explosives, except for electrical detonators, was in deteriorated condition.



Thus, apathy on the part of the CE, PHED and the EE to effectively follow up with the DCCE to close the two magazines more than eight years after they were no longer required, resulted in the PHED incurring in an avoidable expenditure of ₹ 1.07 crore to store and safeguard a cache of expired explosives.

In January 2012 the EE informed Audit that the advice of the CE, PHED had been sought on this matter in October 2011.

The matter was reported to the Principal Secretary to the Government of Meghalaya, PHED in May 2012; reply was awaited (March 2013).

CHAPTER-II

GENERAL SECTOR

CHAPTER II : GENERAL SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2012 deals with the findings on audit of the State Government units under General Sector¹.

The names of the major State Government departments and the net budget provisions and expenditure of the State Government under General Sector during the year 2011-12 are given in the table below:

Table 2.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget provision (Original and Supplementary)	Expenditure
1.	Assembly Secretariat	46.17	45.02
2.	Personnel Department	6.97	5.60
3.	Chief Minister's Secretariat and Secretariat Administration	99.21	82.23
4.	Law	13.16	9.36
5.	Election	12.69	11.60
6.	Finance	568.34	700.71
7.	Personnel, including Passport Political and Chief Minister's Secretariat	20.22	22.04
8.	Home (Police)/(Jail)	440.17	430.66
9.	Printing & Stationery	19.90	19.21
10.	General Administration	21.14	19.49
11.	District Council Affairs	251.90	178.41
12.	Planning	209.93	206.47
13.	Public Relation	17.31	15.99
	Total	1727.11	1746.79

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

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 programmes of the Central Government are detailed below:

Table 2.1.2

(₹ in crore)

Name of the Department	Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Planning	Economic Census	Deputy Commissioners, East Khasi Hills and West Garo Hills	15.50
Home (Police)	Directorate of Forensic Science CFSLS and GEsQD	Meghalaya Police Information Technology Society	0.49
	Crime and Criminal Tracking Network and system		0.74

Source: Central Plan Scheme Monitoring System of CGA website

¹ Categorized considering the activities of the departments concerned.

2.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. The audits were conducted during 2011-12 involving expenditure of ₹ 379.09 crore (including expenditure pertaining to previous years audited during the year) of the State Government under General Sector. The report contains four Transaction Audit Paragraphs.

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 Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

The major observations under General Sector detected in audit during the year 2011-12 are given below.

MEGHALAYA LEGISLATIVE ASSEMBLY

2.2 Excess expenditure due to award of work in gross violation of codal provisions

The Meghalaya Legislative Assembly Secretariat incurred excess expenditure of ₹ 1.76 crore due to execution of painting works flouting the provisions of Financial Rules. Besides, excess payment of ₹ 14.35 lakh was made to the Contractor due to admission of erroneous claim.

The Meghalaya Financial Rules (MFR) prescribes that for every work, other than petty works, initiated by or required by any department, it is necessary to obtain administrative approval before undertaking the work. It also provides that the departments concerned are required to follow the schedule of standard cost laid down by the PWD. When the work is to be done by a contractor sealed tenders should be invited and a deed of contract should be executed and payments for works done by a contractor should only be made on the basis of measurements recorded in the measurement book

A mention was made in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2009 (Civil and Commercial) (Government of Meghalaya) that the Meghalaya Legislative Assembly Secretariat (the Assembly Secretariat) allotted works regarding painting of four building belonging to the Assembly Secretariat without observing any provision of the MFR and also without ascertaining the competitive rates to safeguard the financial interest of the State resulted in excess expenditure. In the *suo motu* Action Taken Note the Assembly Secretariat stated (June 2010) that *‘However, in view of what has appeared in the CAG Report the office will be more particular in future. In fact, the Assembly Secretariat has now engaged M/s Meghalaya Government Construction Corporation Ltd., (M/s MGCC) to follow the normal procedure like preparing estimates, scrutinise bills submitted by Contractors/Suppliers for all works, repairs and supplies relating to the Assembly Secretariat’.*

The accounts and related records of the Assembly Secretariat for the period September 2008 to November 2011 were audited in November/December 2011. It was noticed that the Assembly Secretariat made final payments to contractors in respect of five works during this period. It was observed that all the five works were arbitrarily awarded by the Assembly Secretariat to the contractors without inviting tenders; no detailed estimates were prepared nor ‘administrative sanction’ obtained; the work orders to the contractors did not indicate the quantity of work to be done, the rate and estimated value of the work to be done; scheduled date of commencement and completion; etc.; Further, the payments were made to the contractors without the Assembly Secretariat even once verifying or measuring the work carried out by them. Apart from violation of codal provisions excess payment to the contractors due to

payment at higher rates and passing of incorrect bill that were noticed in audit are discussed below:

2.2.1 Excess expenditure due to payment at higher rates

The quantity of painting work executed and the rates paid by the Assembly Secretariat for three works are given in **Table 2.2.1** below.

Table 2.2.1

Name of the contractor	Description of work	Date of award Date of payment	Quantum of painting work executed (in sq ft)	Rate at which paid (₹ per sq ft)	Amount paid to contractor (₹ in lakh)	Amount payable @ ₹ 11.06 per sq ft. (PWD highest rate)	Difference (₹ in lakh)
M/s G.M. Enterprise	Painting of walls of Speaker's residence at Laitumkhrach (inside and outside)	December 2007 December 2008 - October 2009	19,075	185	35.29	2.11	33.18
M/s G.M. Enterprise	(i) Painting of walls of Assembly Secretariat (inside and outside)	January 2008 December 2008. February 2009 and November 2009	55,746	200	111.49	6.17	105.32
	(ii) Painting of grills inside MLA Hostel		1,231	250	3.08	0.13	2.95
M/s Banalari Khongwar	Painting inside and outside of Grade-IV quarters	January 2008 January 2009	12,000	300	36.00	1.33	34.67
Total							176.12

From the above table it could be seen that the rates paid by the Assembly Secretariat for painting ranged from ₹ 185 to ₹ 300 per sq.ft. whereas as per the schedule of rates (SOR) 2007-08 (year in which the three said works were awarded) of the State Public Works Department (PWD), the highest rate for painting was ₹ 11.06 per sq.ft. Computed with reference to this rate, the Assembly Secretariat incurred an extra expenditure of ₹ 1.76 crore:

2.2.2 Excess payment on an incorrect bill

The contractor (M/s N.R. Enterprise) was awarded (July 2007) work of 'Repairing the roof of a quarter'. Audit observed that based on the contractor's final bill submitted (August 2007) for ₹ 16.60 lakh along with a statement of expenditure showing the items and quantity of work executed and amount claimed by him, payment for ₹ 16.60 lakh was made to the contractor by the Assembly Secretariat. Details of quantity of work executed, rate and amount claimed by the contractor for different items of works executed by him is as reproduced below:

Table 2.2.2

Sl. No.	Item of work executed	Quantity executed (in sq m)	Rate (in ₹)	Amount claimed and paid (in ₹)	Actual amount admissible at the rate
1.	Cost of 4 mm CGI sheets (TATA make), fixing with nuts, washers, screws, etc.	200	520	93,600	1,04,000
2.	Providing dressed wood/rebated wood of sizes 2" X 3" and 3" X 4"	130	520	19,500	67,600
3.	Cost of construction, fitting, labour and carrying charges, loading/unloading of materials, etc.	-	-	52,900	52,900
Total amount claimed				16,60,000	2,24,500

A perusal of the above table, indicates that there were calculation mistakes (shaded in red) while arriving at the amount payable. The correct amount admissible works out to ₹ 2.25 lakh instead of ₹ 16.60 lakh claimed by the contractor and paid to him, resulting in an excess payment of ₹ 14.35 lakh.

Audit observed that the Hostel Superintendent, Assembly Secretariat vaguely noted on file that the *“the contractor it seems has billed confusingly”* and the Deputy Secretary, Assembly Secretariat while submitting the file to the Secretary, Assembly Secretariat noted that the bill was submitted by the contractor *“confusingly”* and *“therefore the bill cannot be passed”*. Despite these observations, the Secretary, Assembly Secretariat approved the payment of ₹ 16.60 lakh to the contractor.

While admitting the facts, the Secretary, Assembly Secretariat stated (September 2012) that the Works and Accounts wings of the Assembly Secretariat had been strengthened to avoid recurrence of such irregularities and the firm M/s N.R. Enterprise had agreed to refund the excess payment of ₹ 14.35 lakh in three instalments and the first instalment of which (₹ five lakh) had since been refunded in September 2012.

Audit strongly feels that as in the case of all other government departments/agencies which do not have their own in-house engineering wing, the Assembly Secretariat should invariably get all works executed through the State PWD or other Public Sector Agencies viz., Meghalaya Government Construction Corporation Ltd., National Buildings Construction Corporation Ltd., etc.

2.3 Irregularities in purchase of carpets

Purchase of carpets at exorbitant rates in violation of prescribed norms and failure to ascertain the reasonableness of rates offered by the suppliers resulted in extra expenditure of ₹ 32.24 lakh. Besides, excess payment of ₹ 13.60 lakh was made to the suppliers.

Rule 8(1) of the Meghalaya Preferential Stores Purchase (MPSP) Rules, 1990 stipulates that “*open tenders/quotations are to be invited for purchase of any item of stores*”. Further, for making payment to any person for sale or supply, Section 106 of the Meghalaya Value Added Tax (MVAT) Act, 2003 (as amended in 2005) stipulates that the person making payment on behalf of a public authority for any sale or supply, is required to deduct VAT at source while making such payment.

Scrutiny (November-December 2011) of records of the Secretary, Meghalaya Legislative Assembly Secretariat (Assembly Secretariat) revealed the following irregularities:

2.3.1 Carpets purchased at exorbitant rates resulting in extra expenditure

The Assembly Secretariat invited (April 2009) tenders to purchase (brand and quality of carpet to be supplied was not specified) of approximately 1,715 square metre of carpet for the old Assembly Secretariat office building. Three firms, all offering to supply *Unitex* brand carpet of *Sonata* quality, responded. The rate of ₹ 2,200 per square metre quoted by a Shillong-based firm M/s Hanumanbux Umadutt was the lowest. In January 2010, however, the Assembly Secretariat issued the supply order to supply *Unitex* (*Sonata*) carpet to a Balat-based firm M/s P.B. Construction (Supplier ‘A’) who had not even participated in the bidding process. Further, the supply order did not mention the floor area and rate at which the carpet to be supplied. Supplier ‘A’ in May 2010 billed the Assembly Secretariat for 1714.69 square metre of *Unitex* (*Sonata*) carpet at ₹ 2,200 per square metre (including fitting, fixing and VAT).

Again, the Assembly Secretariat invited (June 2011) tenders to purchase carpet (brand and quality of carpet to be supplied was not specified) of approximately 855.50 square metre for the new Assembly Secretariat office building. Three firms, all offering to supply *Jutex* brand carpet of *Melody* quality, responded. Again, the rate of ₹ 1,850 per square metre offered by M/s Hanumanbux Umadutt was the lowest. The Assembly Secretariat, however, in the same month issued the supply order to Smti. Pelcy Snaitang of Balat (Supplier ‘B’), who had not even participated in the bidding process, to supply *Jutex* carpet (quality was not mentioned) at the rate of ₹ 1,850 per square metre (including fitting, fixing and VAT).

Audit noticed that:

- The requirement of Rule 8(1) of the MPSP Rules, 1990 was violated as on both occasions the notice inviting tenders for supply of carpets was only

posted on the Assembly Secretariat notice board and hence not adequately publicised.

- The Assembly Secretariat did not make any attempt to compare the rates offered by the suppliers in response to tenders with the manufacturer's rates or prevalent market rates to safeguard the public interest especially in view of the fact that the rates (₹ 2,200 and ₹ 1,850 per square metre) offered by the suppliers in April 2009 and June 2011 were three to four times higher than the rates (₹ 612 and ₹ 689 per square metre) at which carpets were purchased by the Assembly Secretariat in January 2009 and March 2010 respectively.

To ascertain the reasonableness of the rates of 'Unitex (Sonata)' and 'Jutex' carpets procured by the Assembly Secretariat in April 2009 and June 2011, Audit in June 2012 obtained the maximum retail price from the manufacturer/the local firm. While the rates quoted by the manufacturer for Unitex-Sonata carpet was ₹ 656 per square metre (excluding 10 per cent fitting and fixing charges and 13.5 per cent VAT on total cost inclusive of fitting and fixing charges), the rate obtained from the local firm for Jutex carpet was ₹ 850 per square metre (all inclusive). The rates at which these were purchased by the Assembly Secretariat (Unitex-Sonata carpet: ₹ 2,200 per square metre; Jutex carpet: ₹ 1,850 per square metre) were two and three times higher, as a result of which an extra expenditure of ₹ 32.24 lakh was incurred as below:

Table 2.3.1

Name of supplier	Brand of carpet	Quantity supplied (sq m)	Rate (₹ / sq m)	Amount due (₹ in lakh)	Market rate (₹ / sq m)	Cost of carpet at market rate (₹ in lakh)	Extra expenditure (₹ in lakh)
M/s. P.B. Construction	Unitex (Sonata)	1714.69	2,200	37.72	819.02	14.04	23.68
Smti. Peley Snaitang	Jutex	855.50	1,850	15.83	850.00	7.27	8.56
Total							32.24

Source: Payment vouchers, rates obtained from manufacturer and a local firm.

2.3.2 Excess payment to the suppliers and non-deduction of VAT at source

Section 106 of the MVAT Act, stipulates that the person making payments on behalf of a public authority for any sale or supply, is required to deduct VAT at the applicable rate at source while making such payment. The orders placed by the Assembly Secretariat with both Supplier 'A' and 'B' for supply of Unitex (Sonata) carpet and Jutex carpet at ₹ 2,200 and ₹ 1,850 per square metre respectively clearly specified that these rates were inclusive of VAT, therefore, it was incumbent on the Assembly Secretariat to deduct VAT at the applicable rate of 13.50 per cent, from the payments to be made by them.

Audit noticed that the Hon'ble Speaker's approval was obtained (September 2011) to make payments to the two suppliers after deducting the VAT as applicable in each case. Accordingly, the Secretary, Assembly Secretariat on 07 September 2011 issued orders to pay ₹ 32.63 lakh and ₹ 13.69 lakh to Supplier 'A' and 'B' respectively.

However, the Secretary, Assembly Secretariat on 14 September 2011 and 15 November 2011 issued fresh orders superseding the earlier orders and authorised the payment of ₹ 42.82 lakh to Supplier 'A' and ₹ 17.96 lakh to Supplier 'B'. Reasons for issue of fresh orders enhancing the amount payable were not on record. Thus, not only VAT was not deducted but oddly, an extra 13.50 *per cent* was added to the two suppliers' bills and paid to them, resulting in excess payment of ₹ 13.60 lakh as detailed below:

Table 2.3.2

(₹ in lakh)

Name of the Supplier	Gross amount payable (inclusive of VAT @ 13.5%)	Amount of VAT to be deducted	Net amount payable	Amount actually paid (paid in)	Excess payment
M/s P.B. Construction	37.72 (@ ₹ 2,200 per sq m for 1714.69 sq m)	4.49	33.23	42.82 (November 2011)	9.59
Smti. Pelcy Snaitang	15.83 (@ ₹ 1,850 per sq m for 855.50 sq m)	1.88	13.95	17.96 (September 2011)	4.01
Total					13.60

The Secretary, Assembly Secretariat in September 2012 stated that as per usual practice quotations were called for and the lowest rate was approved. Being the local suppliers who were all along carrying out other supply orders with the Assembly Secretariat, supply orders for the carpets were placed with them at approved rates. The Secretary also informed that ₹ 7.23 lakh had since been recovered from the supplier as VAT.

The reply is an attempt of the Assembly Secretariat to justify act of irregularity committed by it, which has caused exchequer extra financial burden. The Assembly Secretariat cannot absolve themselves of its failure to ascertain the reasonableness of the rates offered before purchases were made especially in view of the fact that during same period it has purchased carpets on two occasions at much lower rates. Besides, issuing supply orders to the supplier who had not even participated in the bidding process was highly irregular and in violation of all established principles of public procurement. Further, although ₹ 7.23 lakh had stated to have been recovered as VAT, an additional ₹ 6.37 lakh was still recoverable from the suppliers on account of excess payment made to them as worked out by Audit in the earlier table.

2.4 Irregularity in award of work and payment made to the firm without verifying work carried out

The Meghalaya Legislative Assembly Secretariat issued a work order to construct the Assembly Building at Mawdiangdiang to a firm in contravention of the terms of the tender and made a payment of ₹ 2.14 crore without verifying work carried out.

Following the gutting by fire of the Meghalaya Legislative Assembly Building (Assembly Building) at Khyndailad, Shillong in January 2001, a High Powered

Committee (HPC) of the Meghalaya Legislative Assembly decided (March 2001) that the facility be re-constructed at the same site.

The facts emerging out of the scrutiny of records relating to the construction of the new Assembly building are discussed in the succeeding paragraphs:

The Meghalaya Legislative Assembly Secretariat (Assembly Secretariat) in July 2001 invited tenders for “*Consultancy for Re-construction of Meghalaya Legislative Assembly*”. The scope of the consultancy work *inter alia* included “*detailed survey of the building site and approaches, preparation of master plan, site plan, layout plan, architectural, structural and all related drawings and submission of soil testing report, etc.*”. Seven parties bid for the consultancy out of which the HPC in June 2002, selected a Shillong-based firm M/s Caroline C. Pala (hereinafter referred to as the *firm*). In October 2002, the Assembly Secretariat issued a ‘Preliminary Work Order’ (PWO) to the firm to carry out the consultancy assignment. However, in December 2002, the Assembly Secretariat issued another PWO to the firm to construct the Assembly Building at Khyndailad at a cost of ₹ 26.62 crore and to be completed within three years. This was followed by a ‘Final Work Order’ (FWO) issued to the firm in January 2003.

The action of the Assembly Secretariat to award the construction of the Assembly Building to the firm was irregular as the tender notice issued by the Assembly Secretariat was only for consultancy work for which the firm accordingly had bid. Further, the basis on which the estimate of ₹ 26.62 crore was arrived at was not produced to Audit.

In August 2004, the HPC changed the site of the Assembly Building from Khyndailad to Mawdiangdiang. Thereafter, on 12 November 2004, the Assembly Secretariat issued another FWO to the firm to construct the building at the new site at a cost of ₹ 20.55 crore [rough preliminary estimate prepared by the State’s Public Works Department (PWD)] with the stipulation that the work was to start in consultation with the Chief Engineer (CE), PWD and should be completed within 31 March 2007. An agreement was also signed during the same month between the Assembly Secretariat and the firm stipulating that the works were to be executed as per programme approved by the Executive Engineer, PWD, Building Division, Shillong. The agreement also prescribed for subsoil investigation, contour survey, preparation of concept design, preparation of detailed working drawings and obtaining permission from Meghalaya Urban Development Authority (MUDA) before commencing construction.

On 13 January 2005, the HPC again changed the site of the Assembly Building from Mawdiangdiang to PWD Complex at Barik point, Shillong and on 17 January 2005, the Assembly Secretariat directed the firm to stop work at Mawdiangdiang.

The firm on 10 March 2005 submitted a bill of ₹ 2.14 crore for works it had executed at Mawdiangdiang before stoppage of work on 17 January 2005. This amount was paid by the Assembly Secretariat to the firm in December 2009. The bill of ₹ 2.14

crore submitted by the firm was sanctioned and paid by the Assembly Secretariat through 21 ‘office orders’ all dated 16 December 2009 (21 office order each sanctioning payment of ₹ 10 lakh to the firm and one office order sanctioning payment of ₹ 13.53 lakh).

In this connection, the following irregularities were noticed:

- there were no records with the Assembly Secretariat to indicate that the work of subsoil investigation, contour survey, preparation of concept design and detailed drawing were carried out by the firm;
- the PWD was not consulted before commencing works;
- the firm did not obtain permission from MUDA before commencing construction – a fact confirmed by MUDA to audit in September 2012.
- there was nothing on record to indicate that clearance for paying the bill was obtained from the EE, PWD, Building Division, Shillong who was the project-in-charge.
- the total area of the Mawdiangdiang site as per the tender notice issued by the Assembly Secretariat in July 2001 was 10,000 sqm. The firm however, billed an amount of ₹ 10.34 lakh for making a trace-path in an area of 13,425 sqm.
- ₹ 30.60 lakh was billed for construction and dismantling of labour and sentry shed and another ₹ 0.80 lakh for security, which was not prepared by the PWD.
- The firm billed ₹ 12 lakh for parking of JCBs (Earth Movers) at the site for 60 days, while no excavation work was undertaken.

The Assembly Secretariat stated (July 2012) that payment was made to the firm “*Based on physical verification made at site*” This contention was unacceptable as there was nothing on record to show that the Assembly Secretariat had measured or physically verified the works executed by the firm at Mawdiangdiang.

To locate traces of work claimed to have been carried out by the firm, joint inspection of the Mawdiangdiang site by Audit and Assembly Secretariat officials was requested (October 2012). The inspection could not, however, take place as the Assembly Secretariat stated (October 2012) that none of its existing staff know the exact location of the site and also since the relevant file was missing.

Not only did the Assembly Secretariat commit a gross irregularity by awarding the work of constructing the Assembly Building to the firm which was totally outside the scope of the tender but paid ₹ 2.14 crore to firm for the work claimed to have been executed by it, for which no proof exists. Thus, the entire expenditure of ₹ 2.14 crore incurred on the purported construction has been rendered waste.

The Secretary, Assembly Secretariat stated (December 2012) that the construction work for the building was awarded on the basis of approval of the then Honourable Speaker, the work was carried out on the land allotted to the Assembly Secretariat in

September 2004 (reverted back to MUDA in April 2006) and the contractor mobilised all the necessary requirement for the construction work and accordingly submitted the bill immediately after the firm was asked to stop the work. But the bill was not considered by the competent authority for some reason. However, on being approached by the firm to settle the payment immediately with a threat to take the recourse of the Court of Law, the Assembly Secretariat settled the claim to avoid any litigation in this matter. The reply is not convincing because reasons for which the competent authority did not consider the bill initially had not been specified in the reply and there was no record in support of physical verification or measurement of the work for which payment was made.

2.5 Unauthorised expenditure on staff deployed in excess of authorised strength

The Meghalaya Legislative Assembly Secretariat and Meghalaya Legislative Assembly Printing Press was incurring an unauthorised expenditure of ₹ 6.74 crore annually due to irregular appointment of 433 persons in excess of their authorised strength.

Mention was made in paragraph 2.18 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2009 (Civil and Commercial) that about 417 temporary staff were appointed by the Meghalaya Legislative Assembly Secretariat (Assembly Secretariat) between January 2000 and May 2008 in excess of its authorised strength of 327 posts and even though in April 2008 the services of 199 of the 417 staff were terminated, the Assembly Secretariat as of May 2008 still had 218 excess employees.

Audit revisited the issue in November-December 2011 and it was noticed that the number of persons on the roll of Assembly Secretariat in excess of authorised strength has once again swelled to 371 as of August 2011 due to employment of additional persons from time to time during the period as summarised in the table below:

Table 2.5.1

Sl. No.	Position as of	Number of posts authorised by Finance Department			Number of persons on roll in excess of authorised strength (Grades II, III & IV)
		Permanent	Temporary	Total authorised strength	
1	May 2008	218	109	327	218
2	August 2011	224	112	336	371

The above position was confirmed by the Assembly Secretariat in February 2013.

Similarly, as of August 2011, the Meghalaya Legislative Assembly Printing Press (Assembly Printing Press) was also overstaffed as under:

Table 2.5.2

Number of posts authorised by Finance Department			Number of persons (Grades III & IV) on roll in excess of authorised strength
Permanent (non-gazetteed)	Temporary	Total authorised strength	
49	-	49	62

Meghalaya delegation of Financial Power Rules, 1981 stipulated that temporary posts beyond a period of 12 months can be created only with the approval of the Finance Department. Further, Personnel Department had prescribed a written examination and personal interview for recruitment to Group 'C' posts and interview for recruitment to Group 'D' post.

There was nothing on record to indicate that the Assembly Secretariat had obtained Finance Department's concurrence for the operation of additional posts in excess of its authorised strength and continued to practice of appointing to staff on 'pick and choose' basis without adhering to any selection criteria/procedure.

During April 2011 to March 2012, ₹ 6.74 crore was incurred on the salaries of the excess staff on the rolls of the Assembly Secretariat (₹ 5.84 crore) and Assembly Printing Press (₹ 0.90 crore). Thus, due to employment of persons in excess of the authorised strength, an unauthorised expenditure of ₹ 6.74 crore was being incurred annually.

The Secretary, Assembly Secretariat stated (December 2012) that with the introduction of modern technology, appointment of extra staff was considered justified and the Finance Department had been moved for regularisation of most of the temporary staff. The reply is not convincing because such appointment without the approval of the Finance Department was contrary to the Meghalaya Delegation of Financial Power Rules, 1981.

CHAPTER-III

ECONOMIC SECTOR

CHAPTER III : ECONOMIC SECTOR

3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2012 deals with the findings on audit of the State Government units under Economic Sector¹.

The names of the major State Government departments and the net budget provisions and expenditure of the State Government under Economic Sector during the year 2011-12 are given in the table below:

Table 3.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget provisions (Original and Supplementary)	Expenditure
1.	Transport (including Tourism)	65.52	51.37
2.	Power (Electricity)	468.02	198.09
6.	Food & Civil Supplies	10.85	10.86
8.	Co-operation	47.41	27.22
9.	Agriculture	515.34	390.18
11.	Weights & Measurement	4.07	3.80
13.	Public Works	708.08	621.00
14.	Soil Conservation	175.26	156.06
15.	Border Areas Development	48.16	39.77
16.	Animal Husbandry & Veterinary	89.51	79.93
18.	Fisheries	22.62	15.45
20.	Community & Rural Development	291.66	273.00
21.	Industries	99.49	85.30
Total		2545.99	1952.03

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

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

Table 3.1.2

(₹ in crore)

Name of the Department	Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Community & Rural Development	Mahatma Gandhi National Rural Employment Guarantee Act	District Rural Development Agency (DRDA), West Garo Hills, West Khasi Hills, South Garo Hills, Ri Bhoi, Jaintia Hills, East Garo Hills, East Khasi Hills	284.98
	DRDA Administration	DRDAs, West Garo Hills, West Khasi Hills, South Garo Hills, Ri Bhoi, Jaintia Hills, East Garo Hills, East Khasi Hills	6.67
Soil & Water Conservation	Integrated Watershed Management Programme	Meghalaya State Watershed and Wasteland Development Agency, Shillong	3.04
Public Works	Pradhan Mantri Gram Sadak Yojana	State Rural Road Development Agency	38.00

Source: Central Plan Scheme Monitoring System of CGA website

¹ Categorized considering the activities of the departments concerned.

3.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. The audits were conducted during 2011-12 involving expenditure of ₹ 1399.99 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Economic Sector. The report contains one long paragraph on the Animal Husbandry and Veterinary Department and three Transaction Audit Paragraphs.

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 Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

The major observations under Economic Sector detected in audit during the year 2011-12 are given below.

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

3.2 Functioning of departmental farms and civil work wing

The Animal Husbandry and Veterinary Department incurred expenditure of ₹ 13.82 crore during 2007-12 on running and maintenance of six farms (₹ 2.95 crore) and two central dairies (₹ 10.87 crore) in excess of the revenue earned. Besides, there was loss of ₹ 13.88 lakh due to unsuccessful hatching of eggs. Six buildings constructed for veterinary dispensaries remained non-functional and five buildings constructed for residential quarters and dairy office remained vacant rendering the expenditure of ₹ 2.52 crore incurred on their construction unproductive.

3.2.1 Introduction

Animal Husbandry and Veterinary (AH&V) Department, apart from providing protection to the livestock and poultry population from the ravages of contagious and non-contagious diseases through treatment and preventive vaccination; is responsible for improving the level of production and potentiality of livestock in the State. For this purpose, a network of cattle breeding farms (five), pig farms (twelve) and poultry farms (eleven) have been established in the State. The Department also operates three dairy plants (Shillong, Jowai and Tura) and two milk chilling centres.

Important audit findings based on test-check (April-July 2012) of records of the Director, AH&V and three (out of five) cattle breeding farms, three (out of twelve) pig farms, three (out of eleven) poultry farms and two dairy plants (Shillong and Tura) located in three² out of seven districts of the State are mentioned in the succeeding paragraphs.

3.2.2 Cattle and Buffalo Development

The main objectives of the activities carried out by the AH&V Department under the 'Cattle and Buffalo Development' were to enhance milk production in the State by upgrading the local livestock through cross breeding and adopting improved breeding practices like artificial insemination. For this purpose, the Department had four cattle breeding farms at Kyrdemkulai, Rongkhon, Upper Shillong and Khliehtyrshi stocked with exotic breeds of cows like Jersey and Holstein-Friesian to produce superior germ plasm for supply to farmers and one buffalo farm at Songsak stocked with buffaloes of Murrah breed.

² East Khasi Hills, West Garo Hills and Ri Bhoi Districts

3.2.2.1 Milk production in the State

During 2007-12 the overall milk production in the State was as below:

Table 3.2.1

(in tones)

Year	Indigenous	Cross breed	Buffalo	Total
2007-08	28.26	46.27	1.94	76.47
2008-09	28.46	47.06	1.98	77.50
2009-10	28.76	47.44	2.01	78.21
2010-11	29.25	47.87	2.01	79.13
2011-12	29.54	48.10	2.03	79.67
Total	144.27	236.74	9.97	390.98

From the above table it can be seen that there was increase of only 4 *per cent* in total production during five year period 2007-12.

3.2.2.2 Productivity of cattle and buffalo farms

The number of animals and milk production in the AH&V Department's four cattle farms at Upper Shillong, Rongkhon, Kyrdemkulai and Khliehtyrshi and the buffalo farm at Songsak was as under:

Table 3.2.2

Year	Number of cows/buffaloes available			Quantity of milk produced (in '000 litres)	
	Milch	In milk	Heifers	Cow	Buffalo
2007-08	21 to 71 cows and 6 to 29 buffaloes	8 to 45 cows and 4 to 6 buffaloes	15 to 34 cows and 5 to 6 buffaloes	251	4
2008-09	20 to 64 cows and 7 to 9 buffaloes	11 to 48 cows and 2 to 6 buffaloes	3 to 37 cows and 5 buffaloes	236	2
2009-10	20 to 69 cows and 7 to 8 buffaloes	12 to 54 cows and 3 to 6 buffaloes	2 to 27 cows and 4 to 5 buffaloes	348	2
2010-11	20 to 71 cows and 5 to 8 buffaloes	10 to 54 cows and 4 to 5 buffaloes	2 to 23 cows and 7 to 8 buffaloes	249	3
2011-12	15 to 76 cows and 5 buffaloes	9 to 60 cows and 1 to 5 buffaloes	2 to 21 cows and 8 buffaloes	256	4

Source: DAH&V.

As can be seen from the above table during five year period 2007-12, the bulk of the milk production (almost 99 *per cent*) was cow milk. The average cow milk production was 268 thousand litres per year with peak production level of 3,47,947 litres in 2009-10.

3.2.2.3 Operational loss

An analysis of the receipts and expenditure of three cattle farms (expenditure on feed, running and maintenance of farms but excluding expenses on staff salaries) in three districts (East Khasi Hills, West Garo Hills and Ri-Bhoi) for the five-year period ending March 2012 showed no improvement in the financial position of these farms, which with each successive year got progressively worse.

The year-wise position of revenue receipts and working expenses of these farms during 2007-12 is given below:

Table 3.2.3

(₹ in lakh)						
Name of farms	2007-08	2008-09	2009-10	2010-11	2011-12	Total
Cattle Farms						
Rongkhon						
Revenue earned from sales	4.69	3.77	6.40	7.07	7.49	29.42
Expenditure on feed, running and maintenance	8.92	9.96	10.88	13.86	14.38	58.00
Excess of expenditure over income	4.23	6.19	4.48	6.79	6.89	28.58
Upper Shillong						
Revenue earned from sales	17.26	19.03	24.12	27.96	34.72	123.09
Expenditure on feed, running and maintenance	46.69	48.86	58.82	64.49	72.35	291.21
Excess of expenditure over income	29.43	29.83	34.70	36.53	37.63	168.12
Kyrdemkulai						
Revenue earned from sales	15.51	10.82	8.99	9.60	12.83	57.75
Expenditure on feed, running and maintenance	14.22	16.50	19.70	24.02	24.39	98.83
Excess of expenditure over income (-)/ Excess of income over expenditure (+)	+ 1.29	- 5.68	- 10.71	- 14.42	- 11.56	- 41.08

Source: Information furnished by the respective farms.

As can be seen from the above table, all the three cattle farms incurred losses in all the years except for Kyrdemkulai farm which earned a profit of ₹ 1.29 lakh in 2007-08. The aggregated operational losses of these three cattle farms during the period 2007-12 stood at ₹ 28.58 lakh (Rongkhon), ₹ 1.68 crore (Upper Shillong) and ₹ 41.08 lakh (Kyrdemkulai).

The above position indicated that there was lack of efforts to streamline the functioning of these farms and to reduce the persistent losses.

The Director, AH&V admitted (November 2012) the fact and stated that the operational loss in cattle farms was due to genetic loss and aging of cows.

3.2.3 Dairy Development

In Meghalaya, the AH&V Department operates three dairy plants with combined capacity to process 26,000 litres per day (Shillong – 10,000 litres per day, Tura – 8,000 litres per day and Jowai – 8,000 litres per day) and two milk chilling centres at Nongstoin and Willamnagar with a capacity of 2,000 litres.

Scrutiny of records of two plants (Shillong and Tura) revealed that during 2007-12 the plants processed on an average the following quantity of milk:

Table 3.2.4

Diary Plant	Processing capacity	Average quantity of milk processed per day (in litres)				
		2007-08	2008-09	2009-10	2010-11	2011-12
Shillong	10,000	4,097	4,903	4,718	5,399	7,113
Tura	8,000	1,244	1,589	1,029	617	552

From the above, it will be seen that during 2007-12, the capacity utilisation of the Shillong plant ranged between 41 *per cent* and 71 *per cent* and that of the Tura plant between 07 *per cent* and 20 *per cent*. While the quantity of milk processed at Shillong plant showed a gradual increase during the period 2007-12, the quantity of milk processed at Tura plant during the same period declined and was at its lowest during 2011-12 (mere 6.9 *per cent*).

The average daily milk production in East Khasi Hills and West Garo Hills Districts (districts where the above dairy plants are located) and milk processed at Shillong and Tura dairy plants during the period 2007-08 to 2011-12 was as under:

Table 3.2.5

Year	East Khasi Hills		West Garo Hills	
	Daily average Milk Production (in litres) ³	Percentage of milk processed	Daily average Milk Production (in litres) ³	Percentage of milk processed
2007-08	56,739	7.22	35,315	3.52
2008-09	57,506	8.53	36,109	4.40
2009-10	58,054	8.13	36,520	2.82
2010-11	58,767	9.19	36,986	1.67
2011-12	58,575	12.14	37,178	1.48

From the above table it can be seen that:

- Despite availability of the milk in the East Khasi Hills District and West Garo Hills District, the full capacity of the plant could not be utilised in any of the years under review.
- Shillong dairy plant on an average processed between 7.22 *per cent* and 12.14 *per cent* of the average daily milk production of East Khasi Hills District.
- The position in respect of Tura dairy plant was even worse. It is distressing to note that average daily processing has actually declined during the period 2007-12 and was at its lowest 1.48 *per cent* in 2011-12.

3.2.3.1 Losses incurred by dairies

Revenue earned on sale of milk and milk products and expenditure incurred on procurement of milk during 2007-12 by the dairy farms at Shillong and Tura were as under:

³ Figures of milk production given by DAH&V was in tonnes per year which was converted by Audit into litres at the rate of One tonne = 966.18 litres
(<http://www.thecalculatorsite.com/conversions/common/liters-to-metric-tons.php>)

Table 3.2.6

(₹ in crore)

Dairy	2007-08	2008-09	2009-10	2010-11	2011-12	Total
Shillong Dairy						
Revenue earned	1.36	2.29	2.77	4.15	6.55	17.12
Expenditure on procurement of milk	2.32	2.95	3.27	4.34	6.49	19.37
Excess of expenditure over income (-)/ Excess of income over expenditure (+)	- 0.96	- 0.66	- 0.50	- 0.19	+ 0.06	- 2.25
Tura Dairy						
Revenue earned	0.81	0.93	0.78	0.54	0.71	3.77
Expenditure on procurement of milk	0.71	0.91	0.70	0.51	0.67	3.50
Excess of income over expenditure	0.10	0.02	0.08	0.03	0.04	0.27

Source: Assistant Dairy Development Officers, Shillong and Tura.

As can be seen from the table above, Shillong Dairy Plant incurred a total loss of ₹ 2.25 crore during 2007-08 to 2011-12 only considering the cost of milk procured and sale proceeds thereof. However, Tura Dairy Plant earned ₹ 0.27 crore as excess of income over expenditure incurred on procurement of milk during 2007-12.

In addition to the expenditure on procurement of milk, ₹ 4.48 crore and ₹ 4.41 crore were spent by the dairies at Shillong and Tura respectively during 2007-12 on running and maintenance of these dairies. Considering this expenditure, there was overall loss of ₹ 6.73 crore and ₹ 4.14 crore incurred by Shillong and Tura dairies during 2007-12.

3.2.4 Poultry Development

The objective of the activities carried out by the AH&V Department under the sub-sector 'Poultry Development' was to meet the requirement of State's breeding stock, table birds, eggs and to improve the local poultry by distribution of improved breeds. There are 11 poultry farms in the State for demonstration and production of poultry and eggs. Additionally, the poultry farms at Kyrdemkulai, Umsning, Rongkhon and Jowai had hatcheries for producing chicks for distribution to other poultry farms, farmers, etc.

During 2007-12, expenditure of ₹ 23.58 crore was incurred under this sub-sector against a budget provision of ₹ 18.56 crore. These figures constituted 8 and 6 per cent of the AH&V Department's total expenditure and budget provision during this period.

As per the most recent data available, the State had a poultry population of 30.93 lakh⁴ and estimated total egg production was 997.71 lakh in 2007-08⁵ (poultry: 968.43 lakh eggs; duck: 29.28 lakh eggs).

⁴ Livestock Census 2007 (Provisional)

⁵ Statistical Handbook Meghalaya 2010-11, Directorate of Economics and Statistics, Government of Meghalaya

3.2.4.1 Performance of poultry farms

The performance of the 11 poultry farms of AH&V Department during 2007-12 was as under:

Table 3.2.7

Sl No	Particulars	(In number)				
		2007-08	2008-09	2009-10	2010-11	2011-12
1.	Chicks reared	36,987	10,886	12,721	11,873	12,832
2.	Growers reared	7,798	16,370	15,506	15,520	18,262
3.	Layers reared	6,745	18,784	21,627	25,990	35,068
4.	Egg production	10,53,537	14,55,848	11,02,501	9,15,857	7,65,018
5.	Birds Stock	15,079	24,457	26,625	25,061	31,065
6.	Broilers reared	24,904	20,698	26,625	25,061	31,065
7.	Broilers sold	17,496	10,414	12,480	12,407	26,754
8.	Broilers purchased	1,539	9,708	17,923	10,760	12,464
9.	Chick/Growers purchased	495	2,994	Nil	3,300	5,724
10.	Broiler chick production (day old chicks)	9,698	961	14,634	29,567	Nil
11.	Layer chicks production (day old chicks)	94,265	27,842	800	Nil	Nil
12.	Broiler chicks supplied	9,698	Nil	Nil	Nil	Nil

Source: DAH&V

As can be seen from the above table, production of ‘Chicks reared’ and ‘Egg production’ had significantly declined by 65 per cent and 27 per cent respectively during 2011-12 compared to 2007-08. With respect to the other items however (‘Growers reared’, ‘Layers reared’, ‘Broilers reared’, ‘Broilers sold’, ‘Broilers purchased’, ‘Chick/Growers purchased’), the performance of the farms in 2011-12 was better than that in 2007-08.

With respect to ‘Layer chick production’ and ‘Broiler chicks supplied’, it can be observed that the farms had stopped these activities from 2010-11 and 2008-09 respectively due to non-supply of parents stock from Pune (Venkatesh Poultry Farm, which supplies parent stock to the Department) for production of Day Old Chicks due to outbreak of bird flu in Pune.

The Director, AH&V stated (September 2012) that the shortfall in production of reared chicks was due to power failure as hatching requires a certain level of temperature to be maintained in the sheds and the shortfall in production of eggs was because of fluctuation and failure of power supply. The contention was not acceptable because some alternative power supply arrangement like generators could have been made to avoid disruption of power supply.

3.2.4.2 Production of eggs

According to the Director, AH&V, the norm for egg production for low input (Kuroiler) birds was 150-180 eggs per bird per year and that for hybrid 250 eggs per bird per year. With reference to these norms, the position of egg production in Poultry

Farm at Umsning (where Kuroiler birds are reared), Poultry Farms at Kyrdemkulai and Rongkhon (where hybrid birds are reared) was as under:

Table 3.2.8

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Poultry Farm, Umsning (Low input birds – Kuroiler)					
Layer birds available	3,752	2,462	2,379	2,329	1,656
Eggs required to be produced as per lower norm @ 150 eggs per bird per year	5,62,800	3,69,300	3,56,850	3,49,350	2,48,400
Eggs actually produced	2,16,231	2,39,069	2,26,694	1,71,178	61,422
Production of eggs per bird per year	58	97	95	73	37
Shortfall with reference to norm	3,46,569	1,30,231	1,30,156	1,78,172	1,86,978
Percentage of shortfall	62	35	36	51	75
Poultry Farm, Rongkhon (Hybrid birds)					
Layer birds available	370	406	494	544	603
Eggs required to be produced as per norm	92,500	1,01,500	1,23,500	1,36,000	1,50,750
Eggs actually produced	49,707	86,133	70,706	57,836	65,680
Production of eggs per bird per year	134	212	143	106	109
Shortfall with reference to norm	42,793	15,367	52,794	78,164	85,070
Percentage of shortfall	46	15	43	57	56
Poultry Farm, Kyrdemkulai (Hybrid birds)					
Layer birds available	2,703	5,193	3,664	5,536	2,522
Eggs required to be produced as per norm	6,75,750	12,98,250	9,16,000	13,84,000	6,30,500
Eggs actually produced	6,47,758	9,32,913	7,16,047	2,91,708	2,75,042
Production of eggs per bird per year	240	180	195	53	109
Shortfall with reference to norm	27,992	3,65,337	1,99,953	10,92,292	3,55,458
Percentage of shortfall	04	28	22	79	56

Compared to the minimum norm of 150 eggs per bird per year to be produced in Umsning farm, production of eggs in this farm during 2007-12 ranged between 37 and 97.

Similarly, against the norm of 250 eggs per bird per year, the actual production of eggs in the Kyrdemkulai and Rongkhon farms ranged between 53 and 240. Rongkhon Poultry Farm was the lowest producer of eggs per bird.

During the five-year period ending March 2012, only 3.30 lakh, 28.63 lakh and 9.15 lakh eggs were produced in Rongkhon, Kyrdemkulai and Umsning farms against the norm of 6.04 lakh, 49.05 lakh and 18.87 lakh eggs respectively.

The Director, AH&V stated (September 2012) that the shortfall was due to fluctuation and failure of power supply. The reply was not acceptable as alternative arrangement for power supply should have been made to ensure optimum egg production in these farms.

3.2.4.3 Hatching loss

As per norm fixed by the AH&V Department for hatching of eggs, 80 *per cent* of the eggs set should be hatched successfully. The position on this count in the three selected farms during 2007-12 was as under:

Table 3.2.9

Year	Number of eggs set for hatching	Number of eggs to be hatched as per norm	Chicks hatched (<i>per cent</i>)	Difference
Poultry Farm Umsning				
2007-08	99,016	79,213	58,848 (59)	20,365
2008-09	68,296	54,637	50,015 (73)	4,622
2009-10	85,884	68,707	60,073 (70)	8,634
2010-11	44,370	35,496	33,292 (75)	2,204
2011-12	2,142	1,714	110 (5)	1,604
Poultry Farm, Kyrdemkulai				
2007-08	1,69,986	1,35,989	1,03,963 (61)	32,026
2008-09	78,618	62,894	47,066 (60)	15,828
2009-10	87,206	69,765	53,061 (61)	16,704
2010-11	1,29,349	1,03,479	74,104 (57)	29,375
2011-12	1,10,934	88,747	61,178 (55)	27,569
Poultry Farm, Rongkhon				
2007-08	2,241	1,793	276 (12)	1,517
2008-09 to 2011-12	No eggs were set for hatching during these years.			

Source: Information furnished by the respective farms; figures in parentheses is the number of chicks hatched as a percentage of number of eggs set for hatching.

During the period 2007-12, the percentage of success in hatching in the three farms was lower than the norm fixed. While in Umsning farm, the number of chicks hatched as a percentage of number of eggs set for hatching ranged between 5 *per cent* and 75 *per cent*, in Kyrdemkulai farm the percentage was between 55 and 61 and in Rongkhon farm, it was 12 *per cent* in 2007-08.

In Rongkhon farm hatching was done only during 2007-08. From then onwards no hatching could be done due to breakdown of the machines. It took more than four years to install (September 2012) a new machine by the Department.

It was further observed that the farms procured hatching eggs at a cost of ₹ 6 per egg during 2007-08, 2008-09 and 2009-10 and ₹ 13 per egg during 2010-11 and 2011-12. Calculated at these rates, the loss sustained by the three farms on account of hatching eggs below the prescribed norms works out to ₹ 13.88 lakh.

3.2.5 Piggery Development

The suitability of the climate, fondness for pork by a major section of the State's population and availability of good market for pork promises wide possibilities of development of pig industry in the State. But the main drawback is that most farmers prefer to rear inferior quality of stock. About 88 *per cent* of the total pigs reared are non-descript local breeds and only 12 *per cent* are cross-breed pigs.

The improved pig breeds are kept at 12 pig farms of the AH&V Department located in every district of the State for demonstration purposes as well as for producing better stock for supply to farmers. The records of three pig farms *viz*, Pig Farm, Kyrdemkulai in Ri-Bhoi District; Pig Farm, Dalu in West Garo Hills District; and Pig Farm, Pynursula in East Khasi Hills District were selected for test check.

The target and achievement of the three selected farms for the period 2007-12 as furnished to Audit by the officers-in-charge of the farms were as below:

Table 3.2.10

Sl. No.	Activity	2007-08		2008-09		2009-10		2010-11		2011-12	
		T	A	T	A	T	A	T	A	T	A
Pig Farm, Kyrdemkulai											
1.	Boars to be reared	17	17	17	17	17	11	17	11	17	11
2.	Sows to be reared	80	75	80	75	80	72	80	70	80	61
3.	Piglets to be produced	1,100	1,310	1,100	1,250	1,440	1,350	1,440	1,189	1,440	1,133
4.	Piglets to be sold	-	1,142	850	1,106	-	1,151	-	1,115	-	686
Pig Farm, Dalu											
1.	Boars to be reared	3	3	2	2	4	4	4	4	4	4
2.	Sows to be reared	15	15	15	15	20	20	20	20	20	20
3.	Piglets to be produced	200	141	150	142	240	146	240	229	240	175
4.	Piglets to be sold	-	94	-	142	-	109	-	203	-	151
Pig Farm, Pyursula											
1.	Boars to be reared	3	3	3	3	3	3	3	2	3	2
2.	Sows to be reared	15	16	15	11	15	10	15	10	15	7
3.	Piglets to be produced	180	114	180	109	180	36	180	20	180	57
4.	Piglets to be sold	-	106	-	72	-	45	-	16	-	52

It will be seen from the above table that:

- in Kyrdemkulai pig farm, the number of boars reared had over the five-year period come down by 35 *per cent*; although the number of sows reared during this period had also come down by 19 *per cent*, the productivity per sow (in terms of piglets produced) increased from 17.46 piglets per sow (2007-08) to 18.57 piglets per sow (2011-12); the number of piglets sold during 2011-12 abruptly came down to 686 even though 1,133 piglets were produced that year.

The Deputy Director of the farm stated (June 2012) that this was on account of the death of 420 piglets due to swine fever outbreak during September 2011 to February 2012. He further stated that though all the pigs were administered swine fever vaccine during 2011-12, the disease attacked the pigs due to loss of vaccine potency during storage due to frequent power failure. This in effect, was an admission that vaccines of doubtful efficacy were administered to the animals.

- in Dalu Pig farm, the number of boars and sows reared and number of piglets produced during 2011-12 were marginally higher than the numbers in 2007-08; and,
- in Pynursla Pig Farm, the number of sows reared declined by 56 per cent over the five years period and productivity per sow (in terms of piglets produced) decreased from 9.91 piglets per sow in 2008-09 to two piglets per sow in 2010-11. In 2011-12, however, the production revived at 8.14 piglets per sow.

3.2.5.1 Operational loss

An analysis of the receipts and expenditure of the three farms revealed that these farms had been incurring operational losses during 2007-12, the details of which are given below:

Table 3.2.11

Pig Farm						(₹ in lakh)
	2007-08	2008-09	2009-10	2010-11	2011-12	Total
Kyrdemkulai						
Revenue earned from sales	16.47	16.22	19.93	20.36	17.49	90.47
Expenditure on feed, running and maintenance	20.18	23.83	25.55	27.80	25.58	122.94
Excess of expenditure over income	3.71	7.61	5.62	7.44	8.09	32.47
Dalu						
Revenue earned from sales	1.98	2.05	1.36	3.13	3.26	11.78
Expenditure on feed, running and maintenance	3.66	3.74	7.65	6.08	6.04	27.17
Excess of expenditure over income	1.68	1.69	6.29	2.95	2.78	15.39
Pynursla						
Revenue earned from sales	1.45	1.13	0.72	0.24	1.13	4.67
Expenditure on feed, running and maintenance	2.69	3.41	2.64	3.24	2.52	14.50
Excess of expenditure over income	1.24	2.28	1.92	3.00	1.39	9.83

Source: Information furnished by the respective farms.

It will be seen that during 2007-12, the above three farms sustained a total loss of ₹ 57.69 lakh on running and maintenance of these farms.

3.2.6 Non-functional veterinary dispensary

In Civil Engineering Wing (CEW), Shillong under the AH&V Department it was noticed that the construction of the veterinary dispensary buildings at Nonglang (in West Khasi Hills District) and Krang and Ichamati (in East Khasi Hills District), though completed in February, March and November 2011 at a cost of ₹ 33.20 lakh, ₹ 33.22 lakh and ₹ 52.79 lakh respectively, could not be made functional till the date of audit (July 2012) because the staff⁵ for these dispensaries were yet to be sanctioned

⁵ One Animal Husbandry and Veterinary Officer, one Veterinary Field Assistant, one Peon and one Chowkidar each for the two dispensaries.

by AH&V Department despite submission of a proposal for the staff by the Director, AH&V in January 2011.

The Director, AH&V stated (July 2012) that the dispensary at Ichamati had been made functional by engaging the nearby AH&V officer to look after the dispensary at least once in a week. As regards other two dispensaries at Nonglang and Krang, the Director, AH&V stated (September 2012) that these dispensaries could not be made functional because the staff for these dispensaries were yet to be sanctioned by AH&V Department.

Making a veterinary officer from nearby also responsible for Ichamati dispensary against the requirement of a full-fledged veterinary officer, veterinary field assistant, peon and chowkidar can at best be termed as unsatisfactory stop-gap arrangement. Thus, failure to make available the required complement of staff to run these facilities resulted in the expenditure of ₹ 1.19 crore being unproductive for over a year.

The Director, AH&V stated (November 2012) that the dispensaries could not be made operational in time due to shortage of manpower.

3.2.7 Idling of assets created

In CEW, Tura, eight projects (estimated cost ₹ 2.21 crore), completed between June 2007 and September 2010 (three dispensaries, one office building and four residential buildings), are lying unused for two to five years back. A total amount ₹ 1.33 crore was paid to the contractors in respect of these construction. However, none of these facilities had been handed over by the EE, Tura to the designated users due to non-providing of power connection. The details are given below:

Table 3.2.12

(₹ in lakh)

Sl. No.	Name of project	Estimated cost	Amount paid to the contractors	Actual date of completion
1.	Veterinary Dispensary at Nangalbibra	12.14	7.00	November 2009
2.	Veterinary Dispensary at Belguri	25.46 (RE)	23.46	September 2010
3.	Veterinary Dispensary at Babadam	26.79	9.49	April 2010
4.	DVO-cum-Dairy office at Tura	80.14	64.13	June 2010
5.	Residential building at Nangalbibra	15.92	5.90	June 2007
6.	Residential quarter at Belguri	24.10 (RE)	18.54	August 2010
7.	Residential building at Rongchugre	11.50	2.00	July 2009
8.	Residential building at Babadam	25.07	2.72	April 2010
		221.12	133.24	

Source: EE, Tura

Thus, expenditure of ₹ 1.33 crore incurred so far on construction of above projects not only remained unproductive but the purpose for which these constructions were carried out also got defeated.

The matter was referred to the Principal Secretary to the Government of Meghalaya, AH&V Department in September 2012; reply had not been received (March 2013).

Conclusion

The performance appraisal of cattle breeding farms, pigery farms, poultry farms and dairy plants managed by Animal Husbandry and Veterinary Department revealed that the performance of these farms and plants were far from satisfactory and incurring huge financial loss. Expenditure of ₹ 1.19 crore incurred on construction of buildings of three veterinary dispensaries in three test-checked districts was unproductive as these dispensaries were not made functional due to failure to make available the required complement of staff to run these dispensaries. Three dispensaries, one office building and four residential buildings completed two to five years back are lying unused as power connection was not provided rendering an expenditure of ₹ 1.33 crore incurred on their construction wasteful.

COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

3.3 Procurement of CGI sheet under the Special Rural Works Programme

In the absence of clear guidelines, uniformity in the cost, quality and specification of CGI sheets distributed to beneficiaries under the programme was not maintained. CGI sheets were procured at differential rates leading to an extra expenditure of ₹ 1.11 crore.

Under the 'Special Rural Works Programme' (SRWP) implemented by the Community and Rural Development (C&RD) Department, every Member of the Legislative Assembly (MLA) identifies and proposes the schemes to be taken up his/her constituency. After the proposal is approved by the State Level Committee (SLC) of SRWP, the Director, C&RD Department would communicate the Deputy Commissioner (DC) of the concerned district the approval of the State Level Committee for implementation through the Block Development Officer (BDO). The SRWP schemes are implemented by the beneficiary organisations/local managing committee. Under the SRWP, apart from construction works such as road, footpath, community hall and school buildings and purchase of ambulance, PA systems, computer, etc., housing assistance in the form of corrugated galvanized iron (CGI) sheets was provided to the beneficiaries from the poor families.

Test check (between January 2011 and February 2012) of records of 15⁶ BDOs in four⁷ districts revealed that ₹ 26.16 crore was released by the concerned BDOs to the secretaries of the local committees for purchase of 70,383.75 bundles of CGI sheets for implementing various schemes under SRWP during 2006-07 to 2010-11.

⁶ BDOs: Myllem, Mawphlang, Pynursla, Mawryngkneng, Mawkynrew, Shella Bholaganj, Mawkyrwat, Ranikor, Mawthadraishan, Umsning, Umling, Tikrikilla, Selsella, Rongram and Betasing.

⁷ Districts: East Khasi Hills, West Khasi Hills, Ri-Bhoi and West Garo Hills.

In audit scrutiny it was noticed that there were no guidelines clearly indicating the norms of procurement and distribution of CGI sheets to the beneficiaries. The necessary funds for purchase the CGI sheets were released by the BDOs to the secretaries of the local committees constituted by the concerned MLAs, who in turn purchased the CGI sheets and distributed them to the beneficiaries from the poor families. This procedure was a violation of the Meghalaya Financial Rules which stipulated that all public procurements/purchases must only be made after inviting tenders.

Further, in six out of the 15 BDOs (blocks) checked, it was noticed (February-May 2011, November-December 2011 and January-February 2012) that between 2006-07 and 2010-11, CGI sheet bundles were purchased at rates higher than the lowest rates at which the material were procured within the same block and during the same period, as indicated in the following table.

Table 3.3.1

BDO/Block	MLA Constituency	Year of Purchase	Quantity and purchases made at higher rate during the year		Lowest rate per bundle purchased during the same period in the Block	Extra expenditure (₹ in lakh)
			Rate (in ₹)	Quantity (in bundles)		
District: East Khasi Hills						
Myllichem	Nongkrem	2007-08	4,000	1,450	2,450	22.48
	Sohryngkham	2009-10	4,500	231	4,000	1.16
	Myllichem		4,500	910		4.55
Mawphlang	Nongspung	2007-08	2,800	1,058	2,200	6.35
	Sohiong		2,300	1,000	2,200	1.00
	Myllichem	2009-10	4,500	60	3,000	0.90
District: West Khasi Hills						
Mawkyrkat	Mawkyrkat	2010-11	4,500	447	3,600	4.02
District: Ri Bhoi						
Umsning	Umroi	2006-07	2,750	957	2,200	5.26
		2007-08	3,000	983	2,875	1.23
			4,000	1,500		16.88
		2009-10	5,000	1,500	3,000	30.00
District: West Garo Hills						
Selsella	Rajabala	2007-08	3,000	800	2,500	4.00
	Selsella	2008-09	4,530	735	3,750	5.73
Tikrikilla	Tikrikilla	2008-09	5,000	1,500	4,500	7.50
Total				13,131		111.06

Source: Purchase vouchers.

Thus, violation of the Meghalaya Financial Rule and absence of clear guidelines for procurement and distribution of CGI sheets meant for distribution to the beneficiaries as housing assistance resulted in an extra expenditure of ₹ 1.11 crore being incurred on procurement of 13,131 bundles of CGI sheets in test-checked blocks. Similar instances in the remaining blocks of the various districts of the State can not be ruled out.

Further, it was noticed in audit that the SLC at its meeting on 03 June 2009 chaired by the Chief Minister discussed the need “to issue clear guidelines for procurement and distribution of CGI sheets to the beneficiaries” to ensure “transparency and also to maintain the quality of the materials procured”. However, even after a lapse of more than three years no action has been taken on these lines.

Hence, it is desirable that clear guidelines are prescribed for procurement of CGI sheets to ensure transparency and avoid instances of procurement at higher rates entailing extra burden on the State exchequer. In this regard it is recommended that

- the C&RD Department should immediately prescribe the quality, thickness, size and number of sheets per bundle of CGI sheets to be procured under the SRWP;
- the CGI sheets should be procured centrally after observing all codal formalities to obtain the benefit of bulk orders and to ensure quality based on the assessed requirement by inviting offers from reputed manufactures along with delivery costs of the CGI sheets to different locations in the State; and
- orders should be placed directly by the C&RD Department with the approved manufacturer with the consignees being the concerned BDOs.

The matter was reported to the Principal Secretary to the Government of Meghalaya, C&RD Department in October 2012; reply was awaited (March 2013).

PUBLIC WORKS DEPARTMENT

3.4 Unproductive expenditure on an incomplete bridge

Inadequate survey and investigation coupled with a faulty design resulted in an unproductive expenditure of ₹ 58.36 lakh on an incomplete bridge. Besides, materials worth ₹ 13.78 lakh became unusable. The estimated cost of the bridge has more than doubled from ₹ 1.32 crore to ₹ 2.77 crore.

Mawngap-Mairang-Ranigodown Road is an inter-state road between Meghalaya and Assam. As the existing single lane timber Bridge No. 57/1 on this road was very weak and unsafe for the ever rising traffic intensity, the Public Works (Roads) Department (PWD) felt the necessity to construct a double lane permanent bridge.

Scrutiny of records of the Executive Engineer (EE), PWD, Mairang Division in December 2011 revealed that the work of construction of bridge No. 57/1 on Mairang–Ranigodown was sanctioned by the North Eastern Council (NEC) in December 2002 at an estimated cost of ₹ 1.16 crore and to be fully funded by it. The work was awarded, in August 2004, to Shri S. Wendarly Marwein (the Contractor) at his tendered value of ₹ 1.32 crore. The work was to be completed within 24 months.

The Division stopped the work in December 2004 while the contractor was excavating the foundation. In March 2005 the EE reported to the Superintending Engineer (SE), PWD that on scrutiny, it was found that the height of the bridge's foundation, which as per approved drawing was 10.1 metre would not go beyond the lowest bed level of the river. Since the foundation was in soft rock, it was necessary to excavate the foundation to a depth of 2 metre below the lowest bed level. In view of this, the height of abutment had to be increased to 12.1 metre. EE, therefore, suggested that the design, drawing, and estimate of the bridge be reviewed. In June 2005, the Additional Chief Engineer, PWD, SE and EE inspected the site on the basis of which in July 2005 the EE was asked to get a consultancy firm to redesign the abutment and foundation of the bridge. M/s Asia Tech Development Consultant⁸ who was entrusted with the assignment submitted the revised design and drawing in December 2005, for which the consultant was paid ₹ 4.36 lakh (September 2008).

In April 2006 more than 15 months after the work was stopped, the contractor was issued the revised design and drawing. The contractor, however, after executing about 70 per cent of the sub-structure work of the bridge stopped the work in January 2009. An expenditure of ₹ 54 lakh had been incurred by that time. In March 2011, the contractor formally surrendered the work citing increase in cost of material and labour and the fact that the revised design and drawing were provided to him after a gap of two years. In April 2011, the PWD cancelled the work allotted to the contractor.



Abandoned Bridge No. 57/1 at Mairang - Ranigodown Road

Further scrutiny of records revealed that construction of bridge No. 57/1 at an estimated cost of ₹ 2.77 crore was again included by the PWD under the project “*Improvement and up-gradation of Mairang-Ranigodown-Azra Road*” sanctioned by the Ministry of Development of North Eastern Region, GOI in November 2010 at a cost of ₹ 100 crore and to be funded by the NEC to the extent of 90 per cent.

⁸ A Guwahati-based consultancy firm.

However, as of July 2012 the construction of the redesigned bridge No. 57/1 was yet to re-commence.

The status report of June 2011 of the Division further revealed that material procured by the Division for the work to the extent of 1,388 bags of cement had caked due to prolonged storage and 548.70 quintal of torsteel had become unusable due to its storage in the open. The cost of materials that has become unusable as per PWD Schedule of Rates 2000-01 works out to ₹ 13.78 lakh.

Thus, the construction of the bridge, which was to be completed by August 2006 remained incomplete as on date due to faulty design of bridge because of inadequate survey and investigation of the site before taking up the work. An expenditure of ₹ 58.36 lakh incurred on its construction till the work was stopped since January 2009 has been rendered unproductive. Also, the material worth ₹ 13.78 lakh has become unusable due to stoppage of work. Further, the estimated cost of the bridge has more than doubled from ₹ 1.32 crore to ₹ 2.77 crore. Besides, the objective of providing a permanent bridge for the safety and convenience of vehicular traffic was frustrated, thus, denying the benefit to intended beneficiaries.

The matter was reported to the Principal Secretary to the Government of Meghalaya, PWD in August 2012; reply was awaited (March 2013).

3.5 Unfruitful expenditure

Expenditure of ₹ 44.24 lakh remained unfruitful due to construction of a bridge without acquiring the land for the approach road to the bridge. Besides, an additional burden of at least ₹ 70.50 lakh to the State exchequer to make the bridge operational.

The wooden bridge number 30/1 on the Mawsynram-Balat-Gomaghat-Maheshkhola (MBGM) road at Ranikor and connected to the newly constructed Jadukata bridge in the West Khasi Hills District of Meghalaya had collapsed some years back and vehicular traffic was being maintained through a subway. The Public Works Department (PWD) estimated that heavy traffic would ply through the newly constructed Jadukata bridge and the existing subway would not be able to cope with the load. Hence it decided to reconstruct the Br. 30/1 as an RCC bridge and selected a site 15 metre downstream of the existing subway. Accordingly the Executive Engineer, PWD (Roads), Mawkyrwat Division, framed (July 2000) an estimate of ₹ 42 lakh based on Schedule of Rates (SOR) for the year 2000-01. The Department accorded (January 2004) administrative approval and expenditure sanction of ₹ 42 lakh for constructing the Bridge 30/1.

Scrutiny (December 2011) of records revealed that during May 2004, the Superintending Engineer, PWD (Roads), Western Circle (SE, Roads) surveyed the site of Bridge 30/1 and found the location unstable as the earth was sliding along the hill slope and proposed a new alignment 136-140 metre downstream of the original

site . The Division prepared a working estimate of ₹ 42.87 lakh for Bridge 30/1 at the new site which was approved (August 2004) by the Additional Chief Engineer (Eastern Zone) PWD (Roads), Meghalaya.

Although the site was changed during May 2004, tender for constructing the Bridge 30/1 at the old site at a value of ₹ 37 lakh was floated during July 2004. The work for constructing the Bridge 30/1 at the new site was awarded (November 2004) at the tendered rate of ₹ 37 lakh to a contractor with a stipulation to complete the work within 12 months. However based on the contractor's representation (September 2006) the completion date was extended (June 2007) by the SE, Roads, Western Circle up to December 2007.

While the work was in progress, Additional Chief Engineer (Eastern Zone) accepting a deviation statement enhanced (May 2007) the tendered value to ₹ 48.84 lakh to cover the cost of extra quantity of work.

The contractor threatened (July 2008) that he would not go ahead to complete the work unless his request for revising the estimates once again was accepted for the following reasons:

- (i) The increase in wages of labourers and material due to delay in the commencement of work by 1-1/2 years because of objections of *Myntries* (local leaders); and,
- (ii) The height of the abutment as well as the retaining walls and earth filling of the approach road has to be raised as per instruction.

By this time, work on sub-structure, super structure except railing of bridge proper, construction of wing walls and retaining wall were completed. The works on approach road including metalling and black topping remained to be completed. Thereafter, no further progress was made in execution of the work. The contractor was paid a total amount of ₹ 44.24 lakh (till September 2009) through running bills (June 2009) for the work done.

The Executive Engineer, PWD (Roads), Ranikor Division informed the Chief Engineer, PWD (Roads) (November 2010) that the change of site of Bridge 30/1 had brought about a major change in alignment of the approach road which has made operationalising of Bridge 30/1 difficult. He proposed that a separate scheme incorporating all the requirements to make the bridge operational would be submitted shortly and sought the closure of the existing scheme. The approximate cost for construction of approaches would be to the tune of ₹ 70.50 lakh (based on SOR 2007-08). He also indicated that the land would be required for construction of approach roads on both sides of bridge and for construction of sub-way, which was proposed to be acquired free of cost. A decision on this was awaited.

Thus, even though the super structure of the bridge was almost completed (July 2008), because of absence of approach road, Bridge 30/1 could not be utilised till date (June 2012) and vehicles still travel through the existing sub-way.

In reply to audit query (April 2012), the Executive Engineer, PWD (Roads), Ranikor Division stated (June 2012) that negotiation was being held with the land owners to get the land free of cost and thereafter Government sanction would be sought for the approach road.

Thus, commencing the construction of the Bridge 30/1 without acquiring the land required for the approach road and change in site consequent resulted in stoppage of work (June 2008) with bridge proper almost being complete. As a consequence, an expenditure of ₹ 44.24 lakh incurred on the construction has been rendered unfruitful, besides frustrating the objective of providing infrastructure for heavy traffic to ply through Jadukata bridge. Further, there would be an additional financial requirement of at least ₹ 70.50 lakh to make the bridge operational, which would certainly escalate, in case of further delay.

The matter was reported to the Principal Secretary to the Government of Meghalaya, PWD in October 2012; reply had not been received (March 2013).

CHAPTER-IV

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

CHAPTER IV: ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

4.1 Overview of State Public Sector Undertakings

Cattle Farms

Executive Summary

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General of India (CAG). These accounts are also subject to supplementary audit conducted by CAG. Audit of statutory corporations is governed by their respective legislations. As on 31 March 2012, the State of Meghalaya had 14¹ working Public Sector Undertakings (PSUs) (12 companies and two statutory corporations) and one non-working company, which employed 4609 employees. The working PSUs registered a turnover of ₹ 463.14 crore for 2011-12 as per their latest finalised accounts as of September 2012. This turnover was equal to 2.91 per cent of State Gross Domestic Product indicating a moderate role played by State PSUs in the economy. However, the working State PSUs incurred an overall loss of ₹ 85.76 crore in the aggregate for 2011-12 as per their latest finalised accounts as on 30 September 2012.

Investments in PSUs

As on 31 March 2012, of the total investment in State PSUs, 99.70 per cent was in working PSUs and the remaining 0.30 per cent in one non-working PSU. This total investment consisted of 31.19 per cent towards capital and 68.81 per cent in long-term loans. The investment had increased by 21.66 per cent from ₹ 1290.34 crore in 2006-07 to ₹ 1569.81 crore in 2011-12.

¹ Including erstwhile MeSEB, which ceased to exist w.e.f. 1 April 2010.

Performance of PSUs

During the year 2011-12, out of 14 working PSUs, two PSUs namely Meghalaya Government Construction Corporation Limited and Meghalaya Industrial Development Corporation Limited earned profit aggregating to ₹ 1.24 crore and remaining twelve PSUs incurred loss of ₹ 87.00 crore. The major losses were incurred by Mawmluh Cherra Cements Limited (₹ 18.71 crore) and Meghalaya State Electricity Board (₹ 56.42 crore). The losses of working PSUs were mainly attributable to deficiencies in financial management, planning, implementation of projects, operations and monitoring. A review of the latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 66.51 crore and infructuous investment of ₹ 1.40 crore which were controllable with better management. Thus, there is tremendous scope to improve the functioning of PSUs and minimise losses.

Quality of accounts

The quality of accounts of PSUs needs improvement. All the 20 accounts finalised by working PSUs during October 2011 to September 2012 received qualified certificates. There were 12 instances of non-compliance with the Accounting Standards. Reports of Statutory Auditors on internal control of the companies indicated certain weak areas.

Arrears in accounts

Thirteen working PSUs had arrears of 52 accounts as of September 2012. The PSUs need to set targets for the work related to preparation of accounts with special focus

on arrears. There was one non-working company as on 31 March 2012. The Company is under liquidation process as all the employees had opted for VRS in

December 2006. As no purpose was served by keeping this non-working company in existence, Government needs to expedite the process of closure of this company.

4.1.1 Introduction

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are mandated to carry out activities of commercial nature while keeping in view the welfare of people. In Meghalaya, the State PSUs occupy a modest position in the State economy. The State working PSUs registered a turnover of ₹ 463.14 crore for 2011-12 as per their latest finalised accounts as of September 2012. This turnover was equal to 2.91 *per cent* of State Gross Domestic Product (GDP) for 2011-12. The working State PSUs incurred an overall loss of ₹ 85.76 crore during 2011-12 as per their latest finalised accounts as on 30 September 2012. They had employed 4609 employees as of 31 March 2012.

As on 31 March 2012, there were 15 PSUs as per details given below. Of these, no company was listed on the stock exchange(s).

Table 4.1.1

Type of PSUs	Working PSUs	Non-working PSUs ²	Total
Government Companies³	12	1	13
Statutory Corporations	2	-	2
Total	14	1	15

4.1.2 Audit Mandate

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 the Government(s). A Government company includes a subsidiary of a Government company. Further, 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.

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 the

2 Non-working PSUs are those which have ceased to carry on their operations. It includes one 619-B Company namely Meghalaya Electronics Development Corporation Limited.

3 Including three subsidiaries companies of Meghalaya Energy Corporation Limited (MeECL) viz. Meghalaya Power Generation Corporation Limited (MPGCL), Meghalaya Power Transmission Corporation Limited (MPTCL) and Meghalaya Power Distribution Corporation Limited (MPDCL) which were incorporated on 18 December 2009. These Subsidiaries are yet to start functioning (September 2012).

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 of the Companies Act, 1956.

Audit of Statutory Corporations is governed by their respective legislations. Out of two Statutory Corporations, CAG is the sole auditor for Meghalaya Transport Corporation. In respect of Meghalaya State Warehousing Corporation, the audit is conducted by Chartered Accountants and the supplementary audit by CAG.

4.1.3 Investment in State PSUs

As on 31 March 2012, the investment (capital and long-term loans) in 15 PSUs was ₹ 1,569.81 crore as per details given below:

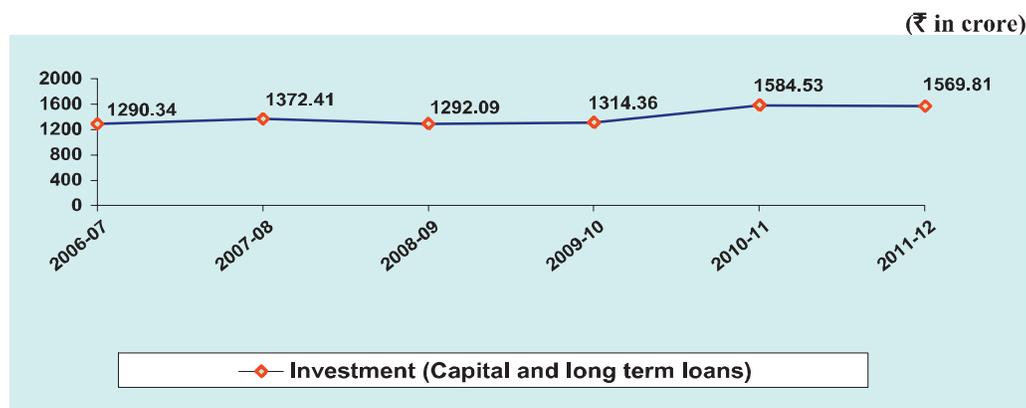
Table 4.1.2

(₹ in crore)

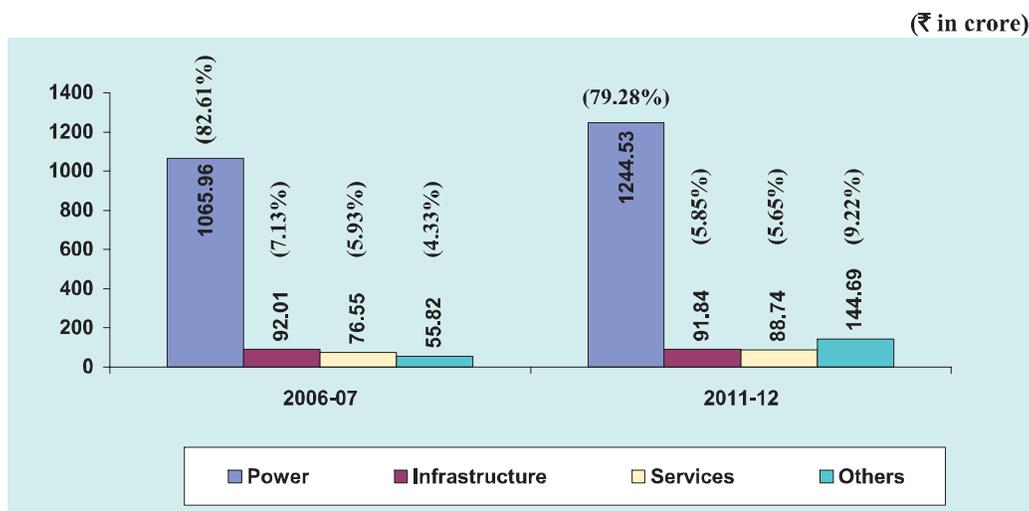
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	400.82	1,080.12	1,480.94	84.15	-	84.15	1,565.09
Non-working PSUs	4.72	-	4.72	-	-	-	4.72
Total	405.54	1,080.12	1,485.66	84.15	-	84.15	1,569.81

A summarised position of Government investment in State PSUs is detailed in **Appendix 4.1**.

As on 31 March 2012, of the total investment in State PSUs, 99.70 per cent was in working PSUs and the remaining 0.30 per cent in one non-working PSU. This total investment consisted of 31.19 per cent towards capital and 68.81 per cent in long-term loans. The investment has increased by 21.66 per cent from ₹ 1290.34 crore in 2006-07 to ₹ 1,569.81 crore in 2011-12 as shown in the graph below:



The investment in various important sectors and percentage thereof at the end of 31 March 2007 and 31 March 2012 are indicated below in the bar chart. The thrust of PSU investment in the State was on Power Sector during the five years as is evident from the table below.



(Figures in brackets show the percentage of total investment)

4.1.4 Budgetary outgo, grants/subsidies, guarantees and loans

The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Appendix 4.3**. The summarised details are given below for three years ended 2011-12:

Table 4.1.3

(₹ in crore)

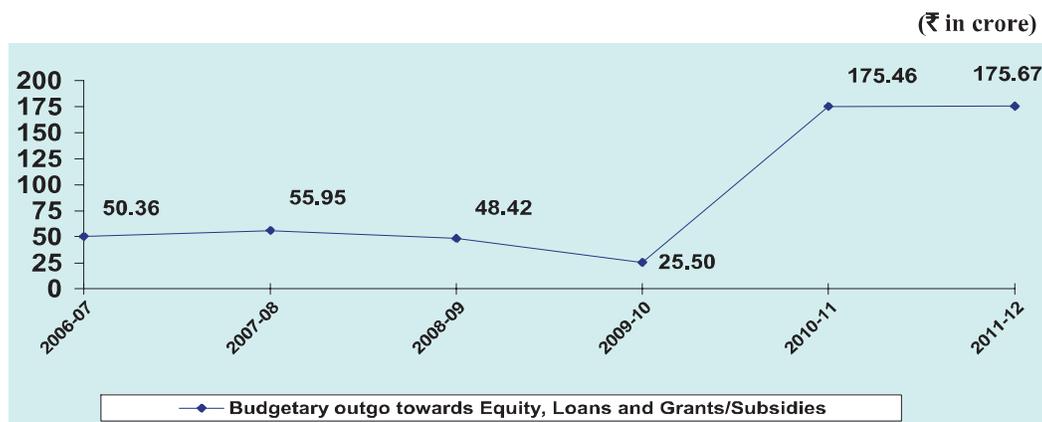
Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity(E) Capital outgo from budget	4	16.45	5	15.99	4	27.00
2.	Loans given from budget	-	-	1	23.44	2	31.63
3.	Grants(G)/Subsidy(S) received ⁴	5	9.05	3(G) 2(S)	131.47(G) 4.56(S)	5(G) 3(S)	99.27(G) 17.77(S)
4.	Total Outgo⁵ (1+2+3)		25.50		175.46		175.67
5.	Loans converted into equity	-	-	-	-	-	-
6.	Guarantees issued	1	116.88	1	31.77	2	239.76
7.	Guarantee Commitment	3	653.33	2	646.51	3	881.23 ⁶

⁴ Includes grants and subsidies provided through State Government Budget only.

⁵ Depicts actual number of PSUs which received Equity, loans, grants/subsidies out of budget.

⁶ Excluding interest portion of guarantee of ₹ 457.56 crore in respect of MeECL.

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past six years are given in a graph below:



The budgetary outgo during 2011-12 was all time high at ₹ 175.67 crore in the past six years. This was mainly due to extension of budgetary support of ₹ 132.16 crore to Meghalaya Energy Corporation Limited (MeECL) in the form of loans (₹ 28.63 crore), grants (₹ 90.24 crore) and subsidies (₹ 13.29 crore).

The guarantee commitment by the State Government against the borrowings of State PSUs increased from ₹ 646.51 crore (2010-11) to ₹ 881.23 crore (2011-12). Fresh guarantees of ₹ 239.76 crore was issued by the State Government during 2011-12 to two PSUs (the MeECL and the MCCL).

4.1.5 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2012 is stated below:

Table 4.1.4

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	259.57 ⁷	475.84 ⁸	(-) 216.27
Loans	Not available ⁹	161.71	-
Guarantees including interest	1293.20	1338.79 ¹⁰	(-) 45.59

⁷ Includes ₹ 2.14 crore in MSWC, ₹ 68.97 crore in MTC, ₹ 89.00 crore in MIDC, ₹ 82.73 crore in MCCL, ₹ 2.32 crore in MMDC, ₹ 1.97 crore in FDCM, ₹ 0.75 crore in MGCCL, ₹ 8.96 crore in MTDC and ₹ 2.74 crore in MH&HDC.

⁸ Includes ₹ 2.14 crore in MSWC, ₹ 73.97 crore in MTC, ₹ 209.50 crore in MeECL, ₹ 91.09 crore in MIDC, ₹ 82.72 crore in MCCL, ₹ 2.32 crore in MMDC, ₹ 1.77 crore in FDCM, ₹ 0.75 crore in MGCCL, ₹ 7.96 crore in MTDC and ₹ 3.61 crore in MH&HDC. (As per details furnished by the management of the respective PSUs)

⁹ State Government's loans to State PSUs are extended through the Government Departments. These Government Departments reallocate the loan funds to different PSUs. Hence, the PSU-wise figures of State Government loans are not available in the Finance Accounts.

¹⁰ Guarantee commitment given by the State Government against loans were ₹ 1,292.21 crore (Principal=₹ 834.65 crore and interest = ₹ 457.56 crore) for MeECL, ₹ 1.00 crore for MGCCL and ₹ 45.58 crore (Principal only) for MCCL.

Audit observed that the differences occurred in equity in respect of six PSUs and one PSU¹¹ has persistent differences pending reconciliation since 2007-08. Though the Principal Secretary, Finance Department, Government of Meghalaya as well as the PSUs concerned were apprised by Audit about the differences from time to time stressing upon the need for reconciliation, no significant progress was noticed in this regard. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

4.1.6 Performance of PSUs

The financial results of PSUs, financial position and working results of working Statutory corporations are detailed in **Appendix 4.2, 4.5** and **4.6** respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSUs' turnover and State GDP for the period 2006-07 to 2011-12:

Table 4.1.5

(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Turnover	278.18	365.47	386.20	440.72	457.06	463.14 ¹²
State GDP ¹³	8625.18	9734.73	11617.04	12709.11	14085.70	15895.15
Percentage of Turnover to State GDP	3.23	3.75	3.32	3.47	3.24	2.91

It can be seen from the above that during six years period ending 2011-12, the percentage of turnover to State GDP had declined from 3.23 *per cent* (2006-07) to 2.91 *per cent* (2011-12) indicating that the turnover of PSUs did not increase proportionately with the rise in the State's GDP.

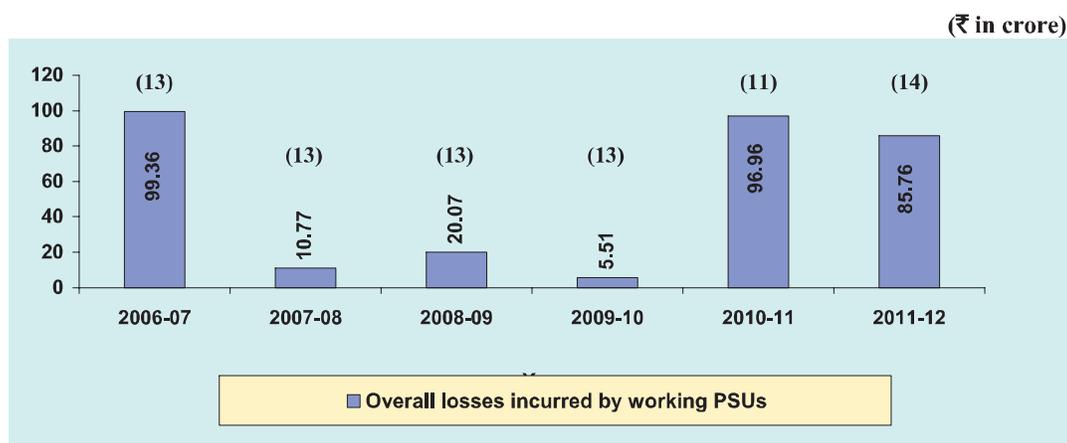
Losses¹⁴ incurred by working State PSUs during 2006-07 to 2011-12 are given below in a bar chart.

¹¹ Serial no.A-1 of Appendix 4.2.

¹² Turnover as per the latest finalised accounts (2009-10) as of 30 September 2012. It included the turnover figure (₹ 415.74 crore) of erstwhile Meghalaya State Electricity Board (MeSEB), which ceased to exist with effect from 01 April 2010 but included in Appendix 4.2 (serial no.B-1) to reflect overall financial results of the State PSUs as new Company (Meghalaya Energy Corporation Limited) formed in its place was yet to finalise account for the year 2010-11 and 2011-12.

¹³ The Gross Domestic Product of Meghalaya at current prices as furnished by Government of Meghalaya, Directorate of Economics and Statistics vide EST.5/2011/Addl.1/5 dated 31.07.2012.

¹⁴ Losses as per latest finalised accounts as shown in Appendix 4.2



(Figures in brackets show the number of working PSUs in respective years)

During 2006-12, the working State PSUs incurred losses every year. The overall losses incurred by working PSUs were an all time high during 2006-07 (₹ 99.36 crore), which reduced significantly to ₹ 5.51 crore during 2009-10 but it had sharply increased to ₹ 96.96 crore in 2010-11 and ₹ 85.76 crore in 2011-12. During the year 2011-12, out of 14¹⁵ working PSUs, 2 PSUs¹⁶ earned profit aggregating to ₹ 1.24 crore while remaining 12 PSUs incurred loss of ₹ 87¹⁷ crore. The major losses were incurred by Mawmluh Cherra Cements Limited (₹ 18.71 crore) and Meghalaya State Electricity Board¹⁸ (₹ 56.42 crore).

The losses of working PSUs were mainly attributable to deficiencies in financial management, planning, implementation of projects, operations and monitoring. A review of the latest Audit Reports of CAG show that the State PSUs incurred losses to the tune of ₹ 66.51 crore and infructuous investment of ₹ 1.40 crore which were controllable with better management. Year wise details from Audit Reports are stated below:

Table 4.1.6

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	Total
Net Loss	5.51	96.96	85.76	188.23
Controllable losses as per CAG's Audit Report	17.17	48.06	1.28	66.51
Infructuous Investment	1.40	--	--	1.40

The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above

¹⁵ Number of working PSUs excludes erstwhile Meghala State Electricity Board which ceased to exist wef 1 April 2010.

¹⁶ serial no.A-3 & A- 4 of Appendix 4.2

¹⁷ Including loss of (₹ 56.42 crore relating to erstwhile MeSEB for 2009-10.

¹⁸ Now Meghalaya Energy Corporation Limited.

table shows that with better management, the losses could be minimised substantially. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

Some other key parameters pertaining to State PSUs are given below.

Table 4.1.7

Particulars	(₹ in crore)					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Return on Capital Employed (<i>per cent</i>)	-	2.93	1.87	2.26	-	-
Debt	892.37	968.28	864.76	872.19	1129.38	1080.12
Turnover ¹⁹	278.18	365.47	386.20	440.72	457.06	463.31 ²⁰
Debt/ Turnover Ratio	3.21:1	2.65:1	2.24:1	1.98:1	2.47:1	2.33:1
Interest Payments	32.11	38.08	37.69	43.76	42.35	42.65
Accumulated Losses	508.72	524.13	518.36	515.89	620.74	668.37

(Above figures pertain to all PSUs except for turnover which is for working PSUs)

The State Government had not formulated any dividend policy for payment of any minimum return by PSUs on the paid up share capital contributed by the State Government. As per their latest finalised accounts, two PSU earned an aggregate profit of ₹ 1.24 crore but did not declare dividend.

4.1.7 Arrears in finalisation of accounts

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. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts. The table below provides the details of progress made by working PSUs in finalising their accounts by 30 September 2012.

Table 4.1.8

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1.	Number of Working PSUs	13	13	13	11	14 ²¹
2.	Number of accounts finalised during the year	13	12	10	15	20
3.	Number of accounts in arrears	60	61	64	51	52
4.	Average arrears <i>per</i> PSU (3/1)	4.61	4.69	4.92	4.64	3.71
5.	Number of Working PSUs with arrears in accounts	12	13	13	10	13
6.	Extent of arrears (Years)	1 to 15	1 to 15	1 to 15	1 to 16	1 to 15

¹⁹ Turnover as per the latest finalised accounts as of 30 September 2012.

²⁰ including the turnover figure (₹ 415.74 crore) of erstwhile Meghalaya State Electricity Board (MeSEB), which ceased to exist with effect from 01 April 2010 but included in Appendix 4.2 (serial no.B-1) to reflect overall financial results of the State PSUs as new Company (Meghalaya Energy Corporation Limited) formed in its place was yet to finalise accounts for the year 2010-11 and 2011-12.

²¹ Excluding one company (Meghalaya Electronics Development Corporation Limited) which became non-working during 2010-11 with nine accounts in arrears. Further, three new companies (serial no.A-9, 10 & 11 of Appendix 4.2) incorporated on 18 December 2009 has been included. Each of these three companies has accounts for two years (2010-11 and 2011-12) in arrears.

It can be seen from the above that the quantum of arrears in accounts and the average arrear per PSU remained high showing an average arrears per PSU at 3.71 accounts, while the extent of arrears ranges between one and fifteen years.

The State Government had invested ₹ 340.11 crore (Equity: ₹ 18.33 crore, Loan: ₹ 52.07 crore, Grants: ₹ 235.06 crore and Subsidy: ₹ 34.65 crore) in nine PSUs during the years for which accounts have not been finalised as detailed in **Appendix 4.4**. Delay in finalisation of accounts of these PSUs may result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

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 PSUs within the prescribed period. Though the attention of the concerned administrative departments and officials of the Government on the issue of the arrears in finalisation of accounts was regularly drawn by the Principal Accountant General on quarterly basis, no remedial measures were taken. As a result of this, the net-worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up with the Principal Secretary of the concerned Department and the Principal Secretary, Finance Department in the form of quarterly demi-official letters to clear the arrears in accounts in a time bound manner.

In order to speed up the clearance of arrear accounts, in line with the instruction of the Ministry of Corporate Affairs (MCA), Government of India, to finalise latest two years account within a reasonable period during 2011-12, CAG office had taken up the matter with the Chief Secretary, concerned Department of the State Government and State PSUs for effective action plan for compliance of the MCA instruction. But out of 15 PSUs, 13 PSUs²² were yet to finalise latest two years accounts as on 30 September 2012.

In view of the above state of arrears, it is recommended that:

- **The Government may set the targets for individual companies for clearance of arrears and monitor the achievement on regular basis.**
- **The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**

4.1.8 Winding up of non-working PSUs

There was one non-working PSU as on 31 March 2012. The Company is under process of liquidation as all the employees of the Company had opted for VRS in December 2006 and were awaiting full settlement of VRS compensation.

The non-working PSU is required to be closed down as its existence is not going to serve any purpose.

²² The PSUs viz. the MCCL and MMDC have finalised accounts upto 2011-12 and 2010-11 respectively.

4.1.9 Accounts Comments and Internal Audit

Eleven companies forwarded fourteen²³ audited accounts to Principal Accountant General (Audit) during the year 2011-12. Of these, twelve accounts of nine companies were selected for supplementary audit and two accounts were issued non review certificate. The accounts of Mawmluh Cherra Cements Limited for 2011-12 was received on 29 September 2012 and Supplementary audit was in progress (October 2012). The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below:

Table 4.1.9

Sl. No.	Particulars	(₹ in crore)					
		2009-10		2010-11		2011-12	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	1	21.06	1	0.31
2.	Increase in loss	-	-	4	1.80	4	0.34
3.	Non-disclosure of material facts	1	0.21	2	6.51	2	3.34
4.	Errors of classification	-	-	3	0.86	1	0.23

It can be seen from the above that two companies²⁴ had impact of comments under 'Non-disclosure of material facts' category of ₹ 3.34 crore during 2011-12.

During the year, the Statutory auditors had given qualified certificates to all the fourteen accounts. The compliance of companies with the Accounting Standards remained poor as there were twelve instances of non-compliance in fourteen accounts during the year.

Some of the important comments in respect of accounts of companies are stated below:

*Mawmluh Cherra Cements Limited (2010-11)*²⁵

- Non provisioning of ₹ 7.95 lakh pending recovery from M/S Techno Export and M/S Rameshwar Daga and Co. for more than 40 years, resulted in overstatement of Loans and Advances and understatement of loss for the year by ₹ 7.95 lakh.
- Non provisioning of electricity dues payable to MeECL had resulted in understatement of Sundry Creditors and loss for the year by ₹ 31.43 lakh.

²³ Including one year accounts of one Non-working company namely Meghalaya Electronics Development Corporation Limited.

²⁴ Meghalaya Bamboo Chips Limited and Meghalaya Tourism Development Corporation Limited.

²⁵ Account of the Company was received during the period of previous Audit Report (2010-11) but audit process was completed in the current audit period.

- Non provisioning of royalty payable to the Government of Meghalaya resulted in understatement of sundry creditors and loss for the year by ₹ 14.83 lakh.
- Non provisioning of penal interest for default in remittance of Royalty and Cess resulted in understatement of Sundry Creditors and loss by ₹ 16.16 lakh.
- Non provisioning for Employer's Contribution to Provident Fund against arrear DA resulted in understatement of Current Liabilities & Provisions and loss for the year by ₹ 5.46 lakh.
- Non provisioning of Cess payable against sale of Cement from January 2011 to March 2011 resulted in understatement of current liabilities and loss for the year by ₹ 2.64 lakh.

Meghalaya Bamboo Chips Limited (2008-09)

- Profit and Loss Account does not include ₹ 0.39 lakh being the interest on bridging loan taken from the holding company (MIDC). This had resulted in understatement of Interest on Bridging Loan and Loss for the year by ₹ 0.39 lakh.
- Profit and Loss Account did not include outstanding liability on account of electricity charges amounting to ₹ 10.51 lakh relating to prior periods (as on 19.03.2009). This resulted in understatement of prior period expenses and loss by ₹ 10.51 lakh and corresponding understatement of Current Liabilities by the same amount.

Meghalaya Tourism Development Corporation Limited (1995-96)

- Depreciation on various Assets had been charged at rates lesser than those prescribed in the Companies Act, 1956. This had resulted in understatement of depreciation and loss for the year by ₹ 2.90 lakh and overstatement of Assets by the same amount.

Meghalaya Energy Corporation Limited (14 September 2009 to 31 March 2010) & Meghalaya Power Generation Corporation Limited (18 December 2009 to 31 March 2010)

- There has been contravention of provision contained in Section 166 of the Companies Act, 1956 by not holding the first Annual General Meeting within eighteen months from the date of incorporation of the Company. This fact of contravention of the Companies Act, 1956 has not been pointed out by the Statutory Auditor in their Report.
- The Statutory Auditor has pointed out that provision for Deferred Tax has not been created in terms of Accounting Standard 22. Considering the fact that the erstwhile MeSEB had accumulated losses of ₹ 449.03 crore as on March 2010, it cannot be said that there is a reasonable certainty for realisation of deferred

tax. Hence, provision of deferred tax is not permissible under Accounting Standard 22 and qualification of Statutory Auditors is not sustainable.

During 2011-12, two working Statutory Corporations forwarded six accounts²⁶ to the Principal Accountant General. Accounts of one Statutory Corporation was selected for sole audit and for the other CAG decided for conducting supplementary audit. Both the audits were completed during the year. The audit reports of statutory auditors and the sole/ supplementary audit of CAG indicated that the quality of maintenance of accounts needed to be improved substantially. The details of aggregate money value of comments of CAG are given below:

Table 4.1.10

(₹ in crore)

Sl. No.	Particulars	2009-10		2010-11		2011-12	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	16.12	-	-	-	-
2.	Increase in loss	1	3.02	2	5.98	1	5.09
3.	Non-disclosure of material facts	-	-	2	16.71	1	8.58
4.	Errors of classification	-	-	1	0.76	1	1.92

It can be seen from the above that the average impact of comments per account under 'increase in loss' category increased from ₹ 2.99 crore in 2010-11 to ₹ 5.09 crore in 2011-12. Besides, average money value of the non-disclosure of material facts also increased from ₹ 8.36 crore in 2010-11 to ₹ 8.58 crore in 2011-12.

During the year, the six accounts of two Statutory Corporations²⁷ received qualified certificates.

Some of the important comments in respect of accounts of Statutory Corporations are stated below:

Meghalaya Transport Corporation (2009-10)

- The Corporation did not provide interest amounting to ₹ 2.57 crore (including penal interest of ₹ 0.06 crore) on capital contribution of the State Government. This had resulted in understatement of "Provisions" and "Loss" for the year by ₹ 2.57 crore (Prior Period ₹ 2.51 crore and Current year ₹ 0.06 crore).
- The Capital Receipts from State Government included an amount of ₹ 1.31 crore being the equity capital released by the State Government in 1999-2000. This had resulted in overstatement of Capital Receipts and understatement of Equity Capital by ₹ 1.31 crore.

²⁶ Meghalaya Transport Corporation has forwarded six years accounts from 2005-06 to 2009-10 and Meghalaya State Warehousing Corporation has submitted one year accounts of 2010-11 during the year 2011-12.

²⁷ Meghalaya Transport Corporation submitted five accounts and Meghalaya State Warehousing Corporation Limited submitted one accounts during 2011-12.

- The Corporation received an amount of ₹ 1.00 crore during the year 2009-10 towards capital contribution from the State Government. However, no utilisation certificate was made available to Audit, in absence of which it was not clear as to how much was utilised towards Plan expenditure. No disclosure in this regard was made by the Corporation.
- The Capital Receipt of Central Government amounting to ₹ 6.81 crore had been converted (April 1994) into equity capital by the Central Government but the same was not shown in the accounts. This had resulted in understatement of Equity Capital and overstatement of Capital receipts by ₹ 6.81 crore.
- A reference is invited to Para No. 5 of the Separate Audit Report of the Corporation for the year ended 31 March 2005 wherein it was stated that the payments made to CPF authorities amounting to ₹ 61.29 lakh were credited to CPF account instead of debiting the same in the accounts for the year 2002-03. No corrective action had been taken by the Corporation during the year 2009-10. This had resulted in overstatement of “Current Liabilities and Provisions” and “Cash at Bank” by ₹ 1.23 crore.
- The Corporation had not disclosed a contingent liability amounting to ₹ 47.41 lakh being the disputed claim of Motor Vehicle Tax.
- Due to non availability of information/records, the following items of Fixed Assets could not be verified in audit:

Sl. No.	Particulars	Amount (₹ in lakh)
(i)	Land	32.22
(ii)	Building (Pucca)	236.65
(iii)	Building (Kutchra)	11.56
(iv)	Plant and Machinery	29.86

- Authenticity of the following Sundry Debtors could not be verified in audit due to non-availability of records:

Sl. No.	Particulars	Amount (₹ in lakh)
1.	Bills Receivable	3.80
2.	Govt Pension & Gratuity	252.27
3.	N F Railway Receivable	86.00
4.	House Rent Receivable	126.35
5.	Postal Warrant Receivable	11.37
6.	Road Warrant Receivable	1.23
7.	Mizoram State Transport	0.64

The correctness of outstanding rent recoverable could not be ascertained due to non-maintenance of party wise ledger for Bills Receivable.

- Out of twenty seven (27) bank accounts maintained by the Corporation bank reconciliation was done in respect of only two bank accounts. However, bank reconciliation was carried out with General Ledger instead of Cash Book. There

was however a difference of ₹ 1.63 crore between the balance as per Cash Book and General Ledger in respect of these two bank accounts which remained unreconciled as on 31 March 2010. In respect of remaining twenty five (25) bank Accounts neither any Bank Statement/Pass Book nor Bank Reconciliation Statement was made available to Audit.

- As per Cash and Bank Statement of Meghalaya Helicopter Service (MHS) an amount of ₹ 0.26 lakh (Cash in hand) and ₹ 6.14 lakh (Bank balance) received on behalf of the State Government were not reflected in the accounts. This has resulted in understatement of Cash and Bank balance by ₹ 6.40 lakh with consequent understatement of Current Liabilities - Accrued Charges (MHS) by the same amount. Further, there was a difference of (-) ₹ 2.22 lakh between the balances of MHS as per Cash Book (₹ 6.14 lakh) and as per Bank Statement (₹ 8.36 lakh). But, the same has not been reconciled as on 31 March 2010.
- The Income did not include ₹ 37.89 lakh being commission receivable on sale of tickets for Meghalaya Helicopter Service during the period from February 1999 to March 2010. This had resulted in understatement of non operating revenue ₹ 37.89 lakh (prior period – ₹ 33.93 lakh and current year – ₹ 3.96 lakh) and Current Assets by ₹ 37.89 lakh. This had also resulted in overstatement of “loss” for the year by ₹ 3.96 lakh and “accumulated loss” by ₹ 37.89 lakh.
- Out of total Grants of ₹ 14.50 crore received from Central/State Governments for Voluntary Retirement Scheme (VRS) compensation, the Corporation utilised ₹ 13.35 crore for payment of VRS compensation. The balance fund of ₹ 1.15 crore was not surrendered to the State/Central Government.

Meghalaya State Warehousing Corporation (2010-11)

- Establishment expenses did not include ₹ 10.01 lakh being management expenses incurred and adjusted directly against managerial subsidy receivable. This had resulted in understatement of Expenses and Income by ₹ 10.01 lakh.

The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control / internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system and other areas in respect of eight companies²⁸ for the year 2010-11 and seven companies²⁹ for the year 2011-12 are given below:

²⁸ Sl. No. A-1, 2, 4, 5, 6, 7, 8 and C-1 in Appendix – 4.2

²⁹ Sl. No. A-2, 3, 5, 6, 7, 12 and C-1 in Appendix – 4.2

Table 4.1.11

Sl. No.	Nature of comments made by Statutory Auditors	2010-11		2011-12	
		Number of companies where recommendations were made	Reference to serial number of the companies as per Appendix 4.2	Number of companies where recommendations were made	Reference to serial number of the companies as per Appendix 4.2
1.	Auditors Report & Comments / Draft paras/Mini Reviews not discussed in Audit Committee	1	A-5	-	-
2.	Non prescribing of Maximum / Minimum level of stock	4	A-1, A-2, A-5, A-8	-	-
3.	No ABC analysis adopted to control the inventory	4	A-1, A-2, A-5, A-8	-	-
4.	Inadequate scope of Internal Audit	1	A-5	1	A-5
5.	Absence of proper maintenance of Fixed Asset Register	6	A-1, A-3, A-5, A-6, A-8, C-1	6	A-2, A-3, A-6, A-7, A-12, C-1
6.	Inadequate credit policy	7	A-1, A-2, A-3, A-4, A-6, A-8, C-1	-	-
7.	Inadequate system of giving discount	2	A-8, A-2	-	-
8.	Inadequate system for timely recovery of outstanding dues	4	A-1, A-2, A-4, C-1	-	-
9.	No system of obtaining confirmation of balances from debtors.	6	A-1, A-2, A-3, A-4, A-8, C-1	5	A-2, A-5, A-7, A-12, C-1
10.	Non recoverable of ledger (Debtor Advances)	-	-	1	A-7

4.1.10 Status of placement of Separate Audit Reports

The following table shows the status of placement of various Separate Audit Reports (SARs) issued by the CAG on the accounts of Statutory corporations in the Legislature by the Government.

Table 4.1.12

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Meghalaya Transport Corporation	2004-05	2005-06	04 April 2012	SAR received by the Government/ Management and is yet to be placed in the Legislature.
			2006-07	10 April 2012	
			2007-08	12 April 2012	
			2008-09	12 April 2012	
			2009-10	12 April 2012	

Delay in placement of SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The Government should ensure prompt placement of SARs in the legislature(s).

4.1.12 Disinvestment, Privatisation and Restructuring of PSUs

During the year 2011-12, no exercise was undertaken by the Government of Meghalaya for the Disinvestment, Privatisation and Restructuring of PSUs.

POWER DEPARTMENT

MEGHALAYA ENERGY CORPORATION LIMITED

4.2 Performance Audit on Power Transmission activities

Executive Summary

The performance audit of transmission activities of Meghalaya Energy Corporation Limited (MeECL) for the period 2007-12 was conducted to assess whether aims and objectives of National Electricity Policy/ Plans (NEP) were adhered to and whether the Company was able to provide an efficient, adequate and properly coordinated grid management and transmission of energy.

Planning and Development

The Company did not make any long term business plan as per recommendations of the working group of Meghalaya State Planning Board. During 2007-12, the Company could add capacity of 407.50 Mva against the planned addition of 1132.50 Mva. Against the planned addition of 555.65 Ckm to transmission line, the Company could add only 401.55 Ckm (72.27 per cent).

Project Management of Transmission System

Project execution

Out of six substations taken up for construction during 2007-12, three substations were completed after delays ranging from 8 to 23 months and a cost overrun of ₹ 5.96 crore. Two augmentation works were behind schedule by seven months.

Out of 14 transmission lines taken up for construction during 2007-12, seven were completed after delays ranging from 6 to 25 months and cost overrun of ₹ 1.88 crore.

Mismatch between Generation/power purchase plan and Transmission facilities

Delay in completion of Myntdu Leshka Hydro Electric Project (MLHEP) resulted in idling of transmission line from MLHEP to Khliehriat for 22 months. Due to delay in approval and implementation of 132 KV transmission line inter-connecting the 220/132KV Killing substation with the existing EPIP-I and EPIP-II substations at Byrnihat and also due to delay in construction of 220/132 KV Killing substation for more than four months, the 220 KV D/C Misa line could not be utilised for 11 months during February 2010 to December 2010. The 220/132KV Killing substation capacity (320 Mva) was also underutilised due to non completion of 132 KV transmission line from 220/132 KV Killing substation to 132/33 KV EPIP-I substation at Byrnihat.

Performance of transmission system

The unutilised transmission capacity had increased from 11.15 Mva in 2007-08 to

287.76 Mva in 2011-12. The burden for this underutilised capacity at the end of March 2012 worked out to ₹13.32 crore which was passed on to the consumers.

Transmission losses

Due to incompatibility of equipments, transmission loss data furnished by the Company was inconsistent.

Grid Management

Infrastructure for load monitoring

Ten substations and two generating units were not provided with Remote terminal Units (RTUs) for recording real time data for efficient Energy Management System.

Grid discipline by frequency management

For grid indiscipline, North Eastern Regional Load Despatch Centre (NERLDC) issued 241 violation messages to the Company in 2009-10 which had sharply increased to 335 during 2011-12.

Backing Down Instructions (BDI)

BDI issued by the State Load Despatch Centre (SLDC) to the generating stations were verbal and not recorded. In absence of the record of operational instructions given by SLDC, adherence to its instruction could not be examined.

Disaster Management

Out of six major generating stations, DG sets for black start for emergency restoration was available only at Myntdu Leshka Hydro Electric Project (MLHEP), Leshka. However, during a major grid failure that occurred on July 2012, MLHEP failed to black start.

Material Management

The Company did not follow good management practices like ABC Analysis, fixation of minimum/maximum stock level/reorder level.

Energy Accounting and Audit

The Company had proposed (2006-07) energy audit but it was not taken up due to non availability of funds.

Monitoring by top Management

The Company did not have proper MIS in place for exercising effective control over its activities by top management.

Conclusion

The Company failed to prepare long term business plan as per recommendations of the Meghalaya State Planning Board for capacity addition and strengthening of the transmission system. There were delays in execution of major projects leading to time and cost overrun. There was lack of proper system for maintenance of its transmission system. Energy accounting was not done during the review period to have proper monitoring and control over its transmission losses. The Grid discipline by frequency management was not maintained during 2009-12 due to overdrawal of power from the Grid despite low frequency conditions to meet the increased power demand. The Company did not have any system to review the achievement of envisaged benefits of completed transmission projects.

4.2.1 Introduction

With a view to supply reliable and quality power to all by 2012, the Government of India (GoI) prepared the National Electricity Policy (NEP) in February 2005 which stated that the transmission system requires adequate and timely investment besides efficient and coordinated action to develop a robust and integrated power system for the country. It also, inter-alia recognised the need for development of a National and State Grid with the co-ordination of Central/State Transmission Utilities.

Transmission of electricity and grid operations in Meghalaya are managed and controlled by the Meghalaya Energy Corporation Limited (MeECL-Company) to provide an efficient, adequate and properly coordinated grid management and transmission of energy in the state. As part of power sector reforms, the erstwhile Meghalaya State Electricity Board (MeSEB) was unbundled and the Company was incorporated on 14 September 2009 under the Companies Act, 1956 under the administrative control of the Power Department, Government of Meghalaya (GOM). However, pending formation of its three subsidiaries viz., Meghalaya Power Generation Corporation Limited (MePGCL), Meghalaya Power Transmission Corporation Limited (MePTCL) and Meghalaya Power Distribution Corporation Limited (MePDCL), the business of these three subsidiary companies viz., generation, transmission and distribution of electricity in Meghalaya was being carried out by the Company (which is also holding company of the three subsidiaries). The Company started functioning with effect from 01 April 2010.

The management of the Company is vested in Board of Directors comprising of six members appointed by the GOM. The day-to-day operations are carried out by the Chairman-cum-Managing Director (who is the Chief Executive of the Company) with the assistance of the Director (Finance), Director (Corporate Affairs), Director (Distribution), two Government nominated Directors and a Company Secretary.

During 2007-08, 1587.21 MUs of energy was transmitted by the Company which increased to 1682.78 MUs in 2011-12 (provisional) i.e. an increase of 6.02 *per cent* during the five year period 2007-12. As on 31 March 2012, the Company had a transmission network of 1109.54 circuit kilometres (Ckm) lines and 14 substations with installed capacity of 865 MVA, capable of annually transmitting a total of 6440.79 MUs at 220 KV and 132 KV. The turnover of the Company was ₹ 528.05 crore³⁰ in 2011-12, which was equal to 3.32 *per cent* of the State Gross Domestic Product³¹. It employed 3307 employees as on 31 March 2012.

Performance Audit on 'Power Generating Utility (the Company) in the state of Meghalaya' and 'Power Distribution set up in the State of Meghalaya' and a para on 'Implementation of Rural Electrification Schemes' were included in the reports of the

³⁰ This represents the overall turnover of MeECL against Generation, Transmission and Distribution activities during 2011-12; as separate turnover figures for transmission activities were not available.

³¹ State GDP for 2011-12 was ₹15,895.15 crore

Comptroller and Auditor General of India (Civil/ Commercial), GOM for the year ended 31 March 2010, 31 March 2011 and 31 March 2008 respectively. The Committee on Public Undertakings (COPU) had discussed the para on 'Implementation of Rural Electrification Schemes' and 'Performance Audit on Power Generating Utility (the Company) in the state of Meghalaya' in August 2010 and September 2011 respectively. However, recommendations of the COPU on the said Para/Performance Audit are yet to be received (October 2012).

4.2.2 Scope of Audit

The present Performance Audit conducted during April 2012 to July 2012 covered performance of the transmission set up of the Company during 2007-08 to 2011-12. Audit examination involved scrutiny of records of entire transmission set up comprising of transmission wing at the Company's Head Office (headed by Chief Engineer) and all the four transmission divisions, one 220/132 KV substation Division and one System Protection Division, each headed by an Executive Engineer. Besides, Audit also scrutinised records relating to transmission at different wings of the Company's Head Office and the State Load Despatch Centre (SLDC), headed by a Superintending Engineer.

During the period covered under the performance audit, the Company took up the construction of six substations (1120 MVA), augmentation of four substations (127.5 MVA) and 14 transmission lines (544.77 Ckm) (**Appendix 4.7**). Out of this, the Company completed three substations (capacity 400 MVA), and augmented two existing substations by 12.50 MVA and seven transmission lines by 380.74 Ckm. As on 31 March 2012, construction work for three substations (capacity 720 MVA), augmentation of two substations (by 115 MVA) and seven transmission lines (by 164.03 Ckm) was in progress. Against deposit works for construction of six transmission lines (27.13 Ckm) undertaken by the Company only four transmission lines (20.81 Ckm) were completed till 31 March 2012. Audit examination included these completed works as well as works which were in progress as on 31 March 2012.

4.2.3 Audit Objectives

The objectives of the performance audit were to assess whether:

- Perspective Plan was prepared in accordance with the guidelines of the National Electricity Policy/ Plan and Meghalaya State Electricity Regulatory Commission (MSERC) and assessment of impact of failure to plan, if any;
- The transmission system was developed and commissioned in an economical, efficient and effective manner;
- Effective failure analysis system was set up;
- Operation and maintenance of transmission system was carried out in an economical, efficient and effective manner;

- Disaster Management System was set up to safeguard its operations against unforeseen disruptions;
- Filing of Aggregate Requirement Revenue (ARR) for tariff revision in time;
- Efficient and effective system of procurement of material and inventory control mechanism was adopted;
- Efficient and effective energy conservation measures were undertaken in line with the National Electricity Plan (NEP) and effective Energy Audit System was established; and
- There is a monitoring system in place to review the existing/ ongoing projects, take corrective measures to overcome the deficiencies identified, respond promptly and adequately to Audit observations.

4.2.4 Audit Criteria

The audit criteria adopted for assessing the achievement of the audit objectives were derived from the following sources:

- Provisions of the National Electricity Policy / Plan and National Tariff Policy;
- Perspective Plans and Project Reports of the Company;
- Standard procedures for award of contracts with reference to principles of economy, efficiency, effectiveness, equity and ethics;
- Annual Revenue Requirement (ARR) filed with the Meghalaya State Energy Regulatory Commission (MSERC) for tariff fixation, Circulars, Manuals and MIS reports;
- Manual of Transmission Planning Criteria (MTPC);
- Code of Technical Interface (CTI)/ Grid Code consisting of planning, operation, connection codes;
- Directions from GOM / Ministry of Power (MoP);
- Norms/Guidelines issued by MSERC/Central Electricity Authority (CEA);
- Report of the Committee constituted by the Ministry of Power recommending the “Best Practices in Transmission”;
- Report of the Task force constituted by the Ministry of Power to analyse critical elements in transmission project implementation; and
- Reports of North Eastern Regional Power Committee (NERPC)/ North Eastern Regional Load Despatch Centre (NERLDC).

4.2.5 Audit Methodology

Audit followed the following mix of methodologies:

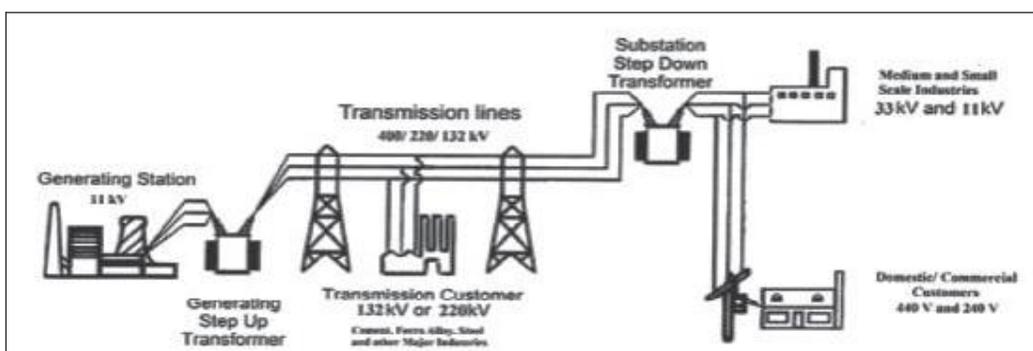
- Review of Agenda notes and Minutes of the Company's Board/ NERPC/ NERLDC; annual reports, accounts and regional energy accounts (REA);
- Scrutiny of loan files, physical and financial progress reports;
- Analysis of data from annual budgets and physical as well as financial progress with completion reports;
- Scrutiny of records relating to project execution, procurement, receipt of funds and expenditure; and
- Interaction with the Management during Entry and Exit Conference.

4.2.6 Brief description of Transmission Process

Transmission of electricity is defined as bulk transfer of power over long distances at high voltages, generally at 132 KV and above. Electric power generated at relatively low voltages in power plants is stepped up to high voltage power before it is transmitted, so as to reduce the energy loss in transmission and to increase efficiency in the grid. Sub-stations are facilities within the high voltage electric system used for stepping-up/ stepping down voltages from one level to another, connecting electric systems and switching equipment in and out of the system. The step up transmission substations at the generating stations use transformers to enhance the voltages for transmission over long distances.

Transmission lines carry high voltage electric power. The step down transmission substations thereafter reduce voltages to sub transmission voltage levels for distribution to consumers. The distribution system includes lines, poles, transformers and other equipment needed to deliver electricity at specific voltages.

Electrical energy cannot be stored; hence generation must be matched to need. Therefore, every transmission system requires a sophisticated system of control called grid management to ensure balancing of power generation closely with demand. A pictorial representation of the transmission process is given below:



4.2.7 Audit Findings

The audit objectives were explained to the Company/Govt of Meghalaya during an ‘Entry Conference’ held on 26 March 2012. Subsequently, audit findings were reported to the Company and the Government of Meghalaya (GOM) in August 2012 and discussed in an ‘Exit Conference’ held on 3 September 2012. The Exit Conference was attended by the Additional Chief Secretary, Power Department from the GOM, the Director (Transmission), Director (Distribution), Additional Chief Engineer, Chief Accounts Officer and other officials of the Company. The Company/GOM replied to audit findings in October 2012. The views expressed by them have been considered while finalising this Performance Audit. The audit findings are discussed in subsequent paragraphs.

4.2.8 Planning and Development

National Electricity Policy/Plan

The Central Transmission Utility (CTU) and State Transmission Utilities (STUs) have the key responsibility of network planning and development based on the National Electricity Plan (NEP) in coordination with all concerned agencies. At the end of 10th Plan (March 2007), the transmission system in the country at 765/HVDC/400/230/220/KV stood at 1.98 lakh Circuit Kilometres (Ckm) of transmission lines which was planned to be increased to 2.93 lakh Ckm by end of 11th Plan i.e. March 2012. The NEP assessed the total inter-regional transmission capacity at the end of 2006-07 as 14,100 MW and further planned to add 23,600 MW in 11th Plan bringing the total inter-regional capacity to 37,700 MW.

The Company’s transmission network at the beginning of 2007-08 consisted of 11 Extra High Tension (EHT) substations with a transformation capacity of 457.50 MVA and 707.99 Ckm of transmission lines. The transmission network as on 31 March 2012 consisted of 14 substations with a transformation capacity of 865 MVA³² and 1109.54 Ckm of EHT transmission lines.

The Company is also responsible for planning and development of the intra-state transmission system. Assessment of demand is an important pre-requisite for planning capacity addition.

The Company submitted (August 2006) an Approach Paper for XIth Plan (2007-12) to the Power Department, GOM treating the proposals made under the said Approach Paper as the Perspective Plan of the Company for the period from 2007-12. However, all the projects as per Approach Paper were not taken up / completed by the Company.

³² Excluding one 5 MVA transformer at Rongkhon dismantled (January 2012) for replacing it by a 20 MVA transformer, which has not been installed yet (October 2012).

It was observed that:

- The Approach Paper envisaged completion of 26 projects³³ (four substations and twenty two transmission lines) out of which the Company had undertaken seven projects (one substation and six transmission lines) and completed five projects (one substation and four transmission lines).
- The plans made under Approach Paper were not phased for the five year period properly.
- The Company had neither followed Approach Paper in totality nor adhered to the annual plans during 2007-12. Only one substation project envisaged in Approach Paper was included in the annual plans also and completed. The Company had undertaken nine other substation projects during the period 2007-12, out of which only five projects were as per annual plans. The remaining four projects undertaken during 2007-12 were neither included in annual plans nor in the perspective plan. This indicated that the annual plans submitted to the GOM for execution of projects during 2007-12 were prepared on ad-hoc basis and in isolation without any linkage and assessment of future requirements, growth of load, etc as per the approach paper.

Further the working group of Meghalaya State Planning Board had recommended (October 2008) suitable advance plans for development/ strengthening the transmission network of the Company in association with Power Grid Corporation of India Limited, (PGCIL) and CEA. It was observed that the Company did not make any long term business plan for 2007-12 for addition in the transmission network for strengthening the existing system in association with PGCIL and CEA as per recommendations of the State Planning Board.

In reply, the Management stated that based on the comprehensive planning prepared by PGCIL for investment out of World Bank funding of ₹ 1041 crore in North East India, the Company had prepared and submitted an Approach Paper for the XIIth Five Year Plan for implementation of different projects for approval of North East Council. No comments were however, offered by the Company on non-preparation of long term business plan for 2007-12 as per Meghalaya State Planning Board recommendation and also for taking up the projects during 2007-12 in deviation to the perspective plan envisaged in the Approach Paper submitted to GOM.

Although the Management had proposed Approach Paper for the 12th Five year plan, the approval and implementation of the same during the next five year period remained to be seen.

³³ Including two switching stations at Jowai and Mawngap

4.2.9 Transmission network and its growth

The transmission capacity of the Company at Extra High Tension (EHT) level during 2007-08 to 2011-12 is given below:

Table 4.2.1

Sl. No	Description	2007-08	2008-09	2009-10	2010-11	2011-12	2007-12
A. Number of substation (Numbers)							
1	At the beginning of the year	11	11	12	12	13	11
2	Additions planned for the year ³⁴	0	0	2	2	4	-
3	Added during the year	0	1 [#]	0 [#]	1	1	3
4	Total sub stations at the end of the year (1+3)	11	12	12	13	14	14 [*]
5	Shortfall in additions (2-3)	0	0	1	1	3	-
B. Transformer capacity (Mva)							
1	Capacity at the beginning of the year	457.50	465	485	490	810	457.50
2	Additions/ augmentation planned for the year*	7.50	0	85	380	780	-
3	Capacity added during the year	7.50	20 [#]	5 [#]	320	55 ³⁵	407.50
4	Capacity at the end of the year (1+3)	465	485	490	810	865	865
5	Shortfall in additions/ augmentation	0	0 [#]	60 [#]	60	725	-
C. Transmission line (Ckm)³⁶							
1	At the beginning of the year	707.99	708.59	710.46	1020.69	1041.22	707.99
2	Additions planned for the year*	56.96	75.59	402.98	137.64	222.42	-
3	Added during the year	0.60 [@]	1.87	310.23	20.53	68.32	401.55
4	Total lines at the end of the year (1+3)	708.59	710.46	1020.69	1041.22	1109.54	1109.54
5	Shortfall in additions (2-3)	56.96 [@]	73.72	92.15 [@]	117.11	154.10	-

Source: MeECL

From the above it is clear that:

- During 2007-12, the Company could not complete the planned transmission lines as was evident from fact that the shortfall in laying of transmission lines had increased from 56.96 Ckm in 2007-08 to 154.10 Ckm in 2011-12.
- During 2007-12 in respect of substations, the Company could add capacity of only 407.50 Mva (35.98 per cent) against the planned addition of 1132.50 Mva for six substations (including augmentation of two substations).

³⁴ Excluding four projects of augmentation planned during 2007-12. In the absence of any long terms plan, additions planned for the respective years as per the target date of completion indicated in the sanction letter of the funding agencies were considered by Audit as “additions planned for the year”. Where the sanction letter was silent on completion schedule, projected completion as per DPR was taken into consideration. For Deposit Works, in the absence of any agreement with the consumers, additions planned were taken as per the targeted date of completion mentioned in the work order.

[#] Umiam substation with two transformers was scheduled for completion in 2009-10. While one transformer (20 Mva) was commissioned in 2008-09, second transformer (20 Mva) was commissioned in February 2012.

^{*} Represents one 220 KV and 13 132 KV Substations

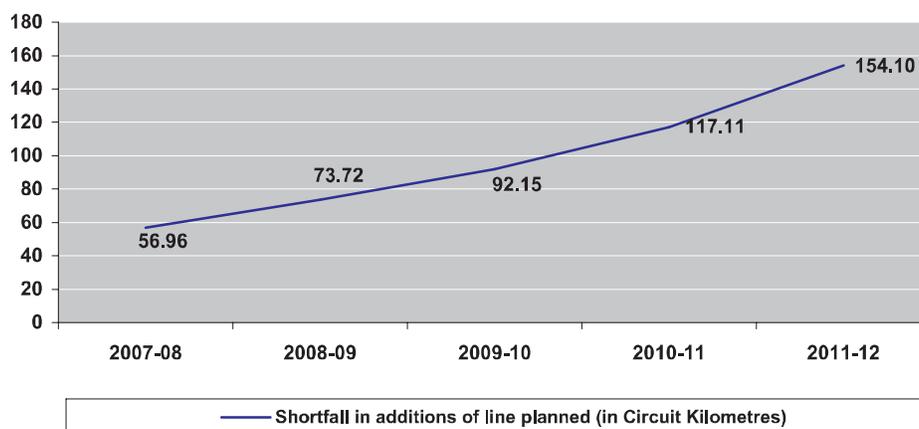
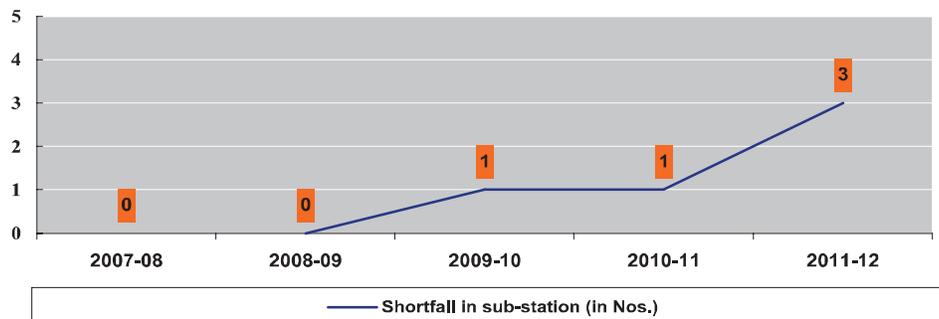
^{*} The shortfall in achieving the addition targets for each year have been carried over to the planned targets of subsequent years.

³⁵ Excludes one 5 Mva transformer at Rongkhon substation which was dismantled in January 2012 for installation of one transformer (20 Mva) under augmentation project.

³⁶ Includes Deposit Works

[@] As per the sanction letter of the funding agency, the LILO of Sumer-NEHU transmission line at Umiam substation was to be completed by May 2010. Since the work for the transmission line was taken up by the MeECL, out of its own resources, it was partially completed in December 2007, though it was complete in all respects in November 2010.

➤ Non completion of the projects in time (discussed in Para 4.2.11) was the main reason for shortfall in *capacity* addition. The shortfall in capacity addition had resulted in non-achievement of the envisaged benefits of the projects planned.



4.2.10 Project Management of Transmission System

A transmission project involves various activities from conceptualisation to commissioning. Major activities in a transmission project are (i) Project formulation, appraisal and approval phase and (ii) Project execution phase. For reduction in project implementation period, the Ministry of Power, Government of India constituted a Task Force on transmission projects (February 2005) with a view to:

- analyse the critical elements in transmission project implementation;
- implementation from the best practices of Central and State Transmission Units; and
- suggest a model transmission project schedule for 24 months' duration.

The task force suggested and recommended (July 2005) the following remedial actions to accelerate the completion of Transmission systems:

- undertake various preparatory activities such as surveys, design & testing, processing for forest & other statutory clearances, tendering activities etc. in advance/parallel to project appraisal and approval phase and go ahead with construction activities once Transmission Line Project sanction/approval is received;
- break-down the transmission projects into clearly defined packages such that the packages can be procured & implemented requiring least coordination & interfacing and at same time it attracts competition facilitating cost effective procurement; and
- standardise designs of tower fabrication so that 6-12 months can be saved in project execution.

Audit observed that in most of the project works undertaken by the Company, preparatory activities were not undertaken prior to project implementation. This led to delays in completion of the projects. As can be seen from the **Appendix 4.7**, most of the projects were delayed mainly on account of excessive time taken in completing the preparatory activities, such as acquisition of land, resolving ROW issues, obtaining statutory clearance, etc. Thus, the good management practices were not followed by the Company for completion of transmission systems in time.

The management replied (June 2012) that it was not aware of the above stated recommendations of the Task Force.

4.2.11 Project execution

For implementation of transmission projects, the Company depended on funding from the Government agencies. The Company was receiving 90 *per cent* of the project funds in the form of grants from Government of India under Special Plan Assistance and from Ministry for Development of North Eastern Region (DONER) and North Eastern Council (NEC), while the remaining 10 *per cent* was being funded by the GOM in the form of loans. A review of substation and transmission line projects indicated that the Company failed to complete several projects during 2007-12 detailed in **Appendix 4.7**.

It was observed that:

- Out of five completed substation projects, three projects were completed with a delay ranging between 6 to 24 months at a cost overrun of ₹ 5.96 crore. All the five ongoing substation projects were running behind schedule by four to seven months.
- Out of the seven completed transmission line projects, five projects were delayed by periods ranging between 6 to 25 months with a cost overrun of ₹ 1.88 crore (9.59 *per cent* of the project cost). Similarly, out of seven ongoing projects, five projects were running behind the schedule by 7 to 27 months and the expenditure in respect of one delayed project (132 KV transmission line from Nangalbibra to Agia) as on 31 March 2012 had already exceeded the project cost by ₹ 3.63 crore (8.38 *per cent*).

Project wise reasons for delay and cost over runs are discussed in the following paragraphs.

➤ The Company had not taken approvals from Public Health Engineering Department and Inspectorate of Electricity, GOM for the Loop In Loop Out (LILO) work as objections were raised by the Department after the start of work by the Company. Consequently, the Company decided that one tower would be shifted to take care of the Department's objections. However the work on shifting of tower had not started yet (October 2012) (**Appendix 4.7, B-11**). The project was already delayed by 17 months.

➤ The Company had not completed four projects viz 133/33kV Mendipather substation³⁷, Augmentation of Agia substation³⁸, construction of D/C LILO of Agia-Nangalbibra line at Mendipather substation³⁹ and construction of S/C line from 132/33 Nangalbibra substation to 220/132 Agia substation⁴⁰ (**Appendix 4.7**), undertaken for meeting growing demand of power for Garo Hills, for better connectivity with the grid and to meet the power requirement of Industrial Growth Centre (IGC), Mendipather due to following:

- The work of Agia Transmission line was delayed by about 27 months (till October 2012) on account of delayed commencement of work and settlement of supervision charges to Assam Electricity Grid Corporation Limited (AEGCL).
- Non-commissioning of transformer, purchased (May 2011) for Rs 1.01 crore for Mendipather substation.
- Non-execution of agreement with AEGCL for deposit work of augmentation of substation at Agia contributed to non completion of project in scheduled time (scheduled date-June 2012, anticipated date-December 2012).

➤ The work on construction of second S/C transmission from Stage-III Power House to Stage-IV Power House (**Appendix 4.7**) which was to evacuate additional power of 40 MW was delayed due to delay in award of work by the Company. The project was completed and commissioned in April 2009 against approved date of completion by August 2008.

➤ The Company had delayed land acquisition for 132/33 KV substation at Ampati and 132 KV transmission line from Rongkhon to Ampati (**Appendix 4.7, A-7 and B-13**) resulting non-achievement of scheduled commissioning date. The Company had identified land for the project in September 2010 and submitted the proposal for acquisition in July 2011 which was approved in February 2012. Against the original schedule of completion by March 2012, the Project was in progress till October 2012. Thus, the slow pace of land acquisition process by the Company had delayed the project by seven months.

³⁷ Annexure 4.7, A-8

³⁸ Annexure 4.7,A-10

³⁹ Annexure 4.7, B-10

⁴⁰ Annexure 4.7,B-14

➤ Preparatory activities (e.g ROW land acquisition etc) are integral part of any project. It was observed that the Company had not taken up preparatory activities in advance/parallel to the project appraisals as suggested by Task Force. It was seen that most of the projects had ROW problems e.g 132/33 KV D/C LILO of Mawlai to Cherra line at Mawngap (**Appendix 4.7, B-11**), Nangalbibra-Agai transmission Line (**Appendix 4.7,B-14**), 132KV transmission line from stage III to Stage IV power house (**Appendix 4.7, B-2**) 132KV/33 KV substation and connected transmission line (**Appendix 4.7,A-3,B-4**).

Thus, delays in execution of the above projects, during 2007-12 led to non-achievement of the intended objectives for improving stability and reliability of power supply besides cost overrun of Rs 11.47 crore (details in the **Appendix 4.7**).

The Management attributed (June 2012) delays in execution of the project to ROW problems, long monsoon periods which shortened working days, delays in acquisition of land and in procurement of equipments.

The Management reply was not acceptable since the constraints cited were already known to the Management at the planning and execution stage and should have been factored appropriately to avoid adverse impact of these constraints on execution of projects.

4.2.12 Mismatch between Generation/power purchase plan and Transmission facilities

National Electricity Policy (NEP) envisaged augmenting transmission capacity taking into account the planning of new generation capacities, to avoid mismatch between generation capacity and transmission facilities. During the period 2007-12, 35 per cent of power available for sale was internally generated and balance 65 per cent was met from State's share of free supply from Central Government power utilities (4 per cent) and power purchased from outside the State (61 per cent). The demand for energy was increasing year after year in the State. As of 31 March 2012, the total generation capacity of the Company was 270.70 MW of which 84 MW⁴¹ was added during the last three years.

The transmission facilities of the Company should match the generation plan as well as requirement for inter-state drawal of power as per purchase plans. However, instances of mismatch between generation/power purchase plans and transmission facilities were noticed as mentioned below:

4.2.12.1 Mismatch with Generation Plan

The work for construction of the 3 x 42 MW Myntdu Leshka Hydro Electric Project (MLHEP) was taken up from August 2004 with a target completion by May 2009. The construction of the generating station was, however, delayed and the first Unit of the MLHEP was commissioned only in December 2011. For evacuation of power from this generating station, work for construction of the double circuit 132 KV

⁴¹ Two units each of 42 MW of Myntdu Leshka HEP commissioned in December 2011/ March 2012

MLHEP – Khliehriat transmission line commenced in May 2007. It was observed that the Company failed to properly synchronise the execution of the transmission line project with the actual progress of implementation of the related generation project. The Company, ignoring the slow progress of the generating station work, continued with the work of construction of the transmission line and completed the same in January 2010. Resultantly, the transmission line constructed at a cost of ₹ 12.55 crore remained idle for 22 months till commissioning of the generating unit in December 2011. Thus, the failure of the Company to synchronise the pace of work for transmission line to that of the generating station led to idling of transmission infrastructure for mismatch period.

4.2.12.2 Mismatch with Purchase Plan (inter-state drawal of power)

In the following cases, mismatch of transmission facilities with inter-state drawal of required power purchase was caused due to delay in completion of transmission projects:

a) Loop In Loop Out (LILO) of the Sarusajai to Stage-IV line at Umtru Power Station (Sl. No. B-3 of Appendix 4.7)

The Company took up work on LILO of Sarusajai to Stage-IV line at Umtru Power Station to ensure stable power supply to the consumers in the Byrnihat Industrial Area, This work was funded by North Eastern Council (NEC) along with the work of extension of Switchyard at the Power Station which was required for the LILO. While the LILO was taken up by transmission wing, the Switchyard extension was taken up by the Generation wing of the Company.

The work was taken up in August 2005 and after completion (April 2007) of foundation and erection work, stringing of the line could not be completed because of non completion of the Switchyard extension. The Switchyard extension was completed by the Generation wing in March 2008.

It was observed that while preparing (July 2005) the Draft Project Report (DPR) for the LILO work, the work of integration of the transmission line project with the existing Remote Terminal Unit (RTU) and Supervisory Control and Data Acquisition (SCADA) system at Umtru Power Station, which was essential for energy accounting and monitoring purposes, was completely omitted. Resultantly, despite completion of LILO (April 2007) and the Switchyard extension works (March 2008), the LILO could not be connected to the 132 KV Sarusajai – Stage IV line as the permission for taking shut down of the Sarusajai-Stage IV line was not accorded by the SLDC⁴² for want of integration of the LILO with the existing RTU and SCADA connections. The work relating to integration of existing RTU and SCADA with the LILO, however, could not be taken up due to funds constraints (October 2012). In November 2009, it was decided to complete the LILO without waiting for the integration of the RTU and SCADA system with LILO works and was finally charged in February 2010 after

⁴² - A constituent of North Eastern Regional Load Despatch Centre (NERLDC) responsible to ensure integrated operation of power system in the state.

lying idle for more than 23 months after completion of Switchyard extension (March 2008).

The management stated (July 2012) that the RTU and SCADA was proposed to be integrated in the new RTU scheme (discussed in *para 4.2.15.2*).

Although the management proposes integration in future, the fact remained that the consumers have been deprived of stable power supply for 23 months due to timely action by the management.

b) Underutilisation of transmission line and substation at Killing

In Meghalaya, for inter-state drawal of power, the transmission system is connected to grid at Kahelipara, Sarusajai, Panchgram and Khliehriat substations, through a 132 KV line. With a view to overcome the limitations of existing infrastructure of available for drawal of power; the Company took up the following projects with the aim of drawing power from 400/220 KV Misa substation of PGCIL into the Meghalaya grid:

Table 4.2.2

Sl. No.	Appendix 4.7 Ref.	Name of the Project
(i)	A-1	220/132 KV Killing substation (2 x 160 Mva) (Completed with 8 months delay in November 2010)
(ii)	B-7	220 KV Double Circuit (D/C) transmission line from 400/220 KV Misa substation to Killing substation (Completed on time in February 2010)
(iii)	B-6	132 KV transmission line interconnecting the Killing substation with the existing substation at EPIP-II (Completed on time in December 2010)
(iv)	B-9	132 KV transmission line interconnecting the Killing substation with the existing substation at EPIP-I (Ongoing – delayed by 19 months till October 2012)

The works at Sl. No. (i) and (ii) were interdependent with the works at Sl. No. (iii) and (iv) respectively. While the works at Sl. No. (i) and (ii) were undertaken by PGCIL on deposit work basis, the works at Sl. No. (iii) and (iv) were to be completed by the Company matching the pace and schedule of PGCIL. PGCIL approved the DPRs for the said two works in September 2005 and completed the work at Sl. No. (ii) in time (February 2010). PGCIL, however, could complete the work of Killing substation (Sl. No. i) after a delay of 8 months in November 2010 as the land was not made available in time by the Company. DPRs for the remaining two works (Sl. No. (iii) and (iv)) to be implemented by the Company were approved in April 2009, two years after the approval of the Board (June 2007). The company completed the transmission line work at Sl. No. (iii) in December 2010 after a mismatch of 1 month with related work at Sl. No. (i) while the work at Sl. No. (iv) was yet to be completed (October 2012).

Thus, delay in providing land to PGCIL for works at Sl. No. (i) delayed the project by eight months. The project so completed could not be utilised for one month due to

delay in completion of the related transmission line (Sl. No. iii) by the Company. Further, though the Double Circuit transmission line project (Sl. No. ii) was completed by PGCIL well in time but it remained idle for 10 months (till December 2010) due to delay in completion of related works (Sl. No. i and iii).

4.2.13 Performance of transmission system

The performance of the Company mainly depends on efficient maintenance of its Extra High Tension (EHT) transmission network for supply of quality power with minimum interruptions. In the course of operation of substations and lines, the supply-demand profile within the constituent sub-systems is identified and system improvement schemes are undertaken to reduce line losses and ensure reliability of power by improving voltage profile. These schemes are for augmentation of existing transformer capacity, installation of additional transformers, laying of additional lines and installation of capacitor banks. The performance of the Company with regard to operation and maintenance (O&M) of the system is discussed in the succeeding paragraphs.

4.2.13.1 Transmission capacity

To evacuate power from the Generating Stations and to meet the load growth in different areas of the State, the Company constructs lines and substations at different EHT voltages. A transformer converts AC voltage and current to a different voltage and current at a very high efficiency. The voltage levels can be stepped up or down to obtain an increase or decrease of AC voltage with minimum loss in the process. The evacuation is normally done at 132 KV substations in Meghalaya. Besides, the Company had also constructed one 220 KV substation (320 MVA) for evacuation of power purchased from outside the State and drawal against scheduled interchange. The transmission capacity (220 KV/132 KV) created *vis-à-vis* peak demand met and unrestricted demand at the end of each year by the Company during the five years ending 31 March 2012 were as follows:

Table 4.2.3

Year	Transmission Capacity			
	Installed (Mva)	After leaving 30 per cent towards margin	Peak demand (met) (Mva) including non-coincident demand ⁴³	Excess (Mva)
(1)	(2)	(3)	(4)	(5)
2007-08	465	325.50	313.85	11.65
2008-09	485	339.50	303.73	35.77
2009-10	490	343.00	272.41	70.59
2010-11	810	567.00	299.09	267.91
2011-12	865	605.50	317.74	287.76

Source: MeECL

It was observed that the overall transmission capacity was in excess of the peak demand (met) during 2007-12. The existing transmission capacity after leaving 30 per cent towards redundancy had progressively increased from 11.65 Mva in 2007-08 to 287.76 Mva in 2011-12. The investment on this account worked out to ₹ 13.32

⁴³Peak demand met in Mva is taken as Peak Demand Met (MW) / Power Factor (0.85)

crore⁴⁴ which was a burden passed on to consumers through electricity tariff in the form of depreciation on capital assets.

4.2.13.2 Sub-Stations

a) Adequacy of substations

Manual on Transmission Planning Criteria (MTPC) stipulates the permissible maximum capacity for different substations i.e. 320 Mva for 220 KV and 150 Mva for 132 KV substations. Review of the maximum capacity levels of substations revealed that all 14 substations of the the Company (one 220 KV and thirteen 132 KV) were within the permitted levels. The MTPC also prescribes that every substation of capacity 132 KV and above should have at least two transformers.

It was, however, observed that out of the 13 substations of 132 KV above, three substations (Lumshnong, Cherra and Nongstoin) had only one transformer each. Thus, in the event of outage of any single transformer, these substations would not be able to transmit power.

b) Voltage management

A State Transmission Unit (STU) using intra-state transmission system should make all possible efforts to ensure that grid voltage always remain within limits. As per CERC Grid Code (April 2010), STUs should maintain voltage ranging between 198-245 KV (in 220 KV lines) and 119-145 KV (in 132 KV lines). A review of the 220 KV bus voltages⁴⁵ in the Killing substation for the period January 2011 to March 2012 revealed that the voltages recorded ranged between 203.17 KV and 242.82 KV which was within the prescribed norm. In the case of 132 KV substations, the position regarding minimum voltage and maximum voltage for the period 2007-08 to 2011-12 in respect of six substations (out of 13) only was furnished by the Company. During 2007-12, in two out of six substations, the minimum voltages ranged between 98 kV to 116 kV (Nangalbibra substation) and 90 kV to 113 kV (Rongkhon substation⁴⁶), which was below the prescribed level (119kV). In the remaining four substations, however, the grid voltage during 2007-12 remained within the prescribed limits.

Management attributed (June 2012) the low voltage to the fact that these substations were located at the farthest end of the grid.

Although the substations were at the farthest end of the grid, the fact remained that the on-going projects , viz., 132 KV Nangalbibra-Agia line (Sl. No. B-14 of the Appendix 4.7) and the installation of 100 MVA transformer at Agia substation (Sl. No. A-10 of Appendix 4.7) in Assam were delayed and therefore needed to be completed expeditiously to improve voltage level at these substations.

⁴⁴ Based on the cost of 100 Mva transformer of ₹4.63 crore, value of 287.76 Mva was arrived at ₹ 13.32 crore (₹ 4.63 crore/100 Mva*287.76 Mva).

⁴⁵ Bus voltage is the measurement of potential energy measured at the beginning and end of bus.

⁴⁶ Except for two months in Rongkhon substation when the voltage ranged within the prescribed level

4.2.13.3 *Transmission Lines* *Extra High Tension (EHT) lines*

As per the MTPC, permissible line loading cannot normally be more than the Thermal Loading Limit (TLL). The TLL limits the temperature attained by the energised conductors and restricts sag and loss of tensile strength of the lines. The TLL limits the maximum power flow of the lines. As per the MTPC, the TLL of 132 KV line with Aluminium Conductor Steel Reinforced (ACSR) Panther 210 sq. mm. conductor is 366 amps. Scrutiny of the line loadings on the 132 KV feeders revealed that only one out of 117 feeders (0.85 per cent) in the State Grid were loaded above 366 amps.

4.2.13.4 *Maintenance*

a) *Performance of Current transformers (CTs)*

Current Transformers (CT) are one of the most important and cost-intensive components of electrical energy supply networks. Thus, it is important to prolong their life duration while reducing their maintenance expenditure. In order to gather detailed information about the operational conditions of CTs, various kinds of oil analysis like the standard oil Dissolved Gas Analysis (DGA) tests are generally conducted. For CT insulation a combination of an insulating liquid and a solid insulation impregnated therewith are used. For an evaluation of the actual condition of this insulating system usually a DGA is used, as failures inside the CT lead to degradation of the liquid insulation in such a way that the compound of the gases enables an identification of the failure cause. The Company did not maintain any record(s) to monitor and control failure of CTs.

As per details furnished by the Company's five transmission divisions for the years 2007-08 to 2011-12, the number of CTs held and their failure were as follows:

Table 4.2.4

Year	No. of transformers at the beginning of the year	No. of transformers failed	No. of transformers failed within guarantee period	No. of transformers ⁴⁷ failed within normal working life
2007-08	195	13	--	13
2008-09	210	5	1	4
2009-10	216	3	--	3
2010-11	216	3	--	3
2011-12	229	2	--	2

Source: MeECL

In this connection, it was observed that

- Out of the 27 failed CTs, 13 numbers were of ITC make which were supplied during 2001-2006 by M/s Hi-Tech Corporation Limited (Supplier). The main cause of the failures was attributed by the management to bursting of CTs from the main tank due to manufacturing defects.

⁴⁷ In MeECL, no repair works were carried out and the failed transformers were being replaced with new transformers. The details of expenditure incurred on replacement of failed transformers with new transformers not furnished by MeECL.

➤ The Company had taken up (April 2008/May 2009) with the supplier for replacement of failed CTs, however, no response was received. Audit examination however, revealed that despite failure of 9 CTs of ITC make (Shillong division) during 2007-08, the Company made procurement (November 2008) of three similar CTs at ₹ 5.22 lakh from the same supplier. The Management stated (February 2012) that further procurement from the firm was discontinued.

b) Maintenance of transmission system

Regular and periodic maintenance of transmission system is of utmost importance for its uninterrupted operation. Apart from scheduled patrolling of lines following techniques are prescribed in the Report of the Committee constituted by the Ministry of Power, GOI for updating the ‘Best Practices of Transmission’ in the country for maintenance of lines:

- Hot Line Maintenance
- Hot Line Washing
- Hot line Puncture Detection of Insulators
- Preventive Maintenance by using portable earthing hot line tools
- Vibration Measurement of the line
- Thermo-scanning
- Pollution Measurement of the equipment

➤ The hot line technique (HLT) envisages attending to maintenance works like hot spots, tightening of nut and bolts, damages to the conductor, replacement of insulators etc. of substations and transmission lines without switching off. This includes thermo scanning of all the transmission lines and substations towards preventive maintenance. HLT was introduced in India in 1958.

The Company had however, not implemented HLT for line maintenance so far (March 2012). It was observed that Company was resorting to shut down for all maintenance work leading to interruption in power supply.

4.2.14 Transmission losses

While energy is carried from the generating station to the consumers through the transmission and distribution (T&D) network, some energy is lost which is termed as T&D loss. Transmission loss is the difference between energy received from the generating station/Grid and energy sent to the distribution wing of the Company.

The Company was unable to furnish accurate information on transmission losses. The transmission losses as furnished by the Company for the period 2007-12 were inconsistent and varied widely from year to year. Instances where meter readings at the outgoing feeders exceeded the meter readings at the incoming feeders, indicating the energy gain in transmission, were noticed in all substations during the period which was not practically possible.

Test check conducted by Audit on the 12 hourly meter readings taken at three substations⁴⁸ confirmed these instances. This was indicative of serious inaccuracies in recording and maintaining of energy loss data leading to non reliability on the system of energy accounting in the Company.

⁴⁸ Mawlai, NEHU and NEIGRIHMS

Inaccuracy in meter reading data was attributed (July 2012) to the non compatibility of the class of Current Transformers (CTs) with the class of installed meters. However, the Company did not maintain records relating to details of CTs and installed meters to identify reasons of incompatibility and take corrective action. Further, the Company had been fixing the combined annual targets for transmission and distribution losses based on the consolidated year-wise plans for reduction of T&D losses submitted to MSERC. As such, the system for monitoring of the transmission loss separately was yet to be introduced by the Company.

The above facts indicated non existence of an appropriate and effective energy accounting system in the Company. In the absence of proper system for energy accounting and reporting of authentic transmission loss data, the desired level of monitoring and control of the transmission losses could not be reviewed by Audit.

4.2.15 Grid Management

4.2.15.1 Maintenance of Grid and performance of State Load Despatch Centre (SLDC)

Transmission and Grid Management are essential functions for smooth evacuation of power from generating stations to the distribution wing/consumers. Grid Management ensures moment-to-moment power balance in the interconnected power system to take care of reliability, security, economy and efficiency of the power system. Grid management in India is carried out in accordance with the standards/directions given in the Grid Code issued by CEA. National Grid consists of five regions *viz.*, Northern, Eastern, Western, North Eastern and Southern Grids and each of these have a Regional Load Despatch Centre (RLDC) which is an apex body to ensure integrated operation of the power system in the concerned region. In Meghalaya, State Load Despatch Centre (SLDC), a constituent of North Eastern Regional Load Despatch Centre (NERLDC), Shillong ensures integrated operation of power system in the State.

4.2.15.2 Infrastructure for load monitoring

Remote Terminal Units/Substation Management Systems (RTUs/SMSs) are essential for monitoring the efficiency of the transmission system and the loads during emergency in load despatch centres as per the Grid norms for all substations. The status of availability of RTUs as on 31 March 2012 was as follows:

Table 4.2.5

RTU	No. of substation	No of Generating Station
Installed	4 – (Mawlai, NEHU, Umiam and Khliehriat)	5 – (Stage-I, Stage-II, Stage-III and Stage-IV at Umiam and Umtru)
Not installed	10 – (Killing, Lumshnong, Umiam, NEIGRIHMS, EPIP-I, EPIP-II, Cherra, Nongstoin, Nangalbibra and Rongkhon)	2 – (Myntdu Leska and Sonapani)
Total	14	7

Source: MeECL

It was observed that out of 14 substations and 7 generating stations, only 4 substations (28.57 *per cent*) and 5 generating units (71.43 *per cent*) were provided with RTUs for recording real time data for efficient Energy Management System. Besides, in case of Killing substation, RTU installed was only for local control within the substation itself and line loading could not be monitored in real time.

The NEC released (December 2010) an amount of ₹ 1.60 crore for integration of remaining two generating substations and five out of remaining ten substations into existing SCADA system and installation of RTUs and communication equipment with stipulation to complete all the works within three years. It was, however, observed that the State Government released the funds aggregating ₹ 1.78 crore (including its share of 10 *per cent*) after a delay of 15 months in March 2012. The Company had however, yet not placed the orders for the said works (September 2012).

Thus, in the absence of RTU, the SLDC was facing problems in managing grid operation due to inadequate communication facility. As such, at times to control the drawal of power, the SLDC had to resort to disconnection of power supply causing disruption of power supply to the consumers and affected the trading of power by the power utilities embedded in the State transmission network.

The Management replied that the action is being taken for installation of RTU and its integration with SCADA.

4.2.15.3 Grid discipline by frequency management

As per the Grid Code, the transmission utilities are required to maintain Grid discipline for efficient functioning of the Grid. All the constituent members of the Grid are expected to maintain a system frequency between 49 and 50.5 Hertz (Hz) (49.2 and 50.3 Hz with effect from April 2010). However, due to various reasons such as shortages in generating capacities, high demand, Grid indiscipline in maintaining load generation/purchase balance, inadequate load monitoring and management, Grid frequency goes below or above the permitted frequency levels. To enforce the Grid discipline, the North East Regional load Despatch Centre (NERLDC) issues three types of violation messages (A, B, C). Message 'A' is issued when the frequency is less than 49.2 Hz and over-drawal is more than 50 MW or 10 *per cent* of schedule whichever is less. Violation 'B' message is issued when frequency is less than 49.2 Hz and over-drawal is between 50 and 200 MWs for more than ten minutes or 200 MW for more than five minutes. Message 'C' (serious nature) is issued, 15 minutes after the issue of message 'B' when frequency continues to be less than 49.2 Hz and over drawal is more than 100 MW or ten *per cent* of the schedule whichever is less.

The NERLDC started the system of issuing violation messages from August 2009. Details of messages received by the Company till 31 March 2012 are given below:

Table 4.2.6

Year	Messages			
	A	B	C	Total
August 2009 to March 2010	160	81	0	241
April 2010 to March 2011	165	75	1	241
April 2011 to March 2012	296	39	0	335

Source: NERLDC

From the above it is clear that there was a sharp increase in the type A messages since last three years which indicated increased Grid indiscipline and therefore risk of levy of penalty by the CERC.

The Management stated that SLDC of Meghalaya was yet to ring framed and therefore Grid discipline could not be enforced by SLDC alone.

4.2.15.4 Backing Down Instructions (BDI)

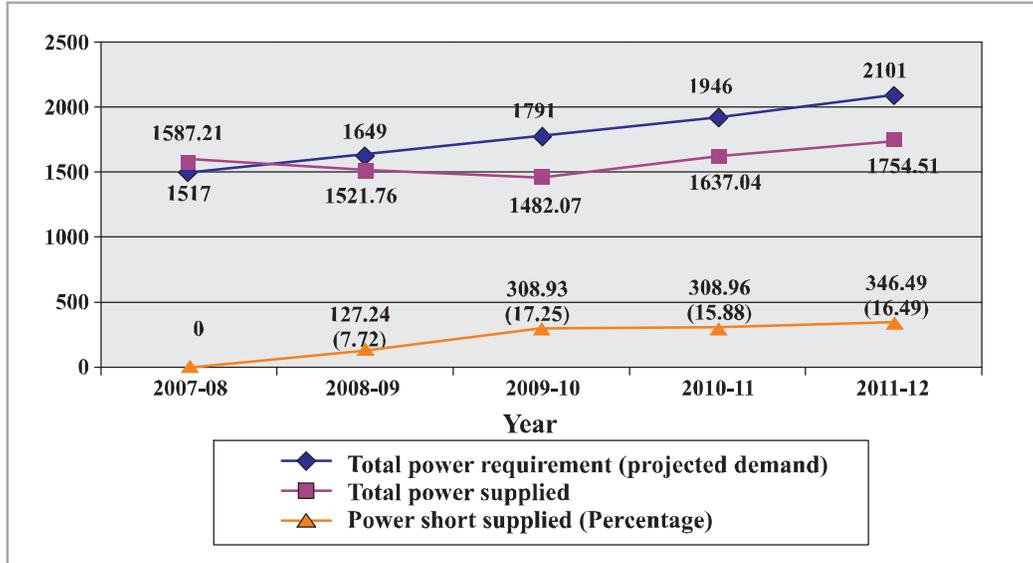
When the frequency exceeds the ideal limits i.e. situation where generation is more and drawal is less (at a frequency above 50 Hz) SLDC takes action by issuing BDIs to the Generators to reduce the generation for ensuring the integrated Grid operations and for achieving maximum economy and efficiency in the operation of the power system in the State. Failure of the generators to follow the SLDC instructions would constitute violation of the Grid code and would entail penalties.

SLDC functioning under the Company had not been penalising generators because they were yet to function as separate entities. As per CEA (Grid Standards) Regulations, 2010, the SLDC should record all operational instructions given through telephone, fax, e-mail, etc. Contrary to the provisions of the Grid Standard Regulations; SLDC had been issuing only verbal BDIs without keeping record of the same. Thus, in the absence of any record of operational instructions, Audit was not able to examine non-compliance of the instructions by the generators.

4.2.15.5 Planning for power procurement

The Company assesses the requirement of power on the basis of past consumption trends, present requirement, load growth trends, T&D losses trends as well as the own generation capacity, allocation from central sector and future committed generation projects. The Company submits action plan for meeting annual power demand to the MSERC which approves the sources of purchase of power and the purchase cost based on the estimates made in the Annual Revenue Requirement (ARR) by the Company.

The details of total requirement of the State based on the 17th Electric Power Survey (EPS) (March 2007) conducted by CEA, total power supplied and shortage of power for the five years 2007-12 are given below:



It can be seen from the above that:

- During 2007-12, the power demand had increased by 584 MUs (38.50 *per cent*) from 1517 MUs in 2007-08 to 2101 MUs in 2011-12. As against this, power supplied increased only by 167.30 MUs (10.54 *per cent*) from 1587.21 MUs in 2007-08 to 1754.51 in 2011-12.
- While the Company met the projected demand in 2007-08, there was a shortfall in power supplied ranging between 7.72 *per cent* (2008-09) and 17.25 *per cent* (2009-10).

The gap in demand supply position also leads to variation between actual generation and actual drawal and scheduled generation or scheduled drawal which is accounted through Unscheduled Interchange (UI) charges, worked out by the North Eastern Regional Power Committee (NERPC) for each 15 minutes time block. UI charges are levied for the supply and consumption of energy in variation from the pre-committed daily schedule. This charge varies inversely with the system frequency prevailing at the time of supply/consumption. Hence, it reflects the marginal value of energy at the time of supply. The levying of UI charges acts as a commercial deterrent to curb over drawal from Central Generating Stations (CGS) during low frequency conditions. It was observed that during the period under review, the Company had over drawn power from CGS during low frequency which ultimately resulted in high power purchase cost by way of UI charges as shown below:

Table 4.2.7

Year	Unscheduled Interchange (UI) Receivable (-)/ Payable (+)	
	Power (MU)	Amount (₹/ crore)
2007-08	(-) 21.61 [#]	(-) 12.18 [#]
2008-09	(-) 36.21 [#]	(-) 38.77 [#]
2009-10	55.96	3.99
2010-11	71.27	10.70
2011-12	109.80	37.58

Source: MeECL

It can be seen from the above that there was an increase of more than nine fold in UI charges payable from ₹ 3.99 crore (2009-10) to ₹ 37.58 crore (2011-12).

Increasing trend in overdrawing by the Company was against the grid discipline norms required for efficient functioning of grid.

4.2.16 Disaster Management (DM)

Disaster Management (DM) aims at mitigating the impact of a major breakdown on the system and restoring it in the shortest possible time. As per the Best Practices, DM should be set up by all power utilities for immediate restoration of transmission system in the event of a major failure. It is carried out by deploying Emergency Restoration System, DG sets, vehicles, fire fighting equipment, skilled and specialised manpower.

The Disaster Management Centre, National Load Despatch Centre, New Delhi acts as a Central Control Room in case of disasters. As a part of DM programme, Crisis Management Plan, Manual for Black Start⁴⁹ and Restoration Scheme for Meghalaya was adopted by the Company in October 2007. According to the Manual, mock drill for starting up generating stations during black start operations was scheduled to be carried out every six months.

4.2.16.1 Inadequate facilities for DM

The SLDC identified six major generating stations in the State out of which black start facilities were available in only three generating stations which indicated inadequacy in the preparedness for DM. Diesel generating (DG) sets and synchroscopes⁵⁰ form part of DM facilities at EHT substations connecting major generating stations. The Company stated (May 2012) that DG sets for black start for emergency restoration was already installed at its one generating station (MLHEP, Leshka) out of total five generating units and mock drill was also carried out in this generating station. The Company had also initiated action for procurement of DG set for making the black start facilities available at Stage IV generating station. For remaining four generating stations (Stage I, II, III and Umtru), the management did

[#] Negative figures indicate MeECL's underdrawal of its share of power against Schedule.

⁴⁹ The procedure necessary to recover from partial or a total black out.

⁵⁰ In an AC electrical power system it is a device that indicates the degree to which two systems generators or power networks) are synchronised with each other.

not consider DG sets necessary⁵¹ for black start facilities and had not carried out any drill till May 2012.

A major Grid failure occurred on 31 July 2012 in the State of Meghalaya. The State Grid collapsed due to failure of whole North Eastern Grid simultaneously with Eastern and Northern Grid and all substations and generating stations with total generation capacity of 75.20 MW were affected. As MLHEP failed to black start, Stage I and Stage III power stations were black started for restoration of the system. The system could be finally restored for power supply only after four hours. Thus, the Company needs to review the black start facilities available at MLHEP to avoid such black start failure in future.

4.2.17 Tariff Fixation

The financial viability of the Company depends on generation of surplus (including fair returns) from the operations to finance their operating needs and future capital expansion programmes by adopting prudent financial practices. Revenue collection is the main source of generation of funds for the Company.

The tariff structure of the Company is subject to revision approved by the Meghalaya State Electricity Regulatory Commission (MSERC)⁵² after the objections, if any, received against Annual Revenue Requirement (ARR) petition to be filed by it within 121 days before the commencement of the respective financial year. The MSERC accepts the application filed by the Company with such modifications/conditions as may be deemed just and appropriate and after considering all suggestions and objections from public and other stakeholders.

The table below shows the due date of filing ARR for consolidated tariff, actual date of filing, date of approval of tariff petition and the effective date of the revised consolidated tariff:

Table 4.2.8

Year	Due date of filing	Actual date of filing	Delay in days	Date of approval	Effective date
2008-09	30/11/2007	31/03/2008	120	30/09/2008	01/10/2008
2009-10 ⁵³	30/11/2008	28/11/2008	-	30/11/2009	01/12/2009
2010-11	30/11/2009	12/02/2010	74	23/8/2010	01/09/2010
2011-12	30/11/2010	30/11/2010	-	20/01/2012	01/02/2012
2012-13	30/11/2011	08/12/2011	8		

Source: MeECL

It can be seen from the above that there had been delay in filing of ARR by the Company in three years (2008-09, 2010-11 and 2012-13) during 2008-13 for a period ranging from 8 days to 120 days. The delay in filing of ARR by the Company had

⁵¹ As per the management (May 2012) these power stations can be restored in the shortest possible time without external power supply.

⁵² After formation of MSERC in May 2004, first tariff for 2007-08 was approved (17 December 2007) by the regulatory body.

⁵³ During 2009-10, the tariff order was issued twice; firstly w.e.f. 01 December 2009 and secondly w.e.f. February 2010.

correspondingly deferred the revision in the tariff adversely affecting the flow of transmission revenue of the Company.

4.2.18 Material Management

The key functions in material management are laying down inventory control policy, procurement of materials and disposal of obsolete inventory. The Company had not formulated any procurement policy and inventory control mechanism for economical procurement and efficient control over inventory. The Material Management Division (MMD), Shillong is entrusted with the works relating to procurement of materials for the transmission as well as for the generation and distribution functions. Under the control of the MMD, there are three Area Stores, two at Shillong⁵⁴ and third at Sumer. In addition, stores are also maintained at division level for usage mainly for project and O&M works. The Company did not follow good material management practices like ABC analysis, fixation of standards for minimum/maximum stock level or reorder level for procurement of stock.

As per the system followed by the Company, the MMD consolidates various requisitions received from different Generation, Transmission and Distribution Divisions and after approval of the Materials Management Committee; orders are placed for necessary purchases. The separate details were, however, maintained by the Company for purchases, consumption and stock position for transmission activities.

The combined details of Opening stock, purchases, issues and closing stock in respect of Generation, Transmission and Distribution Divisions of the Company for the period from 2007-08 to 2011-12 are detailed below:

Table 4.2.9

(₹ in crore)

Year	Consumption (per annum)	Consumption (per month)	Net Closing stock (as per Balance Sheet)	Closing stock in terms of months of consumption
2007-08	27.51	2.29	119.61	52.23
2008-09	36.40	3.03	117.63	38.82
2009-10	47.46	3.96	102.59	25.91
2010-11*	25.54	2.13	107.02	50.24
2011-12	NA	NA	NA	NA

Source: MeECL. * Provisional. NA: Figures for 2011-12 not available.

It can be seen from the above table that compared to monthly consumption of stores of ₹ 2.13 crore to ₹ 3.96 during 2007-11, the value of stock holding of the Company during the same period was sufficient to meet the requirements of 26 months to 53 months which indicated huge investments in surplus stock.

High increase in closing stock in terms of months of consumption may lead to excess materials becoming obsolete, expiry of warranty period, idling and blocking up of funds, higher storage expenses and increased space constraints.

It was also observed from the Physical Verification Reports (PVRs) of the Transmission and Transformation Divisions that there was no system of segregation

⁵⁴ Including one Stationery and Printing Store.

of non-moving/obsolete/unserviceable/scrap material pending for disposal, etc. The PVRs were submitted only to Accounts wing and there was no system of verifying discrepancy in the stock, if any.

The Management did not offer their comments on the above observations.

4.2.19 Energy Accounting and Audit

Energy accounting and audit is necessary to assess and reduce the transmission losses. The transmission losses are calculated from the Meter Reading Instrument (MRI) readings obtained from Generation to Transmission (GT) and Transmission to Distribution (TD) boundary metering points. As on 31 March 2012, there were 79 interface boundary metering points between TD (62) and GT (17). While all the GT points were provided with meters, only 55TD points were metered, out of which 10 meters were defective as on March 2012. The Company stated (March 2012) that all TD points were provided with 0.5s class meters while the specification of meters fitted in GT points were not furnished by the Company.

The Company did not produce any reliable record for transmission losses. The data for transmission loss which was furnished (April 2012) was later refuted (July 2012) by the Company due to the erratic information arising out of irregular metering data, defective meters and non existence of meters at certain feeders.

The energy meter readings were taken 12 hourly for each metered feeder at all the substations and monthly consumption reports indicating the feeder-wise meter readings so taken were being furnished by the substations to the Corporate Office. It was, however, observed from the monthly reports that in 11 out of 12 substations, the energy transmitted exceeded the energy received for periods ranging between 4 to 53 months⁵⁵ during 2007-12. This was indicative of the fact that the data recorded at feeder ends was erratic and not authentic. Management stated (May 2012) that this was due to old and inaccurate metering system and it had decided to prepare a detailed project report for replacement of metering equipment.

Installation, commissioning and rectification of defective meters at Grid substations are the responsibility of the Meter Relay Testing (MRT) subdivision under the System Protection Division of the Company. It was observed that during 2007-12, the Company conducted testing of energy metres in only 5 out of 13 substations. It was further observed that the testing of meters was also restricted as the testing equipments available with the MRT subdivision were not compatible with the meters installed at some of the sub-stations e.g L&T make meters at Mawlai substation could not be tested at MRT subdivision due to incompatibility with its testing equipment.

The Management stated (July/August 2012) that periodical checking of meters was difficult owing to manpower shortage and it was carrying out testing when the discrepancy in energy reading was reported to it.

⁵⁵ 132/33 KV substations of Mawlai (53 months), NEHU (4 months), NEIGRIHMS (31 months), Kliehriat (17 months), Umiam (6 months), EPIP-I & EPIP-II (6 months), Cherra(9 months), Nongstoin (31 months), Nangalbibra (22 months) and Rongkhon (6 months)

The reply was not correct as the test check results of Audit showed that in case of Umiam and Cherra substations meters lying defective were not tested by the MRT subdivision.

4.2.20 Monitoring and Control

4.2.20.1 The performance of the substations and lines of 220/132 KV on various parameters like maximum and minimum voltage levels, breakdowns, voltage profiles should be recorded /maintained as per the Grid code standards.

Audit observed that the Company did not have adequate system of monitoring and control as is evident from the following:

- The Company did not maintain and consolidate yearwise cumulative performance of the substation and lines.
- Out of 14 substations, only four substations were sending the monthly maintenance reports of equipments to corporate office.
- Monthly maintenance reports wherever sent did not contain complete details on items requiring monthly/annual plan shut down like condition of oil level gauges, terminal connections, operation counter, motor and drives, cooling pipes etc.
- Performance of the lines and substations and steps taken for further improvement of the system was not being appraised to the Board of Directors of the Company annually/quarterly/monthly.

The Management admitted (June 2012) that year-wise cumulative performance of the substation and lines were not being consolidated for evaluation of annual performance of the lines and substations.

4.2.20.2 *Review of the envisaged benefits of Transmission schemes*

The Company executed and commissioned 407.50 Mva Extra High Tension (EHT) substations and erected a total length of 401.55 Ckm of EHT lines during the period covered under performance audit. While approving the transmission schemes, the Company envisaged benefits in terms of enhancement in drawal capacity from the NE Grid, reduction of line losses, improvement in voltage levels, reduction in overloading of lines, enhancement in evacuation of power from generating station, to be achieved by the new schemes. It was, however, observed that the Company did not evolve any mechanism/system to assess the benefits actually derived on implementation of transmission projects after commissioning of the new projects as the Company had not formulated any system of necessary feedback from the concerned divisions.

4.2.20.3 *Internal Controls and Internal Audit*

Internal control is a process designed for providing reasonable assurance for efficiency of operations, reliability of financial reporting and compliance with

applicable laws and statutes. Internal Audit is designed to ensure proper functioning as well as effectiveness of the internal control system and detection of errors and frauds.

The Internal audit of the Company was carried out through a separate Internal Audit Wing functioning under the Chief Accounts Officer.

Scrutiny of the Internal Audit Reports for the period 2007-11 relating to four out of five transmission divisions (Umiam, Shillong, Tura, and Byrnihat)⁵⁶ revealed that the reports mainly focused on establishment matters rather than the core activities of the Divisions. The Internal Audit Manual (June 1998) of the erstwhile Board which Company continued to follow without any revisions till date, did not prescribe the scope, coverage, periodicity etc. and provisions for auditing the later issues like power purchase, UI drawal, payment of transmission and SLDC charges, filing of ARR and compliance to directions of MSERC etc.

The management in its reply stated (May 2012) that action was being taken to revise the manual and to strengthen the Internal Audit wing.

4.2.20.4 Audit Committee

The erstwhile Meghalaya State Electricity Board (MeSEB) was unbundled and the Company was incorporated on 14 September 2009 under the Companies Act 1956 under the administrative control of the Power Department. As per Section 292A of the Companies Act, 1956, the Company is required to constitute an Audit Committee (AC). However, the Company had not constituted an AC till date in violation of the provisions of the Companies Act, 1956.

In absence of the Audit Committee, the deficiencies existing in the functioning of Company remained unnoticed for necessary remedial action. This led to absence of a reasonable assurance for the stakeholders on the efficiency of Company's operation, reliability of its financial reporting and compliance with the applicable law/statute by the Company.

4.2.21 Conclusion

- The Company failed to prepare long term plan business plan for strengthening of the transmission system;
- The Company was not aware of the recommendations of Task Force on Transmission Projects guidelines for reduction in delays for effective execution of transmission system;
- There were delays in execution of projects due to not undertaking preparatory activities, deficient planning and project management leading to time and cost overrun;

⁵⁶ Umiam (2007-08 to 2009-10), Shillong (2007-08 to 2009-10), Tura (2007-08 to 2010-11) and Byrnihat (2007-08 to 2008-09). Internal Audit for Killing substation division (functioning from January 2011) was yet to be taken up.

- The overall transmission capacity was in excess of the peak demand (met) for every year and the burden for such excess capacity was passed on to the consumers through electricity tariff;
- The operation of the State Grid by SLDC was hampered on account of inadequate communication network between SLDC and the grid substations because of absence of RTUs in most of the substations;
- Mock Drill for black start was not carried out in five out of six major generating stations. Even in one generating station where mock drill had been carried out it was observed that the station failed to black start during the North East grid failure on July 2012;
- There is no system of segregation of non-moving /obsolete/unserviceable/ scrap material pending for disposal, etc which led to abnormal increase in closing stock;
- Old and inaccurate metering system coupled with absence of meters at a number of feeder points hampered the ability of the Company to conduct energy accounting and audit;

4.2.22 Recommendations

The Company should:

- prepare long term capacity addition plan to strengthen its transmission system.
- adhere to the latest recommendations of different government agencies like Task Force on Transmission Projects for effective management of its transmission projects;
- ensure undertaking of preparatory activities in line with project appraisal/approval phase and introduce effective monitoring system to ensure that there are no delays in completion of projects;
- adhere to the standards/norms of the MTPC/Grid Code and latest technological developments for effective functioning and maintenance of the transmission network;
- carry out mock drills for black start in all generating stations to meet any eventuality in case of any emergency and crisis;
- put in place proper system of segregation of closing stocks of materials into non-moving/obsolete/ unserviceable/scrap material pending for disposal, etc.;
- install a proper metering system to conduct energy accounting and audit for effective monitoring and control of energy losses;
- introduce a system to review the achievement of envisaged benefits of completed transmission schemes/projects.

POWER DEPARTMENT

MEGHALAYA ENERGY CORPORATION LIMITED

4.3 Non-recovery of electricity dues

Tardy action by the Meghalaya Energy Corporation Limited to recover electricity charges from one consumer resulted in the dues accumulating to ₹ 9.91 crore as of September 2012.

Section 56 of the Electricity Act, 2003 empowers the Meghalaya Energy Corporation Limited (MeECL-Company) to disconnect power supply to a consumer for non-payment of electricity charges⁵⁷. Notwithstanding this provision, the Company allowed usage of electricity to a consumer *viz* M/s JUD Cements Private Limited (JCPL-consumer), Wahiajer, Jaintia Hills despite repeated defaults in payment of electricity charges as per details given in the **Appendix 4.8**.

It was observed that the outstanding balance at the end of each month (during the period from March 2010 to September 2012) increased exponentially from ₹ 0.47 crore in March 2010 to ₹ 9.91 crore in September 2012 *viz* an increase of about 2000 *per cent* as discussed below:

- During the period from March 2010 to May 2011, the outstanding against the consumer had mounted to ₹ 9.65 crore in spite of leniency shown by the Company by allowing deferment of the payment date(s) and reschedulement of outstanding on three occasions. The consumer did not honour its commitment of payment of dues within the deferred date(s) or rescheduled date(s). During this period 11 cheques valuing ₹ 3.35 crore given by the consumer against outstanding dues bounced. Thereafter, the Company temporarily disconnected (30 June 2011) power supply to the consumer.
- Immediately after the disconnection of the power supply, the consumer requested (18 July 2011) for revision in payment schedule *viz* ₹ 1.00 crore every 15-20 days, which was agreed by the Company. The consumer paid ₹ 2.00 crore (26 July 2011) and its power supply was restored. The consumer

⁵⁷ Under Section 56 of the Electricity Act 2003, the MeECL is empowered to disconnect the electricity supply after serving a notice of not less than fifteen clear days if a consumer neglects to pay the electric bills.

again started defaulting in payment of electricity bills and requested the Company for extensions of due dates of payment, citing reasons of cash constraints *etc.* The Company, again allowed accumulation of outstanding balances to mount to ₹ 9.59 crore (during November 2011).

- Instead of clearing the outstanding dues, the consumer proposed (23.11.2011) revised payment schedule of ₹ 1.00 crore every 5 days w.e.f 1.12.2011 to 15.12.2011, ₹ 2 crore between 15.12.2011 to 25.12.2011, ₹ 2.00 crore between 25.12.2011 to 31.12.2011 and ₹ 3 crore between 1.1.2012 to 10.1.2012. The Company accepted the proposal subject to payment of ₹ 1.00 crore by 05.12.2011. The consumer again defaulted and the Company disconnected power supply to the consumer on 9.12.2011. The power supply was again restored on 28.12.2011 after receipt of ₹ 2.00 crore from the consumer.
- As on September 2012, the outstanding balance against the consumer had increased to ₹ 9.91 crore (including delayed payment charges of ₹ 5.04 crore) in spite of allowing of repeated revisions in the schedules of payments by the Company.

It was observed that even after revising the payment schedules, outstanding balance on account of electricity charges against the consumer had increased by ₹ 0.32 crore during the period from November 2011 to September 2012. Thus, despite repeated defaults in payment of energy charges even after allowing rescheduling of the outstanding electricity dues, the Company allowed usage of electricity to the consumer *viz.*, M/s JUD Cement Private Limited.

The Management accepted the facts and stated (September 2012) that power supply was disconnected whenever the consumer failed to pay dues. However, since the company needed a cash flow to tide over financial constraints, the power supply was not disconnected in totality. It was further stated that out of the pending amount of ₹ 7.07 crore, (August 2012), ₹ 4.66 crore related to delayed payment charges for which the consumer had requested for waiver.

The reply was not tenable, as the Company's own finances were under stress and highly depended on borrowed funds for the purchase of power. The interest and finance charges⁵⁸ of the Company, on loans taken for working capital requirement and capital investment, during 2010-11 alone was ₹ 102.76 crore. Under such a

⁵⁸ As per ARR and Tariff filed by the Company for the FY 2012-13 before Meghalaya State Electricity Regulatory Commission.

scenario, non-recovery of huge outstanding dues puts an additional interest burden on the borrowings of the Company. The Company may incur a net loss of interest in case the delayed payment charges are waived besides sending wrong signal to its other major consumers.

Shillong
The 27 April 2013


(A.W.K. Langstieh)
Principal Accountant General (Audit)
Meghalaya

Countersigned

New Delhi
The 29 April 2013


(Vinod Rai)
Comptroller and Auditor General of India

APPENDICES

APPENDIX 1.2.1

**List of un-disbursed cheques lying with the DSYA as on 11.5.2012
(Reference: Paragraph 1.2.8.3; Page 10)**

Sl. No.	Cheque No.	Cheque date	Payee	Amount (In ₹)
1	55053	-	Ampati Sports Association	20,000
2	55054	-	Williamnagar District Sports Association	20,000
3	55057	-	Kharkutta Sports Association	15,000
4	55058	-	Marak Jabret Youth Club, Tura	20,000
5	55060	-	Umiew maw-u-sam, social cultural Sports Association	20000
6	55539	-	Seng Samla Tbeh Jingshai Khasi Development	10,000
7	64741	-	Mawthulai Sports Club Association, Puriang	4,000
8	64742	-	St. Francis Savio Sports Association, Mawsynram	3,000
9	64743	-	Laisohum Youth Club	2,000
10	64746	-	Officer's Club Nongstoin	3,000
11	64747	-	Morningstar Sports Cultural Club Organization, Kmawan	4,000
12	64748	-	Hynniew Trep Sports Club Pohkseih	5,000
13	64749	-	Mawpyrshong, Mawbynna Sports Social Cul. Club, Thynriot	3,000
14	64780	-	Nongkasen Sports Club West Khasi Hills	2,000
15	64783	-	Phlang Tyngor Sports Club	2,000
16	64791	-	Charangre Sports Cultural Club	8,000
17	64800	-	Kynshi Bangla Sports Social & Cultural Youth Club	13,000
18	64812	-	St. Peter, The Apostle Church	5,000
19	64813	-	Darrang Nam Lynti Organization, Dawki	5,000
20	64820	-	Mawsynrang Youth & Cultural Club Sangriang	4,000
21	64822	-	Manju Smirti Maj Lisa, Jail Road	3,000
22	64833	-	Apalgre Youth Club, Makdakgra	5,000
23	64850	-	Mawriat Sports Social Cultural Club, Nongstoin	4,000
24	64859	-	Hima Nongspung Youth Welfare Organisation	4,000
25	65035	-	Meghalaya Weighlifting Association	23,000
26	65049	-	Hurrican Club Williamnagar	2,000
27	65082	-	Doram Sangma Sports Association, East Garo Hills	8,000
28	65090	-	Balkasin Youth Club	5,000
29	65143	-	Dengbengstone Myrthong Memo Sports & Cul. Nongtynnai	5,000
30	65192	-	Dollong Manda Youth Club P.O. Arogre	5,000
31	65196	-	H. K. Sing Memorial Secondary School Mawlai	5,000
32	65198	-	Danto Youth Mission Education Service	8,000
33	65199	-	Mawlangniang Area Youth Sports & Cultural Club	5,000
34	65205	-	Seng Samla Raid Lyngkhoi	5,000
35	65209	-	Chenab Social Welfare club Rongkhon	5,000
36	65214	-	Association for Promotion and Youth Cultural Activities	5,000
37	65225	-	Seng Samla Shnong Nonglang Welfare Cul. Club, Mawkyrwat	5,000
38	65244	-	Christ King Secondary School, Riangdo	5,000
39	65239	-	Little Flower Secondary School, Ummulong	10,000
40	65248	-	Tuber Sohshrieh Youth Welfare Club, Jaintia Hills	5,000
41	65249	-	Nongshiliang Mawphoniew Football Club	5,000
42	65250	-	Mawkyrnang Sports Club	5,000
43	65271	-	Nongmadan Sports Social Welfare Youth Organisation	5,000
44	65275	-	Pdengshnong Rang Phlang	5,000
45	66193	-	Nonglang Sports Club Mawkyrwat	5,000
46	66201	-	I.A.S. Officers Association Assam, Meghalaya Cadre	20,000
47	66207	-	Lailyngdoh Youth Sports Social & Cultural Orgn.	5,000
48	66211	-	Bynther Sports Cultural Club, WKH	5,000
49	66229	-	Wahsiej Union Sports Cultural Club Mawkyrwat	25,000
50	66241	-	Seng Samla Lad Umpih Sports Cultural Club, KyrdemKulai	25,000
51	66247	-	North East Adventist College, Thadlaskein	27,000
52	66251	-	Domskong Sports & Cultural Club (syntein) Mawsynram	4,000
53	66254	-	Secy. Ri- War Mihngi Presbyterian Secondary School Umtong	4,000

Sl. No.	Cheque No.	Cheque date	Payee	Amount (In ₹)
54	66294	-	Agape Secondary School	5,000
55	75310	-	Roman Catholic Cultural Sports Club, Jakrem	4,000
56	80091	-	Ladpnar Rim Seng Samla Sports & Cultural Club	8,000
57	80102	-	Williamnagar District Sports Association	30,000
58	80106	-	St. Joseph's School Nongtalang	8,000
59	80173	-	Mechang Adu Youth Cultural Sports Association	25,000
60	75332	-	United Sports Cultural Club Lyting Lyngdoh	4,000
61	75524	-	Seng Khasi Social Welfare Association B.P.O. Mawlong	4,000
62	75541	-	Hynriew Shnong Sec. School Sngi Mawlieh, Mawkyrwat	4,000
63	75544	-	Hiarmiet Pariong LP School, Tiangrai Nongraih, WKH	4,000
64	75556	-	Mawlieh Area Inter School Sports Meet, WKH Mawlieh	4,000
65	75558	-	People Holistic Wing of Faith Ministry Assn, Nongstoin	4,000
66	75566	-	Umphymai Sports Social & Cultural Club	5,000
67	75569	-	United Synjuk Samla Rangmaw	5,000
68	75571	-	St. Peter Secondary School, Dangar Balat	5,000
69	76314	-	New Daranggre Green Wood Club, WGH	4,000
70	76315	-	B.B.R.D.B.D. United Athletic Meet Tura	4,000
71	76352	-	Umrilang Sports Club Lumkhwadong	5,000
72	76355	-	Asigre Youth Club	5,000
73	80117	-	Saw Aiom Welfare Association, Nongstoin	8,000
74	80362	-	Nangkiew Combination Sports Club, Mawlai	5,000
75	80400	-	Lawphiah Presbyterian UP School	5,000
76	80659	-	Kristo Jyoti Secondary School (Tikrikilla)	10,000
77	80720	-	Ladies Children Recreation Centre Stoney land Shillong	5,000
78	80727	-	Wahlakhiat Sports Cultural & Social Association	5,000
79	80728	-	Seng Nongrep Lyting Lalbri	5,000
80	80732	-	Kemrang Social Welfare Organisation	10,000
81	80800	-	Eco Club Nongkasen U.P. School, WKH	8,000
82	64658	-	Tynrai Youth Sporting & Cultural Club, Mawkyrwat	25,000
83	64661	-	Presbyterian school Mawpyrshong,EKH	20000
84	87209	-	District Volleyball Association, Tura	10,000
85	87255	-	K.C. Secondary School Shillong	25,000
86	87259	-	Gilied Bethal School Nongdanang Laitkor	30,000
87	87489	-	West Khasi Hills Youth Federation	12,000
88	87528	-	Sengkynthei Catholic Mawlai Parish	10,000
89	87547	-	Dongmawthad Shnong Sports Club Pyndeng Umjarain	30,000
90	88192	-	Jingiaseng Samla Balang Nongwar	10,000
91	88193	-	Seng Samla Cultural Sports Club Wahlakhiat	10,000
92	88214	-	Mawpdang Mawlynring Diengpasoh Sub-District	10,000
93	88217	-	Asima Dingsuwa Rangsaljong Association, Tura	15,000
94	88218	-	Chondrosuk Social Cultural Club South Garo Hills	15,000
95	88219	-	RangaSona Government Aided Upper Primary School	15,000
96	88220	-	South Garo Hills Mistry Association	15,000
97	88463	-	Thomas Jones U.P. School, Pyndengrei	25000
98	88483	-	Western Youth Welfare Organisation Shillong Circle	20,000
99	88490	-	SDO (Civil) Mawkyrwat	15,000
100	88495	-	People Holistic Wing of Faith	15,000
101	88496	-	Christian UP School Dongkiengdieng	15,000
102	88505	-	Office of Chief Secretary	10,000
103	88508	-	Mawlangwir Sports Club	10,000
104	88527	-	Seng Samla Katholic Sub-District, Marbisu	10,000
105	88529	-	Madan Sports & Cultural Club Laban	10,000
106	96415	-	General Secretary Seng Samla Shnong Demthring	15,000
107	96609	-	Okapara Sports Welfare Association, WGH	10,000
108	96610	-	Goragri Manchi Club, WGH	10,000
109	96611	-	Greng Gandhi Club, WGH	10,000
110	96612	-	Allabagri Club, WGH	10,000
111	96613	-	Rongman Memo Club Dadengiri, WGH	10,000
112	96615	-	Samandalgri Youth Club, WGH	10,000
113	96618	-	Langkawet Social & Cultural Sports Club	5,000

Sl. No.	Cheque No.	Cheque date	Payee	Amount (In ₹)
114	96650	-	Vicky Nongrum	4,000
115	96658	-	Balkal Jalaigre Youth Club	5,000
116	96659	-	Darang Adu Cultural Club	5,000
117	96667	-	Mawlieh Sports Cultural Club Iyngkyrdem	20,000
118	97525	-	Madan Laban Youth Club	15,000
119	98492	-	Purakhasia	8,000
120	98502	-	Akhongiri Youth Cultural Club Mukdangre	10,000
121	98510	-	Puksora Social Welfare Club, WKH	10,000
122	98522	-	Bore Chisogre Youth Club	20,000
123	47797	-	St. Mary's Higher Secondary School Araimile Tura	30,000
124	47838	-	Nongur Social Sports Club Nongur, EKH	10,000
125	47840	-	K.C. Secondary School, Shillong	10,000
126	47847	-	Christian Academy School, EKH	10,000
127	47865	-	Rongrangre U.P. School, EKH	10,000
128	47866	-	Don Bosco Secondary School Tura	10,000
129	47876	-	Officer's Club Tura	10,000
130	47896	-	Prasar Bharati Broad Casting Corporation of India D.D.K.	10,000
131	47908	-	Ratacherra Student Endeavour, Jaintia Hills	8,000
132	47913	-	Umdihar Circle Women Week Association	8,000
133	47916	-	DNNT Presbyterian Secondary School, Ri Bhoi	8,000
134	47923	-	Sakalgre Venu Club, WGH	8,000
135	47927	-	Bamon Bajra Youth Sports Club, Baghmara	10,000
136	47930	-	Nongthymmai Raid Nongkynrih, Laityngkot	10,000
137	49432	-	King of King Secondary School Mawdyrddep Ribhoi	10,000
138	49434	-	Church of God Secondary School, Jaintia Hills	10,000
139	49436	-	DSO Baghmara	20,000
140	49437	-	Sein Raj, Shillong	15,000
141	49441	-	Lawkynter Sports Club	10,000
142	49445	-	St. John Robert Theological Seminary Student Assn.	10,000
143	64659	-	Seng Samla Kyntoit Pata, Sports Club Mawber	25,000
144	71911	-	Seng Samla Nongrimbah, Shillong East Khasi Hills	8,000
145	71914	-	Mourice Patrick King Secondary School Laitryngew	8,000
146	71915	-	Hubert Memorial Secondary School Umpling Shillong	8,000
147	71919	-	Laitjem Sports Club East Khasi Hills	8,000
148	76502	-	Meghalaya Govt. College Teacher's Association, Jaintia Unit	10,000
149	76512	-	ShitRhem Club Kudeng thymmai, Jaintia Hills	8,000
150	76521	-	Sohiong Indoor Sports Hall	10,000
151	76528	-	K.S.U. Nongbsap Unit	8,000
152	76534	-	Malai Sohmat U.P. School Phlangwanbroi	8,000
153	76535	-	Baniaikyntiew Sports Club Mawkyntew	8,000
154	96656	-	Youth Welfare Society Dadengiri	5,000
155	40441	-	Maweit Area Youth Affairs Sports & Cultural Club	10,000
156	40444	-	Nongstion Police Club	10,000
157	44514	-	Kyntoit Nan Sports Club Mawber	30,000
158	44530	-	Lyngdoh Arts & Cultural Sports Assn. Rngi Sawlieh, Pariong	30,000
159	44536	-	Waribok Youth Club	30,000
160	44543	-	Nongstoin Town L.P. School Sports Organization	25,000
161	26826	-	Laitlyngkot Sports Club	10,000
162	26827	-	Mibon Para Youth Cultural Club	10,000
163	26828	-	Domshken UP School	10,000
164	26829	-	Gongadawar Youth Cultural Club	10000
165	26837	-	Rymbai Madan Pynriang Club	20,000
166	39007	23.12.10	NEHU Students Union	10,000
167	39010	23.12.10	Kiang Nangbah Govt. College Jowai	30,000
168	39017	23.12.10	D.C. West Khasi Hills	15,000
169	39018	23.12.10	S.D.O. (Civil) Mairang Sub-Division	10,000
170	39029	23.12.10	Step by Step School, Barik	15,000
171	39039	23.12.10	Ktieh Sports Social Cultural Association, Shilliang	5,000
172	39753	29.8.09	Shri Putal	3000
173	39754	29.8.09	Shri Jeetander Singh	3000

Sl. No.	Cheque No.	Cheque date	Payee	Amount (In ₹)
174	39756	29.08.09	Shri Balwan Raj	3000
175	44551	23.12.10	Maharam Govt. Secondary School, Mawkyrwat	25,000
176	44556	23.12.10	United Youth Organisation Nonglang, Mawkyrwat	25,000
177	44565	23.12.10	Khriangrin Sports & Cultural Club	10,000
178	44567	23.12.10	Garo Baptist Convention Youth fellowship Tura	15,000
179	44569	23.12.10	Morningstar Youth Club & Babigithin Youth Club Williamnagar	20,000
180	44571	23.12.10	Helper in Society Bishop falls Mawprem	20,000
181	44587	23.12.10	Rural Socio Development Organisation Mawkyrnrew	15,000
182	44590	23.12.10	Catholic League Zone Nongthymmai Parish	10,000
183	44652	23.12.10	Seng Samla Pyllun Umkhras Parish	10,000
184	44677	23.12.10	Catholic Church Mary Queen and Holy Rosary Parish	10,000
185	44692	23.12.10	Thangshini, Pdengshakap, Sub Divisional, Amlarem	10,000
186	44693	23.12.10	Border Youth Welfare Organization Ratachera	10,000
187	44696	23.12.10	Albin Lamare Memo Sec. School, Alumni Assn. Nongbah	10,000
188	44698	23.12.10	Donbosco Secondary School, Tura	10,000
189	44701	23.12.10	Nilwegre Youth Club, South Garo Hills	10,000
190	45102	23.12.10	Seng samla Catholic, Malki Shg.	5000
191	45107	23.12.10	Pongtung Presbyterian L.P. School	5,000
192	45108	23.12.10	Mawngap Government LP School	5,000
193	45110	23.12.10	Mawlong Sports & Cultural Club	5,000
194	45116	23.12.10	Mawsmay Youth Club Sohra	5,000
195	45117	23.12.10	Lumjingshai Social Welfare Cul Sports Club Marbisu	5,000
196	45118	23.12.10	Mawkahir Scientific Cultural Sports Club	5,000
197	45130	23.12.10	Lenlade Sports Club Mawalai	5,000
198	45134	15.11.10	St. John Mary Vinney Markasa	5,000
199	45138	23.12.10	Nongkhlaw Presbyterian Upper Primary School	10,000
200	45139	23.12.10	Nongsophoh Archery Sports Association, Rangblang	5,000
201	45145	23.12.10	Lummawsiang Youth welfare SCC, Mawthadraishan	10,000
202	45154	15.11.10	Nongtalang Mission Youth Club	5,000
203	45159	15.11.10	Blue Max, Granang, Araimile New Tura	10,000
204	45162	23.12.10	Umkdait Week Committee	8,200
205	45170	23.10.10	Meghalaya Body Building & Fitness Association	20,000
206	45190	23.12.10	IIM, Shillong	50,000
207	45265	23.12.10	Seinraj Socio. Cul & Sports Committee Qualapatty	15,000
208	45267	23.10.10	Lion Socio, Cultural Club Mission Compound Jowai	15,000
209	45277	15.11.10	St. Francis School Songsak	10,000
210	45292	15.11.10	Mawkyrwat Sports Association	10,000
211	45306	15.11.10	Miss A. W. Thomas Secondary School	8,000
212	45324	23.10.10	United national UP School, phudjaud	30,000
213	45355	12.3.10	Meghalaya Sepak Takraw Association	15,000
214	45393	13.4.10	Green Door Entertainment	10,000
215	45404	13.4.10	S.J's Production	10,000
216	45405	13.4.10	Green Door Entertainment	10,000
217	45426	13.4.10	Tura Officers Club	10,000
218	45434	13.4.10	Pikihlang Sports Club madan Kynsan	10,000
219	45437	13.4.10	Nonglyngdoh Upliftment Nongpoh Youth Union	10,000
220	49402	-	DC, West Khasi Hills, Nongstoin	25,000
221	50028	-	President Shillong Body Building Association	10,000
222	50049	-	Nehru Memorial School Secondary School	30,000
223	75585	-	Umphymai Catholic Sports Social & Cultural Club	5,000
224	75612	-	Mawprah West Social Youth Sports & Cultural Organisation	5,000
225	76350	-	Nongdhar Sports Social Cultural Club Nonglwai	5,000
226	87499	-	Self cheque	750000
227	115658	23.12.10	Rongrengpal Youth Club Baghmara	20,000
228	115659	23.12.10	Telekali Upper Primary School Baghmara	20,000
229	115660	23.12.10	Kapasipara Shineng Brothers, Baghmara	20,000
230	119876	19.4.10	SDO, Mawkyrwat Civil Sub-Division	5,000
231	119891	19.4.10	Rong jeng Reserve Chisak Cultural Club	5,000
232	119894	19.4.10	Titengkol Youth Club	10,000
233	119895	19.4.10	Cheramo Chedil Social Cultural Club	10,000

Sl. No.	Cheque No.	Cheque date	Payee	Amount (In ₹)
234	119947	4.5.10	West Khasi Hills district, cricket association	10,000
235	119948	4.5.10	Baghmara District Sports Association	30,000
236	119949	4.5.10	Baghmara District Sports Association	25,000
237	119950	4.5.10	Jaintia District Sports Association Referee Board	25,000
238	120583	8.7.10	Jonis Khongkrom Sordar Raid Nongsken	5,000
239	120588	8.7.10	Tluh Secondary School Sutnga	10,000
240	120600	8.7.10	Border Area Sports Club Convent	10,000
241	141608	8.7.10	Christ King School, Riango	15,000
242	141611	8.7.10	Alga Eden Eco-Tourism Dev. Co. Operative Society Ltd.	10,000
243	141630	8.7.10	Dajugittim Youth Club South Garo Hills	10,000
244	141634	8.7.10	Thadsports & Cultural Club, Umsning	10,000
245	141687	8.7.10	Synroplang Social welfare Organization, Lyngkhoi	10,000
246	141690	8.7.10	Sawang Youth Welfare Association	10,000
247	141696	8.7.10	Green Door Entertainment	10,000
248	141737	9.7.10	Kharang Village	30,000
249	141738	9.7.10	Thynroit Village	30,000
250	141769	18.10.10	Meghalaya Billiard & Snooker Association	40,000
251	141772	18.10.10	Jaintia District Sports Association	10,000
252	141776	18.10.10	Jaintia District Sports Association	9,000
253	141788	18.10.10	Church of God Secondary School	5,000
254	141790	18.10.10	Laitarted Sports Social & Cultural Club	5,000
255	141799	18.10.10	Biate Youth Club, Jowai	5,000
256	142408	18.10.10	Suchilgre Balading Youth Club	10,000
257	142411	19.10.10	Fitness Training Instructor	21,000
258	142413	19.10.10	Mawshynrut Sports Association	10,000
259	142420	19.10.10	Umkadu Youth Club Sports & Cultural Organization	20,000
260	142423	19.10.10	Rongrengiri Government Higher Secondary School	20,000
261	142424	19.10.10	Wadagre youth Club	25,000
262	142561	20.10.10	Jangrapara Gandhi Sports & Cultural Club	10,000
263	142566	20.10.10	Chandigre Sports Association Rombagre	10,000
264	142568	20.10.10	Anangpara Youth Club	5,000
265	142569	20.10.10	Tura Body Building Association	10,000
266	142571	20.10.10	Manggare Cultural Club Rangsakona	10,000
267	142572	20.10.10	Titengkol Youth Club	10,000
268	142575	20.10.10	Battabari Youth Social & Cultural Club	10,000
269	142576	20.10.10	Chigitchakgre Youth Club Rangsakona	10,000
270	142577	20.10.10	Jangre Village Dev Committee	10,000
271	142595	20.10.10	Hill View Club West Garo Hills	12,000
272	144101	21.10.10	Nongstoin Public School	10,000
273	144142	21.10.10	Mawlangwir Upper Primary School	5,000
274	144163	21.10.10	Tyngkong Youth Western Organisation Shillong	10,000
275	144166	21.10.10	Lawsotun United Sports Social Cultural Club	10,000
276	144169	21.10.10	Myllem Umthlong Sports Club Organisation	10,000
277	144248	21.10.10	Myllem Mawwan Sports & Cultural Organisation	10,000
278	144276	22.10.10	Simsang A kawa Youth Club Dalwarigre	30,000
279	144280	22.10.10	Jowai Presbyterian Church	30,000
280	144332	16.12.10	Dabit Bibra Youth clubs.	10,000
281	144347	14.9.11	Mawsaw Church of God L.P. School	20,000
282	144713	16.12.10	Welfare Youth Sports Club Kuliang	10,000
283	144714	16.12.10	Laskein Block Area Sports Association	10,000
284	144715	16.12.10	Border Youth Welfare Organisation, Ratacherra.	10,000
285	144718	16.12.10	Western Youth Development Organisation	10,000
286	144732	16.12.10	Synjuklang Sports Club lewrynghep	10,000
287	144735	16.12.10	Synod College Shillong	10,000
288	144736	16.12.10	Garo Union School Shillong	10,000
289	144750	16.12.10	Seng Samla Ummylle, Marbisu	5,000
290	144754	16.12.10	Christ King Church Barato	5,000
291	144765	16.12.10	Lamjingjop S.H.G Riangoit	5,000
292	144771	16.12.10	Mawjatap Sports Social Cultural Development Orgn.	15,000
293	144779	16.12.10	Iahunlang Social Welfare & Sports Club, Dirang	15,000

Sl. No.	Cheque No.	Cheque date	Payee	Amount (In ₹)
294	144797	13.1.11	Jaintia Tourism & Environment Society	10000
295	144801	13.1.11	SDO, Mairang	10,000
296	144802	13.1.11	Tyi. Sam South Garo Hills Baghmara	10,000
297	144835	14.4.11	Mawkyrwat Sports Association	15,000
298	144841	14.4.11	Assam Club Laban	5,000
299	144842	14.4.11	Maitshaphrang Movement	8,000
300	144849	14.4.11	Seng Samla Lawmali Pyllun	5,000
301	144853	14.4.11	Christian Academy Riatsamthiah	5,000
302	144871	14.4.11	Sacred Heart Secondary School, Mawlyndep	5,000
303	144880	14.4.11	Thangbalgre Youth Club	5,000
304	144900	11.5.11	Shri Sengram M. Momin	34,860
305	144946	7.7.11	St. Francis School	6000
306	144950	7.7.11	Achite Baptist No.III Dev.	10000
307	151146	7.7.11	Meghalaya Billiard Assn.	20000
308	151165	7.7.11	Green Door	6000
309	151169	7.7.11	Pura Khasia Development Committee	7000
310	151172	7.7.11	Jeeban Roy Memorial Welfare Institute	10000
311	151175	7.7.11	Seng samla, Thawtap	7750
312	151178	11.7.11	Lyndem Sugbhalang Sports Club	5000
313	151188	17.7.11	Thaw sengkner Sports club	5000
314	151194	11.7.11	Meghalaya Rangoli Bihu	5000
315	151197	11.7.11	Meghalaya College Teachers Assn.	15000
316	151200	11.7.11	Shillong Central Rongoli Bihu	5000
317	151210	11.7.11	Little Bud School Rongram	5000
318	151214	11.7.11	Nova Jyoti Club, Tikrikilla	5000
319	151225	11.7.11	Lynti Jingkyrmen, Mawkynew	10000
320	151229	11.7.11	Greater Mairang Social Welfare Organisation	10000
321	151245	11.7.11	Meghalaya Rock Climbing & Mountaineering Association	8500
322	151663	15.9.11	Smti Phorlinda Lyngdoh	15000
323	66170	-	DC, Nongstoin Chairman Officer's Club	10,000
Total				43,38,310

Source: Information furnished by DSYA

APPENDIX 1.2.2

Cheque issued but not presented to the Bank till 21/5/2012 as per Cheque issue Register (3rd Quarter/2009-10)

(Reference: Paragraph 1.2.8.3; Page 10)

(Amount in ₹)

Sl. No.	Cheque No.	Date	Name of Payees	Amount
1	39006	23.12.10	Hynniew Trep Welfare Association	15,000
2	39021	23.12.10	Voluntary Health Association of Meghalaya	5,000
3	39037	23.12.10	New Hope Centre	10,000
4	45313	23.10.10	Monfort Centre for Education	10,000
5	45349	23.10.10	Ribhoi District Sports Association	20,000
6	45194	18.11.10	St. Anthonys Higher Secondary School	10,000
7	45271	12.4.10	Amlarem Sub-Devisional Sports Association	25,000
8	45283	15.11.10	Nongstoin College	10,000
9	45155	15.11.10	Amlarem Social Club	5,000
10	45310	15.11.10	Indikgre Youth Club, West Garo Hills	5,000
11	44686	23.12.10	Ribhoi Cotholic Youth umsning League	10,000
12	44689	23.12.10	St. Paul Secondary School, Nongpoh	10,000
13	44690	23.12.10	Sohkhwai Sports & Cultural Club, Sohkhwai	10,000
14	44697	23.12.10	Office of the Secretary Songsak People Forum	10,000
15	44547	23.12.10	Auxilium Lum Jingshai School, Mawroh	25,000
16	45127	23.12.10	Good Shepherd Higher Secondary Jongksha	5,000
17	45137	15.11.10	St. John Mary Vianney Markara	5,000
18	44552	23.12.10	Nehskhem Sports Social & Cultural Organisation, Pyndengumiong	5,000
19	44570	23.12.10	Meghalaya Rongali Bisu Samanton	15,000
20	119939	4.5.10	Meghalaya Wushu Association	35,000
21	119940	4.5.10	Meghalaya Boxing Association	35,000
Total				2,80,000

Source: Information furnished by DSYA

APPENDIX 1.2.3

List of sports persons who were selected for cash awards

(Reference: Paragraph 1.2.8.4; Page 11)

33 rd National Games held at Guwahati from 9 th to 19 th February 2007			21 st North East Games held at Gangtok, Sikkim from 24 th to 27 th February 2007			
Discipline	Name of the Medal Winner	Category of Medal	Discipline	Name of the Medal Winner	Category of Medal	
Karate	Damang Syngkon	Silver	Karate	George Suchiang	Gold	
	Torak Kharpran	Bronze		Linza Fenny Syiem	Gold	
	Roshni Bushal	Bronze		Donboklang Lyngdoh	Gold	
Equestrian	Putal	Bronze		Basuklin Rina	Gold	
	Jeetender Singh	Bronze		Aibapynsuk Khongwar	Silver	
	Kultar Singh	Bronze		Sonia Langstieh	Silver	
	Balwan Roy	Bronze		Edgar B. Kharwanlong	Silver	
Football	Markus Basumatry	Bronze		Franraskar Khongsit	Bronze	
	Aiborlang Khongjee	Bronze		Raphael Sun	Bronze	
	Rodingson Sangma	Bronze		Deebor M Kynta	Bronze	
	Lambok Rymbai	Bronze		Lapynbiang Khongrymmai	Bronze	
	Lalruatfela	Bronze		Habandalyne Khyriem	Bronze	
	Kitkumar Kharshing	Bronze		Archery	Sonam T Bhutia	Gold
	G. Zoramchhanna	Bronze			Sonam T Bhutia	Silver
	Birendra Thapa	Bronze			Sanjit K Rai	Silver (Team)
	Johny Marboh	Bronze	Ravi Pradhan		Silver (Team)	
	Romeo Sukhlein	Bronze	Sonam Phintso Lepcha	Silver (Team)		
	Laldingliana	Bronze	Athletics	Wadang R. Marak	Gold	
	Aibor Lywait	Bronze		Football	Kitkumar Kharsiing	Gold
	TL Munna	Bronze	L. Angam		Gold	
	Lekini Suting	Bronze	Gordan Z Channa		Gold	
	Neewan O. Gatpoh	Bronze	Romeo Sukhlein		Gold	
	Kyrshan Lynshing	Bronze	L. Fela		Gold	
	Timmy Ryngkhlem	Bronze	Johnny Gangnei		Gold	
	L. Angam	Bronze	Sooki Lamare		Gold	
N.A. Sing	Bronze	Aibor Jhongjee	Gold			
Marlangki Suting	Bronze	Hubert Nongbri	Gold			
Coach	For Silver Medalist in Karate		Newan O Gatpoh		Gold	
	For Bronze Medalist in Boxing		Lambok Rymbai		Gold	
	For Bronze Medalist in Equestrian		Aibok Kharpran		Gold	
	For Bronze Medalist in Football		Sansel Koireng		Gold	
			Marcus Basumatary		Gold	
			Lekini Suting		Gold	
			Kyrshan Lynshing	Gold		
			Taekwondo	Vicky Biswa	Silver	
				Noor Md. Ali	Bronze	
				Binay L Dhawar	Bronze	
				Dimbeswar Boro	Bronze	
				Anita Ghising	Bronze	
			Boxing	Johnny Nongrum	Bronze	
				Riju Mani Pator	Bronze	

Source: Records of DSYA

APPENDIX 1.2.4

Statement showing release of funds to different C&RD Blocks for construction of 100 playgrounds in rural areas/school (2004-05) under NEC scheme

(Reference: Paragraph 1.2.9.4; Page 17)

Sl. No.	Name of the C&RD Block/ Beneficiary organisation	Number of playgrounds sanctioned	Amount released (₹ in lakh)	Date of released	U/C received
1.	Gasuapara	4	4.00	28.5.09	
2.	Mawsynram	4	4.00		
3.	Mawryngkneng	1	1.00		Yes
4.	Mylliem	4	4.00		Yes
5.	Pynursla	3	3.00		
6.	Mawphlang	1	1.00		Yes
7.	Chokpot	1	1.00		
8.	Rongara	2	2.00		
9.	Baghmara	8	8.00		
10.	Laskien	3	3.00		
11.	Thadlaskien	6	6.00	4.8.09	
12.	Khliehriat	2	2.00		
13.	Amlarem	3	3.00		
14.	Nongstoin	1	1.00		
15.	Mawshynrut	1	1.00		
16.	Mawkyrwat ¹	4	4.00		
17.	Songsak	2	2.00	13.10.09	
18.	Rongjeng	3	3.00		Yes
19.	Kharkutta	3	3.00		
20.	Resubelpara	1	1.00		
21.	Samanda	3	3.00		
22.	Umling	6	6.00	5.11.09	Yes
23.	Umsning	10	10.00		Yes
24.	Mawshynrut	1	1.00	1.12.09	
25.	Tikrikilla	1	1.00	22.1.10	
26.	Selsella	2	2.00		
27.	Dadenggiri	1	1.00		
28.	Rongram	6	6.00		
29.	Dalu	1	1.00		
30.	Mawkyrwat	4	4.00	4.3.10	
31.	Nongstoin	2	2.00		
32.	Mawshynrut	1	1.00		
33.	Ranikor	1	1.00		Yes
34.	Headmaster, Tura Sec. School	1	1.00	18.11.11	
35.	Dobasipara Sec. School	1	1.00		
36.	Secy. Matchakolgre Youth Club	1	1.00		
37.	Indikgre Youth Club	1	1.00		
	Total	100	100.00		

Source: Records of DSYA

¹ ₹ 1.00 lakh was refunded out of ₹ 5.00 lakh released to him

APPENDIX 4.1
Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2012 in respect of Government companies and Statutory corporations
 (Reference: Paragraph 4.1.3; Page 69)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital ²			Loans ³ outstanding at the close of 2011-12			Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees) (as on 31.3.2012)		
				State Government	Central Government	Others	Total	State Government	Central Government			Others	Total
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Forest Development Corporation of Meghalaya Limited (FDCML)	Forest	January 1975	1.77	0.20	-	1.97	-	-	-	-	-	67
2.	Meghalaya Bamboo Chips Limited (MBCL)	Industries	September 1979	-	-	0.48	0.48	-	-	2.60	2.60	5.42:1 (0.21:1)	15
Sector wise total				1.77	0.20	0.48	2.45	-	-	2.60	2.60	0.04:1	82
INFRASTRUCTURE													
3.	Meghalaya Industrial Development Corporation Limited (MIDCL)	Industries	April 1971	91.09	-	-	91.09	-	-	-	-	-	111
4.	Meghalaya Government Construction Corporation Limited (MGCCCL)	Public works	March 1979	0.75	-	-	0.75	-	-	-	-	-	105
Sector wise total				91.84	-	-	91.84	-	-	-	-	-	216
MANUFACTURING													
5.	Mawmluh Cherra Cement Limited (MCCL)	Industries	May 1995	82.73 ⁴	-	0.11	82.84	3.53	-	39.11	42.64	0.51:1 (0.49:1)	523
6.	Meghalaya Mineral Development Corporation Limited (MMDCL)	Mining & Geology	March 1981	2.32	-	-	2.32	-	-	-	-	-	17
Sector wise total				85.05	-	0.11	85.16	3.53	-	39.11	42.64	0.50:1	540
SERVICES													
7.	Meghalaya Tourism Development Corporation Limited (MTDCL)	Tourism	January 1977	7.96	-	-	7.96	-	-	-	-	-	133
Sector wise total				7.96	-	-	7.96	-	-	-	-	-	133

² Paid-up capital includes share application money.

³ Loans outstanding at the close of 2011-12 represent long-term loans only.

⁴ Paid up capital includes ₹10.00 crore share application received from Government of Meghalaya which is pending allotment.

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of Incorporation	Paid-up Capital			Loans outstanding at the close of 2011-12			Debt equity ratio for 2011-12 (Previous year)	Manpower (No. of employees) (as on 31.3.2012)			
				State Government	Central Government	Others	Total	State Government	Central Government			Others	Total	
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)	
MISCELLANEOUS														
8	Meghalaya Handloom & Handicrafts Development Corporation Limited (MHHDCL)	Industries	January 1979	3.61	0.10	0.05	3.76	-	-	-	-	(0:1)	9	
Sector wise total				3.61	0.10	0.05	3.76	-	-	-	-	-	9	
POWER														
9	Meghalaya Energy Corporation Limited (MeECL)	Power & Electricity	September 2009	209.50	-	-	209.50	158.18	105.85	770.85	1034.88	4.94:1 (5.44:1)	3312	
10	Meghalaya Power Generation Corporation Limited (MePGCL)	Power & Electricity	December 2009	-	-	0.05	0.05	-	-	-	-	-	-	
11	Meghalaya Power Distribution Corporation Limited (MePDCL)	Power & Electricity	December 2009	-	-	0.05	0.05	-	-	-	-	-	-	
12	Meghalaya Power Transmission Corporation Limited (MePTCL)	Power & Electricity	December 2009	-	-	0.05	0.05	-	-	-	-	-	-	
Sector wise total				209.50	-	0.15	209.65	158.18	105.85	770.85	1034.88	4.94:1	3312	
Total A (All sector wise working Government companies)				399.73	0.30	0.79	400.82	161.71	105.85	812.56	1080.12	2.70:1	4298	
B. Working Statutory corporations														
SERVICE														
1	Meghalaya Transport Corporation (MTC)	Transport	October 1976	73.97	6.81	-	80.78	-	-	-	-	(0:1)	307	
Sector wise total				73.97	6.81	-	80.78	-	-	-	-	-	307	
MISCELLANEOUS														
2	Meghalaya State Warehousing Corporation (MSWC)	Cooperation	March 1973	2.14	-	1.23	3.37	-	-	-	-	(0:1)	10	
Sector wise total				2.14	-	1.23	3.37	-	-	-	-	-	10	
Total B (All sector wise working Statutory corporations)				76.11	6.81	1.23	84.15	-	-	-	-	-	317	
Grand Total (A + B)				475.84	7.11	2.02	484.99	161.71	105.85	812.56	1080.12	2.23:1	4609	
C. Non working Government Companies														
MANUFACTURING														
1	Meghalaya Electronics Development Corporation Limited (MEDCL) (Subsidiary)	Industries	March 1986	-	-	4.72	4.72	-	-	-	-	(0:1)	-	
Sector wise total				-	-	4.72	4.72	-	-	-	-	-	(0:1)	-
Total C (All sector wise non working Government companies)				-	-	4.72	4.72	-	-	-	-	-	-	-
Grand Total (A+B+C)				475.84	7.11	6.74	489.68	161.71	105.85	812.56	1080.12	2.21:1	4609	

APPENDIX 4.2

Summarised financial results of Government companies and statutory corporations for the latest year for which accounts were finalised

(Reference: Paragraph 4.1.6, Table 4.1.11; Page 72 & 81)

(Figures in column 5 (a) to (6) and (8) to (10) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)		Turnover	Impact of Accounts Comments ⁵	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed ⁶	Return on capital employed ⁷	Percentage return on capital employed		
				5 (a)	5 (b)								5 (c)	5 (d)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1	Forest Development Corporation of Meghalaya Limited (FDCML)	2002-03	2011-12	(-0.47)	-	0.01	(-0.48)	0.48	-	1.97	(-3.52)	(-1.97)	(-0.48)	-
2	Meghalaya Bamboo Chips Limited (MBCL)	2009-10	2012-13	(-0.35)	0.35	0.04	(-0.74)	0.01	Understatement of loss: ₹ 0.19 crore	0.48	(-11.53)	0.20	(-0.39)	-
Sector wise total				(-0.82)	0.35	0.05	(-1.22)	0.49	-	2.45	(-15.05)	(-1.77)	(-0.87)	-
INFRASTRUCTURE														
3	Meghalaya Industrial Development Corporation Limited (MIDCL)	2006-07	2012-13	1.90	1.41	0.12	0.37	4.87	Comments under finalisation	82.98	(-24.59)	85.42	1.77	2.07
4	Meghalaya Government Construction Corporation Limited (MGCCCL)	2009-10	2011-12	1.16	0.24	0.05	0.87	2.63	-	0.75	(-12.09)	(-9.67)	1.11	-
Sector wise total				3.06	1.65	0.17	1.24	7.50	-	83.73	(-36.68)	75.75	2.88	3.80

⁵ Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

⁶ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

⁷ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation		Net Profit (+) / Loss (-)		Turnover	Impact of Accounts Comments ⁸	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed ⁹	Return on capital employed ¹⁰	Percentage return on capital employed
				5 (a)	5 (b)	5 (c)	5 (d)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)			
MANUFACTURING														
5.	Mawmluh Cherra Cement Limited (MCCL)	2011-12	2012-13	(-18.01)	0.12	0.58	(-18.71)	24.13	-	82.83	(-48.06)	77.41	(-18.59)	-
6.	Meghalaya Mineral Development Corporation Limited (MMDCL)	2010-11	2011-12	(-30.26)	-	0.09	(-30.35)	4.27	-	2.32	(-6.30)	1.81	(-30.35)	-
Sector wise total				(-18.27)	0.12	0.67	(-19.06)	28.40	-	85.15	(-54.36)	79.22	(-18.94)	-
SERVICES														
7	Meghalaya Tourism Development Corporation Limited (MTDCL)	1996-97	2012-13	(-30.69)	0.15	0.11	(-30.95)	1.73	-	6.66	(-4.40)	7.04	(-30.80)	-
Sector wise total				(-30.69)	0.15	0.11	(-30.95)	1.73	-	6.66	(-4.40)	7.04	(-30.80)	-
POWER														
8	Meghalaya Energy Corporation Limited (MeECL)	2009-10	2012-13	(-32.01)	-	-	(-32.01)	-	-	1.00	(-2.01)	(-30.01)	(-2.01)	-
9	Meghalaya Power Generation Corporation Limited (MePGCL)	2009-10	2012-13	(-32.01)	-	-	(-32.01)	-	-	0.05	(-2.01)	(-30.01)	(-2.01)	-
10	Meghalaya Power Distribution Corporation Limited (MePDCL)	2009-10	2012-13	(-31.02)	-	-	(-31.02)	-	-	0.05	(-1.02)	(-30.01)	(-1.02)	-
11	Meghalaya Power Transmission Corporation Limited (MePTCL)	2009-10	2012-13	(-30.52)	-	-	(-30.52)	-	-	0.05	(-30.52)	(-30.01)	(-30.52)	-
Sector wise total				(-35.56)	-	-	(-35.56)	-	-	1.15	-	(-30.04)	(-35.56)	-

⁸ Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses (-) decrease in profit/ increase in losses.

⁹ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

¹⁰ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)			Turnover	Impact of Accounts Comments	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed	Return on capital employed	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Depreciation							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
MISCELLANEOUS													
12	Meghalaya Handloom & Handicrafts Development Corporation	2004-05	2012-13	(-0.19)	-	0.01	0.03	-	1.85	(-2.12)	(-0.13)	(-0.20)	-
Sector wise total				(-0.19)	-	0.01	0.03	-	1.85	(-2.12)	(-0.13)	(-0.20)	-
Total A (All sector wise working Company)				(-22.47)	2.27	1.01	38.15	-	180.99	(-118.17)	160.07	(-23.49)	-
B. Working Statutory corporations													
POWER													
1	Meghalaya State Electricity Board ¹¹	2009-10	2011-12	9.08	39.56	25.94	415.74	Understatement of loss: ₹ 5.92 crore	202.00	(-449.03)	1998.77	(-16.86)	-
Sector wise total				9.08	39.56	25.94	415.74		202.00	(-449.03)	1998.77	(-16.86)	-
SERVICE													
2.	Meghalaya Transport Corporation	2009-10	2011-12	(-2.82)	-	0.73	8.97	Increase in loss: ₹ 3.92 crore	73.78	(-83.28)	(-9.45)	(-3.55)	-
Sector wise total				(-2.82)	-	0.73	8.97		73.78	(-83.28)	(-9.45)	(-3.55)	-
MISCELLANEOUS													
3	Meghalaya State Warehousing Corporation	2010-11	2011-12	0.02	-	0.06	0.28	Overstatement of loss: ₹ 0.01 crore	2.81	(-0.17)	2.55	(-0.04)	-
Sector wise total				0.02	-	0.06	0.28		2.81	(-0.17)	2.55	(-0.04)	-
Total B (All sector wise working Statutory corporations)				6.28	39.56	26.73	424.99	-	278.59	(-532.48)	1991.87	(-20.45)	-
Grand Total (A + B)				(-16.19)	41.83	27.74	463.14	-	459.58	(-650.65)	2151.94	(-43.94)	-
C. Non working Government companies													
MANUFACTURING													
1.	Meghalaya Electronics Development Corporation Limited (MEDCL)	2002-03	2011-12	(-0.76)	0.82	0.13	0.17	-	4.72	(-17.72)	2.77	(-0.88)	-
Sector wise total				(-0.76)	0.82	0.13	0.17	-	4.72	(-17.72)	2.77	(-0.88)	-
Total C (All sector wise non working Government companies)				(-0.76)	0.82	0.13	0.17	-	4.72	(-17.72)	2.77	(-0.88)	-
Grand Total (A + B + C)				(-16.95)	42.65	27.87	463.31	-	464.30	(-668.37)	2154.71	(-44.82)	-

¹¹ As part of power sector reforms, the erstwhile Meghalaya State Electricity Board (MeSEB) was unbundled and the Meghalaya Energy Corporation Limited (MeECL) and its three subsidiaries viz. Meghalaya Power Generation Corporation Limited (MPGCL), Meghalaya Power Transmission Corporation Limited (MPTCL) and Meghalaya Power Distribution Corporation Limited (MPDCL) were incorporated on 14 September 2009 (MeECL) and 18 December 2009 (MPGCL, MPTCL & MPDCL). During 2009-10 MeSEB was operating, MeECL and its three subsidiaries finalised their first accounts of 2009-10 during 2011-12 and MeECL started operation from April 2010. As such, accounting figures of the MeSEB as per their finalise accounts for the year 2009-10 are included at B(1) above.

APPENDIX 4.3

Statement showing budgetary outgo to State PSUs in the form of equity, loans, 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 2012

(Reference: Paragraphs 4.1.4; Page 70)

(Figures in column 3 (a) to 6 (d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year 2011-12		Grants(G) and Subsidy(S) received during the year 2011-12			Guarantees received during the year and commitment at the end of the year ¹²		Waiver of dues during the year				
		Equity	Loans	Central Government	State Government ¹³	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)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Forest Development Corporation of Meghalaya Limited (FDCML)	-	-	-	0.50 (G)	-	0.50 (G)	-	-	-	-	-	-
Sector wise total		-	-	-	0.50 (G)	-	0.50 (G)	-	-	-	-	-	-
INFRASTRUCTURE													
2.	Meghalaya Industrial Development Corporation Ltd	1.60	-	-	-	-	-	-	-	-	-	-	-
3.	Meghalaya Government Construction Corporation Ltd	-	-	-	0.48 (S)	-	0.48 (S)	-	1.00	-	-	-	-
Sector wise total		1.60	-	-	0.48 (S)	-	0.48 (S)	-	1.00	-	-	-	-
MANUFACTURE													
4.	Meghalaya Mineral Development Corporation Ltd	-	-	-	4.57 (G)	-	4.57 (G)	-	-	-	-	-	-
5	Mawmluh Cherra Cement Limited (MCCL)	22.00	3.00	-	-	-	-	48.20	45.58	-	-	-	-
Sector wise total		22.00	3.00	-	4.57 (G)	-	4.57 (G)	48.20	45.58	-	-	-	-

¹² Figures indicate total guarantees (Principal) outstanding at the end of the year.

¹³ (G) stands for 'Grants' and '(S)' stands for 'Subsidy' received during the year.

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		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)
SERVICE													
6.	Meghalaya Handloom & Handicraft Development Corporation	0.40	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		0.40											
MISCELLANEOUS													
7	Meghalaya Energy Corporation Limited	-	28.63	35.00 (G)	90.24 (G) 13.29 (S)	94.06 (G)	219.30 (G) 13.29 (S)	191.56	834.65	-	-	-	-
Sector wise total		-	28.63	35.00 (G)	90.24 (G) 13.29 (S)	94.06 (G)	219.30 (G) 13.29 (S)	191.56	834.65	-	-	-	-
Total A (All sector wise working Government companies)		24.00	31.63	35.00 (G)	95.31 (G) 13.77 (S)	94.06 (G)	224.37 (G) 13.77 (S)	239.76	881.23	-	-	-	-
B. Working Statutory corporations													
SERVICE													
1.	Meghalaya Transport Corporation	3.00	-	-	2.51 (G), 4.00 (S)	-	2.51 (G), 4.00 (S)	-	-	-	-	-	-
Sector wise total		3.00	-	-	2.51 (G), 4.00 (S)	-	2.51 (G), 4.00 (S)	-	-	-	-	-	-
MISCELLANEOUS													
2.	Meghalaya State Warehousing Corporation	-	-	-	1.45 (G)	-	1.45 (G)	-	-	-	-	-	-
Sector wise total		-	-	-	1.45 (G)	-	1.45 (G)	-	-	-	-	-	-
Total B (All sector wise working Government statutory Corporations)		3.00	-	-	3.96 (G), 4.00 (S)	-	3.96 (G), 4.00 (S)	-	-	-	-	-	-
Grand Total (A + B)		27.00	31.63	35.00 (G)	99.27 (G) 17.77 (S)	94.06 (G)	228.33 (G) 17.77 (S)	239.76	881.23	-	-	-	-

APPENDIX 4.4
Statement showing investment made by the State Government in PSUs whose accounts are in arrears
(Reference: Paragraph 4.1.7; Page 75) (₹ in crore)

Sl.No.	Name of the Company	Year up to which accounts finalised	Paid-up capital as per latest finalised accounts	Investment made by the State Government during the years for which accounts are in arrears				
				Year	Equity	Loan	Grant	Subsidy
A. WORKING GOVERNMENT COMPANIES								
1.	Forest Development Corporation of Meghalaya Limited	2002-03	1.97	2006-07 to 2010-11	-	-	1.77 ¹⁴	-
2.	Meghalaya Industrial Development Corporation Limited	2006-07	82.98	2007-08 to 20011-12	8.11 ¹⁵	-	-	-
3.	Meghalaya Mineral Development Corporation Ltd	2010-11	2.32	2011-12	-	-	4.57	-
4	Meghalaya Tourism Development Corporation Limited	1996-97	6.66	1997-98 to 2007-08	1.31 ¹⁶	-	4.47 ¹⁷	-
5	Meghalaya Handloom and Handicrafts Development Corporation Limited (Subsidiary)	2004-05	1.85	2005-06 to 2011-12	1.91 ¹⁸	-	-	-
6	Meghalaya Energy Corporation Limited	2009-10	1.00	2010-11 to 2011-12	-	52.07 ¹⁹	220.24 ²⁰	25.61 ²¹
7	Meghalaya Government Construction Corporation Ltd	2009-10	0.75	2010-11 to 2011-12	-	-	-	1.53 ²²
Total A					11.33	52.07	231.10	27.14
B. WORKING STATUTORY CORPORATIONS								
1.	Meghalaya Transport Corporation	2009-10	73.78	2010-11 to 2011-12	7.00 ²³	-	2.51 ²⁴	7.51 ²⁵
2.	Meghalaya State Ware-housing Corporation	2010-11	2.81	2011-12	-	-	1.45	-
Total B					7.00	-	3.96	7.51
Grand Total (A+B)					18.33	52.07	235.06	34.65

¹⁴ Includes ₹ 17.44 lakh in 2006-07; ₹ 10.00 lakh in 2007-08, ₹ 30.00 lakh in 2008-09, ₹ 30.00 lakh in 2009-10, ₹ 40.00 lakh in 2010-11 and ₹ 50 lakh in 2011-12.

¹⁵ Includes ₹ 202.00 lakh in 2007-08, ₹ 400.00 lakh in 2008-09, ₹ 49.00 lakh in 2010-11 and ₹ 160.00 lakh in 2011-12.

¹⁶ Equity investment of ₹ 1.31 crore was made in the year 2000-01.

¹⁷ Grant includes ₹ 26.71 lakh in 1997-98, ₹ 3.75 lakh in 1999-2000, ₹ 21.86 lakh in 2000-01, ₹ 25.39 lakh in 2001-02, ₹ 12.52 lakh in 2002-03, ₹ 3.28 lakh in 2003-04, ₹ 262.87 lakh in 2004-05, ₹ 12.00 lakh in 2005-06 ₹ 26.98 lakh in 2006-07 and ₹ 51.43 lakh in 2007-08.

¹⁸ Includes ₹ 18.00 lakh in 2005-06, ₹ 24.00 lakh in 2006-07, ₹ 24.00 lakh in 2007-08, ₹ 25.00 lakh in 2008-09, ₹ 30.00 lakh in 2009-10, ₹ 30.00 lakh in 2010-11 and ₹ 40.00 lakh in 2011-12.

¹⁹ Includes ₹ 23.44 crore in 2010-11 and ₹ 28.63 crore 2011-12.

²⁰ Includes ₹ 130.05 crore in 2010-11 and ₹ 90.24 crore in 2011-12

²¹ Includes ₹ 12.32 crore in 2010-11 and ₹ 13.29 crore in 2011-12

²² Includes ₹ 1.05 crore in 2010-11 and ₹ 0.48 crore in 2011-12

²³ Capital Contribution of ₹ 300.00 lakh in 2010-11 and ₹ 400.00 lakh in 2011-12.

²⁴ Received during 2011-12

²⁵ Subsidy includes ₹ 351.00 lakh in 2010-11 and ₹ 400.00 lakh in 2011-12.

APPENDIX 4.5

Statement showing financial position of Statutory corporations

(Reference: Paragraph 4.1.6; Page 72)

(₹ in crore)				
Sl. No.	Particulars	2007-08	2008-09	2009-10
(1)	(2)	(4)	(5)	(5)
1.	Meghalaya State Electricity Board			
	A. Liabilities			
	(a) Paid up Capital	202.00	202.00	202.00
	(b) Loans from Government	162.75	496.13	550.76
	(c) Other long-term loans (including bonds)	964.30	1358.12	1949.85
	(d) Reserves and Surplus	2.70	2.98	2.98
	(e) Current liabilities and Provisions	643.45	315.88	359.66
	Total – A	1975.20	2375.11	3065.25
	B. Assets			
	(a) Gross fixed assets	525.55	549.67	607.51
	Less: Depreciation	249.22	264.83	295.00
	Net fixed assets	276.33	284.84	312.51
	(b) Capital works-in-progress	736.83	1013.42	1330.81
	(c) Deferred Cost	18.45	21.16	24.08
	(d) Current assets	474.19	581.22	715.11
	(e) Investments	66.37	80.20	226.27
	(f) Intangible assets	0.59	1.66	7.44
	(g) Accumulated losses	402.44	392.61	449.03
	Total – B	1975.20	2375.11	3065.25
	C. Capital employed	843.91	1563.60	1998.77
2	Meghalaya Transport Corporation	2007-08	2008-09	2009-10
	A. Liabilities			
	(a) Capital (including Capital loan and equity capital)	69.03	72.78	73.78
	(b) Reserves and Surplus	0.12	0.12	0.12
	(c) Borrowings:			
	Government	-	-	-
	Others	-	-	-
	(d) Funds (excluding depreciation fund)	0.37	0.39	0.39
	(e) Trade dues and other current liabilities (including provisions) ²⁶	16.38	18.51	19.91
	Total – A	85.90	91.80	94.20
	B. Assets			
	(a) Gross Block	10.08	10.12	10.13
	Less: Depreciation	5.60	6.33	7.06
	Net fixed assets	4.48	3.79	3.07
	(b) Capital works-in-progress (including cost of Chassis)	-	-	-
	(c) Investments	0.46	1.46	0.46
	(d) Current assets, loans and advances	7.43	8.99	7.39
	(e) Deferred cost	-	-	-
	(f) Accumulated losses	73.53	78.56	83.28
	Total	85.90	91.80	94.20
	C. Capital employed²⁷	(-) 4.47	(-) 5.73	(-) 9.45

²⁶ Excluding depreciation of ₹ 5.60 crore, ₹ 6.33 crore and ₹ 7.06 crore of 2007-08, 2008-09 and 2009-10 respectively

²⁷ Capital employed represents net fixed assets (including capital work-in-progress) plus working capital. While working out capital employed, the element of deferred cost and investment are excluded from current assets.

3.	Meghalaya State Warehousing Corporation	2008-09	2009-10	2010-11
	A. Liabilities			
	(a) Paid-up Capital	2.81	3.16	3.36
	(b) Reserves and Surplus ²⁸	0.21	0.42	0.47
	(c) Borrowings :			
	Government	-	-	-
	Others	-	-	-
	(d) Trade dues and other current liabilities (including provision)	0.24	0.20	0.09
	Total – A	3.26	3.78	3.92
	B. Assets			
	(a) Gross Block	2.02	2.11	2.16
	Less : Depreciation	0.81	0.87	0.93
	Net fixed assets	1.21	1.24	1.23
	(b) Capital works-in-progress	--	-	-
	(c) Investments	0.37	0.98	1.11
	(d) Current assets, loans and advances	1.68	1.46	1.41
	(e) Accumulated losses	-	0.10	0.17
	Total – B	3.26	3.78	3.92
	C - Capital employed	2.65	2.50	2.55

²⁸ Excluding depreciation fund

APPENDIX 4.6

Statement showing working results of Statutory corporations

(Reference: Paragraph 4.1.6; Page 72))

(₹ in crore)

1. Meghalaya State Electricity Board				
Sl. No.	Particulars	2007-08	2008-09	2009-10
(1)	(2)	(3)	(4)	(5)
1.	(a) Revenue receipts	318.15	392.51	415.74
	(b) Subsidy/Sub-vention from Government	32.80	11.70	12.31
	(c) Other income	32.39	39.78	58.50
	Total	383.34	443.99	486.55
2.	Revenue expenditure (net of expenses capitalised including write off of intangible assets but excluding depreciation and interest)	315.23	344.70	372.03
3.	Gross surplus(+)/ deficit(-) for the year (1-2)	68.11	99.29	114.52
4.	Adjustments relating to previous years	(-)21.96	(-)36.10	(-)105.44
5.	Final gross surplus (+)/deficit (-) for the year (3+4)	46.15	63.19	9.08
6.	Appropriations:			
	(a) Depreciation (less: capitalised)	12.90	14.12	25.94
	(b) Interest on Government loans	16.67	18.23	19.91
	(c) Interest on other loans, bonds, advance, etc. and finance charges	59.57	69.34	83.50
	(d) Total interest on loans and finance charges (b+c)	76.24	87.57	103.41
	(e) Less : interest capitalised	44.47	48.33	63.85
	(f) Net interest charged to revenue (d-e)	31.77	39.24	39.56
	(g) Total appropriation (a+f)	44.67	53.36	65.50
7.	Surplus(+)/ deficit(-) before accounting for subsidy from State Government {5-6(g)-1(b)}	(-)31.32	(-)1.87	(-)68.73
8.	Net surplus (+)/ deficit(-){5-6(g)}	1.48	9.83	(-)56.42
9.	Total return on capital employed	33.25	49.07	(-)16.86
10.	Percentage of return on capital employed	3.94	3.14	-
Meghalaya Transport Corporation		2007-08	2008-09	2009-10
1.	Operating :			
	(a) Revenue	7.56	8.76	8.96
	(b) Expenditure	10.97	12.23	12.17
	(c) Surplus(+)/deficit(-)	(-)3.41	(-)3.47	(-)3.21
2.	Non-operating			
	(a) Revenue	0.36	0.33	0.39
	(b) Expenditure	-	-	-
	(c) Surplus(+)/deficit(-)	0.36	0.33	0.39
	Total			
	(a) Revenue	7.92	9.09	9.35
	(b) Expenditure	11.63 ²⁹	12.96 ³⁰	12.90 ³¹
	(c) Surplus(+)/deficit(-)	(-) 3.71	(-) 3.87	(-) 3.55
3.	Interest on capital and loans	-	-	-
	Total return on capital employed	(-)3.71	(-)3.87	(-)3.55

²⁹ Including Depreciation of ₹ 0.66 crore

³⁰ Including Depreciation of ₹ 0.73 crore

³¹ Including Depreciation of ₹ 0.73 crore

Meghalaya State Warehousing Corporation				
Sl. No.	Particulars	2008-09	2009-10	2010-11
(1)	(2)	(3)	(4)	(5)
1.	Income			
	(a) Warehousing charges	0.23	0.25	0.28
	(b) Other income	0.11	0.08	0.07
	Total – 1	0.34	0.33	0.35
2.	Expenses			
	(a) Establishment charges	0.22	0.31	0.33
	(b) Other Expenses	0.09	0.08	0.06
	Total – 2	0.31	0.39	0.39
3.	Profit (+)/ Loss(-) before tax	0.03	(-)0.06	(-)0.04
4.	Other appropriations	-	0.03	0.04
5.	Amount available for dividend	0.03	-	-
6.	Dividend for the year	-	-	-
7.	Total return on capital employed ³²	0.03	(-)0.06	(-)0.04
8.	Percentage of return on capital employed	1.05	-	-

³² Net surplus/deficit plus total interest charged to Profit & Loss Account (less interest capitalised).

APPENDIX 4.7
Statement showing Transmission Project taken up during 2007 to 2012
(Reference: Paragraphs 4.2.2, 4.2.10& 4.2.11; Pages 86, 93& 94)

Sl. No.	Name of the Work	Capacity	Date of Approval by concerned Agencies	Project Cost (₹/crore)	Actual Cost (Completed)/Expenditure incurred up to March 2012 (Ongoing) (₹/crore)	Scheduled Date of completion (as per the Funding Agency)	Actual Date of completion (Completed) / Revised Targeted Date of Completion (Ongoing)	Time Overrun (months)	Cost Overrun ³³ (₹/crore)	Brief Reasons for Delay	Remarks
A. Substations Completed											
1	Construction of 220/132kV Killing SS	320 MVA	June 2007 (MeECL) September 2007 (DONER)	Included with Misa-Killing line (Sl. No. B.7)		Mar-10	Nov-10	8	-	Delay in procurement of land and encroachment problems.	
2	Construction of 132/33kV Umiam SS	40 MVA	November 2005 (MeECL) August 2008 (NEC)	4.8	6.02	Mar-10	Feb-12	23	1.22	Belated placement of orders for Transformers (order for 1st transformer in September 2007 and 2nd transformer in July 2010) due to technical defects.	1 st Transformer commissioned in May 2008 while the 2nd, though installed in February 2012 is yet to be utilised (April 2012)
3	Construction of 132/33kV Mawphlang (Maunggar) SS	40 MVA	September 2007 (MeECL) March 2008 (NEC)	8.05	12.79	Apr-10	Feb-12	22	4.74	Delay in acquisition of land leading to change in location (June 2010) and delay in commissioning (Dec 2011) of installed transformer because of non availability of manpower	
4	Augmentation of 132/33kV Rongkhon SS	5 MVA		27.03	27.03	Dec-09	Dec-09	-	-	Expenditure incurred out of O&M	
5	Augmentation of 132/33kV Nangalbibra SS	7.50 MVA		0.19	0.19	Dec-07	Dec-07	-	-	Expenditure incurred out of O&M	
Ongoing											
6	Construction of 400/220kV Killing SS	630 MVA	August 2009 (MeECL) July 2011 (DONER)	Included with +60 kV LILO (Sl. No. B.8)		Mar-12	Dec-12	7	-	Delay of 19 months (May 2009 to March 2012) in procurement and handing over of land to PGCIL	
7	Construction of 132/33kV Ampati SS	50 MVA	December 2010 (MeECL) March 2010 (DONER)	14.04	0.00	Mar-12	Mar-13	7	-	Delays in release (Dec 2010) of funds by State Govt., procurement of land which was yet to be acquired (October 2012) even though land was identified in Sept 2010. Procurement of materials was initiated only on Oct.2011.	

³³ In case of ongoing projects, time overrun has been worked out till October 2012

Sl. No.	Name of the Work	Capacity	Date of Approval by concerned Agencies	Project Cost (₹/crore)	Actual Cost (Completed)/Expenditure incurred up to March 2012 (Ongoing)(₹/crore)	Scheduled Date of completion (as per the Funding Agency)	Actual Date of completion (Completed)/ Revised Targeted Date of Completion (Ongoing)	Time Overrun (months)	Cost Overrun ³³ (₹/crore)	Brief Reasons for Delay	Remarks
8	Construction of 132/33kV Mendipathar-SS	40 MVA	September 2009 (MeECL)/October 2009 (NEC)	4.71	2.91	Mar-12	Dec-12	7	-	Inadequacy of funds due to change in scope of work, delays in requisitioning materials (July/Sept2010), technical clearance (March 2010) and non installation of power transformer received since May 2011	
9	Augmentation of Ronghlon SS from 35 MVA (1 x 20MVA + 3 x 5 MVA) to 50 MVA (2 x 20 MVA + 2 x 5 MVA)	15 MVA	December 2010 (MeECL) September 2010 (NEC)	4.69	1.10	Mar-12	Sep-12	7	-	Procedural delays of 5 months (Oct 2010 to March 2011) for approval of procurement and delay in procurement of Transformer (July 2011) and receipt in Jan 2012	One 5 Mva transformer added in December 2009. In January 2012, another 5 Mva transformer was dismantled.
10	Augmentation of Agia Substation (Assam) (installation of 100 MVA Transformer)	100 MVA	February 2011 (MeECL) March 2011 (NEC)	11.43	5.00	Jun-12	Dec-12	4	-	Non procurement of transformer by AEGCL for which MeECL could not penalise for want of signed agreement.	
B. Transmission Lines											
Completed											
1	Construction of S/C 132 KV LIL/O of Stage-I (Sumer) - NEHU line at Umiam SS	0.60 Ckm	November 2005 (MeECL) January 2009 (NEC)	4.94	4.94	May-10	Nov-10	6	-	This line was partly completed in December 2007 out of MeECL's own funds and remained idle for 5 months until commissioning in May 2008 following installation of 20 MVA 1st Transformer of Umiam SS. However, the line was completed in all respects only in November 2010.	
2	Construction of S/C 132 KV Stage-III - Stage-IV (second circuit)	9.69 Ckm	August 2004 (MeECL) March 2006 (NEC)	4.21	4.66	Aug-08	Apr-09	8	0.45	Delay of 9 months (June 2006 to Feb 2007) in tendering and award of work and in arriving at rates for ROW compensation (42 months from April 2005 to Oct 2008)	
3	Construction of D/C 132 KV LIL/O of Stage-IV - Sarasajai line at Umtru SS	4.02 Ckm	June 2005 (MeECL)/February 2007 (NEC)	1.22	1.27	Jun-08	Feb-10	20	0.05	Delay in completion (March 2008) of Switchyard by Generation Wing of MeECL and omission of RTU/SCADA in the DPR for the Project.	
4	Construction of D/C 132 KV Stage-I (Sumer) - Mawngap	66.14 Ckm	September 2007 (MeECL) March 2008 (SPA)	14.17	15.55	Apr-10	Jan-12	21	1.38	Change in location of Mawngap SS leading to increased route length, ROW problems leading to realignment of line	

³³ In case of ongoing projects, time overrun has been worked out till October 2012.

Sl. No.	Name of the Work	Capacity	Date of Approval by concerned Agencies	Project Cost (₹/crore)	Actual Cost (Completed)/Expenditure incurred up to March 2012 (Ongoing) (₹/crore)	Scheduled Date of completion (as per the Funding Agency)	Actual Date of completion (Completed) / Revised Targeted Date of Completion (Ongoing)	Time Overrun* (months)	Cost Overrun ³³ (₹/crore)	Brief Reasons for Delay	Remarks
5	Construction of D/C 132 KV MLHEP - Killehriat	52.94 Ckm	NA	13.15	12.55	Dec-07	Jan-10	25	-	Though the completion of the line was delayed, the line remained idle for 23 months because of delay in completion of MLHEP, which was completed only on December 2011	
6	Construction of D/C 132 KV Killing - EPIP-II	20.53 Ckm	April 2009 (MeECL) February 2010 (Planning Commission)	9.59	7.97	Mar-11	Dec-10	-	-	No delay	
7	Construction of D/C 220 KV Misa - Killing	226.82 Ckm	June 2007 (MeECL) September 2007 (DONER)	126.74	114.69	Mar-10	Feb-10	-	-	No delay	Colony Building (₹ 8.87 crore) approved by the DONER but not completed so far (July 2012).
Ongoing											
8	Construction of 400 KV Double Circuit LLO of Sichear Bongaigaon Line at 400/220KV Killing SS	4.22 Ckm	August 2009 (MeECL) July 2011 (DONER)	93.48	13.57	Mar-12	Oct-12	7	-	Delay of 19 months (May 2009 to March 2012) in procurement and handing over of land to PGCIL for the 400/220 KV SS and ROW problems	
9	Construction of 132KV Multi Circuit line from 220/132KV Killing substation to 132/33KV EPIP-I SS	17.58 Ckm	April 2009 (MeECL) February 2010 (Planning Commission)	12.15	1.75	Mar-11	Dec-12	19	-	Delay of 15 months (Dec 2009 to March 2011) in award of work and ROW problems	
10	Construction of 132KV Double Circuit LLO of Agia-Nangalibira Line at 132/33KV Mendipathar SS	4.57 Ckm	September 2009 (MeECL) December 2009 (NEC)	5.00	1.91	Feb-13	Sep-12	-	-	No delay yet. However, MeECL took more than 2 years (Dec 2009 to Feb 2011) in award of work.	
11	Construction of 132KV Double Circuit LLO of Mavilai-Cherra line at 132/33KV Mavngap SS	7.38 Ckm	August 2009 (MeECL) March 2011 (NEC)	4.97	4.38	May-11	Dec-12	17	-	Delay in requisition of materials (April 2010), forest clearance (May 2009/Sept 2010) and award of work (Jan 2011), objection (May 2011) by the PHE Department	

³³ In case of ongoing projects, time overrun has been worked out till October 2012.

Sl. No.	Name of the Work	Capacity	Date of Approval by concerned Agencies	Project Cost (₹/crore)	Actual Cost (Completed)/Expenditure incurred up to March 2012 (Ongoing) (₹/crore)	Scheduled Date of completion (as per the Funding Agency)	Actual Date of completion (Completed) / Revised Targeted Date of Completion (Ongoing)	Time Overrun* (months)	Cost Overrun ³³ (₹/crore)	Brief Reasons for Delay	Remarks
12	Construction of 132kV Double Circuit LILO of Mawlai-Nangalibbra Line at 132/33kV Mawngap SS	5.36 Ckm	August 2009 (MeECL) / March 2011 (NEC)	4.94	2.09	Mar-13	Dec-12	-	-	No delay yet. However, work order was issued only after a delay of one year (March 2012)	
13	Construction of 132kV Single Circuit Line from 132/33kV Rongkhon SS to 132/33kV Ampati SS	32.77 Ckm	December 2010 (MeECL) / March 2010 (DONER)	16.75	2.84	Mar-12	Mar-13	7	-	Delay in release of funds by State Government (Dec 2010), procurement of materials (July 2011) and ROW permission obtained only on Dec 2011.	
14	Construction of 132kV Single Circuit Line from 132/33kV Nangalibbra Substation to 220/132kV Agria SS (Assam)	92.15 Ckm	April 2007 (MeECL) / March 2007 (NEC)	43.32	46.95	Jul-10	Sep-12	27	3.63	Work order issued in Dec 2007. Delay in commencement of work by 1 year due to belated submission of drawings by contractor, delay in receipt of foundation materials (Oct 2008), objection by AEGCL till release of supervision charges (April 2009) and delay in obtaining ROW for Assam Portion of the line.	

³³ In case of ongoing projects, time overrun has been worked out till October 2012.

APPENDIX 4.8

Statement of payment of electricity dues by M/s JUD Cement Private Limited (JPCL) and concessions extended between March 2010 and September 2012

(Reference: Paragraph 4.3; Page 113)

Bill Month ³⁴	Current Electricity Bill	Delayed payment charges	Gross Amount	Payment Received	Balance outstanding	Reason for non payment as stated by M/s JPCL	M&ECL Concessions on default	Remarks
March 10	0.56	0	0.56	0.09	0.47	--	--	Cheque of ₹ 46.61 lakh bounced against payment for this bill on April 2010
April 10	0.45	0.01	1.02	0	1.02	--	--	Cheque of ₹ 46.32 lakh bounced against payment for this bill on May 2010
May 10	0.07	0.02	1.11	0.07	1.05	-	-	-
June 10	0.07	0.02	1.14	0.00	1.14	28.07.2010 - requested time till August 2010 due to stoppage of production.	Agreed to by Chief Engineer (Distribution) {CE (D)} on 28.07.2010	Party did not make any payment.
July 10	0.11	0.03	1.28	0.00	1.28	30.09.2010 - requested further time till 12.11.2010 to clear dues of ₹ 1.63 crore in three installments due to damage of transformer.	Agreed to by CE (D) on 05.10.2010	
August 10	0.81	0.03	2.12	0.00	2.12			
September 10	0.86	0.05	3.03	0.32	2.70			
October 10	1.01	0.07	3.79	0.00	3.79			
November 10	1.02	0.09	4.90	0.84	4.05			
December 10	0.78	0.10	4.93	0.00	4.93			
January 11	0.98	0.12	6.03	0.00	6.03			
February 11	0.86	0.15	7.04	0.43	6.61			Three cheques for ₹ 90.84 lakh bounced against payment of this bill on March 2011

³⁴ Bill of a month is served on next month only.

Bill Month ³⁵	Current Electricity Bill	Delayed payment charges	Gross Amount	Payment Received	Balance out-standing	Reason for non payment as stated by M/s JCPL	MeECL Concessions on default	Remarks
March 11	1.06	0.17	7.84	0.00	7.84	28.03.2011 – requested CE (D) to allow clearance of dues in six installments of ₹ 1 crore to be paid between April to June 2011 due to low revenue generation.	Agreed to by the Director (Distribution) {D(D)}, MeECL on 05.04.2011.	Six cheques totaling to ₹ 1.50 crore bounced against payment of this bill during May 2011 to June 2011.
April 11	0.84	0.19	8.88	0.50	8.38	-	-	-
May 11	1.06	0.21	9.65	0.00	9.65	23.06.2011 – requested for payment in two installments - ₹ 2.50 crore before 29.06.2011 and the balance by July 2011 because of production losses.	Approved by D(D) on 27.06.2011	No payment was made till 29.06.2011. Power was disconnected on 30.06.2011.
June 11	0.92	0.24	10.81	2.00	8.81	18.07.2011 - requested for payment of ₹ 1.00 crore every 15-20 days citing failure to secure funds from the bankers.	Approved by Chairman cum Managing Director on 01.08.2011	Power was reconnected on 26 July 2011 after receipt of ₹ 2.00 crore.
July 11	0.00	0.22	9.03	1.00	8.03	16.08.2011 - requested for one week extension till 22.08.2011 for payment of installment of ₹ 1.00 crore due on 16.08.2011 due to inability to generate funds	Approved by D(D) on 17.08.2011	

³⁵ Bill of a month is served on next month only.

Bill Month ³⁶	Current Electricity Bill	Delayed payment charges	Gross Amount	Payment Received	Balance out-standing	Reason for non payment as stated by M/s JCPL	MeECL Concessions on default	Remarks
August11	1.23	0.22	9.48	1.20	8.28	01.09.2011 - requested extension till 15.09.2011 for payment of ₹ 1.00 crore installment due on 8.09.2011 citing poor collection of dues. 23.09.2011 - requested extension up to 10.10.2011 for payment of installment of ₹ 1.00 crore due on 05.10.2011 as some receivables were not received.	Approved by D(D) on 07.09.2011	
September 11	0.90	0.23	9.41	0.20	9.21	-	-	-
October11	0.76	0.23	10.20	0.00	10.20	23.11.2011 - proposed to clear ₹ 8.00 crore in 6 installments between December 2011 to January 2012.	Addl. CE informed (01.12.2011) that power supply should be disconnected if ₹ 1.00 crore is not paid by 05.12.2011	Power supply was disconnected on 09 December 2011.
November 11	1.14	0.25	11.59	2.00	9.59	-	-	Reconnection was done on 28.12.2011 after receipt of ₹ 2.00 crore.
December 11	0.27	0.29	10.15	0.00	10.15	-	-	Party was directed (12.01.2011) to clear its dues of ₹ 9 crore by 31.01.2012. Cheque dated 27.10.11 for ₹10.00 lakh bounced
January12	0.66	0.25	11.06	0.00	10.97	15.02.2012 - proposed to pay ₹ 6.00 crore in three installments between March to April 2012 and the balance subsequently.	-	Power disconnected on 07.02.2012 following non-payment.

³⁶ Bill of a month is served on next month only.

Bill Month ³⁷	Current Electricity Bill	Delayed payment charges	Gross Amount	Payment Received	Balance out-standing	Reason for non payment as stated by M/s JCPL	MeCL Concessions on default	Remarks
February12	0.61	0.27	11.85	3.00	8.85		-	Power reconnected on 24.02.2012. However, payment of ₹ 3.00 crore was made only on 30.03.2012.
March12	0.89	0.30	10.03	0.00	10.03	-	-	-
April 12	0.99	0.24	10.96	0.99	9.97	-	-	-
May 12	0.46	0.25	10.68	3.00	7.68	-	-	-
June 12	0.16	0.19	8.03	1.00	7.03	-	-	-
July 12	1.14	0.20	8.37	1.29	7.08	-	-	-
August12	1.38	0.18	8.64	0	8.64	-	-	-
September 12	1.05	0.22	9.91	NA	9.91	-	-	-

³⁷ Bill of a month is served on next month only.